

MILLIMAN CLIENT REPORT

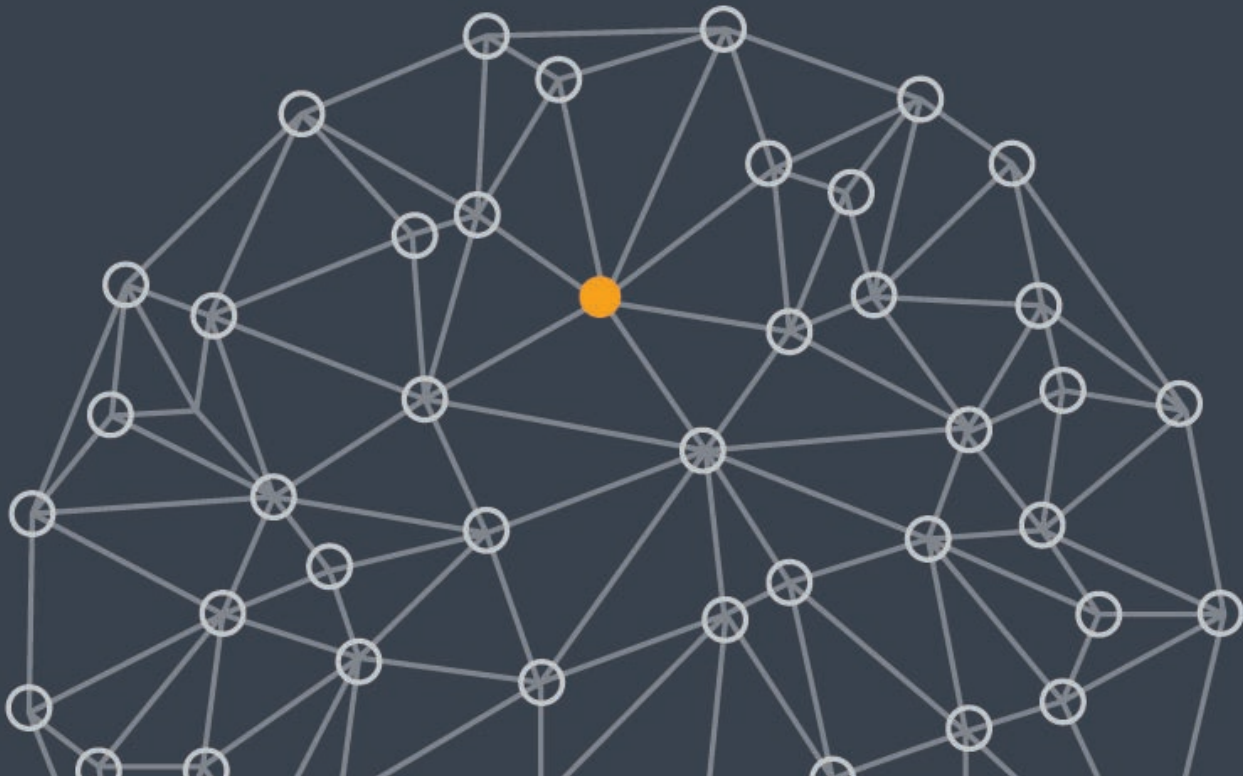
# State Fiscal Year 2025 Medicaid Managed Care Capitation Rate Certification

July 1, 2024 through June 30, 2025

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

June 7, 2024

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## Background

Milliman, Inc. (Milliman) has been retained by the State of South Carolina, Department of Health and Human Services (SCDHHS) to provide actuarial and consulting services related to the development of capitation rates for its Medicaid Managed Care Program effective July 1, 2024.

This letter provides documentation for the development of the actuarially sound capitation rates. It also includes the required actuarial certification in Appendix 1.

The assumptions documented in this certification report reflect our best estimate based on information known to us at the time of this report and SCDHHS guidance related to the enrollment unwinding period. It is possible that the resumption of redeterminations and enrollment unwinding period, as well as future legislative changes related to the COVID-19 public health emergency and related unwinding, could have a material impact on acuity, enrollment, providers, and other factors related to the capitation rates illustrated in this report.

Based on 42 CFR 438.7(c)(3), an amended capitation rate certification is not required for adjustments that increase or decrease capitation rates by 1.5% or less. As a result, we recognize that contracted capitation rates may differ from the information illustrated in this certification within this +/- 1.5% corridor.

To facilitate review, this document has been organized in the same manner as the 2024-2025 Medicaid Managed Care Rate Development Guide, released by the Centers for Medicare and Medicaid Services in January 2024 (CMS guide). Sections II and III of the CMS guide are not applicable to this certification as the covered populations and services do not include long-term services and supports (Section II), nor the new adult group under 1902(a)(10)(A)(i)(VIII) of the Social Security Act (Section III).

## FISCAL IMPACT ESTIMATE

The composite per member per month (PMPM) capitation rates for the Medicaid managed care program are illustrated in Figure 1. These rates are effective for state fiscal year (SFY) 2025 (July 1, 2024 through June 30, 2025). Figure 1 provides a comparison of the SFY 2025 rates relative to the rates effective January through June 2024 (Jan – Jun 2024) excluding the 438.6 Supplemental Teaching Physician (STP), Health, Access, Workforce, and Quality (HAWQ) program, and Independent Pharmacy Dispensing Fee state-directed payments, referred to collectively as add-ons.

The composite rates illustrated for both SFY 2025 and Jan - Jun 2024 are calculated based on an estimate of projected SFY 2025 enrollment. Note that the Jan-June 2024 composite is based on SFY 2025 “proxy” enrollment with a redistribution of SMI member months into the appropriate non-SMI rate cell. Projected enrollment estimates reflect observed program enrollment through February 2024 with adjustments to reflect anticipated changes in membership due to the eligibility unwinding period. The TANF: 0-2 months old projected member months reflect annualized November 2023 membership and the SFY 2025 projected KICK payments reflect annualized November 2023 deliveries to account for the observed lag in eligibility completion for both rate cells.

**FIGURE 1: COMPARISON WITH JAN-JUN 2024 RATES BY RATE CELL (PMPM RATES) - EXCLUDING ADD-ONS**

RATE CELL	PROJECTED MEMBER MONTHS	EXCLUDING ADD-ONS		
		JAN-JUN 2024 RATE	SFY 2025 RATE	INCREASE/ (DECREASE)
TANF: 0-2 months old (AH3)	82,191	\$ 2,213.02	\$ 2,389.20	8.0%
TANF: 3-12 months old (AI3)	336,495	264.99	291.70	10.1%
TANF: Age 1-6 (AB3)	2,309,979	153.97	176.23	14.5%
TANF: Age 7-13 (AC3)	2,782,249	137.73	150.74	9.4%
TANF: Age 14-18, Male (AD1)	837,826	168.24	170.22	1.2%
TANF: Age 14-18, Female (AD2)	793,188	215.61	178.17	(17.4%)
TANF: Age 19-44, Male (AE1)	395,847	217.46	185.92	(14.5%)
TANF: Age 19-44, Female (AE2)	1,292,380	344.04	314.96	(8.5%)
TANF: Age 45+ (AF3)	263,829	618.35	577.80	(6.6%)
SSI - Children (SO3)	143,724	766.95	760.61	(0.8%)
SSI - Adults (SP3)	435,847	1,474.91	1,370.06	(7.1%)
SMI Children (VV3)	233,056	N/A	660.22	N/A
SMI TANF Adults (TP3)	379,809	N/A	740.25	N/A
SMI SSI Adults (UP3)	194,662	N/A	1,869.10	N/A
OCWI (WG2)	322,635	241.98	264.65	9.4%
DUAL	-	190.01	179.10	(5.7%)
Foster Care - Children (FG3)	52,837	1,011.69	934.88	(7.6%)
KICK (MG2/NG2)	24,804	7,178.13	7,091.34	(1.2%)
<b>Composite</b>	<b>10,856,554</b>	<b>\$ 327.42</b>	<b>\$ 355.00</b>	<b>8.4%</b>

## Notes:

1. Jan-Jun 2024 and SFY 2025 composite rates reflect projected SFY 2025 enrollment by rate cell. Note that the Jan-June 2024 composite is based on SFY 2025 "proxy" enrollment with a redistribution of SMI member months into the appropriate non-SMI rate cell.
2. Excludes state-directed payment add-ons

Figure 2 provides a comparison of SFY 2025 capitation rate PMPMs relative to the Jan – Jun 2024 PMPMs consistent with Figure 1; however, illustrated PMPMs reflect the projected total capitation payment including estimated amounts for the STP, HAWQ, and independent pharmacy state-directed payments, which are anticipated to be paid through separate payment term arrangements in SFY 2025. Additional information regarding these directed payments can be found in Section I.4.D of this report.

**FIGURE 2: COMPARISON WITH JAN-JUN 2024 RATES BY RATE CELL (PMPM RATES) - INCLUDING ADD-ONS**

RATE CELL	PROJECTED MEMBER MONTHS	INCLUDING ADD-ONS		
		JAN-JUN 2024 RATE	SFY 2025 RATE	INCREASE/ (DECREASE)
TANF: 0-2 months old (AH3)	82,191	\$ 4,891.36	\$ 5,752.17	17.6%
TANF: 3-12 months old (AI3)	336,495	422.00	497.61	17.9%
TANF: Age 1-6 (AB3)	2,309,979	217.39	\$ 263.97	21.4%
TANF: Age 7-13 (AC3)	2,782,249	184.32	206.11	11.8%
TANF: Age 14-18, Male (AD1)	837,826	249.26	\$ 258.60	3.7%
TANF: Age 14-18, Female (AD2)	793,188	330.18	278.89	(15.5%)
TANF: Age 19-44, Male (AE1)	395,847	410.48	\$ 357.58	(12.9%)
TANF: Age 19-44, Female (AE2)	1,292,380	619.59	642.72	3.7%
TANF: Age 45+ (AF3)	263,829	1,039.78	\$ 1,023.86	(1.5%)
SSI - Children (SO3)	143,724	1,075.93	1,011.60	(6.0%)
SSI - Adults (SP3)	435,847	2,472.33	\$ 2,412.27	(2.4%)
SMI Children (VV3)	233,056	N/A	1,021.98	N/A
SMI TANF Adults (TP3)	379,809	N/A	1,216.78	N/A
SMI SSI Adults (UP3)	194,662	N/A	2,996.36	N/A
OCWI (WG2)	322,635	756.83	854.45	12.9%
DUAL	-	190.01	179.10	(5.7%)
Foster Care - Children (FG3)	52,837	1,453.04	1,505.04	3.6%
KICK (MG2/NG2)	24,804	7,178.13	7,091.34	(1.2%)
<b>Composite</b>	<b>10,856,554</b>	<b>\$ 534.35</b>	<b>\$ 600.11</b>	<b>12.3%</b>

## Notes:

1. Jan-Jun 2024 and SFY 2025 composite rates reflect projected SFY 2025 enrollment by rate cell. Note that the Jan-June 2024 composite is based on SFY 2025 "proxy" enrollment with a redistribution of SMI member months into the appropriate non-SMI rate cell.
2. SFY 2024 add-ons include the following state-directed payments: STP, HAWQ, and independent pharmacy.

Figure 3 presents the estimated aggregate annual expenditures under the managed care program, based on SFY 2025 projected membership. Total annual projected expenditures illustrated in Figure 3 include state-directed payments. Further detail by rate cell is illustrated in Appendix 3.

**FIGURE 3: ESTIMATED ANNUAL FISCAL IMPACT (MILLIONS)**

	PROJECTED MEMBERSHIP	ANNUAL PROJECTED EXPENDITURES		DOLLAR INCREASE/ (DECREASE)	PERCENTAGE INCREASE/ (DECREASE)
		JAN-JUN 2024	SFY 2025		
Composite	10,856,554	\$ 5,801.2	\$ 6,515.1	\$ 713.9	12.3%
Total Federal Only		\$ 4,041.7	\$ 4,539.1	\$ 497.4	12.3%
Total State		\$ 1,759.5	\$ 1,976.0	\$ 216.5	12.3%

## Notes:

1. Jan – Jun 2024 and SFY 2025 aggregate annual expenditures were developed based on SFY 2025 projected enrollment and estimated SFY 2025 deliveries.
2. State expenditures based on Federal Fiscal Year 2025 FMAP of 69.67%.
3. Values have been rounded.

## Section I. Medicaid managed care rates

### 1. General information

This section provides information listed under the General Information section of CMS guide, Section I.

The capitation rates provided under this certification are “actuarially sound” for purposes of 42 CFR 438.4(a), according to the following criteria:

The capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the managed care plan for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).

To ensure compliance with generally accepted actuarial practices and regulatory requirements, we referred to published guidance from the American Academy of Actuaries (AAA), the Actuarial Standards Board (ASB), the Centers for Medicare and Medicaid Services (CMS), and federal regulations. Specifically, the following were referenced during the rate development:

- Actuarial standards of practice applicable to Medicaid managed care rate setting which have been enacted as of the capitation rate certification date, including: ASOP 1 (Introductory Actuarial Standard of Practice); ASOP 5 (Incurred Health and Disability Claims); ASOP 12 (Risk Classification for All Practice Areas); ASOP 23 (Data Quality); ASOP 25 (Credibility Procedures); ASOP 41 (Actuarial Communications); ASOP 45 (The Use of Health Status Based Risk Adjustment Methodologies); and ASOP 49 (Medicaid Managed Care Capitation Rate Development and Certification); and ASOP 56 (Modeling).
- Actuarial soundness and rate development requirements in the Medicaid and CHIP Managed Care Final Rule (CMS 2390-F) for the provisions effective for the SFY 2025 managed care program rating period.
- 2024-2025 Medicaid Managed Care Rate Development Guide, released by the Centers for Medicare and Medicaid Services in January 2024.
- Throughout this document and consistent with the requirements under 42 CFR 438.4(a), the term “actuarially sound” will be defined as in ASOP 49:

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

#### A. RATE DEVELOPMENT STANDARDS

##### i. Application of expectations to rate ranges

Not applicable. There are no rate ranges being developed for the SFY 2025 SCDHHS Medicaid managed care capitation rates.

##### ii. Annual basis

The actuarial certification contained in this report is effective for the capitation rates for the one-year rate period from July 1, 2024 through June 30, 2025.

##### iii. Required elements

###### (a) Actuarial certification

The actuarial certification, signed by Marlene T. Howard, FSA, is in Appendix 1.

<sup>1</sup> <http://www.actuarialstandardsboard.org/asops/medicaid-managed-care-capitation-rate-development-and-certification/>

Ms. Howard meets the qualification standards established by the American Academy of Actuaries, follows the practice standards established by the Actuarial Standards Board, and certifies that the final rates meet the applicable standards in 42 CFR 438 that are effective for the SFY 2025 managed care program rating period.

### (b) Certified capitation rates for each rate cell

The certified capitation rates by rate cell are illustrated in Figure 2. Projected enrollment estimates reflect observed program enrollment through February 2024 with adjustments to reflect anticipated changes in membership due to the Families First Coronavirus Response Act (FFCRA) and the unwinding of enrollment that is anticipated to conclude August 1, 2024. In SFY 2025, SCDHHS has created three new capitation rate cells for individuals with Serious Mental Illness (SMI) conditions. This is not a change to the managed care eligibility requirements, but rather a shift of these individuals from their current rate cells into three SMI-specific rate cells: SMI Children, SMI TANF Adults, and SMI SSI Adults. These rates represent the anticipated contracted capitation rates prior to risk adjustment.

### (c) Program information

#### Managed care program

This certification was developed for the State of South Carolina's Medicaid managed care program. This certification does not apply to individuals enrolled in dual eligible special needs plans (D-SNPs).

Medicaid managed care organizations (MCOs) have been operating in South Carolina since 1996. In August 2007, SCDHHS implemented the South Carolina Healthy Connections Choices program to more effectively enroll members in MCOs. In April 2021, two MCOs merged together, and in August 2021, a new MCO entered the South Carolina (SC) managed care program. As of July 1, 2024, this program provides comprehensive services through five MCOs on a statewide basis.

Benefits covered under the Medicaid managed care program are comprehensive in nature. Certain services such as waiver services, non-emergency transportation, dental, and long-term nursing home stays are covered on a fee-for-service basis.

This rate certification reflects SC Medicaid managed care policies and procedures anticipated to be in effect during SFY 2025.

The following table outlines the core benefits covered under the managed care capitation rate.

**FIGURE 4: LIST OF CORE BENEFITS**

Ambulance Transportation	Hearing Aids and Hearing Aid Accessories	Physician Services
Ancillary Medical Services	Home Health Services	Podiatry Services
Audiological Services	Hysterectomies, Sterilizations and Abortions (as covered in policy guidelines)	Prescription Drugs
Autism Spectrum Disorder Services	Independent Laboratory and X-Ray Services	Psychiatric, Rehabilitative Behavioral Health, and associated outpatient mental health services
Communicable Disease Services	Inpatient Hospital Services	Rehabilitative Therapies for Children - Non-Hospital Based
Developmental Evaluation Center (DEC) Services	Institutional Long-Term Care Facilities/Nursing Homes for short-term stays	Substance Abuse
Disease Management	Maternity Services	Tobacco Cessation Coverage
Durable Medical Equipment	Medication Assisted Therapy	Transplant and Transplant-Related Services
Early & Periodic Screening, Diagnosis and Treatment (EPSDT) / Well Child	Newborn Hearing Screenings	Vision Care Services
Family Planning Services	Outpatient Pediatric AIDS Clinic Services (OPAC)	
Free-Standing Inpatient Psychiatric Facilities for Under 21	Outpatient Services	

**Notes:**

1. Free-standing inpatient psychiatric facility coverage applies to individuals under age 21.
2. Medication assisted therapy includes treatment in Opioid Treatment Programs (OTPs).

3. Detailed benefit coverage information for all Core Benefits in this table can be found within the Managed Care Policy and Procedure Manual.
4. Source: <https://www.scdhhs.gov/sites/default/files/documents/MCO%20Policy%20and%20Procedure%20Guide%20FINAL-compressed-compressed.pdf>

### Rating period

This actuarial certification is effective for the one-year rating period July 1, 2024 through June 30, 2025.

### Covered populations

Specific eligibility for the managed care program is defined by the individual's Medicaid eligibility category as assigned by SCDHHS.

The following table outlines these specific SCDHHS Medicaid eligibility categories (also referenced as “payment categories” or “PCATs”) that are eligible for inclusion in the risk-based managed care program.

**FIGURE 5: MANAGED CARE ELIGIBILITY PAYMENT CATEGORIES**

PCAT CODE	PAYMENT CATEGORY	PCAT CODE	PAYMENT CATEGORY
11	MAO (Extended/Transitional)	57	Katie Beckett/TEFRA
12	OCWI (Infants)	59	Low Income Families
13	MAO (Foster care/Adoption)	60	Regular Foster Care
16	Pass Along Eligibles	61	Foster Care Adults
17	Early Widows/Widowers	71	Breast and Cervical Cancer
18	Disabled Widows/Widowers	80	SSI
19	Disabled Adult Children	81	SSI With Essential Spouse
20	Pass Along Children	85	Optional Supplement
31	Title IV-E Foster Care	86	Optional Supplement & SSI
32	Aged, Blind, Disabled (ABD)	87	OCWI Pregnant Women/Infants
40	Working Disabled	88	OCWI Partners For Healthy Children
51	Title IV-E Adoption Assistance	91	Ribicoff Children

Dual eligible individuals (eligible for coverage by both Medicaid and Medicare) and individuals aged 65 or over are not eligible for enrollment into the managed care program. Any individual identified as dual eligible while enrolled in an MCO is retroactively adjusted to the dual capitation rate cell (discussed further following Figure 7) for any such MCO-enrolled month and are prospectively disenrolled from the managed care program.

Additionally, individuals denoted by any of the following recipient of a special program (RSP) indicators in Figure 6 are not eligible for enrollment into the managed care program.

**FIGURE 6: RSP INDICATORS NOT ELIGIBLE FOR MANAGED CARE ENROLLMENT**

RSP CODE	PAYMENT CATEGORY	RSP CODE	PAYMENT CATEGORY
CLTC	Elderly Disabled Waiver	HSCN	Head & Spinal Cord Waiver - New
CSWE	Community Supports Waiver - Established	MCCM	Primary Care Case Management (Medical Care Home)
CSWN	Community Supports Waiver - New	MCHS	Hospice
COVID	COVID Limited Benefits	MCPR	Dual Eligible Prime
DMRE	DMR Waiver - Established	MCSC	PACE
DMRN	DMR Waiver - New	MFPP	Money Follows the Person
HIVA	HIV/AIDS Waiver	VENT	Ventilator Dependent Waiver
HSCE	Head & Spinal Cord Waiver - Established	WMCC	Medically Complex Children's Waiver

Note:

1. All RSPs provided by SCDHHS on February 14, 2023 and confirmed with no changes as of March 2024.

The SFY 2025 capitation rate development covers the following capitation rate cells:

**FIGURE 7: MANAGED CARE CAPITATION RATE CELLS**

RATE CELL	RATE CELL INDICATOR
TANF: 0 - 2 months old	AH3
TANF: 3 - 12 months old	AI3
TANF: Age 1 - 6	AB3
TANF: Age 7 - 13	AC3
TANF: Age 14 - 18 Male	AD1
TANF: Age 14 - 18 Female	AD2
TANF: Age 19 - 44 Male	AE1
TANF: Age 19 - 44 Female	AE2
TANF: Age 45+	AF3
SSI - Children	SO3
SSI - Adult	SP3
SMI Children	VW3
SMI TANF Adults	TP3
SMI SSI Adults	UP3
OCWI	WG2
Duals	
Foster Care Children	FG3
KICK	MG2/NG2

Note that the Duals rate cell does not have a corresponding rate cell indicator, because individuals identified in this category are not considered eligible for managed care enrollment. This rate cell only applies to individuals who receive retroactive Medicare eligibility while enrolled in an MCO. The Duals rate cell represents the fee-for-service (FFS) equivalent value estimated for this population, which is then adjusted to reflect the managed care program. The capitation rate includes all estimated Medicare crossover claims payments and expenditures related to services covered by Medicaid and not Medicare that are the responsibility of the MCOs for a dually eligible individual.

### Eligibility criteria

Most Medicaid beneficiaries are required to enroll in managed care on a mandatory basis. Medicaid beneficiaries who are on waivers, institutionalized, or dual-eligible are served on a fee-for-service basis or in the Healthy Connections Prime dual demonstration program. Beneficiaries that may enroll in Medicaid managed care on a voluntary basis include SSI children, Katie Beckett/TEFRA individuals, foster care children, express lane eligible children (ELE), and children receiving adoption assistance. Further detail and clarification on managed care eligibility criteria can be found within the MCO Policy and Procedure Guide<sup>2</sup> under section 3.1 Member Eligibility.

### Special contract provisions

This rate certification report contains documentation of the following special contract provisions related to payment included within the rate development.

- Incentive arrangements
- Withhold arrangements
- Supplemental teaching physician program in accordance with 42 CFR §438.6(c)
- Health Access, Workforce, and Quality payment program in accordance with 42 CFR §438.6(c)
- Independent pharmacy dispensing fee payments in accordance with 42 CFR §438.6(c)
- Rural hospital minimum fee schedule in accordance with 42 CFR §438.6(c)
- IMDs as an in lieu of provider service
- Minimum medical loss ratio requirement
- Psychiatric Residential Treatment Facility (PRTF) risk pool
- Pharmacy high cost no experience program

<sup>2</sup> MCO Policy and Procedures Guide. Source: <https://www.scdhhs.gov/sites/default/files/documents/MCO%20Policy%20and%20Procedure%20Guide%20FINAL-compressed-compressed.pdf> (Accessed April 18, 2024)

Please see Section I, item 4, Special Contract Provisions Related to Payment, for additional detail and documentation.

#### **Retroactive adjustment to capitation rates**

This rate certification report does not include a retroactive adjustment to the SFY 2025 capitation rates.

#### **iv. Differences among capitation rates**

Any proposed differences among capitation rates according to covered populations are based on valid rate development standards and are not based on the rate of federal financial participation associated with the covered populations.

#### **v. Cross-subsidization of rate cell payment**

The capitation rates were developed at the rate cell level and neither cross-subsidize nor are cross-subsidized by payments from any other rate cell.

#### **vi. Effective dates**

To the best of our knowledge, the effective dates of changes to the SCDHHS Medicaid managed care program are consistent with the assumptions used in the development of the certified SFY 2025 capitation rates.

#### **vii. Medical loss ratio**

Capitation rates were developed in such a way that the MCOs would reasonably achieve a medical loss ratio (MLR), as calculated under 42 CFR 438.8, of at least 86% for the rate year.

Financial consequences of the minimum MLR requirements are specified in Section 7.2 of the MCO contract<sup>3</sup>. SCDHHS requires remittance if the MLR for the reporting year does not meet the minimum MLR requirement of 86%, except in those cases where the MCO achieved an NCQA Medicaid South Carolina health insurance plan rating of at least 4.0 on the rating period immediately preceding the MLR measurement period.

#### **viii. Certifying rate ranges**

Not applicable. The SFY 2025 SCDHHS Medicaid managed care program does not utilize rate ranges.

#### **ix. Actuarial soundness of rate ranges**

Not applicable. The SFY 2025 SCDHHS Medicaid managed care program does not utilize rate ranges.

#### **x. Generally accepted actuarial practices and principles**

##### **(a) Reasonable, appropriate, and attainable**

In our judgment, all adjustments to the capitation rates, or to any portion of the capitation rates, reflect reasonable, appropriate, and attainable costs, and have been included in the certification.

##### **(b) Outside the rate setting process**

There are no adjustments to the rates performed outside the rate setting process.

##### **(c) Final contracted rates**

The SFY 2025 capitation rates certified in this report represent the final contracted rates by rate cell prior to risk adjustment, excluding the BabyNet Individuals with Disabilities Education Act (IDEA) services which are funded through a federal grant.

#### **xi. Rate certification for effective time periods**

This actuarial certification is effective for the one-year rating period of July 1, 2024 through June 30, 2025.

<sup>3</sup> MCO Provider Contract: <https://www.scdhhs.gov/sites/default/files/documents/1.1.24%20MCO%20CONTRACT%20FINAL.pdf>  
(Accessed May 7, 2024)

## xii. Reflecting the Impacts of the COVID-19 public health emergency and related unwinding

We reviewed quarterly experience trends by service category throughout the SFY 2023 base data period to evaluate potential impacts related to underutilization in the base period as a result of the COVID-19 pandemic. In addition, we reviewed emerging experience through November 2023 and considered this experience in trend development. Based on our review of quarterly experience throughout SFY 2023 and emerging experience, we do not believe an explicit adjustment to the SFY 2023 base data is necessary to reflect underutilization of services as a result of the COVID-19 pandemic.

In addition, based on guidance from SCDHHS and a bulletin published on March 21, 2024<sup>4</sup>, updates were provided on the following COVID-19 temporary policy changes implemented by SCDHHS during the PHE:

- Removal of pharmacy early refill denials
- Coverage of COVID-19 vaccinations without patient cost-sharing – continue throughout SFY 2025
- Removal of E&M copay
- Removal of ambulatory care 12-visit limit
- Telehealth flexibilities

With the exception of the removal of pharmacy early refill denials (which SCDHHS reinstated upon expiration of the PHE), the remaining temporary policy changes are assumed to continue throughout SFY 2025.

We evaluated the impact of reinstating pharmacy early refill edits in SFY 2025 and it was deemed immaterial. Each of the other temporary policy changes noted above are fully reflected in the SFY 2023 base data and are anticipated to continue through SFY 2025; therefore, no adjustment is needed in the capitation rate development. Additionally, coverage of COVID-19 testing, without cost-sharing, became a permanent policy at the end of the PHE.

As part of the Consolidated Appropriations Act, 2023, continuous enrollment requirements were decoupled from the PHE on March 31, 2023, allowing eligibility reviews to begin prior to the expiration of the PHE. As such, SCDHHS began their COVID-19 unwinding period on June 1, 2023 and it is anticipated to continue through August 1, 2024. To the extent the PHE unwinding differs from assumptions, associated impacts may be evaluated as the conclusion of the unwinding period becomes known.

Please see section I.1.B.xi for details on rate adjustments related to the COVID-19 PHE.

## xiii. Procedures for rate certification and amendment

In general, a new rate certification will be submitted when the rates change. The following exceptions are allowed per §438.7 of CMS 2390-F:

1. A contract amendment that does not affect the rates.
2. An increase or decrease of up to 1.5% in the capitation rate per rate cell.
3. Risk adjustment, under a methodology described in the initial certification, changes the rates paid to the MCOs

In cases 1 and 2 listed above, a contract amendment must still be submitted to CMS.

## B. APPROPRIATE DOCUMENTATION

### i. Capitation rate certification

The SFY 2025 Medicaid managed care capitation rate development specifies capitation rates for each rate cell.

### ii. Documentation of required elements

This report contains appropriate documentation of all elements described in the rate certification, including data used, assumptions made, and methods for analyzing data and developing assumptions and adjustments.

### iii. Minimum MLR

The SFY 2025 capitation rates and associated assumptions have been developed in accordance with actuarial soundness and rate development requirements in the Medicaid and CHIP Managed Care Final Rule and consistent with the requirements under 42 CFR §438.4(a).

<sup>4</sup> <https://www.scdhhs.gov/communications/extension-telehealth-flexibilities-issued-during-covid-19-federal-public-health> (Accessed May 7, 2024)

The capitation rates have been developed such that the MCO would reasonably achieve a medical loss ratio (MLR) of at least 85% by using actual managed care program data as the basis for developing the benefit expense component of the rates and by including non-benefit expense costs of less than 15%, which are assumed to be reasonable, appropriate, and attainable.

SCDHHS requires a minimum MLR of 86% in the MCO contract to ensure that at least 85% of capitation expenditures are being used to provide health care services and quality improvement programs and initiatives for Medicaid managed care members. We review and monitor annual medical loss ratios (MLRs) provided by the MCOs to compare to the minimum MLR requirement. Figure 8 provides a summary of the most recent three years of MLR results for the five MCOs participating in the SC Medicaid managed care program, documenting the financial performance and stability of the SC Medicaid program.

**FIGURE 8: COMPOSITE MEDICAL LOSS RATIOS (MLR)**

MLR CALCULATION	SFY 2021	SFY 2022	SFY 2023
Numerator (\$ Millions)	\$ 2,810.8	\$ 3,117.2	\$ 3,312.3
Denominator (\$ Millions)	\$ 3,131.2	\$ 3,569.4	\$ 3,737.9
<b>MLR</b>	<b>89.8%</b>	<b>87.3%</b>	<b>88.6%</b>

Notes:

1. Source: SFY 2021 through SFY 2023 MCO Medical Loss Ratio Reports submitted to SCDHHS.
2. SFY 2023 MLR data is preliminary and subject to change upon final review.
3. SFY 2022 MLR does not reflect the revenue remitted to SCDHHS from one MCO who did not meet the minimum MLR.

#### iv. Use of rate ranges

This report certifies specific rates for each rate cell in accordance with 42 CFR §438.4(b)(4) and 438.7(c).

#### v. Certifying rate ranges

Not applicable. The SFY 2025 Medicaid managed care capitation rate development does not utilize rate ranges.

#### vi. Index

The index to this rate certification is the table of contents, found immediately after the title page. The index includes section numbers and related page numbers. Sections not relevant to this certification continue to be provided, with an explanation of why they are not applicable.

#### vii. Compliance with 42 CFR §438.4(b)(1)

The SFY 2025 Medicaid managed care capitation rate development includes assumptions, methodologies, and/or factors that are based on valid rate development standards and are consistent across covered populations in accordance with 42 CFR §438.4(b)(1) and §438.4(b)(6).

#### viii. Different FMAP

All populations receive the regular state FMAP of 69.67% for SFY 2025. The enhanced FMAP percentage for CHIP and family planning expenditures in South Carolina is 78.77% and 90.00%, respectively. Note that the enhanced amounts for CHIP and family planning expenditures are not reflected in the values provided in Appendix 3.

#### ix. Comparison to previous rating period

##### (a) Comparison to final certified rates in the previous rate certification

The previous rate certification applied to January through June 2024 capitation rates. A comparison to January through June 2024 certified rates by rate cell is provided in Figure 2. All material changes to the capitation rates and rate development process compared to the previous rate certification are described in this report.

##### (b) Description of material changes to the rate development process not addressed in other sections of this rate certification

For SFY 2025, SCDHHS has created three new capitation rate cells for individuals with Serious Mental Illness (SMI) conditions. This is not a change to the managed care eligibility requirements, but rather a shift of these individuals from their current rate cells into three SMI-specific rate cells: SMI Children, SMI TANF Adults, and SMI SSI Adults. In SFY 2025, individuals will be assigned to the SMI rate cells based on SCDHHS review of diagnosis codes and pharmaceutical treatments in the most recent 24 months of medical and pharmacy encounters. While there are no changes to the total covered population in SFY 2025, the SFY 2023 base data shifted between rate cells, contributing to material impacts by rate cell as illustrated in Figure 9.

**FIGURE 9: SMI IMPLEMENTATION IMPACT ON SFY 2023 BASE DATA**

RATE CELL	BASE DATA PMPM (WITHOUT SMI)	BASE DATA PMPM (WITH SMI)	BASE DATA IMPACT
TANF - 0 - 2 Months, Male & Female	\$ 2,065.42	\$ 2,065.42	0.0%
TANF - 3 - 12 Months, Male & Female	224.57	224.57	0.0%
TANF - Age 1 - 6, Male & Female	120.34	120.28	(0.0%)
TANF - Age 7 - 13, Male & Female	108.02	102.05	(5.5%)
TANF - Age 14 - 18, Male	128.31	112.66	(12.2%)
TANF - Age 14 - 18, Female	152.68	124.27	(18.6%)
TANF - Age 19 - 44, Male	135.21	114.46	(15.3%)
TANF - Age 19 - 44, Female	256.03	215.81	(15.7%)
TANF - Age 45+, Male & Female	482.25	420.72	(12.8%)
SSI - Children	589.46	560.69	(4.9%)
SSI - Adults	1,206.69	1,089.12	(9.7%)
SMI Children	-	457.62	0.0%
SMI TANF Adults	-	553.71	0.0%
SMI SSI Adults	-	1,509.46	0.0%
OCWI	177.84	177.84	0.0%
Foster Care Children	711.75	711.75	0.0%
KICK	6,451.95	6,451.95	0.0%
<b>Composite</b>	<b>\$ 247.89</b>	<b>\$ 247.89</b>	<b>0.0%</b>

The implementation of SMI rate cells is assumed to represent a shift in expenditures between rate cells within the managed care program, with no anticipated impact to overall costs in the program.

#### (c) Application of de minimis adjustment to previous rate certification

The state did not adjust the actuarially sound January through June 2024 capitation rates by a de minimis amount.

#### x. Future amendments

As of the date of this report, there are no known future amendments to the SFY 2025 capitation rates-

#### xi. Approach to addressing the impact of the COVID-19 PHE and Related Unwinding

As part of the Consolidated Appropriations Act, 2023, continuous enrollment requirements were decoupled from the PHE on March 31, 2023, allowing eligibility reviews to begin prior to the expiration of the PHE. As such, SCDHHS began their COVID-19 unwinding period began June 1, 2023 and it is anticipated to continue through August 1, 2024.

##### (a) Available applicable data to address the COVID-19 PHE in capitation rate setting

The following data sources were utilized in developing rate setting adjustments for the COVID-19 PHE:

- South Carolina Medicaid managed care encounter data through November 30, 2023, inclusive of estimated incurred but not paid (IBNP) expenditures, to evaluate emerging experience following the end of the PHE.
- MCO submitted Encounter Quality Initiative (EQI) reports for SFY 2023 and first quarter of SFY 2024.
- Emerging financial experience reported by the MCOs.
- South Carolina Medicaid managed care enrollment data through February 2024 to monitor changes in per member costs and estimated acuity changes by rate cell related to enrollment changes from the unwinding period.

- SCDHHS's anticipated renewal distributions for April and May 2024, which provide the rate cell distribution of members targeted in the final two months of redetermination unwinding reviews. Disenrollments from these two cohorts are anticipated 90 days following the renewal distributions (July and August 2024).
- Direct testing, treatment, and vaccine costs related to COVID-19 in MCO encounter data incurred from the start of the COVID-19 national health emergency through November 2023
- Centers for Disease Control and Prevention, COVID Data Tracker<sup>5</sup>: Statewide trends in United States COVID-19 Hospitalizations, Deaths, Emergency Department (ED) Visits, and Test Positivity by Geographic Area
- South Carolina Medicaid Annual Eligibility Review Dashboard<sup>6</sup>: Data related to the restart of SC's federally required Medicaid annual eligibility review process and Healthy Connections full-benefit enrollment trend data.

### (b) How capitation rates account for COVID-19 PHE impacts

Using the data sources described in the previous section, we considered pandemic-related impacts on SFY 2023 base data utilization levels and projected trends used in the development of the SFY 2025 capitation rates. We also considered changes in acuity of the covered population by reviewing and evaluating the estimated mix and morbidity of members in SFY 2023 impacted by the continuous enrollment provisions relative to the anticipated mix and morbidity in SFY 2025, as the unwinding period ends. In consultation with SCDHHS, we evaluated the impact of the unwinding period by month and by population based on SCDHHS's unwinding plan through August 2024.

In addition, we reviewed base data and emerging experience at the population and service category level to estimate the aggregate impact of items such as consumer behavior and changes in population mix on observed utilization and service experience during the PHE and the unwinding period. These considerations were evaluated in the development of the prospective trends, and COVID-19 diagnostic testing, hospital treatments, pharmaceutical treatments, and vaccination adjustments described in further detail in sections I.2.B and I.3.B.

We also performed an analysis of upper respiratory condition treatment costs. Our review included the following:

- **COVID-19 treatment.** COVID-19 treatment was based on primary or admitting diagnosis code. Note that COVID-19 testing and pharmaceutical treatments are excluded from this analysis as both were evaluated and documented separately in Section I.2.B.iii. below.
- **Flu-related costs.** Flu treatment and testing costs were based on primary or admitting diagnosis codes, procedure codes, and flu-related pharmaceutical treatments identified by NDC code.
- **Respiratory Syncytial Virus (RSV).** RSV treatment was based on primary or admitting diagnosis codes, procedure codes, and RSV-related pharmaceutical treatments identified by NDC code.

To estimate the impact of differences in the expected treatment cost related to COVID-19, flu, and RSV between the SFY 2023 base period and the projected SFY 2025 contract period for the adult and children populations, we reviewed SFY 2019 through December 2023 PMPM claim expenses by service category for members receiving COVID-19, flu, or RSV treatment. Based on our review of emerging experience and publicly available SC statewide weekly COVID-19 and influenza illness dashboard data, we believe that total upper respiratory condition treatment costs by population in the SFY 2023 data are indicative of those anticipated in the SFY 2025 contract year. Therefore, no adjustment was made to the base data for these conditions.

### (c) Non-risk payments

Effective for the SFY 2025 contract year, SCDHHS has not implemented any non-risk arrangements for COVID-19 related costs. All COVID-19 related costs, such as COVID-19 testing, vaccine administration, treatments, etc. are covered through the managed care program on a full risk basis.

<sup>5</sup> [https://covid.cdc.gov/covid-data-tracker/#trends\\_weeklyhospitaladmissions\\_select\\_45](https://covid.cdc.gov/covid-data-tracker/#trends_weeklyhospitaladmissions_select_45)

<sup>6</sup> <https://www.scdhhs.gov/data-and-research/reports-and-statistics/medicaid-annual-eligibility-review-dashboard>

**(d) Risk mitigation strategies utilized for COVID-19 PHE**

SCDHHS has not implemented risk mitigation strategies in the SFY 2025 managed care program specifically to address the COVID-19 PHE. The SFY 2025 managed care program includes the following risk mitigation strategies, consistent with the prior rating period:

- Minimum medical loss ratio (MLR) requirement of 86%
- Non-risk high cost no experience pharmacy arrangement
- Budget-neutral risk pool for PRTF services

Further detail and documentation for all risk sharing arrangements is included in section I.4.C.

## 2. Data

This section provides information on the SFY 2023 base data used to develop the capitation rates. The base experience data described in this section is illustrated in Appendix 6, with adjustments for incomplete data and current program reimbursement.

### A. RATE DEVELOPMENT STANDARDS

In accordance with 42 CFR 438.5(c), we have followed the rate development standards related to base data. The remainder of Section I, item 2 provides documentation of the data types, sources, validation process, material adjustments and other information relevant to the documentation standards required by CMS.

### B. APPROPRIATE DOCUMENTATION

#### i. Requested data

As the actuary contracted by the SCDHHS to provide consulting services and associated financial analyses for many aspects of the South Carolina Medicaid program (and not just limited to capitation rate development), Milliman intakes and summarizes eligibility and expenditure data on a monthly basis from Clemson, SCDHHS's data administrator. As such, there is no separate data request from Milliman to the state specifically related to the base data for the capitation rate development. The remainder of this section details the base data and validation processes utilized in the SFY 2025 capitation rate development. Additionally, Appendix 6 summarizes the unadjusted and adjusted base data.

#### ii. Data used to develop the capitation rates

##### (a) Description of the data

##### (i) Types of data

The primary data sources used or referenced in the development of the capitation rates are the following:

- Encounter data submitted by the MCOs and accepted through the monthly encounter data warehousing process through January 2024;
- Supplemental encounter data submitted by the MCOs during the base data validation process
- FFS claims for dual eligible individuals incurred in SFY 2023, and paid through January 2024;
- FFS claims incurred by managed care enrollees for managed care-covered services;
- SFY 2025 managed care in-rate criteria;
- FFS claims for analysis of newborn enrollment delays;
- SFY 2025 MCO Rate-Setting Survey completed by each MCO;
- Statutory financial statement data;
- March 2019 through February 2020 Bridges invoice data for managed care enrollees;
- Centers for Disease Control and Prevention, COVID Data Tracker<sup>7</sup>: Statewide trends in in United States COVID-19 Hospitalizations, Deaths, Emergency Department (ED) Visits, and Test Positivity by Geographic Area
- South Carolina Medicaid Annual Eligibility Review Dashboard<sup>8</sup>: Data related to the restart of SC's federally required Medicaid annual eligibility review process and Healthy Connections full-benefit enrollment trend data
- South Carolina Department of Health and Environmental Control (DHEC) Flu Watch Report<sup>9</sup>: Statewide weekly influenza-associated cases, hospitalizations, and deaths.
- SFY 2023 financial summary reports provided by the MCOs (EQI reports) for base data validation analysis.
- SCDHHS fee schedules for inpatient, outpatient, and professional claims.

<sup>7</sup> [https://covid.cdc.gov/covid-data-tracker/#trends\\_weeklyhospitaladmissions\\_select\\_45](https://covid.cdc.gov/covid-data-tracker/#trends_weeklyhospitaladmissions_select_45); Accessed May 2, 2024

<sup>8</sup> <https://www.scdhhs.gov/data-and-research/reports-and-statistics/medicaid-annual-eligibility-review-dashboard>; Accessed April 30, 2024

<sup>9</sup> [2024-Flu-Watch-MMWR-WK-16.pdf \(scdhec.gov\)](https://www.scdhhs.gov/data-and-research/reports-and-statistics/2024-Flu-Watch-MMWR-WK-16.pdf); Accessed May 2, 2024

- December 1, 2023 preferred drug list (PDL) file from SCDHHS and PDL updates anticipated for July 1, 2024.

#### (ii) Age of the data

The data serving as the base experience in the capitation rate development process was incurred July 2022 through June 2023. The encounter data for the base period reflected encounters adjudicated and submitted through the monthly encounter data warehousing process through January 2024 and supplemental encounter data provided by the MCOs during the base data validation process. The base data time period for the SFY 2025 capitation rate development has been selected to reflect the most current program experience available; however a thorough review and analysis of quarter over quarter changes in SFY 2023 and emerging experience was completed to evaluate potential impacts of the COVID-19 PHE on the SFY 2023 period.

For the purposes of non-pharmacy trend development, we reviewed encounter experience from July 2020 through September 2023 and paid and submitted through the data warehousing process through January 2024, to the extent it is credible by major category of service.

For pharmacy trend development, we reviewed quarterly pharmacy expenditures in an incurred basis over the period from July 2019 through January 2024.

We also summarized statutory financial statement data from calendar years 2021, 2022, and 2023, collected using SNL Financial.

#### (iii) Data sources

The historical claims and enrollment experience for the encounter data obtained through the encounter data warehousing process was provided to Milliman by Clemson, the data administrator for SCDHHS. The sources of other data are noted in i and ii above.

#### (iv) Sub-contracting

The encounter data summaries have been adjusted to include estimated expenditures for sub-capitated claims. Sub-capitated expenditures were estimated by repricing each sub-capitated encounter to the Medicaid FFS fee schedules and using total submitted sub-capitated units. For claims where a Medicaid FFS rate did not exist (approximately 2% of sub-capitated encounters), the expenditures were estimated by assuming the average cost per unit for the non-repriced sub-capitated claims would be equal to the average cost per unit for other sub-capitated claims in the specified category of service.

#### (v) Base Data Requirement Exceptions

No exception to base data requirements was requested. The data serving as the base experience in the SFY 2025 capitation rate development process was incurred July 2022 through June 2023, which follows the rate development standards related to base data in 42 CFR 438.5(c).

### (b) Availability and quality of the data

#### (i) Steps taken to validate the data

The base experience used in the capitation rates primarily relies on encounter data submitted to SCDHHS by participating MCOs. The actuary, the MCOs, and SCDHHS all play a role in validating the quality of encounter data used in the development of the capitation rates.

The fee-for-service (FFS) data is provided by SCDHHS. Milliman has many years of experience working with SCDHHS's FFS data. We perform routine reconciliation of SCDHHS's financial data as part of the monthly data validation process and provide budgeting and forecasting assistance to the State, which involves aggregate claim reconciliation to SCDHHS's financial statements.

The remainder of the validation section relates to encounter data used in the rate development.

#### **Completeness**

Encounter data is summarized quarterly through the encounter quality initiative (EQI) process. Separate sets of summaries, by rate group, are prepared for each MCO. Each summary illustrates utilization, cost per service, and per member per month cost for the population, stratified by category of service. The format of each quarterly exhibit is similar to the base data exhibits that were provided as part of SFY 2025 Capitation Rate Methodology and Data Book, dated March 19, 2024, allowing most data issues to be discovered before the annual capitation rate development process.

The quarterly EQI reconciliation process allows for three months of run-out from the end of the reported calendar quarter. For example, the first report of the calendar year would include the following claims: services incurred January 1 through March 31 and paid on or before June 30.

The actuary compares the EQI summaries to summary totals submitted by the MCOs. Where the difference between the MCO's encounter data and financial data is more than 3%, the MCO is subject to a financial penalty per their contract with the state. MCOs are rarely penalized, and the discrepancy is more commonly under 1%.

We provide all the individual encounter claims back to the MCOs for analysis. This allows the MCOs to identify any claims that need to be resubmitted or research any discrepancies that may exist in the final summary.

Finally, we submitted encounter data validation letters and individual encounters to each of the MCOs to confirm that their summarized data including SFY 2023 incurred claims is appropriate for use in the development of the capitation rate.

The SFY 2023 base encounter data used in the development of the rates was adjudicated through January 31, 2024. The seven months of claims run-out after the end of the fiscal year results in incurred but not paid (IBNP) claim liability estimates having a limited effect on the estimated incurred expenditures for SFY 2023. However, as noted in this report, claims completion is applied to the encounter data for estimated SFY 2023 claims adjudicated after January 31, 2024.

### **Accuracy**

Checks for accuracy of the data begin with the MCOs' internal auditing and review processes.

When the data is submitted to SCDHHS, it is subjected to most of the validation checks SCDHHS applies to FFS claims. For example, the data must contain a valid Medicaid recipient ID for an individual who was enrolled at the time the service was provided and assigned to the MCO.

The actuary also reviews the encounter data to ensure each claim is related to a covered individual and a covered service. A quarterly review of the EQI summaries is performed to ensure that the data for each service is consistent across the MCOs and when compared to prior historical period as applicable. Stratification by rate group facilitates this analysis, as it mitigates the impact of changes in population mix.

The actuary also compares the encounter data with financial information submitted by each MCO. To provide greater transparency to the MCOs in the data validation process for the SFY 2025 capitation rates, a summary was provided to each MCO that starts with total submitted encounter claims and identifies claims that have been removed from the base data summaries, such as voided claims, expenditures for non-state plan services, expenditures for services not covered in the capitation rate, expenditures related to members over age 21 who were in an IMD for at least 15 days in a calendar month, expenditures related to high cost no experience pharmaceutical treatments, and claims that have been removed because of unmatched eligibility records and members not eligible during the base data period, such as dual-eligible individuals and individuals beyond their date of death.

### **(ii) Actuary's assessment**

As required by Actuarial Standard of Practice (ASOP) No. 23, Data Quality, we disclose that Milliman has relied upon certain data and information provided by SCDHHS and their vendors, primarily the MCOs. The values presented in this letter are dependent upon this reliance.

We found the encounter and FFS data to be of appropriate quality for purposes of developing actuarially sound capitation rates. However, due to the potential under-reporting of encounter data expenditures as reported in the MCOs response to the SFY 2025 MCO Rate-Setting Survey, an adjustment has been made to increase the base data for valid encounters missing from the data submission process.

Encounter data validation letters were submitted to each of the MCOs to confirm that their summarized SFY 2023 data is appropriate for use in the development of the capitation rates. For MCOs that reported valid encounters missing from the encounter data submissions in their response to the SFY 2025 MCO Rate-Setting Survey, an adjustment has been made to increase the base data. Additionally, an adjustment was applied for supplemental data received for missing accepted encounters. The impact of these adjustments resulted in a net increase of 0.3% to the base data.

**(iii) Data concerns**

We have not identified any material concerns with the quality or availability of the data, other than the under-reporting of encounter data as discussed in the previous section and adjusted for in the development of the actuarially sound capitation rates.

**(c) Appropriate data****(i) Use of encounter and fee-for-service data**

All populations enrolled in managed care during the rate period were included in the risk-based managed care delivery system in the SFY 2023 base experience period. As such, expenditure data for populations enrolled in FFS during SFY 2023 is not reflected in the base experience cost models used to develop the capitation rates, with the exception of the dual rate cell. FFS claims experience for managed care enrollees related to managed care covered benefits was utilized to estimate the financial impact of transitioning these expenditures to the MCOs responsibility in SFY 2025.

**(ii) Use of managed care encounter data**

Managed care encounter data was the primary data source used in the development of the capitation rates.

**(d) Reliance on a data book**

Development of the capitation rates did not rely on a data book or other summarized data source. We were provided with detailed claims data for all covered services and populations. We created data books summarizing SFY 2023 encounter data, which were shared with SCDHHS and participating MCOs.

**iii. Data adjustments**

Capitation rates were developed primarily from SFY 2023 encounter data. Adjustments were made to the base experience for completion, reimbursement changes, managed care efficiencies, and other program adjustments.

**(a) Credibility adjustment**

The SCDHHS managed care program populations, as represented in the base experience, were fully credible. No adjustments were made for credibility.

**(b) Completion adjustment**

The encounter data submitted by the MCOs and the FFS data used in developing the capitation rates were analyzed separately to estimate claim completion factors. The base period encounter and FFS data reflect claims incurred during SFY 2023 and paid through January 2024. Separate sets of completion factors for the two data sources were developed by summarizing the claims data and applying traditional actuarial techniques to develop estimates of incurred but not paid (IBNP) liability.

Completion factors were developed by summarizing the data and applying traditional actuarial techniques to develop estimates of incurred but not paid (IBNP) liability, using Milliman's Robust Time-Series Analysis System (RTS)<sup>10</sup>. First, we stratified the data by category of service, in the population groupings illustrated in Figure 10. Claims for each of these population-service category stratifications were analyzed and formed into lag triangles by paid and incurred month. Claim completion factors were developed for each month of the base experience period, based on historical completion patterns. The monthly completion factors were applied to base data experience to estimate the remaining claims liability for the fiscal year. Results were aggregated into annual completion factors for the fiscal year.

The claim completion factors applied to the base data are illustrated by population and major service category in Figure 10.

<sup>10</sup> The Robust Time Series Reserve Analysis System (RTS) is a model designed to assist an actuary in performing an Incurred But Not Paid (IBNP) reserving analysis. The RTS is unique because it contains functionality that: provides reasonable best estimates despite contaminated data, provides reasonable margins for the total reserve, independently models shock claims, and provides forecasts of future cash flows. This methodology forecasts future claim runoff using time series forecasting which employs the interrelationship between claim payments during the first three months of claim payments for each incurred month.

**FIGURE 10: COMPLETION FACTORS APPLIED TO BASE EXPERIENCE DATA**

CATEGORY OF SERVICE	TANF/FOSTER	SSI	OCWI	SMI	DUAL	KICK
Hospital						
Inpatient	1.0377	1.0378	1.0215	1.0318	1.0178	1.0165
Outpatient	1.0094	1.0176	1.0135	1.0109	1.0234	1.0099
Pharmacy	1.0000	1.0001	1.0001	1.0030	1.0018	N/A
Ancillary	1.0080	1.0105	1.0064	1.0049	1.0190	N/A
Professional	1.0077	1.0111	1.0134	1.0084	1.0228	1.0071

Note:

1. Completion factors for the Dual population are developed from FFS source data. All other populations are developed from encounter data.

### (c) Errors found in the data

Encounter data validation letters were submitted to each of the MCOs to confirm that their summarized base data is appropriate for use in the development of the capitation rates. For MCOs that reported valid encounters missing from the encounter data submissions in their response to the SFY 2025 MCO Rate-Setting Survey and in supplemental data files, an adjustment has been made to increase the base data.

Based on a review of SFY 2023 FFS claims payments, expenditures for managed care enrolled members related to managed care covered benefits were identified through the FFS claims payment transactions. An adjustment has been made to the base data to reflect the additional expenditures anticipated to be processed by the MCOs in SFY 2025. The base data has been increased by approximately \$0.5 million for the FFS claims related to managed care covered services.

### (d) Program change adjustments

All program and reimbursement changes that have occurred in the Medicaid managed care program on or after July 1, 2022, the beginning of the base experience period used in the capitation rates, are described below.

#### Changes in Provider Reimbursement

Changes in provider reimbursement were evaluated by performing repricing analyses on the individual encounter data.

##### ***Federally Qualified Health Centers (FQHC) Physician Reimbursement Changes***

To develop the adjustment factor for FQHC physician reimbursement, we performed a repricing analysis to evaluate individual encounter data claims using Medicaid FQHC reimbursement methodology at the current Prospective Payment System (PPS) rates. This includes the application of the July 1, 2023 PPS fee schedule update. We reviewed all FQHC physician claims in the base data and applied the FQHC reimbursement methodology, state plan copayments for eligible populations, and current PPS rates. The repricing analysis captured approximately 99.4% of total FQHC claims. For claims that were unable to be repriced due to unknown provider IDs, the repricing adjustment factor was assumed to be 1.0.

Additionally, effective July 1, 2024, SCDHHS anticipates an update to the PPS rates paid to FQHCs. The FQHC provider-specific PPS rates reflect the full payment to the FQHC, including the wrap-around payment.

The estimated impact of all FQHC reimbursement updates is approximately \$29.5 million.

##### ***Physician (non-FQHC) Reimbursement Changes***

To develop the adjustment factor for physician reimbursement, we performed a repricing analysis to evaluate individual encounter data claims using Medicaid FFS reimbursement methodology at the current Medicaid fee schedule. This includes application of the enhanced fee schedule for qualifying physicians providing evaluation & management services. Although the enhanced fee schedule was effective prior to July 2021, the entirety of the fee schedule change is not reflected in the SFY 2023 base data as some MCOs do not reflect the entire increase through the encounter claims. Therefore, the repricing of all qualifying physician claims to the enhanced fee schedule increases the physician expenditures reported in the encounter base data (see 'Base Physician Repricing' in Figure 11).

We reviewed the distribution of the MCO paid amount relative to the repriced value using Medicaid fee-for-service reimbursement. We established an upper and lower bound from this distribution to ensure we captured a representative sample of claims that encompassed the multimodal distribution of the repriced values relative to the MCO paid amounts. Additionally, we reviewed the upper and lower bounds to ensure we captured a representative volume of the encounter claims reflected in the SFY 2023 base data for the repricing and reimbursement adjustment analyses. Similar to SFY 2024, a more prominent mode existed in the distribution with very little unusual activity in the tails of the distribution. As such, we kept the upper and lower bounds consistent with SFY 2024 assumptions.

We began with all non-FQHC physician claims and excluded any claims where the MCO paid amount was either below 50% of the repriced value or above 150% of the repriced value, to focus the analysis within a reasonable repricing bound. The application of exclusion criteria resulted in the repricing of approximately 91.6% of total non-FQHC physician dollars.

The 'Base Physician Repricing' column in Figure 11 represents the impact of repricing to the Medicaid fee schedule effective July 1, 2024, including the enhanced fee schedule discussed above. Additionally, consistent with SFY 2024, claims provided by teaching physicians and billed by a non-teaching facility qualify for the enhanced fee schedule, while claims provided by teaching physicians and billed by a teaching facility are assumed to be reimbursed at the standard fee schedule, where appropriate. Note that specific fee schedule updates that have been or are anticipated to be implemented between July 1, 2023 and July 1, 2024 are excluded from the 'Base Physician Repricing' impacts and stratified separately for additional transparency. The estimated impact of the repricing adjustment based on SFY 2025 projected enrollment is approximately \$17.6 million.

Effective July 1, 2023, SCDHHS updated the physician fee schedule to apply a 5% increase to all established sick and well evaluation and management (E&M) procedure codes. The '7/1/2023 Update' column in Figure 11 represents the impact of this E&M update. The estimated impact of this rate change, based on SFY 2025 projected enrollment, is approximately \$8.6 million.

Effective October 1, 2023, SCDHHS updated the physician fee schedule to set anesthesia base rates to 88% of the 2022 Medicare fee schedule. The estimated impact of this rate change is approximately \$1.2 million. The PMPM impact is captured in the '10/1/2023 Update' column in Figure 11.

Effective July 1, 2024, SCDHHS anticipates an update to rehabilitative health service rates for licensed psychologists. The estimated impact of this rate change is approximately \$2.2 million. The PMPM impact is captured in the '7/1/2024 Update' column in Figure 11.

Effective July 1, 2024, SCDHHS anticipates an update to increase a subset of physical therapy, occupational therapy, and speech-language pathology service rates. The estimated impact of this rate change is \$4.5 million, and the PMPM impact is captured in the '7/1/2024 Update' column in Figure 11.

Effective July 1, 2024, SCDHHS anticipates updating the physician fee schedule to benchmark rates to the 2024 Medicare Fee Relative Value Unit (RVU) and Clinical Lab fee schedules for a subset of providers. This fee schedule update is related to family practice, obstetrics and gynecology, pediatric subspecialists, neonatologists, lab and radiology, podiatrists, chiropractors, enhanced qualifying physicians, and other medical professionals. The estimated impact of this rate change is \$15.8 million, and the PMPM impact is captured in the '7/1/2024 Update' column in Figure 11.

Figure 11 presents the combined results of the FQHC and non-FQHC repricing analyses.

**FIGURE 11: COMPOSITE PHYSICIAN AND ANCILLARIES PMPM ADJUSTMENTS BY RATE CELL**

RATE CELL	FQHC FEE SCHEDULE	BASE PHYSICIAN REPRICING	7/1/2023 UPDATE	10/1/2023 UPDATE	7/1/2024 UPDATE	COMPOSITE ADJUSTMENT
TANF: 0-2 months old (AH3)	\$ 9.70	\$ (2.66)	\$ 3.57	\$ 0.12	\$ (8.75)	\$ 1.98
TANF: 3-12 months old (AI3)	4.67	(0.89)	1.91	0.11	3.16	8.96
TANF: Age 1-6 (AB3)	2.24	1.58	0.87	0.09	3.11	7.89
TANF: Age 7-13 (AC3)	2.10	1.29	0.58	0.04	1.73	5.74
TANF: Age 14-18, Male (AD1)	1.49	1.02	0.42	0.05	1.06	4.04
TANF: Age 14-18, Female (AD2)	2.32	1.62	0.51	0.04	1.29	5.78
TANF: Age 19-44, Male (AE1)	0.85	0.36	0.22	0.06	0.48	1.97
TANF: Age 19-44, Female (AE2)	2.42	1.47	0.55	0.13	0.89	5.46
TANF: Age 45+ (AF3)	3.47	0.55	0.79	0.24	1.70	6.75
SSI - Children (SO3)	3.31	14.40	0.86	0.16	5.79	24.52
SSI - Adults (SP3)	4.76	2.47	0.93	0.35	2.54	11.05
SMI Children (VV3)	5.61	7.46	0.97	0.08	2.91	17.03
SMI TANF Adults (TP3)	5.42	2.63	1.25	0.26	3.00	12.56
SMI SSI Adults (UP3)	7.51	2.69	1.31	0.43	3.51	15.45
OCWI (WG2)	1.70	1.69	0.43	0.11	0.90	4.83
DUAL	1.17	-	0.21	0.02	0.85	2.25
Foster Care - Children (FG3)	4.90	11.71	1.15	0.12	6.37	24.25
KICK (MG2/NG2)	19.68	(40.29)	23.55	4.79	54.30	62.03

For each rate cell, more detailed PMPM adjustments are applied at the category of service level and can be found in the “program and policy” section of Appendix 6 and the “reimbursement adjustment” section of Appendix 7.

### ***Inpatient Hospital Reimbursement Changes***

Effective July 1, 2023, SCDHHS updated the inpatient hospital-specific base rates for rural hospitals and required all MCOs to reimburse in-network rural hospitals at no less than the applicable Medicaid fee-for-service rate through a state directed minimum fee schedule.

To estimate the impact of this reimbursement change, we performed a repricing analysis on inpatient claims in the SFY 2023 base data. The repricing analysis was performed by comparing inpatient hospital reimbursement at the Medicaid FFS fee schedule effective during the SFY 2023 base data period, and the Medicaid FFS fee schedule anticipated to be effective during SFY 2025 for all impacted hospitals. The estimated impact of this adjustment based on SFY 2025 projected membership is an increase to inpatient hospital expenditures of approximately 1.5%, or \$10.3 million.

### ***Outpatient Hospital Reimbursement Changes***

The following outpatient hospital reimbursement updates were evaluated for the SFY 2025 contract year:

- Effective November 1, 2022, SCDHHS increased reimbursement rates for outpatient services related to Vagus Nerve Stimulation.
- Effective July 1, 2023, SCDHHS updated the outpatient hospital multipliers for rural hospitals and required MCOs to reimburse in-network rural hospitals at no less than the applicable Medicaid fee-for-service rate through a state-directed minimum fee schedule.

To estimate the impact of these reimbursement changes, we performed a repricing analysis on outpatient claims in the SFY 2023 base data. The repricing analysis was performed by comparing outpatient hospital reimbursement at the Medicaid FFS fee schedule effective during the SFY 2023 base data period, and the Medicaid FFS fee schedule anticipated to be effective during SFY 2025 for all impacted hospitals. Based on SFY 2025 projected membership, this program change reflects an increase to outpatient hospital expenditures of approximately 5.2%, or \$23.7 million.

### ***Autism Spectrum Disorder (ASD) Services***

The following reimbursement updates and program changes related to ASD services were evaluated for the SFY 2025 contract year:

- Effective July 1, 2023, SCDHHS implemented a rate of \$59.52 per hour for therapy services provided by Registered Behavioral Technicians (RBTs), an increase of 32.3% over January 1, 2022 rates.
- Effective July 1, 2023, SCDHHS expanded the ABA service array to include to new group therapy ABA codes (97154 and 97158)
- Effective July 1, 2024, SCDHHS anticipates expanding the ABA service array to include four new ABA codes (97152, 97157, 0362T, and 0373T).

To estimate the impact of the reimbursement updates, ASD services in the SFY 2023 base data period were repriced at the July 1, 2024 fee schedule. Additionally, consistent with SFY 2024 assumptions and emerging experience, utilization of ASD services are anticipated to increase by 25% due to provider capacity increases resulting from the July 1, 2023 ASD fee schedule update.

To estimate the impact of the ABA service array expansion, we reviewed ASD experience in two comparison states who offer both the services included in SC's current ASD service array, as well as the additional group therapy services. In addition, we reviewed anticipated utilization by procedure code provided by SCDHHS.

Based on SFY 2025 projected membership and the utilization sources described above, the ASD policy and program changes reflect an increase to professional MH/SA expenditures of approximately \$9.1 million, with approximately \$7.0 million related to July 1, 2023 program and policy changes and \$2.1 million related to the July 1, 2024 service array expansion.

### ***Psychiatric Residential Treatment Facilities (PRTF) Per Diem Rate Changes***

Effective July 1, 2024, SCDHHS anticipates implementing a reimbursement update of \$525 per day for all in-state PRTF providers, representing an increase of approximately 5% to SFY 2023 PRTF payment rates. We estimated the impact of this reimbursement change by repricing all PRTF claims in the SFY 2023 base data to the anticipated July 1, 2024 fee schedule. Additionally, based on discussion with SCDHHS and review of emerging data, utilization of PRTF services is anticipated to increase by 5% from SFY 2023 levels due to increases in provider capacity for the SC Medicaid population resulting from the PRTF per diem update. The estimated impact of this program change based on SFY 2025 projected membership is an increase to SFY 2023 PRTF base expenditures of approximately \$2.0 million and is applied to the Inpatient MH/SA category of service.

### ***SC Free-Standing Psychiatric Facility Per Diem Rate Changes***

Effective July 1, 2024, SCDHHS anticipates implementing an increase to the SC DMH long-term psychiatric facility per diem rates to \$800 per day and transitioning all other short-term free-standing psychiatric facilities from APR DRG reimbursement to a per diem rate of \$800. We estimated the impact of this rate change by repricing all impacted claims for the under age 21 population to the anticipated July 1, 2024 fee schedule. Note that the age 21 to 64 adult population is subject to the IMD exclusion and is not repriced to the \$800 per diem rate, but instead is repriced to the unit cost for that of existing state plan providers as documented in the "IMD In Lieu Of Services for Individuals Age 21 to 64" section below.

Based on SFY 2025 projected membership, this program change reflects an increase of approximately \$7.3 million to inpatient hospital MH/SA expenditures for the SFY 2025 contract period.

## **Historical Program Change Review**

### ***IMD In Lieu Of Services for Individuals Age 21 to 64***

Effective July 1, 2019, SCDHHS expanded the use of IMDs to all MH/SA diagnoses as an "in lieu of" service for the 21 to 64-year old managed care population for up to 15 days per month. This program change was implemented in compliance with the conditions outlined in the final Medicaid managed care regulations. Consistent with the rate-setting guidance published by CMS, in reviewing the impact of the IMD in lieu of service, we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers.

Figure 12 provides a summary of the adjusted base data to reflect the repriced unit costs for IMD services represented in the base data. The estimated impact of this adjustment is approximately \$2.7 million.

**FIGURE 12: IMD IN-LIEU OF PROJECTED UTILIZATION**

	BASE DATA			ADJUSTED BASE DATA		
	IP PSYCH	IMD	TOTAL	IP PSYCH	IMD	TOTAL
Utilization (Days)	19,678	20,155	39,833	19,678	20,155	39,833
Utilization per 1000	52.6	53.9	106.5	52.6	53.9	106.5
Cost per Day	\$ 709.27	\$ 581.31	\$ 644.53	\$ 709.27	\$ 709.27	\$ 709.27
Total Expenditures (millions)	\$ 14.0	\$ 11.7	\$ 25.7	\$ 14.0	\$ 14.3	\$ 28.3

Notes:

1. IP psychiatric and IMD base data includes all SFY 2023 IP MH/SA expenditures for the 21 to 64-year old managed care population.

### ***Therapeutic Child Care (TCC) Fee Schedule Update***

Effective October 1, 2022, SCDHHS increased the reimbursement rate for the Therapeutic Child Care services (procedure code H2037). To estimate the impact of this reimbursement change, applicable TCC expenditures in the SFY 2023 base data period were repriced to the October 1, 2022 fee schedule. The estimated impact of this adjustment is approximately \$0.4 million and is applied to the Professional MH/SA category of services.

### ***Rehabilitative Behavioral Health Services (RBHS) in School-Based Setting***

Effective July 1, 2022, SCDHHS updated the RBHS fee schedule for DMH and private practice counselors providing the following services in a school-based setting: individual therapy, group therapy, family therapy, assessments, service plan development, and crisis services. The updated fee schedules include two sets of reimbursement rates: one for licensed counselors and one for unlicensed counselors. The unlicensed counselor reimbursement rates are set at 90% of the licensed counselor rates.

SCDHHS anticipated increased utilization in the RBHS school-based services as a result of the July 1, 2022 reimbursement change, continued ramp-up, and SCDHHS behavioral health initiatives. Based on utilization levels throughout SFY 2023 as well as emerging SFY 2024 utilization, an adjustment was made to increase the base period utilization to reflect private provider utilization ramp-up throughout the base period.

The estimated impact of this program change based on SFY 2025 projected membership is an increase to RBHS school-based expenditures of approximately \$1.9 million and is applied to the Professional MH/SA category of service.

## **Prospective Program Change Review**

### ***COVID-19 Diagnostic Testing***

Effective February 4, 2020, SCDHHS implemented coverage of COVID-19 diagnostic testing without prior authorization or copayment for all populations. Based on guidance from SCDHHS, coverage of COVID-19 testing without prior authorization or copayment is anticipated to remain in effect as a permanent policy in South Carolina's Medicaid program. As such, coverage of COVID-19 diagnostic testing as a covered benefit is fully reflected in the SFY 2023 base data and is anticipated to remain in effect in the SFY 2025 contract period.

In SFY 2023, an average of approximately 59,000 COVID-19 tests were performed each month at an average cost per test of \$77.84, totaling approximately \$55.5 million in expenditures.

To estimate the impact of ongoing COVID-19 diagnostic testing in SFY 2025, we reviewed emerging COVID-19 testing experience through November 2023, as well as data from the Center for Disease Control and Prevention (CDC) on weekly COVID-19 hospitalizations in SC<sup>11</sup> to evaluate ongoing prevalence of COVID-19 related illnesses. Based on this review, we observed that average monthly tests decreased by approximately 20% from SFY 2023 levels through November 2023, with larger decreases observed in CDC-reported hospitalizations. During this time period, over the counter (OTC) COVID-19 diagnostic tests, at approximately \$9 per test, have decreased at a higher rate, and contribute to 10% of total tests in the state.

<sup>11</sup> CDC, *Weekly COVID-19 Nucleic Acid Amplification Tests (NAATs) Performed in The United States Reported to CDC*, South Carolina (Accessed April 30, 2023) Link: [https://covid.cdc.gov/covid-data-tracker/#trends\\_newtestresultsreported](https://covid.cdc.gov/covid-data-tracker/#trends_newtestresultsreported)

Utilizing the estimated decrease in COVID-19 tests described above, we assumed total Medicaid managed care COVID-19 diagnostic tests would decrease by approximately 15% from SFY 2023 utilization levels. Utilizing the assumptions described above and the anticipated decrease in enrollment for SFY 2025, this represents a decrease of approximately \$6.5 million from the base data.

### ***COVID-19 Pharmaceutical Treatment***

On October 13, 2023, HHS and Pfizer reached an agreement to transition Paxlovid to the commercial market in November 2023 while ensuring individuals on Medicaid will continue to have access to Paxlovid without member copays through calendar year 2024. As a result of this agreement, the MCOs are responsible for paying for Paxlovid treatments beginning in November 2023, at an estimated average treatment cost of approximately \$1,390 per script. Based on a review of emerging utilization of Paxlovid, the estimated impact to pharmacy expenditures as a result of MCOs covering Paxlovid treatments at an assumed cost of \$1,390 per treatment is an increase to the projected SFY 2025 expenditures of approximately \$4.4 million.

### ***Expanded Coverage of Human Papillomavirus (HPV) Vaccine***

The current Advisory Committee on Immunization Practices (ACIP) guidelines recommend the utilization of the HPV 9-valent Vaccine (Gardasil 9) for all individuals aged 9 through 26 years old. Section 11405 of the Inflation Reduction Act of 2022 requires coverage of all ACIP-recommended vaccines without cost sharing by October 1, 2023. To comply with the Inflation Reduction Act of 2022, SCDHHS has indicated that coverage of the HPV vaccine was extended from the current policy of ages 9 through 18 years to all Medicaid members up to age 45, effective July 1, 2023.

To estimate the impact of the HPV expanded coverage, we reviewed HPV utilization information from other state Medicaid programs that cover the HPV vaccine up to age 45, as well as managed care experience in the SFY 2023 base data. Based on this review, we assumed the following:

- HPV vaccinations would increase by approximately 8%, impacting the age 19 to 45 population only, with females more likely to receive the vaccine at a 3:1 ratio in the adult population
- An assumed cost per dose of approximately \$280 (including both the vaccine and the administration costs) based on SCDHHS guidance

Based on SFY 2025 projected membership and the assumptions described above, the expanded coverage of the HPV vaccine reflects an increase to professional expenditures of approximately \$0.7 million.

### ***Durable Medical Equipment (DME) Services in accordance with Home Health Final Rule***

Effective July 1, 2023, SCDHHS implemented a policy update to ensure compliance with the Home Health Final Rule.

The policy update establishes a procedure for individuals 21 years and older to request DME services not on the preapproved list of services based on medical necessity. Per the Home Health Final Rule<sup>12</sup>, States can maintain a preapproved list of DME services for administrative ease but may not use that list to prohibit coverage of services.

To estimate the impact of the DME policy update, we utilized the covered/non-covered procedure code list provided by SCDHHS and reviewed Medicaid DME experience from states that have fully implemented the Home Health Rule. Based on our review, we assumed an increase of approximately \$2.3 million in DME expenditures for the adult population.

### ***Assertive Community Treatment (ACT) Services***

Effective July 1, 2023, SCDHHS added ACT services to the Medicaid State Plan for Medicaid beneficiaries ages 21 and older and carved the services into the managed care program.

The estimated impact of adding ACT services to the managed care program was developed utilizing the following assumptions:

- **Estimated annual cost per recipient for ACT services.** Based on guidance from SCDHHS, ACT per diem rates are assumed at \$175.65 for small ACT teams and \$157.75 for large ACT teams, with each recipient receiving an average of 9 services per month for 12 months for an estimated annual cost of \$17,800.

<sup>12</sup> Home Health Final Rule: <https://www.govinfo.gov/content/pkg/FR-2016-02-02/pdf/2016-01585.pdf> (Accessed May 3, 2023)

- **Estimated annual cost per recipient for RBHS services assumed to be reflected in current Medicaid experience.** Based on a review of ACT-enrolled members provided by SCDHHS, we summarized annual RBHS claims experience currently included in the Medicaid expenditures that are assumed to be covered by the ACT per diem in SFY 2025. The estimated annual RBHS costs assumed to already be reflected in the SFY 2023 Medicaid experience is \$2,500.
- **SFY 2025 projected ACT recipients.** Utilizing the ACT member information provided by SCDHHS, we estimated approximately 150 managed care recipients would access ACT services in SFY 2025 and an estimated 20 individuals in the dual proxy population.

Utilizing the information described above, we assumed an estimated impact of \$2.5 million in Professional MH/SA expenditures for the adult managed care population.

### ***Crisis Stabilization Units***

Effective January 1, 2024, SCDHHS added two new crisis stabilization state plan services, procedure codes S9484 (crisis intervention, hourly) and S9485 (crisis intervention, daily), for individuals in mental health crisis or suffering from substance use with or without co-occurring mental health disorders. To develop the adjustment impact, we estimated SFY 2025 utilization based on facility-specific chair (S9484) and bed (S9485) capacity assumptions provided by SCDHHS, as well as effective dates for twelve facilities that are anticipated to offer crisis stabilization services in the SFY 2025 time period. The estimated utilization for each service was multiplied by the January 1, 2024 fee schedule<sup>13</sup> to determine the estimated impact. An adjustment is applied to the Inpatient MH/SA and Other Outpatient categories of service and is estimated at approximately \$5.1 million.

### ***Nutritional Counseling Reimbursement and Coverage Updates***

Effective January 1, 2024, SCDHHS implemented reimbursement rate increases for dietitians and increasing benefit frequency limits for nutritional counseling services to support SCDHHS's anti-obesity initiative. Based on discussions with SCDHHS, projected utilization increases were applied to individual nutritional therapy services, procedure codes 97802 (initial assessment) and 97803 (re-assessment). Additionally, the reimbursement rates for these services increased to \$26.50 and \$23.05 per unit for 97802 and 97803, respectively. An adjustment is applied to the Other Professional category of service and is estimated at approximately \$3.8 million based on SFY 2025 projected membership.

### ***Cochlear Implant Coverage Expansion***

Effective January 1, 2024, SCDHHS expanded coverage of cochlear implant services for all adult beneficiaries. Based on assumptions provided by SCDHHS, an adjustment was developed utilizing the National Institute of Health (NIH) prevalence assumptions for adults with severe or profound hearing loss and projected utilization of cochlear implant services for impacted beneficiaries. The estimated cochlear implant service recipients were multiplied by anticipated costs per year per recipient to develop the adjustment impact. As a portion of the total assumed costs for this service are already covered by the MCOs, the related costs in the SFY 2023 base data were subtracted from the total projected costs in development of the adjustment. An adjustment is applied to the Outpatient Hospital - Surgery, Ancillary - DME/Prosthetics, and Professional - Inpatient and Outpatient Surgery categories of service, with the majority of the impact in the Outpatient Hospital - Surgery category. The impact is estimated at approximately \$1.7 million based on SFY 2025 projected membership.

### ***Transplant Services Carve-In***

Effective February 1, 2024, SCDHHS carved in the cost of transplant events<sup>14</sup> to managed care, in addition to the post-transplant event services the MCOs have been responsible for historically. To estimate the impact of this program change, we reviewed historical fee-for-service transplant experience for MCO members. An adjustment is applied to the Inpatient Medical/Surgical/Non-Delivery category of service and is estimated at approximately \$8.8 million based on SFY 2025 projected membership.

<sup>13</sup> Medicaid Bulletin (December 7, 2023) "Addition of hospital-based Crisis Stabilization Services": [https://www.scdhhs.gov/sites/default/files/documents/\(2023-12-7\)%20Addition%20of%20Hospital-based%20Crisis%20Stabilization%20Services%20v7.pdf](https://www.scdhhs.gov/sites/default/files/documents/(2023-12-7)%20Addition%20of%20Hospital-based%20Crisis%20Stabilization%20Services%20v7.pdf), Accessed May 1, 2024

<sup>14</sup> The following inpatient services outlined in the In-rate criteria provided by SCDHHS on 2/14/23 are anticipated to be carved into managed care effective February 1, 2024: DRGs 001, 002, 003, 006, 007, 008, 440

### ***Development Evaluation Center (DEC) Carve-In and Reimbursement Update***

Effective February 1, 2024, SCDHHS carved in coverage of DEC services to the managed care program. To estimate the impact of this program change, we summarized and reviewed SFY 2023 fee-for-service DEC expenditures for the MCO population.

Additionally, effective July 1, 2024, SCDHHS anticipates implementing a 17.5% reimbursement rate increase for all DEC services. To estimate the impact of this reimbursement change, SFY 2023 FFS DEC expenditures were repriced to the anticipated July 1, 2024 fee schedule.

An adjustment is applied to the Other Professional category of service for the DEC carve-in and reimbursement rate increase and is estimated at approximately \$5.0 million and \$0.9 million, respectively based on SFY 2025 projected membership.

### ***Intensive In-Home Services***

The following state plan services are anticipated to be added to the managed care program for intensive in-home services (IIHS):

- Effective January 1, 2024 SCDHHS carved in a new state plan service for multisystemic therapy (H2033, MST)
- Effective July 1, 2024, SCDHHS anticipates carving in a new state plan service for Homebuilders services (H2022, HB)

To develop the adjustment impact for IIHS, we estimated SFY 2025 utilization for MST and HB services based on the following assumptions provided by SCDHHS: projected Medicaid beneficiaries served, average number of days in treatment per beneficiary, and anticipated per diem reimbursement of \$309.56 (MST) and \$386.80 (HB). The estimated utilization in total days was multiplied by the anticipated per diem reimbursement rates to determine the estimated impact. An adjustment is applied to the professional MH/SA category of service and is estimated at approximately \$3.7 million for MST services and \$2.1 million for HB services based on SFY 2025 projected membership.

### ***Genetic Testing Laboratory Services***

Effective March 1, 2024, SCDHHS added coverage for Oncotype DX Breast Cancer Assay (procedure code 81519) and Neuropharmagen Genomic Testing (procedure code 81418) to state plan covered services. Based on guidance from SCDHHS related to anticipated utilization and reimbursement of these genetic testing laboratory services, adjustments were applied to the pathology/lab and other professional categories of service, with an estimated impact of approximately \$0.3 million based on SFY 2025 projected membership.

### ***Removal of Member Copays***

Effective July 1, 2024, SCDHHS anticipates removing member copays for all services in the managed care program. To estimate the impact of this program change, we summarized the estimated copays paid by managed care members in the SFY 2023 base data and applied an adjustment to incorporate the estimated copay costs in the capitation rates in SFY 2025. The estimated impact of this program change for each major category of service is as follows: hospital inpatient = \$0.6 million, hospital outpatient = \$1.0 million, professional = \$0.3 million, and pharmacy = \$6.5 million.

### ***Wegovy Expanded Cardiovascular Indication***

Effective July 1, 2024, SCDHHS anticipates allowing the use of the pharmaceutical product Wegovy for cardiovascular treatment, consistent with the U.S. Food and Drug Administration (FDA) approval on March 8, 2024<sup>15</sup>. The FDA approved a new indication for Wegovy to reduce cardiovascular death, heart attack, and stroke in adults with cardiovascular disease and either obesity or overweight. The member pool that is expected to be eligible and utilize Wegovy was developed based on the presence of demographic and diagnostic information in the data consistent with the clinical criteria anticipated to be required for Wegovy utilization. The estimated impact of this program change for the prescription drug category of service is estimated at approximately \$4.5 million.

<sup>15</sup> <https://www.fda.gov/news-events/press-announcements/fda-approves-first-treatment-reduce-risk-serious-heart-problems-specifically-adults-obesity-or>

### **Expansion of Continuous Glucose Monitoring (CGM) Devices**

Effective July 1, 2024, SCDHHS anticipates expanding coverage of CGM devices to children and adults utilizing insulin therapy with Type 2 diabetes. To estimate the impact of this program change, we reviewed CGM utilization information from other state Medicaid programs that cover CGM devices for individuals with Type 2 diabetes, as well as SC managed care experience in the SFY 2023 base data. Based on this review, we assumed the following:

- CGM device utilization for individuals with Type 2 diabetes would increase by approximately 20% from utilization observed in the SFY 2023 base data
- An assumed cost per recipient of approximately \$1,000 based on average observed CGM costs for Type 2 diabetes individuals in the SFY 2023 base data

Based on SFY 2025 projected membership and the assumptions described above, the expanded coverage of CGM devices reflects an increase to pharmacy expenditures of approximately \$1.5 million.

### **Single Preferred Drug List (PDL)**

- Effective July 1, 2024, SCDHHS anticipates implementing a single PDL for the managed care program, based on SCDHHS's formulary. Because the MCOs managed the pharmacy benefit with their own respective formularies in the base data period, a utilization shifting methodology was applied to estimate the pharmacy products that will be utilized during the SFY 2025 contract period based on the PDL anticipated to be implemented on July 1, 2024.

The formulary file relied upon is the December 2023 SCDHHS PDL, with adjustments made for known changes in January 2024 and adjustments anticipated to go into effect on July 1, 2024, based on information received from SCDHHS.

Our evaluation of the single PDL transition followed the methodology outlined below.

- (1) **Create PDL Groupings.** The PDL file provided by SCDHHS contains a field called Market Basket, which is a grouping of products intended to be used for similar indications. This is the base level we used to develop PDL Groupings, with further delineation of the Market Baskets as clinically appropriate. For example, we stratified the "Hypoglycemics, Insulin and Related Agents" Market Basket further to recognize the type of insulin (e.g., long-acting vs rapid-acting) and formulation (e.g., vials vs pens).
- (2) **Utilization shifting.** Within each PDL grouping, the utilization shifting methodology can be viewed as a three-step process:
  1. **Brand preferred over generic.** The SCDHHS PDL includes brand drugs as preferred in many cases. The shift from generic products to brand generally results in a higher gross cost. For classes with brand products preferred over generic, we assumed a default 95% brand market share percentage that accounts for SCDHHS anticipated contractual requirements, such as PDL compliance.
  2. **General shifting.** This step reflects shifting other than brand preferred over generic that is anticipated to take place within PDL groupings. Generally, this step assumes shifting of non-preferred agents to preferred agents within the same PDL grouping based on the FFS distribution within the PDL grouping, unless the managed care distribution already had a greater percentage of preferred products. The cost impact of step 2 was materially less than step 1.
  3. **Clinical review.** The default shifting assumptions from steps 1 and 2 were overridden in some instances based on clinical review. This review included a review of the FFS distribution, market conditions, and other clinical considerations. The assumed preferred market share considers whether the product is a specialty drug. We understand that most specialty drugs require prior authorization and, in many cases, members may have tried and failed other preferred first line therapy. Because of this, we assumed minimal shifting for specialty drugs.

In some instances, the clinical review validated the model shift from steps 1 and 2; in others, selections were made to reflect a more appropriate shifting assumption.

Further detail on some of the most impactful PDL Groupings overall can be found below in “Clinical Review: Key Drivers.”

- (3) **Cost per script assumption.** The total impact of the shifting is calculated by multiplying the shifted utilization by product by its cost per script.

1. Generally, the MCO composite cost per script included in the base data for a product will be the assumed cost per script for the shifted SFY 2023 utilization. In instances where the MCO composite cost per script is not credible, the wholesale acquisition cost (WAC) was used as appropriate.
2. The final cost per script assumptions reflect recent price reductions to a number of brand name drugs. The impact of these price changes was material in PDL groupings that have a preferred brand over generic strategy in place. The cost per script adjustment is estimated at approximately \$(20.2) million based on the shifted utilization to the brand drug. The following products had the largest impacts due to the recent price reductions:
  - Hypoglycemics, insulin and related agents – Lantus, Humalog, Humulin, Levemir, Novolog, and Novolin
  - Glucocorticoids, inhaled – Advair, Symbicort, and Asmanex
  - Hypoglycemics, incretin mimetics/enhancers – Victoza

▪ **Clinical Review: Key Drivers**

- (1) ADHD Treatments – The Methylphenidate ER, Amphetamines ER, and Amphetamines IR PDL groupings all have drugs on the brand over generic list. We assumed that the preferred brand drugs would have 99% of the utilization. We assumed lower brand utilization (10%) in situations where both the brand and generic formulation is preferred such as Adderall IR.
- (2) Opiate Dependence Treatments – We assume that the brand over generic products Suboxone Film and Narcan Nasal Spray will each have 95% utilization from shifting from their generic equivalents.
- (3) Insulin – Long Acting pen – We assume that utilization will shift from Basaglar and generic insulin glargine resulting in 90% brand Lantus utilization. We assumed a lower threshold recognizing members likely would need a new prescription to achieve the change from Basaglar to Lantus.

- **Ramp-up assumption.** Based on guidance from SCDHHS, a ramp-up assumption was applied to the ultimate expected shifted utilization. SCDHHS’ continuity of care policy allows access to a prescribed drug for up to six months or through December 31, 2024, regardless of whether it is preferred on the PDL, for members who have a prescription as of June 30, 2024. It is understood this applies to all products, including brand products preferred over generic. We have assumed a five-month linear ramp up period, such that the ultimate expected PDL adherence would be achieved by December 1, 2024. We have reviewed and considered ramp-up experience in the single PDL implementation in other states in development of this assumption.

An adjustment is applied to the prescription drug category of service and is estimated at approximately \$35.9 million based on SFY 2025 projected membership, prior to trend. Figure 13 below shows the top 10 classes in terms of absolute impact. Note that the total ingredient cost impact of \$40.0 million is based on SFY 2023 base data utilization.

FIGURE 13: SINGLE PDL UTILIZATION SHIFTING IMPACTS

	[A]	[B]	[C] = [B] - [A]	[D]	[E] = [C] + [D]
PDL GROUPING	ORIGINAL INGREDIENT COST	SHIFTED INGREDIENT COST	UTILIZATION SHIFTING IMPACT	COST PER SCRIPT REDUCTION IMPACT	TOTAL INGREDIENT COST IMPACT
ADHD - METHYLPHENIDATES ER	\$ 12.0	\$ 28.0	\$ 16.0	\$ 0.0	\$ 16.0
ADHD - AMPHETAMINES ER	20.2	34.4	14.2	0.0	14.2
OPIATE DEPENDENCE TREATMENTS	7.0	12.7	5.6	0.0	5.6
ADHD - AMPHETAMINES IR	2.2	7.5	5.2	0.0	5.2
INSULIN - LONG ACTING - PEN	10.5	15.5	5.0	(9.7)	(4.7)
ANTIPSYCHOTICS - SECOND GENERATION - ATYPICALS	17.0	13.6	(3.4)	0.0	(3.4)
ANTICONVULSANTS - SECOND GENERATION	8.6	11.1	2.5	(0.1)	2.4
ANTICONVULSANTS - CARBAMAZEPINE DERIVATIVES	1.5	3.9	2.4	0.0	2.4
DIABETES - SGLT2 INHIBITORS	10.1	12.5	2.4	0.0	2.4
INSULIN - RAPID ACTING - VIAL	3.5	3.3	(0.2)	(1.2)	(1.5)
All Other PDL Groupings	662.9	673.4	10.4	(9.2)	1.3
<b>Total</b>	<b>\$ 755.7</b>	<b>\$ 815.9</b>	<b>\$ 60.2</b>	<b>(\$ 20.2)</b>	<b>\$ 40.0</b>

## Changes in Covered Population

### Newborn Enrollment

Disruptions in processing eligibility for newborns caused a delay in newborn enrollment into the managed care program. We reviewed FFS data for all MCO-enrolled newborns to quantify the impact of the delayed enrollment into the managed care program. We reviewed FFS expenditures for MCO-enrolled individuals in the 0-2 month capitation rate cell. An adjustment was made to increase the encounter base data by \$0.6 million, an increase of 0.4% to the 0-2 month rate cell, to include these expenditures that are expected to be covered by the MCOs during the SFY 2025 contract year.

### Unwinding Acuity Adjustment

As part of the Consolidated Appropriations Act, 2023, continuous enrollment provisions were decoupled from the PHE on March 31, 2023, allowing eligibility reviews to begin prior to the expiration of the PHE. In South Carolina, the COVID-19 unwinding period began June 1, 2023. We have been in ongoing discussions with SCDHHS regarding their redetermination reinstatement process during the unwinding period. With reliance on SCDHHS direction, we have assumed the following related to eligibility changes throughout the unwinding process:

- Beginning April 1, 2023, individuals impacted by the disenrollment freeze were included in an eligibility review process, with the first disenrollments occurring June 1, 2023.
- The eligibility review process followed a hierarchy for high priority groups as follows:
  - (1) Children over age 19 (in the TANF adult rate cells);
  - (2) Pregnant women past 12-month extended postpartum period;
  - (3) Individuals who lost SSI eligibility during the PHE
- The unwinding was paused in July and August 2023, with disenrollments resuming September 1, 2023.
- Approximately 58% of the unwinding process is assumed to be complete through December 1, 2023, with the remaining disenrollments expected to occur at an evenly distributed rate through the remainder of the unwinding period.
- The unwinding process is assumed to be complete by August 1, 2024.

To estimate the acuity adjustment related to unwinding through August 2024 (anticipated last month of unwinding disenrollments), we allocated the enrollment into the following cohorts: categorically ineligible disenrolled members, other disenrolled members who do not return ("Other disenrolled"), other disenrolled members who return ("Returners"), and all other (i.e., stayers and "stable" churn). To estimate the number of members and the relative acuity of each cohort, we reviewed emerging eligibility through February 2024 to assess members and the outcome of their eligibility redeterminations during the unwinding process. Using this information, and the unwinding assumptions described above, we estimated the number of members that would be included in each cohort and the average acuity for each cohort and rate cell combination based on the SFY 2023 experience for each member that has been reviewed during the unwinding process. These cohorts and their relative acuity are described in more detail below.

- **Categorically ineligible disenrolled members.** This cohort reflects members who have aged into the 19-44 rate cells during the PHE and either have been or are anticipated to be disenrolled from the Healthy Connections Choices program during the unwinding process. We estimated the acuity for this cohort relative to the acuity of SFY 2023 members that were assumed to remain in the Medicaid managed care program during the unwinding process (the “All Other” cohort) for each rate cell. This group is not anticipated to return to Medicaid during SFY 2025.
- **Other disenrolled members who do not return (“Other disenrolled”).** This cohort reflects the group of members who either have been or are anticipated to be disenrolled from the Healthy Connections Choices program during the unwinding process for reasons other than categorical ineligibility, and who are not anticipated to return to Medicaid during SFY 2025. This includes disenrolled members in the OCWI rate cell who are assumed to be more than twelve months postpartum. We estimated the acuity for this cohort relative to the acuity of SFY 2023 members that were assumed to remain in the Medicaid managed care program during the unwinding process (the “All Other” cohort) for each rate cell.
- **Other disenrolled members who return (“Returners”).** This cohort reflects members that either have been or are anticipated to be disenrolled during the unwinding process but are projected to reenroll within 9 months after disenrollment. The SC Medicaid managed care program allows members to be retroactively assigned to an MCO for up to 60 days if they return to Medicaid within 60 days of losing Medicaid eligibility. If the member returns after 60 days, they are assumed to retroactively return to FFS and transition to managed care in the month following their return. We estimated the acuity for this cohort relative to the acuity of SFY 2023 members that were assumed to remain in the Medicaid managed care program during the unwinding process (the “All Other” cohort) for each rate cell. Since the unwinding process is still ongoing with individuals anticipated to return for up to nine months after the unwinding period, data for this cohort is not complete, and therefore actuarial judgement along with emerging data was required to set the average acuity for this cohort.
- **All other eligible members.** This cohort reflects members who are reviewed during the unwinding process and deemed eligible for coverage (i.e., these members remain in the Medicaid managed care program during the unwinding process) and “stable” churn members (i.e., new members and those transitioning among rate cells). The acuity for this cohort is assumed to be a 1.0, with a relative PMPM developed from SFY 2023 claims experience.

Figure 14 illustrates the assumed relative acuity by rate cell for each cohort described above.

**FIGURE 14: UNWINDING - RELATIVE ACUITY FACTORS**

RATE CELL	ELIGIBLE POPULATION	CATEGORICALLY INELIGIBLE DISENROLLED	OTHER DISENROLLED	RETURNERS
TANF - Age 1 - 6	1.000	-	0.800	0.900
TANF - Age 7 - 13	1.000	-	0.700	0.900
TANF - Age 14 - 18, Male	1.000	-	0.700	1.000
TANF - Age 14 - 18, Female	1.000	-	0.800	1.000
TANF - Age 19 - 44, Male	1.000	0.500	0.800	0.900
TANF - Age 19 - 44, Female	1.000	0.500	0.800	0.900
TANF - Age 45+, Male & Female	1.000	-	0.800	1.000
SSI - Children	1.000	-	1.000	1.000
SSI - Adult	1.000	-	1.000	1.000
SMI Children	1.000	-	0.750	1.000
SMI TANF Adults	1.000	-	0.800	1.000
SMI SSI Adults	1.000	-	1.000	1.000
OCWI	1.000	-	0.600	1.000

To estimate the adjustment factor to be applied to the SFY 2023 base data, we reviewed the projected SFY 2025 enrollment mix relative to the estimated enrollment mix in SFY 2023 and applied the relative acuity factors described above. To the extent the PHE unwinding differs from assumptions, associated impacts may be evaluated as the unwinding results become known.

The unwinding acuity factors used to develop the SFY 2025 managed care capitation rates are as follows:

**FIGURE 15: UNWINDING - ACUITY ADJUSTMENT FACTOR**

<b>RATE CELL</b>	<b>ACUITY FACTOR</b>
TANF - Age 1 - 6	1.020
TANF - Age 7 - 13	1.026
TANF - Age 14 - 18, Male	1.065
TANF - Age 14 - 18, Female	1.039
TANF - Age 19 - 44, Male	1.229
TANF - Age 19 - 44, Female	1.109
TANF - Age 45+, Male & Female	1.045
SSI - Children	1.000
SSI - Adult	1.000
SMI Children	1.014
SMI TANF Adults	1.024
SMI SSI Adults	1.000
OCWI	1.164

The detailed calculation by rate cell is provided in Appendix 8.

### **Program changes deemed immaterial to benefit expenses in the rate period**

Adjustment factors were developed for policy and program changes estimated to **materially** affect the managed care program during SFY 2025 that are not fully reflected in the base experience.

Program adjustments were made in the rate development process to the extent a policy or reimbursement change is deemed to have a material cost impact to the MCOs. In general, we defined a program adjustment to be 'material' if the total benefit expense for any individual rate cell is impacted by more than 0.1%. The following is a list of program adjustments deemed immaterial based on our review of the experience data and policy change.

- **Department of Alcohol and Other Drug Abuse Services (DAODAS) Fee Schedule Update.** Effective July 1, 2023, SCDHHS is anticipated to implement new rates for DAODAS individual and group peer supports services of \$13.24 and \$2.32, respectively.
- **Inpatient Pediatric Rehabilitation Facilities.** Effective July 1, 2023, SCDHHS is anticipated to implement a reimbursement rate of \$1,200 per day for inpatient pediatric rehabilitation facilities.
- **Nucleic Acid Amplification Testing (NAAT) for Bacterial Vaginosis.** Effective January 1, 2024, SCDHHS added a new state plan service (procedure code 81513) for a clinical lab used for the diagnosis of bacterial vaginosis
- **COVID-19 Vaccination Costs.** Effective September 2023, COVID-19 vaccination costs for adults aged 19 and over transitioned from Federal government funding to MCO financial responsibility. Based on a review of historical and emerging experience demonstrating material decreases in vaccine utilization with anticipated costs per vaccine of \$150 (vaccine plus administration), the estimated impact by adult rate cell is less than 0.1%. There is no impact related to COVID-19 vaccination costs for the children population, as those costs have transitioned to SC's Vaccines for Children program.

### **Exclusion of payments or services from the data**

The following section documents exclusions and adjustments made to the base experience data: non-state plan services as identified by the in-rate criteria included in Appendix 5, IMD stays greater than 15 days for individuals aged 21 to 64, third-party liability recoveries, non-encounter claims payments, state plan services not covered by the capitation rate, pharmaceutical treatments covered by the anticipated SFY 2025 HCNE program, and claims attributed to the BabyNet program.

## Services excluded from initial base data summaries

### ***Non-State Plan Services***

We excluded all services included in the encounter data that do not reflect approved state plan services (nor are an approved in lieu of service). All claims for non-state plan services, totaling approximately \$1.2 million, were excluded from the base experience data included in Appendix 6.

### ***State Plan Services Not Covered by the Capitation Rate***

We excluded all services included in the encounter data that do not reflect covered benefits in the managed care program.

These services were identified through the application of in-rate criteria provided by SCDHHS and included in Appendix 5. All claims for non-covered services, totaling approximately \$0.4 million, were excluded from the base experience data included in Appendix 6.

### ***Institution for Mental Disease (IMD) Stays Greater than 15 Days***

We excluded all costs and associated member months for enrollees aged 21 to 64 associated with an IMD stay of more than 15 days in a calendar month. This exclusion included any other costs outside of the IMD for any services delivered during the time an enrollee was in the IMD for more than 15 days.

All claims and associated member months associated with IMD stays greater than 15 days for the age 21 to 64 population, totaling approximately \$0.7 million and 98 member months, respectively, were excluded from the base experience data included in Appendix 6.

### ***High Cost No Experience (HCNE) Exclusions***

We excluded all expenditures included in the SFY 2023 encounter base data for pharmacy treatments that are anticipated to be included in the HCNE program during the SFY 2025 contract period. Note that there were no claims identified or excluded from the base experience data in Appendix 6.

### ***Exclusions for Members Past Date of Death***

We excluded member months and associated claims incurred during the SFY 2023 experience period for all individuals in months following their date of death.

## Adjustments made to base data

### ***Third-Party Liability/Fraud and Abuse***

In addition to actual cost avoidance reflected in the encounter data, we estimated additional third-party liability (TPL) and fraud recoveries based on an analysis of information submitted by the MCOs.

These data sources indicated that approximately 0.05% of total claims were recovered and not reflected in the baseline experience data. The estimated adjustment factor of 0.9995 was uniformly applied to each service category and rate cell, excluding Dual, in Appendix 6.

### ***Non-encounter Claims Payment***

We made an adjustment to the encounter base data period to reflect non-claim payments made to providers for items such as shared savings payments, quality incentives, and other similar provider incentive payments that are not reflected in the base data or in other components of the capitation rate. We have reviewed the information provided by the MCOs and included approximately \$26.9 million in payments in the benefit cost component of the capitation rate development. This is reflected by an adjustment factor of 1.0083, uniformly applied to each service category and rate cell, excluding Dual, in Appendix 6.

### ***BabyNet Adjustment***

Effective July 1, 2019, SCDHHS carved-in BabyNet services for infants and toddlers under age 3 to the Medicaid managed care program. Because the BabyNet program is funded through a federal grant, expenditures related to this program are not subject to the Federal Medical Assistance Percentage (FMAP). As such, all expenditures related to BabyNet are excluded from the SFY 2025 base capitation rate development and included as a separate BabyNet component to recognize the difference in funding sources.

To estimate the BabyNet claims to be removed from the base data, we utilized SFY 2019 historical experience from Bridges invoice data provided by SCDHHS to estimate the percentage of MCO members accessing BabyNet services through Bridges and the estimated cost per month for those services. Based on this review and identification of BabyNet recipients in the SFY 2023 base period, we removed approximately \$1.8 million from the base data that is assumed to be related to BabyNet expenditures.

### 3. Projected benefit cost and trends

This section provides information on the development of projected benefit costs in the capitation rates.

#### A. RATE DEVELOPMENT STANDARDS

##### i. Final Capitation Rate Compliance

The final capitation rates are in compliance with 42 CFR 438.4(b)(6) and are only based on services outlined in 42 CFR 438.3(c)(1)(ii) and 438.3(e). Non-state plan services as identified by the in-rate criteria included in Appendix 5 have been excluded from the capitation rate development process. Effective July 1, 2019, SCDHHS expanded the use of IMDs as an in lieu of service for MH/SUD treatments for the 21 to 64-year old population for up to 15 days per month.

##### ii. Benefit Cost Trend Assumptions

Projected benefit cost trend assumptions are developed in accordance with generally accepted actuarial principles and practices. The primary data used to develop benefit cost trends is historical claims and enrollment from the covered populations. Additionally, consideration of other factors and data sources appropriate for benefit cost trend development is further documented in Section I, item 3.B.iii.

##### iii. In Lieu Of Services

SCDHHS began permitting the use of IMDs as an in lieu of service provider for substance use disorders effective July 1, 2018. Effective July 1, 2019, SCDHHS expanded the use of IMDs to provide in lieu of services for mental health and substance use disorder treatments for up to 15 days per month. Consistent with the rate-setting guidance published by CMS, in reviewing the impact of this program adjustment, we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers. The adjustment factor applied to the base data to account for the unit cost impact described above is further documented in Section I, item 2.B.iii.(d).

In addition, we reviewed benefit costs for enrollees aged 21 to 64 during the base experience period to identify costs associated with an IMD stay of more than 15 days in a month and any other MCO costs for services delivered in a month when an enrollee had an IMD stay of more than 15 days. These costs and associated enrollment were identified and removed from the encounter data.

##### iv. In lieu of service cost percentages

Not applicable. SCDHHS has indicated that there are no ILOSs anticipated for SFY 2025, except for short term stays in an IMD.

##### v. IMDs as an in lieu of service provider

Effective July 1, 2019, SCDHHS began permitting the use of IMDs as an in lieu of service for all MH/SUD services for the 21 to 64-year-old population for up to 15 days per month.

###### (a) Costs associated with an IMD stay of more than 15 days

We excluded all costs and associated enrollment for enrollees aged 21 to 64 associated with an IMD stay of more than 15 days in a calendar month. This exclusion included any other costs outside of the IMD for any services delivered during the time an enrollee was in the IMD for more than 15 days. All claims associated with IMD stays greater than 15 days for the age 21 to 64 population, approximately \$0.7 million, were excluded from the base data experience included in Appendix 6.

###### (b) Other costs for services during the time an enrollee is in an IMD for more than 15 days

All costs for services delivered during the time an enrollee was in the IMD for more than 15 days in a calendar month were excluded from the base data.

## B. APPROPRIATE DOCUMENTATION

### i. Projected Benefit Costs

This section provides the documentation of the methodology utilized to develop the benefit cost component of the capitation rates at the rate cell level.

### ii. Development of Projected Benefit Costs

#### (a) Description of the data, assumptions, and methodologies

This section of the report outlines the data, assumptions, and methodology used to project the benefit costs to the rating period. The baseline benefit costs were developed using the following steps:

- **Step 1: Create unadjusted cost model summaries for the managed care population**

The capitation rates were primarily developed from historical claims and enrollment data from the managed care enrolled populations. The data utilized to prepare the base period cost models consisted of SFY 2023 incurred encounter data that has been submitted by the MCOs. The information is summarized in Appendix 6 and is stratified by capitation rate cell and by major category of service. With the exception of removing the items outlined in the “Services excluded from initial base data summaries” section above, the exhibits in Appendix 6 reflect *unadjusted* summaries of the base period data. Note that the SFY 2023 base data in Appendix 6 is the combination of the MCO-specific encounter data summaries that were validated by each MCO.

- **Step 2: Apply historical and other adjustments to cost model summaries**

As documented in the previous section, utilization and cost per service rates from the base experience period were adjusted for a number of items, including, but not limited to, incomplete data adjustments, TPL, and non-encounter claims payments.

- **Step 3: Adjust for prospective program and policy changes and trend to SFY 2025**

We adjusted the SFY 2023 base experience for known policy and program changes that have occurred or are expected to be implemented between the base period and the end of the SFY 2025 rate period. In the previous section, we documented these items and the adjustment factors for each covered population. Assumed trend factors were applied for 24 months to the adjusted utilization and unit cost values, or per member per month (PMPM) values, as appropriate, from the midpoint of the base experience period (January 1, 2023) to the midpoint of the rate period (January 1, 2025).

As described later in this section, further adjustments were applied to the base data experience to reflect targeted improvements in managed care efficiency for specific rate cells and service categories that are estimated to impact the projected SFY 2025 benefit expense. The PMPMs resulting from the application of these adjustments established the adjusted benefit expense by population rate cell for the rating period.

#### ***Material adjustments that were previously noted***

The following material adjustments were applied to recognize changes to provider reimbursement, historical program adjustments, prospective program adjustments, and changes to covered populations and were documented in Section I, item 2.B.iii (Data Adjustments):

- Claims completion
- Physician reimbursement, including the following fee schedule updates:
  - July 1, 2023, and July 1, 2024 FQHC PPS fee schedule
  - July 1, 2023 physician E&M services
  - October 1, 2023 anesthesia fee schedule
  - July 1, 2024 RBHS licensed psychologists fee schedule
  - July 1, 2024 speech, physical, and occupational therapy services
  - July 1, 2024 physician fee schedule update
  - July 1, 2023 ASD fee schedule updates
  - October 1, 2022 TCC fee schedule update
- July 1, 2023 inpatient and outpatient rural hospital minimum fee schedule

- July 1, 2023 expansion of HPV vaccine coverage up to age 45
- July 1, 2023 DME coverage updates related to Home Health Regulations
- July 1, 2023 ACT services added to Medicaid managed care program
- July 1, 2023 and July 1, 2024 expansion of ABA services
- January 1, 2024 crisis stabilization units added to Medicaid managed care program
- January 1, 2024 nutritional counseling reimbursement and coverage updates
- January 1, 2024 expansion of cochlear implants for all adult beneficiaries
- January 1, 2024 MST intensive in-home services added to Medicaid managed care program
- February 1, 2024 transplant services carve-in
- February 1, 2024 DEC carve-in and July 1, 2024 DEC reimbursement update
- March 1, 2024 added coverage for two genetic testing laboratory services
- July 1, 2024 removal of all member copays
- July 1, 2024 HB intensive in-home services added to Medicaid managed care program
- July 1, 2024 PRTF per diem rate changes
- July 1, 2024 implementation of single PDL
- July 1, 2024 free-standing psychiatric facility reimbursement updates
- July 1, 2024 expansion of CGM devices to beneficiaries with Type 2 diabetes
- July 1, 2024 coverage of Wegovy cardiovascular indication
- COVID-19 diagnostic testing services and pharmaceutical treatments
- IMD in lieu of unit cost adjustment
- RBHS utilization ramp-up adjustment
- Population adjustments as a result of the COVID-19 unwinding period

Additionally, the following adjustments were applied to either reduce or increase the base data benefit cost for certain service and payment exclusions:

- Missing encounter data
- TPL/Fraud and Abuse
- Non-encounter claim payments
- Managed care in-rate claims paid FFS for managed care enrollees
- BabyNet adjustment
- Newborn enrollment

#### ***Other material adjustments – managed care efficiency***

We calculated percentage adjustments to the experience data to reflect the utilization and cost per unit differential between the base experience and the levels targeted for the projection period managed care environment. We developed the targeted managed care efficiency adjustments through a review and analysis of the following:

- SFY 2023 base period utilization and contracting levels achieved by each MCO
- Agency for Healthcare Research and Quality (AHRQ) prevention quality indicators (PQI) for inpatient admissions
- Mix of vaginal and cesarean section deliveries in the SFY 2023 base period utilization

***Inpatient Hospital Services*** – We applied managed care adjustments to reflect higher levels of care management relative to the SFY 2023 base experience period. We identified potentially avoidable admissions using the AHRQ PQIs. Inpatient hospital managed care adjustments were developed by applying a 10% reduction to readmissions for the same DRG within 30 days and a 10% reduction to potentially avoidable inpatient admissions for select PQIs. No adjustments were made to corresponding inpatient physician charges to account for the potential shift of these services to an ambulatory setting. This resulted in a 0.8% managed care savings to the inpatient hospital category of service, or a reduction of approximately \$5.1 million

Additionally, nursing facility claims were excluded from this analysis. The table below outlines the PQIs included in our analysis.

**FIGURE 16: AHRQ PREVENTION QUALITY INDICATORS**

NUMBER	DESCRIPTION
PQI #01	Diabetes Short-term Complications Admission Rate
PQI #03	Diabetes Long-term Complications Admission Rate
PQI #05	Chronic Obstructive Pulmonary Disease (COPD) Admission Rate
PQI #07	Hypertension Admission Rate
PQI #08	Congestive Heart Failure (CHF) Admission Rate
PQI #11	Bacterial Pneumonia Admission Rate
PQI #12	Urinary Tract Infection Admission Rate
PQI #14	Uncontrolled Diabetes Admission Rate
PQI #15	Adult Asthma Admission Rate
PQI #16	Rate of Lower-extremity Amputation among Patients with Diabetes

**Pharmacy Services** – Our review of historical pharmacy experience for managed care efficiencies included a review of MCO contracting of discounts for generic and brand drugs.

We evaluated pharmacy contracting by repricing brand and generic drugs to average wholesale price (AWP). MCOs were ranked by their ratio of expenditures to AWP for both brand and generic drugs. For each drug type, the aggregate MCO AWP contract value for the lowest-performing MCO was targeted at the AWP contract value of the second lowest-performing MCO. This resulted in a 1.0% managed care savings to the prescription drug category of service, or a reduction of approximately \$7.2 million.

**Delivery Services** – Delivery managed care efficiency adjustments were developed by analyzing the percent of cesarean and vaginal deliveries by hospital. Vaginal delivery percentages were adjusted to target 69% of all deliveries in the managed care program, consistent with SFY 2025 expectations. This assumption was based on review and consideration of the following:

- SFY 2023 vaginal/cesarean section delivery mix for the top performing hospitals that collectively perform at least 40% of deliveries in the encounter data; and,
- The birth outcomes initiative implemented by SCDHHS to reduce elective induction and cesarean section deliveries prior to 39 weeks gestation.

Managed care savings were estimated by evaluating the cost per delivery difference between cesarean and vaginal deliveries for facility and physician services. No adjustments were made to the total number of deliveries. The overall impact to the KICK rate cell is a decrease of approximately 0.2%, or \$0.3 million.

### Material changes to the data, assumptions, and methodologies

All rate development data and material assumptions are documented in this rate certification report and the overall methodology utilized to develop the capitation rates is consistent with the prior rate-setting analysis.

### Overpayments to providers

Consistent with 42 CFR 438.608(d), SCDHHS outlines the program integrity guidelines and reporting requirements related to overpayments, recoveries, and refunds in Section 11.6 of the MCO contract found here: <https://www.scdhhs.gov/sites/default/files/documents/1.1.24%20MCO%20CONTRACT%20FINAL.pdf>.

Overpayments to providers as a result of fraud, waste, and abuse and TPL activity are reported by the MCOs in the MCO Survey and discussed in greater detail in Section 2.B.iii.(d), adjustments to base data.

### iii. Projected Benefit Cost Trends

This section discusses the data, assumptions, and methodologies used to develop the benefit cost trends, i.e., the annualized projected change in benefit costs from the historical base period (SFY 2023) to the rating period of this certification (SFY 2025).

We evaluated prospective trend rates using historical experience for the South Carolina Medicaid managed care program, as well as external data sources.

**(a) Required elements****(i) Data**

The primary data used to develop benefit cost trends is South Carolina Medicaid historical claims and encounter data from the covered populations. Our non-pharmacy trend analysis included a review of July 2020 through June 2023 experience, as well as emerging experience through calendar year 2023, as appropriate. Our pharmacy trend analysis included a review of July 2019 through December 2023 experience, as well as emerging CY 2024 experience, as appropriate.

External data sources that were referenced for evaluating trend rates developed from SCDHHS data include:

- *National Health Expenditure (NHE) projections* developed by the CMS office of the actuary, specifically those related to Medicaid. Please note that as these are expenditure projections, projected growth reflects not only unit cost and utilization, but also aggregate enrollment growth and enrollment mix changes such as aging. For this capitation rate development, we did not rely on the overall trend assumptions by population relative to CMS Office of the Actuary projections because they would include impacts related to the COVID-19 pandemic and resumption of Medicaid redeterminations. NHE tables and documentation may be found in the location listed below:
  - <https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nationalhealthaccountsprojected.html>
- Magellan Rx Management – Medicaid Pharmacy Trend Report 2023 Eighth Edition found in the location listed below:
  - <https://www1.magellanrx.com/read-watch-listen/read/our-publications/medicaid-pharmacy-trend-report/>

*Other sources:* We also reviewed internal sources that are not publicly available, such as historical experience from other programs and trends used by other Milliman actuaries.

**(ii) Methodology*****Non-pharmacy trends***

Using internal SCDHHS data, historical utilization and per member per month cost data was stratified by month, population, and category of service. The data was adjusted for completion and normalized for historical program changes, reimbursement changes, and acuity. We developed trend rates to adjust the base experience data (midpoint of January 1, 2023) forward 24 months to the midpoint of the contract period, January 1, 2025.

Rolling 12-month, 6-month, and 3-month trends were calculated to identify changes in the underlying patterns over time, and two-year annualized trends were utilized to smooth out significant fluctuations from year to year.

We analyzed historical and emerging experience by population and service category to gain an understanding of the impact of COVID-19 and subsequent utilization changes on the managed care program experience. Based on our review, patterns did not indicate the need for an emerging experience adjustment in addition to trend; however, the TANF Children and TANF Infants populations were reviewed at the rate cell level of detail to apply appropriate trends based on differing emerging patterns within the populations. For example, the TANF - Age 1 - 6, Male & Female rate cell is exhibiting higher trends than other rate cells within TANF Children, and the selected trend factor for this rate cell reflects that. The annual non-pharmacy trend rates selected for each population and service category included a review of emerging utilization patterns and trend, as well as projected impacts on utilization related to changes in population acuity.

We applied our selected trend to each population and service category. For all non-pharmacy service categories, the trend rates were applied to utilization only, while reimbursement was explicitly addressed in Section I, item 2.B.iii of this certification report.

Trend rates were developed by population (TANF Adult, TANF Newborn, TANF 3 - 12 Months, TANF Age 1 - 6, TANF Age 7 - 18, SSI Adult, SSI Children, SMI Children, SMI TANF Adults, SMI SSI Adults, OCWI, Foster, Dual and Kick) and by service category (Inpatient Excluding MH/SA, Inpatient MH/SA, Outpatient Excluding ER, Outpatient Non-Surgical ER, and Professional (including ancillary and office administered drugs)).

In development of non-pharmacy trends for the new SMI populations, differences in trends were reviewed at the rate cell and service category level between SMI and non-SMI populations. In general, we did not observe material differences in historical trend patterns between SMI vs. non-SMI members in the adult population, with the exception of SMI TANF Adult emergency room; however, we did observe differences in the children populations, with the largest variance in the Inpatient MH/SA category of service. As such, corresponding adjustments were applied to the non-SMI children trend factors to develop the SMI Children trend assumptions.

Historical trends should not be used in a simple formulaic manner to determine future trends; actuarial judgment is also required. We also referred to alternative sources, both publicly available and internal Milliman information. We also considered shifting population mix, acuity, and the impact of reimbursement changes on utilization in each specific population.

### **Pharmacy trends**

Using internal SCDHHS data, historical utilization and per member per month cost data was stratified by quarter and population. The data was normalized for historical pharmacy spread, Hepatitis C claims, and acuity. The data was also normalized for the cost per script reductions [AMP cap] described in the Single PDL adjustment description. We developed cost per unit and utilization trend rates to adjust the base experience data (midpoint of January 1, 2023) forward 24 months to the midpoint of the contract period, January 1, 2025.

The underlying data was further stratified by therapeutic class and drug type (brand/generic/specialty) as appropriate, which provided the level of granularity necessary to select appropriate trends in conjunction with the single PDL program adjustment. To account for changes in underlying trend patterns, we reviewed emerging data through December 2023 by population. To the extent any emerging utilization is not indicative of expected experience under the single PDL, it was not relied upon. Pharmacy trends were developed by population (TANF Adult, TANF Newborn, TANF 3 - 12 Months, TANF Age 1 - 6, TANF Age 7 - 18, SSI Adult, SSI Children, SMI Children, SMI TANF Adults, SMI SSI Adults, OCWI, and Foster). We analyzed emerging experience by population to gain an understanding of the impact of COVID-19 and subsequent utilization changes on the managed care program experience. Based on our review, patterns did not indicate the need for an emerging experience adjustment in addition to trend; however, the TANF Children and TANF Infants populations were reviewed at the rate cell level of detail to apply appropriate trends based on differing emerging patterns within the populations. The annual pharmacy trend rates selected for each population included a review of emerging utilization patterns and trend, as well as projected impacts on utilization related to changes in population acuity.

In development of pharmacy trends for the new SMI populations, differences in trends were reviewed at the rate cell and drug type level between SMI and non-SMI populations. In general, pharmacy trends in the SMI rate cells have historically been lower than the respective non-SMI rate cells. As such, adjustments were applied to the pharmacy trends to account for anticipated differences between populations.

We did not make any adjustments for upcoming brand drug patent expirations through the rating period because the single PDL will not necessarily designate the new generic alternatives as preferred. Changes to the single PDL are evaluated separately and a program change adjustment is made, if warranted. Trend selections reflect the presumed mix of drugs by drug type under the single PDL.

### **Pharmacy high cost no experience program**

Effective July 1, 2020, SCDHHS implemented a pharmacy HCNE program for newly-approved high cost pharmacy treatments that are not fully reflected in the base data. The program is anticipated to continue through the SFY 2025 contract year. Projected pharmacy trends reflect the impact of this program, which is described in greater detail in Section I, Item 4.C.

### **(iii) Comparisons**

As noted above, we did not explicitly rely on the historical MCO encounter data trend projections due to anomalies observed in the historical trend data. In addition to referencing external data sources and emerging experience in the encounter data, we also reviewed the trends assumed in the SFY 2023 and SFY 2024 capitation rate development. The dual population medical non-pharmacy trends are anticipated to be consistent with trend assumptions developed for the calendar year (CY) 2024 Healthy Connections Prime Community population.

Explicit adjustments were made outside of trend to reflect all recent or planned changes in medical reimbursement and anticipated acuity changes from the base period to the rating period.

**(iv) Chosen trend rates**

Figure 17 illustrates the utilization component of the medical trend by rate cell and category of service grouping for the SFY 2025 capitation rate development. The utilization component includes both the trend in number of units as well as the mix or intensity of services provided for non-pharmacy trend. Pharmacy trend has been split between utilization and cost per script to better reflect anticipated script counts and corresponding costs by population.

**FIGURE 17: ANNUAL TREND RATES**

POPULATION	INPATIENT HOSPITAL (NON MH/SA)	INPATIENT HOSPITAL (MH/SA)	OUTPATIENT HOSPITAL (NON ER)	OUTPATIENT HOSPITAL (ER)	PROFESSIONAL & ANCILLARY	TOTAL MEDICAL	PHARMACY COST	PHARMACY UTILIZATION	COMPOSITE
TANF 0-2 Months	0.5%	0.0%	2.5%	3.5%	2.0%	1.0%	5.0%	0.0%	1.0%
TANF 3-12 Months	3.5%	0.0%	2.5%	3.5%	3.0%	3.0%	5.0%	0.0%	3.3%
TANF 1-6 Years	2.5%	0.0%	4.0%	6.0%	5.0%	4.8%	4.0%	6.0%	5.5%
TANF 7-18 Years	1.5%	1.5%	3.5%	3.5%	2.5%	2.5%	4.0%	2.0%	3.5%
TANF Adults	0.5%	0.3%	2.0%	1.8%	1.5%	1.5%	8.0%	1.5%	3.8%
SSI Children	0.0%	1.5%	1.3%	2.0%	2.0%	1.8%	5.0%	1.5%	3.5%
SSI Adults	0.0%	2.0%	3.0%	3.0%	2.0%	1.5%	6.0%	1.5%	3.5%
SMI Children	1.3%	1.5%	3.5%	3.5%	2.5%	2.3%	3.5%	1.5%	2.8%
SMI TANF Adults	0.5%	0.5%	2.0%	2.8%	1.5%	1.5%	7.5%	1.0%	3.5%
SMI SSI Adults	0.0%	2.0%	3.0%	3.0%	2.0%	1.5%	5.5%	1.0%	3.5%
OCWI	0.0%	2.5%	1.0%	2.5%	1.0%	1.0%	8.5%	0.0%	2.5%
Foster	1.0%	2.0%	3.0%	2.0%	0.5%	1.0%	2.0%	0.0%	1.3%
KICK	0.0%	0.0%	2.0%	0.0%	1.5%	0.5%	0.0%	0.0%	0.5%

**Notes:**

1. Pharmacy trend was selected for both utilization and cost.
2. TANF Age 7- 18 reflects the TANF - Age 7 - 13, Male & Female (AC3), TANF - Age 14 - 18, Male (AD1), and TANF - Age 14 - 18, Male (AD2) rate cells.

**(b) Benefit cost trend components**

The utilization component of trend illustrated in Figure 17 includes both the trend in number of units as well as the mix or intensity of services provided for medical trend. For pharmacy trend, the mix and intensity component is captured in the cost trend assumption.

For the medical trend components, unit cost trends are not applied as a trend adjustment; instead each claim is repriced and adjusted based on reimbursement updates that have occurred or are anticipated to be implemented after the end of the base period. The repricing and reimbursement update analyses are described further in Section I, item 2.B.iii.(d).

**(c) Variation**

To limit the variation in benefit cost that is present across the Medicaid population as a whole, we developed trends by population category and service category, with exceptions noted above. We further reviewed experience for specialty, brand and generic drugs, and combined this review with consideration of brand name drugs that have had or are anticipated to have generic launches during the experience period. Additionally, all pharmacy therapies expected to be included in the pharmacy HCNE program have been excluded from this analysis.

The variation that occurs between these high-level prescription drug stratifications and further within each major population category contributes to the variation in the pharmacy trend assumptions applied across the managed care program in the SFY 2025 capitation rate development.

**(i) Medicaid populations**

Trends were developed by population category and category of service grouping. Trend variations between populations and service categories reflect observed variation in the underlying historical experience and actuarial judgement based on the sources listed in the section above. All trend values have been rounded to the nearest 0.25%.

**(ii) Rate cells**

Benefit cost trends are evaluated by population category and category of service grouping. For population categories comprised of multiple rate cells, the benefit cost trends are consistent across all rate cells, with the exception of TANF Children as described above and the SMI population.

**(iii) Subsets of benefits within a category of service**

For the pharmacy trend assumption development, we considered experience and projected changes for specialty, brand, and generic drugs during the base period (SFY 2023) through the projection period (SFY 2025), particularly as it relates to the anticipated implementation of the single PDL effective July 1, 2024.

**(d) Material adjustments**

We made explicit adjustments to the historical data analyzed for trends in an effort to normalize the data for historical reimbursement adjustments, changing populations, and acuity, to extract underlying trend information; however, as noted above, there were still anomalies that were present in the data and contributed to unreasonable trend patterns.

As a result, we used actuarial judgment to adjust the trends derived from historical experience in cases where the resulting trends did not appear reasonably sustainable or were not within consensus parameters derived from other sources.

For rate cells and categories of services where the raw model output was outside of a range of reasonable results, we relied on the sources identified to develop prospective trend.

Additionally, we considered the cost impact of recently released drugs on the pharmacy trend rates in coordination with the pharmacy HCNE program implemented on July 1, 2020 and anticipated to continue for SFY 2025.

**(e) Any other adjustments****(i) Impact of managed care**

We did not adjust the trend rates to reflect a managed care impact on utilization or unit cost. The capitation rates have an explicit adjustment for the managed care adjustments.

**(ii) Trend changes other than utilization and cost**

We did not adjust the benefit cost trend for changes other than utilization or unit cost.

**iv. Mental Health Parity and Addiction Equity Act Service Adjustment**

SCDHHS has implemented a Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) compliance review through the External Quality Review (EQR) process for all MCOs to demonstrate compliance with MHPAEA requirements in 42 CFR 438, subpart K and defined in Section 4.2.5.2 of the MCO Contract.

In addition, we reviewed MCO Survey results and MCO-submitted data to evaluate compliance with MHPAEA financial requirements. Based on the SCDHHS decision to remove all member cost-sharing (i.e., copays) in the Medicaid program, there are no MHP financial requirements to evaluate for the SFY 2025 time period. Based on this, we believe the certified SFY 2025 capitation rates are adequate to allow MCOs to efficiently deliver covered services in compliance with MHPAEA and contractual requirements. Therefore, we have not made any explicit rating adjustments for MHPAEA.

**v. In Lieu Of Services****(a) Categories of covered service**

Effective July 1, 2019, SCDHHS expanded the use of IMDs as an in lieu of service for the 21 to 64-year-old population for all inpatient psychiatric or substance use disorders for up to 15 days per month. This program change was implemented in compliance with the conditions outlined in the final Medicaid managed care regulations.

**(b) ILOS cost percentage**

IMD as an in lieu of service represents approximately \$14.3 million of estimated annualized expenditures in the adjusted base data expenditures, or 18.9% of the "Inpatient MH/SA" service category and is not included in any other service categories.

SCDHHS has indicated that there are no other ILOSs anticipated for SFY 2025 apart from short term stays in an IMD; therefore, ILOS cost percentage is not applicable to this rate certification.

**(c) Development of projected benefit costs**

Consistent with the rate-setting guidance published by CMS, in reviewing the impact of this program adjustment we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers.

**(d) IMDs as an in lieu of service**

The rate development complies with the requirements of 42 CFR 438.6(e). In reviewing the impact of this program adjustment we did not use the unit cost of the IMD, and instead utilized the unit cost for that of existing state plan providers.

**vi. Retrospective Eligibility Periods**

At the time of this report, MCOs are not responsible for paying claims incurred during the retrospective eligibility period and, therefore, enrollment and claims for retrospective eligibility periods are not reflected in the base data. As such, no adjustment has been applied to the capitation rates to reflect the retroactive eligibility period.

**vii. Impact of Material Changes**

This section relates to material changes to covered benefits or services since the last rate certification. The last rate certification was for the January through June 2024 rating period.

**(a) Change to covered benefits**

Material changes to covered benefits have been described in program adjustments described in Section I, item 2.B.iii Program Change Adjustments.

**(b) Recoveries of overpayments**

To the best of our knowledge, all information related to any payment recoveries not reflected in the base period encounter data was provided to us by the MCOs in their survey responses and an adjustment factor was applied to reflect any such recoveries.

**(c) Change to payment requirements**

Material changes to provider payments have been described in program adjustments described in Section I, item 2.B.iii Program Change Adjustments.

**(d) Change to waiver requirements**

There were no material changes related to waiver requirements or conditions.

**(e) Change due to litigation**

There were no material changes due to litigation.

**viii. Documentation of Material Changes**

Material changes to covered benefits and provider payments have been described in Section I, item 2.B.iii Program Change Adjustments. This information includes the data, assumptions, and methodology used in developing the adjustment, and aggregate impact on the managed care program's benefit expense. Non-material changes to covered benefits or provider payments have also been described in that section of the report.

## 4. Special contract provisions related to payment

### A. INCENTIVE ARRANGEMENTS

#### i. Rate Development Standards

This section provides documentation of the incentive payment structure in the South Carolina Medicaid managed care program.

#### ii. Appropriate Documentation

Incentive payments under this plan are below 105% of the certified capitation rates paid under the contract.

The following incentive arrangements are included in the SFY 2025 managed care program in accordance with 42 CFR §438.6(b)(2), and excluded from the certified capitation rate:

- **Bonus pool distributions from quality withhold program.** An incentive pool is determined by the portion of the quality withhold that is not returned to the MCOs after a first pass review. Please see Section I, item 4.B.ii for additional discussion on the first pass review.
- **Incentive payments for Patient-Centered Medical Homes (PCMH).** These incentives are paid by SCDHHS to the MCOs through gross level adjustments (GLAs). Additional details about the separate PCMH incentive payment program can be found in Section 7.3 of the MCO Policy and Procedure Guide. Approximate historical and anticipated incentive payments for the PCMH program are as follows:
  - SFY 2022: \$9.7 million, approximately 0.1% of projected SFY 2025 capitation premium
  - SFY 2023: \$11.0 million, approximately 0.2% of projected SFY 2025 capitation premium
  - SFY 2024 (anticipated): \$10.8 million, approximately 0.2% of projected SFY 2025 capitation premium
  - SFY 2025 (anticipated): \$9.8 million, approximately 0.1% of projected SFY 2025 capitation premium
- **Incentive payments for the South Carolina Quality Achievement Program (QAP).** These incentives are applicable to the SFY 2025 contract period. Based on information provided by SCDHHS, the QAP incentive will be paid by SCDHHS to the MCOs based on achievement of quality metrics that support program initiatives specified in the State's quality strategy. These QAP quality metrics will be evaluated on inpatient and outpatient hospital services performed at South Carolina's in-state acute care hospitals. Approximate historical and anticipated incentive payments for the QAP program are as follows:
  - SFY 2024 (anticipated): \$257.8 million, approximately 4.0% of projected SFY 2025 capitation premium
  - SFY 2025 (anticipated): \$260.0 million, approximately 4.0% of projected SFY 2025 capitation premium

SCDHHS will complete a reconciliation prior to finalizing SFY 2025 incentive arrangement payments to ensure total incentive payments for each MCO are below 105% of the certified rates paid under the contract. All incentive arrangements described above are excluded from the certified capitation rates and therefore have no effect on the certified capitation rate development.

### B. WITHHOLD ARRANGEMENTS

#### i. Rate Development Standards

This section provides documentation of the withhold arrangement in the South Carolina Medicaid managed care program.

#### ii. Appropriate Documentation

##### (a) Description of the Withhold Arrangement

##### (i) Time period

The withhold arrangement is measured on a calendar year basis.

**(ii) Enrollees, services, and providers covered**

All enrollees, services, and providers that are part of the Medicaid managed care program are covered by the withhold arrangement.

**(iii) Purpose**

The withhold measure evaluates quality-based performance using a weighted average of all measures included in the composites of Patient Experience, Prevention, and Treatment as reported in each MCO's NCQA HEDIS data submission.

**(iv) Description of total percentage withheld**

SCDHHS has established a quality withhold of 1.5% of the capitation rate net of state-directed payments and will determine the first pass return of the withhold based on review of each MCO's HEDIS data and the MCO's compliance with the quality measures established in each MCO's contract with SCDHHS.

The capitation rates shown in this letter are illustrated before application of the withhold amount; however, we consider the full amount of the withhold to be reasonably achievable.

**(v) Estimate of percent to be returned**

SCDHHS evaluates the quality withhold results through a first pass withhold return and a bonus pool distribution. Withholds and incentives are treated separately for federal regulations; therefore, we reviewed the first pass and bonus pool distribution as separate components.

- Following the reporting year 2021 (measurement year 2020) withhold program suspension, the MCO quality withhold and bonus program was reinstated by SCDHHS for reporting year 2022 (measurement year 2021) and is fully documented in Section 15 of the Managed Care Policy and Procedure Manual. The MCOs in aggregate received 85.2% of available withhold funds from SCDHHS through first pass evaluation.
- The MCO quality withhold and bonus program was updated for measurement year 2023 to incorporate the following indices: Consumer Assessment of Healthcare Providers and Systems (CAHPS), Prevention HEDIS, and Treatment HEDIS. To estimate the impact of this change, we reevaluated the reporting year 2022 quality withhold results under the new program parameters provided by SCDHHS. Based on this review, the MCOs would have achieved first pass quality withhold return results of 86.8%, with at least one MCO achieving 100% of the withhold return.
- Based on guidance from SCDHHS, the CY 2024 and CY 2025 MCO quality withhold and bonus program is assumed to be consistent with the measurement year 2023 program.

Based on our review, we believe it is reasonably achievable in the context of the SFY 2025 capitation rate development for the MCOs to meet the quality withhold targets for 100% return of the withhold for CY 2025.

**(vi) Reasonableness of withhold arrangement**

Our review of the total withhold percentage of 1.5% of capitation revenue, net of state-directed payments related to supplemental teaching physicians, the HAWQ program, and independent pharmacy dispensing fee payments, indicates that it is reasonable within the context of the capitation rate development and the magnitude of the withhold does not have a detrimental impact on the health plan's financial operating needs and capital reserves. Our interpretation of financial operating needs relates to cash flow needs for the health plan to pay claims and administer benefits for its covered population. We evaluated the reasonableness of the withhold within this context by reviewing the health plan's cash available to cover operating expenses, as well as the capitation rate payment mechanism utilized by SCDHHS. To evaluate the reasonableness of the withhold in relation to capital reserves, we reviewed each health plan's risk-based capital ratio. The data source utilized to calculate these metrics was each plan's calendar year 2023 NAIC annual statement.

- (1) Risk-Based Capital (RBC) Levels: RBC levels were reviewed to assess surplus levels and financial stability of each MCO to pay all policyholder obligations. Based on CY 2023 audited financial statements, RBC-levels for each MCO are at or greater than 456%.

Although 100% of the withhold is assumed to be reasonably achieved, stress-testing the capital levels for each MCO with the full amount of the 1.5% withhold does not reduce the RBC ratio to a level that would trigger regulatory action.

**FIGURE 18: MCO FINANCIAL REVIEW**

HEALTH PLAN	REPORTED RBC LEVEL	STRESS-TESTED RBC LEVEL
Absolute Total Care	496%	470%
BlueChoice	1604%	1563%
Humana	592%	552%
Molina	456%	422%
Select Health	552%	493%

Source: CY 2023 NAIC Annual Statement ('Five-Year Historical Data', Page 29)

- (2) Cash available for operating expenses: We reviewed cash and cash equivalent levels in relation to the withhold arrangement. We believe the withhold arrangement is reasonable based on current cash levels and the following withhold level and SCDHHS payment timing:

- A 1.5% withhold over the SFY is equivalent to approximately 5.5 days of revenue.
- SCDHHS makes capitation payments to MCOs at the beginning of each month (which essentially "pre-pays" the expected claims for the month), contributing favorably to monthly cash flow needs.

**(vii) Effect on the capitation rates**

The SFY 2025 certified capitation rates reflect the expectation that 100% of the withhold is reasonably achievable.

**(b) Capitation payments minus withhold**

The SFY 2025 certified capitation rates reflect the expectation that 100% of the withhold is reasonably achievable, and the capitation rates are certified as actuarially sound.

## C. RISK SHARING MECHANISMS

### i. Rate Development Standards

This section provides documentation of the risk-sharing mechanisms in the South Carolina managed care program.

### ii. Appropriate Documentation

#### (a) Description of Risk-sharing Mechanism

##### (i) Rationale for use of risk-sharing arrangement

##### ***Pharmacy High Cost No Experience (HCNE) program***

The pharmacy HCNE program has been established to address the financial risk associated with recent FDA approved high cost pharmaceutical treatments, as well as the potential for the prevalence of individuals utilizing the high cost pharmacy treatments to vary between MCOs given the relatively low volume of anticipated recipients.

##### ***PRTF Risk Pool***

The PRTF risk pool will continue in SFY 2025 to address the higher costs associated with PRTF services and the potential for the prevalence of individuals utilizing PRTF services to vary between MCOs. The total PRTF risk pool is established and evaluated by rate cell and distributions across MCOs are calculated accordingly. To the extent an MCO's proportion of PRTF expenditures is greater than the MCO's proportion of PRTF benefit received through capitation payments at the rate cell level, the MCO will receive additional reimbursement from the risk pool. Conversely, an MCO with a lower proportion of PRTF expenditures relative to the MCO's proportion of PRTF benefit received through capitation payments at the rate cell level will be required to pay into the risk pool.

(ii) **Description****Pharmacy High Cost No Experience (HCNE) program**

Effective July 1, 2020, SCDHHS implemented a pharmacy HCNE program as a risk mitigation mechanism to limit the MCO's exposure to new high cost pharmacy therapies. The HCNE program will include pharmacy therapies approved after the beginning of the base period (July 1, 2022) that are expected to exceed \$500,000 per member per year, based on annual estimated cost from the WAC fee schedule.

Newly approved drug therapies will be removed from the pharmacy HCNE program when their FDA approval date is on or before the start of the base data period. The estimated costs of the pharmacy therapies included in the pharmacy risk mitigation program are not part of the base capitation rate.

SCDHHS is anticipated to reimburse the MCOs for the total cost of the pharmaceutical therapy that is equal to the lesser of MCO claim payment and the FFS fee schedule. All claims requested for reimbursement through the pharmacy HCNE program are subject to SCDHHS review and approval. The pharmacy therapies approved for inclusion in the risk mitigation program for SFY 2025 are included in Section 4.2.21.6 of the MCO Policy and Procedure guide and are anticipated to be monitored on a quarterly basis throughout the contract year and updated as appropriate.

The specific language from the provider agreement between SCDHHS and the MCOs should be referenced for final contract specifications and definitions.

**PRTF Risk Pool**

The SFY 2025 PRTF risk pool aggregate amounts will be developed using the estimated SFY 2025 PRTF benefit expense PMPM by rate cell included in the SFY 2025 capitation rates, multiplied by the actual SFY 2025 membership by rate cell.

The estimated SFY 2025 PRTF PMPM is developed on a prospective basis and is based on a review of historical PRTF expenditures during the SFY 2023 base period. Program and policy changes developed for the SFY 2025 managed care capitation rates impacting PRTF expenditures were applied to the base experience.

Please note that the estimated SFY 2025 PRTF PMPM is based on the historical PRTF expenditures and applicable prospective adjustments, with no smoothing adjustment across rate cells.

Figures 19 and 20 illustrate a sample calculation of MCO payment/receipt of PRTF risk pool funds under two scenarios. The first scenario illustrates the payment/receipt of funds in the event total PRTF expenditures are greater than the risk pool funds, while the second scenario illustrates payment/receipt of funds in the event total PRTF expenditures are less than the risk pool funds. Additionally, it should be noted that when developing MCO payment/receipt amounts, the estimated PRTF PMPMs will be adjusted by rate cell for the relative risk scores applied to the SFY 2025 capitation rates.

**FIGURE 19: TOTAL PRTF EXPERIENCE GREATER THAN POOL FUNDS**

MCO	ACTUAL SFY 2025 MEMBER MONTHS	ESTIMATED SFY 2025 PRTF PMPM	MCO RISK- ADJUSTED SFY 2025 PRTF PMPM	ESTIMATED SFY 2025 PRTF EXPENDITURES	ACTUAL SFY 2025 PRTF EXPENDITURES	DISTRIBUTION OF ACTUAL PRTF COSTS	DISTRIBUTION APPLIED TO ESTIMATED COSTS	ADDITIONAL (PAYMENT)/ RECOUPMENT
Plan A	10,000	\$ 5.00	\$ 4.95	\$ 49,500	\$ 80,000	14.5%	\$ 72,727	\$ 23,227
Plan B	30,000	5.00	5.10	153,000	180,000	32.7%	163,636	10,636
Plan C	20,000	5.00	5.00	100,000	80,000	14.5%	72,727	(27,273)
Plan D	15,000	5.00	5.00	75,000	90,000	16.4%	81,818	6,818
Plan E	25,000	5.00	4.90	122,500	120,000	21.8%	109,091	(13,409)
<b>All Plans</b>	<b>100,000</b>	<b>\$ 5.00</b>	<b>\$ 5.00</b>	<b>\$ 500,000</b>	<b>\$ 550,000</b>	<b>100.0%</b>	<b>\$ 500,000</b>	<b>\$ 0</b>

**FIGURE 20: TOTAL PRTF EXPERIENCE LESS THAN POOL FUNDS**

MCO	ACTUAL SFY 2025 MEMBER MONTHS	ESTIMATED SFY 2025 PRTF PMPM	MCO RISK- ADJUSTED SFY 2025 PRTF PMPM	ESTIMATED SFY 2025 PRTF EXPENDITURES	ACTUAL SFY 2025 PRTF EXPENDITURES	DISTRIBUTION OF ACTUAL PRTF COSTS	DISTRIBUTION APPLIED TO ESTIMATED COSTS	ADDITIONAL (PAYMENT)/ RECOUPMENT
Plan A	10,000	\$ 5.00	\$ 4.95	\$ 49,500	\$ 60,000	12.5%	\$ 62,500	\$ 13,000
Plan B	30,000	5.00	5.10	153,000	145,000	30.2%	151,042	(1,958)
Plan C	20,000	5.00	5.00	100,000	90,000	18.8%	93,750	(6,250)
Plan D	15,000	5.00	5.00	75,000	80,000	16.7%	83,333	8,333
Plan E	25,000	5.00	4.90	122,500	105,000	21.9%	109,375	(13,125)
<b>All Plans</b>	<b>100,000</b>	<b>\$ 5.00</b>	<b>\$ 5.00</b>	<b>\$ 500,000</b>	<b>\$ 480,000</b>	<b>100.0%</b>	<b>\$ 500,000</b>	<b>\$ 0</b>

Figure 21 illustrates the estimated SFY 2025 member months, PRTF PMPM, and risk pool expenditures by rate cell.

**FIGURE 21: PRTF RISK POOL - SFY 2025 PROJECTED PMPM**

RATE CELL	ESTIMATED SFY 2025 MEMBER MONTHS	ESTIMATED SFY 2025 PRTF PMPM	ESTIMATED EXPENDITURES
TANF: 0-2 months old (AH3)	82,191	\$ 0.00	\$ 0
TANF: 3-12 months old (AI3)	336,495	-	-
TANF: Age 1-6 (AB3)	2,309,979	-	-
TANF: Age 7-13 (AC3)	2,782,249	0.32	893,907
TANF: Age 14-18, Male (AD1)	837,826	0.65	541,560
TANF: Age 14-18, Female (AD2)	793,188	0.38	302,946
TANF: Age 19-44, Male (AE1)	395,847	0.01	2,783
TANF: Age 19-44, Female (AE2)	1,292,380	0.00	2,105
TANF: Age 45+ (AF3)	263,829	0.00	0
SSI - Children (SO3)	143,724	4.99	716,738
SSI - Adults (SP3)	435,847	0.42	180,877
SMI Children (VW3)	233,056	76.57	17,845,334
SMI TANF Adults (TP3)	379,809	0.00	283
SMI SSI Adults (UP3)	194,662	0.14	26,320
OCWI (WG2)	322,635	0.01	3,366
DUAL	-	-	-
Foster Care - Children (FG3)	52,837	183.68	9,705,216
KICK (MG2/NG2)	24,804	-	-
<b>Composite</b>	<b>10,856,554</b>	<b>\$ 2.78</b>	<b>\$ 30,221,437</b>

Please note that the "Estimated expenditures" column in Figure 21 is a projection based on estimated SFY 2025 membership. The estimated SFY 2025 PRTF PMPMs by rate cell will not change as actual SFY 2025 PRTF experience emerges; however the aggregate PRTF risk pool amounts by rate cell may vary to the extent that actual SFY 2025 member months vary from the estimated membership.

Additionally, if capitation rates are amended during the SFY 2025 contract year related to PRTF program changes, the PRTF risk pool PMPMs will be reviewed and updated, as necessary.

### (iii) Effect on capitation rate development

The development of the HCNE program and the PRTF risk pool do not impact the capitation rate development process.

### (iv) Attestation of the use of generally accepted actuarial principles and practices

The SFY 2025 pharmacy HCNE program and PRTF risk pool have been developed in accordance with generally accepted actuarial principles and practices.

### (v) Consistency with pricing assumptions used in capitation rate development

The SFY 2025 pharmacy HCNE program and PRTF risk pool development are consistent with pricing assumptions used in capitation rate development. Note that the development of these arrangements do not impact the capitation rate development process.

**(vi) Demonstration of remittance/payment requirement**

The SFY 2025 pharmacy HCNE program is a non-risk arrangement with the State. As documented in Section 4.2.21 of the MCO Policy and Procedure Guide, SCDHHS is anticipated to reimburse the MCOs for the total cost of the pharmaceutical therapy that is equal to the lesser of MCO claim payment and the FFS fee schedule.

The SFY 2025 PRTF risk pool is a cost-neutral risk pool arrangement to redistribute assumed PRTF benefit costs between the MCOs and will not result in a remittance/payment between the MCOs and the State.

**(b) Medical Loss Ratio*****Description***

SCDHHS's provider agreement establishes a minimum medical loss ratio (MLR) of 86.0% for the Medicaid managed care population. The specific language from the provider agreement between SCDHHS and the MCOs should be referenced for final contract specifications and definitions. The MLR is calculated in accordance with guidance presented in the final Medicaid and Children's Health Insurance Program rule, released on May 6, 2016.

***Financial consequences***

Financial consequences of the minimum MLR requirements are specified in the provider agreement. However, in general, the MCO will be required to repay any revenue amounts below the 86.0% minimum MLR.

**(c) Reinsurance Requirements and Effect on Capitation Rates**

There are no reinsurance requirements for MCOs contracted with SCDHHS for the Medicaid managed care program.

**D. STATE DIRECTED PAYMENTS****i. Rate Development Standards****(a) Description of Managed Care Plan Requirement**

Consistent with guidance in 42 CFR §438.6(c), the South Carolina managed care capitation rates reflect the following delivery system and provider payment initiatives:

- **Supplemental Teaching Physician (STP) Program.** Physician state directed payment for all services performed by qualifying rendering teaching physicians billing through a qualified teaching academic facility (control name: SC\_Fee\_AMC\_Renewal\_20240701-20250630);
- **Health Access, Workforce, and Quality (HAWQ) Program.** Hospital inpatient and outpatient state directed payment program for all in-state contracted hospitals (control name: SC\_Fee\_IPH.OPH\_Renewal\_20240701-20250630);
- **Independent Pharmacy Dispensing Fee Program.** Pharmacy state directed payment initiative for all in-state independent contracted pharmacies (control name: SC\_Fee\_Oth\_Renewal\_20240701-20250630);
- **Rural Hospital Minimum Fee Schedule.** State directed minimum fee schedule for all in-network South Carolina rural hospitals defined under the Medicaid State plan at no less than the Medicaid fee-for-service approved rate for inpatient and outpatient services; and,
- **Alternative Payment Model (APM)** contracts linked to provider performance.

**(b) Prior written approval**

All state-directed payments included in this rate certification are consistent with the approved preprints and preprints currently under review by CMS.

- **Approved preprints:** SCDHHS has received written approval for the Independent Pharmacy Dispensing Fee directed payment preprint (SC\_Fee\_Oth\_Renewal\_20240701-20250630) as of April 25, 2024.
- **Preprints currently under review by CMS:** At the time of this report, SCDHHS has submitted, but not yet received approval for the HAWQ Program and STP Program directed payment preprints.

It is our understanding that the rural hospital minimum fee schedule does not require a preprint since it is based on rates established in SC's approved state plan in accordance with guidance in 42 CFR §438.6(c). Additionally, it is our understanding based on SCDHHS guidance, that the APM contracts linked to provider performance do not require a preprint because they are MCO-specific initiatives that are not directed by SCDHHS.

### (c) Generally accepted actuarial principles

The contract arrangements that direct MCO expenditures were developed in accordance with guidance in 42 CFR §438.4, the standards in §438.5, and generally accepted actuarial principles and practices.

### (d) How Payment Arrangement is reflected in managed care rates

The rural hospital minimum fee schedule and APM contracts are considered as part of the monthly capitation rates paid to the plans. STP, HAWQ, and the independent pharmacy program are reflected as separate payment terms.

### (e) Documentation

In accordance with 42 CFR § 438.7(b)(6), all state directed payments anticipated to be effective as of July 1, 2024 are documented in this rate certification.

## ii. Appropriate Documentation

### (a) Description of State-Directed Payments

Figure 22 provides a description of each state directed payment included in the SFY 2025 Medicaid managed care program.

Note that APM contracts reflected in the SFY 2025 managed care capitation rates include pay for performance incentive programs, shared savings, and shared risk programs that the MCOs utilize with providers. SCDHHS has indicated that a 438.6(c) preprint is not required for the APM arrangements.

**FIGURE 22 - DESCRIPTION OF STATE DIRECTED PAYMENTS**

CONTROL NAME OF THE STATE DIRECTED PAYMENT	TYPE OF PAYMENT	BRIEF DESCRIPTION	RATE ADJUSTMENT OR SEPARATE PAYMENT TERM
SC_Fee_AMC_Renewal_20240701-20250630 (Supplemental Teaching Physician Program)	Uniform percentage increase	Uniform increase to physician reimbursement for teaching physicians	Separate payment term
SC_Fee_IPH.OPH_Renewal_20240701-20250630 (Health, Access, Workforce, and Quality Program)	Uniform percentage increase	Uniform percentage increase to in-state inpatient and outpatient hospital payments	Separate payment term
SC_Fee_Oth_Renewal_20240701-20250630 (Independent Pharmacy Dispensing Fee Payment)	Uniform per script increase	Uniform dollar increase to independent pharmacy scripts	Separate payment term
Rural Hospital Minimum Fee Schedule	Minimum Fee Schedule	Minimum fee schedule as approved in the Medicaid State Plan for all rural hospitals	Rate adjustment

### (i) Description of delivery system and provider payment initiatives included in the capitation rates

#### **Supplemental Teaching Physician Program**

Effective July 1, 2024, the STP state directed payment program utilizes a uniform percentage increase methodology to increase provider reimbursement for Medicaid physicians performed by qualified rendering teaching physicians billing through a qualified teaching facility up to average commercial rate (ACR) payment. SCDHHS believes that by utilizing these dollars through a directed payment, the agency can impact Medicaid member access to pediatric subspecialty care and materially impact its quality strategy around access to care for all Medicaid participants.<sup>16</sup>

<sup>16</sup> Supplemental Teaching Physician submitted preprint (SC\_Fee\_AMC\_Renewal\_20240701-20250630) Question 19d

### Provider Class Defined

Based on documentation provided in the SCDHHS-submitted preprint, the STP program establishes one provider class for all teaching physicians with faculty appointment or a teaching physician agreement with one of the following entities:

- The Medical University of South Carolina (MUSC);
- The University of South Carolina School of Medicine (USC); or,
- A SC Area Health Education Consortium (AHEC) Teaching Health System.

Only professional services billed by a SC academic medical center, its component units, or an SC AHEC Teaching Health System are eligible for state-directed payments. Teaching physicians must involve residents and/or medical students in the care of his or her patients or directly supervise residents in the care of patients.

### Application of Uniform Methodology

The STP state directed payment applies a uniform methodology to the provider class, which brings qualified rendering teaching physician payments at a qualified academic teaching facility up to 100% of ACR.

Upon final reconciliation of the SFY 2025 contract year utilization and resulting state directed payments, the uniform payments may be adjusted as described further in the SCDHHS submitted preprint

Total SFY 2025 payments for the STP program are projected at approximately \$145 million, consistent with the total dollar amount included in the preprint submitted to CMS and currently under review.

### Health, Access, Workforce, and Quality Program

Effective July 1, 2024, the HAWQ program is developed to provide additional financial stability for hospitals across South Carolina to ensure access to care for MCO enrollees and promote investment in quality initiatives and the healthcare workforce.<sup>17</sup> SCDHHS believes that by utilizing these dollars through a directed payment, the agency can improve hospital quality and significantly impact its quality strategy for all Medicaid participants. These payments are anticipated to bring greater accountability to hospital quality across the provider class.

### Provider Class Defined

Based on documentation provided in the SCDHHS-submitted preprint, all licensed South Carolina general acute care hospitals (including any that convert to a rural emergency hospital) that participate in the State's quality and workforce development programs are eligible for the uniform percentage increase.<sup>18</sup>

### Application of Uniform Methodology

The HAWQ program will provide a uniform percentage increase for Medicaid managed care inpatient and outpatient hospital claims incurred by managed care enrollees covered under the Medicaid managed care program at in-network South Carolina hospitals during the SFY 2025 contract year.

The uniform percentage increase applied to each hospital inpatient claim during the SFY 2025 contract year is 219% and the uniform percentage increase applied to each hospital outpatient claim during the SFY 2025 contract year is 205%.<sup>19</sup> The uniform percentage increase applied in the state-directed payment brings eligible hospitals up to 99.5% of ACR for inpatient payments and 97.9% of ACR for outpatient payments during the SFY 2025 contract period.<sup>20</sup>

Upon final reconciliation of the SFY 2025 contract year utilization and resulting state directed payments, the uniform percentage increases may be adjusted as described further in the SCDHHS submitted preprint.

Total SFY 2025 payments for the HAWQ program are projected at approximately \$2.5 billion, consistent with the total dollar amount included in the preprint submitted to CMS and currently under review.

<sup>17</sup> HAWQ submitted preprint (SC\_Fee\_IPH.OPH\_Renewal\_20240701-20250630), Question 43

<sup>18</sup> HAWQ submitted preprint (SC\_Fee\_IPH.OPH\_Renewal\_20240701-20250630), Question 20b

<sup>19</sup> HAWQ submitted preprint (SC\_Fee\_IPH.OPH\_Renewal\_20240701-20250630), Question 19b

<sup>20</sup> HAWQ submitted preprint (SC\_Fee\_IPH.OPH\_Renewal\_20240701-20250630), Table 2

**Independent Pharmacy Dispensing Fee Program**

Effective July 1, 2024, the independent pharmacy program directs a uniform dollar increase to all eligible prescriptions during the SFY 2025 contract year for SC in-network independent pharmacies. SCDHHS believes that by utilizing these dollars through a directed payment, the agency can improve Medicaid member access to care consistent with the Agency’s quality strategy.<sup>21</sup>

**Provider Class Defined**

Based on documentation provided in the SCDHHS-approved preprint, the independent pharmacy program establishes one provider class defined as Independent Community Pharmacies as determined by the permit application classification collected by the South Carolina Board of Pharmacy.

**Application of Uniform Methodology**

The independent pharmacy directed payment applies a uniform dollar increase per script for all SC Medicaid-enrolled independent pharmacies.

Total SFY 2025 payments for the independent pharmacy dispensing fee directed payment are projected at approximately \$9.5 million, consistent with the total dollar amount included in the preprint approved by CMS on April 25, 2024.

**(ii) Description of payment arrangement if incorporated as a rate adjustment**

The figure below illustrates the effect on the capitation rates of payments incorporated as a rate adjustment.

**FIGURE 23 - EFFECT OF STATE DIRECTED PAYMENTS AS RATE ADJUSTMENTS**

CONTROL NAME OF THE STATE DIRECTED PAYMENT	RATE CELLS AFFECTED	IMPACT	DESCRIPTION OF THE ADJUSTMENT	CONFIRMATION THE RATES ARE CONSISTENT WITH THE PREPRINT
Rural Hospital Minimum Fee Schedule	All	Approximately \$34.0 million	Minimum fee schedule at no less than 100% of Medicaid fee-for-service reimbursement for all in-network SC rural hospitals defined under the Medicaid State Plan	N/A

**(A) Affected rate cells**

The rural hospital minimum fee schedule affects all rate cells in the managed care program.

**(B) Impact on the capitation rates**

Figure 24 illustrates the projected benefit expense PMPM amounts by rate cell incorporated as a rate adjustment for the rural hospital minimum fee schedule reimbursement update.

<sup>21</sup> Independent Pharmacy approved preprint (SC\_Fee\_Oth\_Renewal\_20240701-20250630) Question 19d

**FIGURE 24: RURAL HOSPITAL MINIMUM FEE SCHEDULE IMPACT BY RATE CELL**

<b>RATE CELL</b>	<b>PMPM</b>
TANF: 0-2 months old (AH3)	\$ 14.23
TANF: 3-12 months old (AI3)	1.41
TANF: Age 1-6 (AB3)	1.32
TANF: Age 7-13 (AC3)	1.00
TANF: Age 14-18, Male (AD1)	1.17
TANF: Age 14-18, Female (AD2)	1.72
TANF: Age 19-44, Male (AE1)	1.93
TANF: Age 19-44, Female (AE2)	3.56
TANF: Age 45+ (AF3)	5.34
SSI - Children (SO3)	1.90
SSI - Adults (SP3)	14.31
SMI Children (VV3)	2.76
SMI TANF Adults (TP3)	6.98
SMI SSI Adults (UP3)	17.06
OCWI (WG2)	2.55
DUAL	-
Foster Care - Children (FG3)	1.99
KICK (MG2/NG2)	136.13

**(C) Reflection of payment arrangement in the certified capitation rates**

Section 2.B.iii.(d) describes the adjustments made to the capitation rates related to the rural hospital minimum fee schedule effective July 1, 2024.

Additionally, the APM contracts are included as an adjustment to the base data in Appendix 6. The total amount of payments for these contracts included in the base data adjustment is approximately \$23.7 million, or \$1.84 PMPM, based on SFY 2023 base member months.

**(D) Description of consistency with 438.6(c) preprint**

Not applicable. It is our understanding that the rural hospital minimum fee schedule does not require a preprint since it is based on rates established in SC's approved state plan in accordance with guidance in 42 CFR §438.6(c). Additionally, it is our understanding based on SCDHHS guidance, that the APM contracts linked to provider performance do not require a preprint because they are MCO-specific initiatives that are not directed by SCDHHS.

**(E) Maximum fee schedule**

Not applicable. The SFY 2025 managed care capitation rates do not include state directed payment arrangements that have been implemented via a maximum fee schedule.

**(iii) Description of payment arrangement if incorporated as a separate payment term**

The figure below illustrates the effect on the capitation rates of payments incorporated as a separate payment term.

**FIGURE 25 - EFFECT OF STATE DIRECTED PAYMENTS AS SEPARATE PAYMENT TERMS**

CONTROL NAME OF THE STATE DIRECTED PAYMENT	AGGREGATE AMOUNT INCLUDED IN THE RATE CERTIFICATION	STATEMENT THAT THE ACTUARY IS CERTIFYING THE SEPARATE PAYMENT TERM	THE MAGNITUDE ON A PMPM BASIS	CONFIRMATION THE RATE DEVELOPMENT IS CONSISTENT WITH THE PREPRINT	CONFIRMATION THAT THE STATE ACTUARY WILL SUBMIT REQUIRED DOCUMENTATION AT THE END OF THE RATE PERIOD
<b>SC_Fee_AMC_Renewal_20230701-20240630</b> (Supplemental Teaching Physician Program)	Approximately \$145 million	The actuary certifies the amount of the separate payment term disclosed in this certification	Approx \$13.36 PMPM	Consistent with submitted preprint	Confirmed
<b>SC_Fee_IPH.OPH_New_20230701-20240630</b> (Health, Access, Workforce, and Quality Program)	Approximately \$2.5 billion	The actuary certifies the amount of the separate payment term disclosed in this certification	Approx \$230.87 PMPM	Consistent with submitted preprint	Confirmed
<b>SC_Fee_Oth_New_20230701-20240630</b> (Independent Pharmacy Dispensing Fee Payment)	Approximately \$9.5 million	The actuary certifies the amount of the separate payment term disclosed in this certification	Approx \$0.88 PMPM	Consistent with approved preprint	Confirmed

**(A) Aggregate amount**

The estimated aggregate amount attributable to the STP program, HAWQ program, and independent pharmacy program is \$145.0 million, \$2.5 billion, and \$9.5 million, respectively.

**(B) Statement from the actuary**

The actuary certifies that the amounts of the separate payment term arrangements disclosed in this certification are consistent with those submitted in their respective preprints.

**(C) Estimated PMPM by rate cell**

The estimated PMPMs for each state directed payment program incorporated as a separate payment term during the SFY 2025 rating period are provided by rate cell in the figure below.

**FIGURE 26: STATE DIRECTED PAYMENT PMPM BY RATE CELL**

RATE CELL	STP	HAWQ	INDEPENDENT PHARMACY
TANF: 0-2 months old (AH3)	\$ 160.31	\$ 3,202.38	\$ 0.28
TANF: 3-12 months old (AI3)	33.26	172.17	0.48
TANF: Age 1-6 (AB3)	7.57	79.66	0.51
TANF: Age 7-13 (AC3)	4.94	49.86	0.57
TANF: Age 14-18, Male (AD1)	6.24	81.61	0.53
TANF: Age 14-18, Female (AD2)	6.79	93.19	0.74
TANF: Age 19-44, Male (AE1)	5.46	165.74	0.46
TANF: Age 19-44, Female (AE2)	14.13	312.67	0.96
TANF: Age 45+ (AF3)	17.91	426.16	1.99
SSI - Children (SO3)	22.61	226.92	1.46
SSI - Adults (SP3)	38.63	1,001.20	2.38
SMI Children (VV3)	15.68	344.46	1.62
SMI TANF Adults (TP3)	26.54	447.98	2.01
SMI SSI Adults (UP3)	51.62	1,072.30	3.34
OCWI (WG2)	28.20	560.18	1.42
DUAL	-	-	-
Foster Care - Children (FG3)	12.95	555.64	1.57
KICK (MG2/NG2)	-	-	-

Actual final payments will be calculated and reconciled on a retrospective basis.

**(D) Consistency with 438.6(c) preprint**

We confirm that each state directed payment incorporated via separate payment term as described in this certification is consistent with the approved (or submitted and under review) 438.6(c) preprints.

**(E) Statement that certification will be amended if rates vary**

If the final state directed PMPM payments by rate cell for STP, HAWQ, or the Independent Pharmacy program vary from the initial estimates presented in this certification, an amendment will be completed to reflect the final payments.

**(b) Additional Directed Payments Not Addressed in the Certification**

There are not any additional directed payments in the managed care program that are not addressed in this rate certification.

**(c) Confirmation of Reimbursement Rates that Plans Must Pay Providers**

There are not any additional requirements regarding the reimbursement rates the plans must pay to any providers unless specified in this certification as a directed payment or authorized under applicable law, regulation, or waiver.

**E. PASS-THROUGH PAYMENTS**

**i. Rate Development Standards**

There are no pass-through payments reflected in the SFY 2025 capitation rates.

**ii. Appropriate Documentation**

There are no pass-through payments reflected in the SFY 2025 capitation rates.

## 5. Projected non-benefit costs

### A. RATE DEVELOPMENT STANDARDS

#### i. Overview

In accordance with 42 CFR §438.5(e), the non-benefit component of the capitation rate includes reasonable, appropriate and attainable expenses related to MCO operation of the South Carolina Medicaid managed care program.

The remainder of Section I, item 5 provides documentation of the data, assumptions and methodology that we utilized to develop the non-benefit cost component of the capitation rate.

#### ii. PMPM versus percentage

The non-benefit cost was developed as a percentage of the capitation rate.

#### iii. Basis for variation in assumptions

Any assumption variation between covered populations is the result of program differences and is in no way based on the rate of federal financial participation associated with the population.

### B. APPROPRIATE DOCUMENTATION

#### i. Development of non-benefit costs

##### (a) Description of the data, assumptions, and methodologies

##### **Data**

The primary data sources used in the development of the state fiscal year 2025 non-benefit costs are listed below:

- Calendar Year 2021, 2022, and 2023 administrative costs as reported in the Managed Care Survey completed by each MCO. Statutory financial statement data for each of the MCOs.
- Average non-benefit costs from the financial statements of Medicaid MCOs nationally, as summarized by Palmer, Pettit, and McCulla. A link to the 2022 report published in June 2023 (Medicaid managed care financial results for 2022) is provided here: [Medicaid managed care financial results for 2022 \(milliman.com\)](https://www.milliman.com/medicaid-managed-care-financial-results-for-2022)

##### **Assumptions and methodology**

In developing non-benefit costs, we reviewed historical administrative expenses for the managed care program along with national Medicaid MCO administrative expenses. We considered the size of participating MCOs and the resulting economies of scale that could be achieved, along with the benefits covered and the demographics of the population. Historical reported administrative expenses by MCO were compared to statutory financial statements for consistency.

Our review of the non-benefit cost component of the capitation rate (excluding risk margin) in comparison to Appendix 1 of the Medicaid managed care financial results for 2022 referenced above indicates that the allowance reflected in the South Carolina Medicaid managed care rates is reasonable in comparison to the national benchmark for states that have not expanded Medicaid to cover the new adult group defined by section 1902(a)(10)(A)(i)(VIII) of the Social Security Act. The SFY 2025 non-benefit cost percentage is consistent with prior capitation rate setting analyses for OCWI, KICK, and Foster Care Children. For all other non-SMI populations, the non-benefit cost percentage is lower by 0.25% to 1.0%, in part as a result of shifting estimated care management costs from non-SMI rate cells to SMI rate cells where a higher level of care management activities are assumed to occur.

In addition, we reviewed the resulting composite non-benefit cost PMPMs for the SC Medicaid managed care in the context of historical PMPMs included in the capitation rates, as well as MCO-reported non-benefit costs (care management and administrative expenses) as documented in Figure 27. We believe the non-benefit cost allowance continues to be a reasonable, appropriate and attainable assumption based on our review of historical financial results for the MCOs, projected SFY 2025 enrollment, and continued review of the program contractual requirements.

**(b) Material changes**

There are no material changes to the data, assumptions, or methodology used to develop the projected non-benefit cost relative to SFY 2025.

**(c) Other material adjustments**

There are no material adjustments applied to non-benefit costs for SFY 2025.

**ii. Non-benefit costs, by cost category**

Administrative expenses have not been developed from the ground up (based on individual components). However, individual components were reviewed within MCO-reported survey information and financial statement data.

The SFY 2025 non-benefit cost allowance is applied as a percentage of the capitation rates excluding state-directed payments, as illustrated in Figure 27 below.

**FIGURE 27: NON-BENEFIT COST ALLOWANCE BY RATE CELL**

<b>RATE CELL</b>	<b>ADMINISTRATIVE EXPENSES</b>	<b>RISK MARGIN</b>	<b>SFY 2025 NON-BENEFIT ALLOWANCE</b>
TANF: 0-2 months old (AH3)	6.25%	1.00%	7.25%
TANF: 3-12 months old (AI3)	11.50%	1.00%	12.50%
TANF: Age 1-6 (AB3)	11.75%	1.00%	12.75%
TANF: Age 7-13 (AC3)	12.25%	1.00%	13.25%
TANF: Age 14-18, Male (AD1)	12.25%	1.00%	13.25%
TANF: Age 14-18, Female (AD2)	12.25%	1.00%	13.25%
TANF: Age 19-44, Male (AE1)	10.00%	1.00%	11.00%
TANF: Age 19-44, Female (AE2)	10.00%	1.00%	11.00%
TANF: Age 45+ (AF3)	10.00%	1.00%	11.00%
SSI - Children (SO3)	7.75%	1.00%	8.75%
SSI - Adults (SP3)	7.75%	1.00%	8.75%
SMI Children (VV3)	12.00%	1.00%	13.00%
SMI TANF Adults (TP3)	10.25%	1.00%	11.25%
SMI SSI Adults (UP3)	7.25%	1.00%	8.25%
OCWI (WG2)	10.25%	1.00%	11.25%
DUAL <sup>1</sup>	N/A	N/A	N/A
Foster Care - Children (FG3)	10.25%	1.00%	11.25%
KICK (MG2/NG2)	2.25%	1.00%	3.25%

Notes:

1. The non-benefit cost allowance for the DUAL rate cell is estimated as a weighted average of the non-benefit cost allowance PMPM for the SSI-Children and SSI-Adult rate cells.
2. There are no taxes, licensing or regulatory fees attributed to the South Carolina Medicaid managed care program.

The benefit expense and non-benefit cost allowance components of the SFY 2025 capitation rates are illustrated by rate cell in Appendix 4.

**iii. Historical non-benefit costs**

Historical MCO-reported non-benefit cost data net of taxes for CY 2021, CY 2022, and CY 2023 are illustrated in Figure 28. In addition to the average non-benefit cost PMPM reported across all MCOs, we provided the minimum and maximum MCO non-benefit cost PMPM.

**FIGURE 28: MCO REPORTED NON-BENEFIT COST PMPM**

CALENDAR YEAR	AVERAGE REPORTED NON BENEFIT COSTS PMPM	MINIMUM REPORTED NON BENEFIT COSTS PMPM	MAXIMUM REPORTED NON BENEFIT COSTS PMPM
CY 2021	\$ 35.05	\$ 23.84	\$ 60.29
CY 2022	\$ 31.42	\$ 24.85	\$ 42.92
CY 2023	\$ 28.63	\$ 25.92	\$ 35.52

Note: Due to low volume of Medicaid membership during the first two years of managed care activity, the new MCO entrant during 2021 has been excluded from the results.

Information related to the manner in which the historical non-benefit cost data was considered in the non-benefit cost assumptions used in the rate development is described in section I, item 5.B.i above. Appendix 4 includes administrative expense and care management amounts on a PMPM basis, comparable to the values in Figure 27.

## 6. Risk adjustment

This section provides information on the risk adjustment included in the contract.

### A. RATE DEVELOPMENT STANDARDS

#### i. Overview

In accordance with 42 CFR §438.5(g), we will follow the rate development standards related to budget-neutral risk adjustment for the Medicaid managed care program. The composite rates for TANF Children, TANF Adult, SSI Children, SSI Adult, SMI TANF Adult, SMI SSI Adult, and SMI Children populations are expected to be prospectively risk adjusted by MCO to reflect estimated prospective morbidity differences in the underlying population enrolling with each MCO.

#### ii. Risk adjustment model

The TANF Adult, TANF Children, SSI Adult, SSI Children, SMI TANF Adult, SMI SSI Adult, and SMI Children populations will be prospectively risk-adjusted using the Combined Chronic Illness and Pharmacy Payment System (CDPS+Rx) risk scoring models calibrated to South Carolina experience. In addition, a custom variable representing individual member's MH/SA treatment prevalence will be included in the risk score development. Risk adjustment is performed on a budget neutral basis and is anticipated to be updated semi-annually for each of the seven defined populations. The analysis uses generally accepted actuarial principles and practices.

### B. APPROPRIATE DOCUMENTATION

#### i. Prospective risk adjustment

##### (a) Data and adjustments

The risk adjustment analysis will use historical FFS and encounter data in the development of South Carolina-specific weights. The CDPS+Rx risk adjustment model and the South Carolina-specific weights will be applied to SFY 2023 FFS and encounter data for the population enrolled in managed care as of March 2024 as the underlying data source for the development of the July through December 2024 risk scores. Note that the SMI population will be shifted from the respective non-SMI rate cells to establish the anticipated MCO SMI mix distribution as of July 1, 2024. We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete. This is anticipated to be completed in June 2024.

##### (b) Risk adjustment model

The July through December 2024 risk scores for the TANF Adult, TANF Children, SSI Adult, SSI Children, SMI TANF Adult, SMI SSI Adult, and SMI Children populations will be risk-adjusted using CDPS+Rx risk scoring models, calibrated to South Carolina-specific experience. An additional variable representing individual member's MH/SA treatment prevalence will also be included in the risk adjustment development. We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete. This is anticipated to be completed in June 2024.

##### (c) Risk adjustment methodology

The SCDHHS risk adjustment is designed to be cost neutral for each of the seven defined populations. Relative risk scores will be normalized to result in a composite risk score of 1.000 for each population group, across all MCOs. The risk adjustment methodology uses generally accepted actuarial principles and practices.

##### (d) Magnitude of the adjustment

The magnitude of the adjustment per MCO is not known at this time. We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete.

##### (e) Assessment of predictive value

We will provide full documentation of the results and methodology for the risk adjustment analysis when it is complete.

**(f) Any concerns the actuary has with the risk adjustment process**

At this time, we have no concerns with the risk adjustment process.

**ii. Retrospective risk adjustment**

Not applicable. The risk adjustment analysis will utilize a prospective methodology.

**iii. Changes to risk adjustment model since last rating period**

We anticipate using the CDPS+Rx risk adjustment model version 7.0, with MH/SA treatment prevalence variable calibrated to South Carolina-specific weights for the SFY 2025 rating period, consistent with the prior rating period.

## 7. Acuity adjustment

This section provides information on the acuity adjustment incorporated into the SFY 2025 capitation rates.

### A. RATE DEVELOPMENT STANDARDS

#### i. Overview

Assumptions related to anticipated changes in population acuity during SFY 2025 are applied as prospective acuity adjustments and are discussed in Section 2.B.iii.(d), “Unwinding Acuity” adjustment.

### B. APPROPRIATE DOCUMENTATION

#### i. Description

Documentation of the prospective acuity adjustment included in the SFY 2025 capitation rate development is discussed in Section 2.B.iii.(d), “Unwinding Acuity” adjustment.

## Section II. Medicaid Managed care rates with long-term services and supports

Section II of the CMS Guide is not applicable to the SCDHHS Medicaid managed care program. Managed long-term services and supports (MLTSS) are not covered benefits. Enrollees who have been approved for long term institutional care, waiver services, or institutional hospice care will be disenrolled from the managed care program and served under the FFS delivery system. Skilled nursing facility services are covered under this program only for stays generally less than 90 days. ICF/IID, and home and community based (HCBS) waiver services are not covered.

## Section III. New adult group capitation rates

Section III of the CMS Guide is not applicable to the SCDHHS Medicaid managed care program.

## Limitations

The information contained in this letter was prepared as documentation of the actuarially sound capitation rates for the Medicaid managed care program in the State of South Carolina. The information may not be appropriate for any other purpose.

The information contained in this letter, including the enclosures, has been prepared for SCDHHS and their consultants and advisors. It is our understanding that the information contained in this letter will be distributed to CMS and each of the MCOs participating in the SC Medicaid managed care program. These results may not be distributed to any other party without the prior consent of Milliman. To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

We acknowledge the unique nature of the COVID-19 Public Health Emergency and the resumption of eligibility redeterminations and terminations of coverage that will continue during the unwinding period anticipated to conclude on August 1, 2024. The assumptions documented in this certification report reflect our best estimate based on information known to us at the time of this report and SCDHHS guidance related to the enrollment unwinding period.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for SCDHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the capitation rates, assumptions, and trends.

Milliman has developed certain models to estimate the values included in this presentation. The intent of the models was to estimate adjustments to be considered in the SFY 2025 capitation rate development process. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

The models rely on data and information as input to the models. We have relied upon certain data and information provided by SCDHHS and the participating MCOs for this purpose and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this report may likewise be inaccurate or incomplete.

Although the capitation rates have been certified as actuarially sound, the capitation rates may not be appropriate for any individual MCO. Results will differ if actual experience is different from the assumptions contained in the capitation rate setting documentation. SCDHHS and Milliman provide no guarantee, either written or implied, that the data and information is 100% accurate or error free.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report are members of the American Academy of Actuaries and meet the qualification standards for performing the analyses contained herein.

## Appendix 1: Actuarial Certification

**South Carolina Department of Health and Human Services  
Risk Based Managed Care Program  
Capitation Rates Effective July 1, 2024 through June 30, 2025**

**Actuarial Certification**

I, Marlene T. Howard, am a Principal and Consulting Actuary with the firm of Milliman, Inc. I am a Member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the qualification standards established by the American Academy of Actuaries and have followed the standards of practice established by the Actuarial Standards Board. I have been contracted by the State of South Carolina and am generally familiar with the state-specific Medicaid program, eligibility rules, and benefit provisions.

The capitation rates provided with this certification are considered “actuarially sound” for purposes of 42 CFR 438.4(a), according to the following criteria:

- the capitation rates provide for all reasonable, appropriate, and attainable costs that are required under terms of the contract and for the operation of the MCO for the time period and population covered under the terms of the contract, and such capitation rates were developed in accordance with the requirements under 42 CFR 438.4(b).

For the purposes of this certification and consistent with the requirements under 42 CFR 438.4(a), “actuarial soundness” is defined as in ASOP 49:

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

The assumptions used in the development of the “actuarially sound” capitation rates have been documented in my correspondence with the State of South Carolina. The “actuarially sound” capitation rates that are associated with this certification are effective for the rate period July 1, 2024 through June 30, 2025. I acknowledge that the State may elect to increase or decrease the capitation rates up to 1.5% per rate cell as allowed under 42 CFR 438.7(c)(3) of CMS 2390-F.

The capitation rates are considered actuarially sound after adjustment for the amount of the withhold not expected to be earned.

The “actuarially sound” capitation rates are based on a projection of future events. Actual experience may be expected to vary from the experience assumed in the rates.

In developing the “actuarially sound” capitation rates, I have relied upon data and information provided by the State. I have relied upon the State for audit of the data. However, I did review the data for reasonableness and consistency.

The capitation rates developed may not be appropriate for any specific health plan. An individual health plan will need to review the rates in relation to the benefits that it will be obligated to provide. The health plan should evaluate the rates in the context of its own experience, expenses, capital and surplus, and profit requirements prior to agreeing to contract with the State. The health plan may require rates above, equal to, or below the “actuarially sound” capitation rates that are associated with this certification.

We acknowledge the unique nature of the COVID-19 Public Health Emergency and the resumption of eligibility redeterminations and terminations of coverage that will continue during the unwinding period anticipated to conclude on August 1, 2024. The assumptions documented in this certification report reflect our best estimate based on information known to us at the time of this report. We acknowledge that the resumption of redeterminations and enrollment unwinding period, as well as future legislative changes related to the COVID-19 public health emergency and enrollment unwinding period, could have a material impact on acuity, enrollment, providers, and other factors related to the capitation rates illustrated in this rate certification.



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Marlene T. Howard, FSA  
Member, American Academy of Actuaries

June 7, 2024  
Date

## Appendix 2: Certified Capitation Rates

**South Carolina Department of Health and Human Services**  
**Medicaid Managed Care Program**  
**State Fiscal Year 2025 Capitation Rate Development**  
**Comparison to January - June 2024 Capitation Rates**

Rate Cell Description	Rate Cell Code	SFY 2025 Projected Exposure	Excluding Add-Ons			Including Add-Ons		
			Jan-Jun 2024 Rates	SFY 2025 Rates	Total Rate Change	Jan-Jun 2024 Rates	SFY 2025 Rates	Total Rate Change
TANF Children								
TANF - 0 - 2 Months, Male & Female	AH3	82,191	\$ 2,213.02	\$ 2,389.20	8.0%	\$ 4,891.36	\$ 5,752.17	17.6%
TANF - 3 - 12 Months, Male & Female	AI3	336,495	264.99	291.70	10.1%	422.00	497.61	17.9%
TANF - Age 1 - 6, Male & Female	AB3	2,309,979	153.97	176.23	14.5%	217.39	263.97	21.4%
TANF - Age 7 - 13, Male & Female	AC3	2,782,249	137.73	150.74	9.4%	184.32	206.11	11.8%
TANF - Age 14 - 18, Male	AD1	837,826	168.24	170.22	1.2%	249.26	258.60	3.7%
TANF - Age 14 - 18, Female	AD2	793,188	215.61	178.17	(17.4%)	330.18	278.89	(15.5%)
Subtotal TANF Children		7,141,928	\$ 185.15	\$ 196.72	6.2%	\$ 284.20	\$ 316.62	11.4%
TANF Adult								
TANF - Age 19 - 44, Male	AE1	395,847	\$ 217.46	\$ 185.92	(14.5%)	\$ 410.48	\$ 357.58	(12.9%)
TANF - Age 19 - 44, Female	AE2	1,292,380	344.04	314.96	(8.5%)	619.59	642.72	3.7%
TANF - Age 45+, Male & Female	AF3	263,829	618.35	577.80	(6.6%)	1,039.78	1,023.86	(1.5%)
Subtotal TANF Adult		1,952,056	\$ 357.17	\$ 324.32	(9.2%)	\$ 633.98	\$ 636.41	0.4%
Disabled								
SSI - Children	SO3	143,724	\$ 766.95	\$ 760.61	(0.8%)	\$ 1,075.93	\$ 1,011.60	(6.0%)
SSI - Adults	SP3	435,847	1,474.91	1,370.06	(7.1%)	2,472.33	2,412.27	(2.4%)
Subtotal Disabled		579,571	\$ 1,335.25	\$ 1,218.93	(8.7%)	\$ 2,126.05	\$ 2,064.93	(2.9%)
SMI								
SMI Children	VV3	233,056	N/A	\$ 660.22	N/A	N/A	\$ 1,021.98	N/A
SMI TANF Adults	TP3	379,809	N/A	740.25	N/A	N/A	1,216.78	N/A
SMI SSI Adults	UP3	194,662	N/A	1,869.10	N/A	N/A	2,996.36	N/A
Subtotal SMI		807,527	N/A	\$ 989.27	N/A	N/A	\$ 1,589.54	N/A
OCWI	WG2	322,635	\$ 241.98	\$ 264.65	9.4%	\$ 756.83	\$ 854.45	12.9%
DUAL		-	\$ 190.01	\$ 179.10	(5.7%)	\$ 190.01	\$ 179.10	(5.7%)
Foster Care Children	FG3	52,837	\$ 1,011.69	\$ 934.88	(7.6%)	\$ 1,453.04	\$ 1,505.04	3.6%
KICK	MG2/NG2	24,804	\$ 7,178.13	\$ 7,091.34	(1.2%)	\$ 7,178.13	\$ 7,091.34	(1.2%)
Total		10,856,554	\$ 327.42	\$ 355.00	8.4%	\$ 534.35	\$ 600.11	12.3%

Note:

Jan-Jun 2024 and SFY 2025 composite rates reflect projected SFY 2025 enrollment by rate cell. Note that the Jan-June 2024 composite is based on SFY 2025 "proxy" enrollment with a redistribution of SMI member months into the appropriate non-SMI rate cell.

## Appendix 3: Fiscal Impact Summary

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Fiscal Impact Summary (\$ Millions)									
Rate Cell	SFY 2025 Projected Exposure	Jan - Jun 2024 Capitation Rates			SFY 2025 Capitation Rates			Increase/(Decrease)	
		Capitation Rate	Projected Expenditures	FMAP (69.67%) Federal Expenditures	Capitation Rate	Projected Expenditures	FMAP (69.67%) Federal Expenditures	Projected Expenditures	FMAP (69.67%) Federal Expenditures
<b>TANF Children</b>									
TANF - 0 - 2 Months, Male & Female	82,191	\$ 4,891.36	\$ 402.0	\$ 280.1	\$ 5,752.17	\$ 472.8	\$ 329.4	\$ 70.8	\$ 49.3
TANF - 3 - 12 Months, Male & Female	336,495	422.00	142.0	98.9	497.61	167.4	116.7	25.4	17.7
TANF - Age 1 - 6, Male & Female	2,309,979	217.39	502.3	350.0	263.97	609.8	424.8	107.5	74.9
TANF - Age 7 - 13, Male & Female	2,782,249	184.32	521.8	363.6	206.11	573.4	399.5	51.6	36.0
TANF - Age 14 - 18, Male	837,826	249.26	221.8	154.5	258.60	216.7	150.9	(5.1)	(3.6)
TANF - Age 14 - 18, Female	793,188	330.18	301.6	210.2	278.89	221.2	154.1	(80.4)	(56.0)
<b>Subtotal TANF Children</b>	<b>7,141,928</b>	<b>\$ 284.04</b>	<b>\$ 2,091.6</b>	<b>\$ 1,457.2</b>	<b>\$ 316.62</b>	<b>\$ 2,261.3</b>	<b>\$ 1,575.5</b>	<b>\$ 169.7</b>	<b>\$ 118.2</b>
<b>TANF Adult</b>									
TANF - Age 19 - 44, Male	395,847	\$ 410.48	\$ 179.8	\$ 125.3	\$ 357.58	\$ 141.5	\$ 98.6	(\$ 38.3)	(\$ 26.7)
TANF - Age 19 - 44, Female	1,292,380	619.59	978.9	682.0	642.72	830.6	578.7	(148.3)	(103.3)
TANF - Age 45+, Male & Female	263,829	1,039.78	326.3	227.3	1,023.86	270.1	188.2	(56.2)	(39.1)
<b>Subtotal TANF Adult</b>	<b>1,952,056</b>	<b>\$ 636.85</b>	<b>\$ 1,485.0</b>	<b>\$ 1,034.6</b>	<b>\$ 636.41</b>	<b>\$ 1,242.3</b>	<b>\$ 865.5</b>	<b>(\$ 242.7)</b>	<b>(\$ 169.1)</b>
<b>Disabled</b>									
SSI - Children	143,724	\$ 1,075.93	\$ 166.7	\$ 116.1	\$ 1,011.60	\$ 145.4	\$ 101.3	(\$ 21.3)	(\$ 14.9)
SSI - Adults	435,847	2,472.33	1,558.8	1,086.0	2,412.27	1,051.4	732.5	(507.4)	(353.5)
<b>Subtotal Disabled</b>	<b>579,571</b>	<b>\$ 2,196.87</b>	<b>\$ 1,725.5</b>	<b>\$ 1,202.2</b>	<b>\$ 2,064.93</b>	<b>\$ 1,196.8</b>	<b>\$ 833.8</b>	<b>(\$ 528.8)</b>	<b>(\$ 368.4)</b>
<b>SMI</b>									
SMI Children	233,056	N/A	N/A	N/A	\$ 1,021.98	\$ 238.2	\$ 165.9	\$ 238.2	\$ 165.9
SMI TANF Adults	379,809	N/A	N/A	N/A	1,216.78	462.1	322.0	462.1	322.0
SMI SSI Adults	194,662	N/A	N/A	N/A	2,996.36	583.3	406.4	583.3	406.4
<b>Subtotal SMI</b>	<b>807,527</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>\$ 1,589.54</b>	<b>\$ 1,283.6</b>	<b>\$ 894.3</b>	<b>\$ 1,283.6</b>	<b>\$ 894.3</b>
<b>OCWI</b>	<b>322,635</b>	<b>\$ 756.83</b>	<b>\$ 244.2</b>	<b>\$ 170.1</b>	<b>\$ 854.45</b>	<b>\$ 275.7</b>	<b>\$ 192.1</b>	<b>\$ 31.5</b>	<b>\$ 21.9</b>
<b>DUAL</b>	<b>-</b>	<b>\$ 190.01</b>	<b>-</b>	<b>-</b>	<b>\$ 179.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Foster Care Children</b>	<b>52,837</b>	<b>\$ 1,453.04</b>	<b>\$ 76.8</b>	<b>\$ 53.5</b>	<b>\$ 1,505.04</b>	<b>\$ 79.5</b>	<b>\$ 55.4</b>	<b>\$ 2.7</b>	<b>\$ 1.9</b>
<b>KICK</b>	<b>24,804</b>	<b>\$ 7,178.13</b>	<b>\$ 178.0</b>	<b>\$ 124.0</b>	<b>\$ 7,091.34</b>	<b>\$ 175.9</b>	<b>\$ 122.5</b>	<b>(\$ 2.2)</b>	<b>(\$ 1.5)</b>
<b>Total</b>	<b>10,856,554</b>	<b>\$ 534.35</b>	<b>\$ 5,801.2</b>	<b>\$ 4,041.7</b>	<b>\$ 600.11</b>	<b>\$ 6,515.1</b>	<b>\$ 4,539.1</b>	<b>\$ 713.9</b>	<b>\$ 497.4</b>

Note:  
 Jan-Jun 2024 and SFY 2025 composite rates reflect projected SFY 2025 enrollment by rate cell. Note that the Jan-June 2024 composite is based on SFY 2025 “proxy” enrollment with a redistribution of SMI member months into the appropriate non-SMI rate cell.

## Appendix 4: Rate Change Summary

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Rate Change Summary															
										State Directed Payments (separate payment terms)					
	Projected Exposure	Base Benefit Expense	Admin Expense	Care Management	Risk Margin	Non-Benefit Expense	SFY 2025 Capitation Rate w/o Add-Ons	Jan-Jun 2024 Capitation Rate w/o Add-Ons	% Change	Health, Access, and Workforce Quality	Pharmacy Dispensing Fee	Supplemental Teaching Payment	SFY 2025 Capitation Rate w/ Add-Ons	Jan-Jun 2024 Capitation Rate w/ Add-Ons	% Change
TANF Children															
TANF - 0 - 2 Months, Male & Female	82,191	\$ 2,215.98	\$ 125.43	\$ 23.89	\$ 23.90	\$ 173.22	\$ 2,389.20	\$ 2,213.02	8.0%	\$ 3,202.38	\$ 0.28	\$ 160.31	\$ 5,752.17	\$ 4,891.36	17.6%
TANF - 3 - 12 Months, Male & Female	336,495	255.24	28.44	5.10	2.92	36.46	291.70	264.99	10.1%	172.17	0.48	33.26	497.61	422.00	17.9%
TANF - Age 1 - 6, Male & Female	2,309,979	153.76	17.62	3.08	1.77	22.47	176.23	153.97	14.5%	79.66	0.51	7.57	263.97	217.39	21.4%
TANF - Age 7 - 13, Male & Female	2,782,249	130.77	16.20	2.26	1.51	19.97	150.74	137.73	9.4%	49.86	0.57	4.94	206.11	184.32	11.8%
TANF - Age 14 - 18, Male	837,826	147.67	18.30	2.55	1.70	22.55	170.22	168.24	1.2%	81.61	0.53	6.24	258.60	249.26	3.7%
TANF - Age 14 - 18, Female	793,188	154.56	19.15	2.67	1.79	23.61	178.17	215.61	(17.4%)	93.19	0.74	6.79	278.89	330.18	(15.5%)
Subtotal TANF Children	7,141,928	\$ 172.69	\$ 19.07	\$ 2.99	\$ 1.97	\$ 24.03	\$ 196.72	\$ 185.15	6.2%	\$ 110.08	\$ 0.56	\$ 9.27	\$ 316.62	\$ 284.04	11.5%
TANF Adult															
TANF - Age 19 - 44, Male	395,847	\$ 165.47	\$ 16.27	\$ 2.32	\$ 1.86	\$ 20.45	\$ 185.92	\$ 217.46	(14.5%)	\$ 165.74	\$ 0.46	\$ 5.46	\$ 357.58	\$ 410.48	(12.9%)
TANF - Age 19 - 44, Female	1,292,380	280.31	27.56	3.94	3.15	34.65	314.96	344.04	(8.5%)	312.67	0.96	14.13	642.72	619.59	3.7%
TANF - Age 45+, Male & Female	263,829	514.24	50.56	7.22	5.78	63.56	577.80	618.35	(6.6%)	426.16	1.99	17.91	1,023.86	1,039.78	(1.5%)
Subtotal TANF Adult	1,952,056	\$ 288.64	\$ 28.38	\$ 4.05	\$ 3.24	\$ 35.68	\$ 324.32	\$ 357.17	(9.2%)	\$ 298.21	\$ 1.00	\$ 12.88	\$ 636.41	\$ 636.85	(0.1%)
Disabled															
SSI - Children	143,724	\$ 694.06	\$ 49.44	\$ 9.51	\$ 7.60	\$ 66.55	\$ 760.61	\$ 766.95	(0.8%)	\$ 226.92	\$ 1.46	\$ 22.61	\$ 1,011.60	\$ 1,075.93	(6.0%)
SSI - Adults	435,847	1,250.18	89.05	17.13	13.70	119.88	1,370.06	1,474.91	(7.1%)	1,001.20	2.38	38.63	2,412.27	2,472.33	(2.4%)
Subtotal Disabled	579,571	\$ 1,112.27	\$ 79.23	\$ 15.24	\$ 12.19	\$ 106.66	\$ 1,218.93	\$ 1,335.25	(8.7%)	\$ 809.19	\$ 2.15	\$ 34.66	\$ 2,064.93	\$ 2,196.87	(6.0%)
SMI															
SMI Children	233,056	\$ 574.39	\$ 56.12	\$ 23.11	\$ 6.60	\$ 85.83	\$ 660.22	N/A	N/A	\$ 344.46	\$ 1.62	\$ 15.68	\$ 1,021.98	N/A	N/A
SMI TANF Adults	379,809	656.97	49.97	25.91	7.40	83.28	740.25	N/A	N/A	447.98	2.01	26.54	1,216.78	N/A	N/A
SMI SSI Adults	194,662	1,714.90	102.80	32.71	18.69	154.20	1,869.10	N/A	N/A	1,072.30	3.34	51.62	2,996.36	N/A	N/A
Subtotal SMI	807,527	\$ 888.16	\$ 64.48	\$ 26.74	\$ 9.89	\$ 101.11	\$ 989.27	N/A	N/A	\$ 568.60	\$ 2.22	\$ 29.45	\$ 1,589.54	N/A	N/A
OCWI	322,635	\$ 234.88	\$ 23.16	\$ 3.97	\$ 2.64	\$ 29.77	\$ 264.65	\$ 241.98	9.4%	\$ 560.18	\$ 1.42	\$ 28.20	\$ 854.45	\$ 756.83	12.9%
DUAL	-	\$ 72.44	\$ 79.23	\$ 15.24	\$ 12.19	\$ 106.66	\$ 179.10	\$ 190.01	(5.7%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 179.10	\$ 190.01	(5.7%)
Foster Care Children	52,837	\$ 829.71	\$ 60.77	\$ 35.06	\$ 9.34	\$ 105.17	\$ 934.88	\$ 1,011.69	(7.6%)	\$ 555.64	\$ 1.57	\$ 12.95	\$ 1,505.04	\$ 1,453.04	3.6%
KICK	24,804	\$ 6,860.87	\$ 141.83	\$ 17.73	\$ 70.91	\$ 230.47	\$ 7,091.34	\$ 7,178.13	(1.2%)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 7,091.34	\$ 7,178.13	(1.2%)
Total	10,856,554	\$ 317.64	\$ 27.98	\$ 5.83	\$ 3.55	\$ 37.36	\$ 355.00	\$ 327.42	8.4%	\$ 230.88	\$ 0.88	\$ 13.36	\$ 600.11	\$ 534.35	12.3%

Note:  
Jan-Jun 2024 and SFY 2025 composite rates reflect projected SFY 2025 enrollment by rate cell. Note that the Jan-June 2024 composite is based on SFY 2025 "proxy" enrollment with a redistribution of SMI member months into the appropriate non-SMI rate cell.

## Appendix 5: In-Rate Criteria

Please note the information contained In Appendix 5 is informational only. Please refer to the Managed Care Policy and Procedure Manual for detailed benefit coverage information for all Core Benefits.

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate		
Eligibility Criteria		
Eligibility File Type	Criteria	Notes
Recipient	Exclude Recipient Payment Categories:10,14,15,33,48,50,52,54,55,70,89,90	
Recipient	Exclude Recipient Limited Benefit Indicators: E, I, C, D, J, P, A, B, G	
Recipient	Exclude if age >= 65 on date of service	
Recipient	Exclude Dual eligible members	
Recipient	Retroactive Eligibility	
Recipient	Long Term Care Exclusion	
RSP	Exclude where RSP Program Indicator is: 3,5,A,C,D,F,J,K,L,M,O, R,S,T,V,W	

Note: The in-rate criteria only includes claims with a valid member record at the time services were rendered.

Nursing Home Claims Criteria			
Claim Type	Provider Type	Provider Specialty	Notes
G	00	Any	Include claims where the last 2 bytes of Billing Provider Number = SB or first byte of Billing Provider Number = V or Service Category = 11

UB-04 Claims Criteria			
Claim Type	Provider Type	Provider Specialty	Notes
Y	01	Any	Exclude if Ownership Code = 11
Y	02	Any	Exclude if Ownership Code = 11
Y	01,02	Any	Exclude all COVID Vaccine procedure codes for any one under the age of 19

Pharmacy Claims Criteria			
Claim Type	Type	Provider Specialty	Notes
D	70	Any	Exclude all COVID Vaccine procedure codes for any one under the age of 19
D	70	Any	Exclude the following HCNE Pharmaceuticals ("ZYNTEGLO","XENPOZYME","SKYSONA","HEMGENIX","LAMZEDE","DAYBUE","JOENJA","VYJUVEK","ELEVIDYS","ROCTAVIAN","SOHONOS","VEOPOZ","POMBILITI")

**South Carolina Department of Health and Human Services**  
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HIC Claims			
Claim Type	Type	Provider Specialty	Criteria
A or B	All (Except Provider Type 22)	Any (Except Provider Type 93)	Exclude all Procedure Codes that begin with "D"
A	All	Any	Exclude all COVID Vaccine procedure codes for any one under the age of 19
A	All	Any	Exclude hearing aid and hearing aid accessories for any one over the age of 21 (Procedure Code V5030-V5299)
A	All	Any	Exclude all vaccine codes for any one under the age of 19 (90476-90749 except 90460 and 90461) Providers must provide vaccinations through the VFC program for Medicaid eligible children
A	10	20	For provider IDs that do not begin with DEC, exclude Procedure Codes (G9004 THROUGH G9011, T1016, T1017, T1023, T1024)
A	10	28	Exclude Procedure Codes (T1016, T1017)
A	10	90	Exclude Procedure Codes (T1016, T1017)
A	10	91	Exclude Provider Type and Specialty
A	10	92	Exclude Procedure Code (H2021, H2022, S9482, T1007, T1015, T1016, T1017, T2023, X2300)
A	19	Any	Exclude Procedure Codes (G9004 THROUGH G9011, T1016, T1017, T1023, T1024)
A	20	27	Exclude if Procedure Code in (H1001, T1001)
A	22	51	Exclude if Procedure Code in (T1016, T1017, T1027, T1002) AND Provider Number in (DHEC01-DHEC46, DHEC59)
A	22	51	Exclude if Primary Diagnosis in COMDHEC table AND Provider Number in (DHEC01-DHEC46, DHEC59)
A	22	51	Exclude if Procedure Code in (H1001, T1001)
A	22	95	Exclude if provider ID begins with BN and procedure code in (T1018, T1027)
A	22	95	Exclude if legacy provider ID begins with SD AND procedure code is (92500 THROUGH 92599, 97000 THROUGH 97999, L3808, S9445, S9446, S9152, C1000, T1002, T1003, T1015, T1023, T1027, T1024, T1502, T2003, V5011, V5090, V5275)
A	22	96	Exclude if Provider Number begins with MC or PP
A	All	Any	Exclude routine vision care and Procedure code V2020 through V2799 for any one over the age of 21
A	60	0	Exclude if procedure code in (S9126, T1015)
A	61		Exclude Provider Type
A	80	Any	Exclude if Provider Ownership code = 017 AND Primary Diagnosis in COMDHEC table OR procedure code is S3870

**South Carolina Department of Health and Human Services  
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<b>COMDHEC Range Table ICD-10</b>	
<b>Min Diagnosis Code</b>	<b>Max Diagnosis Code</b>
A0839	A0839
A150	A159
A170	A179
A1801	A1818
A182	A182
A1831	A1839
A184	A1889
A190	A329
A35	A35
A360	A360
A369	A369
A3700	A3791
A380	A409
A4101	A449
A46	A46
A480	A480
A482	A488
A4901	A499
A5001	A5009
A501	A502
A5030	A5042
A5044	A5044
A5049	A5049
A5051	A5059
A506	A506
A507	A519
A5200	A539
A5400	A5433
A5440	A549
A55	A55
A5600	A568
A57	A57
A58	A58
A5900	A5909
A6000	A609
A630	A65
A660	A699
A70	A70
A710	A719
A740	A759
A770	A779
A78	A78
A790	A809
A8100	A819
A820	A858
A86	A86
A870	A888
A89	A89
A90	A90
A91	A91
A920	A938
A94	A94
A950	A959
A980	A988
A99	A99
B000	B019
B050	B059

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<b>COMDHEC Range Table ICD-10</b>	
<b>Min Diagnosis Code</b>	<b>Max Diagnosis Code</b>
B0600	B079
B08010	B088
B09	B09
B1001	B1089
B150	B199
B20	B20
B250	B269
B2700	B2799
B29	B29
B300	B338
B340	B348
B350	B370
B373	B373
B3741	B3749
B471	B479
B500	B538
B54	B54
B550	B569
B570	B5749
B575	B575
B600	B600
B608	B608
B64	B64
B853	B853
B86	B86
B900	B909
B950	B958
B960	B9689
B970	B970
B9710	B9719
B9721	B9739
B974	B9789
G032	G032
I673	I673
K9081	K9081
L081	L081
L444	L444
M0230	M0239
N341	N341
N476	N476
N481	N481
N72	N72
N735	N735
N739	N739
R1111	R1111
R75	R75
R7611	R7612
Z01812	Z01812
Z0184	Z0184
Z0389	Z0389
Z111	Z111
Z113	Z113
Z16341	Z16342
Z201	Z202
Z205	Z206
Z20820	Z20820
Z21	Z21

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate	
COMDHEC Range Table ICD-10	
Min Diagnosis Code	Max Diagnosis Code
Z224	Z224
Z2250	Z2259
Z717	Z717
Z7189	Z7189
Z7251	Z7253

## Appendix 6: Adjusted SFY 2023 Base Data

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South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - 0 - 2 Months, Male & Female Base Year Member Months: 81,963 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	9,570.2	\$ 1,518.65	\$ 1,211.15	\$ 45.66	\$ 0.00	\$ (0.50)	\$ 0.02	\$ 5.78	\$ 9.89	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	9,972.7	\$ 1,530.57	\$ 1,272.00
Inpatient Well Newborn	6,387.9	640.38	340.89	12.85	-	(0.14)	0.01	1.09	2.78	-	-	-	-	6,646.5	645.42	357.48
Inpatient MH/SA	2.2	218.57	0.04	-	-	-	-	-	-	-	-	-	-	2.2	218.57	0.04
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 1,552.08</b>													<b>\$ 1,629.52</b>
<b>Outpatient Hospital</b>																
Surgery	71.4	\$ 1,343.66	\$ 8.00	\$ 0.08	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	72.2	\$ 1,353.63	\$ 8.14
Non-Surg - Emergency Room	752.8	317.52	19.92	0.19	-	-	-	0.02	0.16	-	-	-	-	760.8	320.05	20.29
Non-Surg - Other	1,251.2	120.08	12.52	0.12	-	-	-	0.02	0.10	-	-	-	-	1,265.2	121.03	12.76
Observation Room	55.8	918.59	4.27	0.04	-	-	-	-	0.04	-	-	-	-	56.3	927.11	4.35
Treatment/Therapy/Testing	810.8	83.92	5.67	0.05	-	-	-	0.02	0.05	-	-	-	-	820.8	84.65	5.79
Other Outpatient	74.1	115.01	0.71	0.01	-	-	-	-	-	-	-	-	-	75.1	115.01	0.72
<b>Subtotal Outpatient Hospital</b>			<b>\$ 51.09</b>													<b>\$ 52.05</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	2,316.5	\$ 30.98	\$ 5.98	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.04)	\$ 0.00	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	2,316.5	\$ 31.03	\$ 5.99
<b>Subtotal Retail Pharmacy</b>			<b>\$ 5.98</b>													<b>\$ 5.99</b>
<b>Ancillary</b>																
Transportation	169.8	\$ 262.85	\$ 3.72	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	173.9	\$ 264.92	\$ 3.84
DME/Prosthetics	1,519.0	19.83	2.51	0.02	-	-	-	0.07	0.02	-	-	-	-	1,573.4	19.98	2.62
Dental	1.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	91.9	91.36	0.70	0.01	-	-	-	0.93	0.01	-	-	-	-	215.4	91.92	1.65
<b>Subtotal Ancillary</b>			<b>\$ 6.93</b>													<b>\$ 8.11</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	1,940.2	\$ 116.28	\$ 18.80	\$ 0.14	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.07	\$ 0.15	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	1,961.9	\$ 117.19	\$ 19.16
Anesthesia	90.3	180.66	1.36	0.01	-	-	-	0.02	0.01	-	-	-	-	92.3	181.96	1.40
Inpatient Visits	14,065.1	192.86	226.05	1.74	-	-	-	1.91	1.80	-	-	-	-	14,292.2	194.37	231.50
MH/SA	30.5	19.70	0.05	-	-	-	-	-	-	-	-	-	-	30.5	19.70	0.05
Emergency Room	947.7	76.23	6.02	0.05	-	-	-	0.02	0.04	-	-	-	-	958.7	76.73	6.13
Office/Home Visits/Consults	7,708.6	81.76	52.52	0.40	-	-	-	0.29	0.42	-	-	-	-	7,809.9	82.40	53.63
Pathology/Lab	2,519.8	39.48	8.29	0.06	-	-	-	0.55	0.07	-	-	-	-	2,705.2	39.79	8.97
Radiology	2,881.4	14.24	3.42	0.03	-	-	-	0.02	0.02	-	-	-	-	2,923.6	14.32	3.49
Office Administered Drugs	27.7	13.01	0.03	-	-	-	-	-	-	-	-	-	-	27.7	13.01	0.03
Physical Exams	24,101.6	55.72	111.92	0.86	-	-	-	0.43	0.88	-	-	-	-	24,379.4	56.16	114.09
Therapy	131.6	26.44	0.29	-	-	-	-	-	0.01	-	-	-	-	131.6	27.35	0.30
Vision	21.1	68.30	0.12	-	-	-	-	-	-	-	-	-	-	21.1	68.30	0.12
Other Professional	4,363.4	56.24	20.45	0.16	-	-	-	1.03	0.17	-	-	-	-	4,617.3	56.68	21.81
<b>Subtotal Professional</b>			<b>\$ 449.32</b>													<b>\$ 460.68</b>
<b>Total Medical Costs</b>			<b>\$ 2,065.40</b>													<b>\$ 2,156.35</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - 3 - 12 Months, Male & Female Base Year Member Months: 339,004 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital																
Inpatient Medical/Surgical/Non-Delivery	224.6	\$ 2,160.46	\$ 40.43	\$ 1.52	\$ 0.00	\$ (0.03)	\$ 0.00	\$ 0.08	\$ 0.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	233.3	\$ 2,177.43	\$ 42.33
Inpatient Well Newborn	0.5	1,825.41	0.07	-	-	-	-	-	-	-	-	-	-	0.5	1,825.41	0.07
Inpatient MH/SA	0.8	736.97	0.05	-	-	-	-	-	-	-	-	-	-	0.8	736.97	0.05
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 40.55													\$ 42.45
Outpatient Hospital																
Surgery	72.8	\$ 1,686.78	\$ 10.23	\$ 0.10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.08	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	73.5	\$ 1,699.84	\$ 10.41
Non-Surg - Emergency Room	884.2	253.25	18.66	0.18	-	-	-	-	0.15	-	-	-	-	892.7	255.26	18.99
Non-Surg - Other	724.2	129.74	7.83	0.07	-	-	-	0.01	0.06	-	-	-	-	731.6	130.72	7.97
Observation Room	13.5	1,195.44	1.34	0.01	-	-	-	-	0.01	-	-	-	-	13.6	1,204.29	1.36
Treatment/Therapy/Testing	260.0	270.50	5.86	0.06	-	-	-	-	0.04	-	-	-	-	262.6	272.33	5.96
Other Outpatient	66.4	151.71	0.84	0.01	-	-	-	-	-	-	-	-	-	67.2	151.71	0.85
Subtotal Outpatient Hospital			\$ 44.76													\$ 45.54
Retail Pharmacy																
Prescription Drugs	3,932.0	\$ 54.45	\$ 17.84	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.11)	\$ 0.00	\$ 0.14	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	3,932.0	\$ 54.54	\$ 17.87
Subtotal Retail Pharmacy			\$ 17.84													\$ 17.87
Ancillary																
Transportation	89.3	\$ 138.45	\$ 1.03	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	90.1	\$ 139.78	\$ 1.05
DME/Prosthetics	2,792.5	15.00	3.49	0.03	-	-	-	0.01	0.03	-	-	-	-	2,824.5	15.12	3.56
Dental	237.4	15.67	0.31	-	-	-	-	-	0.01	-	-	-	-	237.4	16.18	0.32
Other Ancillary	10.7	55.94	0.05	-	-	-	-	-	-	-	-	-	-	10.7	55.94	0.05
Subtotal Ancillary			\$ 4.88													\$ 4.98
Professional																
Inpatient and Outpatient Surgery	277.8	\$ 197.81	\$ 4.58	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	280.9	\$ 199.52	\$ 4.67
Anesthesia	136.8	114.93	1.31	0.01	-	-	-	0.01	0.01	-	-	-	-	138.9	115.80	1.34
Inpatient Visits	731.6	213.89	13.04	0.10	-	-	-	0.05	0.11	-	-	-	-	740.0	215.67	13.30
MH/SA	209.1	10.33	0.18	-	-	-	-	-	0.01	-	-	-	-	209.1	10.90	0.19
Emergency Room	934.6	70.10	5.46	0.04	-	-	-	0.03	0.04	-	-	-	-	946.6	70.61	5.57
Office/Home Visits/Consults	4,688.2	81.42	31.81	0.24	-	-	-	0.16	0.25	-	-	-	-	4,747.1	82.05	32.46
Pathology/Lab	2,915.1	26.67	6.48	0.05	-	-	-	0.03	0.05	-	-	-	-	2,951.1	26.88	6.61
Radiology	605.7	16.44	0.83	0.01	-	-	-	-	0.01	-	-	-	-	613.0	16.64	0.85
Office Administered Drugs	291.0	30.10	0.73	0.01	-	-	-	0.05	0.01	-	-	-	-	314.9	30.48	0.80
Physical Exams	12,740.9	41.48	44.04	0.34	-	-	-	0.22	0.34	-	-	-	-	12,902.9	41.80	44.94
Therapy	1,416.4	22.45	2.65	0.02	-	-	-	(0.18)	0.02	-	-	-	-	1,330.9	22.63	2.51
Vision	146.3	13.13	0.16	-	-	-	-	-	-	-	-	-	-	146.3	13.13	0.16
Other Professional	2,188.6	28.90	5.27	0.04	-	-	-	0.05	0.04	-	-	-	-	2,226.0	29.11	5.40
Subtotal Professional			\$ 116.54													\$ 118.80
Total Medical Costs			\$ 224.57													\$ 229.64

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - Age 1 - 6, Male & Female Base Year Member Months: 2,618,666 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital																
Inpatient Medical/Surgical/Non-Delivery	41.9	\$ 2,214.89	\$ 7.74	\$ 0.29	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	43.5	\$ 2,231.46	\$ 8.08
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	0.2	1,138.55	0.02	-	-	-	-	-	-	-	-	-	-	0.2	1,138.55	0.02
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 7.76													\$ 8.10
Outpatient Hospital																
Surgery	64.0	\$ 1,438.87	\$ 7.67	\$ 0.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	64.6	\$ 1,451.88	\$ 7.81
Non-Surg - Emergency Room	501.0	266.35	11.12	0.10	-	-	-	0.01	0.08	-	-	-	-	506.0	268.24	11.31
Non-Surg - Other	292.5	129.66	3.16	0.03	-	-	-	-	0.03	-	-	-	-	295.2	130.88	3.22
Observation Room	5.3	1,394.82	0.62	0.01	-	-	-	-	-	-	-	-	-	5.4	1,394.82	0.63
Treatment/Therapy/Testing	207.6	204.06	3.53	0.03	-	-	-	-	0.03	-	-	-	-	209.4	205.78	3.59
Other Outpatient	49.7	297.22	1.23	0.01	-	-	-	-	0.01	-	-	-	-	50.1	299.62	1.25
Subtotal Outpatient Hospital			\$ 27.33													\$ 27.81
Retail Pharmacy																
Prescription Drugs	3,783.9	\$ 41.93	\$ 13.22	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.08)	\$ 0.00	\$ 0.10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	3,783.9	\$ 41.99	\$ 13.24
Subtotal Retail Pharmacy			\$ 13.22													\$ 13.24
Ancillary																
Transportation	47.1	\$ 122.37	\$ 0.48	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	47.1	\$ 124.92	\$ 0.49
DME/Prosthetics	3,400.7	6.39	1.81	0.01	-	-	-	0.01	0.02	-	-	-	-	3,438.3	6.46	1.85
Dental	216.4	73.75	1.33	0.01	-	-	-	0.01	0.01	-	-	-	-	219.7	74.30	1.36
Other Ancillary	9.3	38.78	0.03	-	-	-	-	-	-	-	-	-	-	9.3	38.78	0.03
Subtotal Ancillary			\$ 3.65													\$ 3.73
Professional																
Inpatient and Outpatient Surgery	200.4	\$ 149.73	\$ 2.50	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	202.8	\$ 150.92	\$ 2.55
Anesthesia	129.1	94.77	1.02	0.01	-	-	-	-	0.01	-	-	-	-	130.4	95.69	1.04
Inpatient Visits	76.9	137.33	0.88	0.01	-	-	-	-	0.01	-	-	-	-	77.8	138.87	0.90
MH/SA	4,224.8	17.78	6.26	0.05	-	-	-	0.04	0.04	-	0.13	-	-	4,285.5	18.26	6.52
Emergency Room	527.9	68.65	3.02	0.02	-	-	-	0.02	0.02	-	-	-	-	534.9	69.10	3.08
Office/Home Visits/Consults	3,176.0	81.42	21.55	0.17	-	-	-	0.10	0.17	-	-	-	-	3,215.8	82.06	21.99
Pathology/Lab	2,494.9	25.93	5.39	0.04	-	-	-	0.03	0.04	-	-	-	-	2,527.3	26.12	5.50
Radiology	312.3	15.75	0.41	-	-	-	-	0.01	-	-	-	-	-	319.9	15.75	0.42
Office Administered Drugs	466.3	10.04	0.39	-	-	-	-	-	0.01	-	-	-	-	466.3	10.29	0.40
Physical Exams	2,069.6	53.63	9.25	0.07	-	-	-	0.04	0.08	-	-	-	-	2,094.2	54.09	9.44
Therapy	7,316.2	22.73	13.86	0.11	-	-	-	(0.44)	0.11	-	-	-	-	7,142.0	22.92	13.64
Vision	286.0	27.70	0.66	0.01	-	-	-	-	-	-	-	-	-	290.3	27.70	0.67
Other Professional	1,920.6	19.62	3.14	0.02	-	-	-	0.01	0.03	-	-	-	-	1,939.0	19.80	3.20
Subtotal Professional			\$ 68.33													\$ 69.35
Total Medical Costs			\$ 120.29													\$ 122.23

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - Age 7 - 13, Male & Female Base Year Member Months: 3,006,264 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	24.4	\$ 2,602.19	\$ 5.30	\$ 0.20	\$ 0.00	\$ (0.02)	\$ (0.01)	\$ 0.01	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	25.3	\$ 2,621.15	\$ 5.53
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	26.0	572.97	1.24	0.05	-	-	-	-	0.01	-	-	-	-	27.0	577.42	1.30
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 6.54</b>													<b>\$ 6.83</b>
<b>Outpatient Hospital</b>																
Surgery	33.9	\$ 1,529.87	\$ 4.32	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	34.3	\$ 1,543.87	\$ 4.41
Non-Surg - Emergency Room	293.9	278.43	6.82	0.06	-	-	-	0.02	0.05	-	-	-	-	297.4	280.45	6.95
Non-Surg - Other	181.6	130.81	1.98	0.02	-	-	-	-	0.02	-	-	-	-	183.5	132.12	2.02
Observation Room	2.5	1,234.80	0.26	-	-	-	-	-	-	-	-	-	-	2.5	1,234.80	0.26
Treatment/Therapy/Testing	157.8	204.57	2.69	0.03	-	-	-	-	0.02	-	-	-	-	159.6	206.07	2.74
Other Outpatient	31.3	161.03	0.42	-	-	-	-	-	0.01	-	-	-	-	31.3	164.86	0.43
<b>Subtotal Outpatient Hospital</b>			<b>\$ 16.49</b>													<b>\$ 16.81</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	4,369.8	\$ 73.13	\$ 26.63	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.16)	\$ 0.00	\$ 0.20	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	4,369.8	\$ 73.24	\$ 26.67
<b>Subtotal Retail Pharmacy</b>			<b>\$ 26.63</b>													<b>\$ 26.67</b>
<b>Ancillary</b>																
Transportation	33.1	\$ 119.61	\$ 0.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	33.1	\$ 123.24	\$ 0.34
DME/Prosthetics	2,324.1	6.14	1.19	0.01	-	-	-	0.01	-	-	-	-	-	2,363.2	6.14	1.21
Dental	27.4	78.71	0.18	-	-	-	-	-	-	-	-	-	-	27.4	78.71	0.18
Other Ancillary	34.1	42.24	0.12	-	-	-	-	-	-	-	-	-	-	34.1	42.24	0.12
<b>Subtotal Ancillary</b>			<b>\$ 1.82</b>													<b>\$ 1.85</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	128.2	\$ 143.26	\$ 1.53	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	129.8	\$ 144.19	\$ 1.56
Anesthesia	49.9	103.43	0.43	-	-	-	-	0.01	-	-	-	-	-	51.0	103.43	0.44
Inpatient Visits	60.7	98.84	0.50	-	-	-	-	0.01	-	-	-	-	-	61.9	98.84	0.51
MH/SA	2,370.0	62.84	12.41	0.10	-	-	-	0.07	0.10	-	-	-	-	2,402.5	63.33	12.68
Emergency Room	309.9	69.71	1.80	0.01	-	-	-	0.01	0.02	-	-	-	-	313.3	70.47	1.84
Office/Home Visits/Consults	2,434.3	84.05	17.05	0.13	-	-	-	0.10	0.13	-	-	-	-	2,467.2	84.68	17.41
Pathology/Lab	2,037.9	23.02	3.91	0.03	-	-	-	0.02	0.03	-	-	-	-	2,063.9	23.20	3.99
Radiology	368.2	19.55	0.60	-	-	-	-	0.01	-	-	-	-	-	374.3	19.55	0.61
Office Administered Drugs	595.1	25.81	1.28	0.01	-	-	-	-	0.01	-	-	-	-	599.8	26.01	1.30
Physical Exams	883.0	66.59	4.90	0.04	-	-	-	0.02	0.04	-	-	-	-	893.9	67.12	5.00
Therapy	1,146.9	22.08	2.11	0.02	-	-	-	0.01	0.02	-	-	-	-	1,163.2	22.28	2.16
Vision	622.9	34.87	1.81	0.01	-	-	-	0.01	0.01	-	-	-	-	629.8	35.06	1.84
Other Professional	2,171.9	12.32	2.23	0.02	-	-	-	0.01	0.01	-	-	-	-	2,201.1	12.38	2.27
<b>Subtotal Professional</b>			<b>\$ 50.56</b>													<b>\$ 51.61</b>
<b>Total Medical Costs</b>			<b>\$ 102.04</b>													<b>\$ 103.77</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - Age 14 - 18, Male Base Year Member Months: 987,949 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	57.1	\$ 2,844.92	\$ 13.54	\$ 0.51	\$ 0.00	\$ (0.09)	\$ 0.04	\$ 0.11	\$ 0.11	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	59.3	\$ 2,875.25	\$ 14.22
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	54.4	540.77	2.45	0.09	-	-	-	0.02	0.02	-	-	-	-	56.8	544.99	2.58
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 15.99</b>													<b>\$ 16.80</b>
<b>Outpatient Hospital</b>																
Surgery	44.8	\$ 1,614.02	\$ 6.03	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	45.3	\$ 1,627.27	\$ 6.14
Non-Surg - Emergency Room	273.3	284.53	6.48	0.06	-	-	-	-	0.06	-	-	-	-	275.8	287.14	6.60
Non-Surg - Other	119.5	138.57	1.38	0.01	-	-	-	-	0.01	-	-	-	-	120.4	139.56	1.40
Observation Room	2.1	1,227.96	0.22	-	-	-	-	-	-	-	-	-	-	2.1	1,227.96	0.22
Treatment/Therapy/Testing	175.8	281.94	4.13	0.04	-	-	-	-	0.03	-	-	-	0.01	177.5	284.64	4.21
Other Outpatient	28.0	132.93	0.31	-	-	-	-	-	0.01	-	-	-	-	28.0	137.22	0.32
<b>Subtotal Outpatient Hospital</b>			<b>\$ 18.55</b>													<b>\$ 18.89</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	3,718.4	\$ 109.95	\$ 34.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.21)	\$ 0.00	\$ 0.26	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	3,718.4	\$ 110.11	\$ 34.12
<b>Subtotal Retail Pharmacy</b>			<b>\$ 34.07</b>													<b>\$ 34.12</b>
<b>Ancillary</b>																
Transportation	62.8	\$ 124.16	\$ 0.65	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	63.8	\$ 126.04	\$ 0.67
DME/Prosthetics	1,710.2	12.49	1.78	0.01	-	-	-	0.02	0.01	-	-	-	-	1,739.0	12.56	1.82
Dental	6.6	18.16	0.01	-	-	-	-	-	-	-	-	-	-	6.6	18.16	0.01
Other Ancillary	30.6	51.05	0.13	-	-	-	-	-	-	-	-	-	-	30.6	51.05	0.13
<b>Subtotal Ancillary</b>			<b>\$ 2.57</b>													<b>\$ 2.63</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	162.1	\$ 167.29	\$ 2.26	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	164.3	\$ 168.75	\$ 2.31
Anesthesia	57.4	121.35	0.58	-	-	-	-	0.01	-	-	-	-	-	58.3	121.35	0.59
Inpatient Visits	112.5	92.81	0.87	0.01	-	-	-	-	0.01	-	-	-	-	113.8	93.86	0.89
MH/SA	1,254.7	71.92	7.52	0.06	-	-	-	0.04	0.06	-	-	-	-	1,271.4	72.49	7.68
Emergency Room	298.5	74.38	1.85	0.01	-	-	-	0.01	0.02	-	-	-	-	301.7	75.18	1.89
Office/Home Visits/Consults	1,795.4	83.34	12.47	0.10	-	-	-	0.07	0.10	-	-	-	-	1,819.9	84.00	12.74
Pathology/Lab	1,709.6	21.90	3.12	0.02	-	-	-	0.02	0.03	-	-	-	-	1,731.5	22.11	3.19
Radiology	539.7	23.79	1.07	0.01	-	-	-	-	0.01	-	-	-	-	544.7	24.01	1.09
Office Administered Drugs	1,083.4	39.32	3.55	0.03	-	-	-	0.01	0.03	-	-	-	-	1,095.6	39.65	3.62
Physical Exams	604.6	71.06	3.58	0.03	-	-	-	0.02	0.02	-	-	-	-	613.0	71.45	3.65
Therapy	600.1	21.60	1.08	0.01	-	-	-	-	0.01	-	-	-	-	605.6	21.79	1.10
Vision	510.7	35.48	1.51	0.01	-	-	-	0.01	0.01	-	-	-	-	517.5	35.71	1.54
Other Professional	1,704.7	14.08	2.00	0.02	-	-	-	0.01	0.01	-	-	-	-	1,730.2	14.15	2.04
<b>Subtotal Professional</b>			<b>\$ 41.46</b>													<b>\$ 42.33</b>
<b>Total Medical Costs</b>			<b>\$ 112.64</b>													<b>\$ 114.77</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - Age 14 - 18, Female Base Year Member Months: 921,982 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	36.8	\$ 2,497.58	\$ 7.65	\$ 0.29	\$ 0.00	\$ (0.05)	\$ 0.00	\$ 0.01	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	38.0	\$ 2,516.55	\$ 7.96
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	58.3	621.65	3.02	0.11	-	-	-	0.01	0.02	-	-	-	-	60.6	625.61	3.16
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 10.67</b>													<b>\$ 11.12</b>
<b>Outpatient Hospital</b>																
Surgery	45.7	\$ 1,400.84	\$ 5.33	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	46.1	\$ 1,413.86	\$ 5.43
Non-Surg - Emergency Room	415.1	303.84	10.51	0.10	-	-	-	0.01	0.08	-	-	-	-	419.4	306.13	10.70
Non-Surg - Other	180.6	150.84	2.27	0.02	-	-	-	-	0.02	-	-	-	-	182.2	152.16	2.31
Observation Room	6.9	795.71	0.46	-	-	-	-	-	0.01	-	-	-	-	6.9	813.00	0.47
Treatment/Therapy/Testing	286.9	215.43	5.15	0.05	-	-	-	-	0.04	-	-	-	0.01	289.7	217.50	5.25
Other Outpatient	38.7	127.23	0.41	-	-	-	-	-	0.01	-	-	-	-	38.7	130.34	0.42
<b>Subtotal Outpatient Hospital</b>			<b>\$ 24.13</b>													<b>\$ 24.58</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	5,275.8	\$ 75.01	\$ 32.98	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.20)	\$ 0.00	\$ 0.25	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	5,275.8	\$ 75.13	\$ 33.03
<b>Subtotal Retail Pharmacy</b>			<b>\$ 32.98</b>													<b>\$ 33.03</b>
<b>Ancillary</b>																
Transportation	88.5	\$ 98.96	\$ 0.73	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	89.7	\$ 100.30	\$ 0.75
DME/Prosthetics	1,163.1	11.55	1.12	0.01	-	-	-	0.01	0.01	-	-	-	-	1,183.9	11.66	1.15
Dental	7.0	34.40	0.02	-	-	-	-	-	-	-	-	-	-	7.0	34.40	0.02
Other Ancillary	31.2	65.36	0.17	-	-	-	-	-	-	-	-	-	-	31.2	65.36	0.17
<b>Subtotal Ancillary</b>			<b>\$ 2.04</b>													<b>\$ 2.09</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	145.7	\$ 150.67	\$ 1.83	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	147.3	\$ 152.30	\$ 1.87
Anesthesia	48.1	117.31	0.47	-	-	-	-	0.01	-	-	-	-	-	49.1	117.31	0.48
Inpatient Visits	123.5	86.48	0.89	0.01	-	-	-	-	0.01	-	-	-	-	124.9	87.44	0.91
MH/SA	1,406.4	95.90	11.24	0.09	-	-	-	0.07	0.09	-	-	-	-	1,426.4	96.66	11.49
Emergency Room	434.9	76.71	2.78	0.02	-	-	-	0.01	0.03	-	-	-	-	439.6	77.53	2.84
Office/Home Visits/Consults	2,441.3	84.69	17.23	0.13	-	-	-	0.09	0.14	-	-	-	-	2,472.5	85.37	17.59
Pathology/Lab	3,455.8	19.17	5.52	0.04	-	-	-	0.03	0.04	-	-	-	-	3,499.6	19.31	5.63
Radiology	536.1	28.65	1.28	0.01	-	-	-	0.01	0.01	-	-	-	-	544.5	28.87	1.31
Office Administered Drugs	14,263.5	1.93	2.29	0.02	-	-	-	0.03	0.01	-	-	-	-	14,574.9	1.93	2.35
Physical Exams	675.8	71.38	4.02	0.03	-	-	-	0.02	0.03	-	-	-	-	684.2	71.91	4.10
Therapy	559.2	21.67	1.01	0.01	-	-	-	-	0.01	-	-	-	-	564.8	21.88	1.03
Vision	788.6	34.54	2.27	0.02	-	-	-	-	0.02	-	-	-	-	795.5	34.85	2.31
Other Professional	2,273.0	19.16	3.63	0.03	-	-	-	0.01	0.03	-	-	-	-	2,298.1	19.32	3.70
<b>Subtotal Professional</b>			<b>\$ 54.46</b>													<b>\$ 55.61</b>
<b>Total Medical Costs</b>			<b>\$ 124.28</b>													<b>\$ 126.43</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - Age 19 - 44, Male Base Year Member Months: 687,478 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital																
Inpatient Medical/Surgical/Non-Delivery	103.8	\$ 2,694.90	\$ 23.32	\$ 0.88	\$ 0.00	\$ (0.28)	\$ 0.06	\$ 0.01	\$ 0.19	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	106.6	\$ 2,723.06	\$ 24.18
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	32.1	661.68	1.77	0.07	-	-	-	-	0.01	-	0.09	-	-	33.4	697.64	1.94
Other Inpatient	3.1	231.73	0.06	-	-	-	-	-	-	-	-	-	-	3.1	231.73	0.06
Subtotal Inpatient Hospital			\$ 25.15													\$ 26.18
Outpatient Hospital																
Surgery	53.2	\$ 1,467.04	\$ 6.50	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	53.7	\$ 1,478.21	\$ 6.62
Non-Surg - Emergency Room	370.7	289.42	8.94	0.08	-	-	-	0.01	0.07	-	-	-	-	374.4	291.66	9.10
Non-Surg - Other	48.6	145.69	0.59	0.01	-	-	-	-	-	-	-	-	-	49.4	145.69	0.60
Observation Room	2.9	1,139.02	0.28	-	-	-	-	-	0.01	-	-	-	-	2.9	1,179.70	0.29
Treatment/Therapy/Testing	165.3	409.39	5.64	0.05	-	-	-	0.01	0.04	-	-	-	0.01	167.1	412.99	5.75
Other Outpatient	22.2	292.54	0.54	0.01	-	-	-	-	-	-	-	-	-	22.6	292.54	0.55
Subtotal Outpatient Hospital			\$ 22.49													\$ 22.91
Retail Pharmacy																
Prescription Drugs	2,196.9	\$ 182.99	\$ 33.50	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.38)	\$ 0.00	\$ 0.26	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	2,196.9	\$ 182.33	\$ 33.38
Subtotal Retail Pharmacy			\$ 33.50													\$ 33.38
Ancillary																
Transportation	113.5	\$ 119.48	\$ 1.13	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	115.5	\$ 120.52	\$ 1.16
DME/Prosthetics	1,415.2	15.18	1.79	0.01	-	-	-	0.03	0.01	-	-	-	-	1,446.8	15.26	1.84
Dental	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	42.6	70.50	0.25	-	-	-	-	0.01	-	-	-	-	-	44.3	70.50	0.26
Subtotal Ancillary			\$ 3.17													\$ 3.26
Professional																
Inpatient and Outpatient Surgery	195.2	\$ 157.38	\$ 2.56	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	197.5	\$ 158.59	\$ 2.61
Anesthesia	67.3	119.45	0.67	0.01	-	-	-	-	0.01	-	-	-	-	68.3	121.21	0.69
Inpatient Visits	216.1	86.07	1.55	0.01	-	-	-	0.01	0.01	-	-	-	-	218.9	86.62	1.58
MH/SA	538.1	91.65	4.11	0.03	-	-	-	0.09	0.04	-	-	-	-	553.8	92.52	4.27
Emergency Room	425.7	76.68	2.72	0.02	-	-	-	0.02	0.02	-	-	-	-	431.9	77.24	2.78
Office/Home Visits/Consults	1,173.2	82.75	8.09	0.06	-	-	-	0.06	0.06	-	-	-	-	1,190.6	83.35	8.27
Pathology/Lab	1,493.0	17.92	2.23	0.02	-	-	-	0.01	0.02	-	-	-	-	1,513.1	18.08	2.28
Radiology	606.0	27.92	1.41	0.01	-	-	-	0.01	0.01	-	-	-	-	614.6	28.12	1.44
Office Administered Drugs	3,025.6	15.59	3.93	0.03	-	-	-	0.14	0.03	-	-	-	-	3,156.5	15.70	4.13
Physical Exams	96.1	69.90	0.56	-	-	-	-	0.01	-	-	-	-	-	97.9	69.90	0.57
Therapy	334.4	22.61	0.63	-	-	-	-	0.01	-	-	-	-	-	339.7	22.61	0.64
Vision	145.5	41.24	0.50	-	-	-	-	0.01	-	-	-	-	-	148.4	41.24	0.51
Other Professional	712.8	19.70	1.17	0.01	-	-	-	-	0.01	-	-	-	-	718.9	19.86	1.19
Subtotal Professional			\$ 30.13													\$ 30.96
Total Medical Costs			\$ 114.44													\$ 116.69

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - Age 19 - 44, Female Base Year Member Months: 1,899,786 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital																
Inpatient Medical/Surgical/Non-Delivery	134.7	\$ 2,437.22	\$ 27.35	\$ 1.03	\$ 0.00	\$ (0.37)	\$ 0.07	\$ 0.01	\$ 0.22	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	138.0	\$ 2,462.45	\$ 28.31
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	28.2	668.01	1.57	0.06	-	-	-	-	0.01	-	0.14	-	-	29.3	729.48	1.78
Other Inpatient	1.2	301.55	0.03	-	-	-	-	-	-	-	-	-	-	1.2	301.55	0.03
Subtotal Inpatient Hospital			\$ 28.95													\$ 30.12
Outpatient Hospital																
Surgery	130.7	\$ 1,385.32	\$ 15.09	\$ 0.14	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.12	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	132.2	\$ 1,397.12	\$ 15.39
Non-Surg - Emergency Room	749.7	320.27	20.01	0.19	-	-	-	0.03	0.16	-	-	-	-	758.0	322.81	20.39
Non-Surg - Other	202.0	162.81	2.74	0.03	-	-	-	-	0.02	-	-	-	-	204.2	163.98	2.79
Observation Room	20.8	547.57	0.95	0.01	-	-	-	-	0.01	-	-	-	-	21.0	553.28	0.97
Treatment/Therapy/Testing	597.7	269.63	13.43	0.13	-	-	-	0.02	0.11	-	-	-	0.01	604.4	272.01	13.70
Other Outpatient	105.5	153.60	1.35	0.01	-	-	-	-	0.02	-	-	-	-	106.2	155.86	1.38
Subtotal Outpatient Hospital			\$ 53.57													\$ 54.62
Retail Pharmacy																
Prescription Drugs	5,449.6	\$ 120.93	\$ 54.92	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.62)	\$ 0.00	\$ 0.42	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	5,449.6	\$ 120.49	\$ 54.72
Subtotal Retail Pharmacy			\$ 54.92													\$ 54.72
Ancillary																
Transportation	178.9	\$ 97.95	\$ 1.46	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	182.5	\$ 98.61	\$ 1.50
DME/Prosthetics	1,749.6	13.10	1.91	0.02	-	-	-	0.01	0.02	-	-	-	-	1,777.0	13.24	1.96
Dental	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	80.9	121.69	0.82	0.01	-	-	-	0.01	0.01	-	-	-	-	82.8	123.13	0.85
Subtotal Ancillary			\$ 4.19													\$ 4.31
Professional																
Inpatient and Outpatient Surgery	349.7	\$ 180.47	\$ 5.26	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	354.4	\$ 181.83	\$ 5.37
Anesthesia	150.0	117.59	1.47	0.01	-	-	-	0.01	0.01	-	-	-	-	152.1	118.38	1.50
Inpatient Visits	288.2	86.62	2.08	0.02	-	-	-	0.01	0.02	-	-	-	-	292.3	87.44	2.13
MH/SA	1,013.8	90.43	7.64	0.06	-	-	-	0.15	0.07	-	-	-	-	1,041.7	91.24	7.92
Emergency Room	807.4	82.19	5.53	0.04	-	-	-	0.03	0.05	-	-	-	-	817.7	82.92	5.65
Office/Home Visits/Consults	2,922.2	83.12	20.24	0.16	-	-	-	0.11	0.17	-	-	-	-	2,961.2	83.80	20.68
Pathology/Lab	6,313.4	18.34	9.65	0.07	-	-	-	0.07	0.08	-	-	-	-	6,405.0	18.49	9.87
Radiology	1,214.4	39.62	4.01	0.03	-	-	-	0.03	0.03	-	-	-	-	1,232.6	39.92	4.10
Office Administered Drugs	23,547.5	4.63	9.09	0.07	-	-	-	0.05	0.07	-	-	-	-	23,858.4	4.67	9.28
Physical Exams	314.2	76.00	1.99	0.02	-	-	-	0.01	0.01	-	-	-	-	318.9	76.38	2.03
Therapy	482.6	22.63	0.91	0.01	-	-	-	-	0.01	-	-	-	-	487.9	22.87	0.93
Vision	189.0	49.53	0.78	0.01	-	-	-	-	-	-	-	-	-	191.4	49.53	0.79
Other Professional	3,439.9	19.40	5.56	0.04	-	-	-	0.03	0.05	-	-	-	-	3,483.2	19.57	5.68
Subtotal Professional			\$ 74.21													\$ 75.93
Total Medical Costs			\$ 215.84													\$ 219.70

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: TANF - Age 45+, Male & Female Base Year Member Months: 344,902 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital																
Inpatient Medical/Surgical/Non-Delivery	386.1	\$ 2,403.25	\$ 77.33	\$ 2.92	\$ 0.00	\$ (1.04)	\$ (0.01)	\$ 0.11	\$ 0.62	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	396.1	\$ 2,421.73	\$ 79.93
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	23.6	783.41	1.54	0.06	-	-	-	-	0.01	-	0.10	-	-	24.5	837.26	1.71
Other Inpatient	19.8	326.75	0.54	0.02	-	(0.01)	-	-	0.01	-	-	-	-	20.2	332.69	0.56
Subtotal Inpatient Hospital			\$ 79.41													\$ 82.20
Outpatient Hospital																
Surgery	154.2	\$ 1,852.55	\$ 23.80	\$ 0.22	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.19	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	155.8	\$ 1,867.96	\$ 24.25
Non-Surg - Emergency Room	542.6	336.17	15.20	0.14	-	-	-	0.02	0.12	-	-	-	-	548.3	338.79	15.48
Non-Surg - Other	224.9	154.20	2.89	0.03	-	-	-	-	0.02	-	-	-	-	227.2	155.26	2.94
Observation Room	16.1	1,159.58	1.56	0.01	-	-	-	0.01	0.01	-	-	-	-	16.4	1,166.92	1.59
Treatment/Therapy/Testing	864.2	501.27	36.10	0.34	-	-	-	0.03	0.29	-	-	-	0.03	873.1	505.66	36.79
Other Outpatient	264.0	170.91	3.76	0.04	-	-	-	-	0.03	-	-	-	-	266.8	172.25	3.83
Subtotal Outpatient Hospital			\$ 83.31													\$ 84.88
Retail Pharmacy																
Prescription Drugs	12,682.9	\$ 131.80	\$ 139.30	\$ 0.00	\$ 0.00	\$ 0.00	\$ (1.58)	\$ 0.00	\$ 1.08	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	12,682.9	\$ 131.33	\$ 138.80
Subtotal Retail Pharmacy			\$ 139.30													\$ 138.80
Ancillary																
Transportation	191.5	\$ 108.39	\$ 1.73	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	194.9	\$ 109.00	\$ 1.77
DME/Prosthetics	8,271.4	7.83	5.40	0.04	-	-	-	0.06	0.04	-	-	-	-	8,424.6	7.89	5.54
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	240.5	76.35	1.53	0.01	-	-	-	0.02	0.01	-	-	-	-	245.2	76.83	1.57
Subtotal Ancillary			\$ 8.66													\$ 8.88
Professional																
Inpatient and Outpatient Surgery	854.3	\$ 162.39	\$ 11.56	\$ 0.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.08	\$ 0.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	866.8	\$ 163.63	\$ 11.82
Anesthesia	317.7	116.34	3.08	0.02	-	-	-	0.03	0.02	-	-	-	-	322.8	117.08	3.15
Inpatient Visits	624.9	88.53	4.61	0.04	-	-	-	0.03	0.03	-	-	-	-	634.4	89.09	4.71
MH/SA	796.8	96.68	6.42	0.05	-	-	-	0.17	0.06	-	-	-	-	824.1	97.56	6.70
Emergency Room	613.3	89.81	4.59	0.04	-	-	-	0.03	0.03	-	-	-	-	622.6	90.39	4.69
Office/Home Visits/Consults	4,273.8	86.70	30.88	0.24	-	-	-	0.20	0.24	-	-	-	-	4,334.7	87.37	31.56
Pathology/Lab	6,172.2	14.21	7.31	0.06	-	-	-	0.05	0.06	-	-	-	-	6,265.0	14.33	7.48
Radiology	2,175.7	39.60	7.18	0.06	-	-	-	0.04	0.05	-	-	-	-	2,206.1	39.87	7.33
Office Administered Drugs	20,865.0	12.39	21.54	0.17	-	-	-	0.11	0.18	-	-	-	-	21,136.2	12.49	22.00
Physical Exams	301.1	70.95	1.78	0.01	-	-	-	0.01	0.02	-	-	-	-	304.4	71.74	1.82
Therapy	1,381.2	21.98	2.53	0.02	-	-	-	0.01	0.02	-	-	-	-	1,397.5	22.15	2.58
Vision	180.6	66.44	1.00	0.01	-	-	-	-	0.01	-	-	-	-	182.4	67.10	1.02
Other Professional	2,878.5	31.47	7.55	0.06	-	-	-	0.03	0.06	-	-	-	-	2,912.8	31.72	7.70
Subtotal Professional			\$ 110.03													\$ 112.56
Total Medical Costs			\$ 420.71													\$ 427.32

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide	MCO Encounter Data			Completion		Managed Care		Other		Program and Policy		Reimbursement		Base Year		
Rate Cell: SSI - Children	Base Year Experience			Adjustments		Adjustments		Adjustments		Adjustments		Adjustments		Adjusted Base Experience		
Base Year Member Months: 136,785	Utilization	Cost per		Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost per	
Category of Service	per 1,000	Service	PMPM	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	per 1,000	Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	242.5	\$ 2,429.86	\$ 49.10	\$ 1.86	\$ 0.00	\$ (0.48)	\$ 0.15	\$ 0.02	\$ 0.39	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	249.4	\$ 2,455.85	\$ 51.04
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	168.2	546.57	7.66	0.29	-	-	-	-	0.06	-	-	-	-	174.5	550.69	8.01
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 56.76</b>													<b>\$ 59.05</b>
<b>Outpatient Hospital</b>																
Surgery	101.2	\$ 1,928.50	\$ 16.27	\$ 0.29	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.13	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.12	103.1	\$ 1,957.60	\$ 16.82
Non-Surg - Emergency Room	523.6	310.10	13.53	0.24	-	-	-	0.01	0.11	-	-	-	-	533.2	312.58	13.89
Non-Surg - Other	613.1	153.05	7.82	0.14	-	-	-	-	0.07	-	-	-	-	624.1	154.39	8.03
Observation Room	10.3	1,601.67	1.37	0.02	-	-	-	0.01	0.01	-	-	-	-	10.5	1,613.11	1.41
Treatment/Therapy/Testing	640.8	397.96	21.25	0.37	-	-	-	0.02	0.17	-	-	-	0.07	652.5	402.37	21.88
Other Outpatient	93.5	205.31	1.60	0.03	-	-	-	-	0.01	-	-	-	-	95.3	206.57	1.64
<b>Subtotal Outpatient Hospital</b>			<b>\$ 61.84</b>													<b>\$ 63.67</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	12,761.5	\$ 213.03	\$ 226.55	\$ 0.02	\$ 0.00	\$ 0.00	\$ (0.99)	\$ 0.00	\$ 1.77	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	12,762.6	\$ 213.76	\$ 227.35
<b>Subtotal Retail Pharmacy</b>			<b>\$ 226.55</b>													<b>\$ 227.35</b>
<b>Ancillary</b>																
Transportation	143.3	\$ 121.38	\$ 1.45	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	145.3	\$ 122.21	\$ 1.48
DME/Prosthetics	82,994.2	3.41	23.58	0.25	-	-	-	0.09	0.19	-	-	-	-	84,190.9	3.44	24.11
Dental	63.4	81.35	0.43	-	-	-	-	0.01	-	-	-	-	-	64.9	81.35	0.44
Other Ancillary	172.7	38.21	0.55	0.01	-	-	-	-	0.01	-	-	-	-	175.9	38.89	0.57
<b>Subtotal Ancillary</b>			<b>\$ 26.01</b>													<b>\$ 26.60</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	263.9	\$ 183.26	\$ 4.03	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	267.8	\$ 184.60	\$ 4.12
Anesthesia	179.1	125.93	1.88	0.02	-	-	-	0.01	0.01	-	-	-	-	182.0	126.59	1.92
Inpatient Visits	478.6	125.10	4.99	0.06	-	-	-	0.01	0.04	-	-	-	-	485.4	126.09	5.10
MH/SA	32,294.6	18.81	50.61	0.56	-	-	-	0.42	0.40	-	0.06	-	-	32,919.9	18.97	52.05
Emergency Room	588.9	80.08	3.93	0.04	-	-	-	0.02	0.03	-	-	-	-	597.9	80.68	4.02
Office/Home Visits/Consults	4,129.8	90.95	31.30	0.35	-	-	-	0.22	0.25	-	-	-	-	4,205.0	91.66	32.12
Pathology/Lab	2,791.8	20.93	4.87	0.05	-	-	-	0.04	0.04	-	-	-	-	2,843.4	21.10	5.00
Radiology	754.2	27.68	1.74	0.02	-	-	-	0.01	0.01	-	-	-	-	767.2	27.84	1.78
Office Administered Drugs	13,599.0	32.43	36.75	0.41	-	-	-	0.44	0.30	-	-	-	-	13,913.6	32.69	37.90
Physical Exams	1,094.4	63.05	5.75	0.06	-	-	-	0.03	0.05	-	-	-	-	1,111.5	63.59	5.89
Therapy	19,179.9	21.77	34.80	0.39	-	-	-	(1.00)	0.26	-	-	-	-	18,843.7	21.94	34.45
Vision	702.7	36.54	2.14	0.02	-	-	-	0.01	0.02	-	-	-	-	712.6	36.88	2.19
Other Professional	3,586.3	22.52	6.73	0.07	-	-	-	0.04	0.05	-	-	-	-	3,644.9	22.68	6.89
<b>Subtotal Professional</b>			<b>\$ 189.52</b>													<b>\$ 193.43</b>
<b>Total Medical Costs</b>			<b>\$ 560.68</b>													<b>\$ 570.10</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: SSI - Adults Base Year Member Months: 455,201 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	1,485.8	\$ 2,222.38	\$ 275.17	\$ 10.40	\$ 0.00	\$ (4.52)	\$ (0.46)	\$ 1.79	\$ 2.21	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	1,527.2	\$ 2,236.13	\$ 284.59
Inpatient Well Newborn	0.2	2,845.01	0.05	-	-	-	-	-	-	-	-	-	-	0.2	2,845.01	0.05
Inpatient MH/SA	72.8	776.25	4.71	0.18	-	-	-	0.03	0.04	-	0.37	-	-	76.1	840.94	5.33
Other Inpatient	368.6	293.66	9.02	0.34	-	(0.15)	(0.11)	0.06	0.07	-	-	-	-	378.8	292.39	9.23
<b>Subtotal Inpatient Hospital</b>			<b>\$ 288.95</b>													<b>\$ 299.20</b>
<b>Outpatient Hospital</b>																
Surgery	240.5	\$ 1,946.94	\$ 39.02	\$ 0.69	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.31	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.29	245.1	\$ 1,976.31	\$ 40.37
Non-Surg - Emergency Room	965.5	417.38	33.58	0.59	-	-	-	0.06	0.27	-	-	-	-	984.1	420.67	34.50
Non-Surg - Other	551.8	173.12	7.96	0.14	-	-	-	0.01	0.07	-	-	-	-	562.2	174.61	8.18
Observation Room	39.3	1,075.37	3.52	0.06	-	-	-	0.01	0.03	-	-	-	-	40.1	1,084.36	3.62
Treatment/Therapy/Testing	1,264.6	934.24	98.45	1.73	-	-	-	0.17	0.79	-	-	-	0.35	1,289.0	944.85	101.49
Other Outpatient	251.4	255.83	5.36	0.09	-	-	-	0.01	0.05	-	-	-	-	256.1	258.18	5.51
<b>Subtotal Outpatient Hospital</b>			<b>\$ 187.89</b>													<b>\$ 193.67</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	18,993.4	\$ 228.79	\$ 362.12	\$ 0.04	\$ 0.00	\$ 0.00	\$ (4.02)	\$ 0.00	\$ 2.81	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	18,995.5	\$ 228.02	\$ 360.95
<b>Subtotal Retail Pharmacy</b>			<b>\$ 362.12</b>													<b>\$ 360.95</b>
<b>Ancillary</b>																
Transportation	821.5	\$ 100.06	\$ 6.85	\$ 0.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	837.1	\$ 100.78	\$ 7.03
DME/Prosthetics	42,324.0	6.91	24.36	0.26	-	-	-	0.17	0.19	-	-	-	-	43,071.1	6.96	24.98
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	914.3	78.35	5.97	0.06	-	-	-	0.04	0.05	-	-	-	-	929.7	79.00	6.12
<b>Subtotal Ancillary</b>			<b>\$ 37.18</b>													<b>\$ 38.13</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	1,222.6	\$ 163.91	\$ 16.70	\$ 0.19	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.10	\$ 0.13	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	1,243.8	\$ 165.17	\$ 17.12
Anesthesia	448.7	114.74	4.29	0.05	-	-	-	0.03	0.03	-	-	-	-	457.0	115.52	4.40
Inpatient Visits	2,668.0	87.62	19.48	0.22	-	-	-	0.14	0.15	-	-	-	-	2,717.3	88.28	19.99
MH/SA	964.6	89.95	7.23	0.08	-	-	-	0.15	0.07	-	-	-	-	995.3	90.79	7.53
Emergency Room	1,209.5	95.04	9.58	0.11	-	-	-	0.06	0.08	-	-	-	-	1,231.0	95.82	9.83
Office/Home Visits/Consults	5,350.7	91.10	40.62	0.45	-	-	-	0.28	0.33	-	-	-	-	5,446.9	91.83	41.68
Pathology/Lab	7,229.5	13.74	8.28	0.09	-	-	-	0.06	0.07	-	-	-	-	7,360.5	13.86	8.50
Radiology	3,307.6	41.43	11.42	0.13	-	-	-	0.08	0.09	-	-	-	-	3,368.4	41.75	11.72
Office Administered Drugs	52,576.2	15.66	68.60	0.76	-	-	-	0.39	0.54	-	-	-	-	53,457.6	15.78	70.29
Physical Exams	335.2	50.84	1.42	0.02	-	-	-	0.01	0.01	-	-	-	-	342.3	51.19	1.46
Therapy	1,161.4	22.52	2.18	0.02	-	-	-	0.02	0.02	-	-	-	-	1,182.7	22.73	2.24
Vision	188.1	66.33	1.04	0.01	-	-	-	0.01	-	-	-	-	-	191.8	66.33	1.06
Other Professional	4,885.2	54.41	22.15	0.25	-	-	-	0.12	0.18	-	-	-	-	4,966.8	54.84	22.70
<b>Subtotal Professional</b>			<b>\$ 212.99</b>													<b>\$ 218.52</b>
<b>Total Medical Costs</b>			<b>\$ 1,089.13</b>													<b>\$ 1,110.47</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: OCWI Base Year Member Months: 528,169 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital																
Inpatient Medical/Surgical/Non-Delivery	117.4	\$ 2,154.79	\$ 21.08	\$ 0.45	\$ 0.00	\$ (0.22)	\$ 0.04	\$ 0.02	\$ 0.17	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	118.8	\$ 2,176.01	\$ 21.54
Inpatient Well Newborn	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	40.2	694.88	2.33	0.05	-	-	-	-	0.02	-	0.18	-	-	41.1	753.27	2.58
Other Inpatient	5.6	450.88	0.21	-	-	-	-	-	0.01	-	-	-	-	5.6	472.35	0.22
Subtotal Inpatient Hospital			\$ 23.62													\$ 24.34
Outpatient Hospital																
Surgery	200.0	\$ 813.17	\$ 13.55	\$ 0.18	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.11	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	202.6	\$ 820.27	\$ 13.85
Non-Surg - Emergency Room	651.6	349.53	18.98	0.26	-	-	-	-	0.15	-	-	-	-	660.5	352.26	19.39
Non-Surg - Other	299.5	163.07	4.07	0.05	-	-	-	0.01	0.03	-	-	-	-	303.9	164.26	4.16
Observation Room	48.6	367.74	1.49	0.02	-	-	-	-	0.01	-	-	-	-	49.3	370.18	1.52
Treatment/Therapy/Testing	718.4	175.23	10.49	0.14	-	-	-	-	0.09	-	-	-	-	728.0	176.71	10.72
Other Outpatient	80.5	146.17	0.98	0.01	-	-	-	-	0.01	-	-	-	-	81.3	147.65	1.00
Subtotal Outpatient Hospital			\$ 49.56													\$ 50.64
Retail Pharmacy																
Prescription Drugs	7,239.9	\$ 57.51	\$ 34.70	\$ 0.00	\$ 0.00	\$ 0.00	\$ (0.39)	\$ 0.00	\$ 0.27	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	7,239.9	\$ 57.32	\$ 34.58
Subtotal Retail Pharmacy			\$ 34.70													\$ 34.58
Ancillary																
Transportation	161.8	\$ 96.39	\$ 1.30	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	164.3	\$ 97.12	\$ 1.33
DME/Prosthetics	1,180.4	19.62	1.93	0.01	-	-	-	0.01	0.02	-	-	-	-	1,192.6	19.82	1.97
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	114.1	125.10	1.19	0.01	-	-	-	0.01	0.01	-	-	-	-	116.1	126.14	1.22
Subtotal Ancillary			\$ 4.42													\$ 4.52
Professional																
Inpatient and Outpatient Surgery	270.9	\$ 181.15	\$ 4.09	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	276.2	\$ 182.45	\$ 4.20
Anesthesia	122.8	118.22	1.21	0.02	-	-	-	-	0.01	-	-	-	-	124.9	119.18	1.24
Inpatient Visits	388.2	80.67	2.61	0.03	-	-	-	0.02	0.02	-	-	-	-	395.7	81.28	2.68
MH/SA	966.1	95.27	7.67	0.10	-	-	-	0.17	0.07	-	-	-	-	1,000.1	96.11	8.01
Emergency Room	744.6	79.94	4.96	0.07	-	-	-	0.02	0.04	-	-	-	-	758.1	80.57	5.09
Office/Home Visits/Consults	2,466.7	80.12	16.47	0.22	-	-	-	0.11	0.14	-	-	-	-	2,516.1	80.79	16.94
Pathology/Lab	7,004.1	17.94	10.47	0.14	-	-	-	0.07	0.08	-	-	-	-	7,144.6	18.07	10.76
Radiology	1,027.6	49.16	4.21	0.06	-	-	-	0.03	0.03	-	-	-	-	1,049.6	49.51	4.33
Office Administered Drugs	19,208.6	2.20	3.52	0.05	-	-	-	0.03	0.03	-	-	-	-	19,645.2	2.22	3.63
Physical Exams	386.5	58.05	1.87	0.03	-	-	-	0.01	0.01	-	-	-	-	394.8	58.36	1.92
Therapy	335.0	23.28	0.65	0.01	-	-	-	-	0.01	-	-	-	-	340.2	23.64	0.67
Vision	103.3	58.10	0.50	0.01	-	-	-	-	-	-	-	-	-	105.3	58.10	0.51
Other Professional	6,118.2	14.36	7.32	0.10	-	-	-	0.05	0.06	-	-	-	-	6,243.6	14.47	7.53
Subtotal Professional			\$ 65.55													\$ 67.51
Total Medical Costs			\$ 177.85													\$ 181.59

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Retrospective Adjustments																
Region: Statewide Rate Cell: SMI Children Base Year Member Months: 213,154 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital																
Inpatient Medical/Surgical/Non-Delivery	125.5	\$ 2,143.97	\$ 22.43	\$ 0.71	\$ 0.00	\$ (0.18)	\$ 0.00	\$ 0.14	\$ 0.18	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	129.3	\$ 2,160.67	\$ 23.28
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	2,487.3	541.74	112.29	3.57	-	-	-	0.68	0.91	-	-	-	-	2,581.5	545.97	117.45
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 134.72													\$ 140.73
Outpatient Hospital																
Surgery	77.5	\$ 1,539.79	\$ 9.94	\$ 0.11	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.08	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	78.3	\$ 1,553.58	\$ 10.14
Non-Surg - Emergency Room	807.2	341.75	22.99	0.25	-	-	-	0.01	0.19	-	-	-	-	816.4	344.55	23.44
Non-Surg - Other	339.4	140.36	3.97	0.04	-	-	-	0.01	0.03	-	-	-	-	343.7	141.41	4.05
Observation Room	10.5	1,162.66	1.02	0.01	-	-	-	-	0.01	-	-	-	-	10.6	1,173.95	1.04
Treatment/Therapy/Testing	440.1	294.49	10.80	0.12	-	-	-	-	0.09	-	-	-	0.01	445.0	297.19	11.02
Other Outpatient	72.2	179.57	1.08	0.01	-	-	-	-	0.01	-	-	-	-	72.8	181.22	1.10
Subtotal Outpatient Hospital			\$ 49.80													\$ 50.79
Retail Pharmacy																
Prescription Drugs	14,795.6	\$ 58.77	\$ 72.46	\$ 0.22	\$ 0.00	\$ 0.00	\$ (0.32)	\$ 0.00	\$ 0.57	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	14,840.5	\$ 58.97	\$ 72.93
Subtotal Retail Pharmacy			\$ 72.46													\$ 72.93
Ancillary																
Transportation	393.7	\$ 113.69	\$ 3.73	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.03	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	399.0	\$ 114.30	\$ 3.80
DME/Prosthetics	4,503.6	7.65	2.87	0.01	-	-	-	0.03	0.02	-	-	-	-	4,566.3	7.70	2.93
Dental	10.5	45.84	0.04	-	-	-	-	-	-	-	-	-	-	10.5	45.84	0.04
Other Ancillary	362.8	44.99	1.36	0.01	-	-	-	0.02	0.01	-	-	-	-	370.8	45.31	1.40
Subtotal Ancillary			\$ 8.00													\$ 8.17
Professional																
Inpatient and Outpatient Surgery	240.5	\$ 156.17	\$ 3.13	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	244.3	\$ 157.16	\$ 3.20
Anesthesia	97.8	117.74	0.96	0.01	-	-	-	0.01	0.01	-	-	-	-	99.9	118.94	0.99
Inpatient Visits	1,249.1	72.15	7.51	0.06	-	-	-	0.06	0.06	-	-	-	-	1,269.1	72.71	7.69
MH/SA	17,644.0	66.15	97.27	0.82	-	-	-	0.84	0.78	-	-	-	-	17,945.1	66.68	99.71
Emergency Room	892.7	85.90	6.39	0.05	-	-	-	0.04	0.06	-	-	-	-	905.2	86.70	6.54
Office/Home Visits/Consults	5,067.5	99.98	42.22	0.35	-	-	-	0.39	0.34	-	-	-	-	5,156.3	100.77	43.30
Pathology/Lab	4,818.0	19.60	7.87	0.07	-	-	-	0.05	0.07	-	-	-	-	4,891.4	19.77	8.06
Radiology	916.4	26.71	2.04	0.02	-	-	-	0.01	0.02	-	-	-	-	929.9	26.97	2.09
Office Administered Drugs	20,389.0	6.16	10.47	0.09	-	-	-	0.04	0.09	-	-	-	-	20,642.2	6.21	10.69
Physical Exams	808.4	66.05	4.45	0.04	-	-	-	0.02	0.04	-	-	-	-	819.3	66.64	4.55
Therapy	1,202.5	21.95	2.20	0.02	-	-	-	0.02	0.01	-	-	-	-	1,224.4	22.05	2.25
Vision	908.8	36.05	2.73	0.02	-	-	-	0.01	0.03	-	-	-	-	918.7	36.44	2.79
Other Professional	3,099.0	20.87	5.39	0.05	-	-	-	0.03	0.04	-	-	-	-	3,145.0	21.02	5.51
Subtotal Professional			\$ 192.63													\$ 197.37
Total Medical Costs			\$ 457.61													\$ 469.99

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Retrospective Adjustments																
Region: Statewide	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
Rate Cell: SMI TANF Adults	Utilization	Cost per		Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost	Utilization	Cost per	PMPM
Base Year Member Months: 397,652	per 1,000	Service	PMPM	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	per 1,000	Service	PMPM
Category of Service																
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	387.4	\$ 2,290.31	\$ 73.93	\$ 2.35	\$ 0.00	\$ (0.98)	\$ 0.17	\$ 0.06	\$ 0.60	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	394.8	\$ 2,313.71	\$ 76.13
Inpatient Well Newborn	0.2	1,325.51	0.02	-	-	-	-	-	-	-	-	-	-	0.2	1,325.51	0.02
Inpatient MH/SA	413.2	602.97	20.76	0.66	-	-	-	0.02	0.17	-	2.22	-	-	426.7	670.18	23.83
Other Inpatient	53.0	307.98	1.36	0.04	-	(0.01)	0.02	-	0.01	-	-	-	-	54.2	314.62	1.42
<b>Subtotal Inpatient Hospital</b>			<b>\$ 96.07</b>													<b>\$ 101.40</b>
<b>Outpatient Hospital</b>																
Surgery	219.5	\$ 1,637.62	\$ 29.96	\$ 0.33	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.05	\$ 0.24	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	222.3	\$ 1,651.65	\$ 30.60
Non-Surg - Emergency Room	1,281.4	340.98	36.41	0.40	-	-	-	0.06	0.29	-	-	-	-	1,297.6	343.66	37.16
Non-Surg - Other	360.4	162.16	4.87	0.05	-	-	-	0.01	0.04	-	-	-	-	364.8	163.48	4.97
Observation Room	27.9	843.50	1.96	0.02	-	-	-	0.01	0.01	-	-	-	-	28.3	847.74	2.00
Treatment/Therapy/Testing	1,000.3	315.86	26.33	0.29	-	-	-	0.05	0.20	-	-	-	0.03	1,013.2	318.59	26.90
Other Outpatient	206.2	162.95	2.80	0.03	-	-	-	0.01	0.02	-	-	-	-	209.1	164.10	2.86
<b>Subtotal Outpatient Hospital</b>			<b>\$ 102.33</b>													<b>\$ 104.49</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	15,986.8	\$ 126.74	\$ 168.85	\$ 0.51	\$ 0.00	\$ 0.00	\$ (1.93)	\$ 0.00	\$ 1.32	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	16,035.0	\$ 126.29	\$ 168.75
<b>Subtotal Retail Pharmacy</b>			<b>\$ 168.85</b>													<b>\$ 168.75</b>
<b>Ancillary</b>																
Transportation	552.8	\$ 95.95	\$ 4.42	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.05	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	561.5	\$ 96.59	\$ 4.52
DME/Prosthetics	8,736.2	7.43	5.41	0.03	-	-	-	0.05	0.04	-	-	-	-	8,865.4	7.49	5.53
Dental	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	438.8	76.30	2.79	0.01	-	-	-	0.04	0.02	-	-	-	-	446.7	76.84	2.86
<b>Subtotal Ancillary</b>			<b>\$ 12.62</b>													<b>\$ 12.91</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	755.2	\$ 173.20	\$ 10.90	\$ 0.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.07	\$ 0.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	766.3	\$ 174.61	\$ 11.15
Anesthesia	332.5	115.50	3.20	0.03	-	-	-	0.02	0.03	-	-	-	-	337.7	116.57	3.28
Inpatient Visits	1,149.2	77.90	7.46	0.06	-	-	-	0.06	0.05	-	-	-	-	1,167.7	78.41	7.63
MH/SA	5,671.4	93.78	44.32	0.37	-	-	-	0.57	0.37	-	-	-	-	5,791.7	94.54	45.63
Emergency Room	1,443.2	85.48	10.28	0.09	-	-	-	0.06	0.08	-	-	-	-	1,464.3	86.13	10.51
Office/Home Visits/Consults	6,478.8	89.37	48.25	0.41	-	-	-	0.36	0.39	-	-	-	-	6,582.2	90.08	49.41
Pathology/Lab	8,951.8	17.59	13.12	0.11	-	-	-	0.10	0.10	-	-	-	-	9,095.1	17.72	13.43
Radiology	2,378.1	37.64	7.46	0.06	-	-	-	0.05	0.06	-	-	-	-	2,413.2	37.94	7.63
Office Administered Drugs	32,500.5	5.79	15.67	0.13	-	-	-	0.16	0.13	-	-	-	-	33,102.0	5.83	16.09
Physical Exams	380.8	68.07	2.16	0.02	-	-	-	0.01	0.02	-	-	-	-	386.1	68.69	2.21
Therapy	1,187.6	22.74	2.25	0.02	-	-	-	0.01	0.02	-	-	-	-	1,203.4	22.94	2.30
Vision	243.6	53.69	1.09	0.01	-	-	-	-	0.01	-	-	-	-	245.9	54.18	1.11
Other Professional	4,672.0	19.73	7.68	0.06	-	-	-	0.07	0.06	-	-	-	-	4,751.0	19.88	7.87
<b>Subtotal Professional</b>			<b>\$ 173.84</b>													<b>\$ 178.25</b>
<b>Total Medical Costs</b>			<b>\$ 553.71</b>													<b>\$ 565.80</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: SMI SSI Adults Base Year Member Months: 176,749 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	1,820.6	\$ 2,049.13	\$ 310.89	\$ 9.89	\$ 0.00	\$ (4.26)	\$ (0.19)	\$ 1.65	\$ 2.49	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	1,863.2	\$ 2,063.94	\$ 320.47
Inpatient Well Newborn	0.2	2,356.65	0.04	-	-	-	-	-	-	-	-	-	-	0.2	2,356.65	0.04
Inpatient MH/SA	1,314.7	615.36	67.42	2.14	-	-	-	0.37	0.54	-	6.77	-	-	1,363.7	679.68	77.24
Other Inpatient	671.1	290.02	16.22	0.52	-	(0.23)	(0.07)	0.09	0.13	-	-	-	-	686.8	291.07	16.66
<b>Subtotal Inpatient Hospital</b>			<b>\$ 394.57</b>													<b>\$ 414.41</b>
<b>Outpatient Hospital</b>																
Surgery	283.9	\$ 2,028.68	\$ 48.00	\$ 0.52	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.10	\$ 0.39	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.35	287.6	\$ 2,059.56	\$ 49.36
Non-Surg - Emergency Room	1,937.9	396.62	64.05	0.70	-	-	-	0.13	0.51	-	-	-	-	1,963.0	399.74	65.39
Non-Surg - Other	571.6	171.31	8.16	0.09	-	-	-	0.02	0.06	-	-	-	-	579.3	172.55	8.33
Observation Room	53.8	1,278.75	5.73	0.06	-	-	-	0.01	0.05	-	-	-	-	54.4	1,289.78	5.85
Treatment/Therapy/Testing	1,359.7	548.60	62.16	0.68	-	-	-	0.13	0.49	-	-	-	0.22	1,377.4	554.78	63.68
Other Outpatient	327.3	185.51	5.06	0.06	-	-	-	0.01	0.04	-	-	-	-	331.8	186.96	5.17
<b>Subtotal Outpatient Hospital</b>			<b>\$ 193.16</b>													<b>\$ 197.78</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	30,643.7	\$ 226.15	\$ 577.51	\$ 1.73	\$ 0.00	\$ 0.00	\$ (6.42)	\$ 0.00	\$ 4.49	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	30,735.5	\$ 225.40	\$ 577.31
<b>Subtotal Retail Pharmacy</b>			<b>\$ 577.51</b>													<b>\$ 577.31</b>
<b>Ancillary</b>																
Transportation	2,099.7	\$ 92.64	\$ 16.21	\$ 0.08	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.11	\$ 0.12	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	2,124.3	\$ 93.32	\$ 16.52
DME/Prosthetics	54,740.5	5.13	23.39	0.11	-	-	-	0.16	0.19	-	-	-	-	55,372.4	5.17	23.85
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	2,378.4	60.80	12.05	0.06	-	-	-	0.14	0.09	-	-	-	-	2,417.9	61.24	12.34
<b>Subtotal Ancillary</b>			<b>\$ 51.65</b>													<b>\$ 52.71</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	1,520.3	\$ 152.81	\$ 19.36	\$ 0.16	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.14	\$ 0.15	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	1,543.9	\$ 153.98	\$ 19.81
Anesthesia	564.1	114.24	5.37	0.05	-	-	-	0.03	0.05	-	-	-	-	572.5	115.29	5.50
Inpatient Visits	4,712.2	78.84	30.96	0.26	-	-	-	0.36	0.22	-	-	-	-	4,806.6	79.39	31.80
MH/SA	18,144.8	34.65	52.40	0.44	-	-	-	0.82	0.55	-	-	-	-	18,581.2	35.01	54.21
Emergency Room	2,368.6	92.76	18.31	0.15	-	-	-	0.13	0.14	-	-	-	-	2,404.9	93.46	18.73
Office/Home Visits/Consults	8,480.2	101.69	71.86	0.60	-	-	-	0.69	0.58	-	-	-	-	8,632.5	102.49	73.73
Pathology/Lab	9,307.3	15.38	11.93	0.10	-	-	-	0.07	0.10	-	-	-	-	9,439.9	15.51	12.20
Radiology	4,301.6	34.81	12.48	0.10	-	-	-	0.10	0.10	-	-	-	-	4,370.6	35.09	12.78
Office Administered Drugs	124,004.1	4.56	47.16	0.40	-	-	-	0.22	0.38	-	-	-	-	125,634.4	4.60	48.16
Physical Exams	422.8	51.94	1.83	0.02	-	-	-	0.01	0.01	-	-	-	-	429.7	52.22	1.87
Therapy	1,499.5	22.73	2.84	0.02	-	-	-	0.02	0.02	-	-	-	-	1,520.6	22.89	2.90
Vision	206.7	67.33	1.16	0.01	-	-	-	0.01	-	-	-	-	-	210.3	67.33	1.18
Other Professional	5,220.0	38.90	16.92	0.14	-	-	-	0.09	0.14	-	-	-	-	5,291.0	39.21	17.29
<b>Subtotal Professional</b>			<b>\$ 292.58</b>													<b>\$ 300.16</b>
<b>Total Medical Costs</b>			<b>\$ 1,509.47</b>													<b>\$ 1,542.37</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: DUAL Base Year Member Months: 626,345 Category of Service	FFS Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	608.2	\$ 264.57	\$ 13.41	\$ 0.24	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	619.1	\$ 264.57	\$ 13.65
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	39.4	228.37	0.75	0.01	-	-	-	-	-	-	-	-	-	39.9	228.37	0.76
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 14.16</b>													<b>\$ 14.41</b>
<b>Outpatient Hospital</b>																
Surgery	140.5	\$ 185.40	\$ 2.17	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	143.7	\$ 187.07	\$ 2.24
Non-Surg - Emergency Room	270.6	77.61	1.75	0.04	-	-	-	-	-	-	-	-	-	276.8	77.61	1.79
Non-Surg - Other	315.1	33.90	0.89	0.02	-	-	-	-	-	-	-	-	-	322.2	33.90	0.91
Observation Room	6.8	105.27	0.06	-	-	-	-	-	-	-	-	-	-	6.8	105.27	0.06
Treatment/Therapy/Testing	658.2	118.51	6.50	0.15	-	-	-	-	-	-	-	-	0.03	673.4	119.04	6.68
Other Outpatient	65.7	56.62	0.31	0.01	-	-	-	-	-	-	-	-	-	67.8	56.62	0.32
<b>Subtotal Outpatient Hospital</b>			<b>\$ 11.68</b>													<b>\$ 12.00</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	279.8	\$ 69.47	\$ 1.62	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	279.8	\$ 69.47	\$ 1.62
<b>Subtotal Retail Pharmacy</b>			<b>\$ 1.62</b>													<b>\$ 1.62</b>
<b>Ancillary</b>																
Transportation	22.9	\$ 36.69	\$ 0.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	22.9	\$ 36.69	\$ 0.07
DME/Prosthetics	11,862.3	4.46	4.41	0.08	-	-	-	-	-	-	-	-	-	12,077.5	4.46	4.49
Dental	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	102.9	27.99	0.24	-	-	-	-	-	-	-	-	-	-	102.9	27.99	0.24
<b>Subtotal Ancillary</b>			<b>\$ 4.72</b>													<b>\$ 4.80</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	320.7	\$ 27.32	\$ 0.73	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	329.5	\$ 27.32	\$ 0.75
Anesthesia	162.2	14.79	0.20	-	-	-	-	-	-	-	-	-	-	162.2	14.79	0.20
Inpatient Visits	732.1	14.75	0.90	0.02	-	-	-	-	-	-	-	-	-	748.4	14.75	0.92
MH/SA	6,584.3	15.27	8.38	0.19	-	-	-	-	-	-	-	-	-	6,733.6	15.27	8.57
Emergency Room	93.2	30.91	0.24	0.01	-	-	-	-	-	-	-	-	-	97.1	30.91	0.25
Office/Home Visits/Consults	2,681.5	41.93	9.37	0.21	-	-	-	-	-	-	-	-	-	2,741.6	41.93	9.58
Pathology/Lab	732.6	5.90	0.36	0.01	-	-	-	-	-	-	-	-	-	752.9	5.90	0.37
Radiology	768.0	11.56	0.74	0.02	-	-	-	-	-	-	-	-	-	788.8	11.56	0.76
Office Administered Drugs	32,867.8	3.37	9.22	0.21	-	-	-	-	-	-	-	-	-	33,616.4	3.37	9.43
Physical Exams	31.8	22.67	0.06	-	-	-	-	-	-	-	-	-	-	31.8	22.67	0.06
Therapy	463.1	4.40	0.17	-	-	-	-	-	-	-	-	-	-	463.1	4.40	0.17
Vision	35.6	57.28	0.17	-	-	-	-	-	-	-	-	-	-	35.6	57.28	0.17
Other Professional	1,964.0	8.07	1.32	0.03	-	-	-	-	-	-	-	-	-	2,008.7	8.07	1.35
<b>Subtotal Professional</b>			<b>\$ 31.86</b>													<b>\$ 32.58</b>
<b>Total Medical Costs</b>			<b>\$ 64.04</b>													<b>\$ 65.41</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: Foster Care Children Base Year Member Months: 55,519 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>																
Inpatient Medical/Surgical/Non-Delivery	199.5	\$ 1,581.96	\$ 26.30	\$ 0.99	\$ 0.00	\$ (0.50)	\$ (0.01)	\$ 0.00	\$ 0.21	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	203.2	\$ 1,593.77	\$ 26.99
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	4,367.2	541.56	197.09	7.43	-	-	-	-	1.60	-	0.03	-	-	4,531.8	545.88	206.15
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 223.39</b>													<b>\$ 233.14</b>
<b>Outpatient Hospital</b>																
Surgery	99.9	\$ 1,271.41	\$ 10.58	\$ 0.10	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.08	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	100.8	\$ 1,282.12	\$ 10.77
Non-Surg - Emergency Room	633.5	313.68	16.56	0.16	-	-	-	-	0.13	-	-	-	-	639.6	316.12	16.85
Non-Surg - Other	460.2	138.47	5.31	0.05	-	-	-	-	0.04	-	-	-	-	464.5	139.50	5.40
Observation Room	7.6	1,205.56	0.76	0.01	-	-	-	-	-	-	-	-	-	7.7	1,205.56	0.77
Treatment/Therapy/Testing	398.6	191.19	6.35	0.06	-	-	-	-	0.05	-	-	-	0.01	402.3	192.97	6.47
Other Outpatient	81.3	153.56	1.04	0.01	-	-	-	-	0.01	-	-	-	-	82.1	155.03	1.06
<b>Subtotal Outpatient Hospital</b>			<b>\$ 40.60</b>													<b>\$ 41.32</b>
<b>Retail Pharmacy</b>																
Prescription Drugs	12,490.0	\$ 54.96	\$ 57.20	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.45	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	12,490.0	\$ 55.39	\$ 57.65
<b>Subtotal Retail Pharmacy</b>			<b>\$ 57.20</b>													<b>\$ 57.65</b>
<b>Ancillary</b>																
Transportation	367.2	\$ 102.93	\$ 3.15	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.04	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	375.4	\$ 103.89	\$ 3.25
DME/Prosthetics	18,827.7	3.00	4.70	0.04	-	-	-	0.07	0.03	-	-	-	-	19,268.4	3.01	4.84
Dental	149.6	63.38	0.79	0.01	-	-	-	0.01	-	-	-	-	-	153.4	63.38	0.81
Other Ancillary	205.8	44.32	0.76	0.01	-	-	-	0.01	-	-	-	-	-	211.2	44.32	0.78
<b>Subtotal Ancillary</b>			<b>\$ 9.40</b>													<b>\$ 9.68</b>
<b>Professional</b>																
Inpatient and Outpatient Surgery	296.3	\$ 166.03	\$ 4.10	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	299.9	\$ 167.23	\$ 4.18
Anesthesia	158.4	97.71	1.29	0.01	-	-	-	-	0.01	-	-	-	-	159.7	98.46	1.31
Inpatient Visits	906.7	73.58	5.56	0.04	-	-	-	0.03	0.04	-	-	-	-	918.1	74.11	5.67
MH/SA	96,754.8	33.00	266.05	2.05	-	-	-	0.99	2.09	-	0.51	-	-	97,860.3	33.32	271.69
Emergency Room	721.3	80.69	4.85	0.04	-	-	-	0.02	0.03	-	-	-	-	730.2	81.18	4.94
Office/Home Visits/Consults	4,658.7	93.60	36.34	0.28	-	-	-	0.13	0.29	-	-	-	-	4,711.3	94.34	37.04
Pathology/Lab	3,752.2	23.31	7.29	0.06	-	-	-	0.02	0.06	-	-	-	-	3,793.4	23.50	7.43
Radiology	615.8	21.83	1.12	0.01	-	-	-	-	0.01	-	-	-	-	621.3	22.02	1.14
Office Administered Drugs	5,692.5	17.92	8.50	0.07	-	-	-	0.03	0.06	-	-	-	-	5,759.5	18.04	8.66
Physical Exams	2,767.3	58.06	13.39	0.10	-	-	-	0.05	0.11	-	-	-	-	2,798.3	58.54	13.65
Therapy	13,685.0	21.07	24.03	0.19	-	-	-	(1.37)	0.18	-	-	-	-	13,013.0	21.24	23.03
Vision	1,045.0	43.63	3.80	0.03	-	-	-	0.01	0.03	-	-	-	-	1,056.0	43.98	3.87
Other Professional	2,867.6	20.17	4.82	0.04	-	-	-	(0.01)	0.04	-	-	-	-	2,885.4	20.34	4.89
<b>Subtotal Professional</b>			<b>\$ 381.14</b>													<b>\$ 387.50</b>
<b>Total Medical Costs</b>			<b>\$ 711.73</b>													<b>\$ 729.29</b>

South Carolina Department of Health and Human Services																
Medicaid Managed Care Program																
State Fiscal Year 2025 Capitation Rate Development																
Retrospective Adjustments																
Region: Statewide Rate Cell: KICK Base Year Deliveries: 26,100 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy Adjustments		Reimbursement Adjustments		Base Year Adjusted Base Experience		
	Utilization per 1,000	Cost per Service	Cost per Delivery	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization per 1,000	Cost per Service	Cost per Delivery
Inpatient Hospital																
Inpatient Maternity Delivery	2,373.1	\$ 1,754.80	\$ 4,164.32	\$ 68.71	\$ 0.00	\$ 0.00	\$ (11.36)	\$ 2.72	\$ 33.09	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	2,413.8	\$ 1,763.80	\$ 4,257.48
Subtotal Inpatient Hospital			\$ 4,164.32													\$ 4,257.48
Outpatient Hospital																
Outpatient Hospital - Maternity	50.2	\$ 503.07	\$ 25.25	\$ 0.25	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.20	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	50.7	\$ 507.02	\$ 25.70
Subtotal Outpatient Hospital			\$ 25.25													\$ 25.70
Professional																
Maternity Delivery	902.6	\$ 1,046.84	\$ 944.92	\$ 6.71	\$ 0.00	\$ 0.00	\$ 0.17	\$ 4.50	\$ 7.49	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	913.4	\$ 1,055.22	\$ 963.79
Maternity Anesthesia	1,071.6	316.94	339.62	2.41	-	-	-	1.57	2.69	-	-	-	-	1,084.1	319.42	346.29
Maternity Office Visits	8,173.6	70.23	574.02	4.08	-	-	-	2.55	4.55	-	-	-	-	8,268.0	70.78	585.20
Maternity Radiology	5,176.9	77.97	403.65	2.87	-	-	-	1.69	3.20	-	-	-	-	5,235.4	78.58	411.41
Maternity Non-Delivery	2.0	88.64	0.18	-	-	-	-	-	-	-	-	-	-	2.0	88.64	0.18
Subtotal Professional			\$ 2,262.39													\$ 2,306.87
Total Medical Costs			\$ 6,451.96													\$ 6,590.05

## Appendix 7: SFY 2025 Capitation Rate Development

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South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - 0 - 2 Months, Male & Female SFY 2025 Member Months: 82,191 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	9,972.7	\$ 1,530.57	\$ 1,272.00	\$ 12.83	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 7.56	\$ 0.00	10,073.3	\$ 1,539.58	\$ 1,292.39
Inpatient Well Newborn	6,646.5	645.42	357.48	3.68	-	-	-	-	9.79	-	6,714.9	662.91	370.95
Inpatient MH/SA	2.2	218.57	0.04	-	-	-	-	-	-	-	2.2	218.57	0.04
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 1,629.52										\$ 1,663.38
Outpatient Hospital													
Surgery	72.2	\$ 1,353.63	\$ 8.14	\$ 0.42	\$ 0.00	\$ 0.00	\$ 0.10	\$ 0.00	\$ 0.00	\$ 0.00	75.9	\$ 1,369.45	\$ 8.66
Non-Surg - Emergency Room	760.8	320.05	20.29	1.50	-	-	1.06	0.01	(0.24)	-	817.4	332.09	22.62
Non-Surg - Other	1,265.2	121.03	12.76	0.65	-	-	-	-	-	-	1,329.6	121.03	13.41
Observation Room	56.3	927.11	4.35	0.22	-	-	0.02	-	-	-	59.2	931.17	4.59
Treatment/Therapy/Testing	820.8	84.65	5.79	0.30	-	-	0.18	-	-	-	863.3	87.15	6.27
Other Outpatient	75.1	115.01	0.72	0.04	-	-	0.04	-	-	-	79.3	121.06	0.80
Subtotal Outpatient Hospital			\$ 52.05										\$ 56.35
Retail Pharmacy													
Prescription Drugs	2,316.5	\$ 31.03	\$ 5.99	\$ 0.00	\$ 0.62	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.08	\$ 0.00	2,312.6	\$ 34.66	\$ 6.68
Subtotal Retail Pharmacy			\$ 5.99										\$ 6.68
Ancillary													
Transportation	173.9	\$ 264.92	\$ 3.84	\$ 0.16	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.00	181.2	\$ 264.25	\$ 3.99
DME/Prosthetics	1,573.4	19.98	2.62	0.12	-	-	0.36	-	-	-	1,645.5	22.61	3.10
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	215.4	91.92	1.65	0.07	-	-	-	-	-	-	224.6	91.92	1.72
Subtotal Ancillary			\$ 8.11										\$ 8.81
Professional													
Inpatient and Outpatient Surgery	1,961.9	\$ 117.19	\$ 19.16	\$ 0.77	\$ 0.00	\$ (0.01)	\$ (0.16)	\$ 0.00	\$ 0.00	\$ 0.00	2,039.7	\$ 116.25	\$ 19.76
Anesthesia	92.3	181.96	1.40	0.05	-	-	(0.12)	-	-	-	95.6	166.90	1.33
Inpatient Visits	14,292.2	194.37	231.50	9.13	-	-	(5.41)	-	-	-	14,855.8	190.00	235.22
MH/SA	30.5	19.70	0.05	0.01	-	-	-	-	-	-	36.5	19.70	0.06
Emergency Room	958.7	76.73	6.13	0.25	-	-	0.08	-	-	-	997.8	77.69	6.46
Office/Home Visits/Consults	7,809.9	82.40	53.63	2.56	-	(0.05)	9.77	-	-	-	8,175.4	96.74	65.91
Pathology/Lab	2,705.2	39.79	8.97	0.35	-	(0.03)	(0.09)	(0.05)	(0.20)	-	2,786.7	38.54	8.95
Radiology	2,923.6	14.32	3.49	0.13	-	-	(0.33)	-	-	-	3,032.5	13.02	3.29
Office Administered Drugs	27.7	13.01	0.03	-	-	-	-	-	-	-	27.7	13.01	0.03
Physical Exams	24,379.4	56.16	114.09	4.85	-	(0.41)	6.36	-	-	-	25,328.2	59.17	124.89
Therapy	131.6	27.35	0.30	0.01	-	-	0.08	-	-	-	136.0	34.41	0.39
Vision	21.1	68.30	0.12	0.01	-	-	(0.01)	-	-	-	22.8	63.05	0.12
Other Professional	4,617.3	56.68	21.81	0.56	-	(0.35)	(7.69)	-	0.02	-	4,661.7	36.94	14.35
Subtotal Professional			\$ 460.68										\$ 480.76
Total Medical Costs			\$ 2,156.35										\$ 2,215.98

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - 3 - 12 Months, Male & Female SFY 2025 Member Months: 336,495 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	233.3	\$ 2,177.43	\$ 42.33	\$ 3.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.00	249.9	\$ 2,178.39	\$ 45.37
Inpatient Well Newborn	0.5	1,825.41	0.07	-	-	-	-	-	-	-	0.5	1,825.41	0.07
Inpatient MH/SA	0.8	736.97	0.05	-	-	-	-	-	-	-	0.8	736.97	0.05
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 42.45										\$ 45.49
Outpatient Hospital													
Surgery	73.5	\$ 1,699.84	\$ 10.41	\$ 0.53	\$ 0.00	\$ 0.00	\$ 0.12	\$ 0.00	\$ 0.00	\$ 0.00	77.2	\$ 1,718.48	\$ 11.06
Non-Surg - Emergency Room	892.7	255.26	18.99	1.39	-	-	1.15	(0.48)	(0.04)	-	935.5	269.50	21.01
Non-Surg - Other	731.6	130.72	7.97	0.40	-	-	-	-	-	-	768.4	130.72	8.37
Observation Room	13.6	1,204.29	1.36	0.07	-	-	-	-	-	-	14.2	1,204.29	1.43
Treatment/Therapy/Testing	262.6	272.33	5.96	0.30	-	-	0.08	-	-	-	275.8	275.81	6.34
Other Outpatient	67.2	151.71	0.85	0.05	-	-	0.04	-	-	-	71.2	158.45	0.94
Subtotal Outpatient Hospital			\$ 45.54										\$ 49.15
Retail Pharmacy													
Prescription Drugs	3,932.0	\$ 54.54	\$ 17.87	\$ 0.00	\$ 1.86	\$ 0.00	\$ 0.00	\$ (0.02)	\$ 0.29	\$ 0.00	3,927.6	\$ 61.11	\$ 20.00
Subtotal Retail Pharmacy			\$ 17.87										\$ 20.00
Ancillary													
Transportation	90.1	\$ 139.78	\$ 1.05	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	95.3	\$ 139.78	\$ 1.11
DME/Prosthetics	2,824.5	15.12	3.56	0.24	-	-	0.39	-	-	-	3,014.9	16.68	4.19
Dental	237.4	16.18	0.32	0.02	-	-	(0.10)	-	-	-	252.2	11.42	0.24
Other Ancillary	10.7	55.94	0.05	-	-	-	-	-	-	-	10.7	55.94	0.05
Subtotal Ancillary			\$ 4.98										\$ 5.59
Professional													
Inpatient and Outpatient Surgery	280.9	\$ 199.52	\$ 4.67	\$ 0.27	\$ 0.00	\$ 0.00	\$ (0.11)	\$ 0.00	\$ 0.00	\$ 0.00	297.1	\$ 195.08	\$ 4.83
Anesthesia	138.9	115.80	1.34	0.08	-	-	(0.09)	-	-	-	147.2	108.46	1.33
Inpatient Visits	740.0	215.67	13.30	0.79	-	-	(0.33)	-	-	-	784.0	210.62	13.76
MH/SA	209.1	10.90	0.19	0.01	-	-	-	-	-	-	220.1	10.90	0.20
Emergency Room	946.6	70.61	5.57	0.35	-	-	0.13	-	-	-	1,006.1	72.16	6.05
Office/Home Visits/Consults	4,747.1	82.05	32.46	2.37	-	(0.06)	6.54	-	-	-	5,085.0	97.49	41.31
Pathology/Lab	2,951.1	26.88	6.61	0.36	-	(0.03)	(0.01)	(0.11)	(0.49)	-	3,049.3	24.91	6.33
Radiology	613.0	16.64	0.85	0.04	-	-	(0.07)	-	-	-	641.8	15.33	0.82
Office Administered Drugs	314.9	30.48	0.80	0.05	-	(0.01)	0.02	-	-	-	330.7	31.21	0.86
Physical Exams	12,902.9	41.80	44.94	2.88	-	(0.16)	2.48	-	-	-	13,683.9	43.97	50.14
Therapy	1,330.9	22.63	2.51	0.17	-	-	0.41	-	-	-	1,421.1	26.09	3.09
Vision	146.3	13.13	0.16	0.01	-	-	(0.01)	-	-	-	155.4	12.35	0.16
Other Professional	2,226.0	29.11	5.40	0.35	-	(0.10)	0.07	0.10	0.31	-	2,370.3	31.03	6.13
Subtotal Professional			\$ 118.80										\$ 135.01
Total Medical Costs			\$ 229.64										\$ 255.24

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - Age 1 - 6, Male & Female SFY 2025 Member Months: 2,309,979 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	43.5	\$ 2,231.46	\$ 8.08	\$ 0.42	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.35	\$ 0.18	46.7	\$ 2,321.44	\$ 9.03
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	0.2	1,138.55	0.02	-	-	-	-	-	-	-	0.2	1,138.55	0.02
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 8.10										\$ 9.05
Outpatient Hospital													
Surgery	64.6	\$ 1,451.88	\$ 7.81	\$ 0.65	\$ 0.00	\$ 0.00	\$ 0.23	\$ 0.00	\$ 0.00	\$ 0.18	71.4	\$ 1,490.53	\$ 8.87
Non-Surg - Emergency Room	506.0	268.24	11.31	1.46	-	-	0.92	(0.69)	0.21	0.26	552.0	292.81	13.47
Non-Surg - Other	295.2	130.88	3.22	0.26	-	-	-	-	-	0.07	325.5	130.88	3.55
Observation Room	5.4	1,394.82	0.63	0.05	-	-	-	-	-	0.02	6.0	1,394.82	0.70
Treatment/Therapy/Testing	209.4	205.78	3.59	0.31	-	-	0.13	-	-	0.08	232.1	212.50	4.11
Other Outpatient	50.1	299.62	1.25	0.10	-	-	0.03	-	-	0.03	55.3	306.13	1.41
Subtotal Outpatient Hospital			\$ 27.81										\$ 32.11
Retail Pharmacy													
Prescription Drugs	3,783.9	\$ 41.99	\$ 13.24	\$ 1.75	\$ 1.30	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.92	\$ 0.35	4,381.2	\$ 48.07	\$ 17.55
Subtotal Retail Pharmacy			\$ 13.24										\$ 17.55
Ancillary													
Transportation	47.1	\$ 124.92	\$ 0.49	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	52.8	\$ 124.92	\$ 0.55
DME/Prosthetics	3,438.3	6.46	1.85	0.21	-	-	0.17	-	-	0.04	3,902.9	6.98	2.27
Dental	219.7	74.30	1.36	0.14	-	(0.01)	(0.06)	-	-	0.03	245.5	71.37	1.46
Other Ancillary	9.3	38.78	0.03	-	-	-	-	-	-	-	9.3	38.78	0.03
Subtotal Ancillary			\$ 3.73										\$ 4.31
Professional													
Inpatient and Outpatient Surgery	202.8	\$ 150.92	\$ 2.55	\$ 0.25	\$ 0.00	\$ 0.00	\$ (0.06)	\$ 0.00	\$ 0.00	\$ 0.06	227.4	\$ 147.75	\$ 2.80
Anesthesia	130.4	95.69	1.04	0.10	-	-	(0.06)	-	-	0.02	145.5	90.75	1.10
Inpatient Visits	77.8	138.87	0.90	0.09	-	-	-	-	-	0.02	87.3	138.87	1.01
MH/SA	4,285.5	18.26	6.52	1.01	-	1.48	1.88	0.07	-	0.23	6,119.3	21.94	11.19
Emergency Room	534.9	69.10	3.08	0.32	-	-	0.08	-	-	0.07	602.6	70.69	3.55
Office/Home Visits/Consults	3,215.8	82.06	21.99	2.69	-	(0.04)	4.33	-	-	0.59	3,689.6	96.14	29.56
Pathology/Lab	2,527.3	26.12	5.50	0.52	-	(0.02)	(0.01)	(0.15)	(0.29)	0.11	2,738.6	24.80	5.66
Radiology	319.9	15.75	0.42	0.04	-	-	(0.03)	-	-	0.01	358.0	14.75	0.44
Office Administered Drugs	466.3	10.29	0.40	0.04	-	-	-	-	-	0.01	524.6	10.29	0.45
Physical Exams	2,094.2	54.09	9.44	1.03	-	(0.07)	0.75	-	-	0.23	2,358.2	57.91	11.38
Therapy	7,142.0	22.92	13.64	1.52	-	-	1.27	-	-	0.34	8,116.0	24.80	16.77
Vision	290.3	27.70	0.67	0.08	-	-	0.07	-	-	0.01	329.3	30.25	0.83
Other Professional	1,939.0	19.80	3.20	0.55	-	(0.03)	0.44	0.20	1.53	0.11	2,441.9	29.49	6.00
Subtotal Professional			\$ 69.35										\$ 90.74
Total Medical Costs			\$ 122.23										\$ 153.76

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - Age 7 - 13, Male & Female SFY 2025 Member Months: 2,782,249 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	25.3	\$ 2,621.15	\$ 5.53	\$ 0.18	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.30	\$ 0.16	26.9	\$ 2,755.11	\$ 6.17
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	27.0	577.42	1.30	0.05	-	0.02	0.28	-	-	0.05	29.5	691.27	1.70
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 6.83										\$ 7.87
Outpatient Hospital													
Surgery	34.3	\$ 1,543.87	\$ 4.41	\$ 0.32	\$ 0.00	\$ 0.00	\$ 0.13	\$ 0.00	\$ 0.00	\$ 0.13	37.8	\$ 1,585.17	\$ 4.99
Non-Surg - Emergency Room	297.4	280.45	6.95	0.53	-	-	0.73	(0.27)	0.12	0.21	317.5	312.57	8.27
Non-Surg - Other	183.5	132.12	2.02	0.14	-	-	-	-	-	0.06	201.6	132.12	2.22
Observation Room	2.5	1,234.80	0.26	0.02	-	-	-	-	-	0.01	2.8	1,234.80	0.29
Treatment/Therapy/Testing	159.6	206.07	2.74	0.20	-	-	0.10	-	-	0.08	175.9	212.90	3.12
Other Outpatient	31.3	164.86	0.43	0.07	-	-	0.04	0.51	-	0.03	75.7	171.20	1.08
Subtotal Outpatient Hospital			\$ 16.81										\$ 19.97
Retail Pharmacy													
Prescription Drugs	4,369.8	\$ 73.24	\$ 26.67	\$ 1.31	\$ 2.76	\$ 0.00	\$ 0.00	\$ (0.02)	\$ 5.86	\$ 0.96	4,738.5	\$ 95.07	\$ 37.54
Subtotal Retail Pharmacy			\$ 26.67										\$ 37.54
Ancillary													
Transportation	33.1	\$ 123.24	\$ 0.34	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	36.0	\$ 123.24	\$ 0.37
DME/Prosthetics	2,363.2	6.14	1.21	0.07	-	-	0.11	-	-	0.03	2,558.5	6.66	1.42
Dental	27.4	78.71	0.18	0.01	-	-	(0.01)	-	-	0.01	30.5	74.77	0.19
Other Ancillary	34.1	42.24	0.12	0.01	-	-	-	-	-	-	36.9	42.24	0.13
Subtotal Ancillary			\$ 1.85										\$ 2.11
Professional													
Inpatient and Outpatient Surgery	129.8	\$ 144.19	\$ 1.56	\$ 0.08	\$ 0.00	\$ 0.00	\$ (0.04)	\$ 0.00	\$ 0.00	\$ 0.04	139.8	\$ 140.75	\$ 1.64
Anesthesia	51.0	103.43	0.44	0.03	-	-	(0.03)	-	-	0.01	55.7	96.97	0.45
Inpatient Visits	61.9	98.84	0.51	0.02	-	-	-	-	-	0.02	66.8	98.84	0.55
MH/SA	2,402.5	63.33	12.68	0.75	-	1.18	0.75	0.08	-	0.40	2,859.1	66.48	15.84
Emergency Room	313.3	70.47	1.84	0.10	-	-	0.04	-	-	0.05	338.9	71.89	2.03
Office/Home Visits/Consults	2,467.2	84.68	17.41	1.05	-	(0.03)	3.35	-	-	0.56	2,691.1	99.62	22.34
Pathology/Lab	2,063.9	23.20	3.99	0.19	-	(0.02)	0.04	(0.08)	(0.07)	0.11	2,167.4	23.03	4.16
Radiology	374.3	19.55	0.61	0.03	-	-	(0.03)	-	-	0.02	405.0	18.67	0.63
Office Administered Drugs	599.8	26.01	1.30	0.06	-	-	-	-	-	0.04	645.9	26.01	1.40
Physical Exams	893.9	67.12	5.00	0.28	-	(0.05)	0.63	-	-	0.15	961.8	74.98	6.01
Therapy	1,163.2	22.28	2.16	0.12	-	-	0.26	-	-	0.07	1,265.5	24.75	2.61
Vision	629.8	35.06	1.84	0.11	-	-	0.29	-	-	0.06	688.0	40.12	2.30
Other Professional	2,201.1	12.38	2.27	0.15	-	(0.02)	(0.06)	0.05	0.84	0.09	2,462.9	16.18	3.32
Subtotal Professional			\$ 51.61										\$ 63.28
Total Medical Costs			\$ 103.77										\$ 130.77

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - Age 14 - 18, Male SFY 2025 Member Months: 837,826 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>													
Inpatient Medical/Surgical/Non-Delivery	59.3	\$ 2,875.25	\$ 14.22	\$ 0.46	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.89	\$ 1.02	65.5	\$ 3,038.25	\$ 16.59
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	56.8	544.99	2.58	0.11	-	0.03	0.88	0.01	-	0.23	65.2	707.02	3.84
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 16.80</b>										<b>\$ 20.43</b>
<b>Outpatient Hospital</b>													
Surgery	45.3	\$ 1,627.27	\$ 6.14	\$ 0.45	\$ 0.00	\$ 0.00	\$ 0.21	\$ 0.00	\$ 0.00	\$ 0.44	51.8	\$ 1,675.88	\$ 7.24
Non-Surg - Emergency Room	275.8	287.14	6.60	0.52	-	-	0.72	(0.14)	0.07	0.51	313.0	317.43	8.28
Non-Surg - Other	120.4	139.56	1.40	0.10	-	-	-	-	-	0.10	137.6	139.56	1.60
Observation Room	2.1	1,227.96	0.22	0.02	-	-	-	-	-	0.01	2.4	1,227.96	0.25
Treatment/Therapy/Testing	177.5	284.64	4.21	0.31	-	-	0.16	-	-	0.31	203.6	294.07	4.99
Other Outpatient	28.0	137.22	0.32	0.05	-	-	0.05	0.38	-	0.05	70.0	145.79	0.85
<b>Subtotal Outpatient Hospital</b>			<b>\$ 18.89</b>										<b>\$ 23.21</b>
<b>Retail Pharmacy</b>													
Prescription Drugs	3,718.4	\$ 110.11	\$ 34.12	\$ 1.55	\$ 3.26	\$ 0.00	\$ 0.00	\$ (0.02)	\$ 4.29	\$ 2.83	4,193.5	\$ 131.72	\$ 46.03
<b>Subtotal Retail Pharmacy</b>			<b>\$ 34.12</b>										<b>\$ 46.03</b>
<b>Ancillary</b>													
Transportation	63.8	\$ 126.04	\$ 0.67	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.05	71.4	\$ 126.04	\$ 0.75
DME/Prosthetics	1,739.0	12.56	1.82	0.10	-	-	0.15	-	-	0.14	1,968.3	13.47	2.21
Dental	6.6	18.16	0.01	-	-	-	-	-	-	-	6.6	18.16	0.01
Other Ancillary	30.6	51.05	0.13	0.01	-	-	-	-	-	0.01	35.3	51.05	0.15
<b>Subtotal Ancillary</b>			<b>\$ 2.63</b>										<b>\$ 3.12</b>
<b>Professional</b>													
Inpatient and Outpatient Surgery	164.3	\$ 168.75	\$ 2.31	\$ 0.12	\$ 0.00	\$ 0.00	\$ (0.05)	\$ 0.00	\$ 0.00	\$ 0.15	183.5	\$ 165.48	\$ 2.53
Anesthesia	58.3	121.35	0.59	0.02	-	-	(0.03)	-	-	0.04	64.3	115.75	0.62
Inpatient Visits	113.8	93.86	0.89	0.04	-	-	-	-	-	0.07	127.8	93.86	1.00
MH/SA	1,271.4	72.49	7.68	0.55	-	0.20	0.76	2.18	-	0.74	1,879.0	77.34	12.11
Emergency Room	301.7	75.18	1.89	0.09	-	-	0.03	-	-	0.13	336.8	76.25	2.14
Office/Home Visits/Consults	1,819.9	84.00	12.74	0.76	-	(0.02)	2.36	-	-	1.04	2,074.2	97.66	16.88
Pathology/Lab	1,731.5	22.11	3.19	0.16	-	(0.01)	0.08	(0.04)	-	0.23	1,916.1	22.61	3.61
Radiology	544.7	24.01	1.09	0.05	-	-	(0.06)	-	-	0.07	604.7	22.82	1.15
Office Administered Drugs	1,095.6	39.65	3.62	0.19	-	-	0.07	-	-	0.26	1,231.8	40.33	4.14
Physical Exams	613.0	71.45	3.65	0.20	-	(0.05)	0.47	-	-	0.28	685.2	79.68	4.55
Therapy	605.6	21.79	1.10	0.07	-	-	0.18	-	-	0.09	693.7	24.91	1.44
Vision	517.5	35.71	1.54	0.09	-	-	0.24	-	-	0.12	588.1	40.61	1.99
Other Professional	1,730.2	14.15	2.04	0.12	-	(0.01)	(0.07)	0.02	0.45	0.17	1,984.7	16.45	2.72
<b>Subtotal Professional</b>			<b>\$ 42.33</b>										<b>\$ 54.88</b>
<b>Total Medical Costs</b>			<b>\$ 114.77</b>										<b>\$ 147.67</b>

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - Age 14 - 18, Female SFY 2025 Member Months: 793,188 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>													
Inpatient Medical/Surgical/Non-Delivery	38.0	\$ 2,516.55	\$ 7.96	\$ 0.25	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	\$ 0.32	40.7	\$ 2,534.25	\$ 8.59
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	60.6	625.61	3.16	0.12	-	0.01	0.80	0.01	-	0.16	66.4	770.26	4.26
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 11.12</b>										<b>\$ 12.85</b>
<b>Outpatient Hospital</b>													
Surgery	46.1	\$ 1,413.86	\$ 5.43	\$ 0.40	\$ 0.00	\$ 0.00	\$ 0.19	\$ 0.00	\$ 0.00	\$ 0.24	51.5	\$ 1,458.12	\$ 6.26
Non-Surg - Emergency Room	419.4	306.13	10.70	0.83	-	-	1.13	(0.25)	0.13	0.49	461.4	338.90	13.03
Non-Surg - Other	182.2	152.16	2.31	0.17	-	-	-	-	-	0.09	202.7	152.16	2.57
Observation Room	6.9	813.00	0.47	0.03	-	-	0.01	-	-	0.02	7.7	828.64	0.53
Treatment/Therapy/Testing	289.7	217.50	5.25	0.39	-	-	0.26	-	-	0.23	323.9	227.13	6.13
Other Outpatient	38.7	130.34	0.42	0.07	-	-	0.07	0.50	-	0.04	94.8	139.20	1.10
<b>Subtotal Outpatient Hospital</b>			<b>\$ 24.58</b>										<b>\$ 29.62</b>
<b>Retail Pharmacy</b>													
Prescription Drugs	5,275.8	\$ 75.13	\$ 33.03	\$ 1.43	\$ 3.00	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 2.30	\$ 1.56	5,751.8	\$ 86.19	\$ 41.31
<b>Subtotal Retail Pharmacy</b>			<b>\$ 33.03</b>										<b>\$ 41.31</b>
<b>Ancillary</b>													
Transportation	89.7	\$ 100.30	\$ 0.75	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.03	98.1	\$ 100.30	\$ 0.82
DME/Prosthetics	1,183.9	11.66	1.15	0.07	-	-	0.09	-	-	0.05	1,307.4	12.48	1.36
Dental	7.0	34.40	0.02	-	-	-	-	-	-	-	7.0	34.40	0.02
Other Ancillary	31.2	65.36	0.17	0.01	-	-	-	-	-	0.01	34.9	65.36	0.19
<b>Subtotal Ancillary</b>			<b>\$ 2.09</b>										<b>\$ 2.39</b>
<b>Professional</b>													
Inpatient and Outpatient Surgery	147.3	\$ 152.30	\$ 1.87	\$ 0.09	\$ 0.00	\$ (0.01)	\$ (0.07)	\$ 0.00	\$ 0.00	\$ 0.08	159.9	\$ 147.05	\$ 1.96
Anesthesia	49.1	117.31	0.48	0.03	-	-	(0.03)	-	-	0.01	53.2	110.54	0.49
Inpatient Visits	124.9	87.44	0.91	0.05	-	-	-	-	-	0.03	135.9	87.44	0.99
MH/SA	1,426.4	96.66	11.49	0.69	-	0.19	1.13	0.80	-	0.56	1,704.5	104.62	14.86
Emergency Room	439.6	77.53	2.84	0.15	-	-	0.03	-	-	0.11	479.8	78.28	3.13
Office/Home Visits/Consults	2,472.5	85.37	17.59	1.06	-	(0.06)	3.45	-	-	0.86	2,733.9	100.51	22.90
Pathology/Lab	3,499.6	19.31	5.63	0.29	-	(0.02)	0.30	(0.04)	0.02	0.25	3,797.9	20.32	6.43
Radiology	544.5	28.87	1.31	0.06	-	-	(0.07)	-	-	0.05	590.2	27.45	1.35
Office Administered Drugs	14,574.9	1.93	2.35	0.11	-	-	(0.03)	-	-	0.10	15,877.4	1.91	2.53
Physical Exams	684.2	71.91	4.10	0.24	-	(0.06)	0.54	-	-	0.18	744.3	80.62	5.00
Therapy	564.8	21.88	1.03	0.06	-	-	0.17	-	-	0.05	625.1	25.15	1.31
Vision	795.5	34.85	2.31	0.13	-	-	0.37	-	-	0.11	878.2	39.90	2.92
Other Professional	2,298.1	19.32	3.70	0.21	-	(0.02)	0.07	0.01	0.38	0.17	2,527.9	21.46	4.52
<b>Subtotal Professional</b>			<b>\$ 55.61</b>										<b>\$ 68.39</b>
<b>Total Medical Costs</b>			<b>\$ 126.43</b>										<b>\$ 154.56</b>

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - Age 19 - 44, Male SFY 2025 Member Months: 395,847 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	106.6	\$ 2,723.06	\$ 24.18	\$ 0.26	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.38	\$ 5.92	133.8	\$ 2,846.83	\$ 31.74
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	33.4	697.64	1.94	0.03	-	-	0.08	0.01	0.03	0.47	42.1	728.97	2.56
Other Inpatient	3.1	231.73	0.06	-	-	-	-	-	-	0.01	3.6	231.73	0.07
Subtotal Inpatient Hospital			\$ 26.18										\$ 34.37
Outpatient Hospital													
Surgery	53.7	\$ 1,478.21	\$ 6.62	\$ 0.29	\$ 0.00	\$ 0.00	\$ 0.33	\$ 0.00	\$ 0.02	\$ 1.66	69.6	\$ 1,538.58	\$ 8.92
Non-Surg - Emergency Room	374.4	291.66	9.10	0.35	-	-	0.96	(0.22)	0.09	2.36	476.9	318.08	12.64
Non-Surg - Other	49.4	145.69	0.60	0.02	-	-	0.01	-	0.01	0.15	63.4	149.48	0.79
Observation Room	2.9	1,179.70	0.29	0.01	-	-	0.01	-	-	0.07	3.8	1,211.58	0.38
Treatment/Therapy/Testing	167.1	412.99	5.75	0.25	-	-	0.22	-	0.05	1.43	215.9	427.99	7.70
Other Outpatient	22.6	292.54	0.55	0.03	-	-	0.02	0.14	0.01	0.17	36.5	302.40	0.92
Subtotal Outpatient Hospital			\$ 22.91										\$ 31.35
Retail Pharmacy													
Prescription Drugs	2,196.9	\$ 182.33	\$ 33.38	\$ 1.08	\$ 6.17	\$ 0.00	\$ 0.00	\$ 0.00	\$ 2.60	\$ 9.92	2,920.8	\$ 218.36	\$ 53.15
Subtotal Retail Pharmacy			\$ 33.38										\$ 53.15
Ancillary													
Transportation	115.5	\$ 120.52	\$ 1.16	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.27	146.4	\$ 120.52	\$ 1.47
DME/Prosthetics	1,446.8	15.26	1.84	0.07	-	-	0.18	0.18	0.02	0.53	2,060.1	16.43	2.82
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	44.3	70.50	0.26	0.01	-	-	-	-	-	0.06	56.2	70.50	0.33
Subtotal Ancillary			\$ 3.26										\$ 4.62
Professional													
Inpatient and Outpatient Surgery	197.5	\$ 158.59	\$ 2.61	\$ 0.08	\$ 0.00	\$ 0.00	\$ (0.06)	\$ 0.00	\$ 0.00	\$ 0.60	248.9	\$ 155.70	\$ 3.23
Anesthesia	68.3	121.21	0.69	0.02	-	-	(0.04)	-	-	0.16	86.1	115.64	0.83
Inpatient Visits	218.9	86.62	1.58	0.04	-	-	0.03	-	-	0.38	277.1	87.92	2.03
MH/SA	553.8	92.52	4.27	0.13	-	-	0.14	-	-	1.04	705.6	94.90	5.58
Emergency Room	431.9	77.24	2.78	0.09	-	-	-	-	-	0.65	546.9	77.24	3.52
Office/Home Visits/Consults	1,190.6	83.35	8.27	0.30	-	(0.03)	1.62	-	-	2.33	1,564.9	95.78	12.49
Pathology/Lab	1,513.1	18.08	2.28	0.07	-	-	0.11	(0.08)	(0.13)	0.52	1,851.5	17.95	2.77
Radiology	614.6	28.12	1.44	0.04	-	-	(0.12)	-	-	0.31	763.9	26.23	1.67
Office Administered Drugs	3,156.5	15.70	4.13	0.12	-	-	(0.10)	-	-	0.95	3,974.3	15.40	5.10
Physical Exams	97.9	69.90	0.57	0.02	-	-	0.09	0.20	-	0.21	171.7	76.19	1.09
Therapy	339.7	22.61	0.64	0.02	-	-	0.10	-	-	0.18	445.8	25.30	0.94
Vision	148.4	41.24	0.51	0.02	-	-	0.07	-	0.01	0.14	195.0	46.16	0.75
Other Professional	718.9	19.86	1.19	0.04	-	(0.01)	(0.01)	-	0.40	0.37	960.6	24.74	1.98
Subtotal Professional			\$ 30.96										\$ 41.98
Total Medical Costs			\$ 116.69										\$ 165.47

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - Age 19 - 44, Female SFY 2025 Member Months: 1,292,380 Category of Service	Base Year			Trend		Reimbursement		Program and Policy		Acuity	SFY 2025		
	Adjusted Base Experience			Adjustments		Adjustments		Adjustments		Adjustments	Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	138.0	\$ 2,462.45	\$ 28.31	\$ 0.29	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.72	\$ 3.19	154.9	\$ 2,518.22	\$ 32.51
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	29.3	729.48	1.78	0.01	-	-	0.07	0.01	0.05	0.21	33.1	773.03	2.13
Other Inpatient	1.2	301.55	0.03	-	-	-	-	-	-	-	1.2	301.55	0.03
Subtotal Inpatient Hospital			\$ 30.12										\$ 34.67
Outpatient Hospital													
Surgery	132.2	\$ 1,397.12	\$ 15.39	\$ 0.67	\$ 0.00	\$ 0.00	\$ 1.07	\$ 0.00	\$ 0.02	\$ 1.86	153.9	\$ 1,482.10	\$ 19.01
Non-Surg - Emergency Room	758.0	322.81	20.39	0.78	-	-	1.85	(0.29)	0.15	2.49	868.8	350.43	25.37
Non-Surg - Other	204.2	163.98	2.79	0.11	-	-	0.01	-	0.03	0.32	235.6	166.02	3.26
Observation Room	21.0	553.28	0.97	0.04	-	-	0.03	-	-	0.11	24.3	568.10	1.15
Treatment/Therapy/Testing	604.4	272.01	13.70	0.58	-	-	0.59	-	0.12	1.63	701.9	284.15	16.62
Other Outpatient	106.2	155.86	1.38	0.07	-	-	0.09	0.35	0.03	0.21	154.8	165.17	2.13
Subtotal Outpatient Hospital			\$ 54.62										\$ 67.54
Retail Pharmacy													
Prescription Drugs	5,449.6	\$ 120.49	\$ 54.72	\$ 1.80	\$ 10.22	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4.88	\$ 7.78	6,403.7	\$ 148.79	\$ 79.40
Subtotal Retail Pharmacy			\$ 54.72										\$ 79.40
Ancillary													
Transportation	182.5	\$ 98.61	\$ 1.50	\$ 0.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.17	208.1	\$ 98.61	\$ 1.71
DME/Prosthetics	1,777.0	13.24	1.96	0.07	-	-	0.22	0.20	0.01	0.26	2,257.6	14.46	2.72
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	82.8	123.13	0.85	0.03	-	-	-	-	-	0.09	94.5	123.13	0.97
Subtotal Ancillary			\$ 4.31										\$ 5.40
Professional													
Inpatient and Outpatient Surgery	354.4	\$ 181.83	\$ 5.37	\$ 0.16	\$ 0.00	\$ 0.00	\$ (0.18)	\$ 0.00	\$ 0.00	\$ 0.58	403.2	\$ 176.47	\$ 5.93
Anesthesia	152.1	118.38	1.50	0.04	-	-	(0.08)	-	-	0.16	172.3	112.81	1.62
Inpatient Visits	292.3	87.44	2.13	0.06	-	-	0.05	-	-	0.25	334.9	89.23	2.49
MH/SA	1,041.7	91.24	7.92	0.25	-	-	0.26	0.01	0.01	0.91	1,195.5	93.95	9.36
Emergency Room	817.7	82.92	5.65	0.17	-	-	0.01	-	-	0.63	933.4	83.05	6.46
Office/Home Visits/Consults	2,961.2	83.80	20.68	0.75	-	(0.11)	4.30	-	-	2.79	3,452.3	98.75	28.41
Pathology/Lab	6,405.0	18.49	9.87	0.31	-	(0.03)	0.66	(0.13)	(0.14)	1.15	7,248.6	19.35	11.69
Radiology	1,232.6	39.92	4.10	0.12	-	-	(0.25)	-	-	0.43	1,397.9	37.77	4.40
Office Administered Drugs	23,858.4	4.67	9.28	0.28	-	-	(0.17)	-	-	1.02	27,200.6	4.59	10.41
Physical Exams	318.9	76.38	2.03	0.08	-	(0.01)	0.25	0.35	-	0.29	430.5	83.35	2.99
Therapy	487.9	22.87	0.93	0.03	-	-	0.16	-	-	0.12	566.6	26.26	1.24
Vision	191.4	49.53	0.79	0.03	-	-	0.11	-	0.01	0.10	222.9	55.99	1.04
Other Professional	3,483.2	19.57	5.68	0.19	-	(0.01)	0.28	-	0.41	0.71	4,029.0	21.62	7.26
Subtotal Professional			\$ 75.93										\$ 93.30
Total Medical Costs			\$ 219.70										\$ 280.31

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: TANF - Age 45+, Male & Female SFY 2025 Member Months: 263,829 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	396.1	\$ 2,421.73	\$ 79.93	\$ 0.81	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.51	\$ 3.74	418.6	\$ 2,465.02	\$ 85.99
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	24.5	837.26	1.71	0.01	-	-	-	0.01	0.02	0.08	25.9	846.52	1.83
Other Inpatient	20.2	332.69	0.56	0.01	-	-	-	-	-	0.02	21.3	332.69	0.59
Subtotal Inpatient Hospital			\$ 82.20										\$ 88.41
Outpatient Hospital													
Surgery	155.8	\$ 1,867.96	\$ 24.25	\$ 1.05	\$ 0.00	\$ 0.00	\$ 1.61	\$ 0.00	\$ 0.05	\$ 1.22	170.4	\$ 1,984.88	\$ 28.18
Non-Surg - Emergency Room	548.3	338.79	15.48	0.59	-	-	1.56	(0.38)	0.20	0.79	583.7	374.97	18.24
Non-Surg - Other	227.2	155.26	2.94	0.13	-	-	0.02	-	0.06	0.14	248.1	159.13	3.29
Observation Room	16.4	1,166.92	1.59	0.06	-	-	0.05	-	-	0.08	17.8	1,200.65	1.78
Treatment/Therapy/Testing	873.1	505.66	36.79	1.54	-	-	1.04	-	0.26	1.80	952.3	522.05	41.43
Other Outpatient	266.8	172.25	3.83	0.21	-	-	0.20	0.97	0.10	0.24	365.7	182.10	5.55
Subtotal Outpatient Hospital			\$ 84.88										\$ 98.47
Retail Pharmacy													
Prescription Drugs	12,682.9	\$ 131.33	\$ 138.80	\$ 4.54	\$ 25.71	\$ 0.00	\$ 0.00	\$ 0.52	\$ 10.65	\$ 8.17	13,891.8	\$ 162.73	\$ 188.39
Subtotal Retail Pharmacy			\$ 138.80										\$ 188.39
Ancillary													
Transportation	194.9	\$ 109.00	\$ 1.77	\$ 0.05	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.09	210.3	\$ 109.00	\$ 1.91
DME/Prosthetics	8,424.6	7.89	5.54	0.21	-	-	0.64	0.55	0.06	0.32	10,066.9	8.73	7.32
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	245.2	76.83	1.57	0.04	-	-	0.01	-	-	0.08	263.9	77.29	1.70
Subtotal Ancillary			\$ 8.88										\$ 10.93
Professional													
Inpatient and Outpatient Surgery	866.8	\$ 163.63	\$ 11.82	\$ 0.35	\$ 0.00	\$ (0.01)	\$ (0.36)	\$ 0.00	\$ 0.01	\$ 0.53	930.6	\$ 159.12	\$ 12.34
Anesthesia	322.8	117.08	3.15	0.09	-	-	(0.15)	-	-	0.14	346.4	111.89	3.23
Inpatient Visits	634.4	89.09	4.71	0.15	-	-	0.13	-	-	0.23	685.6	91.37	5.22
MH/SA	824.1	97.56	6.70	0.21	-	-	0.22	0.05	0.05	0.33	896.7	101.17	7.56
Emergency Room	622.6	90.39	4.69	0.15	-	-	(0.03)	-	-	0.21	670.4	89.85	5.02
Office/Home Visits/Consults	4,334.7	87.37	31.56	1.16	-	(0.23)	6.80	-	-	1.78	4,707.0	104.70	41.07
Pathology/Lab	6,265.0	14.33	7.48	0.22	-	(0.04)	0.43	(0.12)	(0.24)	0.35	6,608.4	14.67	8.08
Radiology	2,206.1	39.87	7.33	0.21	-	-	(0.55)	-	-	0.31	2,362.6	37.08	7.30
Office Administered Drugs	21,136.2	12.49	22.00	0.65	-	(0.02)	(0.63)	-	-	1.00	22,702.2	12.16	23.00
Physical Exams	304.4	71.74	1.82	0.06	-	(0.01)	0.15	-	-	0.09	327.9	77.23	2.11
Therapy	1,397.5	22.15	2.58	0.09	-	-	0.45	-	-	0.15	1,527.5	25.69	3.27
Vision	182.4	67.10	1.02	0.04	-	-	0.09	-	0.03	0.05	198.5	74.35	1.23
Other Professional	2,912.8	31.72	7.70	0.25	-	(0.07)	(0.06)	-	0.42	0.37	3,120.9	33.11	8.61
Subtotal Professional			\$ 112.56										\$ 128.04
Total Medical Costs			\$ 427.32										\$ 514.24

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: SSI - Children SFY 2025 Member Months: 143,724 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
<b>Inpatient Hospital</b>													
Inpatient Medical/Surgical/Non-Delivery	249.4	\$ 2,455.85	\$ 51.04	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.50	\$ 0.00	249.4	\$ 2,528.02	\$ 52.54
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	174.5	550.69	8.01	0.27	-	0.25	0.74	0.02	-	-	186.3	598.36	9.29
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal Inpatient Hospital</b>			<b>\$ 59.05</b>										<b>\$ 61.83</b>
<b>Outpatient Hospital</b>													
Surgery	103.1	\$ 1,957.60	\$ 16.82	\$ 0.43	\$ 0.00	\$ 0.00	\$ 0.22	\$ 0.00	\$ 0.00	\$ 0.00	105.7	\$ 1,982.57	\$ 17.47
Non-Surg - Emergency Room	533.2	312.58	13.89	0.59	-	-	1.16	(0.68)	0.26	-	529.8	344.74	15.22
Non-Surg - Other	624.1	154.39	8.03	0.20	-	-	-	-	-	-	639.7	154.39	8.23
Observation Room	10.5	1,613.11	1.41	0.04	-	-	-	-	-	-	10.8	1,613.11	1.45
Treatment/Therapy/Testing	652.5	402.37	21.88	0.56	-	-	0.41	-	-	-	669.2	409.72	22.85
Other Outpatient	95.3	206.57	1.64	0.09	-	-	0.07	1.96	-	-	214.4	210.48	3.76
<b>Subtotal Outpatient Hospital</b>			<b>\$ 63.67</b>										<b>\$ 68.98</b>
<b>Retail Pharmacy</b>													
Prescription Drugs	12,762.6	\$ 213.76	\$ 227.35	\$ 7.44	\$ 26.00	\$ 0.00	\$ 0.00	\$ 0.03	\$ 18.79	\$ 0.00	13,182.0	\$ 254.54	\$ 279.61
<b>Subtotal Retail Pharmacy</b>			<b>\$ 227.35</b>										<b>\$ 279.61</b>
<b>Ancillary</b>													
Transportation	145.3	\$ 122.21	\$ 1.48	\$ 0.06	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	151.2	\$ 122.21	\$ 1.54
DME/Prosthetics	84,190.9	3.44	24.11	1.06	-	-	2.36	-	-	-	87,892.3	3.76	27.53
Dental	64.9	81.35	0.44	0.02	-	-	(0.01)	-	-	-	67.9	79.58	0.45
Other Ancillary	175.9	38.89	0.57	0.02	-	-	-	-	-	-	182.1	38.89	0.59
<b>Subtotal Ancillary</b>			<b>\$ 26.60</b>										<b>\$ 30.11</b>
<b>Professional</b>													
Inpatient and Outpatient Surgery	267.8	\$ 184.60	\$ 4.12	\$ 0.16	\$ 0.00	\$ 0.00	\$ (0.15)	\$ 0.00	\$ 0.00	\$ 0.00	278.2	\$ 178.13	\$ 4.13
Anesthesia	182.0	126.59	1.92	0.08	-	-	(0.13)	-	-	-	189.6	118.36	1.87
Inpatient Visits	485.4	126.09	5.10	0.21	-	-	(0.08)	-	-	-	505.3	124.19	5.23
MH/SA	32,919.9	18.97	52.05	3.50	-	16.49	18.12	-	-	-	45,563.0	23.75	90.16
Emergency Room	597.9	80.68	4.02	0.17	-	-	0.04	-	-	-	623.2	81.45	4.23
Office/Home Visits/Consults	4,205.0	91.66	32.12	1.54	-	(0.05)	5.94	-	-	-	4,400.1	107.86	39.55
Pathology/Lab	2,843.4	21.10	5.00	0.20	-	(0.02)	0.07	(0.07)	(0.09)	-	2,905.9	21.02	5.09
Radiology	767.2	27.84	1.78	0.07	-	-	(0.12)	-	-	-	797.4	26.04	1.73
Office Administered Drugs	13,913.6	32.69	37.90	1.53	-	(0.02)	(0.23)	-	-	-	14,467.9	32.50	39.18
Physical Exams	1,111.5	63.59	5.89	0.27	-	(0.05)	0.76	-	-	-	1,153.1	71.50	6.87
Therapy	18,843.7	21.94	34.45	1.55	-	-	3.92	-	-	-	19,691.5	24.33	39.92
Vision	712.6	36.88	2.19	0.11	-	-	0.30	-	-	-	748.4	41.69	2.60
Other Professional	3,644.9	22.68	6.89	0.50	-	(0.04)	0.51	0.87	4.24	-	4,348.5	35.79	12.97
<b>Subtotal Professional</b>			<b>\$ 193.43</b>										<b>\$ 253.53</b>
<b>Total Medical Costs</b>			<b>\$ 570.10</b>										<b>\$ 694.06</b>

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: SSI - Adults SFY 2025 Member Months: 435,847 Category of Service	Base Year			Trend		Reimbursement		Program and Policy		Acuity	SFY 2025		
	Adjusted Base Experience			Adjustments		Adjustments		Adjustments		Adjustments	Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	1,527.2	\$ 2,236.13	\$ 284.59	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 13.03	\$ 0.00	1,527.2	\$ 2,338.51	\$ 297.62
Inpatient Well Newborn	0.2	2,845.01	0.05	-	-	-	-	-	-	-	0.2	2,845.01	0.05
Inpatient MH/SA	76.1	840.94	5.33	0.23	-	0.03	0.06	0.04	0.10	-	80.3	864.83	5.79
Other Inpatient	378.8	292.39	9.23	-	-	-	-	-	0.04	-	378.8	293.66	9.27
Subtotal Inpatient Hospital			\$ 299.20										\$ 312.73
Outpatient Hospital													
Surgery	245.1	\$ 1,976.31	\$ 40.37	\$ 2.63	\$ 0.00	\$ 0.00	\$ 2.79	\$ 0.00	\$ 0.07	\$ 0.00	261.1	\$ 2,107.76	\$ 45.86
Non-Surg - Emergency Room	984.1	420.67	34.50	2.29	-	-	3.38	(0.99)	0.58	-	1,021.2	467.20	39.76
Non-Surg - Other	562.2	174.61	8.18	0.53	-	-	0.36	-	0.16	-	598.6	185.04	9.23
Observation Room	40.1	1,084.36	3.62	0.23	-	-	0.11	-	0.01	-	42.6	1,118.16	3.97
Treatment/Therapy/Testing	1,289.0	944.85	101.49	6.35	-	-	2.43	-	0.37	-	1,369.6	969.39	110.64
Other Outpatient	256.1	258.18	5.51	0.44	-	-	0.27	1.39	0.09	-	341.2	270.84	7.70
Subtotal Outpatient Hospital			\$ 193.67										\$ 217.16
Retail Pharmacy													
Prescription Drugs	18,995.5	\$ 228.02	\$ 360.95	\$ 11.44	\$ 48.18	\$ 0.00	\$ 0.00	\$ 1.42	\$ 16.03	\$ 0.00	19,672.2	\$ 267.19	\$ 438.02
Subtotal Retail Pharmacy			\$ 360.95										\$ 438.02
Ancillary													
Transportation	837.1	\$ 100.78	\$ 7.03	\$ 0.29	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.00	871.6	\$ 100.64	\$ 7.31
DME/Prosthetics	43,071.1	6.96	24.98	1.24	-	-	3.21	2.49	0.13	-	49,502.5	7.77	32.05
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	929.7	79.00	6.12	0.25	-	-	-	-	0.01	-	967.6	79.12	6.38
Subtotal Ancillary			\$ 38.13										\$ 45.74
Professional													
Inpatient and Outpatient Surgery	1,243.8	\$ 165.17	\$ 17.12	\$ 0.67	\$ 0.00	\$ (0.02)	\$ (0.68)	\$ 0.00	\$ 0.01	\$ 0.00	1,291.1	\$ 158.94	\$ 17.10
Anesthesia	457.0	115.52	4.40	0.17	-	-	(0.24)	-	-	-	474.7	109.46	4.33
Inpatient Visits	2,717.3	88.28	19.99	0.84	-	-	0.82	-	-	-	2,831.5	91.75	21.65
MH/SA	995.3	90.79	7.53	0.33	-	-	0.23	0.15	0.14	-	1,058.7	94.98	8.38
Emergency Room	1,231.0	95.82	9.83	0.39	-	-	(0.11)	-	-	-	1,279.8	94.79	10.11
Office/Home Visits/Consults	5,446.9	91.83	41.68	2.03	-	(0.45)	9.22	-	-	-	5,653.4	111.40	52.48
Pathology/Lab	7,360.5	13.86	8.50	0.35	-	(0.06)	0.50	(0.11)	(0.27)	-	7,516.3	14.22	8.91
Radiology	3,368.4	41.75	11.72	0.43	-	-	(1.02)	-	-	-	3,492.0	38.25	11.13
Office Administered Drugs	53,457.6	15.78	70.29	2.81	-	(0.04)	(0.66)	-	-	-	55,564.2	15.64	72.40
Physical Exams	342.3	51.19	1.46	0.07	-	-	0.20	0.11	-	-	384.5	57.43	1.84
Therapy	1,182.7	22.73	2.24	0.10	-	-	0.36	-	-	-	1,235.5	26.22	2.70
Vision	191.8	66.33	1.06	0.05	-	-	0.07	-	0.03	-	200.8	72.31	1.21
Other Professional	4,966.8	54.84	22.70	0.94	-	(0.24)	0.45	-	0.44	-	5,120.0	56.93	24.29
Subtotal Professional			\$ 218.52										\$ 236.53
Total Medical Costs			\$ 1,110.47										\$ 1,250.18

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: OCWI SFY 2025 Member Months: 322,635 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	118.8	\$ 2,176.01	\$ 21.54	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.88	\$ 3.68	139.1	\$ 2,251.93	\$ 26.10
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	41.1	753.27	2.58	0.13	-	-	0.01	0.02	0.03	0.46	50.8	762.72	3.23
Other Inpatient	5.6	472.35	0.22	-	-	-	-	-	-	0.04	6.6	472.35	0.26
Subtotal Inpatient Hospital			\$ 24.34										\$ 29.59
Outpatient Hospital													
Surgery	202.6	\$ 820.27	\$ 13.85	\$ 0.29	\$ 0.00	\$ 0.00	\$ 0.39	\$ 0.00	\$ 0.00	\$ 2.38	241.7	\$ 839.64	\$ 16.91
Non-Surg - Emergency Room	660.5	352.26	19.39	1.05	-	-	1.34	(0.26)	0.15	3.55	808.4	374.38	25.22
Non-Surg - Other	303.9	164.26	4.16	0.08	-	-	0.01	-	-	0.70	360.9	164.59	4.95
Observation Room	49.3	370.18	1.52	0.03	-	-	0.03	-	-	0.26	58.7	376.31	1.84
Treatment/Therapy/Testing	728.0	176.71	10.72	0.23	-	-	0.40	-	-	1.86	869.9	182.23	13.21
Other Outpatient	81.3	147.65	1.00	0.02	-	-	0.05	0.25	-	0.22	121.1	152.61	1.54
Subtotal Outpatient Hospital			\$ 50.64										\$ 63.67
Retail Pharmacy													
Prescription Drugs	7,239.9	\$ 57.32	\$ 34.58	\$ 0.00	\$ 6.42	\$ 0.00	\$ 0.00	\$ 0.06	\$ 1.58	\$ 6.99	8,715.9	\$ 68.33	\$ 49.63
Subtotal Retail Pharmacy			\$ 34.58										\$ 49.63
Ancillary													
Transportation	164.3	\$ 97.12	\$ 1.33	\$ 0.02	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.23	195.2	\$ 97.12	\$ 1.58
DME/Prosthetics	1,192.6	19.82	1.97	0.05	-	-	0.15	0.20	-	0.39	1,580.0	20.96	2.76
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	116.1	126.14	1.22	0.02	-	-	-	-	-	0.21	137.9	126.14	1.45
Subtotal Ancillary			\$ 4.52										\$ 5.79
Professional													
Inpatient and Outpatient Surgery	276.2	\$ 182.45	\$ 4.20	\$ 0.08	\$ 0.00	\$ 0.00	\$ (0.15)	\$ 0.00	\$ 0.00	\$ 0.67	325.6	\$ 176.92	\$ 4.80
Anesthesia	124.9	119.18	1.24	0.02	-	-	(0.06)	-	-	0.20	147.0	114.28	1.40
Inpatient Visits	395.7	81.28	2.68	0.05	-	-	0.04	-	-	0.45	469.5	82.30	3.22
MH/SA	1,000.1	96.11	8.01	0.17	-	-	0.27	0.04	0.02	1.39	1,199.9	99.01	9.90
Emergency Room	758.1	80.57	5.09	0.10	-	-	0.04	-	-	0.86	901.1	81.10	6.09
Office/Home Visits/Consults	2,516.1	80.79	16.94	0.40	-	(0.06)	3.13	-	-	3.35	3,064.2	93.05	23.76
Pathology/Lab	7,144.6	18.07	10.76	0.23	-	(0.02)	0.70	(0.07)	0.02	1.90	8,499.2	19.09	13.52
Radiology	1,049.6	49.51	4.33	0.09	-	-	(0.17)	-	-	0.69	1,238.6	47.86	4.94
Office Administered Drugs	19,645.2	2.22	3.63	0.07	-	-	(0.07)	-	-	0.60	23,271.2	2.18	4.23
Physical Exams	394.8	58.36	1.92	0.04	-	-	0.14	-	-	0.34	472.9	61.91	2.44
Therapy	340.2	23.64	0.67	0.02	-	-	0.11	-	-	0.13	416.3	26.81	0.93
Vision	105.3	58.10	0.51	0.01	-	-	0.07	-	-	0.10	128.0	64.66	0.69
Other Professional	6,243.6	14.47	7.53	0.18	-	-	0.71	-	0.42	1.44	7,586.9	16.26	10.28
Subtotal Professional			\$ 67.51										\$ 86.20
Total Medical Costs			\$ 181.59										\$ 234.88

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: SMI Children SFY 2025 Member Months: 233,056 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	129.3	\$ 2,160.67	\$ 23.28	\$ 0.67	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 3.20	\$ 0.38	135.1	\$ 2,444.85	\$ 27.53
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	2,581.5	545.97	117.45	4.20	-	3.52	17.87	0.37	0.04	2.06	2,804.6	622.60	145.51
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 140.73										\$ 173.04
Outpatient Hospital													
Surgery	78.3	\$ 1,553.58	\$ 10.14	\$ 0.74	\$ 0.00	\$ 0.00	\$ 0.32	\$ 0.00	\$ 0.00	\$ 0.16	85.3	\$ 1,598.61	\$ 11.36
Non-Surg - Emergency Room	816.4	344.55	23.44	1.79	-	-	1.94	(0.65)	0.34	0.38	869.3	376.02	27.24
Non-Surg - Other	343.7	141.41	4.05	0.29	-	-	-	-	-	0.06	373.4	141.41	4.40
Observation Room	10.6	1,173.95	1.04	0.08	-	-	-	-	-	0.01	11.6	1,173.95	1.13
Treatment/Therapy/Testing	445.0	297.19	11.02	0.81	-	-	0.34	-	-	0.18	484.9	305.60	12.35
Other Outpatient	72.8	181.22	1.10	0.18	-	-	0.08	1.32	-	0.04	174.8	186.71	2.72
Subtotal Outpatient Hospital			\$ 50.79										\$ 59.20
Retail Pharmacy													
Prescription Drugs	14,840.5	\$ 58.97	\$ 72.93	\$ 2.50	\$ 6.09	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 10.04	\$ 1.31	15,613.8	\$ 71.37	\$ 92.86
Subtotal Retail Pharmacy			\$ 72.93										\$ 92.86
Ancillary													
Transportation	399.0	\$ 114.30	\$ 3.80	\$ 0.19	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.06	425.2	\$ 114.30	\$ 4.05
DME/Prosthetics	4,566.3	7.70	2.93	0.16	-	-	0.20	-	-	0.05	4,893.6	8.19	3.34
Dental	10.5	45.84	0.04	-	-	-	-	-	-	-	10.5	45.84	0.04
Other Ancillary	370.8	45.31	1.40	0.07	-	-	-	-	-	0.02	394.6	45.31	1.49
Subtotal Ancillary			\$ 8.17										\$ 8.92
Professional													
Inpatient and Outpatient Surgery	244.3	\$ 157.16	\$ 3.20	\$ 0.16	\$ 0.00	\$ 0.00	\$ (0.11)	\$ 0.00	\$ 0.00	\$ 0.04	259.6	\$ 152.07	\$ 3.29
Anesthesia	99.9	118.94	0.99	0.05	-	-	(0.06)	-	-	0.01	105.9	112.14	0.99
Inpatient Visits	1,269.1	72.71	7.69	0.38	-	-	(0.07)	-	-	0.12	1,351.6	72.09	8.12
MH/SA	17,945.1	66.68	99.71	6.05	-	1.95	8.60	9.21	-	1.80	21,366.4	71.51	127.32
Emergency Room	905.2	86.70	6.54	0.33	-	-	(0.01)	-	-	0.10	964.7	86.57	6.96
Office/Home Visits/Consults	5,156.3	100.77	43.30	2.52	-	(0.03)	6.55	-	-	0.75	5,542.1	114.95	53.09
Pathology/Lab	4,891.4	19.77	8.06	0.41	-	(0.02)	0.33	(0.07)	(0.07)	0.13	5,164.5	20.38	8.77
Radiology	929.9	26.97	2.09	0.10	-	-	(0.13)	-	-	0.03	987.7	25.39	2.09
Office Administered Drugs	20,642.2	6.21	10.69	0.54	-	(0.01)	0.03	-	-	0.17	21,993.9	6.23	11.42
Physical Exams	819.3	66.64	4.55	0.25	-	(0.05)	0.56	-	-	0.08	869.8	74.37	5.39
Therapy	1,224.4	22.05	2.25	0.14	-	-	0.34	-	-	0.03	1,316.9	25.15	2.76
Vision	918.7	36.44	2.79	0.16	-	-	0.45	-	-	0.05	987.9	41.91	3.45
Other Professional	3,145.0	21.02	5.51	0.32	-	(0.02)	0.03	0.08	0.71	0.09	3,413.3	23.63	6.72
Subtotal Professional			\$ 197.37										\$ 240.37
Total Medical Costs			\$ 469.99										\$ 574.39

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: SMI TANF Adults SFY 2025 Member Months: 379,809 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	394.8	\$ 2,313.71	\$ 76.13	\$ 0.79	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 1.97	\$ 1.88	408.7	\$ 2,371.55	\$ 80.77
Inpatient Well Newborn	0.2	1,325.51	0.02	-	-	-	-	-	-	-	0.2	1,325.51	0.02
Inpatient MH/SA	426.7	670.18	23.83	0.25	-	-	1.36	0.18	0.29	0.62	445.5	714.63	26.53
Other Inpatient	54.2	314.62	1.42	0.02	-	-	-	-	-	0.03	56.1	314.62	1.47
Subtotal Inpatient Hospital			\$ 101.40										\$ 108.79
Outpatient Hospital													
Surgery	222.3	\$ 1,651.65	\$ 30.60	\$ 1.28	\$ 0.00	\$ 0.00	\$ 0.90	\$ 0.00	\$ 0.05	\$ 0.78	237.3	\$ 1,699.69	\$ 33.61
Non-Surg - Emergency Room	1,297.6	343.66	37.16	2.23	-	-	3.38	(0.87)	0.45	1.02	1,380.7	376.95	43.37
Non-Surg - Other	364.8	163.48	4.97	0.21	-	-	0.10	-	0.07	0.13	389.8	168.71	5.48
Observation Room	28.3	847.74	2.00	0.08	-	-	0.05	-	-	0.05	30.2	867.64	2.18
Treatment/Therapy/Testing	1,013.2	318.59	26.90	1.14	-	-	1.14	-	0.25	0.70	1,082.5	333.99	30.13
Other Outpatient	209.1	164.10	2.86	0.16	-	-	0.18	0.72	0.07	0.09	280.1	174.81	4.08
Subtotal Outpatient Hospital			\$ 104.49										\$ 118.85
Retail Pharmacy													
Prescription Drugs	16,035.0	\$ 126.29	\$ 168.75	\$ 3.55	\$ 28.00	\$ 0.00	\$ 0.00	\$ 0.29	\$ 7.34	\$ 4.98	16,873.1	\$ 151.42	\$ 212.91
Subtotal Retail Pharmacy			\$ 168.75										\$ 212.91
Ancillary													
Transportation	561.5	\$ 96.59	\$ 4.52	\$ 0.14	\$ 0.00	\$ 0.00	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.11	592.6	\$ 96.39	\$ 4.76
DME/Prosthetics	8,865.4	7.49	5.53	0.21	-	-	0.73	0.55	0.05	0.17	10,356.3	8.39	7.24
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	446.7	76.84	2.86	0.09	-	-	-	-	-	0.07	471.7	76.84	3.02
Subtotal Ancillary			\$ 12.91										\$ 15.02
Professional													
Inpatient and Outpatient Surgery	766.3	\$ 174.61	\$ 11.15	\$ 0.33	\$ 0.00	\$ (0.01)	\$ (0.31)	\$ 0.00	\$ 0.01	\$ 0.27	806.8	\$ 170.15	\$ 11.44
Anesthesia	337.7	116.57	3.28	0.10	-	-	(0.18)	-	-	0.07	355.2	110.49	3.27
Inpatient Visits	1,167.7	78.41	7.63	0.23	-	-	0.20	-	-	0.19	1,232.0	80.36	8.25
MH/SA	5,791.7	94.54	45.63	1.46	-	0.01	2.29	0.23	0.20	1.20	6,159.7	99.39	51.02
Emergency Room	1,464.3	86.13	10.51	0.32	-	-	(0.09)	-	-	0.25	1,543.7	85.43	10.99
Office/Home Visits/Consults	6,582.2	90.08	49.41	1.78	-	(0.17)	9.34	-	-	1.44	6,988.5	106.12	61.80
Pathology/Lab	9,095.1	17.72	13.43	0.42	-	(0.04)	0.83	(0.16)	(0.21)	0.34	9,474.3	18.50	14.61
Radiology	2,413.2	37.94	7.63	0.21	-	-	(0.58)	-	-	0.18	2,536.6	35.20	7.44
Office Administered Drugs	33,102.0	5.83	16.09	0.48	-	(0.01)	(0.33)	-	-	0.39	34,871.3	5.72	16.62
Physical Exams	386.1	68.69	2.21	0.08	-	(0.01)	0.24	0.22	-	0.06	447.2	75.13	2.80
Therapy	1,203.4	22.94	2.30	0.08	-	-	0.39	-	-	0.07	1,281.9	26.59	2.84
Vision	245.9	54.18	1.11	0.04	-	-	0.13	-	0.02	0.03	261.4	61.07	1.33
Other Professional	4,751.0	19.88	7.87	0.26	-	(0.03)	0.26	-	0.42	0.21	5,016.7	21.50	8.99
Subtotal Professional			\$ 178.25										\$ 201.40
Total Medical Costs			\$ 565.80										\$ 656.97

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: SMI SSI Adults SFY 2025 Member Months: 194,662 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	1,863.2	\$ 2,063.94	\$ 320.47	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 12.17	\$ 0.00	1,863.2	\$ 2,142.32	\$ 332.64
Inpatient Well Newborn	0.2	2,356.65	0.04	-	-	-	-	-	-	-	0.2	2,356.65	0.04
Inpatient MH/SA	1,363.7	679.68	77.24	3.21	-	-	0.33	0.57	1.48	-	1,430.4	694.87	82.83
Other Inpatient	686.8	291.07	16.66	-	-	-	-	-	0.07	-	686.8	292.29	16.73
Subtotal Inpatient Hospital			\$ 414.41										\$ 432.24
Outpatient Hospital													
Surgery	287.6	\$ 2,059.56	\$ 49.36	\$ 3.10	\$ 0.00	\$ 0.00	\$ 1.46	\$ 0.00	\$ 0.08	\$ 0.00	305.7	\$ 2,120.02	\$ 54.00
Non-Surg - Emergency Room	1,963.0	399.74	65.39	4.27	-	-	5.76	(2.39)	1.34	-	2,019.4	441.93	74.37
Non-Surg - Other	579.3	172.55	8.33	0.54	-	-	0.37	-	0.16	-	616.8	182.86	9.40
Observation Room	54.4	1,289.78	5.85	0.37	-	-	0.21	-	0.01	-	57.9	1,335.40	6.44
Treatment/Therapy/Testing	1,377.4	554.78	63.68	4.03	-	-	1.99	-	0.39	-	1,464.6	574.28	70.09
Other Outpatient	331.8	186.96	5.17	0.42	-	-	0.29	1.30	0.13	-	442.2	198.35	7.31
Subtotal Outpatient Hospital			\$ 197.78										\$ 221.61
Retail Pharmacy													
Prescription Drugs	30,735.5	\$ 225.40	\$ 577.31	\$ 11.77	\$ 67.47	\$ 0.00	\$ 0.00	\$ 2.10	\$ 5.83	\$ 0.00	31,473.9	\$ 253.35	\$ 664.48
Subtotal Retail Pharmacy			\$ 577.31										\$ 664.48
Ancillary													
Transportation	2,124.3	\$ 93.32	\$ 16.52	\$ 0.66	\$ 0.00	\$ 0.00	\$ (0.02)	\$ 0.00	\$ 0.00	\$ 0.00	2,209.2	\$ 93.21	\$ 17.16
DME/Prosthetics	55,372.4	5.17	23.85	1.18	-	-	2.74	2.37	0.18	-	63,614.5	5.72	30.32
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	2,417.9	61.24	12.34	0.50	-	-	0.01	-	0.01	-	2,515.9	61.34	12.86
Subtotal Ancillary			\$ 52.71										\$ 60.34
Professional													
Inpatient and Outpatient Surgery	1,543.9	\$ 153.98	\$ 19.81	\$ 0.78	\$ 0.00	\$ (0.01)	\$ (0.66)	\$ 0.00	\$ 0.01	\$ 0.00	1,603.9	\$ 149.11	\$ 19.93
Anesthesia	572.5	115.29	5.50	0.21	-	-	(0.31)	-	-	-	594.3	109.03	5.40
Inpatient Visits	4,806.6	79.39	31.80	1.32	-	-	1.00	-	-	-	5,006.1	81.79	34.12
MH/SA	18,581.2	35.01	54.21	2.72	-	-	1.93	2.35	8.87	-	20,319.0	41.39	70.08
Emergency Room	2,404.9	93.46	18.73	0.74	-	-	(0.28)	-	-	-	2,499.9	92.12	19.19
Office/Home Visits/Consults	8,632.5	102.49	73.73	3.46	-	(0.49)	12.37	-	-	-	8,980.2	119.02	89.07
Pathology/Lab	9,439.9	15.51	12.20	0.46	-	(0.06)	0.58	(0.41)	(1.08)	-	9,432.2	14.87	11.69
Radiology	4,370.6	35.09	12.78	0.47	-	-	(1.15)	-	-	-	4,531.3	32.04	12.10
Office Administered Drugs	125,634.4	4.60	48.16	1.90	-	(0.01)	(1.18)	-	-	-	130,564.8	4.49	48.87
Physical Exams	429.7	52.22	1.87	0.09	-	(0.01)	0.24	0.09	-	-	468.8	58.37	2.28
Therapy	1,520.6	22.89	2.90	0.14	-	-	0.46	-	-	-	1,594.0	26.35	3.50
Vision	210.3	67.33	1.18	0.05	-	-	0.09	-	0.03	-	219.2	73.90	1.35
Other Professional	5,291.0	39.21	17.29	0.72	-	(0.17)	0.38	-	0.43	-	5,459.3	40.99	18.65
Subtotal Professional			\$ 300.16										\$ 336.23
Total Medical Costs			\$ 1,542.37										\$ 1,714.90

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: DUAL	Base Year			Trend		Reimbursement		Program and Policy		Acuity	SFY 2025		
	Adjusted Base Experience			Adjustments		Adjustments		Adjustments		Adjustments	Projected Benefit Expense		
Category of Service	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	619.1	\$ 264.57	\$ 13.65	\$ 0.55	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	644.1	\$ 264.57	\$ 14.20
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	39.9	228.37	0.76	0.03	-	-	-	-	-	-	41.5	228.37	0.79
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 14.41										\$ 14.99
Outpatient Hospital													
Surgery	143.7	\$ 187.07	\$ 2.24	\$ 0.14	\$ 0.00	\$ 0.00	\$ 0.08	\$ 0.00	\$ 0.00	\$ 0.00	152.7	\$ 193.36	\$ 2.46
Non-Surg - Emergency Room	276.8	77.61	1.79	0.12	-	-	0.18	-	-	-	295.3	84.93	2.09
Non-Surg - Other	322.2	33.90	0.91	0.06	-	-	0.04	-	-	-	343.4	35.29	1.01
Observation Room	6.8	105.27	0.06	0.01	-	-	-	-	-	-	8.0	105.27	0.07
Treatment/Therapy/Testing	673.4	119.04	6.68	0.42	-	-	0.16	-	-	-	715.7	121.73	7.26
Other Outpatient	67.8	56.62	0.32	0.02	-	-	0.01	-	-	-	72.1	58.29	0.35
Subtotal Outpatient Hospital			\$ 12.00										\$ 13.24
Retail Pharmacy													
Prescription Drugs	279.8	\$ 69.47	\$ 1.62	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	279.8	\$ 69.47	\$ 1.62
Subtotal Retail Pharmacy			\$ 1.62										\$ 1.62
Ancillary													
Transportation	22.9	\$ 36.69	\$ 0.07	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	22.9	\$ 36.69	\$ 0.07
DME/Prosthetics	12,077.5	4.46	4.49	0.27	-	-	-	-	-	-	12,803.8	4.46	4.76
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	102.9	27.99	0.24	0.01	-	-	-	-	-	-	107.2	27.99	0.25
Subtotal Ancillary			\$ 4.80										\$ 5.08
Professional													
Inpatient and Outpatient Surgery	329.5	\$ 27.32	\$ 0.75	\$ 0.04	\$ 0.00	\$ 0.00	\$ (0.03)	\$ 0.00	\$ 0.00	\$ 0.00	347.0	\$ 26.28	\$ 0.76
Anesthesia	162.2	14.79	0.20	0.01	-	-	-	-	-	-	170.3	14.79	0.21
Inpatient Visits	748.4	14.75	0.92	0.06	-	-	0.02	-	-	-	797.2	15.05	1.00
MH/SA	6,733.6	15.27	8.57	0.56	-	-	0.19	0.05	0.48	-	7,212.9	16.39	9.85
Emergency Room	97.1	30.91	0.25	0.02	-	-	-	-	-	-	104.8	30.91	0.27
Office/Home Visits/Consults	2,741.6	41.93	9.58	0.71	-	-	2.10	-	-	-	2,944.8	50.49	12.39
Pathology/Lab	752.9	5.90	0.37	0.02	-	-	(0.02)	-	-	-	793.6	5.59	0.37
Radiology	788.8	11.56	0.76	0.04	-	-	(0.05)	-	-	-	830.3	10.84	0.75
Office Administered Drugs	33,616.4	3.37	9.43	0.58	-	-	-	-	-	-	35,684.0	3.37	10.01
Physical Exams	31.8	22.67	0.06	-	-	-	0.01	-	-	-	31.8	26.44	0.07
Therapy	463.1	4.40	0.17	0.02	-	-	0.02	-	-	-	517.6	4.87	0.21
Vision	35.6	57.28	0.17	0.01	-	-	-	-	-	-	37.7	57.28	0.18
Other Professional	2,008.7	8.07	1.35	0.08	-	-	0.01	-	-	-	2,127.7	8.12	1.44
Subtotal Professional			\$ 32.58										\$ 37.51
Total Medical Costs			\$ 65.41										\$ 72.44

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: Foster Care Children SFY 2025 Member Months: 52,837 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	PMPM	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	PMPM
Inpatient Hospital													
Inpatient Medical/Surgical/Non-Delivery	203.2	\$ 1,593.77	\$ 26.99	\$ 0.55	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.19	\$ 0.00	207.4	\$ 1,604.77	\$ 27.73
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	4,531.8	545.88	206.15	9.22	-	6.66	14.83	0.64	-	-	4,894.9	582.23	237.50
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			\$ 233.14										\$ 265.23
Outpatient Hospital													
Surgery	100.8	\$ 1,282.12	\$ 10.77	\$ 0.69	\$ 0.00	\$ 0.00	\$ 0.45	\$ 0.00	\$ 0.00	\$ 0.00	107.3	\$ 1,332.47	\$ 11.91
Non-Surg - Emergency Room	639.6	316.12	16.85	0.68	-	-	1.07	(2.17)	0.92	-	583.1	357.07	17.35
Non-Surg - Other	464.5	139.50	5.40	0.33	-	-	-	-	-	-	492.9	139.50	5.73
Observation Room	7.7	1,205.56	0.77	0.05	-	-	-	-	-	-	8.2	1,205.56	0.82
Treatment/Therapy/Testing	402.3	192.97	6.47	0.40	-	-	0.21	-	-	-	427.2	198.87	7.08
Other Outpatient	82.1	155.03	1.06	0.15	-	-	0.07	1.27	-	-	192.0	159.40	2.55
Subtotal Outpatient Hospital			\$ 41.32										\$ 45.44
Retail Pharmacy													
Prescription Drugs	12,490.0	\$ 55.39	\$ 57.65	\$ 0.00	\$ 2.78	\$ 0.00	\$ 0.00	\$ 0.01	\$ 11.22	\$ 0.00	12,492.2	\$ 68.84	\$ 71.66
Subtotal Retail Pharmacy			\$ 57.65										\$ 71.66
Ancillary													
Transportation	375.4	\$ 103.89	\$ 3.25	\$ 0.03	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 0.00	\$ 0.00	378.9	\$ 104.21	\$ 3.29
DME/Prosthetics	19,268.4	3.01	4.84	0.05	-	-	0.68	-	-	-	19,467.4	3.43	5.57
Dental	153.4	63.38	0.81	0.01	-	-	(0.05)	-	-	-	155.3	59.52	0.77
Other Ancillary	211.2	44.32	0.78	0.01	-	-	-	-	-	-	213.9	44.32	0.79
Subtotal Ancillary			\$ 9.68										\$ 10.42
Professional													
Inpatient and Outpatient Surgery	299.9	\$ 167.23	\$ 4.18	\$ 0.04	\$ 0.00	\$ 0.00	\$ (0.18)	\$ 0.00	\$ 0.00	\$ 0.00	302.8	\$ 160.10	\$ 4.04
Anesthesia	159.7	98.46	1.31	0.02	-	-	(0.10)	-	-	-	162.1	91.06	1.23
Inpatient Visits	918.1	74.11	5.67	0.06	-	-	0.37	-	-	-	927.8	78.89	6.10
MH/SA	97,860.3	33.32	271.69	3.01	-	4.70	8.10	16.23	-	-	106,483.3	34.23	303.73
Emergency Room	730.2	81.18	4.94	0.05	-	-	0.07	-	-	-	737.6	82.32	5.06
Office/Home Visits/Consults	4,711.3	94.34	37.04	0.43	-	0.08	6.26	-	-	-	4,776.2	110.07	43.81
Pathology/Lab	3,793.4	23.50	7.43	0.07	-	-	0.31	(0.28)	(0.75)	-	3,686.2	22.07	6.78
Radiology	621.3	22.02	1.14	0.01	-	-	(0.05)	-	-	-	626.7	21.06	1.10
Office Administered Drugs	5,759.5	18.04	8.66	0.09	-	-	(0.06)	-	-	-	5,819.4	17.92	8.69
Physical Exams	2,798.3	58.54	13.65	0.15	-	0.02	1.66	-	-	-	2,833.1	65.57	15.48
Therapy	13,013.0	21.24	23.03	0.27	-	-	4.59	-	-	-	13,165.6	25.42	27.89
Vision	1,056.0	43.98	3.87	0.05	-	-	0.76	-	-	-	1,069.7	52.50	4.68
Other Professional	2,885.4	20.34	4.89	0.08	-	(0.01)	0.85	0.34	2.22	-	3,127.3	32.12	8.37
Subtotal Professional			\$ 387.50										\$ 436.96
Total Medical Costs			\$ 729.29										\$ 829.71

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2025 Capitation Rate Development Prospective Adjustments													
Region: Statewide Rate Cell: KICK SFY 2025 Deliveries: 24,804 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2025 Projected Benefit Expense		
	Utilization per 1,000	Cost per Service	Cost per Delivery	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Cost Adjustment	Utilization Adjustment	Utilization per 1,000	Cost per Service	Cost per Delivery
<b>Inpatient Hospital</b>													
Inpatient Maternity Delivery	2,413.8	\$ 1,763.80	\$ 4,257.48	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 135.26	\$ 0.00	2,413.8	\$ 1,819.84	\$ 4,392.74
<b>Subtotal Inpatient Hospital</b>			<b>\$ 4,257.48</b>										<b>\$ 4,392.74</b>
<b>Outpatient Hospital</b>													
Outpatient Hospital - Maternity	50.7	\$ 507.02	\$ 25.70	\$ 1.07	\$ 0.00	\$ 0.00	\$ 0.87	\$ 0.00	\$ 0.00	\$ 0.00	52.8	\$ 523.50	\$ 27.64
<b>Subtotal Outpatient Hospital</b>			<b>\$ 25.70</b>										<b>\$ 27.64</b>
<b>Professional</b>													
Maternity Delivery	913.4	\$ 1,055.22	\$ 963.79	\$ 28.14	\$ 0.00	\$ (0.45)	\$ (32.26)	\$ 0.00	\$ 0.00	\$ 0.00	939.6	\$ 1,020.89	\$ 959.22
Maternity Anesthesia	1,084.1	319.42	346.29	9.28	-	-	(39.24)	-	-	-	1,113.2	284.17	316.33
Maternity Office Visits	8,268.0	70.78	585.20	21.83	-	(1.64)	138.70	-	-	-	8,553.3	86.99	744.09
Maternity Radiology	5,235.4	78.58	411.41	12.34	-	(0.02)	(3.07)	-	-	-	5,392.2	78.01	420.66
Maternity Non-Delivery	2.0	88.64	0.18	-	-	-	0.01	-	-	-	2.0	93.57	0.19
<b>Subtotal Professional</b>			<b>\$ 2,306.87</b>										<b>\$ 2,440.49</b>
<b>Total Medical Costs</b>			<b>\$ 6,590.05</b>										<b>\$ 6,860.87</b>

## Appendix 8: Development of Relative Acuity by Rate Cell

South Carolina Department of Health and Human Services											
Medicaid Managed Care Program											
State Fiscal Year 2025 Capitation Rate Development											
SFY 2023 Member Months and Morbidity											
		SFY 2023									
		All Other		Disenrolled Members		Categorically Ineligible		Returning Members		Total	
Population	Rate Cell	MMs	Morbidity	MMs	Morbidity	MMs	Morbidity	MMs	Morbidity	MMs	Morbidity
TANF Children	TANF - 0 - 2 Months, Male & Female	81,963	1.00	-	1.00	-	-	-	1.00	81,963	1.00
TANF Children	TANF - 3 - 12 Months, Male & Female	339,004	1.00	-	1.00	-	-	-	1.00	339,004	1.00
TANF Children	TANF - Age 1 - 6, Male & Female	2,114,530	1.00	260,605	0.80	-	-	243,530	0.90	2,618,665	0.97
TANF Children	TANF - Age 7 - 13, Male & Female	2,588,841	1.00	250,929	0.70	-	-	166,494	0.90	3,006,264	0.97
TANF Children	TANF - Age 14 - 18, Male	713,351	1.00	203,817	0.70	-	-	70,781	1.00	987,949	0.94
TANF Children	TANF - Age 14 - 18, Female	675,642	1.00	175,070	0.80	-	-	71,270	1.00	921,982	0.96
TANF Children	Subtotal	6,513,332	1.00	890,420	0.75	-	-	552,075	0.93	7,955,827	0.97
TANF Adult	TANF - Age 19 - 44, Male	312,764	1.00	66,988	0.80	235,505	0.500	72,221	0.90	687,478	0.80
TANF Adult	TANF - Age 19 - 44, Female	1,094,717	1.00	365,142	0.80	235,560	0.500	204,367	0.90	1,899,786	0.89
TANF Adult	TANF - Age 45+, Male & Female	237,554	1.00	75,235	0.80	-	-	32,113	1.00	344,902	0.96
TANF Adult	Subtotal	1,645,035	1.00	507,365	0.80	471,065	0.50	308,701	0.91	2,932,166	0.88
Disabled	SSI - Children	136,785	1.00	-	1.00	-	-	-	1.00	136,785	1.00
Disabled	SSI - Adults	455,200	1.00	-	1.00	-	-	-	1.00	455,200	1.00
Disabled	Subtotal	591,985	1.00	-	-	-	-	-	-	591,985	1.00
SMI	SMI Children	187,275	1.00	12,111	0.75	-	-	13,768	1.00	213,154	0.99
SMI	SMI TANF Adults	308,653	1.00	46,712	0.80	-	-	42,287	1.00	397,652	0.98
SMI	SMI SSI Adults	176,749	1.00	-	1.00	-	-	-	1.00	176,749	1.00
SMI	Subtotal	672,677	1.00	58,823	0.79	-	-	56,055	1.00	787,555	0.98
Pregnant Women	OCWI	275,259	1.00	186,844	0.60	-	-	66,066	1.00	528,169	0.86
Foster	Foster Care Children	55,517	1.00	-	1.00	-	-	-	1.00	55,517	1.00
All Populations Total		9,753,805	1.00	1,643,452	0.75	471,065	0.50	982,897	0.93	12,851,219	0.94

South Carolina Department of Health and Human Services											
Medicaid Managed Care Program											
State Fiscal Year 2025 Capitation Rate Development											
SFY 2025 Member Months and Morbidity											
		SFY 2025									
		All Other		Disenrolled Members		Categorically Ineligible		Returning Members		Total	
Population	Rate Cell	MMs	Morbidity	MMs	Morbidity	MMs	Morbidity	MMs	Morbidity	MMs	Morbidity
TANF Children	TANF - 0 - 2 Months, Male & Female	82,191	1.00	-	1.00	-	-	-	1.00	82,191	1.00
TANF Children	TANF - 3 - 12 Months, Male & Female	336,495	1.00	-	1.00	-	-	-	1.00	336,495	1.00
TANF Children	TANF - Age 1 - 6, Male & Female	2,088,488	1.00	-	0.80	-	-	221,491	0.90	2,309,979	0.99
TANF Children	TANF - Age 7 - 13, Male & Female	2,637,515	1.00	733	0.70	-	-	144,001	0.90	2,782,249	0.99
TANF Children	TANF - Age 14 - 18, Male	777,007	1.00	1,454	0.70	-	-	59,365	1.00	837,826	1.00
TANF Children	TANF - Age 14 - 18, Female	735,244	1.00	1,219	0.80	-	-	56,725	1.00	793,188	1.00
TANF Children	Subtotal	6,656,940	1.00	3,406	0.74	-	-	481,582	0.92	7,141,928	0.99
TANF Adult	TANF - Age 19 - 44, Male	324,993	1.00	280	0.80	45	0.50	70,530	0.90	395,847	0.98
TANF Adult	TANF - Age 19 - 44, Female	1,107,791	1.00	2,112	0.80	576	0.50	181,901	0.90	1,292,380	0.99
TANF Adult	TANF - Age 45+, Male & Female	237,793	1.00	312	0.80	-	-	25,724	1.00	263,829	1.00
TANF Adult	Subtotal	1,670,578	1.00	2,704	0.80	621	0.50	278,155	0.91	1,952,057	0.99
Disabled	SSI - Children	143,724	1.00	-	1.00	-	-	-	1.00	143,724	1.00
Disabled	SSI - Adults	435,847	1.00	-	1.00	-	-	-	1.00	435,847	1.00
Disabled	Subtotal	579,571	1.00	-	-	-	-	-	-	579,571	1.00
SMI	SMI Children	221,302	1.00	83	0.75	-	-	11,671	1.00	233,056	1.00
SMI	SMI TANF Adults	336,275	1.00	230	0.80	-	-	43,304	1.00	379,809	1.00
SMI	SMI SSI Adults	194,662	1.00	-	1.00	-	-	-	1.00	194,662	1.00
SMI	Subtotal	752,239	1.00	313	0.79	-	-	54,974	1.00	807,527	1.00
Pregnant Women	OCWI	264,673	1.00	621	0.60	-	-	57,341	1.00	322,635	1.00
Foster	Foster Care Children	52,837	1.00	-	1.00	-	-	-	1.00	52,837	1.00
All Populations Total		9,976,836	1.00	7,044	0.75	621	0.50	872,053	0.93	10,856,554	0.99



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