

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

## **House Ways & Means Committee / HHS Subcommittee FY 2024-25 Budget Request**

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**Robert Kerr**  
**Agency Director**

**January 23, 2024**

# Agency Attendees

- Robert Kerr, Director
- Eunice Medina, Chief of Staff
- Brad Livingston, Chief Financial Officer
- Chrissy Jackson, Chief of Planning & Budget
- Jenny Stirling, Director of Legislative Affairs

# FY 2024-25 Budget Request

# Summary of Budget Requests

Decision Package #	Decision Package	Description	General Funds
1	Maintenance of Effort Annualization	<p>Represents the annual maintenance of effort necessary to keep the program operating at existing service and reimbursement levels. Annualization includes inflationary provider reimbursement pressures, estimated enrollment increases and utilization increases. Also includes annualization related to changes directed by the federal government under the Medicaid program.</p> <p>Savings associated with transitioning from multiple MCO operated preferred drug lists (PDL) to a single, state directed PDL.</p>	<p>\$57,240,701</p> <p><u>(\$21,131,265)</u></p> <p>\$36,109,436</p>
2	Increases in Medicaid Reimbursement and Coverage to Maintain Access to Services, Behavioral Health Benefit Improvements	Represents targeted provider rate increases and establishes services in areas where the States behavioral health delivery system has noted deficiencies or lack an effective continuum of care. Targeted provider rate increases include establishing an Inpatient Psychiatric per diem rate, increase the Psychiatric Residential Treatment facility rate, establish reimbursement rates for Collaborative Care services, increase in the Rehabilitative Behavioral Health and Targeted Case Management service rates, coverage of additional Autism Spectrum Disorder services, establish Qualified Residential Treatment and Intensive In-home Services, establish reimbursement rates to support Crisis Stabilization services and extend the provider Peer Support network.	\$16,516,862

# Summary of Budget Requests *(cont.)*

Decision Package #	Decision Package	Description	General Funds
3	Increases in Medicaid Reimbursement and Coverage to Maintain Access to Services, Medical Provider Rates	Represents rate increases and additional benefits essential to maintaining general healthy outcomes as well as access to care for South Carolina's Medicaid members. Targeted provider rate increases include the Physician services, Home and Community Based provider network, Therapy services, Department of Disabilities and Special Needs provider network, Continuous Glucose Monitoring, Anti-obesity and Nutritional Counseling services, Dental services, Nursing Home services, Screening and Preventative services, Cochlear Implants	\$50,564,324
		<b>Total</b>	<b>\$103,190,622</b>

# Budget Requests

- Decision Package #1 – Maintenance of effort annualization - \$36,109,436 General Funds
  - This package represents the annual amount necessary to keep the program operating in its current configuration. SCDHHS reviews population growth and realignment, utilization of services, provider billing behavior, inflationary provider reimbursement pressures and increases in the value of existing medical contracts held by the agency. Trends among these primary cost drivers comprise the majority of the agency's annual request for maintenance of effort funding. Medicare increases are included, which represent annualization related to changes directed by the federal government under the Medicaid program. Additionally, SCDHHS is transitioning to a single PDL methodology, reducing annualization request from \$57,240,701 to \$36,109,436 in general funds for SFY25. This will not only assist the agency to comply with the South Carolina's Pharmacy Benefit Management Act, but also position the state's Medicaid program to capitalize on rebate activity.

# Budget Requests *(cont.)*

- Decision Package #2 – Provider Rates, Behavioral Health - \$16,516,862 General Funds
  - As directed by Proviso 117.146 (Behavioral Health Capacity), the Department is continuing to evaluate provider rates and the services covered to ensure access to care for Medicaid members and improved behavioral health outcomes for South Carolinians. Through this decision package, SCDHHS is planning to implement targeted provider rate increases and establish or further develop, other medically necessary services where the state's behavioral health delivery system has noted deficiencies or lacks an effective continuum of care. These changes are essential for maintaining healthy outcomes, as well as access to care, for Medicaid beneficiaries.

# Budget Requests *(cont.)*

- Decision Package #2 (continued) – Provider Rates, Behavioral Health - \$16,516,862 General Funds

Establish Inpatient Psychiatric Services per Diem Rate	\$6,484,173
Increase Psychiatric Residential Treatment Facility Rate	\$502,195
Establish Reimbursement Rates for Collaborative Care Services	\$2,980,275
Increase Rehabilitative Behavioral Health Services Rates	\$863,115
Review and Update Targeted Case Management Services	\$165,990
Cover Additional, Intensive Services to treat Autism Spectrum Disorder	\$978,961
Establish a Qualified Residential Treatment Program	\$485,005
Establish Coverage of Intensive In-home Services	\$931,434
Establish Reimbursement Rates to support Crisis Stabilization Services	\$2,692,690
Extend Provider Network for Peer Support Services	\$433,024
<b>Total</b>	<b>\$16,516,862</b>



# Budget Requests *(cont.)*

- Decision Package #3 – Provider Rates, Medical - \$50,564,324 General Funds
  - The Department is continuing to evaluate provider rates across its overall provider network. Through this decision package, SCDHHS is planning to implement such provider rate increases. These changes are essential for maintaining healthy outcomes, as well as access to care, for South Carolina's Medicaid beneficiaries, which include 60% of the state's children.

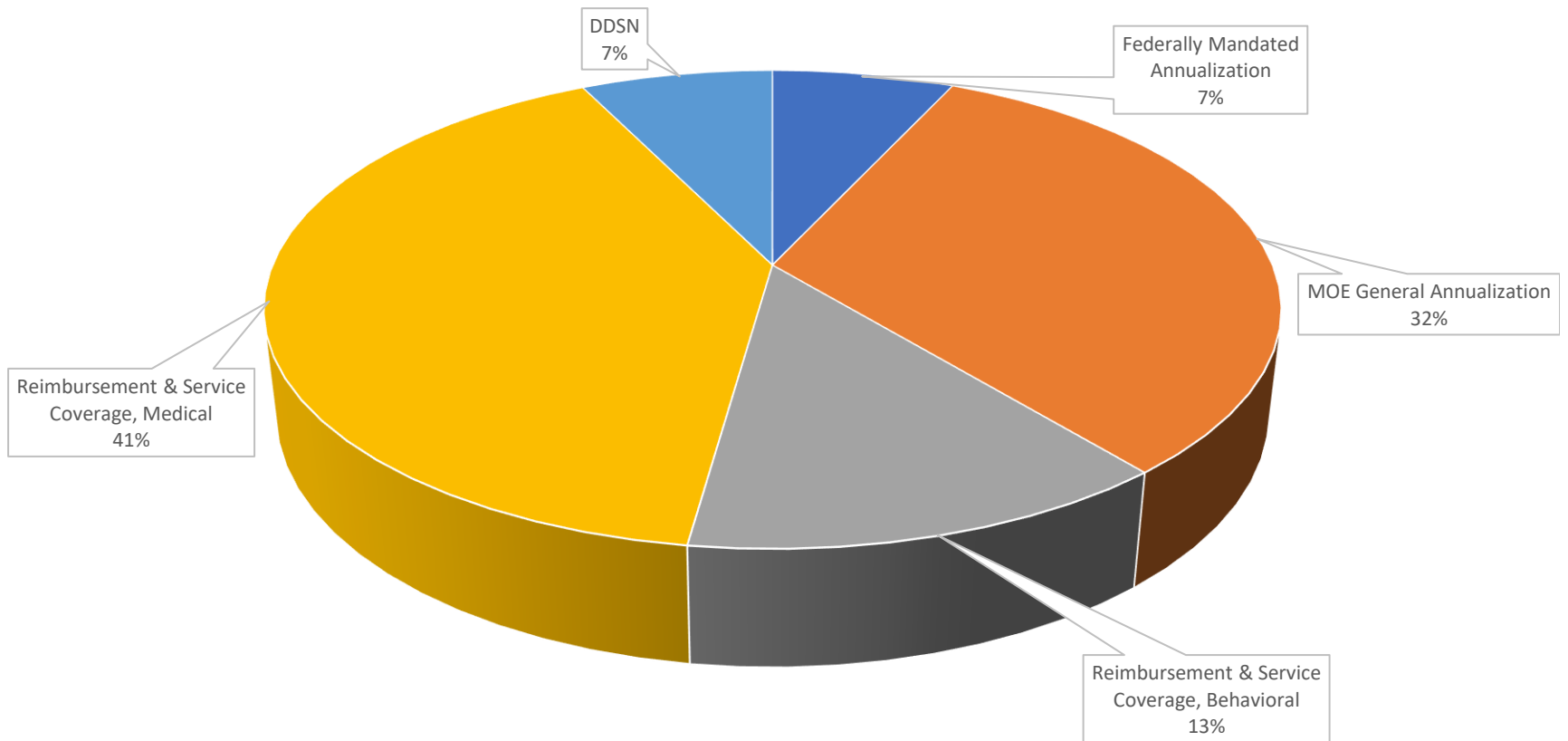
# Budget Requests *(cont.)*

- Decision Package #3 (continued) – Provider Rates, Medical - \$50,564,324  
General Funds

Increase Physicians' Rate	\$5,734,200
Increase Home and Community Based Services Rates	\$4,786,880
Increase Speech, Occupational and Physical Therapy Rates	\$3,018,000
Increase Rates to Support Residential Habilitation Services within DDSN Provider Network	\$1,207,200
Extend Continuous Glucose Monitoring Coverage	\$2,665,034
Add Anti-obesity Drug Coverage and Update Nutritional Counseling	\$3,262,327
Increase Dental Rates	\$5,933,835
Screening and Preventative Services Coverage	\$2,707,984
Extend Cochlear Implant Coverage	\$1,541,625
Increase Non-emergency Medical Transportation Rates	\$1,810,800
Nursing Home Rate Addition	\$17,896,439
<b>Total</b>	<b>\$50,564,324</b>

# Budget Requests *(cont.)*

Distribution of General Funds Request



■ Federally Mandated Annualization ■ MOE General Annualization ■ Reimbursement & Service Coverage, Behavioral ■ Reimbursement & Service Coverage, Medical ■ DDSN



# FY 2024-25 Proviso Request

# Budget Requests: Provisos

Proviso	Type of Change	Description
33.22: IDEA Part C Compliance	Delete	DHHS received notification on June 21, 2023 that it is in compliance with federal requirements therefore the proviso is no longer necessary.
33.31: Psychiatric Residency Program	Amend	Technical amendment to update the reporting date from December 31, 2023 to December 31, 2024

