Healthcare and Regulatory Subcommittee Meeting

Tuesday, July 28, 2020

Contents

AGENDA

South Carolina House of Representatives

Legislative Oversight Committee

HEALTHCARE AND REGULATORY SUBCOMMITTEE
Chairman John Taliaferro (Jay) West, IV
The Honorable Robert L. Ridgeway, III
The Honorable Bill Taylor
The Honorable Chris Wooten

Tuesday, July 28, 2020
10:00 a.m.
(VIA Microsoft Teams)

Pursuant to Committee Rule 6.8, S.C. ETV shall be allowed access for internet streaming whenever technologically feasible.

AMENDED AGENDA

I. Approval of Minutes

II. Discussion of the Study of the Department of Health and Human Services

III. Adjournment

Legislative Oversight Committee

South Carolina House of Representatives

Post Office Box 11867
Columbia, South Carolina 29211
Telephone: (803) 212-6810 • Fax: (803) 212-6811

Room 228 Blatt Building

Healthcare and Regulatory Subcommittee Meeting

Wednesday, January 15, 2020, at 9:00 am
Blatt Building Room 110

Archived Video Available

I. Pursuant to House Legislative Oversight Committee Rule 6.8, South Carolina ETV is allowed access for streaming the meeting. You may access an archived video of this meeting by visiting the South Carolina General Assembly's website (http://www.scstatehouse.gov) and clicking on *Committee Postings and Reports*, then under *House Standing Committees* click on *Legislative Oversight*. Then, click on *Video Archives* for a listing of archived videos for the Committee.

Attendance

I. Chair Jay West calls the Healthcare and Regulatory Subcommittee to order on Wednesday, January 15, 2020, in Room 110 of the Blatt Building. All members of the Subcommittee are present for all or a portion of the meeting.

Minutes

I. House Rule 4.5 requires standing committees to prepare and make available to the public the minutes of committee meetings, but the minutes do not have to be verbatim accounts of meetings. It is the practice of the Legislative Oversight Committee to provide minutes for its subcommittee meetings.

II. Representative Wooten moves to approve the minutes from the December 17, 2019, meeting. The motion passes.

Representative Wooten's motion to approve the minutes from the December 17, 2019, meeting.	Yea	Nay	Not Voting (Absent)	Not Voting (Present)
Rep. Robert Ridgeway	✓			
Rep. Bill Taylor	✓			
Rep. Chris Wooten	✓			
Rep. Jay West	✓			

Discussion of the Department of Alcohol and Other Drug Abuse Services (DAODAS)

I. Chair West explains this is the Subcommittee's fifth meeting with DAODAS and the purpose is to discuss how the agency evaluates and audits the programs it funds, any remaining member questions, and Subcommittee recommendations.

II. Chair West reminds agency representatives who have been previously sworn in that they remain under oath.

III. DAODAS Director Sara Goldsby presents some information about the agency's program evaluation and quality assurance. She responds to questions from Subcommittee members.

IV. Ellen Andrews-Morgan, Legislative Liaison for the Department of Health and Environmental Control (DHEC), is sworn in by Chair West. She makes brief remarks about the Community Outreach by Paramedic Education (COPE) program and then answers questions from Subcommittee members.

V. Chair West swears in LT Col. Jamie Landrum of the Department of Natural Resources (DNR). LT Col. Landrum makes brief remarks about the training DNR officers have received through DAODAS and then answers questions from Subcommittee members.

VI. Connelly-Anne Ragley, Legislative Liaison for the Department of Social Services (DSS), is sworn in by Chair West. She makes brief remarks about DSS contracts with DAODAS and then answers questions from Subcommittee members.

VII. DAODAS Director Goldsby and Sharon Peterson, DAODAS Manager of Finance and Operations, make remarks about the agency's contracts with DSS.

VIII. Michelle Nienhius, DAODAS Prevention Director, and Lee Dutton, DAODAS Chief of Staff, answer questions from Subcommittee members about merchant education programs.

Motions

I. Subcommittee members make a number of motions related to study recommendations. All motions pass.

Rep. Ridgeway's motion to recommend that DHEC assess the need for the COPE program in all counties of the state, particularly rural areas, and report its findings to the Committee 6 months after publication of the full Committee's report:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Taylor's motion to recommend that DHEC seek additional funding to expand the COPE program to additional counties where there is a demonstrated need for it and continue the program after the expiration of the current grant funding:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Taylor's motion to recommend that DAODAS reach out to DNR to explore ways to collaborate to reduce boating under the influence and other substance use-related incidents:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Taylor's motion to recommend that DAODAS consider rates of substance abuse when distributing Substance Abuse Prevention Block Grant funding to counties for prevention services:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten			✓ (not present)
Rep. Jay West	✓		

Rep. Taylor's motion to recommend that DAODAS instate a practice of regularly providing key social media messages to legislators for dissemination to constituents:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Wooten's motion to recommend that DAODAS provide a way for participants in local DAODAS-funded programs to provide feedback directly to DAODAS:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Ridgeway's motion to recommend that DAODAS encourage local county alcohol and drug abuse authorities to notify relevant county legislative delegations if there is resistance to cooperation in implementing prevention programs in local schools:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Taylor's motion to recommend that the General Assembly consider amending Code Section 16-17-500 to require any individual convicted of selling tobacco or alternative nicotine products to minors to complete a merchant education program approved by DAODAS:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Taylor's motion to recommend that the General Assembly consider requiring those serving alcohol for on-premises consumption to complete a merchant education program approved by DAODAS:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Wooten's motion to recommend that the General Assembly consider updating S.C. Code Ann. Title 44, Chapter 49 to accurately reflect the department's current role and functions and replace outdated language related to substance use:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Rep. Ridgeway's motion to recommend that the General Assembly consider updating S.C. Code Ann. Section 59-150-230(I) to reflect the way that unclaimed lottery prize funds used to address problem or pathological gambling are currently distributed:	Yea	Nay	Not Voting
Rep. Robert Ridgeway	✓		
Rep. Bill Taylor	✓		
Rep. Chris Wooten	✓		
Rep. Jay West	✓		

Adjournment

I. Chair West directs staff to draft the report of the Subcommittee's study of DAODAS and distribute it to members on Tuesday, February 18, 2020. He directs members to submit any personal statements to be published with the report by February 25, 2020.

II. Chair West thanks Director Goldsby and her team for their efforts during the study.

III. The meeting is adjourned.

DHHS STUDY TIMELINE

Legislative Oversight Committee Actions

December 9	• Holds **Meeting #1** to prioritize the agency for study

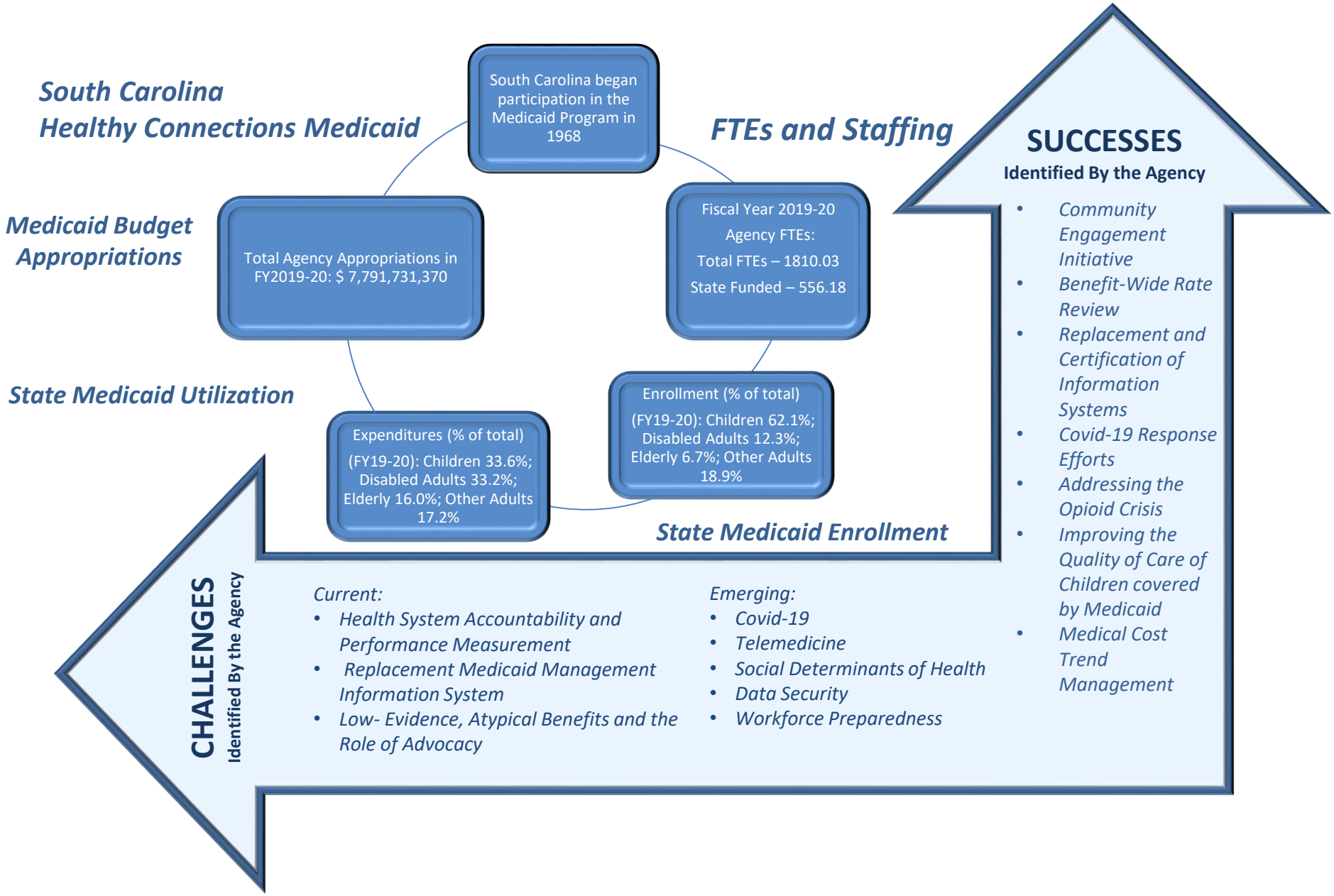
Healthcare and Regulatory Subcommittee Actions

July 28 (TODAY)	• Holds **Meeting #2** to discuss the history of the Medicaid program (federal/state); Medicaid policy; coverage types and categories; scope of services; and financing.

Public's Actions

Ongoing	• Public may submit written comments on the Oversight Committee's webpage, accessed from www.scstatehouse.gov.

Department of Health and Human Services



AGENCY'S PRESENTATION

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
Healthy Connections MEDICAID

Overview of the South Carolina Healthy Connections Medicaid Program

Joshua D. Baker

Director

South Carolina Department of Health and Human Services

SCDHHS Approach to Oversight

- Three goals
  - Educate stakeholders about agency operations
  - Highlight agency successes and operational effectiveness
  - Structure priorities for improvement efforts
- Introduce topics through overview, then structure deeper-dives
- Tie specific questions back to recurring themes or principles

Oversight Presentation Series Topics

- Agency Overview
- Medicaid Financing
- Medicaid Eligibility
- Program Integrity
- Emerging Issues
- Health Improvement Programs
- Medicaid Managed Care
- Waiver Programs
- Replacement Medicaid Management Information System

Today's Agenda

- Mission, Principles and Goals
- SCDHHS: The State Agency
- Medicaid Authorities and Concepts
- Populations Served
- Covered Services
- Provider Network
- Budget and Medicaid Finance
- Programmatic Outlook

SCDHHS Mission, Principles, and Goals

SCDHHS Mission, Principles, and Goals

Mission

The mission of the SCDHHS is to purchase the most health for our citizens in need at the least possible cost to the taxpayer.

Principles

Engagement, Stewardship, Quality, Access, and Integration

Goals

- Purchase and evaluate care through evidence-based systems and models
- Strengthen the health and well-being of South Carolinians across their lifespan
- Limit the burden to provide and receive care
- Utilize public resources efficiently and effectively
- Maintain or improve healthcare marketplace stability

SCDHHS Strategic Plan

SCDHHS Strategic Plan *(cont.)*

7 Behaviors

Have a goal

7 Behaviors

Have a *common* goal

7 Behaviors

Mission

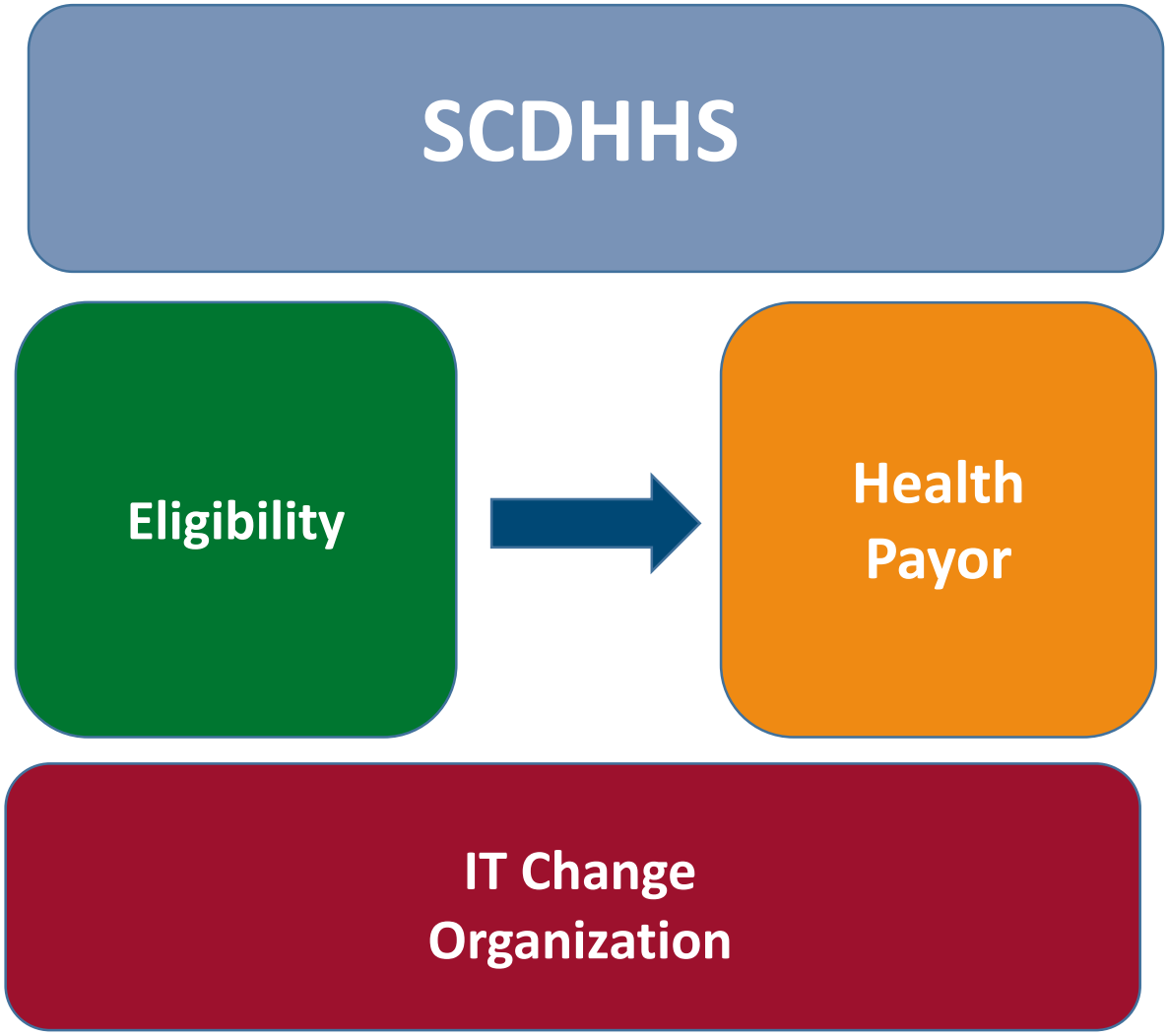
The mission of the SCDHHS is to purchase the most health for our citizens in need at the least possible cost to the taxpayer.

7 Behaviors

- Have a common goal
- Tell the truth
- Be precise
- No surprises
- Take responsibility
- Follow-up
- See something, say something

SCDHHS: The State Agency

SCDHHS is an Umbrella



Historical Milestones

- **1965**: Medicaid program is authorized under Title XIX of the Social Security Act (SSA)
- **1968**: South Carolina joins the Medicaid program
- **1981:** Medicaid Management Information System (MMIS) is placed in production
- **1983**: The South Carolina Legislature creates the State Health and Human Services Finance Commission
- **1984**: SCDHHS' request for a home and community-based services (HCBS) waiver is approved
- **1985**: Medically Indigent Assistance Program (MIAP) is created
- **1988**: Disproportionate Share Hospital (DSH) program is created
- **1989**: Medicaid nursing permit day law passed

Historical Milestones *(cont.)*

- **1991**: The Centers for Medicare and Medicaid Services (CMS) approves South Carolina Department of Disabilities and Special Needs' (DDSN) Intellectually Disabled and Related Disabilities (ID/RD) waivers
- **1993**: The name commission is changed to South Carolina Department of Health and Human Services
- **1994**: The Palmetto Health Initiative pilots a managed care delivery system
- **1995**: SCDHHS implements coverage for certain children with disabilities under the Tax Equity and Fiscal Responsibility Act (TEFRA)
- **1996**: The Health Insurance Portability and Accountability Act (HIPAA) of 1996 is signed into law
- **1997**: Optional State Supplementation (OSS) program is moved from the Department of Social Services (DSS) to SCDHHS

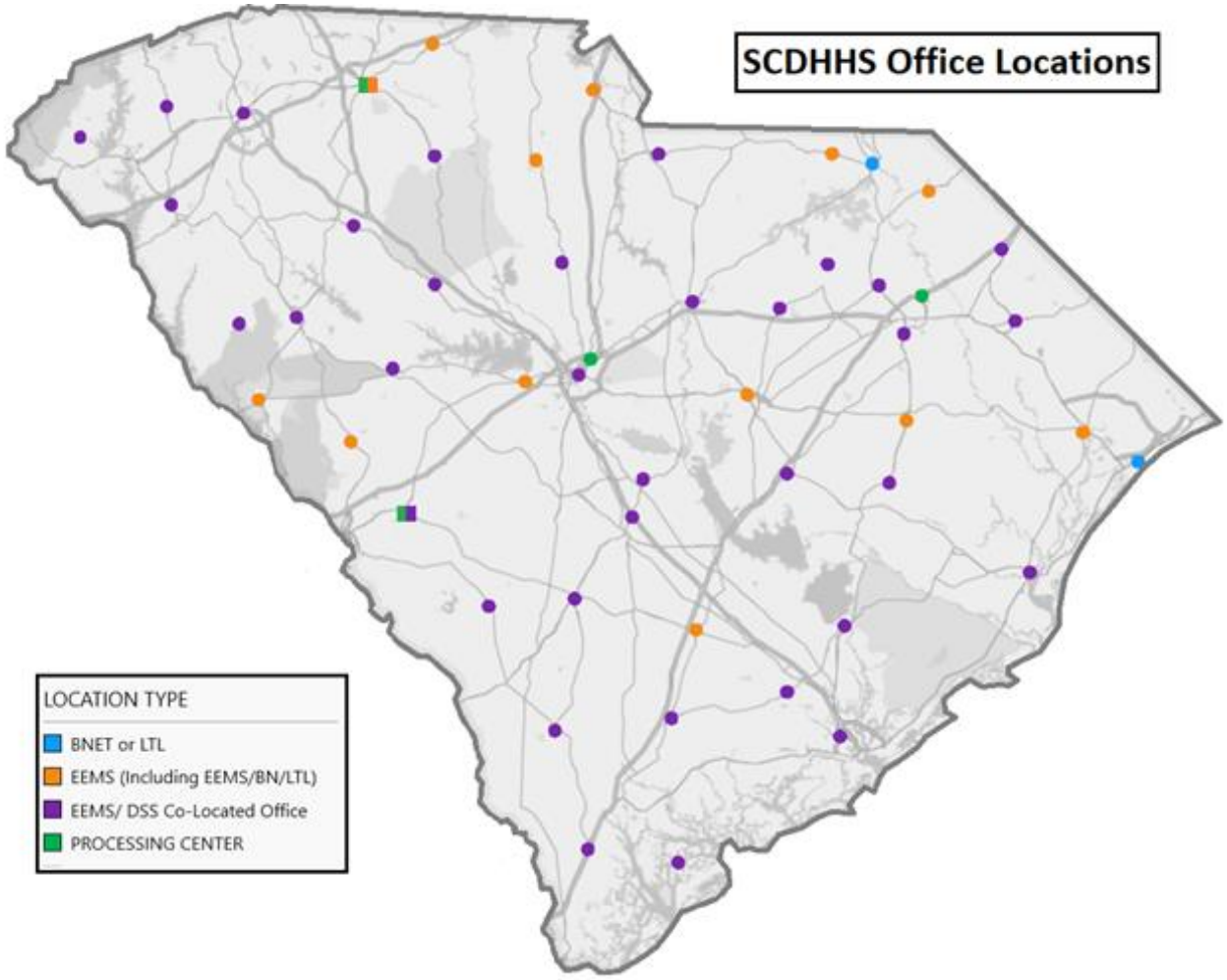
Historical Milestones *(cont.)*

- **2002**: SCDHHS implements the Medicaid Eligibility Determination System statewide
- **2003**: Launch of electronic visit verification (EVV) for HCBS waivers operated by SCDHHS
- **2008**: Standalone Childrens Health Insurance Program (CHIP) is created
- **2010**: Standalone CHIP is converted to an extension of Medicaid
- **2010**: The Affordable Care Act (ACA) passes, adding additional eligibility groups to Medicaid and updating income-based eligibility rules
- **2012**: SCDHHS launches Express Lane Eligibility, which matches SNAP data to identify and enroll Medicaid-eligible children

Historical Milestones *(cont.)*

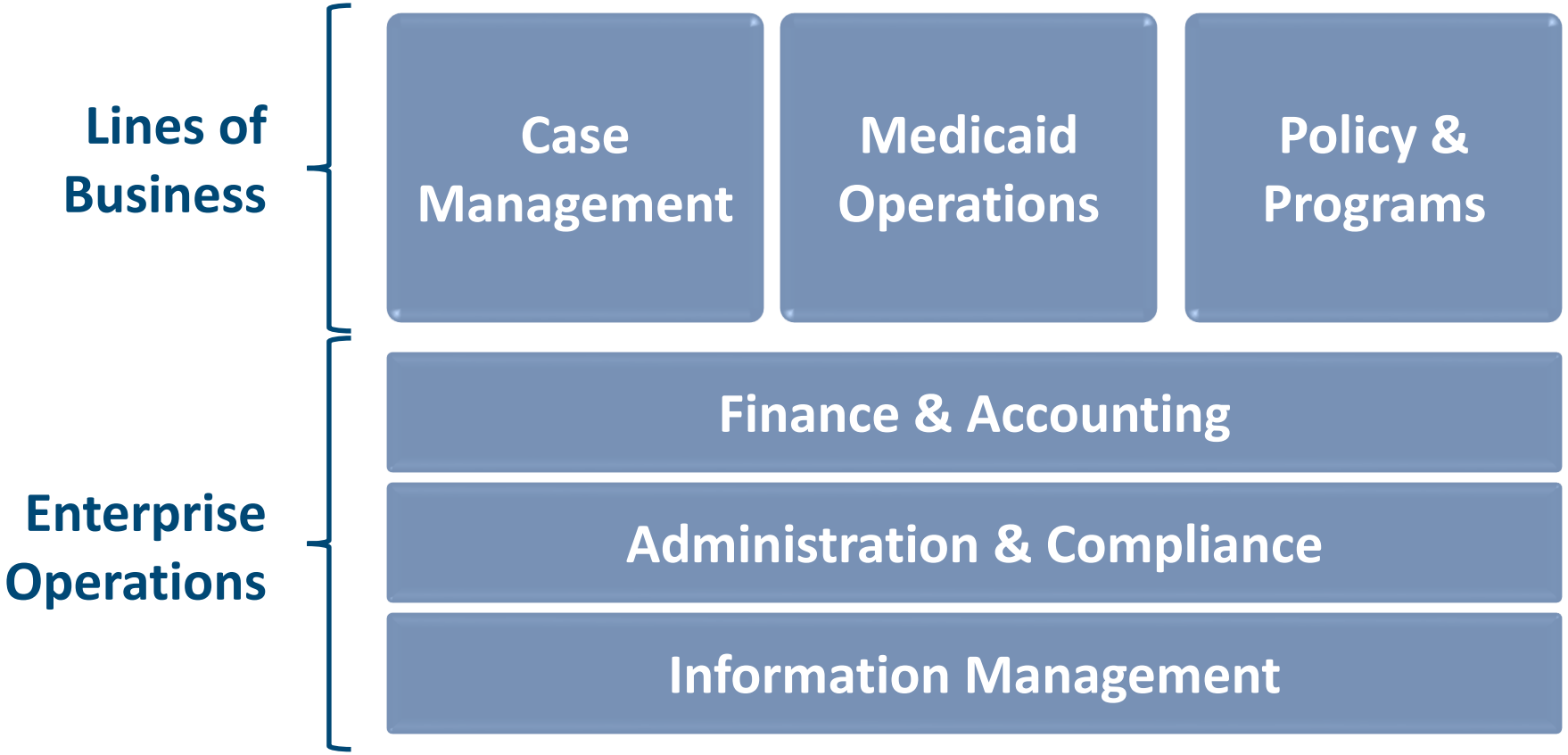
- **2014**: SCDHHS activates Curam Health Care Reform (HCR) to implement ACA-revised rules-based eligibility
- **2017**: SCDHHS becomes the lead agency for the Individuals with Disabilities Education Act (IDEA) Part C program, known as "BabyNet"
- **2019**: The first Replacement MMIS (RMMIS) module – Pharmacy Benefit Manager – is certified by CMS
- **2019**: SCDHHS begins to enroll opioid treatment programs (OTPs) in the Medicaid provider network and begins to reimburse for medication-assisted treatment for OTPs
- **2019**: The Healthy Connections Community Engagement Initiative is approved
- **2020**: Two additional RMMIS modules – Third Party Liability and Business Intelligence System – are certified by CMS

Where We Are

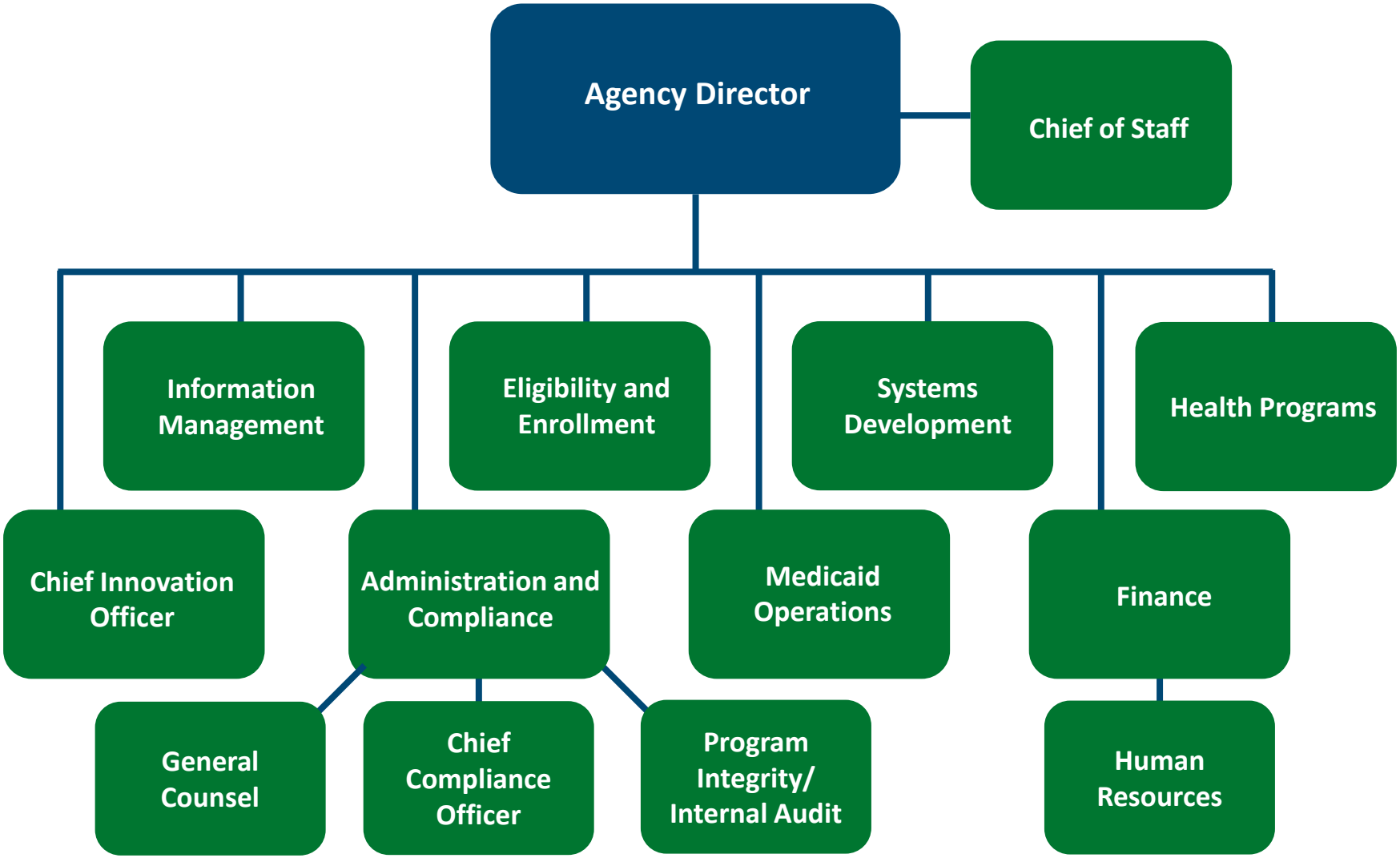


* Unique individuals per month, not point-in-time census

Agency Reorganization



Agency Composition - Organizational Chart



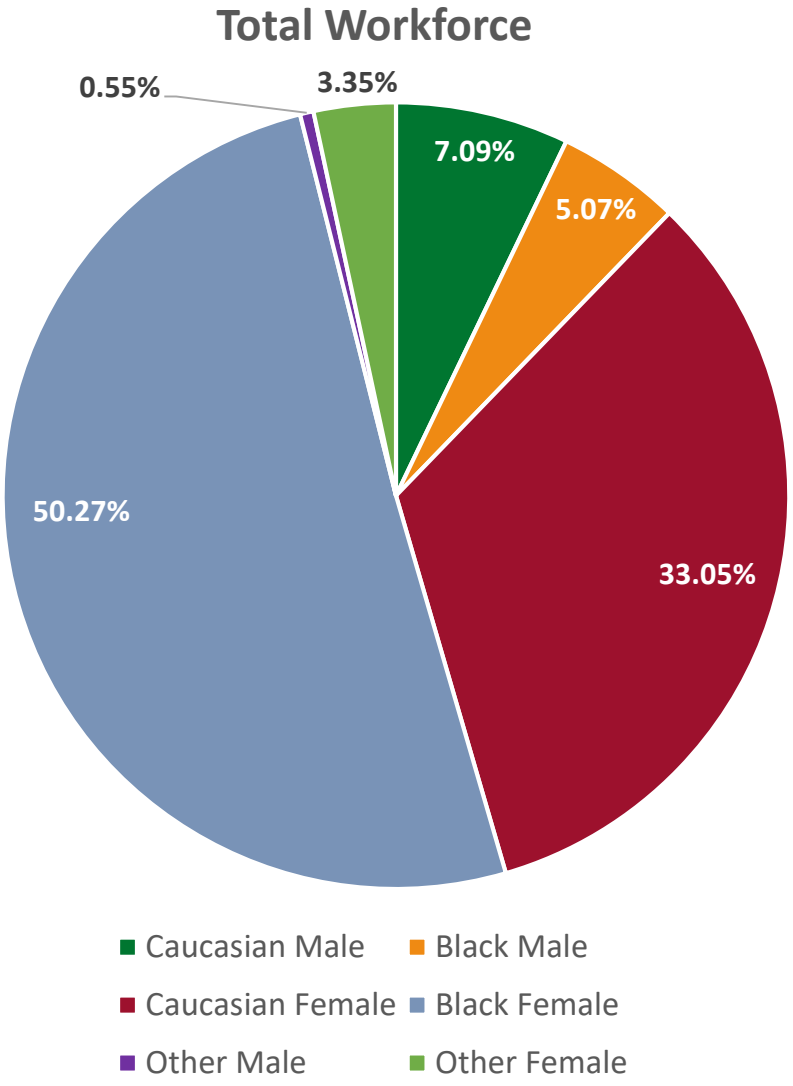
Agency Composition - Staff

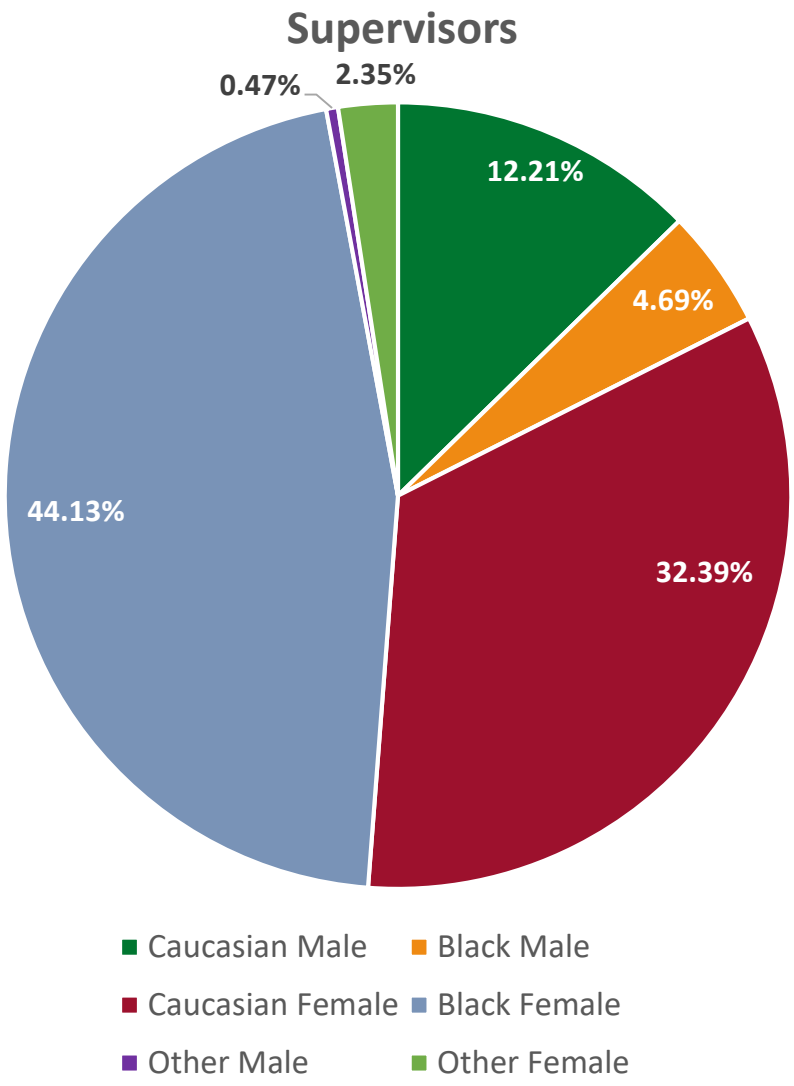
	Authorized	Filled	Vacant	Vacancy %	Vacant in Use
FTEs	1,810	1,208	602	33.25%	308
TGEs	407	81	326	80.1%	166

(Updated July 1, 2020)

FTEs = Full Time Employees
TGEs = Temporary Grant Employees

Agency Workforce and Supervisory Demographics





Medicaid Authorities and Concepts

Medicaid

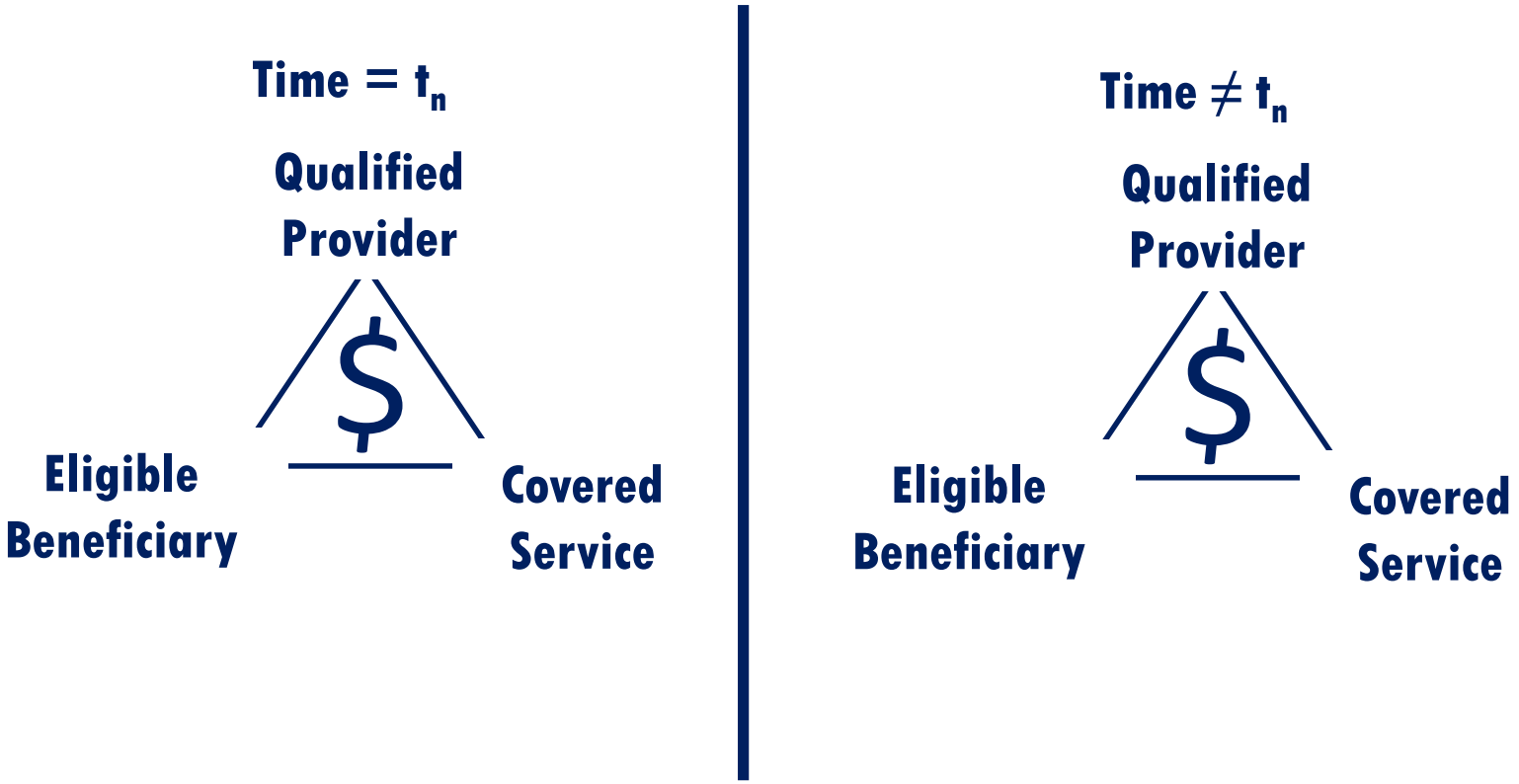
Medicaid is the nation's largest public health insurance program and predominantly services children, their parents, elderly, and disabled individuals. It is administered by states pursuant to federal requirements. Medicaid is jointly funded by state and federal governments, with states receiving partial federal reimbursement for allowable expenses.

Medicaid is Inherently Complex

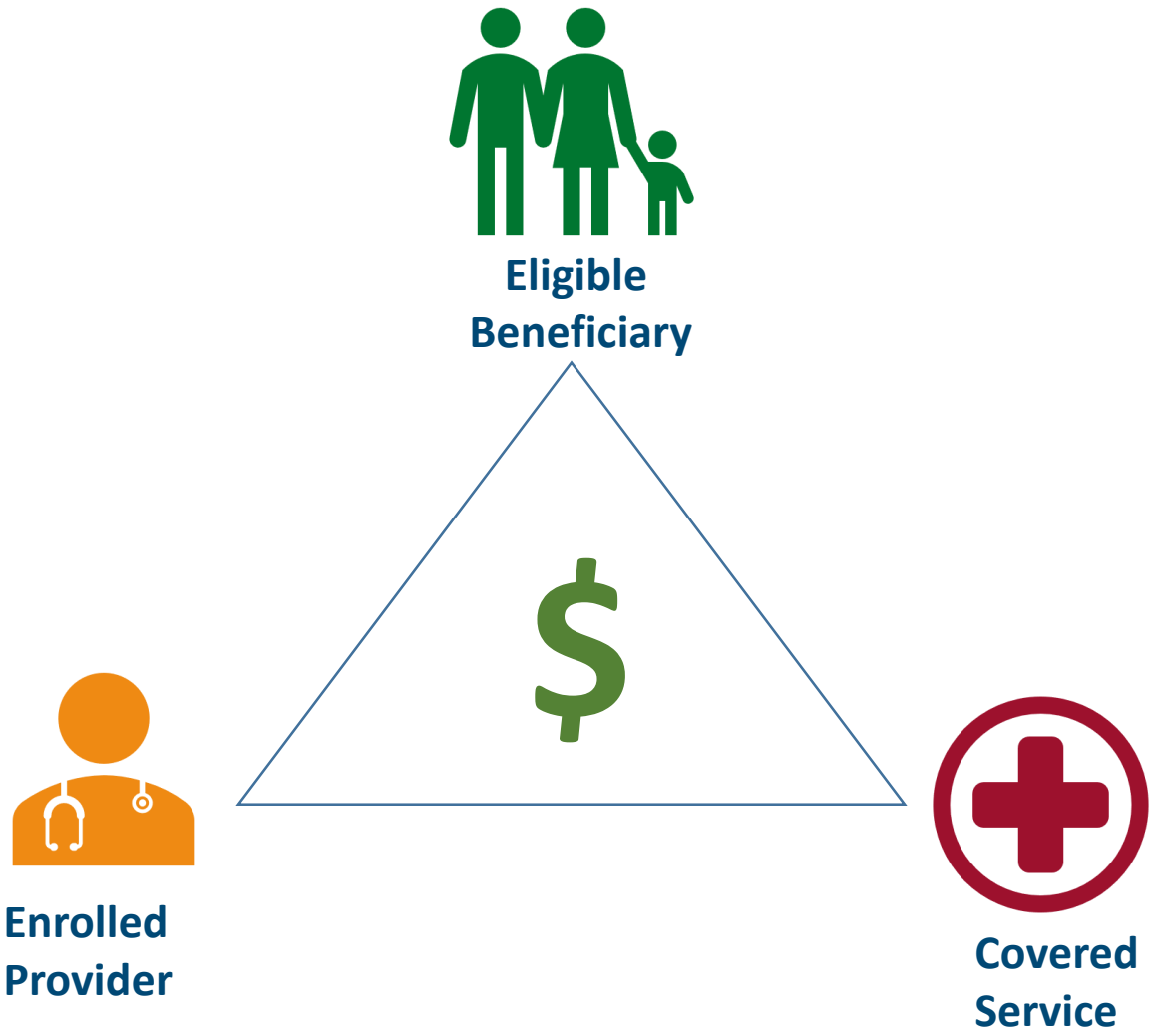
"There can be no doubt but that the statutes and provisions in question, involving the financing of Medicare and Medicaid, are among the most completely impenetrable texts within human experience. Indeed, one approaches them at the level of specificity herein demanded with dread, for not only are they dense reading of the most tortuous kind, but Congress also revisits the area frequently, generously cutting and pruning in the process and making any solid grasp of the matters addressed merely a passing phase."

-Judge Samuel James Ervin III, United States Court of Appeals for the Fourth Circuit, Dec 5, 1994

The Underlying Transaction



Simplified



We (Medicaid/SCDHHS)

Are:

- Health payor
- Countercyclical
- Source of population health data

Are not:

- Provider
- Regulator
- Prosecutor
- Commercial insurance
- Researchers

Additional Programs

- OSS Program
- Optional Supplemental Care for Assisted Living Program (OSCAP)
- Certified Nurse Aides (CNA) Program
- Individuals with Disabilities Education Act Part C Program (BabyNet)
- Medicare Premium Payments

Medicaid Authorities

- The Social Security Amendments of 1965 created Medicaid by adding Title XIX to the SSA (*Medicare was created in tandem through Title XVIII*).
- CHIP was established by Title XXI of the SSA in 1997.
- As a condition for receipt of federal Medicaid funds, states must designate a single state agency to administer the state's Medicaid program.
- In South Carolina, SCDHHS is the administering agency and the Medicaid program is called "South Carolina Healthy Connections Medicaid."

Medicaid Authorities
(cont.)

- Each state administers its own Medicaid program and must comply with federal Medicaid laws and the applicable Code of Federal Regulations (CFR).
- The contract with the federal government's CMS, through which SCDHHS has authority to pay for services, is called the "State Plan for Medical Assistance."
- Additional contracts – typically called "waivers" or "demonstrations" are allowable and serve as extensions of the State Plan.

Medicaid Authorities - The State Plan

- CMS requires certain populations and services to be covered in each state's plan.
- However, CMS offers states flexibility in tailoring its rules and services to its population; therefore, every state's Medicaid State Plan is different.
- Changes to the State Plan must be approved by CMS through the State Plan Amendment process. The approval process can range from a few months to several years.

Medicaid Authorities - The State Plan
(cont.)

- State Plan authorities exist in several sections of Title XIX of the SSA:
  - General State Plan Services – 1902(a) & 1905(a) – available to all beneficiaries
  - Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) Services – 1905(r) – checkups and health care services to detect and treat health problems in children from birth to age 21
  - State Plan Optional Services – services can be more discrete in nature and can target populations and conditions

Medicaid Authorities - Waivers

- Waivers – gives states freedom to "waive" certain federal requirements, which allows states to design programs to cover specific benefits that are only available to waiver participants
  - HCBS waivers – Section 1915(c)
  - Demonstration waiver authority – Section 1115
  - Emergency preparedness waivers – Section 1135

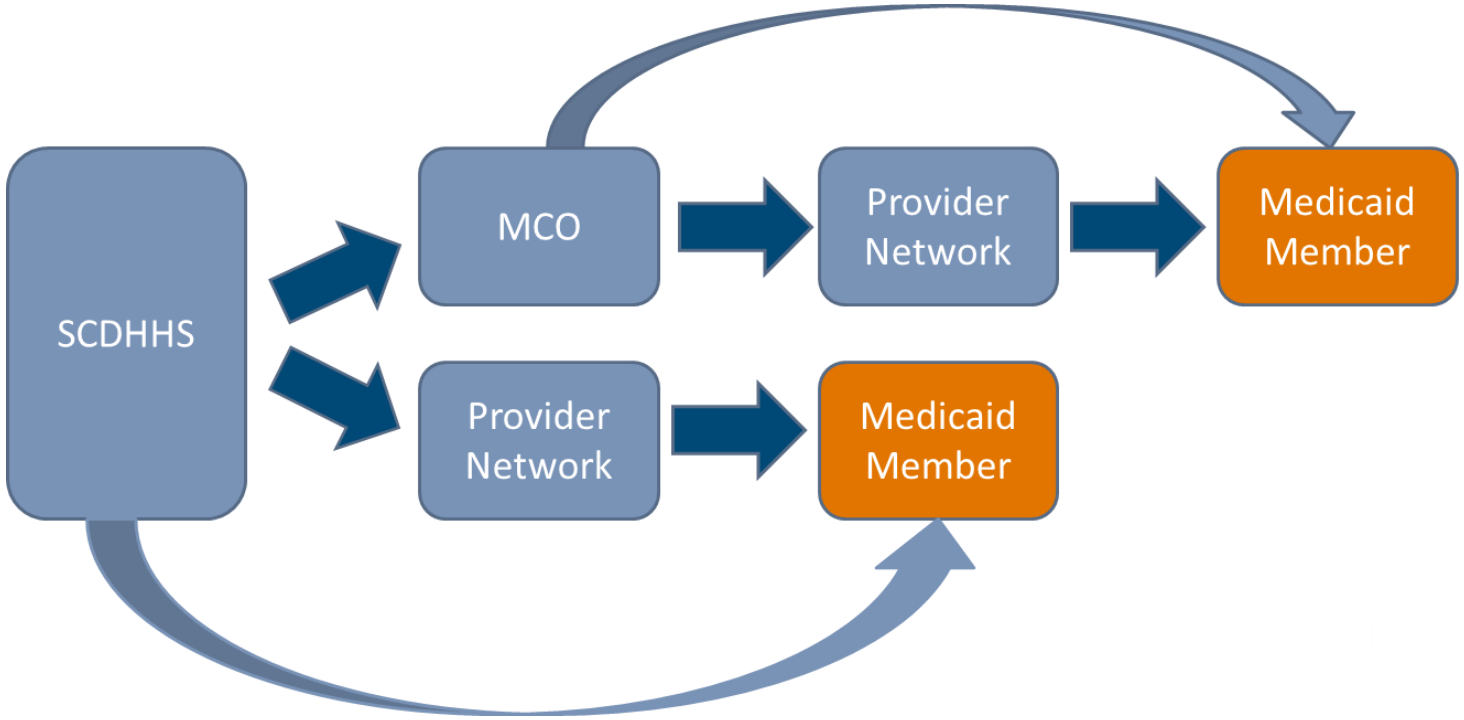
State Authorities

- Enabling legislation
  - South Carolina Code Section 44-6-5 through 44-6-110 (Article 1)
- State regulations
  - South Carolina Code of Regulations 126-125 through 126-940
- Provisos
  - Part 1B Section 33 of the Appropriations Act

FFS and MCO Definitions

- Fee-for-service (FFS)
  - The state pays providers directly for each covered service received by a Medicaid beneficiary
- Care coordination
  - Care coordination involves deliberately organizing patient care activities and sharing information among all of the participants concerned with a patient's care to achieve safer and more effective care.
- Managed care organization (MCO)
  - The state pays a fee to a managed care plan for each person enrolled in the plan
- Capitation payment
  - A fixed dollar amount per member per month, to cover medical services and health plan administrative costs.

FFS vs. Coordinated Care



MCOs

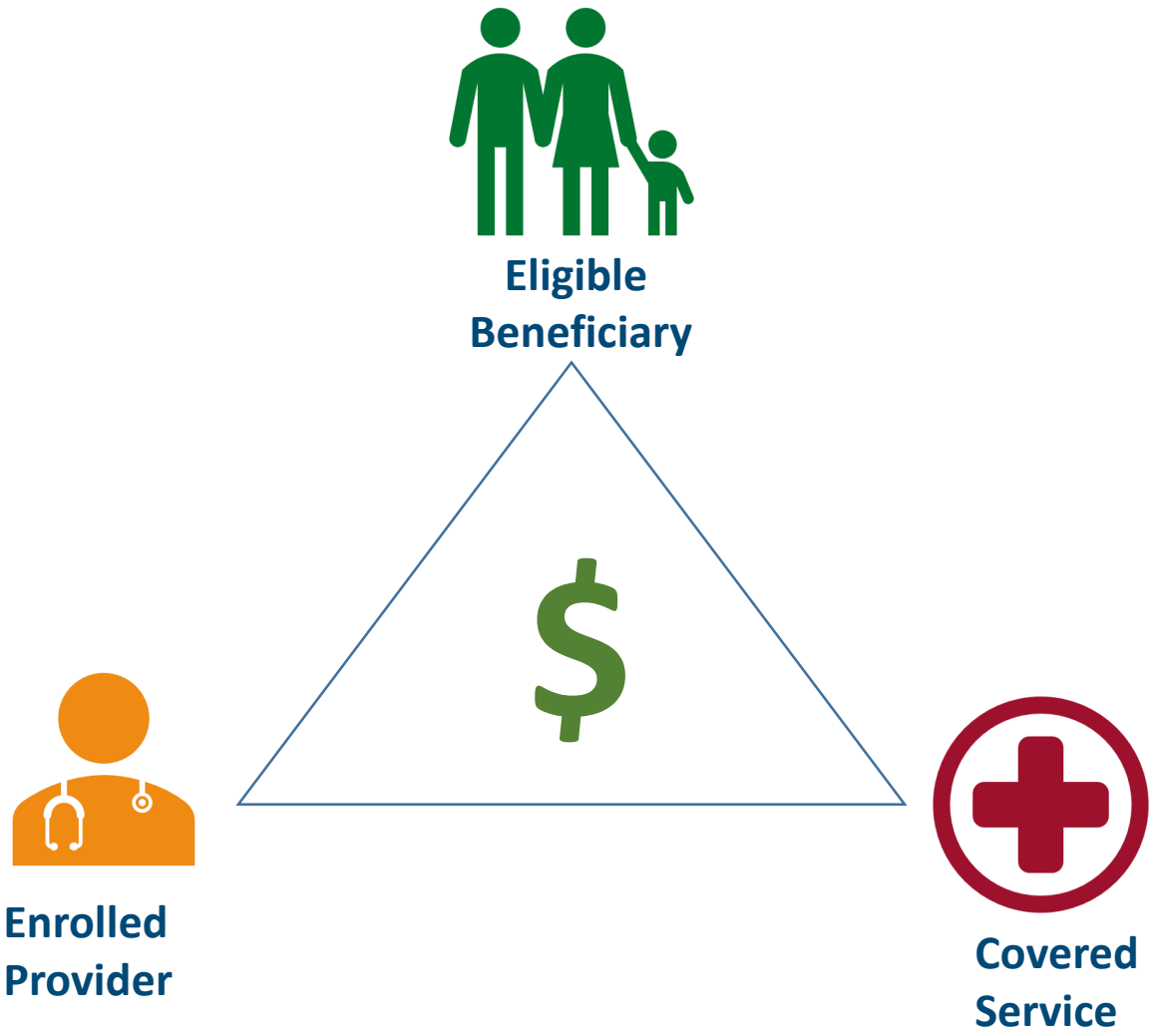
- MCOs are tasked with coordinating care.
- MCOs' benefit array mirrors the FFS benefit for populations not excluded from managed care.
- MCOs have flexibility to cover things that FFS does not and to maintain their own provider networks as long as they meet time and distance requirements.
- MCOs are allowed their own utilization management practices but are also held to quality measures tied to incentives and withholds.
- Premiums are certified by actuaries and are tied to rate cells based on age, gender, status and pay categories.
- The average PMPM (capitation payment) is $330.

FFS

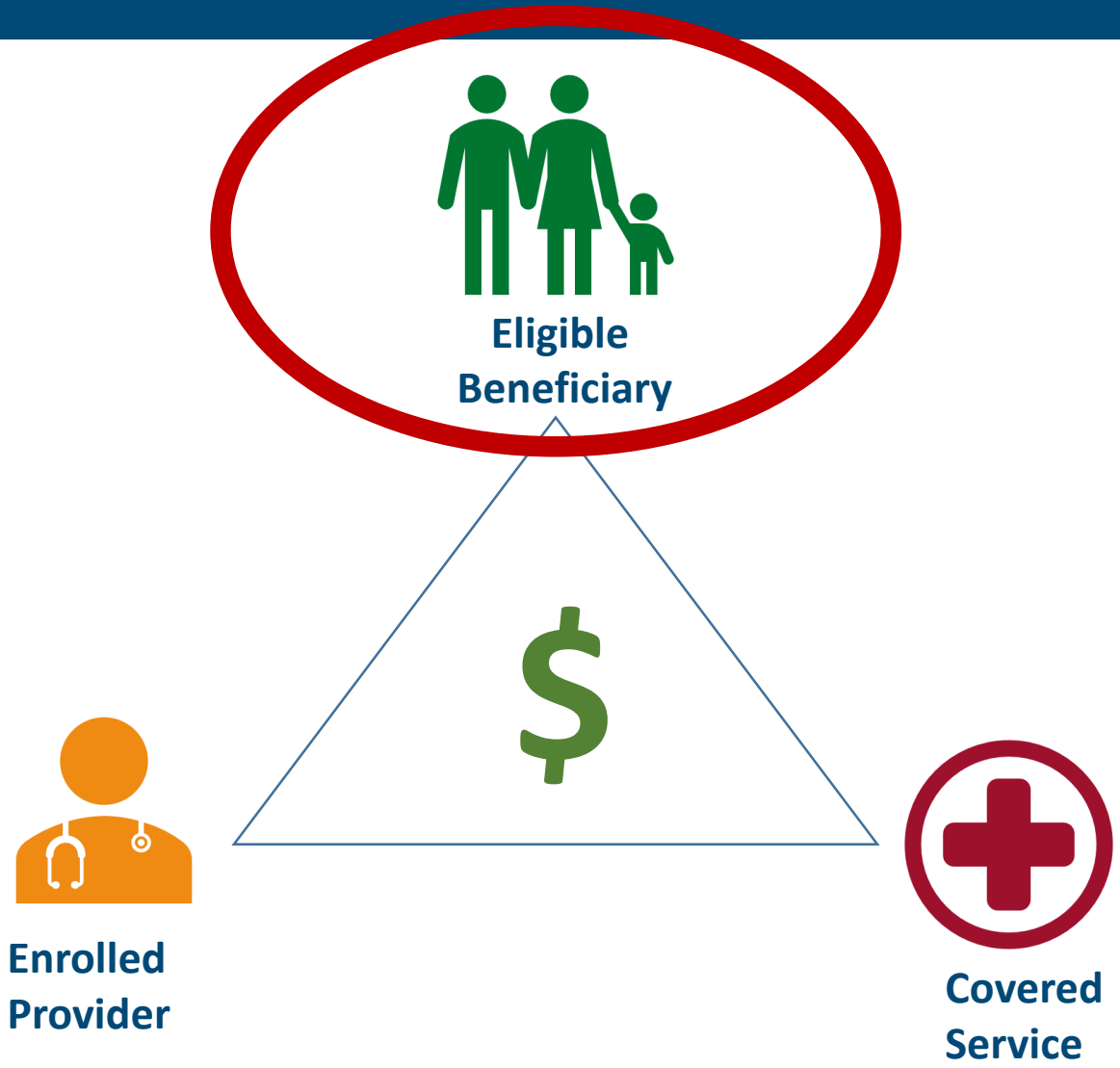
- Some members and services are generally excluded from managed care participation, including:
  - Participants in HCBS waivers
  - Nursing home residents (unless covered by Healthy Connections Prime)
  - Hospice care patients
  - Dental and non-emergency medical transportation
  - Organ transplant services
- Some services require prior authorizations, which are obtained through KEPRO – the agency's quality improvement organization (this process will ultimately fall on our administrative services organization).

Populations Served

Medicaid Transactions



Beneficiaries



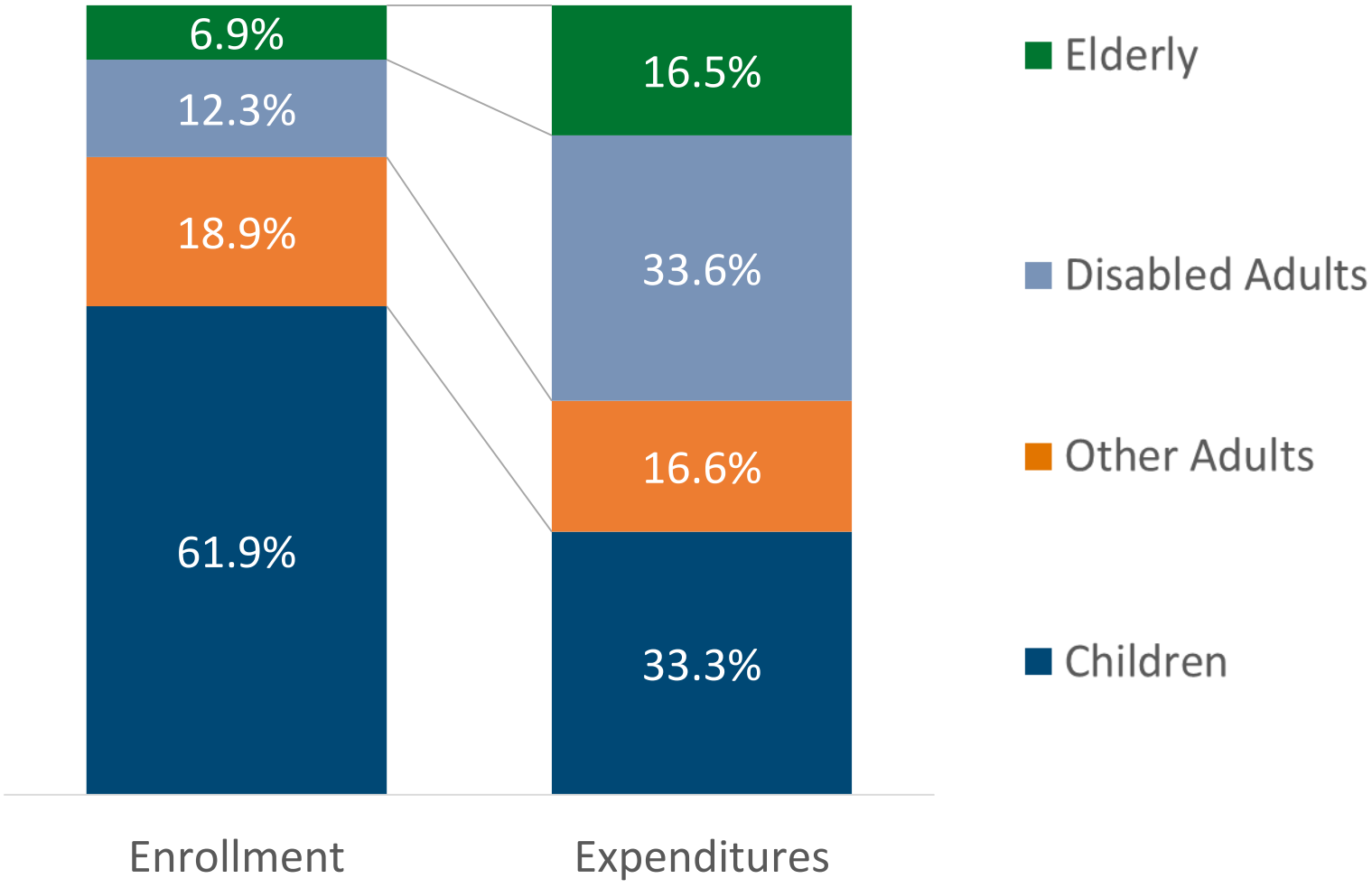
South Carolina Medicaid Population

- Full benefit membership: Approximately 1.1 million

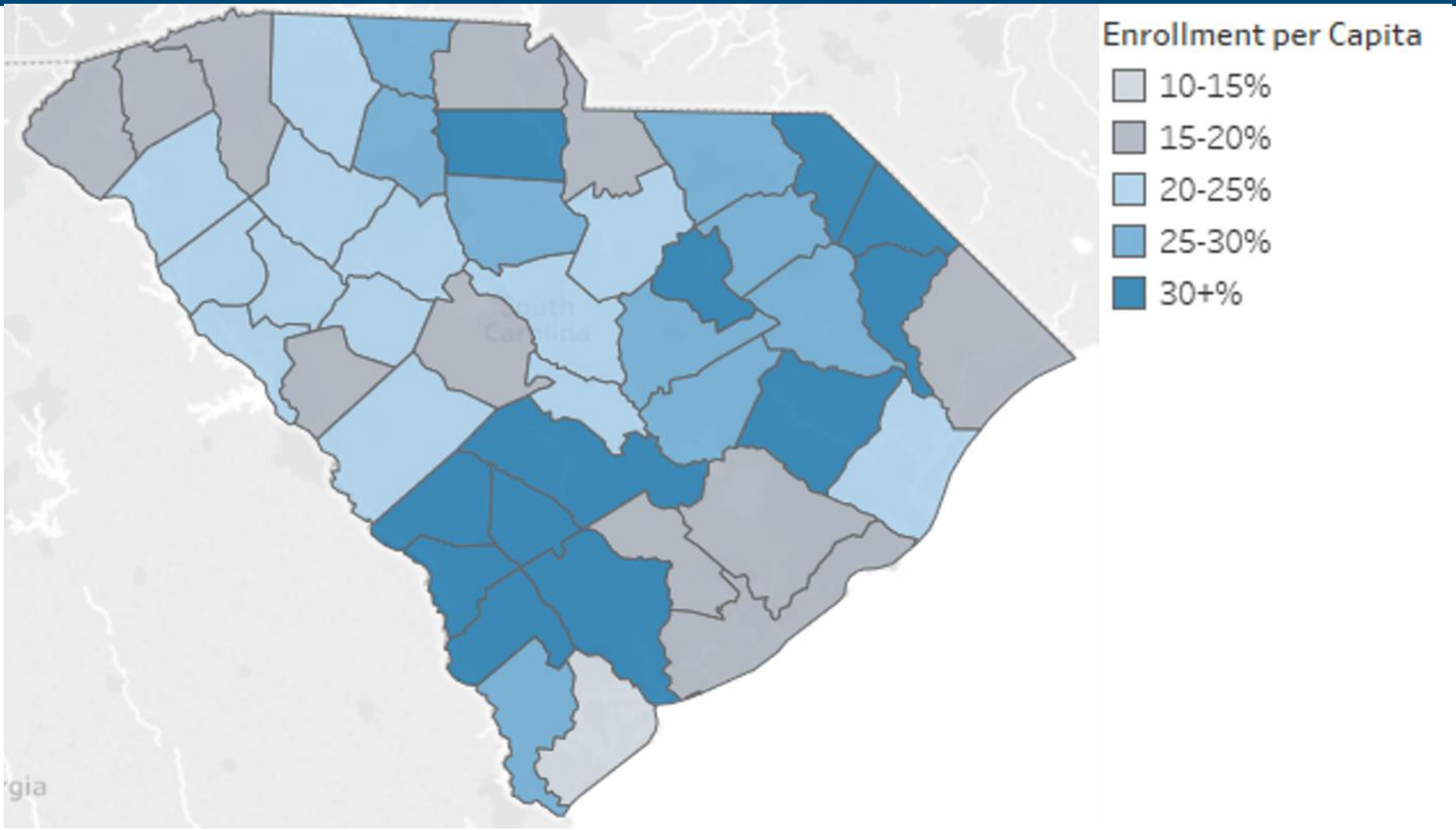
Children	**660,000**
Disabled Adults	**130,000**
Other Adults	**210,000**
Elderly	**75,000**
Limited Benefits	**230,000**

- **60%** of Medicaid members are age 0 to 18
- Roughly **60%** of all children are covered by Medicaid
- Medicaid covers nearly **60%** of all births
- Over 75% of full benefit enrolled in managed care

SCDHHS Members and Costs



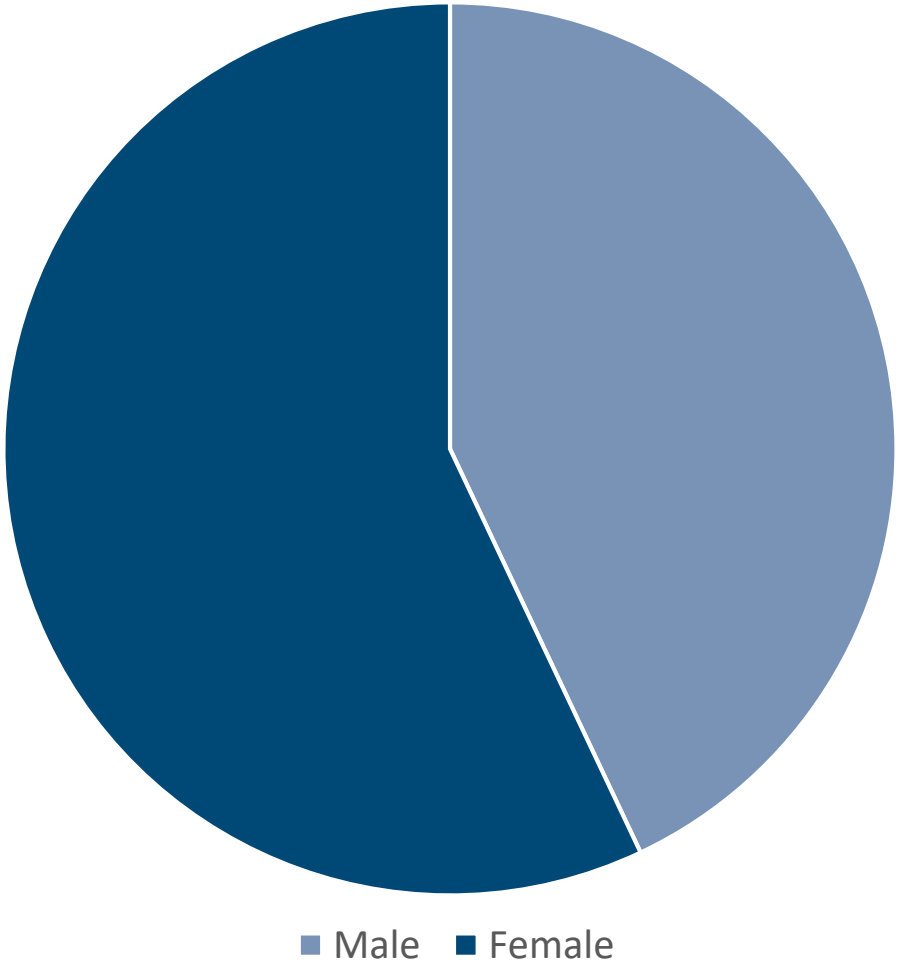
Enrollment as Percentage of County Population



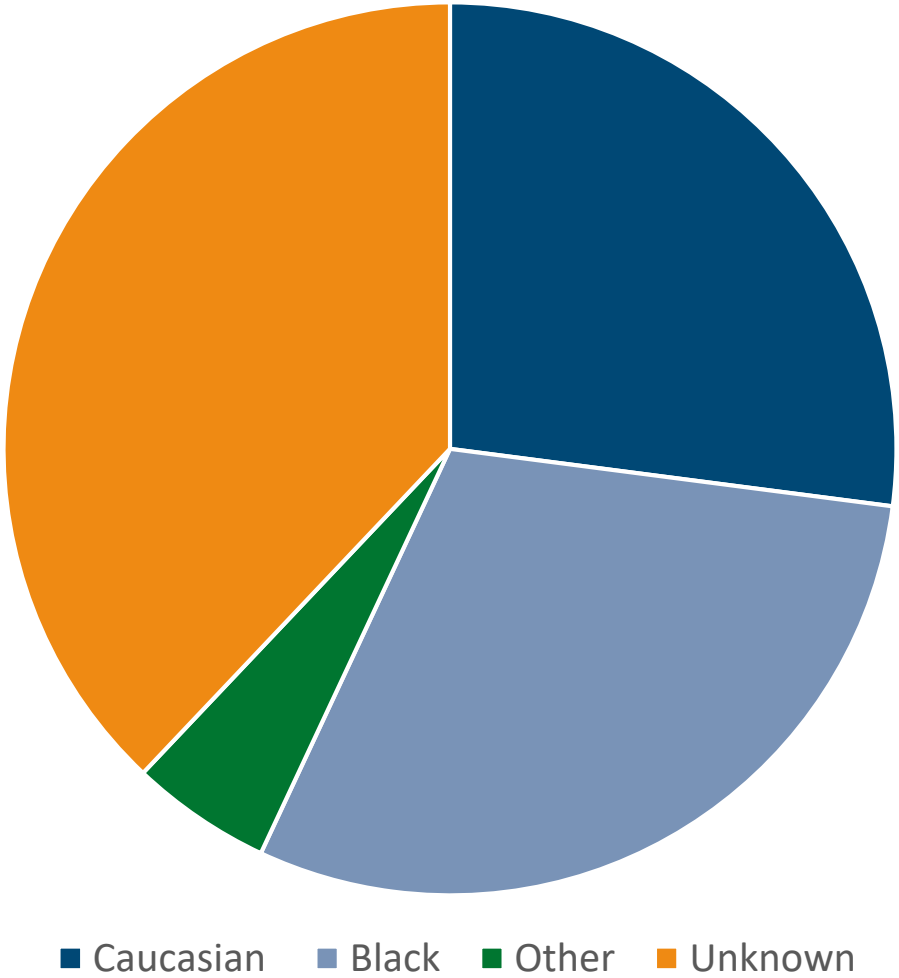
Based on December 2019 Full Benefits (most recent "final" month)

Beneficiary Demographics

Full Benefit Enrollees by Gender



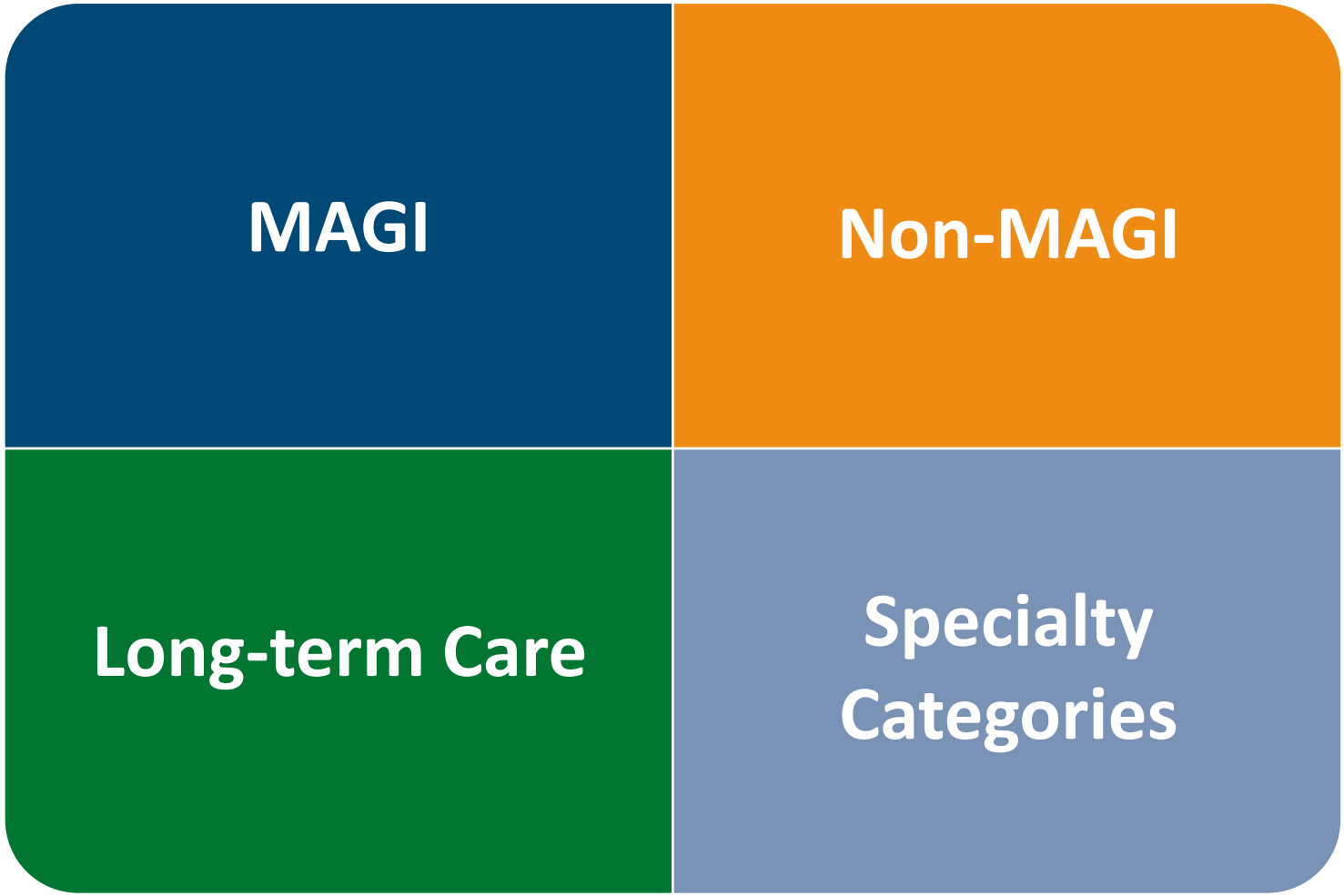
Full Benefit Enrollees by Race



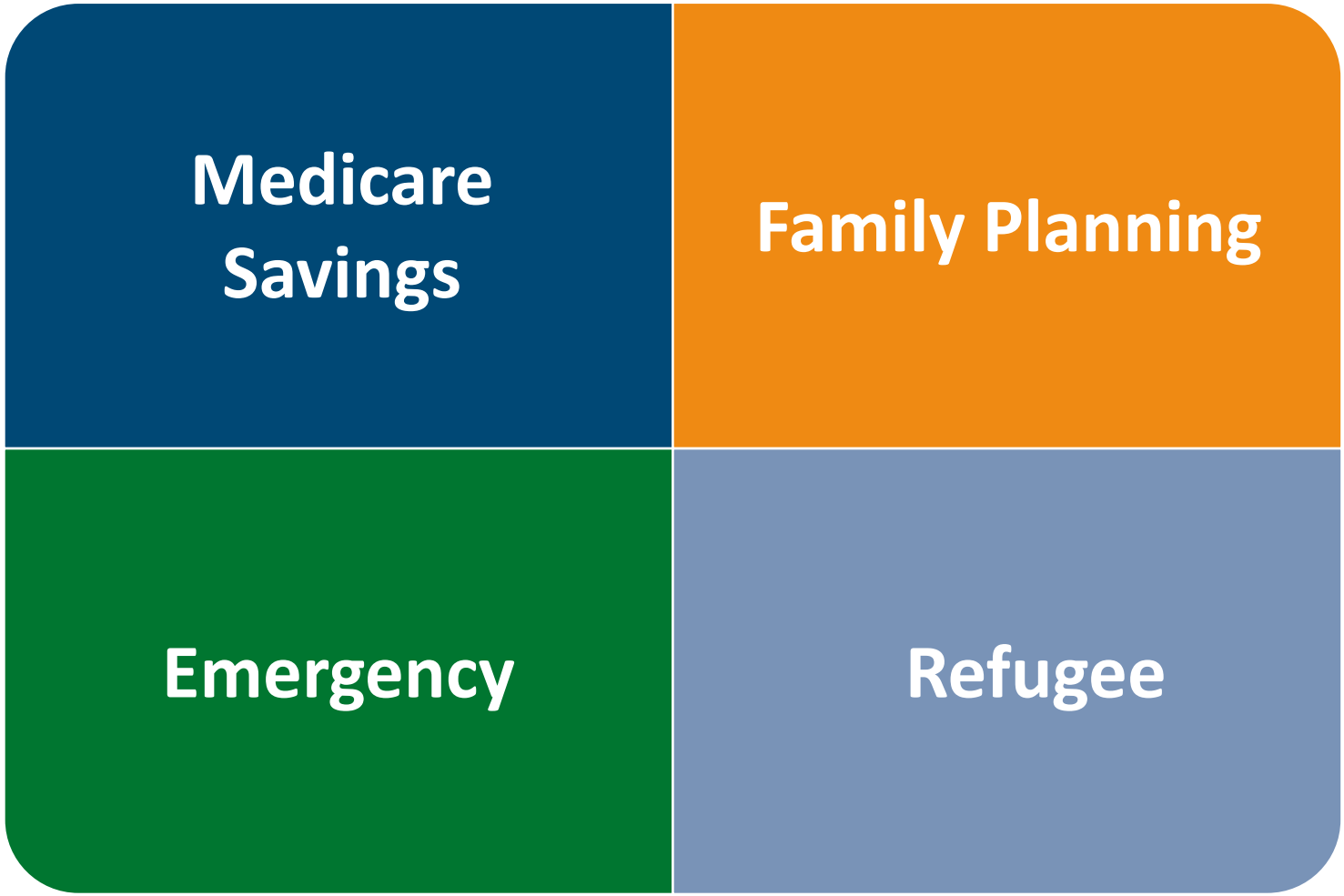
Beneficiaries - Basic Medicaid Eligibility Groups

- Modified Adjusted Gross Income (MAGI) – provides coverage for minor children, pregnant women, parents/caretaker relatives (PCR) of minor children, and former foster care children up to the age of 26
- Non-MAGI – provides coverage for individuals who are aged, blind or disabled
- Long-term Care – provides coverage for individuals who have met a level of care for nursing home or HCBS assistance
- Specialty Categories – foster care, refugees, etc.

Full Benefit Medicaid Groups



Limited Benefit Medicaid Groups



Federal Poverty Level (FPL)

Federal Poverty Level for the 48 Contiguous States	
Persons in Family/Household	**Poverty Guideline**
1	$12,760
2	$17,240
3	$21,720
4	$26,200
5	$30,680
6	$35,160
7	$39,640
8	$44,120

In effect as of Jan. 15, 2020

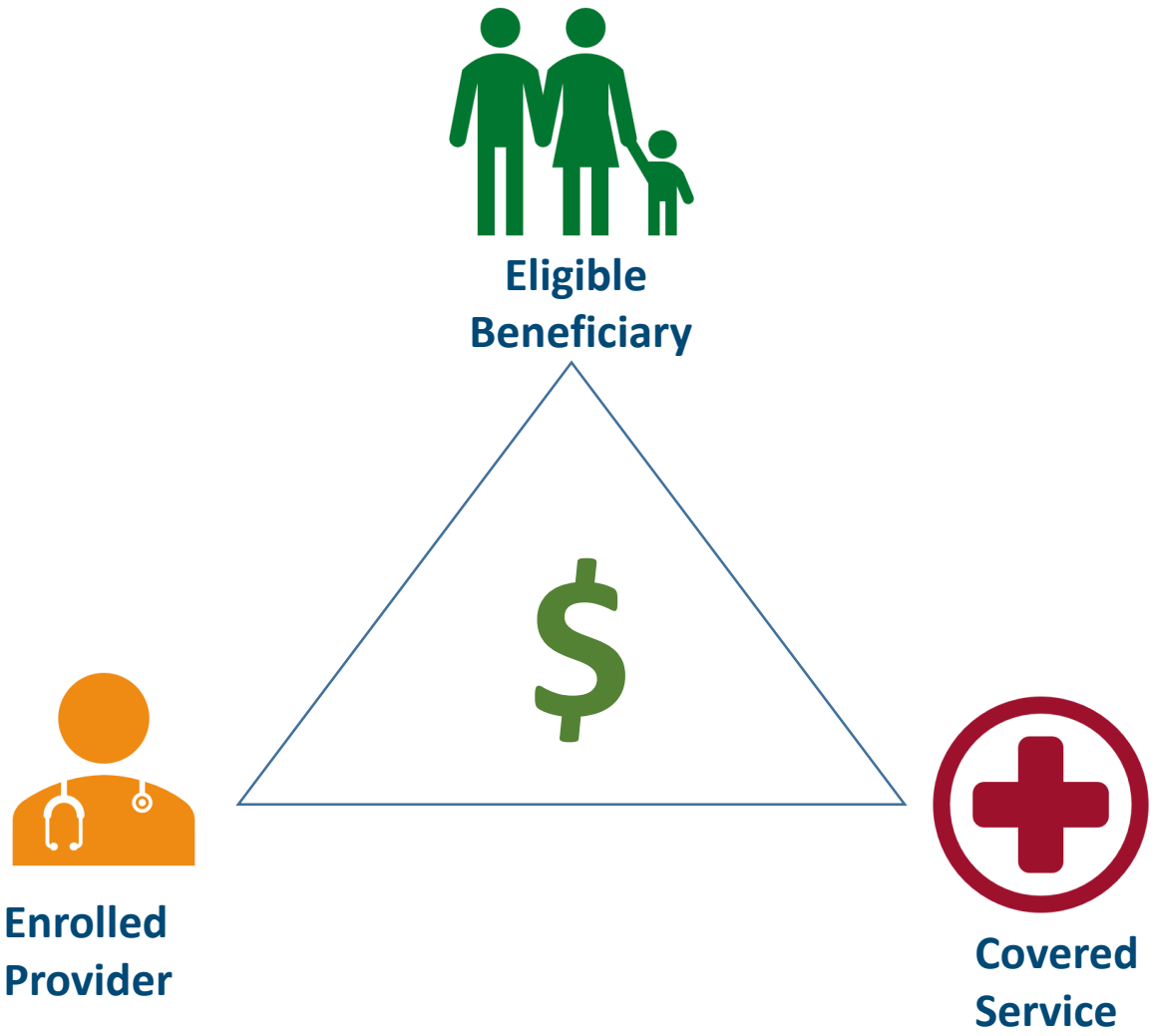
Families/households with more than 8 people add $4,480 for each additional person.

Application Process

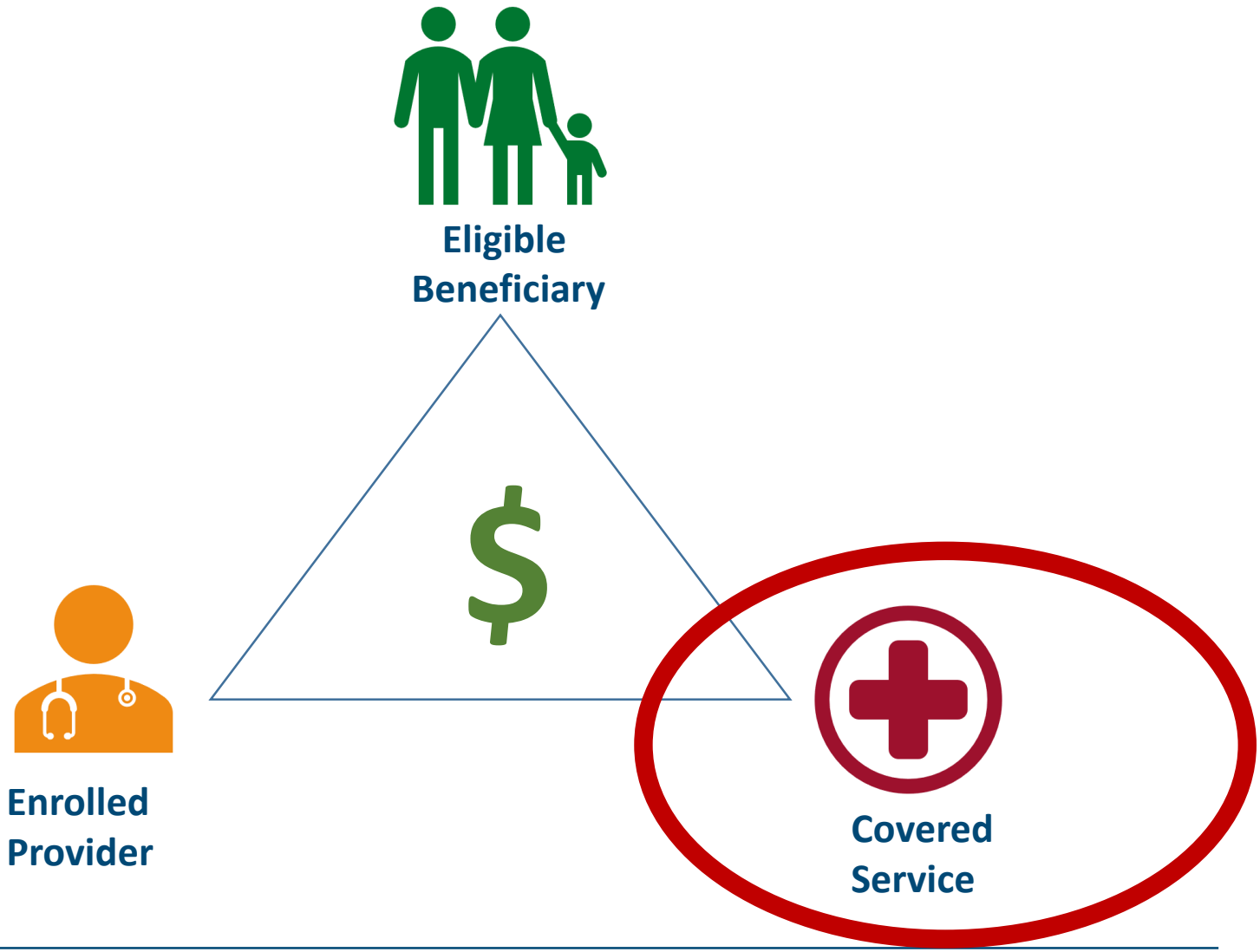
- Applications can be done via a paper application, phone, mail or online.
- All valid applications will be accepted.
- An application must contain a valid signature to be processed.

Covered Services

Medicaid Transactions



Services



Covered Services - The State Plan – Mandatory Benefits

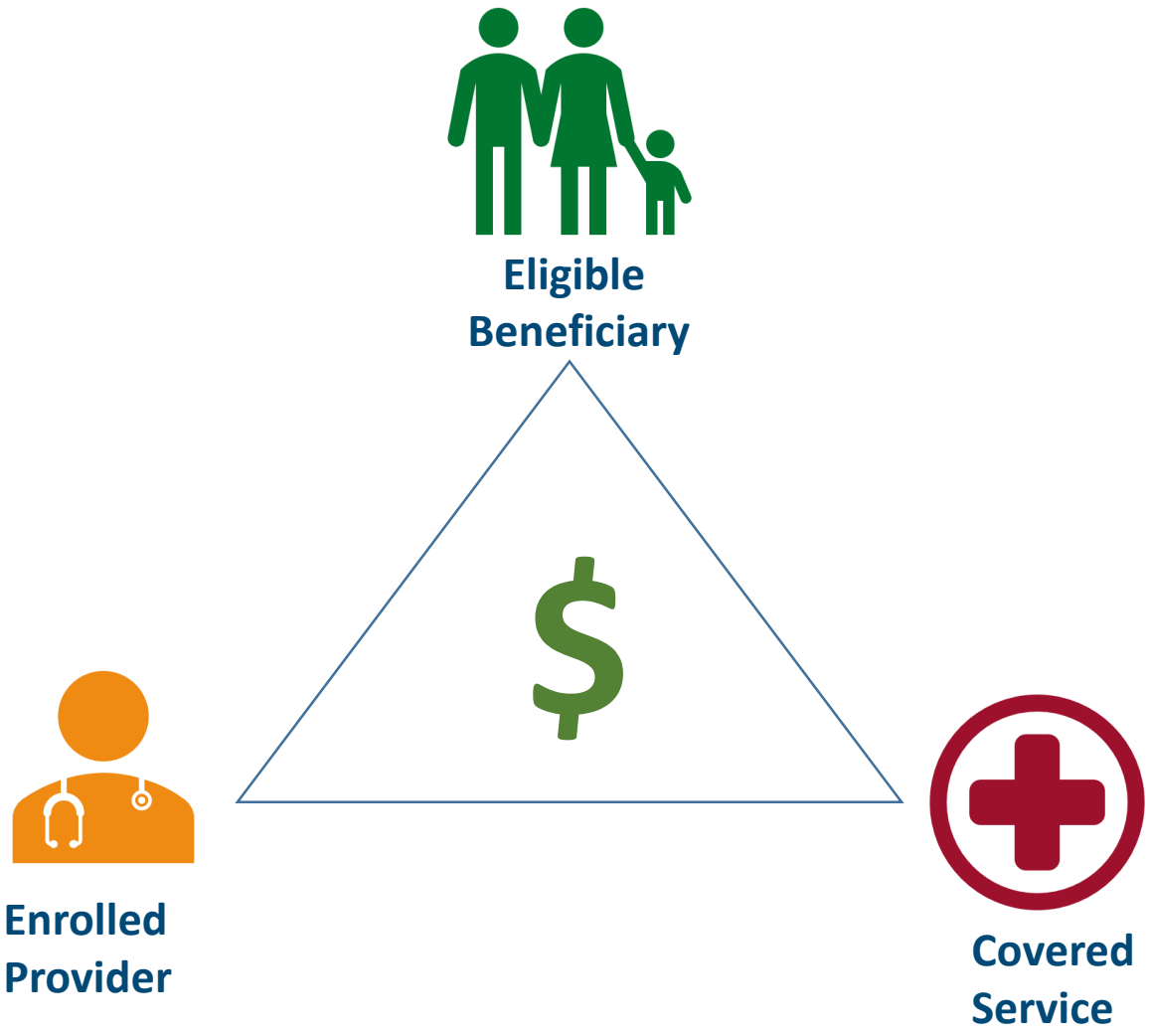
Certified pediatric and family nurse practitioner services	Nurse midwife services
EPSDT services	Nursing facility services
Family planning services	Outpatient hospital services
Federally Qualified Health Center services	Physician services
Freestanding birth center services (when licensed or otherwise recognized by the state)	Rural Health Clinic services
Home health services	Tobacco cessation counseling for pregnant women
Inpatient hospital services	Transportation to medical care
Laboratory and x-ray services	

Covered Services - The State Plan - Optional Benefits

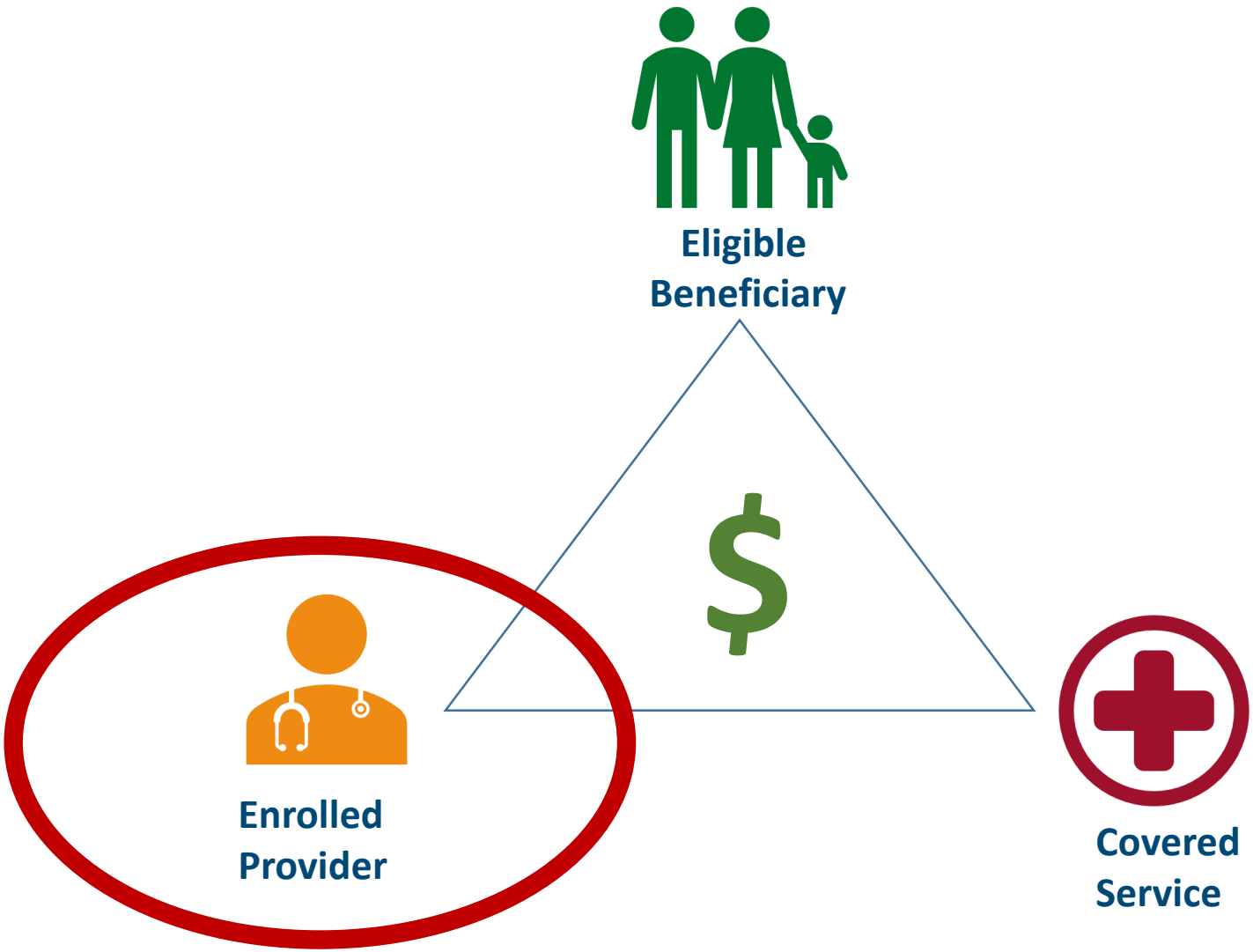
Dental services	Private duty nursing services
Inpatient psychiatric care	Targeted case management
Intermediate care facility services	Speech-language therapy
Occupational and physical therapy	Vision care
Podiatry services	Home and community-based services
Prescription medications (not all drugs are covered)	Rehabilitative behavioral health services

Provider Network

Medicaid Transactions



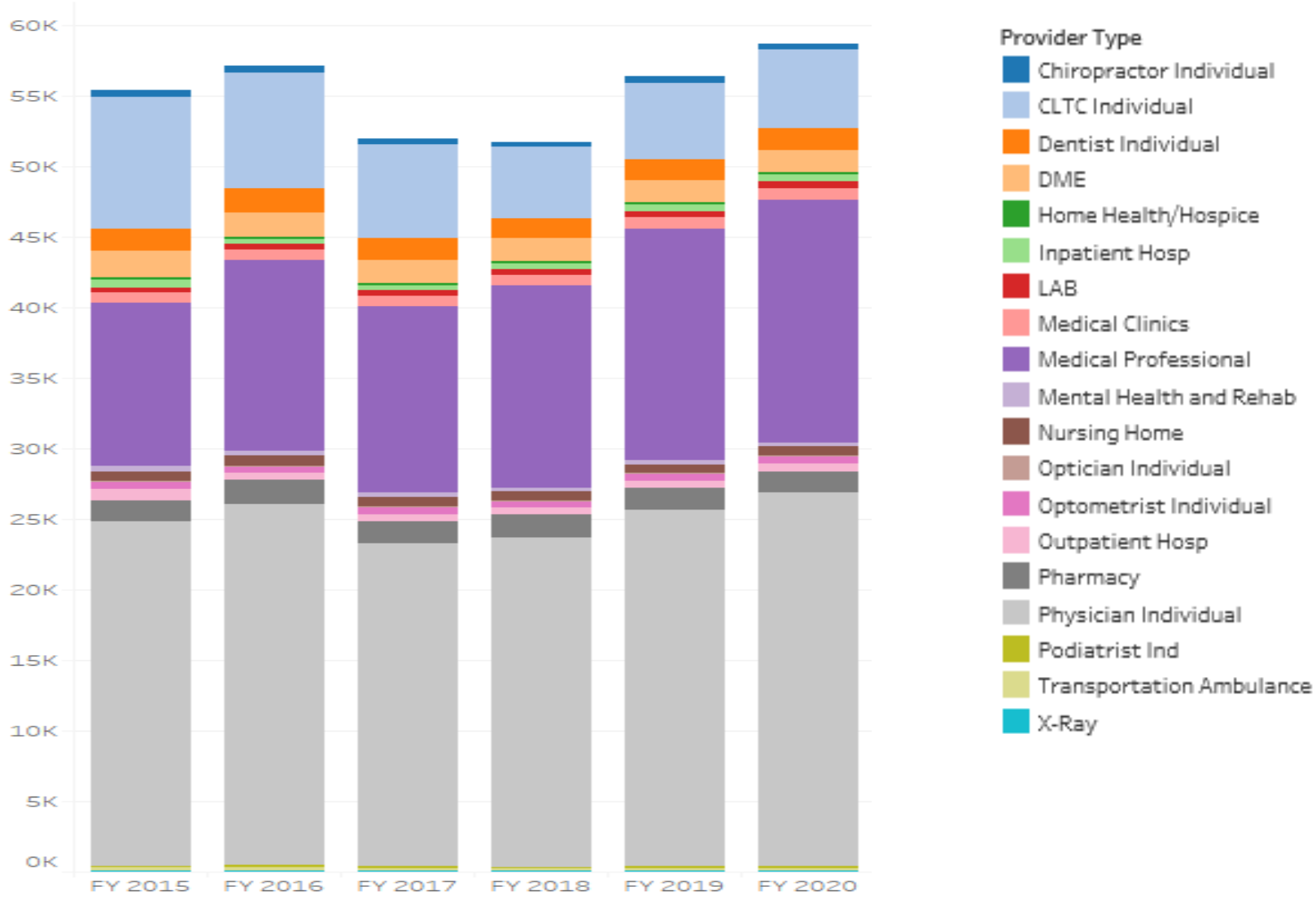
Providers



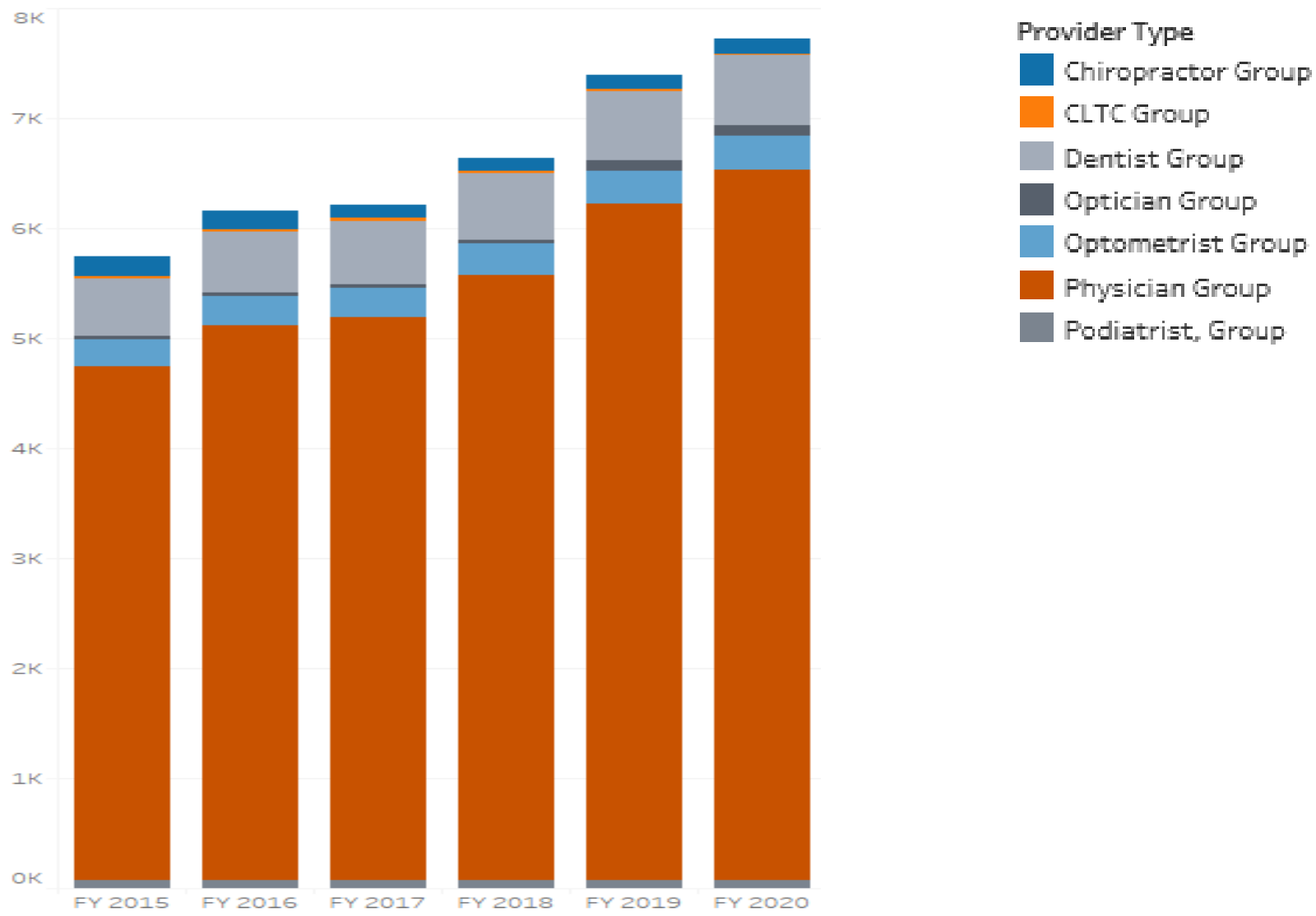
Providers

- 60,000 enrolled providers
- “Any willing and qualified” provider may enroll
- In order to enroll, a provider must:
  - Be licensed by the appropriate licensing body;
  - Be certified by the standard-setting agency; and,
  - Comply with federal and state laws and regulations, including Medicaid-specific policies, procedures and standards.
- Licensed vs. covered services

Individual Provider Enrollment Trend



Provider Group Enrollment Trend



Budget and Medicaid Finance

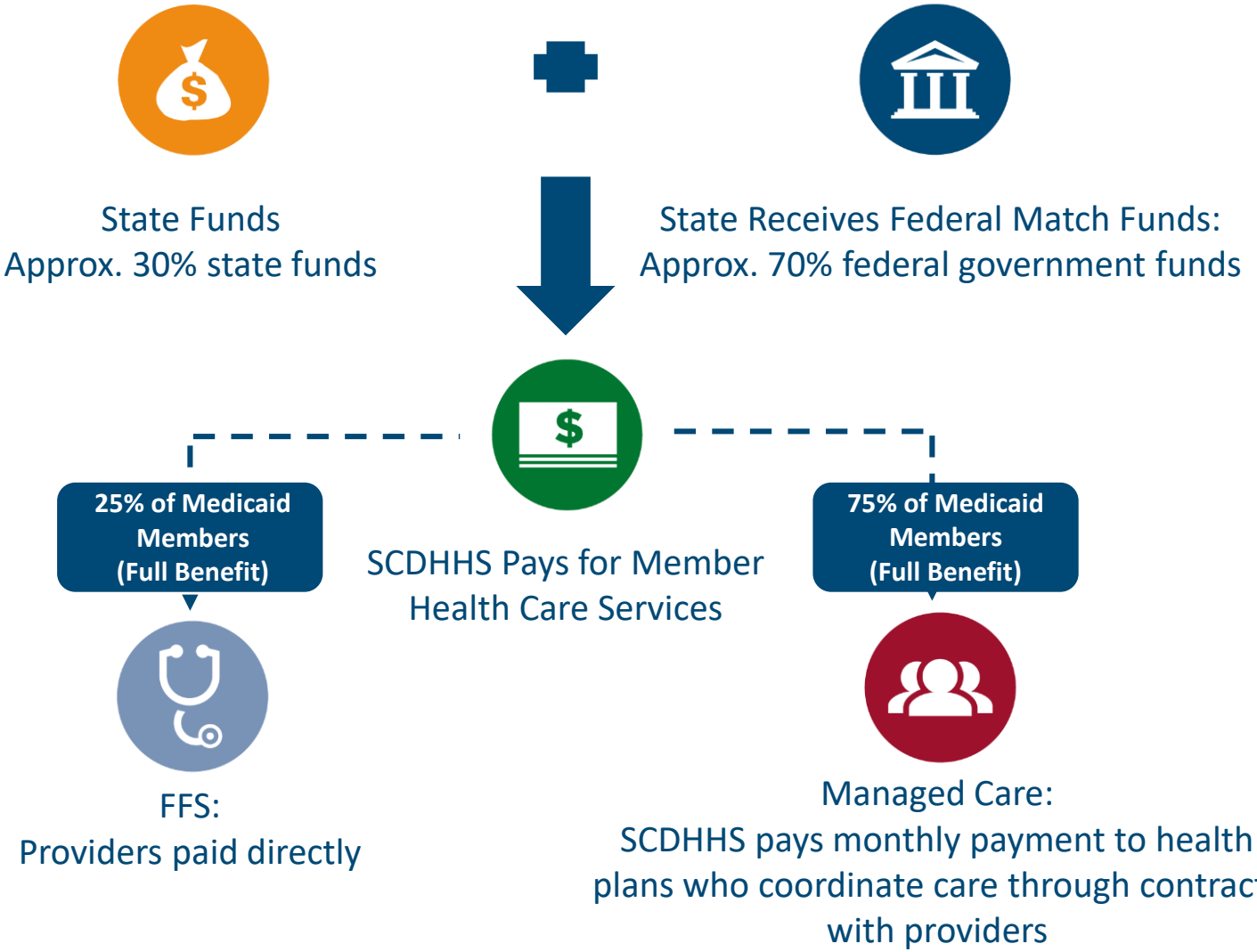
Who Pays for Medicaid?

- Taxpayers
  - General fund expenditures
  - Certified public expenditures (CPE) and intergovernmental transfers (IGT)
  - Directly allocated taxes
  - Federal taxes
  - Federal debt
- Third parties generally pay first
- Minimal beneficiary copayments

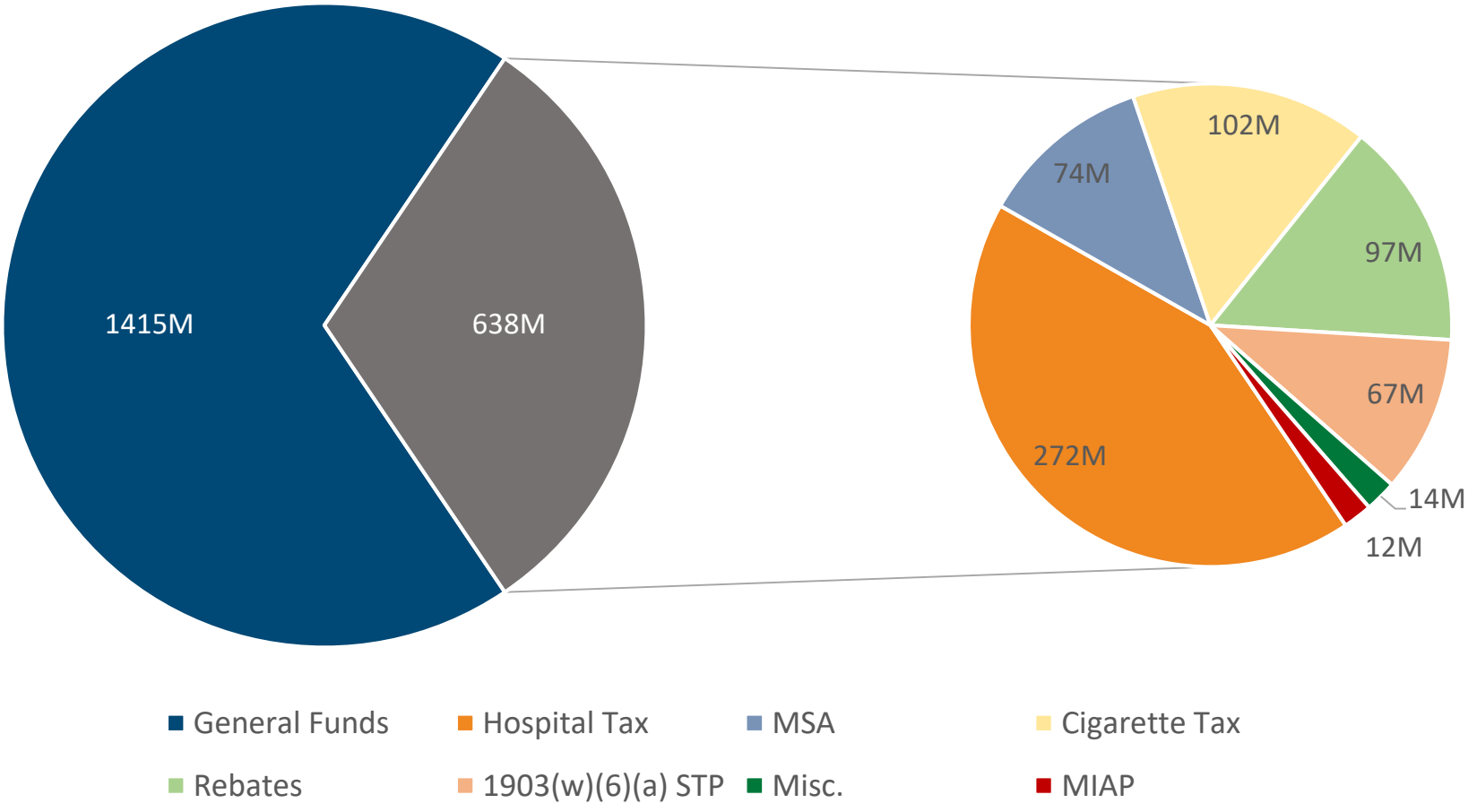
Medicaid Budget

- Total U.S. Medicaid spending was **$597.4 billion** in FY 2018 with 62.5% paid by the federal government and 37.5% by states.
- Medicaid spending accounts for approximately 16% of National Health Expenditures.
- National Medicaid/CHIP enrollment was approximately 70.1 million people in March 2020.
- SCDHHS' FY 2020 appropriation was **$7.8 billion.**
  - SCDHHS' budget exceeds 3% of the state's economy
  - FY 20-21 Pre-COVID request totaled of $8.27 billion

Funding Medicaid Coverage



Financing Medicaid - State Funds



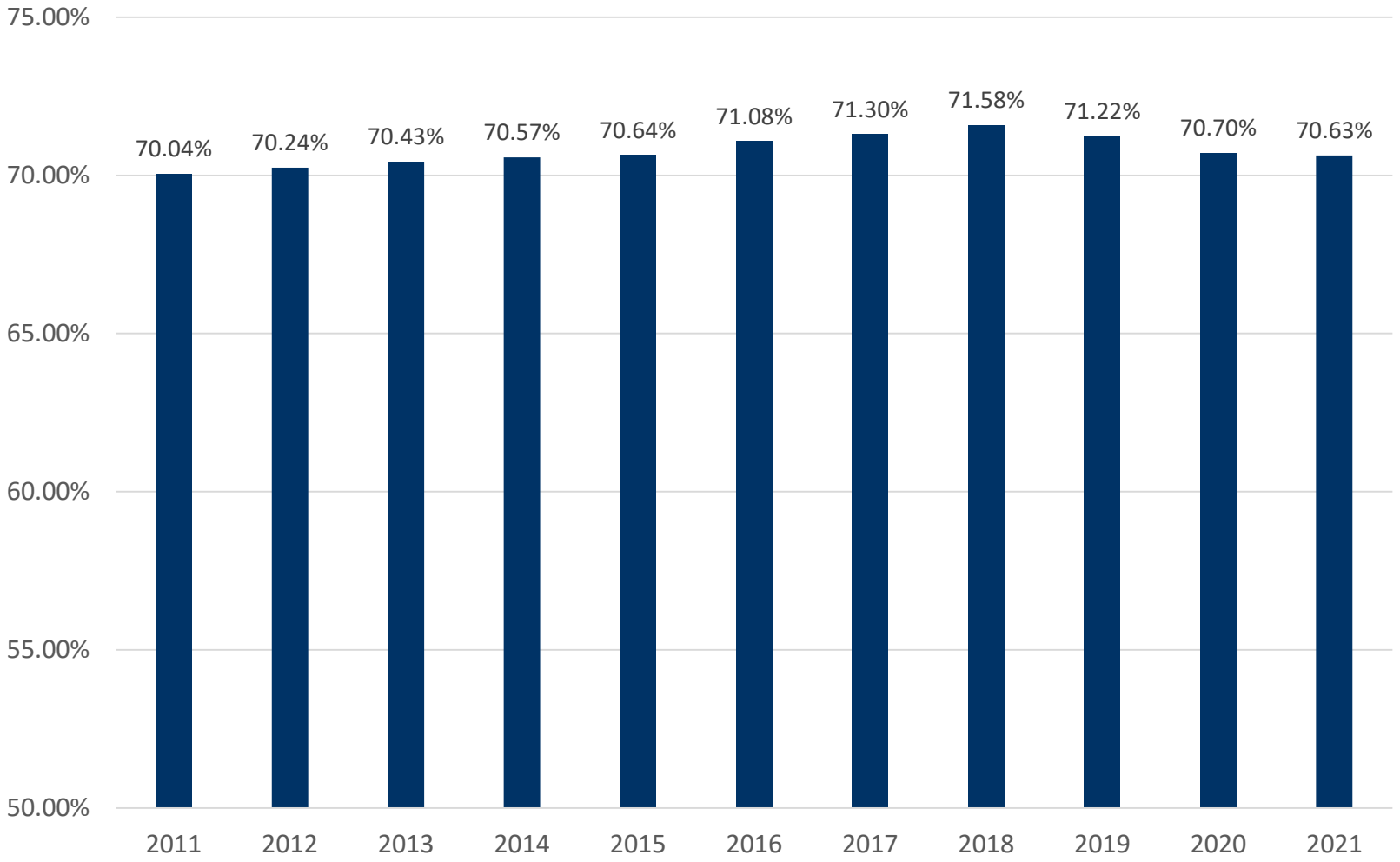
Federal Medicaid Funding

- The percentage of Medicaid funded by the federal government varies annually based on the Federal Medical Assistance Percentage (FMAP) rate.
- Administrative activities are funded at a 50/50 rate.
- Some activities carry enhanced match rates
  - 90/10 for certain development and family planning
  - 75/25 for certified IT and quality initiatives
  - Congressionally authorized match enhancements

CHIP Funding

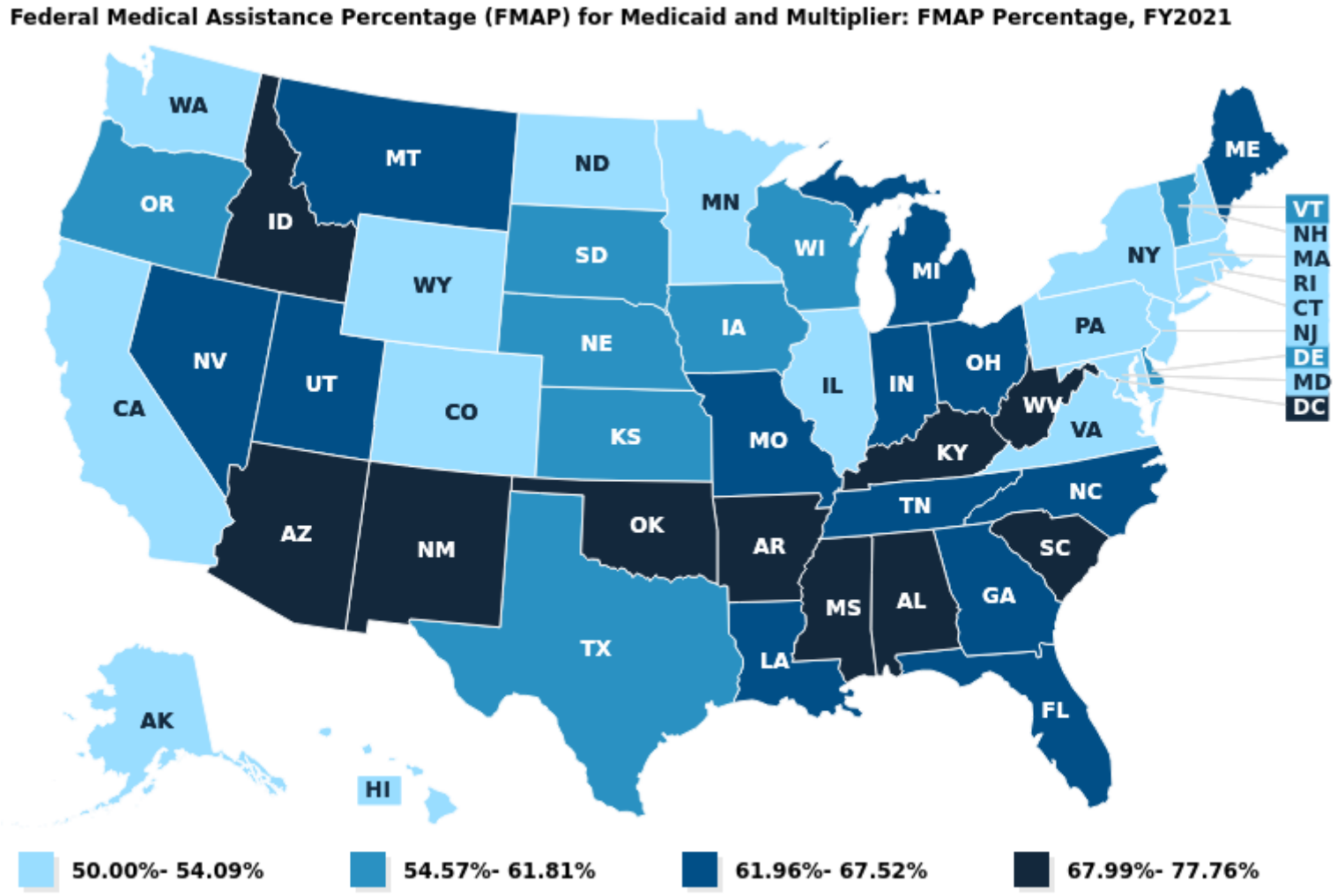
- CHIP was funded at 100% by the federal government until Oct. 2019.
- CHIP is now funded at approximately a 91% federal match until Oct. 2020, when it will decrease to 80%
  - The Coronavirus Aid, Relief, and Economic Security (CARES) Act temporarily increases this match by 4.34%
- CHIP provides Medicaid coverage for children who live in families with income at or below 213% of the FPL.

FMAP History



Based on federal fiscal year

National FMAP Ranges

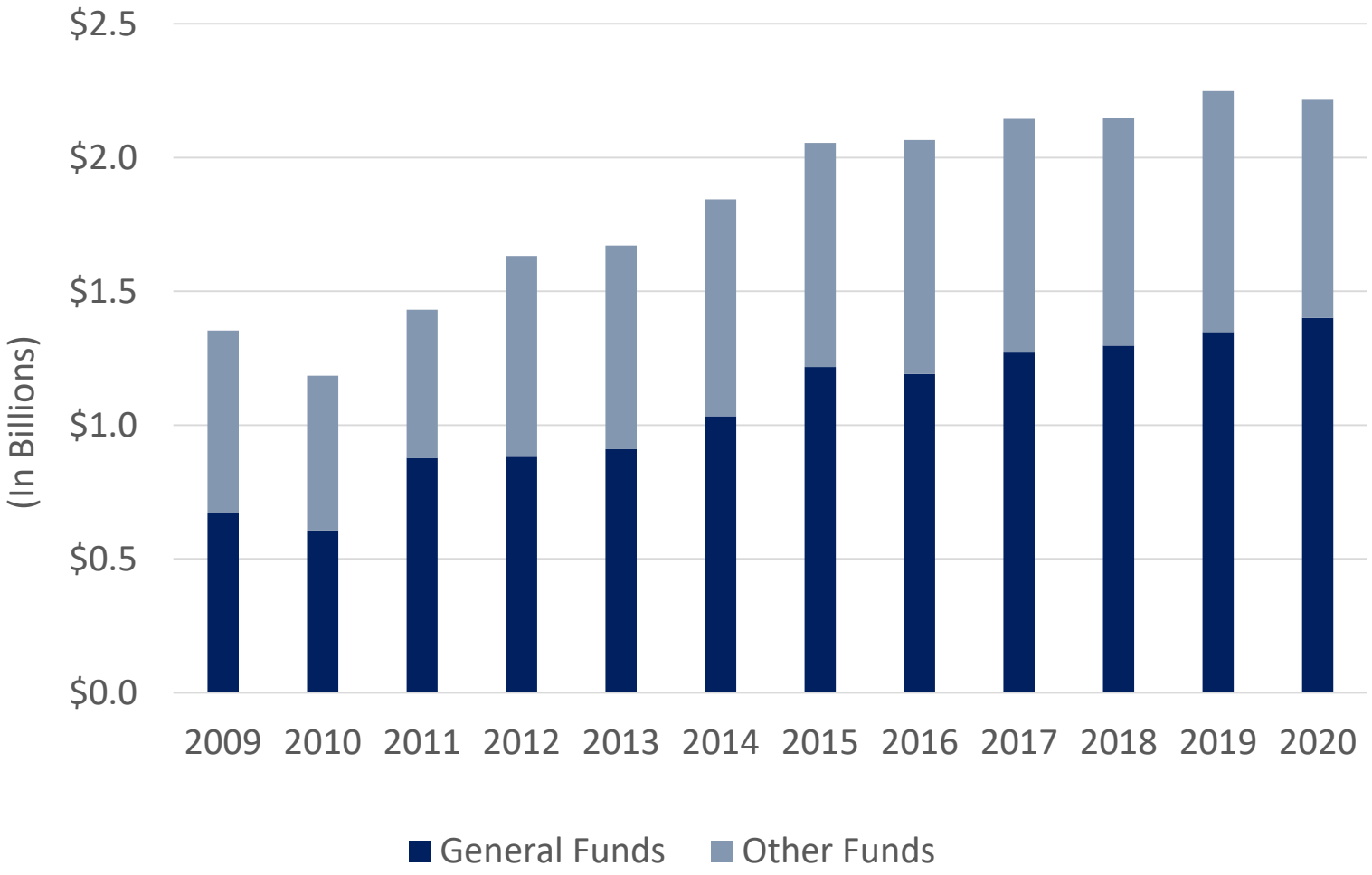


SOURCE: Kaiser Family Foundation's State Health Facts.

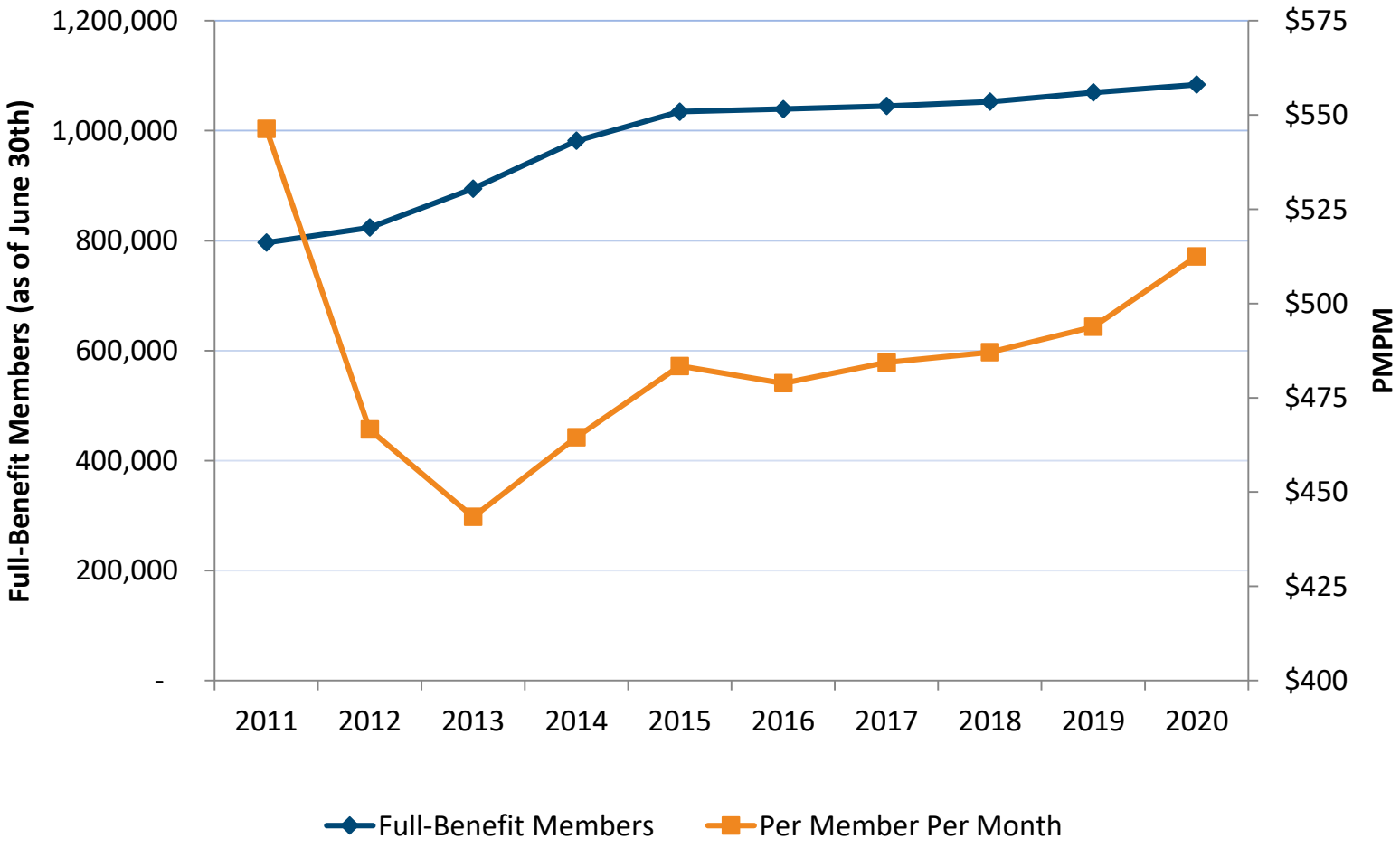
Southeast Region

Location	FMAP Percentage (2021)
Alabama	72.58%
Florida	61.96%
Georgia	67.03%
Kentucky	72.05%
Louisiana	67.42%
Mississippi	77.76%
North Carolina	67.40%
South Carolina	70.63%
Tennessee	66.10%

Expenditure Trend – State Funds



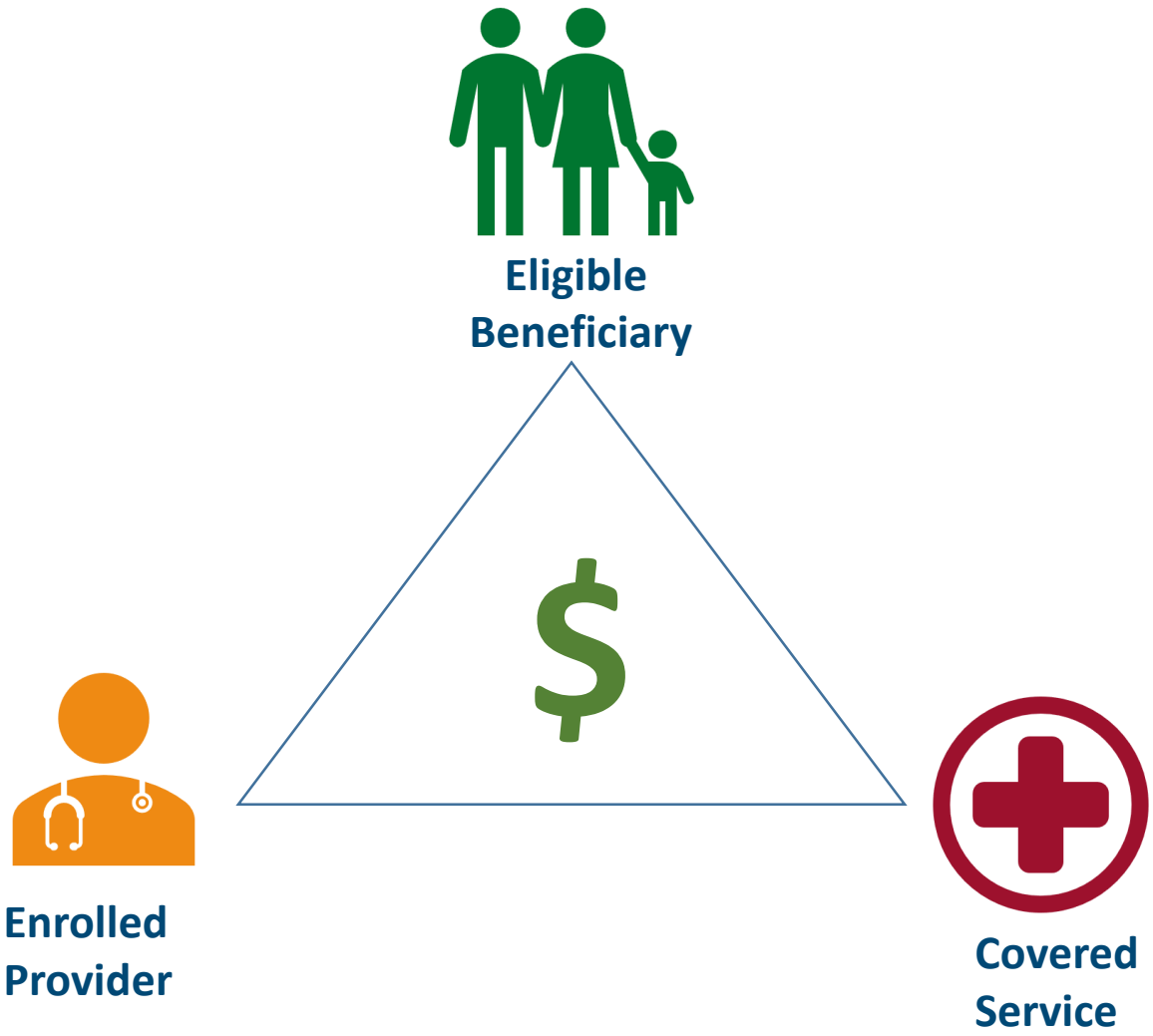
SCDHHS Per Member Per Month (PMPM) Trend



Budgeting for Aging… on the Margins

Cat	Child	Parent	Elderly	Disabled Dual
PMPM	$150	$450	$900	$1,500
MBR	-2,000	-2,000	2,000	2,000
Cost	$(3,600,000)	$(10,800,000)	$ 21,600,000	$36,000,000
			Net	$ 43,200,000
			State	$ 12,960,000

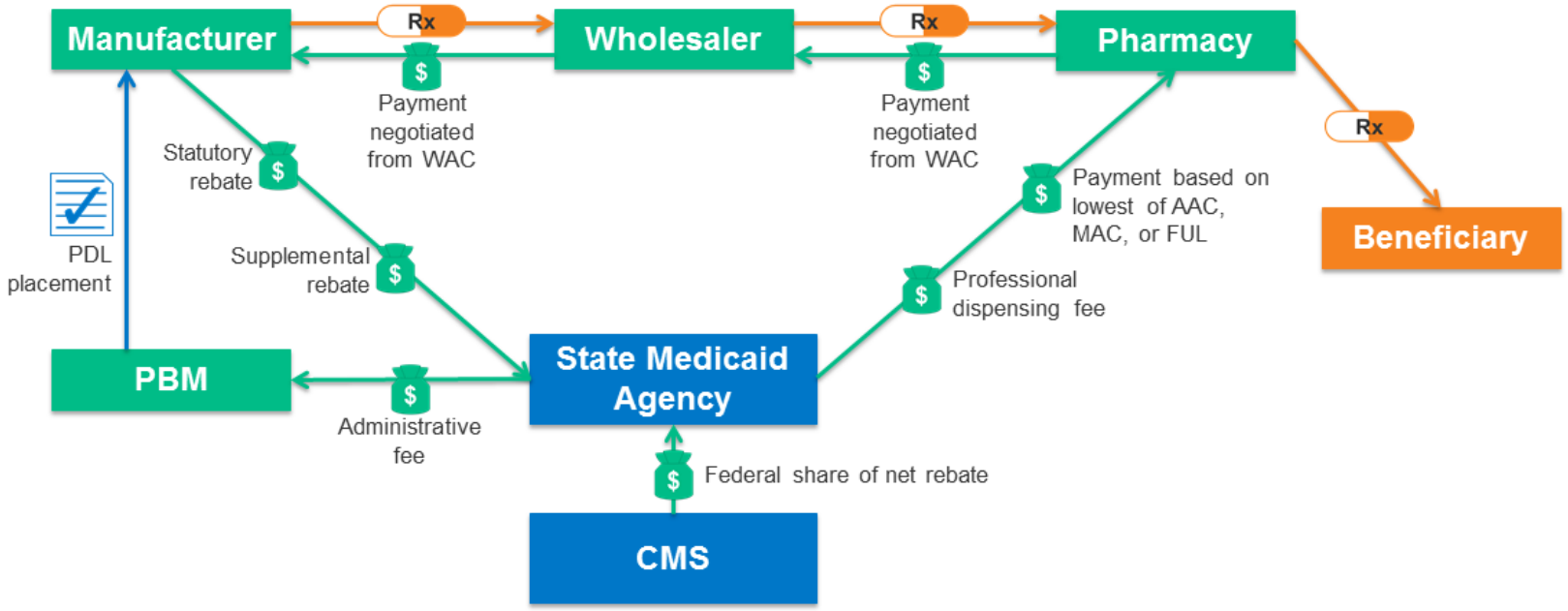
Indirect Financing Arrangements



Pharmacy Rebate Program

Figure 1

There is a complex drug supply and payment chain for prescription drugs in Medicaid.



NOTES: This figure is a simplified depiction of the payment and drug supply chain in the Medicaid prescription drug benefit provided through a fee-for-service setting. WAC is Wholesale Acquisition Cost. While WAC is publicly available, the negotiated amount is not. AAC is Actual Acquisition Cost which can be based on a published schedule such as NADAC or determined through other benchmarks. MAC is the state Maximum Allowable Cost and FUL is the Federal Upper Limit; both programs establish ceilings for what Medicaid will pay for certain multiple-source drugs.

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Programmatic Outlook

Oversight Program Evaluation

- Agency
  - Deliverables
  - Successes
  - Challenges
  - Emerging Issues

Agency Deliverables

1) Provide for an eligibility system that allows citizens to apply for Medicaid, processes that application, and determines which citizens are eligible for Medicaid benefits.

Strategic Plan Alignment				
Stewardship	**Access**	**Quality**	**Integration**	**Engagement**
				

Agency Deliverables

2) Design and provide reimbursement for evidence-based, high value health benefits to Medicaid beneficiaries, based on medical necessity.

Strategic Plan Alignment				
Stewardship	**Access**	**Quality**	**Integration**	**Engagement**
				

Agency Deliverables

3) Establish an adequate network of qualified providers to provide care for Medicaid beneficiaries and provide reimbursement to those providers for care delivered pursuant to the Medicaid benefit.

Strategic Plan Alignment				
Stewardship	**Access**	**Quality**	**Integration**	**Engagement**
				

Agency Deliverables

4) Provide and operate a process for member and provider appeals.

Strategic Plan Alignment				
Stewardship	**Access**	**Quality**	**Integration**	**Engagement**
				

Agency Deliverables

5) Safeguard taxpayer resources against fraud, waste, and abuse.

Strategic Plan Alignment				
Stewardship	**Access**	**Quality**	**Integration**	**Engagement**
				

Agency Deliverables

6) Administer the Medicaid program in a manner that is consistent with state and federal law.

Strategic Plan Alignment				
Stewardship	Access	Quality	Integration	Engagement
				

Agency Deliverables

7) Exercise fiscal responsibility in the use of taxpayer resources.

Strategic Plan Alignment				
Stewardship	**Access**	**Quality**	**Integration**	**Engagement**
				

Agency Deliverables

8) Lead Agency for South Carolina's Individuals with Disabilities Education Act (IDEA) Part C Program, known locally as "BabyNet"

Strategic Plan Alignment				
Stewardship	**Access**	**Quality**	**Integration**	**Engagement**
				

Agency Successes

- Benefit-wide Rate Review
  - Cyclical review of all provider rates designed
- Replacement and Certification of Information Systems
  - Modular approach to replace agency's 40-year-old IT framework
- Addressing the Opioid Crisis
  - Aggressive strategy contributed to improvements in opioid prescribing and highlighted additional needs for access to treatment
- Medical Cost Trend Management
  - Targeted effort to maintain sustainable trend of medical costs produced an increase in healthcare costs that was less than half of the national trend (1.9% vs. 4.6%)

Agency Successes *(cont.)*

- Improving the Quality of Care of Children Covered by Medicaid
  - Demonstrated significant improvements in specific initiatives through collaboration with pediatricians
- Community Engagement Initiative
  - CMS-approved demonstration waivers designed to incentivize employment, education and volunteerism, remove disincentives to economic mobility and provide new resources to combat the opioid crisis
- COVID-19 Preparation and Response
  - Produced 32 pieces of guidance and responded to more than 600 stakeholder inquiries in first six weeks

Agency Challenges

- Health System Accountability and Performance Measurement
  - Inherent competition between access, quality and stewardship
- Replacing a 40-year-old IT Framework
  - Modernization initiative stresses human capital availability, financial prioritization, and change risk
- Atypical and Emerging Therapies
  - Balance clinical evidence against anecdotal advocacy narratives to produce evidence-based reimbursement policy and provider oversight

Agency Emerging Issues

- COVID-19
  - The pandemic created unprecedented strains on the healthcare delivery system and compounding budgetary, economic and health issues
- Telemedicine
  - South Carolina is an early adopter of telemedicine, but COVID-19 expansions must be evaluated for an evidence base and quality measures if made durable
- Social Determinants of Health
  - SCDHHS plays an important role in partnering with other programs and entities to promote better overall public health and long-term outcomes

Agency Emerging Issues *(cont.)*

- Data and Security
  - Increased data volume, programmatic expectations, and expectations to link and share data, strains infrastructure and oversight to access, secure and share data in a disciplined, predictable and transparent manner
- Workforce Preparedness
  - SCDHHS' workforce needs have evolved with changes in technology and Medicaid trends faster than the agency has adapted its workforce to meet programmatic needs

Recapping Today's Agenda

- Mission, Principles and Goals
- SCDHHS: The State Agency
- Medicaid Authorities and Concepts
- Populations Served
- Covered Services
- Provider Network
- Budget and Medicaid Finance
- Programmatic Outlook

Additional Presentations

- Medicaid Eligibility
- Medicaid Financing
- SCDHHS Program Integrity
- Medicaid Managed Care
- SCDHHS Waiver Programs
- Priority and Emerging Issues
- Health Improvement Programs
- Replacement Medicaid Management Information System


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