Legislative Oversight Committee

South Carolina House of Representatives

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May 17, 2021

VIA EMAIL
Robert Kerr
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RE: Follow-up from the Subcommittee meetings with the agency

Dear Director Kerr:

The Healthcare and Regulatory Subcommittee appreciates the Department of Health and Human Services continued partnership in the oversight process. The agency's presentations regarding finance, eligibility, program integrity, and managed care have been informative.

As a follow up to the meetings on April 19, April 26, and May 3, the Subcommittee requests the agency provide written responses to questions. Please provide this information by Friday, May 28, 2021.

Please note the Subcommittee cannot accept any confidential information that cannot be placed online and that all correspondence received from agencies who have been or are currently under study is sworn testimony.

Agency Director

1. [Director Kerr] Now that you have worked in both the public and private sector, what tools do you believe are available to motivate private sector employees that are not as readily available to motivate public employees (e.g., merit raises, bonuses, schedule flexibility, etc.)?

2. Are there any changes to state government human resources you believe may provide agency director's more flexibility in retaining the best and brightest?

Agency Metrics

3. The agency uses the statewide average opioid prescribing rate as a baseline metric. Do other state Medicaid programs' use a similar benchmark to compare their opioid prescribing rate?

4. Is the agency going to amend its target opioid prescribing rate metric so that it more appropriately fits agency performance?

Fraud, Waste, and Abuse

5. Does the agency, or its federal partners, have state level forecasts or estimates regarding the total amount of Medicaid funding lost annually due to fraud, waste, or abuse?

6. When is the next Payment Error Rate Measurement (PERM) review?

7. The Centers for Medicare and Medicaid Services (CMS) recommends that state Medicaid agencies document key staff, data sources, programs, and technical issues at the end of a completed PERM cycle.

    - Does the agency have a written pre and post PERM process? If yes, please briefly describe the process.

8. Agency staff testified that providers do not incur financial penalties for administrative sanctions imposed by the agency.

    - Is the agency permitted to seek financial restitution for the administrative cost associated with these sanctions (e.g., educational intervention, prepayment review of claims, etc.)?

9. Agency staff testified that the agency has the resources to detect double-billing and upcoding, but opportunities for improvement do exist.

    - Will the agency require additional resources to improve detection of double-billing and upcoding? If so, please identify the type of resources needed (e.g., software, personnel, etc.).

10. How many Explanation of Benefit (EOB) forms are issued by the agency each month for the purpose of verifying provider services?

- What percentage of EOB forms are returned by beneficiaries?
- Does the agency text beneficiaries to inform and remind them to respond to the EBO letter?
- Can beneficiaries complete EOB forms online or is the process completely paper based?

11. Who is involved in determining a credible allegation of fraud?

12. Who decides if the case is sent to the Medicaid Provider Fraud Unit?

    - Provide a step-by-step process flowchart from receipt of the allegation to final determination of credibility.

13. How does the agency verify that the managed care organizations (MCOs) are conducting appropriate investigations of fraud, waste, and abuse cases after being notified by the agency?

14. Please identify the 21-criteria used to determine beneficiary placement into the pharmacy lock-in program?

    - Does the agency have a policy in place to review these criteria on a regularly scheduled basis?

15. Please identify all administrative sanctions currently at the agency's disposal.

    - Identify the type of provider behavior associated with each sanction.
    - For each identified sanction, provide the total number of instances it was levied by provider type (FY15-FY20).

16. How does South Carolina's Medicaid fraud conviction rate compare regionally and nationally?

17. When a provider is suspended, terminated, or excluded from the Medicaid program, is the provider required to inform its Medicaid patients?

18. How many FTEs are dedicated to conducting on-site visits to providers?

    - Please provide the total number of on-site reviews (FY15-FY21).

19. What percentage of on-site visits result in some form of corrective action for the provider?

20. How many providers were suspended, terminated, or excluded in FY15-20?

    - If a Medicaid beneficiary has to find a new provider due to a suspension, termination, or exclusion of their provider, can that provider charge them for a copy of their individual medical records upon their exit from that practice?

21. Has the agency considered developing an online fraud reporting form to receive allegations of fraud?

22. What percentage of reported fraud is found to be legitimate following an investigation by the agency?

- How much does it cost the agency to investigate alleged cased of fraud?
- What percentage of reported fraud resulted in sanctions or convictions (FY16-20)?
- If an allegation of fraud is found to be illegitimate, does the agency have any recourse against the person who levied the allegation?
- Please provide the total number of allegations received via email, fax, direct intake, mail, or fraud hotline (FY16-20).

23. If a provider requires pre and post-payment review, how much longer does it typically take for the provider to be reimbursed for services?

24. How often does the agency update its excluded provider spreadsheet?

    - Please provide a chart illustrating excluded providers by provider type.

Recruitment and Retention

25. Provide the following turnover data:

    - Agency wide turnover rate; and
    - Turnover rate by division (FY16-20).

26. Has the agency conducted a compensation study?

    - Please provide the total amount of funding, by fiscal year, spent on employee compensation (FY15-20).

27. Agency staff testified that a consultant assisted the agency with its evaluation of position titles and descriptions.

    - Has the agency implemented the recommendations given by the consultant?
    - How much has the agency spent on the consultant?

28. Has the agency engaged the Division of State Human Resources to evaluate pay bands and other related issues specific to employee compensation?

29. Identify the positions that, on average, are being under-compensated or over-compensated based on market specific metrics.

30. Does the agency track comparative ratio to determine the competitiveness of employee compensation?

31. Please identify positions that are the most difficult to recruit.

- What is the average length of service for each position?
- What is the average length of time each position type remains vacant after being posted?
- How long does it take to effectively train each position type?
- How much does it cost the agency to train a person for each of these positions?

32. Provide the percentage of agency staff who worked remotely during COVID-19 office closures.

    - Which agency operations were found to be efficient and manageable in a remote environment?
    - Did the agency survey staff to gauge their interest or support for a continuation of remote work options?
    - Did the agency make any considerable investments in IT infrastructure to support the remote work environment?

33. Has the agency investigated the efficacy of remote work options as a means to reduce the cost of leased office space?

    - How much does the agency spend on leased office space?

34. Has the agency considered permanently implementing remote work options as a way recruit and retain staff?

Leadership Development and Accountability

35. Are division directors, managers, and supervisors accountable for turnover and employee satisfaction?

36. Do agency deputy directors, managers, and supervisors receive regularly scheduled leadership training? If so, how many hours are spent annually on training?

37. How many agency staff have completed the Certified Public Manager Program?

38. Do agency senior executives have metric-driven performance goals?

39. How does the agency hold senior leaders, managers, and supervisors accountable for agency performance?

40. Is the agency director required to participate in executive leadership development programs?

Agency Partnerships

41. Please list all state agencies that receive Medicaid reimbursement.

    - Do these state agencies accept all Medicaid MCO plans?

42. Does DHHS collaborate with the Public Employee Benefit Authority (PEBA) to share best practices regarding MCO performance and healthcare quality improvement? If so, please explain how the agencies work together.

Graduate Medical Education

43. In FY2013-14, per Proviso 33.34, DHHS collaborated with the South Carolina GME Advisory Group, to produce a report, "Leveraging Graduate Medical Education to Increase Primary Care and Rural Physician Capacity in South Carolina".

    - Have there been any GME policy changes at the agency since the release of this report?
        - If so, please identify and explain the policy change and the issue(s) it seeks to resolve.
    - Have there been any GME legislative changes at the state level since the release of this report?
        - If so, please identify and explain the legislative change and the issue(s) it seeks to resolve.
    - Identify GME issues or challenges specific to the agency.

Staff Productivity

44. What percentage of agency positions complete tasks that can be counted (e.g., processing applications, sorting mail, call center, etc.)?

    - What percentage of the identified staff are tracked using a define productivity metric?

45. Does the agency utilize performance based productivity data to assign bonuses or targeted raises?

46. Does the agency utilize a productivity dashboard to track productivity metrics on a weekly or monthly basis?

47. Does the agency require additional resources to improve employee performance, efficiency, and productivity? If so, please identify these resources.

48. Provide the total number of provider applications processed by the agency (FY16-20).

    - How many FTEs were needed to process these applications?

MCO Performance Measures

49. Please identify all of the current MCO based performance incentives.

50. Does the agency mandate minimum provider reimbursement rates in its MCO contracts for inpatient hospital, outpatient hospital, or primary care physicians?

51. Does the agency utilize kick payments, one-time fixed, supplemental payments made to plans, allowing them to cover certain services (e.g., maternity care) without assuming financial risk for their use?

52. Is the agency requiring MCOs to adopt minimum or maximum provider payment fee schedules or provide uniform dollar or percentage increases for network providers that provide a particular service under the contract?

53. Does the agency have a strategy to ensure beneficiaries across the state have access to primary care and specialty providers?

54. Does that agency track metrics specific to beneficiary access to care?

55. Did the agency require MCOs to make retainer payments to allow certain Home and Community Based Services (HCBS) providers to continue to bill for individuals enrolled in Medicaid even if HCBS services cannot be provided during a public health emergency?

56. Has the agency found that its beneficiaries have improved health and lower utilization as a result of MCO contractually required quality benchmarks?

57. Does the agency require MCOs to provide care coordination for beneficiaries with sickle cell anemia?

58. Does the agency survey beneficiaries with chronic diseases (e.g., sickle cell anemia, rheumatoid arthritis, etc.) regarding their health status, disease management, access to care, and patient satisfaction?

59. Has the agency implemented alternative payment methods (APMs) to incentivize high-quality and cost-efficient care?

    - If so, do these APMs apply to specific clinical conditions or patient populations?

60. Has the agency leveraged MCO contracts to promote strategies to address social determinants of health?

    - If so, please identify the contractual requirements specific to social determinants of health.

61. Does the agency require MCOs to employ community health workers or other non-traditional health workers?

62. Is the agency incentivizing MCOs to help beneficiaries connect with social services related to housing, nutrition, education, or employment?

63. How does the agency evaluate the effectiveness and parity of the algorithm used to auto-assign members into a MCO plan?

64. How many beneficiaries were enrolled in FY15-20 and what percentage of them were auto-assigned?

65. Please provide the auto-assignment percentage each MCO received (FY2015-20).

66. Does the agency give beneficiaries the option to receive enrollment packets electronically?

67. Has the agency considered sending enrollment notification reminders to beneficiaries via text message?

68. What percentage of beneficiaries select a different MCO during the annual right to change period?

69. If a beneficiary decides to switch plans, does the agency inquire as to why the change was made? If so, how does the agency use this information?

70. Large MCOs have cost advantages due to economies of scale. Does the agency consider the size of a MCOs operation when determining medical loss ratio?

71. Please provide the metrics used by the agency to determine bonuses associated with the withhold program.

72. Provide the withhold percentage received by each MCO (FY2015-20).

73. Please identify the external quality review organization responsible for performing annual quality reviews for each MCO?

74. How often does the contractor conduct on-site and in-person interactions with MCO staff and personnel?

    - What is the contractor looking for during the audit?

    - What information is made available in the final report?

    - Is the final report posted on the agency's website?

Carve-in Services

75. How have the carve-in of BabyNet, opioid treatment programs, freestanding inpatient psychiatric care, and Hepatitis C medications benefited the agency, members, and providers?

    - Are there other services being considered for carve-in? If so, please identify these services.

COVID-19 Response

76. Will the agency seek feedback from members and providers prior to determining whether to discontinue certain COVID-19 related service changes (e.g., telehealth, office visit limitations, etc.)?

    - If the agency does seek feedback from members and providers, how will the agency capture this information (e.g., survey, etc.)?

The Subcommittee looks forward to working collaboratively with the Department of Health and Human Services. Thank you and your team for your service to the people of South Carolina.

Sincerely,

John Taliaferro (Jay) West, IV

cc: Healthcare and Regulatory Subcommittee