MILLIMAN CLIENT REPORT

State Fiscal Year 2023 Medicaid Managed Care Capitation Rate Certification

July 1, 2022 through June 30, 2023

South Carolina Department of Health and Human Services

June 7, 2022

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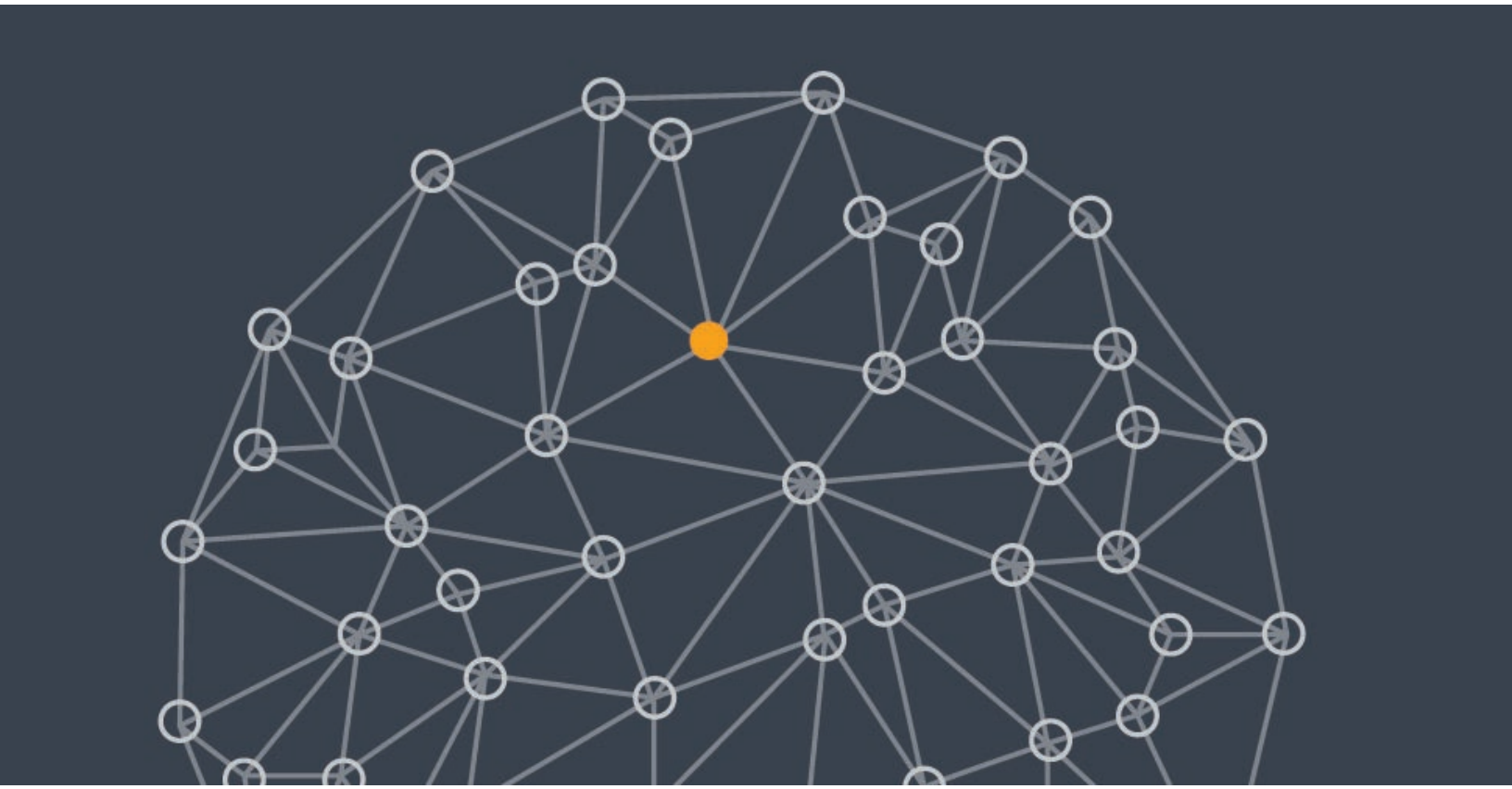

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Background

Milliman, Inc. (Milliman) has been retained by the State of South Carolina, Department of Health and Human Services (SCDHHS) to provide actuarial and consulting services related to the development of capitation rates for its Medicaid Managed Care Program effective July 1, 2022.

This letter provides documentation for the development of the actuarially sound capitation rates. It also includes the required actuarial certification in Appendix 1.

We acknowledge the ongoing nature of the COVID-19 pandemic. The assumptions documented in this certification report reflect our best estimate based on information known to us at the time of this report. The capitation rates include adjustments related to morbidity, the estimated impact of COVID-19 on base data experience and COVID-19 policy changes as documented in the report. It is possible that the COVID-19 pandemic, as well as future legislative changes to address the pandemic, could have a material impact on morbidity, enrollment, providers, and other factors related to the capitation rates illustrated in this report.

Based on 42 CFR 438.7(c)(3), an amended capitation rate certification is not required for adjustments that increase or decrease capitation rates by 1.5% or less. As a result, we recognize that contracted capitation rates may differ from the information illustrated in this certification within this +/- 1.5% corridor.

To facilitate review, this document has been organized in the same manner as the 2022-2023 Medicaid Managed Care Rate Development Guide, released by the Centers for Medicare and Medicaid Services in April 2022 (CMS guide). Sections II and III of the CMS guide are not applicable to this certification as the covered populations and services do not include long-term services and supports (Section II), nor the new adult group under 1902(a)(10)(A)(i)(VIII) of the Social Security Act (Section III).

FISCAL IMPACT ESTIMATE

The composite per member per month (PMPM) capitation rates for the Medicaid managed care program are illustrated in Figure 1. These rates are effective for state fiscal year (SFY) 2023 (July 1, 2022 through June 30, 2023). Figure 1 provides a comparison of the SFY 2023 rates relative to the rates effective January through June 2022 (Jan – Jun 2022). The composite rates illustrated for both SFY 2023 and Jan - Jun 2022 are calculated based on projected SFY 2023 enrollment by rate cell. Projected enrollment estimates reflect observed program enrollment through February 2022 with adjustments to reflect anticipated changes in membership due to the Families First Coronavirus Response Act (FFCRA) and the unwinding of enrollment upon termination of the COVID-19 public health emergency (PHE). The TANF: 0-2 months old projected member months reflect annualized November 2021 membership and the SFY 2023 projected KICK payments reflect SFY 2021 average deliveries to account for the observed lag in eligibility completion for both rate cells.

FIGURE 1: COMPARISON WITH JAN-JUN 2022 RATES (PMPM RATES)

COMPOSITE	JAN-JUN 2022 PMPM	SFY 2023 PMPM	INCREASE/ (DECREASE)
Including Add-Ons	$ 312.03	$ 309.61	(0.8%)
Excluding Add-Ons	$ 297.39	$ 295.03	(0.8%)

Notes:
1. Jan-Jun 2022 and SFY 2023 composite rates reflect projected SFY 2023 enrollment by rate cell.
2. Add-Ons include Hospital Quality Payment Initiative and Supplemental Teaching Payments.

Figure 2 presents a comparison of the certified SFY 2023 capitation rates to the Jan - Jun 2022 capitation rates by rate cell, both excluding and including the 438.6 Hospital Quality Payment program and the Supplemental Teaching Physician directed payment, referred to collectively as add-ons.

FIGURE 2: COMPARISON WITH JAN-JUN 2022 RATES BY RATE CELL (PMPM RATES)

		INCLUDING ADD-ONS			EXCLUDING ADD-ONS		
RATE CELL	PROJECTED MEMBER MONTHS	JAN-JUN 2022 RATE	SFY 2023 RATE	INCREASE/ (DECREASE)	JAN-JUN 2022 RATE	SFY 2023 RATE	INCREASE/ (DECREASE)
TANF: 0-2 months old (AH3)	83,532	$ 2,427.48	$ 2,596.10	6.9%	$ 2,236.92	$ 2,291.79	2.5%
TANF: 3-12 months old (AI3)	348,045	262.65	244.17	(7.0%)	237.21	221.26	(6.7%)
TANF: Age 1-6 (AB3)	2,641,261	147.89	126.68	(14.3%)	139.96	121.36	(13.3%)
TANF: Age 7-13 (AC3)	3,063,239	145.10	132.11	(9.0%)	139.13	128.08	(7.9%)
TANF: Age 14-18, Male (AD1)	1,032,778	159.63	159.06	(0.4%)	152.58	153.68	0.7%
TANF: Age 14-18, Female (AD2)	1,033,480	201.64	209.29	3.8%	192.39	200.98	4.5%
TANF: Age 19-44, Male (AE1)	587,591	201.67	198.69	(1.5%)	193.33	191.42	(1.0%)
TANF: Age 19-44, Female (AE2)	1,964,094	325.82	337.71	3.6%	309.96	318.73	2.8%
TANF: Age 45+ (AF3)	369,227	577.34	590.05	2.2%	552.92	567.75	2.7%
SSI - Children (SO3)	139,769	692.92	694.16	0.2%	663.61	669.62	0.9%
SSI - Adults (SP3)	641,286	1,455.10	1,506.32	3.5%	1,401.21	1,456.89	4.0%
OCWI (WG2)	451,448	280.47	266.51	(5.0%)	250.93	218.86	(12.8%)
DUAL	-	176.76	177.36	0.3%	176.76	177.36	0.3%
Foster Care - Children (FG3)	57,459	975.72	1,050.54	7.7%	952.27	1,039.30	9.1%
KICK (MG2/NG2)	25,869	7,207.20	6,957.00	(3.5%)	7,114.07	6,957.00	(2.2%)
Composite	**12,413,209**	**$ 312.03**	**$ 309.61**	**(0.8%)**	**$ 297.39**	**$ 295.03**	**(0.8%)**

Notes:
1. TANF: 0-2 months old projected member months reflects annualized November 2021 membership.
2. SFY 2023 projected monthly deliveries for the KICK rate cell are consistent with the average of SFY 2021 delivery counts.
3. Add-Ons include Hospital Quality Payment program and Supplemental Teaching Physician program

Figure 3 presents the estimated aggregate annual expenditures under the managed care program, based on SFY 2023 projected membership. Further detail by rate cell is illustrated on an annual basis in Appendix 3.

FIGURE 3: ESTIMATED ANNUAL FISCAL IMPACT (MILLIONS)

		ANNUAL PROJECTED EXPENDITURES		DOLLAR INCREASE/ (DECREASE)	PERCENTAGE INCREASE/ (DECREASE)
	PROJECTED MEMBERSHIP	JAN-JUN 2022	SFY 2023		
Composite	12,413,209	$ 3,873.3	$ 3,843.2	($ 30.0)	(0.8%)
Total Federal Only		$ 2,853.8	$ 2,831.7	($ 22.1)	(0.8%)
Total State		$ 1,019.4	$ 1,011.5	($ 7.9)	(0.8%)

Notes:
1. Jan – Jun 2022 and SFY 2023 aggregate annual expenditures were developed based on SFY 2023 projected enrollment and estimated SFY 2023 deliveries.
2. State expenditures based on Federal Fiscal Year 2023 FMAP of 70.58% + 6.2% public health emergency enhancement for July through December 2022 and 70.58% for January 2023 through June 2023, resulting in an effective FMAP of 73.68% for the full year.
3. Values have been rounded.

Section I. Medicaid managed care rates

1. General information

This section provides information listed under the General Information section of CMS guide, Section I.

The capitation rates provided under this certification are "actuarially sound" for purposes of 42 CFR 438.4(a), according to the following criteria:

The capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the managed care plan for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).

To ensure compliance with generally accepted actuarial practices and regulatory requirements, we referred to published guidance from the American Academy of Actuaries (AAA), the Actuarial Standards Board (ASB), the Centers for Medicare and Medicaid Services (CMS), and federal regulations. Specifically, the following were referenced during the rate development:

- Actuarial standards of practice applicable to Medicaid managed care rate setting which have been enacted as of the capitation rate certification date, including: ASOP 1 (Introductory Actuarial Standard of Practice); ASOP 5 (Incurred Health and Disability Claims); ASOP 12 (Risk Classification for All Practice Areas); ASOP 23 (Data Quality); ASOP 25 (Credibility Procedures); ASOP 41 (Actuarial Communications); ASOP 45 (The Use of Health Status Based Risk Adjustment Methodologies); and ASOP 49 (Medicaid Managed Care Capitation Rate Development and Certification); and ASOP 56 (Modeling).
- Actuarial soundness and rate development requirements in the Medicaid and CHIP Managed Care Final Rule (CMS 2390-F) for the provisions effective for the SFY 2023 managed care program rating period.
- 2022-2023 Medicaid Managed Care Rate Development Guide, released by the Centers for Medicare and Medicaid Services in April 2022.
- Throughout this document and consistent with the requirements under 42 CFR 438.4(a), the term "actuarially sound" will be defined as in ASOP 49:

"Medicaid capitation rates are "actuarially sound" if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs. For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk-adjustment cash flows, and investment income. For purposes of this definition, costs include, but are not limited to, expected health benefits; health benefit settlement expenses; administrative expenses; the cost of capital, and government-mandated assessments, fees, and taxes."[1]

A. RATE DEVELOPMENT STANDARDS

i. Application of expectations to rate ranges

Not applicable. There are no rate ranges being developed for the SFY 2023 SCDHHS Medicaid managed care capitation rates.

ii. Annual basis

The actuarial certification contained in this report is effective for the capitation rates for the one year rate period from July 1, 2022 through June 30, 2023.

iii. Required elements

(a) Actuarial certification

The actuarial certification, signed by Jeremy D. Palmer, FSA, is in Appendix 1. Mr. Palmer meets the qualification standards established by the American Academy of Actuaries, follows the practice standards established by the Actuarial Standards Board, and certifies that the final rates meet the applicable standards in 42 CFR 438 that are effective for the SFY 2023 managed care program rating period.

[1] http://www.actuarialstandardsboard.org/asops/medicaid-managed-care-capitation-rate-development-and-certification/

(b) Certified capitation rates for each rate cell

The certified capitation rates by rate cell are illustrated in Figure 2. Projected enrollment estimates reflect observed program enrollment through February 2022 with adjustments to reflect anticipated changes in membership due to the Families First Coronavirus Response Act (FFCRA) and the unwinding of enrollment upon conclusion of the PHE. To account for the observed lag in eligibility completion, the TANF: 0-2 months old projected member months reflects annualized November 2021 membership and the SFY 2023 projected KICK payments reflect SFY 2021 average deliveries. These rates represent the contracted capitation rates prior to risk adjustment.

(c) Program information

Managed care program

This certification was developed for the State of South Carolina's Medicaid managed care program.

Medicaid managed care organizations (MCOs) have been operating in South Carolina since 1996. In August 2007, SCDHHS implemented the South Carolina Healthy Connections Choices program to more effectively enroll members in MCOs. In April 2021, two MCOs merged together, and in August 2021, a new MCO entered the South Carolina (SC) managed care program. As of July 1, 2022, this program provides comprehensive services through five MCOs on a statewide basis.

Benefits covered under the Medicaid managed care program are comprehensive in nature. Certain services such as waiver services, non-emergency transportation, dental, and long-term nursing home stays are covered on a fee-for-service basis.

The following table outlines the core benefits covered under the managed care capitation rate.

FIGURE 4: LIST OF CORE BENEFITS

Ambulance Transportation	Hearing Aids and Hearing Aid Accessories	Outpatient Services
Ancillary Medical Services	Home Health Services	Physician Services
Audiological Services	Hysterectomies, Sterilizations and Abortions (as covered in policy guidelines)	Podiatry Services
Autism Spectrum Disorder Services	Independent Laboratory and X-Ray Services	Prescription Drugs
Communicable Disease Services	Inpatient Hospital Services	Psychiatric, Rehabilitative Behavioral Health, and associated outpatient mental health services
Disease Management	Institutional Long-Term Care Facilities/Nursing Homes for short-term stays	Rehabilitative Therapies for Children - Non-Hospital Based
Durable Medical Equipment	Maternity Services	Substance Abuse
Early & Periodic Screening, Diagnosis and Treatment (EPSDT) / Well Child	Medication Assisted Therapy	Tobacco Cessation Coverage
Family Planning Services	Newborn Hearing Screenings	Transplant and Transplant-Related Services
Free-Standing Inpatient Psychiatric Facilities for Under 21	Outpatient Pediatric AIDS Clinic Services (OPAC)	Vision Care Services

Notes:

1. The managed care policies & procedures (P&P) manual indicates that MCOs are responsible for covering corneal transplants. With respect to other types of transplants as outlined in the P&P manual, MCOs are responsible for pre- and post-transplant services as documented in the manual.
2. Free-standing inpatient psychiatric facility coverage applies to individuals under age 21.
3. Medication assisted therapy includes treatment in Opioid Treatment Programs (OTPs).
4. Detailed benefit coverage information for all Core Benefits in this table can be found within the Managed Care Policy and Procedure Manual.
5. Source: https://msp.scdhhs.gov/managedcare/sites/default/files/ppguide.pdf

Rating period

This actuarial certification is effective for the one-year rating period July 1, 2022 through June 30, 2023.

Covered populations

Specific eligibility for the managed care program is defined by the individual's Medicaid eligibility category as assigned by SCDHHS.

The following table outlines these specific SCDHHS Medicaid eligibility categories (also referenced as "payment categories" or "PCATs") that are eligible for inclusion in the risk-based managed care program.

FIGURE 5: MANAGED CARE ELIGIBILITY PAYMENT CATEGORIES

PCAT CODE	PAYMENT CATEGORY	PCAT CODE	PAYMENT CATEGORY
11	MAO (Extended/Transitional)	57	Katie Beckett/TEFRA
12	OCWI (Infants)	59	Low Income Families
13	MAO (Fostercare/Adoption)	60	Regular Foster Care
16	Pass Along Eligibles	61	Foster Care Adults
17	Early Widows/Widowers	71	Breast and Cervical Cancer
18	Disabled Widows/Widowers	80	SSI
19	Disabled Adult Children	81	SSI With Essential Spouse
20	Pass Along Children	85	Optional Supplement
31	Title IV-E Foster Care	86	Optional Supplement & SSI
32	Aged, Blind, Disabled (ABD)	87	OCWI Pregnant Women/Infants
40	Working Disabled	88	OCWI Partners For Healthy Children
51	Title IV-E Adoption Assistance	91	Ribicoff Children

Dual eligible individuals (eligible for coverage by both Medicaid and Medicare) and individuals aged 65 or over are not eligible for enrollment into the managed care program. Any individual identified as dual eligible while enrolled in an MCO is retroactively adjusted to the dual capitation rate cell (discussed further following Figure 7) for any such MCO-enrolled month and are prospectively disenrolled from the managed care program.

Additionally, individuals denoted by any of the following recipient of a special program (RSP) indicators in Figure 6 are not eligible for enrollment into the managed care program.

FIGURE 6: RSP INDICATORS NOT ELIGIBLE FOR MANAGED CARE ENROLLMENT

RSP Code	Payment Category	RSP Code	Payment Category
CLTC	Elderly Disabled Waiver	HSCN	Head & Spinal Cord Waiver - New
CSWE	Community Supports Waiver - Established	MCCM	Primary Care Case Management (Medical Care Home)
CSWN	Community Supports Waiver - New	MCHS	Hospice
COVD	COVID Limited Benefits	MCPR	Dual Eligible Prime
DMRE	DMR Waiver - Established	MCSC	PACE
DMRN	DMR Waiver - New	MFPP	Money Follows the Person
HIVA	HIV/AIDS Waiver	VENT	Ventilator Dependent Waiver
HSCE	Head & Spinal Cord Waiver - Established	WMCC	Medically Complex Children's Waiver

Note:

1. All RSP's provided by SCDHHS on March 14, 2022.

The SFY 2023 capitation rate development covers the following capitation rate cells:

FIGURE 7: MANAGED CARE CAPITATION RATE CELLS

RATE CELL	RATE CELL INDICATOR
TANF: 0 - 2 months old	AH3
TANF: 3 - 12 months old	AI3
TANF: Age 1 - 6	AB3
TANF: Age 7 - 13	AC3
TANF: Age 14 - 18 Male	AD1
TANF: Age 14 - 18 Female	AD2
TANF: Age 19 - 44 Male	AE1
TANF: Age 19 - 44 Female	AE2
TANF: Age 45+	AF3
SSI - Children	SO3
SSI - Adult	SP3
OCWI	WG2
Duals	
Foster Care Children	FG3
KICK	MG2/NG2

Note that the Duals rate cell does not have a corresponding rate cell indicator, because individuals identified in this category are not considered eligible for managed care enrollment. This rate cell only applies to individuals who receive retroactive Medicare eligibility while enrolled in an MCO. The Duals rate cell represents the fee-for-service (FFS) equivalent value estimated for this population, which is then adjusted to reflect the managed care program. The capitation rate includes all estimated Medicare crossover claims payments and expenditures related to services covered by Medicaid and not Medicare that are the responsibility of the MCOs for a dually eligible individual.

Eligibility criteria

Most Medicaid beneficiaries are required to enroll in managed care on a mandatory basis. Medicaid beneficiaries who are on waivers, institutionalized, or dual-eligible are served on a fee-for-service basis or in the Healthy Connections Prime dual demonstration program. Beneficiaries that may enroll in Medicaid managed care on a voluntary basis include SSI children, Katie Beckett/TEFRA individuals, foster care children, express lane eligible children (ELE), and children receiving adoption assistance. Further detail and clarification on managed care eligibility criteria can be found within the MCO Policy and Procedure Guide[2] under section 3.1 Member Eligibility.

Special contract provisions

This rate certification report contains documentation of the following special contract provisions related to payment included within the rate development.

- Incentive arrangements
- Withhold arrangements
- Minimum medical loss ratio requirement
- Hospital quality payment initiative in accordance with 42 CFR §438.6(c)
- Supplemental teaching physician program in accordance with 42 CFR §438.6(c)
- IMDs as an in lieu of provider service
- Psychiatric Residential Treatment Facility (PRTF) risk pool
- Pharmacy high cost no experience program

Please see Section I, item 4, Special Contract Provisions Related to Payment, for additional detail and documentation.

Retroactive adjustment to capitation rates

This rate certification report does not include a retroactive adjustment to the SFY 2023 capitation rates.

[2] https://msp.scdhhs.gov/managedcare/sites/default/files/ppguide.pdf

iv. Differences among capitation rates

Any proposed differences among capitation rates according to covered populations are based on valid rate development standards and are not based on the rate of federal financial participation associated with the covered populations.

v. Cross-subsidization of rate cell payment

The capitation rates were developed at the rate cell level and neither cross-subsidize nor are cross-subsidized by payments from any other rate cell.

vi. Effective dates

To the best of our knowledge, the effective dates of changes to the SCDHHS Medicaid managed care program are consistent with the assumptions used in the development of the certified SFY 2023 capitation rates.

vii. Medical loss ratio

Capitation rates were developed in such a way that the MCOs would reasonably achieve a medical loss ratio, as calculated under 42 CFR 438.8, of at least 86% for the rate year.

viii. Certifying rate ranges

Not applicable. The SFY 2023 SCDHHS Medicaid managed care program does not utilize rate ranges.

ix. Actuarial soundness of rate ranges

Not applicable. The SFY 2023 SCDHHS Medicaid managed care program does not utilize rate ranges.

x. Generally accepted actuarial practices and principles

(a) Reasonable, appropriate, and attainable

In our judgment, all adjustments to the capitation rates, or to any portion of the capitation rates, reflect reasonable, appropriate, and attainable costs, and have been included in the certification.

(b) Outside the rate setting process

There are no adjustments to the rates performed outside the rate setting process.

(c) Final contracted rates

The SFY 2023 capitation rates certified in this report represent the final contracted rates by rate cell prior to risk adjustment, excluding the BabyNet Individuals with Disabilities Education Act (IDEA) services which are funded through a federal grant.

xi. Rate certification for effective time periods

This actuarial certification is effective for the one-year rating period of July 1, 2022 through June 30, 2023.

xii. Reflecting the Impacts of the COVID-19 public health emergency

We reviewed quarterly experience trends by service category throughout the SFY 2021 base data period to evaluate potential impacts related to underutilization in the base period as a result of the COVID-19 pandemic. In addition, we reviewed emerging experience through October 2021, and considered this experience in trend development. These items are discussed further in Section I, item 2.B.iii and item 3.B.iii.

In addition, SCDHHS provided guidance on the following COVID-19 temporary policy changes implemented by SCDHHS in March 2020. With the exception of removal of pharmacy edits (which SCDHHS anticipates to reinstate at the end of the PHE), all of the following temporary policy changes are assumed to continue through the end of SFY 2023:

- Removal of E&M copays
- Removal of ambulatory care 12-visit limit
- Removal of early pharmacy refill edits
- Expanded telehealth services

We evaluated the impact of removing pharmacy edits and it was deemed immaterial. Each of the other temporary policy changes noted above are fully reflected in the SFY 2021 base data and are anticipated to continue through SFY 2023; therefore, no adjustment is needed in the capitation rate development.

For purposes of this report, the PHE is assumed to end in October 2022, with the eligibility review and unwinding process anticipated to begin in November 2022. Member disenrollments are anticipated to occur over a 12-month period, beginning January 1, 2023 and follow a hierarchy established by SCDHHS to target high priority groups first. To the extent the PHE termination date differs from assumptions, associated impacts may be evaluated when the PHE termination date is known.

xiii. Procedures for rate certification and amendment

In general, a new rate certification will be submitted when the rates change. The following exceptions are allowed per §438.7 of CMS 2390-F:

1. A contract amendment that does not affect the rates.
2. An increase or decrease of up to 1.5% in the capitation rate per rate cell.
3. Risk adjustment, under a methodology described in the initial certification, changes the rates paid to the MCOs

In cases 1 and 2 listed above, a contract amendment must still be submitted to CMS.

B. APPROPRIATE DOCUMENTATION

i. Capitation rate certification

The SFY 2023 Medicaid managed care capitation rate development specifies capitation rates for each rate cell.

ii. Documentation of required elements

This report contains appropriate documentation of all elements described in the rate certification, including data used, assumptions made, and methods for analyzing data and developing assumptions and adjustments.

iii. Use of rate ranges

This report certifies specific rates for each rate cell in accordance with 42 CFR §438.4(b)(4) and 438.7(c).

iv. Certifying rate ranges

Not applicable. The SFY 2023 Medicaid managed care capitation rate development does not utilize rate ranges.

v. Index

The index to this rate certification is the table of contents, found immediately after the title page. The index includes section numbers and related page numbers. Sections not relevant to this certification continue to be provided, with an explanation of why they are not applicable.

vi. Compliance with 42 CFR §438.4(b)(1)

The SFY 2023 Medicaid managed care capitation rate development includes assumptions, methodologies, and/or factors that are based on valid rate development standards and are consistent across covered populations in accordance with 42 CFR §438.4(b)(1) and §438.4(b)(6).

vii. Different FMAP

All populations receive the regular state FMAP of 70.58% for SFY 2023. The enhanced FMAP percentage for CHIP and family planning expenditures in South Carolina is 79.41% and 90.00%, respectively. In addition, SCDHHS has indicated that they have implemented changes to the Medicaid program to meet the requirements outlined in the FFCRA to receive the additional 6.2% FMAP funding during the COVID-19 national emergency period. Note that the enhanced amounts for CHIP and family planning expenditures are not reflected in the values provided in Appendix 3.

viii. Comparison to previous rating period

(a) Comparison to final certified rates in the previous rate certification

The previous rate certification applied to January through June 2022 capitation rates. A comparison to January through June 2022 certified rates by rate cell is provided in Figure 2. All material changes to the capitation rates and rate development process compared to the previous rate certification are described in this report.

(b) Description of material changes to the rate development process not addressed in other sections of this rate certification

The following material changes were made to the SFY 2023 capitation rates compared to the prior rating period and not otherwise addressed in other sections of this report:

1. The COVID-19 vaccine administration non-risk arrangement included in the SFY 2022 Medicaid managed care program has been removed for SFY 2023.
2. The STP pass through program has been eliminated in SFY 2023, consistent with CMS requirements in 42 CFR 438.6(d)(5).
3. The methodology to develop the SFY 2023 Hospital Quality Program (HQP) PMPM add-ons was modified from the prior rating period. In the prior rating period, the HQP PMPM add-on was developed as a consistent percentage load on each rate cell. For SFY 2023, the HQP PMPM add-on was developed based on projected HQP payments by rate cell utilizing historical hospital inpatient admissions.

(c) Application of de minimis adjustment to previous rate certification

The state did not adjust the actuarially sound January through June 2022 capitation rates by a de minimis amount.

ix. Future amendments

As of the date of this report, there are no known future amendments to the SFY 2023 capitation rates.

x. Approach to addressing the impact of the COVID-19 PHE

We considered the impact of COVID-19 on the estimated utilization and service mix for the covered population in SFY 2023. We note that there continues to be material uncertainty related to the impact of COVID-19 on capitation rates.

As previously stated, the PHE is assumed to terminate in October 2022. To the extent the PHE termination date differs from assumptions, associated impacts may be evaluated when the PHE termination date is known.

(a) Available applicable data to address the COVID-19 PHE in capitation rate setting

South Carolina Medicaid managed care data through October 31, 2021, inclusive of estimated incurred but not paid (IBNP) expenditures, was evaluated to understand emerging experience during the PHE. Encounter data, program enrollment, and MCO submitted Encounter Quality Initiative (EQI) reports and financial data were utilized in this analysis. Emerging experience was reviewed to evaluate current trends by category of service and potential impacts to the SFY 2021 base data as a result of underutilization during the COVID-19 pandemic. Additionally we reviewed emerging experience related to COVID diagnostic testing and COVID vaccine prevalence from publicly available data sources to consider the most up-to-date information available.

(b) How capitation rates account for COVID-19 PHE impacts

As described in the previous section, we considered pandemic-related impacts on SFY 2021 utilization levels and projected trends used in the development of the SFY 2023 capitation rates. We also considered changes in acuity of the covered population by reviewing and evaluating the estimated mix and morbidity of members in SFY 2021 impacted by the disenrollment freeze relative to the anticipated mix and morbidity in SFY 2023. In addition, we reviewed base data and emerging experience at the population and service category level to estimate the aggregate impact of items such as movement towards pre-pandemic levels, consumer behavior, and changes in population mix on observed utilization and service experience during the PHE. These considerations were evaluated in the development of the COVID utilization adjustment, prospective trends, and COVID-19 diagnostic testing adjustments described in further detail in sections I.2.B and I.3.B.

(c) Non-risk payments

Effective for the SFY 2023 contract year, SCDHHS has not implemented any non-risk arrangements for COVID-19 related costs. All COVID-19 related costs, such as COVID-19 testing, vaccine administration, treatments, etc. are covered through the managed care program on a full risk basis.

(d) Risk mitigation strategies utilized for COVID-19 PHE

SCDHHS has not implemented risk mitigation strategies in the SFY 2023 managed care program specifically to address the COVID-19 PHE. The SFY 2023 managed care program includes the following risk mitigation strategies:

- Minimum medical loss ratio (MLR) requirement of 86%
- Non-risk high cost no experience pharmacy arrangement
- Budget-neutral risk pool for PRTF services

Further detail and documentation for all risk sharing arrangements is included in section I.4.C.

2. Data

This section provides information on the SFY 2021 base data used to develop the capitation rates. The base experience data described in this section is illustrated in Appendix 6, with adjustments for incomplete data and current program reimbursement.

A. RATE DEVELOPMENT STANDARDS

In accordance with 42 CFR 438.5(c), we have followed the rate development standards related to base data. The remainder of Section I, item 2 provides documentation of the data types, sources, validation process, material adjustments and other information relevant to the documentation standards required by CMS.

B. APPROPRIATE DOCUMENTATION

i. Requested data

As the actuary contracted by the SCDHHS to provide consulting services and associated financial analyses for many aspects of the South Carolina Medicaid program (and not just limited to capitation rate development), Milliman intakes and summarizes eligibility and expenditure data on a monthly basis from Clemson, SCDHHS's data administrator. As such, there is no separate data request from Milliman to the state specifically related to the base data for the capitation rate development. The remainder of this section details the base data and validation processes utilized in the SFY 2023 capitation rate development. Additionally, Appendix 6 summarizes the unadjusted and adjusted base data.

ii. Data used to develop the capitation rates

(a) Description of the data

(i) Types of data

The primary data sources used or referenced in the development of the capitation rates are the following:

- Encounter data submitted by the MCOs and accepted through the monthly encounter data warehousing process through December 2021;
- FFS claims for dual eligible individuals incurred in SFY 2021, and paid through December 2021;
- FFS claims incurred by managed care enrollees for managed care-covered services;
- SFY 2023 managed care in-rate criteria;
- FFS claims for analysis of newborn enrollment delays;
- SFY 2023 MCO Rate-Setting Survey completed by each MCO;
- Statutory financial statement data;
- March 2019 through February 2020 Bridges invoice data for managed care enrollees;
- Centers for Disease Control and Prevention (CDC) statistics on South Carolina daily COVID-19 diagnostic counts through April 2022;
- South Carolina Department of Health and Education (DHEC) statistics on South Carolina weekly vaccination administration counts through April 2022; and,
- SFY 2021 financial summary reports provided by the MCOs (EQI reports) for base data validation analysis.

(ii) Age of the data

The data serving as the base experience in the capitation rate development process was incurred July 2020 through June 2021. The encounter data for the base period reflected encounters adjudicated and submitted through the monthly encounter data warehousing process through December 2021. The base data time period for the SFY 2023 capitation rate development has been selected to reflect the most current program experience available; however a thorough review and analysis of quarter over quarter changes in SFY 2021 and emerging experience was completed to evaluate potential impacts of the COVID-19 PHE on the SFY 2021 period.

For the purposes of trend development, we reviewed encounter experience from SFY 2018 through September 2021 and paid and submitted through the data warehousing process through December 2021.

We also summarized statutory financial statement data from calendar years 2019, 2020, and 2021, collected using SNL Financial.

(iii) Data sources

The historical claims and enrollment experience for the encounter data obtained through the encounter data warehousing process was provided to Milliman by Clemson, the data administrator for SCDHHS. The sources of other data are noted in i and ii above.

(iv) Sub-contracting

The encounter data summaries have been adjusted to include estimated expenditures for sub-capitated claims. Sub-capitated expenditures were estimated by repricing each sub-capitated encounter to the Medicaid FFS fee schedules and using total submitted sub-capitated units. For claims where a Medicaid FFS rate did not exist (less than 1% of sub-capitated encounters), the expenditures were estimated by assuming the average cost per unit for the non-repriced sub-capitated claims would be equal to the average cost per unit for other sub-capitated claims in the specified category of service.

(b) Availability and quality of the data

(i) Steps taken to validate the data

The base experience used in the capitation rates primarily relies on encounter data submitted to SCDHHS by participating MCOs. The actuary, the MCOs, and SCDHHS all play a role in validating the quality of encounter data used in the development of the capitation rates.

The fee-for-service (FFS) data is provided by SCDHHS. Milliman has many years of experience working with SCDHHS's FFS data. We perform routine reconciliation of SCDHHS's financial data as part of the monthly data validation process and provide budgeting and forecasting assistance to the State, which involves aggregate claim reconciliation to SCDHHS's financial statements.

The remainder of the validation section relates to encounter data used in the rate development.

Completeness

Encounter data is summarized quarterly through the encounter quality initiative (EQI) process. Separate sets of summaries, by rate group, are prepared for each MCO. Each summary illustrates utilization, cost per service, and per member per month cost for the population, stratified by category of service. The format of each quarterly exhibit is similar to the base data exhibits that were provided as part of SFY 2023 Capitation Rate Methodology and Data Book, dated March 22, 2022, allowing most data issues to be discovered before the annual capitation rate development process.

The quarterly EQI reconciliation process allows for three months of run-out from the end of the reported calendar quarter. For example, the first report of the calendar year would include the following claims:

- Services incurred January 1 through March 31
- Paid on or before June 30

The actuary compares the EQI summaries to summary totals submitted by the MCOs. Where the difference between the MCO's encounter data and financial data is more than 3%, the MCO is subject to a financial penalty per their contract with the state. MCOs are rarely penalized, and the discrepancy is more commonly under 1%.

We provide all the individual encounter claims back to the MCOs for analysis. This allows the MCOs to identify any claims that need to be resubmitted or research any discrepancies that may exist in the final summary.

Finally, we submitted encounter data validation letters to each of the MCOs to confirm that their summarized data including SFY 2021 incurred claims is appropriate for use in the development of the capitation rate.

The annual rate setting process for SFY 2023 uses one year of experience data, with six months of run-out.

The base encounter data used in the development of the rates was adjudicated through December 31, 2021. The six months of claims run-out after the end of the fiscal year results in incurred but not paid (IBNP) claim liability estimates having a limited effect on the estimated incurred expenditures for SFY 2021. However, as noted in this report, claims completion is applied to the encounter data for estimated SFY 2021 claims adjudicated after December 31, 2021.

Accuracy

Checks for accuracy of the data begin with the MCOs' internal auditing and review processes.

When the data is submitted to SCDHHS, it is subjected to most of the validation checks SCDHHS applies to FFS claims. For example, the data must contain a valid Medicaid recipient ID for an individual who was enrolled at the time the service was provided, and assigned to the MCO.

The actuary also reviews the encounter data to ensure each claim is related to a covered individual and a covered service. A quarterly review of the EQI summaries is performed to ensure that the data for each service is consistent across the MCOs and when compared to prior historical period as applicable. Stratification by rate group facilitates this analysis, as it mitigates the impact of changes in population mix.

The actuary also compares the encounter data with financial information submitted by each MCO. To provide greater transparency to the MCOs in the data validation process for the SFY 2023 capitation rates, a summary was provided to each MCO that starts with total submitted encounter claims and identifies claims that have been removed from the base data summaries, such as voided claims, expenditures for non-state plan services, expenditures for services not covered in the capitation rate, expenditures related to members over age 21 who were in an IMD for at least 15 days in a calendar month, expenditures related to high cost no experience pharmaceutical treatments, and claims that have been removed because of unmatched eligibility records.

(ii) Actuary's assessment

As required by Actuarial Standard of Practice (ASOP) No. 23, Data Quality, we disclose that Milliman has relied upon certain data and information provided by SCDHHS and their vendors, primarily the MCOs. The values presented in this letter are dependent upon this reliance.

We found the encounter and FFS data to be of appropriate quality for purposes of developing actuarially sound capitation rates. However, due to the potential under-reporting of encounter data expenditures as reported in the MCOs response to the SFY 2023 MCO Rate-Setting Survey, an adjustment has been made to increase the base data for valid encounters missing from the data submission process.

Encounter data validation letters were submitted to each of the MCOs to confirm that their summarized SFY 2021 data is appropriate for use in the development of the capitation rates. For MCOs that reported valid encounters missing from the encounter data submissions in their response to the SFY 2023 MCO Rate-Setting Survey, an adjustment has been made to increase the base data. The impact of this adjustment resulted in a net increase of 0.2% to the base data.

(iii) Data concerns

We have not identified any material concerns with the quality or availability of the data, other than the under-reporting of encounter data as discussed in the previous section and adjusted for in the development of the actuarially sound capitation rates.

(c) Appropriate data

(i) Use of encounter and fee-for-service data

All populations enrolled in managed care during the rate period were included in the risk-based managed care delivery system in the SFY 2021 base experience period. As such, expenditure data for populations enrolled in FFS during SFY 2021 is not reflected in the base experience cost models used to develop the capitation rates, with the exception of the dual rate cell. FFS claims experience for managed care enrollees related to managed care covered benefits was utilized to estimate the financial impact of transitioning these expenditures to the MCOs responsibility in SFY 2023.

(ii) Use of managed care encounter data

Managed care encounter data was the primary data source used in the development of the capitation rates.

(d) Reliance on a data book

Development of the capitation rates did not rely on a data book or other summarized data source. We were provided with detailed claims data for all covered services and populations. We created data books summarizing SFY 2021 encounter data, which were shared with SCDHHS and participating MCOs.

iii. Data adjustments

Capitation rates were developed primarily from SFY 2021 encounter data. Adjustments were made to the base experience for completion, reimbursement changes, managed care efficiencies, COVID utilization impacts, and other program adjustments.

(a) Credibility adjustment

The SCDHHS managed care program populations, as represented in the base experience, were fully credible. No adjustments were made for credibility.

(b) Completion adjustment

The encounter data submitted by the MCOs and the FFS data used in developing the capitation rates were analyzed separately to estimate claim completion factors. The base period encounter and FFS data reflect claims incurred during SFY 2021 and paid through December 2021. Separate sets of completion factors for the two data sources were developed by summarizing the claims data and applying traditional actuarial techniques to develop estimates of incurred but not paid (IBNP) liability.

Completion factors were developed by summarizing the data and applying traditional actuarial techniques to develop estimates of incurred but not paid (IBNP) liability, using Milliman's Robust Time-Series Analysis System (RTS)[3]. First, we stratified the data by category of service, in the population groupings illustrated in Figure 8. Claims for each of these population-service category stratifications were analyzed and formed into lag triangles by paid and incurred month. Claim completion factors were developed for each month of the base experience period, based on historical completion patterns. The monthly completion factors were applied to base data experience to estimate the remaining claims liability for the fiscal year. Results were aggregated into annual completion factors for the fiscal year.

The claim completion factors applied to the base data are illustrated by population and major service category in Figure 8.

[3] The Robust Time Series Reserve Analysis System (RTS) is a model designed to assist an actuary in performing an Incurred But Not Paid (IBNP) reserving analysis. The RTS is unique because it contains functionality that: provides reasonable best estimates despite contaminated data, provides reasonable margins for the total reserve, independently models shock claims, and provides forecasts of future cash flows. This methodology forecasts future claim runout using time series forecasting which employs the interrelationship between claim payments during the first three months of claim payments for each incurred month.

FIGURE 8: COMPLETION FACTORS APPLIED TO BASE EXPERIENCE DATA

CATEGORY OF SERVICE	TANF/FOSTER	SSI	OCWI	DUAL	KICK
Hospital					
Inpatient	1.0226	1.0275	1.0203	1.0277	1.0108
Outpatient	1.0103	1.0153	1.0133	1.0247	1.0120
Pharmacy	1.0001	1.0004	1.0001	1.0019	N/A
Ancillary	1.0188	1.0173	1.0128	1.0253	N/A
Professional	1.0076	1.0132	1.0111	1.0356	1.0068

Note:

1. Completion factors for the Dual population are developed from FFS source data. All other populations are developed from encounter data.

(c) Errors found in the data

Encounter data validation letters were submitted to each of the MCOs to confirm that their summarized base data is appropriate for use in the development of the capitation rates. For MCOs that reported valid encounters missing from the encounter data submissions in their response to the SFY 2023 MCO Rate-Setting Survey, an adjustment has been made to increase the base data.

Based on a review of SFY 2021 FFS claims payments, expenditures for managed care enrolled members related to managed care covered benefits were identified through the FFS claims payment transactions. An adjustment has been made to the base data to reflect the additional expenditures anticipated to be processed by the MCOs in SFY 2023. The base data has been increased by approximately $3.1 million for the FFS claims related to managed care covered services.

Member month adjustment – Duplicate member records

An adjustment was made to the total member months by rate cell in the SFY 2021 unadjusted base data summaries provided to SCDHHS and the participating MCOs in the 'SFY 2023 Capitation Rate Methodology and Data Book' report, dated March 22, 2022 to reflect the removal of duplicate member records identified by SCDHHS.

SCDHHS identified duplicate enrollment records (Medicaid IDs) in the Medicaid FFS and managed care programs assigned to the same social security number. Based on a hierarchy provided by SCDHHS, the duplicate Medicaid ID containing the "incorrect" member assignment was removed from the SFY 2021 base data experience. Figure 9 provides a summary of the duplicate exposure removed from the SFY 2021 data book experience to form the SFY 2021 base period PMPMs, consistent with the SFY 2021 base experience section of Appendix 6.

FIGURE 9: SFY 2021 BASE YEAR EXPERIENCE - REMOVAL OF DUPLICATE MEMBER RECORDS

	SFY 2021 DATA BOOK EXPERIENCE				SFY 2021 BASE PERIOD		
RATE CELL	CLAIMS	EXPOSURE	PMPM	DUPLICATE EXPOSURE	UPDATED EXPOSURE	UPDATED PMPM	IMPACT
TANF: 0-2 months old (AH3)	$ 159,198,163	81,740	$ 1,947.62	-	81,740	$ 1,947.62	0.0%
TANF: 3-12 months old (AI3)	58,366,219	339,491	171.92	-	339,491	171.92	0.0%
TANF: Age 1-6 (AB3)	215,609,261	2,441,563	88.31	(5,348)	2,436,215	88.50	0.2%
TANF: Age 7-13 (AC3)	264,979,315	2,835,327	93.46	(1,881)	2,833,446	93.52	0.1%
TANF: Age 14-18, Male (AD1)	98,090,039	859,988	114.06	(432)	859,556	114.12	0.1%
TANF: Age 14-18, Female (AD2)	127,194,551	860,910	147.74	(256)	860,654	147.79	0.0%
TANF: Age 19-44, Male (AE1)	66,892,772	404,388	165.42	(110)	404,278	165.46	0.0%
TANF: Age 19-44, Female (AE2)	454,821,211	1,681,156	270.54	(113)	1,681,043	270.56	0.0%
TANF: Age 45+ (AF3)	135,658,823	278,883	486.44	(145)	278,738	486.69	0.1%
SSI - Children (SO3)	73,141,780	135,716	538.93	(6)	135,710	538.96	0.0%
SSI - Adults (SP3)	754,480,655	623,585	1,209.91	(52)	623,533	1,210.01	0.0%
OCWI (WG2)	56,993,578	292,282	195.00	-	292,282	195.00	0.0%
Foster Care - Children (FG3)	40,992,013	54,645	750.15	(45)	54,600	750.77	0.1%
KICK (MG2/NG2)	169,305,191	25,848	6,550.03	-	25,848	6,550.03	0.0%
Composite	**$ 2,675,723,570**	**10,889,674**	**$ 245.71**	**(8,388)**	**10,881,286**	**$ 245.90**	**0.1%**

Claims Adjustment Related to Duplicate Membership

SCDHHS identified duplicate enrollment records (Medicaid IDs) in the Medicaid FFS and managed care programs assigned to the same social security number. Based on a hierarchy provided by SCDHHS, the duplicate Medicaid ID containing the "incorrect" member assignment was removed from the SFY 2021 base data experience as appropriate and is reflected in the SFY 2021 base period PMPMs. For each member record that was removed, all claims associated with that Medicaid ID were reassigned to the "correct" member record and associated program (FFS or managed care).

The estimated claims impact related to duplicate membership is a reduction of approximately $1.8 million to the base data.

(d) Program change adjustments

All program and reimbursement changes that have occurred in the Medicaid managed care program on or after July 1, 2020, the beginning of the base experience period used in the capitation rates, are described below.

Changes in Provider Reimbursement

Changes in provider reimbursement were evaluated by performing repricing analyses on the individual encounter data.

Federally Qualified Health Centers (FQHC) Physician Reimbursement Changes

To develop the adjustment factor for FQHC physician reimbursement, we performed a repricing analysis to evaluate individual encounter data claims using Medicaid FQHC reimbursement methodology at the current Prospective Payment System (PPS) rates. This includes the application of the July 1, 2021 PPS fee schedule update. We reviewed all FQHC physician claims in the base data and applied the FQHC reimbursement methodology, state plan copayments for eligible populations, and current PPS rates. The repricing analysis captured approximately 98% of total FQHC claims. For claims that were unable to be repriced due to unknown provider IDs, the repricing adjustment factor was assumed to be 1.0.

Effective July 1, 2022, SCDHHS anticipates a change to the PPS rates paid to FQHC providers to reflect scope of service changes. The FQHC provider-specific PPS rates reflect the full payment to the FQHC, including the wrap-around payment. The estimated impact of this rate change is approximately $0.2 million.

Physician (non-FQHC) Reimbursement Changes

To develop the adjustment factor for physician reimbursement, we performed a repricing analysis to evaluate individual encounter data claims using Medicaid FFS reimbursement methodology at the current Medicaid fee schedule. This includes application of the enhanced fee schedule for qualifying physicians providing evaluation & management services. Although the enhanced fee schedule was effective prior to July 2020, the entirety of the fee schedule change is not reflected in the SFY 2021 base data as some MCOs do not reflect the increase through the encounter claims. Therefore, the repricing of all qualifying physician claims to the enhanced fee schedule increases the physician expenditures reported in the encounter base data (see 'Base Physician Repricing' in Figure 10).

We reviewed the distribution of the MCO paid amount relative to the repriced value using Medicaid fee-for-service reimbursement. We established an upper and lower bound from this distribution to ensure we captured a representative sample of claims that encompassed the multimodal distribution of the repriced values relative to the MCO paid amounts. Additionally, we reviewed the upper and lower bounds to ensure we captured a representative volume of the encounter claims reflected in the SFY 2021 base data for the repricing and reimbursement adjustment analyses. Similar to SFY 2022, a more prominent mode existed in the distribution with very little unusual activity in the tails of the distribution. As such, we kept the upper and lower bounds consistent with SFY 2022 assumptions.

We began with all non-FQHC physician claims and excluded any claims where the MCO paid amount was either below 50% of the repriced value or above 150% of the repriced value, to focus the analysis within a reasonable repricing bound. The application of exclusion criteria resulted in the repricing of approximately 92.5% of total non-FQHC physician dollars.

The 'Base Physician Repricing' column in Figure 10 represents the impact of repricing to the Medicaid fee schedule effective July 1, 2022, including the enhanced fee schedule discussed above. Additionally, consistent with SFY 2022, claims provided by teaching physicians and billed by a non-teaching facility qualify for the enhanced fee schedule, where appropriate. The estimated impact of the repricing adjustment based on SFY 2023 projected enrollment is approximately $21.6 million.

Figure 10 presents the combined results of the FQHC and non-FQHC repricing analyses.

FIGURE 10: COMPOSITE PHYSICIAN AND ANCILLARIES PMPM ADJUSTMENTS BY RATE CELL

RATE CELL	FQHC FEE SCHEDULE	BASE PHYSICIAN REPRICING	COMPOSITE ADJUSTMENT
TANF: 0-2 months old (AH3)	$ (0.27)	$ (6.43)	**$ (6.70)**
TANF: 3-12 months old (AI3)	(0.04)	0.42	**0.38**
TANF: Age 1-6 (AB3)	0.02	1.35	**1.37**
TANF: Age 7-13 (AC3)	0.06	1.05	**1.11**
TANF: Age 14-18, Male (AD1)	0.05	1.17	**1.22**
TANF: Age 14-18, Female (AD2)	0.15	1.96	**2.11**
TANF: Age 19-44, Male (AE1)	0.01	1.04	**1.05**
TANF: Age 19-44, Female (AE2)	0.07	2.51	**2.58**
TANF: Age 45+ (AF3)	0.07	2.10	**2.17**
SSI - Children (SO3)	0.13	8.90	**9.03**
SSI - Adults (SP3)	(0.05)	5.48	**5.43**
OCWI (WG2)	0.14	2.28	**2.42**
DUAL	-	-	**-**
Foster Care - Children (FG3)	0.39	9.04	**9.43**
KICK (MG2/NG2)	0.62	(26.99)	**(26.37)**

For each rate cell, more detailed PMPM adjustments are applied at the category of service level and can be found in the "reimbursement adjustment" section of Appendix 7.

Inpatient Hospital Reimbursement Changes

Effective July 1, 2020 and October 1, 2020, SCDHHS implemented updates to the inpatient hospital Medicaid FFS reimbursement rates for Conway Hospital and Medical University of South Carolina (MUSC), respectively. The base rate for Conway Hospital was reduced by approximately 2.7%, while the base rate for MUSC was increased by approximately 22.7%. Based on guidance from SCDHHS, the inpatient hospital reimbursement updates were effective for the managed care program as of July 1, 2021.

Additionally, effective October 1, 2021, SCDHHS updated the inpatient hospital-specific DRG base rates to remove the normalization actions that were implemented in July 1, 2014 and October 1, 2015.

To estimate the impact of these reimbursement changes, we performed a repricing analysis on inpatient claims in the SFY 2021 base data.

The repricing analysis was performed by comparing inpatient hospital reimbursement at the Medicaid FFS fee schedule effective during the SFY 2021 base data period, and the Medicaid FFS fee schedule anticipated to be effective during SFY 2023 for all impacted hospitals. The estimated impact of this adjustment based on SFY 2023 projected membership is an increase to inpatient hospital expenditures of approximately 2.5%, or $19.3 million.

For the dual rate cell, inpatient reimbursement impacts are assumed to be consistent with the dual-eligible population assumptions documented in the CY 2022 Healthy Connections Prime capitation rate certification, dated November 30, 2021.

Outpatient Hospital Reimbursement Changes

Effective October 1, 2021, SCDHHS updated the outpatient hospital multipliers to remove the normalization actions that were implemented in July 1, 2014 and October 1, 2015. To estimate the impact of these reimbursement changes, we performed a repricing analysis on outpatient claims in the SFY 2021 base data.

The repricing analysis was performed by comparing outpatient hospital reimbursement at the Medicaid FFS fee schedule effective during the SFY 2021 base data period, and the Medicaid FFS fee schedule anticipated to be effective during SFY 2023 for all impacted hospitals. Based on SFY 2023 projected membership, this program change reflects an increase to outpatient hospital expenditures of approximately 1.4%, or $7.7 million.

For the dual rate cell, outpatient hospital reimbursement impacts are assumed to be consistent with the dual-eligible population assumptions documented in the CY 2022 Healthy Connections Prime capitation rate certification, dated November 30, 2021.

SC Department of Mental Health (DMH) Long-Term Psychiatric Facility Per Diem Rate Changes

Effective October 1, 2021, SCDHHS implemented an update to the SC DMH long-term psychiatric facility per diem rates. We estimated the impact of this rate change by repricing all impacted claims in the SFY 2021 base data at the October 1, 2021 fee schedule. Based on SFY 2023 projected membership, this program change reflects an increase of approximately $0.8 million to inpatient hospital MH/SA expenditures for the SFY 2023 contract period.

Department of Alcohol and Other Drug Abuse Services (DAODAS) Fee Schedule Update

Effective January 1, 2022, SCDHHS implemented a 15% increase to DAODAS procedure codes H0011, H0015, H0001, and H0004, and all corresponding modifiers. To estimate the impact of this reimbursement change, applicable DAODAS expenditures in the SFY 2021 base data period were repriced at the January 1, 2022 fee schedule. An adjustment is applied to the Professional MH/SA category of service and is estimated at approximately $0.5 million for the SFY 2023 contract period.

Effective January 1, 2022, SCDHHS implemented new rates for DAODAS individual and group peer supports services of $10.74 and $1.79, respectively. To estimate the impact of this reimbursement change, applicable DAODAS expenditures in the SFY 2021 base data period were repriced at the January 1, 2022 fee schedule. An adjustment is applied to the Professional MH/SA category of service and is estimated at approximately $0.1 million for the SFY 2023 contract period.

Autism Spectrum Disorder (ASD) Services

Effective January 1, 2022, SCDHHS implemented a rate of $45.00 per hour, an increase of 30.2% for therapy services provided by Registered Behavioral Technicians (RBTs) and a rate of $85.00 per hour, an increase of 35.0%, for therapy services provided by BCBAs and BCaBAs. To estimate the impact of this reimbursement change, ASD services in the SFY 2021 base data period were repriced at the January 1, 2022 fee schedule. Additionally, based on guidance from SCDHHS, utilization of ASD services are anticipated to increase by 20% due to provider capacity increases resulting from the ASD fee schedule update. The estimated impact of this program change based on SFY 2023 projected membership is an increase to ASD expenditures of approximately $2.1 million.

Psychiatric Residential Treatment Facilities (PRTF) Per Diem Rate Changes

Effective April 1, 2022, SCDHHS implemented a reimbursement update of $500 per day for all in-state PRTF providers, representing an increase of approximately 58% to SFY 2021 PRTF payment rates. We estimated the impact of this reimbursement change by repricing all PRTF claims in the SFY 2021 base data to the April 1, 2022 fee schedule. Additionally, based on discussion with SCDHHS, utilization of PRTF services are anticipated to increase by 20% due to increases in provider capacity for the SC Medicaid population resulting from the PRTF per diem update. The estimated impact of this program change based on SFY 2023 projected membership is an increase to PRTF expenditures of approximately $15.8 million and is applied to the Inpatient MH/SA category of service.

Rehabilitative Behavioral Health Services (RBHS) in School-Based Setting

Effective July 1, 2022, SCDHHS anticipates updating the RBHS fee schedule for DMH and private practice counselors providing the following services in a school-based setting: individual therapy, group therapy, family therapy, assessments, service plan development, and crisis services. The updated fee schedules are anticipated to include two sets of reimbursement rates: one for licensed counselors and one for unlicensed counselors. The unlicensed counselor reimbursement rates are anticipated to be established at 90% of the licensed counselor rates.

To estimate the impact of this reimbursement change, RBHS school-based services (identified by procedure code and place of service) in the SFY 2021 base data period were repriced at the anticipated July 1, 2022 fee schedule, with an assumption of the anticipated distribution of licensed vs unlicensed counselors.

Based on guidance from SCDHHS, we assumed a composite distribution of 30% licensed counselors and 70% unlicensed counselors for DMH and private practice providers for school based services in SFY 2023. Additionally, SCDHHS anticipates increased utilization in the RBHS school-based services in SFY 2023 as a result of the July 1, 2022 reimbursement change and SCDHHS behavioral health initiatives. Consistent with SCDHHS guidance, we have assumed increased utilization of approximately 30% over SFY 2021 base period trended levels.

The estimated impact of this program change based on SFY 2023 projected membership is an increase to RBHS school-based expenditures of approximately $4.6 million and is applied to the Professional MH/SA category of service. After application of program and trend adjustments, the estimated amount of expenditures included in the SFY 2023 capitation rates for RBHS school-based services is approximately $23.6 million.

Emergency Ambulance Fee Schedule Update

Effective July 1, 2022, SCDHHS is anticipated to implement a 10% increase to emergency ambulance procedure codes A0425, A0427, and A0429. To estimate the impact of this reimbursement change, applicable emergency ambulance services in the SFY 2021 base period were repriced at the anticipated July 1, 2022 fee schedule. An adjustment is applied to the Ancillary transportation category of service and is estimated at approximately $1.4 million for the SFY 2023 contract period.

Historical Program Change Review

COVID-19 Utilization Adjustment

To evaluate the estimated underutilization of services in the SFY 2021 base data as a result of the COVID-19 pandemic, we reviewed quarter over quarter changes by population and category of service in the base data. In addition, we compared SFY 2021 observed experience to pre-COVID levels (12-month PMPMs ending February 2020) to identify populations and categories of service that have not returned to pre-pandemic levels. An adjustment was made to populations and categories of service that remain below pre-pandemic levels and which reflected increased utilization during SFY 2021.

The COVID-19 utilization adjustment factors applied in the capitation rate development are illustrated by population and service category in Figure 11.

FIGURE 11: COVID UTILIZATION ADJUSTMENT FACTORS

SERVICE CATEGORY	TANF INFANTS	TANF CHILD	TANF ADULT	SSI CHILD	SSI ADULT	OCWI	FOSTER CARE	KICK
Inpatient Hospital (non MH/SA)	0.0%	4.3%	0.0%	0.0%	0.0%	8.6%	0.0%	0.0%
Inpatient Hospital (MH/SA)	0.0%	4.7%	0.0%	0.0%	0.0%	9.9%	5.6%	0.0%
Outpatient Hospital (non ER)	4.2%	4.0%	0.0%	0.0%	0.0%	0.0%	6.0%	7.9%
Outpatient Hospital (ER)	18.8%	9.0%	0.0%	8.5%	2.4%	4.6%	9.9%	0.0%
Professional & Ancillary	3.0%	4.7%	0.0%	1.5%	0.0%	0.0%	0.0%	0.0%
Pharmacy	7.4%	7.4%	0.0%	0.0%	0.0%	0.0%	7.4%	0.0%
Composite	**1.7%**	**5.4%**	**0.0%**	**0.7%**	**0.1%**	**1.6%**	**2.2%**	**0.0%**

IMD In Lieu Of Services for Individuals Age 21 to 64

Effective July 1, 2019, SCDHHS expanded the use of IMDs to all MH/SA diagnoses as an “in lieu of” service for the 21 to 64-year old managed care population for up to 15 days per month. This program change was implemented in compliance with the conditions outlined in the final Medicaid managed care regulations. Consistent with the rate-setting guidance published by CMS, in reviewing the impact of the IMD in lieu of service, we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers.

Figure 12 provides a summary of the adjusted base data to reflect the repriced unit costs for IMD services represented in the base data. The estimated impact of this adjustment is approximately $2.0 million.

FIGURE 12: IMD IN-LIEU OF PROJECTED UTILIZATION

	BASE DATA			ADJUSTED BASE DATA		
	IP PSYCH	IMD	TOTAL	IP PSYCH	IMD	TOTAL
Utilization (Days)	19,018	18,353	37,371	19,016	18,351	37,366
Utilization per 1000	69.6	67.1	136.7	69.6	67.1	136.7
Cost per Day	$ 697.53	$ 590.88	$ 645.15	$ 697.53	$ 697.53	$ 697.53
Total Expenditures (millions)	$ 13.3	$ 10.8	$ 24.1	$ 13.3	$ 12.8	$ 26.1

Notes:
1. IP psychiatric and IMD base data includes all SFY 2021 IP MH/SA expenditures for the 21 to 64 managed care population.

Prospective Program Change Review

COVID-19 Diagnostic Testing

Effective February 4, 2020, SCDHHS implemented coverage of COVID-19 diagnostic testing without prior authorization or copayment for all populations. As such, coverage of COVID-19 diagnostic testing as a covered benefit is fully reflected in the SFY 2021 base data. In SFY 2021, an average of approximately 35,100 COVID-19 tests were performed each month at an average cost per test of $82.85, totaling approximately $34.9 million in expenditures.

To estimate the impact of ongoing COVID-19 diagnostic testing in SFY 2023, we reviewed data from the Center for Disease Control and Prevention (CDC) on daily COVID-19 tests performed in SC[4]. Based on this review, we observed that average monthly tests in the SC Medicaid managed care program in SFY 2021 represent approximately 6.7% of the reported SC statewide average monthly tests of 525,000. In addition, the SC statewide average tests have dropped from an average of 525,000 per month in SFY 2021 to 449,000, 249,000, and 141,000 per month in February 2022, March 2022, and April 2022, respectively. Based on the average of the most recent three months of CDC data available and assuming 7% of the reported tests in the last quarter have been utilized by SC Medicaid managed care beneficiaries, this represents approximately 20,000 tests per month.

Utilizing the estimated decrease in COVID-19 tests described above as a proxy for SFY 2023 utilization, we assumed total Medicaid managed care COVID-19 diagnostic tests would decrease by approximately 43% from SFY 2021 utilization levels. After application of trend and program adjustments to the base data and the increase in enrollment for SFY 2023, this represents a decrease of approximately $20.3 million from the base data.

COVID-19 Vaccine Administration

Effective July 1, 2022, SCDHHS anticipates transitioning the cost of COVID-19 vaccine administration from a non-risk arrangement to full risk for the managed care program. Although COVID-19 vaccine administration was administered as a non-risk arrangement in SFY 2021, the services were billed by the MCOs and reimbursed by SCDHHS; therefore, vaccine administration services are included in the SFY 2021 encounter base data. In SFY 2021, an average of approximately 2,500 COVID-19 vaccines were performed each month at an average cost per vaccine of $41.16, totaling approximately $1.2 million in expenditures

To estimate the impact of ongoing COVID-19 vaccines administration in SFY 2023, we reviewed data from the SC Department of Health and Environmental Control (DHEC) on weekly COVID-19 vaccine doses administered in SC[5]. Based on this review, we observed that monthly vaccines in SC dropped from an average of 316,500 per month in SFY 2021 to 306,000, 90,000, and 54,000 per month in January 2022, February 2022, and March 2022, respectively.

Although vaccinations have declined materially in the most recent two months, DHEC reports that SC vaccination rates are at approximately 54.6%, leaving approximately 45% of the SC eligible population unvaccinated. We believe that it is reasonable to assume that total projected utilization of vaccine administration services in SFY 2023 will remain at SFY 2021 levels; therefore no adjustment was made to the SFY 2021 base data for COVID-19 vaccine administration.

[4] CDC, *Daily COVID-19 Nucleic Acid Amplification Tests (NAATs) Performed in The United States Reported to CDC*, South Carolina (Accessed May 8, 2022) Link: https://covid.cdc.gov/covid-data-tracker/#trends_newtestresultsreported
[5] SC DHEC, COVID-19 Vaccination Dashboard, *Weekly Total Doses Administered,* (Accessed April 18, 2022), https://scdhec.gov/covid19/covid-19-data/covid-19-vaccination-dashboard

Group Psychotherapy

Effective July 1, 2021, SCDHHS increased the maximum limit of beneficiaries allowed within a group psychotherapy and multi-family group psychotherapy session from 8 to 10 beneficiaries for MUSC and DMH providers.

To estimate the impact of this program change, we reviewed utilization of group psychotherapy services at MUSC and DMH providers in the base data and assumed a 25% increase in utilization to reflect the increase from 8 to 10 beneficiaries per session. The estimated impact of this program change is $0.2 million and is applied to the MH/SA professional category of service for all impacted rate cells.

Changes in Covered Population

Newborn Enrollment

Disruptions in processing eligibility for newborns caused a delay in newborn enrollment into the managed care program. We reviewed FFS data for all MCO-enrolled newborns to quantify the impact of the delayed enrollment into the managed care program. We reviewed FFS expenditures for MCO-enrolled individuals in the 0-2 month capitation rate cell. An adjustment was made to increase the encounter base data by $0.4 million, an increase of 0.3% to the 0-2 month rate cell, to include these expenditures that are expected to be covered by the MCOs during the SFY 2023 contract year.

Families First Coronavirus Response Act (FFCRA) – Disenrollment Freeze

In response to the FFCRA enacted on March 18, 2020, SCDHHS will treat all individuals eligible for Medicaid as of March 1, 2020 as eligible for such benefits through the end of the month in which the PHE ends. At the time of this report, the PHE is currently extended through mid-July 2022. We have been in ongoing discussions with SCDHHS regarding their expectation for the PHE end date and their unwinding and resumption of routine enrollment activity plans following the end of the PHE. With reliance on SCDHHS direction related to the PHE duration and redetermination timing, we have assumed the following related to the FFCRA disenrollment freeze and the redetermination reinstatement process:

- The PHE is anticipated to end in October, 2022.
- Beginning in November 2022, individuals impacted by the disenrollment freeze will be included in an eligibility review process, with the first disenrollments anticipated to occur January 1, 2023 and to be completed over a 12-month period.
- The eligibility review process is anticipated to follow a hierarchy for high priority groups as follows: (1) children over age 19 (in the TANF adult rate cells); (2) pregnant women past 12-month extended post partum period; (3) TANF adults who are no longer categorically eligible.
- Total net reductions in monthly enrollment not to exceed 28,000 members.

The FFCRA disenrollment freeze is anticipated to impact all rate cells, with the exception of the TANF infant rate cells (age 0-12 months), the Foster Care Children rate cell, and the maternity KICK payment.

To estimate the anticipated continued enrollment growth through the end of the PHE, we reviewed emerging managed care enrollment through February 2022. As a result of this review, we assumed the following monthly enrollment increases through December 2022, prior to the first disenrollments anticipated in January 2023:

- **TANF Children**: Approximately 2,350 individuals per month
- **TANF Adult**: Approximately 3,600 individuals per month
- **OCWI**: Approximately 850 individuals per month

To evaluate the relative morbidity impact of the projected SFY 2023 membership mix compared to the SFY 2021 base data, we utilized the relative morbidity assumptions by rate cell for individuals impacted by the disenrollment freeze consistent with those documented in the SFY 2022 capitation rate development.

Because the SFY 2021 base period is already impacted by the disenrollment freeze, we reviewed the projected SFY 2023 enrollment mix relative to the estimated enrollment mix in SFY 2021 in the development of the adjustment factor. We did this by comparing observed SFY 2021 enrollment and projected SFY 2023 enrollment to February 2020 (pre-COVID) enrollment trended to the SFY 2021 and SFY 2023 time periods. The trended February 2020 enrollment estimate is assumed to represent enrollment without the COVID disenrollment freeze impact. The results of this analysis are presented in the “Estimated Mix” columns of Figure 13 below.

Compositing these results across the observed SFY 2021 and projected SFY 2023 experience periods, the following adjustment factors were developed and applied to each rate cell for the SFY 2023 capitation rate development:

FIGURE 13: FFCRA - DISENROLLMENT FREEZE REVIEW (SFY 2023 RELATIVE TO SFY 2021)

	ESTIMATED MIX (% DISENROLLMENT FREEZE)			AVERAGE MORBIDITY		
RATE CELL	SFY 2021	SFY 2023	RELATIVE MORBIDITY*	SFY 2021	SFY 2023	ADJUSTMENT FACTOR
TANF - Age 1 - 6	9.6%	14.5%	0.90	0.9904	0.9855	0.9951
TANF - Age 7 - 13	6.4%	11.3%	0.80	0.9871	0.9775	0.9903
TANF - Age 14 - 18, Male	11.9%	24.8%	0.80	0.9762	0.9504	0.9736
TANF - Age 14 - 18, Female	11.2%	24.2%	0.80	0.9776	0.9517	0.9735
TANF - Age 19 - 44, Male	34.4%	53.9%	0.80	0.9312	0.8921	0.9580
TANF - Age 19 - 44, Female	19.1%	29.3%	0.80	0.9618	0.9413	0.9787
TANF - Age 45+, Male & Female	17.7%	36.0%	0.85	0.9734	0.9460	0.9719
SSI - Children	3.3%	9.8%	0.70	0.9900	0.9705	0.9803
SSI - Adult	3.3%	5.1%	1.00	1.0000	1.0000	1.0000
OCWI	46.5%	65.2%	0.60	0.8141	0.7393	0.9081

Program changes deemed immaterial to benefit expenses in the rate period

Adjustment factors were developed for policy and program changes estimated to ***materially*** affect the managed care program during SFY 2023 that are not fully reflected in the base experience.

Program adjustments were made in the rate development process to the extent a policy or reimbursement change is deemed to have a material cost impact to the MCOs. In general, we defined a program adjustment to be 'material' if the total benefit expense for any individual rate cell is impacted by more than 0.1%. The following is a list of program adjustments deemed immaterial based on our review of the experience data and policy change.

- **Exception to the IMD exclusion for certain pregnant and postpartum women.** The Centers for Medicaid and CHIP Services (CMCS) issued an Informational Bulletin on July 26, 2019 providing guidance to states on section 1012 of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT for Patients and Communities Act)[6].

  Effective October 1, 2020, SCDHHS implemented section 1012 of the SUPPORT for Patients and Communities Act. This policy change permits a new limited exception to the "IMD exclusion rule" for a woman who is eligible on the basis of being pregnant (and up to 60-days postpartum), who is a patient in an IMD receiving treatment for substance use disorder, and who is either enrolled under the state plan immediately before becoming a patient in the IMD or who becomes eligible to enroll while a patient in an IMD. This exception is assumed to have no impact on the coverage of IMD stays (i.e., the 15 day limit in a month for IMD "in lieu of" services still applies). The managed care impact is assumed to be limited to coverage of services provided outside the IMD while in an IMD for greater than 15 days in a month. The total impact of this revision is assumed to impact the OCWI population only and is estimated to be less than 0.1% of the OCWI rate cell and therefore deemed immaterial
- **Incontinence Supplies.** Effective January 1, 2022, SCDHHS implemented a 10% fee schedule increase for all incontinence supplies. Based on our review of existing incontinence supply utilization, this policy change is assumed to be immaterial to the SFY 2023 capitation rates.

[6] CMCS Information Bulletin (July 26, 2019): https://www.medicaid.gov/sites/default/files/Federal-Policy-Guidance/Downloads/cib072619-1012.pdf, Accessed May 6, 2021.

Exclusion of payments or services from the data

The following section documents exclusions and adjustments made to the base experience data: non-state plan services as identified by the in-rate criteria included in Appendix 5, pharmacy rebates, IMD stays greater than 15 days for individuals aged 21 to 64, experience related to out of state individuals, third party liability recoveries, non-encounter claims payments, state plan services not covered by the capitation rate, and claims attributed to the BabyNet program.

Services excluded from initial base data summaries

Non-State Plan Services

We excluded all services included in the encounter data that do not reflect approved state plan services (nor are an approved in-lieu of service). All claims for non-state plan services, totaling approximately $0.4 million, were excluded from the base experience data included in Appendix 6.

State Plan Services Not Covered by the Capitation Rate

We excluded all services included in the encounter data that do not reflect covered benefits in the managed care program.

These services were identified through the application of in-rate criteria provided by SCDHHS and included in Appendix 5. All claims for non-covered services, totaling approximately $1.6 million, were excluded from the base experience data included in Appendix 6.

Institution for Mental Disease (IMD) Stays Greater than 15 Days

We excluded all costs and associated member months for enrollees aged 21 to 64 associated with an IMD stay of more than 15 days in a calendar month. This exclusion included any other costs outside of the IMD for any services delivered during the time an enrollee was in the IMD for more than 15 days.

All claims and associated member months associated with IMD stays greater than 15 days for the age 21 to 64 population, totaling approximately $1.2 million and 66 member months, respectively, were excluded from the base experience data included in Appendix 6.

Adjustments made to base data

Pharmacy Rebates

Based on analysis of supplemental rebate percentages during SFY 2021 reported by the MCOs in the SFY 2023 MCO Survey, pharmacy expenditures were reduced by approximately 2.25% to reflect aggregate rebate percentage levels achievable by MCOs. The estimated adjustment factor of 0.9775 was uniformly applied to the pharmacy service category of each rate cell, excluding Dual, in Appendix 6.

Third Party Liability/Fraud and Abuse

In addition to actual cost avoidance reflected in the encounter data, we estimated additional third-party liability (TPL) and fraud recoveries based on an analysis of information submitted by the MCOs.

These data sources indicated that approximately 0.09% of total claims were recovered and not reflected in the baseline experience data. The estimated adjustment factor of 0.9991 was uniformly applied to each service category and rate cell, excluding Dual, in Appendix 6.

Non-encounter Claims Payment

We made an adjustment to the encounter base data period to reflect non-claim payments made to providers for items such as shared savings payments, quality incentives, and other similar provider incentive payments that are not reflected in the base data or in other components of the capitation rate. We have reviewed the information provided by the MCOs and included approximately $12.8 million in payments in the benefit cost component of the capitation rate development. This is reflected by an adjustment factor of 1.0046, uniformly applied to each service category and rate cell, excluding Dual, in Appendix 6.

BabyNet Adjustment

Effective July 1, 2019, SCDHHS carved-in BabyNet services for infants and toddlers under age 3 to the Medicaid managed care program. Because the BabyNet program is funded through a federal grant, expenditures related to this program are not subject to the Federal Medical Assistance Percentage (FMAP). As such, all expenditures related to BabyNet are excluded from the SFY 2023 base capitation rate development and included as a separate BabyNet component to recognize the difference in funding sources.

To estimate the BabyNet claims to be removed from the base data, we reviewed SFY 2019 historical experience from Bridges invoice data provided by SCDHHS to estimate the percentage of MCO members accessing BabyNet services through Bridges and the estimated cost per month for those services. Based on this review and identification of BabyNet recipients in the SFY 2021 base period, we removed approximately $1.9 million from the base data that is assumed to be related to BabyNet expenditures.

3. Projected benefit cost and trends

This section provides information on the development of projected benefit costs in the capitation rates.

A. RATE DEVELOPMENT STANDARDS

i. Final Capitation Rate Compliance

The final capitation rates are in compliance with 42 CFR 438.4(b)(6) and are only based on services outlined in 42 CFR 438.3(c)(1)(ii) and 438.3(e). Non-state plan services as identified by the in-rate criteria included in Appendix 5 have been excluded from the capitation rate development process. Effective July 1, 2019, SCDHHS expanded the use of IMDs as an in lieu of service for MH/SUD treatments for the 21 to 64-year-old population for up to 15 days per month.

ii. Benefit Cost Trend Assumptions

Projected benefit cost trend assumptions are developed in accordance with generally accepted actuarial principles and practices. The primary data used to develop benefit cost trends is historical claims and enrollment from the covered populations. Additionally, consideration of other factors and data sources appropriate for benefit cost trend development is further documented in Section I, item 3.B.iii.

iii. In Lieu Of Services

SCDHHS began permitting the use of IMDs as an in lieu of service provider for substance use disorders effective July 1, 2018. Effective July 1, 2019, SCDHHS expanded the use of IMDs to provide in lieu of services for mental health and substance use disorder treatments for up to 15 days per month. Consistent with the rate-setting guidance published by CMS, in reviewing the impact of this program adjustment, we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers. The adjustment factor applied to the base data to account for the unit cost impact described above is further documented in Section I, item 2.B.iii.(d).

In addition, we reviewed benefit costs for enrollees aged 21 to 64 during the base experience period to identify costs associated with an IMD stay of more than 15 days in a month and any other MCO costs for services delivered in a month when an enrollee had an IMD stay of more than 15 days. These costs and associated enrollment were identified and removed from the encounter data.

iv. IMDs as an in lieu of service provider

Effective July 1, 2019, SCDHHS began permitting the use of IMDs as an in lieu of service for all MH/SUD services for the 21 to 64-year-old population for up to 15 days per month.

(a) Costs associated with an IMD stay of more than 15 days

We excluded all costs and associated enrollment for enrollees aged 21 to 64 associated with an IMD stay of more than 15 days in a calendar month. This exclusion included any other costs outside of the IMD for any services delivered during the time an enrollee was in the IMD for more than 15 days. All claims associated with IMD stays greater than 15 days for the age 21 to 64 population, approximately $1.2 million, were excluded from the base data experience included in Appendix 6.

(b) Other costs for services during the time an enrollee is in an IMD for more than 15 days

All costs for services delivered during the time an enrollee was in the IMD for more than 15 days in a calendar month were excluded from the base data.

B. APPROPRIATE DOCUMENTATION

i. Projected Benefit Costs

This section provides the documentation of the methodology utilized to develop the benefit cost component of the capitation rates at the rate cell level.

ii. Development of Projected Benefit Costs

(a) Description of the data, assumptions, and methodologies

This section of the report outlines the data, assumptions, and methodology used to project the benefit costs to the rating period. The baseline benefit costs were developed using the following steps:

- **Step 1: Create unadjusted cost model summaries for the managed care population**

  The capitation rates were primarily developed from historical claims and enrollment data from the managed care enrolled populations. The data utilized to prepare the base period cost models consisted of SFY 2021 incurred encounter data that has been submitted by the MCOs. The information is summarized in Appendix 6 and is stratified by capitation rate cell and by major category of service. With the exception of removing the items outlined in the "Services excluded from initial base data summaries" section above, the exhibits in Appendix 6 reflect *unadjusted* summaries of the base period data. Note that the SFY 2021 base data in Appendix 6 is the combination of the MCO-specific encounter data summaries that were validated by each MCO, with the removal of duplicate membership as described in Section I.2.B.iii.

- **Step 2: Apply historical and other adjustments to cost model summaries**

  As documented in the previous section, utilization and cost per service rates from the base experience period were adjusted for a number of items, including, but not limited to, incomplete data adjustments, pharmacy rebates, TPL, and non-encounter claims payments.

- **Step 3: Adjust for prospective program and policy changes and trend to SFY 2023**

  We adjusted the SFY 2021 base experience for known policy and program changes that have occurred or are expected to be implemented between the base period and the end of the SFY 2023 rate period. In the previous section, we documented these items and the adjustment factors for each covered population. Assumed trend factors were applied for 24 months to the adjusted utilization and unit cost values, or per member per month (PMPM) values, as appropriate, from the midpoint of the base experience period (January 1, 2021) to the midpoint of the rate period (January 1, 2023).

As described later in this section, further adjustments were applied to the base data experience to reflect targeted improvements in managed care efficiency for specific rate cells and service categories that are estimated to impact projected SFY 2023 benefit expense. The PMPMs resulting from the application of these adjustments established the adjusted benefit expense by population rate cell for the rating period.

Material adjustments that were previously noted

The following material adjustments were applied to recognize changes to provider reimbursement, historical program adjustments, prospective program adjustments, and changes to covered populations and were documented in Section I, item 2.B.iii (Data Adjustments):

- Claims completion
- COVID utilization adjustment
- Physician reimbursement, including the following fee schedule updates:
  - July 1, 2021, and July 1, 2022 FQHC PPS fee schedule
  - January 1, 2022 ASD fee schedule update for RBTs and BCBAs/BCaBAs
  - January 1, 2022 DAODAS fee schedule update
  - July 1, 2022 emergency ambulance fee schedule update
  - July 1, 2022 RBHS school-based service reimbursement rates for licensed and unlicensed counselors
- July 1, 2021 Inpatient hospital reimbursement changes related to Conway Hospital and MUSC
- October 1, 2021 Inpatient and outpatient hospital reimbursement changes
- October 1, 2021 SC DMH long-term psychiatric facility per diem rate changes
- April 1, 2022 PRTF per diem rate changes
- COVID-19 diagnostic testing services
- IMD in lieu of unit cost adjustment
- Population adjustments as a result of the COVID-19 national emergency
- Increased group psychotherapy limit from 8 to 10 beneficiaries for MUSC and DMH providers

Additionally, the following adjustments were applied to either reduce or increase the base data benefit cost for certain service and payment exclusions:

- Pharmacy rebates
- Missing encounter data
- TPL/Fraud and Abuse
- Non-encounter claim payments
- Managed care in-rate claims paid FFS for managed care enrollees
- Duplicate membership review
- BabyNet adjustment

Other material adjustments – managed care efficiency

We calculated percentage adjustments to the experience data to reflect the utilization and cost per unit differential between the base experience and the levels targeted for the projection period managed care environment. We developed the targeted managed care efficiency adjustments through a review and analysis of the following:

- SFY 2021 base period utilization and contracting levels achieved by each MCO
- Agency for Healthcare Research and Quality (AHRQ) prevention quality indicators (PQI) for inpatient admissions
- Generic drug dispensing rates by therapeutic class
- Mix of vaginal and cesarean section deliveries in the SFY 2021 base period utilization

Inpatient Hospital Services – We applied managed care adjustments to reflect higher levels of care management relative to the SFY 2021 base experience period. We identified potentially avoidable admissions using the AHRQ PQIs. Inpatient hospital managed care adjustments were developed by applying a 10% reduction to readmissions for the same DRG within 30 days, and a 10% reduction to potentially avoidable inpatient admissions for select PQIs. No adjustments were made to corresponding inpatient physician charges to account for the potential shift of these services to an ambulatory setting. Additionally, nursing facility claims were excluded from this analysis. The table below outlines the PQIs included in our analysis.

FIGURE 14: AHRQ PREVENTION QUALITY INDICATORS

PQI NUMBER	DESCRIPTION
PQI #01	Diabetes Short-term Complications Admission Rate
PQI #03	Diabetes Long-term Complications Admission Rate
PQI #05	Chronic Obstructive Pulmonary Disease (COPD) Admission Rate
PQI #07	Hypertension Admission Rate
PQI #08	Congestive Heart Failure (CHF) Admission Rate
PQI #11	Bacterial Pneumonia Admission Rate
PQI #12	Urinary Tract Infection Admission Rate
PQI #14	Uncontrolled Diabetes Admission Rate
PQI #15	Adult Asthma Admission Rate
PQI #16	Rate of Lower-extremity Amputation among Patients with Diabetes

Pharmacy Services – Our review of historical pharmacy experience for managed care efficiencies included an evaluation by capitation rate cell and therapeutic class for each MCO to estimate achievable generic drug dispensing rates (GDR), as well as a review of MCO contracting of discounts for brand and specialty drugs.

For each therapeutic class, we estimated the impact of improvements in GDR amounts by shifting drug utilization in the MCO historical experience to levels achieved by other MCOs during the same time period. Per guidance from SCDHHS and clinical review, antiretroviral and benzisoxazole drugs were excluded from the analysis of GDRs. The shift in the target GDR resulted in a 0.6% managed care savings to the prescription drug category of service, or a reduction of approximately $3.7 million.

In addition, we evaluated pharmacy contracting by repricing brand and generic drugs to average wholesale price (AWP). MCOs were ranked by their ratio of expenditures to AWP for both brand and generic drugs. For each drug type, the aggregate MCO AWP contract value for the lowest-performing MCO was targeted at the AWP contract value of the second lowest-performing MCO. This resulted in a 0.7% managed care savings to the prescription drug category of service, or a reduction of approximately $4.2 million.

Delivery Services – Delivery managed care efficiency adjustments were developed by analyzing the percent of cesarean and vaginal deliveries by hospital. Vaginal delivery percentages were adjusted to target 69% of all deliveries in the managed care program, consistent with SFY 2022 expectations. This assumption was based on review and consideration of the following:

- SFY 2021 vaginal/cesarean section delivery mix for the top performing hospitals that collectively perform at least 40% of deliveries in the encounter data; and,
- The birth outcomes initiative implemented by SCDHHS to reduce elective induction and cesarean section deliveries prior to 39 weeks gestation.

Managed care savings were estimated by evaluating the cost per delivery difference between cesarean and vaginal deliveries for facility and physician services. No adjustments were made to the total number of deliveries. The overall impact to the KICK rate cell is a decrease of approximately 0.7%, or $1.1 million.

Material changes to the data, assumptions, and methodologies

All rate development data and material assumptions are documented in this rate certification report and the overall methodology utilized to develop the capitation rates is consistent with the prior rate-setting analysis.

Overpayments to providers

Consistent with 42 CFR 438.608(d), SCDHHS outlines the program integrity guidelines and reporting requirements related to overpayments, recoveries, and refunds in Section 11.6 of the MCO contract found here: https://msp.scdhhs.gov/managedcare/sites/default/files/2021%20MCO%20Contract%20Boilerplate%20-%20Amendment%20I%20Revision%20CMS%20change.pdf.

Overpayments to providers as a result of fraud, waste, and abuse and TPL activity are reported by the MCOs in the MCO Survey and discussed in greater detail in Section 2.B.iii.(e), adjustments to base data.

iii. Projected Benefit Cost Trends

This section discusses the data, assumptions, and methodologies used to develop the benefit cost trends, i.e., the annualized projected change in benefit costs from the historical base period (SFY 2021) to the rating period of this certification (SFY 2023).

We evaluated prospective trend rates using historical experience for the South Carolina Medicaid managed care program, as well as external data sources. Our trend analysis included a review of both experience prior to the COVID-19 PHE and emerging experience through calendar year 2021, as appropriate.

(a) Required elements

(i) Data

The primary data used to develop benefit cost trends is South Carolina Medicaid historical claims and encounter data from the covered populations. Data used for trend development included three years of cost and utilization experience, from SFY 2019 through the base experience period (SFY 2021), as well as emerging data as appropriate.

External data sources that were referenced for evaluating trend rates developed from SCDHHS data include:

- *National Health Expenditure (NHE) projections* developed by the CMS office of the actuary, specifically those related to Medicaid. Please note that as these are expenditure projections, projected growth reflects not only unit cost and utilization, but also aggregate enrollment growth and enrollment mix changes such as aging. NHE tables and documentation may be found in the location listed below:
  - https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nationalhealthaccountsprojected.html
- Magellan Rx Management – Medicaid Pharmacy Trend Report 2021 Sixth Edition found in the location listed below:
  - https://www1.magellanrx.com/read-watch-listen/read/our-publications/medicaid-pharmacy-trend-report/

Other sources: We also reviewed internal sources that are not publicly available, such as historical experience from other programs and trends used by other Milliman actuaries

(ii) Methodology

Non-pharmacy trends

Using internal SCDHHS data, historical utilization and per member per month cost data was stratified by month, rate cell, and category of service. The data was adjusted for completion and normalized for historical program, reimbursement changes, and acuity. We developed trend rates to adjust the base experience data (midpoint of January 1, 2021) forward 24 months to the midpoint of the contract period, January 1, 2023. Rolling 12-month, 6-month, and 3-month trends were calculated to identify changes in the underlying patterns over time, and two-year annualized trends were utilized to smooth out significant fluctuations from year to year.

As a result of the COVID-19 PHE, we analyzed both experience prior to the PHE and emerging experience by population and service category to gain an understanding of the impact of COVID-19 and subsequent utilization changes on the managed care program experience. Based on our review, some populations and service categories returned to pre-COVID utilization during SFY 2021, while others continued to show utilization below pre-COVID levels. The annual non-pharmacy trend rates selected for each population and service category included a review of emerging utilization patterns and trend, as well as projected impacts on utilization related to the COVID-19 pandemic and changes in population acuity. Additionally, since the historical base period may include suppressed utilization for certain populations and service categories due to the COVID-19 pandemic, we applied a COVID-19 utilization adjustment to the SFY 2021 experience prior to application of trend, as appropriate. Further detail on the COVID-19 utilization adjustment can be found in Section I.2.B.iii.(d).

We applied our selected trend to each population and service category. For all non-pharmacy service categories, the trend rates were applied to utilization only, while reimbursement was explicitly addressed in Section I, item 2.B.iii of this certification report.

Trend rates were developed by population (TANF Adult, TANF Child, TANF Infants, SSI Adult, SSI Children, OCWI, Foster, Dual and Kick) and by service category (Inpatient Excluding MH/SA, Inpatient MH/SA, Outpatient Excluding ER, Outpatient Non-Surgical ER, and Professional (including ancillary and office administered drugs)).

Historical trends should not be used in a simple formulaic manner to determine future trends; actuarial judgment is also required. We also referred to alternative sources, both publicly available and internal Milliman information. We also considered shifting population mix, acuity, and the impact of reimbursement changes on utilization in each specific population.

Pharmacy trends

Using internal SCDHHS data, historical scripts and per member per month cost data was stratified by month and population. The data was normalized for historical pharmacy spread, Hepatitis C claims, and acuity. To account for changes in underlying trend patterns, we reviewed emerging data through November 2021 by population. Rolling 12-month, 9-month, 6-month, and 3-month trends were calculated to identify changes in the underlying patterns over time. Pharmacy trends were developed by population (TANF Child, TANF Adult, SSI Adult, SSI Child and OCWI).

As a result of the COVID-19 PHE, we analyzed both experience prior to the PHE and emerging experience by population to gain an understanding of the impact of COVID-19 and subsequent utilization changes on the managed care program experience. Based on our review, some populations returned to pre-COVID utilization during SFY 2021, while others continued to show utilization below pre-COVID levels. The annual pharmacy trend rates selected for each population included a review of emerging utilization patterns and trend, as well as projected impacts on utilization related to the COVID-19 pandemic and changes in population acuity. Additionally, since the historical base period may include suppressed utilization for certain populations and categories of service due to the COVID-19 pandemic, we applied a COVID-19 utilization adjustment to the SFY 2021 experience prior to application of trend, as appropriate. Further detail on the COVID-19 utilization adjustment can be found in Section I.2.B.iii.(d).

Additionally, we reviewed results from our internal Medicaid pharmacy model (trend model) which was developed to study and project detailed pharmacy trend information. Because of the disruptions in pharmacy utilization, we reviewed projected results from the trend model as well as normalized emerging experience described above to gain further insight into emerging trends.

The trend model summarizes pharmacy claims data by month, drug type (brand, generic, and specialty brand, and specialty generic), covered population, and therapeutic class (according to GPI-4 assignments). For this analysis, we used data with dates of service incurred through November 2021, and projected through SFY 2023. Projected values are estimated using the base period data as a starting point and applying anticipated shifts and trends. As we reviewed the trend model results, we considered several items such as brand patent loss, cost per script trends, and changes in utilization.

Pharmacy high cost no experience program

Effective July 1, 2020, SCDHHS implemented a pharmacy HCNE program for newly-approved high cost pharmacy treatments that are not fully reflected in the base data. The program is anticipated to continue through the SFY 2023 contract year. Projected pharmacy trends reflect the impact of this program, which is described in greater detail in Section I, Item 4.C.

(iii) Comparisons

As noted above, we did not explicitly rely on the historical MCO encounter data trend projections due to anomalies observed in the historical trend data. In addition to referencing external data sources and emerging experience in the encounter data, we also reviewed the utilization trends assumed in the SFY 2021 and SFY 2022 capitation rate development. The dual population medical non-pharmacy trends are anticipated to be consistent with trend assumptions developed for the calendar year (CY) 2022 Healthy Connections Prime Community population.

Explicit adjustments were made outside of trend to reflect all recent or planned changes in medical reimbursement and anticipated acuity changes from the base period to the rating period.

(iv) Chosen trend rates

Figure 15 illustrates the utilization component of the trend by rate cell and category of service grouping for the SFY 2023 capitation rate development. The utilization component includes both the trend in number of units as well as the mix or intensity of services provided. The chosen trend rates do not include any negative trends. Additionally, these trends reflect the impact of the pharmacy HCNE program.

FIGURE 15: ANNUAL UTILIZATION TREND RATES

SERVICE CATEGORY	TANF INFANTS	TANF CHILD	TANF ADULT	SSI CHILD	SSI ADULT	OCWI	FOSTER CARE	KICK
Inpatient Hospital (non MH/SA)	1.0%	0.5%	1.0%	0.5%	1.0%	0.0%	0.0%	0.0%
Inpatient Hospital (MH/SA)	0.0%	0.5%	1.0%	2.0%	1.0%	1.5%	2.0%	0.0%
Outpatient Hospital (non ER)	3.0%	5.0%	0.5%	2.0%	3.5%	3.0%	3.5%	4.0%
Outpatient Hospital (ER)	7.0%	12.0%	3.0%	5.0%	3.5%	3.0%	3.5%	0.0%
Professional & Ancillary	2.5%	6.0%	2.0%	3.5%	3.0%	1.0%	0.5%	1.5%
Total Medical	**1.7%**	**5.6%**	**1.5%**	**2.8%**	**2.3%**	**1.6%**	**1.1%**	**0.5%**
Total Pharmacy	4.5%	4.5%	6.5%	4.5%	8.0%	7.0%	4.5%	0.0%
Composite	**1.8%**	**5.4%**	**2.7%**	**3.4%**	**4.1%**	**2.4%**	**1.3%**	**0.5%**

Notes:
1. Pharmacy represents both utilization and cost.
2. TANF Infants reflects the TANF: 0 - 2 months old (AH3) and TANF: 3 - 12 months old (AI3) rate cells.

(b) Benefit cost trend components

The utilization component of trend illustrated in Figure 15 includes both the trend in number of units as well as the mix or intensity of services provided. For the medical trend components, unit cost trends are not applied as a trend adjustment, instead each claim is repriced and adjusted based on reimbursement updates that have occurred or are anticipated to be implemented after the end of the base period. The repricing and reimbursement update analyses are described further in Section I, item 2.B.iii.(d).

(c) Variation

To limit the variation in benefit cost that is present across the Medicaid population as a whole, we developed trends by population category and service category. We further reviewed experience for specialty, brand and generic drugs, and combined this review with consideration of brand name drugs that have had or are anticipated to have generic launches during the time period encompassing the base period (SFY 2021) through the projection period (SFY 2023). Additionally, all pharmacy therapies expected to be included in the pharmacy HCNE program have been excluded from this analysis.

The variation that occurs between these high-level prescription drug stratifications and further within each major population category contributes to the variation in the pharmacy trend assumptions applied across the managed care program in the SFY 2023 capitation rate development.

(i) Medicaid populations

Trends were developed by population category and category of service grouping. Trend variations between populations and service categories reflect observed variation in the underlying historical experience and actuarial judgement based on the sources listed in the section above. All trend values have been rounded to the nearest 0.25%.

(ii) Rate cells

Benefit cost trends are evaluated by population category and category of service grouping. For population categories comprised of multiple rate cells, the benefit cost trends are consistent across all rate cells.

(iii) Subsets of benefits within a category of services

For the pharmacy trend assumption development, we considered experience and projected changes for specialty, brand and generic drugs during the base period (SFY 2021) through the projection period (SFY 2023).

(d) Material adjustments

We made explicit adjustments to the historical data analyzed for trends in an effort to normalize the data for historical reimbursement adjustments, changing populations, and risk score, and extract underlying trend information; however, as noted above, there were still anomalies that were present in the data and contributed to unreasonable trend patterns.

As a result, we used actuarial judgment to adjust the trends derived from historical experience in cases where the resulting trends did not appear reasonably sustainable, or were not within consensus parameters derived from other sources.

For rate cells and categories of services where the raw model output was outside of a range of reasonable results, we relied on the sources identified to develop prospective trend.

Additionally, we considered the cost impact of recently released drugs on the pharmacy trend rates in coordination with the pharmacy HCNE program implemented on July 1, 2020 and anticipated to continue for SFY 2023.

(e) Any other adjustments

(i) Impact of managed care

We did not adjust the trend rates to reflect a managed care impact on utilization or unit cost. The capitation rates have an explicit adjustment for the managed care adjustments.

(ii) Trend changes other than utilization and cost

We did not adjust the benefit cost trend for changes other than utilization or unit cost.

iv. Mental Health Parity and Addiction Equity Act Service Adjustment

We have reviewed SCDHHS's state plan benefits regarding compliance with the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) as required by 42 CFR 438, subpart K.

Results of the analysis indicate full compliance with MHPAEA for financial requirements and both quantitative and non-quantitative treatment limits with no remediation needed that would constitute a program adjustment. In addition, our review of MCO Survey results and MCO-submitted data indicates that all MCOs are compliant with MHPAEA financial requirements. Based on the results of our analysis and guidance from SCDHHS, we believe the certified SFY 2023 capitation rates are adequate to allow MCOs to efficiently deliver covered services in compliance with MHPAEA and contractual requirements. We have not made any rating adjustments to accommodate Mental Health Parity compliance.

v. In Lieu Of Services

(a) Categories of covered service

Effective July 1, 2019, SCDHHS expanded the use of IMDs as an in lieu of service for the 21 to 64-year-old population for all inpatient psychiatric or substance use disorders for up to 15 days per month. This program change was implemented in compliance with the conditions outlined in the final Medicaid managed care regulations.

(b) Percentage of cost

IMD as an in lieu of service represents approximately $12.8 million of estimated annualized expenditures in the adjusted base data expenditures, or 20.9% of the “Inpatient MH/SA” service category, and is not included in any other service categories.

(c) Development of projected benefit costs

Consistent with the rate-setting guidance published by CMS, in reviewing the impact of this program adjustment we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers.

(d) IMDs as an in-lieu-of service

The rate development complies with the requirements of 42 CFR 438.6(e). In reviewing the impact of this program adjustment we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers.

vi. Retrospective Eligibility Periods

(a) MCO responsibility

MCOs are not responsible for paying claims incurred during the retrospective eligibility period.

(b) Claims treatment

As noted earlier, MCOs are not responsible for paying claims incurred during the retrospective eligibility period; therefore, claims for retrospective eligibility periods are not reflected in the base data.

(c) Enrollment treatment

Enrollment is treated consistently with claims. We have not included retrospective eligibility in the base experience period.

(d) Adjustments

No adjustments are necessary.

vii. Impact of Material Changes

This section relates to material changes to covered benefits or services since the last rate certification. The last rate certification was for the January through June 2022 rating period.

(a) Change to covered benefits

Material changes to covered benefits have been described in program adjustments described in Section I, item 2.B.iii Program Change Adjustments.

(b) Recoveries of overpayments

To the best of our knowledge, all information related to any payment recoveries not reflected in the base period encounter data was provided to us by the MCOs in their survey responses and an adjustment factor was applied to reflect any such recoveries.

(c) Change to payment requirements

Material changes to provider payments have been described in program adjustments described in Section I, item 2.B.iii Program Change Adjustments.

(d) Change to waiver requirements

There were no material changes related to waiver requirements or conditions.

(e) Change due to litigation

There were no material changes due to litigation.

viii. Documentation of Material Changes

Material changes to covered benefits and provider payments have been described in program adjustments described in Section I, item 2.B.iii Program Change Adjustments. This information includes the data, assumptions, and methodology used in developing the adjustment, and aggregate impact on the managed care program's benefit expense. Non-material changes to covered benefits or provider payments have also been described in that section of the report.

4. Special contract provisions related to payment

A. INCENTIVE ARRANGEMENTS

i. Rate Development Standards

This section provides documentation of the incentive payment structure in the South Carolina Medicaid managed care program.

ii. Appropriate Documentation

Incentive payments under this plan are below 105% of the certified capitation rates paid under the contract. An incentive pool is determined by the portion of withhold that is not returned to the MCOs after a first pass review. By design, the incentive amount represented by the bonus pool is significantly less than 5% of the certified rates. Please see Section I, item 4.B.ii for additional discussion on bonus pool distributions.

Incentive payments for "Patient-Centered Medical Homes (PCMH)" are not included within the certified capitation rate. These incentives are paid by SCDHHS to the MCOs through gross level adjustments (GLAs). Additional details about the separate PCMH incentive payment program can be found within the "MCO Policy and Procedure Guide" under the "Provider Quality Incentive Programs" section. Approximate historical and anticipated incentive payments for the PCMH program are as follows:

- SFY 2021: $7.8 million – approximately 0.2% increase of projected SFY 2023 capitation premium
- SFY 2022 (anticipated): $9.7 million – approximately 0.3% of projected SFY 2023 capitation premium
- SFY 2023 (anticipated): $10.5 million – approximately 0.3% of projected SFY 2023 capitation premium

The total amount of incentive payments in the managed care program is below 105% of the certified rates paid under the contract.

B. WITHHOLD ARRANGEMENTS

i. Rate Development Standards

This section provides documentation of the withhold arrangement in the South Carolina Medicaid managed care program.

ii. Appropriate Documentation

(a) Description of the Withhold Arrangement

(i) Time period

The withhold arrangement is measured on a calendar year basis.

(iv) Enrollees, services, and providers covered

All enrollees, services, and providers that are part of the Medicaid managed care program are covered by the withhold arrangement.

(v) Purpose

The withhold measure evaluates quality-based performance in diabetes care, women's health, and pediatric preventive care.

(vi) Description of total percentage withheld

SCDHHS has established a quality withhold of 1.5% of the capitation rate net of supplemental teaching payments and the state-directed hospital quality payment program, and will determine the return of the withhold based on review of each MCO's HEDIS data and the MCO's compliance with the quality measures established in each MCO's contract with SCDHHS.

The capitation rates shown in this letter are illustrated before application of the withhold amount; however, we consider the full amount of the withhold to be reasonably achievable.

(vii) Estimate of percent to be returned

In reporting year 2020 (CY 2020), based on measurement year 2019, the MCOs in aggregate received 100% of available withhold funds from SCDHHS through first pass and bonus pool distributions. Withholds and incentives are treated separately for federal regulations; therefore, we reviewed the first pass and bonus pool distribution as separate components. Based on the design of the withhold program, 92.3% of the withhold was earned back through the first pass in reporting year 2020. The withhold program was suspended in reporting year 2021 (measurement year 2020); however, based on withhold results evaluated by SCDHHS for this period, MCOs met the quality targets in nearly all indices, and would have achieved an estimated withhold return of 91.7% if the quality withhold program had been in place.

The MCO quality withhold and bonus program was reinstated by SCDHHS for reporting years 2022 and 2023, measurement years 2021 and 2022, respectively and are fully documented in Section 15 of the Managed Care Policy and Procedure Manual.

Our review of the CY 2020 quality withhold results indicated that all plans met the quality targets for the diabetes and women health indices, and achieved a 75% return for the children's health index. As documented in Section 2.B.iii.(d), a COVID utilization adjustment of approximately 4.7% was applied to the SFY 2021 physician and ancillary base data for the TANF children population to recognize potential underutilization in the base period, providing for additional expenditures in the SFY 2023 contract year to support the children's health metrics. In addition, our review of the measurement year 2022 and 2023 quality withhold programs reflect minimal changes to the quality measures and performance assessment methodology. As such, we believe it is reasonably achievable in the context of the SFY 2023 capitation rate development for the MCOs to meet the quality withhold targets for 100% return of the withhold for CY 2022.

(viii) Reasonableness of withhold arrangement

Our review of the total withhold percentage of 1.5% of capitation revenue, net of supplemental teaching payments and state-directed hospital quality payment program, indicates that it is reasonable within the context of the capitation rate development and the magnitude of the withhold does not have a detrimental impact on the health plan's financial operating needs and capital reserves. Our interpretation of financial operating needs relates to cash flow needs for the health plan to pay claims and administer benefits for its covered population. We evaluated the reasonableness of the withhold within this context by reviewing the health plan's cash available to cover operating expenses, as well as the capitation rate payment mechanism utilized by SCDHHS. To evaluate the reasonableness of the withhold in relation to capital reserves, we reviewed each health plan's risk-based capital ratio. The data source utilized to calculate these metrics was each plan's calendar year 2021 NAIC annual statement.

(1) Risk-Based Capital (RBC) Levels: RBC levels were reviewed to assess surplus levels and financial stability of each MCO to pay all policyholder obligations. Based on CY 2021 audited financial statements, RBC-levels for each MCO are at or greater than 335%. Although 100% of the withhold is assumed to be reasonably achieved, stress-testing the capital levels for each MCO with the full amount of the 1.5% withhold does not reduce the RBC ratio to a level that would trigger regulatory action.

FIGURE 16: MCO FINANCIAL REVIEW

HEALTH PLAN	REPORTED RBC LEVEL	STRESS-TESTED RBC LEVEL
Absolute Total Care	473%	431%
BlueChoice	1321%	1288%
Molina	335%	304%
Select Health	478%	435%

Source: CY 2021 NAIC Annual Statement ('Five-Year Historical Data', Page 29)

(2) Cash available for operating expenses: We reviewed cash and cash equivalent levels in relation to the withhold arrangement. We believe the withhold arrangement is reasonable based on current cash levels and the following withhold level and SCDHHS payment timing:

- A 1.5% withhold over the SFY is equivalent to approximately 5.5 days of revenue.

- SCDHHS makes capitation payments to MCOs at the beginning of each month (which essentially "pre-pays" the expected claims for the month), contributing favorably to monthly cash flow needs.

(ix) Effect on the capitation rates

The SFY 2023 certified capitation rates reflect the expectation that 100% of the withhold is reasonably achievable.

(b) Capitation payments minus withhold

The SFY 2023 certified capitation rates reflect the expectation that 100% of the withhold is reasonably achievable, and the capitation rates are certified as actuarially sound.

C. RISK SHARING MECHANISMS

i. Rate Development Standards

This section provides documentation of the risk-sharing mechanisms in the South Carolina managed care program.

ii. Appropriate Documentation

(a) Description of Risk-sharing Mechanism

(i) Rationale for use of risk-sharing arrangement

Pharmacy High Cost No Experience (HCNE) program

The pharmacy HCNE program has been established to address the financial risk associated with recent FDA approved high cost pharmaceutical treatments, as well as the potential for the prevalence of individuals utilizing the high cost pharmacy treatments to vary between MCOs given the relatively low volume of anticipated recipients.

PRTF Risk Pool

The PRTF risk pool is being implemented to address the higher costs associated with PRTF services and the potential for the prevalence of individuals utilizing PRTF services to vary between MCOs. The total PRTF risk pool is established and evaluated by rate cell and distributions across MCOs are calculated accordingly. To the extent an MCO's proportion of PRTF expenditures is greater than the MCO's proportion of PRTF benefit received through capitation payments at the rate cell level, the MCO will receive additional reimbursement from the risk pool. Conversely, an MCO with a lower proportion of PRTF expenditures relative to the MCO's proportion of PRTF benefit received through capitation payments at the rate cell level will be required to pay into the risk pool.

(ii) Description

Pharmacy High Cost No Experience program

Effective July 1, 2020, SCDHHS implemented a pharmacy HCNE (HCNE) program as a risk mitigation mechanism to limit the MCO's exposure to new high cost pharmacy therapies. The HCNE program will include pharmacy therapies approved after the beginning of the base period (July 1, 2020) that are expected to exceed $500,000 per member per year, based on annual estimated cost from the WAC fee schedule.

Newly approved drug therapies will be removed from the pharmacy HCNE program when their FDA approval date is on or before the start of the base data period. The estimated costs of the pharmacy therapies included in the pharmacy risk mitigation program are not part of the base capitation rate.

SCDHHS is anticipated to reimburse the MCOs for the total cost of the pharmaceutical therapy that is equal to the lesser of MCO claim payment and the FFS fee schedule. All claims requested for reimbursement through the pharmacy HCNE program are subject to SCDHHS review and approval. The pharmacy therapies approved for inclusion in the risk mitigation program for SFY 2023 are included in Section 4.2.21.6 of the MCO Policy and Procedure guide and are anticipated to be monitored on a quarterly basis throughout the contract year and updated as appropriate.

The specific language from the provider agreement between SCDHHS and the MCOs should be referenced for final contract specifications and definitions.

PRTF Risk Pool

The SFY 2023 PRTF risk pool aggregate amounts will be developed using the estimated SFY 2023 PRTF benefit expense PMPM by rate cell included in the SFY 2023 capitation rates, multiplied by the actual SFY 2023 membership by rate cell.

The estimated SFY 2023 PRTF PMPM is developed on a prospective basis and is based on a review of historical PRTF expenditures during the SFY 2021 base period. Program and policy changes developed for the SFY 2023 managed care capitation rates impacting PRTF expenditures were applied to the base experience.

Please note that the estimated SFY 2023 PRTF PMPM is based on the historical PRTF expenditures and applicable prospective adjustments, with no smoothing adjustment across rate cells.

Figures 17 and 18 illustrate a sample calculation of MCO payment/receipt of PRTF risk pool funds under two scenarios. The first scenario illustrates the payment/receipt of funds in the event total PRTF expenditures are greater than the risk pool funds, while the second scenario illustrates payment/receipt of funds in the event total PRTF expenditures are less than the risk pool funds. Additionally, it should be noted that when developing MCO payment/receipt amounts, the estimated PRTF PMPMs will be adjusted by rate cell for the relative risk scores applied to the SFY 2023 capitation rates.

FIGURE 17: TOTAL PRTF EXPERIENCE GREATER THAN POOL FUNDS

MCO	ACTUAL SFY 2023 MEMBER MONTHS	ESTIMATED SFY 2023 PRTF PMPM	MCO RISK-ADJUSTED SFY 2023 PRTF PMPM	ESTIMATED SFY 2023 PRTF EXPENDITURES	ACTUAL SFY 2023 PRTF EXPENDITURES	DISTRIBUTION OF ACTUAL PRTF COSTS	DISTRIBUTION APPLIED TO ESTIMATED COSTS	ADDITIONAL (PAYMENT)/ RECOUPMENT
Plan A	10,000	$ 5.00	$ 4.95	$ 49,500	$ 80,000	14.5%	$ 72,727	$ 23,227
Plan B	30,000	5.00	5.10	153,000	180,000	32.7%	163,636	10,636
Plan C	20,000	5.00	5.00	100,000	80,000	14.5%	72,727	(27,273)
Plan D	15,000	5.00	5.00	75,000	90,000	16.4%	81,818	6,818
Plan E	25,000	5.00	4.90	122,500	120,000	21.8%	109,091	(13,409)
All Plans	**100,000**	**$ 5.00**	**$ 5.00**	**$ 500,000**	**$ 550,000**	**100.0%**	**$ 500,000**	**$ 0**

FIGURE 18: TOTAL PRTF EXPERIENCE LESS THAN POOL FUNDS

MCO	ACTUAL SFY 2023 MEMBER MONTHS	ESTIMATED SFY 2023 PRTF PMPM	MCO RISK-ADJUSTED SFY 2023 PRTF PMPM	ESTIMATED SFY 2023 PRTF EXPENDITURES	ACTUAL SFY 2023 PRTF EXPENDITURES	DISTRIBUTION OF ACTUAL PRTF COSTS	DISTRIBUTION APPLIED TO ESTIMATED COSTS	ADDITIONAL (PAYMENT)/ RECOUPMENT
Plan A	10,000	$ 5.00	$ 4.95	$ 49,500	$ 60,000	12.5%	$ 62,500	$ 13,000
Plan B	30,000	5.00	5.10	153,000	145,000	30.2%	151,042	(1,958)
Plan C	20,000	5.00	5.00	100,000	90,000	18.8%	93,750	(6,250)
Plan D	15,000	5.00	5.00	75,000	80,000	16.7%	83,333	8,333
Plan E	25,000	5.00	4.90	122,500	105,000	21.9%	109,375	(13,125)
All Plans	**100,000**	**$ 5.00**	**$ 5.00**	**$ 500,000**	**$ 480,000**	**100.0%**	**$ 500,000**	**$ 0**

Figure 19 illustrates the estimated SFY 2023 member months, PRTF PMPM, and risk pool expenditures by rate cell.

FIGURE 19: PRTF ANALYSIS - SFY 2023 PROJECTED PMPM

RATE CELL	ESTIMATED SFY 2023 MEMBER MONTHS	ESTIMATED SFY 2023 PRTF PMPM	ESTIMATED EXPENDITURES
TANF: 0-2 months old (AH3)	83,532	$ 0.00	$ 0
TANF: 3-12 months old (AI3)	348,045	-	-
TANF: Age 1-6 (AB3)	2,641,261	-	-
TANF: Age 7-13 (AC3)	3,063,239	1.57	4,817,579
TANF: Age 14-18, Male (AD1)	1,032,778	4.39	4,529,290
TANF: Age 14-18, Female (AD2)	1,033,480	5.51	5,692,667
TANF: Age 19-44, Male (AE1)	587,591	0.04	23,073
TANF: Age 19-44, Female (AE2)	1,964,094	0.02	41,203
TANF: Age 45+ (AF3)	369,227	0.02	8,747
SSI - Children (SO3)	139,769	31.54	4,408,451
SSI - Adults (SP3)	641,286	0.05	32,474
OCWI (WG2)	451,448	-	-
DUAL	-	-	-
Foster Care - Children (FG3)	57,459	269.14	15,464,604
KICK (MG2/NG2)	25,869	-	-
Composite	**12,413,209**	**$ 2.82**	**$ 35,018,089**

Please note that the “Estimated expenditures” column in Figure 19 is a projection based on estimated SFY 2023 membership. The estimated SFY 2023 PRTF PMPMs by rate cell will not change as actual SFY 2023 PRTF experience emerges; however the aggregate PRTF risk pool amounts by rate cell may vary to the extent that actual SFY 2023 member months vary from the estimated membership.

Additionally, if capitation rates are amended during the SFY 2023 contract year related to PRTF program changes, the PRTF risk pool PMPMs will be reviewed and updated, as necessary.

(iii) Effect on capitation rate development

The development of the HCNE program and the PRTF risk pool do not impact the capitation rate development process.

(iv) Attestation of the use of generally accepted actuarial principles and practices

The SFY 2023 pharmacy HCNE program and PRTF risk pool have been developed in accordance with generally accepted actuarial principles and practices.

(v) Consistency with pricing assumptions used in capitation rate development

The SFY 2023 pharmacy HCNE program and PRTF risk pool development are consistent with pricing assumptions used in capitation rate development. Note that the development of these arrangements do not impact the capitation rate development process.

(vi) Demonstration of remittance/payment requirement

The SFY 2023 pharmacy HCNE program is a non-risk arrangement with the State. As documented in Section 4.2.27 of the MCO Policy and Procedure Guide, SCDHHS is anticipated to reimburse the MCOs for the total cost of the pharmaceutical therapy that is equal to the lesser of MCO claim payment and the FFS fee schedule.

The SFY 2023 PRTF risk pool is a cost-neutral risk pool arrangement to redistribute assumed PRTF benefit costs between the MCOs and will not result in a remittance/payment between the MCOs and the State

(b) Medical Loss Ratio

Description

SCDHHS's provider agreement establishes a minimum medical loss ratio (MLR) of 86.0% for the Medicaid managed care population. The specific language from the provider agreement between SCDHHS and the MCOs should be referenced for final contract specifications and definitions. The MLR is calculated in accordance with guidance presented in the final Medicaid and Children's Health Insurance Program rule, released on May 6, 2016.

Financial consequences

Financial consequences of the minimum MLR requirements are specified in the provider agreement. However, in general, the MCO will be required to repay any revenue amounts below the 86.0% minimum MLR.

(c) Reinsurance Requirements and Effect on Capitation Rates

There are no reinsurance requirements for MCOs contracted with SCDHHS for the Medicaid managed care program.

D. STATE DIRECTED PAYMENTS

i. Rate Development Standards

(a) Description of Managed Care Plan Requirement

Consistent with guidance in 42 CFR §438.6(c), the South Carolina managed care capitation rates reflect the following delivery system and provider payment initiatives:

- **Hospital Quality Program**. Hospital quality state directed payment initiative for all in-state acute care and critical access hospitals (control name: SC_Fee_IPH_Renewal_20220701-20230630);
- **Supplemental Teaching Physician Program.** Physician state directed payment for all services performed by qualifying rendering teaching physicians billing through a qualified teaching academic facility (control name: SC_Fee_AMC_New_20220701-20230630); and,
- **Alternative Payment Model** (APM) contracts linked to provider performance.

(b) Prior written approval

At the time of this report, SCDHHS has submitted, but not yet received approval for the Hospital Quality Program and Supplemental Teaching Physician directed payment preprints. It is our understanding based on SCDHHS guidance, that the APM contracts linked to provider performance do not require a preprint because they are MCO-specific initiatives that are not directed by SCDHHS.

(c) Generally accepted actuarial principles

The contract arrangements that direct MCO expenditures were developed in accordance with guidance in 42 CFR §438.4, the standards in §438.5, and generally accepted actuarial principles and practices.

(d) How Payment Arrangement is reflected in managed care rates

Hospital Quality Program (HQP)

The HQP payment arrangement will be reflected through a separate payment term in which an estimated PMPM by rate cell, projected at $48 million in total, will be directed to the hospital quality payment pool and distributed to eligible hospitals. Each hospital is assigned to one of three hospital tiers based on hospital quality metrics, with each tier applying a specified uniform dollar increase to each hospital inpatient claim during the SFY 2023 contract period.

(i) Documentation related to separate payment term included in the rate certification

Documentation related to the separate payment term is addressed in Item ii(a)(iii) below.

(ii) PMPM estimate of state-directed payments addressed through separate payment term

Figure 20 illustrates the estimated PMPM for each rate cell for the SFY 2023 time period.

FIGURE 20: HOSPITAL QUALITY PAYMENT PMPM BY RATE CELL

RATE CELL	PMPM
TANF: 0-2 months old (AH3)	$ 161.82
TANF: 3-12 months old (AI3)	1.02
TANF: Age 1-6 (AB3)	0.31
TANF: Age 7-13 (AC3)	0.32
TANF: Age 14-18, Male (AD1)	0.57
TANF: Age 14-18, Female (AD2)	1.48
TANF: Age 19-44, Male (AE1)	1.38
TANF: Age 19-44, Female (AE2)	5.19
TANF: Age 45+ (AF3)	3.64
SSI - Children (SO3)	2.58
SSI - Adults (SP3)	12.02
OCWI (WG2)	21.57
DUAL	-
Foster Care - Children (FG3)	1.34
KICK (MG2/NG2)	-

Based on projected enrollment by rate cell, the total SFY 2023 projected HQP payment pool is estimated at approximately $48 million, consistent with the total dollar amount included in the preprint submitted by SCDHHS and currently under review (control name: SC_Fee_IPH_Renewal_20220701-20230630)

(iii) Final documentation of total state-directed payment amount by rate cell

To the extent the final state-directed PMPM payments by rate cell vary from the initial estimates presented in Figure 20, the rate certification will be updated to reflect the final aggregate payments made to the hospitals.

(iv) Change from initial base rate certification

As indicated above, the rate certification will be updated through a rate amendment if the total payment amount or distribution methodology varies from the initial estimates presented in Figure 20.

Supplemental Teaching Program (STP)

The STP payment arrangement will be reflected through a separate payment term in which an estimated PMPM by rate cell, projected at $133 million in total, will be directed to qualified rendering teaching physicians billing through a qualified academic teaching facility on behalf of Medicaid beneficiaries covered under the Medicaid managed care program. The state directed payment applies a uniform methodology to the provider class, which brings qualified rendering teaching physician payments at a qualified academic teaching facility up to 100% of average commercial rate (ACR) during the SFY 2023 contract period.

(i) Documentation related to separate payment term included in the rate certification

Documentation related to the separate payment term is addressed in Item ii(a)(iii) below.

(ii) PMPM estimate of state-directed payments addressed through separate payment term

Figure 21 illustrates the estimated PMPM for each rate cell for the SFY 2023 time period.

FIGURE 21: STP STATE DIRECTED PAYMENT PMPM BY RATE CELL

RATE CELL	PMPM
TANF: 0-2 months old (AH3)	$ 142.49
TANF: 3-12 months old (AI3)	21.89
TANF: Age 1-6 (AB3)	5.01
TANF: Age 7-13 (AC3)	3.71
TANF: Age 14-18, Male (AD1)	4.81
TANF: Age 14-18, Female (AD2)	6.83
TANF: Age 19-44, Male (AE1)	5.89
TANF: Age 19-44, Female (AE2)	13.79
TANF: Age 45+ (AF3)	18.66
SSI - Children (SO3)	21.96
SSI - Adults (SP3)	37.41
OCWI (WG2)	26.08
DUAL	-
Foster Care - Children (FG3)	9.90
KICK (MG2/NG2)	-

Based on projected enrollment by rate cell, the total SFY 2023 projected STP payment pool is estimated at approximately $133 million, consistent with the total dollar amount included in the preprint submitted by SCDHHS and currently under review (control name: SC_Fee_AMC_New_20220701-20230630)

(iii) Final documentation of total state-directed payment amount by rate cell

To the extent the final state-directed PMPM payments by rate cell vary from the initial estimates presented in Figure 21, the rate certification will be updated to reflect the final aggregate payments made to the qualifying teaching physicians.

(iv) Change from initial base rate certification

As indicated above, the rate certification will be updated through a rate amendment if the total payment amount or distribution methodology varies from the initial estimates presented in Figure 21.

ii. Appropriate Documentation

(a) Description of Delivery System and Provider Payment Initiatives

Figure 22 provides a description of each state directed payment included in the SFY 2023 Medicaid managed care program.

FIGURE 22 - DESCRIPTION OF STATE DIRECTED PAYMENTS

CONTROL NAME OF THE STATE DIRECTED PAYMENT	TYPE OF PAYMENT	BRIEF DESCRIPTION	RATE ADJUSTMENT OR SEPARATE PAYMENT TERM
SC_Fee_IPH_Renewal_20220701-20230630 (Hospital Quality Program)	Uniform per admit increase	Uniform increase to hospital inpatient admissions by provider tier	Separate payment term
SC_Fee_AMC_New_20220701-20230630 (Supplemental Teaching Physician Program)	Uniform percentage increase	Uniform increase to physician reimbursement for teaching physicians	Separate payment term

Hospital Quality Program - State Directed Payment

(i) Description of delivery system and provider payment Initiatives included in the capitation rates

Effective July 1, 2019, the HQP was developed to align SCDHHS's quality and transparency-promotion activities with hospital quality payments.[7] SCDHHS believes that by utilizing these dollars through a directed payment, the agency can improve hospital quality and significantly impact its quality strategy for all Medicaid participants. These payments are anticipated to bring greater accountability to hospital quality across the provider class.[8]

[7] Hospital Quality Payment submitted preprint (SC_Fee_IPH_Renewal_20220701-20230630) Question 42 (Table 7a)
[8] Hospital Quality Payment submitted preprint (SC_Fee_IPH_Renewal_20220701-20230630) Question 19d

Provider Class (Tier) Defined

Based on documentation provided in the SCDHHS-submitted preprint, the uniform dollar increase state-directed fee schedule assigns eligible SC hospitals into one of three provider classes, or tiers. Hospitals are assigned to a specific tier based on an assessment of twelve quality performance metrics, with each hospital assigned an overall "score" from 0 to 100 based on the percentage of the quality metrics achieved.

Based on the results of these performance metrics, each hospital is assigned into one of three hospital tiers based on the following table:

Provider Class (tier)	Performance Results
Gold	82.5% - 90.0%
Silver	57.5% - 81.8%
Bronze	41.0% - 55.3%

The provider class assignment for each hospital will be effective for the entirety of the SFY 2023 contract period for application of the uniform dollar increase and the final directed payment and is established to reward the highest performing hospitals based on quality performance metrics selected by SCDHHS.

Application of Uniform Dollar Increase

The HQP uses the same dollar increase for all hospitals within each class, applied to each Medicaid managed care hospital inpatient claim during the SFY 2023 contract year. Each of the three hospital provider classes applies a uniform dollar increase specific to the class of hospitals within the tier. The specific uniform dollar increase was developed for each class to achieve the highest payment increase for the highest performing hospitals, classified as the Gold tier, followed by the Silver tier, and the Bronze tier, to target the estimated payment pool of $48 million as established by SCDHHS for the state-directed payment program. The uniform dollar increase applied to each hospital claim is illustrated in the following table:

Provider Class	Dollar Increase
Gold	$814
Silver	$623
Bronze	$452

Upon final reconciliation of the SFY 2023 contract year utilization and resulting state-directed payments, the uniform dollar increases may be adjusted as described further in the SCDHHS submitted preprint.[9]

(ii) Description of payment arrangement if incorporated as a rate adjustment

Not applicable. The HQP state-directed payment is reflected through a separate payment term as described in i(b) above.

(iii) Description of payment arrangement if incorporated as a separate payment term

The payment arrangement will be incorporated through a separate payment term in which an estimated PMPM by rate cell, projected at $48 million in total based on projected SFY 2023 enrollment, will be directed to the hospital quality payment pool and distributed to eligible hospitals based on a uniform dollar increase applied to all SFY 2023 hospital inpatient claims.

Aggregate amount of payment applicable to rate certification.

The aggregate amount of the HQP state-directed payment is estimated at $48.0 million.

Explicit statement from actuary certifying the amount of the separate payment term

The actuary certifies the amounts of the separate payment terms provided in this document.

[9] Hospital Quality Payment submitted preprint (SC_Fee_IPH_Renewal_20220701-20230630) Question 19c

Provider types receiving the payment

The hospital quality payment initiative applies to all in-state acute care and critical access hospitals, provided that they:

- Are Medicare-registered;
- Are Medicaid-enrolled;
- Participate in the Inpatient Quality Reporting (IQR) and Outpatient Quality Reporting (OQR) programs; and,
- Use a Safe Surgery Checklist and participate in the South Carolina Hospital Association's Zero Harm Collaborative.

Distribution methodology

SCDHHS will supply the MCOs with a listing of payments by hospital. MCOs are responsible for remitting the appropriate share to each hospital per SCDHHS requirements as described in the MCO contract.

Estimated PMPM by rate cell

The estimated PMPM by rate cell is provided in Figure 20

Consistency with 438.6(c) preprint

The SFY 2023 payment arrangement described above is consistent with the pre-print submitted to CMS and currently under review, referred to as SC_Fee_IPH_Renewal_20220701-20230630.

Statement that certification will be amended if rates vary from initial estimate

To the extent the final HQP state-directed PMPM payments by rate cell vary from the initial estimates presented in Figure 20, the rate certification will be updated to reflect the final payments made to the hospitals.

Supplemental Teaching Physician - State Directed Payment

(i) Description of delivery system and provider payment Initiatives included in the capitation rates

Effective July 1, 2022, the STP state directed payment program was developed to utilize a uniform percentage increase methodology to increase provider reimbursement for Medicaid physicians performed by qualified rendering teaching physicians billing through a qualified teaching facility up to the average commercial rate (ACR). SCDHHS believes that by utilizing these dollars through a directed payment, the agency can impact Medicaid member access to pediatric subspecialty care and materially impact its quality strategy around access to care for all Medicaid participants.[10]

Provider Class (Tier) Defined

Based on documentation provided SCDHHS-submitted preprint, the STP program establishes one provider class for all teaching physicians with faculty appointment or a teaching physician agreement with one of the following entities:

- The Medical University of South Carolina (MUSC);
- The University of South Carolina School of Medicine (USC); or,
- A SC Area Health Education Consortium (AHEC) Teaching Health System.

Only professional services billed by a SC academic medical center, its component units, or an SC AHE Teaching Health System are eligible for state directed payments. Teaching physicians must involve residents and/or medical students in the care of his or her patients or directly supervise residents in the care of patients.

Application of Uniform Methodology

The STP state directed payment applies a uniform methodology to the provider class, which brings qualified rendering teaching physician payments at a qualified academic teaching facility up to 100% of ACR.

[10] Supplemental Teaching Physician submitted preprint (SC_Fee_AMC_New_20220701-20230630) Question 19d

Upon final reconciliation of the SFY 2023 contract year utilization and resulting state-directed payments, the uniform payments may be adjusted as described further in the SCDHHS submitted preprint.

(ii) Description of payment arrangement if incorporated as a rate adjustment

Not applicable. The STP state-directed payment is reflected through a separate payment term as described in i(b) above.

(iii) Description of payment arrangement if incorporated as a separate payment term

The payment arrangement will be incorporated through a separate payment term in which an estimated PMPM by rate cell, projected at $133 million in total based on projected SFY 2023 enrollment, will be directed to the STP payment pool and distributed to qualified rendering teaching physicians billing through a qualified academic teaching facility on behalf of Medicaid beneficiaries covered under the Medicaid managed care program. The state directed payment applies a uniform methodology to the provider class, which brings qualified rendering teaching physician payments at a qualified academic teaching facility up to 100% of average commercial rate (ACR) during the SFY 2023 contract period.

Aggregate amount of payment applicable to rate certification.

The aggregate amount of the STP state-directed payment is estimated at $133.0 million.

Explicit statement from actuary certifying the amount of the separate payment term

The actuary certifies the amounts of the separate payment terms provided in this document.

Provider types receiving the payment

The STP program applies to all teaching physicians with faculty appointment or a teaching physician agreement with one of the following entities:

- The Medical University of South Carolina (MUSC);
- The University of South Carolina School of Medicine (USC); or,
- A SC Area Health Education Consortium (AHEC) Teaching Health System.

Only professional services billed by a SC academic medical center, its component units, or an SC AHE Teaching Health System are eligible for state directed payments. Teaching physicians must involve residents and/or medical students in the care of his or her patients or directly supervise residents in the care of patients.

Distribution methodology

SCDHHS will supply the MCOs with a listing of payments by qualified academic teaching facility based on projected interim quarterly payments for the first three quarters of SFY 2023 and a withhold pool of 10% subject to participation in a provider survey. The final quarterly reconciled payment will be based on actual SFY 2023 contract period utilization and final withhold survey participation results.

MCOs are responsible for remitting the appropriate share to each provider per SCDHHS requirements as described in the MCO contract.

Estimated PMPM by rate cell

The estimated PMPM by rate cell is provided in Figure 21.

Consistency with 438.6(c) preprint

The SFY 2023 payment arrangement described above is consistent with the pre-print submitted to CMS and currently under review, referred to as SC_Fee_AMC_New_20220701-20230630.

Statement that certification will be amended if rates vary from initial estimate

To the extent the final STP state-directed PMPM payments by rate cell vary from the initial estimates presented in Figure 21, the rate certification will be updated to reflect the final payments made to the qualified teaching physicians.

Alternative Payment Model (APM) Contracts

(i) Description of delivery system and provider payment Initiatives included in the capitation rates

Value-oriented contracts reflected in the SFY 2023 managed care capitation rates include pay for performance incentive programs, shared savings, and shared risk programs. SCDHHS has indicated that a 438.6(c) preprint is not required for the APM arrangements.

(ii) Description of payment arrangement if incorporated as a rate adjustment

The APM contracts are included as an adjustment to the base data in Appendix 6. The total amount of payments for these contracts included in the base data adjustment is approximately $11.3 million, or $1.03 PMPM, based on SFY 2021 member months.

(iii) Description of payment arrangement if incorporated as a separate payment term

Not applicable. The APM contracts are incorporated as a rate adjustment in the capitation rate development.

(b) Additional Directed Payments Not Addressed in the Certification

There are not any additional directed payments in the managed care program that are not addressed in this rate certification.

(c) Confirmation of Reimbursement Rates that Plans Must Pay Providers

There are not any additional requirements regarding the reimbursement rates the plans must pay to any providers unless specified in this certification as a directed payment or authorized under applicable law, regulation, or waiver.

E. PASS-THROUGH PAYMENTS

i. Rate Development Standards

There are no pass-through payments reflected in the SFY 2023 capitation rates.

ii. Appropriate Documentation

There are no pass-through payments reflected in the SFY 2023 capitation rates.

5. Projected non-benefit costs

A. RATE DEVELOPMENT STANDARDS

i. Overview

In accordance with 42 CFR §438.5(e), the non-benefit component of the capitation rate includes reasonable, appropriate and attainable expenses related to MCO operation of the South Carolina Medicaid managed care program.

The remainder of Section I, item 5 provides documentation of the data, assumptions and methodology that we utilized to develop the non-benefit cost component of the capitation rate.

ii. PMPM versus percentage

The non-benefit cost was developed as a percentage of the capitation rate.

iii. Basis for variation in assumptions

Any assumption variation between covered populations is the result of program differences and is in no way based on the rate of federal financial participation associated with the population.

B. APPROPRIATE DOCUMENTATION

i. Development of non-benefit costs

(a) Description of the data, assumptions, and methodologies

Data

The primary data sources used in the development of the state fiscal year 2023 non-benefit costs are listed below:

- Calendar Year 2018, 2019, 2020, and 2021 administrative costs as reported in the Managed Care Survey completed by each MCO.
- SFY 2021 and emerging pharmacy script counts as reported in the encounter data submitted by the MCOs.
- Statutory financial statement data for each of the MCOs.
- Average non-benefit costs from the financial statements of Medicaid MCOs nationally, as summarized by Palmer, Pettit, and McCulla. A link to the 2020 report published in July 2021 (Medicaid managed care financial results for 2020) is provided here: https://www.milliman.com/en/insight/medicaid-managed-care-financial-results-for-2020

Assumptions and methodology

In developing non-benefit costs, we reviewed historical administrative expenses for the managed care program along with national Medicaid MCO administrative expenses. We considered the size of participating MCOs and the resulting economies of scale that could be achieved, along with the benefits covered and the demographics of the population.

Historical reported administrative expenses by MCO were compared to statutory financial statements for consistency.

Our review of the non-benefit cost component of the capitation rate (excluding risk margin) in comparison to Appendix 1 of the Medicaid managed care financial results for 2020 referenced above indicates that the allowance reflected in the South Carolina Medicaid managed care rates is reasonable in comparison to this national benchmark for states that have not expanded Medicaid to cover the new adult group defined by section 1902(a)(10)(A)(i)(VIII) of the Social. Security Act. The SFY 2023 non-benefit cost allowance is slightly higher for TANF Children compared to prior capitation rate setting analyses. For all other populations, the non-benefit cost allowance is consistent with prior capitation rate setting analyses for this program. We believe the non-benefit cost allowance continues to be a reasonable, appropriate and attainable assumption based on our review of historical financial results for the MCOs, projected SFY 2023 enrollment, and continued review of the program.

(b) Material changes

There are no material changes to the data, assumptions, or methodology used to develop the projected non-benefit cost relative to SFY 2022.

(c) Other material adjustments

There are no other material adjustments applicable to the non-benefit cost component of the capitation rate.

ii. Non-benefit costs, by cost category

Administrative expenses have not been developed from the ground up (based on individual components). However, individual components were reviewed within MCO-reported survey information and financial statement data. We did rely on MCO-reported information to estimate the allocation of the administrative expense percentage between general administrative costs and care coordination & care management expenses.

The SFY 2023 non-benefit cost allowance is applied as a percentage of the capitation rates excluding supplemental teaching payments and state-directed hospital quality payments, as illustrated in Figure 23 below.

FIGURE 23: NON-BENEFIT COST ALLOWANCE BY RATE CELL

RATE CELL	ADMINISTRATIVE EXPENSES	CARE COORDINATION & CARE MANAGEMENT	RISK MARGIN	SFY 2023 Non-Benefit Allowance
TANF: 0-2 months old (AH3)	5.50%	1.00%	1.00%	7.50%
TANF: 3-12 months old (AI3)	10.00%	1.75%	1.00%	12.75%
TANF: Age 1-6 (AB3)	10.75%	1.75%	1.00%	13.50%
TANF: Age 7-13 (AC3)	10.75%	1.75%	1.00%	13.50%
TANF: Age 14-18, Male (AD1)	10.75%	1.75%	1.00%	13.50%
TANF: Age 14-18, Female (AD2)	10.75%	1.75%	1.00%	13.50%
TANF: Age 19-44, Male (AE1)	8.50%	1.50%	1.00%	11.00%
TANF: Age 19-44, Female (AE2)	8.50%	1.50%	1.00%	11.00%
TANF: Age 45+ (AF3)	8.50%	1.50%	1.00%	11.00%
SSI - Children (SO3)	6.75%	1.50%	1.00%	9.25%
SSI - Adults (SP3)	6.25%	1.25%	1.00%	8.50%
OCWI (WG2)	8.75%	1.50%	1.00%	11.25%
DUAL[1]	N/A	N/A	N/A	N/A
Foster Care - Children (FG3)	6.00%	3.50%	1.00%	10.50%
KICK (MG2/NG2)	1.75%	0.25%	1.00%	3.00%

Notes:

1. The non-benefit cost allowance for the DUAL rate cell was estimated as a weighted average of the non-benefit cost allowance PMPM for the SSI-Children and SSI-Adult rate cells.
2. There are no taxes, licensing and regulatory fees attributed to the South Carolina Medicaid managed care program.

The benefit expense and non-benefit cost allowance components of the SFY 2023 capitation rates are illustrated by rate cell in Appendix 4.

iii. Historical non-benefit costs

Historical MCO-reported non-benefit cost data net of taxes for CY 2019, CY 2020, and CY 2021 is illustrated in Figure 24. In addition to the average non-benefit cost PMPM reported across all MCOs, we also provided the minimum and maximum MCO non-benefit cost PMPM.

FIGURE 24: MCO REPORTED NON-BENEFIT COST PMPM

CALENDAR YEAR	AVERAGE REPORTED NON BENEFIT COSTS PMPM	MININUM REPORTED NON BENEFIT COSTS PMPM	MAXIMUM REPORTED NON BENEFIT COSTS PMPM
CY 2019	$ 33.26	$ 27.78	$ 43.58
CY 2020	$ 33.25	$ 24.22	$ 41.51
CY 2021	$ 35.05	$ 23.84	$ 60.29

Note: Due to low volume of Medicaid membership and a mid-year start-up date, the new MCO entrant during 2021 has been excluded from the CY 2021 results.

Information related to the manner in which the historical non-benefit cost data was considered in the non-benefit cost assumptions used in the rate development is described in section I, item 5.B.i above. Appendix 4 includes administrative expense and care management amounts on a PMPM basis, comparable to the values in Figure 24.

6. Risk adjustment and acuity adjustments

This section provides information on the risk adjustment included in the contract.

A. RATE DEVELOPMENT STANDARDS

i. Overview

In accordance with 42 CFR §438.5(g), we will follow the rate development standards related to budget-neutral risk adjustment for the Medicaid managed care program. The composite rates for TANF Children, TANF Adult, SSI Children, and SSI Adult populations will be prospectively risk adjusted by MCO to reflect estimated prospective morbidity differences in the underlying population enrolling with each MCO.

ii. Risk adjustment model

The TANF Adult, TANF Children, SSI Adult, and SSI Children populations will be prospectively risk-adjusted using the Combined Chronic Illness and Pharmacy Payment System (CDPS+Rx) risk scoring models calibrated to South Carolina experience. In addition, a custom variable representing individual member's MH/SA treatment prevalence will be included in the risk score development. Risk adjustment is performed on a budget neutral basis and is anticipated to be updated semi-annually for each of the four defined populations. The analysis uses generally accepted actuarial principles and practices.

iii. Acuity adjustments

Acuity adjustments are not applicable to the SFY 2023 capitation rates.

B. APPROPRIATE DOCUMENTATION

i. Prospective risk adjustment

(a) Data and adjustments

The risk adjustment analysis will use historical FFS and encounter data in the development of South Carolina-specific weights. Claims costs used to calibrate risk weights will be adjusted for reimbursement changes to reflect the SFY 2023 contract year. The CDPS+Rx risk adjustment model and the South Carolina-specific weights will be applied to SFY 2021 FFS and encounter data for the population enrolled in managed care as of April 2022 as the underlying data source for the development of the July through December 2022 risk scores. We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete. This is anticipated to be completed in June 2022.

(b) Risk adjustment model

The July through December 2022 risk scores for the TANF Adult, TANF Children, SSI Adult, and SSI Children populations will be risk-adjusted using CDPS+Rx risk scoring models, calibrated to South Carolina-specific experience. An additional variable representing individual member's MH/SA treatment prevalence will also be included in the risk adjustment development. We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete. This is anticipated to be completed in June 2022.

(c) Risk adjustment methodology

The SCDHHS risk adjustment is designed to be cost neutral for each of the four defined populations. Relative risk scores will be normalized to result in a composite risk score of 1.000 for each population group, across all MCOs. The risk adjustment methodology uses generally accepted actuarial principles and practices.

(d) Magnitude of the adjustment

The magnitude of the adjustment per MCO is not known at this time. We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete.

(e) Assessment of predictive value

We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete.

(f) Any concerns the actuary has with the risk adjustment process

At this time, we have no concerns with the risk adjustment process.

ii. Retrospective risk adjustment

Not applicable. The risk adjustment analysis will utilize a prospective methodology.

iii. Changes to risk adjustment model since last rating period

We used the CDPS+Rx risk adjustment model version 6.4, including an additional MH/SA treatment prevalence variable, calibrated to South Carolina-specific weights for the last rating period. The most recent CDPS+Rx risk adjustment model, version 6.5, with MH/SA treatment prevalence variable calibrated to South Carolina-specific weights is anticipated to be used for the SFY 2023 rating period.

iv. Acuity adjustments

Acuity adjustments are not applicable to the SFY 2023 capitation rates.

Section II. Medicaid Managed care rates with long-term services and supports

Section II of the CMS Guide is not applicable to the SCDHHS Medicaid managed care program. Managed long-term services and supports (MLTSS) are not covered benefits. Enrollees who have been approved for long term institutional care, waiver services, or institutional hospice care will be dis-enrolled from the managed care program and served under the FFS delivery system. Skilled nursing facility services are covered under this program only for stays generally less than 90 days. ICF/IID, and home and community based (HCBS) waiver services are not covered.

Section III. New adult group capitation rates

Section III of the CMS Guide is not applicable to the SCDHHS Medicaid managed care program.

Limitations

The information contained in this letter was prepared as documentation of the actuarially sound capitation rates for the Medicaid managed care program in the State of South Carolina. The information may not be appropriate for any other purpose.

The information contained in this letter, including the enclosures, has been prepared for SCDHHS and their consultants and advisors. It is our understanding that the information contained in this letter will be distributed to each of the MCOs participating in the SC Medicaid managed care program and the Centers for Medicare and Medicaid Services (CMS). To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

We acknowledge the ongoing nature of the COVID-19 pandemic. The assumptions documented in this certification report reflect our best estimate based on information known to us at the time of this report. The capitation rates include adjustments related to morbidity, the estimated impact of COVID-19 on base data experience and COVID-19 policy changes as documented in the report. It is possible that the COVID-19 pandemic, as well as future legislative changes to address the pandemic, could have a material impact on morbidity, enrollment, providers, and other factors related to the capitation rates illustrated in this report. Due to this uncertainty, we have relied on SCDHHS to provide certain COVID-19 assumptions related to the Public Health Emergency duration and redetermination timing.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for SCDHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the capitation rates, assumptions, and trends.

Milliman has developed certain models to estimate the values included in this presentation. The intent of the models was to estimate adjustments to be considered in the SFY 2023 capitation rate development process. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

The models rely on data and information as input to the models. We have relied upon certain data and information provided by SCDHHS and the participating MCOs for this purpose and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this report may likewise be inaccurate or incomplete.

Although the capitation rates have been certified as actuarially sound, the capitation rates may not be appropriate for any individual MCO. Results will differ if actual experience is different from the assumptions contained in the capitation rate setting documentation. SCDHHS and Milliman provide no guarantee, either written or implied, that the data and information is 100% accurate or error free.

The services provided by Milliman to SCDHHS were performed under the signed consulting agreement between Milliman and SCDHHS effective July 1, 2021.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses contained herein.

Appendix 1: Actuarial Certification

South Carolina Department of Health and Human Services
Risk Based Managed Care Program
Capitation Rates Effective July 1, 2022 through June 30, 2023

Actuarial Certification

I, Jeremy D. Palmer, am a Principal and Consulting Actuary with the firm of Milliman, Inc. I am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the qualification standards established by the American Academy of Actuaries and have followed the standards of practice established by the Actuarial Standards Board. I have been contracted by the State of South Carolina and am generally familiar with the state-specific Medicaid program, eligibility rules, and benefit provisions.

The capitation rates provided with this certification are considered "actuarially sound" for purposes of 42 CFR 438.4(a), according to the following criteria:

- the capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the MCO for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).

For the purposes of this certification and consistent with the requirements under 42 CFR 438.4(a), "actuarial soundness" is defined as in ASOP 49:

"Medicaid capitation rates are "actuarially sound" if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs. For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk-adjustment cash flows, and investment income. For purposes of this definition, costs include, but are not limited to, expected health benefits; health benefit settlement expenses; administrative expenses; the cost of capital, and government-mandated assessments, fees, and taxes."

The assumptions used in the development of the "actuarially sound" capitation rates have been documented in my correspondence with the State of South Carolina. The "actuarially sound" capitation rates that are associated with this certification are effective for the rate period July 1, 2022 through June 30, 2023. I acknowledge that the State may elect to increase or decrease the capitation rates up to 1.5% per rate cell as allowed under 42 CFR 438.7(c)(3) of CMS 2390-F.

The capitation rates are considered actuarially sound after adjustment for the amount of the withhold not expected to be earned.

The "actuarially sound" capitation rates are based on a projection of future events. Actual experience may be expected to vary from the experience assumed in the rates.

In developing the "actuarially sound" capitation rates, I have relied upon data and information provided by the State. I have relied upon the State for audit of the data. However, I did review the data for reasonableness and consistency.

The capitation rates developed may not be appropriate for any specific health plan. An individual health plan will need to review the rates in relation to the benefits that it will be obligated to provide. The health plan should evaluate the rates in the context of its own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The health plan may require rates above, equal to, or below the "actuarially sound" capitation rates that are associated with this certification.

We acknowledge the ongoing nature of the COVID-19 pandemic. The assumptions documented in this certification report reflect our best estimate based on information known to us at the time of this report. We acknowledge that the COVID-19 pandemic could have a material impact on morbidity, enrollment, providers, and other factors related to the capitation rates illustrated in this rate certification.

Jeremy D. Palmer, FSA
Member, American Academy of Actuaries

June 7, 2022
Date

Appendix 2: Certified Capitation Rates

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Comparison to January - June 2022 Capitation Rates

Rate Cell Description	Rate Cell Code	SFY 2023 Projected Exposure	Including Add-Ons: Jan-Jun 2022 Rates	Including Add-Ons: SFY 2023 Rates	Including Add-Ons: Total Rate Change	Excluding Add-Ons: Jan-Jun 2022 Rates	Excluding Add-Ons: SFY 2023 Rates	Excluding Add-Ons: Total Rate Change
TANF Children								
TANF - 0 - 2 Months, Male & Female	**AH3**	83,532	$ 2,427.48	$ 2,596.10	6.9%	$ 2,236.92	$ 2,291.79	2.5%
TANF - 3 - 12 Months, Male & Female	**AI3**	348,045	262.65	244.17	(7.0%)	237.21	221.26	(6.7%)
TANF - Age 1 - 6, Male & Female	**AB3**	2,641,261	147.89	126.68	(14.3%)	139.96	121.36	(13.3%)
TANF - Age 7 - 13, Male & Female	**AC3**	3,063,239	145.10	132.11	(9.0%)	139.13	128.08	(7.9%)
TANF - Age 14 - 18, Male	**AD1**	1,032,778	159.63	159.06	(0.4%)	152.58	153.68	0.7%
TANF - Age 14 - 18, Female	**AD2**	1,033,480	201.64	209.29	3.8%	192.39	200.98	4.5%
Subtotal TANF Children		**8,202,335**	**$ 183.18**	**$ 173.33**	**(5.4%)**	**$ 173.33**	**$ 164.31**	**(5.2%)**
TANF Adult								
TANF - Age 19 - 44, Male	**AE1**	587,591	$ 201.67	198.69	(1.5%)	$ 193.33	191.42	(1.0%)
TANF - Age 19 - 44, Female	**AE2**	1,964,094	325.82	337.71	3.6%	309.96	318.73	2.8%
TANF - Age 45+, Male & Female	**AF3**	369,227	577.34	590.05	2.2%	552.92	567.75	2.7%
Subtotal TANF Adult		**2,920,912**	**$ 332.64**	**$ 341.64**	**2.7%**	**$ 317.21**	**$ 324.60**	**2.3%**
Disabled								
SSI - Children	**SO3**	139,769	$ 692.92	694.16	0.2%	$ 663.61	669.62	0.9%
SSI - Adults	**SP3**	641,286	1,455.10	1,506.32	3.5%	1,401.21	1,456.89	4.0%
Subtotal Disabled		**781,055**	**$ 1,318.71**	**$ 1,360.98**	**3.2%**	**$ 1,269.22**	**$ 1,316.01**	**3.7%**
OCWI	**WG2**	**451,448**	**$ 280.47**	**$ 266.51**	**(5.0%)**	**$ 250.93**	**$ 218.86**	**(12.8%)**
DUAL		**-**	**$ 176.76**	**$ 177.36**	**0.3%**	**$ 176.76**	**$ 177.36**	**0.3%**
Foster Care Children	**FG3**	**57,459**	**$ 975.72**	**$ 1,050.54**	**7.7%**	**$ 952.27**	**$ 1,039.30**	**9.1%**
KICK	**MG2/NG2**	**25,869**	**$ 7,207.20**	**$ 6,957.00**	**(3.5%)**	**$ 7,114.07**	**$ 6,957.00**	**(2.2%)**
Total		**12,413,209**	**$ 312.03**	**$ 309.61**	**(0.8%)**	**$ 297.39**	**$ 295.03**	**(0.8%)**

Appendix 3: Fiscal Impact Summary

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Fiscal Impact Summary ($ Millions)

		Jan - Jun 2022 Capitation Rates			SFY 2023 Capitation Rates			Increase/(Decrease)	
Rate Cell	SFY 2023 Projected Exposure	Capitation Rate	Projected Expenditures	FMAP (73.68%) Federal Expenditures	Capitation Rate	Projected Expenditures	FMAP (73.68%) Federal Expenditures	Projected Expenditures	FMAP (73.68%) Federal Expenditures
TANF Children									
TANF - 0 - 2 Months, Male & Female	83,532	$ 2,427.48	$ 202.8	$ 149.4	$ 2,596.10	$ 216.9	$ 159.8	$ 14.1	$ 10.4
TANF - 3 - 12 Months, Male & Female	348,045	262.65	91.4	67.4	244.17	85.0	62.6	(6.4)	(4.7)
TANF - Age 1 - 6, Male & Female	2,641,261	147.89	390.6	287.8	126.68	334.6	246.5	(56.0)	(41.3)
TANF - Age 7 - 13, Male & Female	3,063,239	145.10	444.5	327.5	132.11	404.7	298.2	(39.8)	(29.3)
TANF - Age 14 - 18, Male	1,032,778	159.63	164.9	121.5	159.06	164.3	121.0	(0.6)	(0.4)
TANF - Age 14 - 18, Female	1,033,480	201.64	208.4	153.5	209.29	216.3	159.4	7.9	5.8
Subtotal TANF Children	**8,202,335**	**$ 183.18**	**$ 1,502.5**	**$ 1,107.1**	**$ 173.33**	**$ 1,421.7**	**$ 1,047.5**	**($ 80.8)**	**($ 59.6)**
TANF Adult									
TANF - Age 19 - 44, Male	587,591	$ 201.67	$ 118.5	$ 87.3	$ 198.69	$ 116.7	$ 86.0	($ 1.8)	($ 1.3)
TANF - Age 19 - 44, Female	1,964,094	325.82	639.9	471.5	337.71	663.3	488.7	23.4	17.2
TANF - Age 45+, Male & Female	369,227	577.34	213.2	157.1	590.05	217.9	160.5	4.7	3.5
Subtotal TANF Adult	**2,920,912**	**$ 332.64**	**$ 971.6**	**$ 715.9**	**$ 341.64**	**$ 997.9**	**$ 735.3**	**$ 26.3**	**$ 19.4**
Disabled									
SSI - Children	139,769	$ 692.92	$ 96.8	$ 71.4	$ 694.16	$ 97.0	$ 71.5	$ 0.2	$ 0.1
SSI - Adults	641,286	1,455.10	933.1	687.5	1,506.32	966.0	711.7	32.8	24.2
Subtotal Disabled	**781,055**	**$ 1,318.71**	**$ 1,030.0**	**$ 758.9**	**$ 1,360.98**	**$ 1,063.0**	**$ 783.2**	**$ 33.0**	**$ 24.3**
OCWI	**451,448**	**$ 280.47**	**$ 126.6**	**$ 93.3**	**$ 266.51**	**$ 120.3**	**$ 88.6**	**($ 6.3)**	**($ 4.6)**
DUAL	**-**	**$ 176.76**	**$ 0.0**	**$ 0.0**	**$ 177.36**	**-**	**-**	**-**	**-**
Foster Care Children	**57,459**	**$ 975.72**	**$ 56.1**	**$ 41.3**	**$ 1,050.54**	**$ 60.4**	**$ 44.5**	**$ 4.3**	**$ 3.2**
KICK	**25,869**	**$ 7,207.20**	**$ 186.4**	**$ 137.4**	**$ 6,957.00**	**$ 180.0**	**$ 132.6**	**($ 6.5)**	**($ 4.8)**
Total	**12,413,209**	**$ 312.03**	**$ 3,873.3**	**$ 2,853.8**	**$ 309.61**	**$ 3,843.2**	**$ 2,831.7**	**($ 30.0)**	**($ 22.1)**

Note: Federal expenditures based on Federal Fiscal Year 2023 FMAP of 70.58% + 6.2% public health emergency enhancement for July though December 2022 and 70.58% for January 2023 through June 2023, resulting in an effective FMAP of 73.68% for the full year.

Appendix 4: Rate Change Summary

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Rate Change Summary

	Projected Exposure	Base Benefit Expense	Admin Expense	Care Management	Risk Margin	Non-Benefit Expense	SFY 2023 Capitation Rate w/o Add-Ons	Jan-Jun 2022 Capitation Rate w/o Add-Ons	% Change	Hospital Quality Payment	Supplemental Teaching Payment	SFY 2023 Capitation Rate w/ Add-Ons	Jan-Jun 2022 Capitation Rate w/ Add-Ons	% Change
TANF Children														
TANF - 0 - 2 Months, Male & Female	83,532	$ 2,119.91	$ 126.05	$ 22.92	$ 22.91	$ 171.88	$ 2,291.79	$ 2,236.92	2.5%	$ 161.82	$ 142.49	$ 2,596.10	$ 2,427.48	6.9%
TANF - 3 - 12 Months, Male & Female	348,045	193.05	22.13	3.87	2.21	28.21	221.26	237.21	(6.7%)	1.02	21.89	244.17	262.65	(7.0%)
TANF - Age 1 - 6, Male & Female	2,641,261	104.98	13.05	2.12	1.21	16.38	121.36	139.96	(13.3%)	0.31	5.01	126.68	147.89	(14.3%)
TANF - Age 7 - 13, Male & Female	3,063,239	110.79	13.77	2.24	1.28	17.29	128.08	139.13	(7.9%)	0.32	3.71	132.11	145.10	(9.0%)
TANF - Age 14 - 18, Male	1,032,778	132.93	16.52	2.69	1.54	20.75	153.68	152.58	0.7%	0.57	4.81	159.06	159.63	(0.4%)
TANF - Age 14 - 18, Female	1,033,480	173.85	21.61	3.52	2.00	27.13	200.98	192.39	4.5%	1.48	6.83	209.29	201.64	3.8%
Subtotal TANF Children	**8,202,335**	**$ 143.60**	**$ 16.37**	**$ 2.70**	**$ 1.64**	**$ 20.71**	**$ 164.31**	**$ 173.33**	**(5.2%)**	**$ 2.17**	**$ 6.84**	**$ 173.33**	**$ 183.18**	**(5.4%)**
TANF Adult														
TANF - Age 19 - 44, Male	587,591	$ 170.36	$ 16.27	$ 2.87	$ 1.92	$ 21.06	$ 191.42	$ 193.33	(1.0%)	1.38	5.89	198.69	$ 201.67	(1.5%)
TANF - Age 19 - 44, Female	1,964,094	283.67	27.09	4.78	3.19	35.06	318.73	309.96	2.8%	5.19	13.79	337.71	325.82	3.6%
TANF - Age 45+, Male & Female	369,227	505.30	48.26	8.52	5.67	62.45	567.75	552.92	2.7%	3.64	18.66	590.05	577.34	2.2%
Subtotal TANF Adult	**2,920,912**	**$ 288.89**	**$ 27.59**	**$ 4.87**	**$ 3.25**	**$ 35.71**	**$ 324.60**	**$ 317.21**	**2.3%**	**$ 4.23**	**$ 12.82**	**$ 341.64**	**$ 332.64**	**2.7%**
Disabled														
SSI - Children	139,769	$ 607.68	$ 45.20	$ 10.04	$ 6.70	$ 61.94	$ 669.62	$ 663.61	0.9%	2.58	21.96	694.16	$ 692.92	0.2%
SSI - Adults	641,286	1,333.05	91.06	18.21	14.57	123.84	1,456.89	1,401.21	4.0%	12.02	37.41	1,506.32	1,455.10	3.5%
Subtotal Disabled	**781,055**	**$ 1,203.25**	**$ 82.85**	**$ 16.75**	**$ 13.16**	**$ 112.76**	**$ 1,316.01**	**$ 1,269.22**	**3.7%**	**$ 10.33**	**$ 34.65**	**$ 1,360.98**	**$ 1,318.71**	**3.2%**
OCWI	**451,448**	**$ 194.24**	**$ 19.15**	**$ 3.28**	**$ 2.19**	**$ 24.62**	**$ 218.86**	**$ 250.93**	**(12.8%)**	**$ 21.57**	**$ 26.08**	**$ 266.51**	**$ 280.47**	**(5.0%)**
DUAL	**-**	**$ 64.60**	**$ 82.85**	**$ 16.75**	**$ 13.16**	**$ 112.76**	**$ 177.36**	**$ 176.76**	**0.3%**	**$ 0.00**	**$ 0.00**	**$ 177.36**	**$ 176.76**	**0.3%**
Foster Care Children	**57,459**	**$ 930.17**	**$ 62.36**	**$ 36.38**	**$ 10.39**	**$ 109.13**	**$ 1,039.30**	**$ 952.27**	**9.1%**	**$ 1.34**	**$ 9.90**	**$ 1,050.54**	**$ 975.72**	**7.7%**
KICK	**25,869**	**$ 6,748.29**	**$ 121.75**	**$ 17.39**	**$ 69.57**	**$ 208.71**	**$ 6,957.00**	**$ 7,114.07**	**(2.2%)**	**$ 0.00**	**$ 0.00**	**$ 6,957.00**	**$ 7,207.20**	**(3.5%)**
Total	**12,413,209**	**$ 264.01**	**$ 23.76**	**$ 4.31**	**$ 2.95**	**$ 31.02**	**$ 295.03**	**$ 297.39**	**(0.8%)**	**$ 3.87**	**$ 10.71**	**$ 309.61**	**$ 312.03**	**(0.8%)**

Appendix 5: In-Rate Criteria

South Carolina Department of Health and Human Services SFY 2023 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate		
Eligibility Criteria		
Eligibility File Type	**Criteria**	**Notes**
Recipient	Exclude Recipient Payment Categories:10,14,15,33,48,50,52, 54,55,70,89,90	
Recipient	Exclude Recipient Limited Benefit Indicators: E, I, C, D, J, P, A, B, G	
Recipient	Pol Aux Comment=HMO	Exclude if HMO
Recipient	Exclude if age >= 65 on date of service	
Recipient	Exclude Dual eligible members	
Recipient	Retroactive Eligibility	
Recipient	Long Term Care Exclusion	
RSP	Exclude where RSP Program Indicator is: 3,5,A,C,D,F,J,K,L,M,O,R,S,T,V,W	

Note: The in-rate criteria only includes claims with a valid member record at the time services were rendered.

Nursing Home Claims Criteria			
Claim Type	**Provider Type**	**Provider Specialty**	**Notes**
G	00	Any	Include claims where the last 2 bytes of Billing Provider Number = SB or first byte of Billing Provider Number = V or Service Category = 11

UB-04 Claims Criteria			
Claim Type	**Provider Type**	**Provider Specialty**	**Notes**
Y	01	Any	Exclude if Ownership Code = 11
Y	01	Any	Exclude if ICD-10 diagnosis code equals Z94 through z94.9, except for Z94.7
Y	All	Any	Exclude if APR-DRG = 001-1, 001-2, 001-3, 001-4, 002-1, 002-2, 002-3, 002-4, 003-1, 003-2, 003-3, 003-4, 006-1, 006-2, 006-3, 006-4, 007-1, 007-2, 007-3, 007-4, 008-1, 008-2, 008-3, 008-4, 440-1, 440-2, 440-3, 440-4
Y	02	Any	Exclude if Ownership Code = 11

Pharmacy Claims Criteria			
Claim Type	**Provider Type**	**Provider Specialty**	**Notes**
D	70	Any	Exclude the following HCNE Pharmaceuticals (Zolgensma, Vyondys 53, Viltepso, Zokinvy, Oxlumo, Danyelza, Amondys 45, Nulibry)

South Carolina Department of Health and Human Services SFY 2023 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate			
HIC Claims			
Claim Type	**Provider Type**	**Provider Specialty**	**Criteria**
A or B	All (Except Provider Type 22)	Any (Except Provider Type 93)	Exclude all Procedure Codes that begin with “D”
A	All	Any	Exclude if ICD-10 diagnosis code equals Z94 through z94.9, except for Z94.7 and Place of Service =21
A	All	Any	Exclude hearing aid and hearing aid accessories for any one over the age of 21 (Procedure Code V5030-V5299)
A	All	Any	Exclude all vaccine codes for any one under the age of 19 (90476-90749 except 90460 and 90461) Providers must provide vaccinations through the VFC program for Medicaid eligible children
A	10	20	Exclude Procedure Codes (G9004 THROUGH G9011, T1016, T1017, T1023, T1024)
A	10	28	Exclude Procedure Codes (T1016, T1017)
A	10	90	Exclude Procedure Codes (T1016, T1017)
A	10	91	Exclude Provider Type and Specialty
A	10	92	Exclude Procedure Code (H2021, H2022, S9482, T1007, T1015, T1016, T1017, T2023, X2300)
A	19	Any	Exclude Procedure Codes (G9004 THROUGH G9011, T1016, T1017, T1023, T1024)
A	20	27	Exclude if Procedure Code in (H1001, T1001)
A	21	78	Exclude if Provider Number = TR0003/NPI 1669523528
A	22	51	Exclude if Procedure Code in (T1016, T1017, T1027, T1002) AND Provider Number in (DHEC01-DHEC46, DHEC59)
A	22	51	Exclude if Primary Diagnosis in COMDHEC table AND Provider Number in (DHEC01-DHEC46, DHEC59)
A	22	51	Exclude if Procedure Code in (H1001, T1001)
A	22	95	Exclude if provider ID begins with BN and procedure code in (T1018, T1027)
A	22	95	Exclude if legacy provider ID begins with SD AND procedure code is (92500 THROUGH 92599, 97000 THROUGH 97999, L3808, S9445, S9446, S9152, C1000, T1002, T1003, T1015, T1023, T1027, T1024, T1502, T2003, V5011, V5090, V5275)
A	22	96	Exclude if Provider Number begins with MC or PP
A	All	Any	Exclude routine vision care and Procedure code V2020 through V2799 for any one over the age of 21
A	60	0	Exclude if procedure code in (S9126, T1015)
A	61		Exclude Provider Type
A	80	Any	Exclude if Provider Ownership code = 017 AND Primary Diagnosis in COMDHEC table OR procedure code is S3870

South Carolina Department of Health and Human Services SFY 2023 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate	
COMDHEC Range Table ICD-10	
Min Diagnosis Code	**Max Diagnosis Code**
A0839	A0839
A150	A159
A170	A179
A1801	A1818
A182	A182
A1831	A1839
A184	A1889
A190	A329
A35	A35
A360	A360
A369	A369
A3700	A3791
A380	A409
A4101	A449
A46	A46
A480	A480
A482	A488
A4901	A499
A5001	A5009
A501	A502
A5030	A5042
A5044	A5044
A5049	A5049
A5051	A5059
A506	A506
A507	A519
A5200	A539
A5400	A5433
A5440	A549
A55	A55
A5600	A568
A57	A57
A58	A58
A5900	A5909
A6000	A609
A630	A65
A660	A699
A70	A70
A710	A719
A740	A759
A770	A779
A78	A78
A790	A809
A8100	A819
A820	A858
A86	A86
A870	A888
A89	A89
A90	A90
A91	A91
A920	A938

South Carolina Department of Health and Human Services SFY 2023 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate	
COMDHEC Range Table ICD-10	
Min Diagnosis Code	**Max Diagnosis Code**
A94	A94
A950	A959
A980	A988
A99	A99
B000	B019
B050	B059
B0600	B079
B08010	B088
B09	B09
B1001	B1089
B150	B199
B20	B20
B250	B269
B2700	B2799
B29	B29
B300	B338
B340	B348
B350	B370
B373	B373
B3741	B3749
B471	B479
B500	B538
B54	B54
B550	B569
B570	B5749
B575	B575
B600	B600
B608	B608
B64	B64
B853	B853
B86	B86
B900	B909
B950	B958
B960	B9689
B970	B970
B9710	B9719
B9721	B9739
B974	B9789
G032	G032
I673	I673
K9081	K9081
L081	L081
L444	L444
M0230	M0239
N341	N341
N476	N476
N481	N481
N72	N72
N735	N735
N739	N739
R1111	R1111

South Carolina Department of Health and Human Services SFY 2023 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate	
COMDHEC Range Table ICD-10	
Min Diagnosis Code	**Max Diagnosis Code**
R75	R75
R7611	R7612
Z01812	Z01812
Z0184	Z0184
Z0389	Z0389
Z111	Z111
Z113	Z113
Z16341	Z16342
Z201	Z202
Z205	Z206
Z20820	Z20820
Z21	Z21
Z224	Z224
Z2250	Z2259
Z717	Z717
Z7189	Z7189
Z7251	Z7253

Appendix 6: Adjusted SFY 2021 Base Data

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - 0 - 2 Months, Male & Female Base Year Member Months: 81,740 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	9,520.6	$ 1,416.30	$ 1,123.67	$ 25.39	$ 0.00	$ (0.98)	$ 0.03	$ 4.74	$ 4.27	$ 0.00	$ 0.00	9,767.6	$ 1,421.59	$ 1,157.12
Inpatient Well Newborn	6,706.4	600.23	335.45	7.58	-	(0.29)	0.02	1.42	1.27	-	-	6,880.6	602.48	345.45
Inpatient MH/SA	17.9	381.90	0.57	0.01	-	-	-	-	0.01	-	-	18.2	388.48	0.59
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 1,459.69**											**$ 1,503.16**
Outpatient Hospital														
Surgery	63.0	$ 1,301.36	$ 6.83	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 0.36	$ 0.03	$ 0.00	$ 0.00	66.9	$ 1,306.74	$ 7.29
Non-Surg - Emergency Room	515.0	296.62	12.73	0.13	-	-	-	2.44	0.06	-	-	619.0	297.79	15.36
Non-Surg - Other	1,227.7	123.25	12.61	0.13	-	-	-	0.58	0.05	-	-	1,296.9	123.71	13.37
Observation Room	39.9	949.63	3.16	0.03	-	-	-	0.14	0.01	-	-	42.1	952.48	3.34
Treatment/Therapy/Testing	933.4	76.88	5.98	0.06	-	-	-	0.27	0.02	-	-	984.9	77.12	6.33
Other Outpatient	69.6	70.70	0.41	-	-	-	-	0.02	-	-	-	73.0	70.70	0.43
Subtotal Outpatient Hospital			**$ 41.72**											**$ 46.12**
Retail Pharmacy														
Prescription Drugs	2,356.1	$ 29.18	$ 5.73	$ 0.00	$ 0.00	$ 0.00	$ (0.03)	$ 0.43	$ (0.12)	$ 0.00	$ 0.00	2,532.9	$ 28.47	$ 6.01
Subtotal Retail Pharmacy			**$ 5.73**											**$ 6.01**
Ancillary														
Transportation	149.7	$ 323.75	$ 4.04	$ 0.08	$ 0.00	$ 0.00	$ 0.00	$ 0.14	$ 0.01	$ 0.00	$ 0.00	157.9	$ 324.51	$ 4.27
DME/Prosthetics	2,133.8	18.45	3.28	0.06	-	-	-	0.25	0.01	-	-	2,335.5	18.50	3.60
Dental	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	31.0	58.11	0.15	-	-	-	-	1.20	0.01	-	-	278.8	58.54	1.36
Subtotal Ancillary			**$ 7.47**											**$ 9.23**
Professional														
Inpatient and Outpatient Surgery	1,916.1	$ 113.98	$ 18.20	$ 0.14	$ 0.00	$ 0.00	$ 0.00	$ 0.65	$ 0.07	$ 0.00	$ 0.00	1,999.3	$ 114.40	$ 19.06
Anesthesia	117.4	178.81	1.75	0.01	-	-	-	0.08	0.01	-	-	123.5	179.78	1.85
Inpatient Visits	14,144.3	186.34	219.64	1.67	-	-	-	7.39	0.85	-	-	14,727.7	187.04	229.55
MH/SA	9.0	53.60	0.04	-	-	-	-	-	-	-	-	9.0	53.60	0.04
Emergency Room	697.9	74.62	4.34	0.03	-	-	-	0.16	0.01	-	-	728.5	74.79	4.54
Office/Home Visits/Consults	7,810.1	82.19	53.49	0.41	-	-	-	1.90	0.20	-	-	8,147.4	82.48	56.00
Pathology/Lab	1,744.1	48.71	7.08	0.05	-	-	-	0.92	0.03	-	-	1,983.0	48.90	8.08
Radiology	2,964.5	13.72	3.39	0.03	-	-	-	0.11	0.01	-	-	3,086.9	13.76	3.54
Office Administered Drugs	108.6	5.52	0.05	-	-	-	-	-	-	-	-	108.6	5.52	0.05
Physical Exams	27,286.6	46.46	105.65	0.80	-	-	-	3.56	0.41	-	-	28,412.6	46.64	110.42
Therapy	117.6	26.53	0.26	-	-	-	-	0.01	-	-	-	122.1	26.53	0.27
Vision	31.9	71.57	0.19	-	-	-	-	0.01	-	-	-	33.5	71.57	0.20
Other Professional	4,525.0	50.17	18.92	0.14	-	-	-	1.90	0.08	-	-	5,012.9	50.37	21.04
Subtotal Professional			**$ 433.00**											**$ 454.64**
Total Medical Costs			**$ 1,947.61**											**$ 2,019.16**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - 3 - 12 Months, Male & Female Base Year Member Months: 339,491 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	160.4	$ 2,091.42	$ 27.95	$ 0.63	$ 0.00	$ (0.09)	$ 0.04	$ 0.01	$ 0.11	$ 0.00	$ 0.00	163.5	$ 2,102.43	$ 28.65
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 27.95**											**$ 28.65**
Outpatient Hospital														
Surgery	66.9	$ 1,553.09	$ 8.66	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 0.40	$ 0.03	$ 0.00	$ 0.00	70.7	$ 1,558.18	$ 9.18
Non-Surg - Emergency Room	538.6	222.36	9.98	0.10	-	-	-	1.94	0.04	-	-	648.7	223.10	12.06
Non-Surg - Other	625.6	141.74	7.39	0.08	-	-	-	0.33	0.03	-	-	660.4	142.29	7.83
Observation Room	10.4	1,154.73	1.00	0.01	-	-	-	0.05	-	-	-	11.0	1,154.73	1.06
Treatment/Therapy/Testing	268.8	192.43	4.31	0.04	-	-	-	0.20	0.02	-	-	283.7	193.27	4.57
Other Outpatient	120.1	92.92	0.93	0.01	-	-	-	0.04	0.01	-	-	126.6	93.86	0.99
Subtotal Outpatient Hospital			**$ 32.27**											**$ 35.69**
Retail Pharmacy														
Prescription Drugs	3,020.5	$ 48.63	$ 12.24	$ 0.00	$ 0.00	$ 0.00	$ (0.13)	$ 0.89	$ (0.24)	$ 0.00	$ 0.00	3,240.1	$ 47.26	$ 12.76
Subtotal Retail Pharmacy			**$ 12.24**											**$ 12.76**
Ancillary														
Transportation	62.7	$ 143.53	$ 0.75	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ 0.00	$ 0.00	66.0	$ 143.53	$ 0.79
DME/Prosthetics	2,772.0	13.72	3.17	0.06	-	-	-	0.11	0.02	-	-	2,920.6	13.81	3.36
Dental	234.2	15.88	0.31	0.01	-	-	-	0.01	-	-	-	249.3	15.88	0.33
Other Ancillary	18.5	38.87	0.06	-	-	-	-	-	-	-	-	18.5	38.87	0.06
Subtotal Ancillary			**$ 4.29**											**$ 4.54**
Professional														
Inpatient and Outpatient Surgery	237.9	$ 189.64	$ 3.76	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.12	$ 0.01	$ 0.00	$ 0.00	247.4	$ 190.13	$ 3.92
Anesthesia	122.1	118.90	1.21	0.01	-	-	-	0.05	-	-	-	128.2	118.90	1.27
Inpatient Visits	563.7	191.60	9.00	0.07	-	-	-	0.29	0.03	-	-	586.2	192.21	9.39
MH/SA	178.8	10.07	0.15	-	-	-	-	0.01	-	-	-	190.7	10.07	0.16
Emergency Room	590.9	69.25	3.41	0.03	-	-	-	0.11	0.01	-	-	615.2	69.44	3.56
Office/Home Visits/Consults	3,666.1	80.98	24.74	0.19	-	-	-	0.87	0.07	-	-	3,823.1	81.20	25.87
Pathology/Lab	1,822.9	21.72	3.30	0.03	-	-	-	0.10	0.01	-	-	1,894.7	21.79	3.44
Radiology	475.7	17.91	0.71	0.01	-	-	-	0.02	-	-	-	495.8	17.91	0.74
Office Administered Drugs	428.3	43.15	1.54	0.01	-	-	-	0.05	0.01	-	-	445.0	43.42	1.61
Physical Exams	15,226.7	32.09	40.72	0.31	-	-	-	1.30	0.14	-	-	15,828.8	32.20	42.47
Therapy	1,428.8	22.76	2.71	0.02	-	-	-	(0.10)	0.01	-	-	1,386.7	22.85	2.64
Vision	141.3	20.38	0.24	-	-	-	-	0.01	-	-	-	147.2	20.38	0.25
Other Professional	1,928.9	22.77	3.66	0.03	-	-	-	0.11	0.02	-	-	2,002.7	22.89	3.82
Subtotal Professional			**$ 95.15**											**$ 99.14**
Total Medical Costs			**$ 171.90**											**$ 180.78**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 1 - 6, Male & Female Base Year Member Months: 2,436,215 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	31.0	$ 2,171.80	$ 5.61	$ 0.13	$ 0.00	$ (0.03)	$ 0.00	$ 0.17	$ 0.07	$ 0.00	$ 0.00	32.5	$ 2,197.66	$ 5.95
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	1.1	754.58	0.07	-	-	-	-	-	0.01	-	-	1.1	862.38	0.08
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 5.68**											**$ 6.03**
Outpatient Hospital														
Surgery	57.6	$ 1,360.98	$ 6.53	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 0.25	$ 0.03	$ 0.00	$ 0.00	60.4	$ 1,366.94	$ 6.88
Non-Surg - Emergency Room	274.4	247.05	5.65	0.06	-	-	-	0.51	0.02	-	-	302.1	247.85	6.24
Non-Surg - Other	224.5	133.09	2.49	0.03	-	-	-	0.09	0.01	-	-	235.3	133.60	2.62
Observation Room	3.9	1,277.30	0.41	-	-	-	-	0.02	-	-	-	4.0	1,277.30	0.43
Treatment/Therapy/Testing	180.3	227.57	3.42	0.04	-	-	-	0.12	-	-	-	188.8	227.57	3.58
Other Outpatient	115.2	166.65	1.60	0.02	-	-	-	0.06	-	-	-	121.0	166.65	1.68
Subtotal Outpatient Hospital			**$ 20.10**											**$ 21.43**
Retail Pharmacy														
Prescription Drugs	2,559.6	$ 41.54	$ 8.86	$ 0.00	$ 0.00	$ 0.00	$ (0.07)	$ 0.61	$ (0.26)	$ 0.00	$ 0.00	2,735.8	$ 40.09	$ 9.14
Subtotal Retail Pharmacy			**$ 8.86**											**$ 9.14**
Ancillary														
Transportation	32.5	$ 121.70	$ 0.33	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00	34.5	$ 121.70	$ 0.35
DME/Prosthetics	2,875.6	6.26	1.50	0.03	-	-	-	(0.01)	0.05	-	-	2,913.9	6.47	1.57
Dental	248.0	71.13	1.47	0.03	-	-	-	0.09	-	-	-	268.2	71.13	1.59
Other Ancillary	11.6	31.15	0.03	-	-	-	-	-	-	-	-	11.6	31.15	0.03
Subtotal Ancillary			**$ 3.33**											**$ 3.54**
Professional														
Inpatient and Outpatient Surgery	159.4	$ 137.05	$ 1.82	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.10	$ 0.00	$ 0.00	$ 0.00	169.0	$ 137.05	$ 1.93
Anesthesia	106.6	102.42	0.91	0.01	-	-	-	0.05	0.01	-	-	113.7	103.47	0.98
Inpatient Visits	50.0	129.53	0.54	-	-	-	-	0.03	-	-	-	52.8	129.53	0.57
MH/SA	2,826.8	19.06	4.49	0.03	-	-	-	0.35	(0.02)	-	-	3,066.1	18.98	4.85
Emergency Room	307.5	67.91	1.74	0.01	-	-	-	0.09	0.01	-	-	325.1	68.28	1.85
Office/Home Visits/Consults	2,093.3	80.43	14.03	0.11	-	-	-	0.74	0.03	-	-	2,220.2	80.59	14.91
Pathology/Lab	1,255.5	23.51	2.46	0.02	-	-	-	0.12	0.01	-	-	1,327.0	23.60	2.61
Radiology	239.7	17.52	0.35	-	-	-	-	0.02	-	-	-	253.4	17.52	0.37
Office Administered Drugs	306.3	14.49	0.37	-	-	-	-	0.02	-	-	-	322.9	14.49	0.39
Physical Exams	2,426.5	44.41	8.98	0.07	-	-	-	0.44	0.03	-	-	2,564.3	44.55	9.52
Therapy	6,403.2	22.75	12.14	0.09	-	-	-	(0.17)	0.05	-	-	6,361.0	22.85	12.11
Vision	276.6	30.37	0.70	0.01	-	-	-	0.03	-	-	-	292.4	30.37	0.74
Other Professional	1,481.2	16.20	2.00	0.02	-	-	-	0.08	-	-	-	1,555.3	16.20	2.10
Subtotal Professional			**$ 50.53**											**$ 52.93**
Total Medical Costs			**$ 88.50**											**$ 93.07**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 7 - 13, Male & Female Base Year Member Months: 2,833,446 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	26.1	$ 2,493.62	$ 5.43	$ 0.12	$ 0.00	$ (0.02)	$ 0.00	$ 0.27	$ 0.01	$ 0.00	$ 0.00	27.9	$ 2,497.92	$ 5.81
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	70.6	452.07	2.66	0.06	-	-	-	0.12	0.02	-	-	75.4	455.26	2.86
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 8.09**											**$ 8.67**
Outpatient Hospital														
Surgery	31.6	$ 1,504.89	$ 3.96	$ 0.04	$ 0.00	$ 0.00	$ 0.00	$ 0.16	$ 0.02	$ 0.00	$ 0.00	33.2	$ 1,512.12	$ 4.18
Non-Surg - Emergency Room	172.2	275.33	3.95	0.04	-	-	-	0.36	0.02	-	-	189.6	276.59	4.37
Non-Surg - Other	151.3	129.27	1.63	0.02	-	-	-	0.06	0.01	-	-	158.7	130.02	1.72
Observation Room	2.7	1,161.98	0.26	-	-	-	-	0.01	-	-	-	2.8	1,161.98	0.27
Treatment/Therapy/Testing	147.3	208.56	2.56	0.03	-	-	-	0.10	-	-	-	154.8	208.56	2.69
Other Outpatient	88.6	113.75	0.84	0.01	-	-	-	0.03	0.01	-	-	92.8	115.04	0.89
Subtotal Outpatient Hospital			**$ 13.20**											**$ 14.12**
Retail Pharmacy														
Prescription Drugs	3,992.2	$ 74.31	$ 24.72	$ 0.00	$ 0.00	$ 0.00	$ (0.18)	$ 1.81	$ (0.50)	$ 0.00	$ 0.00	4,284.5	$ 72.40	$ 25.85
Subtotal Retail Pharmacy			**$ 24.72**											**$ 25.85**
Ancillary														
Transportation	29.2	$ 111.05	$ 0.27	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00	31.3	$ 111.05	$ 0.29
DME/Prosthetics	2,205.5	6.91	1.27	0.02	-	-	-	0.05	0.02	-	-	2,327.1	7.01	1.36
Dental	28.6	67.20	0.16	-	-	-	-	0.02	(0.01)	-	-	32.1	63.47	0.17
Other Ancillary	40.4	41.62	0.14	-	-	-	-	0.01	-	-	-	43.2	41.62	0.15
Subtotal Ancillary			**$ 1.84**											**$ 1.97**
Professional														
Inpatient and Outpatient Surgery	116.8	$ 137.70	$ 1.34	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.07	$ 0.00	$ 0.00	$ 0.00	123.7	$ 137.70	$ 1.42
Anesthesia	41.4	107.37	0.37	-	-	-	-	0.02	-	-	-	43.6	107.37	0.39
Inpatient Visits	79.5	87.59	0.58	-	-	-	-	0.03	0.01	-	-	83.6	89.03	0.62
MH/SA	3,241.7	56.34	15.22	0.12	-	-	-	1.10	(0.20)	-	-	3,501.6	55.66	16.24
Emergency Room	194.8	72.71	1.18	0.01	-	-	-	0.06	-	-	-	206.3	72.71	1.25
Office/Home Visits/Consults	1,839.4	84.55	12.96	0.10	-	-	-	0.71	0.03	-	-	1,954.4	84.73	13.80
Pathology/Lab	1,118.0	21.79	2.03	0.02	-	-	-	0.10	-	-	-	1,184.1	21.79	2.15
Radiology	297.8	19.74	0.49	-	-	-	-	0.03	-	-	-	316.0	19.74	0.52
Office Administered Drugs	545.2	18.93	0.86	0.01	-	-	-	0.04	-	-	-	576.9	18.93	0.91
Physical Exams	1,009.1	58.27	4.90	0.04	-	-	-	0.24	0.02	-	-	1,066.7	58.50	5.20
Therapy	1,071.6	22.06	1.97	0.01	-	-	-	0.09	0.01	-	-	1,126.0	22.17	2.08
Vision	669.0	33.72	1.88	0.01	-	-	-	0.10	-	-	-	708.1	33.72	1.99
Other Professional	2,082.4	10.95	1.90	0.01	-	-	-	0.10	0.01	-	-	2,202.9	11.00	2.02
Subtotal Professional			**$ 45.68**											**$ 48.59**
Total Medical Costs			**$ 93.53**											**$ 99.20**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Male Base Year Member Months: 859,556 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	48.9	$ 2,898.73	$ 11.81	$ 0.27	$ 0.00	$ (0.08)	$ 0.02	$ 0.53	$ 0.05	$ 0.00	$ 0.00	51.9	$ 2,914.93	$ 12.60
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	177.0	441.23	6.51	0.15	-	-	-	0.30	0.03	-	-	189.3	443.13	6.99
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 18.32**											**$ 19.59**
Outpatient Hospital														
Surgery	45.9	$ 1,470.46	$ 5.63	$ 0.06	$ 0.00	$ 0.00	$ 0.00	$ 0.22	$ 0.03	$ 0.00	$ 0.00	48.2	$ 1,477.93	$ 5.94
Non-Surg - Emergency Room	231.9	284.62	5.50	0.06	-	-	-	0.50	0.02	-	-	255.5	285.56	6.08
Non-Surg - Other	117.4	139.03	1.36	0.01	-	-	-	0.06	-	-	-	123.4	139.03	1.43
Observation Room	2.9	1,262.85	0.31	-	-	-	-	0.02	-	-	-	3.1	1,262.85	0.33
Treatment/Therapy/Testing	190.3	273.74	4.34	0.04	-	-	-	0.18	0.02	-	-	199.9	274.94	4.58
Other Outpatient	90.5	116.66	0.88	0.01	-	-	-	0.03	0.01	-	-	94.6	117.93	0.93
Subtotal Outpatient Hospital			**$ 18.02**											**$ 19.29**
Retail Pharmacy														
Prescription Drugs	4,215.9	$ 85.90	$ 30.18	$ 0.00	$ 0.00	$ 0.00	$ (0.27)	$ 2.28	$ (0.61)	$ 0.00	$ 0.00	4,534.4	$ 83.57	$ 31.58
Subtotal Retail Pharmacy			**$ 30.18**											**$ 31.58**
Ancillary														
Transportation	73.9	$ 110.45	$ 0.68	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.04	$ 0.00	$ 0.00	$ 0.00	79.3	$ 110.45	$ 0.73
DME/Prosthetics	2,078.8	10.33	1.79	0.03	-	-	-	0.09	0.01	-	-	2,218.1	10.39	1.92
Dental	7.4	16.28	0.01	-	-	-	-	-	-	-	-	7.4	16.28	0.01
Other Ancillary	49.4	48.56	0.20	-	-	-	-	0.01	-	-	-	51.9	48.56	0.21
Subtotal Ancillary			**$ 2.68**											**$ 2.87**
Professional														
Inpatient and Outpatient Surgery	164.8	$ 158.06	$ 2.17	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.12	$ 0.00	$ 0.00	$ 0.00	175.4	$ 158.06	$ 2.31
Anesthesia	55.7	116.36	0.54	-	-	-	-	0.03	0.01	-	-	58.8	118.40	0.58
Inpatient Visits	154.2	84.84	1.09	0.01	-	-	-	0.05	0.01	-	-	162.7	85.58	1.16
MH/SA	2,647.1	57.57	12.70	0.10	-	-	-	0.66	0.08	-	-	2,805.5	57.91	13.54
Emergency Room	265.7	77.69	1.72	0.01	-	-	-	0.10	-	-	-	282.7	77.69	1.83
Office/Home Visits/Consults	1,669.9	83.93	11.68	0.09	-	-	-	0.67	0.02	-	-	1,778.5	84.07	12.46
Pathology/Lab	1,255.4	22.85	2.39	0.02	-	-	-	0.12	0.01	-	-	1,328.9	22.94	2.54
Radiology	482.4	23.88	0.96	0.01	-	-	-	0.05	-	-	-	512.5	23.88	1.02
Office Administered Drugs	1,141.7	37.31	3.55	0.03	-	-	-	0.18	0.01	-	-	1,209.3	37.41	3.77
Physical Exams	667.3	65.64	3.65	0.03	-	-	-	0.18	0.01	-	-	705.7	65.81	3.87
Therapy	525.3	21.47	0.94	0.01	-	-	-	0.05	-	-	-	558.8	21.47	1.00
Vision	570.6	34.28	1.63	0.01	-	-	-	0.09	-	-	-	605.6	34.28	1.73
Other Professional	1,745.5	12.92	1.88	0.01	-	-	-	0.10	0.01	-	-	1,847.7	12.99	2.00
Subtotal Professional			**$ 44.90**											**$ 47.81**
Total Medical Costs			**$ 114.10**											**$ 121.14**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Female Base Year Member Months: 860,654 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	49.1	$ 2,339.69	$ 9.58	$ 0.22	$ 0.00	$ (0.06)	$ 0.01	$ 0.43	$ 0.04	$ 0.00	$ 0.00	52.2	$ 2,351.19	$ 10.22
Inpatient Well Newborn	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	262.4	459.57	10.05	0.23	-	-	-	0.49	0.04	-	-	281.2	461.28	10.81
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 19.63**											**$ 21.03**
Outpatient Hospital														
Surgery	57.9	$ 1,383.34	$ 6.68	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 0.28	$ 0.03	$ 0.00	$ 0.00	61.0	$ 1,389.25	$ 7.06
Non-Surg - Emergency Room	403.0	309.36	10.39	0.11	-	-	-	0.96	0.04	-	-	444.5	310.44	11.50
Non-Surg - Other	200.0	156.01	2.60	0.03	-	-	-	0.11	0.01	-	-	210.8	156.58	2.75
Observation Room	7.7	841.94	0.54	0.01	-	-	-	0.02	-	-	-	8.1	841.94	0.57
Treatment/Therapy/Testing	354.3	218.44	6.45	0.07	-	-	-	0.27	0.02	-	-	373.0	219.08	6.81
Other Outpatient	123.6	113.61	1.17	0.01	-	-	-	0.05	0.01	-	-	129.9	114.54	1.24
Subtotal Outpatient Hospital			**$ 27.83**											**$ 29.93**
Retail Pharmacy														
Prescription Drugs	6,465.2	$ 60.19	$ 32.43	$ 0.00	$ 0.00	$ 0.00	$ (0.23)	$ 2.49	$ (0.65)	$ 0.00	$ 0.00	6,961.6	$ 58.68	$ 34.04
Subtotal Retail Pharmacy			**$ 32.43**											**$ 34.04**
Ancillary														
Transportation	111.1	$ 96.13	$ 0.89	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.04	$ 0.01	$ 0.00	$ 0.00	118.6	$ 97.14	$ 0.96
DME/Prosthetics	1,517.4	11.94	1.51	0.03	-	-	-	0.08	-	-	-	1,627.9	11.94	1.62
Dental	8.6	27.90	0.02	-	-	-	-	-	-	-	-	8.6	27.90	0.02
Other Ancillary	57.9	55.95	0.27	0.01	-	-	-	0.01	-	-	-	62.2	55.95	0.29
Subtotal Ancillary			**$ 2.69**											**$ 2.89**
Professional														
Inpatient and Outpatient Surgery	165.1	$ 156.96	$ 2.16	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.11	$ 0.00	$ 0.00	$ 0.00	175.1	$ 156.96	$ 2.29
Anesthesia	63.8	112.92	0.60	-	-	-	-	0.04	-	-	-	68.0	112.92	0.64
Inpatient Visits	251.2	80.25	1.68	0.01	-	-	-	0.09	-	-	-	266.2	80.25	1.78
MH/SA	2,921.3	81.13	19.75	0.15	-	-	-	1.42	(0.23)	-	-	3,153.5	80.25	21.09
Emergency Room	439.2	81.42	2.98	0.02	-	-	-	0.16	0.01	-	-	465.7	81.68	3.17
Office/Home Visits/Consults	2,549.1	85.44	18.15	0.14	-	-	-	1.05	0.02	-	-	2,716.3	85.53	19.36
Pathology/Lab	3,107.2	19.16	4.96	0.04	-	-	-	0.25	0.02	-	-	3,288.8	19.23	5.27
Radiology	561.8	30.97	1.45	0.01	-	-	-	0.07	0.01	-	-	592.8	31.18	1.54
Office Administered Drugs	14,686.6	1.55	1.90	0.01	-	-	-	0.10	0.01	-	-	15,536.8	1.56	2.02
Physical Exams	754.0	65.57	4.12	0.03	-	-	-	0.21	0.01	-	-	797.9	65.72	4.37
Therapy	596.4	21.73	1.08	0.01	-	-	-	0.05	0.01	-	-	629.6	21.92	1.15
Vision	918.4	33.58	2.57	0.02	-	-	-	0.13	0.01	-	-	972.0	33.70	2.73
Other Professional	2,233.0	20.53	3.82	0.03	-	-	-	0.20	0.01	-	-	2,367.5	20.58	4.06
Subtotal Professional			**$ 65.22**											**$ 69.47**
Total Medical Costs			**$ 147.80**											**$ 157.36**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Male Base Year Member Months: 404,278 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	168.7	$ 2,722.69	$ 38.28	$ 0.87	$ 0.00	$ (0.43)	$ 0.10	$ 0.28	$ 0.15	$ 0.00	$ 0.00	171.9	$ 2,740.14	$ 39.25
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	84.5	616.29	4.34	0.10	-	-	-	0.03	0.02	-	0.30	87.0	660.41	4.79
Other Inpatient	1.3	282.05	0.03	-	-	-	-	-	-	-	-	1.3	282.05	0.03
Subtotal Inpatient Hospital			**$ 42.65**											**$ 44.07**
Outpatient Hospital														
Surgery	77.6	$ 1,444.51	$ 9.34	$ 0.10	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.03	$ 0.00	$ 0.00	78.5	$ 1,449.10	$ 9.48
Non-Surg - Emergency Room	467.7	293.54	11.44	0.12	-	-	-	0.01	0.05	-	-	473.0	294.80	11.62
Non-Surg - Other	64.9	157.27	0.85	0.01	-	-	-	-	-	-	-	65.6	157.27	0.86
Observation Room	4.5	819.13	0.31	-	-	-	-	-	-	-	-	4.5	819.13	0.31
Treatment/Therapy/Testing	254.7	319.46	6.78	0.07	-	-	-	-	0.03	-	-	257.3	320.86	6.88
Other Outpatient	86.8	139.69	1.01	0.01	-	-	-	-	0.01	-	-	87.6	141.06	1.03
Subtotal Outpatient Hospital			**$ 29.73**											**$ 30.18**
Retail Pharmacy														
Prescription Drugs	3,786.4	$ 131.78	$ 41.58	$ 0.00	$ 0.00	$ 0.00	$ (0.50)	$ 0.02	$ (0.75)	$ 0.00	$ 0.00	3,788.2	$ 127.82	$ 40.35
Subtotal Retail Pharmacy			**$ 41.58**											**$ 40.35**
Ancillary														
Transportation	171.4	$ 104.29	$ 1.49	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	174.9	$ 104.98	$ 1.53
DME/Prosthetics	1,933.0	16.33	2.63	0.05	-	-	-	0.01	0.01	-	-	1,977.1	16.39	2.70
Dental	0.7	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	75.7	69.76	0.44	0.01	-	-	-	-	-	-	-	77.4	69.76	0.45
Subtotal Ancillary			**$ 4.56**											**$ 4.68**
Professional														
Inpatient and Outpatient Surgery	282.2	$ 159.89	$ 3.76	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.01	$ 0.00	$ 0.00	285.9	$ 160.31	$ 3.82
Anesthesia	101.7	119.22	1.01	0.01	-	-	-	0.01	-	-	-	103.7	119.22	1.03
Inpatient Visits	359.0	84.57	2.53	0.02	-	-	-	0.01	0.01	-	-	363.3	84.90	2.57
MH/SA	1,114.6	90.76	8.43	0.06	-	-	-	0.26	0.06	-	-	1,156.9	91.38	8.81
Emergency Room	527.5	83.03	3.65	0.03	-	-	-	0.02	0.01	-	-	534.7	83.26	3.71
Office/Home Visits/Consults	1,702.6	83.52	11.85	0.09	-	-	-	0.15	-	-	-	1,737.1	83.52	12.09
Pathology/Lab	1,816.9	20.01	3.03	0.02	-	-	-	0.01	0.01	-	-	1,834.9	20.08	3.07
Radiology	832.3	29.84	2.07	0.02	-	-	-	-	0.01	-	-	840.4	29.99	2.10
Office Administered Drugs	4,459.3	19.27	7.16	0.05	-	-	-	0.04	0.02	-	-	4,515.4	19.32	7.27
Physical Exams	125.6	61.14	0.64	-	-	-	-	0.01	-	-	-	127.6	61.14	0.65
Therapy	384.4	22.48	0.72	0.01	-	-	-	(0.01)	0.01	-	-	384.4	22.79	0.73
Vision	153.7	42.15	0.54	-	-	-	-	0.01	-	-	-	156.6	42.15	0.55
Other Professional	912.9	19.98	1.52	0.01	-	-	-	0.01	0.01	-	-	924.9	20.11	1.55
Subtotal Professional			**$ 46.91**											**$ 47.95**
Total Medical Costs			**$ 165.43**											**$ 167.23**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Female Base Year Member Months: 1,681,043 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	194.9	$ 2,378.18	$ 38.62	$ 0.87	$ 0.00	$ (0.44)	$ 0.07	$ 0.06	$ 0.15	$ 0.00	$ 0.00	197.3	$ 2,391.56	$ 39.33
Inpatient Well Newborn	0.2	646.56	0.01	-	-	-	-	-	-	-	-	0.2	646.56	0.01
Inpatient MH/SA	82.8	614.13	4.24	0.10	-	-	-	-	0.02	-	0.30	84.8	659.41	4.66
Other Inpatient	3.1	313.48	0.08	-	-	-	-	-	-	-	-	3.1	313.48	0.08
Subtotal Inpatient Hospital			**$ 42.95**											**$ 44.08**
Outpatient Hospital														
Surgery	176.1	$ 1,377.93	$ 20.22	$ 0.21	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.08	$ 0.00	$ 0.00	178.2	$ 1,383.31	$ 20.54
Non-Surg - Emergency Room	867.2	319.51	23.09	0.24	-	-	-	0.04	0.08	-	-	877.7	320.61	23.45
Non-Surg - Other	276.9	165.53	3.82	0.04	-	-	-	0.01	0.01	-	-	280.5	165.96	3.88
Observation Room	22.3	570.03	1.06	0.01	-	-	-	-	0.01	-	-	22.5	575.35	1.08
Treatment/Therapy/Testing	735.0	284.25	17.41	0.18	-	-	-	0.03	0.06	-	-	743.8	285.22	17.68
Other Outpatient	227.6	122.33	2.32	0.02	-	-	-	0.01	0.01	-	-	230.5	122.85	2.36
Subtotal Outpatient Hospital			**$ 67.92**											**$ 68.99**
Retail Pharmacy														
Prescription Drugs	8,287.8	$ 87.74	$ 60.60	$ 0.01	$ 0.00	$ 0.00	$ (0.88)	$ 0.06	$ (1.12)	$ 0.00	$ 0.00	8,297.4	$ 84.85	$ 58.67
Subtotal Retail Pharmacy			**$ 60.60**											**$ 58.67**
Ancillary														
Transportation	239.5	$ 89.68	$ 1.79	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.00	$ 0.00	$ 0.00	246.2	$ 89.68	$ 1.84
DME/Prosthetics	2,262.8	12.78	2.41	0.05	-	-	-	0.01	0.01	-	-	2,319.1	12.83	2.48
Dental	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	154.2	102.74	1.32	0.02	-	-	-	0.01	0.01	-	-	157.7	103.51	1.36
Subtotal Ancillary			**$ 5.52**											**$ 5.68**
Professional														
Inpatient and Outpatient Surgery	476.4	$ 178.86	$ 7.10	$ 0.05	$ 0.00	$ 0.00	$ 0.00	$ 0.04	$ 0.02	$ 0.00	$ 0.00	482.4	$ 179.36	$ 7.21
Anesthesia	207.1	114.71	1.98	0.02	-	-	-	0.01	0.01	-	-	210.3	115.28	2.02
Inpatient Visits	414.2	82.00	2.83	0.02	-	-	-	0.01	0.01	-	-	418.6	82.28	2.87
MH/SA	2,084.2	82.68	14.36	0.11	-	-	-	0.25	0.10	-	-	2,136.4	83.24	14.82
Emergency Room	962.1	85.44	6.85	0.05	-	-	-	0.04	0.02	-	-	974.7	85.69	6.96
Office/Home Visits/Consults	3,783.6	83.32	26.27	0.20	-	-	-	0.29	0.03	-	-	3,854.1	83.41	26.79
Pathology/Lab	6,891.5	18.58	10.67	0.08	-	-	-	0.04	0.04	-	-	6,969.0	18.65	10.83
Radiology	1,483.1	39.97	4.94	0.04	-	-	-	0.01	0.02	-	-	1,498.1	40.13	5.01
Office Administered Drugs	24,839.5	4.28	8.85	0.07	-	-	-	0.03	0.03	-	-	25,120.2	4.29	8.98
Physical Exams	350.4	66.79	1.95	0.01	-	-	-	0.02	-	-	-	355.8	66.79	1.98
Therapy	564.9	22.30	1.05	0.01	-	-	-	-	0.01	-	-	570.3	22.51	1.07
Vision	154.6	52.79	0.68	0.01	-	-	-	-	-	-	-	156.8	52.79	0.69
Other Professional	2,086.0	34.69	6.03	0.05	-	-	-	0.02	0.02	-	-	2,110.2	34.80	6.12
Subtotal Professional			**$ 93.56**											**$ 95.35**
Total Medical Costs			**$ 270.55**											**$ 272.77**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 45+, Male & Female Base Year Member Months: 278,738 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	516.2	$ 2,439.83	$ 104.95	$ 2.37	$ 0.00	$ (1.32)	$ 0.06	$ 0.56	$ 0.34	$ 0.00	$ 0.00	524.1	$ 2,448.99	$ 106.96
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	69.4	651.48	3.77	0.09	-	-	-	0.02	0.01	-	0.31	71.5	705.21	4.20
Other Inpatient	58.3	325.26	1.58	0.04	-	(0.02)	-	0.01	0.01	-	-	59.4	327.28	1.62
Subtotal Inpatient Hospital			**$ 110.30**											**$ 112.78**
Outpatient Hospital														
Surgery	199.9	$ 1,886.87	$ 31.43	$ 0.32	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.12	$ 0.00	$ 0.00	202.0	$ 1,894.00	$ 31.89
Non-Surg - Emergency Room	585.7	346.89	16.93	0.17	-	-	-	0.02	0.06	-	-	592.2	348.10	17.18
Non-Surg - Other	266.0	143.93	3.19	0.03	-	-	-	0.01	0.01	-	-	269.3	144.37	3.24
Observation Room	18.8	950.39	1.49	0.02	-	-	-	-	-	-	-	19.1	950.39	1.51
Treatment/Therapy/Testing	1,075.1	432.86	38.78	0.40	-	-	-	0.02	0.12	-	-	1,086.7	434.19	39.32
Other Outpatient	420.4	129.32	4.53	0.05	-	-	-	-	0.01	-	-	425.0	129.60	4.59
Subtotal Outpatient Hospital			**$ 96.35**											**$ 97.73**
Retail Pharmacy														
Prescription Drugs	17,722.1	$ 96.21	$ 142.09	$ 0.01	$ 0.00	$ 0.00	$ (2.69)	$ (0.10)	$ (2.58)	$ 0.00	$ 0.00	17,710.9	$ 92.64	$ 136.73
Subtotal Retail Pharmacy			**$ 142.09**											**$ 136.73**
Ancillary														
Transportation	263.1	$ 93.95	$ 2.06	$ 0.04	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	268.2	$ 94.39	$ 2.11
DME/Prosthetics	9,033.2	8.79	6.62	0.12	-	-	-	-	0.04	-	-	9,196.9	8.85	6.78
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	399.9	75.61	2.52	0.05	-	-	-	-	0.01	-	-	407.9	75.90	2.58
Subtotal Ancillary			**$ 11.20**											**$ 11.47**
Professional														
Inpatient and Outpatient Surgery	1,068.7	$ 165.18	$ 14.71	$ 0.11	$ 0.00	$ 0.00	$ 0.00	$ 0.05	$ 0.04	$ 0.00	$ 0.00	1,080.3	$ 165.62	$ 14.91
Anesthesia	389.3	111.27	3.61	0.03	-	-	-	0.02	0.01	-	-	394.7	111.58	3.67
Inpatient Visits	874.8	83.81	6.11	0.05	-	-	-	0.04	0.02	-	-	887.7	84.08	6.22
MH/SA	1,601.7	85.86	11.46	0.09	-	-	-	0.23	0.09	-	-	1,646.4	86.51	11.87
Emergency Room	716.5	93.45	5.58	0.04	-	-	-	0.02	0.02	-	-	724.2	93.79	5.66
Office/Home Visits/Consults	5,427.9	85.29	38.58	0.29	-	-	-	0.27	0.08	-	-	5,506.7	85.47	39.22
Pathology/Lab	6,761.5	14.93	8.41	0.06	-	-	-	0.03	0.03	-	-	6,833.9	14.98	8.53
Radiology	2,473.4	39.10	8.06	0.06	-	-	-	0.02	0.03	-	-	2,498.0	39.25	8.17
Office Administered Drugs	21,496.1	10.29	18.43	0.14	-	-	-	0.04	0.05	-	-	21,706.0	10.32	18.66
Physical Exams	366.6	60.88	1.86	0.01	-	-	-	0.01	0.01	-	-	370.6	61.20	1.89
Therapy	1,578.3	22.12	2.91	0.02	-	-	-	-	0.01	-	-	1,589.2	22.20	2.94
Vision	181.8	69.98	1.06	0.01	-	-	-	-	-	-	-	183.5	69.98	1.07
Other Professional	2,990.0	24.00	5.98	0.05	-	-	-	0.02	0.01	-	-	3,025.0	24.04	6.06
Subtotal Professional			**$ 126.76**											**$ 128.87**
Total Medical Costs			**$ 486.70**											**$ 487.58**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: SSI - Children Base Year Member Months: 135,710 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	275.3	$ 2,120.44	$ 48.64	$ 1.34	$ 0.00	$ (0.73)	$ 0.21	$ 0.21	$ 0.19	$ 0.00	$ 0.00	279.9	$ 2,137.59	$ 49.86
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	883.4	402.51	29.63	0.81	-	-	-	0.14	0.11	-	-	911.7	403.96	30.69
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 78.27**											**$ 80.55**
Outpatient Hospital														
Surgery	105.8	$ 1,909.70	$ 16.83	$ 0.26	$ 0.00	$ 0.00	$ 0.00	$ 0.15	$ 0.04	$ 0.00	$ 0.00	108.3	$ 1,914.13	$ 17.28
Non-Surg - Emergency Room	423.0	327.36	11.54	0.18	-	-	-	1.10	0.05	-	-	469.9	328.64	12.87
Non-Surg - Other	577.3	150.90	7.26	0.11	-	-	-	0.07	0.02	-	-	591.6	151.31	7.46
Observation Room	12.8	1,619.16	1.73	0.03	-	-	-	0.01	0.01	-	-	13.1	1,628.31	1.78
Treatment/Therapy/Testing	733.5	393.14	24.03	0.37	-	-	-	0.28	0.05	-	-	753.3	393.94	24.73
Other Outpatient	239.9	151.57	3.03	0.05	-	-	-	0.03	0.01	-	-	246.2	152.05	3.12
Subtotal Outpatient Hospital			**$ 64.42**											**$ 67.24**
Retail Pharmacy														
Prescription Drugs	14,902.7	$ 159.76	$ 198.41	$ 0.08	$ 0.00	$ 0.00	$ (1.64)	$ 0.08	$ (3.78)	$ 0.00	$ 0.00	14,914.7	$ 155.40	$ 193.15
Subtotal Retail Pharmacy			**$ 198.41**											**$ 193.15**
Ancillary														
Transportation	189.3	$ 103.95	$ 1.64	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.07	$ (0.02)	$ 0.00	$ 0.00	200.9	$ 102.76	$ 1.72
DME/Prosthetics	80,349.8	2.70	18.10	0.31	-	-	-	0.53	0.04	-	-	84,078.7	2.71	18.98
Dental	76.0	110.46	0.70	0.01	-	-	-	0.11	(0.07)	-	-	89.1	101.03	0.75
Other Ancillary	319.1	34.59	0.92	0.02	-	-	-	0.02	-	-	-	333.0	34.59	0.96
Subtotal Ancillary			**$ 21.36**											**$ 22.41**
Professional														
Inpatient and Outpatient Surgery	267.5	$ 183.04	$ 4.08	$ 0.05	$ 0.00	$ 0.00	$ 0.00	$ 0.09	$ 0.01	$ 0.00	$ 0.00	276.7	$ 183.47	$ 4.23
Anesthesia	190.6	132.19	2.10	0.03	-	-	-	0.06	0.01	-	-	198.8	132.79	2.20
Inpatient Visits	705.5	94.40	5.55	0.07	-	-	-	0.11	0.02	-	-	728.4	94.73	5.75
MH/SA	27,422.7	24.67	56.37	0.74	-	-	-	3.49	(1.26)	-	-	29,480.5	24.15	59.34
Emergency Room	535.8	84.44	3.77	0.05	-	-	-	0.07	0.02	-	-	552.8	84.87	3.91
Office/Home Visits/Consults	3,837.2	94.26	30.14	0.40	-	-	-	0.68	0.06	-	-	3,974.6	94.44	31.28
Pathology/Lab	1,827.1	21.08	3.21	0.04	-	-	-	0.07	0.14	-	-	1,889.7	21.97	3.46
Radiology	756.9	24.89	1.57	0.02	-	-	-	0.03	0.01	-	-	781.0	25.04	1.63
Office Administered Drugs	20,051.3	14.96	25.00	0.33	-	-	-	0.45	0.09	-	-	20,676.9	15.01	25.87
Physical Exams	1,075.1	59.27	5.31	0.07	-	-	-	0.10	0.02	-	-	1,109.6	59.48	5.50
Therapy	16,817.3	21.65	30.34	0.40	-	-	-	(0.62)	0.11	-	-	16,695.4	21.73	30.23
Vision	779.6	36.02	2.34	0.03	-	-	-	0.05	0.01	-	-	806.3	36.17	2.43
Other Professional	3,347.5	24.05	6.71	0.09	-	-	-	0.24	0.18	-	-	3,512.1	24.67	7.22
Subtotal Professional			**$ 176.49**											**$ 183.05**
Total Medical Costs			**$ 538.95**											**$ 546.40**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: SSI - Adults Base Year Member Months: 623,533 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	1,752.2	$ 2,142.25	$ 312.81	$ 8.60	$ 0.00	$ (5.25)	$ 0.00	$ 0.95	$ 1.19	$ 0.00	$ 0.00	1,776.3	$ 2,150.29	$ 318.30
Inpatient Well Newborn	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	471.9	618.40	24.32	0.67	-	-	-	0.07	0.10	-	1.99	486.3	669.97	27.15
Other Inpatient	315.8	348.83	9.18	0.25	-	(0.15)	-	0.03	0.03	-	-	320.3	349.96	9.34
Subtotal Inpatient Hospital			**$ 346.31**											**$ 354.79**
Outpatient Hospital														
Surgery	280.6	$ 1,863.07	$ 43.57	$ 0.67	$ 0.00	$ 0.00	$ 0.00	$ 0.06	$ 0.16	$ 0.00	$ 0.00	285.3	$ 1,869.80	$ 44.46
Non-Surg - Emergency Room	1,239.7	396.77	40.99	0.63	-	-	-	1.08	0.15	-	-	1,291.4	398.16	42.85
Non-Surg - Other	595.7	163.17	8.10	0.12	-	-	-	0.02	0.03	-	-	606.0	163.76	8.27
Observation Room	42.4	976.04	3.45	0.05	-	-	-	0.01	0.01	-	-	43.2	978.82	3.52
Treatment/Therapy/Testing	1,404.0	821.10	96.07	1.47	-	-	-	0.20	0.35	-	-	1,428.4	824.04	98.09
Other Outpatient	413.8	173.99	6.00	0.09	-	-	-	0.02	0.02	-	-	421.4	174.56	6.13
Subtotal Outpatient Hospital			**$ 198.18**											**$ 203.32**
Retail Pharmacy														
Prescription Drugs	26,157.2	$ 175.83	$ 383.26	$ 0.15	$ 0.00	$ 0.00	$ (6.34)	$ 0.32	$ (7.14)	$ 0.00	$ 0.00	26,189.2	$ 169.65	$ 370.25
Subtotal Retail Pharmacy			**$ 383.26**											**$ 370.25**
Ancillary														
Transportation	1,213.9	$ 87.78	$ 8.88	$ 0.15	$ 0.00	$ 0.00	$ 0.00	$ 0.06	$ 0.04	$ 0.00	$ 0.00	1,242.7	$ 88.17	$ 9.13
DME/Prosthetics	42,668.2	6.87	24.41	0.42	-	-	-	0.16	0.10	-	-	43,682.0	6.89	25.09
Dental	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	1,576.4	71.71	9.42	0.16	-	-	-	0.07	0.03	-	-	1,614.9	71.93	9.68
Subtotal Ancillary			**$ 42.71**											**$ 43.90**
Professional														
Inpatient and Outpatient Surgery	1,401.8	$ 162.13	$ 18.94	$ 0.25	$ 0.00	$ 0.00	$ 0.00	$ 0.11	$ 0.06	$ 0.00	$ 0.00	1,428.4	$ 162.64	$ 19.36
Anesthesia	530.2	113.61	5.02	0.07	-	-	-	0.05	0.02	-	-	542.9	114.05	5.16
Inpatient Visits	3,428.5	82.50	23.57	0.31	-	-	-	0.24	0.05	-	-	3,508.5	82.67	24.17
MH/SA	6,249.4	39.98	20.82	0.27	-	-	-	0.16	0.17	-	-	6,378.4	40.30	21.42
Emergency Room	1,650.2	94.83	13.04	0.17	-	-	-	0.08	0.05	-	-	1,681.8	95.18	13.34
Office/Home Visits/Consults	6,820.5	92.47	52.56	0.69	-	-	-	0.50	0.12	-	-	6,974.9	92.68	53.87
Pathology/Lab	8,096.4	13.90	9.38	0.12	-	-	-	0.05	0.03	-	-	8,243.2	13.95	9.58
Radiology	3,816.0	40.03	12.73	0.17	-	-	-	0.06	0.05	-	-	3,885.0	40.19	13.01
Office Administered Drugs	61,914.3	11.74	60.58	0.80	-	-	-	0.28	0.22	-	-	63,018.1	11.78	61.88
Physical Exams	399.4	48.38	1.61	0.02	-	-	-	0.01	0.01	-	-	406.8	48.67	1.65
Therapy	1,162.0	22.72	2.20	0.03	-	-	-	0.02	0.01	-	-	1,188.5	22.82	2.26
Vision	199.6	69.12	1.15	0.02	-	-	-	-	0.01	-	-	203.1	69.71	1.18
Other Professional	3,915.5	54.98	17.94	0.24	-	-	-	0.10	0.06	-	-	3,989.7	55.16	18.34
Subtotal Professional			**$ 239.54**											**$ 245.22**
Total Medical Costs			**$ 1,210.00**											**$ 1,217.48**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: OCWI Base Year Member Months: 292,282 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	153.1	$ 1,788.65	$ 22.82	$ 0.46	$ 0.00	$ (0.24)	$ 0.08	$ 2.05	$ 0.09	$ 0.00	$ 0.00	168.3	$ 1,800.77	$ 25.26
Inpatient Well Newborn	0.9	664.28	0.05	-	-	-	-	0.01	-	-	-	1.1	664.28	0.06
Inpatient MH/SA	36.9	644.45	1.98	0.04	-	-	-	0.21	-	-	0.23	41.5	710.92	2.46
Other Inpatient	1.2	194.85	0.02	-	-	-	-	-	-	-	-	1.2	194.85	0.02
Subtotal Inpatient Hospital			**$ 24.87**											**$ 27.80**
Outpatient Hospital														
Surgery	334.1	$ 618.54	$ 17.22	$ 0.23	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.06	$ 0.00	$ 0.00	339.1	$ 620.67	$ 17.54
Non-Surg - Emergency Room	697.8	366.32	21.30	0.28	-	-	-	1.04	0.08	-	-	741.0	367.62	22.70
Non-Surg - Other	555.0	163.03	7.54	0.10	-	-	-	0.01	0.03	-	-	563.1	163.67	7.68
Observation Room	79.3	357.22	2.36	0.03	-	-	-	0.01	-	-	-	80.6	357.22	2.40
Treatment/Therapy/Testing	1,052.9	152.83	13.41	0.18	-	-	-	0.02	0.05	-	-	1,068.6	153.39	13.66
Other Outpatient	155.8	112.45	1.46	0.02	-	-	-	-	0.01	-	-	157.9	113.21	1.49
Subtotal Outpatient Hospital			**$ 63.29**											**$ 65.47**
Retail Pharmacy														
Prescription Drugs	7,689.1	$ 43.70	$ 28.00	$ 0.00	$ 0.00	$ 0.00	$ (0.35)	$ 0.03	$ (0.52)	$ 0.00	$ 0.00	7,697.3	$ 42.34	$ 27.16
Subtotal Retail Pharmacy			**$ 28.00**											**$ 27.16**
Ancillary														
Transportation	204.2	$ 92.26	$ 1.57	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ 0.00	$ 0.00	210.7	$ 92.26	$ 1.62
DME/Prosthetics	1,540.4	14.41	1.85	0.02	-	-	-	0.03	0.01	-	-	1,582.1	14.49	1.91
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	138.1	151.23	1.74	0.02	-	-	-	0.03	0.01	-	-	142.0	152.07	1.80
Subtotal Ancillary			**$ 5.16**											**$ 5.33**
Professional														
Inpatient and Outpatient Surgery	306.2	$ 160.27	$ 4.09	$ 0.05	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.01	$ 0.00	$ 0.00	311.5	$ 160.65	$ 4.17
Anesthesia	125.1	114.15	1.19	0.01	-	-	-	0.02	-	-	-	128.3	114.15	1.22
Inpatient Visits	557.4	74.92	3.48	0.04	-	-	-	0.01	0.01	-	-	565.4	75.13	3.54
MH/SA	1,085.7	89.30	8.08	0.09	-	-	-	0.29	0.08	-	-	1,136.8	90.15	8.54
Emergency Room	884.2	83.06	6.12	0.07	-	-	-	0.03	0.02	-	-	898.7	83.32	6.24
Office/Home Visits/Consults	2,429.2	77.70	15.73	0.17	-	-	-	0.22	0.02	-	-	2,489.4	77.80	16.14
Pathology/Lab	8,810.2	16.30	11.97	0.13	-	-	-	0.05	0.04	-	-	8,942.7	16.36	12.19
Radiology	1,118.3	56.44	5.26	0.06	-	-	-	0.01	0.02	-	-	1,133.2	56.66	5.35
Office Administered Drugs	18,596.7	2.23	3.45	0.04	-	-	-	0.01	0.01	-	-	18,866.2	2.23	3.51
Physical Exams	536.5	37.58	1.68	0.02	-	-	-	0.01	-	-	-	546.1	37.58	1.71
Therapy	274.3	22.31	0.51	0.01	-	-	-	-	-	-	-	279.7	22.31	0.52
Vision	96.3	54.84	0.44	-	-	-	-	0.01	-	-	-	98.5	54.84	0.45
Other Professional	1,917.1	73.11	11.68	0.13	-	-	-	0.05	0.03	-	-	1,946.6	73.30	11.89
Subtotal Professional			**$ 73.68**											**$ 75.47**
Total Medical Costs			**$ 195.00**											**$ 201.23**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: DUAL Base Year Member Months: 589,611 Category of Service	FFS Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	572.1	$ 242.05	$ 11.54	$ 0.32	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	588.0	$ 242.05	$ 11.86
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	41.1	248.35	0.85	0.02	-	-	-	-	-	-	-	42.0	248.35	0.87
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 12.39**											**$ 12.73**
Outpatient Hospital														
Surgery	50.4	$ 214.40	$ 0.90	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	51.5	$ 214.40	$ 0.92
Non-Surg - Emergency Room	292.5	70.16	1.71	0.04	-	-	-	-	-	-	-	299.3	70.16	1.75
Non-Surg - Other	259.7	24.95	0.54	0.01	-	-	-	-	-	-	-	264.5	24.95	0.55
Observation Room	9.1	105.29	0.08	-	-	-	-	-	-	-	-	9.1	105.29	0.08
Treatment/Therapy/Testing	551.7	113.10	5.20	0.13	-	-	-	-	-	-	-	565.5	113.10	5.33
Other Outpatient	99.3	31.41	0.26	0.01	-	-	-	-	-	-	-	103.2	31.41	0.27
Subtotal Outpatient Hospital			**$ 8.69**											**$ 8.90**
Retail Pharmacy														
Prescription Drugs	309.7	$ 58.51	$ 1.51	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	309.7	$ 58.51	$ 1.51
Subtotal Retail Pharmacy			**$ 1.51**											**$ 1.51**
Ancillary														
Transportation	24.9	$ 33.77	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	24.9	$ 33.77	$ 0.07
DME/Prosthetics	12,930.5	4.58	4.93	0.12	-	-	-	-	-	-	-	13,245.3	4.58	5.05
Dental	1.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	100.0	30.01	0.25	0.01	-	-	-	-	-	-	-	104.0	30.01	0.26
Subtotal Ancillary			**$ 5.25**											**$ 5.38**
Professional														
Inpatient and Outpatient Surgery	288.4	$ 26.21	$ 0.63	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	297.5	$ 26.21	$ 0.65
Anesthesia	127.6	18.80	0.20	0.01	-	-	-	-	-	-	-	134.0	18.80	0.21
Inpatient Visits	642.0	21.31	1.14	0.04	-	-	-	-	-	-	-	664.5	21.31	1.18
MH/SA	5,428.4	20.78	9.40	0.33	-	-	-	-	-	-	-	5,619.0	20.78	9.73
Emergency Room	142.6	36.19	0.43	0.02	-	-	-	-	-	-	-	149.2	36.19	0.45
Office/Home Visits/Consults	2,489.9	43.18	8.96	0.32	-	-	-	-	-	-	-	2,578.8	43.18	9.28
Pathology/Lab	560.0	6.86	0.32	0.01	-	-	-	-	-	-	-	577.5	6.86	0.33
Radiology	520.7	16.82	0.73	0.03	-	-	-	-	-	-	-	542.1	16.82	0.76
Office Administered Drugs	41,040.6	2.83	9.68	0.34	-	-	-	-	-	-	-	42,482.1	2.83	10.02
Physical Exams	39.8	21.10	0.07	-	-	-	-	-	-	-	-	39.8	21.10	0.07
Therapy	276.5	3.91	0.09	-	-	-	-	-	-	-	-	276.5	3.91	0.09
Vision	35.6	53.88	0.16	0.01	-	-	-	-	-	-	-	37.9	53.88	0.17
Other Professional	807.9	13.37	0.90	0.03	-	-	-	-	-	-	-	834.8	13.37	0.93
Subtotal Professional			**$ 32.71**											**$ 33.87**
Total Medical Costs			**$ 60.55**											**$ 62.39**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: Foster Care Children Base Year Member Months: 54,600 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	84.6	$ 2,244.98	$ 15.83	$ 0.36	$ 0.00	$ (0.18)	$ 0.04	$ 0.00	$ 0.06	$ 0.00	$ 0.00	85.6	$ 2,259.00	$ 16.11
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	6,169.7	337.03	173.28	3.92	-	-	-	10.00	0.69	-	-	6,665.3	338.27	187.89
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 189.11**											**$ 204.00**
Outpatient Hospital														
Surgery	78.0	$ 1,465.74	$ 9.53	$ 0.10	$ 0.00	$ 0.00	$ 0.00	$ 0.65	$ (0.01)	$ 0.00	$ 0.00	84.2	$ 1,464.32	$ 10.27
Non-Surg - Emergency Room	448.8	333.16	12.46	0.13	-	-	-	1.27	0.05	-	-	499.2	334.36	13.91
Non-Surg - Other	447.5	148.84	5.55	0.06	-	-	-	0.34	0.03	-	-	479.7	149.59	5.98
Observation Room	6.4	1,035.52	0.55	0.01	-	-	-	0.03	-	-	-	6.8	1,035.52	0.59
Treatment/Therapy/Testing	451.4	188.20	7.08	0.07	-	-	-	0.44	0.03	-	-	483.9	188.95	7.62
Other Outpatient	218.2	116.02	2.11	0.02	-	-	-	0.13	0.01	-	-	233.8	116.53	2.27
Subtotal Outpatient Hospital			**$ 37.28**											**$ 40.64**
Retail Pharmacy														
Prescription Drugs	12,870.1	$ 54.55	$ 58.51	$ 0.01	$ 0.00	$ 0.00	$ (0.28)	$ 4.52	$ (1.17)	$ 0.00	$ 0.00	13,866.5	$ 53.30	$ 61.59
Subtotal Retail Pharmacy			**$ 58.51**											**$ 61.59**
Ancillary														
Transportation	255.8	$ 98.97	$ 2.11	$ 0.04	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.00	$ 0.00	261.9	$ 99.43	$ 2.17
DME/Prosthetics	19,928.1	2.42	4.02	0.08	-	-	-	0.09	(0.04)	-	-	20,770.9	2.40	4.15
Dental	130.1	51.65	0.56	0.01	-	-	-	0.01	-	-	-	134.8	51.65	0.58
Other Ancillary	199.6	44.50	0.74	0.01	-	-	-	0.01	-	-	-	205.0	44.50	0.76
Subtotal Ancillary			**$ 7.43**											**$ 7.66**
Professional														
Inpatient and Outpatient Surgery	240.9	$ 152.94	$ 3.07	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.00	$ 0.00	243.2	$ 153.43	$ 3.11
Anesthesia	118.2	110.62	1.09	0.01	-	-	-	0.02	-	-	-	121.5	110.62	1.12
Inpatient Visits	780.9	77.91	5.07	0.04	-	-	-	-	0.02	-	-	787.0	78.22	5.13
MH/SA	123,625.7	33.17	341.75	2.60	-	-	-	0.08	1.52	-	-	124,595.2	33.32	345.95
Emergency Room	511.9	82.29	3.51	0.03	-	-	-	-	0.01	-	-	516.2	82.52	3.55
Office/Home Visits/Consults	4,459.8	93.53	34.76	0.26	-	-	-	0.40	-	-	-	4,544.5	93.53	35.42
Pathology/Lab	3,091.2	21.78	5.61	0.04	-	-	-	0.01	0.02	-	-	3,118.8	21.85	5.68
Radiology	565.9	22.26	1.05	0.01	-	-	-	-	-	-	-	571.3	22.26	1.06
Office Administered Drugs	5,224.6	32.34	14.08	0.11	-	-	-	0.01	0.04	-	-	5,269.1	32.43	14.24
Physical Exams	3,222.4	49.75	13.36	0.10	-	-	-	0.02	0.04	-	-	3,251.4	49.90	13.52
Therapy	14,571.2	21.16	25.69	0.20	-	-	-	(1.29)	0.09	-	-	13,953.0	21.23	24.69
Vision	1,205.9	42.19	4.24	0.03	-	-	-	0.01	0.01	-	-	1,217.3	42.29	4.29
Other Professional	2,774.5	22.32	5.16	0.04	-	-	-	(0.01)	0.01	-	-	2,790.6	22.36	5.20
Subtotal Professional			**$ 458.44**											**$ 462.96**
Total Medical Costs			**$ 750.77**											**$ 776.85**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: KICK Base Year Deliveries: 25,848 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	Cost per Delivery	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	Cost per Delivery
Inpatient Hospital														
Inpatient Maternity Delivery	2,464.2	$ 1,725.08	$ 4,250.97	$ 45.91	$ 0.00	$ 0.00	$ (44.84)	$ 7.66	$ 15.78	$ 0.00	$ 0.00	2,495.3	$ 1,713.44	$ 4,275.48
Subtotal Inpatient Hospital			**$ 4,250.97**											**$ 4,275.48**
Outpatient Hospital														
Outpatient Hospital - Maternity	56.5	$ 445.31	$ 25.17	$ 0.30	$ 0.00	$ 0.00	$ 0.00	$ 3.37	$ 0.11	$ 0.00	$ 0.00	64.8	$ 447.01	$ 28.95
Subtotal Outpatient Hospital			**$ 25.17**											**$ 28.95**
Professional														
Maternity Delivery	920.3	$ 1,044.45	$ 961.21	$ 6.54	$ 0.00	$ 0.00	$ 1.49	$ 0.85	$ 3.66	$ 0.00	$ 0.00	927.4	$ 1,050.00	$ 973.75
Maternity Anesthesia	1,144.8	303.45	347.40	2.36	-	-	-	2.19	0.95	-	-	1,159.8	304.27	352.90
Maternity Office Visits	8,445.9	68.91	581.98	3.96	-	-	-	1.23	1.90	-	-	8,521.2	69.13	589.07
Maternity Radiology	4,831.6	79.28	383.05	2.60	-	-	-	0.29	1.42	-	-	4,868.0	79.57	387.36
Maternity Non-Delivery	3.0	89.47	0.27	-	-	-	-	-	-	-	-	3.0	89.47	0.27
Subtotal Professional			**$ 2,273.91**											**$ 2,303.35**
Total Medical Costs			**$ 6,550.05**											**$ 6,607.78**

Appendix 7: SFY 2023 Capitation Rate Development

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - 0 - 2 Months, Male & Female SFY 2023 Member Months: 83,532 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	9,767.6	$ 1,421.59	$ 1,157.12	$ 23.26	$ 0.00	$ 0.00	$ 40.85	$ 0.00	$ 0.00	$ 0.00	9,963.9	$ 1,470.79	$ 1,221.23
Inpatient Well Newborn	6,880.6	602.48	345.45	6.94	-	-	7.78	-	-	-	7,018.8	615.78	360.17
Inpatient MH/SA	18.2	388.48	0.59	-	-	-	0.02	-	-	-	18.2	401.65	0.61
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 1,503.16**										**$ 1,582.01**
Outpatient Hospital													
Surgery	66.9	$ 1,306.74	$ 7.29	$ 0.44	$ 0.00	$ 0.00	$ 0.10	$ 0.00	$ 0.00	$ 0.00	71.0	$ 1,323.64	$ 7.83
Non-Surg - Emergency Room	619.0	297.79	15.36	2.23	-	-	0.17	-	-	-	708.8	300.66	17.76
Non-Surg - Other	1,296.9	123.71	13.37	0.81	-	-	0.09	-	-	-	1,375.4	124.50	14.27
Observation Room	42.1	952.48	3.34	0.20	-	-	0.01	-	-	-	44.6	955.17	3.55
Treatment/Therapy/Testing	984.9	77.12	6.33	0.39	-	-	0.04	-	-	-	1,045.6	77.58	6.76
Other Outpatient	73.0	70.70	0.43	0.03	-	-	-	0.12	(0.10)	-	98.4	58.51	0.48
Subtotal Outpatient Hospital			**$ 46.12**										**$ 50.65**
Retail Pharmacy													
Prescription Drugs	2,532.9	$ 28.47	$ 6.01	$ 0.00	$ 0.55	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	2,532.9	$ 31.08	$ 6.56
Subtotal Retail Pharmacy			**$ 6.01**										**$ 6.56**
Ancillary													
Transportation	157.9	$ 324.51	$ 4.27	$ 0.22	$ 0.00	$ 0.00	$ 0.09	$ 0.00	$ 0.00	$ 0.00	166.0	$ 331.02	$ 4.58
DME/Prosthetics	2,335.5	18.50	3.60	0.18	-	-	0.46	-	-	-	2,452.3	20.75	4.24
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	278.8	58.54	1.36	0.07	-	-	-	-	-	-	293.1	58.54	1.43
Subtotal Ancillary			**$ 9.23**										**$ 10.25**
Professional													
Inpatient and Outpatient Surgery	1,999.3	$ 114.40	$ 19.06	$ 0.96	$ 0.00	$ 0.00	$ 0.67	$ 0.00	$ 0.00	$ 0.00	2,100.0	$ 118.23	$ 20.69
Anesthesia	123.5	179.78	1.85	0.09	-	-	0.02	-	-	-	129.5	181.63	1.96
Inpatient Visits	14,727.7	187.04	229.55	11.62	-	-	(6.79)	-	-	-	15,473.2	181.77	234.38
MH/SA	9.0	53.60	0.04	-	-	-	0.01	-	-	-	9.0	67.00	0.05
Emergency Room	728.5	74.79	4.54	0.23	-	-	(0.08)	-	-	-	765.4	73.53	4.69
Office/Home Visits/Consults	8,147.4	82.48	56.00	2.83	-	(0.02)	(0.36)	-	-	-	8,556.2	81.98	58.45
Pathology/Lab	1,983.0	48.90	8.08	0.41	-	(0.03)	0.01	0.04	(0.10)	-	2,086.1	48.38	8.41
Radiology	3,086.9	13.76	3.54	0.18	-	-	0.04	-	-	-	3,243.9	13.91	3.76
Office Administered Drugs	108.6	5.52	0.05	-	-	-	-	-	-	-	108.6	5.52	0.05
Physical Exams	28,412.6	46.64	110.42	5.59	-	(0.39)	0.73	-	-	-	29,750.7	46.93	116.35
Therapy	122.1	26.53	0.27	0.01	-	-	-	-	-	-	126.6	26.53	0.28
Vision	33.5	71.57	0.20	0.01	-	-	-	-	-	-	35.2	71.57	0.21
Other Professional	5,012.9	50.37	21.04	1.07	-	(0.41)	(0.54)	-	-	-	5,170.2	49.11	21.16
Subtotal Professional			**$ 454.64**										**$ 470.44**
Total Medical Costs			**$ 2,019.16**										**$ 2,119.91**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - 3 - 12 Months, Male & Female SFY 2023 Member Months: 348,045	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
Category of Service	**Utilization per 1,000**	**Cost per Service**	**PMPM**	**Utilization Adjustment**	**Cost Adjustment**	**Utilization Adjustment**	**Cost Adjustment**	**Utilization Adjustment**	**Cost Adjustment**	**Utilization Adjustment**	**Utilization per 1,000**	**Cost per Service**	**PMPM**
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	163.5	$ 2,102.43	$ 28.65	$ 0.58	$ 0.00	$ 0.00	$ 2.21	$ 0.00	$ 0.00	$ 0.00	166.8	$ 2,261.39	$ 31.44
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 28.65**										**$ 31.44**
Outpatient Hospital													
Surgery	70.7	$ 1,558.18	$ 9.18	$ 0.56	$ 0.00	$ 0.00	$ 0.09	$ 0.00	$ 0.00	$ 0.00	75.0	$ 1,572.58	$ 9.83
Non-Surg - Emergency Room	648.7	223.10	12.06	1.75	-	-	0.16	-	-	-	742.8	225.69	13.97
Non-Surg - Other	660.4	142.29	7.83	0.48	-	-	0.08	-	-	-	700.8	143.66	8.39
Observation Room	11.0	1,154.73	1.06	0.06	-	-	0.01	-	-	-	11.6	1,165.04	1.13
Treatment/Therapy/Testing	283.7	193.27	4.57	0.28	-	-	0.04	-	-	-	301.1	194.87	4.89
Other Outpatient	126.6	93.86	0.99	0.04	-	-	-	(0.13)	(0.29)	-	115.1	63.62	0.61
Subtotal Outpatient Hospital			**$ 35.69**										**$ 38.82**
Retail Pharmacy													
Prescription Drugs	3,240.1	$ 47.26	$ 12.76	$ 0.00	$ 1.17	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	3,240.1	$ 51.59	$ 13.93
Subtotal Retail Pharmacy			**$ 12.76**										**$ 13.93**
Ancillary													
Transportation	66.0	$ 143.53	$ 0.79	$ 0.04	$ 0.00	$ 0.00	$ 0.04	$ 0.00	$ 0.00	$ 0.00	69.4	$ 150.44	$ 0.87
DME/Prosthetics	2,920.6	13.81	3.36	0.17	-	-	0.22	-	-	-	3,068.4	14.67	3.75
Dental	249.3	15.88	0.33	0.02	-	(0.01)	-	-	-	-	256.9	15.88	0.34
Other Ancillary	18.5	38.87	0.06	-	-	-	-	-	-	-	18.5	38.87	0.06
Subtotal Ancillary			**$ 4.54**										**$ 5.02**
Professional													
Inpatient and Outpatient Surgery	247.4	$ 190.13	$ 3.92	$ 0.20	$ 0.00	$ 0.00	$ 0.07	$ 0.00	$ 0.00	$ 0.00	260.0	$ 193.36	$ 4.19
Anesthesia	128.2	118.90	1.27	0.06	-	-	(0.01)	-	-	-	134.2	118.00	1.32
Inpatient Visits	586.2	192.21	9.39	0.48	-	-	(0.09)	-	-	-	616.2	190.46	9.78
MH/SA	190.7	10.07	0.16	0.01	-	-	-	-	-	-	202.6	10.07	0.17
Emergency Room	615.2	69.44	3.56	0.18	-	-	(0.06)	-	-	-	646.3	68.33	3.68
Office/Home Visits/Consults	3,823.1	81.20	25.87	1.31	-	(0.02)	(0.18)	-	-	-	4,013.8	80.66	26.98
Pathology/Lab	1,894.7	21.79	3.44	0.15	-	(0.02)	0.25	(0.08)	(0.38)	-	1,922.3	20.98	3.36
Radiology	495.8	17.91	0.74	0.04	-	-	0.01	-	-	-	522.6	18.14	0.79
Office Administered Drugs	445.0	43.42	1.61	0.08	-	-	(0.08)	-	-	-	467.1	41.36	1.61
Physical Exams	15,828.8	32.20	42.47	2.15	-	(0.14)	0.38	-	-	-	16,577.9	32.47	44.86
Therapy	1,386.7	22.85	2.64	0.13	-	-	0.06	-	-	-	1,454.9	23.34	2.83
Vision	147.2	20.38	0.25	0.01	-	-	0.01	-	-	-	153.1	21.16	0.27
Other Professional	2,002.7	22.89	3.82	0.19	-	(0.08)	0.07	-	-	-	2,060.4	23.30	4.00
Subtotal Professional			**$ 99.14**										**$ 103.84**
Total Medical Costs			**$ 180.78**										**$ 193.05**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 1 - 6, Male & Female SFY 2023 Member Months: 2,641,261 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	32.5	$ 2,197.66	$ 5.95	$ 0.06	$ 0.00	$ 0.00	$ 0.29	$ 0.00	$ 0.00	$ (0.03)	32.7	$ 2,304.23	$ 6.27
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	1.1	862.38	0.08	-	-	-	0.01	-	-	-	1.1	970.17	0.09
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 6.03**										**$ 6.36**
Outpatient Hospital													
Surgery	60.4	$ 1,366.94	$ 6.88	$ 0.71	$ 0.00	$ 0.00	$ 0.07	$ 0.00	$ 0.00	$ (0.04)	66.3	$ 1,379.61	$ 7.62
Non-Surg - Emergency Room	302.1	247.85	6.24	1.59	-	-	0.06	-	-	(0.04)	377.2	249.76	7.85
Non-Surg - Other	235.3	133.60	2.62	0.27	-	-	0.05	-	-	(0.01)	258.7	135.92	2.93
Observation Room	4.0	1,277.30	0.43	0.04	-	-	0.01	-	-	-	4.4	1,304.48	0.48
Treatment/Therapy/Testing	188.8	227.57	3.58	0.37	-	-	0.05	-	-	(0.01)	207.8	230.45	3.99
Other Outpatient	121.0	166.65	1.68	0.12	-	-	-	(0.53)	0.04	-	91.4	171.90	1.31
Subtotal Outpatient Hospital			**$ 21.43**										**$ 24.18**
Retail Pharmacy													
Prescription Drugs	2,735.8	$ 40.09	$ 9.14	$ 0.00	$ 0.84	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.05)	2,720.9	$ 43.80	$ 9.93
Subtotal Retail Pharmacy			**$ 9.14**										**$ 9.93**
Ancillary													
Transportation	34.5	$ 121.70	$ 0.35	$ 0.04	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ 0.00	$ 0.00	38.5	$ 131.06	$ 0.42
DME/Prosthetics	2,913.9	6.47	1.57	0.19	-	-	0.13	-	-	(0.01)	3,248.0	6.95	1.88
Dental	268.2	71.13	1.59	0.20	-	(0.03)	0.02	-	-	(0.01)	295.2	71.94	1.77
Other Ancillary	11.6	31.15	0.03	-	-	-	-	-	-	-	11.6	31.15	0.03
Subtotal Ancillary			**$ 3.54**										**$ 4.10**
Professional													
Inpatient and Outpatient Surgery	169.0	$ 137.05	$ 1.93	$ 0.24	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ (0.01)	189.1	$ 137.69	$ 2.17
Anesthesia	113.7	103.47	0.98	0.12	-	-	(0.03)	-	-	-	127.6	100.65	1.07
Inpatient Visits	52.8	129.53	0.57	0.07	-	-	-	-	-	-	59.3	129.53	0.64
MH/SA	3,066.1	18.98	4.85	0.60	-	0.43	0.43	-	-	(0.03)	3,698.3	20.38	6.28
Emergency Room	325.1	68.28	1.85	0.23	-	-	(0.03)	-	-	(0.01)	363.8	67.29	2.04
Office/Home Visits/Consults	2,220.2	80.59	14.91	1.84	-	(0.01)	(0.06)	-	-	(0.09)	2,479.3	80.30	16.59
Pathology/Lab	1,327.0	23.60	2.61	0.26	-	(0.01)	0.15	(0.10)	(0.35)	(0.01)	1,398.2	21.89	2.55
Radiology	253.4	17.52	0.37	0.05	-	-	-	-	-	(0.01)	280.8	17.52	0.41
Office Administered Drugs	322.9	14.49	0.39	0.05	-	-	0.03	-	-	-	364.3	15.48	0.47
Physical Exams	2,564.3	44.55	9.52	1.18	-	(0.06)	0.07	-	-	(0.05)	2,852.5	44.84	10.66
Therapy	6,361.0	22.85	12.11	1.50	-	-	0.66	-	-	(0.07)	7,112.2	23.96	14.20
Vision	292.4	30.37	0.74	0.09	-	-	0.12	-	-	(0.01)	324.0	34.81	0.94
Other Professional	1,555.3	16.20	2.10	0.26	-	(0.02)	0.06	-	-	(0.01)	1,725.6	16.62	2.39
Subtotal Professional			**$ 52.93**										**$ 60.41**
Total Medical Costs			**$ 93.07**										**$ 104.98**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 7 - 13, Male & Female SFY 2023 Member Months: 3,063,239 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	27.9	$ 2,497.92	$ 5.81	$ 0.06	$ 0.00	$ 0.00	$ 0.25	$ 0.00	$ 0.00	$ (0.06)	27.9	$ 2,605.40	$ 6.06
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	75.4	455.26	2.86	0.03	-	0.23	0.67	-	-	(0.04)	81.2	554.29	3.75
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 8.67**										**$ 9.81**
Outpatient Hospital													
Surgery	33.2	$ 1,512.12	$ 4.18	$ 0.43	$ 0.00	$ 0.00	$ 0.05	$ 0.00	$ 0.00	$ (0.04)	36.3	$ 1,528.67	$ 4.62
Non-Surg - Emergency Room	189.6	276.59	4.37	1.11	-	-	0.04	-	-	(0.05)	235.6	278.63	5.47
Non-Surg - Other	158.7	130.02	1.72	0.18	-	-	0.03	-	-	(0.02)	173.5	132.10	1.91
Observation Room	2.8	1,161.98	0.27	0.03	-	-	-	-	-	-	3.1	1,161.98	0.30
Treatment/Therapy/Testing	154.8	208.56	2.69	0.28	-	-	0.03	-	-	(0.03)	169.2	210.69	2.97
Other Outpatient	92.8	115.04	0.89	0.03	-	-	-	(0.58)	(0.08)	-	35.5	87.97	0.26
Subtotal Outpatient Hospital			**$ 14.12**										**$ 15.53**
Retail Pharmacy													
Prescription Drugs	4,284.5	$ 72.40	$ 25.85	$ 0.00	$ 2.38	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.28)	4,238.1	$ 79.14	$ 27.95
Subtotal Retail Pharmacy			**$ 25.85**										**$ 27.95**
Ancillary													
Transportation	31.3	$ 111.05	$ 0.29	$ 0.04	$ 0.00	$ 0.00	$ 0.02	$ 0.00	$ 0.00	$ 0.00	35.7	$ 117.78	$ 0.35
DME/Prosthetics	2,327.1	7.01	1.36	0.17	-	-	0.10	-	-	(0.02)	2,583.8	7.48	1.61
Dental	32.1	63.47	0.17	0.02	-	-	-	-	-	-	35.9	63.47	0.19
Other Ancillary	43.2	41.62	0.15	0.02	-	-	-	-	-	-	49.0	41.62	0.17
Subtotal Ancillary			**$ 1.97**										**$ 2.32**
Professional													
Inpatient and Outpatient Surgery	123.7	$ 137.70	$ 1.42	$ 0.18	$ 0.00	$ (0.01)	$ 0.01	$ 0.00	$ 0.00	$ (0.02)	136.8	$ 138.58	$ 1.58
Anesthesia	43.6	107.37	0.39	0.05	-	-	(0.01)	-	-	(0.01)	48.1	104.87	0.42
Inpatient Visits	83.6	89.03	0.62	0.08	-	-	0.03	-	-	(0.01)	93.0	92.90	0.72
MH/SA	3,501.6	55.66	16.24	2.02	-	0.89	0.29	0.02	-	(0.18)	4,094.5	56.51	19.28
Emergency Room	206.3	72.71	1.25	0.15	-	-	(0.01)	-	-	(0.01)	229.4	72.18	1.38
Office/Home Visits/Consults	1,954.4	84.73	13.80	1.71	-	(0.01)	0.03	-	-	(0.15)	2,173.9	84.90	15.38
Pathology/Lab	1,184.1	21.79	2.15	0.17	-	(0.01)	0.11	(0.24)	(0.53)	(0.02)	1,129.0	17.32	1.63
Radiology	316.0	19.74	0.52	0.06	-	-	-	-	-	-	352.5	19.74	0.58
Office Administered Drugs	576.9	18.93	0.91	0.11	-	-	0.03	-	-	(0.01)	640.3	19.49	1.04
Physical Exams	1,066.7	58.50	5.20	0.64	-	(0.03)	0.08	-	-	(0.06)	1,179.6	59.31	5.83
Therapy	1,126.0	22.17	2.08	0.26	-	-	0.13	-	-	(0.03)	1,250.5	23.42	2.44
Vision	708.1	33.72	1.99	0.25	-	-	0.41	-	-	(0.03)	786.4	39.98	2.62
Other Professional	2,202.9	11.00	2.02	0.25	-	(0.01)	0.04	-	-	(0.02)	2,442.8	11.20	2.28
Subtotal Professional			**$ 48.59**										**$ 55.18**
Total Medical Costs			**$ 99.20**										**$ 110.79**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Male SFY 2023 Member Months: 1,032,778 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	51.9	$ 2,914.93	$ 12.60	$ 0.13	$ 0.00	$ 0.00	$ 0.37	$ 0.00	$ 0.00	$ (0.34)	51.0	$ 3,001.97	$ 12.76
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	189.3	443.13	6.99	0.07	-	0.64	1.52	-	-	(0.24)	202.0	533.42	8.98
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 19.59**										**$ 21.74**
Outpatient Hospital													
Surgery	48.2	$ 1,477.93	$ 5.94	$ 0.61	$ 0.00	$ 0.00	$ 0.08	$ 0.00	$ 0.00	$ (0.17)	51.8	$ 1,496.46	$ 6.46
Non-Surg - Emergency Room	255.5	285.56	6.08	1.55	-	-	0.06	-	-	(0.20)	312.2	287.87	7.49
Non-Surg - Other	123.4	139.03	1.43	0.15	-	-	0.02	-	-	(0.04)	132.9	140.84	1.56
Observation Room	3.1	1,262.85	0.33	0.03	-	-	0.01	-	-	(0.01)	3.3	1,298.94	0.36
Treatment/Therapy/Testing	199.9	274.94	4.58	0.47	-	-	0.08	-	-	(0.14)	214.3	279.42	4.99
Other Outpatient	94.6	117.93	0.93	0.03	-	-	-	(0.61)	(0.09)	(0.01)	34.6	86.71	0.25
Subtotal Outpatient Hospital			**$ 19.29**										**$ 21.11**
Retail Pharmacy													
Prescription Drugs	4,534.4	$ 83.57	$ 31.58	$ 0.00	$ 2.91	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.92)	4,402.3	$ 91.51	$ 33.57
Subtotal Retail Pharmacy			**$ 31.58**										**$ 33.57**
Ancillary													
Transportation	79.3	$ 110.45	$ 0.73	$ 0.09	$ 0.00	$ 0.00	$ 0.06	$ 0.00	$ 0.00	$ (0.02)	86.9	$ 118.73	$ 0.86
DME/Prosthetics	2,218.1	10.39	1.92	0.24	-	-	0.15	-	-	(0.06)	2,426.1	11.13	2.25
Dental	7.4	16.28	0.01	-	-	-	-	-	-	-	7.4	16.28	0.01
Other Ancillary	51.9	48.56	0.21	0.03	-	-	-	-	-	(0.01)	56.8	48.56	0.23
Subtotal Ancillary			**$ 2.87**										**$ 3.35**
Professional													
Inpatient and Outpatient Surgery	175.4	$ 158.06	$ 2.31	$ 0.29	$ 0.00	$ 0.00	$ (0.01)	$ 0.00	$ 0.00	$ (0.07)	192.1	$ 157.43	$ 2.52
Anesthesia	58.8	118.40	0.58	0.07	-	-	(0.01)	-	-	(0.02)	63.9	116.52	0.62
Inpatient Visits	162.7	85.58	1.16	0.14	-	-	0.09	-	-	(0.03)	178.1	91.65	1.36
MH/SA	2,805.5	57.91	13.54	1.68	-	0.40	0.53	0.02	-	(0.41)	3,155.7	59.93	15.76
Emergency Room	282.7	77.69	1.83	0.23	-	-	(0.01)	-	-	(0.05)	310.5	77.30	2.00
Office/Home Visits/Consults	1,778.5	84.07	12.46	1.54	-	(0.01)	0.12	-	-	(0.38)	1,942.7	84.81	13.73
Pathology/Lab	1,328.9	22.94	2.54	0.21	-	(0.01)	0.16	(0.25)	(0.62)	(0.05)	1,276.6	18.61	1.98
Radiology	512.5	23.88	1.02	0.13	-	-	(0.01)	-	-	(0.03)	562.7	23.67	1.11
Office Administered Drugs	1,209.3	37.41	3.77	0.47	-	(0.01)	0.09	-	-	(0.11)	1,321.5	38.23	4.21
Physical Exams	705.7	65.81	3.87	0.48	-	(0.04)	0.08	-	-	(0.12)	764.0	67.06	4.27
Therapy	558.8	21.47	1.00	0.12	-	-	0.05	-	-	(0.03)	609.1	22.46	1.14
Vision	605.6	34.28	1.73	0.21	-	-	0.36	-	-	(0.06)	658.1	40.84	2.24
Other Professional	1,847.7	12.99	2.00	0.25	-	(0.01)	0.04	-	-	(0.06)	2,014.0	13.23	2.22
Subtotal Professional			**$ 47.81**										**$ 53.16**
Total Medical Costs			**$ 121.14**										**$ 132.93**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Female SFY 2023 Member Months: 1,033,480 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	52.2	$ 2,351.19	$ 10.22	$ 0.10	$ 0.00	$ 0.00	$ 0.41	$ 0.00	$ 0.00	$ (0.29)	51.2	$ 2,447.30	$ 10.44
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	281.2	461.28	10.81	0.11	-	0.84	2.03	-	-	(0.36)	296.6	543.42	13.43
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 21.03**										**$ 23.87**
Outpatient Hospital													
Surgery	61.0	$ 1,389.25	$ 7.06	$ 0.72	$ 0.00	$ 0.00	$ 0.12	$ 0.00	$ 0.00	$ (0.21)	65.4	$ 1,411.27	$ 7.69
Non-Surg - Emergency Room	444.5	310.44	11.50	2.93	-	-	0.10	-	-	(0.39)	542.7	312.66	14.14
Non-Surg - Other	210.8	156.58	2.75	0.28	-	-	0.04	-	-	(0.08)	226.1	158.71	2.99
Observation Room	8.1	841.94	0.57	0.06	-	-	-	-	-	(0.01)	8.8	841.94	0.62
Treatment/Therapy/Testing	373.0	219.08	6.81	0.70	-	-	0.09	-	-	(0.21)	399.8	221.78	7.39
Other Outpatient	129.9	114.54	1.24	0.04	-	-	-	(0.73)	(0.15)	(0.01)	56.6	82.72	0.39
Subtotal Outpatient Hospital			**$ 29.93**										**$ 33.22**
Retail Pharmacy													
Prescription Drugs	6,961.6	$ 58.68	$ 34.04	$ 0.00	$ 3.13	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.98)	6,761.2	$ 64.23	$ 36.19
Subtotal Retail Pharmacy			**$ 34.04**										**$ 36.19**
Ancillary													
Transportation	118.6	$ 97.14	$ 0.96	$ 0.12	$ 0.00	$ 0.00	$ 0.09	$ 0.00	$ 0.00	$ (0.04)	128.5	$ 105.55	$ 1.13
DME/Prosthetics	1,627.9	11.94	1.62	0.20	-	-	0.14	-	-	(0.06)	1,768.6	12.89	1.90
Dental	8.6	27.90	0.02	-	-	-	-	-	-	-	8.6	27.90	0.02
Other Ancillary	62.2	55.95	0.29	0.04	-	-	-	-	-	(0.01)	68.6	55.95	0.32
Subtotal Ancillary			**$ 2.89**										**$ 3.37**
Professional													
Inpatient and Outpatient Surgery	175.1	$ 156.96	$ 2.29	$ 0.28	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ (0.07)	191.1	$ 157.59	$ 2.51
Anesthesia	68.0	112.92	0.64	0.08	-	-	(0.02)	-	-	(0.01)	75.5	109.74	0.69
Inpatient Visits	266.2	80.25	1.78	0.22	-	-	0.16	-	-	(0.06)	290.1	86.87	2.10
MH/SA	3,153.5	80.25	21.09	2.61	-	0.58	0.21	0.04	-	(0.64)	3,540.8	80.97	23.89
Emergency Room	465.7	81.68	3.17	0.39	-	-	-	-	-	(0.10)	508.3	81.68	3.46
Office/Home Visits/Consults	2,716.3	85.53	19.36	2.39	-	(0.03)	0.25	-	-	(0.58)	2,966.0	86.54	21.39
Pathology/Lab	3,288.8	19.23	5.27	0.51	-	(0.02)	0.56	(0.28)	(0.88)	(0.14)	3,332.5	18.08	5.02
Radiology	592.8	31.18	1.54	0.19	-	-	0.02	-	-	(0.05)	646.6	31.55	1.70
Office Administered Drugs	15,536.8	1.56	2.02	0.25	-	-	0.05	-	-	(0.06)	16,998.2	1.60	2.26
Physical Exams	797.9	65.72	4.37	0.54	-	(0.05)	0.10	-	-	(0.13)	863.7	67.11	4.83
Therapy	629.6	21.92	1.15	0.14	-	-	0.05	-	-	(0.03)	689.8	22.79	1.31
Vision	972.0	33.70	2.73	0.34	-	-	0.57	-	-	(0.10)	1,057.5	40.17	3.54
Other Professional	2,367.5	20.58	4.06	0.50	-	(0.02)	0.08	-	-	(0.12)	2,577.4	20.95	4.50
Subtotal Professional			**$ 69.47**										**$ 77.20**
Total Medical Costs			**$ 157.36**										**$ 173.85**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Male SFY 2023 Member Months: 587,591 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	171.9	$ 2,740.14	$ 39.25	$ 0.79	$ 0.00	$ 0.00	$ 0.86	$ 0.00	$ 0.00	$ (1.72)	167.8	$ 2,801.64	$ 39.18
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	87.0	660.41	4.79	0.10	-	0.01	0.01	-	-	(0.20)	85.4	661.81	4.71
Other Inpatient	1.3	282.05	0.03	-	-	-	-	-	-	-	1.3	282.05	0.03
Subtotal Inpatient Hospital			**$ 44.07**										**$ 43.92**
Outpatient Hospital													
Surgery	78.5	$ 1,449.10	$ 9.48	$ 0.10	$ 0.00	$ 0.00	$ 0.21	$ 0.00	$ 0.00	$ (0.41)	75.9	$ 1,482.28	$ 9.38
Non-Surg - Emergency Room	473.0	294.80	11.62	0.71	-	-	0.08	-	-	(0.52)	480.7	296.80	11.89
Non-Surg - Other	65.6	157.27	0.86	0.01	-	-	0.01	-	-	(0.04)	63.3	159.17	0.84
Observation Room	4.5	819.13	0.31	-	-	-	-	-	-	(0.01)	4.4	819.13	0.30
Treatment/Therapy/Testing	257.3	320.86	6.88	0.07	-	-	0.09	-	-	(0.29)	249.1	325.20	6.75
Other Outpatient	87.6	141.06	1.03	0.01	-	-	-	(0.49)	(0.04)	(0.02)	45.1	130.42	0.49
Subtotal Outpatient Hospital			**$ 30.18**										**$ 29.65**
Retail Pharmacy													
Prescription Drugs	3,788.2	$ 127.82	$ 40.35	$ 0.00	$ 5.42	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (1.92)	3,607.9	$ 145.85	$ 43.85
Subtotal Retail Pharmacy			**$ 40.35**										**$ 43.85**
Ancillary													
Transportation	174.9	$ 104.98	$ 1.53	$ 0.06	$ 0.00	$ 0.00	$ 0.12	$ 0.00	$ 0.00	$ (0.07)	173.8	$ 113.26	$ 1.64
DME/Prosthetics	1,977.1	16.39	2.70	0.11	-	-	0.21	-	-	(0.13)	1,962.5	17.67	2.89
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	77.4	69.76	0.45	0.02	-	-	-	-	-	(0.02)	77.4	69.76	0.45
Subtotal Ancillary			**$ 4.68**										**$ 4.98**
Professional													
Inpatient and Outpatient Surgery	285.9	$ 160.31	$ 3.82	$ 0.15	$ 0.00	$ 0.00	$ (0.03)	$ 0.00	$ 0.00	$ (0.17)	284.4	$ 159.05	$ 3.77
Anesthesia	103.7	119.22	1.03	0.04	-	-	(0.02)	-	-	(0.05)	102.7	116.88	1.00
Inpatient Visits	363.3	84.90	2.57	0.10	-	-	0.16	-	-	(0.12)	360.4	90.22	2.71
MH/SA	1,156.9	91.38	8.81	0.36	-	0.02	0.24	-	-	(0.39)	1,155.6	93.87	9.04
Emergency Room	534.7	83.26	3.71	0.15	-	-	0.01	-	-	(0.17)	531.8	83.49	3.70
Office/Home Visits/Consults	1,737.1	83.52	12.09	0.49	-	(0.03)	0.24	-	-	(0.54)	1,725.6	85.19	12.25
Pathology/Lab	1,834.9	20.08	3.07	0.10	-	(0.01)	0.22	(0.15)	(0.58)	(0.11)	1,733.3	17.59	2.54
Radiology	840.4	29.99	2.10	0.08	-	-	(0.02)	-	-	(0.09)	836.4	29.70	2.07
Office Administered Drugs	4,515.4	19.32	7.27	0.29	-	-	0.01	-	-	(0.31)	4,503.0	19.35	7.26
Physical Exams	127.6	61.14	0.65	0.03	-	(0.01)	0.01	-	-	(0.03)	125.6	62.09	0.65
Therapy	384.4	22.79	0.73	0.03	-	-	0.02	-	-	(0.03)	384.4	23.41	0.75
Vision	156.6	42.15	0.55	0.02	-	-	0.09	-	-	(0.02)	156.6	49.05	0.64
Other Professional	924.9	20.11	1.55	0.06	-	-	0.04	-	-	(0.07)	918.9	20.63	1.58
Subtotal Professional			**$ 47.95**										**$ 47.96**
Total Medical Costs			**$ 167.23**										**$ 170.36**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Female SFY 2023 Member Months: 1,964,094 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	197.3	$ 2,391.56	$ 39.33	$ 0.79	$ 0.00	$ 0.00	$ 0.99	$ 0.00	$ 0.00	$ (0.87)	196.9	$ 2,451.88	$ 40.24
Inpatient Well Newborn	0.2	646.56	0.01	-	-	-	-	-	-	-	0.2	646.56	0.01
Inpatient MH/SA	84.8	659.41	4.66	0.09	-	0.01	0.04	-	-	(0.10)	84.8	665.07	4.70
Other Inpatient	3.1	313.48	0.08	-	-	-	-	-	-	-	3.1	313.48	0.08
Subtotal Inpatient Hospital			**$ 44.08**										**$ 45.03**
Outpatient Hospital													
Surgery	178.2	$ 1,383.31	$ 20.54	$ 0.21	$ 0.00	$ 0.00	$ 0.40	$ 0.00	$ 0.00	$ (0.45)	176.1	$ 1,410.57	$ 20.70
Non-Surg - Emergency Room	877.7	320.61	23.45	1.43	-	-	0.23	-	-	(0.53)	911.4	323.63	24.58
Non-Surg - Other	280.5	165.96	3.88	0.04	-	-	0.04	-	-	(0.09)	276.9	167.70	3.87
Observation Room	22.5	575.35	1.08	0.01	-	-	0.01	-	-	(0.02)	22.3	580.73	1.08
Treatment/Therapy/Testing	743.8	285.22	17.68	0.18	-	-	0.29	-	-	(0.39)	735.0	289.96	17.76
Other Outpatient	230.5	122.85	2.36	0.02	-	-	0.01	(1.02)	(0.16)	(0.03)	129.9	109.00	1.18
Subtotal Outpatient Hospital			**$ 68.99**										**$ 69.17**
Retail Pharmacy													
Prescription Drugs	8,297.4	$ 84.85	$ 58.67	$ 0.00	$ 7.87	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (1.41)	8,098.0	$ 96.51	$ 65.13
Subtotal Retail Pharmacy			**$ 58.67**										**$ 65.13**
Ancillary													
Transportation	246.2	$ 89.68	$ 1.84	$ 0.07	$ 0.00	$ 0.00	$ 0.17	$ 0.00	$ 0.00	$ (0.05)	248.9	$ 97.88	$ 2.03
DME/Prosthetics	2,319.1	12.83	2.48	0.10	-	-	0.20	-	-	(0.06)	2,356.5	13.85	2.72
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	157.7	103.51	1.36	0.05	-	-	0.01	-	-	(0.03)	160.0	104.26	1.39
Subtotal Ancillary			**$ 5.68**										**$ 6.14**
Professional													
Inpatient and Outpatient Surgery	482.4	$ 179.36	$ 7.21	$ 0.29	$ 0.00	$ (0.01)	$ 0.05	$ 0.00	$ 0.00	$ (0.16)	490.4	$ 180.58	$ 7.38
Anesthesia	210.3	115.28	2.02	0.08	-	-	(0.05)	-	-	(0.04)	214.4	112.48	2.01
Inpatient Visits	418.6	82.28	2.87	0.12	-	-	0.16	-	-	(0.06)	427.3	86.78	3.09
MH/SA	2,136.4	83.24	14.82	0.60	-	0.01	0.46	-	-	(0.33)	2,176.8	85.78	15.56
Emergency Room	974.7	85.69	6.96	0.28	-	-	0.02	-	-	(0.15)	992.9	85.93	7.11
Office/Home Visits/Consults	3,854.1	83.41	26.79	1.08	-	(0.08)	0.56	-	-	(0.60)	3,911.7	85.13	27.75
Pathology/Lab	6,969.0	18.65	10.83	0.38	-	(0.02)	1.23	(0.25)	(1.08)	(0.24)	6,885.4	18.91	10.85
Radiology	1,498.1	40.13	5.01	0.20	-	-	0.03	-	-	(0.11)	1,525.0	40.37	5.13
Office Administered Drugs	25,120.2	4.29	8.98	0.36	-	-	(0.09)	-	-	(0.20)	25,567.8	4.25	9.05
Physical Exams	355.8	66.79	1.98	0.08	-	(0.01)	0.04	-	-	(0.04)	361.2	68.11	2.05
Therapy	570.3	22.51	1.07	0.04	-	-	0.04	-	-	(0.03)	575.6	23.35	1.12
Vision	156.8	52.79	0.69	0.03	-	-	0.09	-	-	(0.02)	159.1	59.58	0.79
Other Professional	2,110.2	34.80	6.12	0.25	-	(0.02)	0.10	-	-	(0.14)	2,141.3	35.36	6.31
Subtotal Professional			**$ 95.35**										**$ 98.20**
Total Medical Costs			**$ 272.77**										**$ 283.67**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 45+, Male & Female SFY 2023 Member Months: 369,227 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	524.1	$ 2,448.99	$ 106.96	$ 2.15	$ 0.00	$ 0.00	$ 2.17	$ 0.00	$ 0.00	$ (3.13)	519.3	$ 2,499.13	$ 108.15
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	71.5	705.21	4.20	0.08	-	0.01	0.01	-	-	(0.12)	71.0	706.90	4.18
Other Inpatient	59.4	327.28	1.62	0.03	-	-	-	-	-	(0.04)	59.0	327.28	1.61
Subtotal Inpatient Hospital			**$ 112.78**										**$ 113.94**
Outpatient Hospital													
Surgery	202.0	$ 1,894.00	$ 31.89	$ 0.32	$ 0.00	$ 0.00	$ 0.67	$ 0.00	$ 0.00	$ (0.92)	198.2	$ 1,934.55	$ 31.96
Non-Surg - Emergency Room	592.2	348.10	17.18	1.05	-	-	0.18	-	-	(0.52)	610.5	351.64	17.89
Non-Surg - Other	269.3	144.37	3.24	0.03	-	-	0.06	-	-	(0.10)	263.5	147.10	3.23
Observation Room	19.1	950.39	1.51	0.02	-	-	0.01	-	-	(0.04)	18.8	956.77	1.50
Treatment/Therapy/Testing	1,086.7	434.19	39.32	0.39	-	-	1.19	-	-	(1.15)	1,065.7	447.59	39.75
Other Outpatient	425.0	129.60	4.59	0.04	-	-	0.07	(1.37)	(0.09)	(0.09)	293.5	128.78	3.15
Subtotal Outpatient Hospital			**$ 97.73**										**$ 97.48**
Retail Pharmacy													
Prescription Drugs	17,710.9	$ 92.64	$ 136.73	$ 0.00	$ 18.35	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (4.36)	17,146.1	$ 105.48	$ 150.72
Subtotal Retail Pharmacy			**$ 136.73**										**$ 150.72**
Ancillary													
Transportation	268.2	$ 94.39	$ 2.11	$ 0.09	$ 0.00	$ 0.00	$ 0.17	$ 0.00	$ 0.00	$ (0.06)	272.1	$ 101.89	$ 2.31
DME/Prosthetics	9,196.9	8.85	6.78	0.27	-	-	0.63	-	-	(0.21)	9,278.3	9.66	7.47
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	407.9	75.90	2.58	0.10	-	-	0.01	-	-	(0.08)	411.0	76.20	2.61
Subtotal Ancillary			**$ 11.47**										**$ 12.39**
Professional													
Inpatient and Outpatient Surgery	1,080.3	$ 165.62	$ 14.91	$ 0.60	$ 0.00	$ 0.00	$ (0.02)	$ 0.00	$ 0.00	$ (0.43)	1,092.6	$ 165.40	$ 15.06
Anesthesia	394.7	111.58	3.67	0.15	-	-	(0.09)	-	-	(0.11)	399.0	108.87	3.62
Inpatient Visits	887.7	84.08	6.22	0.25	-	-	0.35	-	-	(0.19)	896.2	88.77	6.63
MH/SA	1,646.4	86.51	11.87	0.48	-	0.01	0.32	-	-	(0.35)	1,665.9	88.82	12.33
Emergency Room	724.2	93.79	5.66	0.23	-	-	0.05	-	-	(0.17)	731.9	94.61	5.77
Office/Home Visits/Consults	5,506.7	85.47	39.22	1.58	-	(0.13)	0.62	-	-	(1.16)	5,547.4	86.81	40.13
Pathology/Lab	6,833.9	14.98	8.53	0.30	-	(0.02)	0.76	(0.17)	(0.94)	(0.24)	6,729.7	14.66	8.22
Radiology	2,498.0	39.25	8.17	0.33	-	-	(0.10)	-	-	(0.23)	2,528.5	38.77	8.17
Office Administered Drugs	21,706.0	10.32	18.66	0.75	-	(0.01)	(0.34)	-	-	(0.54)	21,938.7	10.13	18.52
Physical Exams	370.6	61.20	1.89	0.08	-	(0.01)	0.04	-	-	(0.05)	374.5	62.49	1.95
Therapy	1,589.2	22.20	2.94	0.12	-	-	0.09	-	-	(0.09)	1,605.4	22.87	3.06
Vision	183.5	69.98	1.07	0.04	-	-	0.09	-	-	(0.03)	185.2	75.81	1.17
Other Professional	3,025.0	24.04	6.06	0.24	-	(0.01)	0.03	-	-	(0.18)	3,049.9	24.16	6.14
Subtotal Professional			**$ 128.87**										**$ 130.77**
Total Medical Costs			**$ 487.58**										**$ 505.30**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: SSI - Children SFY 2023 Member Months: 139,769 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	279.9	$ 2,137.59	$ 49.86	$ 0.50	$ 0.00	$ 0.00	$ 4.53	$ 0.00	$ 0.00	$ (1.08)	276.6	$ 2,334.09	$ 53.81
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	911.7	403.96	30.69	1.24	-	3.94	11.65	-	-	(0.93)	1,037.9	538.65	46.59
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 80.55**										**$ 100.40**
Outpatient Hospital													
Surgery	108.3	$ 1,914.13	$ 17.28	$ 0.70	$ 0.00	$ 0.00	$ 0.20	$ 0.00	$ 0.00	$ (0.36)	110.5	$ 1,935.86	$ 17.82
Non-Surg - Emergency Room	469.9	328.64	12.87	1.32	-	-	0.10	-	-	(0.28)	507.9	331.00	14.01
Non-Surg - Other	591.6	151.31	7.46	0.30	-	-	0.09	-	-	(0.16)	602.7	153.10	7.69
Observation Room	13.1	1,628.31	1.78	0.07	-	-	-	-	-	(0.03)	13.4	1,628.31	1.82
Treatment/Therapy/Testing	753.3	393.94	24.73	1.00	-	-	0.48	-	-	(0.51)	768.2	401.44	25.70
Other Outpatient	246.2	152.05	3.12	0.07	-	-	0.02	(1.33)	0.07	(0.04)	143.6	159.57	1.91
Subtotal Outpatient Hospital			**$ 67.24**										**$ 68.95**
Retail Pharmacy													
Prescription Drugs	14,914.7	$ 155.40	$ 193.15	$ 0.00	$ 17.77	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (4.14)	14,595.0	$ 170.01	$ 206.78
Subtotal Retail Pharmacy			**$ 193.15**										**$ 206.78**
Ancillary													
Transportation	200.9	$ 102.76	$ 1.72	$ 0.12	$ 0.00	$ 0.00	$ 0.14	$ 0.00	$ 0.00	$ (0.04)	210.2	$ 110.75	$ 1.94
DME/Prosthetics	84,078.7	2.71	18.98	1.35	-	-	1.37	-	-	(0.42)	88,198.5	2.90	21.28
Dental	89.1	101.03	0.75	0.05	-	(0.01)	0.02	-	-	(0.02)	91.5	103.66	0.79
Other Ancillary	333.0	34.59	0.96	0.07	-	-	-	-	-	(0.02)	350.3	34.59	1.01
Subtotal Ancillary			**$ 22.41**										**$ 25.02**
Professional													
Inpatient and Outpatient Surgery	276.7	$ 183.47	$ 4.23	$ 0.30	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ 0.00	$ (0.08)	291.0	$ 184.71	$ 4.48
Anesthesia	198.8	132.79	2.20	0.16	-	-	(0.05)	-	-	(0.04)	209.7	129.93	2.27
Inpatient Visits	728.4	94.73	5.75	0.41	-	-	0.24	-	-	(0.13)	763.9	98.50	6.27
MH/SA	29,480.5	24.15	59.34	4.23	-	7.45	4.60	0.03	0.07	(1.43)	34,587.7	25.77	74.29
Emergency Room	552.8	84.87	3.91	0.28	-	-	(0.01)	-	-	(0.09)	579.7	84.67	4.09
Office/Home Visits/Consults	3,974.6	94.44	31.28	2.23	-	(0.01)	0.07	-	-	(0.66)	4,172.9	94.64	32.91
Pathology/Lab	1,889.7	21.97	3.46	0.19	-	(0.01)	0.22	(0.22)	(0.60)	(0.06)	1,835.1	19.49	2.98
Radiology	781.0	25.04	1.63	0.12	-	-	0.02	-	-	(0.03)	824.1	25.34	1.74
Office Administered Drugs	20,676.9	15.01	25.87	1.84	-	-	0.41	-	-	(0.56)	21,700.0	15.24	27.56
Physical Exams	1,109.6	59.48	5.50	0.39	-	(0.03)	0.08	-	-	(0.12)	1,158.0	60.31	5.82
Therapy	16,695.4	21.73	30.23	2.15	-	-	1.71	-	-	(0.67)	17,512.8	22.90	33.42
Vision	806.3	36.17	2.43	0.17	-	-	0.44	-	-	(0.06)	842.8	42.43	2.98
Other Professional	3,512.1	24.67	7.22	0.51	-	(0.01)	0.15	-	-	(0.15)	3,682.3	25.16	7.72
Subtotal Professional			**$ 183.05**										**$ 206.53**
Total Medical Costs			**$ 546.40**										**$ 607.68**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: SSI - Adults SFY 2023 Member Months: 641,286 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	1,776.3	$ 2,150.29	$ 318.30	$ 6.40	$ 0.00	$ 0.00	$ 6.94	$ 0.00	$ 0.00	$ 0.00	1,812.0	$ 2,196.25	$ 331.64
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	486.3	669.97	27.15	0.55	-	0.01	0.47	-	-	-	496.3	681.33	28.18
Other Inpatient	320.3	349.96	9.34	0.19	-	-	-	-	-	-	326.8	349.96	9.53
Subtotal Inpatient Hospital			**$ 354.79**										**$ 369.35**
Outpatient Hospital													
Surgery	285.3	$ 1,869.80	$ 44.46	$ 3.17	$ 0.00	$ 0.00	$ 0.72	$ 0.00	$ 0.00	$ 0.00	305.7	$ 1,898.07	$ 48.35
Non-Surg - Emergency Room	1,291.4	398.16	42.85	3.05	-	-	0.46	-	-	-	1,383.4	402.15	46.36
Non-Surg - Other	606.0	163.76	8.27	0.59	-	-	0.13	-	-	-	649.2	166.16	8.99
Observation Room	43.2	978.82	3.52	0.25	-	-	0.03	-	-	-	46.2	986.61	3.80
Treatment/Therapy/Testing	1,428.4	824.04	98.09	6.99	-	-	2.13	-	-	-	1,530.2	840.75	107.21
Other Outpatient	421.4	174.56	6.13	0.32	-	-	0.11	(2.06)	0.33	-	301.8	192.06	4.83
Subtotal Outpatient Hospital			**$ 203.32**										**$ 219.54**
Retail Pharmacy													
Prescription Drugs	26,189.2	$ 169.65	$ 370.25	$ 0.00	$ 61.61	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	26,189.2	$ 197.88	$ 431.86
Subtotal Retail Pharmacy			**$ 370.25**										**$ 431.86**
Ancillary													
Transportation	1,242.7	$ 88.17	$ 9.13	$ 0.56	$ 0.00	$ 0.00	$ 0.83	$ 0.00	$ 0.00	$ 0.00	1,318.9	$ 95.72	$ 10.52
DME/Prosthetics	43,682.0	6.89	25.09	1.53	-	-	2.39	-	-	-	46,345.8	7.51	29.01
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	1,614.9	71.93	9.68	0.59	-	-	-	-	-	-	1,713.3	71.93	10.27
Subtotal Ancillary			**$ 43.90**										**$ 49.80**
Professional													
Inpatient and Outpatient Surgery	1,428.4	$ 162.64	$ 19.36	$ 1.18	$ 0.00	$ (0.01)	$ 0.01	$ 0.00	$ 0.00	$ 0.00	1,514.8	$ 162.72	$ 20.54
Anesthesia	542.9	114.05	5.16	0.31	-	-	(0.10)	-	-	-	575.5	111.97	5.37
Inpatient Visits	3,508.5	82.67	24.17	1.47	-	-	1.35	-	-	-	3,721.9	87.02	26.99
MH/SA	6,378.4	40.30	21.42	1.31	-	0.01	0.51	0.02	0.02	-	6,777.4	41.24	23.29
Emergency Room	1,681.8	95.18	13.34	0.81	-	-	0.09	-	-	-	1,783.9	95.79	14.24
Office/Home Visits/Consults	6,974.9	92.68	53.87	3.28	-	(0.29)	0.63	-	-	-	7,362.0	93.71	57.49
Pathology/Lab	8,243.2	13.95	9.58	0.53	-	(0.05)	1.02	(0.15)	(0.78)	-	8,527.1	14.28	10.15
Radiology	3,885.0	40.19	13.01	0.79	-	-	(0.32)	-	-	-	4,120.9	39.25	13.48
Office Administered Drugs	63,018.1	11.78	61.88	3.77	-	(0.02)	0.30	-	-	-	66,837.1	11.84	65.93
Physical Exams	406.8	48.67	1.65	0.10	-	-	0.02	-	-	-	431.5	49.23	1.77
Therapy	1,188.5	22.82	2.26	0.14	-	-	0.06	-	-	-	1,262.1	23.39	2.46
Vision	203.1	69.71	1.18	0.07	-	-	0.08	-	-	-	215.2	74.17	1.33
Other Professional	3,989.7	55.16	18.34	1.12	-	(0.12)	0.12	-	-	-	4,207.3	55.50	19.46
Subtotal Professional			**$ 245.22**										**$ 262.50**
Total Medical Costs			**$ 1,217.48**										**$ 1,333.05**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: OCWI SFY 2023 Member Months: 451,448 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	168.3	$ 1,800.77	$ 25.26	$ 0.00	$ 0.00	$ 0.00	$ 0.76	$ 0.00	$ 0.00	$ (2.39)	152.4	$ 1,860.61	$ 23.63
Inpatient Well Newborn	1.1	664.28	0.06	-	-	-	-	-	-	(0.01)	0.9	664.28	0.05
Inpatient MH/SA	41.5	710.92	2.46	0.07	-	-	0.03	-	-	(0.24)	38.7	720.23	2.32
Other Inpatient	1.2	194.85	0.02	-	-	-	-	-	-	-	1.2	194.85	0.02
Subtotal Inpatient Hospital			**$ 27.80**										**$ 26.02**
Outpatient Hospital													
Surgery	339.1	$ 620.67	$ 17.54	$ 1.07	$ 0.00	$ 0.00	$ 0.28	$ 0.00	$ 0.00	$ (1.73)	326.4	$ 630.96	$ 17.16
Non-Surg - Emergency Room	741.0	367.62	22.70	1.38	-	-	0.32	-	-	(2.24)	712.9	373.00	22.16
Non-Surg - Other	563.1	163.67	7.68	0.47	-	-	0.04	-	-	(0.75)	542.6	164.55	7.44
Observation Room	80.6	357.22	2.40	0.15	-	-	0.05	-	-	(0.24)	77.6	364.95	2.36
Treatment/Therapy/Testing	1,068.6	153.39	13.66	0.83	-	-	0.23	-	-	(1.35)	1,028.0	156.08	13.37
Other Outpatient	157.9	113.21	1.49	0.06	-	-	0.01	(0.42)	(0.19)	(0.09)	110.2	93.61	0.86
Subtotal Outpatient Hospital			**$ 65.47**										**$ 63.35**
Retail Pharmacy													
Prescription Drugs	7,697.3	$ 42.34	$ 27.16	$ 0.00	$ 3.94	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ (2.86)	6,886.8	$ 49.21	$ 28.24
Subtotal Retail Pharmacy			**$ 27.16**										**$ 28.24**
Ancillary													
Transportation	210.7	$ 92.26	$ 1.62	$ 0.03	$ 0.00	$ 0.00	$ 0.15	$ 0.00	$ 0.00	$ (0.17)	192.5	$ 101.61	$ 1.63
DME/Prosthetics	1,582.1	14.49	1.91	0.04	-	-	0.07	-	-	(0.19)	1,457.8	15.06	1.83
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	142.0	152.07	1.80	0.04	-	-	-	-	-	(0.17)	131.8	152.07	1.67
Subtotal Ancillary			**$ 5.33**										**$ 5.13**
Professional													
Inpatient and Outpatient Surgery	311.5	$ 160.65	$ 4.17	$ 0.08	$ 0.00	$ 0.00	$ 0.04	$ 0.00	$ 0.00	$ (0.39)	288.3	$ 162.32	$ 3.90
Anesthesia	128.3	114.15	1.22	0.02	-	-	(0.03)	-	-	(0.12)	117.7	111.09	1.09
Inpatient Visits	565.4	75.13	3.54	0.07	-	-	0.14	-	-	(0.35)	520.7	78.36	3.40
MH/SA	1,136.8	90.15	8.54	0.17	-	-	0.31	-	-	(0.83)	1,048.9	93.69	8.19
Emergency Room	898.7	83.32	6.24	0.13	-	-	0.05	-	-	(0.59)	832.4	84.04	5.83
Office/Home Visits/Consults	2,489.4	77.80	16.14	0.32	-	(0.04)	0.30	-	-	(1.54)	2,295.1	79.37	15.18
Pathology/Lab	8,942.7	16.36	12.19	0.24	-	(0.03)	1.43	(0.08)	(0.61)	(1.21)	8,150.4	17.56	11.93
Radiology	1,133.2	56.66	5.35	0.11	-	-	0.13	-	-	(0.51)	1,048.4	58.14	5.08
Office Administered Drugs	18,866.2	2.23	3.51	0.07	-	-	(0.04)	-	-	(0.33)	17,468.7	2.21	3.21
Physical Exams	546.1	37.58	1.71	0.03	-	-	-	-	-	(0.16)	504.6	37.58	1.58
Therapy	279.7	22.31	0.52	0.01	-	-	0.02	-	-	(0.05)	258.2	23.24	0.50
Vision	98.5	54.84	0.45	0.01	-	-	0.07	-	-	(0.05)	89.7	64.21	0.48
Other Professional	1,946.6	73.30	11.89	0.24	-	(0.05)	0.17	-	-	(1.12)	1,794.4	74.43	11.13
Subtotal Professional			**$ 75.47**										**$ 71.50**
Total Medical Costs			**$ 201.23**										**$ 194.24**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: DUAL	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
Category of Service	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	588.0	$ 242.05	$ 11.86	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	588.0	$ 242.05	$ 11.86
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	42.0	248.35	0.87	-	-	-	-	-	-	-	42.0	248.35	0.87
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 12.73**										**$ 12.73**
Outpatient Hospital													
Surgery	51.5	$ 214.40	$ 0.92	$ 0.04	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00	53.7	$ 216.64	$ 0.97
Non-Surg - Emergency Room	299.3	70.16	1.75	0.07	-	-	0.02	-	-	-	311.3	70.93	1.84
Non-Surg - Other	264.5	24.95	0.55	0.02	-	-	0.01	-	-	-	274.1	25.39	0.58
Observation Room	9.1	105.29	0.08	-	-	-	-	-	-	-	9.1	105.29	0.08
Treatment/Therapy/Testing	565.5	113.10	5.33	0.22	-	-	0.11	-	-	-	588.9	115.34	5.66
Other Outpatient	103.2	31.41	0.27	0.01	-	-	0.01	-	-	-	107.0	32.53	0.29
Subtotal Outpatient Hospital			**$ 8.90**										**$ 9.42**
Retail Pharmacy													
Prescription Drugs	309.7	$ 58.51	$ 1.51	$ 0.00	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	309.7	$ 61.99	$ 1.60
Subtotal Retail Pharmacy			**$ 1.51**										**$ 1.60**
Ancillary													
Transportation	24.9	$ 33.77	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	24.9	$ 33.77	$ 0.07
DME/Prosthetics	13,245.3	4.58	5.05	0.20	-	-	-	-	-	-	13,769.8	4.58	5.25
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	104.0	30.01	0.26	0.01	-	-	-	-	-	-	108.0	30.01	0.27
Subtotal Ancillary			**$ 5.38**										**$ 5.59**
Professional													
Inpatient and Outpatient Surgery	297.5	$ 26.21	$ 0.65	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	311.3	$ 26.21	$ 0.68
Anesthesia	134.0	18.80	0.21	0.01	-	-	-	-	-	-	140.4	18.80	0.22
Inpatient Visits	664.5	21.31	1.18	0.05	-	-	-	-	-	-	692.7	21.31	1.23
MH/SA	5,619.0	20.78	9.73	0.40	-	-	-	0.01	0.01	-	5,855.8	20.80	10.15
Emergency Room	149.2	36.19	0.45	0.02	-	-	-	-	-	-	155.9	36.19	0.47
Office/Home Visits/Consults	2,578.8	43.18	9.28	0.37	-	-	-	-	-	-	2,681.7	43.18	9.65
Pathology/Lab	577.5	6.86	0.33	0.01	-	-	-	-	-	-	595.0	6.86	0.34
Radiology	542.1	16.82	0.76	0.03	-	-	-	-	-	-	563.4	16.82	0.79
Office Administered Drugs	42,482.1	2.83	10.02	0.40	-	-	-	-	-	-	44,178.0	2.83	10.42
Physical Exams	39.8	21.10	0.07	-	-	-	-	-	-	-	39.8	21.10	0.07
Therapy	276.5	3.91	0.09	-	-	-	-	-	-	-	276.5	3.91	0.09
Vision	37.9	53.88	0.17	0.01	-	-	-	-	-	-	40.1	53.88	0.18
Other Professional	834.8	13.37	0.93	0.04	-	-	-	-	-	-	870.7	13.37	0.97
Subtotal Professional			**$ 33.87**										**$ 35.26**
Total Medical Costs			**$ 62.39**										**$ 64.60**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: Foster Care Children SFY 2023 Member Months: 57,459 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	85.6	$ 2,259.00	$ 16.11	$ 0.00	$ 0.00	$ 0.00	$ 0.63	$ 0.00	$ 0.00	$ 0.00	85.6	$ 2,347.35	$ 16.74
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	6,665.3	338.27	187.89	7.59	-	28.25	93.06	-	-	-	7,936.7	478.97	316.79
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 204.00**										**$ 333.53**
Outpatient Hospital													
Surgery	84.2	$ 1,464.32	$ 10.27	$ 0.73	$ 0.00	$ 0.00	$ 0.08	$ 0.00	$ 0.00	$ 0.00	90.1	$ 1,474.96	$ 11.08
Non-Surg - Emergency Room	499.2	334.36	13.91	0.99	-	-	0.08	-	-	-	534.7	336.16	14.98
Non-Surg - Other	479.7	149.59	5.98	0.43	-	-	0.04	-	-	-	514.2	150.52	6.45
Observation Room	6.8	1,035.52	0.59	0.04	-	-	-	-	-	-	7.3	1,035.52	0.63
Treatment/Therapy/Testing	483.9	188.95	7.62	0.54	-	-	0.09	-	-	-	518.2	191.03	8.25
Other Outpatient	233.8	116.53	2.27	0.06	-	-	-	(1.05)	(0.38)	-	131.8	81.94	0.90
Subtotal Outpatient Hospital			**$ 40.64**										**$ 42.29**
Retail Pharmacy													
Prescription Drugs	13,866.5	$ 53.30	$ 61.59	$ 0.00	$ 5.67	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	13,866.5	$ 58.21	$ 67.26
Subtotal Retail Pharmacy			**$ 61.59**										**$ 67.26**
Ancillary													
Transportation	261.9	$ 99.43	$ 2.17	$ 0.02	$ 0.00	$ 0.00	$ 0.18	$ 0.00	$ 0.00	$ 0.00	264.3	$ 107.60	$ 2.37
DME/Prosthetics	20,770.9	2.40	4.15	0.04	-	-	0.22	-	-	-	20,971.1	2.52	4.41
Dental	134.8	51.65	0.58	0.01	-	(0.03)	0.03	-	-	-	130.1	54.42	0.59
Other Ancillary	205.0	44.50	0.76	0.01	-	-	-	-	-	-	207.7	44.50	0.77
Subtotal Ancillary			**$ 7.66**										**$ 8.14**
Professional													
Inpatient and Outpatient Surgery	243.2	$ 153.43	$ 3.11	$ 0.03	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	$ 0.00	245.6	$ 153.92	$ 3.15
Anesthesia	121.5	110.62	1.12	0.01	-	-	(0.03)	-	-	-	122.6	107.68	1.10
Inpatient Visits	787.0	78.22	5.13	0.05	-	-	0.69	-	-	-	794.7	88.64	5.87
MH/SA	124,595.2	33.32	345.95	3.47	-	1.65	4.07	0.05	0.07	-	126,457.2	33.71	355.26
Emergency Room	516.2	82.52	3.55	0.04	-	-	0.01	-	-	-	522.1	82.75	3.60
Office/Home Visits/Consults	4,544.5	93.53	35.42	0.36	-	0.10	0.65	-	-	-	4,603.5	95.22	36.53
Pathology/Lab	3,118.8	21.85	5.68	0.05	-	-	0.38	(0.33)	(1.06)	-	2,965.0	19.10	4.72
Radiology	571.3	22.26	1.06	0.01	-	-	0.03	-	-	-	576.7	22.89	1.10
Office Administered Drugs	5,269.1	32.43	14.24	0.14	-	-	0.30	-	-	-	5,320.9	33.11	14.68
Physical Exams	3,251.4	49.90	13.52	0.14	-	(0.01)	0.48	-	-	-	3,282.6	51.65	14.13
Therapy	13,953.0	21.23	24.69	0.25	-	-	3.07	-	-	-	14,094.2	23.85	28.01
Vision	1,217.3	42.29	4.29	0.04	-	-	1.04	-	-	-	1,228.7	52.45	5.37
Other Professional	2,790.6	22.36	5.20	0.05	-	-	0.18	-	-	-	2,817.5	23.13	5.43
Subtotal Professional			**$ 462.96**										**$ 478.95**
Total Medical Costs			**$ 776.85**										**$ 930.17**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2023 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: KICK	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2023 Projected Benefit Expense		
SFY 2022 Deliveries: 25,869 Category of Service	Utilization per 1,000	Cost per Service	Cost per Delivery	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	Cost per Delivery
Inpatient Hospital													
Inpatient Maternity Delivery	2,495.3	$ 1,713.44	$ 4,275.48	$ 0.00	$ 0.00	$ 0.00	$ 94.09	$ 0.00	$ 0.00	$ 0.00	2,495.3	$ 1,751.14	$ 4,369.57
Subtotal Inpatient Hospital			**$ 4,275.48**										**$ 4,369.57**
Outpatient Hospital													
Outpatient Hospital - Maternity	64.8	$ 447.01	$ 28.95	$ 2.36	$ 0.00	$ 0.00	$ 0.81	$ 0.00	$ 0.00	$ 0.00	70.0	$ 458.57	$ 32.12
Subtotal Outpatient Hospital			**$ 28.95**										**$ 32.12**
Professional													
Maternity Delivery	927.4	$ 1,050.00	$ 973.75	$ 29.43	$ 0.00	$ (0.35)	$ (33.69)	$ 0.00	$ 0.00	$ 0.00	955.1	$ 1,014.73	$ 969.14
Maternity Anesthesia	1,159.8	304.27	352.90	10.67	-	-	(27.80)	-	-	-	1,194.9	281.00	335.77
Maternity Office Visits	8,521.2	69.13	589.07	17.80	-	(1.72)	17.23	-	-	-	8,753.8	71.10	622.38
Maternity Radiology	4,868.0	79.57	387.36	11.71	-	(0.04)	19.98	-	-	-	5,014.7	83.56	419.01
Maternity Non-Delivery	3.0	89.47	0.27	0.01	-	-	0.02	-	-	-	3.1	95.86	0.30
Subtotal Professional			**$ 2,303.35**										**$ 2,346.60**
Total Medical Costs			**$ 6,607.78**										**$ 6,748.29**

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