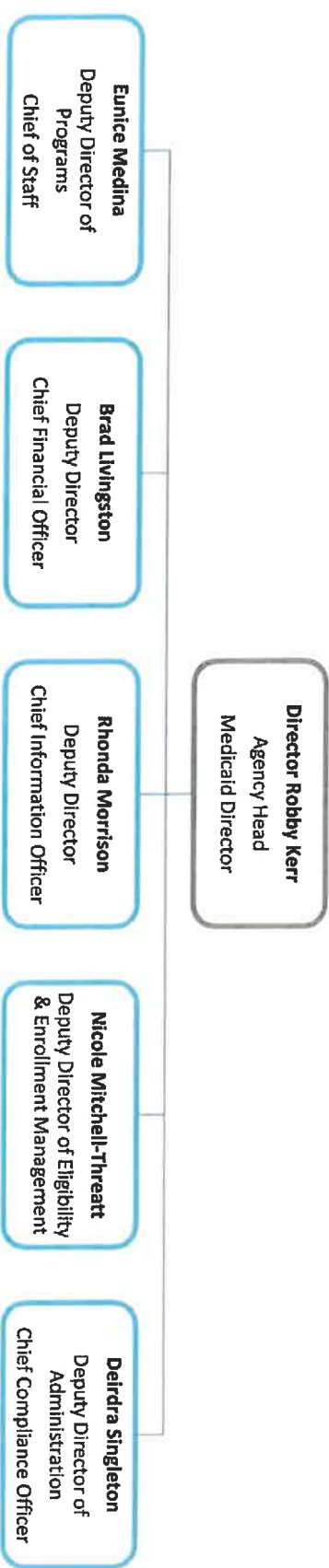


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Reference Material

- **Organizational Chart**
- **FTE Breakdown**
- **Carry Forward Information**
- **Budget Request Details (One Pagers)**

Agency Organization Chart



FTE Count

	General	Federal	Other	Total
Filled	478.67	766.87	64.47	1,310.01
Vacant	77.51	275.94	146.57	500.02
Total	556.18	1,042.81	211.04	1,810.03

General Fund Carryforward Document from SCEIS

FM area
Currency
Budget Category

SCEI
USD
Payment

Doc. Date	Doc Y...	Entry Docu	Doc. Line	Version	Doc. Type	Created on	Year	Budget Type	Fund	Funds Center	Crmt Item	Functional Area	Funded Program	Amount LC	Curr
07/24/2023	2024	1000930120	000011	0	CFWD	07/24/2023	20...	Carryforward Special Items	10010000	10200000	511000	0000000000000000	3000.010518.000	41,000,677.14	USD
07/24/2023	2024	1000930120	000012	0	CFWD	07/24/2023	20...	Carryforward Special Items	10010000	10200000	561000	0000000000000000	9802.0100000X000	11,255,248.36	USD
07/24/2023	2024	1000930120	000013	0	CFWD	07/24/2023	20...	Carryforward Special Items	10010000	10200000	513000	0000000000000000	9500.050000.000	25,518,243.34	USD
08/15/2023	2024	1000935434	000027	0	CFGF	08/14/2023	20...	Carryforward Gen Fund	10010000	10200000	561000	0000000000000000	8900.0000000X000	162,723.49	USD
07/24/2023	2024	1000930120	000010	0	CFWD	07/24/2023	20...	Carryforward Special Items	10010020	10200000	511000	0000000000000000	3000.010518.000	36,543,283.40	USD
07/24/2023	2024	1000930120	000014	0	CFWD	07/24/2023	20...	Carryforward Special Items	10050023	1020AB00...	561000	1020XXCH9	9831.0300000X000	31,900,000.00	USD
07/24/2023	2024	1000930120	000015	0	CFWD	07/24/2023	20...	Carryforward Special Items	10050023	1020AB00...	561000	1020XXCH8	9827.0700000X000	5,000,000.00	USD
07/24/2023	2024	1000930120	000016	0	CFWD	07/24/2023	20...	Carryforward Special Items	10050023	1020AB00...	561000	1020XXG10	9833.0600000X000	5,000,000.00	USD
07/24/2023	2024	1000930120	000017	0	CFWD	07/24/2023	20...	Carryforward Special Items	10050023	1020AB00...	561000	1020XXCH6	9826.0500000X000	2,880,000.00	USD
07/24/2023	2024	1000930120	000018	0	CFWD	07/24/2023	20...	Carryforward Special Items	10050023	1020AB00...	561000	1020XXCE6	9820.3100000X000	100,000.00	USD
														44,880,000.00	USD
														159,360,175.73	USD

General Fund - \$77,936,892.33

Carryforward to be used towards contractual commitments, costs associated with the resumption of eligibility redeterminations after the end of the public health emergency and employer contributions.

American Rescue Plan (Fund 10010020) - \$36,543,283.40

Carryforward represents American Rescue Plan funds remaining for Home & Community Based services. The carryforward balance will be fully expended during SFY 24.

General Fund FY23 Nonrecurring Appropriation (Fund 10050023) - \$44,880,000.00

Carryforward included \$31,900,000 for behavioral health capacity and \$2,880,000 for the rural health network. As of December 31, 2023 the behavioral health capacity uncommitted balance remaining was \$2,715,712.42 with the balance to be spent on crisis stabilization infrastructure. The rural health network uncommitted balance was \$0. The remaining \$10.1 million is pending the finalization of contracts.

DP2(a) - Establish Inpatient Psychiatric Services per Diem Rate - \$6.48 Million

Background:

Currently, short-term inpatient psychiatric services, with the exception of non-governmental providers, are reimbursed according to the Diagnosis Related Group (DRG) reimbursement system. DRGs are used to group patients with similar clinical conditions and treatment needs and inpatient facilities are paid a fixed amount for each patient based on the DRG assigned to the patient, regardless of length of stay. Per diem reimbursement pays hospitals for the number of days a patient is in the hospital according to the same base rate. Shifting from DRG reimbursement to per diem reimbursement will allow for a tiered rate structure in support of specialized units. There is an identified need to develop capacity for inpatient psychiatric units specialized in addressing the needs of individuals with autism and individuals that are dually diagnosed with autism and a psychiatric condition requiring inpatient treatment.

Medicare utilizes the Inpatient Psychiatric Facility Prospective Payment System. This payment system calculates a standardized federal per diem rate to be paid to all inpatient psychiatric facilities based on the sum of the national average routing operating, ancillary, and capital costs for each patient day of psychiatric care in an inpatient psychiatric facility, adjusted for budget neutrality. The Inpatient Psychiatric Facility Prospective Payment System provides additional patient-level and facility adjustments.

Justification of Request:

The Department plans to set its rate for this newly covered service at 90% of the Medicare rate and 65% of the average commercial rate.

Funding this request will allow the Department to establish per diem rates for this necessary behavioral health service. In response to stakeholder feedback, the Department reviewed its current reimbursement structure for inpatient psychiatric hospitalization and determined a per diem reimbursement rate will facilitate more effective and efficient utilization. This methodology shift will allow SCDHHS to more specifically tailor inpatient psychiatric care to the differing needs of Medicaid members.

DP2(b) - Increase Psychiatric Residential Treatment Facility Rate - \$502,000

Background:

Psychiatric residential treatment facilities (PRTFs) create a therapeutic setting that is more intensive than community-based treatment and outpatient facility-based services and less intensive than acute inpatient hospitalization. The need for a continuum of behavioral health services includes supporting adequate capacity in PRTFs as a residential treatment option. Based on ongoing market analysis, an additional rate increase is needed to support continued capacity for South Carolina children. The increase in the PRTF rate will address cost-of-living-related increases, such as employee pay increases and the cost of providing insurance and other employer-related expenses.

Justification for Request:

Information gathered during analysis indicates that neighboring states (Georgia and Tennessee) are both planning rate increases for PRTF services, and a concurrent increase in the South Carolina rate to \$525 is proposed to remain competitive and preserve access to out-of-home placements within the state. This will place the South Carolina rate approximately 11% above comparable states' rates.

In response to the years-long, nationwide shortage in PRTF beds available to treat children with serious behavioral health issues, the Department increased the per diem reimbursement rate substantially in SFY22 for these services. Funding this request will allow SCDHHS to tailor residential psychiatric care to the differing needs of Medicaid members. The need to enhance these rates is also driven by the tendency for PRTFs to rely on higher out-of-state reimbursement rates to sustain their services, which has resulted in fewer available beds for South Carolina children. Increasing this reimbursement rate from \$500 per day to \$525 per day will help improve access to these services in South Carolina. If this request is not funded, the state's rate will fall below the market rate and South Carolina children in need of these services may be sent to PRTFs with open beds in other states, moving them farther away from their families and at greater cost to the state.

DP2(c) - Establish Reimbursement Rates for Collaborative Care Services - \$2.98 Million

Background:

Collaborative care services are designed as community-based approaches and place equal emphasis on prevention and integration of behavioral health into primary care settings. Pediatric primary care providers as well as the South Carolina Psychiatric Association have voiced support for broader implementation of this model. Data shows collaborative care leads to better clinical outcomes, greater patient and provider satisfaction, improved functioning and reduced health care costs. It provides access to mental health care that is timely, effective, less costly and less stigmatizing. This approach has been shown to be effective as evidenced by over 80 randomized clinical trials. It is estimated that for every \$1 spent on care delivered in this model, there is a \$5.50 return on investment in improved health and productivity.¹ Psychiatric collaborative care management codes are typically covered by commercial payers as well as Medicare and many state Medicaid programs. The Department has identified model programs in other states that can be replicated to support the South Carolina system of behavioral health service delivery.

Justification of Request:

Funding this set of services will facilitate improved outcomes by integrating behavioral health care coordination in the primary care setting. In the care model supported by this request, the pediatrician consults with a psychiatric provider on the plan of care based on the child's needs and engages with a behavioral health manager who provides ongoing assessment, care management, and brief interventions. This evidence-based practice allows front-line pediatric providers to provide mental health care and coordination with consultation to patients with mental health needs. Providing this care within the pediatric medical home also empowers the child's family to lean on the trusting relationship with the primary care provider and receive initial services in a non-stigmatizing environment.

¹ [American Psychiatric Association Foundation, Center for Workplace Mental Health](#)

DP2(d) - Increase Rehabilitative Behavioral Health Services Rates – \$863,000

Background:

The Department implemented its school-based behavioral health initiative in July 2022 as a key component of community-based treatment services. The services provide access to rehabilitative behavioral health services (RBHS) to students in school settings and school districts have flexibility to meet the needs of their students through multiple options for staffing of counselors. The Department recognizes the need to also address reimbursement for community-based services delivered outside of school settings. The Department has conducted analysis to ensure reimbursement remains aligned according to provider qualifications and maintains equity with medical service reimbursement.

While the state has made significant progress in increasing access to RBHS services in the school setting, a recent report submitted by Boston Consulting Group showed South Carolina has approximately 50% fewer psychologists per capita than the national average. Increasing RBHS reimbursement rates will support an appropriate payment structure that is proportional to the level of service provided by different types of behavioral health professionals (e.g. psychologists and licensed professional counselors).

Justification of Request:

The Department's school-based mental health services initiative produced a 66% increase in school-based mental health counselors available to South Carolina students in just one year. A key component of this initiative was increasing reimbursement rates for RBHS that are provided in the school setting. Funding this request will allow the Department to normalize rates for these services when they are rendered in other settings too. This will improve access to care for behavioral health services by increasing the reimbursement rates for licensed psychologists and master's level clinicians by 5% and support a more robust provider network across the state.

DP2(e) - Review and Update Targeted Case Management Services - \$165,000

Background:

Targeted case management (TCM) services have been under a provider enrollment moratorium since 2015 due to issues with waste, fraud and abuse within this service. Following recent guidance from the Centers for Medicare and Medicaid Services (CMS), SCDHHS is required to lift the moratorium effective July 1, 2024. As part of this action, the Department is putting in place safeguards to address provider compliance with policy and payment guidelines and will be evaluating TCM service policy to ensure access to care for individuals that are not in a managed care plan. There are approximately 255,200 individuals in fee-for-service Medicaid that could potentially access TCM services if they meet service definitions for at-risk populations.

Justification of Request:

Funding this request will allow the state to better coordinate medically necessary behavioral health services for those with a higher risk and need for these services. This includes those with intellectual disabilities, at-risk children and pregnant women, those with substance use disorder, adults with serious mental illness and other targeted populations. The provider enrollment moratorium has prevented new providers from enrolling to provide services through the Medicaid program. SCDHHS plans to lift this moratorium during the current SFY while also categorizing this provider type as “high-risk” providers, which will require additional screening and monitoring protocols. Lifting the moratorium while also enacting these additional measures will help increase access to quality behavioral health care for Healthy Connections Medicaid members while also appropriately safeguarding taxpayer funds. This funding request will allow SCDHHS to manage an anticipated increase in utilization that will result from allowing more providers to render TCM services and establish the necessary safeguards.

DP2(f) - Cover Additional, Intensive Services to Treat Autism Spectrum Disorder - \$978,000

Background:

This request is a continuation of last year's budget request to allow for the full range of reimbursement codes for autism services. It will add services for behavior assessment and allow for concurrent delivery of treatment by multiple professionals to individuals requiring a higher level of intervention. In developing rates for these services, the Department compared reimbursement rates from neighboring state Medicaid programs and other payors. The rates being introduced would allow South Carolina to remain competitive with neighboring states, which is critical for access to care as the workforce for these services is already small with areas of the state that require significant increases to the provider network to maintain access to care.

Justification of Request:

The reimbursement rates for the new services that would be added are comparable with Medicaid rates in neighboring states such as North Carolina and Virginia.

Funding this request will support adding four additional assessment and treatment services to facilitate access to a more comprehensive array of autism spectrum disorder service options. Last year, the Department requested funding to raise the rates for highly utilized services to increase access to services for those with intensive needs. This request builds on last year's request by focusing on those with the most significant treatment needs. The four new services that will be introduced with this funding include multi-family group adaptive behavior treatment, face-to-face behavior identification supporting assessment, behavior identification with two or more technicians and adaptive behavior treatment with protocol modification with two or more technicians. Both services administered with the help of two or more technicians are specifically designed for patients who exhibit destructive behavior, which will bring much-needed support for this underserved population.

Funding this request will also provide the states' three Developmental Evaluation Centers (DECs) with their first-rate increase in nine years. DECs provide neurodevelopmental assessments and psychological evaluation to children with developmental delays and neurodevelopmental disorders such as autism. Ensuring children have access to high quality assessments completed by developmental pediatricians, psychologists, and social workers with the expertise to accurately diagnose and refer them to necessary treatment is critical to SCDHHS' efforts to increase and expand services for children with autism spectrum disorder. Early intervention is crucial for children with developmental delays to ensure the best possible outcomes. Funding this request to increase this reimbursement rate, which has not been increased since 2015, is an important step in helping these centers catch up to the current market rates for specialty services and meet the increased demand in South Carolina.

DP2(g) - Establish a Qualified Residential Treatment Program - \$485,000

Background:

A qualified residential treatment program is a facility designated as a “non-family-based placement” that qualifies for federal matching payments after a child’s first two weeks in that congregate care setting. This program offers another option to support children who are in foster care. The program is available for children in foster care that have been court-appointed for qualified residential treatment program services. Services provided in this setting include requirements for family engagement to the extent appropriate, in accordance with the child’s best interests.

The South Carolina Department of Social Services (DSS) receives Title IV-E funding for time-limited prevention services to children in foster care. Establishing Medicaid reimbursement for this type of facility complements DSS funding that was made available for enhanced room and board costs. Medicaid reimbursement can be used to cover provision of time-limited, trauma-informed care delivered in therapeutic settings, including qualified residential treatment programs.

Justification of Request:

Funding this request will give the state another way to support children who are in foster care. A qualified residential treatment program is a new designation of non-family-based placement that qualifies for federal matching payments after a child’s first two weeks in that congregate care setting. Facilities that meet this designation are state-licensed and accredited. They serve foster children with serious emotional or behavioral disturbances who need short-term, therapeutic care in a structured residential environment. The South Carolina Department of Social Services has contracted with a South Carolina facility that has transitioned to this model. Admissions to this facility began Oct. 1, 2023. This request will support the operation of this newly established service model and provide much needed support for the state’s foster care system.

DP2(h) - Establish Coverage of Intensive In-home Services - \$931,000

Background:

Implementation of intensive in-home services (IIHS) allows SCDHHS to join other states who have added intensive community services for adolescents to the array of behavioral health services covered by the Medicaid state plan.

Intensive in-home services are provided in the home and community, focusing on each referred youth and the environment of the family unit. They are provided in a flexible way to accommodate the needs of the family. SCDHHS identified two intensive in-home services providers to implement immediately (Multisystemic Therapy - MST) and plans to continue to evaluate and implement additional intensive in-home services.

Without this level of community-based, intensive in-home-type services, the state's behavioral health system must rely more heavily on high-dollar crisis intervention services and out-of-home placements to cover the needs of troubled youth and families. This results not only in significant costs to the state, but also overburdens and creates overreliance on the South Carolina Department of Social Services and South Carolina Department of Juvenile Justice (SCDJJ) when such youth further (and unnecessarily) become involved in their systems.

Currently in South Carolina, MST has been implemented by SCDJJ and has an existing provider network. By offering Medicaid reimbursement, sustainability will be significantly increased, ensuring intensive services remain within the array of behavioral healthcare for our state's youth.

Justification of Request:

Funding this request will support bringing intensive evidence-based behavioral health services for children into community and home settings, including the foster care setting. In establishing coverage for these specialized practices, the Department seeks to broaden the array of community-based services, which will help mitigate need for placement in foster care and other out-of-home placements and reduce the utilization of more costly services in a residential and/or inpatient psychiatric setting.

DP2(i) - Establish Reimbursement Rates to Support Crisis Stabilization Services - \$2.69 Million

Background:

The South Carolina General Assembly directed SCDHHS to “undertake an effort to assess existing gaps in coverage for or the supply of inpatient psychiatric care, crisis stabilization, and other inpatient or outpatient behavioral health services” in its 2022-2023 General Appropriations Bill (117.153).

The investment in crisis stabilization services for South Carolinians who are experiencing behavioral health episodes, such as mental health and/or substance use emergencies, is part of the agency’s broader emphasis on improving access to and coordination of behavioral health services in South Carolina. Nationally, between 12-15% of all emergency department visits are mental health related.

Typically, 70-80% of psychiatric emergencies can be stabilized within 24 hours, but psychiatric patients spend three times longer than other patients in the emergency department.

South Carolina’s behavioral health services are delivered through a complex array of systems that have produced significant gaps in services. In responding to the requirement to review the state’s behavioral health funding and delivery systems, SCDHHS identified the need for behavioral health crisis stabilization services. These services are intended to supplement the existing crisis response system.

For individuals experiencing a behavioral health crisis, hospital-based crisis stabilization services will provide needed intervention in a specialized behavioral health emergency unit adjacent to medical emergency departments. These services are designed to be delivered by a multidisciplinary behavioral health team using a “no wrong door” approach. Services include:

- Provision of psychiatric evaluation, diagnosis and initiation of treatment, to include the following:
 - Mental health assessment, stabilization and treatment; and referral for substance use disorder/chemical dependency;
 - Suicide prevention (e.g., risk screening, assessment and safety planning);
 - Medication induction; and
 - Proactive discharge planning.

Justification for Request:

In executing Proviso 117.153 of the 2022-23 Appropriation Act, the Department awarded grants to 13 South Carolina hospitals to establish hospital-based units dedicated to addressing behavioral health crises during SFY23. These grants totaled \$45.5 million in one-time infrastructure funds.

Funding this request will further support this effort by establishing hourly and per diem rates for hospital-based crisis stabilization units and standalone crisis stabilization units that are needed to operationalize the establishment and extension of these services.

DP2(j) - Extend Provider Network for Peer Support Services - \$433,000

Background:

Peer support services are face-to-face services to assist individuals' recovery from mental health and/or substance abuse disorders by sharing similar lived experience and recovery. The service is person-centered with a recovery focus and promotes skills for coping with and managing symptoms, while using natural resources/supports and enhancement of community living skills. Services are delivered by a qualified peer support specialist who gives advice and guidance, provides insight, shares information on services and empowers the individual to make healthy decisions.

Peer support services have previously been delivered by a limited set of providers. The Department recognizes the benefit of the services and intends to broaden the provider network by allowing additional provider types, including private providers, to be able to deliver the service. Peer support specialists are also a required component for Assertive Community Treatment (ACT) services, which was implemented by the Department in July 2023. ACT uses a team treatment approach designed to provide comprehensive, community-based behavioral health treatment, rehabilitation, and support to persons with serious and persistent mental illness. Certified Peer Support Specialists are part of the ACT treatment team and additional peer support providers are necessary for successful implementation of ACT teams statewide.

Justification for Request:

Funding this request will increase the availability of peer support services by allowing private providers to be reimbursed when rendering this service to Medicaid members. Peer support is a face-to-face service with a provider whose purpose is assisting those struggling with mental health and/or substance use disorders by sharing similar lived experience and recovery. Extending this service to additional provider types will fill another noted gap in the continuum of behavioral health care in South Carolina.

DP3(a) - Increase Physicians' Rates - \$5.73 Million

Background:

As prescribed in the Medicaid State Plan reimbursement methodology, the Department utilizes the Medicare Physician Fee Schedule as a benchmark to establish rates for physician services, paying a percentage of the fee schedule for a designated year. South Carolina ranks 38th among states in primary care physicians per capita and has a number of residents who live in a Primary Care Physician Health Professional Shortage Area that trails the national average by 9%¹. To maintain a robust provider network, the Department plans to revise its physician services rate benchmark to the 2023 Medicare Physician Fee Schedule.

Justification for Request:

Funding this request will support increasing reimbursement rates for physician services. These rate increases are based on updating provider reimbursement rates by benchmarking them to the 2023 Medicare Physician Fee Schedule. The rate increases will improve access to care for members enrolled in the Medicaid program. The rate increases will have the largest impact in the evaluation and management services used by physicians and other medical professionals to manage patient health.

¹ Act 60 Health Analysis Interim Report, Boston Consulting Group

DP3(b) - Increase Home and Community-based Services Rates - \$4.78 Million

Background:

Based on ongoing review and analysis, increases are needed for certain home and community-based services (HCBS) reimbursement rates to maintain an adequate provider network and address increased costs.

For adult day healthcare, an increase will address cost-of-living increases such as increased costs for employee insurance and other benefits paid by the employer. Comparative analysis shows South Carolina's Medicaid reimbursement rate of \$64 is low compared to some other Medicaid rates in the region such as Tennessee (\$79.92).

Feedback from providers that serve HCBS participants indicates difficulties in continuing to provide nutritional supplies without a rate increase. The Department plans to increase rates by 25% to account for inflationary impact and supply chain issues.

Analysis of pest control services indicated that the Medicaid reimbursement rate has not been increased since 2017. The Department plans to increase the rate from \$45 to \$66.50, which is equal to the average private pay rate.

Additionally, many waiver participants depend on home-delivered meals that are provided through HCBS to maintain adequate nutrition. Input from providers with a national presence indicates costs continue to rise. The Department plans to increase the rate from \$6.40 a meal to \$7.40 a meal. The average cost in the Southern region is \$8.22 per meal.

The Department intends to increase rates to \$47/hr. for in-home nursing and \$50/hr. for in-home nursing for children with complex medical conditions to remain competitive with neighboring states such as Georgia (\$46.76/hr.) and North Carolina (\$52/hr.). South Carolina Medicaid rates are currently \$42/hr. for in-home nursing (RN or LPN) and \$45 for in-home nursing for children with complex medical conditions.

Justification for Request:

Funding this request will increase access to services in home and community settings and support an adequate provider network. HCBS providers continue to face nationwide inflationary wage pressures. This increase will keep South Carolina's reimbursement rates comparable to other Medicaid programs in the region and help these providers recruit and retain frontline staff to provide these services. Specifically, this request will support rate increases for in-home nursing, home delivered meals, adult day health care, pest control, and nutritional supplements. These services enable elderly, disabled, and medically complex individuals to remain in home settings and reduce the need for facility-based care.

DP3(c) - Increase Speech, Occupational, and Physical Therapy Rates - \$3.01 Million

Background:

The Department has engaged in ongoing discussions with therapy providers for input on reimbursement rates. The Department has completed a comprehensive review and found that certain codes have not been increased since 2011. Review of other payors' rates also supports addressing reimbursement rates. Georgia and North Carolina's Medicaid reimbursement rates are generally 15-20% higher than South Carolina's Medicaid reimbursement rate for speech, occupational and physical therapy services. Georgia and North Carolina's rates are comparable to 71% of the 2023 Medicare fee schedule.

Justification for Request:

To evaluate rate increases, the Department compared current rates to the Public Employee Benefit Authority and Medicare. The Department's request is based on the impact of bringing therapy rates up to 71% of the 2023 Medicare fee schedule.

Funding this request will support improved access to speech, occupational, and physical therapy for Medicaid members by increasing the reimbursement rate. Bringing the Medicaid reimbursement rate closer to the reimbursement rate in other states in our region will help expand access to care for Medicaid members through an enhanced provider network.

DP3(d) - Increase Rates to Support Residential Habilitation Services Within the Department of Disabilities and Special Needs (DDSN) Provider Network - \$1.2 Million

Background:

The Department has worked closely with the provider associations in transitioning to direct billing for home and community-based services. Part of this transition incorporated levels (tiers) of service for residential habilitation and development of a new rate structure. Re-evaluation of that rate structure during the current year identified the need to increase rates to support an adequate provider network, specifically increases for direct care workers' hourly wages.

Justification for Request:

Funding this request will help address the workforce shortage for direct care workers who serve individuals with intellectual disability and related disabilities and head and spinal cord injury and related disabilities. This approximately 5% rate increase will support paying direct care workers, providing residential and day services a higher hourly wage, improving recruitment and retention of this critical type of frontline workers.

DP3(e) - Extend Continuous Glucose Monitoring Coverage - \$2.66 Million

Background:

The Department has evaluated its coverage policy on continuous glucose monitoring (CGM) in comparison to Medicare and other payer coverage. Based on the standard of care outlined by the American Diabetes Association® and the prevalence of diabetes in South Carolina, the Department plans to expand coverage for CGM to align with Medicare coverage. This coverage change is supported by the provider community who has provided feedback and resources that have helped inform the policy recommendations included in this request. South Carolina had the 8th highest prevalence of diabetes among adults in the nation in 2018. Additionally:

- Diabetes is the 7th leading cause of death in South Carolina after heart disease, cancer, chronic lower respiratory disease, accidents, stroke and Alzheimer's.
- Diabetes hospital costs have increased by 60% in the past five years in South Carolina.
- South Carolina has 33,000 emergency department visits and hospital admissions related to diabetes annually.
- An estimated 30,625 individuals are diagnosed with diabetes each year in South Carolina, according to the American Diabetes Association®.

Making this coverage change will align South Carolina's Medicaid coverage with the majority of state Medicaid programs, including North Carolina's. Recent data shows 27 other state Medicaid programs provide similar coverage.

Justification of Request:

Funding this request will support extending existing coverage for continuous glucose monitoring from children with diabetes, women with gestational diabetes, and adults with Type 1 diabetes only, to children and adults with Type 1 and 2 diabetes. This is considered the standard of care for diabetes management for those with type 1 and 2 diabetes. Extending this coverage to adults with Type 2 diabetes will improve the Medicaid members' short- and long-term health outcomes and quality of life. Extending this coverage will also increase access in South Carolina by making coverage comparable with other surrounding state Medicaid programs and Medicare coverage.

Increased continuous glucose monitoring utilization improves diabetes management, which results in a reduction of emergency department visits and hospitalizations and lower overall health care costs. Better management of diabetes via continuous glucose monitoring aligns with the Department's anti-obesity initiative and overall efforts to reduce health care costs and improve health outcomes.

DP3(f) - Add Anti-obesity Drug Coverage and Update Nutritional Counseling - \$3.26 Million

Background:

In South Carolina, 32% of the adult population and 22% of the pediatric population have a body mass index that qualifies them for nutritional counseling therapy. Obesity is an issue throughout the U.S. with over 40% of South Carolinians being obese. It is estimated to increase U.S. healthcare spending by \$170 billion annually, including billions of dollars paid by Medicare and Medicaid. Roughly one in six youth have obesity, according to the National Survey of Children's Health.

SCDHHS is working on an anti-obesity and nutritional counseling initiative to allow therapeutic treatment for obesity in conjunction with extensive nutritional counseling prior to the use of medication. In January 2023, the American Academy of Pediatrics issued new guidelines for the treatment of pediatric obesity that included use of medications in patients who have not responded to lifestyle modification and diet and exercise-based approaches.

In order to successfully implement its anti-obesity and nutritional counseling initiative and to respond to requests from the provider community, the Department is increasing the hours of nutritional counseling reimbursed for Healthy Connections Medicaid members. Analysis of other state Medicaid reimbursement rates in the region also showed the Department's rate lagged those of other similar payors. The Department has implemented reimbursement methodology changes for nutritional counseling to address the rate disparity. Additionally, the Department plans to begin coverage of one medication that has been approved by the American Academy of Pediatrics for adolescent Medicaid members with severe obesity.

Justification for Request:

Funding this request will support the Department's Medicaid anti-obesity and nutritional counseling initiative. Specifically, this request will allow the Department to bundle increased nutritional counseling with coverage of anti-obesity drugs. Through bundling these services, the Department will update the nutritional counseling benefit to align with the requirement that those who take anti-obesity drugs receive at least six hours of extensive nutritional counseling in order to qualify for the medication. This requirement is an important component of the initiative along with adding coverage of anti-obesity drugs. Anti-obesity drugs are considered the standard of care for certain clinical cases, which studies show improve overall health and reduce potential health care costs for treatment of comorbidities.

Together, this request is supported by stakeholder input received by the South Carolina Academy of Nutrition and Dietetics, in support of the Medicaid anti-obesity and nutritional counseling Initiative. Additionally, this change provides a new reimbursement methodology for nutritional counseling services delivered by registered dietitians that will improve access to care and increase provider network by more closely aligning the Department's rate with other state Medicaid programs and the South Carolina Public Employee Benefit Authority (PEBA).

DP3(g) - Increase Dental Rates - \$5.93 Million

Background:

In South Carolina's Medicaid program, dental services are paid under a fee-for-service (FFS) model. This means Medicaid-enrolled dental providers receive the reimbursement rates included on SCDHHS' FFS fee schedule for services rendered to a Healthy Connections Medicaid member regardless of their enrollment in a managed care plan.

SCDHHS is currently engaging in a phased approach for raising dental reimbursement rates to align with similar health care payers. In last year's budget request, SCDHHS requested \$3.1 million in recurring general funds for rate increases to pediatric dental services. The provider rate increases supported by last year's request went into effect on Jan. 1, 2023. This year's request will support a rate increase that focuses on services for preventive care and codes for services that are most utilized for the pediatric population. SCDHHS plans to continue the phased rate increases through this year's request for additional funding.

Currently, the South Carolina Medicaid rates are between 35%-45% of the 50th percentile of the 2022 American Dental Association's Usual, Customary, and Reasonable (UCR) rates published for South Carolina. These targeted rate increases would bring South Carolina's Medicaid reimbursement rates for pediatric services to between 50%-60% of the 50th percentile of the 2022 South Carolina UCR rate, which is more aligned with other state Medicaid programs' reimbursement relative to UCR rates.

Justification for Request:

Funding this request will support increasing reimbursement rates for dental services, which will increase access to care by providing a more robust network of Medicaid-enrolled dental providers. These services are paid under the fee-for-service model for all 1.2 million full-benefit Medicaid members, regardless of enrollment in a managed care plan.

The Department's research has shown that the cost of providing dental care has increased by almost 50% in the past three years. This request will help bring the Medicaid reimbursement rate closer to the reimbursement rate in other states in our region, which will help improve access to care for Medicaid members through an enhanced provider network.

DP3(h) - Extend Screening and Preventive Services Coverage - \$2.7 Million

Background:

The Centers for Medicare and Medicaid Services (CMS) has issued guidelines under section 11405 of the Inflation Reduction Act, requiring states to provide coverage and payment for vaccines recommended by the Centers for Disease Control's Advisory Committee on Immunization Practices, no later than Oct. 1, 2023. Additionally, the Department recently implemented coverage of colorectal screening to align with the United States Preventive Services Task Force recommendations.

Current Medicaid coverage for preventive/screening services and vaccines did not address all Advisory Committee on Immunization Practices recommended vaccines for adults as required by the State Health Official letter issued by the Centers for Medicare and Medicaid services¹. Updates were needed to ensure coverage for child and adult Medicaid members was aligned with the United States Preventive Services Task Force Grade A & B recommendations.

Justification for Request:

Funding this request will enable compliance with new federal requirements that states cover payment for a variety of screenings and preventative services. The Department follows advisory board recommendations to cover these screening and preventive services. This request is consistent with that practice by updating the agency's coverage to match new advisory board recommendations. The request will help improve health outcomes and potentially produce long-term cost savings by reducing the need for long-term treatment.

¹ <https://www.medicaid.gov/sites/default/files/2023-12/sho23003.pdf>

DP3(i) - Extend Cochlear Implant Coverage - \$1.54 Million

Background:

A cochlear implant is an electronic device that improves hearing. It can be an option for people who have severe to profound sensorineural hearing loss, unilateral or bilateral.

SCDHHS currently covers cochlear implants for children under 21 years-old through the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit. SCDHHS also has contracts that provide parts, accessories, and repairs for cochlear implants for children under 21-years-old. Proposed state law (S.119 - Hearing Aids) mandates coverage for hearing services through age 26 for those who were enrolled in foster care. SCDHHS is extending coverage of cochlear implant services for all adult Medicaid members. Cochlear implants are currently covered by Medicare and the South Carolina Public Employee Benefit Authority (PEBA).

This coverage change allows for children aging out of the current coverage parameters to maintain cochlear device replacement and maintenance services, specifically the foster care population. It will also allow for access to comprehensive services for adults who have higher prevalence of hearing loss and aligns with Medicare coverage.

Justification for Request:

Funding this request will support extending cochlear implant coverage for adults with severe or profound hearing loss to include medically necessary placement, replacement, and maintenance and continuation of care. Access to this service will improve the health outcomes and the ability to perform daily functions.

DP3(j) - Increase Non-emergency Medical Transportation Rates - \$1.81 Million

Background:

Non-emergency medical transportation is a required benefit for state Medicaid programs. SCDHHS operates this benefit through a contracted broker.

The highest non-emergency medical transportation usage rates were seen among enrollees in home and community-based services, Money Follows the Person, those who are dually eligible for Medicare and Medicaid, aging adults, people with disabilities, those with certain physical and mental health conditions, members with substance use disorders, and those that reside in remote areas.

Utilization of non-emergency medical transportation dropped nationally during the COVID-19 public health emergency, which correlates with the increase seen in telehealth during the same period. Since 2021, there have been signs of recovery as there have been increases in ride days and beneficiary utilization rates. The Centers for Medicare and Medicaid Services has recommended states work with managed care plans, providers, and transit networks to raise awareness of the non-emergency medical transportation benefit. They have examined and found evidence that use of this service helps with timely preventive care and is cost-effective, providing savings to both the federal and state governments.

Justification for Request:

Funding this request will help maintain access to non-emergency medical transportation for Medicaid members to ensure those without their own means of transportation are able to access medically necessary care.

The Department performed a market review analysis that supported the rate increase associated with this request. The analysis showed that the previous rates were based on outdated information that failed to account for increased operating costs including the rising cost of fuel and maintenance and inflationary wage pressures.

DP3(k) - Increase Nursing Home Rates - \$17.89 Million

Background:

Medicaid was the primary payer in 2019 for nursing facilities, covering 59% residents¹. Medicare is the second-largest payor of nursing facility care. Medicare covers short-term stays of up to 100 days. Many nursing facility residents covered by Medicaid are dually eligible for Medicare. In those cases, Medicare Part A generally covers the first part of their stay, then Medicaid picks up the subsequent days of long-term care. Additionally, therapy services for long-stay residents are covered by Medicare Part B.

The Department has amended the reimbursement methodology to utilize the most recent cost report data. It has also updated cost center standards, applied a 4.1% inflation factor to calculate rates that went into effect on Oct. 1, 2023, and increased the square footage allowance used for capital cost reimbursement purposes in accordance with the annual increase recommended by construction industry cost estimates.

Justification for Request:

Funding this request will support increasing nursing facility bed day rates. The rates are based on the fiscal year-end Sept. 30, 2022, nursing home facility cost reports and the Medicaid bed days paid during SFY 2022-23. The contracted labor costs for nursing services in the facilities has increased dramatically and created an inflationary pressure on the bed day rate, which is driving this funding request.

¹ [Medicaid and CHIP Payment and Access Commission Estimates of Medicaid Nursing Facility Payments Relative to Costs, January 2023](#)