2007 Accountability Report Transmittal Form

Agency Name
South Carolina Department of Health and Human Services

Date of Submission
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SECTION I: EXECUTIVE SUMMARY

1. Mission and Values: The mission of the South Carolina Department of Health and Humans Services (DHHS) is to provide the best health care value for South Carolinians in need and taxpayers at large. Our goal is to create a health care delivery system, through the state's Medicaid program, that supports improved health outcomes for our clients and a high return on the state's significant investment. We work to achieve that goal though the use of evidence-based, market-driven approaches that benefit Medicaid recipients, providers and taxpayers.

South Carolina's Medicaid program provides health care services for approximately 860,000 residents annually who are either very poor, elderly, or disabled through a network of approximately 30,000 healthcare professionals. DHHS processes about 46 million individual Medicaid claims each year with about $1.5 billion of those claims coming through other state agencies. Unfortunately, many of our recipients are in poor health and the state ranks 48th in terms of the overall health outcomes of its residents.

As stewards of a large proportion of state General Fund and federal matching dollars, DHHS officials must be ever mindful of how its resources are invested. The key to success is identifying and confronting the fundamental inefficiencies that drive up cost and hold down quality. To do this, the agency is realigning its focus to become a coordinating influence that promotes innovation, responsibility, quality and efficiency. Since we represent about 20 percent of the state's health care customers, we must become the binding link to coordinate a fragmented delivery system around the patient and to move the system towards providing quality. Many of those recent efforts are highlighted in this document.

2. Major Achievements of 2007

Fiscal Stability The agency's growth rate, excluding disproportionate share (DSH), was held to less than 1 percent in SFY 2007 (see chart 7.3-4). This figure is less than half the national average. The agency credits the trend to internal reform efforts like its Preferred Drug List and eligibility controls.

SC Healthy Connections **Medicaid Transformation Plan** The agency moved ahead with several tenants of its Medicaid reform plan, which represents some of the most significant changes to South Carolina's Medicaid system since its inception:

• *SC Healthy Connections Choices*: DHHS prepared to launch *SC Healthy Connections Choices*, a program that allows Medicaid beneficiaries throughout the state a chance to join a health plan. By allowing beneficiaries to choose a private health care plan from several options (managed care organizations, Medical Home Networks) that best suits their needs, the program will encourage plan innovation and actively engage recipients in health care decisions. Currently, many beneficiaries receive little assistance in managing their health care needs. Coordinated care plans work to improve health outcomes for

Medicaid beneficiaries through the establishment of strong relationships with primary care physicians and offering extra services not covered under traditional Medicaid. Additionally, DHHS has contracted with Maximus Inc. to serve as independent enrollment counselors for beneficiaries choosing a health plan.

Currently, about one-third of those eligible are enrolled in a Medicaid coordinated care plan. DHHS expects the proportion to raise significantly beginning in the fall of 2007, when it will begin sending health plan enrollment packets to eligible beneficiaries.

• *Health Opportunity Accounts*. South Carolina became the first state in the nation approved to offer *Health Opportunity Accounts*, which were authorized by Congress under the federal Deficit Reduction Act of 2005 and modeled after private health savings accounts. DHHS will place money in a "virtual account" available to participants to pay for their health care expenses. If there is money left in the account when the beneficiary transitions from Medicaid, they can use a portion for job training, education or other health care expenses not covered under Medicaid.

The Accounts will be designed to encourage wise usage of the health care system (costs for annual physicals and preventive care are not deducted from account) and discouraging inappropriate use (using the emergency room for non-emergency reasons),

• *Electronic Personal Health Records*. DHHS, in conjunction with the SC Office of Research and Statistics (ORS) launched a pilot program to test Electronic Personal Health Records for Medicaid beneficiaries.

The Health Records program will give physicians and hospitals unprecedented access to Medicaid claims information for the approximately 1 million South Carolinians seeking services through the program each year. The information, conveyed through a secure online portal, will allow doctors to see patients' Medicaid history when they come in for treatment. Currently, records of patients who seek treatment from multiple providers are hidden from doctors, leaving providers to rely solely on patient reporting. The information pulled from the EPHR system will help doctors better diagnose disease, adjust treatment methods and educate patients on healthy lifestyles.

New Transportation System In an effort to improve accountability and efficiency, DHHS joined 20 other states and implemented a new managerial system for Medicaid non-emergency transportation services (NEMT). With expenditures of about $47 million in SFY 2007, NEMT in the past had encountered many problems related to poor service and fraud and abuse by providers. As a result, DHHS contracted with two transportation management companies tasked with ensuring quality service to beneficiaries while holding down escalating costs.

Money Follows the Person Grant. DHHS was awarded a competitive $5.8 million federal grant to allow seniors and disabled people who receive Medicaid benefits to transition out of nursing facilities and move back their homes. The award includes an enhanced federal match rate for state expenditures and will be used to subsidize an array

of home medical care services, including home modifications that make it possible to move back.

Prevention Partnership Grants. DHHS awarded grants totaling $1 million to seven initiatives designed to combat some of the most pressing health problems in South Carolina.

Human Resources Award. DHHS' Office of Human Resources took home the "Program of the Year" award from the SC Chapter of the International Public Management Association. The agency was honored for its efforts to substantially boost EPMS (Employee Performance Management System) quality within the agency.

3. Key strategic goals
DHHS has established the following key strategic goals:
• To provide benefit plans that maximizes the state's return on its investment.
• To provide a credible and continually improving eligibility process that is accurate and efficient.
• To provide administrative support at the best possible value to ensure programs operate effectively.

Pursuing these goals with an attitude of servant leadership is a priority for DHHS. Therefore, DHHS strives to maintain a responsive service and the highest possible value.

4. Opportunities and Barriers

Opportunities
• DHHS is operating under budget stability and projects to have adequate resources to achieve its key goals.
• DHHS' *SC Healthy Connections* initiative is expected to bring systematic reform to Medicaid by encouraging improved health outcomes and consumer choice.
• The agency's new data system—the Decision Support System--will allow the agency to operate more efficiently and recoup more in erroneous billings
• The Medicare Modernization Act has provided an advantageous cost-sharing system with the federal government for senior pharmacy needs.
• The agency will pilot an Electronic Personal Health Record (EPHR) program that has the potential improve outcomes for many Medicaid recipients.

Barriers
• Despite slower than expected growth in SFY 2007, projected long-term Medicaid costs will put pressure on the systems ability to continue to offer current benefits and maintain recipient levels.
• Restrictions on pharmaceutical dispensing fees and the use of prior authorizations curtail administrative flexibility and potential cost-reducing efforts.

• DHHS' restricted control over other state agencies' use of Medicaid funds hinders managerial oversight.
• While overall enrollment growth is relatively flat, increases in certain mandatory eligibility categories will present challenges and merits further monitoring.

5. Use of Accountability Report to Improve Organizational Performance
Executive Staff contribute to and review all elements of this report, committing to the goals and performance measures relevant to their areas. Periodic review of this report throughout the year helps DHHS prioritize work in relation to the mission and provide a check on progress toward the agency goals.

SECTION II: ORGANIZATIONAL PROFILE

DHHS administers Medicaid, Title XIX of the federal Social Security Act (SSA). The state's Medicaid program encompasses a host of programs, including the Early Periodic Screening, Diagnostic and Treatment Program, and the Community Long Term Care System. In addition, the agency administers Title XXI of the SSA, the state's Children's Health Insurance Program (SCHIP), and the Optional State Supplement program. DHHS also manages the Gap Assistance Pharmacy Program for Seniors program (GAPS), which provides prescription drug assistance to some low-income seniors in combination with the new Medicare Part D drug coverage.

Working with the Governor and the General Assembly, DHHS leadership continues to streamline the organization and design programs that meet the needs of qualified South Carolinians. Adhering to its mission to provide value to the state's Medicaid program, DHHS is applying a progressive, market-based approach to providing quality health care coverage to low-income families and the state's aged, blind, and disabled.

The Department of Health and Human Services' Office of Human Resources supports over 1,172 full-time equivalent employees, 275 temporary grant employees, and 17 state temporary employees. The agency conforms to the following organizational structure:

DEPARTMENT OF HEALTH AND HUMAN SERVICES
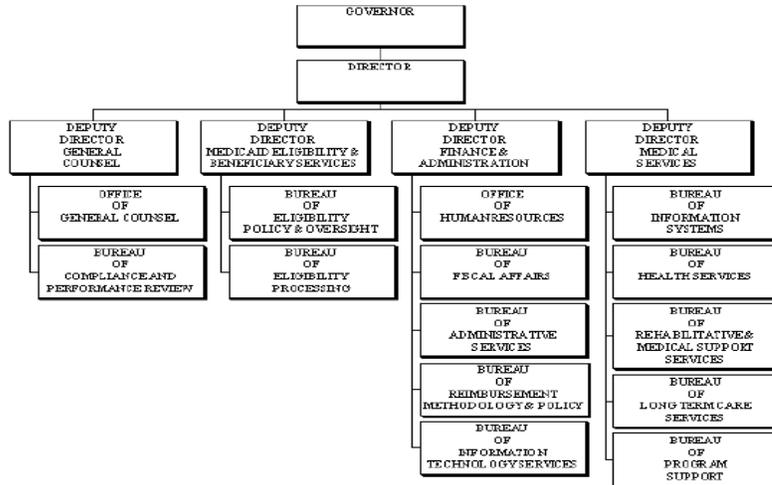
Base Budget Expenditures and Appropriation

Major Budget Categories	05-06 Actual Expenditures [1]		06-07 Actual Expenditures [2]		07-08 Appropriations Act [3]	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	$ 38,877,155	$ 14,606,984	$ 40,857,922	$ 14,768,404	$ 43,637,660	$ 15,055,980
Other Operating	$ 96,111,771	$ 15,636,769	$ 98,310,748	$ 18,711,423	$ 157,368,139	$ 19,705,621
Special Items	$ -	$ -	$ -	$ -	$ 336,000	$ 336,000
Permanent Improvements	$ -	$ -	$ -	$ -	$ -	$ -
Case Services	$ 3,968,306,976	$ 751,827,738	$ 4,548,307,908	$ 783,560,155	$ 5,159,469,747	$ 928,161,918
Distributions to Subdivisions	$ -	$ -	$ -	$ -	$ -	$ -
Fringe Benefits	$ 11,353,543	$ 4,218,670	$ 12,241,896	$ 4,386,013	$ 14,133,018	$ 4,565,465
Non-recurring	$ 30,989,635	$ -	$ 11,276,748	$ 10,829,290	$ 24,250,000	$ 18,250,000
Total	**$ 4,145,639,080**	**$ 786,290,161**	**$ 4,710,995,222**	**$ 832,255,285**	**$ 5,399,194,564**	**$ 986,074,984**

Note: SFY 2005-2006 Disproportionate share expenditures are down due to the final FY 05-06 payment being made in the first quarter of FY 06-07.

[1] SFY 05-06 Source: 9427 71 dated 08/17/05 as of 06/31/05

[2] SFY 06-07 Source: 9428 dated 08/14/07 as of 06/31/07

[3] SFY 07-08 Source: Chart of Accounts & Summary Control Document dated 07/03/07

Other State Agencies Medicaid Assistance								
	2004	2005			2006		2007	
Department of Mental Health	$ 171,365,310	$ 155,403,328	-9.3%	$	150,481,601	-3.2%	$ 141,627,995	-5.9%
Department of Disabilities & Special Needs	$ 412,987,890	$ 430,634,503	4.3%	$	433,129,611	0.6%	$ 450,866,073	4.1%
Department of Health & Environmental Control	$ 37,298,961	$ 37,575,748	0.7%	$	17,805,850	-52.6%	$ 12,229,849	-31.3%
Medical University of South Carolina	$ 41,939,631	$ 48,496,689	15.6%	$	44,836,789	-7.5%	$ 49,770,718	11.0%
University of South Carolina	$ 5,690,602	$ 7,982,304	40.3%	$	6,401,332	-19.8%	$ 7,317,617	14.3%
Department of Alcohol & Other Drug Abuse Services	$ 13,879,179	$ 13,087,351	-5.7%	$	14,408,349	10.1%	$ 13,494,635	-6.3%
Continuum of Care	$ 8,898,251	$ 8,606,575	-3.3%	$	9,316,237	8.2%	$ 8,436,469	-9.4%
School for the Deaf & Blind	$ 3,437,980	$ 3,559,479	3.5%	$	3,941,212	10.7%	$ 3,710,691	-5.8%
Department of Social Services	$ 50,324,531	$ 49,360,351	-1.9%	$	50,070,688	1.4%	$ 17,697,729	-64.7%
Department of Juvenile Justice	$ 20,449,250	$ 27,540,540	34.7%	$	20,353,749	-26.1%	$ 22,199,946	9.1%
Department of Education	$ 68,705,945	$ 73,504,294	7.0%	$	54,435,108	-25.9%	$ 54,617,741	0.3%
Commission for the Blind	$ 8,876	$ 6,666	-24.9%	$	6,875	3.1%	$ 4,046	-41.2%
Department of Corrections	$ -	$ 11,058	100.0%	$	1,397,614	12538.9%	$ 2,055,607	47.1%
John De La Howe	$ -	$ -	0.0%	$	72,565	100.0%	$ 160,014	120.5%
Wil Lou Gray Opportunity School	$ -	$ 9,322	100.0%	$	26,258	181.7%	$ 52,773	101.0%
State Housing Authority	$ -	$ -	0.0%	$	66,307	100.0%	$ 912,650	1276.4%
Total Other Agency Medicaid Assistance	$ 834,986,406	$ 855,778,208	2.5%	$	806,750,145	-5.7%	$ 785,154,553	-2.7%

Source: DAFR9428 1 dated 08/25/07 as of 06/31/07

Products and Services The major product provided by DHHS is health care coverage. This includes a multitude of services for low-income families, qualifying pregnant women and infants, children, as well as disabled and the elderly recipients. DHHS also provides educational and prevention programs and supports a range of treatment, intervention and support programs through other state agencies.

Key Customer Segments DHHS Key Customer Segments are the 860,000 South Carolinians who rely on Medicaid for health care coverage and the providers that service them. Providers include physicians, hospitals, care facilities, pharmacies and other state agencies that assist with the state's health care initiatives. By implementing policies to best serve these core customers, DHHS provides a fiscally sound management framework to the Medicaid program.

Other Key Stakeholders Due to the scope of services offered by DHHS, and the amount of public money involved in delivering those services, the work of DHHS is subject to input from many constituents beyond its core customers. Stakeholders include taxpayers and political leaders. Groups that advocate on the behalf of recipients and the various entities that support the Medicaid system also play an important role in aligning the agencies priorities. As a state agency with a $5 billion budget, our policy decisions reverberate far beyond any individual recipient and their doctor.

Key Suppliers and Partners The suppliers that support the design and implementation of Medicaid-sponsored care include research entities, health care associations, managed care entities, transportation managers and providers, universities, administrative support firms, and many other businesses and organizations that assist the agency in fulfilling its mission. Advocacy groups and advisory groups, such as the agency's Medical Care Advisory Committee (MCAC) are important partners in crafting policy.

Operation Locations DHHS is headquartered at 1801 Main Street, Columbia SC. The agency maintains at least one local eligibility office in all 46 counties of the state.

Employees The Department of Health and Human Services' Office of Human Resources over 1,172 full-time equivalent employees, 275 temporary grant employees, and 17 state temporary employees.

Regulatory Environment By federal statute, DHHS is regulated by the Centers for Medicare and Medicaid Services (CMS). CMS has the authority to set certain the guidelines under which states much administer their Medicaid programs. Since the federal government provides most of the money DHHS uses to reimburse for medical services, CMS is granted far-reaching regulatory powers over the fiscal and policy affairs of DHHS.

DHHS staff also must be cognizant of regulations concerning the disclosure of personal health information of Medicaid beneficiaries under HIPAA (Health Insurance Portability and Accountability Act). In addition, DHHS is subject to the rules and regulations all

other state agencies must abide by as part of South Carolina government. These rules extend to issues regarding procurement, human resources and freedom of information issues. The agency also is subject to certain provisions dictated by the legislative, executive and judicial branches of state government.

Key Strategic Challenges Like many private insurance companies, DHHS must provide quality health care coverage under clearly defined financial constraints. As mentioned, this task is becoming increasingly difficult given the rise in cost of health care and the state's uniquely unhealthy citizenry. DHHS also is subject to many frequently shifting federal guidelines that dictate how states must govern the Medicaid program and limit their flexibility in terms of innovation. The ongoing challenge the agency faces is striking the right balance between coverage, cost and the population of eligible recipients it serves. In addition, DHHS must be vigilant in monitoring the success of its various programs and the performance of its many partners tasked with assisting in carrying out the agencies mission.

Performance Improvement System DHHS maintains a rigorous system of performance evaluation. Managers are held accountable for clearly defined goals under the agency's "GO" (Goal Outline) system that tracks progress of tasks. The agency's newly adopted Decision Support System added new dimension of improvement by allowing the agency to quickly analyze and adapt to an array of data measures.

Organizational Structure Under the agency director, DHHS is organized into four major areas: eligibility, medical services, legal/regulatory, and finance. Various divisions, or bureaus, are organized under each of those major program areas. See "Organization Chart" on page 6.

Expenditures/Appropriations See "Base Expenditures/Appropriations" chart on page 7.

Major Program Areas See "Major Program Areas" chart on page 44.

SECTION III: MALCOLM BALDRIGE CRITERIA

Category 1 – Leadership

1.1 How do senior leaders set, deploy, and ensure two-way communication for: a) short and long term direction and organizational priorities, b) performance expectations, c) organizational values, d) empowerment and innovation, e) organizational and employee learning, and f) ethical behavior?

a) short and long term direction
The executive staff works in conjunction with senior managers of the various bureaus within the agency to set the overall direction of the agency. Regular face-to-face meetings allow senior managers, deputy directors, and the director to address critical needs of the agency.

During these meetings, senior managers present recommendations for various projects that should be pursued to promote the mission of the agency. A uniform format, called the "GO" (Goal Outline) sheet, has been developed to provide the following: background information of projects, purpose, work plan and time frames, fiscal impact, stakeholders impacted, and team members.

The feedback received from participants is used to prioritize initiatives. Follow-up meetings between the deputy directors and their respective senior mangers are scheduled to monitor the status of implementation of various projects. Senior managers schedule subsequent staff meetings to ensure that all staff is aware of the short and long term goals and objectives adopted by the agency.

b) performance expectations
The status of implementation of projects pursued by the agency is monitored on a regular basis. Status reports are provided to senior mangers on a regular basis. Additionally, individual performance expectations are communicated via the Employee Performance Management System (EPMS) planning stage and evaluation documents. Feedback is provided to employees by direct supervisory staff.

c) organizational values
The following organizational values serve as the cornerstone of DHHS' administration: Service, Excellence, Responsive, Value, and Everyone. These organizational values, SERVE, are communicated to new employees during an orientation session and are constantly reinforced. The SERVE credo also is prominently displayed throughout the agency.

d) empowerment and innovation
Involving bureau staff in developing and continuously monitoring GO system projects works to ensure that each employee feels ownership in the agency's mission and is empowered to suggest modifications. The GO sheet system is designed to give

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employees a sense of ownership by putting evaluation tools in the hands of those on the front lines of the agency's functions.

Additionally, recognizing project accomplishments in periodic bureau chief meetings encourages progress and innovative suggestions. A recognition program has been implemented to reward individuals or teams for outstanding customer service or for creative suggestions that result in significant process improvement or cost savings. Employees are recognized and presented with an award during senior management meetings or other agency functions.

e) organizational and employee learning
The agency strongly promotes training and development for employees. The agency is proud to have employees that have completed the Certified Public Manager Program and the Executive Institute, two state-sponsored training programs. Additionally, the agency has developed a mandatory training package for supervisors and customized training to address topics such as customer service, HIPAA (Health Insurance Portability and Accountability Act), and effective communication skills. The agency also offers an array of voluntary classes, including courses about time management and the latest computer programs. Several areas within the organization have developed mentor positions to connect new employees with seasoned staff member who respond to questions and provide training.

f) ethical behavior
Executive and senior management staffs strive to model ethical behavior in conducting the day-to-day operations of the agency. Integrity is an inherent value of an effective organization and must be beyond reproach. Ethical behavior is expressed primarily through the value the agency leadership places on teamwork and integrity. Every employee is involved in the agency's success, and as a team employees encourage and hold each other accountable for their actions.

To encourage accountability, the agency has taken steps to strengthen supervisory oversight in areas that could be more open to fraud and abuse. For example, statewide eligibility office management conducts increased supervisory audits. Also, eligibility rules were changed to prevent workers from handling cases involving family members. These types of efforts reflect the agency's increased awareness of potential unethical behavior and the need for proactive measures to reinforce a climate of integrity.

1.2 How do senior leaders establish and promote a focus on customers and other stakeholders?
Customer service is a key organizational value adopted by the agency. Standards are in place for responsiveness to customer inquiries and concerns. In conjunction with senior managers, the agency developed specialized customer service training for staff. DHHS worked with human service personnel from the Budget and Control Board to design and deliver this training, which focused on the skills necessary to support employees in their public service.

To ensure a high level of customer service is achieved, DHHS conducts a sample of customer surveys on a regular basis to gauge how performance is perceived. The agency maintains a log system to track and resolve complaints from beneficiaries, providers, and legislators. Through representation on various committees, provider associations, and focus groups, senior managers are able to obtain feedback about customer needs. Feedback is then used to enhance services as needed. The agency also makes special efforts to recognize and rewards employees for exceptional customer service, such as medical service workers who made significant customer service improvements during SFY 2007.

1.3 How does the organization address the current and potential impact on the public of its products, programs, services, facilities and operations, including associated risks?
Prior to implementation of policy changes, the potential impact of on internal and external stakeholders are identified and evaluated by program staff through the GO system. The agency also presents changes requiring a Medicaid State Plan amendment to the Medical Care Advisory Committee--a collection of health care professionals and advocates--for consideration. Policy changes, which are vetted through senior staff, are communicated to beneficiaries and providers prior to implementation. Public notices and hearings precede most important policy changes, giving staff critical feedback on potential changes. Medicaid Bulletins are issued to providers regarding Medicaid policy changes or to provide policy clarification as needed. A newsletter is periodically sent to beneficiaries to alert them about any changes regarding eligibility and benefits. Additionally, verbal and written reports are provided to legislative committees and the Governor outlining the implications for policy changes.

1.4 How do senior leaders maintain fiscal, legal, and regulatory accountability?
The agency has placed both the General Counsel and the head of its finance division as deputy director- level positions, highlighting the importance of these functions within the agency. Senior leaders require all proposed changes to programming or reimbursements to conform to state and federal guidelines before implementation. Proposals must identify which legal steps must occur before any change is pursued. In addition, the Medical Care Advisory Committee advises the agency on Medicaid issues and the potential impact of changes. All proposals also go through a rigorous fiscal analysis to determining the short and long-term costs associated with the potential change. Of course, the agency is proactive in working with legislators and the Governor's office on all issues involving fiscal, legal, or regulatory considerations.

1.5 What key performance measures are regularly reviewed by your senior leaders?
Executive staff continuously reviews the GO sheets, which identify the major agency projects and their respective status. Budgetary impact of the projects is included in the review. The agency's fiscal affairs staff also regularly reports to senior leaders to keep

them apprised of the financial performance of various areas of the organization. These reports include the following:

• *Operational Performance* - utilization rates/trends, accuracy measures, eligibility accuracy reports, program integrity audits;

• *Customer Performance* - customer response/efficiency reports, claims data, provider reimbursements information, and eligibility efficiency reports;

• *Financial Performance* - fiscal charts, budget-to-actual reports; and

• *Mission and Program* - strategic plan review, program specific outcome measures.

1.6 How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness and the effectiveness of management throughout the organization? How do their personal actions reflect a commitment to the organizational values?

Using the information provided from the measures in 1.5 above, agency leaders are apprised of the projects employees are managing, and what the corresponding challenges might be. If a project is behind schedule or over budget, senior leaders can work improve the productivity of staff or the scope of the project. Managers also undergo evaluations through the Employee Performance Management System (EPMS), which aims to ensure continued improvement. Personal actions of senior leaders are key to establishing and maintaining a culture that adheres to agency values, which is why elements of the SERVE credo mentioned in 1.1 (c) are an important part of leadership training.

1.7 How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?

Executive staff members promote a team approach to organizational structure by encouraging succession planning and cross training in specific divisions. Many departments have been reorganized into "team oriented" groups. The team approach is used extensively during division and department goal planning. This approach helps built a greater breadth of knowledge transfer from more experienced staff to newer staff members. The team structure has fostered mentor relationships that aid in succession and increased morale among team members.

1.8 How do senior leaders create and environment for performance improvement, accomplishment of strategic objectives, and innovation?

Senior leaders are intimately involved in developing key agency goals and objectives, monitoring the progress of tasks, and making adjustments when necessary. The organization is structured so that innovative ideas from team members are encouraged and incorporated into policy whenever possible. Senior leaders work to create an environment of employee empowerment by recognizing and rewarding new ideas that further agency goals.

1.9 How does senior leadership actively support and strengthen the communities in which your organization operates?
Executive staff and the entire DHHS team are encouraged to participate in community organizations such as the United Way, the Red Cross, the Public Health Association, and other important groups. The agency also has a CHAMPS (Community, Health, Activity, Morale, Program and Service) committee, which works with senior leaders to support a variety of public causes, such as healthy lifestyle initiatives.

Perhaps most importantly, DHHS believes it has obligation to encourage healthy communities and works to implement policies that reflect our values. For instance, through DHHS' Prevention Partnership grants, the agency helps local community groups educate residents on the importance of proper diet and disease prevention.
Through the agency's *Healthy Connections* Medicaid reform plan, DHHS leaders hope to strengthen the overall quality of health care low-income recipients receive, thus improving long-term health outcomes.

Category 2 – Strategic Planning

2.1 What is your Strategic Planning process, including KEY participants, KEY process steps, and how does it address:
a. Your organization's strengths, weaknesses, opportunities and threats;
b. Financial, regulatory, societal and other potential risks;
c. Shifts in technology or the regulatory environment;
d. Human resource capabilities and needs;
e. The opportunities and barriers you described in the Executive
Summary, (question 4);
f. Business continuity in emergencies;
g. Your ability to execute the strategic plan.

Our strategic planning process begins with feedback from employees and service partners like providers, legislators, and recipients. Combining such feedback with ideas from staff and agency leadership leads to the cultivation of new ideas. All stakeholders –families who receive Medicaid, providers, advocates and businesses that support the system—are considered key participants and encouraged to join the planning process.

a) organizations strengths, weaknesses, opportunities and threats. The agency constantly evaluates current and future challenges and opportunities and incorporates them into its short and long-term planning procedures. See "Opportunities and Barriers" in Executive Summary section and sections 1.1 and 1.3 for further detail.

b) financial, regulatory, societal and other potential risks. See sections 1.3 and 1.4

c) shifts in technology or the regulatory environment. The agency's increased use of the internet, frequent contact with technology vendors, and the development of systems like the Decision Support System and Electronic Personal Health Records exemplify DHHS' efforts to utilize technology. For more information on regulatory issues, see "Regulatory Environment" in the Executive Summary and section 1.4.

d) human resource capabilities and needs. Generally, these are determined through the agency's Office of Human Resource and are selected through a process that evaluates agency priorities and available resources. Additional staff must be occasionally added as a result of a special project or new initiative. These circumstances are typically accounted for during the GO process.

e) opportunities and barriers. Opportunities and barriers listed in the Executive Summary serve as the basis for the agency's strategic planning. Only after identifying broad areas for potential success and failure can the agency move forward with meaningful initiatives. *Healthy Connections*, for example, will serve as a planning document for many of the agency's specific future projects. Similarly, the agency also

must be aware of potential dangers, such as the inflation of health care costs, before it can prudently adopt new policy.

f) business continuity in emergencies. The agency is very aware of the necessity of its operation at all times, including during disasters. Therefore, the agency has developed a detailed emergency plan that proscribes actions and contingency plans for multiple emergency scenarios, and continuously reviews plans to ensure they are adequate.

g) ability to execute strategic goal. As described in section 1.1, the GO sheet procedure is a mechanism that analyzes the agency's ability to execute strategic goals and objectives, measuring progress along the way. Importantly, new projects undergo readiness reviews to ensure key components are in place to ensure goals are met.

2.2 How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of these plans?
The GO sheet tracking system, as described in 1.1, is the agency's primary method for tracking and supporting strategic objectives. As mentioned in 1.5 and 6.6, evaluations of new and existing projects and programs include a detailed analysis of budget requirements. These estimates take into account current and future obligations and are often created in conjunction with DHHS' actuaries. DHHS also works with the Governor's Office to determine budget priorities for upcoming fiscal years.

2.3 How do you communicate and deploy your strategic objectives, action plans and related performance measures?
The GO sheet project priority/tracking system as previously described is the key tool for communicating and deploying the agency's strategic objectives.

2.4 How do you measure progress on your action plans?
Progress is measured in several ways, but it is generally tracked through GO sheet tracking in terms of hitting benchmarks related to overall goals and financial considerations.

2.5 How do your strategic objectives address the strategic challenges you identified in your Organizational Profile?
As described in 2.1 (e), the agency always filters goals and objectives through the realities of current and future challenges. Some goals are put in place precisely to address future challenges, not just in spite of them. For example, the *Healthy Connections* plan was crafted as a way to address the disconnect between Medicaid expenditures and health outcomes of beneficiaries.

2.6 How do you evaluate and improve your strategic planning process?
The strategic planning process is adjusted as needed, primarily based on the relative success of projects processed through the GO system. If a project does not achieve the desired goals, senior managers evaluate the planning process to determine if changes should be made to ensure better results from future endeavors.

2.7 If the agency's strategic plan is available to the public through the agency's internet homepage, please provide an address for that plan on the website.
N/A

Category 3 – Customer Focus

3.1 How do you determine who your customers are and what their key requirements are?
In developing DHHS customer service standards, we define "customer" as any individual or organization who interacts with DHHS. Thus, DHHS employees, Medicaid applicants and beneficiaries and their family members, Medicaid providers and DHHS partners (e.g. hospitals, other state agencies) are considered "customers." Determining the requirements of customers is achieved through agency correspondence and surveys, focus group studies, review of letters/feedback to the agency, and constant communication with these customers.

For applicants and recipients, primary interaction is through eligibility offices, Medicaid recipient bulletins, the agency's toll-free number, the beneficiary newsletter, and website. Toll free number operators answer thousands of calls each month, and use each customer service call as an opportunity to gain insight of the needs Medicaid recipients have. In addition, workers in the agency's local county offices are in constant communication with managers in the central office, sharing the needs and concerns of recipients they come in contact with every day.

Provider representatives can meet regularly with DHHS leadership and give feedback through the Medical Care Advisory Committee (MCAC) and through interactions on task forces and in professional working groups like provider association meetings. In addition, a new physicians advisory group was created to guide the agency in healthcare-related business decisions.

3.2 How do you keep your listening and learning methods current with changing customer/business needs and expectations?
During SFY 2007, DHHS began to implement suggestions made by its Customer Service Initiative (CSI) Board, a team of DHHS management and direct service staff. This included enhanced customer service standards and measures to be used as a benchmark system for Medicaid eligibility offices to measure progress. DHHS has seen marked improvements in various customer service areas, such as Medical Services, as a result of these changes. As a major component of the Customer Service Initiative, all eligibility staff also receives training on *Customer Service – The HHS Way*. Participants are introduced to and challenged to adopt the five key practices necessary to achieve positive work outcomes at SCDHHS: *Be a Team Player, Practice Effective Communication, Show Respect/Be Courteous, Demonstrate Professionalism, and Protect Customer Privacy/Confidentiality*.

The internet also has been an area of change in regard to listening and learning from our customers. For instance, Medicaid beneficiaries can now sign up to a health plan of their

choice and search for a doctor over a secure internet portal. In addition to the website and e-mail interaction, the agency is doing more business and receiving more feedback through online billing and issue resolution tools. DHHS is learning more about recipients and providers through client management tools like its decision support system.

As mentioned, DHHS also monitors the incoming "traffic" into its phone bank. Tracking the customer feedback has become more sophisticated in recent years and the agency can glean useful information based on what customers are communicating. In addition, the customer support services available to specific provider groups (managed care organizations, dialysis centers, etc.) use feedback they receive from phone and business transactions as a major means of learning what our customers need.

3.3 How do you use information from customers/stakeholders to keep services or programs relevant and provide for continuous improvement?
The benchmark system mentioned in 3.2 list goals with related operational measures and the results for each region. Performance data is collected from secret shopper visits/calls and MEQA client interviews and shared with DHHS management staff and the local offices on a quarterly basis. For complaint investigations, once the review is completed, a report will be provided to DHHS management staff.

DHHS also tries to take a proactive approach in meeting customer demand for new services/programs. For example, the agency applied for, and was subsequently awarded, the federal Money Follows the Person long-term care grant to help meet the desire of some in nursing facilities to return to their homes. DHHS also has representation and/or communicates regularly with dozens of provider and advocacy-related organizations. Information gathered through such groups is used to continuously evaluate and improve program operation.

3.4 How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?
DHHS uses surveys, focus groups, consumer forums and service utilization analysis, and public feedback to evaluate the satisfaction of customers and stakeholders. By tracking calls to the agency's call center, for example, managers can get a timely read on how customers are reacting to various policies.
• *Secret Shopper visits/calls to all 46 counties and the Division of Central Eligibility Processing (CEP).*
Secret shoppers visit all counties to observe and determine fidelity to agency customer service standards. Calls are made to a random sample of out-stationed workers and to the CEP to measure CS standards.
• *Customer Service Surveys with Clients Selected for MEQA Review.* USC MEQA staff ask 4-5 customer service questions to clients selected for the MEQA review. Responses will indicate how satisfied they are with the customer service provided by Medicaid.

• *Complaint Follow-up.* When complaints have been made on specific employees, USC assists DHHS in investigating the complaint and provide feedback to DHHS. The following will be done to collect information:
• A secret shopper makes calls to and/or visit the employee for observation.
• USC staff attempt to determine whether the call is a complaint regarding poor customer service or dissatisfaction because eligibility has been denied or terminated
• A summary of findings is provided to DHHS and recommendations will be made on how to handle the issue.

3.5 How do you build positive relationships with customers and stakeholders?
The agency's effort to build positive relationships is embodied in the SERVE value guidelines, as indicated in the Executive Summary. As described in 3.1, the agency broadly defines customers as groups and entities that have direct contact with the Medicaid program—recipients, providers, etc. Stakeholders would include taxpayers, advocates, and policy makers. The agency believes maintaining a positive relationship with all groups is critical to its long-term success. The director and executive staff are committed to an open-door policy and meet regularly with both customers and stakeholders to discuss concerns and participate in various community meetings.

The agency also continues to send a beneficiary newsletter to recipients, convene community outreach meetings, and meet with interested stakeholders to discuss problems and concerns. Regular reporting to providers and beneficiaries through bulletins and notices also helps build positive relationships. With all these audiences, the agency's website is increasingly becoming a vital communications tool. The public can view eligibility guidelines, find all forms necessary to apply for Medicaid, and even enroll in a specific health plan. Providers can sign-up to participate in Medicaid, view fee schedules, and read bulletins and manuals online.

On key policy and budget issues, DHHS staff is accessible to both lawmakers and their staffs. To keep the general public informed, the agency maintains contact with media outlets throughout the state and uses outreach efforts through its press office to keep them informed of major Medicaid news.

Category 4 – Measurement, Analysis, and Knowledge Management

4.1 How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?
DHHS leadership measures the operations, processes, and systems that determine whether the agency is meeting goals and operating in an efficient and effective manner. Major initiatives are tracked as Outcome Measures as defined in the GO sheet system. Again, the GO sheet system ensures that functions relevant to strategic plans are monitored. In addition, state/federal laws require that certain aspects of programs be evaluated and program data be reported, including outcomes and profiles of processes or populations. Other measurements may be assessed in response to special inquiries from the public, media, the Governor, General Assembly, federal oversight agencies, or other interested parties. DHHS leadership regularly reviews the financial and operational data of program lines and assesses year-to-date status to identify potential issues and make adjustments as needed.

4.2 How do you use data/information analysis to provide effective support for decision-making throughout your organization?
Key managers continuously use data to drive policy decisions of the agency. Through use of cost reports and reimbursement data, managers can make cost-effective decisions on a range of topics. For example, the agencies decision to enlist transportation managers for its non-emergency transportation system was based in part on data showing steep escalations in expenditures under the previous system. These increases were found to reflect inappropriate use of the system and improper billing methods by providers.

4.3 What are your key measures, how do you review them, and how do you keep them current with business organizational needs and direction?
In addition to the measurements identified above, the agency's broader measures have been identified as those that will help it progress toward its overall goals.
For the first goal of providing a benefit plan that improves member health, is evidence based, and market driven, the key measures include:
• a baseline index of general health for Medicaid members relative to the general population;
• the number of consumer-driven, incentive-based medical homes; and
• Medicaid expenditure growth rate compared with the cost of healthcare costs nationally.
For the goal of providing a credible and continually improving eligibility process that is accurate and efficient, the key measures include:
• customer satisfaction survey baseline;
• average processing time – compliance with federal processing guidelines;
• percent of applications accurately processed within federal requirements; and
• average baseline cost per application.

For the goal of providing administrative support at the best possible value to ensure programs operate effectively, the key measures include:
• holding the percentage of administrative cost to program cost at less than 3 percent;
• establishing an internal customer satisfaction survey baseline;
• providing at least 10 examples of substantial savings and/or process improvements as a result of leveraging technology; and
• enhancing savings by 10 percent by expanding the number of fraud and abuse reviews, and audit compliance reviews.

4.4 How do you select and use key comparative data and information to support operational and strategic decision making and innovation?

Quality data is the foundation of all decision-making at DHHS. The agency's Information Technology division provides access to a myriad of reports and statistics needed to facilitate decision-making processes. The new decision support system will give managers access to this data from their desktops, allowing them to quickly splice large amounts of data almost instantly. The tool will significantly aid managers in goal setting, decision making and forecasting of trends. Beyond standard agency reports, the availability of more specific demographic, fiscal, and programmatic reports is helping planners make more data-driven decisions. The decision support system will allow managers to "drill down" into provider/recipient behavior; ensuring data likely will be even a more integral part of agency decisions in the future.

The selection and use of comparative data is determined by the nature of a given situation. DHHS frequently uses regional and national data to compare South Carolina with other states, such as data provided by the state's Office and Research and Statistics. DHHS also uses fiscal comparative data to identify utilization and expenditure trends for policy planning. The key is for the agency to always have a wide array of reliable data so managers can choose from a virtual palette of information to meet its information needs.

4.5 How do you ensure data integrity, timeliness, accuracy, security and availability for decision making?

Due to the broad scope of services managed by DHHS and the number of people affiliated with the program, DHHS stands as a source of nearly limitless data measurement possibilities. The agency's Information Technology and Fiscal Affairs departments both play a vital role in ensuring data integrity, timeliness, accuracy, security, and availability to support a range of consumers.

The Bureau of Compliance and Performance Review works to ensure the integrity and accuracy of the processes and services behind the data. Strategies to protect data quality and ensure accessibility include reviews of comparative data and investigations of variances, access to providers to the data system via the internet, and both internal and external audits. It should also be noted that no data is typically made public until it has been checked through multiple channels, ensuring accuracy and consistency. Regarding security, the agency is committed to keeping Medicaid information confidential, as

required by law under HIPAA (Health Insurance Portability and Accountability Act). DHHS has met all major HIPAA compliance deadlines and has conducted extensive outreach during the past year to help providers and other agencies meet HIPAA guidelines. Annual and ongoing HIPAA training for staff and new employees help ingrain a strong adherence to privacy laws as it applies to data.

4.6 How do you translate organizational performance review findings into priorities for continuous improvement?
Performance review findings help pinpoint which agency functions need improvement. If reviews find deficiencies in key areas, those problems are given priority and changes, including resource allocation and/or staffing modifications, are implemented. Those changes will later be measured to see if the desired effect of improved performance was achieved. In addition, the Division of Audits conducts both internal and external audits for performance, compliance, and fiscal accountability, and makes recommendations for improvement to agency executive staff.

4.7 How do you collect, transfer, and maintain organizational and employee knowledge (your knowledge assets)? How do you identify and share best practices?
The collection and transfer of accumulated employee knowledge is managed in several ways. First, at the program level workers are provided on-the-job training and share knowledge and ideas tied to agency tasks. The adoption of a team approach has helped make knowledge transfer a standard part of daily staff interactions. Secondly, program level knowledge is shared at the bureau chief and deputy director levels, where agency-wide projects and strategic planning may require cross-departmental cooperation. At this executive staff level, the transfer of ideas is vital to ensuring efficient operations, eliminating duplicative efforts, and setting the standard for future performance.

The agency's quarterly employee recognition program, and various department-level employee recognition efforts, is designed to identify best practices and share lessons that are learned among the DHHS team. Also, the agency began an award program in 2005 that recognizes employees who develop innovative agency practices. The agency also utilizes newsletters and variety of training and policy manuals for all its employees. Due to the geographic dispersion of our staff, DHHS also utilizes e-learning tools, such as web-based programs and interactive DVDs presentations as part of its training. These tools can offer timely, cost-effective alternatives to face-to-face training methods. DHHS also utilizes state and federal training opportunities and conferences to share and gain knowledge about capturing best practices. By closely monitoring information from other agencies and other state Medicaid systems, DHHS strives to borrow innovative ideas from a variety of sources, in addition to its "home grown" advancements.

Category 5 – Workforce Focus

5.1 How do you organize and manage work: to enable employees to develop and utilize their full potential, aligned with the organization's objectives, strategies, and action plans; and to promote cooperation, initiative, empowerment, innovation and your desired organizational culture?

The Office of Human Resources has partnered with executive staff members to reorganize bureaus, divisions, and departments into team-oriented groups. These reorganizations have built a greater breadth of knowledge transfer from more experienced staff to the less tenured staff members. The team structure has increased employee morale through the use of mentor relationships and encourages individuals to think beyond narrow areas of responsibilities. The approach also helps identify potential future leaders and allows those with complementary skill sets to be more productive. The Office of Human Resources coordinates a comprehensive agency-wide training effort, which senior leaders believe is crucial to maintaining a quality workforce. Personal development of employees is promoted by offering agency wide training curriculum related to computer software, time management, and customer services.

In SFY 2007:

- Approximately 861 employees participated in an average of 5 days of in-house program-related training

- More than 835 employees participated in approximately 50 professional development classes

- Over 250 new employees participated in New Employee Orientation.

- More than 100 supervisors completed the Associate Public Manager (APM) Certification through the Budget and Control Board. Over a three-year period, over 367 supervisors have completed the APM certification.

- Three (3) managers completed the Certified Public Manager (CPM) program for a total of eleven CPM credentialed managers for the agency.

- 76 Eligibility supervisors attended a series of four-day supervisory seminars.

- A two day strategic planning and leadership training session called *Going from Good to Great*.   More than 80 deputy directors, bureau chiefs, division directors and other key managers attended. This was the third annual formal leadership conference for our managers.

5.2 How do you evaluate and improve your organization's human resource related processes?
The Office of Human Resources monitors its various processes through formal and informal questionnaires, analysis of employee satisfaction, turnover rates and exit interviews. Like other functions of the agency, the Office Human Resources also establishes goals and success measurements through the GO system

5.3 How do you identify and address key developmental and training needs, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation and safety training? How do you evaluate the effectiveness of this education and training and how do you encourage on the job use of the new knowledge and skills?
As mentioned in 1.1 (e), the agency uses development and training programs as a key to ensuring a knowledgeable workforce. Identifying training needs is an ongoing process at DHHS. Managers provide information to Human Resources regarding employee progress and potential deficiencies or opportunities for growth. This occurs formally as part of Employee Performance Management System (EPMS) and Human Resources works with the managers to target specific training avenues employees can pursue. Managers also recommend high-achieving employees for programs such as the Certified Public Managers' Program and the Executive Institute.

DHHS supervisors and managers completed the third year of a training course designed to build leadership skills. For example, more than 200 supervisors also participated in a comprehensive course concerning diversity and anti-harassment practices. These efforts are continually evaluated for effectiveness by both Human Resource staff and participants. Aside from formal questionnaires, informal feedback is gathered from participants to see whether training needs modifications.

5.4 How does employee training contribute to the achievement of your action plans?
As outlined in 5.1, DHHS has invested in a wide range of employee training designed to prepare employees to make positive contributions toward agency goals. Specifically, managerial training is focused on imparting the knowledge and skills required to effectively address action plans. Starting at the Bureau Chief level, managers are trained, and responsible for implementing the agency's GO system in their own program areas and communicating action plans to staff.

5.5 How does your employee performance management system, including feedback to and from employees, support high performance and contribute to the achievement of your action plans?
Our Employee Performance Management System (EPMS) engages both the employee and supervisor to actively define, refine, and rate job performance. The process is designed to keep channels of communication open and, by documenting optional objectives, allow for flexibility to adjust the report to accurately reflect actual work

produced by employees. Managers are encouraged to re-write position descriptions when major changes are made to an employees job duties.

The EPMS is developed keeping daily job duties in focus, thereby giving the employee and supervisor goals which can be easily measured. As stressed at the agency-wide managerial training, DHHS is strongly encouraging all managers to ensure that the EPMS process is managed in a timely fashion.

5.6 How do your motivate your employees to develop and utilize their full potential?
Employees are motivated through a variety of methods designed to encourage teamwork, productivity and learning. As discussed, DHHS uses team building methods and a mentoring system to ensure employees are motivated both within their peer group and from supervisors. They also become involved in planning and goal setting through the GO process. Employees are also given incentives for outstanding performance. For example, DHHS presented special customer service awards to employees who displayed exemplary effort in dealing with the public. While the awards were of little monetary value, the recognition bestowed upon the employees was a good motivational tool. Again, employees also are encouraged to seek a host of professional development opportunities offered through DHHS. Training curriculum included courses on computer software, time management, and customer services. During SFY 2007 alone, more than 900 employees participated in classes.

5.7 What formal and/or informal assessment methods and measures do you use to determine employee well being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances?   How do you determine priorities for improvement?
DHHS encourages open lines of communication among employees, supervisors and Executive Staff. Aside from formal processes such as EPMS, the Office of Human Resources tracks turnover rates in positions to identify potential trends. Through the agency's "open door" managerial policy, employees are encouraged to bring grievances and suggest opportunities for change, which contributes to overall satisfaction. Suggestions can also be made anonymously, and these are also tracked to help identify trends. All agency units are encouraged to celebrate events together as means to build employee satisfaction. Much of this is organized agency-wide by the employee activity committee, called CHAMPS, which plans events like ice cream socials and holiday parties for all employees. Attendance at these events is measured to determine employee interest. DHHS also started an employee blog in SFY 2007, which allows for the posting of employee news and recognition of accomplishment.

5.8 How do you maintain a safe, secure, and healthy work environment?
The security division employs systems to ensure a safe work environment. DHHS security has made improvements such as magnetized card access, security cameras, and guard service at the main entrance to increase safety. Upon entering the agency, all guests must sign in and receive a guest badge. Guests are not free to move about the building

unattended by DHHS staff. This policy ensures the protection of our staff and the sensitive data housed within our agency. All employees entering the building must wear assigned employee badges at all times. In SFY 2007, the agency added measures to ensure those employees who lose their badges are required to get immediate replacements, once their status is verified.

The agency has paid particular attention to its role in the statewide network of responders and emergency personnel staff, and uses regular e-mail updates during times of natural disasters. As mentioned in 2.1 (f), The agency maintains a detailed emergency plan it can use in case of disasters and participates in periodic drills to ensure disaster readiness. Several DHHS employees also serve as advisors to the Governor's Hurricane Task Force. In terms of health, DHHS strongly believes its employees should set an example for fostering good health and wellness initiatives. DHHS' CHAMPS team brings various classes and screenings to the agency to encourage employees to monitor and promote healthy living. Activities like aerobics and yoga are available on-site during lunch hours.

Category 6 – Process Management

6.1 How do you determine, and what are your key processes that produce, create or add value for your customers and your organization? How do you ensure that these processes are used?

Since DHHS pays providers to deliver services to eligible beneficiaries, the agency's "processes" include mechanisms that support medical providers by managing the rates they are paid, and qualifying and supporting the people they serve. As detailed in the agency's *Healthy Connections* plan, future processes will include a more robust system of care quality measures and incentives.

Key design and delivery processes include:
- MEDS (Medicaid Eligibility Determination System) – a program to ascertain eligibility of applicants;
- MMIS (Medicaid Management Information System) – the database of beneficiary demographics and usage information;
- Provider contracts and enrollment agreements – the arrangements that bring providers into the system;
- GAFRS – the system that manages payments to providers;
- The use of external actuaries to set managed-care reimbursement rates;
- Private Managed Care Organizations and Medical Home Networks – other options of care delivery for beneficiaries designed to organize all aspects of their care under one provider's management (a "medical home"); and
- The toll free beneficiary call line and provider service lines. These services, in addition to an internal letter response system, ensure timely and accurate answers to the public, legislators, media, our provider partners, and the people who rely on Medicaid for their health care needs.

6.2 How do you incorporate organizational knowledge, new technology, changing customer and mission-related requirements, cost controls, and other efficiency and effectiveness factors such as cycle time into process design and delivery?

By filtering the agency's projects through the GO sheet tracking system, which requires project managers to examine the benefits and outcomes of pursuing initiatives, the agency is supporting the consideration of factors like technology, customer requirements, cost controls, etc. into the planning and design of agency pursuits. By looking at factors like "potential savings," "impact on beneficiaries," and "positives/negatives/and other relevant information," employees must draw upon updated organizational knowledge and consider cost controls, new technology or changing customer requirements in process deign and delivery.

In regard to existing and on-going agency work, incorporating such knowledge in process design and delivery is ensured through constant assessment of workflow processes and outcomes. Such assessment is encouraged at the bureau chief level, where these leaders frequently examine their program areas' outcomes and procedures. All employees are

encouraged to utilize organizational knowledge, new technology and cost control elements in their work. Changing customer and mission-related requirements are incorporated whenever such changes are identified.

6.3 How does your day-to-day operation of these processes ensure meeting key performance requirements?
The design/delivery processes are all monitored at various levels. Many key supervisory employees are assigned to areas that allow them to both set major initiatives *and* remain close to the day-to-day processes. Therefore, frequent meeting between staff, supervisors, the executive team ensure processes can be geared toward performance and adjustments can be made if needed. On an executive level, the staff meets regularly to review processes and related outcomes.

6.4 How do you systematically evaluate and improve your key product and service related processes?
Evaluation of key products is an ongoing function at DHHS. In addition to frequent meeting between supervisory staff and employees, DHHS closely monitors financial and eligibility data on a least a monthly basis to evaluate the impact of various policies. Our staffs located in county offices also interact with our Medicaid clients on a daily basis and report customer feedback.

6.5 What are your key support processes, and how do you improve and update these processes to achieve better performance?
Due to the complexity and scope of services provided by DHHS, there are a multitude of support processes. There are health service units that support providers, and customer service employees to support beneficiaries. There are processes designed to provide research support for new program development, existing program management, and state and federal legislative developments. Agency wide, there are fiscal support services that plan and budget, reimbursement systems that ensure accurate payments, contracting and procurement divisions to support DHHS partnerships and purchasing. Other support processes include technology development and maintenance, legal counsel, internal audits and external fraud investigation, and public information activity. The employees working in these areas use customer feedback as well as internal data to provide more effective or efficient service. Bureau chiefs and executive staff have the ability to realign processes to better serve agency goals and objectives. As mentioned, the improved use of technology and enhanced access to data are important tools in achieving efficient and effective processes.

6.6 How does your organization determine the resources needed to meet current and projected budget and financial obligations?
As mentioned in 1.5, evaluations of new projects and programs include a detailed analysis of budget requirements. These estimates take into account current and future

obligations and are often created in conjunction with DHHS' actuaries. DHHS also works with the Governor's Office to determine budget priorities for upcoming fiscal years.

Category 7 – Results

7.1 What are your performance levels and trends for the key measures of mission accomplishment and organizational effectiveness?

As mentioned in 4.3, the agency's three goals have several success indicators that will define the progress the agency makes toward the goals. For many of these, the measurement tools are being refined to capture the information for the success indicators criteria.

Goal: Provide a benefit plan that improves member health, is evidence based, and is market driven.

Success Indicators: Establish a baseline index of general health for Medicaid members relative to the general population; increase the number of consumer-driven, incentive-based medical homes; maintain average Medicaid expenditures below the growth rate of healthcare costs nationally.

Trend: DHHS is making the concepts of managed care, disease management, and medical homes a reality for South Carolina's Medicaid program. The *SC Healthy Connections Choices* program launched in SFY 2007 encourages beneficiaries to enroll in one of several health plans that provide an array of services and incentives that focus on preventive care.

Goal: Provide a credible and continually improving eligibility process that is accurate and efficient.

Success Indicators: Establish a customer satisfaction survey baseline; average processing time compliance with federal processing guidelines; percent accurately processed within federal requirements; establish average cost per application baseline.

Trend: The agency has instituted internal controls, managerial oversight, and investigative expansion to reduce and discourage inaccuracies, fraud and abuse within the eligibility determination system and ensure the integrity of the rolls. Also, by focusing on the structure and processes of the eligibility function, with particular attention to the worker and the applicant, the agency is streamlining the process of determining who is properly eligible for Medicaid coverage. The agency also added a new asset test in SFY 2006 that has closed eligibility loopholes for wealthy residents.

Goal: Provide administrative support at the best possible value to ensure programs operate effectively.

Success Indicators: realign the workforce to maximize savings while maintaining the percentage of administrative cost to program cost at less than 3%; establish an internal customer satisfaction survey baseline; provide at least ten examples of substantial savings and/or process improvements as a result of leveraging technology; enhance savings by 10% by expanding the number of fraud and abuse reviews, audit and compliance reviews.

Trend: By encouraging accountability in delivering the Medicaid program, DHHS is strengthening a culture of efficiency among the employees and other partners who form the Medicaid infrastructure.

Marked increases in fraud and abuse investigations and punitive actions/collections (more than $7.5 million in SFY 2007) against those misusing the system has sent the signal that the agency, legislators, the Governor and the public are committed to an efficient and effective Medicaid program in South

Carolina.

7.2 What are your performance levels and trends for the key measures of customer satisfaction?
Refer to Section 3, "Customer Focus."
In terms of trends, tracking customer satisfaction and implementing related processes to support satisfaction is becoming easier and more effective with advancing technology. The agency predicts the trend to improve its' future products.

7.3 What are your performance levels for the key measures of financial performance, including measures of cost containment, as appropriate?
During the past fiscal year, DHHS focused on cost containment and programmatic controls to keep Medicaid program growth in check, with no loss in services available to recipients. In SFY 2007, DHHS expenditure growth was less than 1 percent, a better-than-average year and lower than the national average, which was nearly 2.8 percent. Closely tied to costs, the agency also focused on enforcing existing eligibility criteria and improving health outcomes. This was accomplished partly through increased reviews to ensure that Medicaid services are available only to South Carolinians meeting established criteria. The number of monthly South Carolinians eligible for Medicaid was relatively flat this year, as it was in SFY 2006.

It should be noted that despite these successes, the agency still faces significant challenges in the years to come in terms of containing costs and growth. These challenges are not solely based on economic or demographic factors in the state but increasingly from increased utilization of services, rising pharmaceutical costs and health related inflationary factors. DHHS will continue to apply market-based, innovative solutions to these challenges moving forward.

Graphs Begin on Next Page

Other State Agencies Medicaid Assistance
SFY 2007

Department of Disabilities & Special Needs 57%

Department of Alcohol & Other Drug Abuse Services 2%

Department of Juvenile Justice 3%

All Other Agencies 3%

Medical University of South Carolina 6%

Department of Education 7%

Department of Health & Environmental Control 2%

Department of Mental Health 18%

Department of Social Services 2%
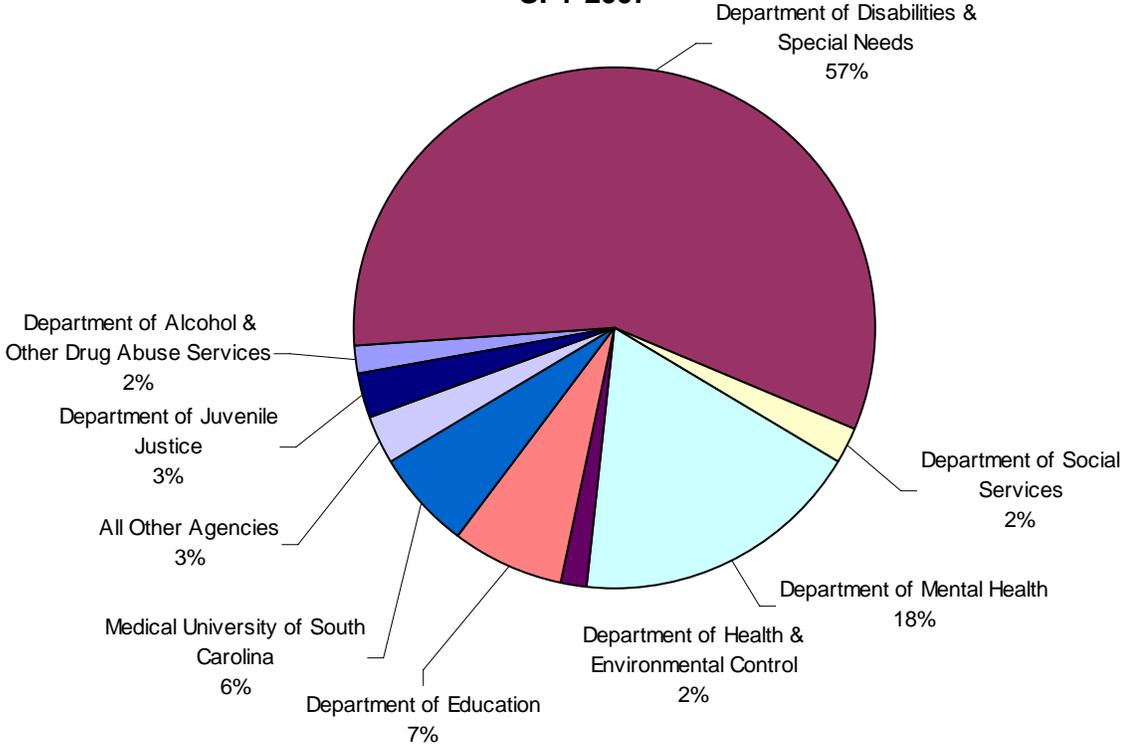
Graph 7.3-1

Other State Agencies Medicaid Assistance								
	2004	**2005**			**2006**		**2007**	
Department of Mental Health	$ 171,365,310	$ 155,403,328	-9.3%	$	150,481,601	-3.2%	$ 141,627,995	-5.9%
Department of Disabilities & Special Needs	$ 412,987,890	$ 430,634,503	4.3%	$	433,129,611	0.6%	$ 450,866,073	4.1%
Department of Health & Environmental Control	$ 37,298,961	$ 37,575,748	0.7%	$	17,805,850	-52.6%	$ 12,229,849	-31.3%
Medical University of South Carolina	$ 41,939,631	$ 48,496,689	15.6%	$	44,836,789	-7.5%	$ 49,770,718	11.0%
University of South Carolina	$ 5,690,602	$ 7,982,304	40.3%	$	6,401,332	-19.8%	$ 7,317,617	14.3%
Department of Alcohol & Other Drug Abuse Services	$ 13,879,179	$ 13,087,351	-5.7%	$	14,408,349	10.1%	$ 13,494,635	-6.3%
Continuum of Care	$ 8,898,251	$ 8,606,575	-3.3%	$	9,316,237	8.2%	$ 8,436,469	-9.4%
School for the Deaf & Blind	$ 3,437,980	$ 3,559,479	3.5%	$	3,941,212	10.7%	$ 3,710,691	-5.8%
Department of Social Services	$ 50,324,531	$ 49,360,351	-1.9%	$	50,070,688	1.4%	$ 17,697,729	-64.7%
Department of Juvenile Justice	$ 20,449,250	$ 27,540,540	34.7%	$	20,353,749	-26.1%	$ 22,199,946	9.1%
Department of Education	$ 68,705,945	$ 73,504,294	7.0%	$	54,435,108	-25.9%	$ 54,617,741	0.3%
Commission for the Blind	$ 8,876	$ 6,666	-24.9%	$	6,875	3.1%	$ 4,046	-41.2%
Department of Corrections	$ -	$ 11,058	100.0%	$	1,397,614	12538.9%	$ 2,055,607	47.1%
John De La Howe	$ -	$ -	0.0%	$	72,565	100.0%	$ 160,014	120.5%
Wil Lou Gray Opportunity School	$ -	$ 9,322	100.0%	$	26,258	181.7%	$ 52,773	101.0%
State Housing Authority	$ -	$ -	0.0%	$	66,307	100.0%	$ 912,650	1276.4%
Total Other Agency Medicaid Assistance	$ 834,986,406	$ 855,778,208	2.5%	$	806,750,145	-5.7%	$ 785,154,553	-2.7%

Source: DAFR9428 1 dated 08/25/07 as of 06/31/07

Chart 7.3-2
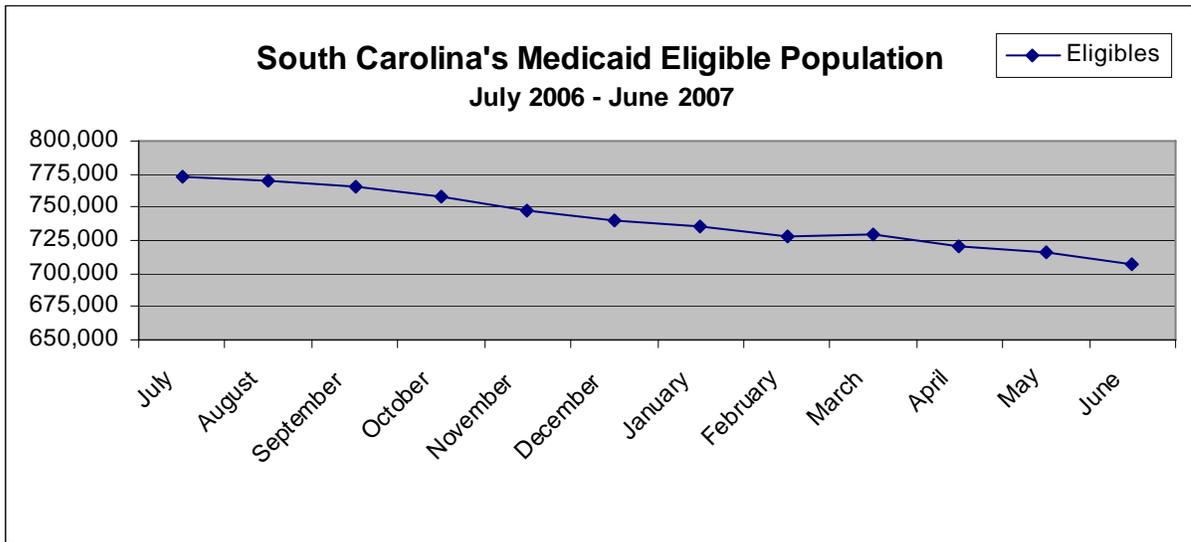
Graph 7.3-3
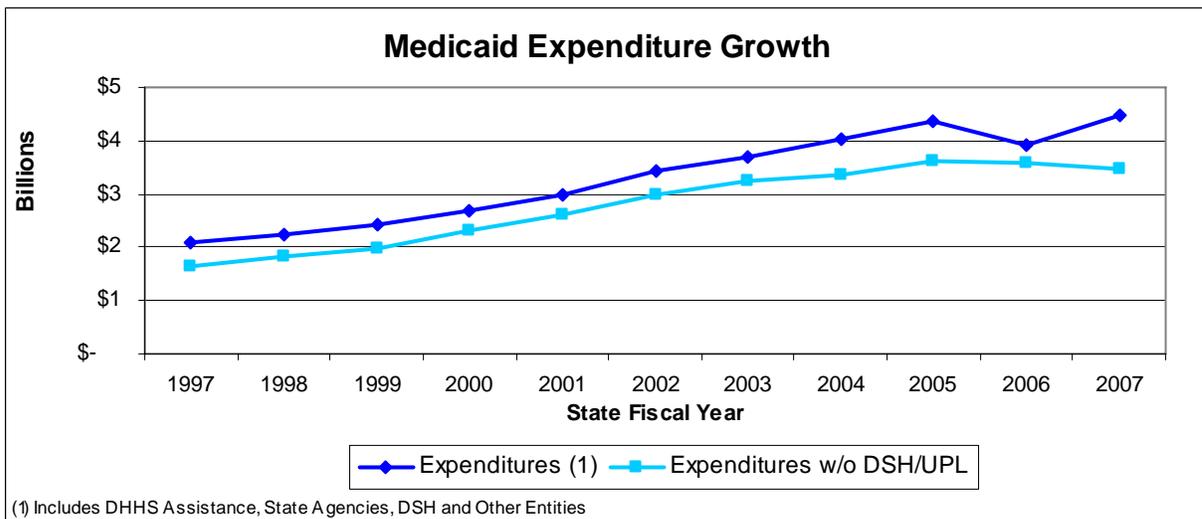
Graph 7.3-4

DHHS Medicaid Expenditures by Service
### For Period Ending June 30, 2007
(Does not include other state agencies)

- □ Other 35.2%
- □ Hospital 24.0%
- □ Nursing Home 16.3%
- □ Pharmaceutical 12.9%
- ■ Physician 11.6%
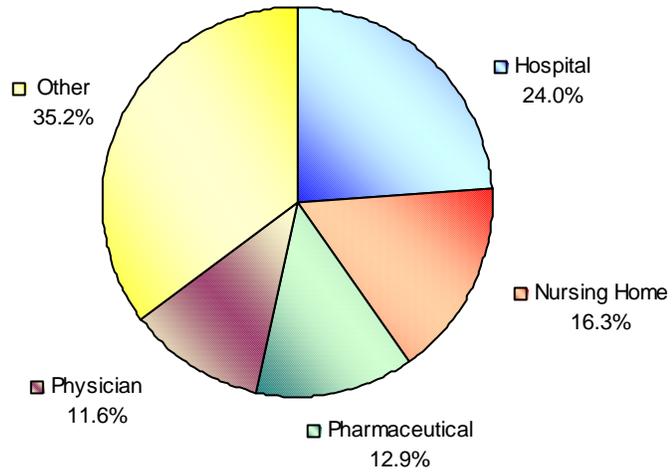
Note: Hospital expenditures do not include disproportionate share payments.

Graph 7.3-5

Eligibles to Gross Paid Claims by Age

Eligibles
**State Fiscal Year 2007**

- ☐ 65+ 8%
- ☐ 19-64 37%
- ☐ 0-18 55%

Gross Paid Claims
State Fiscal Year 2007

- ☐ 65+ 21%
- ☐ 0-18 33%
- ☐ 19-64 46%
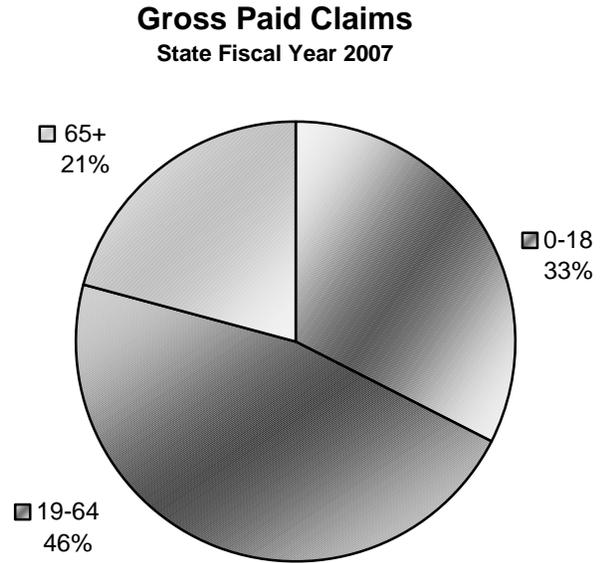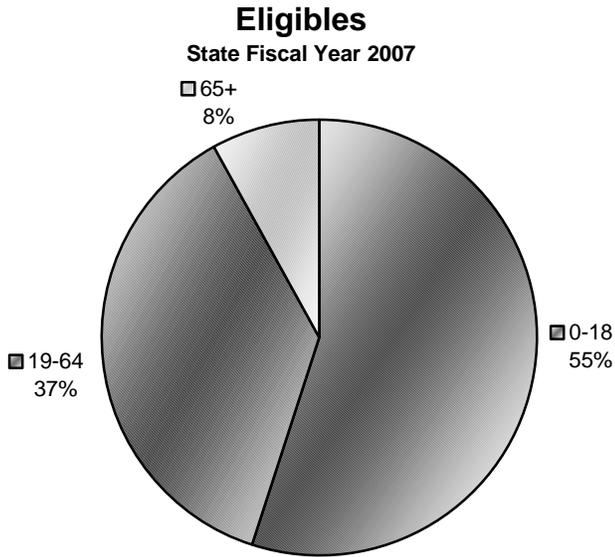
Graph 7.3-6

Graph 7.3-7

Recipients to Gross Paid Claims by Major Category

Recipients
State Fiscal Year 2007

- ☐ Pregnant Women and Infants 14%
- ☐ Disabled 15%
- ☐ Elderly 9%
- ☐ Low Income Families 31%
- ☐ Children 31%

Gross Paid Claims
State Fiscal Year 2007

- ☐ Pregnant Women and Infants 12%
- ☐ Disabled 42%
- ☐ Children 11%
- ☐ Low Income Families 15%
- ☐ Elderly 20%

38
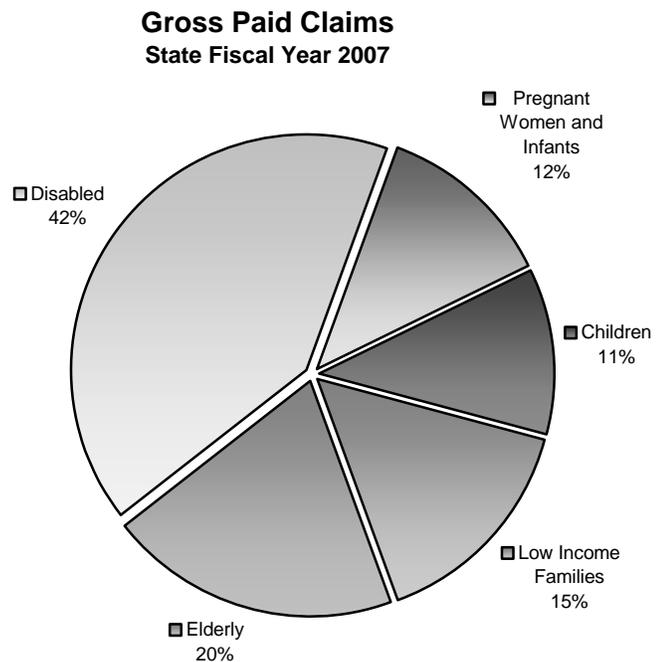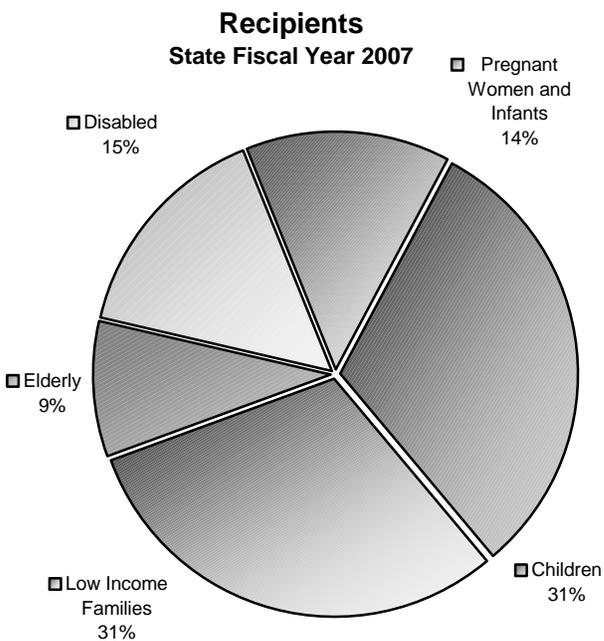
Medicaid Unduplicated Eligibles
By State Fiscal Year 2007

	Children	Pregnant Women and Infants	Low Income Families	Disabled	Aged (1)
SFY 2005	296,918	66,274	350,601	134,026	136,162
SFY 2006	300,593	68,341	351,980	135,558	76,236
SFY 2007	291,137	77,462	324,333	135,316	74,060
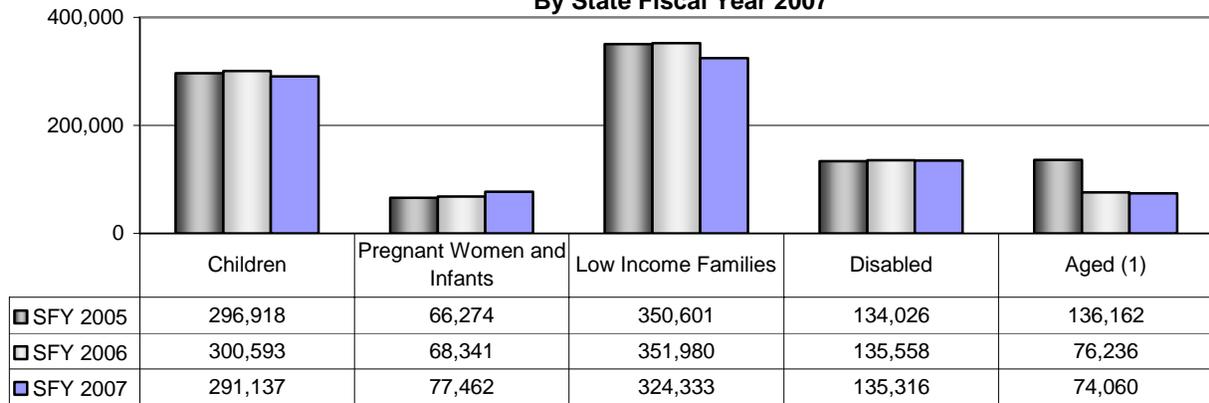
(1) The reduction in Unduplicated Eligibles for SFY 06 is due to the elimination of the SilveRxCard Program January 1, 2006.
These eligibles are now receiving benefits through the state funded GAPS Program and are not reflected in the totals above.

Graph 7.3-8

Non-Recurring vs Recurring Matching Funds

Recurring Non Recurring

SFY
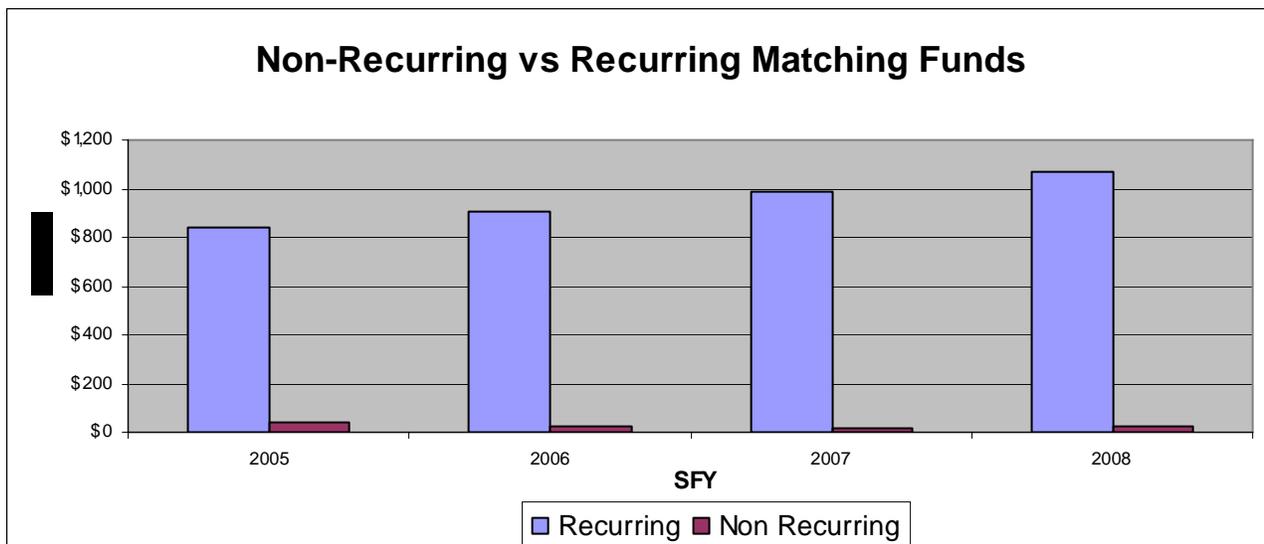
Graph 7.3-9

Graph 7.3-10

Graph 7.3-11

Administrative Expenditures SFY 2007

Admin
2.34%

Medicaid
97.66%
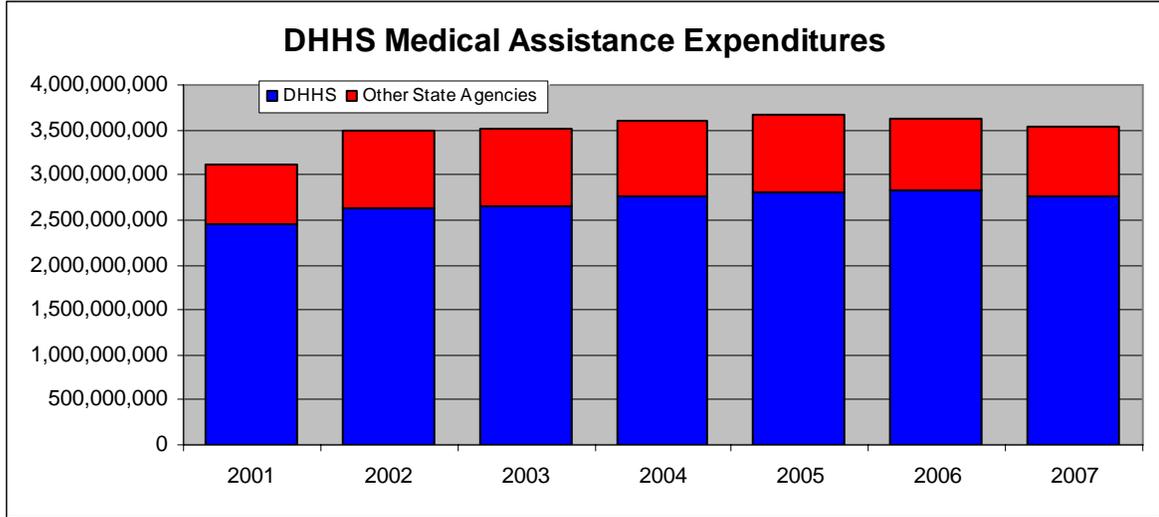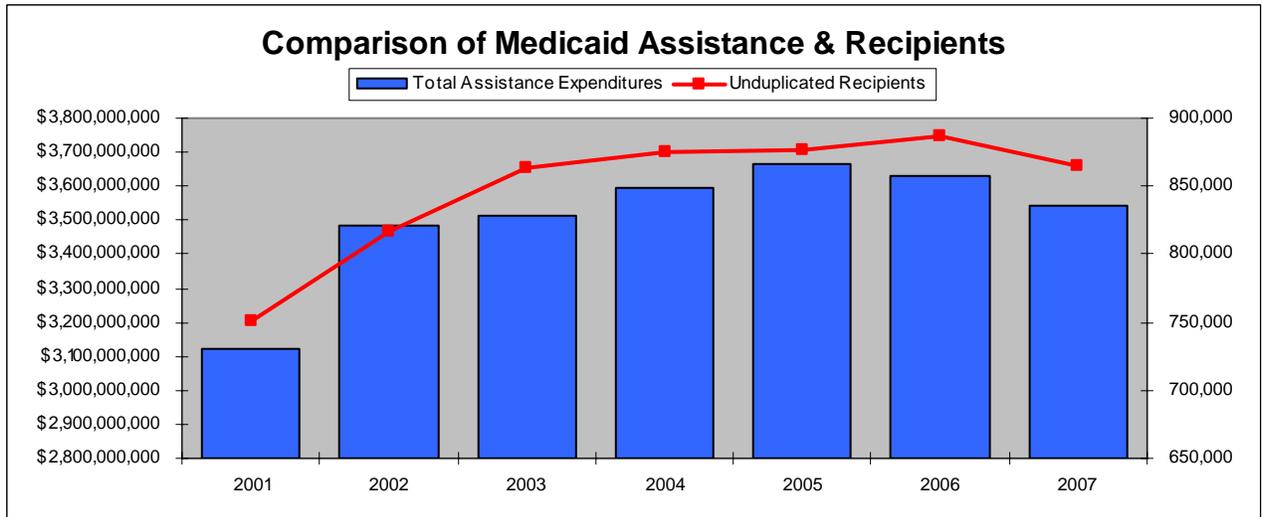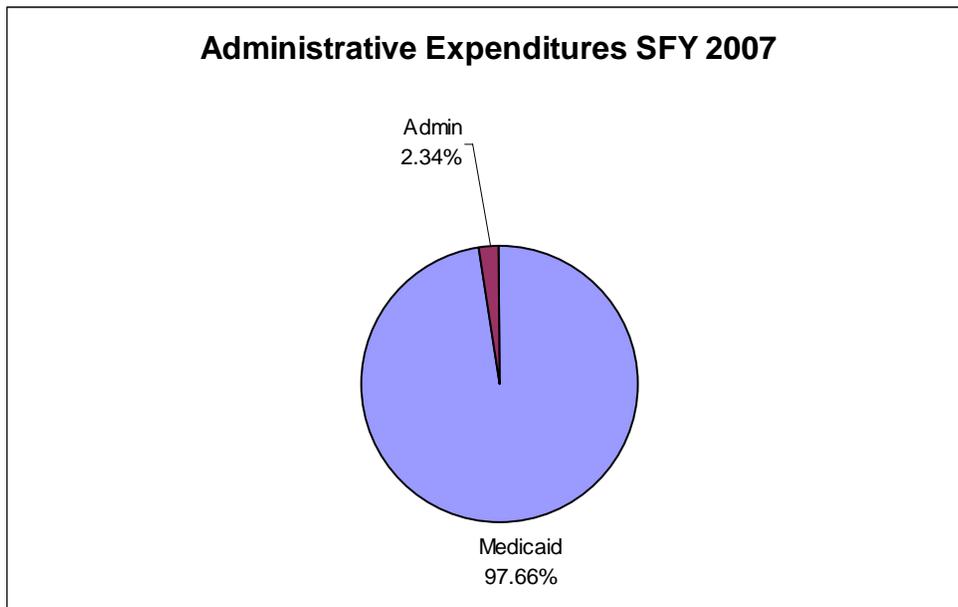
Graph 7.3-12

7.4 What are your performance levels and trends for the key measures of Human Resource Results?

The following Human Resources initiatives are in place to help ensure employee satisfaction and provide a meaningful workplace within the Department of Health and Human Services:

• **Employee Morale** - The **C**ommunity, **H**ealth, **A**ctivity, **M**orale, **P**rogram and **S**ervice (CHAMPS) is a Steering Committee spearheaded by the Office of Human Resources to promote the orderly and efficient planning and management of various agency activities. Annual employee activities include: Red Cross Blood Drives, Special Customer Service Awards, Employee Recognition and State Service Pin Awards Ceremony, holiday and social events, Prevention Partners, Wellness Screenings, Charity Walks, United Way Campaign, etc.

• **Open Communication** – The Office of Human Resources staff members are trained in mediation and conflict resolution and utilize the techniques during employee/employer disputes. The agency actively uses the Budget and Control Board's Statewide Mediator Pool for non-grievable issues not resolved at a lower administrative level. In addition, all Human Resource personnel including benefits, employee relations and training & development, and recruitment maintain an open door policy for all employees and supervisors of the agency.

• **Training and Development** – The Office of Human Resources coordinates a comprehensive agency-wide training effort. Personal Development of employees is promoted by offering agency wide training curriculum related to computer software (custom and commercial), time management, and customer services. In SFY 2007:

- Approximately 861 employees participated in an average of 5 days of in-house program-related training
- More than 835 employees participated in approximately 50 professional development classes
- Over 250 new employees participated in New Employee Orientation.
- More than 100 supervisors completed the Associate Public Manager (APM) Certification through the Budget and Control Board. Over a three year period, over 367 supervisors have completed the APM certification
- Three (3) managers completed the Certified Public Manager (CPM) program for a total of eleven CPM credentialed managers for the agency
- 76 Eligibility supervisors attended a series of four-day supervisory seminars.
- A two day strategic planning and leadership training session called *Going from Good to Great*. More than 80 deputy directors, bureau chiefs, division directors and other key managers attended. This was the third annual formal leadership conference for our managers

• **Team Building** - Executive staff promotes a team approach to organizational structure by encouraging succession planning and cross-training in specific divisions; the team approach is being used during the interview and selection process as well as during division and department goal planning. The Office of Human Resources acted as a partner to foster team building during the reorganization of at least seven different Bureaus to the team concept. This included pay analyses, job analyses, and consultation. Further the team approach has been used consistently throughout the year when designed new approaches to the Department's work.

• **Employee Evaluation and Expectations** - Employee planning stage job functions and objectives are directly linked to the agency's mission and goals and communicated one on one, during staff meetings, through the agency wide newsletters, the agency intranet, and posted on the walls throughout the agency. The EPMS default rates are monitored monthly by Human Resources with the assistance of executive staff to ensure employees' performance is evaluated.

In 2004-2005, the EPMS "meets by default" rate was reduced by an average of 14.58% since the beginning of the fiscal year. On average, the "meets by default" rate declined approximately 4% each quarter.

• **Recruiting for Diversity and Retention** - Advertise positions through the Midlands Technical College website and the WIS television career link for televised presence of recruiting positions. The agency has served the many higher education institutions by providing internships for students.

All these efforts positions the agency for increased levels of performance, employee satisfaction and wellbeing creates a more meaningful workplace which attracts a better workforce, learning and development fosters retention through more loyal employees,

and employee diversity that emphasizes teamwork facilitates a better quality product for the department.

7.5 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?
As mentioned, the Office of General Counsel represents the agency in state and federal courts and administrative hearings, and advises the director and staff on legal matters pertaining to the agency. DHHS is subject to state and federal laws and regulations in its operation of the Medicaid program.
Currently, there are no federal deferrals or disallowances related to compliance issues. The number of legal challenges to the operation of the Program is expected to remain relatively low. Developments in the law, such as HIPAA privacy and standardization and security federal regulations, which could have precipitated such challenges, have been anticipated and actively met through the agency's history of engaging the affected stakeholders (sub-grantees and grant beneficiaries) and implementing whatever operating adjustments have been needed. DHHS continues its policy (supported by federal law) of keeping service providers and beneficiaries well informed of expected changes.
We continue to audit parties that contract with this agency to ensure contract compliance and adherence to state and federal laws and regulations as required by the contract. If the agency finds reason to suspect intentional fraud or abuse, cases are referred to the state Attorney General's Office.
Regarding community support, the success of the CHAMPS Team is evidence that employees appreciate an expanded role in the community and the agency will look for ways to foster that desire. DHHS also is increasing community outreach efforts as it relates to changes in the Medicaid program.

		Major Program Areas			
Program Number and Title	Major Program Area Purpose (Brief)	FY 04-05 Budget Expenditures	FY 05-06 Budget Expenditures	FY 06-07 Budget Expenditures	Key Cross References for Financial Results*
30010501-30011507 Medicaid Health Services	Provides health insurance benefits for low-income families as well as the aged, blind and disabled.	**State:** 712,354,203.51 **Federal:** 3,146,363,322.04 **Other:** 669,080,249.15 **Total:** 4,527,797,774.70 **% of Total Budget:** 99.296%	**State:** 776,285,730.24 **Federal:** 2,816,184,846.90 **Other:** 527,294,327.16 **Total:** 4,119,764,904.30 **% of Total Budget:** 99.376%	**State:** 821,058,733.94 **Federal:** 3,161,959,622.74 **Other:** 698,890,223.86 **Total:** 4,681,908,580.54 **% of Total Budget:** 99.383%	See charts 7.3-1; 7.3-2; 7.3-3; 7.3-4;7.3-5; 7.3-6; 7.3-7 7.3-8; 7.3-9; 7.3-10; 7.3-11
30100000-30150007 Child Care and Social Services**	Provides financial assistance to critical services in area like child and adult protection, child-care and home-based alternatives to institutional care of children and adults.	**State:** 34,058.30 **Federal:** 8,436,891.15 **Other:** 0.00 **Total:** 8,470,949.45 **% of Total Budget:** 0.186%	**State:** **Federal:** **Other:** **Total:** **% of Total Budget:**	**State:** **Federal:** **Other:** **Total:** **% of Total Budget:**	
	Total Agency	**State:** 99.482%	**State:** 99.376%	**State:** 99.383%	

Below: List any programs not included above and show the remainder of expenditures by source of funds.

01000000 - Agency Administration (Indirect), 95000000 Employer Contributions*, 30150500-30151005 HeadStart

Remainder of Expenditures:	**State:** 9,148,626.58 **Federal:** 12,758,796.26 **Other:** 1,726,558.95 **Total:** 23,633,981.79 **% of Total Budget:** 0.518%	**State:** 10,004,431.28 **Federal:** 14,042,389.27 **Other:** 1,827,355.50 **Total:** 25,874,176.05 **% of Total Budget:** 0.624%	**State:** 11,196,551.00 **Federal:** 15,579,512.28 **Other:** 2,310,577.70 **Total:** 29,086,640.98 **% of Total Budget:** 0.617%

* Agency Administration does not include direct program administration.

**HeadStart Program transferred to DSS in SFY 06.

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 06-07 Key Agency Action Plan/Initiative(s)	Key Cross References for Performance Measures*
030010000-03001500 Medicaid Health Services	Goal #1 - Provide a benefit plan that improves member health, is evidence based, and is market driven. Initiatives include consumer choice, establishment of medical homes, and increasing access.	DHHS is expanding consumer choiceand pursuing a Medicaid system that supports the managed care/medical homes models through its SC Healthy Connections Choices program, which focus on preventive care.	Charts 7.3-5; -6; -7; -10
01000000 - Agency Administration	Goal #2 - Provide a credible and continually improving eligibility process that is accurate and efficient. Efforts include ensuring training, avoiding misuse, and improving workflow.	In SFY 2007, DHHS continued to fine tune its eligibility oversight and eliminate backlogs. The agency wrapped up its first year of verfying citizen/nationaltiy status for all eligibles.	Charts 7.3-3; 7.3-8
01000000 - Agency Administration	Goal #3 - Maximize Savings/Streamline Admin. Efforts include increased pursuit of fraud/abuse, streamlining delivery of services and restructuring support services when appropriate.	In SFY 2007, the agency held administrative costs to below 3 percent; entered into contracts with several companies to reduce administrative overhead; It also continued to pursue fraud and abuse and increased its utilization of the Decision Support System.	Charts 7.3-4; 7.3-12
	Below are more examples of SFY 2007 initiatives that support each of the above goals. Most of these are being managed and tracked by the agency's GO system.		
030010000-03001500 Medicaid Health Services	Goal #1 - Provide a benefit plan that improves member health, is evidence based, and is market driven.	Efforts include: South Carolina Healthy Connections Choices; establishment of an enrollment counselor to help recipients select plans; personal health record pilot;	See Executive Summary
01000000 - Agency Administration	Goal #2 - Provide a credible and continually improving eligibility process that is accurate and efficient.	Efforts include: establishing training program for employees; establishing an asset test for beneficiaries; decreasing processing time for aplications and caseloads;	Available Upon Request
01000000 - Agency Administration	Goal #3 - To provide administrative support at the best possible value to ensure programs operate effectively.	Efforts include: Implementation of a Decision Support System; transition to a regional transportation broker system; use of Preferred Drug List.	See Executive Summary