



Managing the Medicaid program to provide the best healthcare value for South Carolinians.

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### **Medicaid agency announces plan to reduce budget deficit; protect services**

**COLUMBIA, S.C.** — The South Carolina Department of Health and Human Services (SCDHHS) announced plans today to cut this year’s projected Medicaid shortfall by \$7.5 million without further reducing services to individuals living in poverty and with disabilities.

Beginning April 4, most South Carolina Medicaid providers will receive a 3 percent decrease in reimbursement payments during the remainder of the state fiscal year, which ends June 30. The proposed reduction will help offset the Medicaid program’s remaining budget deficit of approximately \$125 million. Medicaid Managed Care organizations will also receive reductions to their capitation rates as well as a separate reduction to their administrative fees of 12.5 percent.

Since October 2008, South Carolina has been the only state prohibited by the legislature from reducing provider payments. Combined with a federal law prohibiting changes to Medicaid eligibility, SCDHHS has had to instead cut services to patients to reduce its deficit. Since the recession began, more than 115,000 people have joined South Carolina’s Medicaid program. SCDHHS recently announced the elimination of \$2.9 million worth of optional services.

To ensure compliance with federal regulations, certain provider payments will be excluded from this action at this time. These include hospice, Medicare Buy-In Premium, Federally Qualified Health Centers (FQHC), Rural Health Centers (RHC) and Catawba tribe providers.

The plan is dependent on passage of S. 434, which repeals a current state law barring Medicaid from reducing the amount it pays to providers for services. The South Carolina Senate approved lifting the prohibition on Tuesday. The South Carolina House of Representatives is expected to vote on the measure soon. Changes to provider reimbursement typically require a maximum 30-day notification period to those affected by the change. Should S.434 not be passed in the House, the department will rescind the proposed change.

In anticipation of next year’s budget reductions, SCDHHS officials are working with provider groups to identify additional opportunities to curb Medicaid costs. Any additional reimbursement reductions will be implemented on a case by case basis.

“We’ve committed to the legislature that this will be a data driven process with patient outcomes and access first and foremost in our decisions,” said SCDHHS Director Tony Keck. “We have already begun to work closely with providers to ensure that we purchase the most health for our recipients at the least cost to South Carolina taxpayers.”

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