

Medical Care Advisory Committee (MCAC)
June 9, 2020
SCDHHS, 1801 Main Street, Columbia, South Carolina 29202
10:00AM-11:00AM

- I. Welcome by Director
- II. Review of Previous Advisements
 - Supplemental Teaching Physician (STP) Payment Program
 - Covered Outpatient Drugs (COD)
 - Extended Contraceptive Supply
 - Pricing Project II
- SCDHHS Updates
- Joshua D. Baker, Agency Director
 - COVID-19 Updates
 - Eligibility, Enrollment and Member Services (EEMS) Update
- III. Public Comment
- IV. Closing Comments
- V. Adjournment

**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advise ment**

PREPARED BY: Jeff Saxon, Program Manager, Office of Finance and Administration

PRESENTED BY: Jeff Saxon, Program Manager, Office of Finance and Administration

DATE: May 12, 2020

SUBJECT: The South Carolina Medicaid Supplemental Teaching Physician (STP) Payment Program

OBJECTIVE: To update the base year data used for the determination of the STP payments under the Centers for Medicare and Medicaid Services (CMS) approved STP average commercial rate (ACR) payment methodology.

BACKGROUND: The current STP payment methodology effective April 1, 2019, employs the use of average commercial rates, Medicaid fee-for-service claims experience and STP listings applicable to calendar year 2018 service dates for each STP provider. In order to update the STP ACR payments for the period of April 1, 2020, through March 31, 2021, the South Carolina Department of Health and Human Services (SCDHHS) will employ calendar year 2019 commercial payer rates, Medicaid fee-for-service claims data and updated teaching physician listings for each STP provider. The Medicaid fee-for-service claims data will be adjusted by an incurred but not reported (IBNR) factor to account for any incurred calendar year 2019 claims that may pay during calendar year 2020. SCDHHS will continue to determine the STP ACR payments on a provider-specific level based upon the use of the average commercial rate per code.

BUDGETARY IMPACT: Preliminary analysis indicates that annual aggregate Medicaid fee-for-service STP expenditures may increase by approximately \$5.2 million. No state match will be incurred by SCDHHS since the state matching funds required for these payments are provided via intergovernmental transfers from the medical universities, non-state-owned governmental hospitals or the South Carolina Area Health Education Consortium. The above estimate assumes that the PRISMA STP providers will come into compliance with an allowable source of matching funds for the period beginning April 1, 2020.

EXPECTED OUTCOMES: Medicaid recipient access to STP providers is expected to be maintained.

EXTERNAL GROUPS AFFECTED: STP providers and Medicaid recipients.

RECOMMENDATION: Move to amend the current state plan to incorporate the use of updated base year data and continued use of an IBNR factor when determining the ACR payments for qualifying STP providers.

EFFECTIVE DATE: For services provided on and after April 1, 2020.

**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advisement**

PREPARED BY: William Wynn, Pharmacy Director, Office of Health Programs

PRESENTED BY: Bryan Amick, Deputy Chief of Staff

DATE: May 12, 2020

SUBJECT: Covered Outpatient Drugs (COD) State Plan Amendment (SPA)

OBJECTIVE: On January 21, 2016, the Centers for Medicare and Medicaid Services (CMS) issued the COD final rule that addresses key areas of Medicaid drug reimbursement and changes made to the Medicaid Drug Rebate Program by the Affordable Care Act. The implementation of this COD SPA will bring the South Carolina Department of Health and Human Services (SCDHHS) into alignment with this January 2016 CMS rule.

BACKGROUND: SCDHHS contends the current SCDHHS COD payment methodology comports with the January 2016 CMS COD final rule as aggregate payments made by SCDHHS to outpatient pharmacy providers have remained less costly than the mandated methods prescribed in the COD final rule. However, CMS has asked SCDHHS to adjust its reimbursement methodologies based on the COD final rule. On March 31, 2020, SCDHHS withdrew SPA 17-0003, the previous attempt to demonstrate compliance, and now is presenting for consideration to the MCAC a new reimbursement methodology that will comply fully with the expectations of the COD final rule. The standard basis for payment in the new methodology limits reimbursement for drugs to the lowest of:

- (1) the actual acquisition cost (AAC) plus a professional dispensing fee (PDF) of \$10.50
- (2) the State's maximum allowable cost plus a PDF of \$10.50
- (3) the usual and customary charges to the general public

The AAC is defined as the National Average Drug Acquisition Cost (NADAC). In those instances where the NADAC does not exist, the AAC is defined as wholesale acquisition cost.

BUDGETARY IMPACT: The state share is from appropriations from the legislature to the Medicaid agency with an estimated total expenditure of \$4.6 million with a cost to the State of \$1.38 million.

EXPECTED OUTCOMES: Revision of the South Carolina COD reimbursement policy will reflect the expectation of CMS policy.

EXTERNAL GROUPS AFFECTED: All SCDHHS-enrolled outpatient pharmacy providers.

RECOMMENDATION: Submit a SPA to update the COD reimbursement methodology, such that it is in alignment with the 2016 CMS COD final rule.

EFFECTIVE DATE: On or after June 1, 2020.

**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advise ment**

PREPARED BY: Bryan Amick, Deputy Chief of Staff, and William Wynn, Pharmacy Director, Office of Health Programs

PRESENTED BY: Bryan Amick, Deputy Chief of Staff

DATE: May 12, 2020

SUBJECT: 12-month supply of contraceptives

OBJECTIVE: To allow, with prescriber's indication, coverage of up to a 12-month supply of systemic contraceptives.

BACKGROUND: The South Carolina Department of Health and Human Services (SCDHHS) provides full or limited benefit health care coverage for a large portion of women of child-bearing age in South Carolina. Allowing for extended supplies of contraceptives helps to ensure that these medications are available and is intended to increase rates of adherence and persistence with these medications.

BUDGETARY IMPACT: SCDHHS anticipates an annual budget impact of approximately \$600,000 in contraceptive costs.

EXPECTED OUTCOMES: Higher adherence and persistence rates with contraceptive medications, leading to fewer unintended pregnancies, more optimal birth spacing and increased health and wellbeing for Medicaid members.

EXTERNAL GROUPS AFFECTED: Medicaid members who access contraceptives, prescribers and pharmacy providers.

RECOMMENDATION: Update the State Plan to allow for extended supplies of contraceptives and remove redundant language.

EFFECTIVE DATE: On or after July 1, 2020.

**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advisement**

PREPARED BY: Bryan Amick, Deputy Chief of Staff

PRESENTED BY: Bryan Amick, Deputy Chief of Staff

DATE: May 12, 2020

SUBJECT: Updated Pricing Methodology for Vision and Anesthesia Providers and Private Duty Nursing and Pediatric Day Care Services (Pricing Project- Phase II)

OBJECTIVE: This proposal is a part of the South Carolina Department of Health and Human Services' (SCDHHS') continued effort to update reimbursement methodologies to modernize, consolidate, and rationalize SCDHHS payments to professional service providers through its Pricing Project.

BACKGROUND: Reimbursement methodologies for the indicated providers are currently benchmarked to dated rates, vary by similar provider types, and fail to necessarily incentivize the delivery of the most efficient care. This system results in reimbursement rates that often do not reflect costs of providing care and are administratively cumbersome for SCDHHS to administer.

BUDGETARY IMPACT: Overall budget impact for Phase II of the SCDHHS Pricing Project to update provider rates is anticipated to total \$37 million. Approximately \$32 million of the additional expenditures are paid through waiver programs. The remaining \$5 million will apply to the providers receiving reimbursement for services authorized by the State Plan for Medical Assistance.

EXPECTED OUTCOMES: Changes to the reimbursement methodologies indicated will result in modified fee schedules that more accurately reflect the cost of providing care, consolidate similar fee schedules, and continue to incentivize the delivery of the most efficient care.

EXTERNAL GROUPS AFFECTED: Vision, anesthesia, private duty nursing, and pediatric day care providers

RECOMMENDATION: To amend the State Plan, as necessary, to facilitate the indicated updates to reimbursement methodology.

EFFECTIVE DATE: On or after July 1, 2020

Eligibility, Enrollment, & Member Services

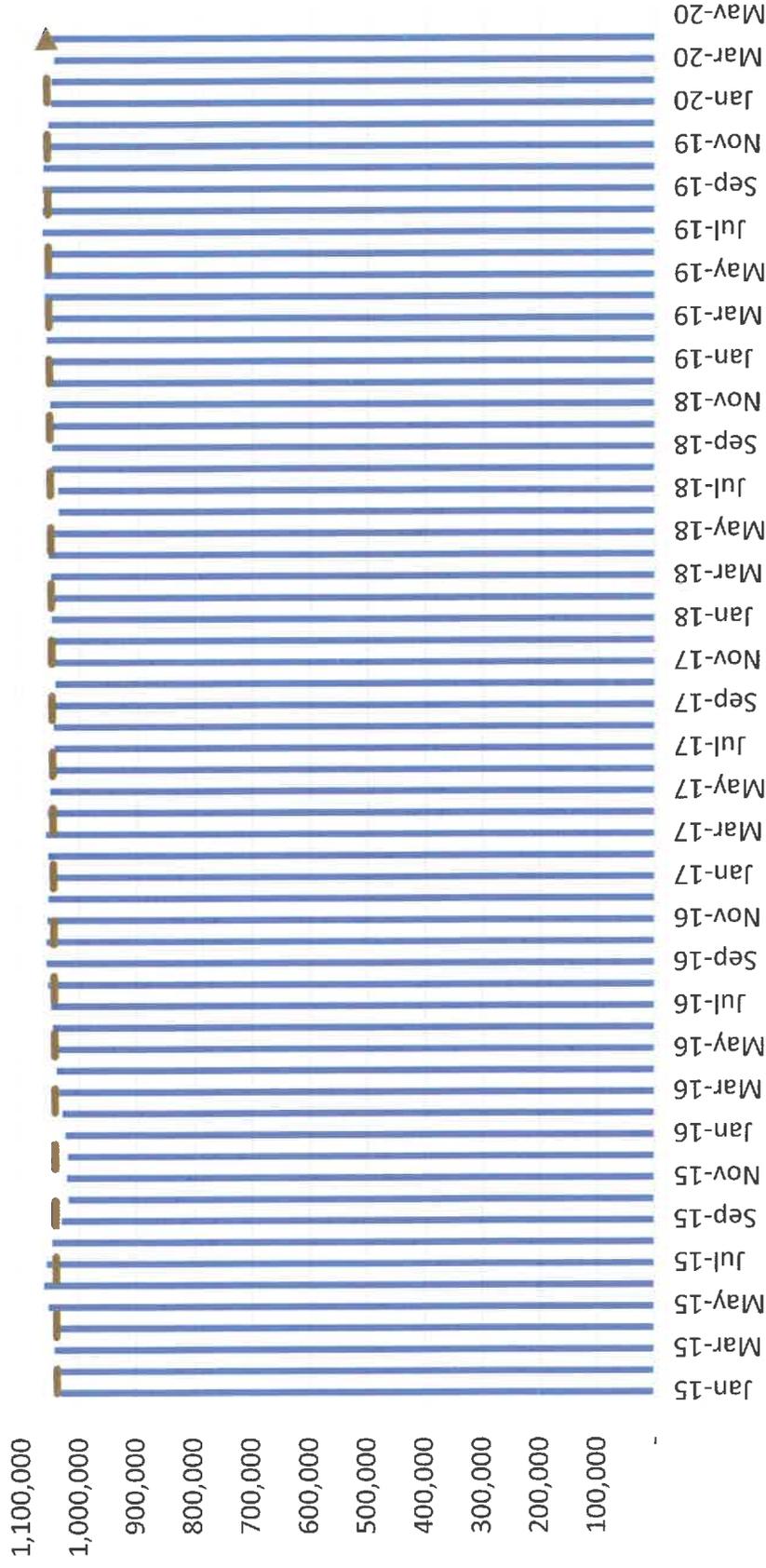
Elizabeth Ryan

Deputy Director of Eligibility, Enrollment & Member Services

June 9, 2020

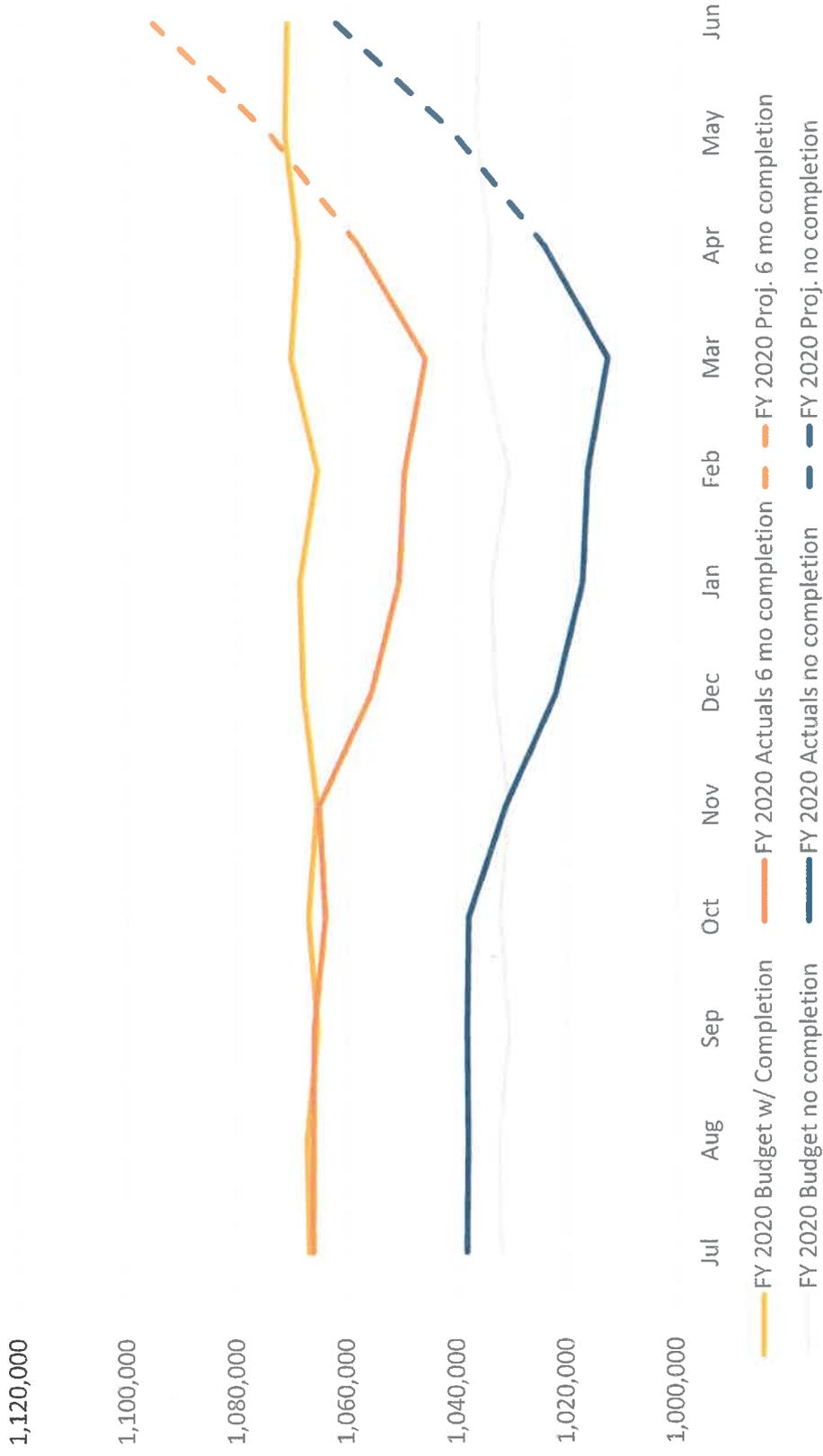


Full-Benefit Membership



• Full-benefit membership continues to hold around 1 million.

FY 2020 Full-Benefit Enrollment



FY 2020 Full-Benefit Enrollment

