

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

The Centers for Medicare & Medicaid Services (CMS), in conjunction with the State of South Carolina, is releasing the final Medicaid and Medicare component of the CY 2022 rates for the South Carolina Healthy Connections Prime program (Prime).

The general principles of the rate development process for the Demonstration have been outlined in the three-way contract between CMS, South Carolina, and the participating health plans.

Included in this report are the final CY 2022 Medicaid rates and Medicare county base rates and Medicaid rates. *Please note, this rate report incorporates updates to the Medicare rates for 2022, given the suspension of 2% sequestration from January 1, 2022 through March 31, 2022, the application of 1% sequestration from April 1, 2022 through June 30, 2022, and the application of 2% sequestration from July 1, 2022 through December 31, 2022, per the Protecting Medicare and American Farmers from Sequester Cuts Act of 2021; more information is available in the HPMS memo "Medicare Advantage/Prescription Drug System (MARx) April 2022 Payment – INFORMATION" released March 25, 2022.*

I. Components of the Capitation Rate

CMS and South Carolina will each contribute to the global capitation payment. CMS and South Carolina will each make monthly payments to Coordinated and Integrated Care Organization (CICOs) for their components of the capitated rate. CICOs will receive three monthly payments for each enrollee: one amount from CMS reflecting coverage of Medicare Parts A/B services, one amount from CMS reflecting coverage of Medicare Part D services, and a third amount from South Carolina reflecting coverage of Medicaid services.

The Medicare Parts A/B rate component will be risk adjusted using the prevailing Medicare Advantage CMS-HCC and CMS HCC-ESRD models. The Medicare Part D payment will be risk adjusted using the Part D RxHCC model. To adjust the Medicaid component, South Carolina assigns each enrollee to a rate cell according to the individual enrollee's nursing facility level of care status.

Section II of this report provides information on the South Carolina Medicaid component of the capitation rate. Section III includes the Medicare Parts A/B and Medicare Part D components of the rate. Section IV includes information on the savings percentages and quality withhold.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

II. South Carolina Component of the Rate - CY 2022

This section provides an overview of the capitation rate development for the Medicaid component of the Prime program. Assessment of actuarial soundness under 42 CFR 438.4(a), in the context of this Demonstration, should consider both Medicare and Medicaid contributions and the opportunities for efficiencies unique to an integrated care program. CMS considers the Medicaid actuarial soundness requirements to be flexible enough to consider efficiencies and savings that may be associated with Medicare. Therefore, CMS does not believe that a waiver of Medicaid actuarial soundness principles is necessary in the context of this Demonstration. 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. For the purposes of the development of the Medicaid component of the Prime capitation rate, “actuarial soundness” will be defined as in Actuarial Standard of Practice (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

The capitation rate-setting process for the Prime program does not follow the Medicaid managed care capitation rate-setting methodology outlined in ASOP 49, because an alternative methodology has been prescribed by CMS. The rate-setting methodology is limited to the cost of the Medicaid program for dual eligible beneficiaries in absence of the Demonstration less the shared savings percentage. The full version of the CY 2022 Medicaid capitation rate report can be found online at

<https://img1.scdhhs.gov/dEpnO5NCdDzlkX3n/HealthyConnectionsPrimeCY2022MedicaidCapitationRateCertification.pdf>.

Note that the Medicaid component of the capitation rates was amended July 1, 2022. The full version of the July 2022 capitation rate amendment report can be found online at

<https://msp.scdhhs.gov/SCDue2/sites/default/files/Healthy%20Connections%20Prime%20July%202022%20Medicaid%20Capitation%20Rate%20Amendment%20Certification.pdf>.

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

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

Information in this report related to the Medicaid component of the Healthy Connections Prime capitation rate provides an overview of the rate development and should not be considered comprehensive documentation of the methodology and assumptions. Review of this report should be accompanied by the CY 2022 Healthy Connections Prime Medicaid capitation rate report for full documentation of assumptions and methodology.

The basis for Medicaid rates began with costs developed prior to the application of the Medicare and Medicaid composite savings percentages established by the State and CMS, informed by estimates from CMS and its contractors. The final Medicaid capitation rates were established by applying composite savings percentages established by the State and CMS, and documented in the July 2020 three-way contract amendment, to both the benefit and non-benefit component of the capitation rates.

The certified per member per month (PMPM) capitation rates for the Healthy Connections Prime program are illustrated in Figures 1A and 1B. Figure 1A reflects the original certified CY 2022 rates effective from January 1, 2022 through June 30, 2022, and Figure 1B reflects the July amended rates effective July 1, 2022 through December 31, 2022. The rates reflect a 3% shared savings percentage for CY 2022 consistent with Section 4.2.3 of the July 1, 2020 amendment to the three-way contract between CMS, SCDHHS, and the Coordinated and Integrated Care Organizations (CICOs) (July 1, 2020 amendment)².

FIGURE 1A: PRIME CAPITATION RATES EFFECTIVE CY 2022

RATE CELL	MEDICAID RATE
Community	\$ 95.66
Nursing Facility	\$ 6,097.51
HCBS Waiver	\$ 1,415.34
HCBS Waiver – Plus Rate	\$ 3,902.04

Note: Figure 1A reflects capitation rates effective January through June 2022

FIGURE 1B: PRIME CAPITATION RATES EFFECTIVE JULY 2022

RATE CELL	MEDICAID RATE
Community	\$ 95.66
Nursing Facility	\$ 6,097.51
HCBS Waiver	\$ 1,496.81
HCBS Waiver – Plus Rate	\$ 3,929.20

Please note:

- The capitation rates reflect the current benefit package for CY 2022 approved by the State and CMS as of the date of this report. The rates will be reviewed if applicable policy and program changes occur for this period.
- The capitation rates were amended July 1, 2022 to address provider reimbursement changes related to waiver services. Specifically, the rates were updated using the following assumptions:

² "July 1, 2020 Amendment to the three-way contract between CMS, SCDHHS, and the CICOs", <https://www.cms.gov/files/document/sccontractamendment2020.pdf>

**South Carolina Healthy Connections Prime
CY 2022 Updated Final Medicare Rate Report
April 15, 2022**

- Attendant and Companion Care rate increases effective July 1, 2022
- Personal Care Services I & II rate increases effective July 1, 2022
- Adult Day Health Care rate increase effective October 1, 2022
- The Nursing Facility capitation rate was developed based on projected gross nursing facility rates. On an individual basis, SCDHHS will deduct the actual patient pay liability amount from the 2022 Nursing Facility capitation rate shown in Figure 1 and pay the net capitation rate to the CICOs.
- The HCBS Waiver – Plus rate was calculated as the HCBS Waiver base rate plus two-thirds of the difference between the institutional portion of the Nursing Facility rate (less an estimated average daily patient liability amount of \$35.93) and the waiver services portion of the HCBS Waiver base rate.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

COVERED POPULATION

Target Population

The target population for the Prime program is limited to full Medicare-Medicaid dual eligible individuals who are age 65 and over and entitled to benefits under Medicare Parts A, B, and D. The Prime program is offered in all counties in the state of South Carolina and includes individuals enrolled in the Community Choices Waiver, HIV/AIDS Waiver and Ventilator Dependent Waiver.

Excluded Populations

The following populations are not eligible for the Prime program and are excluded from enrollment:

- Any member month where an individual's age was under 65;
- Any member month where an individual is enrolled in the PACE program;
- Any member month where an individual is enrolled in a DDSN waiver;
- Any member month where an individual was identified as partially eligible. These individuals consisted of those with the following payment categories in the eligibility data:
 - 90 – Qualified Medicare Beneficiary;
 - 48 – Qualifying Individual;
 - 52 – Specified Low Income Medicare Beneficiary;
 - 14 – MAO (General Hospital);
 - 50 – Qualified Working Disabled;
 - 55 – Family Planning;
 - 70 – Refugee Entrant.
- Any member month where an individual was not enrolled in Medicare Part A and Medicare Part B coverage;
- Any member month where an individual is enrolled in an emergency services only program (non-citizen);
- Any member month where an individual is identified as an inmate;
- Any member month where an individual resides in hospice, a nursing facility, or an ICF/IID;
- Any retroactively enrolled member month.

The following criteria were not evaluated due to limitations in the data:

- Medicare Part D enrollment
- Eligibility for ESRD services

Additional detail related to the eligible and excluded populations can be found in the three-way contract between SCDHHS, CMS, and the participating CICOs.

The following describes each of the distinct populations covered by the Prime program which correspond directly with the capitation rate cells.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

Home and Community-Based Services (HCBS) Waiver Population

This population includes individuals participating in one of the non-Developmentally Disabled 1915(c) waiver programs operating in South Carolina.

Milliman identified the population in the rate-setting process by assigning to the HCBS Waiver population any member month where an individual contains any of the following codes on the first day of the month in the eligibility data indicating recipient of a special program (RSP):

- **CLTC:** Community Choices Waiver
- **HIVA:** HIV/AIDS Waiver
- **VENT:** Ventilator Dependent Waiver

Nursing Facility Population

This population includes individuals residing in a nursing facility who meet the state definition of nursing home level of care and who are not enrolled in a home and community-based services (HCBS) waiver.

This rate cell was established for Demonstration-enrolled individuals who transition from the community to a nursing facility and elect to remain in the Demonstration. In developing the base data used in the capitation rate-setting process, we identified the nursing facility population using the following criteria:

- Any dual-eligible individual with at least one day of service in an institution (DHHS nursing home, Department of Mental Health (DMH) nursing home, nursing home swing beds or hospice room & board) and denoted as meeting the nursing home level of care criteria based on the payment category field in the SCDHHS eligibility data.
- Any Prime-eligible member who has incurred more than three consecutive months of nursing facility services following the month of admission, yet did not contain a nursing facility level of care payment category on the eligibility record.

The capitation rate for this rate cell was developed based on projected gross nursing facility rates. On an individual basis, SCDHHS will deduct the actual patient pay liability amount from the Nursing Facility capitation rate shown in Figure 1 and pay the net capitation rate to the CICOs.

Community Residents Population

This population includes all other qualifying individuals who were not previously categorized. This population is comprised of Demonstration-eligible individuals who are neither institutionalized nor participating in a 1915(c) waiver program.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

“Plus” Rates

For Prime program participants who transition between settings of care, additional considerations will be taken when assigning the capitation rate cell payment. Demonstration Plans will receive “Plus” rates for certain individuals to encourage transition from institutional care to the community setting.

Individuals who require HCBS waiver services once moved to the community will receive the Waiver Plus rate. This rate was calculated as the HCBS Waiver base rate plus two-thirds of the difference between the institutional portion of the Nursing Facility rate (less an estimated average patient liability amount) and the waiver services portion of the HCBS Waiver base rate.

The Plus rates will be paid for a three-month period meeting the following conditions:

- Any Prime enrollee discharged from a nursing facility to an HCBS waiver.
- Any Prime enrollee in the first three months of enrollment in the HCBS waiver for individuals not residing in a nursing facility.

For an individual transitioning to a nursing facility from the community, the health plan will receive the member’s base rate from the place of transfer for the first three months in the nursing home. This payment methodology is consistent with the payment methodology described in the July 1, 2018 amendment to the three-way contract.

EXPERIENCE DATA ADJUSTMENTS REFLECTED IN THE MEDICAID CAPITATION RATES

The base fee-for-service (FFS) experience for calendar year (CY) 2019 was adjusted for the following components to produce the Medicaid portion of the Prime capitation rates:

- Completion
 - Completion factors were developed from a combination of claim payment lag analyses and estimates of projected PMPMs, which were applied to CY 2019 expenditures to reflect completion of IBNR claims. The CY 2019 base period provides for 19 months of claims payment runout from the end of CY 2019.
- Trend
 - Trend rate assumptions were developed for the populations and services covered under the proposed Dual Demonstration program based on claims experience data from January 1, 2018 through March 31, 2021 and paid through July 2021.
- Policy and program changes (both historical and prospective)
 - Adjustments were made for known policy and program changes that were made by SCDHHS during the historical base experience period (CY2019) through CY 2022.
- Risk Selection – HCBS Waiver
 - A prospective risk selection factor was applied to the base capitation rate to account for cost differences of individuals enrolled in the Demonstration. Evaluation of historical CY 2019 PMPM costs of members enrolled in the Demonstration and the Prime-eligible population represented in the unadjusted base data indicated a variance between the two populations.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

Because CY 2019 FFS data does not exist for currently-enrolled HCBS Waiver members who joined the Prime program prior to January 1, 2019, selection factors were applied based on those developed in the CY 2018, CY 2019, and CY 2020 Healthy Connections Prime Capitation Rate Certifications.

For non-DSNP HCBS Waiver members enrolled on or after January 1, 2019 and new members anticipated to enroll in CY 2022 (approximately 120 members in January 2022 and 40 members per month thereafter), we have assumed a 1.0 relative morbidity factor.

Additionally, for anticipated D-SNP enrollees in 2022, our review of FFS data for the anticipated D-SNP members eligible for passive enrollment indicated a relative morbidity factor of 1.0 relative to the CY 2019 FFS base data.

Based on the assumptions described above, a selection factor of 1.020 was applied to the total HCBS Waiver PMPM cost after application of trend, program changes, and rating period adjustments.

- Risk Selection – Community
 - The Community selection factor was developed based on a distribution of two independent populations: non-DSNP Prime members and DSNP passive enrolled members.

The non-DSNP Prime population was further divided into current Prime members who enrolled prior to January 1, 2019, and those enrolled or anticipated to enroll January 1, 2019 through December 31, 2022. A relative morbidity factor of 1.0 was assumed for both populations, consistent with the factor developed in the CY 2021 Healthy Connections Prime Capitation Rate Certification.

In addition to the current non-DSNP Community population, we reviewed the cost differences of members enrolled through the DSNP passive enrollment waves in January 2019, July 2019, and January 2020, relative to the CY 2019 base data. In order to evaluate the cost difference between DSNP members currently enrolled in Prime and the CY 2019 FFS base data, we reviewed CY 2019 FFS utilization and cost data for DSNP members.

Additionally, to account for further potential cost differences between DSNP members who do not opt out of the Prime program, we reviewed CY 2019 FFS utilization and cost data for DSNP members who were passively enrolled in from the January 2020 DSNP wave and remain in the Prime program as of July 2021 (approximately 1,030 members).

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

Due to credibility concerns and because a full year of CY 2019 experience is only available for the January 2020 DSNP wave, we blended the relative morbidity factor for the January 2020 DSNP members who did not opt-out of the Prime program (0.50) with the relative morbidity factor for all Prime-eligible individuals enrolled in a DSNP (0.60), resulting in a relative morbidity factor of 0.55.

The combined impact of the anticipated non-DSNP Prime enrollees and the passively-enrolled DSNP members results in a selection factor of 0.942 applied to the total Community PMPM benefit cost, after application of trend, program changes, and rating period adjustments.

- Other Adjustments
 - Historical adjustment to reflect Hospice Room and Board Services on a gross rate basis for the Nursing Facility rate cell only.

A comprehensive description of the adjustments utilized in the CY 2022 capitation rate-setting process, as well as the actual factors that were applied by category of service, population and applicable time period are available in the full Medicaid report at <https://img1.scdhhs.gov/dEpnO5NCdDzlkX3n/HealthyConnectionsPrimeCY2022MedicaidCapitationRateCertification.pdf>.

Note that the Medicaid component of the capitation rates was amended July 1, 2022. A comprehensive description of the adjustments included in the July 2022 capitation rate amendment report can be found online at <https://msp.scdhhs.gov/SCDue2/sites/default/files/Healthy%20Connections%20Prime%20July%202022%20Medicaid%20Capitation%20Rate%20Amendment%20Certification.pdf>.

NON-BENEFIT COSTS

Based on guidance from SCDHHS and the joint rate-setting process for the Financial Alignment's Capitated Model initiative, the non-benefit component of the capitation rate reflects the estimated non-benefit costs for Healthy Connections Prime members while in the FFS program (i.e., "absent the demonstration").

We relied on Form CMS-64 reports to estimate the average administrative expense PMPM for the Medicaid program. Figure 2 illustrates the non-benefit cost PMPMs by rate cell for the CY 2022 Healthy Connections Prime program.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

FIGURE 2: NON-BENEFIT COST ALLOWANCE BY RATE CELL

RATE CELL	TOTAL
Community	\$ 10.00
Nursing Facility	\$ 100.00
HCBS Waiver	\$ 100.00
HCBS Waiver – Plus Rate	\$ 100.00

DATA RELIANCE

The following information was provided by SCDHHS to develop the actuarially sound capitation rates for the Calendar Year 2022 contract period.

- Fee-for-service (FFS) claims data for the Prime eligible population incurred January 1, 2017 through March 31, 2021 and paid through July 2021;
- Detailed FFS enrollment data for January 1, 2018 through December 31, 2020;
- Managed care capitation rates paid to the health plans serving enrollees in the Prime program;
- Summary of policy and program changes through CY 2022 (including changes to fee schedules and other payment rates);
- Healthy Connections Prime enrollment data by rate cell for July 2021;
- Data exchange files between SCDHHS and CMS implemented by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) for July 2016 through July 2019, and February 2020 through June 2021;
- CY 2020 NAIC Financial Statements;
- CY 2017 through CY 2020 quarterly Form CMS-64 reports detailing costs associated with Medicaid program expenditures and administrative expenses.

Although the data were reviewed for reasonableness, the data was accepted without audit. To the extent the data was incomplete or was otherwise inaccurate, the information presented in this report will need to be modified. It should be emphasized that capitation rates are a projection of future costs based on a set of assumptions. Results will differ if actual experience is different from the assumptions contained in this letter. SCDHHS provides no guarantee, either written or implied, that the data and information is 100% accurate or error free. The capitation rates provided in this document will change to the extent that there are material errors in the information that was provided.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

III. Medicare Components of the Rate – CY 2022

Medicare A/B Services

CMS has developed baseline spending (costs absent the Demonstration) for Medicare A and B services using estimates of what Medicare would have spent on behalf of the enrollees absent the Demonstration. With the exception of specific subsets of enrollees as noted below, the Medicare baseline for A/B services is a blend of the Medicare Fee-for-Service (FFS) Standardized County Rates, as adjusted below, and the Medicare Advantage projected payment rates for each year, weighted by the proportion of the enrolled population in each program prior to the Demonstration. The Medicare Advantage baseline spending includes costs that would have occurred absent the Demonstration, such as quality bonus payments for applicable Medicare Advantage plans.

Both baseline spending and payment rates under the Demonstration for Medicare A/B services are calculated as PMPM standardized amounts for each Demonstration county. Except as otherwise noted, the Medicare A/B portion of the baseline is updated annually based on the annual FFS estimates and benchmarks released each year with the annual Medicare Advantage and Part D rate announcement, and Medicare Advantage bids (for the applicable year or for prior years trended forward to the applicable year) for products in which Demonstration enrollees were enrolled prior to Demonstration.

Medicare A/B Component Payments: CY 2022 Medicare A/B Baseline County rates are provided below.

The final rates represent the weighted average of the CY 2022 FFS Standardized County Rates, updated to incorporate the adjustment noted below, and the Medicare Advantage projected payment rates for CY 2022 based on the actual enrollment of beneficiaries from Medicare FFS and Medicare Advantage prior to the demonstration at the county level.

Bad Debt Adjustment: The FFS component of the CY 2022 Medicare A/B baseline rate will be updated to reflect a 1.84% upward adjustment to account for the disproportionate share of bad debt attributable to Medicare-Medicaid enrollees in Medicare FFS (in the absence of the Demonstration).

Coding Intensity Adjustment: CMS annually applies a coding intensity factor to Medicare Advantage risk scores to account for differences in diagnosis coding patterns between the Medicare Advantage and the Original Fee-for-Service Medicare programs. The adjustment for CY 2022, as in Medicare Advantage, is 5.90%.

Impact of Sequestration: Under sequestration, for services beginning April 1, 2013, Medicare payments to providers for individual services under Medicare Parts A and B, and non-exempt portions of capitated payments to Part C Medicare Advantage Plans and Part D Medicare Prescription Drug Plans are reduced by 2%. These reductions are also applied to the Medicare components of the integrated rate. Therefore, under South Carolina Healthy Connections Prime CMS will reduce non-exempt portions of the Medicare components of the integrated rate by 2%, as noted in the sections below. Please refer to the HPMS memo “*Medicare Advantage/Prescription Drug System (MARx) April 2022 Payment – INFORMATION*” released March 25, 2022 for more information on CY 2022 Sequestration.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

Default Rate: The default rate will be paid when a beneficiary's address on record is outside of the service area. The default rate is specific to each CICO and is calculated using an enrollment-weighted average of the rates for each county in which the CICO participates.

2022 Medicare A/B Baseline PMPM, Non-ESRD Beneficiaries, Standardized 1.0 Risk Score, by Demonstration County¹						
County	2022 Published FFS Standardized County Rate	2022 Updated Medicare A/B FFS Baseline (updated by CY 2022 bad debt adjustment)	2022 Medicare A/B Baseline (incorporating Final Medicare A/B FFS baseline and Medicare Advantage component)	2022 Medicare A/B Baseline PMPM, Savings Percentage Applied (after application of savings percentage and prior to quality withhold) ² Applicable payment rate (prior to quality withhold) for January 1 through March 31, 2022	2022 Final Medicare A/B PMPM Payment (1% sequestration reduction applied and prior to quality withhold) ³ Applicable payment rate (prior to quality withhold) for April 1 through June 30, 2022	2022 Final Medicare A/B PMPM Payment (2% sequestration reduction applied and prior to quality withhold) ⁴ Applicable payment rate (prior to quality withhold) for July 1 through December, 2022
Abbeville	\$997.35	\$1015.70	\$995.80	\$965.93	\$956.27	\$946.61
Aiken	940.29	957.59	957.90	929.16	919.87	910.58
Allendale	967.88	985.69	961.85	932.99	923.66	914.33
Anderson	983.20	1001.29	990.34	960.63	951.02	941.42
Bamberg	962.22	979.92	968.68	939.62	930.22	920.83
Barnwell	936.99	954.23	958.92	930.15	920.85	911.55
Beaufort	1,024.88	1043.74	1,025.78	995.01	985.06	975.11
Berkeley	989.49	1007.70	1,006.73	976.53	966.76	957.00
Calhoun	1,041.53	1060.69	1,046.80	1,015.40	1,005.25	995.09
Charleston	988.21	1006.39	1,007.61	977.38	967.61	957.83
Cherokee	952.55	970.08	984.92	955.37	945.82	936.26
Chester	937.71	954.96	956.94	928.23	918.95	909.67
Chesterfield	883.66	899.92	908.96	881.69	872.87	864.06
Clarendon	931.37	948.51	948.33	919.88	910.68	901.48
Colleton	980.08	998.11	1,002.46	972.39	962.67	952.94
Darlington	947.91	965.35	964.81	935.87	926.51	917.15
Dillon	924.84	941.86	954.96	926.31	917.05	907.78

**South Carolina Healthy Connections Prime
CY 2022 Updated Final Medicare Rate Report
April 15, 2022**

2022 Medicare A/B Baseline PMPM, Non-ESRD Beneficiaries, Standardized 1.0 Risk Score, by Demonstration County¹						
County	2022 Published FFS Standardized County Rate	2022 Updated Medicare A/B FFS Baseline (updated by CY 2022 bad debt adjustment)	2022 Medicare A/B Baseline (incorporating Final Medicare A/B FFS baseline and Medicare Advantage component)	2022 Medicare A/B Baseline PMPM, Savings Percentage Applied (after application of savings percentage and prior to quality withhold) ² Applicable payment rate (prior to quality withhold) for January 1 through March 31, 2022	2022 Final Medicare A/B PMPM Payment (1% sequestration reduction applied and prior to quality withhold) ³ Applicable payment rate (prior to quality withhold) for April 1 through June 30, 2022	2022 Final Medicare A/B PMPM Payment (2% sequestration reduction applied and prior to quality withhold) ⁴ Applicable payment rate (prior to quality withhold) for July 1 through December, 2022
Dorchester	\$1,023.33	\$1042.16	\$1,035.55	\$1,004.48	\$994.44	\$984.39
Edgefield	954.38	971.94	973.45	944.25	934.81	925.37
Fairfield	899.77	916.33	946.08	917.70	908.52	899.35
Florence	945.73	963.13	964.04	935.12	925.77	916.42
Georgetown	997.20	1015.55	999.67	969.68	959.98	950.29
Greenville	918.55	935.45	954.83	926.19	916.93	907.67
Greenwood	1,016.35	1035.05	1,016.09	985.61	975.75	965.90
Hampton	1,006.19	1024.70	1,015.55	985.08	975.23	965.38
Horry	966.22	984.00	983.15	953.66	944.12	934.59
Jasper	994.67	1012.97	1,001.48	971.44	961.73	952.01
Kershaw	934.42	951.61	950.98	922.45	913.23	904.00
Lancaster	953.51	971.05	971.05	941.92	932.50	923.08
Laurens	961.35	979.04	979.14	949.77	940.27	930.77
Lee	927.75	944.82	947.37	918.95	909.76	900.57
Lexington	981.70	999.76	997.88	967.94	958.26	948.58
McCormick	1,029.31	1048.25	1,012.08	981.72	971.90	962.09
Marion	959.57	977.23	982.99	953.50	943.97	934.43
Marlboro	851.38	867.05	887.48	860.86	852.25	843.64
Newberry	964.93	982.68	974.62	945.38	935.93	926.47
Oconee	938.91	956.19	952.94	924.35	915.11	905.86
Orangeburg	983.88	1001.98	985.12	955.57	946.01	936.46
Pickens	956.87	974.48	978.02	948.68	939.19	929.71
Richland	929.23	946.33	957.51	928.78	919.49	910.20

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

2022 Medicare A/B Baseline PMPM, Non-ESRD Beneficiaries, Standardized 1.0 Risk Score, by Demonstration County ¹						
County	2022 Published FFS Standardized County Rate	2022 Updated Medicare A/B FFS Baseline (updated by CY 2022 bad debt adjustment)	2022 Medicare A/B Baseline (incorporating Final Medicare A/B FFS baseline and Medicare Advantage component)	2022 Medicare A/B Baseline PMPM, Savings Percentage Applied (after application of savings percentage and prior to quality withhold) ² Applicable payment rate (prior to quality withhold) for January 1 through March 31, 2022	2022 Final Medicare A/B PMPM Payment (1% sequestration reduction applied and prior to quality withhold) ³ Applicable payment rate (prior to quality withhold) for April 1 through June 30, 2022	2022 Final Medicare A/B PMPM Payment (2% sequestration reduction applied and prior to quality withhold) ⁴ Applicable payment rate (prior to quality withhold) for July 1 through December, 2022
Saluda	\$1,005.02	\$1023.51	\$1,005.19	\$975.03	\$965.28	\$955.53
Spartanburg	907.90	924.61	964.54	935.60	926.24	916.89
Sumter	890.73	907.12	910.94	883.61	874.77	865.94
Union	994.68	1012.98	994.10	964.28	954.64	944.99
Williamsburg	960.38	978.05	969.85	940.75	931.34	921.94
York	968.20	986.01	986.26	956.67	947.10	937.54

¹ Rates do not apply to beneficiaries with End-Stage Renal Disease (ESRD) or those electing the Medicare hospice benefit.

² Applicable rates for January 1, 2022 to March 31, 2022 (prior to application of the quality withhold) given the temporary suspension of sequestration.

³ Applicable rates for April 1, 2022 to June 30, 2022 (prior to application of the quality withhold) given 1% sequestration

⁴ Applicable rates for July 1, 2022 to December 31, 2022 (prior to application of the quality withhold) given 2% sequestration

The Medicare A/B PMPMs above will be risk adjusted at the beneficiary level using the prevailing CMS-HCC risk adjustment model.

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

Beneficiaries with End-Stage Renal Disease (ESRD): Separate Medicare A/B baselines and risk adjustment models apply to enrollees with ESRD. The Medicare A/B baselines for beneficiaries with ESRD vary by the enrollee's ESRD status: dialysis, transplant, and functioning graft, as follows:

- **Dialysis:** For enrollees in the dialysis status phase, the Medicare A/B baseline is the CY 2022 South Carolina ESRD dialysis state rate, updated to incorporate the impact of sequestration-related rate reductions. The CY 2022 ESRD dialysis state rate for South Carolina is \$8,112.63 PMPM, prior to the application of the quality withhold, and applies for January 1, 2022 through March 30, 2022; the updated CY 2022 ESRD dialysis state rate incorporating a 1% sequestration reduction from April 1, 2022 to June 30, 2022 and prior to the application of the quality withhold is \$8,031.50 PMPM and the updated CY 2022 ESRD dialysis state rate incorporating a 2% sequestration reduction and prior to the application of the quality withhold is \$7,950.38 PMPM and applies for July 1, 2022 through December 31, 2022. These rates apply to applicable enrollees in all counties and will be risk adjusted using the prevailing HCC-ESRD risk adjustment model.
- **Transplant:** For enrollees in the transplant status phase (inclusive of the 3-months starting with the transplant), the Medicare A/B baseline is the CY 2022 South Carolina ESRD dialysis state rate updated to incorporate the impact of sequestration-related rate reductions. The CY 2022 ESRD dialysis state rate for South Carolina is \$8,112.63 PMPM, prior to the application of the quality withhold, and applies for January 1, 2022 through March 30, 2022; the updated CY 2022 ESRD dialysis state rate incorporating a 1% sequestration reduction from April 1, 2022 to June 30, 2022 and prior to the application of the quality withhold is \$8,031.50 PMPM and the updated CY 2022 ESRD dialysis state rate incorporating a 2% sequestration reduction and prior to the application of the quality withhold is \$7,950.38 PMPM and applies for July 1, 2022 through December 31, 2022. These rates apply to applicable enrollees in all counties and will be risk adjusted using the prevailing HCC-ESRD risk adjustment model.
- **Functioning Graft:** For enrollees in the functioning graft status phase (beginning at 4 months post-transplant) the Medicare A/B baseline is the Medicare Advantage 3.5% bonus county rate/benchmark (see table below). This Medicare A/B component will be risk adjusted using the prevailing HCC-ESRD functioning graft risk adjustment model.

A savings percentage is not applied to the Medicare A/B baseline for enrollees with ESRD (inclusive of those enrollees in the dialysis, transplant and functioning graft status phases). Note that effective January 1, 2021, MMPs (like all Medicare Advantage plans) will no longer be responsible for organ acquisition costs for kidney transplants; such costs will be excluded from these rates and covered under Medicare FFS.

**South Carolina Healthy Connections Prime
CY 2022 Updated Final Medicare Rate Report
April 15, 2022**

2022 Medicare A/B Baseline PMPM, Beneficiaries with ESRD Functioning Graft Status, Standardized 1.0 Risk Score, by Demonstration County			
County	2022 3.5% bonus County Rate (Benchmark) Applicable payment rate for January 1 through March 31, 2022 ¹	2022 Sequestration-Adjusted Medicare A/B Baseline (after application of 1% sequestration reduction) ² Applicable payment rate for April 1 through June 30, 2022	2022 Sequestration-Adjusted Medicare A/B Baseline (after application of 2% sequestration reduction) Applicable payment rate for July 1 through December 31, 2022 ³
Abbeville	\$1,032.26	\$1,021.94	\$1,011.61
Aiken	1,043.72	1,033.28	1,022.85
Allendale	1,017.91	1,007.73	997.55
Anderson	1,017.61	1,007.43	997.26
Bamberg	1,034.34	1,024.00	1,013.65
Barnwell	1,075.20	1,064.45	1,053.70
Beaufort	1,060.75	1,050.14	1,039.54
Berkeley	1,098.33	1,087.35	1,076.36
Calhoun	1,077.98	1,067.20	1,056.42
Charleston	1,096.91	1,085.94	1,074.97
Cherokee	1,093.05	1,082.12	1,071.19
Chester	1,039.69	1,029.29	1,018.90
Chesterfield	1,039.00	1,028.61	1,018.22
Clarendon	1,031.92	1,021.60	1,011.28
Colleton	1,087.89	1,077.01	1,066.13
Darlington	1,052.18	1,041.66	1,031.14
Dillon	1,095.94	1,084.98	1,074.02
Dorchester	1,059.15	1,048.56	1,037.97
Edgefield	1,059.36	1,048.77	1,038.17
Fairfield	1,097.72	1,086.74	1,075.77
Florence	1,049.76	1,039.26	1,028.76
Georgetown	1,032.10	1,021.78	1,011.46
Greenville	1,088.48	1,077.60	1,066.71
Greenwood	1,051.07	1,040.56	1,030.05
Hampton	1,099.13	1,088.14	1,077.15
Horry	1,027.87	1,017.59	1,007.31
Jasper	1,066.78	1,056.11	1,045.44
Kershaw	1,037.21	1,026.84	1,016.47
Lancaster	1,026.63	1,016.36	1,006.10
Laurens	1,067.10	1,056.43	1,045.76
Lee	1,064.59	1,053.94	1,043.30

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

2022 Medicare A/B Baseline PMPM, Beneficiaries with ESRD Functioning Graft Status, Standardized 1.0 Risk Score, by Demonstration County			
County	2022 3.5% bonus County Rate (Benchmark)	2022 Sequestration-Adjusted Medicare A/B Baseline	2022 Sequestration-Adjusted Medicare A/B Baseline
	Applicable payment rate for January 1 through March 31, 2022 ¹	(after application of 1% sequestration reduction) ² Applicable payment rate for April 1 through June 30, 2022	(after application of 2% sequestration reduction) Applicable payment rate for July 1 through December 31, 2022 ³
Lexington	\$1,089.69	\$1,078.79	\$1,067.90
McCormick	1,060.32	1,049.72	1,039.11
Marion	1,065.12	1,054.47	1,043.82
Marlboro	1,008.89	998.80	988.71
Newberry	1,039.31	1,028.92	1,018.52
Oconee	1,037.05	1,026.68	1,016.31
Orangeburg	1,032.03	1,021.71	1,011.39
Pickens	1,062.13	1,051.51	1,040.89
Richland	1,066.29	1,055.63	1,044.96
Saluda	1,040.20	1,029.80	1,019.40
Spartanburg	1,107.64	1,096.56	1,085.49
Sumter	1,038.57	1,028.18	1,017.80
Union	1,033.96	1,023.62	1,013.28
Williamsburg	1,032.11	1,021.79	1,011.47
York	1,074.70	1,063.95	1,053.21

¹Applicable rates for January 1, 2022 to March 31, 2022 (prior to application of the quality withhold) given the temporary suspension of sequestration.

²Applicable rates for April 1, 2022 to June 30, 2022 (prior to application of the quality withhold) given 1% sequestration.

³Applicable rates for July 1, 2022 to December 31, 2022 (prior to application of the quality withhold) given 2% sequestration.

Beneficiaries Electing the Medicare Hospice Benefit: If an enrollee elects to receive the Medicare hospice benefit, the enrollee will remain in the Demonstration but will obtain the hospice services through the Medicare FFS benefit. The CICOs will no longer receive the Medicare A/B payment for that enrollee. Medicare hospice services and all other Original Medicare services will be paid under Medicare FFS. CICOs and providers of hospice services will be required to coordinate these services with the rest of the enrollee's care, including with Medicaid and Part D benefits and any additional benefits offered by the CICOs. CICOs will continue to receive the Medicare Part D and Medicaid payments, for which no changes will occur.

Medicare Part D Services

The Part D plan payment is the risk adjusted Part D national average monthly bid amount (NAMBA) for the payment year, adjusted for payment reductions resulting from sequestration applied to the non-

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

premium portion of the NAMBA. The non-premium portion is determined by subtracting the applicable regional Low-Income Premium Subsidy Amount from the risk adjusted NAMBA. To illustrate, the NAMBA for CY 2022 is \$38.18 and the CY 2022 Low-Income Premium Subsidy Amount for South Carolina is \$31.12. Thus, the updated South Carolina Part D monthly per member per month payment for a beneficiary with a 1.0 RxHCC risk score, varying based upon the amount of sequestration applied, is listed in the table below.

Applicable Part D Monthly PMPM for Beneficiary with 1.0 Risk Score

Time Period	Applicable Sequestration	Applicable Payment
January 1 to March 30, 2022	0%	\$38.18
April 1 to June 30, 2022	1%	\$38.11
July 1 to December 31, 2022	2%	\$38.04

CMS will pay an average monthly prospective payment amount for the low-income cost-sharing subsidy and Federal reinsurance amounts; these payments will be 100% cost reconciled after the payment year has ended. These prospective payments will be the same for all counties, and are shown below.

- South Carolina low income cost-sharing: \$261.36 PMPM
- South Carolina reinsurance: \$244.41 PMPM

The low-income cost sharing and reinsurance subsidy amounts are exempt from mandatory payment reductions under sequestration.

A savings percentage will not be applied to the Part D component of the rate. Part D payments will not be subject to a quality withhold.

Additional Information: More information on the Medicare components of the rate under the Demonstration may be found online at: <http://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/Downloads/JointRateSettingProcess.pdf>

South Carolina Healthy Connections Prime CY 2022 Updated Final Medicare Rate Report April 15, 2022

IV. Savings Percentages and Quality Withholds

Savings Percentages

One of the components of the capitated financial alignment model is the application of aggregate savings percentages to reflect savings achievable through the coordination of services across Medicare and Medicaid. This is reflected in the rates through the application of aggregate savings percentages to both the Medicaid and Medicare A/B components of the rates.

CMS and South Carolina established composite savings percentages for each year of the Demonstration, as shown in the table below. The savings percentage will be applied to the Medicaid and Medicare A/B components of the rates. The savings percentage will not be applied to the Part D component of the joint rate.

Year	Calendar dates	Savings percentage
Demonstration Year 1	February 1, 2015 – December 31, 2016	1%
Demonstration Year 2	January 1 – December 31, 2017	2%
Demonstration Year 3	January 1 – December 31, 2018	3%
Demonstration Year 4	January 1 – December 31, 2019	3%
Demonstration Year 5	January 1 – December 31, 2020	3%
Demonstration Year 6	January 1 – December 31, 2021	3%
Demonstration Year 7	January 1 – December 31, 2022	3%
Demonstration Year 8	January 1 – December 31, 2023	3%

Quality Withhold

The quality withhold is 3% for Demonstration Years 7 to 8. Beginning in Demonstration Year 6, CMS applies an additional 1% quality withhold to the Medicare A/B rate component.

More information about the quality withhold methodology is available in the CMS core and state-specific quality withhold technical notes, which are posted at the following link:
<https://www.cms.gov/Medicare-Medicaid-Coordination/Medicare-and-Medicaid-Coordination/Medicare-Medicaid-Coordination-Office/FinancialAlignmentInitiative/MMPInformationandGuidance/MMPQualityWithholdMethodologyandTechnicalNotes.html>.