South Carolina Department of Health & Human Services

SFY 2008 Annual Report

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Medicaid Today

This Annual Report is intended to give a broad overview of the Medicaid program in South Carolina during State Fiscal Year (SFY) 2008. Much has occurred since the close of that fiscal year in June 2008. Nevertheless, this report provides a useful guide to significant events that promise to have a lasting impact on Medicaid and those who depend on the services it provides. The statistical information contained in the Annual Report also can be extremely helpful in understanding financial trends and enrollment shifts.

2008 in Review

The South Carolina Medicaid program enjoyed a year of steady progress toward reform in SFY 2008, with many of the initiatives launched the previous year coming to fruition. Most notably, the *Healthy Connections Choices* program gave thousands of Medicaid recipients the chance to join a "medical home" and receive enhanced benefits. The underlying goal of this reform is the establishment of a value-centered health care delivery system that improves the long-term health outcomes of beneficiaries. The new *Healthy Connections Kids* program also began to help uninsured children throughout the state who previously could not qualify for Medicaid due to income.

The following represents a summary of notable DHHS activities during SFY 2008. Further details about some of these initiatives can be found in subsequent sections of this report.

South Carolina Healthy Connections Choices

DHHS continued to build on a major tenet of its Medicaid reform plan that focuses on care coordination. Officially launched in August 2007, *Healthy Connections Choices* gives beneficiaries the option to choose among several market-based health plans that encourage healthy behaviors. Participants in *Healthy Connections Choices* receive the same core benefits as those in traditional Medicaid, but may also receive many extra services and incentives for healthy behavior offered through the individual Managed Care Organizations (MCOs) and Medical Homes Network (MHN). See *chapter 3* for more details.

South Carolina Healthy Connections Kids

DHHS began accepting applications for *Healthy Connections Kids* in May 2008. Healthy Connections Kids is part of the federal State Children's Health Insurance Program (SCHIP) and serves uninsured children whose family income falls between 150-200% of the Federal Poverty Level (FPL). Those enrolled in *Healthy Connections Kids* are part of a coordinated care plan that offers the same benefits as the South Carolina State Health Plan for government employees. See *chapter 2* for more details.

South Carolina Health Information Exchange (SCHIEX)

DHHS partnered with the South Carolina Office of Research and Statistics to develop the South Carolina Health Information Exchange system. SCHIEX is a free, secure web-based platform that will give doctors a complete history of every drug, procedure or exam paid for by Medicaid over the past decade. The information pulled from the SCHIEX system will help doctors better diagnose disease, adjust treatment methods and educate patients on healthy lifestyles. See *Chapter 4* for more details.

Medicaid Today

Transparency Project

SCDHHS is increasing its efforts to become more transparent and accountable. In SFY 2008 DHHS launched the first component of the government transparency project supported by Gov. Mark Sanford. This web-based tool allows the public to view DHHS' expenditures and transactions. The agency also added a new feature that allows the public to access a searchable database of payments made to individual Medicaid providers (individual doctors, hospitals and clinics) and the number of beneficiaries they served. See *chapter 4* for more details.

Non-Emergency Transportation

At the close of SFY 2007, two transportation companies (MTM and LogistiCare,) began managing certain aspects of the Medicaid non-emergency transportation program. These duties include scheduling of rides, setting new safety standards and maintaining contracts with individual providers. The agency switched to the new management system as a way to improve service, foster greater accountability among providers and control inflationary growth in the system.

In SFY 2008, The University of South Carolina's Institute for Public Service and Policy Research conducted a ridership survey on behalf of the agency to gauge rider satisfaction. The survey found that nearly 90 percent of South Carolina Medicaid beneficiaries utilizing non-emergency transportation are satisfied with the service, with the majority of those surveyed preferring the new system to the old one. Satisfaction was highest among frequent users of Medicaid non-emergency transportation. See *chapter 3* for more details.

Academic Detailing of Pharmaceuticals

In an effort to encourage best practices in drug therapy, DHHS created the Medicaid Academic Detailing Program. This initiative represents a collaborative effort between DHHS and the South Carolina College of Pharmacy. Under the program, College of Pharmacy professors work directly with pharmacists and doctors to share the latest drug research. The program initially targeted mental health treatment. See *Chapter 3* for more details.

Chronic Kidney Disease Education

DHHS expanded its partnership with the National Kidney Foundation to inform physicians and the public about chronic kidney disease. The program, which launched in three counties in SFY 2006, now operates in nine counties: Richland, Lexington, Orangeburg, Fairfield, Newberry, Chester, York, Kershaw and Lancaster counties. The goal is to encourage primary care physicians to utilize screenings that can detect the presence of kidney disease and to educate the public on minimizing risk factors. Kidney disease affects one in eight South Carolinians and costs the Medicaid program an estimated $40 million each year.

New Medicaid Cards

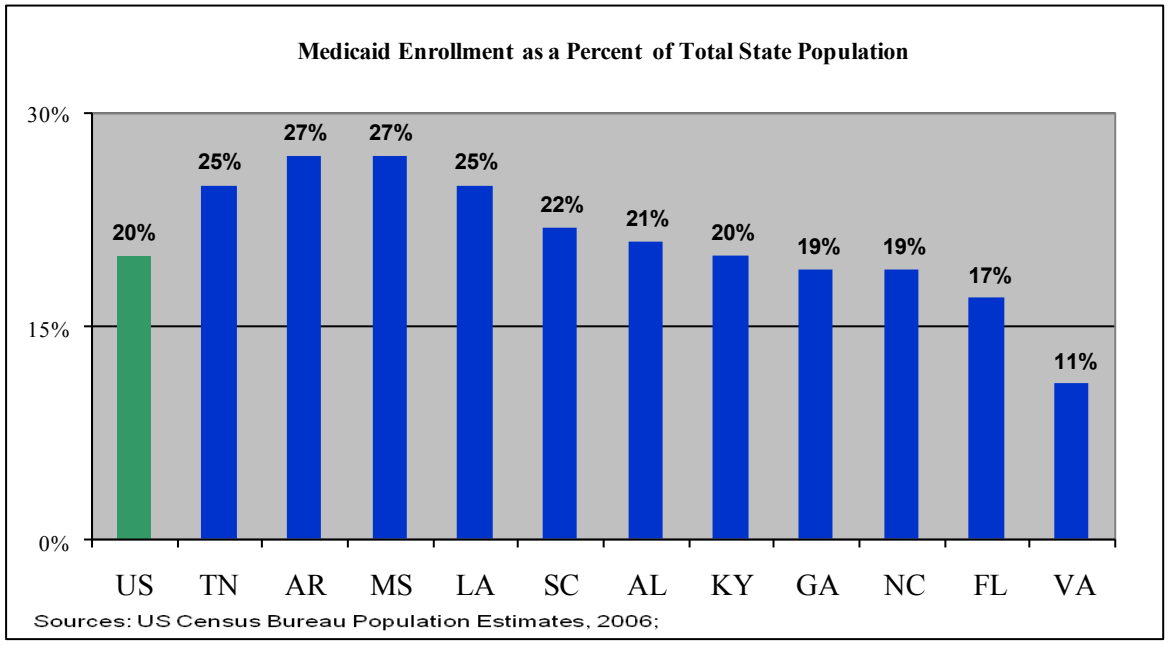
Beginning in March 2008, DHHS will began sending new Medicaid cards to nearly 700,000 regular Medicaid beneficiaries statewide. The decision to issue new cards coincides with the

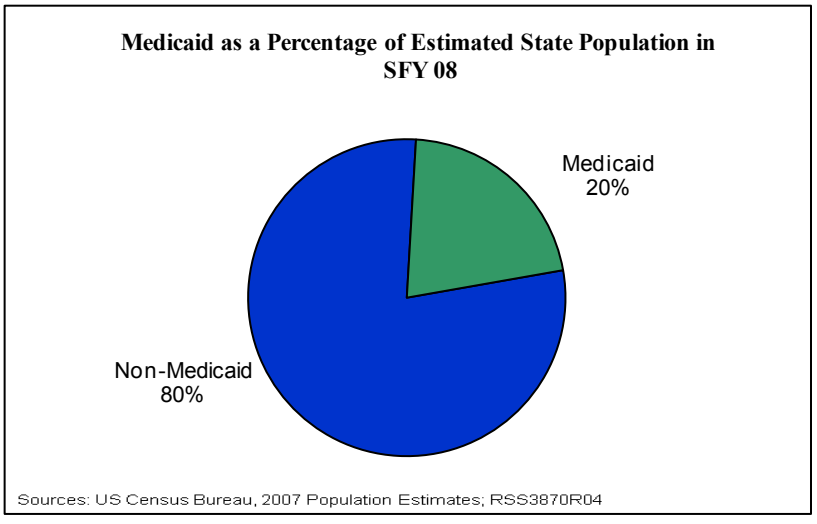
expiration of the previous card vendor's contract. It has been eight years since South Carolina Medic aid issued new cards. *South Carolina Healthy Connections* is the brand name of DHHS' overall Medicaid reform efforts, which focus on getting a larger return on the state's health care investment by encouraging good health.

Eligibility Overview

Congress created the federal Medicaid program in 1965 to provide health coverage for needy families and individuals who couldn't otherwise afford it. Today, the program covers 58 million Americans, and about one-quarter of the population of South Carolina. An essential part of DHHS' mission is crafting judicious eligibility policies that best serve those in need.

While the federal government mandates certain eligibility categories, states are given some flexibility in determining who qualifies for coverage. For this reason, Medicaid eligibility rules vary from state to state and South-Carolina maintains unique eligibility requiments. Generally, Medicaid eligibles fall into two groups: families with dependent children; and aged, blind or disabled individuals. Almost two-thirds of Medicaid eligibles are families with dependent children. This group includes Low Income Families, Pregnant Women and Infants, and Children. Various elderly and disabled categories comprise the Aged, Blind and Disabled group. Refer to *Chapter 5* for a list of eligibility categories and corresponding income limits.

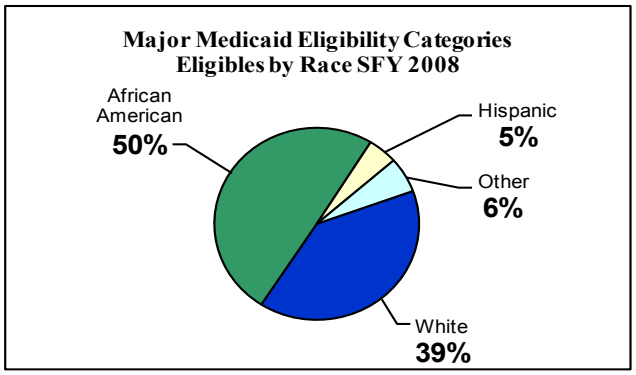


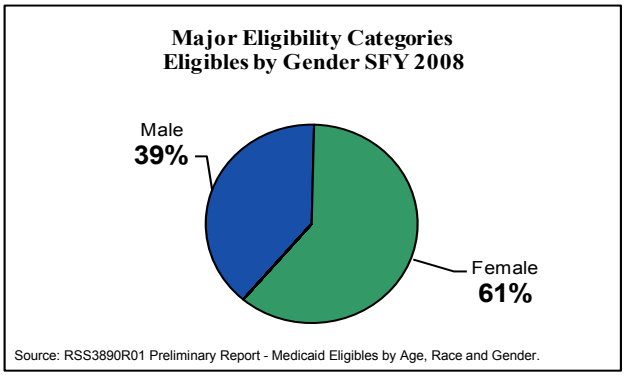


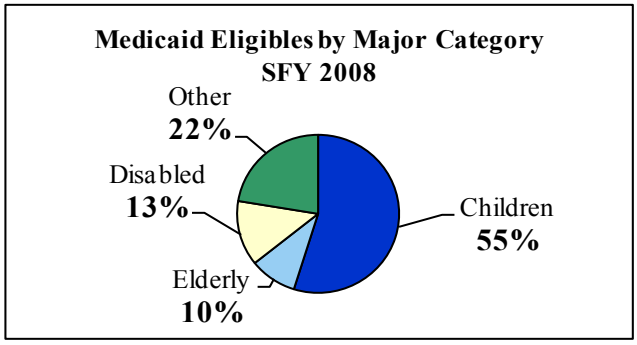
Eligibility Trends in South Carolina

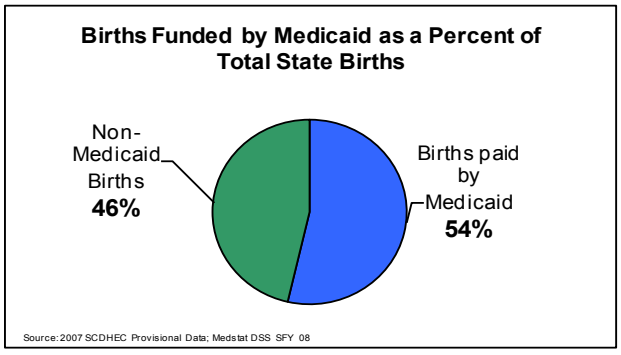
Approximately 903,000 South Carolinians were enrolled with Medicaid in SFY 2008. That represents a slight decrease from the previous year (0.2%). However, of those enrolled, a greater percentage received medical services than they did in SFY 2007, with 98 percent of enrollees receiving some kind of service (referred to as "recipients"). This can be partially attributed to the increase in care coordination through the *Healthy Connections* program.

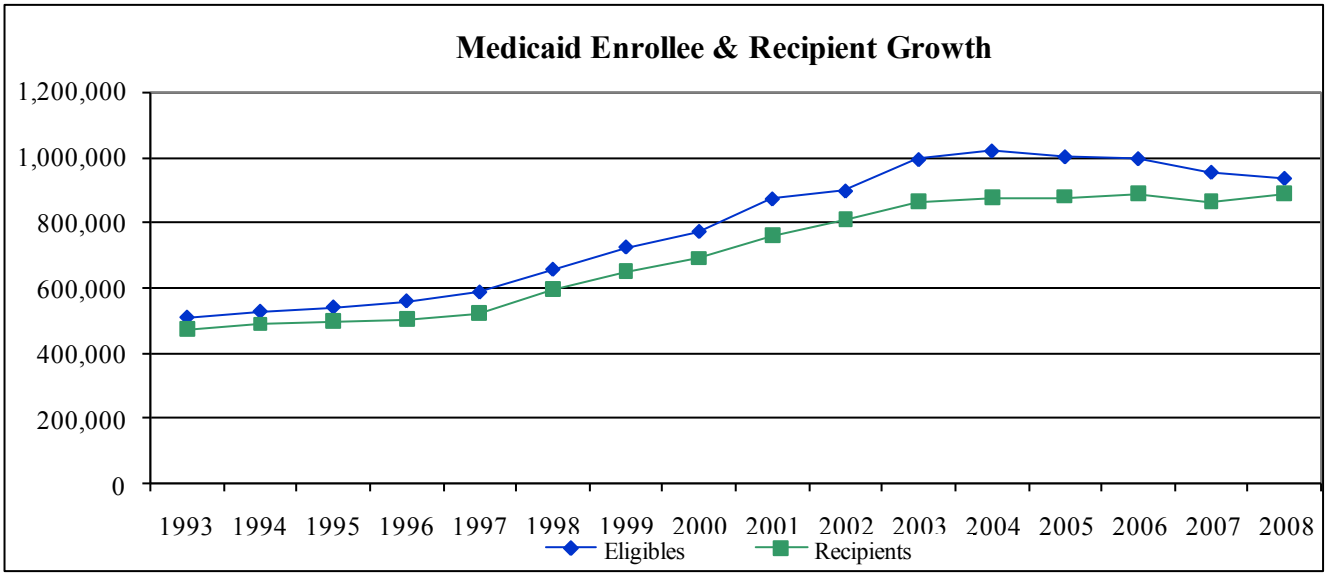
South Carolina Medicaid enrolls a diverse group of beneficiaries, including children, low-income families, pregnant women, seniors and disabled residents. More than half of all beneficiaries are children and South Carolina Medicaid covers more than half of the births in the state.











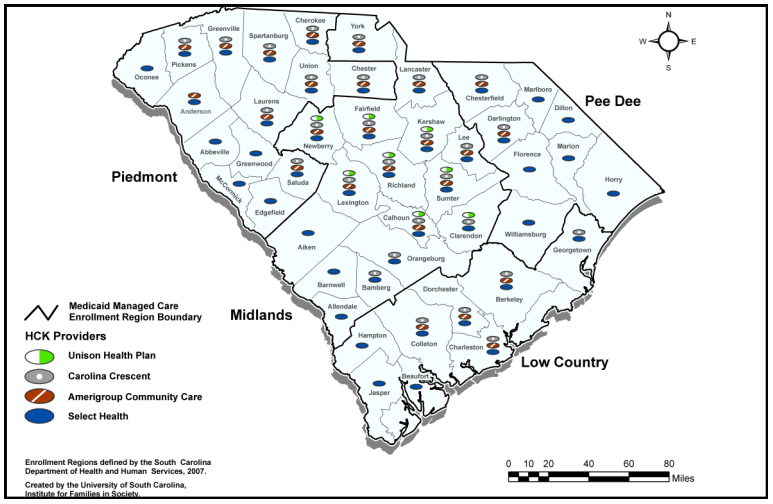
About SCHIP

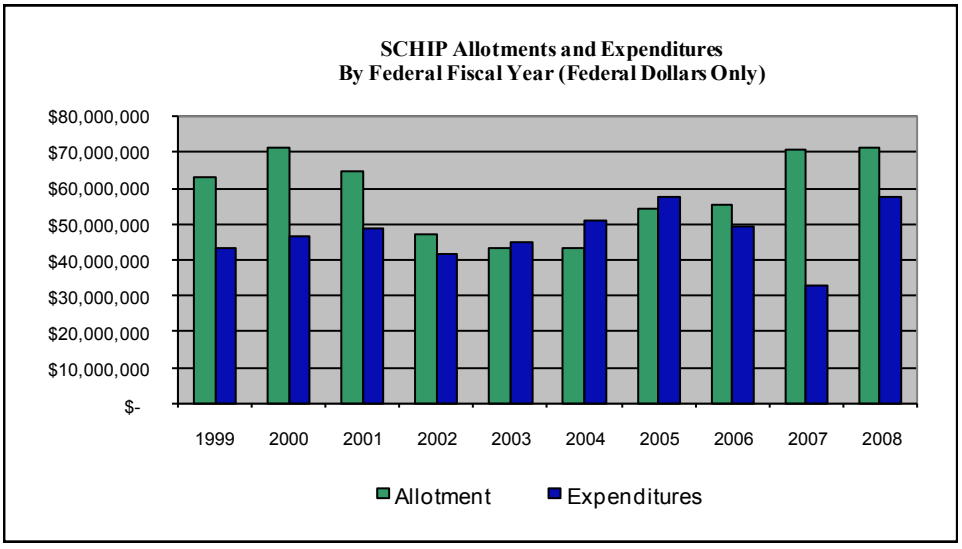
DHHS provides health coverage to roughly one-third of South Carolina children. Healthy children covered by Medicaid fall into two categories generally based on family income: "regular Medicaid" or the State Children's Health Insurance Program (SCHIP). SCHIP provides expanded income limitations to capture uninsured children who would not otherwise qualify for Medicaid. Like regular Medicaid, SCHIP is also financed jointly by the state and federal government, but comes with enhanced federal match; about four-to-one compared with the standard three-to-one match rate. States are allotted a capped share of federal funds they are eligible to receive as a match.

In South Carolina, there are two ways Medicaid beneficiaries receive coverage through SCHIP. Standard SCHIP covers children roughly between 133-150 percent of the Federal Poverty Level, with the same benefits of other Medicaid. *Healthy Connections Kids* is a new "stand alone" SCHIP program for children whose family income is between 150-200 percent of FPL. Those enrolled in *Healthy Connections Kids* are part of a coordinated care plan that offers the same benefits as the South Carolina State Health Plan for government employees, plus dental and vision care. To be eligible, participants must be uninsured for atleast three months to prevent "crowd out," the practice of individuals dropping private insurance in order to receive state assistance.

Healthy Connections Kids, authorized by the South Carolina General Assembly in SFY 2007, was approved by the federal government in April 2008. Several Managed Care Organizations (Absolute Total Care, Carolina Crescent, First Choice by Select Health and Unison) offer *Healthy Connections Kids* plan and help coordinate care for enrollees. SCDHHS has worked with other state agencies, medical providers, community groups and other stakeholders to promote the program and encourage families with uninsured children to apply.

Manage Care Plan Coverage for SCHIP in SFY 2008





Enrollment Operations

DHHS maintains eligibility offices in all 46 counties of South Carolina and supports caseworkers in institutions with high Medicaid client volume, such as hospitals. In addition to assisting potential enrollees, eligibility workers also conduct annual reviews on Medicaid beneficiaries to ensure the integrity of the program.

Many of those who apply for Medicaid do not meet established criteria for receiving benefits. The most common reasons a person or family is denied Medicaid eligibility is either due to failure to submit required application information or failure to meet income and resource requirements of the program. The agency regularly reviews policy and procedures to ensure individuals are not wrongly denied benefits and that resources are allocated to those most in need.

Introduction to Services

South Carolina's Medicaid program provides comprehensive health care coverage to a wide swath of the state's residents. Insuring nearly one-quarter of the state's population, Medicaid is one of South Carolina's largest insurance providers. DHHS works closely with hospitals, doctors and other state agencies to ensure the program operates in a cost-effective, yet compassionate manner.

In SFY 2008, DHHS provided more than 888,000 South Carolinians with services—an increase of more than 23,000 as compared to SFY 2007. The average cost per recipient in SFY 2008 was about $3,606.

State Medicaid programs must offer certain federally mandated services. But each state can also choose to offer an array of optional services. For example, DHHS funds a special program for women diagnosed with breast cancer who otherwise wouldn't qualify for Medicaid.

Service	Expenditures (Millions, SFY 2008)	Recipients (Unduplicated)
Hospital Services	$950	379,121
Disproportionate Share Hospitals (DSH)	$438	-
Pharmacy Services	$345	472,248
MMA Phased Down Contribution	$70	-
Physician Services	$325	535,328
Dental Services	$96	270,897
Home Health	$11	5,777
EPSDT Screening	$17	139,968
Medical Professional	$43	187,085
Transportation	$61	848,555
Lab & X-Ray	$42	257,633
Family Planning Services	$24	96,448
Clinic Services	$76	169,371
Durable Medical Equipment	$49	82,997
Coordinated Care	$276	297,767
Medicare Premiums Matched	$139	132,625
Medicare Premiums 100% State Funds	$12	16,725
Hospice	$43	3,238

Source: 2008 Expenditures are from DAFR9427 71 dated 08/21/08 as of 06/31/08

Source: 2008 Unduplicated Recipients are from CCA2900R01 dated 07/02/08 as of June 2008

Mandatory Services	Optional Services
In and OutPatient Hospital Services	Pharmacy Services
Laboratory and X-Ray	Community Long Term Care
Access to Rural Health Clinics	Hospice Care
Access to Federally Qualified Health Centers	Preventive Screenings
Nursing Facility Services	Rehabilitative Services
Physician Services	Durable Medical Equipment
Pregnancy Related Services	Physical Therapy
Emergency Dental Service	Chiropractic Services
Transportation	Case Management

Healthy Connections Choices

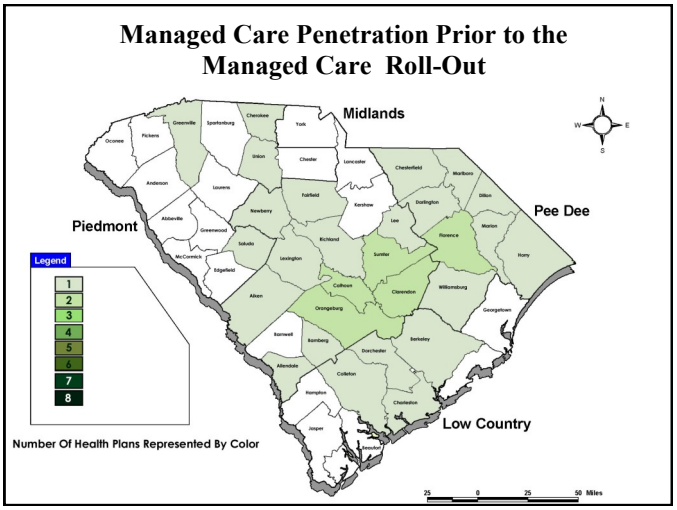
Healthy Connections Choices is part of the state's overall Medicaid reform plan and is designed to get a better return on South Carolina's heath care investment. Through partnerships with managed care organizations, Medical Home Networks and special enrollment counselors, DHHS seeks to increase care coordination and disease prevention methods not found in traditional "fee-for-service" Medicaid.

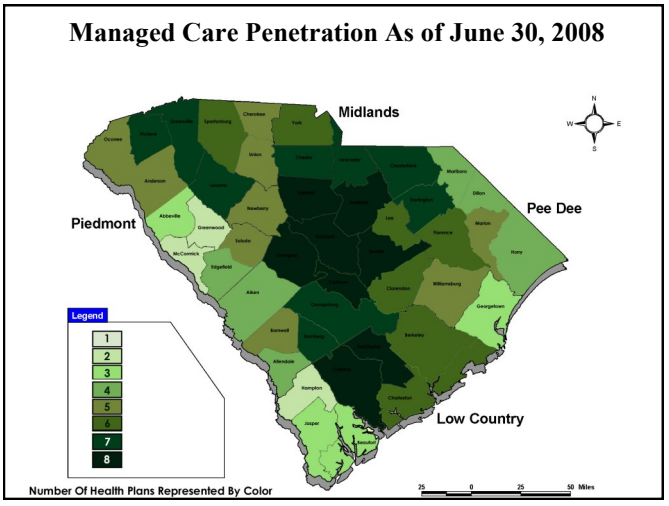
Those who choose to enroll in a health plan also will establish crucial relationships with a primary care doctor. Currently, many Medicaid beneficiaries are left to navigate the health care system on their own, leading to sporadic care and unnecessary emergency services.

In addition, enrollees can also take advantage of special benefits not available under traditional Medicaid, such as unlimited doctor visits, eyeglasses and dental care for adults, incentives for pregnant women, smoking cessation classes and special programs tailored to meet the needs of those with specific diseases.

Since its launch in the summer of 2007, *Healthy Connections Choices* has not only allowed more beneficiaries to connect with a medical home, but the number of plan choices available in South Carolina's 46 counties has also increased (see map). At the close of SFY 2008, more than 200,000 Medicaid beneficiaries statewide were enrolled with one of eight coordinated care plans, either a Managed Care Organization (MCO) or a Medical Homes Network (MHN).

Many of those signed up through a *Healthy Connections Choices* enrollment counselor, who assist Medicaid beneficiaries in makeing an informed choice about which plan may work best for them and their families.





Healthy Connections Choices

Coordinated Care	SFY 2005	SFY 2006	SFY 2007	SFY 2008
MCO Paid Claims	$75,884,771	$110,503,185	$160,061,994	$263,677,238
MCO Unduplicated Recipients	82,360	112,144	136,646	217,282
MHN Paid Claims	$ 229,445	$ 5,059,214	$ 8,233,900	$ 10,209,507
MHN Unduplicated Recipients	13,130	70,292	90,246	105,981

Source: CCA 8500R17

Why Coordinated Care Counts

Enhanced Services. Not all beneficiaries will have their needs met by identical service packages. Plans offered through *Healthy Connections Choices* start with the same basic coverage of fee-for-service, but also offer extra benefits tailored to specific needs. These extra benefits may include: a 24 -hour nurse hotline, unlimited visits to primary care doctors, special programs for those with diabetes or asthma, smoking cessation classes, and incentives for expectant mothers to follow appropriate prenatal care.

Consistent Care. Importantly, coordinated care plans establish strong relationships between primary care physicians, specialists and their patients. Many beneficiaries who receive fee-for-service Medicaid are prone to only seek sporadic medical care or visit multiple doctors who may be unaware of complex medical needs. That is one reason fee-for-service Medicaid beneficiaries typically utilize emergency rooms at a much higher rate than the general population. In contrast, care coordination is designed to keep patients healthier by providing consistent care that can reduce the risk of serious diseases.

Measuring Success. Another important advantage of coordinated care over traditional fee-for-service Medicaid is the ability to track health outcomes of enrollees through objective, nationally recognized measurements. DHHS can monitor the performance of individual plans based on the actual health outcomes of their patients. This will significantly improve the agency's ability to promote disease prevention strategies that work and ensure DHHS is spending resources wisely.

Fiscal Stability. Since managed care plans operate on a fixed "per-member, per-month" payment structure, increased managed care participation also will provide DHHS with improved budget predictability. Better forecasting of Medicaid growth allows policymakers more flexibility in assessing other state priorities. Coordinated care models have proven to provide other states with long-term cost savings and an increased return on their investments, and more than 60 percent of Medicaid beneficiaries nationwide are now part of a coordinated care plan.

Healthy Connections Choices

How *Healthy Connections Choices* Works

In SFY 2007, DHHS partnered with Maximus, a Virginia-based company that provides enrollment counseling services to Medicaid programs in 11 other states, including Georgia, California and Texas. Maximus' role in South Carolina is to provide unbiased information about various plan benefits to Medicaid beneficiaries so they can make a well-informed choice.

- Newly eligible Medicaid beneficiaries receive a packet in the mail from *Healthy Connections Choices* detailing the program and their plan options. Existing beneficiaries will receive a packet when they come up for annual review. Because DHHS believes in offering the widest array of choices possible, traditional fee-for-service Medicaid remains an option.

- Beneficiaries can sign up with a plan five different ways: through the mail; by fax; online at **www.ScChoices.com**; by telephone; or in-person with a *Healthy Connections Choices* enrollment counselor.

- Extensive outreach efforts are conducted through health care providers, community groups and other stakeholders to ensure beneficiaries make a choice.

- Beneficiaries have at least 30 days to sign up with a plan, and some categories of eligibles will be assigned to a plan if they fail to make an active choice. Please note: not all Medicaid beneficiaries are eligible to join a plan, and those individuals will not be assigned to a plan. Members unsatisfied with their selection or assignment have 90 days to switch to a different plan, including traditional fee-for-service. After the initial 90 days, members can leave a plan only for extenuating circumstances. After one year, members are given the option of staying in their existing plan or choosing a new one.

Hospital Services

Hospital services make up the largest component of the Medicaid program in terms of cost, totaling more than $950 million in SFY 2008. Hospital expenditures remain high for several reasons, but largely because South Carolinians—and particularly lower income residents—are generally unhealthy. In fact, according to the United Health Foundation, South Carolina ranked 48th nationwide in terms of health outcomes in 2008. Poor health, combined with the lack of a medical home, lead many to seek emergency room treatment for ailments that might have been detected earlier and treated more effectively by a primary care physician.

Aside from direct payment for services, hospitals are also reimbursed through the Disproportionate Share (DSH) and Upper Payment Limit programs (UPL). DSH payments, which are matched through a hospital tax, reimburse hospitals that serve a large number of uninsured patients, while UPL payments go to qualifying hospitals for costs associated with providing care to Medicaid beneficiaries.

Top Five Clinical Condition Groups -- Hospital Claims SFY 2008

Clinical Condition Code	Patients	Total Payments
Pregnancy and Delivery	88,530	$234,235,440.16
Acute Conditions	245,370	$160,728,758.43
Chronic Conditions	204,748	$146,978,871.48
Pulmonary Disorders	68,112	$70,403,338.71
Mental Health	18,350	$63,771,463.43

Top Five Clinical Condition Groups — All Claims SFY 2008

Clinical Condition Code	Patients	Total Payments
Chronic Conditions	593,641	$378,128,835.88
Acute Conditions	596,308	$352,614,571.34
Pregnancy	112,414	$347,225,827.18
Nervous System Disorders	140,353	$344,311,902.73
Mental Health	131,069	$303,398,007.26

Hospital Expenditures	FY 2006-07	FY 2007-08
Inpatient	$ 552,447,446	$ 721,809,491
Outpatient	86,173,373	228,356,133
Hospital Based Physician	(13,582)	8
Subtotal	**638,607,237**	**950,165,632**
Disproportionate Share	$ 523,340,459	$ 438,722,041
Upper Payment Limits (UPL)	477,750,083	—
Total	**1,639,697,779**	**1,388,887,673**

Note: FY 2007-08 UPL payments are included in rate and are part of the Hospital Service line rather than DSH. Chart includes direct payments from DHHS. Does not include payments from MCO's.

Source: 2008 Expenditures are from DAFR9427 71 dated 08/21/08 as of 06/31/08

Source: 2008 Monthly Budget Briefing for Inpatient, Outpatient and Hospital Based Physician

Ranked Clinical Condition Groups - Hospital Claims SFY 2008

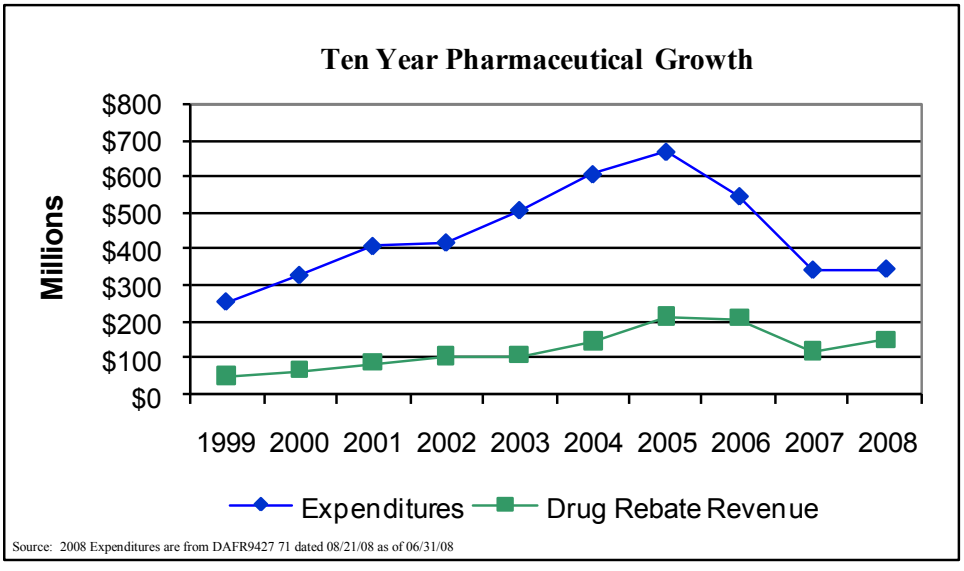
Clinical Condition Code	Patients	Total Payments
Pregnancy and Delivery	88,530	$234,235,440.16
Acute Conditions	245,370	$160,728,758.43
Chronic Conditions	204,748	$146,978,871.48
Pulmonary Disorders	68,112	$70,403,338.71
Mental Health	18,350	$63,771,463.43
Nervous System	36,633	$49,413,527.06
Cardiac Disorders	12,370	$45,804,812.02
Cancer Related Conditions	14,168	$42,423,823.12
Sexually Transmitted Diseases	1,943	$7,726,735.06

Pharmacy Services

While technically an optional service, access to prescription drugs is vital to many Medicaid beneficiaries. With advances in pharmaceutical therapies and demand on the rise, prescription drugs account for a large share of overall Medicaid expenditures. In SFY 2008 pharmacy services totaled $345 million, with an additional $70 million returning to the federal government as South Carolina's share of Medicare Part D "clawback" payment.

Medicare Part D, which took effect in January 2006 as part of the Medicare Modernization Act, made the Medicare program responsible for drug costs of seniors eligible for Medicaid and Medicare. To cover these "dual eligibles" states are required to return a portion they would have otherwise spent on prescription drugs in the form of a clawback payment. This accounting shift largely explains why pharmacy expenditures appear to drop dramatically in the accompanying *Pharmaceutical Growth* chart. DHHS has also been effective in controlling pharmacy costs through initiatives such as the Preferred Drug List, which encourages the use of lower-cost drug alternatives. Other pharmacy highlights of SFY 2008 include:

GAPS Program: DHHS continued supplemental drug coverage for seniors who previously took advantage of the SILVERxCARD assistance program. Called SC GAPS (Gap Assistance Pharmacy Program for Seniors), the coverage helps qualifying seniors with annual drug expenditures between $2,700 and $6,150. Under the Medicare Part D benefits, seniors would otherwise be fully responsible for drug costs within the range of the so-called "doughnut hole". SC GAPS helps fill this gap by covering a portion of those drug costs. The level of GAPS coverage DHHS can provide is wholly dependant on state funding allocated for the program since expenditures are not matched with federal dollars. In SFY 2008, GAPS covered 95 percent of the Part D doughnut hole.



Source: 2008 Expenditures are from DAFR9427 71 dated 08/21/08 as of 06/31/08

Pharmacy Services

Academic Detailing Program: The South Carolina Medicaid Academic Detailing Program is a collaborative between DHHS and the South Carolina College of Pharmacy. The goal of the project, which initially targets mental health drugs, is to educate pharmacists and doctors on the most up-to-date research and evidence-based practices in the pharmaceutical field. This two-year project is funded with a grant from DHHS and will soon include drug therapies for those fighting HIV/AIDS and cancer.

SFY 08 Top Drug Classes by Paid Claims Expenditure*		
Drug Classes	**Examples**	**Payment**
Ataractics - Tranquilizers	Seroquel, Risperdal	$39,653,963.70
Anticonvulsants	Neurontin, Depakote	$30,870,434.43
Bronchial Dilators	Advair, Singulair	$23,763,374.37
Antivirals	Retrovir, Isentress	$25,855,407.54
Psychostimulants-Antidepressants	Effexor, Paxil	$25,733,653.04

*Source: SC Medicaid POS Contractor, First Health Services

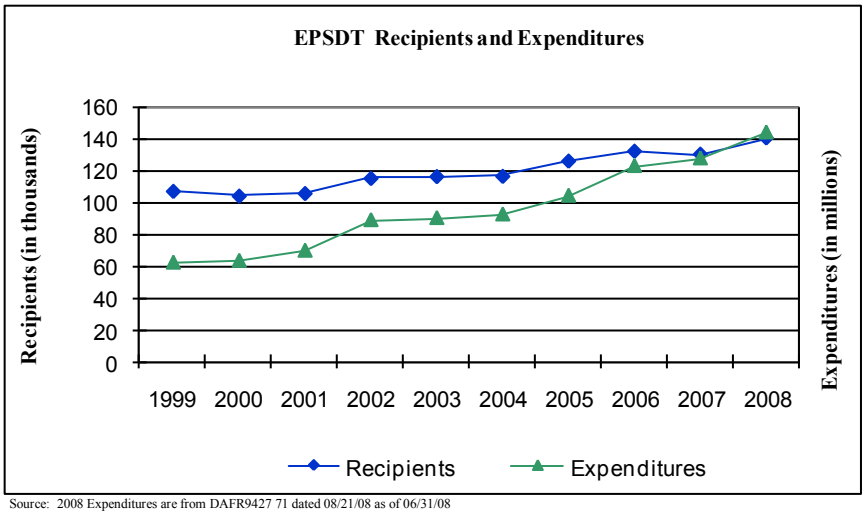
SFY 08 Top Drugs by Paid Claims			
Brand Name	**Drug Class/Use**	**Payment Amount**	**Average Amt Paid Per Claim**
Risperdal	Anti-Psychotic	$10,093,148.62	$245.07
Seroquil	Anti-Psychotic	$9,718,004.93	$313.08
Adderal XR	Attention Deficit/ Hyperactivity Disorder	$8,986,363.41	$144.08
Singulair	Asthma	$8,429,085.97	$104.36
Abilify	Anti-Psychotic	$7,417,950.96	$412.41
Concerta	Attention Deficit/ Hyperactivity Disorder	$6,876,060.23	$131.39
Zyorexa	Anti-Psychotic	$6,265,303.88	$454.93
Advair Diskus	Asthma	$5,835,302.14	$187.20
Synagis	RSV Prevention	$5,340,971.00	$1,380.10
Topomax	Anticonvulsant	$5,327,326.65	$265.86

*Source: SC Medicaid POS Contractor, First Health Services

Physicians Services

During SFY 2008, DHHS expenditures for physician services totaled over $325 million dollars, making it the fourth largest cost component of the South Carolina Medicaid program. Approximately 65 percent of Medicaid beneficiaries received services rendered by physicians during this fiscal year.

Because access to care is so important, maintaining fair and competitive physician rates is important. Physicians are not required to accept Medicaid patients and can limit the percentage of Medicaid patients they serve. Medicare and the State Health Plan serve as general benchmarks for Medicaid reimbursement rates.



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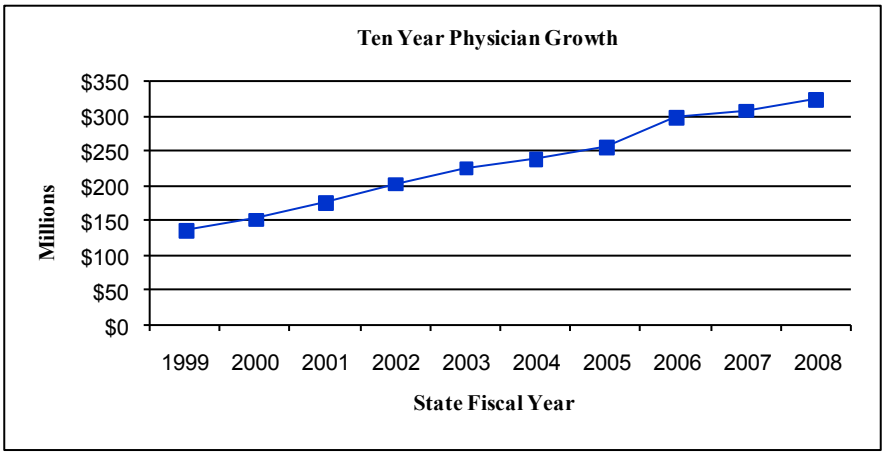


Source: 2008 Expenditures are from DAFR9427 71 dated 08/21/08 as of 06/31/08

Long Term Care

DHHS is a leader in providing a wide range of care choices to many of the state's senior citizens and those with disabilities. The agency's Long Term Care program has been recognized by the federal Centers for Medicare and Medicaid Services as one of the most innovative in the nation through its *Promising Practices* designations. The agency's goal is to give families and individuals access to dignified care that best suits their needs.

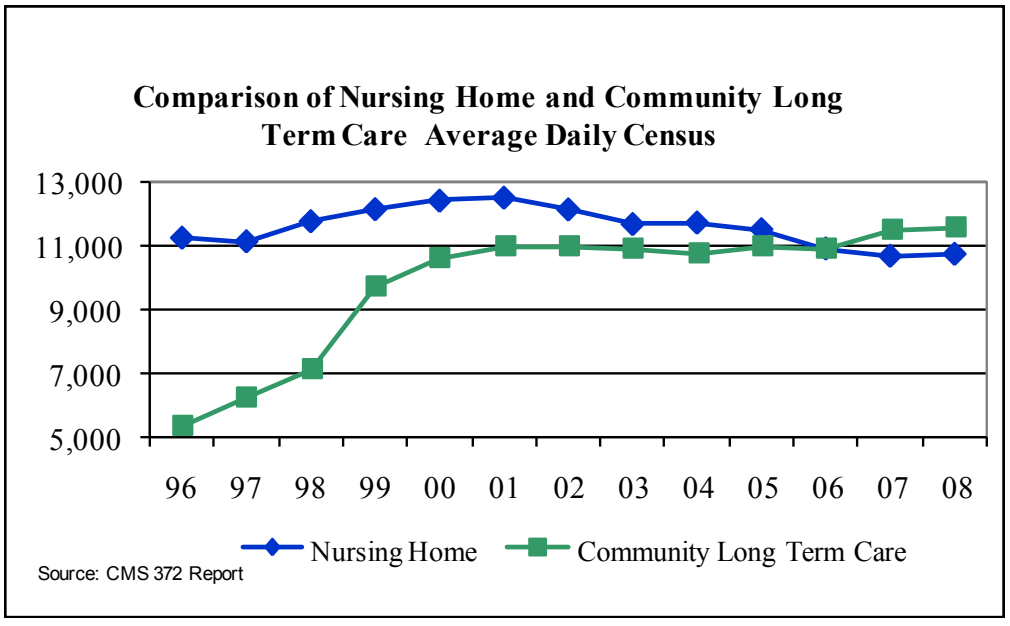
Community Long Term Care

The Community Long Term Care (CLTC) program serves beneficiaries who could qualify for a nursing facility, but choose to stay in a home or community setting. A wide array of services are provided through the program, including delivered meals, nursing care and assistance with daily living activities. In SFY 2008, 500 new slots were added to the program to meet the high demand for in-home services. In fact, this option of care is so popular that now more Medicaid beneficiaries are served in a community setting than in nursing facilities. The CLTC program serves approximately 16,000 individuals at one-third of the cost of a nursing home.

The term "waiting list" is inaccurate when applied to CLTC services. In order to qualify for CLTC services, individuals must undergo an assessment and meet established nursing home level of care criteria. Many of those awaiting CLTC services have not yet been deemed eligible for them, either because they have not been medically assessed or because their financial eligibility has not yet been established.

Program for All-inclusive Care for the Elderly (PACE)

The PACE program is a long-term care option funded jointly by Medicaid and Medicare. It provides primary and long-term managed care services to beneficiaries age 55 and older who meet a nursing facility level of care, targeting a population with complex and multiple needs. The PACE team manages all health, medical and social services, and mobilizes other services as needed to provide preventive, rehabilitative and supportive services for participants.



Long Term Care

Optional State Supplement (OSS)

Optional State Supplement (OSS) is one of the few Medicaid programs funded entirely with state dollars. The program provides additional financial and medical assistance to aged, blind or disabled individuals who reside in community residential care facilities. OSS was created as a way to cover expenses not fully covered by Supplemental Security Income (SSI). About 5,000 individuals received OSS benefits in SFY 2008 at a total cost $16.6 million, an 8 percent increase over SFY 2007.

Integrated Personal Care (IPC)

DHHS implemented the Integrated Personal Care (IPC) program in 2003 to maximize existing state funding for the OSS program and to improve the quality of care for residents in participating facilities. IPC matches state OSS funds with federal dollars for those who need extra personal care. More than 800 individuals received IPC in SFY 2008 at a total cost of $3.5 million.

Medicare Buy-In

Some beneficiaries receive Medicaid and Medicare, the program for people age 65 and older and people who have received Social Security disability benefits. For a person who has both, Medicaid will pay the monthly Medicare "Part B" premium. Medicare Part B covers doctor's services, outpatient care and other medically necessary services.

Medicare "Part A" covers hospital care, and is paid for by DHHS only under certain conditions. Medicare Part A and B premium payments are often referred to as "Supplemental Medical Insurance."

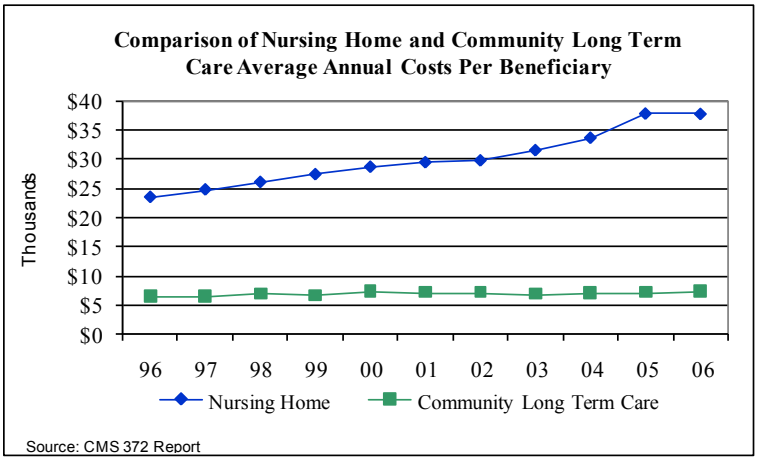
Medicare premium payments totaled $139 million in SFY 2008, representing a five percent increase over the previous year. While premium payments have increased steadily in recent years, it is still cost-effective for the state to pay for Medicare coverage.

Nursing Homes

Many with complex medical needs are unable to stay at home and receive the care they need. Nursing facilities throughout the state provide a valuable service to those individuals. At an average annual cost of nearly $28,408 per recipient, nursing care is one of the most expensive services through DHHS, second only to hospital services.

Each nursing facility has its own admission policy and maintains its own waiting list. The number of individuals awaiting nursing home placement averages about 300 a month, however, the most recent utilization data indicates that there are more beds available in the state than there are individuals awaiting placement.

Beginning July 1, 2005, at the direction of CMS, DHHS implemented new policies for nursing home beneficiaries who elected the hospice benefit. The change no longer allows Medicaid to make direct payments to nursing facilities for room and board for hospice patients. Payments are made to the hospice agency, which reimburses the nursing facility for room and board services. Funds were transferred from the nursing home service line to hospice to reflect this change and account for the large increase in the hospice line.



Transportation Services

Medicaid provides both emergency and non-emergency transportation for all full-Medicaid beneficiaries. These are federally mandated services and are designed to ensure lack of transportation does not hamper the ability to seek medical care.

In May 2007, two transportation management companies under contract with DHHS, LogistiCare and MTM, became responsible for certain aspects of non-emergency transportation services, including scheduling and contracting with local providers.

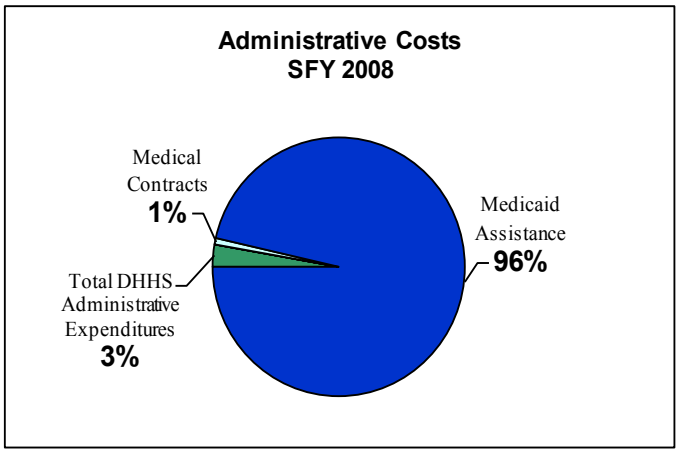
Since the change, ridership has increased significantly, but at a lower per-rider cost to the state. Based on projections from independent actuaries, the new non-emergency transportation system saved the agency an estimated $8.1 million in SFY 08. In addition, according to a study conducted by the University of South Carolina in SFY 2008, rider satisfaction with the new system was extremely high (90 percent). More than one-third of respondents said the new transportation system was a significant improvement over the old system.

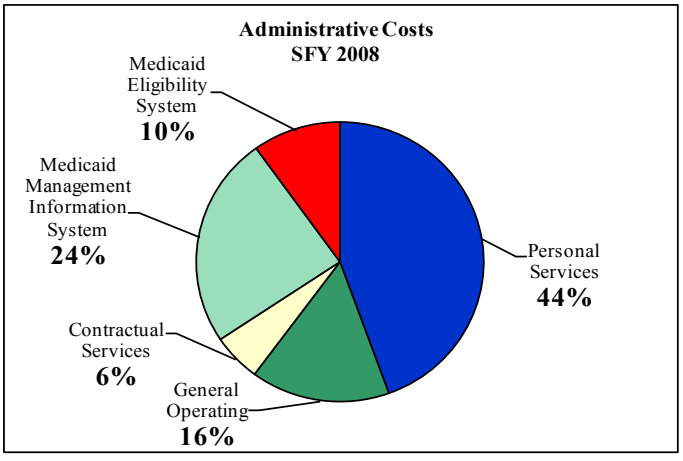
Both transportation brokers submit monthly "report cards" detailing the number of trips, timeliness of pick-ups, complaints, call center activity and other important aspects of the Medicaid transportation program.

Administration

Working with the Governor's Office and the General Assembly, DHHS leadership continues to streamline the organization and design programs that meet the needs of qualified South Carolinians. In SFY 2008, South Carolina Medicaid managed more than $4.5 billion in federal and state dollars, with more than 96 percent going to medical assistance. DHHS is proud that administrative costs were held to under 3 percent of its budget for a third year in a row.

DHHS' Office of Human Resources supports more than 1,100 full-time equivalent employees and nearly 300 temporary grant employees. DHHS is organized into four major areas: eligibility, medical services, legal/regulatory and finance.





Transparency

Transparency and accountability are important components of the DHHS mission. Since Medicaid is supported entirely by taxpayers, the agency strives to provide a wealth of information to the public concerning how those dollars are spent. In SFY 2008, DHHS took important steps to further that goal.

Agency Expenditure Information: DHHS developed a searchable database that can be accessed through the public website that lists specific agency expenditures. Expenditures listing travel, office supplies over $100, and contractual expenses over $100 are included in the database.

Provider Transparency Tool: The searchable Provider Transparency Tool is pulled from the 25 million claims paid to nearly 30,000 South Carolina health care providers last year. The site can be searched by name or provider type, such as physicians, dentists, nursing homes and hospitals. The site lists both the dollar amount individual providers received and the number of patients they served. Information from the database can be used to locate Medicaid providers in a particular region of the state and will assist the agency in identifying unusual billing patterns.

Transparency

South Carolina Health Information Exchange (SCHIEX)

Experts have long known that the health care industry has trailed in the use of information technology. But now South Carolina is leading the way in making vital patient records available to physicians, clinics and hospitals with Internet access.

The South Carolina Health Information Exchange (SCHIEx) is a *free*, easy to use web tool that allows health care providers to use a computer to call up the medical histories of patients, including prescribed medications and treatment they have received at other medical facilities. Knowledge of a patient's medical history can greatly enhance the ability of the physician to provide effective treatment, particularly in emergency situations.

SCHIEx is a collaborative effort between the South Carolina Department of Health and Human Services, the South Carolina Office of Research and Statistics and several health care associations. The first phase of SCHIEx features medical claims data for as many as 700,000 South Carolina Medicaid recipients. This allows physicians to instantly see up to 10 year's worth of a patient's Medicaid claims, including:

- ◊ Past diagnoses
- ◊ Past and current medications
- ◊ Provider visits and hospitalization history

Access to this information can help prevent dangerous drug contraindications, eliminate unnecessary tests and make it easier to diagnose conditions.

Medicaid claims are only the beginning. Subsequent stages of SCHIEx will allow for the sharing of data from existing Electronic Medical Records (EMRs) systems, immunization records, lab results and hospital records. Data is not stored in SCHIEx, but transferred through the system to physicians, creating a "Network of Networks" that links existing data systems and allows physicians to quickly pluck selected information from multiple sources.

Medicaid Management Information System (MMIS)

South Carolina's Medicaid Management Information System (MMIS) is a state-run program that provides for the automated payment of Medicaid claims. Clemson University provides the system hardware, software and approximately 25 staff in support of the MMIS. The MMIS is used to enroll providers, adjudicate claims, pay providers, report costs and utilization and enroll recipients into special programs.

Medicaid Claims— SFY 2008

	Claims Received[1]	Claims Paid[2]
Professional	12,314,364	9,764,954
Drug	6,885,088	5,769,417
Premiums	11,296,674	11,296,653
Hospital	1,632,152	1,201,989
Dental	682,118	599,894
Adjustments	342,951	319,075
Nursing Home	248,909	227,937
Transportation (Non Broker)	3,458	3,326
TOTAL	33,405,714	29,183,245

[1] Represents all claims entering claims processing for the first time

[2] Represents all claims paid including those resubmitted after being initially denied

Medicaid Eligibility Determination System (MEDS)

South Carolina's Medicaid Eligibility Determination System (MEDS) provides for a central repository of Medicaid eligibility data for the state of South Carolina. The system records Medicaid eligibility for program applicants and also provides caseload management and referral capabilities. Clemson University also provides the system hardware, software and staff in support of MEDS. A potential upgrade of the aging MEDS system is currently under review.

Fraud and Abuse Control

Detecting fraudulent and wasteful use of Medicaid funds is an essential part of DHHS' mission. Only through rigorous oversight can the agency maintain the integrity of the program and assure taxpayers that money is being spent wisely. DHHS is continuing to improve Medicaid program integrity outcomes through the use of enhanced data mining and fraud analysis techniques, staff training and participation in national efforts to combat waste, fraud and abuse in the Medicaid program.

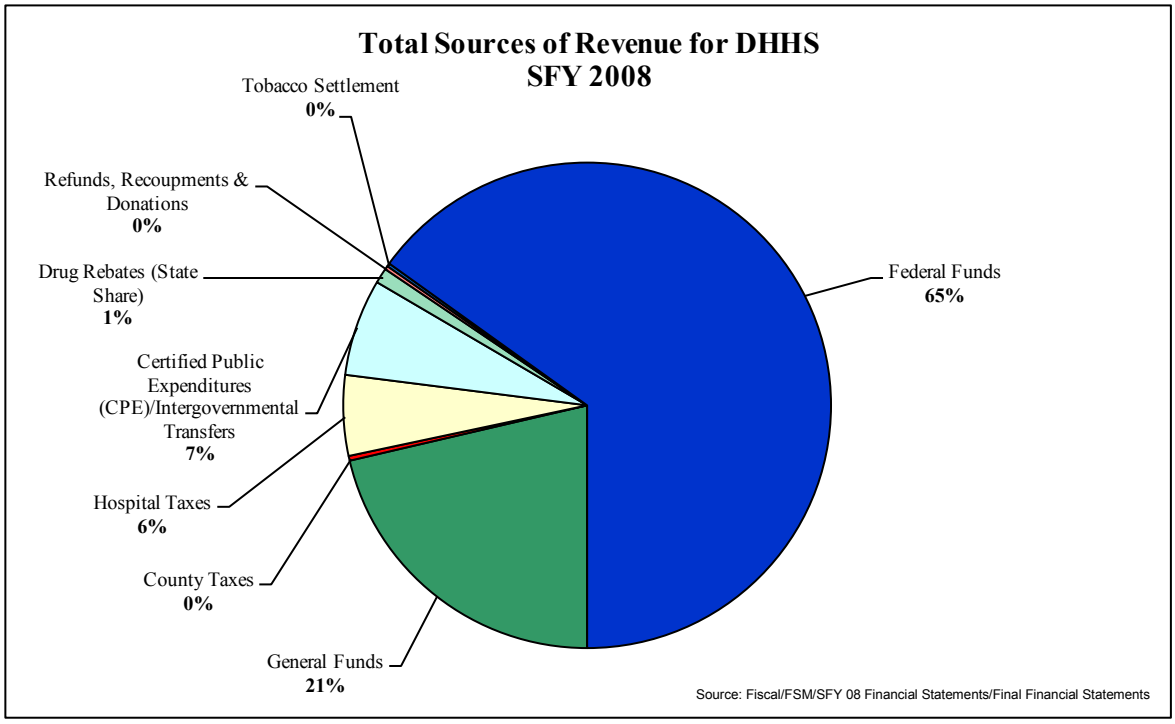
In SFY 2008, DHHS recovered about $19 million from Medicaid providers and beneficiaries for overpayments and excessive or inappropriate use of benefits. The collections represented a 62 percent increase over SFY 2007.

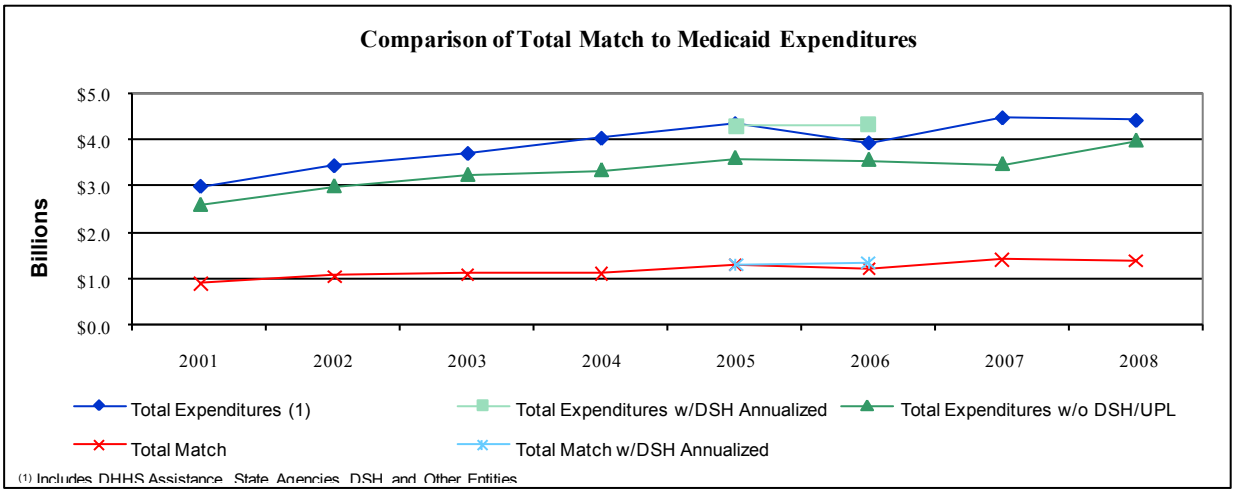
DHHS' Division of Program Integrity is responsible for initial examinations into Medicaid fraud and abuse. If actual provider fraud--a criminal offense--is suspected, DHHS refers the case to the Medicaid Fraud Control Unit (MFCU) in the State Attorney General's Office for further investigation and possible prosecution. In addition to these refunds, DHHS estimates that cost avoidances resulting from program integrity reviews – the decrease in excessive or abusive provider billing patterns and recipient use of benefits – amounted to nearly $5 million in SFY 2008.

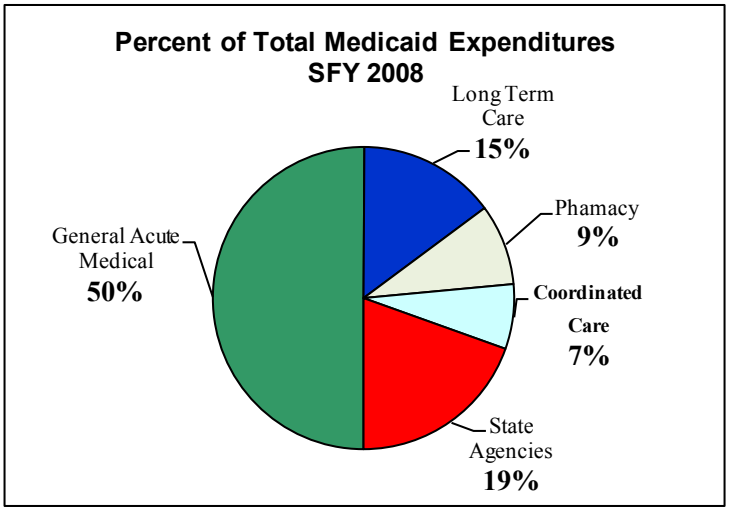
Fraud and Abuse Efforts	
Provider Recoveries	$2,990,040
Beneficiary Recoveries	$289,655
Global Settlements	$15,610,117
Hospital Quality Improvement Reviews	$207,489
Total	$19,097,301

Fraud and Abuse Hotline
1-888-364-3224

General Medicaid Data







SC Department of Health & Human Services
Analysis of Medicaid Coverage for Other State Agencies by Services
Based on Expenditures for the Year Ended June 30, 2008

	DDSN	DMH	DHEC	MUSC	USC	DAODAS	COC	D&B	DSS	DJJ	DOE	COB	JDLH	DOC	WLG	SHA	GRAND TOTAL
Hospital Services	151,727	5,386,497		25,983,677	5,667,030				8,066	3,940				1,719,944			38,920,881
Nursing Homes	153,868,632	22,447,069												11,287			176,326,988
Physician Services		960	667,218							451				10,449			679,078
Home Health																	-
EPSDT																	-
Lab & X-Ray			136,669														136,669
Family Planning			1,102,316								3,176						1,105,492
Clinical Services	30,635,343	82,624,964	6,111,331	9,533,069	2,547,095	12,874,632	2,464,107	1,963,871	6,792,554	6,541,378	42,256,059	3,505	332,400		23,301		204,703,609
Managed Care																	-
Dental																	-
Premium Pmts - Medicare		40,257															40,257
Supplemental Insurance																	-
Transportation		838,253						1,110,481			2,869,003						4,817,737
Pharmacy		449,787	4,818,446														5,268,233
Community Long Term Care	280,227,912																280,227,912
Durable Medical Equipment																	-
Medical Professional		16,415					480		860,982		667,366						1,545,243
Hospice																	-
Residential Care Facility	1,158,879	8,762,084					2,553,667	-	1,333,818								13,808,448
Assisted Living (OSS)																	-
Case Management	28,040,652	2,904,540				554,415	2,826,793	630,359	64,557	2,910,716	1,121,131						39,053,163
Other Services	169,153	24,578		165,469					1,126,419	7,465,874	1,794,243				9,990	861,798	11,617,524
Subtotal Group Coverage	494,252,298	123,495,404	12,835,980	35,682,215	8,214,125	13,429,047	7,845,047	3,704,711	10,186,396	16,922,359	48,710,978	3,505	332,400	1,741,680	33,291	861,798	778,251,234

Source: MMIS CCA8500R17; GAFRS 9427 expenditures have been spread based on the MMIS CCA 8500

See spreadsheet - Analysis of Medicaid State Agencies 2008 for allocation.

MEDICAID ASSISTANCE ACTIVITY
TOTAL EXPENDITURES
STATE FISCAL YEAR 2007-2008

DHHS Medicaid Assistance:	FY 2005-06	FY 2006-07	Change	FY 2007-08	Change
Hospital Services	649,877,839	638,607,237	-1.7%	950,165,632	48.8%
Nursing Home Services	418,655,318	433,783,765	3.6%	449,880,562	3.7%
Pharmacy Services	546,235,820	342,426,683	-37.3%	345,436,201	0.9%
MMA Phase Down Contributions	27,721,574	68,464,469	100.0%	70,105,648	100.0%
Physician Services	300,384,377	309,166,909	2.9%	325,842,687	5.4%
Dental Services	93,236,432	91,549,974	-1.8%	96,316,839	5.2%
Community Long Term Care	86,385,310	99,762,537	15.5%	117,296,333	17.6%
Home Health	11,327,259	9,094,141	-19.7%	11,023,505	21.2%
EPSDT Screening	15,327,126	15,926,861	3.9%	17,962,472	12.8%
Medical Professional	27,845,960	29,108,259	4.5%	43,076,349	48.0%
Regular Transportation	53,455,992	49,645,819	-7.1%	0	-100.0%
Broker Transportation	0	5,318,926	0.0%	61,769,597	100.0%
Lab & X-Ray	37,867,735	41,566,857	9.8%	42,458,097	2.1%
Family Planning Services	20,874,590	18,211,326	-12.8%	24,873,476	36.6%
Premiums Matched	127,835,608	134,694,257	5.4%	139,667,595	3.7%
Premiums 100% State	10,490,145	12,169,542	16.0%	12,954,015	6.4%
Hospice [1]	25,660,513	35,307,631	37.6%	43,629,577	23.6%
Optional State Supplement (OSS)	13,305,334	15,405,716	15.8%	16,661,720	8.2%
Integrated Personal Care (IPC)	2,300,352	2,916,015	26.8%	3,525,426	20.9%
Clinic Services	92,448,460	77,223,873	-16.5%	76,296,960	-1.2%
Durable Medical Equipment	52,756,053	49,753,198	-5.7%	49,811,090	0.1%
Coordinated Care	117,641,644	169,306,341	43.9%	276,071,412	63.1%
	2,731,633,441	**2,649,410,336**	**-3.0%**	**3,174,825,193**	**19.8%**
PACE	9,573,120	9,621,004	0.5%	10,255,140	6.6%
Child Health Insurance				651,577	
Trauma Center Fund	9,555,523	0	100.0%	0	100.0%
Total DHHS Medicaid Assistance	**2,750,762,084**	**2,659,031,340**	**-3.3%**	**3,185,731,910**	**19.8%**
Other State Agency Medicaid Assistance:					
Department of Mental Health	150,481,601	141,627,995	-5.9%	123,495,404	-12.8%
Department of Disabilities & Special Needs	433,129,611	450,866,073	4.1%	494,252,298	9.6%
Department of Health & Environmental Control	17,805,850	12,229,849	-31.3%	12,835,980	5.0%
Medical University of South Carolina	44,836,789	49,770,718	11.0%	35,682,215	-28.3%
University of South Carolina	6,401,332	7,317,617	14.3%	8,214,125	12.3%
Department of Alcohol & Other Drug Abuse Services	14,408,349	13,494,635	-6.3%	13,429,047	-0.5%
Continuum of Care	9,316,237	8,436,469	-9.4%	7,845,047	-7.0%
School for the Deaf & Blind	3,941,212	3,710,691	-5.8%	3,704,711	-0.2%
Department of Social Services	50,070,688	17,697,729	-64.7%	10,186,396	-42.4%
Department of Juvenile Justice	20,353,749	22,199,946	9.1%	16,922,359	-23.8%
Department of Education	54,435,108	54,617,741	0.3%	48,710,978	-10.8%
Commission for the Blind	6,875	4,046	-41.2%	3,505	-13.4%
Department of Corrections	1,397,614	2,055,607	100%+	1,741,680	-15.3%
John De La Howe	72,565	160,014	100.0%	332,400	100.0%
Wil Lou Gray Opportunity School	26,258	52,773	101.0%	33,291	-36.9%
State Housing Authority	66,307	912,650	100.0%	861,798	100.0%
Total Other Agency Medicaid Assistance	**806,750,145**	**785,154,553**	**-2.7%**	**778,251,234**	**-0.9%**
Other Entities [1]	8,770,197	31,718,609	261.7%	17,611,733	-44.5%
Emotionally Disturbed Children	62,770,767	65,175,283	3.8%	68,729,069	5.5%
Total Medical Asst with Other Entities and EDC	**3,629,053,193**	**3,541,079,785**	**-2.4%**	**4,050,323,946**	**14.4%**
Disproportionate Share	365,041,669 [2]	1,001,090,542	174.2%	438,722,041	-56.2%
Total Medical Asst with Disproportionate Share	**3,994,094,862**	**4,542,170,327**	**13.7%**	**4,489,045,987**	**-1.2%**

SOURCE: DAFR 9427 Report

[1] To comply with the direction of the State Medicaid Manual, effective SFY 06, SCDHHS must pay the hospice agency room and board for an individual who is residing in a nursing facility and who is receiving hospice care. The hospice agency is then required to pay the nursing facility for room and board in an amount that would have been paid to the nursing facility for that individual in that facility under the approved State Plan.

[2] State Fiscal Year 2006 expenditures are down due to final Disproportionate Share payments being made in the first quarter of FY 06-07.

STATE FISCAL YEAR 2007-2008					
COUNTY	Paid Claims to Providers in County	% to Total	Rank	Paid Claims for Residents of County	Rank
ABBEVILLE	$ 8,800,866.64	0.25%	45	$ 23,175,731.22	41
AIKEN	$ 76,148,802.53	2.20%	11	$ 124,433,243.98	10
ALLENDALE	$ 6,565,964.03	0.19%	49	$ 14,286,166.68	46
ANDERSON	$ 103,988,298.18	3.01%	9	$ 132,990,319.36	9
BAMBERG	$ 10,244,620.38	0.30%	42	$ 23,327,090.07	40
BARNWELL	$ 16,864,934.55	0.49%	37	$ 35,359,417.59	34
BEAUFORT	$ 49,569,786.91	1.43%	19	$ 61,885,607.54	19
BERKELEY	$ 33,858,924.83	0.98%	24	$ 91,275,035.32	16
CALHOUN	$ 6,815,286.64	0.20%	48	$ 17,363,841.87	45
CHARLESTON	$ 335,140,635.77	9.69%	2	$ 259,616,575.92	3
CHEROKEE	$ 24,317,850.02	0.70%	30	$ 45,868,282.67	29
CHESTER	$ 13,630,440.54	0.39%	40	$ 32,771,290.30	36
CHESTERFIELD	$ 25,624,605.47	0.74%	28	$ 52,663,455.07	24
CLARENDON	$ 24,522,573.56	0.71%	29	$ 43,428,848.56	31
COLLETON	$ 22,245,796.37	0.64%	31	$ 46,777,952.17	28
DARLINGTON	$ 62,949,959.21	1.82%	16	$ 82,108,633.58	17
DILLON	$ 17,615,314.15	0.51%	35	$ 43,893,176.49	30
DORCHESTER	$ 53,634,051.62	1.55%	18	$ 95,618,465.63	15
EDGEFIELD	$ 7,163,378.75	0.21%	47	$ 18,195,474.82	43
FAIRFIELD	$ 15,417,376.58	0.45%	39	$ 32,787,537.04	35
FLORENCE	$ 209,327,802.39	6.05%	4	$ 186,072,694.56	5
GEORGETOWN	$ 49,304,799.16	1.43%	20	$ 57,650,470.81	23
GREENVILLE	$ 298,670,046.87	8.64%	3	$ 302,868,300.05	2
GREENWOOD	$ 66,043,676.17	1.91%	14	$ 60,493,040.60	21
HAMPTON	$ 9,610,262.82	0.28%	44	$ 23,525,921.33	39
HORRY	$ 111,295,274.46	3.22%	8	$ 160,692,085.07	7
JASPER	$ 10,642,905.12	0.31%	41	$ 20,573,143.39	42
KERSHAW	$ 30,159,185.20	0.87%	25	$ 51,979,419.02	25
LANCASTER	$ 38,574,719.02	1.12%	22	$ 58,085,594.70	20
LAURENS	$ 63,300,478.22	1.83%	15	$ 101,594,001.13	12
LEE	$ 10,155,066.82	0.29%	43	$ 31,334,318.22	38
LEXINGTON	$ 143,120,609.31	4.14%	7	$ 162,296,961.11	8
MARION	$ 26,559,307.33	0.77%	26	$ 49,306,298.08	27
MARLBORO	$ 17,065,276.49	0.49%	36	$ 36,193,116.65	33
MCCORMICK	$ 5,944,576.49	0.17%	50	$ 10,203,303.52	47
NEWBERRY	$ 19,943,020.43	0.58%	33	$ 37,703,096.71	32
OCONEE	$ 35,804,281.94	1.04%	23	$ 58,393,693.64	22
ORANGEBURG	$ 68,781,729.61	1.99%	12	$ 109,138,006.84	14
PICKENS	$ 43,629,597.76	1.26%	21	$ 79,776,046.39	18
RICHLAND	$ 630,896,452.03	18.25%	1	$ 318,445,647.24	1
SALUDA	$ 7,756,987.29	0.22%	46	$ 17,718,960.76	44
SPARTANBURG	$ 173,204,426.96	5.01%	5	$ 211,708,915.19	4
SUMTER	$ 66,914,617.63	1.94%	13	$ 107,369,378.31	13
UNION	$ 15,794,326.58	0.46%	38	$ 31,487,062.11	37
WILLIAMSBURG	$ 19,375,598.32	0.56%	34	$ 49,448,783.75	26
YORK	$ 95,338,526.96	2.76%	10	$ 122,886,930.15	11
GA < 25 MI	$ 59,525,580.00	1.72%	17	$ -	
GA > 25 MI	$ 2,019,106.39	0.06%	51	$ -	
NC > 25 MI	$ 20,151,606.77	0.58%	32	$ -	
NC < 25 MI	$ 25,979,637.41	0.75%	27	$ -	
OTHER NON-SC	$ 167,527,294.96	4.85%	6	$ -	

Note: Paid claims do not include gross adjustments or contractual transportation

Source: MMIS SFY 08 Paid Claims by County

MEDICAID ELIGIBLES BY MAJOR CATEGORY
SFY 2008

COUNTY	Children	Elderly	Disabled	Other	Total
ABBEVILLE	3,074	733	780	1,487	6,074
AIKEN	17,464	2,676	4,189	7,171	31,500
ALLENDALE	1,837	484	606	794	3,721
ANDERSON	18,707	3,565	5,046	7,531	34,849
BAMBERG	2,400	695	728	1,283	5,106
BARNWELL	3,739	753	1,131	1,523	7,146
BEAUFORT	12,833	1,196	1,837	4,404	20,270
BERKELEY	16,095	1,623	2,582	6,562	26,862
CALHOUN	1,635	490	492	792	3,409
CHARLESTON	33,145	4,711	8,039	13,050	58,945
CHEROKEE	6,845	1,265	1,937	2,701	12,748
CHESTER	4,943	959	1,178	2,167	9,247
CHESTERFIELD	6,532	1,410	1,804	2,764	12,510
CLARENDON	5,140	1,288	1,543	2,196	10,167
COLLETON	6,816	1,244	1,868	2,879	12,807
DARLINGTON	10,022	1,932	2,537	4,123	18,614
DILLON	6,256	1,380	1,646	2,658	11,940
DORCHESTER	10,806	1,367	2,348	4,618	19,139
EDGEFIELD	2,645	639	608	1,113	5,005
FAIRFIELD	3,360	858	927	1,314	6,459
FLORENCE	19,742	3,958	5,420	9,106	38,226
GEORGETOWN	7,747	1,319	1,971	3,345	14,382
GREENVILLE	41,011	6,478	9,997	15,428	72,914
GREENWOOD	8,317	1,389	1,845	3,492	15,043
HAMPTON	3,438	749	1,045	1,360	6,592
HORRY	27,785	3,424	5,422	12,682	49,313
JASPER	3,965	536	651	1,272	6,424
KERSHAW	6,500	1,275	1,683	2,539	11,997
LANCASTER	8,398	1,496	1,917	3,560	15,371
LAURENS	8,245	1,721	2,759	3,190	15,915
LEE	3,678	959	936	1,524	7,097
LEXINGTON	23,421	2,757	3,976	9,073	39,227
MARION	6,433	1,511	1,809	2,672	12,425
MARLBORO	4,849	1,284	1,587	1,861	9,581
MCCORMICK	938	379	346	383	2,046
NEWBERRY	5,046	984	1,170	1,829	9,029
OCONEE	7,881	1,522	1,990	3,713	15,106
ORANGEBURG	13,286	3,043	3,830	6,432	26,591
PICKENS	10,655	1,966	2,789	5,017	20,427
RICHLAND	35,330	4,804	7,998	13,839	61,971
SALUDA	2,551	556	549	930	4,586
SPARTANBURG	29,021	5,812	8,173	10,925	53,931
SUMTER	15,311	3,018	3,643	6,247	28,219
UNION	3,762	916	1,409	1,621	7,708
WILLIAMSBURG	5,986	1,485	1,903	2,360	11,734
YORK	17,824	2,790	3,577	6,833	31,024
TOTAL	**495,414**	**85,399**	**120,221**	**202,363**	**903,397**

Source: RSS3870R04 dated 10/23/08

Income Limits

Medicaid Income Limits, by Eligibility Category	
Category	**Income Requirement**
Aged, Blind, Disabled	100% FPL
Low-Income Medicare	135% FPL
SCHIP/ HCK	150/ 200% FPL
Optional Coverage for Women and Infants	185% FPL
Working Disabled	250% FPL
Low-Income Families	50% FPL

Federal Poverty Level by Yearly Income SFY 2008							
Family Size	**Percent of Federal Povery Level**						
	50%	**100%**	**135%**	**150%**	**185%**	**200%**	**250%**
1	$5,415	$10,830	$14,620	$16,245	$20,035	$21,660	$27,075
2	$7,285	$14,570	$19,669	$21,855	$26,954	$29,140	$36,425
3	$9,155	NA	NA	$27,465	$33,873	$36,620	$45,775
4	$11,025	NA	NA	$33,075	$40,792	$44,100	$55,125
5	$12,895	NA	NA	$38,685	$47,711	$51,580	$64,475
6	$14,765	NA	NA	$44,295	$54,630	$59,060	$73,825

State/ Federal Match Rates					
		Medicaid		**Title XXI**	
FFY	**Time Period**	**State Rate**	**Federal Rate**	**State Rate**	**Federal Rate**
2000	10/01/99-	30.05%	69.95%	21.04%	78.97%
2001	10/01/00-	29.56%	70.44%	20.69%	79.31%
2002	10/01/01-	30.66%	69.34%	21.46%	78.54%
2003	10/01/02-	30.19%	69.81%	21.13%	78.87%
2003*	04/01/03-	27.24%	72.76%	21.13%	78.87%
2004	10/01/03-	30.14%	69.86%	21.10%	78.90%
2004*	10/01/03-	27.19%	72.81%	21.10%	78.90%
2005	10/01/04-	30.11%	69.89%	21.08%	78.92%
2006	10/01/05-	30.68%	69.32%	21.48%	78.52%
2007	10/01/06-	30.46%	69.54%	21.32%	78.68%
2009	10/01/08-	29.93%	70.07%	20.95%	79.05%

* 2.95% Enhanced rate for five quarters

Current South Carolina Medicaid Waivers

Community Choices Waiver- 1915(c) waiver initiated in 2006 (combines Elderly/Disabled waiver, initiated in 1984; and South Carolina Choice, initiated in 2003)

The Community Choices waiver program targets disabled individuals 18 years of age or older and offers case management, personal care, companion services, attendant care, environmental modifications, enhanced environmental modifications, home delivered meals, adult day health care, adult day health care nursing, respite care, personal emergency response systems, incontinence supplies, nutritional supplements, limited durable medical equipment, and nursing facility transition services. Eligibility for the Community Choices waiver is twofold: participants are required to meet categorical and financial guidelines of Medicaid eligibility in addition to Medicaid medical criteria (nursing facility level of care).

Number served: 14,921
*Waiting List: 2,284 as of January 2009
Expenditures: **$110,903,811**

* In order to qualify for CLTC services, individuals must undergo an assessment and meet established nursing home level of care criteria. Many of those awaiting CLTC services have not yet been deemed eligible for them, either because they have not been medically assessed or because their financial eligibility has not yet been established.

HIV/AIDS Waiver- 1915(c) waiver initiated in 1988

The HIV/AIDS waiver program assists persons of all ages who have HIV disease or AIDS. The services help a person stay at home as long as possible and avoid extended hospital stays. The HIV/AIDS waiver offers case management, personal care, environmental modifications, enhanced environmental modifications, home delivered meals, private duty nursing, attendant care, companion care, prescription drugs, incontinence supplies, and nutritional supplements.

Number served: 1,155 as of January 2009
Waiting List: 9 as of January 2009
Expenditures: **$3,273,159**

Ventilator Dependent Waiver- 1915(c) waiver initiated in 1994

The CLTC Ventilator Dependent waiver assists persons 21 and over who are dependent upon mechanical ventilation and wish to remain in the community. The services help a person stay at home as long as possible and avoid extended hospital and sub-acute stays. The Vent waiver offers personal care, attendant care, environmental modifications, enhanced environmental modifications, private duty nursing, personal emergency response systems, institutional respite, in-home respite care, prescription drugs, specialized medical equipment and supplies, incontinence supplies, and nutritional supplements. This waiver was recently renewed in 2007 for five years; the renewal was effective November 1, 2007, through October 31, 2012.

Number served: 41 as of January 2009
Waiting List:none
Expenditures: **$1,169,108**

Current South Carolina Medicaid Waivers

Mental Retardation and Related Disabilities (MR/RD) Waiver (operated by SC DDSN)-1915(c) waiver initiated in 1991

The MR/RD waiver serves individuals of any age with mental retardation or related disabilities and allows them to receive a broad range of special services to help them live in the community rather than an institution. The MR/RD waiver services include: day habilitation, supported employment, residential habilitation, prevocational services, personal care, environmental modifications, respite care, DME/ assistive technology, additional prescription drugs, audiology services, speech/language services, physical therapy, occupational therapy, psychological services, behavior support services, private duty nursing, attendant care, companion care, dental services, vision services, vehicle modification, adult day health care and adult day health care nursing.

Number served: 5,914 as of January 2009
Waiting List:Critical: 1; Regular: 1318 as of January 2009
Expenditures: **$223,682,638**

Head and Spinal Cord Injury (HASCI) Waiver (operated by SC DDSN)- 1915(c) waiver initiated in 1995

The HASCI waiver serves individuals of any age with impairments involving head and/or spinal cord injuries. In addition to the financial eligibility criteria for Medicaid, participants must meet either the nursing facility or ICF/MR level of care. The HASCI waiver services include: day habilitation, supported employment, residential habilitation, prevocational services, attendant care, environmental modifications, respite care, medical supplies, equipment and assistive technology, additional prescription drugs, audiology services, speech/language services, physical therapy, occupational therapy, psychological services, behavior support services, private duty nursing, vehicle modification, Health Education for Consumer Directed Care, and Peer Guidance for Consumer Directed Care. This waiver will be renewed for a five-year period in July 2008.

Number served: 661 as of January 2009
Waiting List: Urgent: 15; Regular: 260 as of January 2009
Expenditures: **$18,133,893**

Pervasive Developmental Disorder (PDD) Waiver (operated by SC DDSN)- 1915(c) waiver initiated January 1, 2007

The PDD waiver serves individuals age 3-10 with Pervasive Developmental Disorders. In addition to the financial eligibility criteria for Medicaid, participants must meet the level of care required for placement in an Intermediate Care Facility for People with Mental Retardation. The PDD waiver services include: Service Coordination and Early Intensive Behavioral Intervention.

Number served: 233 as of January 2009
Waiting List: 420 as of January 2009
Expenditures: **$2,468,188**

Our Partners

SCDHHS is grateful to all those who volunteer their time to offer insight and guidance relating to various Medicaid programs and services.

Medical Care Advisory Committee

Member	Term Extends Through
John Barber	2008
Sue B. Berkowitz	2009
John G. Black, MD	2010
Lynn E. Connelly, R.Ph.	2009
Dr. Charles P. Darby	2010
Dr. James M. DuRant, Jr.	2009
Dr. Richard K. Harding	2010
Dr. Greta Harper	2008
Dr. Thomas Hepfer	2009
Dr. William Hueston	2008
C. Earl Hunter	Ex-Officio
Dr. Lyndon Key	2008
J.T. McLawhorn	2009
Dr. Jim Mercer	2008
William P. Moran, MD, MS	2010
Andy Pope, DrPH	2009
Dr. Ralph Riley	2008
Dr. March Seabrook	2008
Sabra C. Slaughter, Ph.D.	2008
Dr. Caughman Taylor	2008

Pharmacy & Therapeutics Committee

Family Medicine
Edward M. Behling, M.D.
Jony Margrit Bolinger, M.D.
Gregory V. Browning, M.D.
Tan J. Platt, M.D.

Pediatrics
James M. Lindsey, M.D.
Sara F. Lindsey, M.D

Internal Medicine
Charmaine George, M.D.
Charles H. Raine, III, M.D.

Psychiatry
Harry H. Wright, M.D.

Infectious Disease
Joseph A. Horvath, M.D.

Pharmacy
Kelly W. Jones, Pharm.D.
Thomas R. Phillips, R.Ph.
Deborah J. Tapley, R.Ph./MBA
George E. (Ed) Vess, Pharm.D.

Our Partners

Medicaid Transportation Advisory Committee

Scott Lesiak

Tommy Cockrell

J. Randal Lee

Scott Jones

Dr. Keith Guest, M.D.

Lynn Stockman

Curtis Loftis, Jr.

Greg Kitchens

John Teeter

Alaina Macia

Chuck DeZearn

Coretta Bedsole

Lewis Stephens

Barbara Haley

South Carolina Department of Health & Human Services

In an effort to reduce costs and paper consumption, this Annual Report is made available in electronic form only and can be accessed by visiting www.scdhhs.gov.

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