South Carolina Department of Health and Human Services

SFY 2011 Appropriations Act, Proviso 21.40 – Community Health Plans

Report to Legislature

January 2011
South Carolina State Budget Bill for 2010-2011 (H. 4657) includes Provisio 21.40 (see attachment 1). That proviso requires the Department of Health and Human Services to oversee all community health plans approved to operate as a pilot program for the purpose of providing health care in the state. The proviso further requires SCDHHS to produce a report by January 1, 2011 that includes: legislative recommendations, an overview of approved community health plans, a listing of all approved community health plans, and individual reports to be prepared by each approved community health plan providing an analysis of the financial status of the program, data on the enrollees and participating health care providers, a description of enrollee services utilized, and other information as requested by the department or committees. The following information is provided herein:

1) Listing of all approved community health plans
   On July 15, 2009 the South Carolina Department of Health and Human Services recognized Tri-County Project Care as an approved Community Health Plan. No other plans have been approved by the Department.

2) Individual reports prepared by each approved community health plan providing an analysis of the financial status of the program
   See attachment 2

3) data on the enrollees
   See attachment 3

4) data on participating health care providers
   See attachment 4

5) description of enrollee services utilized
   See attachment 5

6) Tri-County Project Care Program Update
   See attachment 6

7) SCDHHS has no legislative recommendations related to the program at this time, but has provided a short program review. See attachment 7.
21.40. (DHHS: Community Health Plans) The Department of Health and Human Services shall oversee all community health plans approved to operate as a pilot program for the purpose of providing health care. Such oversight shall include the review and approval of the financial and business plan of the community health plan. Only those plans receiving approval from the department, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee prior to January 1, 2009 shall be authorized to operate as an approved community health plan pursuant to this provision. The department shall approve participation requirements of community health plans.

An approved community health plan acting in accordance with these provisions shall not be considered as providing insurance or an unauthorized insurer. The department shall submit a report no later than January 1, 2011, to the Chairmen of the Senate Finance Committee; House Ways and Means Committee; Senate Medical Affairs Committee; House Medical, Military, Public and Municipal Affairs Committee; Senate Banking and Insurance Committee; and House Labor, Commerce and Industry Committee. The report shall include legislative recommendations, an overview of approved community health plans, a listing of all approved community health plans, and individual reports to be prepared by each approved community health plan providing an analysis of the financial status of the program, data on the enrollees and participating health care providers, a description of enrollee services utilized, and other information as requested by the department or committees.
Attachment 2 – Financial Data

**March 01, 2006 – October 31, 2010**

<table>
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<tr>
<th></th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010*</th>
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<td><strong>Total Budgeted Expenses</strong></td>
<td>552,742</td>
<td>542,361</td>
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<td><strong>Total Actual Expenses</strong></td>
<td>333,014</td>
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<td><strong>Total Employer Groups</strong></td>
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<td>21</td>
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<td># Members active</td>
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<td>72</td>
<td>77</td>
<td>100</td>
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<td>221</td>
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</table>

* 2010 through 3rd quarter
Attachment 3 – Enrollee Data

**Tri County Project Care**  
**Program Participant Data Year 2006-2010**

<table>
<thead>
<tr>
<th>Gender</th>
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<tr>
<td></td>
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<td></td>
<td>Charleston</td>
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<tr>
<td></td>
<td>Dorchester</td>
<td>28</td>
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</tbody>
</table>

**Total # of Those Served With Low Income at or below 200% Federal Poverty Level**  

| Actual number of people served | 221 |  

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Tri County Project Care Participating Provider Network

**Hospitals**

East Cooper Regional Hospital  
Medical University Hospital  
Roper Saint Francis Hospital  
Trident Medical Center

**Primary Care and Specialty Physicians**

Federally Qualified Health Care Centers  
Palmetto Primary Care  
Roper Saint Francis Physician Group  
United Physicians University Medical Associates

**Ancillary Services**

Lab Corp  
Spectrum Laboratories  
Reliable Medical (Durable Medical Equipment)  
Value Medical (Diabetic Supplies)

12/14/2010
Public Purpose: There are at least 35,000 persons with an income less than 200% of the Federal Poverty Level within the three county regions who are employed but have no health insurance offered by their employer, according to the latest Census Bureau Statistics. These residents are not offered health insurance by their employers or spouse's employers and do not qualify for any federal or state health insurance plans. We currently have a health care delivery system that relies on charity care to provide medical services to the uninsured. The growing numbers of the uninsured are looking to the emergency room departments as their sole source of care, which is the most costly point of care. Tri County Project Care’s (TCPC) approach is unique in that we are developing a system for the uninsured that can be used for systemic change with the entire Health Care Delivery System.

Mission and Vision: Tri-County Project Care founded in January 2002 formed a three-stage plan to deliver quality health care to residents of Charleston, Berkeley and Dorchester counties. Tri County Project Care's (TCPC) mission is to improve the health status of South Carolina by providing access to quality healthcare for working uninsured adults. Tri County Project’s Care vision is to bring health care providers and facilities, employers, government agencies, community organizations, and individual members together to address the healthcare needs of the employed uninsured in a meaningful way by providing access to care and demonstrating its positive impact on wellness, health disparities, and health status for our community.

History: TCPC launched Stage 1 in January 2002. Stage 1 consisted of a three-year pilot program that developed a network and system of care using donated community funds (from the Medical Society of South Carolina, all four area hospital systems, Charleston County, Duke Endowment and Trident United Way). The program was designed to promote wellness by providing both inpatient and outpatient medical services to low income employed residents of Berkeley, Dorchester and Charleston counties. Participating physicians and hospitals of the tri
county area provided these services. Providers received reimbursement for services from TCPC. TCPC has provided more than $40 million worth of services to more than 3000 residents of the tri county region.

In March of 2006, TCPC launched stage 2 of the Program approved by the State’s Commission on Healthcare Access under the direction of the Department of Health and Human Services. Stage 2 consists of utilizing this network and system of care developed in Stage 1, to offer a product to small businesses with the business contributing a portion of the funding. Stage 2 thus became and is a pilot demonstration program to evaluate a community-based, pre-payment healthcare delivery system for the working uninsured.

TCPC’s long-term goal is to develop a system for the uninsured that can be used for systemic change with the entire Health Care Delivery System. If we successfully implement stage 2 of our current pilot program the hope is that the State will fund this as a premium assistance program to be utilized statewide and Tri County Project Care will transition to Stage 3 – offering a state-subsidy healthcare product for small business and working individual with income under 200% of the Federal Poverty Level.

**Proposed Projects/Activities:** Currently we continue to collaborate with the small business and healthcare community of the tri county area. Having received $100,000.00 in October 2008 from the South Carolina Competitive Grant Committee and in accordance with Proviso 3584 in 2009, TCPC opened enrollment to working Individuals without access to health care and with income equal to less than 200% of the Federal Poverty Level. In doing this, TCPC doubled the size of the program by November 1, 2009. To date we have enrolled a total of 24 employer groups with a total of 221 members. Upon opening enrollment to individuals, TCPC experienced an influx of high utilization as the adverse selection of new members accessed healthcare to meet their pent up needs. With limited funding, we currently are limited to 100 active members and have a hold on enrollment with active membership at 75 and a Wait List of 350. We continue to receive calls daily from potentially eligible uninsured residents of the tri county area.

We anticipate lower utilization of services in 2011 as members have met their acute needs during year one of enrollment. TCPC also has in place a “Stop Loss Program”. Stop Loss Program means the program whereby a Participating Hospital, a Participating Ancillary Services Provider and a Physician agree to continue to provide medical care to a Members free of charge for the remainder of the annual “Term” of this Agreement upon a determination by Tri-County that during that Term Tri-County has paid $50,000 in reimbursement to the Participating Physician, Hospital and/or Ancillary Services Provider on behalf of a Member. This cap is exclusive of costs for outpatient take home or self-administered pharmaceuticals. The Stop Pay limit does not include the co-pay amounts a Member is required to pay. During any enrollment year when a Member reaches the Stop Pay Program limit, the hospitals and physicians will care for that Member for the rest of the calendar year for free. The only exception to TCPC not paying anything beyond the Stop Pay Program limit during an enrollment year is the payment for regular primary care follow-up visits and the payment for fixed benefits under TCPC’s pharmaceutical plan.
Having lost the opportunity last year to receive State funds through the Cigarette Tax increase, TCPC continues to seek State and Federal funding through the Healthcare Reform Bill. TCPC has partnered with a National Multi Share Legislative organization and together we are lobbying to become eligible for the State Exchange and/or for Federal/State subsidy through the Affordable Care Act. The timeline for participation in the Exchange or other State/Federal Health Plan options through the Reform Bill however is 2014. TCPC has also partnered with Access Health Tri County, network of providers which has just recently been awarded technical assistance and support as well as $750,000 over 3 years (through a Duke Endowment and the South Carolina Hospital Association initiative) to establish a local and coordinated network of care for the low income uninsured in our community.

In addition to TUW funds, MSSC awarded TCPC $250,000 in May, 2010 and Coastal Community Foundation awarded TCPC $20,000 through the Driver-Fitts Grant in December 2010. These additional funds along with TUW funds have been and will be instrumental in sustaining the program through 2011.

TCPC is in the process of seeking stable funding from 3 sources:

1. Local Community Covering Administrative Costs – 20%
2. Employer/Employee and or Individual Member Contributions covering ½ of Costs of Providing Services – 40%
3. State and or Federal Subsidy Covering ½ of Costs of Providing Services – 40%

Program Evaluation: Researchers at the Medical University of South Carolina reviewed and analyzed TCPC’s enrollment and medical claims utilization during Stage 1 and have found several key trends:
- $1,000.00 per year per member decreases in charges from hospitals by decreased ER visits, admissions and lengths of stay per admission.
- $800.00 per year per member decreases in costs for member’s second year in program.
- Improved mental wellbeing and functional status.
- Member’s inpatient and emergency room costs were on a dramatic upward trend 12 months prior to enrollment in TCPC and after 12 months of enrollment in TCPC their inpatient and emergency room costs show a dramatic downward trend.
- PMPM costs the first three months of enrollment in the program are relatively high then dramatically decrease and then level off.

As we continue to work closely with our provider network and other community programs, our efforts should be able to reproduce the program results of Stage 1. We continue to see a reduction in ER visits from our members by 23% with 99% seeing their Primary Care physician within 90 days of enrollment.

12/13/2010
SCDHHS has conducted a limited scope review of the financial status of the Tri-County Project Care (TCPC) program. In reviewing the financial information submitted by the plan SCDHHS finds that the program continues to struggle to find financial stability. This condition is further complicated by the program’s very limited pool of enrollees and the opening of the program to the individual market. SCDHHS analysis of the Medicaid population shows that new enrollees seek significant medical services when first enrolled as a result of pent up demand as a result of previously unmet medical needs. As noted in the Tri-County Project Care program update these pent up demands are met and costs tend to stabilize after the initial year of enrollment.

The program’s stated purpose is “developing a system for the uninsured that can be used for systemic change with the entire health care delivery system.” The model the project employs has a high risk of adverse selection and has in fact experienced significant losses of more than one third of its funding for medical services on two of its seventy-five active clients in 2010.

Tri-County Project Care has two mechanisms in place to limit its financial losses both at the individual level and to the system as a whole. First it uses a “Stop Loss Program.” The Stop Loss Program means a participating hospital, a participating ancillary services provider and a physician agree to continue to provide medical care to a Members free of charge for the remainder of the annual “Term” of this agreement upon a determination by Tri-County that during that Term Tri-County has paid $50,000 in reimbursement to the Participating Physician, Hospital and/or Ancillary Services Provider on behalf of a Member. This cap is exclusive of costs for outpatient take home or self-administered pharmaceuticals. During any enrollment year when a Member reaches the Stop Pay Program limit, the hospitals and physicians will care for that Member for the rest of the calendar year for free. The only exception to TCPC not paying anything beyond the Stop Pay Program limit during an enrollment year is the payment for regular primary care follow-up visits and the payment for fixed benefits under TCPC’s pharmaceutical plan. In addition, participating providers are contractually bound to serve patients an additional 90 days without payment if project funds are inadequate. In essence, ninety days of potentially unpaid service by providers acts as a reserve fund for the project.

In reviewing information provided by the program it is clear that for the limited group served in the program individuals are being served at a substantially lower total service costs than the average total fund cost of serving a similar patient in the Medicaid program. In addition these individuals are, by virtue of their eligibility for the program gainfully employed. As noted in the program update the program is seeking stable funding sources which will be necessary in the near future in order to assure the viability of the program. TCPC is in the process of seeking stable funding from 3 sources: the local community (20%); employer/employee and or individual member contributions (40%); state and or federal subsidy (40%). While this proposed funding mix does not have the significant advantage of the traditional 70% federal match Medicaid receives, it is important to note that this program is serving a population that is not eligible for Medicaid and without this program these people would join the ranks of the uninsured.
In addition this program is an excellent example of the value of a medical home for its clients. SCDHHS has long embraced the concept of a medical home. Evidence provided by this program shows that effective primary care innovation aligns one provider right in the center of care for an individual. That provider anchors the patient and helps the patient figure out what is the right care for them.