





Mark Sanford  
Governor



Emma Forkner  
Director

“Helping South Carolinians maintain or regain their health and providing opportunities for people to keep their independence and dignity are core functions of a fiscally and socially responsible government. Done well, it will lead to a better quality of life for our citizens while lowering costs to society.”

— *Mark Sanford, Governor*

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## **Our Mission**

The mission of the South Carolina Department of Health and Human Services is to manage the Medicaid program to provide the best healthcare value for South Carolinians.

## **Health and Human Services Administration**

Alicia Jacobs, *Deputy Director for Eligibility and Beneficiary Services*

Felicity Myers, *Deputy Director for Medical Services*

William Wells, *Deputy Director for Finance and Administration*

Deirdra Singleton, *General Counsel*



Mark Sanford  
Governor

*State of South Carolina*  
Department of Health and Human Services

Emma Forkner  
Director

Thank you for your interest in the South Carolina Department of Health and Human Services. We provide Medicaid coverage to more than 850,000 residents each year, and I am honored to lead an agency that helps ensure the health and well being of so many. Medicaid is a complex program, with each service adorned with its own set of intricate rules and nuances. The purpose of this Annual Report is to give readers a broad overview of what Health and Human Services offers, and to share our vision for the future.

I am pleased to report that South Carolina's Medicaid program remains fiscally strong. Growth in expenditures has been held to historically low levels over the past few years, thanks in no small part to sound leadership by employees of this agency. However, since a significant portion of the reduction in Medicaid growth can be traced to one-time events, we believe future growth cycles will present challenges. A new SCHIP children's program will result in marked increased enrollment, and some policymakers have shown an interest in further expanding the pool of South Carolinians who can qualify for Medicaid. At a time when many Americans are increasingly concerned about rising health care costs and whether or not they will be able to afford treatment, it is essential that the Medicaid program remain strong for those most in need.

I believe the best way to preserve stability in the Medicaid program is to demand that each of our initiatives provides a measurable value to the people it serves. Value-driven health care engages consumers by providing real choices, utilizes technology to increase quality and efficiency, and promotes the very best strategies for encouraging favorable health outcomes. As you will see detailed in this Annual Report, the Department of Health and Human Services is committed to these concepts.

I look forward to working together with our partners in the medical community, policymakers, sister agencies, and others who share the agency's goal of making the South Carolina Medicaid program a force for positive change in the health care arena. I hope you find this Annual Report informative. Please do not hesitate to contact us if you have questions or would like more details on any of our programs.

Emma Forkner  
Director



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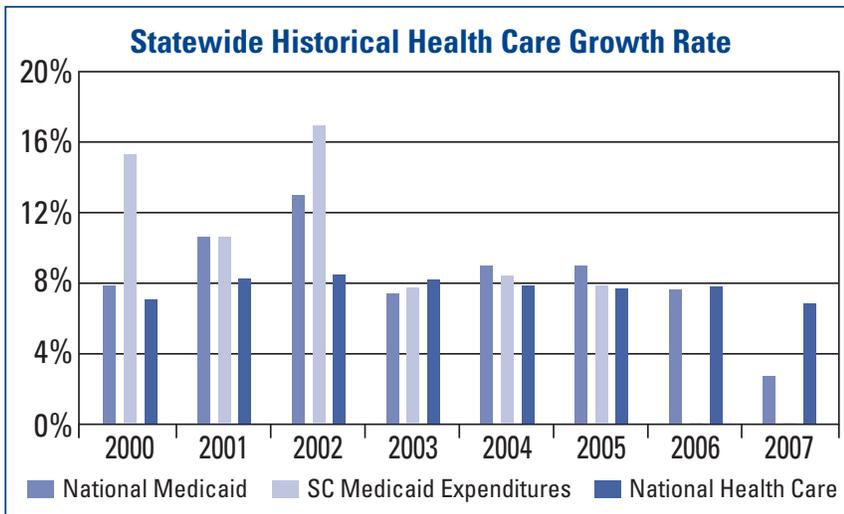
## Overview

South Carolina’s Medicaid program is changing. The change is more than a subtle shift in organizational priorities, but rather a fundamental transformation in fulfilling its core mission “to provide the best health care value to South Carolinians.” Beginning with the *South Carolina Healthy Connections* Medicaid reform plan released in 2006, the South Carolina Department of Health and Human Services (DHHS) has worked diligently to put these broad concepts into practice. 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.

Traditionally, the Medicaid program has focused primarily on determining eligibility and paying medical claims, while exerting little influence over the larger health care system beneficiaries were left alone to navigate. DHHS is now casting itself in a more significant role as a coordinating entity in the health care arena. Through programs large and small, many of which are detailed in this Annual Report, DHHS is creating a financially sustainable Medicaid program that delivers richer benefits to both Medicaid recipients and the taxpayers that support the system.

DHHS is pleased to report the financial health of the state’s Medicaid program remains strong. Remarkably, there was virtually zero

growth in expenditures over the past two fiscal years despite spiraling costs in the health care sector as a whole. Growth is expected to increase in the near future, however, and DHHS must remain vigilant in curtailing it whenever possible. South Carolina Medicaid has earned the reputation as one of the most innovative programs in the nation by developing fiscally sound policies that work. DHHS is confident it can build on past successes in years to come and further improve Medicaid in ways South Carolinians can be proud of.



Source: CMS



## The Year in Review

The following represents a summary of notable DHHS activities during State Fiscal Year (SFY) 2007. Further details about some of these initiatives can be found in subsequent sections of this report.

### *South Carolina Healthy Connections Choices*

DHHS established a major tenet of its Medicaid reform plan in SFY 2007, called *South Carolina Healthy Connections Choices*. *Healthy Connections Choices* will give more than 600,000 Medicaid beneficiaries statewide the option to choose among several market-based health plans that encourage healthy behaviors and build relationships with primary care physicians.

Participants in *Healthy Connections Choices* receive the same core benefits as those in traditional Medicaid, but may also receive many extra services offered through the individual Managed Care Organizations (MCOs) and Medical Homes Networks (MHNs). These may include such benefits 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.

*Healthy Connections Choices* launched in the Midlands in August 2007 and the rollout period will continue in the rest of the state throughout 2008. At the close of 2007, there were eight private individual MCOs and MHNs approved to participate in *Healthy Connections Choices*. See Chapter 3 for more details.

### **Enrollment Counseling**

An essential component of *Healthy Connections Choices* is helping participants choose a plan that best suits their individual health care needs. DHHS contracted with Virginia-based Maximus in SFY 2007 to provide independent enrollment counseling services to Medicaid beneficiaries. Enrollment can be conducted via the mail, by phone, by fax, online or through a face-to-face counseling session with a *Healthy Connections Choices* representative.



### **Flexible Benefit Packages**

DHHS won approval from the federal Centers for Medicare and Medicaid Services (CMS) for two new innovative Medicaid health care plans. The voluntary pilot programs, initially limited to Richland County, are important components of the state's Medicaid reform efforts because they provide direct incentives for wise usage of the health care system. They include:

#### [Health Opportunity Accounts \(HOAs\)](#)

South Carolina became the first state in the nation approved to offer Health Opportunity Accounts, which were authorized by Congress under the federal Deficit Reduction Act of 2005. The goal of the HOA pilot is to encourage preventive medical care, while discouraging unnecessary visits to the emergency room.

Modeled after private Health Savings Accounts, DHHS will place a set amount of funds (\$2,500 for adults and \$1,000 for children) in a "virtual account" available to participants to pay for their health care expenses. Preventive care—such as regular doctor visits and immunizations—are not deducted from the account, while unnecessary emergency room visits merit a deduction. Unused funds rollover from year to year and can be spent on job training, education or other health care expenses not typically covered under Medicaid.



### **Benchmark Plan**

The Benchmark plan offers Medicaid beneficiaries a chance to join a program similar to the South Carolina State Health Plan's high-deductible option. Participants in this pilot will have the same benefits as many state employees, including coverage for additional services normally limited by Medicaid, such as annual physicals and OB/GYN visits. Participants also can receive other benefits exclusive to Medicaid beneficiaries, such as enhanced health screenings for children. Participants in the Benchmark plan will receive monthly updates designed to educate them on wise health care usage and case management services.

### **Non-Emergency Transportation**

In May 2007, two transportation companies, MTM and LogistiCare, began managing certain aspects of the non-emergency transportation program, including scheduling of rides 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. *See Chapter 3 for more details.*

### **Money Follows the Person Grant**

About 200 seniors and disabled South Carolinians living in nursing facilities will have the option of returning home to receive care. The transitions are made possible through the five-year, \$5.7 million federal *Money Follows the Person* grant awarded to DHHS. South Carolina was one of only 15 initial states to receive the competitively awarded grant from CMS. *See Chapter 3 for more details.*

### **Citizenship Verification**

Beginning in July 2007, DHHS began verifying the citizenship or nationality and identity of all Medicaid recipients, as required under the federal Deficit Reduction Act. The agency partnered with the Department of Health and Environmental Control to create a computerized citizenship match system. The first of its kind computer system greatly reduced the effort otherwise needed to verify information,

benefiting both the agency and Medicaid beneficiaries. *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.*



### **Telepsychiatry Program**

DHHS and the Department of Mental Health, with the help of a grant from the Duke Endowment, are working together to better treat mental health patients who show up at hospital emergency rooms. Under the initiative, emergency room attendants will have a direct 24/7 video link with psychiatrists and will be able to interact with the patient in real time, increasing the likelihood that the patient will receive appropriate treatment. DHHS has committed \$1 million to the project.

### **Rural Hospital Grants**

In an effort to bolster services rendered by rural hospitals, DHHS awarded \$6.5 million in grants to facilities in 13 South Carolina counties. The South Carolina General Assembly has given the hospitals flexibility to use the funds for a variety of critical needs, such as physician recruitment, regulatory compliance and expanded health services.



## The Year in Review

### Prevention Partnership Grants

DHHS awarded \$1 million in competitive grants to seven grassroots educational programs that target major health issues in South Carolina. Grant winners included programs that encourage proper prenatal care, fight childhood obesity and promote physical activity. The agency began issuing the annual awards in 2005.

### GAPS

DHHS continued to administer the SC GAPS (Gap Assistance Pharmacy Program for Seniors) program. The program replaced the SILVERxCARD assistance program and helps qualifying seniors with drug expenditures between \$2,510 and \$5,126. Under the new Medicare Part D benefits, these seniors would otherwise be fully responsible for drug costs within the range of this so-called “doughnut hole.” SC GAPS helps by paying for 95 percent of those drug costs for qualifying seniors. *See Chapter 3 for more details.*

### Autism Spectrum Treatment Pilot

In partnership with the Department of Disabilities and Special Needs, DHHS began a program to provide intensive in-home treatment to children with autistic disorders and Asperger’s Syndrome. The General Assembly allocated \$3 million in SFY 2007 for the Medicaid pilot program, which provides one-on-one therapy for children age 3 to 10.

### 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 will work directly with pharmacists and doctors to share the latest drug research. The program will initially target mental health treatment. *See Chapter 3 for more details.*

### Programs for All-inclusive Care for the Elderly (PACE) Expansion

Through DHHS, Methodist Oaks in Orangeburg County launched a new PACE

program for seniors in SFY 2007. PACE provides an alternative to institutional care for people age 55 and over who require a nursing facility level of care.



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. The Palmetto SeniorCare program, one of the earliest PACE sites in the nation, operates five PACE centers in Richland and Lexington counties.

### Alternatives to Psychiatric Residential Treatment Facilities

DHHS gained approval from CMS to provide in-home care services for emotionally disturbed children who are eligible for Medicaid. South Carolina Medicaid now covers residential treatment for about 4,000 children with emotional and behavioral problems each year. These children are placed in institutional settings, where treatment is often fragmented and results are difficult to measure. The new program, which is set to start in Richland and Lexington counties, will provide an array of services to families and allows children to remain in the community.

### 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



## Future Opportunities

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.

In addition to the further development of existing programs, DHHS is planning for a wide range of promising new initiatives that will add value to the Medicaid program. They include:

### State Children's Health Insurance Program (SCHIP)

In SFY 2007, the South Carolina legislature approved a law that allows for the coverage of uninsured children whose annual family income does not exceed 200 percent of the federal poverty level. The legislation authorized DHHS to create a "stand-alone" program that offers the same benefits as the State Health Plan, plus dental and vision coverage. Estimates show as many as 78,000 children could qualify for the new program, which is scheduled to begin in the spring of 2008. *See Chapter 2 for more details.*

### Complex Care Program

DHHS is proposing to increase the reimbursement rate for nursing facilities caring for people with complex medical needs. Currently, some Medicaid recipients with complex or heavy care needs remain in hospitals after their discharge date arrives because they cannot get placed in nursing homes. The proposal would initially provide incentives to place up to 40 patients who have had difficulties finding a nursing home that will accept them.

### Treatment for Children with Complex Medical Needs

DHHS intends to seek approval from CMS to create a statewide program to provide comprehensive, coordinated care to Medicaid eligible children with complex medical needs. Care would include pediatric, occupational and speech therapies, psychological care, nutritional services, durable medical equipment, and education and respite services for parents. Currently, only a limited number of facilities in the state provide holistic care to this population.



### Enhanced Quality Assurance

DHHS will continue to build on existing quality assurance systems that improve service to all the agency's clients. In July 2007, DHHS contracted with Qualis Health, a non-profit health care Quality Improvement Organization, to provide a broad range of performance measurement services to South Carolina's Medicaid program. The goal is to improve health outcomes through objective quality assurance programs targeted toward medical homes, behavioral health programs, hospital stays and residential treatment facilities.

### Long Term Care Insurance Partnership

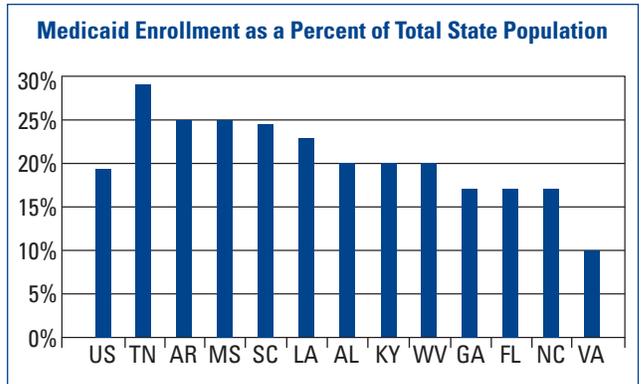
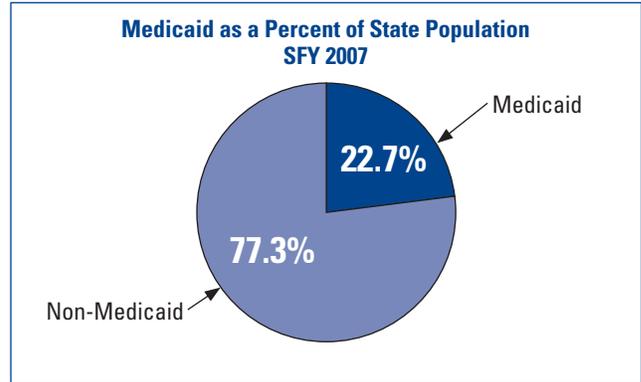
In an effort to encourage individuals to plan for their own long term care needs, DHHS will develop a plan to allow purchasers of Long Term Care Insurance (LTCI) policies to retain a larger portion of their personal assets if they exhaust their insurance and have to turn to Medicaid. Typically, seniors must show that assets have been significantly depleted before they can qualify for Medicaid assistance. The program is made possible through the passage of the federal Deficit Reduction Act in 2006.



## 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 requirements. 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

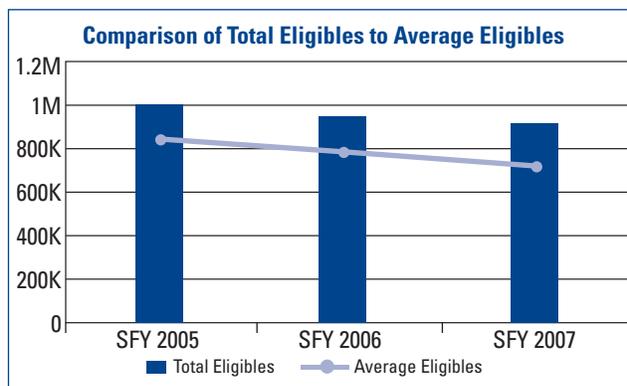
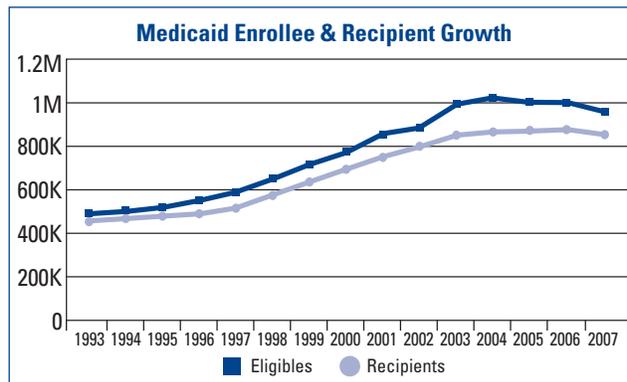
After experiencing relatively flat enrollment for several years, SFY 2007 saw a slight drop in both the number of South Carolinians enrolled in Medicaid and those who actually received a service; a decrease of four percent and two percent respectively. This decrease is likely attributable to several causes and contributed to the slow rate of growth in the state's Medicaid expenditures, which was less than one percent in SFY 2007.

South Carolina is not an anomaly. A recent 50-state Medicaid survey by the Kaiser Family Foundation showed a nationwide decline in Medicaid enrollees during 2007. States reported that the new federal citizenship documentation requirements, a strong economy and lower unemployment rates all contributed to lower enrollment.

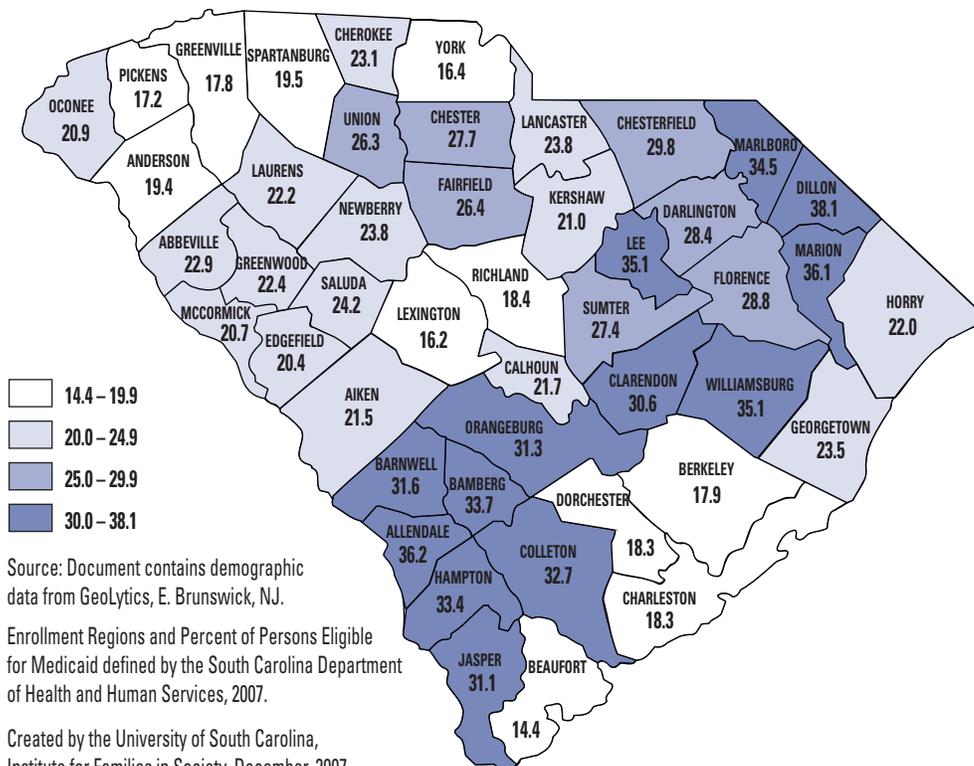
Many states, however, anticipate a reversal in this trend as a result of various Medicaid eligibility expansions and a potential weakening of the economy. In South Carolina's case, the addition of an estimated 78,000 children as part of a new benefit package being offered through Medicaid could lead to enrollment increase in SFY 2008.

*See SCHIP section.*

Another noteworthy eligibility trend in South Carolina is the increase of recipients in the Pregnant Women and Infants category. South Carolina Medicaid now covers more than half of all births in the state, above the national average. The increase appears to be a result of a combination of informal provider referrals to pregnant women, a slight increase in teen pregnancy rates and increased birth rates among the state's growing immigrant population. The agency is conducting further study of this trend.



Percent of Population Eligible for Medicaid Per County\* SFY 2007 • Total Eligible Population = 905,946





## 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

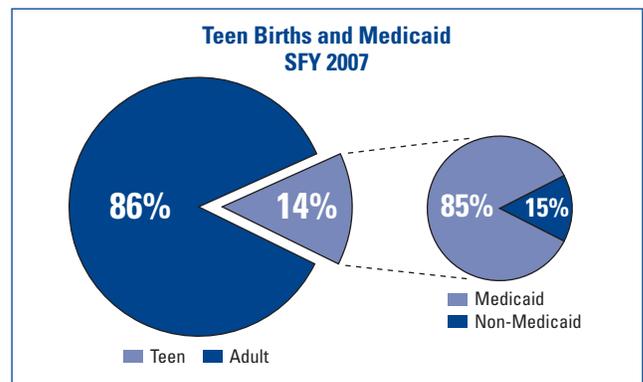
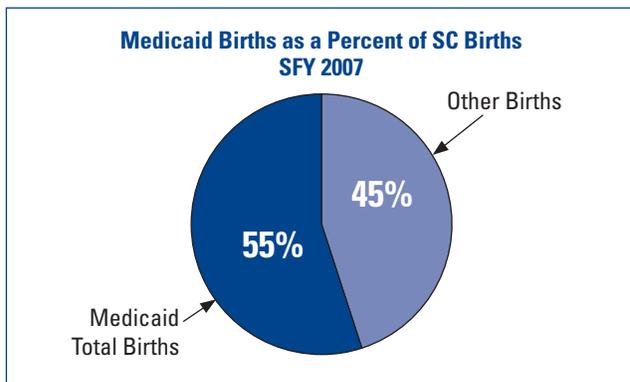
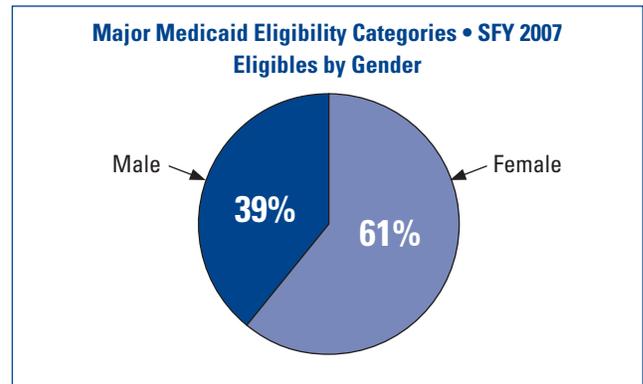
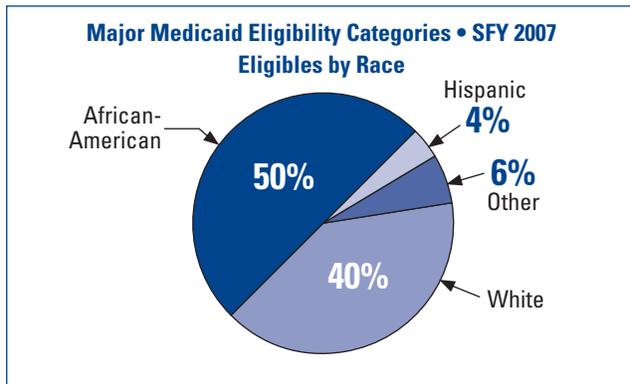
allotted a capped share of federal funds they are eligible to receive as a match.

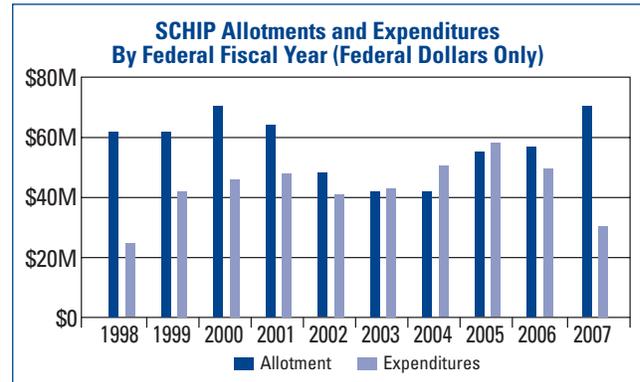
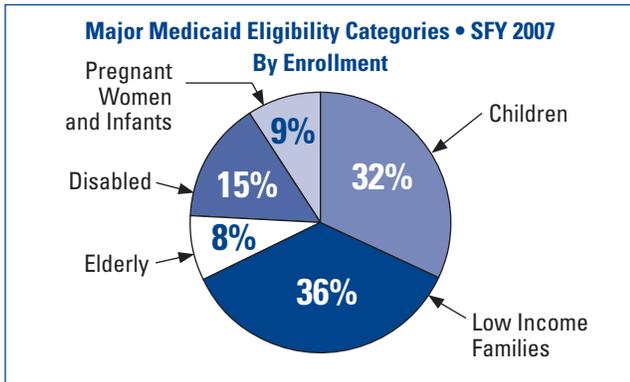
In South Carolina, SCHIP has been available to children ages 1 to 19 whose family incomes do not exceed 150 percent of the federal poverty level. In SFY 2007, the South Carolina legislature approved a law that allows for the coverage of children whose annual family income does not exceed 200 percent of the federal poverty level (\$41,300 for a family of four). The legislation authorized DHHS to create a “stand alone” program that offers the same benefits of an existing health plan.

**Federal Poverty Level Breakout of Regular Medicaid SCHIP Eligibles as of June 30, 2007**

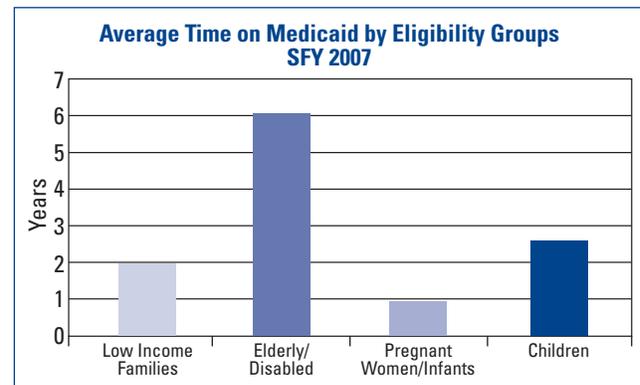
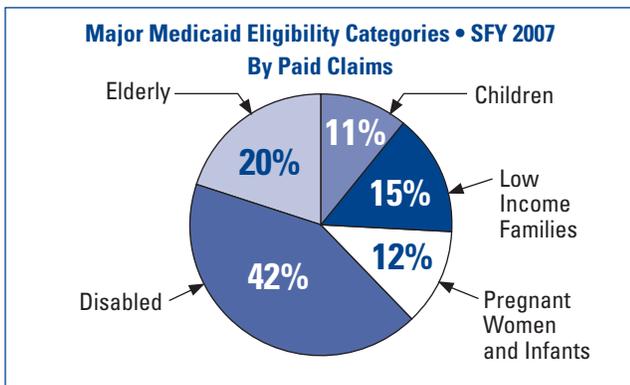
Federal Poverty Level	Regular Medicaid			If there is no other insurance	SCHIP		
	<1 Year	1 to 5 Years	6 to 18 Years		<1 Year	1 to 5 Years	6 to 18 Years
200%							200%
185%		713					185%
150%	916	422	1,069		9,188	16,763	150%
133%	2,624	20,066	2,106			40,942	133%
100%	62,383	121,934	219,590				100%

■ Regular Medicaid   
 ■ SCHIP Expansion   
 ■ SCHIP Stand Alone





Does not reflect redistributions



DHHS' stand-alone SCHIP program, which will launch in 2008, will include the same benefits offered under the State Health Plan for state employees, plus additional dental and vision coverage. Current estimates indicate the state could potentially capture an additional 78,000 children under the new program, if all federal funding remains available. To be eligible, participants must be uninsured for at least three months to prevent "crowd out," the practice of individuals dropping private insurance in order to receive state assistance. Participants also will join Medicaid-approved Managed Care Organizations that choose to offer the new benefit package and coordinate care for these SCHIP children.

It is important to note that at the time of this publication, the future federal commitment to the SCHIP program has not yet been established. Some states with expansive eligibility requirements have experienced shortfalls in federal funds. Congress was unable to agree on new funding levels when the SCHIP program came up for reauthorization in 2007. Though South Carolina's

planned SCHIP program should not be affected in the near future, DHHS will continue to monitor federal action related to long-term funding.

### Who We Serve

Medicaid beneficiaries represent a diverse population with a wide variety of needs. Many are children seeking routine health maintenance from family doctors, while others are disabled individuals or elderly residents who require a high level of specialized care. As evidenced in the accompanying charts, it is the degree of care typically needed by those in each eligibility category that drives Medicaid expenditures, not necessarily the numbers of enrollees in a particular category. From SFY 2006 to SFY 2007, there was little change in the composition of Medicaid beneficiaries or overall expenditures. However, the aging state population will likely require more resources in the future since elderly recipients account for a disproportionately high percentage of expenditures.



## Enrollment Operations

DHHS has made great advances in determining eligibility in a fair, accurate and timely manner. Eligibility workers undergo a comprehensive training program and additional regional training positions have been added in recent years. DHHS maintains eligibility offices in all 46 counties of South Carolina and supports caseworkers in institutions with high Medicaid client volume, such as hospitals.

DHHS experienced a temporary increase in application processing time in SFY 2007 as a result of the federal Deficit Reduction Act, which requires eligibility workers to verify applicants' citizenship or nationality before they can qualify for Medicaid. This rule also applied to those already receiving Medicaid benefits. DHHS partnered with the Department of Health and Environmental Control (DHEC) to create the Verification of Citizenship for Medicaid Eligibility (VCME) system. VCME allows eligibility workers to tap into DHEC's birth certificate database and verify the status of applicants, making it possible for many recipients to remain eligible without locating their original birth certificates. By the close of SFY 2007 the status of all Medicaid eligibles enrolled prior to the new rule had been checked.

Another significant change in enrollment operations occurred late in SFY 2007, when the task of scheduling non-emergency trips to and from medical appointments was transferred from DHHS eligibility workers to transportation management companies under contract with

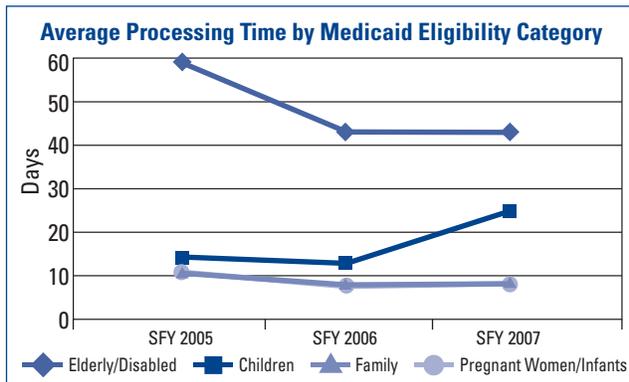
DHHS. This change has allowed workers to focus on eligibility processing and should further contribute to a downward trend in processing time. *See Chapter 3 for more information.*

### Reasons for Denials

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.

### Top Five Reasons for Medicaid Denial in SFY 2007

- Failure to return completed application/requested information
- Excess income or resources
- Eligibility period obtained due to pregnancy ended
- Change from South Carolina residency
- SSI eligibility denied





## Introduction to Services

South Carolina's Medicaid program provides generous, comprehensive health care coverage. As one of the state's largest insurance providers, we work closely with hospitals, doctors and other state agencies to ensure the program operates in a cost-effective, yet compassionate manner. In SFY 2007, DHHS provided more than 850,000 South Carolinians with medical coverage at an average cost of more than \$3,100 per person.

In addition to federally mandated services, DHHS offers an array of optional services, such as medical care for women diagnosed with breast cancer who otherwise wouldn't qualify for Medicaid. The following lists some of the mandatory and optional services provided through the agency:

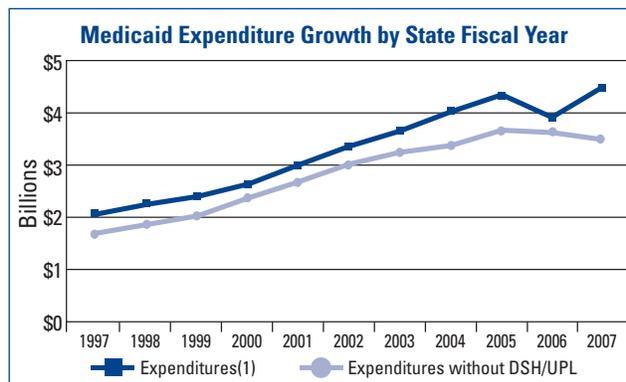
### Mandatory Services

- In and Out Patient Hospital
- Laboratory and X-Ray
- Access to Rural Health Clinics
- Access to Federally Qualified Health Centers
- Nursing Facility Services
- Physician Services
- Pregnancy Related Services
- Emergency Dental Service
- Transportation

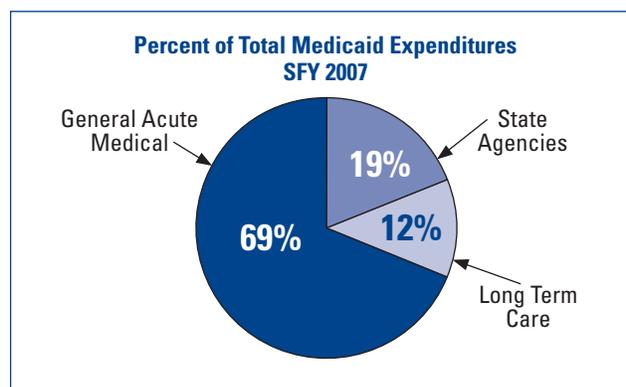
### Optional Services

- Pharmacy Services
- Community Long Term Care
- Hospice Care
- Preventive Screenings
- Rehabilitative Services
- Durable Medical Equipment
- Physical Therapy
- Chiropractic Services
- Case Management

Medicaid benefits can generally be categorized into three distinct programs: Acute Medical Care Services, Long Term Care Services, and Rehabilitative and Behavioral Health Services.



(1) Includes DHHS Assistance, State Agencies, DSH and Other Entities





## Coordinated Care

At the close of SFY 2007, more than 150,000 Medicaid beneficiaries statewide were part of a coordinated care plan, either a Managed Care Organization (MCO) or a Medical Homes Network (MHN). While the number is large, it represents only about 25 percent of the people that could potentially benefit from membership in a plan.

A centerpiece of DHHS' Medicaid reform plan is the effort to connect beneficiaries with a medical home through the creation of the *South Carolina Healthy Connections Choices* program. This initiative will give more than 600,000 beneficiaries the option of joining one of several private health plans. These plans are designed to improve care coordination and offer special benefits not available under traditional "fee-for-service" Medicaid. The program is designed to engage beneficiaries in health care decisions and improve long-term health outcomes of the Medicaid population.

DHHS has contracted with eight organizations offering comprehensive managed care services to

Coordinated Care	SFY 2004	SFY 2005	SFY 2006	SFY2007
MCO Paid Claims	\$71,163,815	\$75,884,771	\$110,503,185	\$160,061,994
MCO Unduplicated Recipients	78,002	82,360	112,144	136,646
MHN Paid Claims	NA	\$229,445	\$5,059,214	\$8,233,900
MHN Unduplicated Recipients	NA	13,130	70,292	90,246

beneficiaries. While not all organizations offer services in each of South Carolina's 46 counties, beneficiaries in 41 counties have at least two or more options to choose from.

**Benefits of Care Coordination Enhanced Services.** Traditional fee-for-service Medicaid, still the norm in South Carolina, assumes that 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. 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.

Service	Expenditures (Millions, SFY 2007)	Unduplicated Recipients
Hospital Services	\$ 639	370,390
DSH & UPL Payments	\$ 1,001	—
Pharmacy Services	\$ 342	485,376
MMA Phased Down Contribution	\$ 68	—
Physician Services	\$ 309	549,594
Dental Services	\$ 92	259,375
Home Health	\$ 9	6,171
EPSDT Screenings	\$ 16	129,929
Medical Professional Services	\$ 29	175,805
Transportation	\$ 55	73,376
Lab & X-Ray	\$ 42	256,865
Family Planning Services	\$ 18	92,677
Clinical Services	\$ 77	180,960
Durable Medical Equipment	\$ 50	84,008
Coordinated Care	\$ 169	224,656
Premiums Matched	\$ 135	131,820
Premiums 100% State	\$ 12	16,078
Hospice	\$ 35	2,769



## Coordinated Care

**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 will be able to 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 will allow 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.



### 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.

Enrollment through *Healthy Connections Choices* began in the Midlands region in August 2007, and is rolling out in the rest of the state over a 19-month period. The following describes the enrollment process:

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](http://www.ScChoices.com); by telephone; or in-person with a *Healthy Connections Choices* enrollment counselor.

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. In SFY 2007, as much as 43 percent of beneficiaries sought treatment at a hospital, with expenditures totaling \$639 million. Hospital expenditures remain high for several reasons, but largely because South Carolinians—and particularly lower income residents—are generally unhealthy. In fact, South Carolina ranks 48th nationwide in terms of health outcomes. 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. These two payments combined totaled more than \$1 billion in SFY 2007. During SFY 2006, the South Carolina General Assembly took action to update the annual provider tax on licensed South Carolina hospitals. The passage of this legislation provided equity among the public and private DSH hospitals within the state. All licensed South Carolina general hospitals are now required to participate in the funding of services provided to Medicaid eligible and uninsured populations.

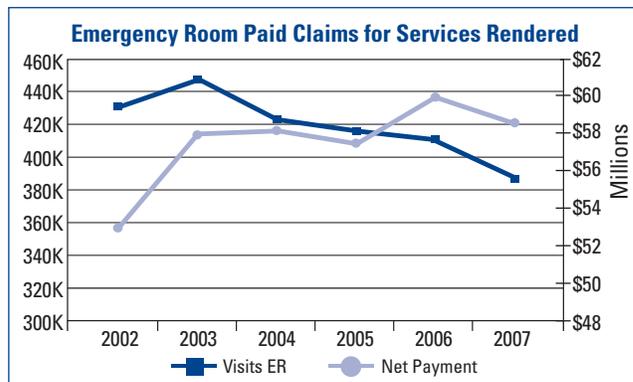


Hospital Expenditures	FY 2005 - 06	FY 2006 - 07
Inpatient	\$ 557,765,882	\$ 552,447,446
Outpatient	91,953,334	86,173,373
Hospital Based Physician	158,623	(13,582)
<b>Subtotal</b>	<b>649,877,839</b>	<b>638,607,237</b>
Disproportionate Share <sup>(1)</sup>	248,087,560	523,340,459
Upper Payment Limits (UPL) <sup>(1)</sup>	116,954,109	477,750,083
<b>TOTAL</b>	<b>\$ 1,014,919,508</b>	<b>\$ 1,639,697,779</b>

(1) SFY 06 expenditures do not reflect final payment of \$396 million made in first quarter of SFY 07.

Top Clinical Conditions – Hospitals Claims • SFY 2007		
Condition	Patients	Expenditures
Newborns	34,523	\$ 104 million
Pregnancy	48,067	\$ 96 million
Mental Health	18,388	\$ 69 million
Respiratory Disorders	19,545	\$ 25 million
Cancer	6,578	\$ 19 million

Top Clinical Conditions – All Claims • SFY 2007		
Condition	Patients	Expenditures
Mental Health	128,726	\$ 326 million
Neurological Disorders	39,757	\$ 242 million
Pregnancy	64,661	\$ 182 million
Newborns	47,199	\$ 132 million
Cancer	19,896	\$ 57 million





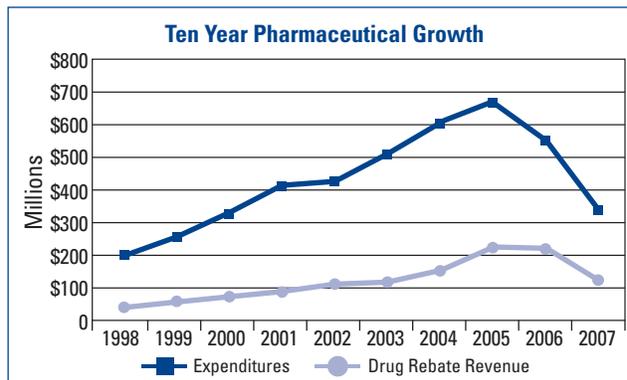
## Pharmacy Services

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 2007 pharmacy services totaled \$342 million, with an additional \$68 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 2007 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 \$2,510 and \$5,126. Under the new 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 the majority of those drug costs. Former SILVERxCARD members who do not belong to a prescription drug plan can now enroll in one of 11 GAPS approved plans. Those already enrolled in a plan that does not coordinate with GAPS can switch to a GAPS plan without incurring a penalty.

**Tamper Proof Prescription Pads:** DHHS' Pharmacy Services division worked with physicians and pharmacists to prepare for an upcoming federal requirement mandating that all



SFY 2006 Expenditures are down due to the implementation of the MMA Phased Down Contribution effective 1/1/06.

### SFY 07 Top Drug Classes by Paid Claims Expenditure\*

Drug Class	Examples	Payment
Ataractics-Tranquilizers	Seroquel, Risperdal	\$37,487,401
Anticonvulsants	Neurontin, Depakote	\$28,038,000
Psychostimulants-Antidepressants	Effexor, Paxil	\$26,003,437
Bronchial Dilators	Advair, Singulair	\$24,771,795
Antivirals	Retrovir, Isentress	\$21,787,864

\*Source: SC Medicaid POS Contractor, First Health Services





## Pharmacy Services

written, non-electronic prescriptions for Medicaid outpatient prescription and over-the-counter drugs must be noted on tamper-resistant pads in order for them to be reimbursable by the federal government. The rule, initially set for implementation in October 2007, was delayed until April 2008 due to nationwide concerns that physicians and pharmacists would be unable to adjust in time. DHHS will continue to work with all interested parties in the coming year to ensure a smooth transition to the new requirement.

**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.

Brand Name	Drug Class/Use	Payment Amount	Avg Amt Paid Per Claim
Risperdal	Anti-Psychotic	\$9,765,892	\$239.62
Seroquel	Anti-Psychotic	\$9,309,410	\$293.17
Adderall XR	Attention Deficit/Hyperactivity Disorder (ADHD)	\$8,997,118	\$129.17
Singulair	Asthma	\$7,576,725	\$99.27
Concerta	Attention Deficit/Hyperactivity Disorder (ADHD)	\$7,260,709	\$125.17
Abilify	Anti-Psychotic	\$7,102,437	\$403.23
Zyrtec	Antihistamine	\$6,547,859	\$56.90
Zyprexa	Anti-Psychotic	\$6,280,448	\$448.19
Advair Diskus	Asthma	\$6,168,614	\$172.80
Pulmicort	Asthma	\$4,650,425	\$218.47

\*Source: SC Medicaid POS Contractor, First Health Services

AL	AWP minus 10% or WAC + 9.2%	\$5.40
<b>SC</b>	<b>AWP minus 10%</b>	<b>\$4.05</b>
NC	AWP minus 10%	\$5.60 for generics \$4.00 for brands
VA	AWP minus 10.25% AWP minus 25% for blood factor	\$4.00
GA	AWP minus 11% AWP minus 15% for "most favored nation" pharmacies	\$4.63 for "for-profit" pharmacies \$4.33 for non-profit pharmacies
TN		\$3.00 for generics \$2.50 for brands
LA	AWP minus 13.5% for independents AWP minus 15% for chain stores	\$5.77
AR	AWP minus 14% for brands AWP minus 20% for generics	\$7.51 for generics with no Maximum Allowable Cost (MAC) pricing \$5.51 for brands
TX	AWP minus 15% or WAC + 12%	\$7.50 (with add-ons)
KY	AWP minus 15% AWP 14% for generics	\$5.00 for generics \$4.50 for brands
FL	AWP minus 15.4% or WAC + 5.75%	<b>\$7.50 for 340B pharmacies</b> \$4.23 for others

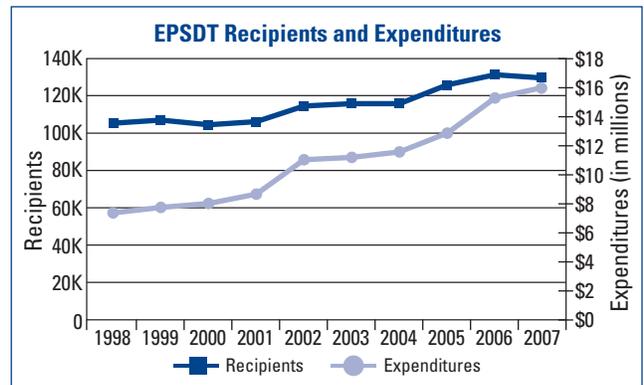
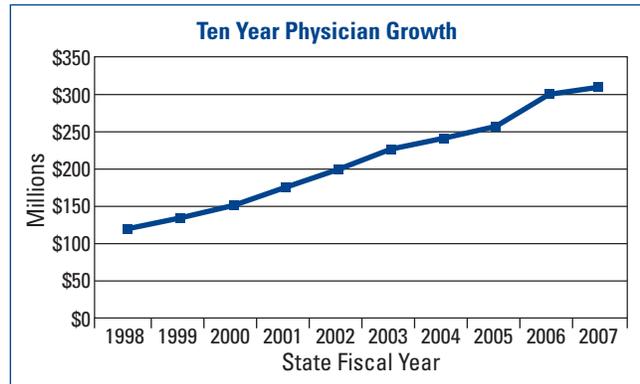
\*Results from an email survey. Information current as of 11/07.



## Physician Services

During SFY 2007, DHHS expenditures for physician services totaled over \$309 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.

One of the most pressing issues facing Medicaid as it relates to physicians is the level of reimbursement for care. Since physicians are not required to accept Medicaid patients, the program must provide reasonable reimbursement rates to ensure access for beneficiaries. Medicare and the State Health Plan serve as general benchmarks for Medicaid reimbursement rates. In SFY 2006, the South Carolina General Assembly provided DHHS with \$9 million to update physician services reimbursement rates. In SFY 2007, DHHS worked to adjust rates for physicians to better reflect the Medicare fee schedule.





## Other Services

### Transportation Services

Medicaid provides both emergency and non-emergency transportation for beneficiaries at a total cost of nearly \$55 million in SFY 2007. 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.

The agency switched to the new management system as a way to foster greater accountability among providers, control inflationary growth in the system and provide improved service to beneficiaries. Prior to the implementation of the new system, expensive non-emergency ambulance transports were increasingly over-utilized, with expenses growing by more than 250 percent over a four-year period. As a result of the change to the new management system, inflation has been curbed, transportation hours have been expanded, vehicles undergo more rigorous inspections and wasteful and abusive billing practices have decreased. In SFY 2007:

- Per recipient transportation costs fell by nearly 15 percent.
- The number of unduplicated recipients receiving transportation services grew by 20 percent. This increase is attributed to a spike in utilization during the transition to the new non-emergency transportation system.

- Total transportation growth dropped from about 12 percent in SFY 2006 to less than 3 percent in SFY 2007.
- Non-emergency transportation growth was cut by 63 percent during the last three months of SFY 2007.
- Satisfaction with the new non-emergency transportation system is about 90 percent, with more than one-third reporting the new system is a significant improvement over the old system, according to a survey conducted by the University of South Carolina.



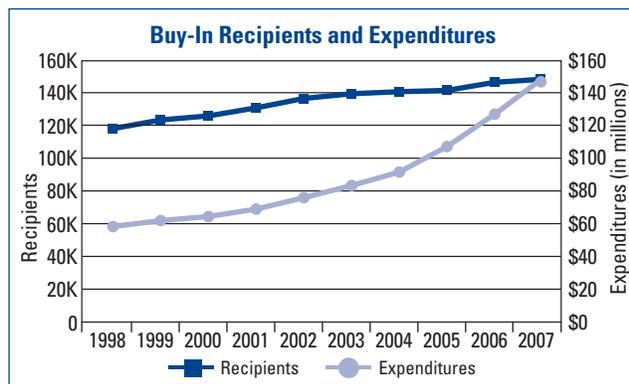


## Dental Services

Medicaid pays for routine dental care for children under 21 years of age and those enrolled in the Mentally Retarded/Related Disabilities waiver. Only emergency dental services are covered for adults over 21 years of age, but some Medicaid managed care plans offer routine dental care as a benefit to their adult members. Dental services accounted for more than \$91 million during SFY 2007.

There are currently about 1,200 dental providers enrolled in the Medicaid program. South Carolina's reimbursement rates for dental services are among the highest in the Southeast, which has led to increased access to care for Medicaid eligible children.

DHHS now covers the application of topical fluoride varnish for children up to three years old in a primary care physician's office during Early Periodic, Screening, Diagnostic and Treatment (EPSDT) well child visits. The purpose of applying fluoride varnish during these visits is to increase access to preventive dental treatment, which can reduce the risk of high-cost dental problems in the future.



### 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 \$147 million in SFY 2007, 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.

### Long Term Care

DHHS is proud to be 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 CMS 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. South Carolina has one of the fastest growing populations of seniors in the Southeast, and DHHS anticipates its responsibility to these clients will increase in the future.



# Long Term Care

## 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. In SFY 2007, 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 they are in nursing facilities. The CLTC program serves approximately 16,000 individuals at one-third of the cost of a nursing home.

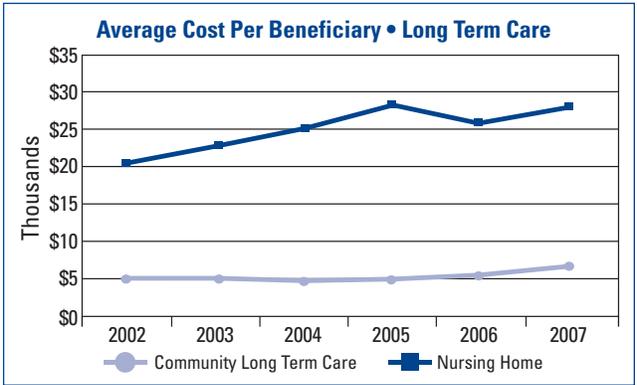
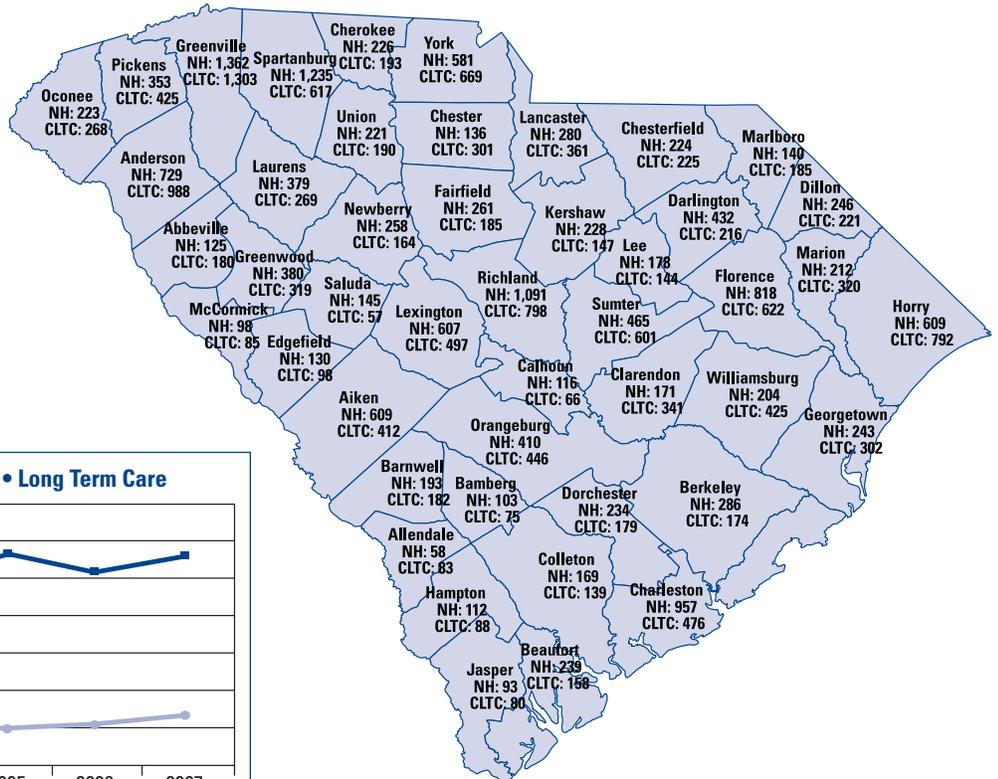
The term "waiting list" is a misnomer when applied to CLTC services. In order to qualify for CLTC services, individuals must undergo an assessment and meet established nursing home level of care criteria. Many of those awaiting CLTC services have not yet been deemed eligible for them, either because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

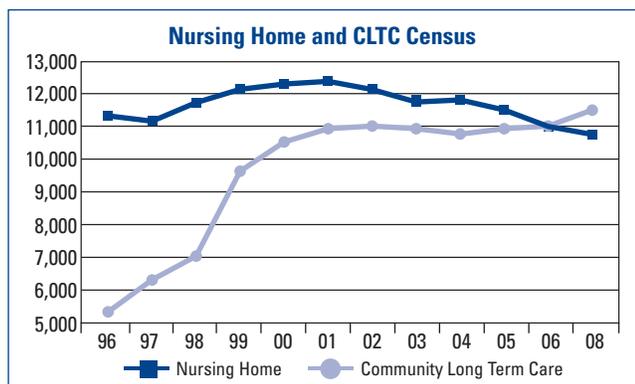
The CLTC program is also responsible for administering the new *Money Follows the Person* demonstration grant awarded by CMS. *Money Follows the Person* is a five-year, \$5.7 million project that will provide

about 200 seniors and people with disabilities the chance to transition out of a nursing facility and back into their homes. The award includes an enhanced federal match rate for state expenditures and will be used to subsidize an array of home medical care services, including home modifications that make it possible for individuals to live more independently. DHHS was one of 15 initial states to win the grant. DHHS has organized a steering committee comprised of elder care experts, advocates and other stakeholders to assist in implementing the program.

In addition, DHHS also adjusted hourly rates for both Licensed Practical Nurse and Registered Nurses for in-home care they provide patients. This increase was important to ensure a qualified pool of caregivers is available to those who prefer to receive services in their own homes.

Nursing Home and Community Long Term Care • SFY 2007





### 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 \$28,000 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. DHHS also maintains a list of all individuals who qualify for a nursing facility, but have not yet entered one. 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.

### 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.

In SFY 2007, Methodist Oaks in Orangeburg County was awarded a \$500,000 grant by CMS to begin a new PACE program. An existing PACE program, the Palmetto SeniorCare program, is one of the earliest PACE sites in the nation and operates five PACE centers in Richland and Lexington counties. It served 440 seniors in SFY 2007.

### 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 2007 at a total cost \$15.4 million, a 16 percent increase over SFY 2006.

### 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 2007 at a total cost of \$2.9 million.

### State Agency Services

Other state agencies utilize federal Medicaid matching funds to support a range of important programs, many of which make up a large portion of those agencies' budgets. Since DHHS has sole federal authority to distribute federal Medicaid matching money, DHHS works closely with other agencies to facilitate a steady stream of funds and provide oversight to ensure compliance with federal Medicaid requirements. Most services rendered by other state agencies are categorized as behavioral health or early intervention services.



### Behavioral Health

Behavioral health services makes up an increasingly large portion of the state's Medicaid budget. DHHS funds services through sister agencies, including the Department of Mental Health, the Department of Social Services, the Continuum of Care, and the Department of Juvenile Justice. DHHS also reimburses for many prescription drugs related to mental illness (see *Pharmacy Services*).

DHHS is finding unique ways to work with other agencies to improve outcomes for clients. One example is a joint pilot program with the Department of Mental Health to treat emotionally disturbed children in the community rather than in an institutional setting. Under the plan, children will undergo a comprehensive screening process to determine what level of care they need. Expanded services will include, but not be limited to, counseling for children and parents, school support and intervention, and respite care. The plan also calls for independent reassessments of children to determine the effectiveness of treatment and

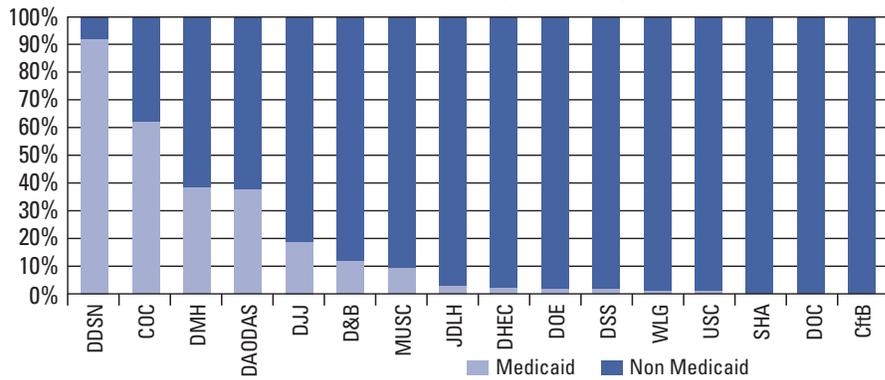
Agency	Medicaid Payments to Other State Agencies
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Department of Mental Health	\$ 141,627,995
Dept. of Disabilities & Special Needs	\$ 450,866,073
Dept. of Health & Environmental Control	\$ 12,229,849
Medical University of South Carolina	\$ 49,770,718
University of South Carolina	\$ 7,317,617
Dept. of Alcohol & Other Drug Abuse Serv.	\$ 13,494,635
Continuum of Care	\$ 8,436,469
School for the Deaf & Blind	\$ 3,710,691
Department of Social Services	\$ 17,697,729
Department of Juvenile Justice	\$ 22,199,946
Department of Education	\$ 54,617,741
Commission for the Blind	\$ 4,046
Department of Corrections	\$ 2,055,607
John De La Howe	\$ 160,014
Wil Lou Gray School	\$ 52,773
State Housing Authority	\$ 912,650

**Total Other Agency Medicaid Assistance \$ 785,154,553**



Medicaid as a Percent of State Agency Budgets • SFY 2007





	DDSN	DMH	DHEC	MUSC	USC	DAODAS	COC	D&B	DSS	DJJ	DOE	COB	JDLH	DOC	WLG	SHA	GRAND TOTAL
Hospital Services	179,482	6,412,710		7,283,707					3,772					2,028,090			15,907,761
Nursing Homes	157,632,606	21,922,362															179,554,968
Physician Services		911	1,131,425	3,601,241										27,517			4,761,094
Home Health																	—
EPSDT																	—
Lab & X-Ray			177,164														177,164
Family Planning			1,590,749								2,646,629		6,074				4,243,452
Clinical Services	32,562,752	99,723,670	6,140,801	38,265,985	7,317,617	12,881,566	3,306,162	1,997,888	12,793,066	9,583,381	46,052,826	4,046	153,940		42,811	34	270,826,745
Coordinated Care																	—
Dental																	—
Premium Pmts - Medicare		45,243															45,243
Supplemental Insurance																	—
Transportation		870,600						1,062,176			2,997,632						4,920,408
Pharmacy		402,566	2,868,171														3,271,127
Community Long Term Care																	234,213,253
Durable Medical Equipment																	—
Medical Professional		14,070					1,920		817,085		78,547						911,622
Hospice																	—
Residential Care Facility	1,425,724	8,966,329					2,085,073		623,204		810,859						13,911,189
Assisted Living (OSS)																	—
Case Management	24,852,256	3,269,144	321,539	53,090	613,069	3,043,314	660,627	3,134,494	3,189,858	4,840							39,142,231
Other Services				566,695				326,108	9,426,307	2,026,408				9,962	912,616		13,268,296
<b>Subtotal Group Coverage</b>	<b>450,866,073</b>	<b>141,627,995</b>	<b>12,229,949</b>	<b>49,770,718</b>	<b>7,317,617</b>	<b>13,494,635</b>	<b>8,436,469</b>	<b>3,710,691</b>	<b>17,697,729</b>	<b>22,199,946</b>	<b>54,617,741</b>	<b>4,046</b>	<b>160,014</b>	<b>2,055,607</b>	<b>52,773</b>	<b>912,650</b>	<b>785,154,553</b>

Source: MMIS CCA2900; GAFTS 9427 expenditures have been spread based on the MMIS CCA 2900



## Administration

ensure accountability.

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 2007, South Carolina Medicaid managed more than \$4.7 billion in federal and state dollars, with more than 96 percent going to medical assistance. DHHS is proud that administrative costs were held to only 2.5 percent of its budget for a second year in a row.

DHHS' Office of Human Resources supports more than 1,100 full-time equivalent employees and nearly 300 temporary grant employees. In July 2007, retired U.S. Air Force Colonel and Registered Nurse Emma Forkner was confirmed as the new Director of DHHS. Under Forkner, DHHS is organized into four major areas: eligibility, medical services, legal/regulatory and finance.

## Technology

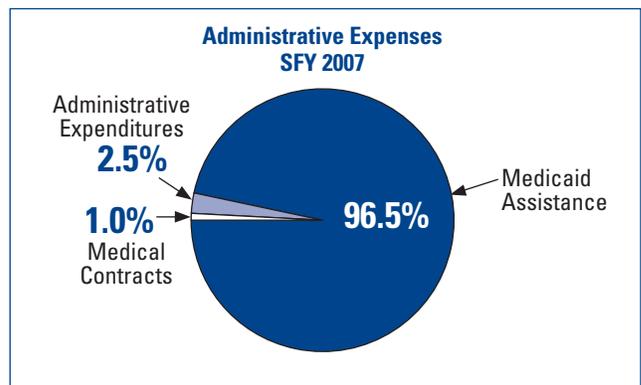
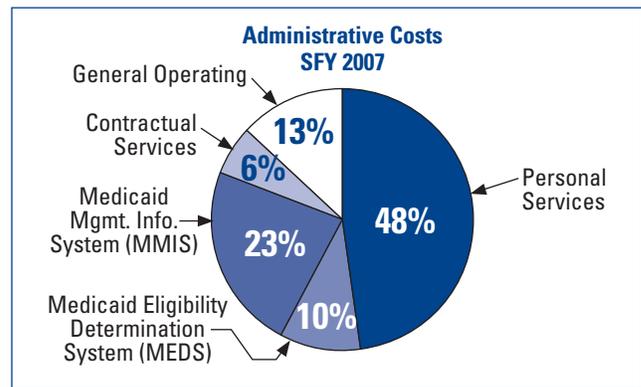
DHHS believes in utilizing state-of-the-art technology to assist in its goal of improving quality and efficiency. Strategic investments in technology help the agency adapt to changes in the health care industry and ensures decisions are grounded in current, reliable data. Some recent technological advancements at DHHS include:

### South Carolina Health Information Exchange (SCHIEX)

DHHS has partnered with the South Carolina Office of Research and Statistics to develop the SCHIEX pilot program. The SCHIEX program will give physicians and hospitals unprecedented access to Medicaid claims information. The information, conveyed through a secure online portal, will allow doctors to see patients' Medicaid history when they come in for treatment. Currently, records of patients who seek treatment from multiple providers are hidden from doctors, forcing many to



rely solely on patient reporting. The information pulled from the SCHIEX system will help doctors better diagnose disease, adjust treatment methods and educate patients on healthy lifestyles.





Examples of information providers will be able to glean from SCHIEX include: instances where patients never filled medications they were prescribed; drugs prescribed to patients that counter-act each other; medical histories that indicate an underlying disease or condition that is not being treated; and pre-existing conditions the patient failed to mention.

### Decision Support System

DHHS partnered with health care technology company Thomson Medstat to develop the Decision Support System, a powerful data mining tool which collects and analyzes claims information. The agency is using the system in two ways:

**Efficiency:** Decision Support can identify policies and payment rates that deviate from industry standards, making it possible to implement best practices. It also provides management with the tools to customize complex data sets.

**Fraud and Abuse Detection:** Decision Support can identify irregularities in billing patterns, allowing the agency to recoup millions of dollars more in inappropriate claims each year.

### 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. In SFY 2007, just over 24 million claims were processed through the MMIS system.

### 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.

### Quality Control

In July 2007, DHHS contracted with Qualis Health, a non-profit health care Quality Improvement Organization, to provide a broad range of services to the South Carolina Medicaid program. Through the use of quality measures, Qualis will help assure that services provided through the Medicaid program meet professionally recognized standards of care, are provided economically and only when and to the extent they are medically necessary. Initial efforts will target medical homes, behavioral health programs, hospital stays and residential treatment facilities.

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.

**Medicaid Claims • SFY 2007**

	Claims Received <sup>1</sup>	Claims Paid <sup>2</sup>
Professional	11,296,514	\$ 9,312,932
Drug	6,602,294	\$ 5,628,211
Premiums	4,037,679	\$ 4,037,677
Hospital	1,621,792	\$ 1,141,189
Dental	628,172	\$ 565,041
Adjustments	309,101	\$ 293,253
Nursing Home	239,391	\$ 219,945
Transportation	19,742	\$ 19,418
<b>TOTAL</b>	<b>24,754,685</b>	<b>\$ 21,217,666</b>

<sup>1</sup> Represents all claims entering the MMIS claims processing for the first time.

<sup>2</sup> Represents all claims entering claims processing, including paid recycled claims.



## Fraud and Abuse Control

In SFY 2007, DHHS recovered about \$11.8 million from Medicaid providers and beneficiaries for overpayments and excessive or inappropriate use of benefits. The collections represented a 28 percent increase over SFY 2006. 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 \$28 million in 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 SFY 2007, DHHS referred 11 cases of potential criminal fraud to the MFCU.

The Division of Program Integrity also operates a Fraud Hotline and receives complaints against providers and beneficiaries from tipsters. In SFY 2007, the division received about 1,300 complaints against Medicaid providers and beneficiaries, an increase of 15 percent from the previous year.

One example of successful fraud and abuse detection in the past year involved non-emergency ambulance providers who transport Medicaid beneficiaries to medical appointments. Based on a sophisticated computer algorithm, the Decision Support System helped identify nearly a dozen providers engaged in excessive Medicaid billing. One company flagged by the study was responsible for nearly \$1 million in overbilling. Several of the other companies have been referred by DHHS for investigation to the State Attorney General's Office.

**Fraud & Abuse Hotline  
(888) 364-3224**

### Fraud and Abuse Efforts

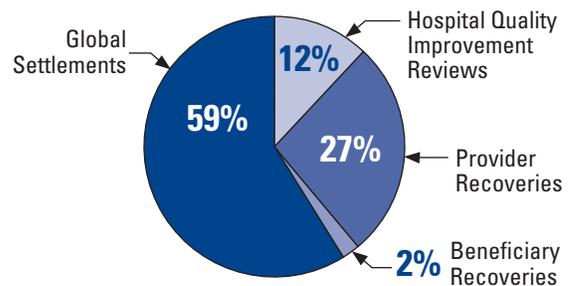
Provider Recoveries	\$ 3,154,280
Beneficiary Recoveries	292,599
Global Settlements	6,958,561
Hospital Quality Improvement Reviews	1,376,836
<b>Total</b>	<b>\$ 11,782,276</b>



### Fraud and Abuse Efforts by Fiscal Year

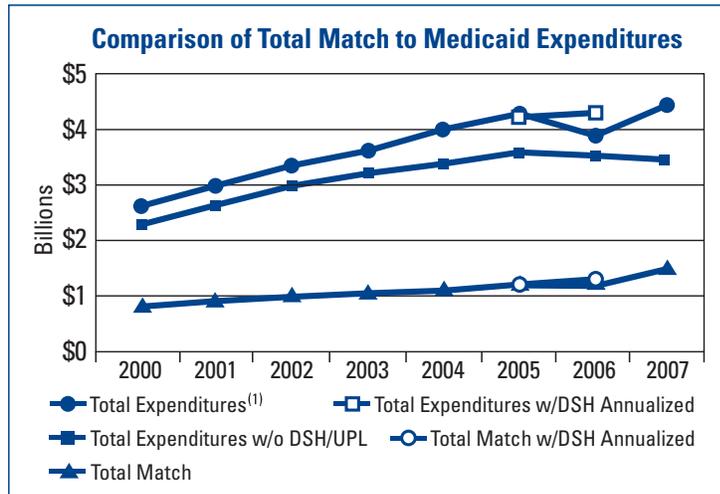
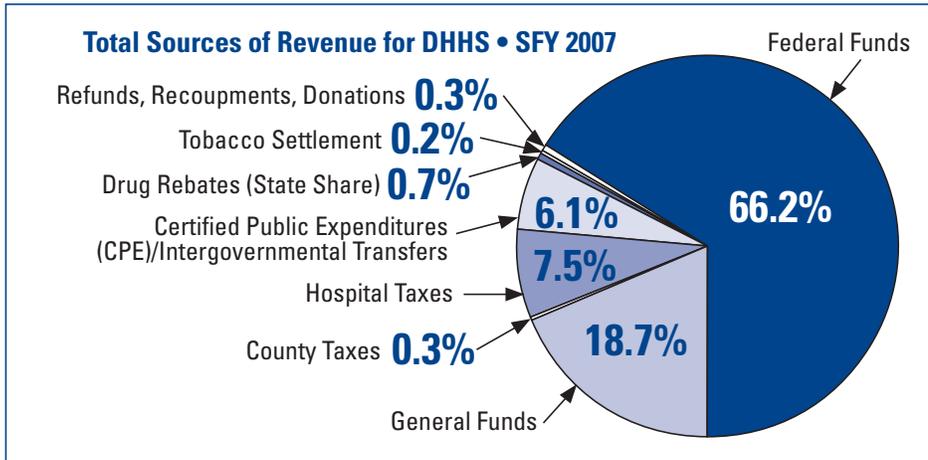


### Fraud and Abuse Efforts • SFY 2007





## General Medicaid Data



(1) Includes DHHS Assistance, State Agencies, DSH and Other Entities





**MEDICAID ASSISTANCE ACTIVITY  
TOTAL EXPENDITURES • STATE FISCAL YEAR 2006-2007**

<b>DHHS Medicaid Assistance:</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>Change</b>	<b>FY 2006-07</b>	<b>Change</b>
Hospital Services	\$ 658,860,491	\$ 649,877,839	-1.4%	\$ 638,607,237	-1.7%
Nursing Home Services	469,345,747	418,655,318	-10.8%	433,783,765	3.6%
Pharmacy Services(1)	669,378,435	546,235,820	-18.4%	342,426,683	-37.3%
MMA Phase Down Contributions	0	27,721,574	100.0%	68,464,469	100.0%
Physician Services	257,529,066	300,384,377	16.6%	309,166,909	2.9%
Dental Services	92,904,514	93,236,432	0.4%	91,549,974	-1.8%
Community Long Term Care	81,545,758	86,385,310	5.9%	99,762,537	15.5%
Home Health	13,289,379	11,327,259	-14.8%	9,094,141	-19.7%
EPSDT Screening	12,991,264	15,327,126	18.0%	15,926,861	3.9%
Medical Professional	17,607,554	27,845,960	58.1%	29,108,259	4.5%
Transportation	47,566,399	53,455,992	12.4%	54,964,745	2.8%
Lab & X-Ray	31,469,847	37,867,735	20.3%	41,566,857	9.8%
Family Planning Services (9)	20,422,855	20,874,590	2.2%	18,211,326	-12.8%
Premiums Matched	105,005,440	127,835,608	21.7%	134,694,257	5.4%
Premiums 100% State	7,945,675	10,490,145	32.0%	12,169,542	16.0%
Hospice (1)	5,921,881	25,660,513	333.3%	35,307,631	37.6%
Optional State Supplement (OSS)	13,985,094	13,305,334	-4.9%	15,405,716	15.8%
Integrated Personal Care (IPC)	2,105,690	2,300,352	9.2%	2,916,015	26.8%
Clinic Services	89,972,459	92,448,460	2.8%	77,223,873	-16.5%
Durable Medical Equipment	48,907,238	52,756,053	7.9%	49,753,198	-5.7%
Coordinated Care	76,158,255	117,641,644	54.5%	169,306,341	43.9%
	<u>2,722,913,041</u>	<u>2,731,633,441</u>	<u>0.3%</u>	<u>2,649,410,336</u>	<u>-3.0%</u>
PACE	8,905,454	9,573,120	7.5%	9,621,004	0.5%
Trauma Center Fund	0	9,555,523	100.0%	0	100.0%
<b>Total DHHS Medicaid Assistance</b>	<u><b>2,731,818,495</b></u>	<u><b>2,750,762,084</b></u>	<u><b>0.7%</b></u>	<u><b>2,659,031,340</b></u>	<u><b>-3.3%</b></u>
<b>Other State Agency Medicaid Assistance:</b>					
Department of Mental Health	\$ 155,403,328	\$ 150,481,601	-3.2%	\$ 141,627,995	-5.9%
Department of Disabilities & Special Needs	430,634,503	433,129,611	0.6%	450,866,073	4.1%
Department of Health & Environmental Control	37,575,748	17,805,850	-52.6%	12,229,849	-31.3%
Medical University of South Carolina	48,496,689	44,836,789	-7.5%	49,770,718	11.0%
University of South Carolina	7,982,304	6,401,332	-19.8%	7,317,617	14.3%
Department of Alcohol & Other Drug Abuse Services	13,087,351	14,408,349	10.1%	13,494,635	-6.3%
Continuum of Care	8,606,575	9,316,237	8.2%	8,436,469	-9.4%
School for the Deaf & Blind	3,559,479	3,941,212	10.7%	3,710,691	-5.8%
Department of Social Services	49,360,351	50,070,688	1.4%	17,697,729	-64.7%
Department of Juvenile Justice	27,540,540	20,353,749	-26.1%	22,199,946	9.1%
Department of Education	73,504,294	54,435,108	-25.9%	54,617,741	0.3%
Commission for the Blind	6,666	6,875	3.1%	4,046	-41.2%
Department of Corrections	11,058	1,397,614	100%+	2,055,607	47.1%
John De La Howe	0	72,565	100.0%	160,014	100.0%
Wil Lou Gray Opportunity School	9,322	26,258	181.7%	52,773	101.0%
State Housing Authority	0	66,307	100.0%	912,650	100.0%
<b>Total Other Agency Medicaid Assistance</b>	<u><b>855,778,208</b></u>	<u><b>806,750,145</b></u>	<u><b>-5.7%</b></u>	<u><b>785,154,553</b></u>	<u><b>-2.7%</b></u>
Other Entities <sup>(1)</sup>	18,902,543	8,770,197	-53.6%	31,718,609	261.7%
Emotionally Disturbed Children	58,668,627	62,770,767	7.0%	65,175,283	3.8%
<b>Total Medical Asst with Other Entities and EDC</b>	<u><b>3,665,167,873</b></u>	<u><b>3,629,053,193</b></u>	<u><b>-1.0%</b></u>	<u><b>3,541,079,785</b></u>	<u><b>-2.4%</b></u>
Disproportionate Share	742,999,962	365,041,669 <sup>(2)</sup>	-50.9%	1,001,090,542	174.2%
<b>Total Medical Asst with Disproportionate Share</b>	<u><b>\$ 4,408,167,835</b></u>	<u><b>\$ 3,994,094,862</b></u>	<u><b>-9.4%</b></u>	<u><b>\$ 4,542,170,327</b></u>	<u><b>13.7%</b></u>

**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.

Note: Transportation expenditures include transportation broker payments. Effective May 2007 for broker payments, each eligible is counted as an unduplicated recipient based on MMIS reports. For purposes of this report, actual unduplicated recipient counts from transportation broker report cards were used.



**MEDICAID ASSISTANCE ACTIVITY  
UNDULICATED MEDICAID RECIPIENTS • STATE FISCAL YEAR 2006-2007**

<b>DHHS Medicaid Assistance:</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>Change</b>	<b>FY 2006-07</b>	<b>Change</b>
Hospital Services	398,934	396,447	-0.6%	370,390	-6.6%
Nursing Home Services	16,488	16,075	-2.5%	15,638	-2.7%
Pharmacy Services	598,079	594,952	-0.5%	485,376	-18.4%
Physician Services	523,910	561,387	7.2%	549,594	-2.1%
Dental Services	259,669	265,413	2.2%	259,375	-2.3%
Community Long Term Care	15,862	15,740	-0.8%	16,152	2.6%
Home Health	7,115	7,597	6.8%	6,171	-18.8%
EPSDT Screening	125,653	131,770	4.9%	129,929	-1.4%
Medical Professional	156,721	180,615	15.2%	175,805	-2.7%
Transportation	53,433	56,238	5.2%	73,376	30.5%
Lab & X-Ray	257,337	263,272	2.3%	256,865	-2.4%
Family Planning Services	111,224	107,583	-3.3%	92,677	-13.9%
Premiums Matched	127,859	131,003	2.5%	131,820	0.6%
Premiums 100% State	13,499	14,828	9.8%	16,078	8.4%
Hospice	768	2,281	197.0%	2,769	21.4%
Optional State Supplement (OSS)	5,337	5,277	-1.1%	4,954	-6.1%
Integrated Personal Care (IPC)	706	775	9.8%	829	7.0%
Clinic Services	194,308	191,086	-1.7%	180,960	-5.3%
Durable Medical Equipment	76,983	83,762	8.8%	84,008	0.3%
Coordinated Care	95,446	181,142	89.8%	224,656	24.0%
	<u>858,177</u>	<u>868,741</u>	<u>1.2%</u>	<u>853,361</u>	<u>-1.8%</u>
<b>PACE</b>	<b>398</b>	<b>436</b>	<b>9.5%</b>	<b>440</b>	<b>0.9%</b>
<b>Unduplicated Total Recipients - DHHS (1)</b>	<b><u>858,575</u></b>	<b><u>869,177</u></b>	<b><u>1.2%</u></b>	<b><u>853,801</u></b>	<b><u>-1.8%</u></b>
<b>Other State Agency Medicaid Assistance:</b>					
Department of Mental Health	51,581	48,998	-5.0%	46,186	-5.7%
Department of Disabilities & Special Needs	19,598	19,794	1.0%	19,813	0.1%
Department of Health & Environmental Control	184,848	165,769	-10.3%	79,889	-51.8%
Medical University of South Carolina	5,075	5,312	4.7%	4,744	-10.7%
University of South Carolina	2,664	2,510	-5.8%	2,257	-10.1%
Department of Alcohol & Other Drug Abuse Services	9,338	9,885	5.9%	9,510	-3.8%
Continuum of Care	473	488	3.2%	530	8.6%
School for the Deaf & Blind	731	807	10.4%	902	11.8%
Department of Social Services	10,495	10,339	-1.5%	6,883	-33.4%
Department of Juvenile Justice	8,841	7,444	-15.8%	7,547	1.4%
Department of Education	93,269	95,660	2.6%	101,026	5.6%
Commission for the Blind	82	79	-3.7%	53	-32.9%
Department of Corrections	1	87	100.0%	104	19.5%
John De La Howe	-	95	100.0%	82	-13.7%
Wil Lou Gray Opportunity School	32	107	234.4%	120	12.1%
State Housing Authority	-	82	100.0%	770	839.0%
<b>Unduplicated Total Recipients - Other Agencies (1)</b>	<b><u>329,420</u></b>	<b><u>313,687</u></b>	<b><u>-4.8%</u></b>	<b><u>238,960</u></b>	<b><u>-23.8%</u></b>
Other Entities	11,958	8,829	-26.2%	7,180	-18.7%
Emotionally Disturbed Children	1,950	1,999	2.5%	2,140	7.1%
<b>Total Unduplicated Recipients w/Other Entities &amp; EDC (1)</b>	<b><u>877,210</u></b>	<b><u>886,862</u></b>	<b><u>1.1%</u></b>	<b><u>864,565</u></b>	<b><u>-2.5%</u></b>

**SOURCE:** MMIS 8500 REPORT

(1) Amounts are not cumulative sums of service lines but are unduplicated totals.

Note: Transportation expenditures include transportation broker payments. Effective May 2007 for broker payments, each eligible is counted as an unduplicated recipient based on MMIS reports. For purposes of this report, actual unduplicated recipient counts from transportation broker report cards were used.



**MEDICAID ASSISTANCE ACTIVITY  
COST PER RECIPIENT • STATE FISCAL YEAR 2006-2007**

<b>DHHS Medicaid Assistance:</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>Change</b>	<b>FY 2006-07</b>	<b>Change</b>
Hospital Services	\$ 1,652	\$ 1,639	-0.7%	\$ 1,724	5.2%
Nursing Home Services	28,466	26,044	-8.5%	27,739	6.5%
Pharmacy Services	1,119	918	-18.0%	842	-8.3%
Physician Services	492	535	8.9%	563	5.2%
Dental Services	358	351	-1.8%	353	0.5%
Community Long Term Care	5,141	5,488	6.8%	6,176	12.5%
Home Health	1,868	1,491	-20.2%	1,474	-1.1%
EPSDT Screening	103	116	12.5%	123	5.7%
Medical Professional	112	154	37.2%	166	7.7%
Transportation	890	951	6.8%	749	-21.2%
Lab & X-Ray	122	144	17.6%	162	12.6%
Family Planning Services	184	194	5.7%	197	1.5%
Premiums Matched	821	976	18.8%	1,022	4.7%
Premiums 100% State	589	707	20.2%	757	7.0%
Hospice <sup>(1)</sup>	7,711	11,250	45.9%	12,751	13.3%
Optional State Supplement (OSS)	2,620	2,521	-3.8%	3,110	23.3%
Integrated Personal Care (IPC)	2,983	2,968	-0.5%	3,518	18.5%
Clinic Services	463	484	4.5%	427	-11.7%
Durable Medical Equipment	635	630	-0.9%	592	-6.0%
Coordinated Care	798	649	-18.6%	754	16.1%
	<u>3,173</u>	<u>3,144</u>	<u>-0.9%</u>	<u>3,105</u>	<u>-1.3%</u>
<b>PACE</b>	<b>22,376</b>	<b>21,957</b>	<b>-1.9%</b>	<b>21,866</b>	<b>-0.4%</b>
<b>Cost per unduplicated recipient-DHHS<sup>(2)</sup></b>	<b><u>3,182</u></b>	<b><u>3,165</u></b>	<b><u>-0.5%</u></b>	<b><u>3,114</u></b>	<b><u>-1.6%</u></b>
<b>Other State Agency Medicaid Assistance:</b>					
Department of Mental Health	\$ 3,013	\$ 3,071	1.9%	\$ 3,066	-0.2%
Department of Disabilities & Special Needs	21,973	21,882	-0.4%	22,756	4.0%
Department of Health & Environmental Control	203	107	-47.2%	153	42.4%
Medical University of South Carolina	9,556	8,441	-11.7%	10,491	24.3%
University of South Carolina	2,996	2,550	-14.9%	3,242	27.1%
Department of Alcohol & Other Drug Abuse Services	1,402	1,458	4.0%	1,419	-2.6%
Continuum of Care	18,196	19,091	4.9%	15,918	-16.6%
School for the Deaf & Blind	4,869	4,884	0.3%	4,114	-15.8%
Department of Social Services	4,703	4,843	3.0%	2,571	-46.9%
Department of Juvenile Justice	3,115	2,734	-12.2%	2,942	7.6%
Department of Education	788	569	-27.8%	541	-4.9%
Commission for the Blind	81	87	7.1%	76	-12.7%
Department of Corrections	11,058	16,065	45.3%	19,765	23.0%
John De La Howe	-	764	100.0%	1,951	155.4%
Wil Lou Gray Opportunity School	291	245	-15.8%	440	79.3%
State Housing Authority	-	809	100.0%	1,185	46.5%
<b>Cost per unduplicated recipient-Other Agencies<sup>(2)</sup></b>	<b><u>2,598</u></b>	<b><u>2,572</u></b>	<b><u>-1.0%</u></b>	<b><u>3,286</u></b>	<b><u>27.8%</u></b>
Other Entities	1,581	993	-37.2%	4,418	344.8%
Emotionally Disturbed Children	30,086	31,401	4.4%	30,456	-3.0%
				-	
<b>Cost per Unduplicated Recipients (including DSH)<sup>(2)</sup></b>	<b><u>5,025</u></b>	<b><u>4,504</u></b>	<b><u>-10.4%</u></b>	<b><u>-</u></b>	<b><u>0.0%</u></b>
<b>Cost per Unduplicated Recipients (excluding DSH)<sup>(2)</sup></b>	<b><u>\$ 4,178</u></b>	<b><u>\$ 4,092</u></b>	<b><u>-2.1%</u></b>	<b><u>\$ 4,096</u></b>	<b><u>0.1%</u></b>

**SOURCE:** DAFR 9427, MMIS 8500 REPORTS

(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) Amounts are not cumulative sums of service lines but are unduplicated totals for all services. DSH = Disproportionate Share.

Note: Transportation expenditures include transportation broker payments. Effective May 2007 for broker payments, each eligible is counted as an unduplicated recipient based on MMIS reports. For purposes of this report, actual unduplicated recipient counts from transportation broker report cards were used.



**MEDICAID ASSISTANCE ACTIVITY  
PERCENTAGE OF RECIPIENTS UTILIZING EACH MEDICAID SERVICE • STATE FISCAL YEAR 2007**

<b>DHHS Medicaid Assistance:</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>Change</b>	<b>FY 2006-07</b>	<b>Change</b>
Hospital Services	45.48%	44.36%	-2.45%	42.84%	-3.43%
Nursing Home Services	1.88%	1.81%	-3.57%	1.81%	-0.21%
Pharmacy Services	64.64%	63.95%	-1.08%	56.14%	-12.21%
Physician Services	59.72%	63.30%	5.99%	63.57%	0.42%
Dental Services	29.60%	29.93%	1.10%	30.00%	0.25%
Community Long Term Care	1.81%	1.77%	-1.85%	1.87%	5.26%
Home Health	0.81%	0.86%	5.61%	0.71%	-16.68%
EPSDT Screening	14.32%	14.86%	3.73%	15.03%	1.15%
Medical Professional	17.87%	20.37%	13.99%	20.33%	-0.15%
Transportation	6.09%	6.34%	4.10%	8.49%	33.84%
Lab & X-Ray	29.34%	29.69%	1.19%	29.71%	0.08%
Family Planning Services	12.68%	12.13%	-4.33%	10.72%	-11.63%
Premiums Matched	14.58%	14.77%	1.34%	15.25%	3.22%
Premiums 100% State	1.54%	1.67%	8.65%	1.86%	11.23%
Hospice	0.09%	0.26%	193.77%	0.32%	24.52%
Optional State Supplement (OSS)	0.61%	0.60%	-2.20%	0.57%	-3.70%
Integrated Personal Care (IPC)	0.08%	0.09%	8.58%	0.10%	9.73%
Clinic Services	22.15%	21.55%	-2.73%	20.93%	-2.86%
Durable Medical Equipment	8.78%	9.44%	7.62%	9.72%	2.9%
Coordinated Care	10.88%	20.43%	87.72%	25.98%	27.22%
PACE	0.05%	0.05%	8.36%	0.05%	3.52%
Trauma Center Fund	0.00%	0.00%	100.00%	0.00%	100.00%
<b>Other State Agency Medicaid Assistance:</b>					
Department of Mental Health	5.88%	5.52%	-6.0%	5.34%	-3.31%
Department of Disabilities & Special Needs	2.23%	2.23%	-0.1%	2.29%	2.68%
Department of Health & Environmental Control	21.07%	18.69%	-11.3%	9.24%	-50.56%
Medical University of South Carolina	0.58%	0.60%	3.5%	0.55%	-8.39%
University of South Carolina	0.30%	0.28%	-6.8%	0.26%	-7.76%
Department of Alcohol & Other Drug Abuse Services	1.06%	1.11%	4.7%	1.10%	-1.31%
Continuum of Care	0.05%	0.06%	2.0%	0.06%	11.41%
School for the Deaf & Blind	0.08%	0.09%	9.2%	0.10%	14.65%
Department of Social Services	1.20%	1.17%	-2.6%	0.80%	-31.71%
Department of Juvenile Justice	1.01%	0.84%	-16.7%	0.87%	4.00%
Department of Education	10.63%	10.79%	1.4%	11.69%	8.33%
Commission for the Blind	0.01%	0.01%	-4.7%	0.01%	-31.18%
Department of Corrections	0.00%	0.01%	8505.3%	0.01%	22.62%
John De La Howe	0.00%	0.01%	100.0%	0.01%	-11.46%
Wil Lou Gray Opportunity School	0.00%	0.01%	230.7%	0.01%	15.04%
State Housing Authority	0.00%	0.01%	100.0%	0.09%	863.24%
Other Entities	1.36%	1.00%	-27.0%	0.83%	-16.58%
Palmetto SeniorCare	0.00%	0.00%	0.0%	0.00%	0.00%
Emotionally Disturbed Children	0.22%	0.23%	1.4%	0.25%	9.81%

**Note:** Transportation expenditures include transportation broker payments. Effective May 2007 for broker payments, each eligible is counted as an unduplicated recipient based on MMIS reports. For purposes of this report, actual unduplicated recipient counts from transportation broker report cards were used.



**PAID CLAIMS BY COUNTY  
STATE FISCAL YEAR 2006-2007**

COUNTY	Paid Claims to Providers in County	% to Total	Rank	Paid Claims for Residents of County	Rank
ABBEVILLE	\$11,113,550.25	0.33%	39	\$20,822,548.15	41
AIKEN	\$80,589,389.96	2.38%	10	\$116,704,228.70	10
ALLENDALE	\$7,176,390.52	0.21%	45	\$13,178,136.26	48
ANDERSON	\$119,259,738.53	3.51%	7	\$118,568,734.63	9
BAMBERG	\$12,330,603.94	0.36%	38	\$20,509,054.25	42
BARNWELL	\$17,933,235.92	0.53%	32	\$32,633,347.08	33
BEAUFORT	\$50,918,437.12	1.50%	17	\$55,528,402.63	19
BERKELEY	\$33,769,826.32	1.00%	23	\$82,299,748.73	16
CALHOUN	\$7,227,955.11	0.21%	44	\$14,785,203.32	47
CHARLESTON	\$436,478,697.89	12.86%	2	\$236,115,139.98	3
CHEROKEE	\$24,135,816.85	0.71%	29	\$41,463,302.38	29
CHESTER	\$13,512,161.35	0.40%	37	\$30,765,232.80	35
CHESTERFIELD	\$25,856,488.86	0.76%	27	\$47,724,841.91	24
CLARENDON	\$24,613,991.20	0.73%	28	\$39,306,218.49	30
COLLETON	\$28,610,105.15	0.84%	24	\$42,769,964.11	28
DARLINGTON	\$64,499,296.01	1.90%	15	\$76,666,708.47	17
DILLON	\$16,897,410.68	0.50%	34	\$36,968,344.08	31
DORCHESTER	\$50,406,940.84	1.49%	18	\$88,226,700.84	15
EDGEFIELD	\$7,094,676.02	0.21%	46	\$15,771,131.23	46
FAIRFIELD	\$15,535,720.24	0.46%	36	\$28,382,823.93	38
FLORENCE	\$220,481,747.38	6.50%	4	\$171,400,043.90	5
GEORGETOWN	\$48,445,054.03	1.43%	19	\$49,262,609.64	23
GREENVILLE	\$300,404,450.21	8.85%	3	\$264,599,331.18	2
GREENWOOD	\$67,968,648.03	2.00%	12	\$51,371,338.17	21
HAMPTON	\$9,276,478.00	0.27%	42	\$21,061,924.92	40
HORRY	\$114,663,333.28	3.38%	8	\$144,286,436.10	7
JASPER	\$9,474,558.17	0.28%	41	\$19,006,762.74	43
KERSHAW	\$28,460,238.54	0.84%	25	\$42,991,236.87	27
LANCASTER	\$38,550,773.61	1.14%	21	\$52,026,800.17	20
LAURENS	\$66,869,813.09	1.97%	14	\$98,847,122.14	12
LEE	\$10,249,932.00	0.30%	40	\$29,042,536.84	37
LEXINGTON	\$135,632,804.71	4.00%	6	\$143,504,641.00	8
MARION	\$6,152,956.78	0.18%	47	\$8,696,038.51	49
MARLBORO	\$28,383,584.01	0.84%	26	\$44,970,762.73	26
MCCORMICK	\$17,619,906.83	0.52%	33	\$31,753,264.98	34
NEWBERRY	\$21,193,788.23	0.62%	30	\$34,655,190.39	32
OCONEE	\$37,011,405.58	1.09%	22	\$51,195,988.10	22
ORANGEBURG	\$67,288,133.77	1.98%	13	\$93,860,377.02	14
PICKENS	\$41,873,119.68	1.23%	20	\$67,661,003.79	18
RICHLAND	\$684,008,789.71	20.16%	1	\$292,798,743.70	1
SALUDA	\$8,502,946.13	0.25%	43	\$16,267,095.82	45
SPARTANBURG	\$180,549,845.40	5.32%	5	\$188,700,568.10	4
SUMTER	\$71,040,070.08	2.09%	11	\$96,696,431.27	13
UNION	\$16,205,657.21	0.48%	35	\$28,172,097.38	39
WILLIAMSBURG	\$19,995,203.99	0.59%	31	\$45,843,087.47	25
YORK	\$94,827,811.01	2.79%	9	\$111,692,958.33	11
GA < 25 MI	\$ -	1.78%	16	\$60,386,740.08	50
GA > 25 MI	\$ -	0.06%	48	\$1,974,937.58	51
NC < 25 MI	\$ -	0.00%	49	\$30,664,798.92	36
NC > 25 MI	\$ -	0.00%	50	\$18,890,765.90	44
OTHER NON-SC	\$ -	0.00%	51	\$160,407,806.66	6

**Note:** Paid claims do not include gross adjustments or contractual transportation  
**Source:** MMIS SFY 07 Paid Claims by County



**MEDICAID ELIGIBLES BY MAJOR CATEGORY  
SFY 2007**

<b>COUNTY</b>	<b>Low Income Families</b>	<b>Pregnant Women and Infants</b>	<b>Children</b>	<b>Elderly</b>	<b>Disabled</b>	<b>Emergency and/or Inmate</b>	<b>Total</b>
ABBEVILLE	2,584	372	1,664	615	772	1	6,008
AIKEN	12,899	2,645	9,890	2,205	4,670	124	32,433
ALLENDALE	1,386	282	1,129	468	728	3	3,996
ANDERSON	11,072	2,799	11,625	2,950	5,423	71	33,940
BAMBERG	2,175	364	1,388	603	790	6	5,326
BARNWELL	2,563	542	2,343	689	1,267	2	7,406
BEAUFORT	6,205	2,243	7,886	1,093	2,234	317	19,978
BERKELEY	10,248	2,720	9,667	1,474	2,958	92	27,159
CALHOUN	1,274	183	955	405	505	1	3,323
CHARLESTON	19,781	5,964	20,687	4,331	9,558	431	60,752
CHEROKEE	4,294	934	4,250	1,035	1,927	10	12,450
CHESTER	3,376	788	2,854	857	1,311	12	9,198
CHESTERFIELD	5,182	814	3,699	1,288	1,921	15	12,919
CLARENDON	3,463	648	3,169	1,173	1,741	9	10,203
COLLETON	4,907	955	4,048	1,074	2,084	14	13,082
DARLINGTON	7,452	1,244	5,756	1,726	2,968	9	19,155
DILLON	4,779	732	3,320	1,266	1,856	16	11,969
DORCHESTER	7,059	2,134	6,814	1,185	2,933	40	20,165
EDGEFIELD	1,985	303	1,538	545	687	8	5,066
FAIRFIELD	2,031	411	2,251	762	987	2	6,444
FLORENCE	15,435	2,920	9,621	3,542	6,194	18	37,730
GEORGETOWN	5,031	1,043	4,772	1,183	2,198	49	14,276
GREENVILLE	24,525	6,489	23,777	5,454	11,505	645	72,395
GREENWOOD	5,379	1,277	5,026	1,244	2,072	123	15,121
HAMPTON	2,474	488	2,276	698	1,163	2	7,101
HORRY	18,957	5,143	15,770	2,987	6,099	392	49,348
JASPER	2,195	590	2,575	486	717	79	6,642
KERSHAW	3,789	1,319	3,754	1,074	1,899	3	11,838
LANCASTER	5,747	1,284	4,777	1,298	2,029	5	15,140
LAURENS	4,778	1,245	5,127	1,391	3,017	37	15,595
LEE	2,747	403	2,175	841	1,066	4	7,236
LEXINGTON	13,799	4,154	13,166	2,291	4,640	138	38,188
MARION	4,760	785	3,815	1,365	1,956	9	12,690
MARLBORO	3,084	780	2,975	1,117	1,697	0	9,653
MCCORMICK	698	137	570	325	348	0	2,078
NEWBERRY	2,978	703	2,982	864	1,278	86	8,891
OCONEE	5,732	1,018	4,589	1,206	1,968	51	14,564
ORANGEBURG	10,430	2,486	8,138	2,836	4,441	36	28,367
PICKENS	8,024	1,290	5,783	1,518	2,829	37	19,481
RICHLAND	22,238	5,880	19,506	4,267	9,755	399	62,045
SALUDA	1,377	398	1,669	463	600	32	4,539
SPARTANBURG	15,824	4,415	18,430	4,668	8,683	130	52,150
SUMTER	11,226	2,000	8,880	2,694	4,197	31	29,028
UNION	2,483	502	2,333	767	1,434	0	7,519
WILLIAMSBURG	4,225	649	3,799	1,397	2,178	3	12,251
YORK	11,683	2,987	9,919	2,340	4,033	146	31,108
<b>TOTAL</b>	<b>324,333</b>	<b>77,462</b>	<b>291,137</b>	<b>74,060</b>	<b>135,316</b>	<b>3,638</b>	<b>905,946</b>



**NUMBER OF MEDICAID RECIPIENTS BY RECIPIENT AGE  
SFY 2006-2007**

	<u>Age 0 - 18</u>	<u>Age 19 - 64</u>	<u>Age 65 &amp; over</u>	<u>All Ages</u>
<b>DHHS Medicaid Assistance:</b>				
Hospital Services	206,968	143,716	24,660	370,390
Nursing Home Services	2	1,839	13,967	15,638
Pharmacy Services	293,812	166,770	30,084	485,371
Physician Services	312,079	189,857	54,222	549,594
Dental Services	220,622	35,762	3,762	259,375
Community Long Term Care	664	6,544	9,353	16,152
Home Health	1,659	3,879	671	6,171
EPSDT Screening	128,467	1,463	-	129,929
Medical Professional	93,055	68,430	15,060	175,805
Transportation	12,380	33,944	27,299	73,376
Lab & X-Ray	144,195	112,199	3,308	256,865
Family Planning Services	19,499	75,315	4	92,677
Premiums Matched	654	60,314	73,211	131,820
Premiums 100% State	98	3,814	12,366	16,078
Hospice	25	838	1,910	2,769
Optional State Supplement	2	2,631	2,405	4,954
Integrated Personal Care (IPC)	-	262	575	829
Durable Medical Equipment	28,565	36,250	20,046	84,008
Clinic Services	109,471	54,721	17,926	180,960
Coordinated Care	183,006	39,821	3,487	224,656
PACE	-	45	402	440
<b>Unduplicated Total Recipients - DHHS<sup>(1)</sup></b>	<b>495,218</b>	<b>291,007</b>	<b>86,994</b>	<b>853,801</b>
<b>Other State Agency Medicaid Assistance:</b>				
Department of Mental Health	23,746	20,991	1,861	46,186
Department of Disabilities & Special Needs	8,695	10,912	669	19,813
Department of Health & Environmental Control	34,227	46,474	124	79,889
Medical University of South Carolina	3,727	1,017	22	4,744
University of South Carolina	2,241	23	-	2,257
Department of Alcohol & Other Drug Abuse Services	5,158	4,36337	-	9,510
Continuum of Care	526	7	-	530
School for the Deaf & Blind	882	34	-	902
Department of Social Services	5,907	613	387	6,883
Department of Juvenile Justice	7,507	53	-	7,547
Department of Education	100,658	571	-	101,026
Commission for the Blind	53	-	-	53
Department of Corrections	4	80	24	104
Wil Lou Gray	119	2	-	120
John De La Howe	82	-	-	82
SC State Housing Authority	179	239	352	770
<b>Unduplicated Total Recipients - Other Agencies<sup>(1)</sup></b>	<b>156,874</b>	<b>80,797</b>	<b>3,384</b>	<b>238,960</b>
Other Entities	5,998	1,191	3	7,180
Emotionally Disturbed Children	2,102	100	-	2,140
<b>Total Unduplicated Recipients<sup>(1)</sup></b>	<b>501,264</b>	<b>296,649</b>	<b>87,023</b>	<b>864,565</b>

(1) Amounts are not cumulative sums of service lines but are unduplicated totals.

Source: CCA2900

Note: Transportation expenditures include transportation broker payments. Effective May 2007 for broker payments, each eligible is counted as an unduplicated recipient based on MMIS reports. For purposes of this report, actual unduplicated recipient counts from transportation broker report cards were used.



## Income Limits

### Medicaid Income Limits, by Eligibility Category

Category	Income Requirement
Aged, Blind, Disabled	100% FPL
Low-Income Medicare	135% FPL
SCHIP	150% FPL
Option Coverage for Women & Infants	185% FPL
Working Disabled	250% FPL
Low-Income Families	50% FPL

### Federal Poverty Level by Yearly Income SFY 2007

Family Size	Percent of Federal Poverty Level						
	50%	100%	135%	150%	185%	200%	250%
1	\$5,100	\$10,212	\$13,788	\$15,312	\$18,888	\$20,424	\$25,524
2	\$6,840	\$13,692	\$18,480	\$20,532	\$25,332	\$27,384	\$34,224
3	\$8,580	*NA	*NA	\$25,752	\$31,764	\$34,344	\$42,924
4	\$10,320	*NA	*NA	\$30,972	\$38,208	\$41,304	\$51,624
5	\$12,060	*NA	*NA	\$36,192	\$44,640	\$48,264	\$60,324
6	\$13,800	*NA	*NA	\$41,412	\$51,084	\$55,224	\$69,024

\* Not Applicable



### Federal Medical Assistance Percentage Rates State/Federal Match Rates

FFY	Time Period	Medicaid		Title XXI	
		State Rate	Federal Rate	State Rate	Federal Rate
2000	10/01/99-09/30/00	30.05%	69.95%	21.04%	78.97%
2001	10/01/00-09/30/01	29.56%	70.44%	20.69%	79.31%
2002	10/01/01-09/30/02	30.66%	69.34%	21.46%	78.54%
2003	10/01/02-09/30/03	30.19%	69.81%	21.13%	78.87%
2003*	04/01/03-09/30/03	27.24%	72.76%	21.13%	78.87%
2004	10/01/03-09/30/04	30.14%	69.86%	21.10%	78.90%
2004*	10/01/03-06/30/04	27.19%	72.81%	21.10%	78.90%
2005	10/01/04-09/30/05	30.11%	69.89%	21.08%	78.92%
2006	10/01/05-09/30/06	30.68%	69.32%	21.48%	78.52%
2007	10/01/06-09/30/07	30.46%	69.54%	21.32%	78.68%

\*2.95% Enhanced rate for five quarters





## Current 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: 12,000 (Admissions are frozen at this level; 500 additional slots were allocated in the 07-08 budget, making the new daily slot allocation 12,000 when this census level is obtained in 2008.)

\*Waiting List: 2,362 as of June 2007  
Paid Claims: **\$91,711,107**

\* 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: 1,009 as of June 2007  
Waiting List: none  
Paid Claims: **\$3,167,919**

### 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: 31 as of June 2007  
Waiting List: none  
Paid Claims: **\$1,034,960**



### **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: 5,495 as of December 2007  
 Waiting List: Critical: 9;  
 Regular: 900 as of August 2007  
 Paid Claims: **\$204,949,706**

### **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: 546 as of June 2007  
 Waiting List: Urgent: 20;  
 Regular: 219 as of June 2007  
 Paid Claims: **\$13,409,057**

### **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: 153 as of December 2007  
 Waiting List: 385 as of July 5, 2007  
 Paid Claims: **\$26,304**





## Medical Care Advisory Committee

<b>Member</b>	<b>Term Extends Through</b>
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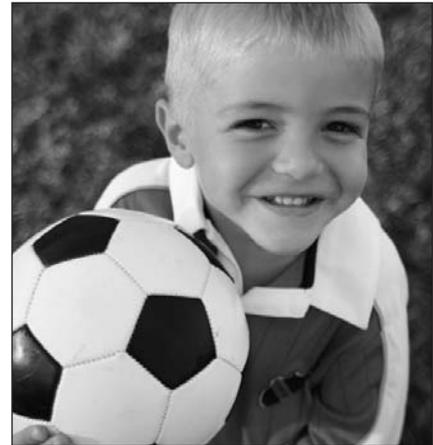
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*Report Editor:* Jeff Stensland

*Data Coordinators:* Laurel Eddins, Helen O'Loughlin, Donna Parker and Noelle Wriston

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