South Carolina Healthy Connections Prime
CY 2020 Final Combined Medicare and Medicaid Rate Report
Effective January 1, 2020

The Centers for Medicare & Medicaid Services (CMS), in conjunction with the State of South Carolina, is releasing the final Medicare component of the CY 2020 rates for the South Carolina Healthy Connections Prime program (Prime).

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

Included in this report are the final CY 2020 Medicare county base rates. The South Carolina component of the rate will be released at a later date. An updated report will be provided when the rates are finalized.

I. Components of the Capitation Rate

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

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

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

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II. South Carolina Component of the Rate - CY 2020

This section provides an overview of the capitation rate development for the Medicaid component of the Prime program. Assessment of actuarial soundness under 42 CFR 438.4(a), in the context of this Demonstration, should consider both Medicare and Medicaid contributions and the opportunities for efficiencies unique to an integrated care program. CMS considers the Medicaid actuarial soundness requirements to be flexible enough to consider efficiencies and savings that may be associated with Medicare. Therefore, CMS does not believe that a waiver of Medicaid actuarial soundness principles is necessary in the context of this Demonstration. To ensure compliance with generally accepted actuarial practices and regulatory requirements, we referred to published guidance from the American Academy of Actuaries (AAA), the Actuarial Standards Board (ASB), the Centers for Medicare and Medicaid Services (CMS), and federal regulations. For the purposes of the development of the Medicaid component of the Prime capitation rate, "actuarial soundness" will be defined as in Actuarial Standard of Practice (ASOP) 49:

> *"Medicaid capitation rates are "actuarially sound" if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs. For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk-adjustment cash flows, and investment income. For purposes of this definition, costs include, but are not limited to, expected health benefits; health benefit settlement expenses; administrative expenses; the cost of capital, and government-mandated assessments, fees, and taxes."*[1]

The capitation rate-setting process for the Prime program does not follow the Medicaid managed care capitation rate-setting methodology outlined in ASOP 49, because an alternative methodology has been prescribed by CMS. The rate-setting methodology is limited to the cost of the Medicaid program for dual eligible beneficiaries in absence of the Demonstration less the shared savings percentage. The full version of the CY 2020 Medicaid capitation rate report can be found online at https://www.scdhhs.gov/sites/default/files/bnfEPDplCPvYMJgg0DEKnSYd8y3o302m.pdf
Note that the Medicaid component of the capitation rates were amended July 1, 2020. The full version of the July 2020 capitation rate amendment report can be found online at https://www.scdhhs.gov/sites/default/files/kPDm4siU4uL255pg28fyRFU2T42Lsqb6.pdf

Information in this report related to the Medicaid component of the Healthy Connections Prime capitation rate provides an overview of the rate development and should not be considered comprehensive documentation of the methodology and assumptions. Review of this report should be accompanied by the CY 2020 Healthy Connections Prime Medicaid capitation rate report for full documentation of assumptions and methodology.

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

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The basis for the Medicaid rates began with costs developed prior to the application of the Medicare and Medicaid composite savings percentages established by the State and CMS, informed by estimates from CMS and its contractors. The final Medicaid capitation rates were set consistent with 42 CFR 438.4(a) in combination with the following qualifications:

- the rate development does not follow the methodology outlined in ASOP 49 because an alternative methodology has been prescribed by CMS;
- The Medicare capitation rates were established by CMS; and,
- The Medicare and Medicaid composite savings percentages (3% in CY 2020) were established by the State and CMS.

Table 1 illustrates the proposed monthly capitation rates for each rate cell for the Prime Program Medicaid benefits. The 3% shared savings percentage for Demonstration Year 4 of the program, as outlined in section IV of this report, has been applied to these rates.

Table 1
South Carolina Department of Health and Human Services
Healthy Connections Prime Program – Medicaid Component
Effective Calendar Year 2020

Rate Cell	Medicaid Rate
Community	$ 87.52
Nursing Facility	$ 5,865.42
HCBS Waiver	$ 1,374.61
HCBS Waiver – Plus Rate	$ 3,767.54

Please note that Table 1 includes the Prime Medicaid capitation rates effective January 1, 2020. The Medicaid component of the capitation rates were amended July 1, 2020 and the full version of the July 2020 capitation rate amendment report can be found online at
https://www.scdhhs.gov/sites/default/files/kPDm4siU4uL255pg28fyRFU2T42Lsqb6.pdf

Please note:

- The capitation rates reflect the current benefit package for CY 2020 approved by the State and CMS as of the date of this report. The rates will be revised appropriately if applicable policy and program changes occur for this period.

- The Nursing Facility capitation rate was developed based on projected gross nursing facility rates. On an individual basis, SCDHHS will deduct the actual patient pay liability amount from the 2020 Nursing Facility capitation rate shown in Table 1 and pay the net capitation rate to the coordinated and integrated care organizations (CICOs).

- The HCBS Waiver – Plus rate was calculated as the HCBS Waiver base rate plus two-thirds of the difference between the institutional portion of the Nursing Facility rate (less an estimated average daily patient liability amount of $33.61) and the waiver services portion of the HCBS Waiver base rate.

COVERED POPULATION

Target Population

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

Excluded Populations

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

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

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

- Medicare Part D enrollment
- Eligibility for ESRD services

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

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

Home and Community-Based Services (HCBS) Waiver Population

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

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

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

Nursing Facility Population

This population includes individuals residing in a nursing facility who meet the state definition of nursing home level of care and who are not enrolled in a home and community-based services (HCBS) waiver. This rate cell was established for Demonstration-enrolled individuals who transition from the community to a nursing facility and elect to remain in the Demonstration. We identified the nursing facility population in the capitation rate-setting process using the following criteria:

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

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

Community Residents Population

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

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"Plus" Rates

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

Individuals who require HCBS waiver services once moved from institutional care to the community will receive the Waiver Plus rate. In addition, for the first three months an individual in the community setting requires HCBS waiver services and has an RSP of CLTC, HIVA, or VENT, the HCBS Waiver Plus rate will be applied. This rate was calculated as the HCBS Waiver base rate plus two-thirds of the difference between the institutional portion of the Nursing Facility rate (less an estimated average patient liability amount) and the waiver services portion of the HCBS Waiver base rate.

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

- Any Prime enrollee discharged from a nursing facility to an HCBS waiver.
- Any Prime enrollee, first eligible for nursing facility services or HCBS waiver services, who is served in a HCBS waiver without being admitted to a nursing facility.

For an individual transitioning to a nursing facility from the community, the health plan will receive the member's base rate from the place of transfer for the first three months in the nursing home.

EXPERIENCE DATA ADJUSTMENTS REFLECTED IN THE MEDICAID CAPITATION RATES

The base fee-for-service (FFS) experience for calendar year (CY) 2018 was adjusted for the following components to produce the Medicaid portion of the Prime capitation rates:

- Completion
  - Completion factors were developed by rate cell and applied to base data at the provider type level. The base period of CY 2018 provides for 8 months of claims payment runout from the end of CY 2018.
- Trend
  - Trend rate assumptions were developed for the populations and services covered under the proposed Dual Demonstration program based on claims experience data from January 1, 2016 through December 31, 2018.
- Policy and program changes (both historical and prospective)
  - Adjustments were made for known policy and program changes that were made by SCDHHS during the historical base experience period and for CY 2020.
- Risk Selection – HCBS Waiver
  - A prospective risk selection factor was applied to the base capitation rate to account for cost differences of individuals enrolled in the Demonstration. Evaluation of historical CY 2018 PMPM costs of members enrolled in the Demonstration and the Prime-eligible population represented in the unadjusted base data indicated a variance between the two populations. Because CY 2018 FFS data does not exist for currently-enrolled HCBS Waiver members who

joined the Prime program prior to January 1, 2018, selection factors were applied based on those developed in the CY 2018 and CY 2019 Healthy Connections Prime Capitation Rate Certifications.

Additionally, for anticipated D-SNP enrollees in 2020, our review of FFS data for the anticipated D-SNP members eligible for passive enrollment indicated a relative morbidity factor of 1.0 relative to the CY 2018 FFS base data.

Based on the assumptions described above, a selection factor of 1.029 was applied to the total HCBS Waiver PMPM cost after application of trend, program changes, and rating period adjustments.

- Risk Selection – Community
  - Effective January 1, 2019, SCDHHS passively enrolled approximately 9,300 Community D-SNP members into the Prime program. Evaluation of historical CY 2018 FFS data between D-SNP members and the Prime-eligible members included in the base data indicated a variance between the two populations. The cost profile for D-SNP members is approximately 40% lower than the CY 2018 base data. Based on an observed annual opt-out rate for D-SNP members and a relative morbidity of 0.60, a selection factor of 0.868 was applied to the total Community PMPM cost after application of trend, program changes, and rating period adjustments.
- Other Adjustments
  - Historical adjustment to reflect Hospice Room and Board Services on a gross rate basis for the Nursing Facility rate cell only.

A comprehensive description of the adjustments utilized in the capitation rate-setting process, as well as the actual factors that were applied by category of service, population and applicable time period are available in the full Medicaid report at
https://www.scdhhs.gov/sites/default/files/bnfEPDplCPvYMJgg0DEKnSYd8y3o302m.pdf

NON-BENEFIT COSTS

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

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We relied on Form CMS-64 reports to estimate the average administrative expense PMPM for the Medicaid program. Table 2 illustrates the non-benefit cost PMPMs by rate cell for the CY 2020 Healthy Connections Prime program.

Table 2
South Carolina Department of Health and Human Services
Healthy Connections Prime Program – Medicaid Component
Non-Benefit Cost Allowance by Rate Cell

Rate Cell	Total
Community	$ 9.50
Nursing Facility	$ 95.00
HCBS Waiver	$ 95.00
HCBS Waiver – Plus Rate	$ 95.00

DATA RELIANCE

The following information was provided by SCDHHS to develop the actuarially sound capitation rates for the Calendar Year 2020 contract period.

- Detailed fee-for-service claims data incurred January 1, 2016 through December 31, 2018 and paid through August 2019
- Detailed fee-for-service enrollment data for the period January 1, 2016 through December 31, 2018
- Managed care capitation rates paid to the health plans serving enrollees in the Prime program
- Summary of policy and program changes through CY 2020 (including changes to fee schedules and other payment rates)
- Monthly passive enrollment estimates and member files for January 2020
- Healthy Connections Prime enrollment data by rate cell for August 2019
- Data exchange files between SCDHHS and CMS implemented by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) for July 2016 through July 2019
- CY 2018 quarterly Form CMS-64 reports detailing costs associated with Medicaid program expenditures and administrative expenses

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

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III. Medicare Components of the Rate – CY 2020

Medicare A/B Services

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

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

Medicare A/B Component Payments: Final CY 2020 Medicare A/B Baseline County rates are provided below.

The final rates represent the weighted average of the CY 2020 FFS Standardized County Rates, updated to incorporate the adjustment noted below, and the Medicare Advantage projected payment rates for CY 2020 based on the actual enrollment of beneficiaries from Medicare FFS and Medicare Advantage prior to the demonstration at the county level.

Bad Debt Adjustment: The FFS component of the CY 2020 Medicare A/B baseline rate has been updated to reflect a 1.87% upward adjustment to account for the disproportionate share of bad debt attributable to Medicare-Medicaid enrollees in Medicare FFS (in the absence of the Demonstration).

Coding Intensity Adjustment: CMS annually applies a coding intensity factor to Medicare Advantage risk scores to account for differences in diagnosis coding patterns between the Medicare Advantage and the Original Fee-for-Service Medicare programs. The adjustment for CY 2020, as in Medicare Advantage, is 5.90%.

Impact of Sequestration: Under sequestration, for services beginning April 1, 2013, Medicare payments to providers for individual services under Medicare Parts A and B, and non-exempt portions of capitated payments to Part C Medicare Advantage Plans and Part D Medicare Prescription Drug Plans are reduced by 2%. These reductions are also applied to the Medicare components of the integrated rate. Therefore, under South Carolina Healthy Connections Prime CMS will reduce non-exempt portions of the Medicare components of the integrated rate by 2%, as noted in the sections below.

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

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2020 Medicare A/B Baseline PMPM, Non-ESRD Beneficiaries, Standardized 1.0 Risk Score, by Demonstration County[1]					
County	**2020 Published FFS Standardized County Rate**	**2020 Updated Medicare A/B FFS Baseline** (updated by CY 2020 bad debt adjustment)	**2020 Medicare A/B Baseline** (incorporating Final Medicare A/B FFS baseline and Medicare Advantage component)	**2020 Medicare A/B Baseline PMPM, Savings Percentage Applied** (after application of 3% savings percentage)	**2020 Medicare A/B PMPM Payment** (2% sequestration reduction applied and prior to quality withhold)
Abbeville	$940.49	$958.08	$943.77	$915.46	$897.15
Aiken	867.47	883.69	890.79	864.07	846.79
Allendale	901.85	918.71	895.16	868.31	850.94
Anderson	917.54	934.70	927.66	899.83	881.83
Bamberg	853.07	869.02	867.68	841.65	824.82
Barnwell	864.01	880.17	883.89	857.37	840.22
Beaufort	927.55	944.90	936.77	908.67	890.50
Berkeley	906.30	923.25	929.34	901.46	883.43
Calhoun	937.62	955.15	949.81	921.32	902.89
Charleston	899.98	916.81	923.82	896.11	878.19
Cherokee	817.79	833.08	858.23	832.48	815.83
Chester	870.46	886.74	883.64	857.13	839.99
Chesterfield	812.75	827.95	833.43	808.43	792.26
Clarendon	869.60	885.86	880.05	853.65	836.58
Colleton	892.82	909.52	916.44	888.95	871.17
Darlington	893.71	910.42	912.97	885.58	867.87
Dillon	840.93	856.66	867.84	841.80	824.96
Dorchester	920.02	937.22	930.82	902.90	884.84
Edgefield	886.26	902.83	909.34	882.06	864.42
Fairfield	843.50	859.27	885.82	859.25	842.07
Florence	860.99	877.09	879.10	852.73	835.68

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2020 Medicare A/B Baseline PMPM, Non-ESRD Beneficiaries, Standardized 1.0 Risk Score, by Demonstration County[1]					
County	**2020 Published FFS Standardized County Rate**	**2020 Updated Medicare A/B FFS Baseline** (updated by CY 2020 bad debt adjustment)	**2020 Medicare A/B Baseline** (incorporating Final Medicare A/B FFS baseline and Medicare Advantage component)	**2020 Medicare A/B Baseline PMPM, Savings Percentage Applied** (after application of 3% savings percentage)	**2020 Medicare A/B PMPM Payment** (2% sequestration reduction applied and prior to quality withhold)
Georgetown	$907.77	$924.75	$920.77	$893.15	$875.29
Greenville	835.66	851.29	875.20	848.94	831.96
Greenwood	945.99	963.68	944.11	915.79	897.47
Hampton	899.73	916.55	917.63	890.10	872.30
Horry	882.70	899.21	896.06	869.18	851.80
Jasper	913.57	930.65	925.44	897.68	879.73
Kershaw	881.09	897.57	901.04	874.01	856.53
Lancaster	897.61	914.40	900.71	873.69	856.22
Laurens	871.58	887.88	886.66	860.06	842.86
Lee	861.66	877.77	879.87	853.47	836.40
Lexington	896.13	912.89	916.93	889.42	871.63
McCormick	941.92	959.53	918.84	891.27	873.44
Marion	872.21	888.52	899.81	872.82	855.36
Marlboro	760.43	774.65	791.13	767.40	752.05
Newberry	889.16	905.79	897.00	870.09	852.69
Oconee	857.84	873.88	869.39	843.31	826.44
Orangeburg	865.71	881.90	875.33	849.07	832.09
Pickens	864.80	880.97	892.63	865.85	848.53
Richland	854.04	870.01	887.04	860.43	843.22
Saluda	917.45	934.61	930.43	902.52	884.47
Spartanburg	815.06	830.30	880.26	853.85	836.77

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2020 Medicare A/B Baseline PMPM, Non-ESRD Beneficiaries, Standardized 1.0 Risk Score, by Demonstration County[1]					
County	**2020 Published FFS Standardized County Rate**	**2020 Updated Medicare A/B FFS Baseline** (updated by CY 2020 bad debt adjustment)	**2020 Medicare A/B Baseline** (incorporating Final Medicare A/B FFS baseline and Medicare Advantage component)	**2020 Medicare A/B Baseline PMPM, Savings Percentage Applied** (after application of 3% savings percentage)	**2020 Medicare A/B PMPM Payment** (2% sequestration reduction applied and prior to quality withhold)
Sumter	$824.22	$839.63	$837.60	$812.47	$796.22
Union	875.48	891.85	879.09	852.72	835.67
Williamsburg	871.12	887.41	880.69	854.27	837.18
York	878.09	894.51	901.86	874.80	857.30

[1]Rates do not apply to beneficiaries with ESRD or those electing the Medicare hospice benefit. See Section IV for information on savings percentages.

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

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

- **Dialysis**: For enrollees in the dialysis status phase, the Medicare A/B baseline is the CY 2020 South Carolina ESRD dialysis state rate, updated to incorporate the impact of sequestration-related rate reductions. The CY 2020 ESRD dialysis state rate for South Carolina is $7,525.61 PMPM; the updated CY 2020 ESRD dialysis state rate incorporating a 2% sequestration reduction and prior to the application of the quality withhold is $7,375.10 PMPM. This applies to applicable enrollees in all counties and will be risk adjusted using the prevailing HCC-ESRD risk adjustment model.

- **Transplant**: For enrollees in the transplant status phase (inclusive of the 3-months starting with the transplant), the Medicare A/B baseline is the CY 2020 South Carolina ESRD dialysis state rate updated to incorporate the impact of sequestration-related rate reductions. The CY 2020 ESRD dialysis state rate for South Carolina is $7,525.61 PMPM; the updated CY 2020 ESRD dialysis state rate incorporating a 2% sequestration reduction and prior to the application of the quality withhold is $7,375.10 PMPM. This applies to applicable enrollees in all counties and will be risk adjusted using the prevailing HCC-ESRD risk adjustment model.

- **Functioning Graft:** For enrollees in the functioning graft status phase (beginning at 4 months post-transplant) the Medicare A/B baseline is the Medicare Advantage 3.5% bonus county rate/benchmark (see table below). This Medicare A/B component will be risk adjusted using the prevailing HCC-ESRD functioning graft risk adjustment model.

A savings percentage is not applied to the Medicare A/B baseline for enrollees with ESRD (inclusive of those enrollees in the dialysis, transplant and functioning graft status phases).

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2020 Medicare A/B Baseline PMPM, Beneficiaries with ESRD Functioning Graft Status, Standardized 1.0 Risk Score, by Demonstration County		
County	**2020 3.5% bonus County Rate (Benchmark)**	**2020 Sequestration-Adjusted Medicare A/B Baseline** (after application of 2% Sequestration reduction)
Abbeville	$973.41	$953.94
Aiken	995.42	975.51
Allendale	912.63	894.38
Anderson	949.65	930.66
Bamberg	924.16	905.68
Barnwell	959.05	939.87
Beaufort	960.01	940.81
Berkeley	1,005.99	985.87
Calhoun	970.44	951.03
Charleston	998.98	979.00
Cherokee	969.08	949.70
Chester	927.40	908.85
Chesterfield	926.84	908.30
Clarendon	922.37	903.92
Colleton	991.03	971.21
Darlington	990.18	970.38
Dillon	984.12	964.44
Dorchester	952.22	933.18
Edgefield	983.75	964.08
Fairfield	1,018.69	998.32
Florence	955.70	936.59
Georgetown	973.58	954.11
Greenville	990.26	970.45
Greenwood	946.61	927.68
Hampton	981.43	961.80
Horry	924.21	905.73
Jasper	945.54	926.63
Kershaw	978.01	958.45
Lancaster	912.83	894.57
Laurens	934.77	916.07
Lee	967.66	948.31
Lexington	994.70	974.81
McCormick	947.43	928.48
Marion	1,000.86	980.84
Marlboro	901.11	883.09
Newberry	926.14	907.62
Oconee	923.98	905.50
Orangeburg	923.52	905.05

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2020 Medicare A/B Baseline PMPM, Beneficiaries with ESRD Functioning Graft Status, Standardized 1.0 Risk Score, by Demonstration County		
County	**2020 3.5% bonus County Rate (Benchmark)**	**2020 Sequestration-Adjusted Medicare A/B Baseline** (after application of 2% Sequestration reduction)
Pickens	$959.93	$940.73
Richland	980.01	960.41
Saluda	983.97	964.29
Spartanburg	994.37	974.48
Sumter	926.81	908.27
Union	922.59	904.14
Williamsburg	923.74	905.27
York	974.68	955.19

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

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Medicare Part D Services

The Part D plan payment is the risk adjusted Part D national average monthly bid amount (NAMBA) for the payment year, adjusted for payment reductions resulting from sequestration applied to the non-premium portion of the NAMBA. The non-premium portion is determined by subtracting the applicable regional Low-Income Premium Subsidy Amount from the risk adjusted NAMBA. To illustrate, the NAMBA for CY 2020 is $47.59 and the CY 2020 Low-Income Premium Subsidy Amount for South Carolina is $23.78. Thus, the updated South Carolina Part D monthly per member per month payment for a beneficiary with a 1.0 RxHCC risk score applicable for CY 2020 is $47.11. This amount incorporates a 2% sequestration reduction to the non-premium portion of the NAMBA.

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

- South Carolina low income cost-sharing: $189.60 PMPM
- South Carolina reinsurance: $ 145.66 PMPM

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

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

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

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IV. Savings Percentages and Quality Withholds

Savings Percentages

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

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

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

Quality Withhold

The quality withhold is 3% in Demonstration Years 3-5.

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