



# Community Engagement

## Section 1115 Demonstration Waiver Application

Governor Henry D. McMaster

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May 8, 2019

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HENRY McMASTER  
GOVERNOR

May 8, 2019

The Honorable Alex Azar  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, D.C. 20201

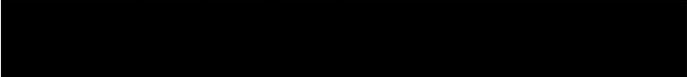
Dear Secretary Azar,

On behalf of the State of South Carolina, I am submitting to the Department of Health and Human Services (DHHS) the enclosed Section 1115 Demonstration Waiver Application to implement, among other initiatives, Community Engagement standards for qualifying Medicaid participants in South Carolina.

This waiver strengthens our state-federal partnership by balancing the Medicaid program's dual missions of financing health services and improving opportunities for independence, self-reliance and prosperity. In addition, it will enhance South Carolina's commitment toward improving access and outcomes for mothers and young children in need, as well as providing additional resources to combat our state and nation's opioid crisis.

Thank you for your thoughtful consideration of this waiver and for your demonstrated commitment to the people of South Carolina.

Yours very truly,

  
Henry McMaster

HDM/tw

May 8, 2019

The Honorable Alex Azar  
Secretary  
Department of Health and Human Services  
200 Independence Avenue, SW  
Washington, D.C. 20201

Dear Secretary Azar,

Along with Governor McMaster, I am pleased to submit this Community Engagement Section 1115 Demonstration Waiver Application (“demonstration”) for your consideration and approval on behalf of the State of South Carolina. As you’ll find, this community engagement demonstration balances the core objectives set forth in Section 1901 of the Social Security Act (SSA) of both financing medical benefits of those in need and such activities and services to help families and individuals attain or retain the capability for independence or self-care. I thank your administration for offering this opportunity for states to take a more flexible approach to both coverage and program integrity and implement policy that is consistent with the goals of our shared program, but outside of the more rigid guidelines of the SSA and the Affordable Care Act (ACA).

Foundational to this demonstration is the hypothesis that employment leads to the economic and social mobility necessary to attain independence, while recognizing that, first and foremost, a person who is penalized for finding work by losing their health coverage may choose to remain unemployed. The proposal before you addresses these disincentives by requiring work, or the pursuit of work and workforce skills, while closing coverage gaps that exist in South Carolina’s State Plan. The proposal achieves these ends without implementing Medicaid expansion as created by the ACA, under Section 1902(a)(10)(A)(i) of the SSA. We also introduce rigorous safeguards for the state’s most fragile populations – children, sole caregivers, South Carolinians who are elderly, disabled, or medically fragile, and those struggling with drug addiction and other chemical dependencies. Further, we acknowledge that solid family foundations are necessary to support this nation’s generation of productive citizens. Accordingly, we are improving coverage for pregnant women and new mothers with a goal of addressing the negative social and public health effects that we bear from poor birth outcomes, particularly those born in rural and traditionally underserved communities.

The mode of financing this demonstration considers the relationship of the Children’s Health Insurance Program (CHIP) to South Carolina’s Title XIX Medicaid Program. South Carolina has long operated its CHIP program as an extension of Medicaid, and the amendments to CHIP sought in this waiver are designed to operate in concert with the amendments and waivers

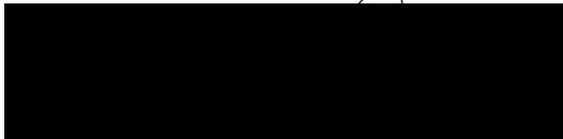
necessary to implement this demonstration. In this regard, the many decisions and provisions of this waiver are presented not as a collection of ideas, but as a single, balanced proposal to improve both access to and quality of health care and health outcomes in South Carolina.

In executing the provisions of this demonstration, the South Carolina Department of Health and Human Services (SCDHHS) is committed to a focused eye toward minimizing any administrative burden that may fall on Medicaid beneficiaries or providers. We plan to build on existing infrastructure within other social programs that require work and community engagement as a condition of participation today. Integrating the implementation of this demonstration into current technology initiatives will materially mitigate the overall administrative burden and cost of this effort.

SCDHHS engaged in a rigorous public outreach process that began Dec. 3, 2019, and ended April 3, 2019. SCDHHS conducted 12 public hearings, two webinars, discussed the waiver at two Medical Care Advisory Committee meetings, and received over 350 comments. After considering each comment and, on balance, the benefits of this waiver, we submit the enclosed document for your consideration.

We appreciate your shared vision and commitment to the Medicaid program by supporting the efforts outlined in this waiver application. We look forward to working with you as we move forward with the necessary transformation of the Medicaid program and develop new strategies to support the individuals it serves.

Sincerely,

A large black rectangular redaction box covers the signature area. A small, faint circular mark is visible above the top edge of the redaction.

Joshua D. Baker

## Table of Contents

Section 01: Background .....	1
Section 02: Program Description .....	2
Section 03: Community Engagement .....	3
Enrollment Standards .....	4
Verification Methodology .....	5
Program Participation .....	6
Section 04: Removing Employment Disincentives.....	6
Enrollment Standards .....	7
Verification Methodology .....	7
Program Participation .....	7
Section 05: Modernizing CHIP and Medicaid Eligibility for Children .....	8
Enrollment Standards .....	8
Verification Methodology .....	9
Program Participation .....	9
Section 06: Combating the Opioid Crisis .....	9
Enrollment Standards .....	12
Verification Methodology .....	13
Program Participation .....	13
Section 07: Integrating Social Service Delivery Systems .....	13
Section 08: Hypotheses .....	14
Section 09: Demonstration Eligibility.....	15
Section 10: Demonstration Benefits and Cost-Sharing Requirements.....	16
Section 11: Delivery System and Payment Rates for Services .....	17
Section 12: Implementation of Demonstration .....	17
Section 13: Demonstration Financing and Budget Neutrality .....	18
Section 14: List of Proposed Waivers and Expenditure Authorities.....	19
Section 15: Public Notice and Comments.....	20
Public Notice and Hearings.....	20
Public Comments Summary.....	22
Section 16: Demonstration Administration.....	36

## SECTION 01: BACKGROUND

The South Carolina Department of Health and Human Services (SCDHHS) is the single state agency responsible for administering the joint state-federal Title XIX Medicaid and Title XXI Children’s Health Insurance Program (CHIP). In this role, SCDHHS finances health benefits coverage for one out of every four South Carolinians, is the single largest insurer of children in the state,<sup>1</sup> and covers more births in South Carolina each year than all other health payers combined. Accordingly, SCDHHS’ policies set forth financial incentives with significant impact not only in the state’s health care industry, but in private employment, child care, and other social service delivery systems.

Improving the health and well-being of South Carolina’s Medicaid population is the first step in elevating the state’s overall health status. To do so requires looking beyond those factors within the health care system and more broadly addressing the social and economic determinants of health status. The Office of Disease Prevention and Health Promotion defines the social determinants of health as:

**Conditions in the environment in which people are born, live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks.<sup>2</sup>**

In January 2018, the Centers for Medicare and Medicaid Services (CMS) issued guidance announcing an additional avenue for states to address social environment issues.<sup>3</sup> This new policy allows Medicaid programs to incentivize community engagement activities among non-elderly, non-pregnant adult Medicaid beneficiaries who are eligible for Medicaid on a basis other than disability. These programs, executed through section 1115 waivers, are intended to promote better mental, physical, and emotional health, as well as helping families rise out of poverty and attain independence.

A significant body of medical literature and scholarly research supports the link between health status and employment. This includes:

- Unemployment is generally harmful to health and is correlated with numerous health challenges. Unemployed workers are more likely to have fair or poor health and to develop a stress-related condition, such as stroke, heart attack, or heart disease. In addition, unemployed individuals are more likely to be diagnosed with depression.<sup>4</sup>

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<sup>1</sup> Source: US Census American Community Survey 2017 Data Set S0101 and Milliman SFY 2017-2018 Summer 2016 Medicaid Assistance Forecast

<sup>2</sup> <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>

<sup>3</sup> <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>

<sup>4</sup> <https://www.rwjf.org/en/library/research/2012/12/how-does-employment--or-unemployment--affect-health-.html>

- A study published in the *Disability and Health Journal* found that participants with any level of paid employment had a better quality of life and that their self-reported health status was higher and the per person per month Medicaid expenditures were less.<sup>5</sup>

Given the large role that state government plays in influencing the social environment of citizens, especially those dependent on social benefit programs, states must take responsible steps to address these needs holistically. Addressing these factors is a critical aspect of South Carolina’s efforts to improve the health of our citizens, reduce the costs of health care, and eliminate health disparities. The purpose of this section 1115 demonstration waiver, hereafter referred to as “demonstration waiver,” is to reinforce the proven link between improved economic self-sufficiency and improved health by leveraging the Medicaid program’s financing mechanisms to remove health-related barriers to employment. The agency proposes to commence implementation immediately upon approval by CMS but will not fully implement the populations and provisions contained herein before July 1, 2020.

## SECTION 02: PROGRAM DESCRIPTION

South Carolina’s demonstration waiver seeks to implement community engagement standards to improve the health of its citizens through five key changes to the state’s Medicaid program:

- First, SCDHHS seeks to identify individuals eligible for community engagement activities and assist them with accessing necessary employment and community engagement support programs.
- Second, SCDHHS seeks a state-specific solution to mitigate financial disincentives for employment created by the Affordable Care Act’s (ACA) all-or-nothing Medicaid expansion.
- Third, SCDHHS will modernize eligibility thresholds for children participating in the Title XIX Medicaid and Title XXI Children’s Health Insurance Program.
- Fourth, SCDHHS seeks to combat the ongoing opioid crisis by providing medically necessary addiction treatment services to the state’s lowest-income individuals, including creating a pathway to treatment and employment for the justice-involved population.
- Fifth and finally, SCDHHS seeks to improve customer service and reduce artificial administrative barriers to benefit coordination among social service agencies by updating legacy information systems and improving data sharing between Medicaid and other programs such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Unemployment Insurance (UI), and other programs.

SCDHHS intends to demonstrate, through specific hypotheses and evaluations, that this holistic approach to certain social determinants of health will improve the well-being of both adult and child participants in the Medicaid program in South Carolina.

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<sup>5</sup> <https://www.sciencedirect.com/journal/disability-and-health-journal/vol/6/issue/2>

## SECTION 03: COMMUNITY ENGAGEMENT

For the first element of the demonstration waiver, Community Engagement, SCDHHS seeks a demonstration project for full-benefit, non-disabled adults enrolled in the Medicaid program who are unemployed. The following groups will not be included in this demonstration project:

- Children enrolled in Medicaid or CHIP;
- Members of federally recognized tribal organizations;
- Pregnant women;
- Disabled individuals, including individuals who have a medical condition that would prevent them from participation in this project;
- Individuals over the age of 65;
- Individuals who are the primary caregiver of a child or someone who is disabled;
- Individuals receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI);
- Individuals participating in a Medicaid covered treatment program for alcohol or substance abuse addiction, including opioid addiction;
- Individuals receiving treatment for cancer, including those receiving treatment through Medicaid's Breast and Cervical Cancer Program;
- Individuals compliant with or exempt from the SNAP or the TANF requirements related to employment; and
- Individuals who are determined by SCDHHS to be exempt on a case-specific basis. This includes certain individuals with medically complex conditions that require multidisciplinary specialized care or would otherwise be precluded from employment or community engagement activities due to their health status.

Individuals who are not in one of the above categories and who are enrolled in South Carolina Medicaid as a Parent Caretaker Relative (PCR) will be included in this demonstration project. Although SCDHHS is requesting flexibility with Transitional Medical Assistance (TMA) elsewhere in this waiver, should such provisions ultimately not be approved as part of the comprehensive demonstration waiver, individuals enrolled under the TMA authority would be subject to community engagement provisions and relevant exemptions listed above.

PCR individuals will be required to participate in community activities to maintain an active Medicaid enrollment status. Requirements of this nature are not new in South Carolina, as individuals enrolled in the TANF and SNAP benefits are already required to meet similar stipulations. For those individuals required to participate in a community engagement program, the state intends to align, where possible, with work-search, education, and training opportunities available through publicly funded programs. Examples of compliant activities include:

- Participation in an adult secondary education program through a public school district or technical college. The Department intends to support certain out-of-pocket costs for adult students not otherwise covered by other state- or federally funded adult education programs, including the cost of GED testing.

- Full-time participation in a degree- or certificate- seeking program in an accredited institution of higher education, as defined by the South Carolina Commission on Higher Education.
- Compliance with UI work-search requirements (first 16 weeks of UI benefits)
- For dual Medicaid-SNAP/TANF beneficiaries, demonstrated compliance with SNAP community engagement standards.
- Employment for no less than 80 hours per month.
- Community or public service, including verifiable volunteerism with public entities or qualified charitable corporations.

In addition to the mentioned exceptions and qualifying activities, the Department intends to issue guidelines that would accept participation in and compliance with medically necessary substance use disorder (SUD) treatments for certain individuals with SUD that would otherwise impair an individual's ability to participate in employment, education, or other community engagement activities.

SCDHHS recognizes that work opportunities, particularly those available to low-income individuals, are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. Similarly, SCDHHS understands that Medicaid beneficiaries may have limited opportunities to find work when the overall economy is underperforming. For these reasons, SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter, even if they may not have met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8 percent.

Further, SCDHHS intends to implement benefit suspension as the first-step sanction for noncompliance with community engagement standards, as opposed to outright disenrollment from the South Carolina's Medicaid program. This grants beneficiaries subject to community engagement standards to achieve reinstatement of full benefits through compliance with community engagement standards alone and SCDHHS will not require a full reapplication for benefits. This administrative burden is consistent with the manner in which SCDHHS has implemented the provisions of 42 CFR 435.916 and is not greater than that imposed upon Medicaid beneficiaries subject to periodic eligibility redeterminations.

SCDHHS hypothesizes that requiring work or community engagement will result in beneficiaries moving from Medicaid to other sources of health care coverage, more beneficiaries being employed or engaging in productive community activities, and improvements to beneficiary health and well-being. Pursuant to the requirements of a demonstration waiver, SCDHHS intends to assess the effectiveness of these requirements in furthering objectives of the Medicaid program, specifically the balance between the health care financing and self-care and independence provisions of section 1901 of the SSA.

### Enrollment Standards

Outside of requiring participation in community engagement activities, and unless otherwise stated in this demonstration waiver, SCDHHS does not intend to modify or waive any other aspect of

categorical eligibility for Medicaid beneficiaries. To identify individuals eligible for participation in community engagement activities, SCDHHS will employ a combination of methods. First, individuals will be identified based on their enrollment status as being in the PCR or TMA Medicaid eligibility groups. Next, SCDHHS will identify individuals who meet exemptions and will be exempt from community engagement activities. SCDHHS will then use all system information available to validate compliance through other public programs through systems and processes established by SCDHHS. The overarching goal of this process is to reduce the need for individuals to provide information to the state confirming their compliance with community engagement activities, particularly when the state already has the means to determine that an individual is a member of an exempted group.

### Verification Methodology

**Exemptions.** Exemption from community engagement requirements will be based upon an individual's categorical eligibility and SCDHHS will exempt children, aged beneficiaries, blind, disabled, and limited-benefit members based upon evidence currently supplied upon application or annual review to Medicaid. Such exemptions include, but are not limited to, individuals eligible in the following categories:

- All children, including those eligible under South Carolina's Partners for Healthy Children (PHC), Tax Equity and Fiscal Responsibility Act (TEFRA), Foster Care, and Adoption Assistance
- Pregnant Women and Infants
- Aged, Blind, or Disabled (ABD) and/or individuals receiving Supplemental Security Income (SSI)
- Home and community-based services (HCBS) waiver participants or beneficiaries in institutional placements
- Former foster care (FFC)
- Breast and Cervical Cancer Program (BCCP)
- Working Disabled (WD)
- Individuals enrolled in a limited-benefit Medicaid program

Individuals not receiving a categorical exemption due to their basis of Medicaid eligibility will be subject to community engagement requirements unless they provide evidence that:

- They are the primary caregiver of a child and/or disabled adult. This would apply to most single-parent households or two-parent households where one parent is disabled, or
- They are otherwise disabled and unable to participate in community engagement activities.

**Indirect Validation.** Several state agencies manage programs that encourage education and employment activities, and many of the programs require effort comparable to those proposed in this waiver. The Department intends to seek and obtain data-sharing and operating agreements with these programs to first provide external validation of community engagement to reduce duplication of effort and administration.

**Direct Validation.** While SCDHHS believes that the majority of exceptions and validations can occur through the collection of evidence during the eligibility process and through data-sharing

activities with other public programs, some portion of Medicaid beneficiaries will need to interact directly with SCDHHS to provide community engagement data. SCDHHS intends to leverage existing and planned information technology infrastructure to manage this effort and will provide training and resources to out-stationed and county eligibility staff to support data collection and validation.

### Program Participation

Given that nearly two-thirds of Medicaid full-benefit beneficiaries are children, the Department has limited the analysis of potential participants to non-disabled adult full-benefits members under the age of 65, which amounts to approximately 83,461 individuals who would be required to either provide additional evidence of a qualifying exemption, have compliance established by SCDHHS using existing data sources, or submit evidence of compliance with community engagement standards to SCDHHS.

Individuals who do not provide evidence of a qualifying exemption or who are determined not to be in compliance with community engagement activities for a period of at least three consecutive months will have their eligibility placed in a suspended status for three months or until the requirements are met, whichever comes first. Upon notification of compliance, SCDHHS will reactivate the individual's eligibility in accordance with Section 1902(a)(34) of the Social Security Act. Before suspending an individual's eligibility, SCDHHS will provide timely and adequate written notice to the individual for each period of noncompliance and in advance of benefit suspension. The notice will also provide full appeal rights as required under 42 C.F.R, Part 431, subpart E.

Individuals will be able to demonstrate compliance with community engagement activities using the current process in place to report changes and provide information that may impact their Medicaid eligibility status. This includes in-person at a county office, fax, email, and mail. Further, and as part of SCDHHS' Replacement Medicaid Management Information System (RMMIS) initiative and Integrated Case Management Information System (ICMIS) initiative, SCDHHS intends to develop a citizen portal allowing beneficiaries to provide evidence to the Department for this and other programs per Section 7 of this demonstration waiver.

## **SECTION 04: REMOVING EMPLOYMENT DISINCENTIVES**

Given current insurance market conditions, a parent enrolled in PCR coverage whose income increases as the result of employment risks losing access to health coverage. This is due in large part to financial disincentives created by intersecting the ACA's unconstitutional mandate of Medicaid expansion with federal marketplace exchange subsidies. States opting not to implement full Medicaid expansion pursuant to §1902(a)(10)(A)(VIII) of the Social Security Act (SSA) are faced with a so-called "subsidy cliff" whereby parents with incomes too high to qualify for Medicaid – 62% of the federal poverty level (FPL) in South Carolina with a 5% income disregard – also do not reach the income threshold of 100% FPL to qualify for marketplace subsidies on the federal exchange. This creates a perverse financial incentive for individuals to keep their incomes artificially low for risk of losing health coverage and bearing the full cost of health services, costs that are insurmountable for many low-income families.

In this demonstration waiver, SCDHHS intends to honor South Carolina’s longstanding policy of not adopting of ACA Medicaid expansion, while taking steps to remove financial disincentives for work. SCDHHS will accomplish this in three ways:

- First, SCDHHS seeks to increase the income threshold for individuals with PCR from 62% FPL with a 5% income disregard to 95% FPL with a 5% income disregard, closing what is commonly called the “PCR gap.”
- Second, SCDHHS will support the return of new mothers to employment by seeking such waivers as necessary to allow the extension of coverage for pregnant women up to 194% FPL with a 5% income disregard from 60 days postpartum to 1-year postpartum. This action is also seen as an important extension of the South Carolina Birth Outcomes Initiative, since a majority of pregnancy-associated deaths occur more than 60 days after delivery<sup>6</sup>.
- Third, SCDHHS seeks to align TMA with these new income thresholds by seeking such waivers and amendments as necessary to provide individuals who lose Medicaid coverage due to employment, who are also not eligible for employer-sponsored insurance, with the financial assistance necessary to purchase a qualifying health plan on the federal marketplace administered in South Carolina. This assistance is intended to be similar to the “wrap-around” option for TMA authorized in §1925(a)(4)(B) of the Social Security Act (SSA), subject to a 24-month maximum and demonstration of no other available coverage.

### Enrollment Standards

Other than the application of community engagement standards and exemptions as noted elsewhere in this demonstration waiver and the eligibility modifications proposed in this section of the demonstration waiver, SCDHHS does not intend to modify or otherwise waive any other aspect of categorical eligibility.

### Verification Methodology

SCDHHS will use existing eligibility evidence systems and processes to validate beneficiary eligibility including but not limited to direct attestation and retrospective audit, direct provision of third-party evidence, indirect and third-party validation, data-sharing with other governmental entities, and others.

### Program Participation

Based upon current program enrollment, Census, and other adjunct data, SCDHHS estimates a mid-range average monthly enrollment estimated increase of 32,300 individuals added into the PCR category, 2,000 pregnant women per month receiving coverage for 10 additional months, and 4,350 individuals transitioning from the current to revised TMA program.

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<sup>6</sup> <https://www.texmed.org/TexasMedicineDetail.aspx?id=48374>

## SECTION 05: MODERNIZING CHIP AND MEDICAID ELIGIBILITY FOR CHILDREN

Education is one of the most critical social determinants of health, and countless evaluations have demonstrated a link between childhood health and educational attainment, as well as educational attainment and health later in life. According to the United States Department of Education, over seven million children in the United States displayed chronic absenteeism in school year 2015-16, while one of every five children in high school nationwide were chronically absent. The same data shows 26 school districts in South Carolina demonstrated chronic absenteeism for more than 15% of students. The National Association of Elementary School Principals identifies four of the six most common reasons for absenteeism as illness, mental or emotional health issues, caring for another family member, or housing and food instability<sup>7</sup>. Further, the Centers for Disease Control and Prevention indicates that, nearly 10% of children in a classroom have chronic asthma<sup>8</sup> and over 7.4% of school-aged children, including pre-K, have a diagnosed behavior problem<sup>9</sup>.

Among the many impacts of chronic absenteeism, two are most relevant to this waiver. First, chronic absenteeism leads to poor educational outcomes, establishing an economic deficit for children even before they enter the workforce. Data indicate that children who regularly miss school are more likely to miss key early educational milestones and absenteeism is a better leading indicator of school drop-out than test scores. Second, poor child health outcomes often result in adult absenteeism from work, leading to job instability and lower wage earning from non-salaried positions. Accordingly, SCDHHS asserts that this initiative supports the attainment of long-term financial independence by financing robust preventative and ambulatory health services early in life.

In order to maintain the relative eligibility thresholds currently in-place for parents and children, SCDHHS is requesting such waivers to Medicaid and CHIP as necessary to extend the upper limit of eligibility for the CHIP program from the current 208% FPL with a 5% income disregard to 241% FPL with a 5% income disregard. SCDHHS further intends to cover unborn children with mothers who have incomes from 194% FPL with a 5% income disregard to 241% FPL, with a 5% income disregard, and provide coverage for the mother for 12 months postpartum, in a manner consistent with the coverage for all other pregnant and postpartum women proposed in Section 4 of this demonstration waiver.

### Enrollment Standards

Other than modifications noted elsewhere in this demonstration waiver and the eligibility modifications proposed in this section of the demonstration waiver, SCDHHS does not intend to modify or otherwise waive any other aspect of categorical eligibility.

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<sup>7</sup> <https://www.naesp.org/communicator-september-2016/six-causes-and-solutions-chronic-absenteeism>

<sup>8</sup> <https://www.cdc.gov/healthyschools/asthma/index.htm>

<sup>9</sup> <https://www.cdc.gov/childrensmentalhealth/data.html>

### Verification Methodology

SCDHHS will use existing eligibility evidence systems and processes to validate beneficiary eligibility including but not limited to direct attestation and retrospective audit, direct provision of third-party evidence, indirect and third-party validation, data-sharing with other governmental entities, and others.

### Program Participation

Based upon current program enrollment, Census, and other adjunct data, SCDHHS estimates a mid-range average monthly enrollment estimated increase of 22,300 children added to either the CHIP or Medicaid program within the existing CHIP block grant, and 2,100 pregnant women added to the CHIP program.

## SECTION 06: COMBATING THE OPIOID CRISIS

SCDHHS, as a leading payer for children and pregnant women, emphasizes preventative care and broadly covers interventions to avoid preventable morbidity and mortality. For example, the leading driver of preventable death in the United States is tobacco use, and SCDHHS, in conjunction with the South Carolina Department of Health and Environmental Control's (SCDHEC) public health efforts, covers tobacco use screening and cessation in limited- and full-benefit plans as part of normal preventative care and family planning. Further, although SCDHHS' limited-benefit program covers screening for alcohol and other SUDs, it does not cover treatment if identified in a particularly vulnerable and otherwise uninsured population.

In recent years, SUD, prompted in part by public awareness of the opioid epidemic, has come to the forefront of our nation's public health conversation. Substance use, and opioid use specifically, drives negative outcomes for society, including:

*Maternal and Infant Morbidity and Mortality.* South Carolina traditionally ranks in the top third of states with high rates of infant mortality relative to the state's total population. Not surprisingly, data indicate that the state is similarly situated with respect to neonatal abstinence syndrome (NAS) and pre-term births. Despite efforts to address these devastating trends, the number of South Carolina children born with NAS increased from 219 in 2016 to 264 in 2017.

*Child Abuse and Neglect.* Nationally, parental drug use is cited as an explicit factor in 34% of all foster care placements, an increase of 10 percent from 2005 to 2016. In 2016, six South Carolina counties – five of which are geographically near the Appalachian Corridor – displayed both rates of drug overdose deaths and foster care entries above the national median.

*Justice Involvement and Recidivism.* Studies indicate that individuals engaging in chronic and/or intense opioid overuse demonstrate high levels of involvement with the criminal justice system<sup>10</sup>. Additionally, individuals recently released from correctional institutions are at a particularly high risk for opioid overdose. A recent study in North Carolina found that, in the first two weeks after

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<sup>10</sup> <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2687053>

being released from prison, former inmates were 40 times more likely to die of an opioid overdose than someone in the general population<sup>11</sup>.

In South Carolina, an individual with a sentence of greater than 90 days is incarcerated by the South Carolina Department of Corrections (SCDC). Recent efforts, including sentencing reform and collaboration between SCDHHS and SCDC, have yielded benefits to society, but also operational challenges to integrating released inmates. For example, incentives to shorten stays and earn early release have made release dates variable and harder to estimate. Combined with benefit application processing windows, individuals with SUD or serious mental illness (SMI) have been released before receiving a final Medicaid eligibility decision and have therefore experienced gaps in care. For individuals with SMI and those in need of clinical support to maintain compliance with SUD treatment, this results in clinical non-compliance, relapse, and often ultimately recidivism.

Both national data and state-specific experience indicate that the risk for recidivism and relapse from SUD or SMI is closest to release dates and decreases over time<sup>12</sup>. This also corresponds to the most intensive phase of reintegration after release, which often also coincides with the loss of the individual's entire health care and social support system. Accordingly, SCDHHS intends to provide these high-risk individuals with medical assistance to mitigate the likelihood of overdose, negative health outcomes, and recidivism within 12 months of release. Allowing eligibility decisions to be made well in advance of release significantly mitigates the risk of gaps in coverage and care.

*Resurgence of Infectious Disease.* Along with justice involvement and aggressive postures on opioid prescription integrity, some states, including South Carolina, have seen a resurgence of illicit intravenous drug use in and out of correctional facilities, and a corresponding resurgence of chronic infectious disease. South Carolina remains in the top one-third of all states for rates of HIV diagnosis, and while other regions of the nation have seen decreases in new infection, the South region of the United States has remained stable<sup>13</sup>. Further, recorded hepatitis C cases in South Carolina have been steadily increasing since the beginning of the opioid epidemic, with the prevalence of measured acute cases of hepatitis C doubling from 2015 at 0.1% of the population to 2016 at 0.2%.

In his 2019 State of the Union Address to the Congress, President Trump called on the nation's health care system to end our epidemic of HIV and AIDS by providing preventative care, diagnosis, and treatment to those at highest risk. Such an audacious goal must be met with bold action by the states to address these diseases at the point of high-risk behaviors and transmission. By submitting this waiver, South Carolina has taken its first step in answering the President's call.

SCDHHS, as a health policy and financing organization, plays a central role in the state's efforts to combat the opioid crisis in South Carolina. In December 2017, Governor McMaster signed two

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<sup>11</sup> <https://ajph.aphapublications.org/doi/10.2105/AJPH.2018.304514>

<sup>12</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2836121/>

<sup>13</sup> <https://www.cdc.gov/nchhstp/stateprofiles/default.htm>

executive orders to establish a multi-agency, multi-disciplinary team to improve and implement policies aimed at combating the opioid crisis and directed SCDHHS to establish ambitious controls over opioid prescribing behavior to stem the tide of new addiction. While these efforts have proven effective in reducing the number of opioid prescriptions paid through the Medicaid program, the number of individuals diagnosed with opioid use disorder and those suffering its most devastating consequences, overdose and death, have increased. SCDHHS' more recent efforts to maintain an aggressive strategy toward addressing the opioid crisis include:

- A provider education campaign, addressing opioid misuse named Timely Information for Providers in South Carolina (tipSC). Working with physicians, pharmacists and other experts, tipSC develops and disseminates targeted, practical information to help prescribers make safe prescribing decisions.
- Enacting the “in lieu of” provision in managed care contracts to leverage clinical capacity available in Institutions for Mental Disease (IMD) for SUD treatment.
- Financing and developing telemedicine protocols to initiate medication-assisted treatment (MAT) in real time through primary care interaction or as part of emergency and crisis intervention.
- Support for the managing abstinence in newborns, or MAiN, model for managing NAS, an approach for delivering care for newborns of opioid-dependent mothers that transitions the treatment of NAS from neonatal intensive care units (NICUs) to pediatric nurseries, significantly shortening hospital stays.
- Addition of opioid treatment programs (OTPs) to the Medicaid provider network.

For those individuals without health care coverage, considerable federal action has made funding available to provide treatment for SUD. Much of this funding, however, is executed through time-limited grants that lack the level of sustainability that is inherent to integration with the health care payer system. CMS has made available a number of flexibilities to aid states in improving access to SUD treatment, and with this demonstration waiver application, SCDHHS seeks to pursue those flexibilities.

As such, Medicaid eligibility for a limited period will be extended to individuals who are not otherwise eligible for Medicaid or CHIP benefits, and:

- Have an income of 0% FPL and are chronically homeless, subject to a standard 5% income disregard; or
- Are justice involved and need mental health or substance use treatment; or
- Are uninsured, have an income of less than 95% FPL with a 5% income disregard, and need substance use treatment.

Each of these groups have been identified as the highest-risk for long-term unemployment and social instability, and as having among the highest external costs to society should they not be diverted to treatment and stable employment, effectively balancing the dual goals of financing health services and building capability for independence as articulated in section 1901 of the SSA.

## Enrollment Standards

As part of the demonstration waiver, SCDHHS will structure each of the three target populations in this section as separate enrollment groups and request such waivers as necessary to place enrollment limits on:

- The number of individuals enrolled through each group at any given time, with the ability to set that number to zero at the discretion of SCDHHS.
- The number of unique individuals served over the course of an enrollment period.
- The duration of coverage for categorical groups.

Further, individuals eligible for medical assistance under each of these three waiver participation groups will be required to either meet the community engagement requirements established under Section 3 of this demonstration waiver or qualify for exemption.

Chronic Homelessness. For an individual to be deemed eligible under the chronic homelessness category, they must:

- Have been continuously homeless for at least 12 months; or
  - Have experienced four episodes of homelessness (greater than 30 days) in the past three years; or
  - Are currently in supportive housing but have met the prior definitions of homelessness
- AND
- Must consent to referral to and application for other benefits as may be available, including those offered through the Veterans' Affairs Administration (VA) and Social Security Administration (SSA).

Justice Involvement with a Need for SUD Treatment. To be deemed eligible under this category, an individual must:

- Have a demonstrated need for treatment for a substance use disorder or mental illness;
- AND
- Been released within six months from the SCDC; or
  - Sentenced to a term of imprisonment within a SCDC facility of not more than five years.

Individuals meeting the eligibility criteria will be made eligible upon application to SCDHHS. Eligibility for incarcerated individuals will be suspended to ensure proper federal participation in accordance with 42 CFR 435.1010 and relevant sub-regulatory guidance on this matter as most recently communicated through State Health Official letter SHO 16-007. Individuals scheduled for release from a SCDC facility may continue to receive medical assistance in accordance with the provisions of this section but must consent to a health and social determinants screening and risk assessment and agree to a risk management mitigation plan before release.

Individuals who decline the screening and planning process will receive an *ex parte* review to determine eligibility for medical assistance under another basis before termination of benefits. An individual eligible for medical assistance under this category may receive services for a limited duration as established by SCDHHS following their release from incarceration.

*Substance Use Treatment.* An individual who is in need of substance use treatment is defined as an individual meeting or attempting to meet community engagement requirements who has been diagnosed with SUD and has an income of less than 95% FPL with a 5% income disregard. An individual receiving medical assistance under this category may only receive medical assistance for a limited duration set by SCDHHS not more frequently than annually.

### Verification Methodology

SCDHHS will use existing eligibility evidence systems and processes to validate beneficiary eligibility including but not limited to direct attestation and retrospective audit, direct provision of third-party evidence, indirect and third-party validation, data-sharing with other governmental entities, and others.

### Program Participation

SCDHHS proposes to, at its discretion, activate any or each of the eligibility groups detailed within this section of the demonstration waiver, subject to the following descriptions, limitations, and exceptions.

#### *Enrollment Caps*

Each of the enrollment groups will be subject to a point-in-time enrollment cap determined by the Department annually, though not more than.

- Chronically homeless group: 3,000 members.
- Justice-involved: 5,000 active eligible members; 20,000 incarcerated, suspended members.
- Substance-Use Disorder: 5,000 members.

#### *Preservation of Eligibility*

Individuals with active eligibility pursuant to one of these categories are authorized to retain eligibility throughout the 12-month window, with few exceptions such as incarceration, regardless of changes to the waiver or program that might otherwise cause them to lose eligibility for medical assistance. Closure of an enrollment group from future eligibility does not adversely affect eligibility spans in effect at the time of closure. An individual receiving coverage pursuant to one of these categories who becomes eligible for full-benefit Medicaid under any other authority shall be migrated to that alternate coverage.

## SECTION 07: INTEGRATING SOCIAL SERVICE DELIVERY SYSTEMS

Consistent with guidance issued by the Centers for Medicare and Medicaid Services (CMS) Jan. 11, 2018, via State Medicaid Director (SMD) letter 18-002, SCDHHS is developing Advanced Planning Documents (APD) to leverage HITECH grants to develop and integrate:

- Departmental integrated case management information systems (ICMIS) platformed to replace existing case management technologies in the agency.

- Concurrently, APD amendments relevant to the member management replacement project (MMRP) are underway to provide for the integration of eligibility decisions for Medicaid, SNAP, and TANF using a common platform.
- Public health surveillance and health information aggregation tools to include platforms for prescription drug monitoring, immunization and infectious disease monitoring, cancer and tumor registries, and other health information data.

While independent of the community engagement efforts, the Department’s existing strategic approach to furthering a Citizen 360 view of participants in public programs provides for a logical extension to community engagement designed to reduce administrative and programmatic duplication of common efforts across many public programs. SCDHHS believes that integrating community engagement implementation into current technology initiatives will materially mitigate the overall administrative cost of the community engagement initiative. In addition, SCDHHS believes that utilizing current technology initiatives will reduce the need for individuals enrolled in Medicaid to provide documentation to support compliance with community engagement activities.

**SECTION 08: HYPOTHESES**

During the approval period, SCDHHS proposes to test a series of hypotheses the state believes will lead to success in improving the health of Medicaid individuals. A detailed evaluation design will be developed for review and approval by CMS. The chart below identifies the specific hypotheses, methodology, and potential performance measures associated with this demonstration.

**Table 1: Hypotheses Tested**

Hypotheses	Methodology	Performance Measure
Individuals participating in community engagement activities will transition to other sources of health care coverage.	Monthly, SCDHHS will track the number of individuals enrolled in the PCR eligibility groups who have other health insurance using information from the eligibility system and data matches through information used to identify third party liability.	The number of individuals enrolled in the PCR eligibility groups who have obtained other insurance.
Providing community engagement activities for individuals enrolled in Medicaid will result in an increase in the number of individuals gaining employment in South Carolina.	SCDHHS will track the number of individuals who self-report community engagement activities and track the number of PCR individual participation rates for employment, new hires, and workforce activities	The number of individuals enrolled in PCR eligibility groups who become or remain employed during the demonstration period or participate in approved activities.

	using the Department of Labor data.	
Extending coverage for post-partum mothers from 60 days to one year will increase rates of postpartum care and reduce the uninsured rate of new mothers.	SCDHHS will track the rate of post-partum visits using claims data submitted to SCDHHS and will measure the number of women enrolled in the Medicaid during the one-year post-partum period.	The rate of follow-up visits for women during the first-year post-partum compared to state and national benchmarks.  The number of women covered during the first-year post-partum, comparing this population pre- and post-waiver implementation.
Extending coverage for post-partum mothers from 60 days to one year will increase rates of highly effective contraceptive use during the one-year post-partum period.	Using claims data, SCDHHS will identify women during the post-partum eligibility period who received a method of highly effective contraceptive.	The percentage of new mothers receiving a highly effective contraceptive method, comparing the pre- and post-waiver implementation periods.
Modernization of children eligibility thresholds will reduce the number of uninsured children in South Carolina.	SCDHHS will measure the number of children participating in Medicaid and CHIP using internal eligibility data.	The number of children receiving Medicaid or CHIP pre- and post-waiver implementation.  Comparison of national estimates of childhood health care coverage, pre- and post-waiver implementation.
Coverage for the lowest-income individuals with a diagnosis of SUD will result in a decrease of opioid-related overdose.	Using a linked data-set from the South Carolina Office of Revenue and Fiscal Affairs, SCDHHS will measure the rate of emergency department visits related to substance use disorder (SUD).	The rate of emergency room (ER) utilization for SUD in this lowest-income population, pre- and post-waiver implementation.

A detailed evaluation design will be developed for review and approval by CMS.

## SECTION 09: DEMONSTRATION ELIGIBILITY

Current data elements indicate that approximately 188,001 individuals enrolled in South Carolina Medicaid as PCR are potentially eligible to participate in community engagement activities. Of those, approximately 104,540 appear to be in an exempt category due to household composition or the presence of a disabled family member. A portion of the remaining 83,461 participants may

be exempt but data elements necessary to identify their status, such as participation in an adult secondary education program, is not captured in the current system.

As noted elsewhere in this demonstration waiver, PCR beneficiaries, certain children eligible for CHIP, pregnant women, and certain classes of other adults are subject to revised eligibility standards as the result of this demonstration waiver. The groups and categories are detailed below.

Based on a State Medicaid Director letter dated July 17, 2001, the government-to-government relationship between the United States and Tribal Governments recognizes the right of tribes to tribal sovereignty self-government and self-determination. South Carolina has one federally recognized tribe, the Catawba. SCDHHS recognizes the Catawba’s tribal sovereignty and will categorically exempt all Medicaid beneficiaries that are members recognized by the Tribal Government.

The standards and methodologies used to determine eligibility for this demonstration are outlined in the Program Description.

The following table identifies information regarding the population SCDHHS is including in this demonstration waiver:

**Table 2: Demonstration Population**

Eligibility Group	Social Security Act and CFR Citation	Income Level
Parent Caretaker Relatives (PCR)	SSA §1931; SSA §1902(a)(10)(A)(i); and 42 CFR §435.110	Under 100% of FPL
Transitional Medical Assistance (TMA)	SSA §408(a)(11)(A), §1931(c)(2), §1925, §1902(a)(52); and 42 CFR §435.112	Under 100% of FPL
Pregnant Women up to 12 months post-partum	SSA §1902(a)(10)(A)(i)(III); 42 CFR §435.116	Under 194% of FPL
Pregnant Women up to 12 months post-partum	SSA §2112(b)(2); 42 USC 1397II; 42 CFR §457	Under 246% of FPL
CHIP	SSA §2101(a)(2); 42 CFR §457	Under 246% of FPL

## SECTION 10: DEMONSTRATION BENEFITS AND COST-SHARING REQUIREMENTS

The benefits provided under the demonstration will not differ from those provided under the Medicaid State Plan, with the exception of revisions to the TMA benefit. The revised TMA benefit, while different from that currently articulated in South Carolina’s state plan for medical assistance, is materially similar to a state plan option TMA program authorized pursuant to section 1925(a)(4)(B) of the SSA.

Cost sharing requirements under the demonstration will not differ from those provided under the Medicaid State Plan.

## SECTION 11: DELIVERY SYSTEM AND PAYMENT RATES FOR SERVICES

The delivery system used to provide benefits to the demonstration participants will not differ from the Medicaid State Plan, with the exception of revisions to the TMA benefit. The revised TMA benefit, while different from that currently articulated in South Carolina's state plan for medical assistance, is materially similar to a state plan option TMA program authorized pursuant to section 1925(a)(4)(B) of the SSA.

No deviation will be made for services furnished through fee-for-service. Likewise, no deviations will be made for managed care capitation rates and contracting requirements. Current State Plan rules and internal procedures that govern mandatory assignment to managed care will continue to operate in their current form, except that the eligibility groups described in Section 6 of this demonstration waiver application, will receive coverage through the fee-for-service program.

No quality-based supplemental payments are being made to any providers or class of providers under this demonstration.

## SECTION 12: IMPLEMENTATION OF DEMONSTRATION

SCDHHS plans to implement the provisions outlined in this waiver at least six months after CMS approval, but not before July 1, 2020. This time period allows sufficient time to communicate with participants the changes in the program and for the state to prepare and implement operational and administrative changes. Immediately after CMS approval, SCDHHS will develop a communication and implementation plan that clearly lays out timing, content, and methodology in which individuals will be notified of program changes. SCDHHS will also develop educational materials for internal staff and external stakeholders to ensure a smooth transition for participants.

SCDHHS' engagement with partner agencies for the negotiation of data-sharing agreements and eligibility application redesign began in May 2018. Information technology systems development funded pursuant to OMB Circular A-87 cost allocation and HITECH APDs will occur throughout CY 2019, along with community outreach and program certification efforts necessary to operationalize and streamline the technology necessary to track and monitor eligibility related to community engagement activities as it relates to eligibility determination.

The demonstration will operate statewide.

SCDHHS is requesting a five-year waiver approval for this demonstration.

The demonstration will not affect or modify other components of the State's current Medicaid and CHIP programs outside of eligibility.

## SECTION 13: DEMONSTRATION FINANCING AND BUDGET NEUTRALITY

The budget neutrality calculation was created using a combination of historical data for the impacted population trended into future years and national data points. For populations currently not covered by the South Carolina State Plan for Medical Assistance, SCDHHS employed the use of hypothetical estimates of expenditures in accordance with guidance issued in SMD 18-009.

Historical trends using SCDHHS' actual enrollment experience were then projected forward to account for:

- New entrants into the Medicaid program based upon policy changes
- Conversion of currently uninsured or limited-benefit members to full-benefit eligibility groups
- Natural growth of eligibility groups based upon current and persistent economic conditions

The per member per month (PMPM) trend was derived from the Medicaid average expenditure growth trend per the CMS Office of Actuary 2018-2027 Projections of National Health Expenditures.

Projected eligible member months, historical trends, PMPM cost, and total expenditures are shown for the demonstration including fiscal years 2019-2023.

	Without Waiver				
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Pregnant Women</b>					
Member Months	245,852	248,311	250,794	253,302	255,835
PMPM	\$667.47	\$704.19	\$742.92	\$783.78	\$826.88
Cost	\$164,100,000	\$174,856,755	\$186,318,615	\$198,531,801	\$211,545,560
<b>CHIP</b>					
Member Months	1,318,800	1,331,988	1,345,308	1,358,761	1,372,349
PMPM	\$187.52	\$197.83	\$208.71	\$220.19	\$232.30
Cost	\$247,300,000	\$263,510,515	\$280,783,629	\$299,188,996	\$318,800,835
<b>TMA</b>					
Member Months	87,005	87,875	88,754	89,641	90,538
PMPM	\$357.64	\$377.31	\$398.06	\$419.95	\$443.05
Cost	\$31,116,187	\$33,155,853	\$35,329,219	\$37,645,050	\$40,112,683
<b>PCR</b>					
Member Months	2,272,702	2,295,429	2,318,383	2,341,567	2,364,983
PMPM	\$369.00	\$389.30	\$410.71	\$433.30	\$457.13
Cost	\$838,636,720	\$893,609,357	\$952,185,450	\$1,014,601,207	\$1,081,108,316
<b>SUD Treatment</b>					
Member Months	156,000	156,000	156,000	156,000	156,000
PMPM	\$695.90	\$734.17	\$774.55	\$817.15	\$862.09
Cost	\$108,560,000	\$114,530,800	\$120,829,994	\$127,475,644	\$134,486,804
<b>Total WOW MMs</b>	<b>4,080,359</b>	<b>4,119,603</b>	<b>4,159,239</b>	<b>4,199,271</b>	<b>4,239,704</b>
<b>Total WOW Cost</b>	<b>\$1,389,712,907</b>	<b>\$1,479,663,280</b>	<b>\$1,575,446,908</b>	<b>\$1,677,442,697</b>	<b>\$1,786,054,197</b>

With Waiver					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Pregnant Women</b>					
Member Months	245,852	248,311	250,794	253,302	255,835
PMPM	\$667.47	\$704.19	\$742.92	\$783.78	\$826.88
Cost	\$164,100,000	\$174,856,755	\$186,318,615	\$198,531,801	\$211,545,560
<b>CHIP</b>					
Member Months	1,318,800	1,331,988	1,345,308	1,358,761	1,372,349
PMPM	\$187.52	\$197.83	\$208.71	\$220.19	\$232.30
Cost	\$247,300,000	\$263,510,515	\$280,783,629	\$299,188,996	\$318,800,835
<b>TMA</b>					
Member Months	52,203	52,725	53,252	53,785	54,323
PMPM	\$562.09	\$593.01	\$625.62	\$660.03	\$696.33
Cost	\$29,342,863	\$31,266,287	\$33,315,793	\$35,499,643	\$37,826,644
<b>PCR</b>					
Member Months	2,272,702	2,295,429	2,318,383	2,341,567	2,364,983
PMPM	\$369.00	\$389.30	\$410.71	\$433.30	\$457.13
Cost	\$838,636,720	\$893,609,357	\$952,185,450	\$1,014,601,207	\$1,081,108,316
<b>SUD Treatment</b>					
Member Months	156,000	156,000	156,000	156,000	156,000
PMPM	\$695.90	\$734.17	\$774.55	\$817.15	\$862.09
Cost	\$108,560,000	\$114,530,800	\$120,829,994	\$127,475,644	\$134,486,804
<b>Total WW MMs</b>	<b>4,045,557</b>	<b>4,084,453</b>	<b>4,123,737</b>	<b>4,163,414</b>	<b>4,203,489</b>
<b>Total WW Cost</b>	<b>\$1,387,939,583</b>	<b>\$1,477,773,714</b>	<b>\$1,573,433,481</b>	<b>\$1,675,297,290</b>	<b>\$1,783,768,159</b>

## SECTION 14: LIST OF PROPOSED WAIVERS AND EXPENDITURE AUTHORITIES

Waiver of 1902(a)(8) and (a)(10) to the extent necessary to implement the community engagement initiative.

Waiver of Section 1902(a)(52) and 1902(e) to the extent necessary to limit transitional medical assistance described in Section 1925 to premium assistance to individuals without access to employer-sponsored insurance who comply with community-engagement initiatives.

Waiver of 1902(a)(10), to the extent necessary, to allow SCDHHS to suspend Medicaid eligibility for individuals who fail to comply with provisions related to community engagement requirements.

Expenditure authority to provide medical assistance to:

- a) Parents and caretaker relatives between 67% and 95% of the FPL with a 5% income disregard.
- b) Postpartum women up to 194% FPL with a 5% income disregard, for the period from the 61st day to the 365th day postpartum.
- c) Postpartum women from the 194% with a 5% income disregard to 241% of the FPL with a 5% income disregard, for the period from the 1st day to the 365th day postpartum.
- d) Non-CHIP children between 213% and 241% FPL with a 5% income disregard.

Expenditure authority to provide 12 months of medical assistance to individuals without dependent children who:

- a) Have income of less than 0% FPL with a 5% income disregard and are chronically homeless;
- b) Are justice-involved and need mental health or substance use disorder treatment;
- c) Are uninsured, have an income of less than 95% FPL with a 5% income disregard, and need substance use treatment.

## SECTION 15: PUBLIC NOTICE AND COMMENTS

### Public Notice and Hearings

SCDHHS introduced the community engagement initiative at the May 15, 2018, Medical Care Advisory Committee Meeting (MCAC), and provided a more detailed description during the Oct. 27, 2018, MCAC meeting. SCDHHS conducted public hearings and published public notices in accordance with the requirements in 42 CFR 431.408. The following describes the actions taken by SCDHHS thus far to ensure the public was informed and had the opportunity to provide input on the proposed waiver.

SCDHHS created a public webpage that includes the public notice, the public input process, scheduled public hearings, the draft application, and a link to the Medicaid webpage on Section 1115 demonstrations. The webpage, which will be updated as the application process moves forward, can be found at <https://msp.scdhhs.gov/cew>.

SCDHHS published a full public notice seeking input on the draft waiver application in major newspapers around the state in early December 2018. SCDHHS provided a public comment period that began Dec. 3, 2018, and ended Jan. 22, 2019, which extended beyond the required 30-day time period. SCDHHS provided an additional extension for public comments that ended Feb. 4, 2019.

The webpage and public notice explained that public comments were welcome and would be accepted through Jan. 22, 2019. On Jan. 23, 2019, SCDHHS published another public notice extending the public comment period to Feb. 4, 2019. The public notice informed the public that written comments on the changes could be sent online, email or regular mail.

SCDHHS conducted six initial public hearings in geographically distinct areas of the state.

The first public hearing on this proposed demonstration request was held Monday, Dec. 10, 2018, from 11 a.m.-noon in [Columbia, SC](#).

The second public hearing on this proposed demonstration request was held Tuesday, Dec. 11, 2018, from 11 a.m.-noon in [Charleston, SC](#).

The third public hearing on this proposed demonstration request was held Thursday, Dec. 13, 2018, from 11 a.m.-noon in [Greenville, SC](#).

The fourth public hearing on this proposed demonstration request was held Tuesday, Jan. 15, 2019, from noon-1 p.m. in Charleston, SC.

The fifth public hearing on this proposed demonstration request was held Wednesday, Jan. 16, 2019, from 6-7 p.m. in Greenville, SC.

The sixth public hearing on this proposed demonstration request was held Saturday, Jan. 19, from noon-1 p.m. in Columbia, SC.

SCDHHS also conducted a webinar Dec. 12, 2018, at 3 p.m. to ensure all South Carolinians had an opportunity to provide input on this waiver.

Based on 290 comments received through Feb. 4, 2019, SCDHHS made a series of modifications to the waiver application. To ensure an opportunity for robust and thorough public review and comment, SCDHHS issued an updated draft application March 4, 2019. SCDHHS informed the public of an opportunity to review the updated draft by issuing an updated abbreviated public notice and allowing for additional public comments through April 3, 2019. Additionally, SCDHHS scheduled an additional series of public hearings throughout the state.

South Carolina has one federally recognized tribe, the Catawba. An initial conference call with representatives from the tribe was held Oct. 31, 2018, and a follow-up letter was sent to the Tribal chair of the Catawba and chief Nov. 11, 2018, giving the Tribal government notice pursuant to the Social Security Act and Federal Regulations. SCDHHS issued a second letter to the Tribal chair and chief March 4, 2019, related to the modifications of the draft application.

SCDHHS received 290 comments during the public comment period process. Of these, 280 comments were in opposition of the waiver and 10 comments were in support of the waiver implementation.

After careful review and consideration of the public comments, SCDHHS amended the waiver to include the following key changes:

- Inclusion of request to increase the income threshold for individuals with PCR from 67% of FPL to 100% of FPL.
- Inclusion of request to extend coverage for pregnant women up to 246% of FPL from 60 days postpartum to one year postpartum.
- Inclusion of request to provide financial assistance to purchase a health plan on the federal marketplace administered in South Carolina to individuals who lose Medicaid coverage due to employment and are not eligible for employer sponsored insurance.
- Inclusion of request to extend the upper limit of eligibility for the Children's Health Insurance Program (CHIP) from 213% of FPL to 246% of FPL.
- Inclusion of request to extend Medicaid eligibility for a period not to exceed 12 months to individuals without dependent children who:
  - Have an income of less than 0% FPL and are chronically homeless, subject to a standard 5% income disregard;
  - Are justice involved and need mental health or substance use treatment; or

- Are uninsured and need substance use treatment.

In addition, SCDHHS included a specific and distinct section within the waiver detailing the Department's plan to leverage HITECH grants to develop and integrate social service delivery systems.

Upon completion of the amendments, SCDHHS published the amended waiver and held another public comment period consistent with requirements in 42 CFR 431.408. The public notice comment period ran from March 4, 2019, through April 3, 2019.

During the third public comment period, SCDHHS conducted six public hearings in geographically distinct areas of the state. In addition, SCDHHS conducted hearings Saturday and in the evening hours to ensure the public had ample opportunity for input.

A public hearing on this updated proposed demonstration request was held Friday, March 15, 2019, from 3-4 p.m. in [North Charleston, SC](#).

A public hearing on this updated proposed demonstration request was held Saturday, March 16, 2019, from 3-4 p.m. in [Greenville, SC](#).

A public hearing on this updated proposed demonstration request was held Monday, March 18, 2019, from 1-2 p.m. in [Columbia, SC](#).

A public hearing on this updated proposed demonstration request was held Monday, March 25, 2019, from 6-7 p.m. in [Greenville, SC](#).

A public hearing on this updated proposed demonstration request was held Tuesday, March 26, 2019, from 5-6 p.m. in [Columbia, SC](#).

A public hearing on this updated proposed demonstration request was held Friday, March 29, 2019, from 4:30-5:30 p.m. in [Charleston, SC](#).

SCDHHS also held a webinar Thursday, March 21, 2019, at 1 p.m. to ensure all South Carolinians had an opportunity to provide input on this waiver.

SCDHHS received 60 comments on the updated waiver application during the March 4-April 3, 2019, public comment period.

### Public Comments Summary

SCDHHS received 290 comments during the initial public comment period and public hearing process, from Dec. 3, 2018, through Feb. 4, 2019. Of these, 280 comments were in opposition of the waiver and 10 comments were in support of the waiver implementation. Table 1 lists the count and sources of comments.

**Table 1. Comment Count and Source**

Comment Source	Number of Comments
Email	14
Letter	20
Mailed	4
On-line Form	214
Telephone	1
Charleston Public Hearing	12
Greenville Public Hearing	13
Written—Greenville Public Hearing	7
Columbia Public Hearing	5
Total	290

The table below summarizes the themes identified through the public comment process. Note that comments were not mutually exclusive for themes. Therefore, one comment may count for multiple themes leading to greater than 290 comments total.

**Table 2. Comment Count and Themes**

Number of Comments	Theme	Notes
29	Access/Barriers to Care	Comments noted a decrease in access to care due to barriers or interruption in care. This includes mental health and preventative care.
38	Administrative Barriers to Care	Comments noted the increased administrative barrier members will undergo to receive care. Barriers include documentation, employment and wages.
64	Administrative Burden and Costs	Comments mentioned the increased cost and burden on the state to implement the waiver.
1	Affordable Housing	One comment noted lack of affordable housing making coverage unaffordable, even with a job.
7	African American Families	Comments noted the negative impact on African-American families.
24	Barriers to Work	Comments noted barriers to work or finding jobs. One comment suggested funding additional studies on this issue.
25	Caretakers/Parents	Comments noted the effect on caretakers and parents, particularly low income. Caretakers include those for elderly persons. One comment specified parent of a child with a disability. Multiple comments noted caring for child over age 6.
59	Cost of Child Care	Comments mentioned child care and costs as a barrier to work.

Number of Comments	Theme	Notes
48	Effect on Children	Comments mentioned the effect on children and increase of uninsured children.
5	Communication	Comments noted the need for SCDHHS to notify and communicate with affected individuals.
1	Correction	One comment was a correction to a previously submitted letter.
3	Domestic Violence	Comments noted the effect on domestic violence victims.
3	Education	Comments noted the need to increase educational resources.
3	Elderly	Comments noted the effect on elderly populations.
1	English Literacy	The comment questioned the process for those without English literacy.
2	Families	Comments noted the effect on families.
8	Health Outcomes	Comments noted the effect on health outcomes—particularly poorer health.
2	Homeless	Comments noted the effect on the homeless population if the waiver were to be implemented.
3	Income Levels	Comments noted the low-income threshold currently and asked for clarification if they would be increased.
32	Job Capacity/Opportunities/Training	Comments noted the lack of job opportunities and training available for low wage work.
75	Job Issues	Comments noted issues with work available including enough hours to meet requirements, scheduling, fluctuation, seasonal workers and unverifiable sources of income.
3	Loss of Other Benefits	Comments noted the potential loss of other benefits by working.
7	Low Income Individuals/Families	Comments noted the waiver's impact on low income populations.
22	Medicaid Importance/Expansion	Comments noted the importance of Medicaid and suggested expansion.
4	Minorities	Comments noted the waiver's effect on minority populations.
15	Mothers	Comments noted the effect on mothers and young mothers.
10	Morality	Comments questioned the morality of the waiver.
14	Oppose	Comments simply opposed the waiver.

Number of Comments	Theme	Notes
43	Other State Examples	Comments noted other states as examples on impacts and current lawsuits.
43	Population Groups	Comments noted the effect on different populations including individuals with cancer, cardiovascular diseases, cystic fibrosis, chronic diseases, diabetes, disabilities, medically complex diseases, mental illnesses, multiple sclerosis and rare diseases. One comment noted the effect on those in foster care. One comment noted how exclusion of disabled perpetuates rhetoric that the disabled cannot work. It asks to find alternative incentives for disabled populations to work.
28	Wrong Population Target	Comments noted the waiver as the wrong approach to fighting poverty and that most recipients work.
3	Providers	Comments noted the effect on providers including loss of revenue.
4	Public Health	Comments noted the impact on public health.
50	Rural Communities	Comments noted the effect on rural communities including potential hospital closures and physician shortages.
28	Shift of Burden and Costs	Comments noted the shift of burden and costs to other parts of the health care system including hospitals.
6	Single Parents/Mothers	Comments noted the effect on single mother and single parents.
1	Social Darwinism	One comment suggested the waiver was committing social Darwinism.
8	Supports Waiver	Comments supported the waiver.
3	TANF	Comments asked how TANF populations would be dealt with and cited loss of benefits due to similar policies.
8	Unemployment	Comments suggested lack of coverage would lead to increased unemployment.
9	Uninsured	Comments noted the increase in the uninsured population.
19	Waiver—Compliance	Comments noted the waiver did not comply with Medicaid objectives, CMS guidelines and South Carolina statute.

Number of Comments	Theme	Notes
52	Waiver—Details	Comments noted lack of details in the waiver including exemption criteria, metrics and validation frequency. Comments also questioned studies cited by CMS and SCDHHS.
9	Waiver—Process	Comments questioned the process including the public comment process and implementation.
17	Waiver—Suggestions	Comments suggested looking at prison reform and drug testing instead of work requirements. Suggestions for the waiver included services to connect to transportation, education, employment opportunities and alternative coverage options.
3	Wi-Fi	Comments noted the lack of Wi-Fi as a barrier to applying for jobs, particularly in rural areas.
22	Women	Comments noted the waiver's effect on women.

State Response to Themes:

**Access to Care**

SCDHHS believes that overall access to care will improve due to elements of the waiver that seek to Modernize CHIP and Medicaid Eligibility for Children. Specifically, SCDHHS proposes under the waiver to extend the upper limit of eligibility for CHIP from the 213% to 246% FPL; cover unborn children with mothers who have incomes from 199% FPL to 246% FPL and extend coverage for the mother from 60 days to 12 months postpartum- **Section 5 Modernizing CHIP and Medicaid Eligibility for Children**; SCDHHS intends to provide assistance to high-risk individuals who are justice involved to mitigate the likelihood of overdose, negative health outcomes, and recidivism within 12 month of release from an SCDC facility; For individuals diagnosed with SUD, Medicaid or CHIP eligibility will be extended to those who are chronically homeless and have an income of 5% FPL; are justice involved and need mental health or substance use treatment; or are uninsured, have an income of less than 100% FPL and need substance use treatment. - **Section 6 Combating The Opioid Crisis**

**Administrative Barriers to Care**

SCDHHS intends to mitigate administrative barriers to members complying with community engagement activities through the use of data-sharing agreements with state partners and eligibility application redesign. - **Section 12 Demonstration Implementation**

**Administrative Burden and Cost**

The state intends to build on existing infrastructure within the SNAP program to operationalize the community engagement initiative and will explore existing technology solutions to track engagement. As described in the waiver application, the Department's existing strategic approach to furthering a Citizen 360 view of participants in public programs provides for a logical extension to community engagement designed to reduce administrative and programmatic duplication of

common efforts across many public programs. SCDHHS believes that integrating community engagement implementation into current technology initiatives will materially mitigate the overall administrative cost of the community engagement initiative. In addition, SCDHHS believes that utilizing current technology initiatives will reduce the need for individuals enrolled in Medicaid to provide documentation to support compliance with community engagement activities.

### **Affordable Housing**

For the purposes of SUD treatment, SCDHHS will extend Medicaid eligibility to individuals who are chronically homeless for a period not to exceed 12 months. This waiver does not seek authorization for direct expenditures on housing.

### **African American Families**

In accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000 et seq.) and regulations pursuant thereto (45 CFR Part 80), SCDHHS does not exclude from participation in, deny the benefits of, or otherwise subject to discrimination any person on the ground of race, color, or national origin.

### **Barriers to Work**

SCDHHS recognizes work opportunities for low-income individuals are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter, even if they have not met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8%. - **Section 3 Community Engagement**

### **Caretakers/Parents**

SCDHHS intends to exempt individuals who are the primary caregiver of a child or someone who is disabled from requirements for community engagement.

### **Cost of Child Care**

Individuals who are the primary caregiver of a child are exempt from community engagement activities.

### **Effect on Children**

SCDHHS is sensitive to the health care needs of children and, based on comments received, will modernize CHIP and Medicaid eligibility for children. SCDHHS is requesting such waivers to Medicaid and CHIP as necessary to extend the upper limit of eligibility for the CHIP program from the current 213% FPL to 246% FPL.

### **Communication**

Commenters noted the need for SCDHHS to communicate with affected individuals. Upon CMS approval of the waiver, SCDHHS will begin a communication plan to educate affected individuals regarding the policies and procedures related to community engagement activities.

### **Domestic Violence**

In following CMS guidelines, the waiver aligns the proposed community engagement activities, including exemptions, with those currently existing in other programs.

### **Education**

SCDHHS recognizes work opportunities for low-income individuals are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter, even if they have not met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8%. - **Section 3 Community Engagement**

### **Elderly**

Individuals over the age of 65 are not subject to community engagement activities as outlined in this waiver.

### **English Literacy**

In accordance with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000 et seq.) and regulations pursuant thereto (45 CFR Part 80 and Part 92), SCDHHS ensures that persons with limited English skills receive the language assistance necessary to afford them meaningful and equal access to the benefits and services provided under the Medicaid program.

### **Families**

This waiver application was updated to contain provisions that are designed to help families rise out of poverty and attain independence. As outlined in **Removing Employment Disincentives**, SCDHHS outlines the methodology to be used to increase income thresholds for certain individuals, support new mothers, and to provide financial assistance necessary to purchase a qualifying health plan on the federal marketplace administered in South Carolina.

### **Health Outcomes**

SCDHHS will work to preserve access to Medicaid for those who qualify, while encouraging community engagement activities for the nonexempt population. The overarching goal of the components outlined in the waiver application are to improve health outcomes for individuals by assisting them through community engagement activities designed to increase their overall well-being.

### **Homeless**

For the purposes of SUD treatment, SCDHHS will extend Medicaid eligibility to individuals who are chronically homeless for a period not to exceed 12 months.

### **Income Levels**

SCDHHS recognizes work opportunities for low-income individuals are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter,

even if they have not met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8%. - **Section 3 Community Engagement**

### **Job Capacity/Opportunities/Training**

SCDHHS recognizes work opportunities for low-income individuals are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter, even if they have not met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8%. - **Section 3 Community Engagement**

### **Job Issues**

SCDHHS recognizes work opportunities for low-income individuals are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter, even if they have not met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8%. - **Section 3 Community Engagement**

### **Loss of Other Benefits**

In following CMS guidelines, the waiver aligns the proposed community engagement activities, including exemptions, with those currently existing in other programs.

### **Low Income Individuals/Families**

This waiver application was updated to contain provisions that are designed to help families rise out of poverty and attain independence. As outlined in **Removing Employment Disincentives**, SCDHHS outlines the methodology to be used to increase income thresholds for certain individuals, support new mothers, and to provide financial assistance necessary to purchase a qualifying health plan on the federal marketplace administered in South Carolina.

### **Medicaid Importance/Expansion**

SCDHHS understands the importance of the Medicaid program to South Carolina and is submitting this waiver application to modernize the program and implement provisions that will assist in keeping the program viable for future generations.

### **Minorities**

In following CMS guidelines, the waiver aligns the proposed community engagement activities, including exemptions, with those currently existing in other programs.

### **Mothers**

This waiver application was updated to contain provisions that are designed to help families rise out of poverty and attain independence. As outlined in **Removing Employment Disincentives**, SCDHHS outlines the methodology to be used to increase income thresholds for certain

individuals, support new mothers and to provide financial assistance necessary to purchase a qualifying health plan on the federal marketplace administered in South Carolina.

### **Morality**

In following CMS guidelines, the waiver aligns the proposed community engagement activities, including exemptions, with those currently existing in other programs.

### **Other State Examples**

Some comments questioned the legality of the waiver based on other state waiver activities. Because the Centers for Medicare and Medicaid Services (CMS) has issued support for Medicaid work and community engagement requirements and because CMS has broad discretion to approve section 1115 demonstration waivers, SCDHHS does not believe the community engagement requirement as designed in this waiver application is contrary to current federal law. Because the waiver application is designed to promote better mental and physical while helping individuals and families rise out of poverty and attain independence, the SCDHHS believes the components outlined in this waiver application are in alignment with federal Medicaid program objectives.

### **Population Groups**

**Section 3: Community Engagement**, outlines those not included in the demonstration waiver. Not included are individuals receiving treatment for cancer, including those receiving treatment through Medicaid's Breast and Cervical Cancer Program, and those who are disabled. SCDHHS also intends to examine the need to subject members to work requirements on a case by case basis.

### **Wrong Population Target**

In following CMS guidelines, the waiver aligns the proposed community engagement activities, including exemptions, with those currently existing in other programs.

### **Providers**

SCDHHS plans to implement the waiver in a manner that is least burdensome to providers, and the waiver proposes no change to provider enrollment requirements. SCDHHS will leverage existing resources to preserve Medicaid eligibility for those who qualify.

### **Public Health**

SCDHHS will leverage existing resources to preserve Medicaid eligibility for those who qualify, while encouraging community engagement activities for the nonexempt population. The overarching goal of the components outlined in the waiver application are to improve health outcomes for individuals by assisting them through community engagement activities designed to increase their overall well-being.

### **Rural Communities**

Compliance with community engagement activities as outlined in the waiver proposal has the potential to create a more viable workforce within South Carolina and thus diversify payer mix for medical providers throughout the state.

### **Shift of Burden and Cost**

SCDHHS has considered how community engagement activities may result in changes to the health care landscape. SCDHHS does not expect the shift in enrollment to be substantial enough to make a dramatic impact on other programs or the privately insured.

### **Single Parents/Mothers**

This waiver application was updated to contain provisions that are designed to help families rise out of poverty and attain independence. As outlined in **Removing Employment Disincentives**, SCDHHS outlines the methodology to be used to increase income thresholds for certain individuals, support new mothers and to provide financial assistance necessary to purchase a health plan on the federal marketplace administered in South Carolina.

### **TANF**

Individuals compliant with TANF requirements related to employment are in compliance with community engagement activities as outlined in this waiver application.

### **Unemployment**

SCDHHS recognizes work opportunities for low-income individuals are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter, even if they have not met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8%. - **Section 3 Community Engagement**

### **Uninsured**

SCDHHS will work to preserve access to Medicaid for those who qualify, while encouraging community engagement activities for the nonexempt population. The overarching goal of the components outlined in the waiver application are to improve health outcomes for individuals by assisting them through community engagement activities designed to increase their overall well-being.

### **Waiver Compliance**

Because the Centers for Medicare and Medicaid Services (CMS) has issued support for Medicaid work and community engagement requirements and because CMS has broad discretion to approve section 1115 demonstration waivers, SCDHHS does not believe the community engagement requirement as designed in this waiver application is contrary to current federal law. Because the waiver application is designed to promote better mental and physical while helping individuals and families rise out of poverty and attain independence, the SCDHHS believes the components outlined in this waiver application is in alignment with federal Medicaid program objectives.

### **Waiver Details**

SCDHHS has complied with guidance as outlined beginning with 42 CFR 431.400 regarding the waiver process. Waiver details will evolve through ongoing work with CMS.

### Waiver Process

SCDHHS has complied with guidance as outlined beginning with 42 CFR 431.400 regarding the waiver process. Waiver details will evolve through ongoing work with CMS.

### Waiver Suggestions

SCDHHS will work to preserve access to Medicaid for those who qualify, while encouraging community engagement activities for the nonexempt population. The overarching goal of the components outlined in the waiver application are to improve health outcomes for individuals by assisting them through community engagement activities designed to increase their overall well-being.

### Wi-Fi

Individuals will be able to demonstrate compliance with community engagement activities using the current process in place to report changes and provide information that may impact their Medicaid eligibility status. This includes in-person at a county office, fax, email and mail.

### Women

This waiver application was updated to contain provisions that are designed to help families rise out of poverty and attain independence. As outlined in **Removing Employment Disincentives**, SCDHHS outlines the methodology to be used to increase income thresholds for certain individuals, support new mothers and to provide financial assistance necessary to purchase a health plan on the federal marketplace administered in South Carolina.

In response to the comments described above, SCDHHS made a series of modifications to the waiver application. SCDHHS received 60 comments on the updated waiver, from March 4, 2019, through April 3, 2019. There were 46 comments in opposition of the waiver, six comments in support of the waiver, and eight responses providing comments with no stance cited. Table 1 lists the count and sources of comments.

**Table 3. Comment Count and Source**

Comment Source	Number of Comments
Email	3
Letter	15
On-Line Form	18
Charleston 3/29/19 Hearing	3
Columbia 3/26/19 Hearing	11
Columbia 3/18/19 Hearing	3
Greenville 3/25/19 Hearing	4
Greenville 3/16/15 Hearing	3

The table below summarizes the number and themes of comments. Note that comments were not mutually exclusive for themes. Therefore, one comment may count for multiple themes leading to greater than 60 comments total.

**Table 4. Comment Count and Themes**

Number of Comments	Theme	Notes
2	Ability to Meet Requirements	Comments questioned the ability of individuals to meet hour and work requirements.
17	Access to Care	Comments noted the likelihood of individuals losing access to care and benefits with one comment citing SNAP and TANF as an example.
23	Administration Burden	Comments noted increasing administrative burden, complexity, and costs to complement the waiver. One comment suggested doing a financial analysis before submission of the waiver.
1	Against	One comment was generally against the waiver.
3	Budget Neutrality	Comments questioned the budget neutrality of the waiver.
4	CMS Authority	Comments noted CMS does not have the authority to implement work requirements.
8	Communication	Comments questioned how members would be notified and challenges to ensure individuals are aware of changes and eligibility status.
1	Computer and Wi-Fi Access	One comment noted difficulty of low-income populations to access computers and Wi-Fi.
10	Costs to Work	Comments noted other costs to working such as transportation and child care.
8	Details	Comments questioned details of the waiver. One was concerned about the definition of “justice involved” used in the waiver. Others were concerned with details around plan subsidies, particularly plan subsidies and potential out of pocket costs for it.
1	Different Needs Among Adults	The comment noted the waiver does not address how it will handle various needs of adult populations.
2	Enrollment	Comments suggested a decrease in enrollment if the waiver is implemented.
8	Exemptions	Comments questioned exemption criteria, severity thresholds to determine exemption, and suggested exemptions for mental health.

Number of Comments	Theme	Notes
6	Expand Medicaid	Comments supported expanding Medicaid. Specifically, comments suggested expanding to <u>138%</u> FPL. Others also noted that expanding Medicaid leads to greater employment.
3	Impact	Comments suggested the waiver impacts will not increase employment, health incomes or quality of life.
2	Impact on Children	Comments suggested waiver implementation would negatively impact children.
2	Jobs	Comments questioned job availability. One comment noted that while the waiver is paused for a statewide unemployment rate threshold, some counties have high unemployment and whether they would be exempt.
2	Morality	Comments questioned the morality of the waiver.
3	Other States	Comments cited examples of impact in other states who have implemented similar requirements.
1	Parents	One comment noted the effect on low income parents.
4	Physician and Health System Challenges	Comments noted negative effects on managed care assignments, physician documentation burden, and potential concerns related to network adequacy.
23	Populations	Comments noted effects on specific populations such as those with disabilities, experiencing homelessness, are caretakers of sick or disabled individuals, have Cystic Fibrosis, have cancer, are chronically homeless, have chronic diseases, have cardiovascular diseases, have rare diseases, are living with HIV, are medically complex and their caretakers, are newly released from prison, have serious, acute or chronic diseases, and are mentally ill. Comments also sited that most of the Medicaid population who can work, do.
3	Punitive	Comments noted the punitive aspect of the waiver.
2	Preventative Care and Public Health	Comments noted the effect on preventative care and public health.

Number of Comments	Theme	Notes
3	Rural Communities	Comments noted the difficulty of rural communities to meet these requirements such as internet access.
4	Social Determinants of Health	Comments noted the importance of social determinants and holistic needs of patients such as affordable housing.
17	Suggestions	Comments provided suggestions such as a phase in period, staged implementation, health risk assessments to meet community engagement requirements, quarterly instead of monthly monitoring, use of state plan amendment instead of 1115 waiver, and reviewing Medicaid contracts to save money instead of the waiver. Other comments suggested defining homelessness as a six-month documented history in the HMIS system, increasing the enrollment cap for those experiencing homelessness to 5,000, using HMIS as a verification source, and including ACT service.
11	Support	Comments supported the waiver, or aspects of the waiver. Two comments supported the waiver in its entirety while the other nine supported the new provisions such as expansion to <u>100%</u> FPL and extended post-partum coverage.
3	Transparency	Comments questioned the transparency of the process and waiver.
25	Waiver	Comments were on aspects of the waiver such as the approval process, literature cited in the waiver, whether a Q&A session would be given, evaluation strategies, the legality with Medicaid objectives, verification strategy <u>and</u> clarification for three-month suspension and SUD eligibility periods.
3	Women	Comments noted the effect on women such as pregnant women and single mothers.

State Response to Themes:

Most of the comments received mirrored the comments received in the initial public comment period and the state responses for comments received in the final public comment period are consistent with previous responses. One comment was unique in that the commenter stated that individuals of the same age have different needs and did not believe the waiver addressed how the waiver will treat individuals with different needs. As outlined in the waiver, exclusions from community engagement requirements will be determined on a case-specific basis.

## **SECTION 16: DEMONSTRATION ADMINISTRATION**

As Director of SCDHHS and State Medicaid Director, Joshua D. Baker is the executive sponsor of this waiver application. Bryan Amick, Deputy Director for Health Programs, is charged with the execution of the waiver application and the implementation of the resulting benefit changes.

SCDHHS' point of contact for this demonstration waiver application is as follows:

Name and Title: Kevin Bonds, Program Manager

Telephone Number: 803-898-2823

Email Address: Kevin.Bonds@scdhhs.gov

March 4, 2019

## PUBLIC NOTICE

**SUBJECT: Community Engagement Section 1115 Demonstration Waiver Application**

Public notice is hereby given that South Carolina Department of Health and Human Services (SCDHHS) intends to apply for a new section 1115 demonstration waiver to the Centers for Medicare & Medicaid Services (CMS) to promote South Carolina Healthy Connections Medicaid beneficiaries' health and well-being through incentivizing community engagement. The public can review the full public notice and official waiver application online at <https://msp.scdhhs.gov/cew> and provide comments until April 3, 2019.

This third public notice incorporates initial feedback received in the first two rounds of the public comment period. This notice also serves to open the 30-day public comment period, which closes April 3, 2019, at 5 p.m. In addition, all public comments will be communicated to the U.S. Department of Health and Human Services (HHS) as part of the final waiver application.

South Carolina's 1115 demonstration waiver seeks to implement community engagement standards to improve the health of its citizens through five key changes to the state's Medicaid program:

- First, SCDHHS seeks to identify individuals eligible for community engagement activities and assist them with accessing necessary employment and community engagement support programs.
- Second, SCDHHS seeks a state-specific solution to mitigate financial disincentives for employment created by the Affordable Care Act's all-or-nothing Medicaid expansion.
- Third, SCDHHS will modernize eligibility thresholds for children participating in the Title XIX Medicaid and Title XXI Children's Health Insurance Program (CHIP), including creating a pathway to treatment and employment for the justice-involved population.
- Fourth, SCDHHS seeks to combat the ongoing opioid crisis by providing medically necessary addiction treatment services to the state's lowest-income individuals.
- Fifth and finally, SCDHHS seeks to improve customer service and reduce artificial administrative barriers to benefit coordination among social service agencies by updating legacy information systems and improving data sharing between Medicaid and other programs such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Unemployment Insurance (UI) and other programs.

### Communication

A copy of the full public notice and demonstration application is available at the following locations:

1. Website: [www.scdhhs.gov](http://www.scdhhs.gov) (under the “Public Notice,” “Waiver” and “Community Engagement Waiver” sections)
2. Hardcopies:
  - a. SCDHHS Main Office, 1801 Main Street, Columbia, SC
  - b. All Healthy Connections County Offices
3. Email: A copy may also be requested by at [CEWaiver@scdhhs.gov](mailto:CEWaiver@scdhhs.gov).

Information on the proposed community engagement demonstration waiver will be discussed at six additional public hearings:

1. Friday, March 15, 3-4 p.m.  
Charleston Public Library  
6325 Dorchester Rd.  
North Charleston, SC 29418
2. Saturday, March 16, 3-4 p.m.  
Greenville County Public Library, Hughes Main Library  
25 Heritage Green Place  
Greenville, SC 29601
3. Monday, March 18, 1-2 p.m.  
Richland Library Main  
1431 Assembly Street  
Columbia, SC 29201
4. Monday, March 25, 6-7 p.m.  
Greenville County Public Library, Hughes Main Library  
25 Heritage Green Place  
Greenville, SC 29601
5. Tuesday, March 26, 5-6 p.m.  
Richland Library Main  
1431 Assembly Street  
Columbia, SC 29201
6. Friday, March 29, 4:30-5:30 p.m.  
Charleston Public Library, Main Branch  
68 Calhoun Street  
Charleston, SC 29401

## Public Notice/Community Engagement Waiver

A webinar will also be scheduled during the public comment period. Please visit <https://msp.scdhhs.gov/cew> for details and information.

### **Public Comments and Responses**

SCDHHS wants to hear from the public about the revised proposed section 1115 demonstration waiver to improve the health of Medicaid beneficiaries through community engagement. Public comments must be received by 5 p.m. April 3, 2019:

1. Website: <https://msp.scdhhs.gov/cew>
2. Email: [CEWaiver@scdhhs.gov](mailto:CEWaiver@scdhhs.gov)
3. Mail: South Carolina Department of Health and Human Services  
Attn: Community Engagement Waiver  
P.O. Box 8206, Columbia, SC 29202

Jan. 22, 2019

# PUBLIC NOTICE

**SUBJECT: SCDHHS Extends Public Comment Period for Community Engagement Section 1115 Demonstration Waiver Application**

The South Carolina Department of Health and Human Services (SCDHHS) extends the public comment period for its Community Engagement Section 1115 Demonstration Waiver Application, which began Dec. 3, 2018, to a full 60 days. The public comment period will remain open until 5 p.m. Feb. 4, 2019.

## I. Overview

In accordance with federal law, specifically 42 C.F.R. Section 431.408, the South Carolina Department of Health and Human Services (SCDHHS) must notify the public of its intent to submit to the Centers for Medicare & Medicaid Services (CMS) an application for a section 1115 demonstration waiver project. SCDHHS must provide an appropriate public comment period before submitting to CMS a new section 1115 demonstration waiver application.

Public notice is hereby given that SCDHHS intends to submit an application for a new section 1115 demonstration waiver to CMS. The public can review the official waiver application online at <https://msp.scdhhs.gov/cew/> and provide comments until Feb. 4, 2019.

In addition, all public comments will be communicated to CMS as part of the final waiver application.

## II. Background

Section 1115 of the Social Security Act provides the Secretary of the United States Department of Health and Human Services (HHS) broad authority to authorize research and demonstration projects, which are experimental or pilot, or demonstration projects likely to assist in promoting the objectives of the Medicaid statute. Flexibility under section 1115 is sufficiently broad to allow states to test substantially new ideas of policy merit. SCDHHS will submit a new section 1115 demonstration waiver application to CMS that will authorize SCDHHS to implement policies related to community engagement activities for beneficiaries who are enrolled in Medicaid in the Parent Caretaker Relative (PCR) and Transitional Medicaid Assistance (TMA) groups. Once approved, this waiver will allow SCDHHS to apply community engagement activities to qualified PCR and TMA Medicaid beneficiaries as a condition of maintaining an active eligibility status.

## III. Project Goals

The goal of demonstration waiver is to improve the health and well-being of qualified PCR and TMA Medicaid beneficiaries by promoting participation in community engagement activities to assist them with obtaining employment and transitioning to other health insurance.

#### **IV. Project Objectives**

- To connect individuals with resources designed to assist them with employment training and other community engagement activities.
- To assist individuals moving from Medicaid to other health insurance.
- To reduce the number of individuals dependent on Medicaid.

#### **V. Project Description**

SCDHHS seeks to implement community engagement activities for non-disabled adults currently covered under traditional Medicaid, including low-income parents and caretaker relatives eligible under Section 1931 and individuals eligible for TMA. Community engagement activities will not be applicable to the following:

- Children enrolled in Medicaid or the Children's Health Insurance Program (CHIP);
- Pregnant women;
- Disabled individuals, including individuals who have a medical condition that would prevent them from participation in this project;
- Individuals over the age of 65;
- Individuals who are the primary caregiver of a child under the age of six or someone who is disabled;
- Individuals receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI)
- Individuals participating in a Medicaid covered treatment program for alcohol or substance abuse addiction, including opioid addiction;
- Individuals receiving treatment through Medicaid's Breast and Cervical Cancer Program;
- Individuals compliant with or exempt from the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) requirements related to employment; and
- Individuals who are determined by SCDHHS to be exempt on a case specific basis.

Individuals can fulfill the workforce training activities in a variety of ways. The following list contains acceptable activities and may be amended as necessary depending on individual needs:

- Participation in an adult secondary education program through a public-school district or technical college. The Department is exploring the provision of support for activities not otherwise covered by other state- or federally-funded adult education programs, including the cost of GED testing.

- Full-time (as defined by the South Carolina Commission on Higher Education) participation in a degree- or certificate- seeking program in an accredited institution of higher education.
- Compliance with unemployment insurance (UI) work-search requirements (first 16 weeks of UI benefits).
- For dual Medicaid-SNAP/TANF beneficiaries, demonstrated compliance with SNAP community engagement standards.
- Full-time employment, or part-time employment for not less than 80 hours per month.

Individuals who qualify for community engagement activities and who fail to participate in one of the approved activities will have their Medicaid eligibility placed in a suspended status until the requirements are met.

#### **VI. Delivery System Impact**

The demonstration waiver will not change the current health care delivery system, benefit coverage or cost sharing for individuals participating in the waiver.

#### **VII. Hypothesis and Evaluation Parameters**

During the approved waiver period, SCDHHS will test the following hypotheses:

- Participation in community engagement opportunities will result in transitions to other health insurance.
- Participation in community engagement activities will result in an increase in the number of individuals entering the workforce.

A detailed evaluation design will be developed for review and approval by CMS. SCDHHS will use relevant data from the Medicaid program and its managed care organizations as well as information from other pertinent organizations and programs such as the Supplemental Nutrition Program (SNAP) and the Temporary Assistance for Needy Families (TANF). Data elements may include eligibility, enrollment, claims, payment, encounter/utilization, chart reviews and other administrative data. All evaluation reports will be made public and posted on the SCDHHS website.

#### **VIII. Enrollment and Cost Effectiveness Analysis**

Federal policy requires section 1115 waiver demonstrations be budget neutral to the federal government. This means that a demonstration should not cost the federal government more than what would have otherwise been spent absent the demonstration. Particulars, including methodologies, are subject to negotiation between SCDHHS and CMS.

To ensure budget neutrality for each fiscal year of this new section 1115 demonstration waiver, SCDHHS will continue to use a per-member per-month (PMPM) methodology specific to the PCR and TMA adult populations with income under 100 percent of the federal poverty level (FPL). The demonstration will measure the financial impact to the program independent of enrollment fluctuations.

In establishing the baseline PMPM, historic enrollment and expenditure experience related to PCR and TMA adults (both in managed care and fee-for-service) were evaluated. To predict future costs, adjustments to reflect enrollment trends based on community engagement activities were predicted based on information related to work requirements for SNAP and TANF.

Table 1: Historical Information

## Enrollment and Member Months Average Growth

	Count	Member Months	PMPM
2014	114,330	940,876	\$369.39
2015	154,982	1,418,989	\$346.57
2016	196,393	1,731,032	\$336.45
2017	207,186	1,954,288	\$319.50
2018	209,244	1,949,467	\$327.39

The following table illustrates the state's enrollment projections by total member months, updated to reflect the proposed modifications to the program. The table also demonstrates the state's budget projections based on enrollment fluctuations during the five-year period.

## Without Waiver

	DY1-2019	DY2-2020	DY3-2021	DY4-2022	DY5-2023
Estimated Number of Member Months	2,256,006	2,610,746	3,021,266	3,496,337	4,046,110
PMPM	\$317.17	\$307.27	\$297.68	\$288.38	\$279.38
<b>WOW Total Costs</b>	<b>\$715,538,946.08</b>	<b>\$802,201,773.90</b>	<b>\$899,360,809.89</b>	<b>\$1,008,287,307.10</b>	<b>\$1,130,406,487.02</b>

## With Waiver

	DY1-2019	DY2-2020	DY3-2021	DY4-2022	DY5-2023
Non-Primary Caregiver Member Months	1,001,528	1,167,572	1,361,014	1,586,355	1,848,834
Non-Primary Caregiver, Non-Elderly, Non-Working Member Months	280,428	326,920	381,084	444,179	517,673
Member Months Remaining Noncompliant with Community Engagement Requirements	19,630	22,884	26,676	31,093	36,237
WW Medicaid Member Months (Removed)	(19,630)	(22,884)	(26,676)	(31,093)	(36,237)
PMPM	\$317.17	\$307.27	\$297.68	\$288.38	\$279.38
Removed Medicaid Enrollment Cost (Savings)	(\$6,226,040.77)	(\$7,031,676.19)	(\$7,940,790.94)	(\$8,966,594.06)	(\$10,123,971.78)
(Savings)	(\$6,226,040.77)	(\$7,031,676.19)	(\$7,940,790.94)	(\$8,966,594.06)	(\$10,123,971.78)
<b>WW Total Costs</b>	<b>\$709,312,905.31</b>	<b>\$795,170,097.71</b>	<b>\$891,420,018.94</b>	<b>\$999,320,713.05</b>	<b>\$1,120,282,515.24</b>

During the five-year demonstration period, PMPM for South Carolina Medicaid is expected to decrease by \$37.79. In addition, the anticipated number of enrollees is expected to decrease by approximately

11,377 individuals over the course of the demonstration period. Member months will fluctuate based on individuals remaining in the program or exiting the program.

### **IX. Specific Waiver and Expenditure Authorities**

#### Title XIX Waiver Requests

1. Eligibility Section 1902(a)(10)(A)

To the extent necessary, to enable SCDHHS to make compliance with community engagement activities a condition of active eligibility status for the population identified in Section II of this notice.

### **X. Review of Documents and Submission of Comments**

#### Location of Demonstration Application for Public Comment and Review

Copies of the demonstration application may be requested in writing from:

South Carolina Department of Health and Human Services  
ATTN: Community Engagement Waiver  
Post office Box 8206  
Columbia, S.C. 29202-8206

A copy of the demonstration can be downloaded and printed from <https://msp.scdhhs.gov/cew/> or may be requested at [CEWaiver@scdhhs.gov](mailto:CEWaiver@scdhhs.gov).

Copies are also available at all Healthy Connections County Offices (see Attachment A) and the SCDHHS lobby, located at 1801 Main Street, Columbia, SC.

#### Public Hearings

Information on the proposed community engagement demonstration waiver was discussed at six public hearings across the state. Additionally, SCDHHS held a webinar on the community engagement demonstration waiver application.

#### Submitting Public Comments

SCDHHS wants to hear from the public about the proposed section 1115 demonstration waiver to improve the health of Medicaid beneficiaries through community engagement. Public comments must be received by 5 p.m. Feb. 4, 2019:

1. Website: <https://msp.scdhhs.gov/cew>
2. Email: [CEWaiver@scdhhs.gov](mailto:CEWaiver@scdhhs.gov)
3. Mail: South Carolina Department of Health and Human Services  
Attn: Community Engagement Waiver  
P.O. Box 8206  
Columbia, SC 29202

**Attachment A: Healthy Connections County Offices**

<b>SCDHHS COUNTY OFFICE</b>	<b>ADDRESS</b>
Abbeville	909 W. Greenwood Street, Suite 1, Abbeville, SC 29620
Aiken	1410 Park Ave, Aiken, SC 29801
Allendale	521 Barnwell Road, Allendale, SC 29810
Anderson	224 McGee Road, Anderson, SC 29625
Bamberg	374 Log Branch Road, Bamberg, SC 29003
Barnwell	10913 Ellenton Street, Barnwell, SC 29812
Beaufort	1905 Duke Street, Beaufort, SC 29901
Berkeley	2 Belt Drive, Moncks Corner, SC 29461
Calhoun	2831 Old Belleville Road, St. Matthews, SC 29135
Charleston	3366 Rivers Avenue, North Charleston, SC 29405
Cherokee	1231 N. Limestone Street, Suite C, Gaffney, SC 29340
Chester	115 Reedy Street, Chester, SC 29706
Chesterfield	203 Commerce Avenue, Chesterfield, SC 29709
Clarendon	236 Commerce St., Manning, SC 29102
Colleton	215 South Lemacks Street, Walterboro, SC 29488
Darlington	300 Russell Street, Room 145, Darlington, SC 29532 404 S. Fourth Street, Suite 301, Hartsville, SC
Dillon	1213 Highway 34 West, Dillon, SC 29536
Dorchester	216 Orangeburg Road, Summerville, SC 29483
Edgefield	120 W.A. Reel Drive, Edgefield, SC 29824
Fairfield	1136 Kincaid Bridge Road, Winnsboro, SC 29180
Florence	2685 South Irby Street, Box I, Florence, SC 29505 345 South Ron McNair Blvd., Lake City, SC 29560
Georgetown	330 Dozier Street, Georgetown, SC 29440
Greenville	301 University Ridge, Suite 6700, Greenville, SC 29601
Greenwood	1118 Phoenix Street, Greenwood, SC 29646
Hampton	102 Ginn Altman Avenue, Hampton, SC 29924
Horry	1201 Creel Street, Conway, SC 29526
Jasper	10908 North Jacob Smart Blvd., Ridgeland, SC 29936
Kershaw	110 East Dekalb Street, Camden, SC 29020
Lancaster	1599 Pageland Hwy, Lancaster, SC 29720
Laurens	93 Human Services Drive, Clinton, SC 29325
Lee	820 Brown Street, Bishopville, SC 29010
Lexington	605 West Main Street, Lexington, SC 29072
Marion	137 Airport Court, Suite J, Mullins, SC 29574
Marlboro	1 Ag Street, Bennettsville, SC 29512
McCormick	215 North Mine St/Hwy 28 North, McCormick, SC 29835

Public Notice/Community Engagement Waiver

Newberry	2107 Wilson Road, Newberry, SC 29108
Oconee	223 B Kenneth Street, Walhalla, SC 29691
Orangeburg	2570 St Matthews Road, Orangeburg, SC 29116
Pickens	212 McDaniel Avenue, Pickens, SC 29671
Richland	3220 Two Notch Road, Columbia, SC 29204
Saluda	613 Newberry Highway, Saluda, SC 29138
Spartanburg	1000 N. Pine Street, #23, Spartanburg, SC 29303
Sumter	105 N. Magnolia Street, 3rd Floor, Sumter SC
Union	200 South Mountain Street, Union, SC 29379
Williamsburg	121 Hampton Avenue, Kingstree, SC 29556
York	454 S. Anderson Road, Suite 11, Rock Hill, SC 29730

December 20, 2018

Catawba Indian Nation  
Attn: Chief Bill Harris  
996 Avenue of the Nation  
Rock Hill, SC 29730

Re: Community Engagement Waiver

Dear Chief Harris:

The South Carolina Department of Health and Human Services (SCDHHS) is soliciting additional comments regarding a Section 1115 Demonstration Waiver application to implement community engagement activities for certain South Carolina Medicaid members. SCDHHS provided initial notification of this anticipated action at the May 15, 2018, Medical Care Advisory Committee (MCAC) meeting, with additional information provided during the Catawba Service Unit Special Call on October 31, 2018, and at the MCAC meeting on November 27, 2018.

SCDHHS intends to submit a Section 1115 Demonstration waiver to the Center for Medicare and Medicaid Services (CMS) that will require Medicaid recipients in the Parent Caretaker Relatives (PCR) and Transitional Medical Assistance (TMA) groups to participate in community engagement activities. The following individuals will not be included in this requirement:

- Children enrolled in Medicaid or the Children's Health Insurance Program (CHIP);
- Pregnant women;
- Disabled individuals, including individuals who have a medical condition that would prevent them from participation in this project;
- Individuals over the age of 65;
- Individuals who are the primary caregiver of a child under the age of six or someone who is disabled;
- Individuals receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI)
- Individuals participating in a Medicaid covered treatment program for alcohol or substance abuse addiction, including opioid addiction;
- Individuals receiving treatment for cancer, including those receiving treatment through Medicaid's Breast and Cervical Cancer Program;
- Individuals compliant with or exempt from the Supplemental Nutrition Assistance Program (SNAP) and the Temporary Assistance for Needy Families (TANF) requirements related to employment; and
- Individuals who are determined by SCDHHS to be exempt on a case specific basis.



The primary intent of this demonstration waiver is to assist individuals with gaining employment or engaging in other community activities. For those individuals required to participate in a community engagement program, the state intends to align, where possible, with work-search, education, and training programs available through publicly funded programs. Examples of compliant activities include:

- Participation in an adult secondary education program through a public-school district or technical college. The department intends to support certain out-of-pocket costs for adult students not otherwise covered by other state- or federally-funded adult education programs, including the cost of GED testing.
- Full-time (as defined by the South Carolina Commission on Higher Education) participation in a degree- or certificate- seeking program in an accredited institution of higher education.
- Compliance with unemployment insurance (UI) work-search requirements (first 16 weeks of UI benefits)
- For dual Medicaid-SNAP/TANF beneficiaries, demonstrated compliance with SNAP community engagement standards.
- Full-time employment, or part-time employment for not less than 80 hours per month.
- Community or public service, including verifiable volunteerism with public entities or qualified corporations.

Based on preliminary conversations with CMS, SCDHHS believes that Tribal work programs or activities that are currently in place will satisfy the community engagement activities outlined in the waiver application.

SCDHHS welcomes any comments or questions on this matter. Additional information, including the draft waiver application, is available at <https://msp.scdhhs.gov/cew/>. Please direct any comments or questions to Shelia Chavis at [chaviss@scdhhs.gov](mailto:chaviss@scdhhs.gov) or (803) 898-2707 by January 22, 2019. If desired, SCDHHS will also provide an opportunity for an in-person meeting to foster additional collaboration on this topic. If an in-person meeting is required, please direct that request to Mrs. Chavis.

Sincerely,

  
  
Joshua D. Baker

December 20, 2018

Catawba Service Unit  
Attn: Ms. Dawn Canty  
2893 Sturgis Road  
Rock Hill, SC 29730

Re: Community Engagement Waiver

Dear Ms. Canty:

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Sincerely,



Joshua D. Baker

March 4, 2019

Catawba Indian Nation  
Attn: Chief Bill Harris  
996 Avenue of the Nation  
Rock Hill, SC 29730

Re: Community Engagement Waiver

Dear Chief Harris:

In response to comments received during previous public comment periods, the South Carolina Department of Health and Human Services (SCDHHS) has modified the Section 1115 Demonstration Waiver application to implement community engagement activities. To ensure adequate opportunity for stakeholder input, SCDHHS is engaging in a third public comment period.

South Carolina's 1115 demonstration waiver seeks to implement community engagement standards to improve the health of its citizens through five key changes to the state's Medicaid program:

- First, SCDHHS seeks to identify individuals eligible for community engagement activities and assist them with accessing necessary employment and community engagement support programs.
- Second, SCDHHS seeks a state-specific solution to mitigate financial disincentives for employment created by the Affordable Care Act's all-or-nothing Medicaid expansion.
- Third, SCDHHS will modernize eligibility thresholds for children participating in the Title XIX Medicaid and Title XXI Children's Health Insurance Program (CHIP).
- Fourth, SCDHHS seeks to combat the ongoing opioid crisis by providing medically necessary addiction treatment services to the state's lowest-income individual, including creating a pathway to treatment and employment for the justice-involved population.
- Fifth and finally, SCDHHS seeks to improve customer service and reduce artificial administrative barriers to benefit coordination among social service agencies by updating legacy information systems and improving data sharing between Medicaid and other programs such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Unemployment Insurance (UI) and other programs.



Regarding the community engagement requirements articulated in this application, SCDHHS recognizes the Catawba's tribal sovereignty and will categorically exempt all Medicaid beneficiaries who are members recognized by the Tribal Government.

SCDHHS welcomes any comments or questions on this matter. Additional information, including the draft waiver application, is available at <https://msp.scdhhs.gov/cew/>. Please direct any comments or questions to Shelia Chavis at [chaviss@scdhhs.gov](mailto:chaviss@scdhhs.gov) or (803) 898-2707 by April 3, 2019. If desired, SCDHHS will also provide an opportunity for an in-person meeting to foster additional collaboration on this topic. If an in-person meeting is required, please direct that request to Mrs. Chavis.

Sincerely,

A black rectangular redaction box covering the signature of Bryan O. Amick.

Bryan O. Amick  
Deputy Director for Health Programs

March 4, 2019

Catawba Service Unit  
Attn: Ms. Dawn Canty  
2893 Sturgis Road  
Rock Hill, SC 29730

Re: Community Engagement Waiver

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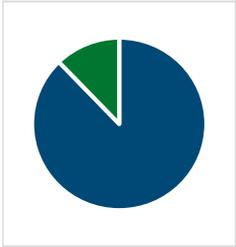
Sincerely,



Bryan O. Amick  
Deputy Director for Health Programs

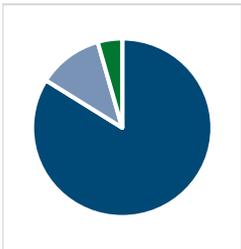
## Community Engagement Waiver: Coverage Impact<sup>1</sup>

### Step 1: Identify the Patient Caretaker Relative (PCR) and Temporary Medicaid Assistance (TMA) population.



Of the 1.2 million South Carolinians covered by Medicaid, approximately 188,000, or 16%, are in one of the eligibility groups that would be subject to community engagement requirements.<sup>2</sup>

### Step 2: Identify individuals who qualify for exemption based on Medicaid eligibility and claims data.

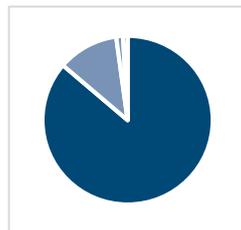


Of the 188,000 beneficiaries in the PCR and TMA categories, 168,000 will be excluded from further consideration based on information available through eligibility and claims data.

These exclusions include: children, members of federally recognized tribal organizations, pregnant women, disabled individuals, individuals over the age of 65, and caretakers of children and disabled individuals (as determined by family composition data).

The remaining 20,000 beneficiaries will be subject to further review for qualifying community engagement activity or an exemption not identified through eligibility and claims data.

### Step 3: Estimate the number of beneficiaries who will qualify or be exempt from community engagement requirements.<sup>3,4,5,6</sup>



Based on national trends in the Medicaid population, the South Carolina Department of Health and Human Services (SCDHHS) estimates that an additional 14,000 of this population already participates in a qualifying activity or would be exempt. The remaining 6,000 beneficiaries may experience coverage suspension.

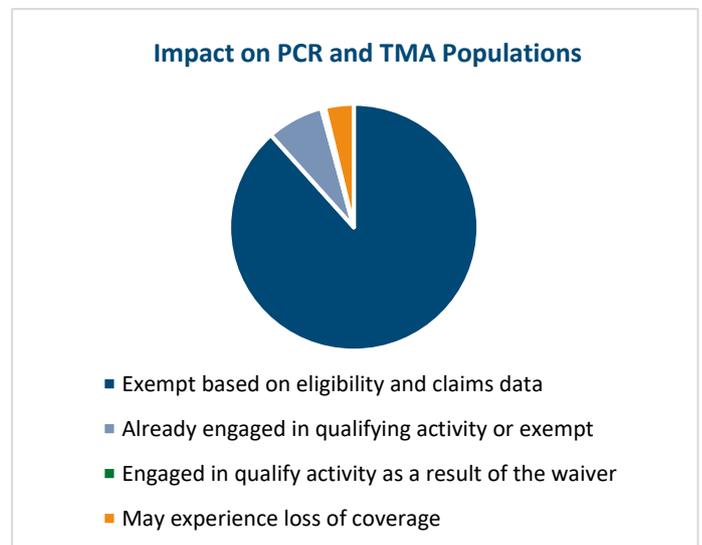
### Step 4: Account for individuals who will become engaged in their community as a result of the program.<sup>7,8,9</sup>

Of the estimated 6,000 beneficiaries who would be subject to suspension, SCDHHS estimates about 900 will engage in a qualifying activity. This reduces the impacted population to 5,100.

### Step 5: Acknowledge the potential for suspensions due to lack of documentation.<sup>10</sup>

While SCDHHS plans an aggressive strategy of data matching and automated verification, a small portion of the population will need to submit documentation of community engagement or exemption. SCDHHS anticipates this to represent no more than 10% of the 20,000 individuals who are not determined exempt based on eligibility and claims information, or about 2,000 individuals.

## Accordingly, SCDHHS estimates a maximum of 7,100 beneficiaries to be impacted by the community engagement requirements.<sup>11</sup>





# South Carolina Department of Health and Human Services

<sup>1</sup>The Community Engagement Section 1115 Demonstration Waiver Application, submitted on May 8, 2019, indicated that an estimated 83,461 South Carolina Medicaid beneficiaries could potentially be affected by community engagement requirements. Based on new analysis, along with collaboration with the State Demonstrations Group, SCDHHS offers the information in this document to further identify the affected population.

<sup>2</sup>Of the 188,000 beneficiaries enrolled in this population, approximately 95% are in the PCR group and 5% are enrolled through TMA.

<sup>3</sup>SCDHHS anticipates that 60% of these individuals are already employed, 6% are engaged in a qualifying educational or community service activity, and 4% meet a good cause exemption related to disability or the inability to work.

<sup>4</sup>Musumeci, MaryBeth, et al. "Medicaid and Work Requirements: New Guidance, State Waiver Details and Key Issues." The Henry J. Kaiser Family Foundation, 25 May 2018, [www.kff.org/medicaid/issue-brief/medicaid-and-work-requirements-new-guidance-state-waiver-details-and-key-issues/](http://www.kff.org/medicaid/issue-brief/medicaid-and-work-requirements-new-guidance-state-waiver-details-and-key-issues/).

<sup>5</sup>Garfield, Rachel, et al. "Understanding the Intersection of Medicaid and Work." The Henry J. Kaiser Family Foundation, 13 Nov. 2018, [www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/](http://www.kff.org/medicaid/issue-brief/understanding-the-intersection-of-medicaid-and-work/).

<sup>6</sup>Estimates for employment and educational activities are taken directly from population estimates provided in the reference reports. The estimate for good cause exemption was reduced from the 14% indicated in the references for disability and illness to 4%, as much of the disabled population is already excluded as not being part of the PCR or TMA categories.

<sup>7</sup>Independent analysis of the impact of this initiative on community engagement is limited. Studies to date have focused on employment alone, rather than a broader scope of community engagement activities. A fundamental goal of this demonstration is to better understand how the Medicaid program can effectively improve opportunities for independence, self-reliance, and prosperity. In estimating the impact of this waiver on community engagement, SCDHHS anticipates that at least 15% of the 6,000 beneficiaries who would be subject to work requirements, or 900 individuals, would gain employment in the first year.

<sup>8</sup>Work Requirements Don't Cut Poverty, Evidence Shows." Center on Budget and Policy Priorities, 11 Oct. 2017, [www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows](http://www.cbpp.org/research/poverty-and-inequality/work-requirements-dont-cut-poverty-evidence-shows).

<sup>9</sup>Estimates of employment gain during the initial period vary considerably but have been reported as high as 15%. Because the approach outlined in the waiver application provides for a broader range of activities to satisfy the community engagement requirement, adopting the upper range of the employment-only estimate provides a conservative estimate of increases in community engagement activities.

<sup>10</sup>Evidence regarding the volume of cases where lack of documentation, rather than failure to meet community engagement requirements, is lacking. An estimate of 10% is based on SCDHHS' historical experience with failure to document and verify in applying for Medicaid coverage.

<sup>11</sup>Estimates generally target the measurement of the impact during the first year following implementation of the work requirements.

