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May 4, 2012

Mr. Roy Hess
Deputy Director of Finance and Administration
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 – Q3 SFY 2012

Dear Roy:

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 March 31, 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 combined first three quarters of SFY 2012. Enclosure 1 contains a table and graphs illustrating the year to date results.

Actual composite SAP savings of \$514.5 million exceed the targeted savings of \$376.9 million for the first three quarters of SFY 2012 by \$137.6 million. A portion of this excess savings is not expected to be maintained by fiscal year end and this is explained further below as well as illustrated in Enclosure 2.

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 \$28 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 \$45 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 most gross adjustments would be distributed equally across all four quarters. SFY 2012 payments through March 2012 were expected to total approximately \$70.5 million for hospital UPL and GME payments. Actual payments have been approximately \$53 million. We expect that the shortfall will be eliminated by the end of SFY 2012.
- **Hospital Expenditures:** There was an uncharacteristically low payment month in January 2012 (approximately \$30 million lower than both our forecasted expenditures for January and historical payment patterns). SCDHHS identified that payment rejections occurred due to the switch to 5010 reporting. Based on a review of payment data through March 2012, it appears that an estimated \$5 million in additional hospital expenditures have been processed. According to SCDHHS, there are no further adjustments anticipated for subsequent months. As a result, the \$25 million shortfall is not expected to be recovered by the end of SFY 2012.
- **Transportation Expenditures:** There appears to be a delay in transportation broker payments. The forecast that was used to set savings targets assumed \$4.7 million in average monthly payments, which results in an expectation of \$42.3 million year-to-date. Actual payments to date total \$34.5 million. We expect that the \$7.8 million shortfall will be paid by the end of SFY 2012.
- **MMA Phase-down Expenditures:** The payment made in October 2011 for September 2011 pharmacy costs is lower than expected in the MMIS data. Instead of the expected payment of approximately \$6.6 million, the data indicates payment of approximately \$2.2 million. Payments in subsequent months do not appear to offset the entire shortfall. We expect an additional \$3.2 million in payments will be made by the end of SFY 2012.
- **Medicare Premium Expenditures:** Federally-matched and 100% State Medicare Premium expenditures are approximately \$7 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 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 most gross adjustments would be distributed equally across all four quarters. Consequently, \$26.3 million in Inpatient Hospital cost settlements and \$11.3 million in Outpatient Hospital cost settlements were assumed for the first three quarters of SFY 2012, as well as \$33 million in GME payments. Actual SFY 2012 payments through March 2012 for these categories total approximately \$53 million. We expect that the shortfall will be eliminated by the end of SFY 2012.

There was an uncharacteristically low payment month for both inpatient and outpatient hospital expenditures in January 2012 (approximately \$30 million lower than both our forecasted expenditures for January and historical payment patterns). SCDHHS identified that payment rejections occurred due to the switch to 5010 reporting. Based on a review of payment data through March 2012, it appears that an estimated \$5 million in additional hospital expenditures have been processed. According to SCDHHS, there are no further adjustments anticipated for subsequent months. As a result, the \$25 million shortfall is not expected to be recovered by the end of SFY 2012.

Nursing Facility

Actual savings are approximately \$19 million less than targeted savings for SFY 2012 through March 2012. It appears that the 5% reduction in Nursing Facility Medicaid days has not been realized; however \$2.0 million of the additional expenditure may be attributed to the Nursing Facility UPL payment of \$8.3 million. Gross adjustments are assumed to be distributed equally across all four quarters, so approximately one quarter of the UPL payment was not expected to be made until the fourth quarter of SFY 2012.

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 \$11.3 million payment for Electronic Health Record (EHR) incentives. This exceeds forecasted values of approximately \$2 million for SFY 2012, which is consistent with SFY 2011 EHR incentive payments.

Transportation

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

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.



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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,

A handwritten signature in black ink that reads 'Robert M. Damler'.

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

YTD FY2012 - Through Q3
(\$millions)

Actual vs. Baseline

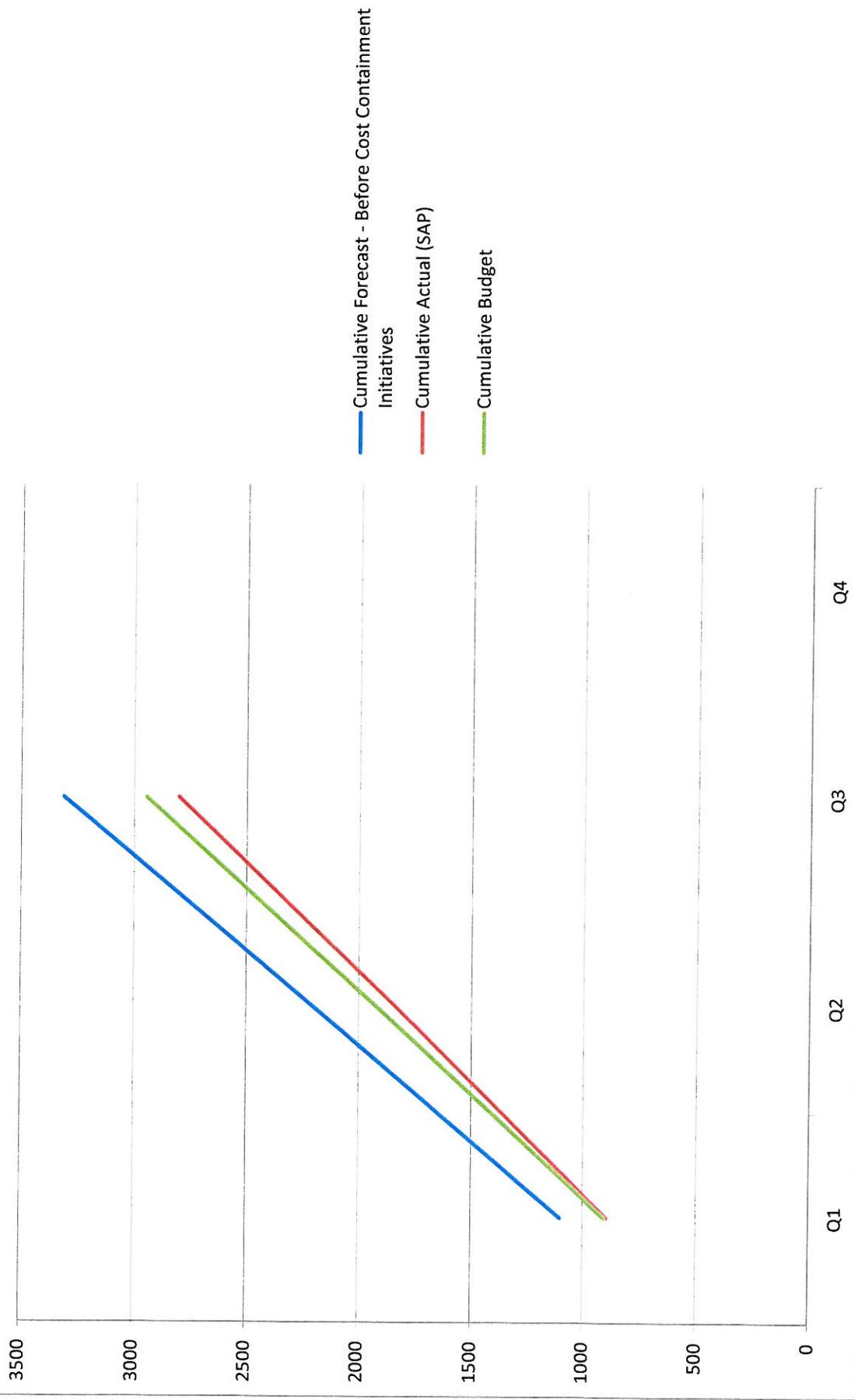
	Baseline Forecast	Targeted Savings	Actual	Savings Initiatives	Other	Total	Total Savings vs. Targeted Savings	SFY2012 Targeted Savings	% Annual Targeted Savings	Budget	Actual vs. Budget
Coordinated Care	1,240.2	(235.9)	982.1	(205.5)	(52.6)	(258.1)	(22.1)	(276.8)	93.2%	1,023.6	(41.5)
Hospital Services	629.1	(37.0)	549.0	(35.6)	(44.5)	(80.1)	(43.1)	(50.7)	157.8%	592.1	(43.1)
Nursing Home Services	399.9	(31.3)	387.2	(11.4)	(1.2)	(12.7)	18.6	(42.0)	30.2%	380.3	6.9
Pharmacy Services	187.5	(16.2)	153.8	(17.5)	(16.2)	(33.7)	(17.5)	(21.6)	156.1%	162.7	(8.9)
Physician	157.3	(8.6)	132.6	(6.9)	(17.8)	(24.7)	(16.1)	(11.6)	213.0%	142.9	(10.3)
Community Long Term Care	130.0	(5.5)	117.6	(5.7)	(6.7)	(12.4)	(6.9)	(7.3)	168.2%	120.6	(3.0)
Dental	91.1	(16.6)	78.5	(14.6)	2.0	(12.6)	4.0	(22.4)	56.5%	74.0	4.5
Clinic Services	50.2	(1.9)	48.4	(0.9)	(0.8)	(1.8)	0.1	(2.6)	67.6%	51.3	(2.9)
Transportation	48.9	(1.6)	39.3	(0.3)	(9.3)	(9.6)	(8.0)	(2.1)	453.4%	41.3	(2.0)
Other Medical Professionals	40.7	(12.0)	28.0	(12.6)	(0.1)	(12.7)	(0.8)	(15.9)	79.8%	33.3	(5.3)
Supply & DME	36.2	(5.6)	27.0	(2.7)	(6.5)	(9.2)	(3.7)	(7.6)	120.9%	30.7	(3.7)
Lab & X-Ray	23.0	(2.0)	19.4	(1.8)	(1.8)	(3.6)	(1.6)	(2.7)	135.5%	23.1	(3.7)
Family Planning Services	19.3	(1.3)	16.4	(0.7)	(2.2)	(2.9)	(1.6)	(1.7)	168.7%	17.0	(0.6)
Hospice	10.0	(0.0)	8.9	-	(1.1)	(1.1)	(1.0)	(0.0)	2904.7%	9.0	(0.1)
PACE	10.1	0.0	8.9	-	(1.2)	(1.2)	(1.2)	0.0	(4421.6%)	9.1	(0.2)
EPSDT	7.0	(0.3)	6.8	(0.3)	0.1	(0.2)	0.1	(0.4)	56.0%	7.5	(0.7)
Home Health	6.8	(0.8)	4.8	(0.3)	(1.7)	(2.0)	(1.3)	(1.0)	193.8%	5.3	(0.5)
Integrated Personal Care (IPC)	4.5	(0.3)	3.9	(0.3)	(0.3)	(0.6)	(0.3)	(0.4)	150.2%	4.0	(0.1)
Optional State Supplement (OSS) - 100% State	12.6	(0.0)	12.5	-	(0.1)	(0.1)	(0.1)	(0.0)	298.3%	13.0	(0.5)
Premiums Matched	138.8	-	134.7	-	(4.1)	(4.1)	(4.1)	-	-	133.0	1.7
MMA Phase Down Contributions - 100% State	57.7	-	54.6	-	(3.1)	(3.1)	(3.1)	-	-	58.5	(3.9)
Premiums - 100% State	13.0	-	12.6	-	(0.4)	(0.4)	(0.4)	-	-	12.7	(0.1)
TOTAL MEDICAID SERVICES (MMIS)	3,313.8	(376.9)	2,827.0	(317.1)	(169.7)	(486.8)	(110.0)	(466.9)	104.3%	2,944.7	(117.7)
MMIS to SAP Expenditure Transfers	N/A	N/A	(27.6)	N/A	(27.6)	(27.6)	(27.6)	N/A	N/A	N/A	(27.6)
TOTAL MEDICAID SERVICES (SAP)	3,313.8	(376.9)	2,799.4	(317.1)	(197.3)	(514.5)	(137.6)	(466.9)	110.2%	2,944.7	(145.4)
Payment Timing Adjustments	N/A	N/A	17.1	N/A	17.1	17.1	17.1	N/A	N/A	N/A	17.1
Non-Dual MCO Shift	N/A	N/A	(0.3)	N/A	(0.3)	(0.3)	(0.3)	N/A	N/A	N/A	(0.3)
ADJUSTED TOTAL MEDICAID SERVICES (MMIS)	3,313.8	(376.9)	2,816.2	(317.1)	(180.5)	(497.7)	(120.8)	(466.9)	106.6%	2,944.7	(128.6)

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

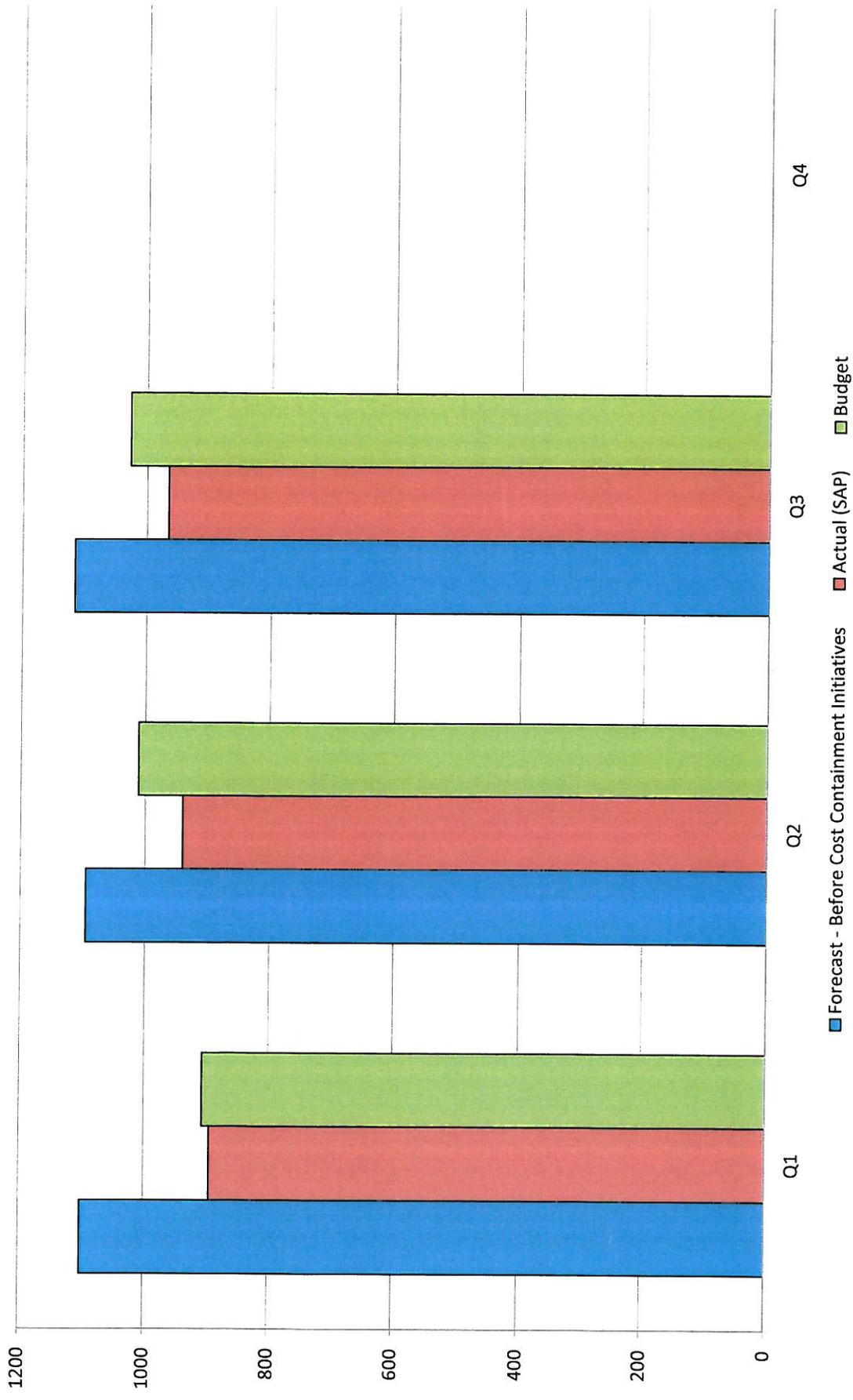
**Summary of DHHS Medicaid Assistance - Expenditure Savings Monitoring
FY2012 Through March 31, 2012
State & Federal Dollars (in millions)**

	<u>Baseline Forecast</u>	<u>Actual</u>	<u>Budget</u>
Coordinated Care	1,240.2	982.1	1,023.6
Hospital Services	629.1	549.0	592.1
Nursing Home Services	399.9	387.2	380.3
Pharmacy Services	187.5	153.8	162.7
Physician	157.3	132.6	142.9
Community Long Term Care	130.0	117.6	120.6
Dental	91.1	78.5	74.0
Clinic Services	50.2	48.4	51.3
Transportation	48.9	39.3	41.3
Other Medical Professionals	40.7	28.0	33.3
Supply & DME	36.2	27.0	30.7
Lab & X-Ray	23.0	19.4	23.1
Family Planning Services	19.3	16.4	17.0
Hospice	10.0	8.9	9.0
PACE	10.1	8.9	9.1
EPSDT	7.0	6.8	7.5
Home Health	6.8	4.8	5.3
Integrated Personal Care (IPC)	4.5	3.9	4.0
Optional State Supplement (OSS) - 100% State	12.6	12.5	13.0
Premiums Matched	138.8	134.7	133.0
MMA Phase Down Contributions - 100% State	57.7	54.6	58.5
Premiums - 100% State	13.0	12.6	12.7
TOTAL MEDICAID SERVICES (MMIS)	3,313.8	2,827.0	2,944.7
MMIS to SAP Expenditure Transfers	N/A	(27.6)	N/A
TOTAL MEDICAID SERVICES (SAP)	3,313.8	2,799.4	2,944.7

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 Q3
(\$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)	(258.1)	(2.6)	(260.6)		(20.5)	(281.1)	(235.9)	(45.2)
Hospital Services (3)	(80.1)	(7.1)	(87.2)	17.5	10.8	(58.9)	(37.0)	(21.8)
Nursing Home Services (4)	(12.7)	-	(12.7)	(2.0)		(14.7)	(31.3)	16.6
Pharmacy Services	(33.7)	(8.4)	(42.1)		5.3	(36.8)	(16.2)	(20.6)
Physician (5)	(24.7)	(1.7)	(26.4)	(9.4)	2.3	(33.5)	(8.6)	(24.9)
Community Long Term Care	(12.4)	(0.1)	(12.5)			(12.5)	(5.5)	(7.0)
Dental	(12.6)	(0.7)	(13.3)			(13.3)	(16.6)	3.3
Clinic Services	(1.8)	(0.4)	(2.1)		0.5	(1.7)	(1.9)	0.2
Transportation (6)	(9.6)	(0.1)	(9.7)	7.8	0.1	(1.8)	(1.6)	(0.2)
Other Medical Professionals	(12.7)	(0.4)	(13.1)		0.1	(13.1)	(12.0)	(1.1)
Supply & DME	(9.2)	(2.9)	(12.2)		0.5	(11.6)	(5.6)	(6.1)
Lab & X-Ray	(3.6)	(0.2)	(3.8)		0.4	(3.4)	(2.0)	(1.4)
Family Planning Services	(2.9)	-	(2.9)			(2.9)	(1.3)	(1.6)
Hospice	(1.1)	-	(1.1)			(1.1)	(0.0)	(1.0)
PACE	(1.2)	-	(1.2)			(1.2)	0.0	(1.2)
EPSDT	(0.2)	-	(0.2)			(0.2)	(0.3)	0.1
Home Health	(2.0)	(0.2)	(2.2)		0.2	(2.0)	(0.8)	(1.3)
Integrated Personal Care (IPC)	(0.6)	(0.1)	(0.7)			(0.7)	(0.3)	(0.4)
Optional State Supplement (OSS) - 100% State	(0.1)	-	(0.1)			(0.1)	(0.0)	(0.1)
Premiums Matched (7)	(4.1)	(1.8)	(5.9)			(5.9)	-	(5.9)
MMA Phase Down Contributions - 100% State (8)	(3.1)	-	(3.1)	3.2		0.1	-	0.1
Premiums - 100% State	(0.4)	(0.9)	(1.3)			(1.3)	-	(1.3)
Total SFY 2012 through Q2 (9)	(486.8)	(27.6)	(514.5)	17.1	(0.3)	(497.7)	(376.9)	(120.8)

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/MHIN.
- (2) Additional decrease in cap rate above 1% targeted savings
- (3) Actual Savings includes \$23.9 million for UPL - payment timing related
- (4) The 5% reduction in Nursing Facility Medicaid days was not realized
- (5) Significant savings for Dual eligible population from rate reductions. Payment Timing Adjustments related to Physician EHR incentive payments of \$11.3 million through Q3 SFY 2012. This represents an excess of \$9.4 million over expected payments of \$1.9 million for SFY 2012.
- (6) \$7.8 million difference is still expected to be paid in SFY 2012
- (7) Mainly due to 2012 Medicare Part B premium reductions
- (8) \$3.2 million difference is still expected to be paid 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
- Year to date broker payment appear to be understated by approximately \$3.4 million.

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

Subset All Data

Budget Unit Code Medicaid Assistance	QTR 1 2011 1,340,970				QTR 1 2012 1,368,378				Non HMO Member Months:				Companion - % Change Member Months Change: 2.04%				Non HMO	
	Patients	Claims Paid	Service Count	Visits Patient	Patients	Claims Paid	Service Count	Visits Patient	Patients	Claims Paid	Service Count	Visits Patient	Patients	Claims Paid	Service Count	Visits Patient	Count	Patient
Budget Unit	14,293	410,416	1,085,603	677,003	14,932	453,205	1,325,731	757,024	4.5%	10.4%	22.1%	11.8%	4.5%	10.4%	22.1%	11.8%		
CLTC Based Services	61,060	122,405	173,599	135,916	56,481	113,066	159,968	129,028	-7.5%	-7.5%	-7.9%	-5.1%	-7.5%	-7.9%	-7.9%	-5.1%	0.0%	0.0%
Clinical Services	1,235,950	0	0	0	1,360,447	0	0	0	10.1%	0.0%	0.0%	0.0%	10.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Coordinated Care**	127,457	173,701	592,597	166,289	135,271	184,374	677,589	177,350	6.1%	6.1%	14.3%	6.7%	6.1%	6.1%	14.3%	6.7%	6.7%	6.7%
Dental Services	33,576	84,860	149,658	84,796	26,696	66,018	120,125	63,158	-20.5%	-20.5%	-19.7%	-25.5%	-20.5%	-19.7%	-19.7%	-25.5%	8.6%	8.6%
Durable Medical Equipment	23,813	27,053	27,005	26,975	25,458	29,396	29,338	29,304	6.9%	8.7%	8.7%	8.6%	6.9%	8.7%	8.7%	8.6%	8.6%	8.6%
EPSDT	1,292	20,818	65,763	57,425	1,247	23,774	73,201	63,508	-3.5%	14.2%	11.3%	10.6%	-3.5%	14.2%	11.3%	10.6%	18.5%	18.5%
Emotionally Disturbed Children	32,779	69,267	64,337	82,271	44,074	82,008	77,099	97,461	34.5%	18.4%	19.8%	18.5%	34.5%	18.4%	19.8%	18.5%	18.5%	18.5%
Family Planning	1,826	5,793	19,866	16,065	1,654	5,322	18,431	14,588	-9.4%	-9.4%	-7.2%	-9.2%	-9.4%	-9.4%	-7.2%	-9.2%	-13.7%	-13.7%
Home Health	419	1,182	2,401	2,489	424	1,117	2,144	2,148	1.2%	1.2%	5.5%	-5.5%	1.2%	1.2%	5.5%	-5.5%	-7.9%	-10.0%
Hospice Program	117,258	213,954	1,071,482	213,707	105,419	193,608	987,127	192,242	-10.1%	-9.5%	-7.9%	-10.0%	-10.1%	-9.5%	-7.9%	-10.0%	-10.0%	-10.0%
Hospital Services	1,041	3,004	2,980	3,003	1,054	3,001	2,948	2,989	1.2%	-0.1%	-0.5%	-0.5%	1.2%	-0.1%	-0.5%	-0.5%	-14.9%	-14.9%
Integrated Personal Care	74,311	152,018	304,790	126,278	62,718	136,571	294,066	107,524	-15.6%	-15.6%	-3.5%	-14.9%	-15.6%	-15.6%	-3.5%	-14.9%	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%	0.0%	0.0%
MMA Phase Down Contributions*	1,896	11,064	15,635	9,480	1,844	12,997	16,702	8,797	-2.7%	-2.7%	17.5%	6.8%	-2.7%	-2.7%	17.5%	6.8%	-7.2%	-7.2%
MUSC Transplants	51,493	111,494	191,921	124,101	46,820	110,930	183,391	124,188	-9.1%	-9.1%	-4.4%	0.1%	-9.1%	-9.1%	-4.4%	0.1%	0.1%	0.1%
Medical Professional	12,204	36,809	35,388	36,485	11,984	37,772	35,092	36,857	-1.8%	-1.8%	-0.8%	1.0%	-1.8%	-1.8%	-0.8%	1.0%	1.0%	1.0%
Nursing Home Services	3,904	11,799	11,620	11,813	3,886	11,665	11,393	11,619	-0.5%	-0.5%	-1.1%	-1.6%	-0.5%	-0.5%	-1.1%	-1.6%	-2.0%	-2.0%
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%	0.0%	0.0%
PACE*	185,329	895,864	0	587,432	167,380	795,841	0	523,986	-9.7%	-9.7%	-11.2%	-10.8%	-9.7%	-9.7%	-11.2%	-10.8%	-22.2%	-22.2%
Pharmaceutical Services	212,242	685,013	997,032	636,605	186,413	531,909	775,993	493,008	-12.2%	-12.2%	-22.4%	-22.6%	-12.2%	-12.2%	-22.4%	-22.6%	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%	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%	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%	0.0%	0.0%
Transportation	7,237	9,802	17,983	10,252	5,909	8,408	15,735	8,187	-18.4%	-18.4%	-12.5%	-20.1%	-18.4%	-18.4%	-12.5%	-20.1%	-15.7%	-15.7%
Continuum of Care	401	3,385	11,377	10,563	371	2,937	9,096	8,487	-7.5%	-7.5%	-13.2%	-20.0%	-7.5%	-7.5%	-13.2%	-20.0%	-15.7%	-15.7%
Dept of Alcohol & Other Drug Abuse	3,877	16,331	46,500	29,485	4,074	18,020	48,153	32,331	5.1%	10.3%	3.6%	9.7%	5.1%	10.3%	3.6%	9.7%	9.7%	9.7%
Dept of Corrections	31	66	769	65	54	119	1,173	130	74.2%	80.3%	52.5%	100.0%	74.2%	80.3%	52.5%	100.0%	100.0%	100.0%
Dept of Disabilities & Spcl Needs	16,410	148,242	571,789	476,330	16,393	197,801	992,291	731,632	-0.1%	-0.1%	33.4%	73.5%	-0.1%	-0.1%	33.4%	73.5%	55.6%	55.6%
Dept of Education	68,849	222,384	559,047	504,222	74,063	212,680	593,592	563,844	7.6%	7.6%	4.4%	6.2%	7.6%	7.6%	4.4%	6.2%	11.8%	11.8%
Dept of Health & Environ Control	14,915	22,047	41,044	18,052	27,028	45,015	86,328	33,059	81.2%	104.2%	110.3%	83.1%	81.2%	104.2%	110.3%	83.1%	83.1%	83.1%
Dept of Juvenile Justice	576	3,350	5,299	4,660	904	3,951	6,159	5,267	56.9%	56.9%	17.9%	13.0%	56.9%	56.9%	17.9%	13.0%	13.0%	13.0%
Dept of Mental Health	30,022	211,569	213,591	186,973	31,488	243,701	245,213	212,527	4.9%	15.2%	14.8%	13.7%	4.9%	15.2%	14.8%	13.7%	13.7%	13.7%
Dept of Social Services	1,610	5,042	17,983	16,851	1,509	8,491	31,643	29,778	-6.3%	-6.3%	68.4%	76.4%	-6.3%	-6.3%	68.4%	76.4%	76.4%	76.4%
John De La Howe	0	0	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
School for Deaf & Blind	226	1,878	8,529	5,746	534	3,019	14,526	10,637	136.3%	136.3%	60.8%	70.3%	136.3%	136.3%	60.8%	70.3%	85.1%	85.1%
State Housing Authority	212	211	210	213	53	52	50	53	-75.0%	-75.0%	-75.4%	-76.2%	-75.0%	-75.0%	-75.4%	-76.2%	-75.1%	-75.1%
University of SC	24	33	33	33	4	4	4	4	-83.3%	-83.3%	-87.9%	-87.9%	-83.3%	-83.3%	-87.9%	-87.9%	-87.9%	-87.9%
Will Lou Gray Opportunity School	29	85	377	376	49	183	1,091	1,089	69.0%	69.0%	115.3%	189.4%	69.0%	69.0%	115.3%	189.4%	189.4%	189.4%
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%	0.0%	0.0%
Other Entities Funds	451	2,473	6,597	5,256	764	3,190	8,431	6,979	69.4%	69.4%	29.0%	27.8%	69.4%	69.4%	29.0%	27.8%	27.8%	27.8%

* 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.

Pediatric Sub-Specialist Analysis

Plans Provider Type Code Provider Type Provider Specialty Code	FFS and MHN 20 Physician Individual AA	Provider Specialty Provider County Code	Net Expenditures after Claim Recoup Amt		Unique Count of Billing Prov ID		Providers		Patients		Expenditure % Change	Billing Provider % Change	Providers % Change	Patients % Change
			QTR 4 2011	QTR 1 2012	QTR 4 2011	QTR 1 2012	QTR 4 2011	QTR 1 2012	QTR 4 2011	QTR 1 2012				
03	ALLENDALE	PEDIATRIC SUB-SPECIALIST Provider County	\$25,824.78	\$28,896.27	1	2	1	1	1	1	12%	100%	0%	-16%
04	ANDERSON		\$8,951.33	\$10,019.66	1	1	1	1	1	58	12%	0%	0%	0%
07	BEAUFORT		\$5,221.50	\$5,055.48	2	2	1	1	1	61	-3%	0%	0%	-11%
10	CHARLESTON		\$1,074,447.29	\$1,334,614.76	17	19	76	72	2,466	2,611	24%	12%	-5%	6%
20	FAIRFIELD		\$49,690.58	\$36,934.46	1	2	1	1	150	129	-26%	100%	0%	-14%
21	FLORENCE		\$291,746.93	\$419,164.32	5	5	11	11	679	572	44%	0%	0%	-16%
23	GREENVILLE		\$1,175,394.38	\$1,553,476.07	13	13	46	48	3,055	3,410	32%	0%	4%	12%
24	GREENWOOD		\$5,110.76	\$5,703.17	1	1	1	1	35	30	12%	0%	0%	-14%
28	KERSHAW		\$10,578.71	\$16,795.69	1	1	1	1	68	70	59%	0%	0%	3%
32	LEXINGTON		\$21,537.38	\$19,159.08	1	1	1	1	70	82	-11%	0%	0%	17%
37	OCONEE		\$7,064.63	\$7,464.23	1	1	1	1	42	47	6%	0%	0%	12%
40	RICHLAND		\$835,503.00	\$1,300,602.41	27	26	39	40	2,041	2,132	56%	-4%	3%	4%
42	SPARTANBURG		\$226,110.72	\$268,883.17	8	8	8	8	375	407	19%	0%	0%	9%
43	SUMTER		\$37,018.64	\$40,062.39	1	1	1	1	254	258	8%	0%	0%	2%
46	YORK		\$41,641.76	\$69,451.25	3	3	4	4	99	88	67%	0%	0%	-11%
60	GA within SC Svc Area		\$195,729.43	\$191,347.74	3	5	46	46	693	703	-2%	67%	0%	1%
62	NC within SC Svc Area		\$103,913.57	\$146,605.49	9	9	45	44	313	334	41%	0%	-2%	7%
	Unique Count Total		\$4,115,475.39	\$5,454,235.64	81	84	284	282	9,960	10,408	33%	4%	-1%	4%