



State of South Carolina

Office of the Governor

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FOR IMMEDIATE RELEASE

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South Carolina Named First State for Medicaid Innovation ADMINISTRATION'S GROUNDBREAKING MEDICAID HEALTH CARE PLANS CHOSEN FOR NATIONAL MODEL

Columbia, S.C. – July 16, 2007 – Gov. Mark Sanford today announced that South Carolina has won approval from the federal Centers for Medicare and Medicaid Services for two new innovative Medicaid health care plans – the Health Opportunity Accounts program and the Benchmark Plan – both key to the state's Medicaid reform efforts. "This is a project we've been working on for over four years," Gov. Sanford said, "and we're pleased for what it means in impacting the viability of the Medicaid system, the quality of coverage for Medicaid recipients, and taxpayer wallets over the long run."

With Health Opportunity Accounts, South Carolina becomes the first state in the nation to provide Medicaid recipients the tools and incentives necessary to use the health care system more wisely. By having more control over their health care dollars, patients will be better able to take a proactive approach to their own health – including yearly physicals and immunizations – and also be given the option of spending any dollars left over at the end of the year on job training or other health care expenses. Authorized by Congress under the federal Deficit Reduction Act of 2005 and modeled after private health savings accounts, Health Opportunity Accounts will encourage people to live healthier lifestyles and discourage unnecessary visits to the emergency room.

Under the Benchmark Plan, Medicaid recipients can join a program related to the State Health Plan's high-deductible option – which means they can receive many of the same benefits as state employees, including annual physicals, OB/GYN visits and better medical services for children.

"We've consistently said that creating market-based health care options within Medicaid will both improve quality of life and slow the growth of Medicaid spending in the state overall," Gov. Sanford said. "For too long, Medicaid has relied on a one-size-fits-all approach to providing health coverage, which is one reason Medicaid costs have ballooned. We believe a key part to managing health care costs and enhancing quality of care lies in giving Medicaid recipients the tools and opportunities to become smarter health care consumers, as well as fostering competition within the system for their health care decisions. We're delighted that South Carolina is leading the nation when it comes to empowering individuals and enacting innovative Medicaid reform, and I'd applaud former Department of Health and Human Services Director Robby Kerr and Acting Director Susan Bowling for their hard work on this front."



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Experts predict double-digit growth nationwide in state spending on Medicaid over the next few years. South Carolina already spends roughly 20 percent of its state budget on Medicaid, and that number could rise to 30 percent in just the next decade. Over the past four years, South Carolina has made significant headway in addressing skyrocketing health care costs – implementing a preferred drug list to save on Medicaid prescription costs, reducing fraud and abuse in the Medicaid system itself, and becoming the second state in the nation to offer health savings accounts to state employees as part of the State Health Plan.

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