

**PROVISO SUBCOMMITTEE  
HEALTH CARE  
RECOMMENDATIONS FOR FY 2015-16  
TO THE HOUSE WAYS AND MEANS COMMITTEE**

**SECTION 33 - J02-DEPARTMENT OF HEALTH AND HUMAN SERVICES**

**33.15 DELETE** (Medicaid Cost and Quality Effectiveness) Directs the department to establish a procedure to assess the various forms of health care delivery systems to measure cost effectiveness and quality. Direct the identifiable benchmarks be measured annually that broadly address agency program areas and initiatives. Requires annual healthcare report cards for the prior fiscal year be posted on the department's website by December 31<sup>st</sup>.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Agency states that most members are in managed care, so remaining FFS population not comparable, also a report must also be prepared by actuaries which incurs a cost to the department.* Requested by Department of Health and Human Services.

~~33.15. (DHHS: Medicaid Cost and Quality Effectiveness) The Department of Health and Human Services shall establish a procedure to assess the various forms of health care delivery systems to measure cost effectiveness and quality. These measures must be compiled on an annual basis on identifiable benchmarks. These measures must broadly address agency program areas and initiatives using national and state measures. Cost effectiveness shall be determined in an actuarially sound manner and data must be aggregated in a manner to be determined by a third party. The methodology must use appropriate case mix and actuarial adjustments. The department shall issue an annual healthcare report of statewide measures deemed appropriate by the department required under state and federal guidelines. The report shall be formatted in a clear, concise manner in order to be easily understood by Medicaid beneficiaries and other stakeholders. The annual results of the cost effectiveness calculations, quality measures and the report cards shall be made public on the department's website by December thirty first for the prior state fiscal year.~~

**33.24 DELETE** (Medicaid Non-Emergency Medical Transportation) Directs the department, when their Medicaid non-emergency medical transportation contracts expire, to procure transportation services using a service model that maximizes efficiencies and cost effectiveness, improves health care outcomes, and improves member experience while using qualified transportation providers. Directs the department to develop policies, procedures and standards with input from stakeholders. Directs the department to collect financial and utilization data and other data as necessary to monitor and evaluate cost effectiveness and productivity.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *The department indicates that this proviso is not necessary as the NEMT procurement is currently underway.* Requested by Department of Health and Human Services.

~~33.24. (DHHS: Medicaid Non-Emergency Medical Transportation) The Department of Health and Human Services (department) shall procure transportation services upon the expiration of the current Medicaid non-emergency medical transportation contracts using a service model that maximizes efficiencies and cost effectiveness; improves health care outcomes; and improves member experience regarding quality and satisfaction in the Medicaid transportation program while using qualified transportation providers.~~

~~The department shall develop the policies, procedures and transportation provider performance standards with input from stakeholders. The department shall provide oversight of the implementation and operation.~~

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~~The department shall collect financial and utilization data and any other data necessary to continually monitor and evaluate the cost effectiveness and productivity of the transportation services provided.~~

- 33.26 DELETE** (Healthy Connections Prime) Instructs the department to request a delay in the July 1, 2014 implementation of its demonstration for dual eligible beneficiaries known as Healthy Connections Prime and directs that the requested new enrollment date be no earlier than January 1, 2015.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *The department indicates the proviso is not necessary as Prime is scheduled to begin February 2015.* Requested by Department of Health and Human Services.

~~**33.26.** (DHHS: Healthy Connections Prime) The Department of Health and Human Services is instructed to request from the Centers for Medicare and Medicaid Services, a delay in the July 1, 2014 implementation of its demonstration for dual eligible (Medicare/Medicaid) beneficiaries known as Healthy Connections Prime. The requested date to begin enrollment will be no earlier than January 1, 2015.~~

- 33.28 DELETE** (Armed Services Home and Community-Based Waiver) Directs the department, to the extent possible in administering home and community-based waiver programs, to maintain the waiver status of an eligible family member of a member of the armed services who maintains his SC state residence, regardless of where the service member is stationed.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Codified in Section 3 of Act Number 289 of 2014.* Requested by Department of Health and Human Services.

~~**33.28.** (DHHS: Armed Services Home and Community-Based Waiver) In administering home and community based waiver programs, the department shall, to the extent possible, maintain the waiver status of an eligible family member of a member of the armed services who maintains his South Carolina state residence, regardless of where the service member is stationed. Consequently, a person on a waiver waiting list would return to the same place on the waiting list when the family returns to South Carolina. Furthermore, the eligible family member previously enrolled in a waiver program and who received active services would be reinstated into the waiver program once Medicaid eligibility is established, upon their return to South Carolina. It is not the intent of this provision to authorize services provided outside the South Carolina Medicaid Service Area. These provisions are contingent upon the department receiving federal approval.~~

- 33.29 DELETE** (Child Support Enforcement System) Directs the department transfer up to \$3,000,000 to DSS for development of the Child Support Enforcement System and directs that these funds cannot be used to pay litigation costs associated with development of the system.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Funds have been transferred.* Requested by Department of Health and Human Services.

~~**33.29.** (DHHS: Child Support Enforcement System) The department shall transfer up to three million dollars to the Department of Social Services for the development of the Child Support Enforcement System. These funds cannot be used to pay any litigation cost associated with the development of this system.~~

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**SECTION 34 - J04-DEPARTMENT OF HEALTH AND ENVIRONMENTAL CONTROL**

**34.24**    **AMEND** (Health Licensing Monetary Penalties) Authorizes the Department to retain the first \$50,000 of civil monetary penalties collected each fiscal year from penalties assessed by the Division of Health Licensing. The funds retained shall be utilized solely to carry out and enforce the provisions of regulations applicable to that Division.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso to change “Division of Health Licensing (DHL)” to “Bureau of Health Facilities Licensing (BHFL).” *Technical. Agency has changed the name of the division.* Requested by Department of Health and Environmental Control.

**34.24.** (DHEC: Health Licensing Monetary Penalties) In the course of regulating health care facilities/services, the ~~Division~~ *Bureau* of Health ~~Licensing~~ *Facilities* Licensing (~~DHL~~) (*BHFL*) assesses civil monetary penalties against nonconforming providers. ~~DHL~~ *BHFL* shall retain up to the first \$50,000 of civil monetary penalties collected each fiscal year and these funds shall be utilized solely to carry out and enforce the provisions of regulations applicable to that division. These funds shall be separately accounted for in the department’s fiscal records.

**34.25**    **AMEND** (Health Facility Monetary Penalties) Authorizes the department to retain the first \$100,000 of civil monetary penalties collected each fiscal year from penalties assessed by the Bureau of Health Facilities and Services Development. Directs the funds only be used to carry out and enforce the regulations that apply to the Bureau. Requires regulations for nursing home staffing to provide a minimum of 1.63 hours of direct care per resident per day from non-licensed nursing staff; maintain at least one licensed nurse per shift for each staff work area; and to enforce all other staffing and non-staffing standards.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso to change “Bureau of Health Facilities and Services Development (BHF)” to “Division of Construction/Fire & Life Safety (DCFLS).” *Technical. Agency has changed the name of the bureau.* Requested by Department of Health and Environmental Control.

**34.25.** (DHEC: Health Facility Monetary Penalties) In the course of regulating health care facilities/services, the ~~Bureau of Health Facilities and Services Development (BHF)~~ *Division of Construction/Fire & Life Safety (DCFLS)* assesses civil monetary penalties against nonconforming providers. ~~BHF~~ *DCFLS* shall retain up to the first \$100,000 of civil monetary penalties collected each fiscal year and these funds shall be utilized solely to carry out and enforce the provisions of regulations applicable to that ~~Bureau~~ *division*. These funds shall be separately accounted for in the department’s fiscal records. Regulations for nursing home staffing for Fiscal Year 2014-15 must (1) provide a minimum of one and sixty-three hundredths (1.63) hours of direct care per resident per day from the non-licensed nursing staff; and (2) maintain at least one licensed nurse per shift for each staff work area. All other staffing standards and non-staffing standards established in Standards for Licensing Nursing Homes: R61-17, Code of State Regulations, must be enforced.

**34.43**    **DELETE** (Residential Treatment Facilities Swing Beds) Allows residential treatment facilities to swing/convert up to 10 beds to acute psychiatric beds. Includes stipulation the conversion would have to comply with federal CMS rules and regulations.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

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~~34.43. (DHEC: Residential Treatment Facilities Swing Beds) For Fiscal Year 2014-15 in coordination with the South Carolina Health Plan and to improve access for acute psychiatric beds as patient populations demand, Residential Treatment Facilities (RTF) may swing up to eighteen beds per qualifying facility to accommodate patients with a diagnosis of an acute psychiatric disorder. In order to qualify to utilize swing beds a facility must meet the following criteria: the facility must currently have both licensed acute psychiatric and residential treatment facility beds, the RTF beds must meet the same licensure requirements as the existing licensed acute psychiatric beds, and any facility utilizing swing beds must keep the acute and RTF patient populations separate and distinct. The utilization of swing beds must also comply with all federal Centers for Medicare and Medicaid Services rules and regulations.~~

**34.44 DELETE** (Sand-scraping and Sandbagging) Allows sand-scraping and sandbagging at golf courses as protection, if the department permits, until December 31, 2015. Suspends the payment of any fines the department assessed associated with sandbagging, sand-scraping or renourishment on golf courses. Directs the department to refund any fines paid the prior fiscal year.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

~~34.44. (DHEC: Sand-scraping and Sandbagging) Sand-scraping and sandbagging is allowed as protection for golf courses, if permitted by the department, until June 30, 2015. The payment of any fines assessed by the department regarding the use of sandbags, sand-scraping or renourishment on golf courses are suspended. Any fines paid during the prior fiscal year regarding the use of sandbags, sand-scraping or renourishment on golf courses are to be refunded by the department.~~

**34.45 DELETE** (Tuberculosis Outbreak) Allows the department, upon discovering a TB outbreak, to expend any available funds for related surveillance, investigation, containment, and treatment. Stipulates procedures for DHEC to follow for notifying the community or specific individuals regarding any tuberculosis contact investigation.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Agency stated that this is their current policy and the proviso is no longer necessary.*

~~34.45. (DHEC: Tuberculosis Outbreak) (A) Upon discovery of a tuberculosis outbreak, the Department of Health and Environmental Control may expend any funds available to the agency, for the purpose of surveillance, investigation, containment, and treatment activities related thereto.~~

~~(B) During an investigation of an index tuberculosis patient, the Department of Health and Environmental Control, through the South Carolina Health Alert Network, must notify the patient's community that a tuberculosis contact investigation is being conducted into the possible exposure to tuberculosis. This subsection only applies if the investigation of the patient has met all of the following criteria:~~

- ~~(1) abnormal chest x rays;~~
- ~~(2) positive Acid Fast Bacilli (AFB) sputum results; and~~
- ~~(3) first round of contact investigation completed with results of individuals testing~~

~~positive outside of the index patient's family.~~

~~(C) Upon being informed of or having reason to suspect a case of tuberculosis that is capable of transmitting tubercle bacilli at a school or child care center involving a student, teacher, employee, volunteer, or an individual working at the school or child care center for an employer providing services to the school or child care center, the department immediately shall notify:~~

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(1) if the case is at a school, the principal, and the Superintendent of the school district if the school is a public school; and

(2) if the case is at a child care center, the director of the child care center; and

~~(D) When informing the principal of a school or the director of a child care center about a known or suspected case of tuberculosis that is capable of transmitting tubercle bacilli as provided for in subsection (C), the department shall provide:~~

~~(1) an update addressing the:~~

~~(a) status of the investigation, including the steps the department is taking to identify the source and extent of the exposure and the risks of additional exposure; and~~

~~(b) steps the school or child care center must take to assist the department in controlling the spread of the tuberculosis infection; and~~

~~(2) information and other resources to distribute to parents and guardians that discuss how to assist the department in identifying and managing the tuberculosis infection.~~

**34.50 DELETE** (Seawall Reconstruction Repair) Authorizes the department to issue a special permit for reconstruction or repair of an existing erosion control device that meets certain specifications. Requires the department only issue the permit if the seawall will be reconstructed or repaired with like material and the replacement footprint is no more than 2 feet from the original footprint. Authorizes the department to charge a permit fee equal to the actual cost of issuing the permit.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

~~**34.50.** (DHEC: Seawall Reconstruction/Repair) In the current fiscal year, the Department of Health and Environmental Control may issue a special permit for the reconstruction or repair of an existing erosion control device of at least four thousand contiguous linear feet that is located landward of an area which the department has granted a permit authorizing a renourishment project that does not qualify for public funding and the permit is active as of July 1, 2014. The department may only issue the permit if the seawall will be reconstructed or repaired with like material and the footprint of the replacement is no more than two feet from the footprint of the original. The department may charge a permit fee equal to the actual cost of issuing the permit.~~

**SECTION 35 - J12-DEPARTMENT OF MENTAL HEALTH**

**35.4 DELETE** (McCormick Satellite Clinic) Redirected the \$750,000 appropriated by proviso 73.17 of Act 397 of 2006 for the Williams Building Cooperative Ministries Homeless Shelter Renovation & Operation as follows: \$250,000 for a satellite community mental health clinic in McCormick County and \$500,000 to the City of Columbia to benefit other homeless programs. Requires the city of Columbia to report annually on expenditure of the funds until they have all been expended.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *The funds redirected to the City of Columbia have been expended. The McCormick Satellite Clinic project is an outdated construction effort and is no longer feasible. Residual capital project funds will be held until the project is deemed feasible or until such time as the department is authorized to redirect the use of said funds to another capital project.* Requested by Department of Mental Health.

~~**35.4.** (DMH: McCormick Satellite Clinic) The \$750,000 appropriated by Proviso 73.17 of Act 397 of 2006 for the Williams Building Cooperative Ministries Homeless Shelter Renovation & Operation shall be redirected as follows: \$250,000 shall be used for a satellite~~

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~~community mental health clinic in McCormick County. Unexpended funds may be carried forward into the current fiscal year to be expended for the same purpose. The City of Columbia must provide documentation annually on expenditures related to the \$500,000 transferred to the city by Proviso 10.16 of Act 117 of 2007 to benefit other homeless programs until all funds are expended.~~

- 35.9 DELETE** (Veterans Nursing Home Study) Directs the department, in conjunction with the Governor's Office Division of Veterans Affairs, to conduct a feasibility study to determine whether there is a need for additional veterans nursing homes in the state and if it is so determined, to identify possible locations, number of beds, and required funding. Directs that the study be submitted to the Governor and various Senate and House committees by December 15, 2014.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Report has been submitted.* Requested by Department of Mental Health.

~~**35.9.** (DMH: Veterans Nursing Home Study) The Department of Mental Health, in conjunction with the Department of Administration, Office of Executive Policy and Programs, Division of Veterans Affairs, shall conduct a feasibility study to determine whether there is a need for additional veterans nursing homes in the state. In the event it is determined that it would be in the best interests of the state's veteran population to have additional veterans nursing homes located around the state, the study shall identify possible locations and provide a general concept on the number of beds recommended along with the funding that would be required to implement the recommendations. The study shall be submitted to the Governor, the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, the Chairman of the Senate Medical Affairs Committee, and the Chairman of the House Medical, Military, Public and Municipal Affairs Committee by December 15, 2014.~~

**SECTION 36 - J16-DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS**

- 36.1 AMEND** (Work Activity Programs) Authorizes the department to retain and carry forward earnings generated from production contracts earned by mentally retarded trainees and to use the funds for operating expenses and/or permanent improvements of the Work Activity Programs.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso to change reference to "mentally retarded trainees" to "individuals served by the department."

**36.1.** (DDSN: Work Activity Programs) All revenues derived from production contracts earned by ~~mentally retarded trainees~~ *individuals served by the department* in Work Activity Programs be retained by the South Carolina Department of Disabilities and Special Needs and carried forward as necessary into the following fiscal year to be used for other operating expenses and/or permanent improvements of these Work Activity Programs.

- 36.3 AMEND** (Prenatal Diagnosis) Allows the department to use up to \$126,000 of excess debt service funds to promote efforts related to expanded prenatal diagnosis of mental retardation and related defects by the Greenwood Genetic Center.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso to change reference to "mental retardation and related defects" to "intellectual and/or other related disabilities."

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**36.3.** (DDSN: Prenatal Diagnosis) Revenues not to exceed \$126,000 from client fees, credited to the debt service fund and not required to meet the department's debt service requirement, may be expended only in the current fiscal year to promote expanded prenatal diagnosis of ~~mental retardation and related defects~~ intellectual and/or other related disabilities by the Greenwood Genetic Center.

**36.7** **AMEND** (Unlicensed Medication Providers) Authorizes the department to license or certify select unlicensed persons in community-based programs to provide select medications. Limits the medications allowed to be administered to oral and topical medications, regularly scheduled insulin, and prescribed anaphylactic treatments. Requires the department to establish curriculum and standards for training and oversight. Direct that this provision does not apply to a facility licensed as a habilitation center for the mentally retarded or persons with related conditions.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso to change reference to "a habilitation center for the mentally retarded or persons with related conditions" to "an intermediate care facility for individuals with intellectual and/or related disability."

**36.7.** (DDSN: Unlicensed Medication Providers) The provision of selected prescribed medications may be performed by selected unlicensed persons in community-based programs sponsored, licensed or certified by the South Carolina Department of Disabilities and Special Needs, provided such selected unlicensed persons have documented medication training and skill competency evaluation. Licensed nurses may train and supervise selected unlicensed persons to provide medications and, after reviewing competency evaluations, may approve selected unlicensed persons for the provision of medications. The provision of medications by selected unlicensed persons is limited to oral and topical medications and to regularly scheduled insulin and prescribed anaphylactic treatments under established medical protocol and does not include sliding scale insulin or other injectable medications. The selected unlicensed persons shall be protected against tort liability provided their actions are within the scope of their job duties and the established medical protocol.

The Department of Disabilities and Special Needs shall establish curriculum and standards for training and oversight.

This provision shall not apply to a facility licensed as ~~a habilitation center for the mentally retarded or persons with related conditions~~ an intermediate care facility for individuals with intellectual and/or related disability.

**SECTION 38 - L04-DEPARTMENT OF SOCIAL SERVICES**

**38.23** **DELETE** (SNAP Coupons) Directs the department to establish a program to provide coupons to allow SNAP recipients to purchase additional fresh fruits and vegetables.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

**38.23.** (DSS: SNAP Coupons) ~~The Department of Social Services shall establish a program to provide coupons that will allow Supplemental Nutrition Assistance Program (SNAP) recipients to obtain additional fresh fruits and vegetables when purchasing fresh produce at grocery stores or farmers markets with SNAP benefits through their EBT cards. Each coupon shall allow the beneficiary to double the amount of produce purchased, up to five dollars. The agency shall utilize all funds received in the prior and current fiscal years from the U.S. Department of Agriculture as a bonus for reducing the error rate in processing SNAP applications to fund the program.~~

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- 38.24** **DELETE** (Federally Certified Child Support Enforcement System Project) Directs that the CFS Project Executive Committee is abolished effective July 1, 2014 and that the direction, management, oversight, and decision-making authority is placed under the sole authority of the DSS Director. Requires the department publish quarterly progress reports on its website on the project's timetable to achieve a federally certified Child Support Enforcement System.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

~~38.24. (DSS: Federally Certified Child Support Enforcement System Project) Effective July 1, 2014, the CFS Project Executive Committee is abolished. For the current fiscal year, the direction, management, oversight, and decision making authority previously exercised by the CFS Project Executive Committee is placed under the sole authority of the Director of the Department of Social Services who shall make all final decisions regarding the project. The department shall publish on its website quarterly progress reports on the project's timetable to achieve a federally certified Child Support Enforcement System.~~

- 38.25** **DELETE** (New SNAP Debit Card Accountability Features) Requires the DSS director to make reports and recommendations to the Chairmen of the House Ways and Means and Senate Finance Committees by December 1, 2014 on new accountability features to SNAP debit cards.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Reports and recommendations have been submitted.*

~~38.25. (DSS: New SNAP Debit Card Accountability Features) By December 1, 2014, the Director of the Department of Social Services shall make reports and recommendations to the Chairman of the House Ways and Means Committee and the Chairman of the Senate Finance Committee for new accountability features to the debit cards used for the Supplemental Nutritional Assistance Program (SNAP).~~

~~(1) The feasibility and cost benefit of adding the beneficiaries' identification numbers on the SNAP debit cards. The objective is to reduce the misuse of SNAP debit; and~~

~~(2) The costs of various options available to reduce the fraud within these programs.~~

~~The department is authorized to use the agency's appropriated funds in Part IA of this act for research in complying with this provision.~~

- 38.26** **DELETE** (Contracting Best Practices) Requires the department to submit a written report by December 1, 2014 to the Chairmen of the House Ways and Means and Senate Finance Committees that describes the actions they have taken to ensure the department used best practices when contracting and specify what practices they are to include in the report.  
**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Report has been submitted.*

~~38.26. (DSS: Contracting Best Practices) By December 1, 2014, the Department of Social Services shall submit a written report to the Chairman of the House Ways and Means Committee and Chairman of the Senate Finance Committee describing the actions taken to ensure that contracting by the department uses best practices to address the following: (1) Unnecessarily labor intensive processes, duplication of effort, and poorly written solicitations and contracts; (2) Formal, repeatable process for consistent solicitation development; (3) Contract managers involved from "cradle to grave"; (4) Compliance with all applicable state laws and requirements; (5) Process to compile "lessons learned" and apply to future contracting; (6) Use of a business planning process to determine sourcing and re-bid strategy, and; (7) Regular best practice training~~



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~~of all staff involved in contracting. The department shall review other states' best practices for contracting in the development of this report.~~

**SECTION 108 - F50-PUBLIC EMPLOYEE BENEFIT AUTHORITY**

- 108.1 DELETE** (Lottery & Infrastructure Bank Health Insurance) Allows the Lottery Commissioners and Infrastructure Bank Board members to participate in the State Health Plan upon payment of full premium costs.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

~~**108.1.** (PEBA: Lottery & Infrastructure Bank Health Insurance) South Carolina Lottery Commissioners and South Carolina Transportation Infrastructure Bank Board members and their eligible dependents are eligible to participate in the State Health and Dental Insurance Plan, upon paying the full premium costs as determined by the Public Employee Benefit Authority.~~

- 108.10 DELETE** (Pharmacy Benefit Manager Audit) Directs PEBA to have a detailed report and an independent audit prepared by September 1, 2014 on its contract with Catamaran for Pharmacy Benefit Manager services to ensure fair and equitable reimbursement practices are being followed. Requires the independent auditor to have experience in conducting Pharmacy Benefit Manager Service Audits.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Report has been submitted.* Requested by Public Employee Benefit Authority.

~~**108.10.** (PEBA: Pharmacy Benefit Manager Audit) By September 1, 2014, the Public Employee Benefit Authority shall have prepared a detailed report and have prepared an independent audit of its contract with Catamaran for Pharmacy Benefit Manager services to ensure, among other things, that fair and equitable reimbursement practices are being followed. The independent auditor must have experience in conducting Pharmacy Benefit Manager services audits.~~

- 108.11 DELETE** (Litigation Review) Requires PEBA submit a report to the Chairmen of the Senate Finance and House Ways and Means Committees by December 1, 2014 on the settlement between the State and the Bank of New York Mellon that provides review and comment on the settlement benefits for state employees and retirees.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Report has been submitted.* Requested by Public Employee Benefit Authority.

~~**108.11.** (PEBA: Litigation Review) The Public Employee Benefit Authority shall submit to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee, no later than December 1, 2014, a report on the settlement between the State of South Carolina and the Bank of New York Mellon that provides review and comment upon the benefits of the settlement for the employees and retirees of South Carolina. In conducting the review and preparing the report, the Public Employee Benefit Authority may use appropriated or available funds as necessary to retain independent expert assistance, including legal counsel of its choosing.~~

- 108.12 DELETE** (Self-Insured Group Health Benefits Plan) Directs that effective January 1, 2015, the self-insured group health benefits plan for state employees and retirees administered by PEBA

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shall reimburse pharmacies that participate in the State Health Plan's retail pharmacy network on an equal and uniform per-product basis whether the network is established via direct contract with the State Health Plan or via an authorized pharmacy benefit manager.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso. *Pricing for pharmacy was resolved with an amendment to the contract with the pharmacy benefit manager.* Requested by Public Employee Benefit Authority.

~~108.12. (PEBA: Self-Insured Group Health Benefits Plan) Effective January 1, 2015, the self-insured group health benefits plan for state employees and retirees established under Section 1-11-710 et seq. (the State Health Plan) and administered by the Public Employee Benefit Authority pursuant to Section 9-4-10 et seq. (PEBA) shall reimburse all pharmacies participating in the State Health Plan's retail pharmacy network on an equal and uniform per-product basis. This requirement applies whether the network is established via direct contract with the State Health Plan or via an authorized pharmacy benefit manager.~~

**SECTION 117 - X90-GENERAL PROVISIONS**

**117.108 DELETE** (Fiduciary Audit) Requires PEBA to transfer \$700,000 to the Office of Inspector General for the hiring of a private audit firm to perform the required fiduciary audit on the authority.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** DELETE proviso.

~~117.108. (GP: Fiduciary Audit) Of the funds authorized for the Public Employee Benefit Authority, the authority shall transfer \$700,000 to the Office of Inspector General. The funds transferred shall be utilized by the Inspector General to employ a private audit firm to perform the fiduciary audit on the Public Employee Benefit Authority as required by Section 9-4-40 of the 1976 Code, as amended.~~

**117.fa ADD** (PEBA Fiduciary Audit) **PROVISO SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to suspend Section 9-4-40 for the current fiscal year, which requires the Inspector General to employ a private audit firm to perform a fiduciary audit on PEBA.

117.fa. (GP: PEBA Fiduciary Audit) For the current fiscal year, the provisions of Section 9-4-40 requiring the Inspector General to employ a private audit firm to perform the fiduciary audit on the Public Employee Benefit Authority as required by section 9-4-40 of the 1976 Code shall be suspended.

**117.ab ADD** (ABLE Savings Expense Fund) **PROVISO SUBCOMMITTEE RECOMMENDATION:** ADD new proviso to establish the South Carolina ABLE Savings Expense Fund in the Office of the State Treasurer to allow for tax-exempt savings accounts for disability-related expenses for individuals entitled to benefits based on blindness or disability under specific titles of the Social Security Act or for individuals with a disability certification signed by a physician.

117.ab. (GP: ABLE Savings Expense Fund) For the current fiscal year, the South Carolina ABLE Saving Expense Fund is established in the Office of the State Treasurer to allow for tax-exempt savings accounts for disability-related expenses for individuals defined as being entitled to benefits based on blindness or disability under Title II or XVI of the Social Security Act, or individuals with a disability certification, which must state that "the individual has a medically

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determinable physical or mental impairment, which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months,” or is blind. The certification must include the diagnosis and be signed by a physician.

**SECTION 118 - X91-STATEWIDE REVENUE**

**118.12 AMEND** (Tobacco Settlement) Directs expenditure of Tobacco Master Settlement Agreement (MSA) funds for Fiscal Year 2014-15.

**PROVISO SUBCOMMITTEE RECOMMENDATION:** AMEND proviso update fiscal year references to “2015-16” and delete \$1,500,000 to the Department of Agriculture. *Amount required to be directed to the Department of Agriculture has been satisfied.*

**118.12.** (SR: Tobacco Settlement) (A) To the extent funds are available from payments received on behalf of the State by the Tobacco Settlement Revenue Management Authority from the Tobacco Master Settlement Agreement (“MSA”) during Fiscal Year ~~2014-15~~ 2015-16, the State Treasurer is authorized and directed, after transferring funds sufficient to cover the operating expenses of the Authority, to transfer the remaining funds as follows:

(1) \$1,253,000 to the Attorney General’s Office for Diligent Enforcement and Arbitration Litigation; \$450,000 to the State Law Enforcement Division for Diligent Enforcement; and \$325,000 to the Department of Revenue for Diligent Enforcement, all to enforce Chapter 47 of Title 11, the Tobacco Escrow Fund Act; *and*

~~(2) \$1,500,000 to the Department of Agriculture pursuant to Section 11-49-55 of the 1976 Code; and~~

~~(3)~~ (2) The remaining balance shall be transferred to the Department of Health and Human Services for the Medicaid program.

(B) The requirements of Section 11-11-170 of the 1976 Code shall be suspended for Fiscal Year ~~2014-15~~ 2015-16.