



## **Proviso Report**

### **SFY 2012 Proviso Number 21.48 – Medicaid Reporting**

**September 5, 2012**

The following is submitted as required by Proviso 21.48 of the SFY 2012 Appropriations Act

**21.48.** (DHHS: Medicaid Reporting) Within ninety days of the end of each quarter in Fiscal Year 2011-2012, the department shall report each cost-savings measure implemented. By county, the department shall report the number of enrolled and active providers by provider type, provider specialty and sub-specialty, the number of recipients, the number of recipients by provider type, the expenditures by provider type and specialty, and service level utilization trends. The department shall continue to annually report HEDIS measures, noting where measures improve or decline. Each report shall be submitted to the Chairman of the Senate Finance Committee, the Chairman of the Ways and Means Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives, and be prominently displayed on the department's website.



111 Monument Circle  
Suite 601  
Indianapolis, IN 46024-5128  
USA

Tel +1 317 639-1000  
Fax +1 317 639-1001

milliman.com

August 10, 2012

Ms. Ruth Johnson  
Chief Financial Officer  
State of South Carolina  
Department of Health and Human Services  
1801 Main Street  
Columbia, SC 29202-8206

**RE: PROVISO 21.48 COST SAVINGS MEASUREMENT REPORT – Q4 SFY 2012**

Dear Ruth:

Milliman, Inc. (Milliman) was retained by the State of South Carolina, Department of Health and Human Services (SCDHHS) to assist with quarterly monitoring of the Medicaid Assistance expenditure savings generated from the savings initiatives implemented between January 2011 and July 2011. This correspondence documents the development of year to date savings estimates through June 30, 2012 of state fiscal year 2012 (SFY 2012) as required by Proviso 21.48.

**LIMITATIONS**

The services provided for this project were performed under the signed Consulting Services Agreement between Milliman and SCDHHS approved July 1, 2011.

The information contained in this correspondence, including any enclosures, has been prepared solely for the internal business use of SCDHHS. These results may not be distributed to any other party without the prior consent of Milliman. To the extent that the information contained in this correspondence is provided to any approved third parties, the correspondence should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and health care modeling that will allow appropriate use of the data presented.

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In performing this analysis, we relied on data and other information provided by SCDHHS and its vendors. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

Differences between our projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience is better or worse than expected.

### **EXECUTIVE SUMMARY**

This report provides a comparison between the Baseline Forecast (prior to savings initiatives), the SFY 2012 Budget and actual financial expenditures (MMIS with adjustment to SAP) for the entire SFY 2012. Enclosure 1 contains a table and graphs illustrating the year to date results.

Actual composite SAP savings of \$638.4 million exceed the targeted savings of \$466.9 million for SFY 2012 by \$171.5 million.

Analysis of the excess savings yields the following key observations:

- **Financial Reconciliation:** When savings targets were established, the transfer of expenditures to other agencies (i.e. moving from an MMIS to SAP basis) was not considered. This expenditure transfer accounts for approximately \$37.5 million of additional savings.
- **Disabled Non-Dual Managed Care Transition:** A larger portion of Disabled Non-Dual eligible members has transitioned from fee-for-service to risk-based managed care plans than originally projected in the Baseline Forecast. Column (E) in Enclosure 2 adjusts the service category savings to remove the impact of that enrollment shift. Without the shift, additional savings would be identified for Coordinated Care savings. Further, expenditures for the Non-Dual population would have remained in the fee-for-service (FFS) expenditure categories, reducing the apparent additional savings illustrated in those categories.
- **Coordinated Care Expenditures:** After accounting for the Disabled Non-Dual migration impact, there are additional savings of approximately \$68.5 million over targeted savings. The additional savings are consistent with expectations due to base data changes in the April 2011 capitation rate development, which resulted in savings in excess of the 1% savings initially targeted by the cost containment initiatives.

- **Hospital UPL and GME:** The Summer 2011 Forecast assumed that SFY 2012 gross adjustments would be approximately \$94.2 million for hospital UPL and GME payments. Actual SFY 2012 payments have been approximately \$72.7 million.
- **Community Long-Term Care (CLTC) Expenditures:** Comparison of actual expenditures to baseline forecast indicates that CLTC cost savings initiatives have met or exceeded targeted savings values.
- **MMA Phase-down Expenditures:** Our Q3 Cost Savings Measurement Report dated May 4, 2012 indicated that the payment made in October 2011 for September 2011 pharmacy costs was lower than expected in the MMIS data. Instead of the expected payment of approximately \$6.6 million, the payment was approximately \$2.2 million. We expected that payments in subsequent months would offset the low payment in October; however, there appears to still be a shortfall of approximately \$2.8 million at the end of SFY 2012.
- **Medicare Premium Expenditures:** Federally-matched and 100% State Medicare Premium expenditures are approximately \$15 million lower than forecasted expenditures. This is due to the reduction in the Medicare Part B Premium from \$115.40 to \$99.90 per beneficiary per month effective January 1, 2012. The Summer 2011 Forecast had assumed a 4% increase to Medicare Part B Premiums for calendar year (CY) 2012.

The Baseline Forecast in the savings monitoring model was developed from the seasonally adjusted version of the Summer 2011 Medicaid Assistance Forecast. The Baseline Forecast illustrates projected expenditures prior to implementation of the calendar year 2011 savings initiatives.

The SCDHHS Budget corresponds to the SFY 2012 Budget referenced in the October 5, 2011 Budget Request for SFY 2013. We allocated the SCDHHS Budget by quarter based upon the projected expenditure distribution in the seasonally adjusted Summer 2011 Medicaid Assistance Forecast.

The attached expenditure comparison is limited to Medicaid agency expenditures and does not reflect potential savings from Medicaid expenditures for Other State Agencies.

### **SAVINGS BY BUDGET CATEGORY**

Enclosure 3 contains key savings initiatives by budget category. The sections below include comments related to emerging expenditures and savings that differ from targeted values for some of the major budget categories.

#### ***Coordinated Care***

Coordinated Care expenditures create additional savings above the targeted savings amounts after normalization of emerging enrollment for MCO versus MHN. The additional savings are consistent with expectations due to base data changes in the April 2011 capitation rate development, which resulted in savings in excess of the 1% targeted by the cost containment initiatives.

#### ***Hospital Services***

The Summer 2011 Forecast assumed that SFY 2012 gross adjustments would be approximately \$94.2 million for hospital UPL and GME payments. Actual SFY 2012 payments have been approximately \$72.7 million.

Additional savings of approximately \$16.5 million appear to be related to lower than expected payments during the first half of CY 2012.

#### ***Nursing Facility***

Actual savings are approximately \$29 million less than targeted savings for SFY 2012. Approximately \$11 million of this savings deficit is due to a significant difference between the gross adjustment expenditure assumptions used in the Summer 2011 forecast and actual gross adjustments paid through the end of SFY 2012. The Summer 2011 Forecast assumed that SFY 2012 gross adjustments would be approximately \$8.5 million for hospital UPL and GME payments. Actual SFY 2012 payments have been approximately \$20 million.

The remaining \$18 million savings deficit appears to be related to the expected 5% reduction in Nursing Facility Medicaid days that has not been realized.

#### ***Pharmaceutical Services***

Comparison of actual expenditures to baseline forecast indicates that Pharmacy cost savings initiatives have met or exceeded targeted savings values, even after normalization of emerging enrollment for MCO versus MHN in the non-Dual Disabled population.

***Physician***

Actual savings have exceeded targeted savings for Physician related expenditures. One key reason for the positive comparison is that savings for the Dual eligible population related to reimbursement reductions was not included in targeted savings. The reimbursement changes have in fact reduced expenditures for the Dual eligible population with a leveraged impact. Additionally, an unexpected offset to savings is the \$13.7 million payment for Electronic Health Record (EHR) incentives. This exceeds forecasted values of approximately \$2 million for SFY 2012.

***Transportation***

Transportation broker payments for SFY 2012 are approximately \$3.5 million higher than expected. The forecast that was used to set savings targets assumed \$4.7 million in average monthly payments, which results in an expectation of \$56.4 million for SFY 2012. Actual SFY 2012 payments are \$59.9 million.

***Durable Medical Equipment & Supplies***

The main driver of the excess savings over targeted savings is the reduction in expenditures for the Dual eligible population due to reimbursement changes in April and July 2011. The leveraged impact of these changes was not included in targeted savings.

***Premiums Matched, Premiums 100% State Funded***

The excess savings over targeted savings are due to the reduction in the Medicare Part B Premium from \$115.40 to \$99.90 per beneficiary per month effective January 1, 2012.

***MMA Phasedown Contributions***

The majority of the difference between actual and budgeted expenditures is related to continued delay of a portion of the premium payments, as outlined in the executive summary.



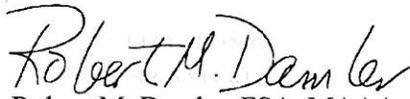
Ms. Ruth Johnson  
August 10, 2012  
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Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet the qualification standards for performing the analyses in this report.

If you have any questions regarding the enclosed information, please contact me at (317) 524-3512.

Sincerely,

  
Robert M. Damler, FSA, MAAA  
Principal and Consulting Actuary

RMD/lrb  
Enclosures



## ENCLOSURE 1

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**State of South Carolina**  
**Department of Health and Human Services**  
**Summary of DHHS Medicaid Assistance - Expenditure Savings Monitoring**  
**YTD FY2012 - Through Q4**  
**State & Federal Dollars (in \$millions)**

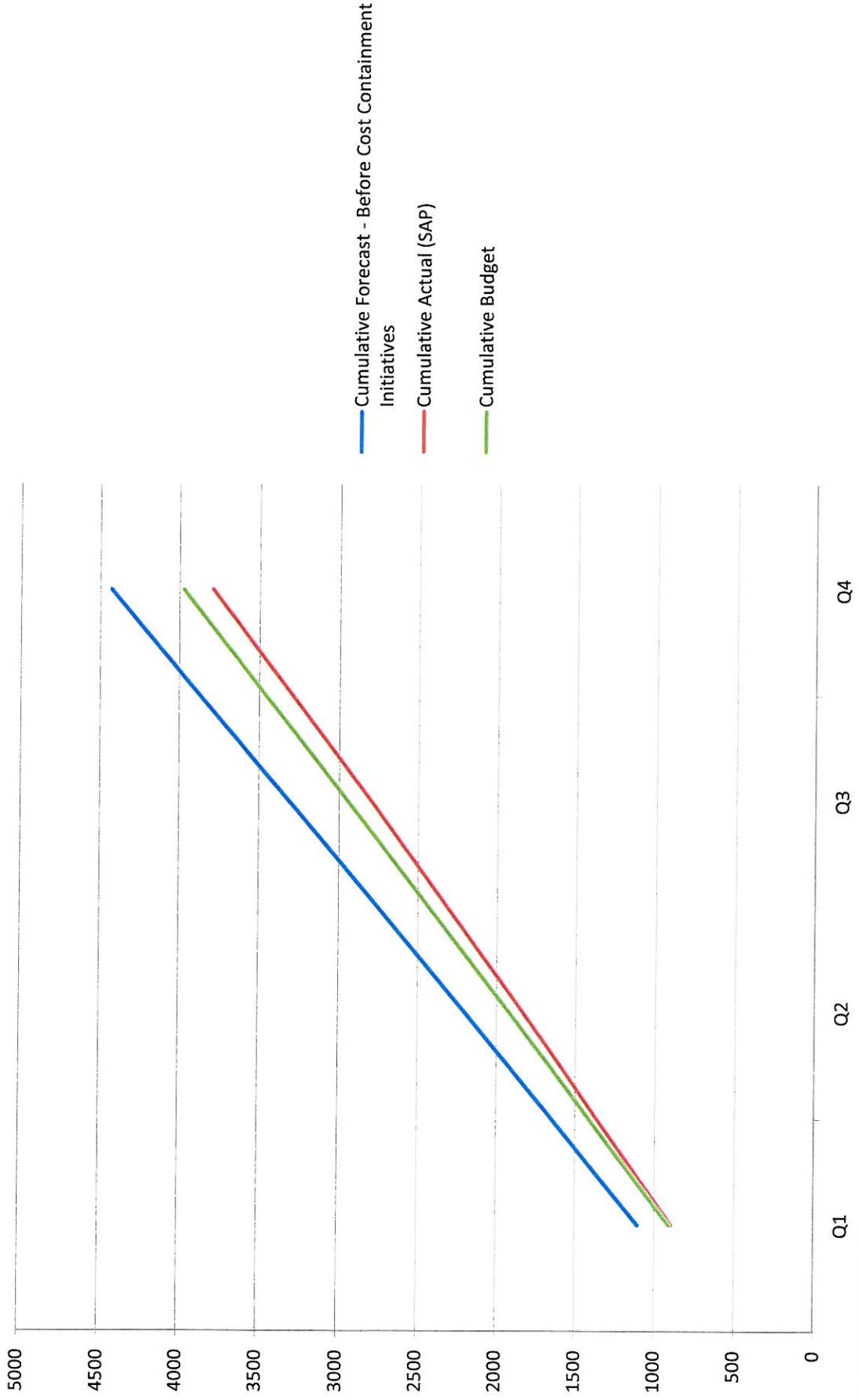
	<u>Baseline Forecast</u>	<u>Targeted Savings</u>	<u>Actual</u>	<u>Actual vs. Baseline</u>			<u>Total Savings vs. Targeted Savings</u>	<u>SFY2012 Targeted Savings</u>	<u>% Annual Targeted Savings</u>	<u>Budget</u>	<u>Actual vs. Budget</u>
				<u>Savings Initiatives</u>	<u>Other</u>	<u>Total</u>					
Coordinated Care	1,679.3	(276.8)	1,354.1	(230.7)	(94.5)	(325.2)	(48.5)	(276.8)	117.5%	1,425.4	(71.3)
Hospital Services	824.9	(50.7)	735.3	(54.8)	(34.9)	(89.6)	(38.9)	(50.7)	176.7%	774.2	(38.9)
Nursing Home Services	535.0	(42.0)	522.3	(15.2)	2.5	(12.7)	29.3	(42.0)	30.2%	508.6	13.7
Pharmacy Services	247.9	(21.6)	201.0	(23.0)	(23.9)	(46.9)	(25.3)	(21.6)	217.3%	215.0	(14.0)
Physician	207.1	(11.6)	176.9	(9.6)	(20.7)	(30.2)	(18.6)	(11.6)	260.7%	187.9	(11.0)
Community Long Term Care	173.8	(7.3)	156.6	(7.6)	(9.7)	(17.2)	(9.9)	(7.3)	234.8%	161.3	(4.7)
Dental	122.6	(22.4)	103.2	(19.5)	0.1	(19.4)	3.0	(22.4)	86.6%	99.5	3.7
Clinic Services	66.6	(2.6)	64.3	(1.3)	(1.0)	(2.3)	0.3	(2.6)	87.7%	68.0	(3.7)
Transportation	65.1	(2.1)	66.5	(0.4)	1.8	1.4	3.5	(2.1)	(65.2%)	55.0	11.5
Other Medical Professionals	53.9	(15.9)	37.1	(16.3)	(0.5)	(16.8)	(0.9)	(15.9)	105.9%	44.0	(6.9)
Supply & DME	48.2	(7.6)	35.6	(3.8)	(8.8)	(12.6)	(5.0)	(7.6)	165.6%	40.6	(5.0)
Lab & X-Ray	29.9	(2.7)	26.3	(2.5)	(1.0)	(3.6)	(0.9)	(2.7)	133.9%	30.0	(3.7)
Family Planning Services	25.8	(1.7)	22.1	(0.9)	(2.8)	(3.7)	(2.0)	(1.7)	218.0%	22.7	(0.6)
Hospice	13.3	(0.0)	11.8	-	(1.5)	(1.5)	(1.5)	(0.0)	4176.1%	12.0	(0.2)
PACE	13.9	0.0	11.9	-	(2.0)	(2.0)	(2.0)	0.0	(7260.2%)	12.5	(0.6)
EPSDT	9.0	(0.4)	9.0	(0.4)	0.4	(0.0)	0.4	(0.4)	1.5%	9.6	(0.6)
Home Health	9.1	(1.0)	6.2	(0.4)	(2.4)	(2.9)	(1.8)	(1.0)	275.6%	7.0	(0.8)
Integrated Personal Care (IPC)	6.0	(0.4)	5.2	(0.5)	(0.3)	(0.8)	(0.4)	(0.4)	200.3%	5.3	(0.1)
Optional State Supplement (OSS) - 100% State	16.8	(0.0)	16.6	-	(0.2)	(0.2)	(0.2)	(0.0)	546.7%	17.3	(0.7)
Premiums Matched	186.9	-	176.2	-	(10.7)	(10.7)	(10.7)	-	-	179.0	(2.8)
MMA Phase Down Contributions - 100% State	77.9	-	75.1	-	(2.8)	(2.8)	(2.8)	-	-	79.0	(3.9)
Premiums - 100% State	17.4	-	16.4	-	(1.0)	(1.0)	(1.0)	-	-	17.0	(0.6)
<b>TOTAL MEDICAID SERVICES (MMIS)</b>	<b>4,430.6</b>	<b>(466.9)</b>	<b>3,829.7</b>	<b>(387.0)</b>	<b>(213.9)</b>	<b>(600.9)</b>	<b>(134.0)</b>	<b>(466.9)</b>	<b>128.7%</b>	<b>3,971.0</b>	<b>(141.3)</b>
MMIS to SAP Expenditure Transfers	N/A	N/A	(37.5)	N/A	(37.5)	(37.5)	(37.5)	N/A	N/A	N/A	(37.5)
<b>TOTAL MEDICAID SERVICES (SAP)</b>	<b>4,430.6</b>	<b>(466.9)</b>	<b>3,792.2</b>	<b>(387.0)</b>	<b>(251.4)</b>	<b>(638.4)</b>	<b>(171.5)</b>	<b>(466.9)</b>	<b>136.7%</b>	<b>3,971.0</b>	<b>(178.8)</b>
Payment Timing Adjustments	N/A	N/A	(1.8)	N/A	(1.8)	(1.8)	(1.8)	N/A	N/A	N/A	(1.8)
Non-Dual MCO Shift	N/A	N/A	0.1	N/A	0.1	0.1	0.1	N/A	N/A	N/A	0.1
<b>ADJUSTED TOTAL MEDICAID SERVICES</b>	<b>4,430.6</b>	<b>(466.9)</b>	<b>3,790.5</b>	<b>(387.0)</b>	<b>(253.1)</b>	<b>(640.1)</b>	<b>(173.2)</b>	<b>(466.9)</b>	<b>137.1%</b>	<b>3,971.0</b>	<b>(180.5)</b>

**State of South Carolina  
Department of Health and Human Services**

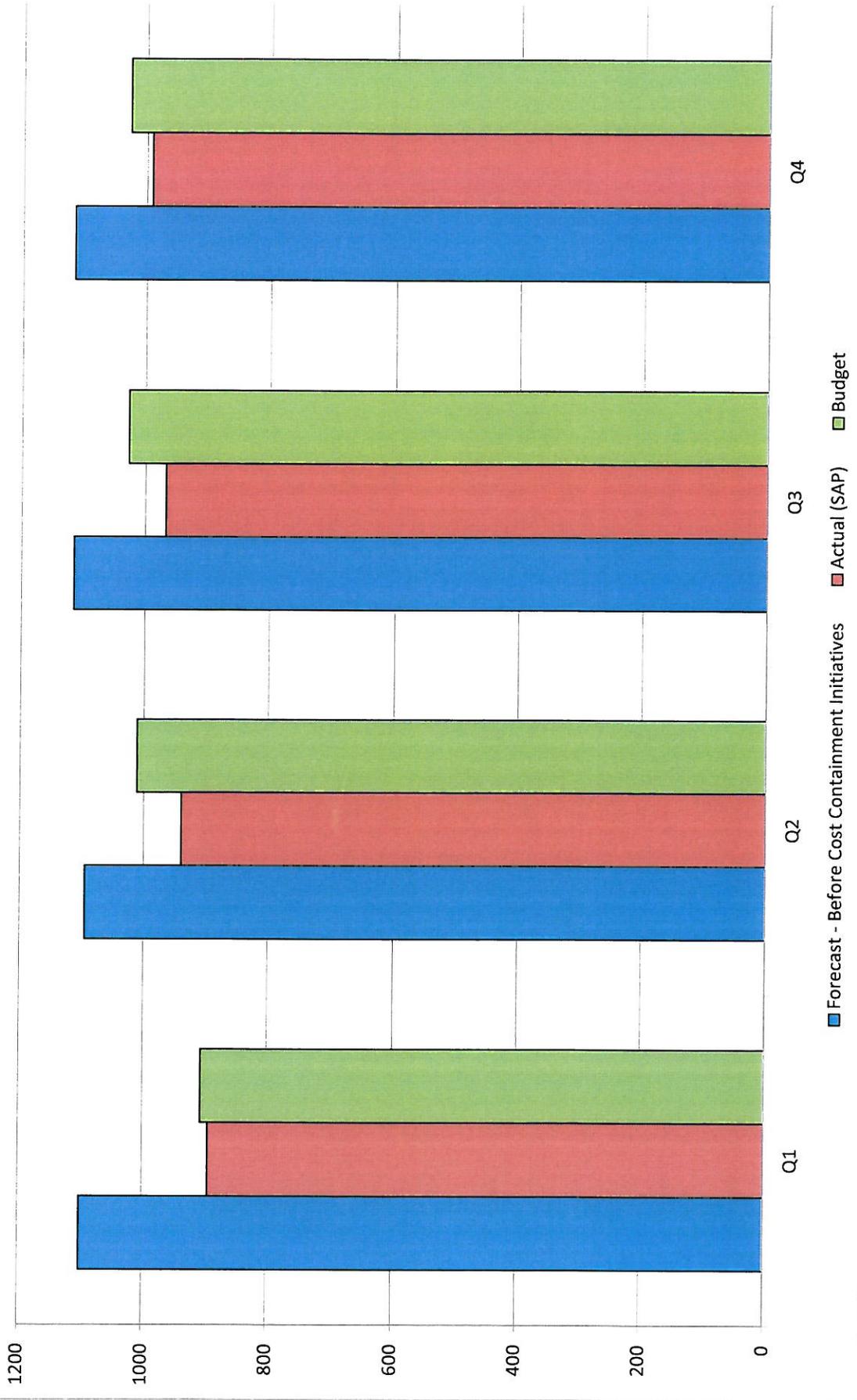
**Summary of DHHS Medicaid Assistance - Expenditure Savings Monitoring  
FY2012 Through June 31, 2012  
State & Federal Dollars (in millions)**

	<u>Baseline Forecast</u>	<u>Actual</u>	<u>Budget</u>
Coordinated Care	1,679.3	1,354.1	1,425.4
Hospital Services	824.9	735.3	774.2
Nursing Home Services	535.0	522.3	508.6
Pharmacy Services	247.9	201.0	215.0
Physician	207.1	176.9	187.9
Community Long Term Care	173.8	156.6	161.3
Dental	122.6	103.2	99.5
Clinic Services	66.6	64.3	68.0
Transportation	65.1	66.5	55.0
Other Medical Professionals	53.9	37.1	44.0
Supply & DME	48.2	35.6	40.6
Lab & X-Ray	29.9	26.3	30.0
Family Planning Services	25.8	22.1	22.7
Hospice	13.3	11.8	12.0
PACE	13.9	11.9	12.5
EPSDT	9.0	9.0	9.6
Home Health	9.1	6.2	7.0
Integrated Personal Care (IPC)	6.0	5.2	5.3
Optional State Supplement (OSS) - 100% State	16.8	16.6	17.3
Premiums Matched	186.9	176.2	179.0
MMA Phase Down Contributions - 100% State	77.9	75.1	79.0
Premiums - 100% State	17.4	16.4	17.0
<b>TOTAL MEDICAID SERVICES (MMIS)</b>	<b>4,430.6</b>	<b>3,829.7</b>	<b>3,971.0</b>
MMIS to SAP Expenditure Transfers	N/A	(37.5)	N/A
<b>TOTAL MEDICAID SERVICES (SAP)</b>	<b>4,430.6</b>	<b>3,792.2</b>	<b>3,971.0</b>

# South Carolina Department of Health & Human Services FY2012 Medicaid Assistance Expenditure Comparison Cumulative YTD (\$millions)



## South Carolina Department of Health & Human Services FY2012 Medicaid Assistance Expenditure Comparison by Quarter (\$millions)





## **ENCLOSURE 2**

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**State of South Carolina**  
**Department of Health and Human Services**  
**Summary of DHHS Medicaid Assistance - Expenditure Savings Monitoring**  
**YTD FY2012 - Through Q4**  
**(\$millions)**

Category of Service	(A) Savings (MMIS)	(B) Expenditure Shifts	(C) Savings(SAP)	(D) Payment Timing Adj	(E) Non-Dual MCO Shift	(F) Adjusted Savings	(G) Targeted Savings	(H) Savings over Target
Coordinated Care (1) (2)	(325.2)	(2.6)	(327.8)		(17.4)	(345.2)	(276.8)	(68.5)
Hospital Services (3)	(89.6)	(9.1)	(98.7)	21.5	10.0	(67.2)	(50.7)	(16.5)
Nursing Home Services (4)	(12.7)	-	(12.7)	(11.5)		(24.2)	(42.0)	17.8
Pharmacy Services	(46.9)	(10.8)	(57.7)		4.1	(53.5)	(21.6)	(32.0)
Physician (5)	(30.2)	(2.4)	(32.6)	(11.8)	2.0	(42.5)	(11.6)	(30.9)
Community Long Term Care	(17.2)	(0.1)	(17.3)			(17.3)	(7.3)	(10.0)
Dental	(19.4)	(1.0)	(20.4)			(20.4)	(22.4)	2.0
Clinic Services	(2.3)	(0.6)	(2.9)		0.4	(2.5)	(2.6)	0.1
Transportation (6)	1.4	(0.2)	1.2		0.1	1.3	(2.1)	3.4
Other Medical Professionals	(16.8)	(0.6)	(17.4)		0.1	(17.4)	(15.9)	(1.5)
Supply & DME	(12.6)	(3.9)	(16.5)		0.4	(16.1)	(7.6)	(8.5)
Lab & X-Ray	(3.6)	(0.2)	(3.8)		0.3	(3.4)	(2.7)	(0.8)
Family Planning Services	(3.7)	-	(3.7)			(3.7)	(1.7)	(2.0)
Hospice	(1.5)	-	(1.5)			(1.5)	(0.0)	(1.5)
PACE	(2.0)	-	(2.0)			(2.0)	0.0	(2.0)
EPSTD	(0.0)	-	(0.0)			(0.0)	(0.4)	0.4
Home Health	(2.9)	(0.2)	(3.1)		0.1	(2.9)	(1.0)	(1.9)
Integrated Personal Care (IPC)	(0.8)	(0.1)	(0.9)			(0.9)	(0.4)	(0.5)
Optional State Supplement (OSS) - 100% State	(0.2)	-	(0.2)			(0.2)	(0.0)	(0.2)
Premiums Matched (7)	(10.7)	(4.5)	(15.2)			(15.2)	-	(15.2)
MMA Phase Down Contributions - 100% State (8)	(2.8)	-	(2.8)			(2.8)	-	(2.8)
Premiums - 100% State	(1.0)	(1.2)	(2.2)			(2.2)	-	(2.2)
<b>Total SFY 2012 through Q4 (9)</b>	<b>(600.9)</b>	<b>(37.5)</b>	<b>(638.4)</b>	<b>(1.8)</b>	<b>0.1</b>	<b>(640.1)</b>	<b>(466.9)</b>	<b>(173.2)</b>

**Notes:**

- (1) Positive savings are offset by greater than expected MCO enrollment for the SSI population. Savings in many FFS categories is related to lower than expected SSI enrollment in FFS/MHN.
- (2) Additional decrease in cap rate above 1% targeted savings.
- (3) Actual Savings includes \$21.5 million for actual gross adjustments lower than expected in baseline forecast.
- (4) The 5% reduction in Nursing Facility Medicaid days was not realized. Nursing Facility UPL estimated at \$8.5 million in baseline forecast; actual UPL was \$20 million paid through June 2012
- (5) Significant savings for Dual eligible population from rate reductions. Payment timing adjustments related to Physician EHR incentive payments of \$13.7 million through Q4 SFY 2012. This represents an excess of \$11.8 million over expected payments of \$1.9 million for SFY 2012.
- (6) Baseline forecast estimated \$56.4 million in PHP Broker transportation payments; actual SFY 2012 payments were \$59.9 million.
- (7) Mainly due to 2012 Medicare Part B premium reductions.
- (8) Low payment of \$2.2 million in October 2011; expected true-up payment does not appear to have been fully recovered by the end of SFY 2012.
- (9) Additional decrease in cap rate outside of targeted savings and lower than projected enrollment trends.



## **ENCLOSURE 3**

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## SAVINGS INITIATIVES BY BUDGET CATEGORY

### *Coordinated Care*

- Applicable February, April and May 2011 savings initiatives reflected in the April 2011 capitation rates
- Inpatient Mental Health benefits carved into MCO cap rate
- April 2011 capitation rates – administration to be reduced from 12.0% to 10.5%
- Additional 1% savings for MCO capitation rates for April 2011
- Applicable July 2011 initiatives reflected in updated capitation rates effective July 2011
- Pharmacy: AWP and dispensing fee changes not applied to capitation rate development since capitation rates already assume AWP and dispensing fee reductions consistent with managed care environment
- One month payment shift for MCO and MHN

### *Hospital Services*

- 3% across the board reduction in April 2011
- 4% reduction in reimbursement for Hospital services in July 2011
- Reduce NICU/PICU average length of stay
- Reduce Hospital Inpatient readmissions
- Reduce C-Sections/Inductions through prior authorization before 39 weeks

### *Disproportionate Share (DSH)*

- DSH payments are not included in the attached savings model

### *Nursing Facility*

- 3% across the board reduction in April 2011
- 5% Reduction in Nursing Facility Medicaid days corresponding to reduction in Medicaid permit days effective July 2011 - *appears to be unrealized*
- Reduction in reimbursement for hospice room and board services provided in nursing facilities to 95% of the April 2011 payment rates

### *Pharmaceutical Services*

- Reduce non-institutionalized adults pharmacy benefits by one override as of February 2011
- Prior authorization for mental health, cancer and HIV drugs as of February 2011
- 3% across the board reduction in April 2011
- Copay change in May 2011 from \$3.00 to \$3.40 per script
- Pharmacy: AWP – 13% reimbursement decreased to AWP – 16% in July 2011 - expected to save an average 3.4% of Pharmaceutical expenditures
- Pharmacy: Dispensing fee reduced from \$4.05 to \$3.00 in July 2011

### ***Physician***

- 3% across the board reduction in April 2011
- Copay change from \$2.30 to \$3.30 in July 2011
- Reimbursement changes effective July 2011
  - Pediatric Subspecialist excluding Neonatologist – 2% rate reduction
  - Reduce Labor and Delivery reimbursement from \$1,164 to \$1,100 for Vaginal delivery and \$1,000 for C-section delivery
  - Family Practice, General Practice, Osteopath, Internal Medicine, Pediatrics, Geriatrics - 2% rate reduction
  - Anesthesiologist – 3% rate reduction
  - All other physicians excluding Obstetrics, OB/GYN, Maternal Fetal Medicine - 5% rate reduction

### ***Community Long-Term Care (CLTC)***

- 2% reduction in reimbursement for Home and Community Based Waiver services in July 2011

### ***Dental***

- Elimination of Adult Dental in February 2011
- 3% Reimbursement Reduction in April 2011
- 3% reduction in reimbursement for Dental services in July 2011

### ***Clinic Services***

- 3% across the board reduction in April 2011 excluding FQHC and RHC expenditures
- 4% reduction in reimbursement in July 2011 excluding FQHC and RHC expenditures
- Copay change from \$2.30 to \$3.30 in July 2011

### ***Transportation***

- 3% across the board reduction in April 2011 for Non-Broker Transportation
- 4% reduction in reimbursement for Non-Broker Transportation services in July 2011
- New Transportation Contract

### ***Medical Professional Services***

- February 2011 Program and Policy Changes –
  - Elimination of optional programs/ services - Adult Podiatry and Vision
  - Limit adult behavioral health services to 12 outpatient visits (24 units) annually
  - Reduce chiropractic services from 8 to 6 visits annually

- April 2011 Program and Policy Changes –
  - Reduce private rehab therapy visits from 75 per therapy type to 75 visits across all therapies annually
  - Eliminate adult day health care nursing – relied directly upon SCDHHS’s savings estimates in Total \$ column for April 2011 initiatives
- 3% across the board reduction in April 2011
- Reimbursement changes effective July 2011
  - Podiatrist, Audiologist, Speech, Physical and Occupational Therapist, Licensed Independent Professional/Behavioral Health providers, Psychologist, Chiropractor - 7% rate reduction
  - Optometrist - 5% rate reduction (based on state regulations requiring parity with Ophthalmologist) (including any waiver services offered by this provider)
  - Certified Registered Nurse Anesthetist (CRNA) – 3% reduction reflected from Anesthesiologist rate
  - Nurse Practitioner, Nurse Midwife and Licensed Nurse Midwife – reduction reflected as a percentage of applicable physician rate

### ***Durable Medical Equipment & Supplies***

- February 2011 Program and Policy
  - Reduce diabetic shoes from 2 pairs to one pair annually
  - Discontinue coverage for Syvek Patch
  - Discontinue coverage for insulin pumps for Type II Diabetics
  - Increase the time between power wheelchair replacement from 5 years to one every 7 years
  - Discontinue coverage of many items for wheelchairs such as umbrella holder, pillows, and crutch/cane holder
- 3% across the board reduction in April 2011
- DME – state specific fee schedule 9% estimated reduction in July 2011

### ***Lab & X-Ray***

- 3% across the board reduction in April 2011
- 7% reduction in reimbursement for Lab & X-Ray services in July 2011

### ***Family Planning Services***

- 3% across the board reduction in April 2011
- 3% reduction in reimbursement in July 2011 for Family Planning Services
- Pharmacy: AWP – 13% reimbursement decreased to AWP – 16% in July 2011 - expected to save an average 3.4% of Family Planning Rx expenditures
- Pharmacy: Dispensing fee reduced from \$4.05 to \$3.00 in July 2011

### ***Hospice***

- No direct impact savings initiatives modeled

***Program of All-Inclusive Care (PACE)***

- No direct impact savings initiatives modeled

***EPSDT Services***

- 3% across the board reduction in April 2011
- 2% reduction in reimbursement in July 2011 for EPSDT Services

***Home Health***

- Reduce home health visits from 75 to 50 annually effective February 2011
- 3% across the board reduction in April 2011
- 4% reduction in reimbursement for Home Health services in July 2011
- Copay change from \$2.30 to \$3.30 in July 2011

***Integrated Personal Care (IPC)***

- 3% across the board reduction in April 2011
- 7% reduction in reimbursement for IPC services in July 2011

***Optional State Supplemental (OSS) – 100% State Funded***

- No direct impact savings initiatives modeled

***Premiums Matched, Premiums 100% State Funded***

- No direct impact savings initiatives modeled

***MMA Phasedown Contributions***

- No direct impact savings initiatives modeled

Medicaid Trend Data  
 Quarter 4 Comparison  
 4QSFY11 and 4QSFY12

Subject: Quarter Ending June

Budget Unit Code	Budget Unit	SFY Q4 2011				SFY Q4 2012				Comparison - % Change			
		Patients	Claims Paid	Service Count	Visits Patient	Patients	Claims Paid	Service Count	Visits Patient	Members	Claims Paid	Service Count	Visits Patient
Medicaid Assistance		14,398	450,209	1,200,472	739,480	15,207	463,153	1,372,677	767,448	5.6%	2.9%	14.3%	3.8%
	CLTC Based Services	61,556	120,270	145,919	124,364	59,753	118,633	166,752	134,144	-2.9%	-1.4%	14.3%	7.9%
	Coordinated Care**	1,271,609	0	0	0	1,361,781	0	0	0	7.1%	0.0%	0.0%	0.0%
	Dental Services	131,583	180,498	642,091	172,529	128,458	171,931	624,208	166,163	-2.4%	-4.7%	-2.8%	-3.7%
	Durable Medical Equipment	34,386	91,634	165,746	90,277	29,254	76,026	132,431	72,860	-14.9%	-17.0%	-20.1%	-19.3%
	EPSDT	27,551	31,578	31,578	31,526	26,842	30,486	30,427	30,427	-2.6%	-3.5%	-3.6%	-3.5%
	Emotionally Disturbed Children	1,280	21,128	63,531	56,352	1,168	21,396	65,755	57,421	-8.8%	1.3%	3.5%	1.9%
	Family Planning	39,796	83,076	86,308	103,078	46,712	85,401	77,966	98,754	17.4%	2.8%	-9.7%	-4.2%
	Home Health	1,820	5,962	21,083	16,928	1,636	5,250	18,052	14,493	-10.1%	-11.9%	-14.4%	-14.4%
	Hospice Program	431	1,312	2,393	2,437	455	1,224	2,690	2,724	5.6%	-6.7%	12.4%	11.8%
	Hospital Services	120,863	230,659	1,159,379	228,640	115,161	218,366	1,123,046	216,634	-4.7%	-5.3%	-3.1%	-5.3%
	Integrated Personal Care	1,054	3,096	3,030	3,078	1,039	3,096	2,989	3,064	-1.4%	0.0%	-1.4%	-0.5%
	Lab and X-Ray	69,384	151,756	314,345	121,946	62,659	140,326	300,351	111,142	-9.7%	-7.5%	-4.5%	-8.9%
	MMA Phase Down Contributions*	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
	MUSC Transplants	2,148	11,727	16,294	10,344	1,845	13,226	16,156	8,738	-14.1%	12.8%	-0.8%	-15.5%
	Medical Professional	48,941	110,381	187,672	123,996	47,626	112,694	192,172	125,552	-2.7%	2.1%	2.4%	1.3%
	Nursing Home Services	12,374	38,407	36,478	38,138	11,883	37,335	34,743	36,937	-4.0%	-2.8%	-4.8%	-3.1%
	Optional State Supplemental PACE*	3,907	11,775	11,453	11,707	3,890	11,925	11,502	11,824	-0.4%	1.3%	0.4%	1.0%
	Pharmaceutical Services	178,178	893,435	N/A	586,669	163,540	779,945	N/A	514,638	0.0%	0.0%	0.0%	0.0%
	Physician Services	212,075	694,457	1,021,912	643,969	193,961	566,402	819,938	521,895	-8.2%	-12.7%	N/A	-12.3%
	Premiums 100% State*	0	0	0	0	0	0	0	0	-8.5%	-18.4%	-19.8%	-19.0%
	Premiums Matched*	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
	Transportation	7,178	10,055	18,789	10,352	7,195	10,144	18,998	10,043	0.0%	0.0%	0.0%	0.0%
	Continuum of Care	464	4,613	16,819	15,600	428	4,471	16,491	15,002	0.2%	0.9%	1.1%	-3.0%
	Dept of Alcohol & Other Drug Abuse	4,259	19,876	53,527	34,871	4,541	20,648	54,754	36,685	-7.8%	-3.1%	-2.0%	-3.8%
	Dept of Corrections	51	127	1,216	112	44	107	908	101	6.6%	3.9%	2.3%	5.2%
	Dept of Disabilities & Spcl Needs	16,636	152,328	630,032	518,504	16,892	187,830	920,046	662,182	-13.7%	-15.7%	-25.3%	-9.8%
	Dept of Education	84,911	280,176	757,560	683,321	87,482	305,510	803,394	766,872	1.5%	23.3%	46.0%	27.7%
	Dept of Health & Environ Control	28,311	49,458	96,209	38,448	25,410	43,611	83,083	31,368	3.0%	9.0%	6.1%	12.2%
	Dept of Juvenile Justice	626	4,325	6,465	5,544	1,132	5,269	6,824	5,567	-10.2%	-11.8%	-13.6%	-18.4%
	Dept of Mental Health	30,434	226,595	227,205	199,840	31,028	210,409	211,441	185,147	80.8%	21.8%	5.6%	0.4%
	Dept of Social Services	1,685	10,408	45,907	41,879	1,494	6,849	25,588	23,070	2.0%	-7.1%	-6.9%	-7.4%
	John De La Howe	0	0	0	0	0	0	0	0	-11.3%	-34.2%	-44.3%	-44.9%
	School for Deaf & Blind	206	1,827	8,706	6,093	545	4,391	18,426	13,703	0.0%	0.0%	0.0%	0.0%
	State Housing Authority	216	216	216	216	0	0	0	0	164.6%	140.3%	111.6%	124.9%
	University of SC	28	41	41	41	14	18	17	19	-100.0%	-100.0%	-100.0%	-100.0%
	Will Lou Gray Opportunity School	39	243	1,104	1,015	58	239	1,346	1,316	-50.0%	-56.1%	-58.5%	-53.7%
	Other Entities Disproportionate Share*	0	0	0	0	0	0	0	0	-1.6%	21.9%	29.7%	29.7%
	Other Entities Funds	742	3,072	7,210	5,944	663	3,194	8,700	7,224	0.0%	0.0%	0.0%	0.0%
										-10.6%	4.0%	20.7%	21.5%

\* Programs that have claims paid by premiums or gross level adjustments will report zeros because the components needed to count are not populated on those claim types. Transportation will only show the emergency trips as the broker will contain the non-emergent trips.

\*\* Member months are reflected in place of patients.

Medicaid Trend Data  
SFY 2011 and SFY 2012

Medicaid Trend Data	SFY 2011 5,362,777						SFY 2012 5,476,215						Comparison - % Change Member Months Change: 2.1%					
	Patients	Claims	Service	Visits	Patients	Claims	Service	Visits	Patients	Claims	Service	Visits	Patients	Claims	Service	Visits		
Medicaid Assistance	16,544	1,779,046	4,746,841	2,920,701	17,391	1,841,305	5,299,581	3,038,878	5.1%	3.5%	11.6%	4.0%	4.8%	-0.7%	18.4%	11.4%		
Budget Unit Code																		
Budget Unit																		
CLTC Based Services	126,909	485,211	653,101	516,288	120,858	482,019	773,035	575,326	-4.8%	-0.7%	18.4%	11.4%	10.3%	0.0%	0.0%	0.0%		
Clinical Services	4,879,679	0	0	0	5,380,426	0	0	0	10.3%	0.0%	0.0%	0.0%	-2.2%	-2.5%	3.6%	-0.2%		
Coordinated Care**	327,907	732,455	2,518,022	685,553	320,594	714,430	2,609,474	684,386	-2.2%	-2.5%	3.6%	-0.2%	-9.5%	-20.4%	-17.3%	-21.4%		
Dental Services	69,223	379,807	668,412	358,796	62,632	302,262	552,646	282,035	-2.3%	-5.4%	-5.3%	-4.6%	-2.3%	-5.4%	-5.3%	-4.6%		
Durable Medical Equipment	83,141	132,172	131,905	130,499	81,236	125,097	124,888	124,524	-8.3%	13.7%	8.8%	7.3%	-24.9%	8.5%	-0.9%	4.4%		
EPSDT	1,821	74,440	241,448	208,503	1,659	84,641	262,800	223,760	-9.4%	1.7%	-6.9%	-17.3%	-2.7%	1.7%	-6.9%	-6.4%		
Emotionally Disturbed Children	71,622	312,556	299,997	367,813	89,474	339,060	297,183	383,898	-2.2%	-0.5%	-1.1%	-1.1%	-6.7%	-8.4%	-5.7%	-8.2%		
Family Planning	4,429	25,659	92,280	72,915	4,011	21,939	76,325	60,512	-2.2%	-0.5%	-1.1%	-1.1%	-14.5%	1.7%	-6.9%	-6.4%		
Home Health	1,182	5,096	11,233	11,210	1,214	5,183	10,456	10,487	-6.7%	-8.4%	-5.7%	-8.2%	2.7%	1.7%	-6.9%	-6.4%		
Hospice Program	291,573	927,672	4,640,027	911,460	272,000	849,853	4,374,879	836,294	-2.2%	-0.5%	-1.1%	-1.1%	-6.7%	-8.4%	-5.7%	-8.2%		
Hospital Services	1,322	12,136	11,965	12,043	1,293	12,078	11,839	11,905	-2.2%	-0.5%	-1.1%	-1.1%	-2.7%	1.7%	-6.9%	-6.4%		
Integrated Personal Care	186,106	643,168	1,303,874	507,167	163,002	550,752	1,172,086	420,629	-12.4%	-14.4%	-10.1%	-17.1%	0.0%	0.0%	0.0%	0.0%		
Lab and X-Ray	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
MMA Phase Down Contributions*	3,686	42,867	55,545	34,763	3,378	47,073	60,167	33,734	-8.4%	9.8%	8.3%	-3.0%	-11.0%	-5.3%	-7.5%	-5.8%		
MUSC Transplants	164,566	482,951	840,629	522,381	146,494	457,407	777,324	492,156	-2.9%	-0.8%	-2.5%	-2.1%	-0.2%	0.1%	-0.4%	-0.4%		
Medical Professional	16,396	152,424	145,950	148,799	15,927	151,187	142,355	145,741	0.0%	0.0%	0.0%	0.0%	-10.8%	-14.5%	N/A	-13.6%		
Nursing Home Services	4,705	47,158	46,281	46,621	4,694	47,222	46,118	46,456	-7.0%	-24.0%	-24.9%	-23.6%	0.0%	0.0%	0.0%	0.0%		
Optional State Supplemental	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
PACE*	324,211	3,785,531	N/A	2,455,258	301,822	3,237,948	N/A	2,120,834	-6.9%	-14.5%	N/A	-13.6%	-7.0%	-24.0%	-24.9%	-23.6%		
Pharmaceutical Services	408,594	2,879,316	4,271,465	2,538,693	379,920	2,186,869	3,206,064	1,939,824	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Physician Services	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Premiums 100% State*	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Premiums Matched*	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
State Agencies	24,462	43,199	80,054	43,856	21,830	37,844	70,950	37,768	-10.8%	-12.4%	-11.4%	-13.9%	0.0%	0.0%	0.0%	0.0%		
Continuum of Care	551	12,666	44,546	37,110	557	13,690	47,453	39,283	1.1%	8.1%	6.5%	5.9%	1.1%	8.1%	6.5%	5.9%		
Dept of Alcohol & Other Drug Abuse	9,050	72,837	204,473	122,865	9,738	77,616	207,369	133,377	7.6%	6.6%	1.4%	8.6%	6.6%	6.6%	1.4%	8.6%		
Dept of Corrections	128	387	3,623	367	186	579	5,558	566	45.3%	49.6%	53.4%	54.2%	45.3%	49.6%	53.4%	54.2%		
Dept of Disabilities & Spcl Needs	20,382	613,228	2,497,763	2,003,387	20,349	735,032	3,557,768	2,492,705	-0.2%	19.9%	42.4%	24.4%	-0.2%	19.9%	42.4%	24.4%		
Dept of Education	128,218	806,024	2,106,673	1,834,393	130,389	842,447	2,247,852	1,976,399	1.7%	4.5%	6.7%	7.7%	1.7%	4.5%	6.7%	7.7%		
Dept of Health & Environ Control	63,535	151,611	305,048	117,161	66,432	176,853	331,709	127,979	4.6%	16.6%	8.7%	9.2%	4.6%	16.6%	8.7%	9.2%		
Dept of Juvenile Justice	1,718	14,141	23,379	20,844	2,424	16,356	23,852	20,082	41.1%	15.7%	2.0%	-3.7%	41.1%	15.7%	2.0%	-3.7%		
Dept of Mental Health	46,594	833,447	844,687	724,123	45,943	819,196	826,333	694,954	-1.4%	-1.7%	-2.2%	-4.0%	-1.4%	-1.7%	-2.2%	-4.0%		
Dept of Social Services	2,888	25,651	100,760	92,105	2,432	25,018	96,228	86,068	-15.8%	-2.5%	-4.5%	-6.6%	-15.8%	-2.5%	-4.5%	-6.6%		
John De La Howe	52	293	1,549	1,409	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
School for Deaf & Blind	702	9,933	38,642	26,603	821	13,327	63,297	45,972	17.0%	34.2%	63.8%	72.8%	17.0%	34.2%	63.8%	72.8%		
State Housing Authority	830	882	880	884	348	353	351	353	-58.1%	-60.0%	-60.1%	-60.1%	-58.1%	-60.0%	-60.1%	-60.1%		
University of SC	319	464	465	465	36	96	95	96	-88.7%	-79.3%	-79.6%	-79.4%	-88.7%	-79.3%	-79.6%	-79.4%		
Will Lou Gray Opportunity School	139	711	3,153	3,052	152	697	4,040	4,005	-2.0%	-2.0%	28.1%	31.2%	-2.0%	-2.0%	28.1%	31.2%		
DSH and Other Entities an Disproportionate Share**	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Other Entities Funds	3,079	12,879	30,572	24,535	1,996	12,109	31,617	25,620	-35.2%	-6.0%	3.4%	4.4%	-35.2%	-6.0%	3.4%	4.4%		

\* Programs that have claims paid by premiums or gross level adjustments will report zeros because the components needed to count are not populated on those claim types. Transportation will only show the emergency trips as the bracket will contain the non-emergent trips.

\*\* Member months are reflected in place of patients.

Pediatric Sub-Specialist Analysis

Plans	FFS and MHN													
Provider Type Code	20													
Provider Type	Physician Individual													
Provider Specialty Code	AA													
Provider Specialty	PEDIATRIC SUB-SPECIALIST	Net Expenditures after Claim Recoup Amt	Net Expenditures after Claim Recoup Amt	Unique Count of Billing Prov ID	Unique Count of Billing Prov ID	Providers	Providers	Patients	Patients	Expenditure	Billing Provider	Providers	Patients	
Provider County Code	Provider County	QTR 3 2012	QTR 4 2012	QTR 3 2012	QTR 4 2012	QTR 3 2012	QTR 4 2012	QTR 3 2012	QTR 4 2012	% Change	% Change	% Change	Change	
3	ALLENDALE	\$28,896.27	\$25,484.38	-11.81%	2	1	-50%	1	1	0%	101	110	9%	
4	ANDERSON	\$10,019.66	\$11,262.12	12.40%	1	1	0%	1	1	0%	58	76	31%	
7	BEAUFORT	\$5,055.48	\$5,855.56	15.83%	2	2	0%	1	1	0%	54	52	-4%	
10	CHARLESTON	\$1,334,614.76	\$1,174,048.01	-12.03%	19	19	0%	81	81	0%	2,611	2,556	-2%	
20	FAIRFIELD	\$36,934.46	\$64,092.86	73.53%	2	1	-50%	1	1	0%	129	159	23%	
21	FLORENCE	\$419,164.32	\$367,461.41	-12.33%	5	5	0%	11	11	0%	572	599	5%	
23	GREENVILLE	\$1,553,476.07	\$1,373,456.03	-11.59%	13	15	15%	49	49	0%	3,410	3,458	1%	
24	GREENWOOD	\$5,703.17	\$4,668.47	-18.14%	1	1	0%	1	1	0%	30	30	0%	
28	KERSHAW	\$16,795.69	\$20,733.44	23.45%	1	1	0%	1	1	0%	70	96	37%	
32	LEXINGTON	\$50,643.27	\$36,589.60	-27.75%	2	2	0%	2	2	0%	120	159	33%	
37	OCONEE	\$7,464.23	\$7,965.54	6.72%	1	1	0%	1	1	0%	47	47	0%	
40	RICHLAND	\$1,300,602.41	\$872,249.58	-32.93%	26	22	-15%	42	42	0%	2,132	1,989	-7%	
42	SPARTANBURG	\$268,883.17	\$207,571.50	-22.80%	8	6	-25%	9	9	0%	407	333	-18%	
43	SUMTER	\$40,062.39	\$23,995.95	-40.10%	1	1	0%	1	1	0%	258	190	-26%	
46	YORK	\$69,451.25	\$45,373.79	-34.67%	3	3	0%	4	4	0%	88	77	-13%	
60	GA within SC Svc Area	\$191,347.74	\$229,967.94	20.18%	5	5	0%	55	56	2%	703	817	16%	
62	NC within SC Svc Area	\$146,605.49	\$227,407.49	55.12%	9	9	0%	46	45	-2%	334	349	4%	
	Unique Count Total	\$894,371,345.18	\$899,737,943.28	0.60%	9,526	9,431	-1%	47,484	48,254	2%	344,880	358,191	4%	