MILLIMAN CLIENT REPORT

State Fiscal Year 2024 Medicaid Managed Care Capitation Rate Certification

July 1, 2023 through June 30, 2024

South Carolina Department of Health and Human Services

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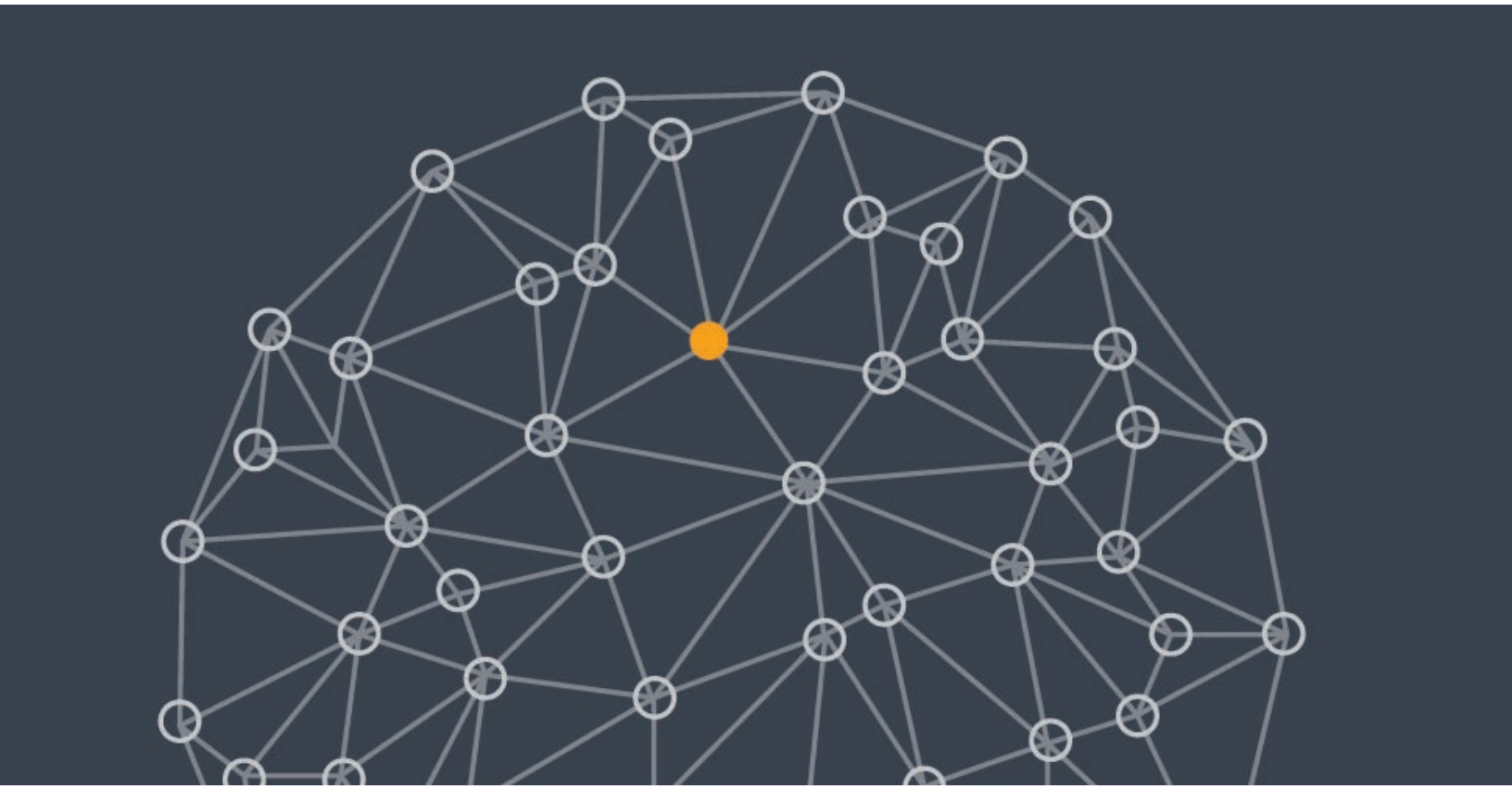

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Background

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, 2023.

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

We acknowledge the unique nature of the COVID-19 public health emergency (PHE) and the anticipated resumption of redeterminations and terminations of coverage associated with the PHE unwinding during SFY 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. It is possible that the resumption of redeterminations and enrollment unwinding period, as well as future legislative changes to address the pandemic, 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 2022-2023 Medicaid Managed Care Rate Development Guide, released by the Centers for Medicare and Medicaid Services in April 2022 (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) 2024 (July 1, 2023 through June 30, 2024). Figure 1 provides a comparison of the SFY 2024 rates relative to the rates effective January through June 2023 (Jan – Jun 2023) 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 2024 and Jan - Jun 2023 are calculated based on an estimate of projected SFY 2024 enrollment. Projected enrollment estimates reflect observed program enrollment through February 2023 with adjustments to reflect anticipated changes in membership due to the Families First Coronavirus Response Act (FFCRA) and the unwinding of enrollment anticipated to begin June 1, 2023. The TANF: 0-2 months old projected member months reflect annualized November 2022 membership and the SFY 2024 projected KICK payments reflect SFY 2022 average deliveries to account for the observed lag in eligibility completion for both rate cells.

FIGURE 1: COMPARISON WITH JAN-JUN 2023 RATES BY RATE CELL (PMPM RATES) - EXCLUDING ADD-ONS

RATE CELL	PROJECTED MEMBER MONTHS	EXCLUDING ADD-ONS JAN-JUN 2023 RATE	EXCLUDING ADD-ONS SFY 2024 RATE	EXCLUDING ADD-ONS INCREASE/ (DECREASE)
TANF: 0-2 months old (AH3)	81,804	$ 2,291.79	$ 2,213.02	(3.4%)
TANF: 3-12 months old (AI3)	339,962	221.26	260.31	17.6%
TANF: Age 1-6 (AB3)	2,459,747	121.79	152.22	25.0%
TANF: Age 7-13 (AC3)	2,944,491	127.92	136.32	6.6%
TANF: Age 14-18, Male (AD1)	859,617	153.08	162.96	6.5%
TANF: Age 14-18, Female (AD2)	865,192	200.21	212.88	6.3%
TANF: Age 19-44, Male (AE1)	340,393	186.77	214.76	15.0%
TANF: Age 19-44, Female (AE2)	1,697,450	312.14	342.77	9.8%
TANF: Age 45+ (AF3)	299,998	561.53	615.50	9.6%
SSI - Children (SO3)	133,164	669.72	749.70	11.9%
SSI - Adults (SP3)	614,239	1,456.89	1,469.15	0.8%
OCWI (WG2)	317,624	210.95	241.12	14.3%
DUAL	-	177.40	189.23	6.7%
Foster Care - Children (FG3)	54,972	1,040.87	1,001.34	(3.8%)
KICK (MG2/NG2)	25,985	6,957.00	7,178.13	3.2%
Composite	**11,008,653**	**$ 299.28**	**$ 320.62**	**7.1%**

Notes:
1. Jan-Jun 2023 and SFY 2024 composite rates reflect projected SFY 2024 enrollment by rate cell.
2. Excludes state-directed payment add-ons

Figure 2 provides a comparison of SFY 2024 capitation rate PMPMs relative to the Jan – Jun 2023 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 2024. Additional information regarding these directed payments can be found in Section I.4.D of this report.

FIGURE 2: COMPARISON WITH JAN-JUN 2023 RATES BY RATE CELL (PMPM RATES) - INCLUDING ADD-ONS

RATE CELL	PROJECTED MEMBER MONTHS	INCLUDING ADD-ONS JAN-JUN 2023 RATE	INCLUDING ADD-ONS SFY 2024 RATE	INCLUDING ADD-ONS INCREASE/ (DECREASE)
TANF: 0-2 months old (AH3)	81,804	$ 2,590.66	$ 4,901.87	89.2%
TANF: 3-12 months old (AI3)	339,962	241.70	417.87	72.9%
TANF: Age 1-6 (AB3)	2,459,747	126.53	215.88	70.6%
TANF: Age 7-13 (AC3)	2,944,491	131.52	183.08	39.2%
TANF: Age 14-18, Male (AD1)	859,617	157.84	244.30	54.8%
TANF: Age 14-18, Female (AD2)	865,192	207.55	327.89	58.0%
TANF: Age 19-44, Male (AE1)	340,393	192.74	408.56	112.0%
TANF: Age 19-44, Female (AE2)	1,697,450	328.42	619.39	88.6%
TANF: Age 45+ (AF3)	299,998	580.65	1,038.58	78.9%
SSI - Children (SO3)	133,164	691.88	1,059.86	53.2%
SSI - Adults (SP3)	614,239	1,502.70	2,470.53	64.4%
OCWI (WG2)	317,624	245.98	757.96	208.1%
DUAL	-	177.40	189.23	6.7%
Foster Care - Children (FG3)	54,972	1,051.01	1,444.49	37.4%
KICK (MG2/NG2)	25,985	6,957.00	7,178.13	3.2%
Composite	**11,008,653**	**$ 312.20**	**$ 524.51**	**68.0%**

Notes:
1. Jan-Jun 2023 and SFY 2024 composite rates reflect projected SFY 2024 enrollment by rate cell.
2. Jan-Jun 2023 add-ons include the following state-directed payments: STP and Hospital Quality Program (HQP). Note that the HQP state-directed payment was not renewed in SFY 2024.
3. SFY 2024 add-ons include the following state-directed payments: STP, HAWQ, and independent pharmacy. Note that the HAWQ and independent pharmacy state directed payments are new in SFY 2024.

Figure 3 presents the estimated aggregate annual expenditures under the managed care program, based on SFY 2024 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 2023	SFY 2024		
Composite	11,008,653	$ 3,437.0	$ 5,774.2	$ 2,337.2	68.0%
Total Federal Only		$ 2,424.1	$ 4,072.5	$ 1,648.4	68.0%
Total State		$ 1,012.9	$ 1,701.6	$ 688.8	68.0%

Notes:
1. Jan – Jun 2023 and SFY 2024 aggregate annual expenditures were developed based on SFY 2024 projected enrollment and estimated SFY 2024 deliveries.
2. State expenditures based on Federal Fiscal Year 2024 FMAP of 69.53% plus the phase down of the public health emergency enhancement through SFY 2024, resulting in an estimated effective FMAP of 70.53% for the full year.
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 2024 managed care program rating period.
- 2023-2024 Medicaid Managed Care Rate Development Guide, released by the Centers for Medicare and Medicaid Services in May 2023.
- 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."[1]

A. RATE DEVELOPMENT STANDARDS

i. Application of expectations to rate ranges

Not applicable. There are no rate ranges being developed for the SFY 2024 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, 2023 through June 30, 2024.

iii. Required elements

(a) Actuarial certification

The actuarial certification, signed by Marlene T. Howard, FSA, is in Appendix 1. 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 2024 managed care program rating period.

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

(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 2023 with adjustments to reflect anticipated changes in membership due to the FFCRA and the unwinding of enrollment anticipated to begin June 1, 2023. To account for the observed lag in eligibility completion, the TANF: 0-2 months old projected member months reflects annualized November 2022 membership and the SFY 2024 projected KICK payments reflect SFY 2022 average deliveries. These rates represent the 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, 2023, 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 2024. We understand, however, that SCDHHS is implementing a program and policy change effective June 1, 2023 related to retrospective enrollment in the managed care program for managed care individuals reinstated to Medicaid within 90 days of disenrollment . The estimated impact of this program change is currently under review.

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

Notes:

1. The managed care policies & procedures (P&P) manual indicates that MCOs are responsible for covering corneal transplants. With respect to other types of transplants as outlined in the P&P manual, MCOs are responsible for pre- and post-transplant services as documented in the manual.
2. Free-standing inpatient psychiatric facility coverage applies to individuals under age 21.
3. Medication assisted therapy includes treatment in Opioid Treatment Programs (OTPs).
4. Detailed benefit coverage information for all Core Benefits in this table can be found within the Managed Care Policy and Procedure Manual.

5. Source: https://msp.scdhhs.gov/managedcare/sites/default/files/Final%20MCO%20PP%20January%202023%20%281%29.pdf

Rating period

This actuarial certification is effective for the one-year rating period July 1, 2023 through June 30, 2024.

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 (Fostercare/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
COVD	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

The SFY 2024 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
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[2] 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

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

[2] MCO Policy and Procedures Guide. Source: https://msp.scdhhs.gov/managedcare/sites/default/files/Final%20MCO%20PP%20January%202023%20%281%29.pdf (Accessed April 28, 2023)

Retroactive adjustment to capitation rates

This rate certification report does not include a retroactive adjustment to the SFY 2024 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 2024 capitation rates.

vii. Medical loss ratio

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

viii. Certifying rate ranges

Not applicable. The SFY 2024 SCDHHS Medicaid managed care program does not utilize rate ranges.

ix. Actuarial soundness of rate ranges

Not applicable. The SFY 2024 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 2024 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, 2023 through June 30, 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 2022 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 October 2022 and considered this experience in trend development. Based on our review of quarterly experience throughout SFY 2022 and emerging experience, we do not believe an explicit adjustment to the SFY 2022 base data is necessary to reflect underutilization of services as a result of the COVID-19 pandemic.

In addition, SCDHHS published a press release[3] on January 8, 2023 providing updates on the following COVID-19 temporary policy changes implemented by SCDHHS during the PHE. With the exception of the removal of pharmacy

[3] https://www.scdhhs.gov/press-release/update-flexibilities-issued-during-covid-19-public-health-emergency (Accessed May 2, 2023)

early refill denials (which SCDHHS anticipates to reinstate upon expiration of the PHE), all of the following temporary policy changes are assumed to continue for one year beyond the expiration of the PHE (per SCDHHS, these program changes are anticipated to sunset at the end of SFY 2024):

- Coverage of COVID-19 vaccinations without patient cost-sharing
- Removal of E&M copays
- Removal of ambulatory care 12-visit limit

We evaluated the impact of reinstating pharmacy early refill edits in SFY 2024 and it was deemed immaterial. Each of the other temporary policy changes noted above are fully reflected in the SFY 2022 base data and are anticipated to continue through SFY 2024; therefore, no adjustment is needed in the capitation rate development. Additionally, coverage of COVID-19 testing, with cost-sharing, is anticipated to become 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, the COVID-19 unwinding period is anticipated to begin prior to SFY 2024, with the first disenrollments anticipated for June 1, 2023. The unwinding process is assumed to follow a hierarchy established by SCDHHS to target high priority groups first with a higher proportion of reviews targeted in the first few months. To the extent the PHE unwinding differs from assumptions, associated impacts may be evaluated as the unwinding results become known.

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 2024 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. 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).

iv. Certifying rate ranges

Not applicable. The SFY 2024 Medicaid managed care capitation rate development does not utilize rate ranges.

v. 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.

vi. Compliance with 42 CFR §438.4(b)(1)

The SFY 2024 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).

vii. Different FMAP

All populations receive the regular state FMAP of 69.53% for SFY 2024. The enhanced FMAP percentage for CHIP and family planning expenditures in South Carolina is 78.67% and 90.00%, respectively. In addition, SCDHHS has indicated that they have implemented changes to the Medicaid program to meet the requirements outlined in the FFCRA to receive the additional 6.2% FMAP funding during the COVID-19 national emergency period, with the enhanced FMAP dropping to 2.5% from July through September 2023, 1.5% from October through December 2023, and 0% beginning in January 2024. Note that the enhanced amounts for CHIP and family planning expenditures are not reflected in the values provided in Appendix 3.

viii. 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 2023 capitation rates. A comparison to January through June 2023 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

The Hospital Quality Program state-directed payment included in the SFY 2023 Medicaid managed care program has been eliminated in SFY 2024.

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

The state did not adjust the actuarially sound January through June 2023 capitation rates by a de minimis amount.

ix. Future amendments

As of the date of this report, there are no known future amendments to the SFY 2024 capitation rates. We understand, however, that SCDHHS is implementing a program and policy change effective June 1, 2023 related to retrospective enrollment in the managed care program for managed care individuals reinstated to Medicaid within 90 days of disenrollment. The estimated impact of this program change is currently under review.

x. 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, the COVID-19 unwinding period is anticipated to begin prior to SFY 2024, with the first disenrollments anticipated for June 1, 2023.

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

South Carolina Medicaid managed care data through October 31, 2022, inclusive of estimated incurred but not paid (IBNP) expenditures, was evaluated to understand emerging experience during the PHE. Encounter data, program enrollment, and MCO submitted Encounter Quality Initiative (EQI) reports and financial data were utilized in this analysis. Emerging experience was reviewed to evaluate current trends by category of service and potential impacts to the SFY 2022 base data due to the COVID-19 pandemic.

In addition, we reviewed SCDHHS's plan for prioritizing and distributing renewals beginning April 1, 2023 to estimate the anticipated SFY 2024 impacts due to change in membership acuity throughout the unwinding period. SCDHHS also provided the April 1, 2023 and May 1, 2023 member review list, which provided an initial rate cell distribution of members targeted in the first two months of redetermination reviews.

Finally, we reviewed emerging experience related to COVID diagnostic testing and COVID vaccine prevalence from publicly available data sources to consider the most up-to-date information available.

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

As described in the previous section, we considered pandemic-related impacts on SFY 2022 utilization levels and projected trends used in the development of the SFY 2024 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 2022

impacted by the continuous enrollment provisions relative to the anticipated mix and morbidity in SFY 2024. In consultation with SCDHHS, we evaluated the impact of the unwinding period by month and by population based on SCDHHS's unwinding plan and a list of members included in the first two month's reviews.

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. These considerations were evaluated in the development of the prospective trends, and COVID-19 diagnostic testing, hospital treatments, and vaccination adjustments described in further detail in sections I.2.B and I.3.B.

(c) Non-risk payments

Effective for the SFY 2024 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.

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

SCDHHS has not implemented risk mitigation strategies in the SFY 2024 managed care program specifically to address the COVID-19 PHE. The SFY 2024 managed care program includes the following risk mitigation strategies:

- 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 2022 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 2024 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 2023;
- FFS claims for dual eligible individuals incurred in SFY 2022, and paid through January 2023;
- FFS claims incurred by managed care enrollees for managed care-covered services;
- SFY 2024 managed care in-rate criteria;
- FFS claims for analysis of newborn enrollment delays;
- SFY 2024 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 (CDC) statistics on South Carolina daily COVID-19 diagnostic counts and weekly vaccination administration counts through April 2023; and,
- SFY 2022 financial summary reports provided by the MCOs (EQI reports) for base data validation analysis.

(ii) Age of the data

The data serving as the base experience in the capitation rate development process was incurred July 2021 through June 2022. The encounter data for the base period reflected encounters adjudicated and submitted through the monthly encounter data warehousing process through January 2023. The base data time period for the SFY 2024 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 2022 and emerging experience was completed to evaluate potential impacts of the COVID-19 PHE on the SFY 2022 period.

For the purposes of trend development, we reviewed encounter experience from SFY 2019 through September 2022 and paid and submitted through the data warehousing process through January 2023.

We also summarized statutory financial statement data from calendar years 2020, 2021, and 2022, 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 1% 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 2024 capitation rate development process was incurred July 2021 through June 2022, 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 2024 Capitation Rate Methodology and Data Book, dated March 21, 2023, 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 2022 incurred claims is appropriate for use in the development of the capitation rate.

The annual rate setting process for SFY 2024 uses one year of experience data, with seven months of run-out.

The base encounter data used in the development of the rates was adjudicated through January 31, 2023. 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 2022. However, as noted in this report, claims completion is applied to the encounter data for estimated SFY 2022 claims adjudicated after January 31, 2023.

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 2024 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, out-ot-state members, 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 2024 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 2022 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 2024 MCO Rate-Setting Survey, an adjustment has been made to increase the base data. The impact of this adjustment resulted in a net increase of 0.1% 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 2022 base experience period. As such, expenditure data for populations enrolled in FFS during SFY 2022 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 2024.

(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 2022 encounter data, which were shared with SCDHHS and participating MCOs.

iii. Data adjustments

Capitation rates were developed primarily from SFY 2022 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 2022 and paid through January 2023. 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)[4]. First, we stratified the data by category of service, in the population groupings illustrated in Figure 8. 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 8.

FIGURE 8: COMPLETION FACTORS APPLIED TO BASE EXPERIENCE DATA

CATEGORY OF SERVICE	TANF/FOSTER	SSI	OCWI	DUAL	KICK
Hospital					
Inpatient	1.0246	1.0265	1.0190	1.0267	1.0101
Outpatient	1.0131	1.0198	1.0142	1.0307	1.0065
Pharmacy	1.0000	1.0001	1.0001	1.0007	N/A
Ancillary	1.0074	1.0083	1.0097	1.0170	N/A
Professional	1.0132	1.0171	1.0141	1.0239	1.0076

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

[4] 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 runout using time series forecasting which employs the interrelationship between claim payments during the first three months of claim payments for each incurred month.

the encounter data submissions in their response to the SFY 2024 MCO Rate-Setting Survey, an adjustment has been made to increase the base data.

Based on a review of SFY 2022 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 2024. The base data has been increased by approximately $1.0 million for the FFS claims related to managed care covered services.

Member month adjustment – Duplicate member records

An adjustment was made to the total member months by rate cell in the SFY 2022 unadjusted base data summaries provided to SCDHHS and the participating MCOs in the 'SFY 2024 Capitation Rate Methodology and Data Book' report, dated March 21, 2023 to reflect the removal of duplicate member records identified by SCDHHS.

SCDHHS identified duplicate enrollment records (Medicaid IDs) in the Medicaid FFS and managed care programs assigned to the same social security number. Based on a hierarchy provided by SCDHHS, the duplicate Medicaid ID containing the "incorrect" member assignment was removed from the SFY 2022 base data experience. Figure 9 provides a summary of the duplicate exposure removed from the SFY 2022 data book experience to form the SFY 2022 base period PMPMs, consistent with the SFY 2022 base experience section of Appendix 6.

FIGURE 9: SFY 2022 BASE YEAR EXPERIENCE - REMOVAL OF DUPLICATE MEMBER RECORDS

	SFY 2022 DATA BOOK EXPERIENCE				SFY 2022 BASE PERIOD		
RATE CELL	CLAIMS	EXPOSURE	PMPM	DUPLICATE EXPOSURE	UPDATED EXPOSURE	UPDATED PMPM	IMPACT
TANF: 0-2 months old (AH3)	$ 159,428,684	82,103	$ 1,941.81	-	82,103	$ 1,941.81	0.0%
TANF: 3-12 months old (AI3)	68,767,823	337,118	203.99	-	337,118	203.99	0.0%
TANF: Age 1-6 (AB3)	281,544,157	2,568,937	109.60	(3,119)	2,565,818	109.73	0.1%
TANF: Age 7-13 (AC3)	306,535,344	2,971,481	103.16	(2,087)	2,969,394	103.23	0.1%
TANF: Age 14-18, Male (AD1)	118,469,334	958,835	123.56	(351)	958,484	123.60	0.0%
TANF: Age 14-18, Female (AD2)	152,010,430	958,087	158.66	(219)	957,868	158.70	0.0%
TANF: Age 19-44, Male (AE1)	87,673,293	580,596	151.01	(121)	580,475	151.04	0.0%
TANF: Age 19-44, Female (AE2)	522,173,280	1,983,779	263.22	(60)	1,983,719	263.23	0.0%
TANF: Age 45+ (AF3)	168,729,528	339,646	496.78	(57)	339,589	496.86	0.0%
SSI - Children (SO3)	81,187,363	139,468	582.12	(17)	139,451	582.19	0.0%
SSI - Adults (SP3)	771,988,018	629,637	1,226.08	(28)	629,609	1,226.14	0.0%
OCWI (WG2)	77,717,315	422,722	183.85	-	422,722	183.85	0.0%
Foster Care - Children (FG3)	41,040,242	54,403	754.37	(20)	54,383	754.65	0.0%
KICK (MG2/NG2)	172,607,437	25,960	6,648.98	-	25,960	6,648.98	0.0%
Composite	**$ 3,009,872,246**	**12,026,812**	**$ 250.26**	**(6,079)**	**12,020,733**	**$ 250.39**	**0.1%**

Claims Adjustment Related to Duplicate Membership

SCDHHS identified duplicate enrollment records (Medicaid IDs) in the Medicaid FFS and managed care programs assigned to the same social security number. Based on a hierarchy provided by SCDHHS, the duplicate Medicaid ID containing the "incorrect" member assignment was removed from the SFY 2022 base data experience as appropriate and is reflected in the SFY 2022 base period PMPMs. For each member record that was removed, all claims associated with that Medicaid ID were reassigned to the "correct" member record and associated program (FFS or managed care).

The estimated claims impact related to duplicate membership is a reduction of approximately $1.3 million to the base data.

(d) Program change adjustments

All program and reimbursement changes that have occurred in the Medicaid managed care program on or after July 1, 2021, 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, 2022 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 99.5% 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.

Effective July 1, 2023, 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 FQHC reimbursement updates is approximately $28 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 2022 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 10).

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 2022 base data for the repricing and reimbursement adjustment analyses. Similar to SFY 2023, 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 2023 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 91.8% of total non-FQHC physician dollars.

The ‘Base Physician Repricing’ column in Figure 10 represents the impact of repricing to the Medicaid fee schedule effective July 1, 2023, including the enhanced fee schedule discussed above. Additionally, consistent with SFY 2023, 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. The estimated impact of the repricing adjustment based on SFY 2024 projected enrollment is approximately $17.9 million.

Effective July 1, 2023, SCDHHS anticipates an update to the physician fee schedule to apply a 5% increase to all established sick and well evaluation and management (E&M) procedure codes. The estimated impact of this rate change is approximately $9.8 million.

Figure 10 presents the combined results of the FQHC and non-FQHC repricing analyses.

FIGURE 10: COMPOSITE PHYSICIAN AND ANCILLARIES PMPM ADJUSTMENTS BY RATE CELL

RATE CELL	FQHC FEE SCHEDULE	BASE PHYSICIAN REPRICING	JULY 2023 PHYSICIAN INCREASE	COMPOSITE ADJUSTMENT
TANF: 0-2 months old (AH3)	$ 9.37	$ (10.18)	$ 4.04	**$ 3.23**
TANF: 3-12 months old (AI3)	4.53	(0.39)	2.18	**6.32**
TANF: Age 1-6 (AB3)	2.18	1.42	0.94	**4.54**
TANF: Age 7-13 (AC3)	2.01	0.94	0.63	**3.58**
TANF: Age 14-18, Male (AD1)	1.57	1.11	0.50	**3.18**
TANF: Age 14-18, Female (AD2)	2.57	1.83	0.69	**5.09**
TANF: Age 19-44, Male (AE1)	1.09	0.65	0.27	**2.01**
TANF: Age 19-44, Female (AE2)	2.86	1.91	0.73	**5.50**
TANF: Age 45+ (AF3)	3.95	1.10	1.05	**6.10**
SSI - Children (SO3)	3.27	7.03	1.09	**11.39**
SSI - Adults (SP3)	5.68	5.58	1.25	**12.51**
OCWI (WG2)	1.57	2.28	0.47	**4.32**
DUAL	1.05	-	0.22	**1.27**
Foster Care - Children (FG3)	4.40	10.86	1.38	**16.64**
KICK (MG2/NG2)	20.52	(35.64)	27.35	**12.23**

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

The following inpatient hospital reimbursement updates were evaluated for the SFY 2024 contract year:

- Effective October 1, 2021, SCDHHS updated the inpatient hospital-specific base rates to remove the normalization actions that were implemented in July 1, 2014 and October 1, 2015.
- Effective July 1, 2023, SCDHHS anticipates updating the inpatient hospital-specific base rates for rural hospitals and requiring 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 these reimbursement changes, we performed a repricing analysis on inpatient claims in the SFY 2022 base data. The repricing analysis was performed by comparing inpatient hospital reimbursement at the Medicaid FFS fee schedule effective during the SFY 2022 base data period, and the Medicaid FFS fee schedule anticipated to be effective during SFY 2024 for all impacted hospitals. The estimated impact of this adjustment based on SFY 2024 projected membership is an increase to inpatient hospital expenditures of approximately 1.5%, or $10.4 million.

Outpatient Hospital Reimbursement Changes

The following outpatient hospital reimbursement updates were evaluated for the SFY 2024 contract year:

- Effective October 1, 2021, SCDHHS updated the outpatient hospital multipliers to remove the normalization actions that were implemented in July 1, 2014 and October 1, 2015.
- Effective November 1, 2022, SCDHHS increased reimbursement rates for outpatient services related to Vagus Nerve Stimulation.
- Effective July 1, 2023, SCDHHS anticipates updating the outpatient hospital multipliers for rural hospitals requiring 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 2022 base data. The repricing analysis was performed by comparing outpatient hospital reimbursement at the Medicaid FFS fee schedule effective during the SFY 2022 base data period, and the Medicaid FFS fee schedule anticipated to be effective during SFY 2024 for all impacted hospitals. Based on SFY 2024 projected membership, this program change reflects an increase to outpatient hospital expenditures of approximately 5.4%, or $25.6 million.

SC Department of Mental Health (DMH) Long-Term Psychiatric Facility Per Diem Rate Changes

Effective October 1, 2021, SCDHHS implemented an update to the SC DMH long-term psychiatric facility per diem rates. We estimated the impact of this rate change by repricing all impacted claims in the SFY 2022 base data at the October 1, 2021 fee schedule. Based on SFY 2024 projected membership, this program change reflects an increase of approximately $0.2 million to inpatient hospital MH/SA expenditures for the SFY 2024 contract period.

Autism Spectrum Disorder (ASD) Services

The following reimbursement updates and program changes related to ASD services were evaluated for the SFY 2024 contract year:

- Effective January 1, 2022, SCDHHS implemented a rate of $45.00 per hour, an increase of 30.2% for therapy services provided by Registered Behavioral Technicians (RBTs) and a rate of $85.00 per hour, an increase of 35.0%, for therapy services provided by BCBAs and BCaBAs.
- Effective July 1, 2023, SCDHHS anticipates implementing an additional increase to therapy services provided by an RBT to $59.52 per hour, an increase of 32.3% over January 1, 2022 rates.
- Effective July 1, 2023, SCDHHS anticipates expanding the ABA service array to include two new group therapy ABA codes (97154 and 97158).

To estimate the impact of the reimbursement updates, ASD services in the SFY 2022 base data period were repriced at the July 1, 2023 fee schedule. Additionally, consistent with SFY 2023 assumptions and emerging experience, utilization of ASD services are anticipated to increase by 25% due to provider capacity increases resulting from the 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.

Based on SFY 2024 projected membership and the analysis described above, the ASD policy and program changes reflect an increase to professional MH/SA expenditures of approximately $5.0 million.

Psychiatric Residential Treatment Facilities (PRTF) Per Diem Rate Changes

Effective April 1, 2022, SCDHHS implemented a reimbursement update of $500 per day for all in-state PRTF providers, representing an increase of approximately 58% to SFY 2021 PRTF payment rates. We estimated the impact of this reimbursement change by repricing all PRTF claims in the SFY 2022 base data to the April 1, 2022 fee schedule. Additionally, based on discussion with SCDHHS and review of emerging data, utilization of PRTF services is anticipated to increase by 15% from SFY 2022 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 2024 projected membership is an increase to SFY 2022 PRTF base expenditures of approximately $9.1 million and is applied to the Inpatient MH/SA category of service.

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.

To estimate the impact of this reimbursement change, RBHS school-based services (identified by procedure code and place of service) in the SFY 2022 base data period were repriced at the July 1, 2022 fee schedule, with an assumption of the anticipated distribution of licensed vs unlicensed counselors.

Based on guidance from SCDHHS and emerging experience, we assumed a distribution of approximately 30% licensed counselors and 70% unlicensed counselors for DMH providers and approximately 50% licensed and 50% unlicensed for private practice providers for school-based services in SFY 2024. Additionally, SCDHHS anticipates increased utilization in the RBHS school-based services in SFY 2024 as a result of the July 1, 2022 reimbursement change, continued ramp-up, and SCDHHS behavioral health initiatives. Utilization assumptions for SFY 2024 are consistent with those assumed in the SFY 2023 capitation rate development, representing increased private provider utilization of approximately 38% over SFY 2022 base period levels.

The estimated impact of this program change based on SFY 2024 projected membership is an increase to RBHS school-based expenditures of approximately $1.3 million and is applied to the Professional MH/SA category of service. Prior to application of program and trend adjustments, the estimated benefit expense included in the SFY 2024 capitation rates for RBHS school-based services is approximately $23.3 million.

Emergency Ambulance Fee Schedule Update

Effective July 1, 2022, SCDHHS implemented a 10% increase to emergency ambulance procedure codes A0425, A0427, and A0429. To estimate the impact of this reimbursement change, applicable emergency ambulance services in the SFY 2022 base period were repriced at the anticipated July 1, 2022 fee schedule. An adjustment is applied to the Ancillary transportation category of service and is estimated at approximately $1.3 million for the SFY 2024 contract period.

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 2022 base data period were repriced to the October 1, 2022 fee schedule. An adjustment is applied to the Professional MH/SA category of service and is estimated at approximately $1.7 million for the SFY 2024 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 11 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 $2.1 million.

FIGURE 11: IMD IN-LIEU OF PROJECTED UTILIZATION

	BASE DATA			ADJUSTED BASE DATA		
	IP PSYCH	IMD	TOTAL	IP PSYCH	IMD	TOTAL
Utilization (Days)	20,017	17,275	37,292	20,017	17,275	37,292
Utilization per 1000	60.7	52.4	113.1	60.7	52.4	113.1
Cost per Day	$ 698.23	$ 581.17	$ 644.00	$ 698.23	$ 698.23	$ 698.23
Total Expenditures (millions)	$ 14.0	$ 10.0	$ 24.0	$ 14.0	$ 12.1	$ 26.0

Notes:
1. IP psychiatric and IMD base data includes all SFY 2022 IP MH/SA expenditures for the 21 to 64-year old managed care population.

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 following the end of the PHE. As such, coverage of COVID-19 diagnostic testing as a covered benefit is fully reflected in the SFY 2022 base data and is anticipated to remain in effect in the SFY 2024 contract period.

In SFY 2022, an average of approximately 66,000 COVID-19 tests were performed each month at an average cost per test of $83.52, totaling approximately $66.1 million in expenditures.

To estimate the impact of ongoing COVID-19 diagnostic testing in SFY 2024, we reviewed emerging COVID-19 testing experience through November 2022, as well as data from the Center for Disease Control and Prevention

(CDC) on weekly COVID-19 tests performed in SC[5]. Based on this review, we observed that average monthly tests in the office setting decreased by approximately 20% from SFY 2022 levels through November 2022, and demonstrated a further decrease of 20% through March 2023 based on CDC observed metrics. During this time period, over the counter (OTC) COVID-19 diagnostic tests, at approximately $10 per test, continued to increase, but remains less than 15% of total tests in the state.

Utilizing the estimated decrease in outpatient and professional COVID-19 tests described above, offset slightly by increases in OTC tests, we assumed total Medicaid managed care COVID-19 diagnostic tests would decrease by approximately 30% from SFY 2022 utilization levels. Utilizing the assumptions described above and the anticipated decrease in enrollment for SFY 2024, this represents a decrease of approximately $22.8 million from the base data.

COVID-19 Vaccine Administration

Consistent with the American Rescue Plan Act requirements, coverage of COVID-19 vaccinations without patient cost-sharing is anticipated to continue for one year after the expiration of the federal PHE. Based on guidance from SCDHHS, we assume this will continue throughout the SFY 2024 contract period.

In SFY 2022, an average of approximately 6,100 COVID-19 vaccinations were performed each month at an average cost per dose of $38.55, totaling approximately $2.8 million in expenditures.

To estimate the impact of ongoing COVID-19 vaccine administration costs in SFY 2024, we reviewed emerging COVID-19 vaccinations through October 2022. Based on this review, we observed that monthly vaccines in the SC Medicaid managed care program dropped from an average or 6,100 per month in SFY 2022 to approximately 3,200 per month in the five-month period ending October 2022. Additionally, we reviewed data from the Center for Disease Control and Prevention (CDC) on weekly COVID-19 vaccinations performed in SC[6] which demonstrated a similar decreasing pattern.

Utilizing the estimated cost of COVID-19 vaccine administration observed in the base data and the anticipated decrease in COVID-19 vaccines in the emerging period described above, we assumed total Medicaid managed care COVID-19 vaccination expenditures would decrease by nearly 50% from SFY 2022 utilization levels. Utilizing the assumptions described above and the anticipated decrease in enrollment for SFY 2024, this represents a decrease of approximately $1.2 million from the base data.

Upper Respiratory Condition Treatment Analysis

Our review of upper respiratory condition treatment costs included the following:

- **COVID-19 treatment**. COVID-19 treatment was based on primary or admitting diagnosis code. Note that COVID-19 testing is excluded from this analysis as it was evaluated and documented separately above.
- **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 2022 base period and the projected SFY 2024 contract period for the adult and children populations, we reviewed SFY 2019 through December 2022 PMPM claim expenses by service category for members receiving COVID-19, flu, or RSV treatment. Based on our review, we identified material variances in the adult population between the base period and projected contract period in hospital inpatient expenditures, with much smaller variances in hospital outpatient, professional, and pharmacy expenditures. The variances were minimal in the children population; therefore, our review focused on adult hospital inpatient expenditures only.

As a result of the highly transmissible Delta (fall 2021) and Omicron (winter 2021) variants increasing COVID-19 treatments in SFY 2022, we anticipate lower utilization and hospitalizations related to COVID-19 during the SFY 2024 contract period when compared to the base period. Conversely, to account for the suppressed influenza-like illnesses during SFY 2022 and the observed increased utilization in SFY 2023, we estimated that SFY 2024 influenza-like illnesses would continue to increase by approximately 50% above the observed prevalence rates from July through

[5] 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

[6] CDC, *COVID-19 Vaccinations in the United States*, South Carolina (Accessed May 1, 2023) Link: https://covid.cdc.gov/covid-data-tracker/#vaccinations_vacc-total-admin-count-total

November 2022 to reach historical PMPM levels observed prior to COVID-19. The net adjustment for both COVID and influenza-like services reduces the projected hospital inpatient expenditures for the adult population by approximately $15.4 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 will be 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. 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 2024 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 is implementing 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[7], 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 $2.6 million in DME expenditures for the adult population.

Assertive Community Treatment (ACT) Services

Effective July 1, 2023, SCDHHS anticipates adding ACT services to the Medicaid State Plan for Medicaid beneficiaries ages 21 and older and carving 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.
- **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 2024. The estimated annual RBHS costs assumed to already be reflected in the Medicaid experience is $2,500.
- **SFY 2024 projected ACT recipients.** Utilizing the ACT member information provided by SCDHHS, we estimated approximately 150 managed care recipients would access ACT services in SFY 2024.

[7] Home Health Final Rule: https://www.govinfo.gov/content/pkg/FR-2016-02-02/pdf/2016-01585.pdf (Accessed May 3, 2023)

Utilizing the information described above, we assumed an estimated impact of $2.3 million [($17,800 - $2,500) x 150] in Professional MH/SA expenditures for the adult population.

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 $0.3 million, an increase of 0.2% to the 0-2 month rate cell, to include these expenditures that are expected to be covered by the MCOs during the SFY 2024 contract year.

Families First Coronavirus Response Act (FFCRA) – Disenrollment Freeze and Unwinding Period

In response to the FFCRA enacted on March 18, 2020, SCDHHS treated all individuals eligible for Medicaid as of March 1, 2020 as eligible for such benefits through the end of the PHE. As part of the Consolidated Appropriations Act, 2023, continuous enrollment provisions were decoupled from PHE on March 31, 2023, allowing eligibility reviews to begin prior to the expiration of the PHE.

We have been in ongoing discussions with SCDHHS regarding their plan to resume eligibility reviews and plan for the unwinding period. With reliance on SCDHHS direction related to the redetermination reinstatement process and the unwinding renewal distribution plan, we have assumed the following related to the FFCRA disenrollment freeze and the unwinding process:

- Beginning April 1, 2023, individuals impacted by the disenrollment freeze will be included in an eligibility review process, with the first disenrollments occurring June 1, 2023 and to be completed over a 12-month period.
- The eligibility review process is anticipated to follow 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
- Based on a review of historical pre-COVID terminations and member return percentages, we anticipate that many of the disenrolled members will return in the 6 months following disenrollment. Therefore, our eligibility modeling reflects approximately 424,000 managed care members to disenroll beginning June 1, 2023, with 196,000 anticipated to return within 6 months of the end of the unwinding period.
- Based on the initial monthly managed care eligibility review lists provided by SCDHHS and the proposed unwinding plan, we have assumed approximately 27% of the anticipated gross managed care disenrollments during the unwinding period will occur June 1st and July 1st and will therefore be removed from the Medicaid program prior to the SFY 2024 contract period, with an additional 25% anticipated to be removed in month 3 of the unwinding period (August 1st, 2023). The remainder of the gross disenrollments are expected to occur at an evenly distributed rate through the remainder of the unwinding period.

The FFCRA disenrollment freeze and unwinding period is anticipated to impact all rate cells, with the exception of the TANF infant rate cells (age 0-12 months), the Foster Care Children rate cell, and the maternity KICK payment.

Based on discussions with SCDHHS, the following eligibility and unwinding considerations were reviewed to estimate the anticipated net decrease in enrollment resulting from the unwinding process:

- **Pre-COVID trended enrollment**. For each population, we applied a historical population-specific trend from February 2020 through April 2023 to estimate the anticipated enrollment absent the PHE.
- **Increased participation.** For the TANF populations, we assumed a slight increase in pre-COVID Medicaid-eligible participation levels would result in additional enrollment over pre-COVID trended levels.

Based on this review and in collaboration with SCDHHS, we assumed approximately 20% of the current managed care population would disenroll through the unwinding period.

To evaluate the change in membership acuity impact based on the projected SFY 2024 membership mix compared to the SFY 2022 base data, we stratified the populations into the following cohorts and assumed relative acuity levels:

- **Pre-COVID trended enrollment**. The total pre-COVID trended enrollment was assumed to represent a relative acuity of 1.0.
- **Increased participation**. Individuals enrolled in Medicaid as a result of increased participation assumptions were assumed to reflect a relative acuity of 1.0.
- **OCWI extended postpartum population.** Consistent with SFY 2023, individuals in the OCWI rate cell who are assumed to be in months three through twelve postpartum are assumed to reflect a relative acuity of 0.6 times the average acuity of all eligible individuals up to 60 days postpartum.
- **Categorically Ineligible population**. A portion of the individuals who have aged into the 19-44 rate cells during the PHE are assumed to be categorically ineligible and the highest priority group in SCDHHS's unwinding plan. The disenrollment of these youngest individuals in the age 19-44 rate cells is assumed to increase the average age of the population in these rate cells relative to the SFY 2022 base period. To evaluate the impact of removing these individuals from the 19-44 rate cells, we have estimated their assumed SFY 2022 cost relative to the average SFY 2022 cost of these rate cells using a pre-COVID age distribution. Based on this review, all categorically ineligible individuals in the 19-44 male rate cell are assumed to reflect a cost relativity factor of 0.625 and categorically ineligible individuals in the 19-44 female rate cell are assumed to reflect a cost relativity factor of 0.65.
- **All other individuals anticipated to disenroll and not return ("Other Disenrollments").** All remaining individuals not described above are assumed to be disenrolled throughout SFY 2024 and not return. The relative acuity of this population was developed from acuity assumptions documented in the SFY 2023 capitation rate development. That is, we assumed the composite acuity of disenrolled individuals who return and those who do not return would be consistent with relative acuity factors assumed in the prior rate development (e.g., TANF Age 7-13 = 0.8). For example, based on historical return percentages in the year leading up to COVID, 50% of individuals who disenrolled from the TANF Age 7-13 rate cell returned within 6 months of disenrollment. Therefore, based on the composite relative acuity of 0.8 developed from the pre-COVID experience period, we estimate this is comprised of 50% who return (with a relative morbidity of 1.0) and 50% who do not return (with a resulting relative acuity of 0.6).

Figure 12 illustrates the assumed relative acuity by rate cell for each of the populations described above.

FIGURE 12: FFCRA - RELATIVE ACUITY FACTORS

RATE CELL	Pre-COVID Trended Enrollment	Increased Participation	OCWI Extension	Categorically Ineligible	Other Disenrollments (Don't Return)
TANF - Age 1 - 6	1.000	1.000	-	-	0.800
TANF - Age 7 - 13	1.000	1.000	-	-	0.600
TANF - Age 14 - 18, Male	1.000	1.000	-	-	0.700
TANF - Age 14 - 18, Female	1.000	1.000	-	-	0.675
TANF - Age 19 - 44, Male	1.000	1.000	-	0.625	0.750
TANF - Age 19 - 44, Female	1.000	1.000	-	0.650	0.675
TANF - Age 45+, Male & Female	1.000	1.000	-	-	0.775
SSI - Children	1.000	1.000	-	-	0.550
SSI - Adult	1.000	1.000	-	-	1.000
OCWI	1.000	1.000	0.600	-	0.600

To estimate the adjustment factor to be applied to the SFY 2022 base data, we reviewed the projected SFY 2024 enrollment mix relative to the estimated enrollment mix in SFY 2022 and applied the relative acuity factors described above. 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 2024 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.

- **Incontinence Supplies.** Effective January 1, 2022, SCDHHS implemented a 10% fee schedule increase for all incontinence supplies.
- **Department of Alcohol and Other Drug Abuse Services (DAODAS) Fee Schedule Update.** Effective January 1, 2022, SCDHHS implemented a 15% increase to DAODAS procedure codes H0011, H0015, H0001, and H0004 and all corresponding modifiers.
- **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.

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, pharmacy rebates, IMD stays greater than 15 days for individuals aged 21 to 64, experience related to out of state individuals, third-party liability recoveries, non-encounter claims payments, state plan services not covered by the capitation rate, pharmaceutical treatments covered by the anticipated SFY 2024 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 $0.9 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 $1.1 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 $0.8 million and 109 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 2022 encounter base data for pharmacy treatments that are anticipated to be included in the HCNE program during the SFY 2024 contract period. This exclusion totaled approximately $0.3 million and was excluded from the base experience data included in Appendix 6.

Services Related to Out-of-State Identified Members

We excluded all member months and associated claims for individuals identified as out-of-state members by SCDHHS during the SFY 2022 experience period.

Exclusions for Members Past Date of Death

We excluded member months and associated claims incurred during the SFY 2022 experience period for all individuals in months following their date of death.

Adjustments made to base data

Pharmacy Rebates

Based on analysis of supplemental rebate percentages during SFY 2022 reported by the MCOs in the SFY 2024 MCO Survey, pharmacy expenditures were reduced by approximately 3.00% to reflect aggregate rebate percentage levels achievable by MCOs. The estimated adjustment factor of 0.97 was uniformly applied to the pharmacy service category of each rate cell, excluding Dual, in Appendix 6.

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 0.07% of total claims were recovered and not reflected in the baseline experience data. The estimated adjustment factor of 0.9993 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 $22.5 million in payments in the benefit cost component of the capitation rate development. This is reflected by an adjustment factor of 1.0074, 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 2024 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 2022 base period, we removed approximately $1.7 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 2024, 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 $0.8 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 2022 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 2022 base data in Appendix 6 is the combination of the MCO-specific encounter data summaries that were validated by each MCO, with the removal of duplicate membership as described in Section I.2.B.iii.

- **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, pharmacy rebates, TPL, and non-encounter claims payments.

- **Step 3: Adjust for prospective program and policy changes and trend to SFY 2023**

  We adjusted the SFY 2022 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 2024 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, 2022) to the midpoint of the rate period (January 1, 2024).

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 2024 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, 2022, and July 1, 2023 FQHC PPS fee schedule
  - January 1, 2022 and July 1, 2023 ASD fee schedule updates
  - July 1, 2022 emergency ambulance fee schedule update
  - July 1, 2022 RBHS school-based service reimbursement rates for licensed and unlicensed counselors
  - October 1, 2022 TCC fee schedule update
  - July 1, 2023 physician fee schedule update
- October 1, 2021 Inpatient and outpatient hospital reimbursement changes
- July 1, 2023 inpatient and outpatient rural hospital minimum fee schedule
- October 1, 2021 SC DMH long-term psychiatric facility per diem rate changes

- April 1, 2022 PRTF per diem rate changes
- 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
- COVID-19 diagnostic testing services and vaccinations
- Hospital inpatient services related to upper respiratory condition treatment
- IMD in lieu of unit cost 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:

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

Other material adjustments – leap year adjustment

The SFY 2024 contract year contains one additional day as a result of leap year. The impact of leap year to each major category of service in the SFY 2022 base data is assumed to increase utilization by a factor of 1.0027.

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 2022 base period utilization and contracting levels achieved by each MCO
- Agency for Healthcare Research and Quality (AHRQ) prevention quality indicators (PQI) for inpatient admissions
- Generic drug dispensing rates by therapeutic class
- Mix of vaginal and cesarean section deliveries in the SFY 2022 base period utilization

Inpatient Hospital Services – We applied managed care adjustments to reflect higher levels of care management relative to the SFY 2022 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. Additionally, nursing facility claims were excluded from this analysis. The table below outlines the PQIs included in our analysis.

FIGURE 13: 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 an evaluation by capitation rate cell and therapeutic class for each MCO to estimate achievable generic drug dispensing rates (GDR), as well as a review of MCO contracting of discounts for generic and brand drugs.

For each therapeutic class, we estimated the impact of improvements in GDR amounts by shifting drug utilization in the MCO historical experience to levels achieved by other MCOs during the same time period. Per guidance from SCDHHS and clinical review, antiretroviral, benzisoxazole, and antineoplastic drugs were excluded from the analysis of GDRs. The shift in the target GDR resulted in a 0.7% managed care savings to the prescription drug category of service, or a reduction of approximately $4.8 million.

In addition, 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 0.9% managed care savings to the prescription drug category of service, or a reduction of approximately $5.7 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 2024 expectations. This assumption was based on review and consideration of the following:

- SFY 2022 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 0.4%, or $0.7 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://msp.scdhhs.gov/managedcare/sites/default/files/2021%20MCO%20Contract%20Boilerplate%20-%20Amendment%20IV%20v%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.(e), 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 2022) to the rating period of this certification (SFY 2024).

We evaluated prospective trend rates using historical experience for the South Carolina Medicaid managed care program, as well as external data sources. Our trend analysis included a review of both experience prior to the COVID-19 PHE and emerging experience through calendar year 2022, as appropriate.

(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. Data used for trend development included three years of cost and utilization experience, from SFY 2020 through the base experience period (SFY 2022), as well as emerging data 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. 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 2022 Seventh 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, rate cell, 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, 2022) forward 24 months to the midpoint of the contract period, January 1, 2024. 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.

As a result of the COVID-19 PHE, we analyzed both experience prior to the PHE 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, 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)).

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 scripts and per member per month cost data was stratified by month and population. The data was normalized for historical pharmacy spread, Hepatitis C claims, and acuity. To account for changes in underlying trend patterns, we reviewed emerging data through December 2022 by population. Rolling 12-month, 9-month, 6-month, and 3-month trends were calculated to identify changes in the underlying patterns over time. 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, OCWI, and Foster).

As a result of the COVID-19 PHE, we analyzed both experience prior to the PHE and 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.

Additionally, we reviewed results from our internal Medicaid pharmacy model (trend model) which was developed to study and project detailed pharmacy trend information. We reviewed projected results from the trend model as well as normalized emerging experience described above to gain further insight into emerging trends.

The trend model summarizes pharmacy claims data by month, drug type (brand, generic, specialty brand, and specialty generic), covered population, and therapeutic class (according to GPI-4 assignments). For this analysis, we used data with dates of service incurred through December 2022, and projected through SFY 2024. Projected values are estimated using the base period data as a starting point and applying anticipated shifts and trends. As we reviewed the trend model results, we considered several items such as brand patent loss, cost per script trends, and changes in utilization.

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 2024 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 2022 and SFY 2023 capitation rate development. The dual population medical non-pharmacy trends are anticipated to be consistent with trend assumptions developed for the calendar year (CY) 2023 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 14 illustrates the utilization component of the medical trend by rate cell and category of service grouping for the SFY 2024 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. While some individual utilization trend assumptions are negative, the respective cost per script trend assumptions offset them, so the chosen trend rates reflect positive trends for all populations in composite. Additionally, these trends reflect the impact of the pharmacy HCNE program.

FIGURE 14: ANNUAL UTILIZATION TREND RATES

SERVICE CATEGORY	TANF 0-2 MONTHS	TANF 3-12 MONTHS	TANF 1-6 YEARS	TANF 7-18 YEARS	TANF ADULT	SSI CHILD	SSI ADULT	OCWI	FOSTER CARE	KICK
Inpatient Hospital (non MH/SA)	0.0%	1.5%	1.5%	0.5%	1.0%	0.0%	0.0%	0.0%	1.0%	0.0%
Inpatient Hospital (MH/SA)	0.0%	0.0%	0.0%	0.5%	1.0%	3.0%	2.0%	1.5%	2.0%	0.0%
Outpatient Hospital (non ER)	2.5%	3.0%	4.0%	3.5%	1.5%	1.5%	2.5%	2.0%	3.0%	4.0%
Outpatient Hospital (ER)	4.5%	6.0%	7.5%	7.5%	3.0%	5.0%	3.5%	2.5%	2.5%	0.0%
Professional & Ancillary	2.0%	3.0%	5.0%	3.0%	1.5%	3.5%	3.0%	1.0%	0.5%	1.5%
Total Medical	**0.5%**	**3.0%**	**4.8%**	**3.0%**	**1.5%**	**2.8%**	**1.8%**	**1.3%**	**1.3%**	**0.5%**
Pharmacy - Cost	0.5%	0.5%	2.0%	1.0%	7.0%	6.5%	7.5%	8.0%	0.0%	0.0%
Pharmacy - Utilization	2.5%	2.5%	7.0%	3.0%	(1.5%)	(1.0%)	(1.5%)	0.0%	2.0%	0.0%
Composite	**0.5%**	**3.0%**	**5.3%**	**3.3%**	**2.5%**	**3.5%**	**3.0%**	**2.3%**	**1.3%**	**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 14 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 time period encompassing the base period (SFY 2022) through the projection period (SFY 2024). 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 2024 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.

(iii) Subsets of benefits within a category of services

For the pharmacy trend assumption development, we considered experience and projected changes for specialty, brand, and generic drugs during the base period (SFY 2022) through the projection period (SFY 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 risk score, and 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 2024.

(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 results of our analysis and guidance from SCDHHS, we believe the certified SFY 2024 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 $12.1 million of estimated annualized expenditures in the adjusted base data expenditures, or 17.9% 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 2024 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.

We understand, however, that SCDHHS anticipates implementing a program and policy change to be effective June 1, 2023 related to retrospective enrollment in the managed care program for managed care individuals reinstated to Medicaid within 90 days of disenrollment. The estimated impact of this program change is currently under review.

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 2023 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 program adjustments 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 2024 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:
    (1) SFY 2022: $9.7 million – approximately 0.2% of projected SFY 2024 capitation premium
    (2) SFY 2023 (anticipated): $10.5 million – approximately 0.2% of projected SFY 2024 capitation premium
    (3) SFY 2024 (anticipated): $10.4 million – approximately 0.2% of projected SFY 2024 capitation premium
- **Incentive payments for the South Carolina Quality Achievement Program (QAP).** These incentives are applicable to the SFY 2024 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. Total SFY payments for the QAP are estimated at $165 million (approximately 2.9% of projected SFY 2024 capitation revenue, inclusive of state-directed payments).

SCDHHS will complete a reconciliation prior to finalizing SFY 2024 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 rates.

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 in diabetes care, women's health, and pediatric preventive care.

(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.

- In reporting year 2020 (CY 2020), based on measurement year 2019, the MCOs in aggregate received 92.3% of available withhold funds from SCDHHS through first pass evaluation.
- The withhold program was suspended in reporting year 2021 (measurement year 2020); however, based on withhold results evaluated by SCDHHS for this period, MCOs met the quality targets in nearly all indices, and would have achieved an estimated withhold return of 91.7% through the first pass evaluation if the quality withhold program had been in place.
- 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 has been 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 our review, we believe it is reasonably achievable in the context of the SFY 2024 capitation rate development for the MCOs to meet the quality withhold targets for 100% return of the withhold for CY 2023.

(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 2022 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 2022 audited financial statements, RBC-levels for each MCO are at or greater than 380%.

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 15: MCO FINANCIAL REVIEW

HEALTH PLAN	REPORTED RBC LEVEL	STRESS-TESTED RBC LEVEL
Absolute Total Care	566%	525%
BlueChoice	1410%	1373%
Humana	687%	657%
Molina	380%	348%
Select Health	498%	456%

Source: CY 2022 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 2024 certified capitation rates reflect the expectation that 100% of the withhold is reasonably achievable.

(b) Capitation payments minus withhold

The SFY 2024 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 2024 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, 2021) 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 2024 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 2024 PRTF risk pool aggregate amounts will be developed using the estimated SFY 2024 PRTF benefit expense PMPM by rate cell included in the SFY 2024 capitation rates, multiplied by the actual SFY 2024 membership by rate cell.

The estimated SFY 2024 PRTF PMPM is developed on a prospective basis and is based on a review of historical PRTF expenditures during the SFY 2022 base period. Program and policy changes developed for the SFY 2024 managed care capitation rates impacting PRTF expenditures were applied to the base experience.

Please note that the estimated SFY 2024 PRTF PMPM is based on the historical PRTF expenditures and applicable prospective adjustments, with no smoothing adjustment across rate cells.

Figures 16 and 17 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 2024 capitation rates.

FIGURE 16: TOTAL PRTF EXPERIENCE GREATER THAN POOL FUNDS

MCO	ACTUAL SFY 2024 MEMBER MONTHS	ESTIMATED SFY 2024 PRTF PMPM	MCO RISK-ADJUSTED SFY 2024 PRTF PMPM	ESTIMATED SFY 2024 PRTF EXPENDITURES	ACTUAL SFY 2024 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)
All Plans	**100,000**	**$ 5.00**	**$ 5.00**	**$ 500,000**	**$ 550,000**	**100.0%**	**$ 500,000**	**$ 0**

FIGURE 17: TOTAL PRTF EXPERIENCE LESS THAN POOL FUNDS

MCO	ACTUAL SFY 2024 MEMBER MONTHS	ESTIMATED SFY 2024 PRTF PMPM	MCO RISK-ADJUSTED SFY 2024 PRTF PMPM	ESTIMATED SFY 2024 PRTF EXPENDITURES	ACTUAL SFY 2024 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)
All Plans	**100,000**	**$ 5.00**	**$ 5.00**	**$ 500,000**	**$ 480,000**	**100.0%**	**$ 500,000**	**$ 0**

Figure 18 illustrates the estimated SFY 2024 member months, PRTF PMPM, and risk pool expenditures by rate cell.

FIGURE 18: PRTF ANALYSIS - SFY 2024 PROJECTED PMPM

RATE CELL	ESTIMATED SFY 2024 MEMBER MONTHS	ESTIMATED SFY 2024 PRTF PMPM	ESTIMATED EXPENDITURES
TANF: 0-2 months old (AH3)	81,804	$ 0.00	$ 0
TANF: 3-12 months old (AI3)	339,962	-	-
TANF: Age 1-6 (AB3)	2,459,747	-	-
TANF: Age 7-13 (AC3)	2,944,491	1.61	4,742,255
TANF: Age 14-18, Male (AD1)	859,617	2.07	1,780,441
TANF: Age 14-18, Female (AD2)	865,192	4.93	4,269,308
TANF: Age 19-44, Male (AE1)	340,393	0.01	1,917
TANF: Age 19-44, Female (AE2)	1,697,450	0.01	16,461
TANF: Age 45+ (AF3)	299,998	-	-
SSI - Children (SO3)	133,164	31.52	4,197,231
SSI - Adults (SP3)	614,239	0.19	119,020
OCWI (WG2)	317,624	-	-
DUAL	-	-	-
Foster Care - Children (FG3)	54,972	235.57	12,949,774
KICK (MG2/NG2)	25,985	-	-
Composite	**11,008,653**	**$ 2.55**	**$ 28,076,407**

Please note that the “Estimated expenditures” column in Figure 18 is a projection based on estimated SFY 2024 membership. The estimated SFY 2024 PRTF PMPMs by rate cell will not change as actual SFY 2024 PRTF experience emerges; however the aggregate PRTF risk pool amounts by rate cell may vary to the extent that actual SFY 2024 member months vary from the estimated membership.

Additionally, if capitation rates are amended during the SFY 2024 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 2024 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 2024 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 2024 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 2024 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_20230701-20240630);
- **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_New_20230701-20240630);
- **Independent Pharmacy Dispensing Fee Program**. Pharmacy state-directed payment initiative for all in-state independent contracted pharmacies (control name: SC_Fee_Oth_New_20230701-20240630);
- **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 STP Program preprint (SC_Fee_AMC_Renewal_20230701-20240630) as of June 13, 2023.
- 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 Independent Pharmacy Dispensing Fee 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 in SFY 2024 are documented in this rate certification.

ii. Appropriate Documentation

(a) Description of State-Directed Payments

Figure 19 provides a description of each state-directed payment included in the SFY 2024 Medicaid managed care program.

Note that APM contracts reflected in the SFY 2024 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 19 - 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_20230701-20240630 (Supplemental Teaching Physician Program)	Uniform percentage increase	Uniform increase to physician reimbursement for teaching physicians	Separate payment term
SC_Fee_IPH.OPH_New_20230701-20240630 (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_New_20230701-20240630 (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, 2022, the STP state-directed payment program was developed to utilize 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 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.[8]

Provider Class Defined

Based on documentation provided in the SCDHHS-approved 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 2024 contract year utilization and resulting state-directed payments, the uniform payments may be adjusted as described further in the SCDHHS submitted preprint

Total SFY 2024 payments for the STP program are projected at approximately $133 million, consistent with the total dollar amount included in the preprint approved by CMS on June 13, 2023.

Health, Access, Workforce, and Quality Program

The HAWQ program was developed to provide additional financial stability for hospitals across South Carolina to further invest in the healthcare workforce, maintain and increase access to care for Medicaid patients, and improve quality and health outcomes for all patients.[9] 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.[10]

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 2024 contract year.

The uniform percentage increase applied to each hospital inpatient claim during the SFY 2024 contract year is 223% and the uniform percentage increase applied to each hospital outpatient claim during the SFY 2024

[8] Supplemental Teaching Physician approved preprint (SC_Fee_AMC_Renewal_20230701-20240630) Question 19d
[9] HAWQ submitted preprint (SC_Fee_IPH.OPH_New_20230701-20240630), Question 43
[10] HAWQ submitted preprint (SC_Fee_IPH.OPH_New_20230701-20240630), Question 20b

contract year is 139%.[11] The uniform percentage increase applied in the state-directed payment brings eligible hospitals up to 97% of ACR for inpatient payments and 100% of ACR for outpatient payments during the SFY 2024 contract period.[12]

Upon final reconciliation of the SFY 2024 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 2024 payments for the HAWQ program are projected at approximately $2.1 billion, consistent with the total dollar amount included in the preprint submitted to CMS and currently under review.

Independent Pharmacy Dispensing Fee Program

Effective July 1, 2023, the independent pharmacy program was developed to direct a uniform dollar increase to all eligible prescriptions during the SFY 2024 contract year for SC in-network independent pharmacies. SCDHHS believes that by utilizing these dollars through a directed payment, the agency can impact Medicaid member access to care consistent with the Agency's quality strategy.[13]

Provider Class Defined

Based on documentation provided in the SCDHHS-submitted 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 2024 payments for the independent pharmacy dispensing fee directed payment are projected at approximately $7.5 million, consistent with the total dollar amount included in the preprint submitted to CMS and currently under review.

(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 20 - 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 $32 million	100% of Medicaid fee-for-service reimbursement for all in-network SC rural hosptials 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 21 illustrates the projected benefit expense PMPM amounts by rate cell incorporated as a rate adjustment for the rural hospital minimum fee schedule reimbursement update.

[11] HAWQ submitted preprint (SC_Fee_IPH.OPH_New_20230701-20240630), CMS Round 1 Response - Update to Table 2
[12] Final HAWQ ACR metrics were provided in SCDHHS's response to CMS Round 2 question #4, dated 6/15/2023
[13] Independent Pharmacy submitted preprint (SC_Fee_Oth_New_20230701-20240630) Question 19d

FIGURE 21: RURAL HOSPITAL MINIMUM FEE SCHEDULE IMPACT BY RATE CELL

RATE CELL	PMPM
TANF: 0-2 months old (AH3)	$ 9.15
TANF: 3-12 months old (AI3)	1.21
TANF: Age 1-6 (AB3)	1.10
TANF: Age 7-13 (AC3)	0.83
TANF: Age 14-18, Male (AD1)	1.25
TANF: Age 14-18, Female (AD2)	1.82
TANF: Age 19-44, Male (AE1)	2.38
TANF: Age 19-44, Female (AE2)	4.18
TANF: Age 45+ (AF3)	6.21
SSI - Children (SO3)	1.98
SSI - Adults (SP3)	15.85
OCWI (WG2)	2.68
DUAL	0.43
Foster Care - Children (FG3)	1.88
KICK (MG2/NG2)	89.22

(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, 2023.

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 $20.8 million, or $1.73 PMPM, based on SFY 2022 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 2024 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 22 - 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
SC_Fee_AMC_Renewal_20230701-20240630 (Supplemental Teaching Physician Program)	Approx $133.0 million	The actuary certifies the amount of the separate payment term disclosed in this certification	Approx $12.08 PMPM	Consistent with approved preprint	Confirmed
SC_Fee_IPH.OPH_New_20230701-20240630 (Health, Access, Workforce, and Quality Program)	Approx $2.1 billion	The actuary certifies the amount of the separate payment term disclosed in this certification	Approx $191.13 PMPM	Consistent with submitted preprint	Confirmed
SC_Fee_Oth_New_20230701-20240630 (Independent Pharmacy Dispensing Fee Payment)	Approx $7.5 million	The actuary certifies the amount of the separate payment term disclosed in this certification	Approx $0.68 PMPM	Consistent with submitted preprint	Confirmed

(A) Aggregate amount

The estimated aggregate amount attributable to the STP program, HAWQ program, and independent pharmacy program is $133.0 million, $2.1 billion, and $7.5 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 2024 rating period are provided by rate cell in the figure below.

FIGURE 23: STATE DIRECTED PAYMENT PMPM BY RATE CELL

RATE CELL	STP	HAWQ	Independent Pharmacy
TANF: 0-2 months old (AH3)	$ 146.02	$ 2,542.59	$ 0.24
TANF: 3-12 months old (AI3)	24.87	132.31	0.38
TANF: Age 1-6 (AB3)	6.22	57.09	0.35
TANF: Age 7-13 (AC3)	4.34	41.98	0.44
TANF: Age 14-18, Male (AD1)	5.25	75.60	0.49
TANF: Age 14-18, Female (AD2)	7.43	106.85	0.73
TANF: Age 19-44, Male (AE1)	5.39	187.90	0.51
TANF: Age 19-44, Female (AE2)	15.64	260.16	0.82
TANF: Age 45+ (AF3)	20.17	401.17	1.74
SSI - Children (SO3)	22.64	286.00	1.52
SSI - Adults (SP3)	40.17	958.83	2.38
OCWI (WG2)	34.91	480.96	0.97
DUAL	-	-	-
Foster Care - Children (FG3)	6.96	434.86	1.33
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 2024 capitation rates.

ii. Appropriate Documentation

There are no pass-through payments reflected in the SFY 2024 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 2024 non-benefit costs are listed below:

- Calendar Year 2019, 2020, and 2021 administrative costs as reported in the Managed Care Survey completed by each MCO.
- SFY 2022 and emerging pharmacy script counts as reported in the encounter data submitted by the MCOs.
- 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 2021 report published in July 2022 (Medicaid managed care financial results for 2021) is provided here: https://us.milliman.com/en/insight/medicaid-managed-care-financial-results-2021

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 2021 referenced above indicates that the allowance reflected in the South Carolina Medicaid managed care rates is reasonable in comparison to this 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 2024 non-benefit cost percentage is slightly higher for SSI Adults and Foster Children compared to prior capitation rate setting analyses, while SSI Children and OCWI is slightly lower. For all other populations, the non-benefit cost percentage is consistent with prior capitation rate setting analyses for this program. 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 2024 enrollment, and continued review of the program.

(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 2024.

(c) Other material adjustments

Based on discussions with SCDHHS, an increase of 0.25% has been applied to the estimated administrative cost load for SFY 2024, applied uniformly to each rate cell.

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 2024 non-benefit cost allowance is applied as a percentage of the capitation rates excluding state-directed payments, as illustrated in Figure 24 below.

FIGURE 24: NON-BENEFIT COST ALLOWANCE BY RATE CELL

RATE CELL	ADMINISTRATIVE EXPENSES	RISK MARGIN	SFY 2024 Non-Benefit Allowance
TANF: 0-2 months old (AH3)	6.75%	1.00%	7.75%
TANF: 3-12 months old (AI3)	12.00%	1.00%	13.00%
TANF: Age 1-6 (AB3)	12.75%	1.00%	13.75%
TANF: Age 7-13 (AC3)	12.75%	1.00%	13.75%
TANF: Age 14-18, Male (AD1)	12.75%	1.00%	13.75%
TANF: Age 14-18, Female (AD2)	12.75%	1.00%	13.75%
TANF: Age 19-44, Male (AE1)	10.25%	1.00%	11.25%
TANF: Age 19-44, Female (AE2)	10.25%	1.00%	11.25%
TANF: Age 45+ (AF3)	10.25%	1.00%	11.25%
SSI - Children (SO3)	8.00%	1.00%	9.00%
SSI - Adults (SP3)	8.00%	1.00%	9.00%
OCWI (WG2)	10.25%	1.00%	11.25%
DUAL[1]	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 was 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 and regulatory fees attributed to the South Carolina Medicaid managed care program.

The benefit expense and non-benefit cost allowance components of the SFY 2024 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 2019, CY 2020, and CY 2021 is illustrated in Figure 25. In addition to the average non-benefit cost PMPM reported across all MCOs, we also provided the minimum and maximum MCO non-benefit cost PMPM.

FIGURE 25: MCO REPORTED NON-BENEFIT COST PMPM

CALENDAR YEAR	AVERAGE REPORTED NON BENEFIT COSTS PMPM	MININUM REPORTED NON BENEFIT COSTS PMPM	MAXIMUM REPORTED NON BENEFIT COSTS PMPM
CY 2020	$ 33.25	$ 24.22	$ 41.51
CY 2021	$ 35.05	$ 23.84	$ 60.29
CY 2022	$ 31.42	$ 24.85	$ 42.92

Note: Due to low volume of Medicaid membership during the first 18 months of managed care activity, the new MCO entrant during 2021 has been excluded from the CY 2021 and CY 2022 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 24.

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, and SSI Adult populations will 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, and SSI 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 four 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 2022 FFS and encounter data for the population enrolled in managed care as of March 2023 as the underlying data source for the development of the July through December 2023 risk scores. 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 2023.

(b) Risk adjustment model

The July through December 2023 risk scores for the TANF Adult, TANF Children, SSI Adult, and SSI 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 2023.

(c) Risk adjustment methodology

The SCDHHS risk adjustment is designed to be cost neutral for each of the four 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 used the CDPS+Rx risk adjustment model version 6.5, including an additional MH/SA treatment prevalence variable, calibrated to South Carolina-specific weights for the last rating period. The most recent CDPS+Rx risk adjustment model, version 7.0, with MH/SA treatment prevalence variable calibrated to South Carolina-specific weights is anticipated to be used for the SFY 2024 rating period.

7. Acuity adjustment

This section provides information on the acuity adjustment incorporated into the SFY 2024 capitation rates.

A. RATE DEVELOPMENT STANDARDS

i. Overview

Assumptions related to anticipated changes in population acuity during SFY 2024 are applied as prospective acuity adjustments and are discussed in Section 2.B.iii.(d), “Families First Coronavirus Response Act (FFCRA) – Disenrollment Freeze and Unwinding Period” adjustment.

B. APPROPRIATE DOCUMENTATION

i. Description

Documentation of the prospective acuity adjustment included in the SFY 2024 capitation rate development is discussed in Section 2.B.iii.(d), “Families First Coronavirus Response Act (FFCRA) – Disenrollment Freeze and Unwinding Period” 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 dis-enrolled 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 anticipated resumption of redeterminations and terminations of coverage that will occur during SFY 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 2024 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.

The services provided by Milliman to SCDHHS were performed under the signed consulting agreement between Milliman and SCDHHS effective July 1, 2022.

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, 2023 through June 30, 2024

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[14], 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, 2023 through June 30, 2024. 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 anticipated resumption of redeterminations and terminations of coverage that will occur during SFY 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 to address the pandemic, could have a material impact on acuity, enrollment, providers, and other factors related to the capitation rates illustrated in this rate certification.

Marlene T. Howard (Electronic Signature)

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

June 21, 2023
Date

[14] SCDHHS is implementing a program and policy change effective June 1, 2023 related to retrospective enrollment in the managed care program for managed care individuals reinstated to Medicaid within 90 days of disenrollment. The estimated impact of this program change is currently under review.

Appendix 2: Certified Capitation Rates

South Carolina Department of Health and Human Services Medicaid Managed Care Program State Fiscal Year 2024 Capitation Rate Development Comparison to January - June 2023 Capitation Rates									
		SFY 2024	Excluding Add-Ons			Including Add-Ons			
Rate Cell Description	Rate Cell Code	Projected Exposure	Jan-Jun 2023 Rates	SFY 2024 Rates	Total Rate Change	Jan-Jun 2023 Rates	SFY 2024 Rates	Total Rate Change
TANF Children								
TANF - 0 - 2 Months, Male & Female	**AH3**	81,804	$ 2,291.79	$ 2,213.02	(3.4%)	$ 2,590.66	$ 4,901.87	89.2%
TANF - 3 - 12 Months, Male & Female	**AI3**	339,962	221.26	260.31	17.6%	241.70	417.87	72.9%
TANF - Age 1 - 6, Male & Female	**AB3**	2,459,747	121.79	152.22	25.0%	126.53	215.88	70.6%
TANF - Age 7 - 13, Male & Female	**AC3**	2,944,491	127.92	136.32	6.6%	131.52	183.08	39.2%
TANF - Age 14 - 18, Male	**AD1**	859,617	153.08	162.96	6.5%	157.84	244.30	54.8%
TANF - Age 14 - 18, Female	**AD2**	865,192	200.21	212.88	6.3%	207.55	327.89	58.0%
Subtotal TANF Children		**7,550,813**	**$ 164.72**	**$ 181.39**	**10.1%**	**$ 173.21**	**$ 279.02**	**61.1%**
TANF Adult								
TANF - Age 19 - 44, Male	**AE1**	340,393	$ 186.77	$ 214.76	15.0%	$ 192.74	$ 408.56	112.0%
TANF - Age 19 - 44, Female	**AE2**	1,697,450	312.14	342.77	9.8%	328.42	619.39	88.6%
TANF - Age 45+, Male & Female	**AF3**	299,998	561.53	615.50	9.6%	580.65	1,038.58	78.9%
Subtotal TANF Adult		**2,337,841**	**$ 325.89**	**$ 359.13**	**10.2%**	**$ 341.03**	**$ 642.48**	**88.4%**
Disabled								
SSI - Children	**SO3**	133,164	$ 669.72	$ 749.70	11.9%	$ 691.88	$ 1,059.86	53.2%
SSI - Adults	**SP3**	614,239	1,456.89	1,469.15	0.8%	1,502.70	2,470.53	64.4%
Subtotal Disabled		**747,403**	**$ 1,316.64**	**$ 1,340.97**	**1.8%**	**$ 1,358.24**	**$ 2,219.19**	**63.4%**
OCWI	**WG2**	**317,624**	**$ 210.95**	**$ 241.12**	**14.3%**	**$ 245.98**	**$ 757.96**	**208.1%**
DUAL		**-**	**$ 177.40**	**$ 189.23**	**6.7%**	**$ 177.40**	**$ 189.23**	**6.7%**
Foster Care Children	**FG3**	**54,972**	**$ 1,040.87**	**$ 1,001.34**	**(3.8%)**	**$ 1,051.01**	**$ 1,444.49**	**37.4%**
KICK	**MG2/NG2**	**25,985**	**$ 6,957.00**	**$ 7,178.13**	**3.2%**	**$ 6,957.00**	**$ 7,178.13**	**3.2%**
Total		**11,008,653**	**$ 299.28**	**$ 320.62**	**7.1%**	**$ 312.20**	**$ 524.51**	**68.0%**

Appendix 3: Fiscal Impact Summary

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Fiscal Impact Summary ($ Millions)

		Jan - Jun 2023 Capitation Rates			SFY 2024 Capitation Rates			Increase/(Decrease)	
Rate Cell	SFY 2024 Projected Exposure	Capitation Rate	Projected Expenditures	FMAP (70.53%) Federal Expenditures	Capitation Rate	Projected Expenditures	FMAP (70.53%) Federal Expenditures	Projected Expenditures	FMAP (70.53%) Federal Expenditures
TANF Children									
TANF - 0 - 2 Months, Male & Female	81,804	$ 2,590.66	$ 211.9	$ 149.5	$ 4,901.87	$ 401.0	$ 282.8	$ 189.1	$ 133.3
TANF - 3 - 12 Months, Male & Female	339,962	241.70	82.2	58.0	417.87	142.1	100.2	59.9	42.2
TANF - Age 1 - 6, Male & Female	2,459,747	126.53	311.2	219.5	215.88	531.0	374.5	219.8	155.0
TANF - Age 7 - 13, Male & Female	2,944,491	131.52	387.3	273.1	183.08	539.1	380.2	151.8	107.1
TANF - Age 14 - 18, Male	859,617	157.84	135.7	95.7	244.30	210.0	148.1	74.3	52.4
TANF - Age 14 - 18, Female	865,192	207.55	179.6	126.7	327.89	283.7	200.1	104.1	73.4
Subtotal TANF Children	**7,550,813**	**$ 173.21**	**$ 1,307.8**	**$ 922.4**	**$ 279.02**	**$ 2,106.8**	**$ 1,485.9**	**$ 799.0**	**$ 563.5**
TANF Adult									
TANF - Age 19 - 44, Male	340,393	$ 192.74	$ 65.6	$ 46.3	$ 408.56	$ 139.1	$ 98.1	$ 73.5	$ 51.8
TANF - Age 19 - 44, Female	1,697,450	328.42	557.5	393.2	619.39	1,051.4	741.5	493.9	348.4
TANF - Age 45+, Male & Female	299,998	580.65	174.2	122.9	1,038.58	311.6	219.8	137.4	96.9
Subtotal TANF Adult	**2,337,841**	**$ 341.03**	**$ 797.3**	**$ 562.3**	**$ 642.48**	**$ 1,502.0**	**$ 1,059.4**	**$ 704.7**	**$ 497.1**
Disabled									
SSI - Children	133,164	$ 691.88	$ 92.1	$ 65.0	$ 1,059.86	$ 141.1	$ 99.5	$ 49.0	$ 34.6
SSI - Adults	614,239	1,502.70	923.0	651.0	2,470.53	1,517.5	1,070.3	594.5	419.3
Subtotal Disabled	**747,403**	**$ 1,358.24**	**$ 1,015.2**	**$ 716.0**	**$ 2,219.19**	**$ 1,658.6**	**$ 1,169.8**	**$ 643.5**	**$ 453.8**
OCWI	**317,624**	**$ 245.98**	**$ 78.1**	**$ 55.1**	**$ 757.96**	**$ 240.7**	**$ 169.8**	**$ 162.6**	**$ 114.7**
DUAL	**-**	**$ 177.40**	**$ 0.0**	**$ 0.0**	**$ 189.23**	**-**	**-**	**-**	**-**
Foster Care Children	**54,972**	**$ 1,051.01**	**$ 57.8**	**$ 40.7**	**$ 1,444.49**	**$ 79.4**	**$ 56.0**	**$ 21.6**	**$ 15.3**
KICK	**25,985**	**$ 6,957.00**	**$ 180.8**	**$ 127.5**	**$ 7,178.13**	**$ 186.5**	**$ 131.6**	**$ 5.7**	**$ 4.1**
Total	**11,008,653**	**$ 312.20**	**$ 3,437.0**	**$ 2,424.1**	**$ 524.51**	**$ 5,774.2**	**$ 4,072.5**	**$ 2,337.2**	**$ 1,648.4**

Note: Federal expenditures based on Federal Fiscal Year 2024 FMAP of 69.53% + 2.5% public health emergency enhancement for July though Sept 2023, 1.5% enhancement for October - December 2023 and no enhancement for January 2024 - June 2024, resulting in an effective FMAP of 70.53% for the full year.

Appendix 4: Rate Change Summary

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 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 2024 Capitation Rate w/o Add-Ons	Jan-Jun 2023 Capitation Rate w/o Add-Ons	% Change	Health, Access, and Workforce Quality	Pharmacy Dispensing Fee	Supplemental Teaching Payment	SFY 2024 Capitation Rate w/ Add-Ons	Jan-Jun 2023 Capitation Rate w/ Add-Ons	% Change
TANF Children															
TANF - 0 - 2 Months, Male & Female	81,804	$ 2,041.51	$ 127.25	$ 22.13	$ 22.13	$ 171.51	$ 2,213.02	$ 2,291.79	(3.4%)	$ 2,542.59	$ 0.24	$ 146.02	$ 4,901.87	$ 2,590.66	89.2%
TANF - 3 - 12 Months, Male & Female	339,962	226.47	26.68	4.56	2.60	33.84	260.31	221.26	17.6%	132.31	0.38	24.87	417.87	241.70	72.9%
TANF - Age 1 - 6, Male & Female	2,459,747	131.29	16.74	2.66	1.53	20.93	152.22	121.79	25.0%	57.09	0.35	6.22	215.88	126.53	70.6%
TANF - Age 7 - 13, Male & Female	2,944,491	117.58	15.00	2.39	1.35	18.74	136.32	127.92	6.6%	41.98	0.44	4.34	183.08	131.52	39.2%
TANF - Age 14 - 18, Male	859,617	140.55	17.93	2.85	1.63	22.41	162.96	153.08	6.5%	75.60	0.49	5.25	244.30	157.84	54.8%
TANF - Age 14 - 18, Female	865,192	183.61	23.42	3.73	2.12	29.27	212.88	200.21	6.3%	106.85	0.73	7.43	327.89	207.55	58.0%
Subtotal TANF Children	**7,550,813**	**$ 157.97**	**$ 18.61**	**$ 3.00**	**$ 1.81**	**$ 23.41**	**$ 181.39**	**$ 164.72**	**10.1%**	**$ 89.32**	**$ 0.44**	**$ 7.87**	**$ 279.02**	**$ 173.21**	**61.1%**
TANF Adult															
TANF - Age 19 - 44, Male	340,393	$ 190.60	$ 18.79	$ 3.22	$ 2.15	$ 24.16	$ 214.76	$ 186.77	15.0%	187.90	0.51	5.39	408.56	$ 192.74	112.0%
TANF - Age 19 - 44, Female	1,697,450	304.21	29.99	5.14	3.43	38.56	342.77	312.14	9.8%	260.16	0.82	15.64	619.39	328.42	88.6%
TANF - Age 45+, Male & Female	299,998	546.26	53.86	9.23	6.15	69.24	615.50	561.53	9.6%	401.17	1.74	20.17	1,038.58	580.65	78.9%
Subtotal TANF Adult	**2,337,841**	**$ 318.73**	**$ 31.42**	**$ 5.39**	**$ 3.59**	**$ 40.40**	**$ 359.13**	**$ 325.89**	**10.2%**	**$ 267.73**	**$ 0.89**	**$ 14.73**	**$ 642.48**	**$ 341.03**	**88.4%**
Disabled															
SSI - Children	133,164	$ 682.23	$ 48.73	$ 11.25	$ 7.49	$ 67.47	$ 749.70	$ 669.72	11.9%	286.00	1.52	22.64	1,059.86	$ 691.88	53.2%
SSI - Adults	614,239	1,336.93	95.49	22.04	14.69	132.22	1,469.15	1,456.89	0.8%	958.83	2.38	40.17	2,470.53	1,502.70	64.4%
Subtotal Disabled	**747,403**	**$ 1,220.28**	**$ 87.16**	**$ 20.12**	**$ 13.41**	**$ 120.68**	**$ 1,340.97**	**$ 1,316.64**	**1.8%**	**$ 838.95**	**$ 2.23**	**$ 37.05**	**$ 2,219.19**	**$ 1,358.24**	**63.4%**
OCWI	**317,624**	**$ 213.99**	**$ 21.10**	**$ 3.62**	**$ 2.41**	**$ 27.13**	**$ 241.12**	**$ 210.95**	**14.3%**	**$ 480.96**	**$ 0.97**	**$ 34.91**	**$ 757.96**	**$ 245.98**	**208.1%**
DUAL	**-**	**$ 68.55**	**$ 87.16**	**$ 20.12**	**$ 13.40**	**$ 120.68**	**$ 189.23**	**$ 177.40**	**6.7%**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 189.23**	**$ 177.40**	**6.7%**
Foster Care Children	**54,972**	**$ 888.69**	**$ 65.09**	**$ 37.55**	**$ 10.01**	**$ 112.65**	**$ 1,001.34**	**$ 1,040.87**	**(3.8%)**	**$ 434.86**	**$ 1.33**	**$ 6.96**	**$ 1,444.49**	**$ 1,051.01**	**37.4%**
KICK	**25,985**	**$ 6,944.84**	**$ 143.56**	**$ 17.95**	**$ 71.78**	**$ 233.29**	**$ 7,178.13**	**$ 6,957.00**	**3.2%**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 7,178.13**	**$ 6,957.00**	**3.2%**
Total	**11,008,653**	**$ 285.89**	**$ 26.63**	**$ 4.90**	**$ 3.20**	**$ 34.73**	**$ 320.62**	**$ 299.28**	**7.1%**	**$ 191.13**	**$ 0.68**	**$ 12.08**	**$ 524.51**	**$ 312.20**	**68.0%**

Appendix 5: In-Rate Criteria

South Carolina Department of Health and Human Services SFY 2024 Medicaid Managed Care 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	01	Any	Exclude if ICD-10 diagnosis code equals Z94 through z94.9, except for Z94.7
Y	All	Any	Exclude if APR-DRG = 001-1, 001-2, 001-3, 001-4, 002-1, 002-2, 002-3, 002-4, 003-1, 003-2, 003-3, 003-4, 006-1, 006-2, 006-3, 006-4, 007-1, 007-2, 007-3, 007-4, 008-1, 008-2, 008-3, 008-4, 440-1, 440-2, 440-3, 440-4
Y	02	Any	Exclude if Ownership Code = 11
Y	01,02	Any	Exclude all COVID Vaccine procedure codes (All COVID vaccine administration codes should be included)

Pharmacy Claims Criteria			
Claim Type	**Provider Type**	**Provider Specialty**	**Notes**
D	70	Any	Exclude all COVID Vaccine procedure codes (All COVID vaccine administration codes should be included)
D	70	Any	Exclude the following HCNE Pharmaceuticals ("LIVMARLI","RETHYMIC","VYVGART","SCEMBLIX","NEXVIAZYME","RECORLEV","ZYNTEGLO","XENPOZYME","SKYSONA")

South Carolina Department of Health and Human Services SFY 2024 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate			
HIC Claims			
Claim Type	**Provider 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 (All COVID vaccine administration codes should be included)
A	All	Any	Exclude if ICD-10 diagnosis code equals Z94 through z94.9, except for Z94.7 and Place of Service =21
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	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	21	78	Exclude if Provider Number = TR0003/NPI 1669523528
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 SFY 2024 Medicaid Managed Care 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**
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
B0600	B079

South Carolina Department of Health and Human Services SFY 2024 Medicaid Managed Care 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**
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
Z224	Z224
Z2250	Z2259

South Carolina Department of Health and Human Services SFY 2024 Medicaid Managed Care 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**
Z717	Z717
Z7189	Z7189
Z7251	Z7253

Appendix 6: Adjusted SFY 2022 Base Data

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - 0 - 2 Months, Male & Female Base Year Member Months: 82,103 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	9,219.6	$ 1,453.10	$ 1,116.42	$ 27.46	$ 0.00	$ (0.61)	$ (0.05)	$ 1.20	$ 7.75	$ 0.00	$ 1.43	9,451.3	$ 1,464.69	$ 1,153.60
Inpatient Well Newborn	6,469.1	622.79	335.74	8.26	-	(0.19)	(0.03)	0.59	2.33	-	1.33	6,636.0	629.35	348.03
Inpatient MH/SA	9.8	490.17	0.40	0.01	-	-	-	-	-	-	0.01	10.0	502.12	0.42
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 1,452.56**											**$ 1,502.05**
Outpatient Hospital														
Surgery	74.1	$ 1,319.80	$ 8.15	$ 0.11	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.05	$ 0.00	$ 0.02	75.2	$ 1,330.97	$ 8.34
Non-Surg - Emergency Room	671.9	315.05	17.64	0.23	-	-	-	-	0.12	-	0.07	680.6	318.40	18.06
Non-Surg - Other	1,254.8	125.76	13.15	0.17	-	-	-	0.04	0.09	-	0.02	1,274.8	126.80	13.47
Observation Room	58.8	970.12	4.75	0.06	-	-	-	-	0.03	-	0.01	59.5	978.19	4.85
Treatment/Therapy/Testing	900.2	76.65	5.75	0.08	-	-	-	-	0.04	-	-	912.7	77.18	5.87
Other Outpatient	93.8	116.38	0.91	0.01	-	-	-	-	0.01	-	-	94.9	117.64	0.93
Subtotal Outpatient Hospital			**$ 50.35**											**$ 51.52**
Retail Pharmacy														
Prescription Drugs	2,402.4	$ 24.83	$ 4.97	$ 0.00	$ 0.00	$ 0.00	$ (0.06)	$ 0.00	$ (0.12)	$ 0.00	$ 0.00	2,402.4	$ 23.93	$ 4.79
Subtotal Retail Pharmacy			**$ 4.97**											**$ 4.79**
Ancillary														
Transportation	183.3	$ 250.11	$ 3.82	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ 0.10	184.7	$ 258.55	$ 3.98
DME/Prosthetics	1,810.6	17.03	2.57	0.02	-	-	-	0.01	0.02	-	0.30	1,831.7	19.13	2.92
Dental	1.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	96.2	88.59	0.71	0.01	-	-	-	0.43	0.01	-	-	155.8	89.36	1.16
Subtotal Ancillary			**$ 7.10**											**$ 8.06**
Professional														
Inpatient and Outpatient Surgery	1,913.1	$ 113.66	$ 18.12	$ 0.24	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.12	$ 0.00	$ 0.68	1,939.5	$ 118.61	$ 19.17
Anesthesia	92.2	189.97	1.46	0.02	-	-	-	-	0.01	-	(0.11)	93.5	177.13	1.38
Inpatient Visits	13,458.8	186.79	209.50	2.77	-	-	-	0.32	1.44	-	(8.37)	13,657.3	180.70	205.66
MH/SA	5.1	117.29	0.05	-	-	-	-	-	-	-	-	5.1	117.29	0.05
Emergency Room	933.8	76.59	5.96	0.08	-	-	-	-	0.04	-	(0.07)	946.3	76.21	6.01
Office/Home Visits/Consults	7,857.4	81.60	53.43	0.71	-	-	-	0.06	0.37	(0.04)	(0.53)	7,964.8	81.36	54.00
Pathology/Lab	2,247.2	45.44	8.51	0.11	-	-	-	0.40	0.06	(0.04)	0.09	2,371.3	46.20	9.13
Radiology	2,206.4	15.12	2.78	0.04	-	-	-	-	0.02	-	(0.01)	2,238.1	15.17	2.83
Office Administered Drugs	58.5	6.16	0.03	-	-	-	-	-	-	-	-	58.5	6.16	0.03
Physical Exams	24,128.8	53.68	107.94	1.42	-	-	-	0.09	0.74	(0.46)	(0.28)	24,363.5	53.91	109.45
Therapy	121.5	27.66	0.28	-	-	-	-	-	0.01	-	(0.01)	121.5	27.66	0.28
Vision	21.8	66.12	0.12	-	-	-	-	-	-	-	-	21.8	66.12	0.12
Other Professional	4,201.5	53.24	18.64	0.25	-	-	-	0.66	0.13	(0.40)	(1.43)	4,316.4	49.62	17.85
Subtotal Professional			**$ 426.82**											**$ 425.96**
Total Medical Costs			**$ 1,941.80**											**$ 1,992.38**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - 3 - 12 Months, Male & Female Base Year Member Months: 337,118 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	207.2	$ 2,087.58	$ 36.04	$ 0.89	$ 0.00	$ (0.10)	$ 0.01	$ 0.00	$ 0.25	$ 0.00	$ 0.00	211.7	$ 2,102.32	$ 37.09
Inpatient Well Newborn	0.1	4,213.98	0.05	-	-	-	-	-	-	-	-	0.1	4,213.98	0.05
Inpatient MH/SA	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 36.09**											**$ 37.14**
Outpatient Hospital														
Surgery	72.3	$ 1,710.48	$ 10.31	$ 0.14	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.07	$ 0.00	$ 0.02	73.3	$ 1,725.21	$ 10.54
Non-Surg - Emergency Room	798.3	233.44	15.53	0.20	-	-	-	-	0.11	-	0.04	808.6	235.67	15.88
Non-Surg - Other	718.0	158.77	9.50	0.12	-	-	-	0.01	0.06	-	0.03	727.9	160.25	9.72
Observation Room	13.8	1,437.32	1.65	0.02	-	-	-	-	0.01	-	0.01	13.9	1,454.54	1.69
Treatment/Therapy/Testing	296.1	181.14	4.47	0.06	-	-	-	-	0.03	-	0.01	300.1	182.74	4.57
Other Outpatient	138.0	139.96	1.61	0.02	-	-	-	-	0.01	-	-	139.8	140.82	1.64
Subtotal Outpatient Hospital			**$ 43.07**											**$ 44.04**
Retail Pharmacy														
Prescription Drugs	3,790.9	$ 33.81	$ 10.68	$ 0.00	$ 0.00	$ 0.00	$ (0.16)	$ 0.00	$ (0.25)	$ 0.00	$ 0.00	3,790.9	$ 32.51	$ 10.27
Subtotal Retail Pharmacy			**$ 10.68**											**$ 10.27**
Ancillary														
Transportation	79.7	$ 129.54	$ 0.86	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.05	80.6	$ 136.99	$ 0.92
DME/Prosthetics	3,984.6	10.93	3.63	0.03	-	-	-	-	0.02	-	0.34	4,017.5	12.01	4.02
Dental	202.6	15.99	0.27	-	-	-	-	-	-	-	-	202.6	15.99	0.27
Other Ancillary	6.0	79.79	0.04	-	-	-	-	-	-	-	-	6.0	79.79	0.04
Subtotal Ancillary			**$ 4.80**											**$ 5.25**
Professional														
Inpatient and Outpatient Surgery	271.0	$ 194.87	$ 4.40	$ 0.06	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ (0.05)	274.7	$ 193.99	$ 4.44
Anesthesia	132.9	116.47	1.29	0.02	-	-	-	-	0.01	-	(0.09)	135.0	109.35	1.23
Inpatient Visits	588.3	197.46	9.68	0.13	-	-	-	0.01	0.07	-	(0.40)	596.8	190.83	9.49
MH/SA	40.0	20.98	0.07	-	-	-	-	-	-	-	-	40.0	20.98	0.07
Emergency Room	880.2	67.89	4.98	0.07	-	-	-	-	0.04	-	(0.07)	892.6	67.49	5.02
Office/Home Visits/Consults	4,620.6	81.21	31.27	0.41	-	-	-	0.05	0.22	(0.05)	(0.33)	4,681.2	80.93	31.57
Pathology/Lab	2,583.2	29.08	6.26	0.08	-	-	-	0.01	0.04	(0.02)	0.36	2,612.1	30.92	6.73
Radiology	562.3	17.29	0.81	0.01	-	-	-	-	0.01	-	-	569.2	17.50	0.83
Office Administered Drugs	282.4	36.54	0.86	0.01	-	-	-	-	0.01	(0.01)	0.02	282.4	37.82	0.89
Physical Exams	12,731.7	39.76	42.18	0.56	-	-	-	0.05	0.29	(0.15)	(0.18)	12,870.5	39.86	42.75
Therapy	1,501.2	22.46	2.81	0.04	-	-	-	(0.19)	0.01	-	0.08	1,421.0	23.22	2.75
Vision	132.8	16.27	0.18	-	-	-	-	-	-	-	-	132.8	16.27	0.18
Other Professional	2,072.7	26.52	4.58	0.06	-	-	-	-	0.03	(0.08)	0.01	2,063.7	26.75	4.60
Subtotal Professional			**$ 109.37**											**$ 110.55**
Total Medical Costs			**$ 204.01**											**$ 207.25**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 1 - 6, Male & Female Base Year Member Months: 2,565,818 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	41.1	$ 2,023.80	$ 6.93	$ 0.17	$ 0.00	$ (0.04)	$ 0.01	$ 0.05	$ 0.03	$ 0.00	$ 0.01	42.2	$ 2,038.03	$ 7.16
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	1.0	716.04	0.06	-	-	-	-	-	-	-	-	1.0	716.04	0.06
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 6.99**											**$ 7.22**
Outpatient Hospital														
Surgery	59.6	$ 1,445.02	$ 7.18	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.04	$ 0.00	$ 0.02	60.4	$ 1,456.95	$ 7.33
Non-Surg - Emergency Room	433.6	250.47	9.05	0.12	-	-	-	-	0.06	-	0.02	439.3	252.65	9.25
Non-Surg - Other	276.8	140.44	3.24	0.04	-	-	-	-	0.02	-	0.01	280.3	141.73	3.31
Observation Room	4.6	1,399.54	0.54	0.01	-	-	-	-	-	-	-	4.7	1,399.54	0.55
Treatment/Therapy/Testing	201.5	204.28	3.43	0.04	-	-	-	(0.01)	0.02	-	0.02	203.3	206.64	3.50
Other Outpatient	122.4	199.02	2.03	0.03	-	-	-	(0.01)	0.02	-	-	123.6	200.96	2.07
Subtotal Outpatient Hospital			**$ 25.47**											**$ 26.01**
Retail Pharmacy														
Prescription Drugs	3,388.4	$ 37.65	$ 10.63	$ 0.00	$ 0.00	$ 0.00	$ (0.16)	$ (0.01)	$ (0.32)	$ 0.00	$ 0.00	3,385.2	$ 35.95	$ 10.14
Subtotal Retail Pharmacy			**$ 10.63**											**$ 10.14**
Ancillary														
Transportation	41.7	$ 120.93	$ 0.42	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.02	41.7	$ 129.57	$ 0.45
DME/Prosthetics	3,175.4	6.42	1.70	0.01	-	-	-	(0.03)	0.03	-	0.15	3,138.1	7.11	1.86
Dental	219.8	79.15	1.45	0.01	-	-	-	0.01	0.01	(0.02)	-	219.8	79.69	1.46
Other Ancillary	9.6	37.70	0.03	-	-	-	-	-	-	-	-	9.6	37.70	0.03
Subtotal Ancillary			**$ 3.60**											**$ 3.80**
Professional														
Inpatient and Outpatient Surgery	183.9	$ 143.54	$ 2.20	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ (0.01)	186.4	$ 143.54	$ 2.23
Anesthesia	118.2	97.47	0.96	0.01	-	-	-	-	0.01	-	(0.06)	119.4	92.44	0.92
Inpatient Visits	62.0	131.59	0.68	0.01	-	-	-	-	-	-	-	62.9	131.59	0.69
MH/SA	3,520.7	17.11	5.02	0.07	-	-	-	(0.07)	0.07	-	0.67	3,520.7	19.63	5.76
Emergency Room	472.7	66.51	2.62	0.03	-	-	-	0.01	0.02	-	(0.04)	479.9	66.01	2.64
Office/Home Visits/Consults	2,995.8	80.55	20.11	0.27	-	-	-	0.02	0.13	(0.03)	(0.08)	3,034.5	80.75	20.42
Pathology/Lab	2,106.6	30.42	5.34	0.07	-	-	-	-	0.04	(0.02)	0.26	2,126.3	32.11	5.69
Radiology	295.0	16.27	0.40	0.01	-	-	-	-	-	-	(0.01)	302.4	15.87	0.40
Office Administered Drugs	442.9	11.11	0.41	0.01	-	-	-	-	-	-	-	453.7	11.11	0.42
Physical Exams	2,071.6	51.44	8.88	0.12	-	-	-	0.01	0.06	(0.06)	(0.01)	2,087.9	51.73	9.00
Therapy	6,935.6	22.67	13.10	0.17	-	-	-	(0.55)	0.08	-	0.58	6,734.4	23.84	13.38
Vision	248.3	29.00	0.60	0.01	-	-	-	-	-	-	0.08	252.4	32.80	0.69
Other Professional	1,766.6	18.34	2.70	0.04	-	-	-	(0.01)	0.01	(0.02)	0.03	1,773.1	18.61	2.75
Subtotal Professional			**$ 63.02**											**$ 64.99**
Total Medical Costs			**$ 109.71**											**$ 112.16**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 7 - 13, Male & Female Base Year Member Months: 2,969,394 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	26.9	$ 2,658.09	$ 5.96	$ 0.15	$ 0.00	$ (0.02)	$ (0.01)	$ 0.01	$ 0.04	$ 0.00	$ 0.00	27.5	$ 2,671.17	$ 6.13
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	68.5	482.04	2.75	0.07	-	-	-	-	0.02	-	0.03	70.2	490.59	2.87
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 8.71**											**$ 9.00**
Outpatient Hospital														
Surgery	32.9	$ 1,540.55	$ 4.22	$ 0.06	$ 0.00	$ 0.00	$ 0.00	$ (0.01)	$ 0.03	$ 0.00	$ 0.01	33.3	$ 1,554.98	$ 4.31
Non-Surg - Emergency Room	249.5	270.75	5.63	0.07	-	-	-	-	0.04	-	0.01	252.6	273.12	5.75
Non-Surg - Other	176.0	140.46	2.06	0.03	-	-	-	-	0.01	-	0.01	178.6	141.80	2.11
Observation Room	2.8	1,221.45	0.29	-	-	-	-	-	-	-	-	2.8	1,221.45	0.29
Treatment/Therapy/Testing	173.1	187.13	2.70	0.04	-	-	-	(0.01)	0.02	-	0.01	175.1	189.19	2.76
Other Outpatient	96.2	135.98	1.09	0.01	-	-	-	-	0.01	-	-	97.1	137.22	1.11
Subtotal Outpatient Hospital			**$ 15.99**											**$ 16.33**
Retail Pharmacy														
Prescription Drugs	4,342.7	$ 69.77	$ 25.25	$ 0.00	$ 0.00	$ 0.00	$ (0.36)	$ 0.02	$ (0.60)	$ 0.00	$ 0.00	4,346.1	$ 67.12	$ 24.31
Subtotal Retail Pharmacy			**$ 25.25**											**$ 24.31**
Ancillary														
Transportation	33.5	$ 110.91	$ 0.31	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.03	33.5	$ 121.64	$ 0.34
DME/Prosthetics	2,376.2	6.77	1.34	0.01	-	-	-	(0.02)	0.03	-	0.10	2,358.5	7.43	1.46
Dental	27.6	82.66	0.19	-	-	-	-	0.01	-	(0.01)	-	27.6	82.66	0.19
Other Ancillary	36.6	42.63	0.13	-	-	-	-	-	-	-	-	36.6	42.63	0.13
Subtotal Ancillary			**$ 1.97**											**$ 2.12**
Professional														
Inpatient and Outpatient Surgery	123.8	$ 139.59	$ 1.44	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ (0.01)	125.5	$ 139.59	$ 1.46
Anesthesia	43.2	108.32	0.39	0.01	-	-	-	-	-	-	(0.02)	44.3	102.91	0.38
Inpatient Visits	79.6	91.91	0.61	0.01	-	-	-	-	-	-	0.03	80.9	96.36	0.65
MH/SA	2,802.7	60.20	14.06	0.19	-	-	-	0.12	0.02	-	0.21	2,864.5	61.16	14.60
Emergency Room	272.3	69.19	1.57	0.02	-	-	-	-	0.02	-	(0.02)	275.8	69.19	1.59
Office/Home Visits/Consults	2,356.6	83.56	16.41	0.22	-	-	-	0.04	0.11	(0.03)	0.02	2,389.6	84.21	16.77
Pathology/Lab	1,781.8	28.76	4.27	0.06	-	-	-	0.01	0.02	(0.01)	0.25	1,806.8	30.55	4.60
Radiology	354.4	19.98	0.59	0.01	-	-	-	-	-	-	-	360.4	19.98	0.60
Office Administered Drugs	567.2	24.54	1.16	0.02	-	-	-	-	0.01	-	-	577.0	24.75	1.19
Physical Exams	873.7	64.42	4.69	0.06	-	-	-	0.01	0.03	(0.04)	0.05	879.3	65.51	4.80
Therapy	1,121.9	22.03	2.06	0.03	-	-	-	(0.01)	0.02	-	0.11	1,132.8	23.41	2.21
Vision	582.3	34.83	1.69	0.02	-	-	-	0.01	0.01	-	0.33	592.7	41.71	2.06
Other Professional	2,164.3	13.20	2.38	0.03	-	-	-	0.01	0.01	(0.01)	0.01	2,191.6	13.31	2.43
Subtotal Professional			**$ 51.32**											**$ 53.34**
Total Medical Costs			**$ 103.24**											**$ 105.10**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Male Base Year Member Months: 958,484 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	51.5	$ 2,938.08	$ 12.62	$ 0.31	$ 0.00	$ (0.05)	$ 0.00	$ 0.02	$ 0.09	$ 0.00	$ 0.00	52.7	$ 2,958.58	$ 12.99
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	140.1	514.79	6.01	0.15	-	-	-	-	0.04	-	0.04	143.6	521.47	6.24
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 18.63**											**$ 19.23**
Outpatient Hospital														
Surgery	47.1	$ 1,802.89	$ 7.08	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.05	$ 0.00	$ 0.03	47.7	$ 1,823.00	$ 7.25
Non-Surg - Emergency Room	281.0	282.31	6.61	0.09	-	-	-	-	0.04	-	0.02	284.8	284.84	6.76
Non-Surg - Other	134.3	149.23	1.67	0.02	-	-	-	-	0.01	-	0.01	135.9	151.00	1.71
Observation Room	3.0	1,477.66	0.37	-	-	-	-	0.01	-	-	-	3.1	1,477.66	0.38
Treatment/Therapy/Testing	214.5	280.26	5.01	0.07	-	-	-	-	0.03	-	0.02	217.5	283.02	5.13
Other Outpatient	85.5	120.74	0.86	0.01	-	-	-	-	0.01	-	-	86.5	122.13	0.88
Subtotal Outpatient Hospital			**$ 21.60**											**$ 22.11**
Retail Pharmacy														
Prescription Drugs	4,403.3	$ 91.08	$ 33.42	$ 0.00	$ 0.00	$ 0.00	$ (0.54)	$ (0.03)	$ (0.76)	$ 0.00	$ 0.00	4,399.3	$ 87.53	$ 32.09
Subtotal Retail Pharmacy			**$ 33.42**											**$ 32.09**
Ancillary														
Transportation	80.8	$ 108.40	$ 0.73	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.06	81.9	$ 117.18	$ 0.80
DME/Prosthetics	2,073.6	11.05	1.91	0.01	-	-	-	0.01	0.01	-	0.14	2,095.4	11.91	2.08
Dental	5.3	22.66	0.01	-	-	-	-	-	-	-	-	5.3	22.66	0.01
Other Ancillary	46.2	46.74	0.18	-	-	-	-	-	-	-	-	46.2	46.74	0.18
Subtotal Ancillary			**$ 2.83**											**$ 3.07**
Professional														
Inpatient and Outpatient Surgery	169.5	$ 160.73	$ 2.27	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.00	$ (0.03)	172.5	$ 159.34	$ 2.29
Anesthesia	55.9	122.28	0.57	0.01	-	-	-	-	-	-	(0.03)	56.9	115.95	0.55
Inpatient Visits	162.1	84.40	1.14	0.02	-	-	-	-	0.01	-	0.07	164.9	90.22	1.24
MH/SA	1,995.6	64.58	10.74	0.14	-	-	-	0.03	0.07	-	0.20	2,027.2	66.18	11.18
Emergency Room	314.5	74.40	1.95	0.03	-	-	-	-	0.01	-	(0.02)	319.3	74.03	1.97
Office/Home Visits/Consults	1,999.4	83.55	13.92	0.18	-	-	-	0.05	0.09	(0.01)	0.08	2,031.0	84.55	14.31
Pathology/Lab	1,680.6	26.99	3.78	0.05	-	-	-	0.01	0.03	(0.02)	0.31	1,698.4	29.39	4.16
Radiology	558.8	24.48	1.14	0.02	-	-	-	-	0.01	-	(0.02)	568.6	24.27	1.15
Office Administered Drugs	1,217.2	35.20	3.57	0.05	-	-	-	0.01	0.02	-	0.11	1,237.7	36.46	3.76
Physical Exams	582.0	70.93	3.44	0.05	-	-	-	0.01	0.02	(0.05)	0.04	583.6	72.17	3.51
Therapy	575.7	21.68	1.04	0.01	-	-	-	0.01	-	-	0.04	586.7	22.50	1.10
Vision	490.7	34.97	1.43	0.02	-	-	-	-	0.01	-	0.29	497.6	42.20	1.75
Other Professional	1,775.9	14.39	2.13	0.03	-	-	-	-	0.02	(0.01)	0.01	1,792.5	14.59	2.18
Subtotal Professional			**$ 47.12**											**$ 49.15**
Total Medical Costs			**$ 123.60**											**$ 125.65**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Female Base Year Member Months: 957,868 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	64.3	$ 2,287.39	$ 12.26	$ 0.30	$ 0.00	$ (0.12)	$ 0.01	$ 0.00	$ 0.05	$ 0.00	$ 0.00	65.3	$ 2,298.42	$ 12.50
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	247.7	498.43	10.29	0.25	-	-	-	-	0.07	-	0.04	253.8	503.63	10.65
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 22.55**											**$ 23.15**
Outpatient Hospital														
Surgery	56.7	$ 1,430.35	$ 6.76	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.05	$ 0.00	$ 0.03	57.5	$ 1,447.05	$ 6.93
Non-Surg - Emergency Room	451.8	305.73	11.51	0.15	-	-	-	0.01	0.08	-	0.02	458.0	308.35	11.77
Non-Surg - Other	206.7	159.10	2.74	0.04	-	-	-	-	0.02	-	-	209.7	160.25	2.80
Observation Room	7.6	994.16	0.63	0.01	-	-	-	-	-	-	-	7.7	994.16	0.64
Treatment/Therapy/Testing	382.1	195.98	6.24	0.08	-	-	-	0.01	0.04	-	0.02	387.6	197.83	6.39
Other Outpatient	111.3	139.04	1.29	0.02	-	-	-	-	0.01	-	-	113.1	140.10	1.32
Subtotal Outpatient Hospital			**$ 29.17**											**$ 29.85**
Retail Pharmacy														
Prescription Drugs	6,547.4	$ 64.46	$ 35.17	$ 0.00	$ 0.00	$ 0.00	$ (0.54)	$ 0.04	$ (0.81)	$ 0.00	$ 0.00	6,554.9	$ 61.99	$ 33.86
Subtotal Retail Pharmacy			**$ 35.17**											**$ 33.86**
Ancillary														
Transportation	119.0	$ 98.79	$ 0.98	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.08	120.3	$ 107.77	$ 1.08
DME/Prosthetics	1,582.1	11.53	1.52	0.01	-	-	-	-	0.02	-	0.09	1,592.5	12.36	1.64
Dental	6.7	35.88	0.02	-	-	-	-	-	-	-	-	6.7	35.88	0.02
Other Ancillary	63.7	50.86	0.27	-	-	-	-	-	-	-	-	63.7	50.86	0.27
Subtotal Ancillary			**$ 2.79**											**$ 3.01**
Professional														
Inpatient and Outpatient Surgery	164.4	$ 162.08	$ 2.22	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ (0.01)	$ (0.01)	165.8	$ 162.80	$ 2.25
Anesthesia	59.6	118.83	0.59	0.01	-	-	-	-	-	-	(0.03)	60.6	112.89	0.57
Inpatient Visits	268.6	80.86	1.81	0.02	-	-	-	0.01	0.01	-	0.14	273.0	87.46	1.99
MH/SA	2,868.8	80.90	19.34	0.26	-	-	-	0.13	0.07	-	0.31	2,926.6	82.46	20.11
Emergency Room	488.6	78.83	3.21	0.04	-	-	-	0.01	0.02	-	(0.03)	496.2	78.59	3.25
Office/Home Visits/Consults	2,880.2	85.62	20.55	0.27	-	-	-	0.06	0.14	(0.05)	0.17	2,919.5	86.89	21.14
Pathology/Lab	3,505.1	22.01	6.43	0.08	-	-	-	0.02	0.05	(0.03)	0.69	3,543.2	24.52	7.24
Radiology	609.3	28.75	1.46	0.02	-	-	-	-	0.01	-	0.01	617.7	29.14	1.50
Office Administered Drugs	14,862.6	1.83	2.27	0.03	-	-	-	0.01	0.01	-	0.02	15,124.5	1.86	2.34
Physical Exams	664.6	70.24	3.89	0.05	-	-	-	0.01	0.03	(0.06)	0.05	664.6	71.69	3.97
Therapy	639.1	21.78	1.16	0.02	-	-	-	(0.01)	0.01	-	0.04	644.6	22.71	1.22
Vision	752.1	34.78	2.18	0.03	-	-	-	0.01	0.01	-	0.44	765.9	41.83	2.67
Other Professional	2,200.8	21.21	3.89	0.05	-	-	-	0.01	0.03	(0.02)	0.13	2,223.4	22.07	4.09
Subtotal Professional			**$ 69.00**											**$ 72.34**
Total Medical Costs			**$ 158.68**											**$ 162.21**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Male Base Year Member Months: 580,475 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	152.9	$ 2,608.49	$ 33.24	$ 0.82	$ 0.00	$ (0.40)	$ 0.07	$ 0.00	$ 0.23	$ 0.00	$ 0.05	154.8	$ 2,635.61	$ 34.01
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	82.2	645.13	4.42	0.11	-	-	-	-	0.03	-	0.30	84.3	692.13	4.86
Other Inpatient	11.3	287.57	0.27	0.01	-	(0.01)	0.01	-	-	-	-	11.3	298.23	0.28
Subtotal Inpatient Hospital			**$ 37.93**											**$ 39.15**
Outpatient Hospital														
Surgery	65.9	$ 1,527.66	$ 8.39	$ 0.11	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.06	$ 0.00	$ 0.05	66.8	$ 1,547.41	$ 8.62
Non-Surg - Emergency Room	437.4	291.64	10.63	0.14	-	-	-	0.01	0.08	-	0.01	443.6	294.07	10.87
Non-Surg - Other	61.7	153.58	0.79	0.01	-	-	-	-	0.01	-	-	62.5	155.49	0.81
Observation Room	3.8	1,116.30	0.35	-	-	-	-	0.01	-	-	-	3.9	1,116.30	0.36
Treatment/Therapy/Testing	217.7	364.35	6.61	0.09	-	-	-	0.01	0.04	-	0.02	221.0	367.61	6.77
Other Outpatient	54.3	147.93	0.67	0.01	-	-	-	-	-	-	0.01	55.2	150.11	0.69
Subtotal Outpatient Hospital			**$ 27.44**											**$ 28.12**
Retail Pharmacy														
Prescription Drugs	2,983.2	$ 168.91	$ 41.99	$ 0.00	$ 0.00	$ 0.00	$ (0.85)	$ 0.03	$ (0.95)	$ 0.00	$ 0.00	2,985.3	$ 161.67	$ 40.22
Subtotal Retail Pharmacy			**$ 41.99**											**$ 40.22**
Ancillary														
Transportation	165.9	$ 101.99	$ 1.41	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.11	167.1	$ 110.61	$ 1.54
DME/Prosthetics	1,938.7	12.81	2.07	0.02	-	-	-	-	0.02	-	0.15	1,957.4	13.85	2.26
Dental	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	74.2	64.71	0.40	-	-	-	-	-	0.01	-	-	74.2	66.33	0.41
Subtotal Ancillary			**$ 3.88**											**$ 4.21**
Professional														
Inpatient and Outpatient Surgery	234.4	$ 155.60	$ 3.04	$ 0.04	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.02	$ 0.00	$ 0.01	238.3	$ 157.11	$ 3.12
Anesthesia	82.3	121.05	0.83	0.01	-	-	-	-	0.01	-	(0.05)	83.3	115.29	0.80
Inpatient Visits	335.4	83.73	2.34	0.03	-	-	-	0.01	0.02	-	0.14	341.1	89.36	2.54
MH/SA	912.4	91.28	6.94	0.09	-	-	-	0.13	0.06	-	0.11	941.3	93.45	7.33
Emergency Room	494.8	81.00	3.34	0.04	-	-	-	0.01	0.02	-	(0.03)	502.2	80.76	3.38
Office/Home Visits/Consults	1,501.6	83.43	10.44	0.14	-	-	-	0.03	0.07	(0.03)	(0.16)	1,521.7	82.72	10.49
Pathology/Lab	1,660.2	21.47	2.97	0.04	-	-	-	0.01	0.02	(0.01)	0.30	1,682.5	23.75	3.33
Radiology	728.3	28.51	1.73	0.02	-	-	-	0.01	0.01	-	(0.02)	740.9	28.34	1.75
Office Administered Drugs	4,323.2	14.43	5.20	0.07	-	-	-	0.01	0.03	-	0.02	4,389.7	14.57	5.33
Physical Exams	98.1	68.52	0.56	0.01	-	-	-	-	-	-	0.02	99.8	70.93	0.59
Therapy	324.5	22.56	0.61	0.01	-	-	-	-	-	-	0.01	329.8	22.92	0.63
Vision	153.6	42.18	0.54	0.01	-	-	-	-	-	-	0.10	156.5	49.85	0.65
Other Professional	785.4	19.25	1.26	0.02	-	-	-	-	0.01	(0.01)	0.03	791.6	19.86	1.31
Subtotal Professional			**$ 39.80**											**$ 41.25**
Total Medical Costs			**$ 151.04**											**$ 152.95**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Female Base Year Member Months: 1,983,719 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	195.0	$ 2,377.44	$ 38.64	$ 0.95	$ 0.00	$ (0.45)	$ 0.07	$ 0.04	$ 0.26	$ 0.00	$ 0.11	197.8	$ 2,404.13	$ 39.62
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	73.7	605.37	3.72	0.09	-	-	-	0.01	0.02	-	0.39	75.7	670.34	4.23
Other Inpatient	6.6	383.59	0.21	0.01	-	(0.01)	0.01	-	-	-	-	6.6	401.86	0.22
Subtotal Inpatient Hospital			**$ 42.57**											**$ 44.07**
Outpatient Hospital														
Surgery	157.4	$ 1,401.91	$ 18.39	$ 0.24	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.12	$ 0.00	$ 0.08	159.6	$ 1,416.95	$ 18.85
Non-Surg - Emergency Room	868.7	320.61	23.21	0.30	-	-	-	0.03	0.16	-	0.05	881.1	323.47	23.75
Non-Surg - Other	249.9	168.08	3.50	0.05	-	-	-	-	0.02	-	0.01	253.4	169.50	3.58
Observation Room	23.7	525.62	1.04	0.01	-	-	-	-	0.01	-	0.01	24.0	535.63	1.07
Treatment/Therapy/Testing	722.3	264.34	15.91	0.21	-	-	-	0.01	0.11	-	0.06	732.2	267.12	16.30
Other Outpatient	180.9	139.96	2.11	0.03	-	-	-	-	0.01	-	0.01	183.5	141.27	2.16
Subtotal Outpatient Hospital			**$ 64.16**											**$ 65.71**
Retail Pharmacy														
Prescription Drugs	7,032.1	$ 105.44	$ 61.79	$ 0.00	$ 0.00	$ 0.00	$ (1.42)	$ 0.03	$ (1.41)	$ 0.00	$ 0.00	7,035.6	$ 100.61	$ 58.99
Subtotal Retail Pharmacy			**$ 61.79**											**$ 58.99**
Ancillary														
Transportation	241.6	$ 88.41	$ 1.78	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.00	$ 0.16	244.3	$ 96.76	$ 1.97
DME/Prosthetics	2,268.4	12.06	2.28	0.02	-	-	-	0.01	0.01	-	0.20	2,298.3	13.16	2.52
Dental	0.1	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	133.7	109.49	1.22	0.01	-	-	-	-	0.01	-	-	134.8	110.38	1.24
Subtotal Ancillary			**$ 5.28**											**$ 5.73**
Professional														
Inpatient and Outpatient Surgery	417.8	$ 179.50	$ 6.25	$ 0.08	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.04	$ (0.01)	$ 0.01	423.8	$ 180.92	$ 6.39
Anesthesia	178.2	116.48	1.73	0.02	-	-	-	0.01	0.01	-	(0.10)	181.3	110.52	1.67
Inpatient Visits	413.4	83.89	2.89	0.04	-	-	-	0.01	0.02	-	0.13	420.5	88.17	3.09
MH/SA	1,849.0	85.86	13.23	0.17	-	-	-	0.17	0.11	-	0.28	1,896.5	88.33	13.96
Emergency Room	956.9	83.02	6.62	0.09	-	-	-	0.01	0.05	-	(0.06)	971.3	82.90	6.71
Office/Home Visits/Consults	3,632.8	83.34	25.23	0.33	-	-	-	0.08	0.17	(0.11)	(0.19)	3,676.0	83.28	25.51
Pathology/Lab	6,587.7	19.69	10.81	0.14	-	-	-	0.03	0.07	(0.03)	1.37	6,673.1	22.28	12.39
Radiology	1,435.4	38.96	4.66	0.06	-	-	-	0.01	0.03	-	0.03	1,457.0	39.45	4.79
Office Administered Drugs	24,267.0	4.41	8.91	0.12	-	-	-	0.02	0.06	-	0.01	24,648.3	4.44	9.12
Physical Exams	320.9	71.06	1.90	0.03	-	-	-	-	0.01	-	0.03	325.9	72.53	1.97
Therapy	513.0	22.69	0.97	0.01	-	-	-	0.01	-	-	0.03	523.6	23.38	1.02
Vision	185.5	50.47	0.78	0.01	-	-	-	-	0.01	-	0.12	187.8	58.77	0.92
Other Professional	2,027.6	32.20	5.44	0.07	-	-	-	0.02	0.03	(0.02)	0.19	2,053.7	33.48	5.73
Subtotal Professional			**$ 89.42**											**$ 93.27**
Total Medical Costs			**$ 263.22**											**$ 267.77**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: TANF - Age 45+, Male & Female Base Year Member Months: 339,589 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	516.0	$ 2,499.65	$ 107.49	$ 2.64	$ 0.00	$ (1.19)	$ 0.04	$ 0.02	$ 0.74	$ 0.00	$ 0.22	523.1	$ 2,522.59	$ 109.96
Inpatient Well Newborn	0.3	3,395.89	0.09	-	-	-	-	-	-	-	-	0.3	3,395.89	0.09
Inpatient MH/SA	52.4	755.66	3.30	0.08	-	-	-	-	0.02	-	0.17	53.7	798.14	3.57
Other Inpatient	61.6	280.56	1.44	0.04	-	(0.02)	-	-	0.01	-	-	62.4	282.48	1.47
Subtotal Inpatient Hospital			**$ 112.32**											**$ 115.09**
Outpatient Hospital														
Surgery	184.3	$ 1,987.01	$ 30.52	$ 0.40	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.20	$ 0.00	$ 0.14	186.9	$ 2,008.84	$ 31.29
Non-Surg - Emergency Room	611.9	345.94	17.64	0.23	-	-	-	0.01	0.13	-	0.03	620.2	349.04	18.04
Non-Surg - Other	269.1	157.87	3.54	0.05	-	-	-	-	0.02	-	0.01	272.9	159.18	3.62
Observation Room	17.6	966.37	1.42	0.02	-	-	-	-	-	-	0.01	17.9	973.08	1.45
Treatment/Therapy/Testing	1,036.6	466.52	40.30	0.53	-	-	-	0.02	0.28	-	0.23	1,050.8	472.35	41.36
Other Outpatient	351.1	154.84	4.53	0.06	-	-	-	-	0.03	-	0.03	355.7	156.86	4.65
Subtotal Outpatient Hospital			**$ 97.95**											**$ 100.41**
Retail Pharmacy														
Prescription Drugs	15,329.0	$ 113.20	$ 144.60	$ 0.00	$ 0.00	$ 0.00	$ (2.68)	$ 0.05	$ (3.30)	$ 0.00	$ 0.00	15,334.3	$ 108.52	$ 138.67
Subtotal Retail Pharmacy			**$ 144.60**											**$ 138.67**
Ancillary														
Transportation	267.6	$ 93.71	$ 2.09	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.01	$ 0.00	$ 0.17	272.8	$ 101.63	$ 2.31
DME/Prosthetics	11,636.5	6.70	6.50	0.05	-	-	-	0.05	0.05	-	0.65	11,815.5	7.41	7.30
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	356.1	76.83	2.28	0.02	-	-	-	0.02	0.01	-	-	362.3	77.17	2.33
Subtotal Ancillary			**$ 10.87**											**$ 11.94**
Professional														
Inpatient and Outpatient Surgery	1,003.1	$ 161.50	$ 13.50	$ 0.18	$ 0.00	$ 0.00	$ 0.00	$ 0.05	$ 0.09	$ (0.01)	$ (0.06)	1,019.4	$ 161.86	$ 13.75
Anesthesia	358.4	114.50	3.42	0.05	-	-	-	0.01	0.02	-	(0.18)	364.7	109.24	3.32
Inpatient Visits	876.2	86.96	6.35	0.08	-	-	-	0.03	0.04	-	0.27	891.4	91.13	6.77
MH/SA	1,475.9	88.06	10.83	0.14	-	-	-	0.18	0.09	0.01	0.20	1,520.8	90.34	11.45
Emergency Room	734.5	91.00	5.57	0.07	-	-	-	0.02	0.04	-	(0.05)	746.4	90.84	5.65
Office/Home Visits/Consults	5,172.0	85.99	37.06	0.49	-	-	-	0.14	0.25	(0.20)	(0.48)	5,232.1	85.46	37.26
Pathology/Lab	6,590.3	15.82	8.69	0.11	-	-	-	0.04	0.05	(0.04)	0.92	6,673.7	17.57	9.77
Radiology	2,452.7	39.29	8.03	0.11	-	-	-	0.02	0.06	-	(0.12)	2,492.4	39.00	8.10
Office Administered Drugs	25,998.4	12.02	26.04	0.34	-	-	-	0.08	0.18	(0.02)	(0.02)	26,397.8	12.09	26.60
Physical Exams	328.6	64.27	1.76	0.02	-	-	-	0.01	0.01	-	0.07	334.2	67.15	1.87
Therapy	1,417.7	22.26	2.63	0.03	-	-	-	0.01	0.02	-	0.07	1,439.3	23.01	2.76
Vision	197.4	65.05	1.07	0.01	-	-	-	0.01	-	-	0.13	201.1	72.81	1.22
Other Professional	2,941.6	25.25	6.19	0.08	-	-	-	0.02	0.05	(0.04)	0.01	2,970.1	25.49	6.31
Subtotal Professional			**$ 131.14**											**$ 134.83**
Total Medical Costs			**$ 496.88**											**$ 500.94**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: SSI - Children Base Year Member Months: 139,451 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	290.9	$ 2,774.17	$ 67.24	$ 1.78	$ 0.00	$ (0.78)	$ (0.14)	$ 0.30	$ 0.47	$ 0.00	$ 0.00	296.5	$ 2,787.52	$ 68.87
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	831.3	438.52	30.38	0.81	-	-	-	0.13	0.21	-	0.17	857.1	443.84	31.70
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 97.62**											**$ 100.57**
Outpatient Hospital														
Surgery	97.4	$ 2,073.29	$ 16.83	$ 0.33	$ 0.00	$ 0.00	$ 0.00	$ 0.03	$ 0.13	$ 0.00	$ 0.04	99.5	$ 2,093.79	$ 17.36
Non-Surg - Emergency Room	510.8	314.80	13.40	0.27	-	-	-	-	0.10	-	0.03	521.1	317.79	13.80
Non-Surg - Other	630.2	161.08	8.46	0.17	-	-	-	-	0.06	-	0.02	642.9	162.57	8.71
Observation Room	11.2	1,619.78	1.51	0.03	-	-	-	-	0.01	-	-	11.4	1,630.30	1.55
Treatment/Therapy/Testing	718.1	351.76	21.05	0.42	-	-	-	0.06	0.13	-	0.06	734.5	354.87	21.72
Other Outpatient	194.2	172.38	2.79	0.06	-	-	-	-	0.02	-	-	198.4	173.59	2.87
Subtotal Outpatient Hospital			**$ 64.04**											**$ 66.01**
Retail Pharmacy														
Prescription Drugs	14,446.4	$ 173.21	$ 208.52	$ 0.02	$ 0.00	$ 0.00	$ (1.73)	$ 0.07	$ (4.89)	$ 0.00	$ 0.00	14,452.6	$ 167.71	$ 201.99
Subtotal Retail Pharmacy			**$ 208.52**											**$ 201.99**
Ancillary														
Transportation	206.6	$ 124.29	$ 2.14	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.00	$ 0.13	209.5	$ 132.31	$ 2.31
DME/Prosthetics	82,038.3	2.80	19.16	0.16	-	-	-	0.11	0.11	-	2.12	83,194.4	3.12	21.66
Dental	59.6	74.45	0.37	-	-	-	-	0.03	(0.01)	(0.01)	-	62.9	72.55	0.38
Other Ancillary	271.2	33.62	0.76	0.01	-	-	-	-	-	-	0.01	274.8	34.06	0.78
Subtotal Ancillary			**$ 22.43**											**$ 25.13**
Professional														
Inpatient and Outpatient Surgery	288.1	$ 189.10	$ 4.54	$ 0.08	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.03	$ 0.00	$ (0.03)	293.8	$ 189.10	$ 4.63
Anesthesia	176.9	139.04	2.05	0.04	-	-	-	0.01	0.02	-	(0.13)	181.2	131.76	1.99
Inpatient Visits	758.6	102.03	6.45	0.11	-	-	-	0.01	0.05	-	0.22	772.7	106.22	6.84
MH/SA	27,786.8	22.98	53.22	0.91	-	-	-	0.35	0.26	-	2.35	28,444.7	24.08	57.09
Emergency Room	615.3	82.50	4.23	0.07	-	-	-	0.01	0.03	-	(0.04)	626.9	82.31	4.30
Office/Home Visits/Consults	4,285.0	93.37	33.34	0.57	-	-	-	0.10	0.21	(0.04)	(0.09)	4,366.0	93.70	34.09
Pathology/Lab	2,467.4	25.97	5.34	0.09	-	-	-	0.02	0.09	(0.02)	0.37	2,508.9	28.17	5.89
Radiology	825.8	36.19	2.49	0.04	-	-	-	0.01	0.01	-	-	842.3	36.33	2.55
Office Administered Drugs	18,930.7	20.92	33.00	0.56	-	-	-	0.06	0.23	-	0.34	19,286.4	21.27	34.19
Physical Exams	1,002.7	63.19	5.28	0.09	-	-	-	0.01	0.04	(0.06)	0.08	1,010.3	64.62	5.44
Therapy	16,865.7	21.71	30.51	0.52	-	-	-	(1.29)	0.18	-	1.55	16,440.1	22.97	31.47
Vision	667.1	36.52	2.03	0.03	-	-	-	0.01	0.01	-	0.36	680.2	43.05	2.44
Other Professional	3,877.7	22.00	7.11	0.12	-	-	-	0.04	0.15	(0.02)	0.04	3,954.0	22.58	7.44
Subtotal Professional			**$ 189.59**											**$ 198.36**
Total Medical Costs			**$ 582.20**											**$ 592.06**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: SSI - Adults Base Year Member Months: 629,609 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	1,771.6	$ 2,157.49	$ 318.52	$ 8.44	$ 0.00	$ (4.68)	$ (0.21)	$ 0.37	$ 2.14	$ 0.00	$ 0.79	1,794.6	$ 2,175.68	$ 325.37
Inpatient Well Newborn	0.3	2,098.70	0.06	-	-	-	-	-	-	-	-	0.3	2,098.70	0.06
Inpatient MH/SA	433.6	627.39	22.67	0.60	-	-	-	0.02	0.16	-	1.61	445.5	675.08	25.06
Other Inpatient	500.5	269.24	11.23	0.30	-	(0.17)	(0.06)	0.01	0.08	-	-	506.8	269.71	11.39
Subtotal Inpatient Hospital			**$ 352.48**											**$ 361.88**
Outpatient Hospital														
Surgery	268.9	$ 2,026.40	$ 45.41	$ 0.90	$ 0.00	$ 0.00	$ 0.00	$ 0.06	$ 0.31	$ 0.00	$ 0.15	274.6	$ 2,046.51	$ 46.83
Non-Surg - Emergency Room	1,241.4	412.38	42.66	0.84	-	-	-	0.06	0.29	-	0.10	1,267.6	416.07	43.95
Non-Surg - Other	590.2	195.41	9.61	0.19	-	-	-	0.01	0.07	-	0.03	602.4	197.40	9.91
Observation Room	44.5	921.77	3.42	0.07	-	-	-	-	0.03	-	0.01	45.4	932.34	3.53
Treatment/Therapy/Testing	1,376.0	816.30	93.60	1.85	-	-	-	0.13	0.64	-	0.44	1,405.1	825.53	96.66
Other Outpatient	337.3	208.84	5.87	0.12	-	-	-	-	0.04	-	0.04	344.2	211.63	6.07
Subtotal Outpatient Hospital			**$ 200.57**											**$ 206.95**
Retail Pharmacy														
Prescription Drugs	23,145.8	$ 204.33	$ 394.11	$ 0.04	$ 0.00	$ 0.00	$ (5.20)	$ 0.31	$ (9.12)	$ 0.00	$ 0.00	23,166.3	$ 196.91	$ 380.14
Subtotal Retail Pharmacy			**$ 394.11**											**$ 380.14**
Ancillary														
Transportation	1,251.6	$ 88.21	$ 9.20	$ 0.08	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.06	$ 0.00	$ 0.79	1,265.2	$ 96.27	$ 10.15
DME/Prosthetics	46,563.4	6.16	23.91	0.20	-	-	-	0.05	0.16	-	2.47	47,050.2	6.83	26.79
Dental	0.2	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	1,435.8	71.79	8.59	0.07	-	-	-	0.02	0.06	-	-	1,450.8	72.29	8.74
Subtotal Ancillary			**$ 41.70**											**$ 45.68**
Professional														
Inpatient and Outpatient Surgery	1,370.1	$ 161.76	$ 18.47	$ 0.32	$ 0.00	$ 0.00	$ 0.00	$ 0.06	$ 0.13	$ (0.01)	$ 0.03	1,397.6	$ 163.14	$ 19.00
Anesthesia	494.0	115.15	4.74	0.08	-	-	-	0.02	0.04	-	(0.31)	504.4	108.73	4.57
Inpatient Visits	3,433.3	82.87	23.71	0.41	-	-	-	0.12	0.15	-	0.87	3,510.0	86.36	25.26
MH/SA	5,790.3	40.66	19.62	0.34	-	-	-	0.12	0.20	-	0.23	5,926.1	41.53	20.51
Emergency Room	1,640.1	93.28	12.75	0.22	-	-	-	0.05	0.08	-	(0.15)	1,674.9	92.78	12.95
Office/Home Visits/Consults	6,550.4	94.03	51.33	0.88	-	-	-	0.21	0.35	(0.42)	(0.70)	6,635.9	93.40	51.65
Pathology/Lab	7,588.7	14.12	8.93	0.15	-	-	-	0.04	0.06	(0.06)	1.12	7,699.2	15.96	10.24
Radiology	3,734.1	39.78	12.38	0.21	-	-	-	0.05	0.08	-	(0.28)	3,812.5	39.16	12.44
Office Administered Drugs	67,633.0	11.00	61.99	1.06	-	-	-	0.22	0.43	(0.03)	1.90	68,996.8	11.40	65.57
Physical Exams	385.2	48.60	1.56	0.03	-	-	-	-	0.01	-	0.10	392.6	51.96	1.70
Therapy	1,202.7	22.45	2.25	0.04	-	-	-	0.01	0.01	-	0.05	1,229.4	23.04	2.36
Vision	206.1	64.64	1.11	0.02	-	-	-	-	0.01	-	0.10	209.8	70.93	1.24
Other Professional	4,138.2	53.44	18.43	0.32	-	-	-	0.07	0.12	(0.19)	0.12	4,183.1	54.13	18.87
Subtotal Professional			**$ 237.27**											**$ 246.36**
Total Medical Costs			**$ 1,226.13**											**$ 1,241.01**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: OCWI Base Year Member Months: 422,722 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	141.4	$ 2,025.37	$ 23.87	$ 0.45	$ 0.00	$ (0.25)	$ 0.04	$ 0.08	$ 0.17	$ 0.00	$ 0.03	143.1	$ 2,045.49	$ 24.39
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	37.8	643.76	2.03	0.04	-	-	-	0.01	0.01	-	0.15	38.8	693.27	2.24
Other Inpatient	1.1	457.00	0.04	-	-	-	-	-	-	-	-	1.1	457.00	0.04
Subtotal Inpatient Hospital			**$ 25.94**											**$ 26.67**
Outpatient Hospital														
Surgery	247.8	$ 763.79	$ 15.77	$ 0.22	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.11	$ 0.00	$ 0.04	251.4	$ 770.95	$ 16.15
Non-Surg - Emergency Room	679.8	355.15	20.12	0.29	-	-	-	0.01	0.14	-	0.07	690.0	358.80	20.63
Non-Surg - Other	368.0	170.24	5.22	0.07	-	-	-	0.01	0.03	-	0.01	373.6	171.52	5.34
Observation Room	67.1	321.73	1.80	0.03	-	-	-	-	0.01	-	0.02	68.3	327.01	1.86
Treatment/Therapy/Testing	883.1	171.62	12.63	0.18	-	-	-	0.01	0.08	-	0.03	896.4	173.09	12.93
Other Outpatient	127.6	128.84	1.37	0.02	-	-	-	-	0.01	-	-	129.5	129.77	1.40
Subtotal Outpatient Hospital			**$ 56.91**											**$ 58.31**
Retail Pharmacy														
Prescription Drugs	7,259.9	$ 48.48	$ 29.33	$ 0.00	$ 0.00	$ 0.00	$ (0.44)	$ 0.02	$ (0.68)	$ 0.00	$ 0.00	7,264.8	$ 46.63	$ 28.23
Subtotal Retail Pharmacy			**$ 29.33**											**$ 28.23**
Ancillary														
Transportation	177.9	$ 86.32	$ 1.28	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.00	$ 0.11	180.7	$ 94.29	$ 1.42
DME/Prosthetics	1,146.9	20.93	2.00	0.02	-	-	-	0.01	0.01	-	0.13	1,164.1	22.37	2.17
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	133.3	113.45	1.26	0.01	-	-	-	0.01	0.01	-	-	135.4	114.33	1.29
Subtotal Ancillary			**$ 4.54**											**$ 4.88**
Professional														
Inpatient and Outpatient Surgery	265.8	$ 174.74	$ 3.87	$ 0.05	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.03	$ 0.00	$ 0.01	269.9	$ 176.52	$ 3.97
Anesthesia	116.9	118.02	1.15	0.02	-	-	-	-	0.01	-	(0.07)	119.0	111.97	1.11
Inpatient Visits	460.8	79.42	3.05	0.04	-	-	-	0.01	0.02	-	0.08	468.4	81.99	3.20
MH/SA	1,012.7	90.53	7.64	0.11	-	-	-	0.11	0.07	-	0.17	1,041.9	93.29	8.10
Emergency Room	822.5	79.95	5.48	0.08	-	-	-	0.01	0.04	-	(0.01)	836.0	80.38	5.60
Office/Home Visits/Consults	2,500.3	77.94	16.24	0.23	-	-	-	0.05	0.10	(0.05)	0.22	2,535.7	79.46	16.79
Pathology/Lab	7,273.7	17.92	10.86	0.15	-	-	-	0.02	0.08	(0.02)	1.32	7,374.2	20.19	12.41
Radiology	1,129.1	49.31	4.64	0.07	-	-	-	-	0.04	-	0.13	1,146.2	51.09	4.88
Office Administered Drugs	18,344.3	1.79	2.73	0.04	-	-	-	-	0.02	-	0.02	18,613.1	1.81	2.81
Physical Exams	422.9	48.80	1.72	0.02	-	-	-	0.01	0.01	-	-	430.3	49.08	1.76
Therapy	248.2	22.72	0.47	0.01	-	-	-	-	-	-	0.01	253.5	23.20	0.49
Vision	96.8	58.26	0.47	0.01	-	-	-	-	-	-	0.09	98.9	69.19	0.57
Other Professional	1,764.3	59.92	8.81	0.12	-	-	-	0.02	0.06	(0.04)	0.32	1,784.3	62.48	9.29
Subtotal Professional			**$ 67.13**											**$ 70.98**
Total Medical Costs			**$ 183.85**											**$ 189.07**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: DUAL Base Year Member Months: 612,571 Category of Service	FFS Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	610.8	$ 248.71	$ 12.66	$ 0.34	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	627.2	$ 248.71	$ 13.00
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	37.4	195.84	0.61	0.02	-	-	-	-	-	-	-	38.6	195.84	0.63
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 13.27**											**$ 13.63**
Outpatient Hospital														
Surgery	48.9	$ 228.06	$ 0.93	$ 0.03	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	50.5	$ 228.06	$ 0.96
Non-Surg - Emergency Room	295.1	76.86	1.89	0.06	-	-	-	-	-	-	-	304.4	76.86	1.95
Non-Surg - Other	298.4	27.75	0.69	0.02	-	-	-	-	-	-	-	307.1	27.75	0.71
Observation Room	9.3	141.56	0.11	-	-	-	-	-	-	-	-	9.3	141.56	0.11
Treatment/Therapy/Testing	618.7	114.44	5.90	0.18	-	-	-	-	-	-	0.03	637.5	115.01	6.11
Other Outpatient	75.7	42.83	0.27	0.01	-	-	-	-	-	-	-	78.5	42.83	0.28
Subtotal Outpatient Hospital			**$ 9.79**											**$ 10.12**
Retail Pharmacy														
Prescription Drugs	268.9	$ 69.16	$ 1.55	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	268.9	$ 69.16	$ 1.55
Subtotal Retail Pharmacy			**$ 1.55**											**$ 1.55**
Ancillary														
Transportation	23.0	$ 36.49	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	23.0	$ 36.49	$ 0.07
DME/Prosthetics	12,884.2	4.65	4.99	0.08	-	-	-	-	-	-	-	13,090.8	4.65	5.07
Dental	0.5	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	113.2	28.61	0.27	-	-	-	-	-	-	-	-	113.2	28.61	0.27
Subtotal Ancillary			**$ 5.33**											**$ 5.41**
Professional														
Inpatient and Outpatient Surgery	296.4	$ 27.53	$ 0.68	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	305.1	$ 27.53	$ 0.70
Anesthesia	141.4	16.98	0.20	-	-	-	-	-	-	-	-	141.4	16.98	0.20
Inpatient Visits	703.3	17.40	1.02	0.02	-	-	-	-	-	-	-	717.1	17.40	1.04
MH/SA	6,314.9	16.72	8.80	0.21	-	-	-	-	-	-	-	6,465.6	16.72	9.01
Emergency Room	137.1	34.13	0.39	0.01	-	-	-	-	-	-	-	140.6	34.13	0.40
Office/Home Visits/Consults	2,614.2	40.30	8.78	0.21	-	-	-	-	-	-	-	2,676.8	40.30	8.99
Pathology/Lab	666.4	5.40	0.30	0.01	-	-	-	-	-	-	-	688.6	5.40	0.31
Radiology	702.6	12.47	0.73	0.02	-	-	-	-	-	-	-	721.9	12.47	0.75
Office Administered Drugs	35,220.6	3.01	8.82	0.21	-	-	-	-	-	-	-	36,059.2	3.01	9.03
Physical Exams	37.2	22.56	0.07	-	-	-	-	-	-	-	-	37.2	22.56	0.07
Therapy	392.0	4.59	0.15	-	-	-	-	-	-	-	-	392.0	4.59	0.15
Vision	31.0	54.14	0.14	-	-	-	-	-	-	-	-	31.0	54.14	0.14
Other Professional	944.9	11.68	0.92	0.02	-	-	-	-	-	-	-	965.4	11.68	0.94
Subtotal Professional			**$ 31.00**											**$ 31.73**
Total Medical Costs			**$ 60.94**											**$ 62.44**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: Foster Care Children Base Year Member Months: 54,383 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	PMPM
Inpatient Hospital														
Inpatient Medical/Surgical/Non-Delivery	108.3	$ 2,231.81	$ 20.15	$ 0.50	$ 0.00	$ (0.27)	$ 0.03	$ 0.06	$ 0.14	$ 0.00	$ 0.00	109.9	$ 2,250.37	$ 20.61
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	6,202.5	386.36	199.70	4.91	-	-	-	0.55	1.39	-	0.44	6,372.0	389.81	206.99
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 219.85**											**$ 227.60**
Outpatient Hospital														
Surgery	95.1	$ 1,241.60	$ 9.84	$ 0.13	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.07	$ 0.00	$ 0.02	96.4	$ 1,252.81	$ 10.06
Non-Surg - Emergency Room	535.8	308.87	13.79	0.18	-	-	-	0.01	0.10	-	0.02	543.1	311.52	14.10
Non-Surg - Other	530.0	154.41	6.82	0.09	-	-	-	-	0.05	-	0.01	537.0	155.75	6.97
Observation Room	5.5	2,566.88	1.18	0.02	-	-	-	-	-	-	-	5.6	2,566.88	1.20
Treatment/Therapy/Testing	451.5	191.11	7.19	0.09	-	-	-	0.01	0.05	-	0.01	457.7	192.68	7.35
Other Outpatient	184.0	138.24	2.12	0.03	-	-	-	-	0.01	-	-	186.6	138.88	2.16
Subtotal Outpatient Hospital			**$ 40.94**											**$ 41.84**
Retail Pharmacy														
Prescription Drugs	13,430.3	$ 48.87	$ 54.70	$ 0.00	$ 0.00	$ 0.00	$ (0.69)	$ 0.15	$ (1.26)	$ 0.00	$ 0.00	13,467.1	$ 47.14	$ 52.90
Subtotal Retail Pharmacy			**$ 54.70**											**$ 52.90**
Ancillary														
Transportation	290.2	$ 95.53	$ 2.31	$ 0.02	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.21	292.7	$ 104.55	$ 2.55
DME/Prosthetics	21,605.4	2.60	4.68	0.03	-	-	-	0.01	0.03	-	0.59	21,790.1	2.94	5.34
Dental	100.4	49.00	0.41	-	-	-	-	0.01	-	(0.02)	0.04	98.0	53.90	0.44
Other Ancillary	193.3	43.46	0.70	0.01	-	-	-	-	-	-	-	196.1	43.46	0.71
Subtotal Ancillary			**$ 8.10**											**$ 9.04**
Professional														
Inpatient and Outpatient Surgery	300.8	$ 140.45	$ 3.52	$ 0.05	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.02	$ 0.00	$ (0.08)	305.9	$ 138.09	$ 3.52
Anesthesia	121.1	104.01	1.05	0.01	-	-	-	0.01	0.01	-	(0.08)	123.4	97.21	1.00
Inpatient Visits	923.2	70.84	5.45	0.07	-	-	-	0.02	0.03	-	0.85	938.5	82.09	6.42
MH/SA	112,092.1	32.80	306.39	4.04	-	-	-	0.86	2.15	-	3.58	113,884.7	33.40	317.02
Emergency Room	623.1	77.61	4.03	0.05	-	-	-	0.02	0.02	-	-	634.0	77.99	4.12
Office/Home Visits/Consults	4,739.1	92.22	36.42	0.48	-	-	-	0.14	0.24	0.10	0.58	4,832.7	94.26	37.96
Pathology/Lab	3,737.9	25.04	7.80	0.10	-	-	-	0.03	0.05	-	0.56	3,800.2	26.97	8.54
Radiology	643.9	21.62	1.16	0.02	-	-	-	-	0.01	-	0.01	655.0	21.99	1.20
Office Administered Drugs	4,561.9	43.69	16.61	0.22	-	-	-	0.04	0.12	-	-	4,633.3	44.00	16.99
Physical Exams	2,777.6	57.16	13.23	0.17	-	-	-	0.04	0.10	0.01	0.36	2,823.8	59.11	13.91
Therapy	15,183.4	21.05	26.64	0.35	-	-	-	(1.32)	0.18	-	3.37	14,630.6	23.97	29.22
Vision	1,151.6	41.16	3.95	0.05	-	-	-	0.02	0.02	-	0.93	1,172.0	50.89	4.97
Other Professional	2,705.3	21.34	4.81	0.06	-	-	-	-	0.03	(0.01)	0.21	2,733.4	22.39	5.10
Subtotal Professional			**$ 431.06**											**$ 449.97**
Total Medical Costs			**$ 754.65**											**$ 781.35**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Retrospective Adjustments

Region: Statewide Rate Cell: KICK Base Year Deliveries: 25,960 Category of Service	MCO Encounter Data Base Year Experience			Completion Adjustments		Managed Care Adjustments		Other Adjustments		Program and Policy 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 per 1,000	Cost per Service	Cost per Delivery
Inpatient Hospital														
Inpatient Maternity Delivery	2,464.5	$ 1,746.53	$ 4,304.30	$ 43.47	$ 0.00	$ 0.00	$ (26.03)	$ 0.00	$ 29.26	$ 0.00	$ 17.49	2,489.4	$ 1,754.86	$ 4,368.49
Subtotal Inpatient Hospital			**$ 4,304.30**											**$ 4,368.49**
Outpatient Hospital														
Outpatient Hospital - Maternity	56.6	$ 447.50	$ 25.34	$ 0.16	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.18	$ 0.00	$ 0.15	57.0	$ 453.29	$ 25.83
Subtotal Outpatient Hospital			**$ 25.34**											**$ 25.83**
Professional														
Maternity Delivery	926.8	$ 1,038.04	$ 962.07	$ 7.31	$ 0.00	$ 0.00	$ 0.76	$ 1.21	$ 6.58	$ (0.30)	$ (32.48)	934.7	$ 1,011.15	$ 945.15
Maternity Anesthesia	1,126.9	320.65	361.35	2.75	-	-	-	0.68	2.43	-	(35.77)	1,137.6	291.34	331.44
Maternity Office Visits	8,398.4	70.16	589.25	4.48	-	-	-	0.84	3.98	(1.97)	10.75	8,446.2	71.91	607.33
Maternity Radiology	5,167.0	78.66	406.44	3.09	-	-	-	0.50	2.77	(0.21)	23.78	5,210.0	83.76	436.37
Maternity Non-Delivery	2.6	87.81	0.23	-	-	-	-	-	-	-	0.02	2.6	95.44	0.25
Subtotal Professional			**$ 2,319.34**											**$ 2,320.54**
Total Medical Costs			**$ 6,648.98**											**$ 6,714.86**

Appendix 7: SFY 2024 Capitation Rate Development

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - 0 - 2 Months, Male & Female SFY 2024 Member Months: 81,804 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	9,451.3	$ 1,464.69	$ 1,153.60	$ 0.00	$ 0.00	$ 0.00	$ 1.79	$ 3.16	$ 0.00	$ 0.00	9,477.2	$ 1,466.96	$ 1,158.55
Inpatient Well Newborn	6,636.0	629.35	348.03	-	-	-	6.23	0.95	-	-	6,654.1	640.59	355.21
Inpatient MH/SA	10.0	502.12	0.42	-	-	-	-	-	-	-	10.0	502.12	0.42
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 1,502.05**										**$ 1,514.18**
Outpatient Hospital													
Surgery	75.2	$ 1,330.97	$ 8.34	$ 0.43	$ 0.00	$ 0.00	$ 0.11	$ 0.02	$ 0.00	$ 0.00	79.3	$ 1,347.63	$ 8.90
Non-Surg - Emergency Room	680.6	318.40	18.06	1.74	-	-	0.80	0.05	-	-	748.1	331.23	20.65
Non-Surg - Other	1,274.8	126.80	13.47	0.68	-	-	0.01	0.04	-	-	1,342.9	126.89	14.20
Observation Room	59.5	978.19	4.85	0.25	-	-	0.02	0.01	-	-	62.7	982.02	5.13
Treatment/Therapy/Testing	912.7	77.18	5.87	0.31	-	-	0.18	0.02	-	-	964.0	79.42	6.38
Other Outpatient	94.9	117.64	0.93	0.01	-	-	0.01	(0.74)	-	-	20.4	123.52	0.21
Subtotal Outpatient Hospital			**$ 51.52**										**$ 55.47**
Retail Pharmacy													
Prescription Drugs	2,402.4	$ 23.93	$ 4.79	$ 0.24	$ 0.05	$ 0.00	$ 0.00	$ 0.02	$ 0.02	$ 0.00	2,532.8	$ 24.26	$ 5.12
Subtotal Retail Pharmacy			**$ 4.79**										**$ 5.12**
Ancillary													
Transportation	184.7	$ 258.55	$ 3.98	$ 0.17	$ 0.00	$ 0.00	$ 0.11	$ 0.01	$ 0.00	$ 0.00	193.1	$ 265.39	$ 4.27
DME/Prosthetics	1,831.7	19.13	2.92	0.12	-	-	-	0.01	-	-	1,913.3	19.13	3.05
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	155.8	89.36	1.16	0.05	-	-	-	-	-	-	162.5	89.36	1.21
Subtotal Ancillary			**$ 8.06**										**$ 8.53**
Professional													
Inpatient and Outpatient Surgery	1,939.5	$ 118.61	$ 19.17	$ 0.78	$ 0.00	$ 0.00	$ 0.00	$ 0.05	$ 0.00	$ 0.00	2,023.4	$ 118.61	$ 20.00
Anesthesia	93.5	177.13	1.38	0.06	-	-	-	-	-	-	97.6	177.13	1.44
Inpatient Visits	13,657.3	180.70	205.66	8.33	-	-	-	0.56	-	-	14,247.7	180.70	214.55
MH/SA	5.1	117.29	0.05	-	-	-	0.01	-	-	-	5.1	140.75	0.06
Emergency Room	946.3	76.21	6.01	0.24	-	-	-	0.02	-	-	987.3	76.21	6.27
Office/Home Visits/Consults	7,964.8	81.36	54.00	2.39	-	-	4.86	0.15	-	-	8,339.4	88.35	61.40
Pathology/Lab	2,371.3	46.20	9.13	0.35	-	-	0.01	(0.34)	(0.16)	-	2,373.9	45.44	8.99
Radiology	2,238.1	15.17	2.83	0.11	-	-	-	0.01	-	-	2,333.0	15.17	2.95
Office Administered Drugs	58.5	6.16	0.03	-	-	-	-	-	-	-	58.5	6.16	0.03
Physical Exams	24,363.5	53.91	109.45	4.79	-	-	8.70	0.30	-	-	25,496.5	58.00	123.24
Therapy	121.5	27.66	0.28	0.01	-	-	-	-	-	-	125.8	27.66	0.29
Vision	21.8	66.12	0.12	0.01	-	-	-	-	-	-	23.6	66.12	0.13
Other Professional	4,316.4	49.62	17.85	0.73	-	-	0.23	0.05	-	-	4,505.0	50.24	18.86
Subtotal Professional			**$ 425.96**										**$ 458.21**
Total Medical Costs			**$ 1,992.38**										**$ 2,041.51**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - 3 - 12 Months, Male & Female SFY 2024 Member Months: 339,962 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	211.7	$ 2,102.32	$ 37.09	$ 1.12	$ 0.00	$ 0.00	$ 0.02	$ 0.10	$ 0.00	$ 0.00	218.7	$ 2,103.42	$ 38.33
Inpatient Well Newborn	0.1	4,213.98	0.05	-	-	-	-	-	-	-	0.1	4,213.98	0.05
Inpatient MH/SA	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 37.14**										**$ 38.38**
Outpatient Hospital													
Surgery	73.3	$ 1,725.21	$ 10.54	$ 0.65	$ 0.00	$ 0.00	$ 0.10	$ 0.03	$ 0.00	$ 0.00	78.0	$ 1,740.58	$ 11.32
Non-Surg - Emergency Room	808.6	235.67	15.88	2.09	-	-	0.99	0.04	-	-	917.0	248.62	19.00
Non-Surg - Other	727.9	160.25	9.72	0.59	-	-	-	0.03	-	-	774.3	160.25	10.34
Observation Room	13.9	1,454.54	1.69	0.10	-	-	0.01	-	-	-	14.8	1,462.66	1.80
Treatment/Therapy/Testing	300.1	182.74	4.57	0.28	-	-	0.08	0.01	-	-	319.1	185.75	4.94
Other Outpatient	139.8	140.82	1.64	0.01	-	-	0.01	(1.18)	(0.29)	-	40.1	56.93	0.19
Subtotal Outpatient Hospital			**$ 44.04**										**$ 47.59**
Retail Pharmacy													
Prescription Drugs	3,790.9	$ 32.51	$ 10.27	$ 0.52	$ 0.11	$ 0.00	$ 0.00	$ 0.04	$ 0.02	$ 0.00	3,997.6	$ 32.90	$ 10.96
Subtotal Retail Pharmacy			**$ 10.27**										**$ 10.96**
Ancillary													
Transportation	80.6	$ 136.99	$ 0.92	$ 0.06	$ 0.00	$ 0.00	$ 0.06	$ 0.00	$ 0.00	$ 0.00	85.8	$ 145.38	$ 1.04
DME/Prosthetics	4,017.5	12.01	4.02	0.25	-	-	-	0.01	-	-	4,277.3	12.01	4.28
Dental	202.6	15.99	0.27	0.02	-	-	-	-	-	-	217.6	15.99	0.29
Other Ancillary	6.0	79.79	0.04	-	-	-	-	-	-	-	6.0	79.79	0.04
Subtotal Ancillary			**$ 5.25**										**$ 5.65**
Professional													
Inpatient and Outpatient Surgery	274.7	$ 193.99	$ 4.44	$ 0.27	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	292.0	$ 193.99	$ 4.72
Anesthesia	135.0	109.35	1.23	0.08	-	-	-	-	-	-	143.8	109.35	1.31
Inpatient Visits	596.8	190.83	9.49	0.58	-	-	-	0.03	-	-	635.1	190.83	10.10
MH/SA	40.0	20.98	0.07	0.01	-	-	-	-	-	-	45.8	20.98	0.08
Emergency Room	892.6	67.49	5.02	0.31	-	-	-	0.01	-	-	949.5	67.49	5.34
Office/Home Visits/Consults	4,681.2	80.93	31.57	2.12	-	-	3.23	0.09	-	-	5,008.9	88.67	37.01
Pathology/Lab	2,612.1	30.92	6.73	0.35	-	-	0.01	(0.39)	(0.56)	-	2,596.6	28.38	6.14
Radiology	569.2	17.50	0.83	0.05	-	-	-	-	-	-	603.5	17.50	0.88
Office Administered Drugs	282.4	37.82	0.89	0.06	-	-	-	-	-	-	301.5	37.82	0.95
Physical Exams	12,870.5	39.86	42.75	2.83	-	-	3.56	0.12	-	-	13,758.7	42.96	49.26
Therapy	1,421.0	23.22	2.75	0.17	-	-	-	0.01	-	-	1,514.1	23.22	2.93
Vision	132.8	16.27	0.18	0.01	-	-	-	-	-	-	140.1	16.27	0.19
Other Professional	2,063.7	26.75	4.60	0.28	-	-	0.09	0.01	-	-	2,193.8	27.24	4.98
Subtotal Professional			**$ 110.55**										**$ 123.89**
Total Medical Costs			**$ 207.25**										**$ 226.47**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 1 - 6, Male & Female SFY 2024 Member Months: 2,459,747 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	42.2	$ 2,038.03	$ 7.16	$ 0.22	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.00	$ 0.12	44.3	$ 2,038.03	$ 7.52
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	1.0	716.04	0.06	-	-	-	-	-	-	-	1.0	716.04	0.06
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 7.22**										**$ 7.58**
Outpatient Hospital													
Surgery	60.4	$ 1,456.95	$ 7.33	$ 0.61	$ 0.00	$ 0.00	$ 0.18	$ 0.02	$ 0.00	$ 0.13	66.6	$ 1,489.36	$ 8.27
Non-Surg - Emergency Room	439.3	252.65	9.25	1.56	-	-	0.78	0.03	-	0.19	523.9	270.52	11.81
Non-Surg - Other	280.3	141.73	3.31	0.27	-	-	-	0.01	-	0.06	309.0	141.73	3.65
Observation Room	4.7	1,399.54	0.55	0.05	-	-	-	-	-	0.01	5.2	1,399.54	0.61
Treatment/Therapy/Testing	203.3	206.64	3.50	0.30	-	-	0.11	-	0.01	0.06	224.2	213.06	3.98
Other Outpatient	123.6	200.96	2.07	0.08	-	-	0.04	(1.39)	0.38	0.02	46.6	309.18	1.20
Subtotal Outpatient Hospital			**$ 26.01**										**$ 29.52**
Retail Pharmacy													
Prescription Drugs	3,385.2	$ 35.95	$ 10.14	$ 1.48	$ 0.47	$ 0.00	$ 0.00	$ 0.06	$ 0.02	$ 0.20	3,966.1	$ 37.43	$ 12.37
Subtotal Retail Pharmacy			**$ 10.14**										**$ 12.37**
Ancillary													
Transportation	41.7	$ 129.57	$ 0.45	$ 0.05	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ 0.00	$ 0.01	47.2	$ 137.19	$ 0.54
DME/Prosthetics	3,138.1	7.11	1.86	0.19	-	-	-	0.01	-	0.03	3,526.1	7.11	2.09
Dental	219.8	79.69	1.46	0.15	-	-	0.01	-	-	0.02	245.4	80.18	1.64
Other Ancillary	9.6	37.70	0.03	-	-	-	-	-	-	-	9.6	37.70	0.03
Subtotal Ancillary			**$ 3.80**										**$ 4.30**
Professional													
Inpatient and Outpatient Surgery	186.4	$ 143.54	$ 2.23	$ 0.23	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.03	209.0	$ 143.54	$ 2.50
Anesthesia	119.4	92.44	0.92	0.10	-	-	-	-	-	0.01	133.7	92.44	1.03
Inpatient Visits	62.9	131.59	0.69	0.07	-	-	-	-	-	0.01	70.2	131.59	0.77
MH/SA	3,520.7	19.63	5.76	0.80	-	0.81	1.20	0.02	-	0.14	4,602.5	22.76	8.73
Emergency Room	479.9	66.01	2.64	0.27	-	-	-	0.01	-	0.04	538.1	66.01	2.96
Office/Home Visits/Consults	3,034.5	80.75	20.42	2.31	-	-	2.10	0.06	-	0.39	3,444.6	88.07	25.28
Pathology/Lab	2,126.3	32.11	5.69	0.49	-	-	-	(0.51)	(0.44)	0.08	2,148.8	29.65	5.31
Radiology	302.4	15.87	0.40	0.04	-	-	-	-	-	0.01	340.2	15.87	0.45
Office Administered Drugs	453.7	11.11	0.42	0.04	-	-	-	-	-	0.01	507.7	11.11	0.47
Physical Exams	2,087.9	51.73	9.00	1.02	-	-	0.93	0.03	(0.01)	0.17	2,371.0	56.38	11.14
Therapy	6,734.4	23.84	13.38	1.37	-	-	-	0.04	-	0.24	7,564.9	23.84	15.03
Vision	252.4	32.80	0.69	0.07	-	-	-	-	-	0.02	285.3	32.80	0.78
Other Professional	1,773.1	18.61	2.75	0.28	-	-	0.02	(0.01)	(0.02)	0.05	1,979.4	18.61	3.07
Subtotal Professional			**$ 64.99**										**$ 77.52**
Total Medical Costs			**$ 112.16**										**$ 131.29**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 7 - 13, Male & Female SFY 2024 Member Months: 2,944,491 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	27.5	$ 2,671.17	$ 6.13	$ 0.06	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.00	$ 0.14	28.5	$ 2,671.17	$ 6.35
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	70.2	490.59	2.87	0.03	-	0.20	0.33	0.01	-	0.08	78.0	541.34	3.52
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 9.00**										**$ 9.87**
Outpatient Hospital													
Surgery	33.3	$ 1,554.98	$ 4.31	$ 0.32	$ 0.00	$ 0.00	$ 0.14	$ 0.01	$ 0.00	$ 0.10	36.6	$ 1,600.91	$ 4.88
Non-Surg - Emergency Room	252.6	273.12	5.75	0.99	-	-	0.59	0.02	-	0.16	304.0	296.41	7.51
Non-Surg - Other	178.6	141.80	2.11	0.15	-	-	-	0.01	-	0.05	196.3	141.80	2.32
Observation Room	2.8	1,221.45	0.29	0.02	-	-	-	-	-	0.01	3.1	1,221.45	0.32
Treatment/Therapy/Testing	175.1	189.19	2.76	0.20	-	-	0.09	(0.07)	0.06	0.07	187.8	198.77	3.11
Other Outpatient	97.1	137.22	1.11	0.02	-	-	0.02	(0.75)	(0.03)	0.01	34.1	133.70	0.38
Subtotal Outpatient Hospital			**$ 16.33**										**$ 18.52**
Retail Pharmacy													
Prescription Drugs	4,346.1	$ 67.12	$ 24.31	$ 1.49	$ 0.52	$ 0.00	$ 0.00	$ 0.15	$ (0.01)	$ 0.59	4,744.8	$ 68.41	$ 27.05
Subtotal Retail Pharmacy			**$ 24.31**										**$ 27.05**
Ancillary													
Transportation	33.5	$ 121.64	$ 0.34	$ 0.02	$ 0.00	$ 0.00	$ 0.03	$ 0.00	$ 0.00	$ 0.01	36.5	$ 131.50	$ 0.40
DME/Prosthetics	2,358.5	7.43	1.46	0.09	-	-	-	-	-	0.04	2,568.5	7.43	1.59
Dental	27.6	82.66	0.19	0.01	-	-	-	-	-	0.01	30.5	82.66	0.21
Other Ancillary	36.6	42.63	0.13	0.01	-	-	-	-	-	-	39.4	42.63	0.14
Subtotal Ancillary			**$ 2.12**										**$ 2.34**
Professional													
Inpatient and Outpatient Surgery	125.5	$ 139.59	$ 1.46	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.04	136.7	$ 139.59	$ 1.59
Anesthesia	44.3	102.91	0.38	0.02	-	-	-	-	-	0.01	47.8	102.91	0.41
Inpatient Visits	80.9	96.36	0.65	0.04	-	-	-	-	-	0.02	88.4	96.36	0.71
MH/SA	2,864.5	61.16	14.60	0.93	-	0.50	0.07	0.04	-	0.35	3,221.5	61.42	16.49
Emergency Room	275.8	69.19	1.59	0.10	-	-	-	-	-	0.04	300.1	69.19	1.73
Office/Home Visits/Consults	2,389.6	84.21	16.77	1.13	-	-	1.70	0.05	-	0.44	2,620.5	92.00	20.09
Pathology/Lab	1,806.8	30.55	4.60	0.21	-	-	0.01	(0.62)	(0.54)	0.08	1,677.2	26.76	3.74
Radiology	360.4	19.98	0.60	0.04	-	-	-	-	-	0.01	390.4	19.98	0.65
Office Administered Drugs	577.0	24.75	1.19	0.08	-	-	-	-	-	0.02	625.5	24.75	1.29
Physical Exams	879.3	65.51	4.80	0.33	-	-	0.66	-	0.01	0.13	963.5	73.85	5.93
Therapy	1,132.8	23.41	2.21	0.13	-	-	-	0.01	-	0.05	1,230.2	23.41	2.40
Vision	592.7	41.71	2.06	0.13	-	-	-	0.01	-	0.05	647.3	41.71	2.25
Other Professional	2,191.6	13.31	2.43	0.14	-	-	0.02	(0.04)	(0.09)	0.06	2,335.9	12.95	2.52
Subtotal Professional			**$ 53.34**										**$ 59.80**
Total Medical Costs			**$ 105.10**										**$ 117.58**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Male SFY 2024 Member Months: 859,617 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	52.7	$ 2,958.58	$ 12.99	$ 0.13	$ 0.00	$ 0.00	$ 0.05	$ 0.04	$ 0.00	$ 0.38	54.9	$ 2,969.50	$ 13.59
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	143.6	521.47	6.24	0.07	-	0.27	0.39	0.02	-	0.20	156.5	551.38	7.19
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 19.23**										**$ 20.78**
Outpatient Hospital													
Surgery	47.7	$ 1,823.00	$ 7.25	$ 0.53	$ 0.00	$ 0.00	$ 0.26	$ 0.02	$ 0.00	$ 0.23	52.9	$ 1,882.03	$ 8.29
Non-Surg - Emergency Room	284.8	284.84	6.76	1.17	-	-	0.74	0.02	-	0.25	345.5	310.54	8.94
Non-Surg - Other	135.9	151.00	1.71	0.12	-	-	0.01	-	-	0.05	149.4	151.80	1.89
Observation Room	3.1	1,477.66	0.38	0.03	-	-	-	-	-	0.01	3.4	1,477.66	0.42
Treatment/Therapy/Testing	217.5	283.02	5.13	0.38	-	-	0.19	(0.21)	0.18	0.16	231.5	302.20	5.83
Other Outpatient	86.5	122.13	0.88	0.01	-	-	0.01	(0.67)	(0.13)	-	21.6	55.51	0.10
Subtotal Outpatient Hospital			**$ 22.11**										**$ 25.47**
Retail Pharmacy													
Prescription Drugs	4,399.3	$ 87.53	$ 32.09	$ 1.96	$ 0.69	$ 0.00	$ 0.00	$ 0.18	$ (0.02)	$ 1.00	4,829.8	$ 89.20	$ 35.90
Subtotal Retail Pharmacy			**$ 32.09**										**$ 35.90**
Ancillary													
Transportation	81.9	$ 117.18	$ 0.80	$ 0.06	$ 0.00	$ 0.00	$ 0.06	$ 0.00	$ 0.00	$ 0.02	90.1	$ 125.17	$ 0.94
DME/Prosthetics	2,095.4	11.91	2.08	0.12	-	-	-	0.01	-	0.07	2,296.8	11.91	2.28
Dental	5.3	22.66	0.01	-	-	-	-	-	-	-	5.3	22.66	0.01
Other Ancillary	46.2	46.74	0.18	0.01	-	-	-	-	-	0.01	51.3	46.74	0.20
Subtotal Ancillary			**$ 3.07**										**$ 3.43**
Professional													
Inpatient and Outpatient Surgery	172.5	$ 159.34	$ 2.29	$ 0.14	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.07	189.0	$ 159.34	$ 2.51
Anesthesia	56.9	115.95	0.55	0.04	-	-	-	-	-	0.01	62.1	115.95	0.60
Inpatient Visits	164.9	90.22	1.24	0.08	-	-	-	-	-	0.04	180.9	90.22	1.36
MH/SA	2,027.2	66.18	11.18	0.70	-	0.16	0.23	0.03	-	0.36	2,253.8	67.41	12.66
Emergency Room	319.3	74.03	1.97	0.12	-	-	-	0.01	-	0.06	350.1	74.03	2.16
Office/Home Visits/Consults	2,031.0	84.55	14.31	0.96	-	-	1.34	0.04	-	0.48	2,241.0	91.73	17.13
Pathology/Lab	1,698.4	29.39	4.16	0.19	-	-	-	(0.51)	(0.58)	0.09	1,604.5	25.05	3.35
Radiology	568.6	24.27	1.15	0.07	-	-	-	-	-	0.04	623.0	24.27	1.26
Office Administered Drugs	1,237.7	36.46	3.76	0.23	-	-	-	0.01	-	0.12	1,356.2	36.46	4.12
Physical Exams	583.6	72.17	3.51	0.25	-	-	0.49	(0.02)	0.03	0.12	641.8	81.89	4.38
Therapy	586.7	22.50	1.10	0.06	-	-	0.01	-	-	0.04	640.1	22.69	1.21
Vision	497.6	42.20	1.75	0.10	-	-	0.01	-	-	0.06	543.1	42.42	1.92
Other Professional	1,792.5	14.59	2.18	0.13	-	-	0.02	(0.02)	(0.06)	0.06	1,932.3	14.35	2.31
Subtotal Professional			**$ 49.15**										**$ 54.97**
Total Medical Costs			**$ 125.65**										**$ 140.55**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 14 - 18, Female SFY 2024 Member Months: 865,192 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	65.3	$ 2,298.42	$ 12.50	$ 0.13	$ 0.00	$ 0.00	$ 0.09	$ 0.03	$ 0.00	$ 0.39	68.1	$ 2,314.27	$ 13.14
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	253.8	503.63	10.65	0.12	-	0.63	1.01	0.03	-	0.39	281.6	546.67	12.83
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 23.15**										**$ 25.97**
Outpatient Hospital													
Surgery	57.5	$ 1,447.05	$ 6.93	$ 0.51	$ 0.00	$ 0.00	$ 0.21	$ 0.02	$ 0.00	$ 0.24	63.9	$ 1,486.52	$ 7.91
Non-Surg - Emergency Room	458.0	308.35	11.77	2.02	-	-	1.20	0.03	-	0.47	556.1	334.25	15.49
Non-Surg - Other	209.7	160.25	2.80	0.20	-	-	-	0.01	-	0.09	232.1	160.25	3.10
Observation Room	7.7	994.16	0.64	0.05	-	-	0.01	-	-	0.02	8.6	1,008.17	0.72
Treatment/Therapy/Testing	387.6	197.83	6.39	0.47	-	-	0.31	(0.16)	0.13	0.23	420.4	210.40	7.37
Other Outpatient	113.1	140.10	1.32	0.03	-	-	0.02	(0.97)	(0.03)	0.01	33.4	136.51	0.38
Subtotal Outpatient Hospital			**$ 29.85**										**$ 34.97**
Retail Pharmacy													
Prescription Drugs	6,554.9	$ 61.99	$ 33.86	$ 2.07	$ 0.73	$ 0.00	$ 0.00	$ 0.18	$ 0.00	$ 1.15	7,213.1	$ 63.20	$ 37.99
Subtotal Retail Pharmacy			**$ 33.86**										**$ 37.99**
Ancillary													
Transportation	120.3	$ 107.77	$ 1.08	$ 0.07	$ 0.00	$ 0.00	$ 0.09	$ 0.00	$ 0.00	$ 0.04	132.5	$ 115.92	$ 1.28
DME/Prosthetics	1,592.5	12.36	1.64	0.10	-	-	-	-	-	0.06	1,747.9	12.36	1.80
Dental	6.7	35.88	0.02	-	-	-	-	-	-	-	6.7	35.88	0.02
Other Ancillary	63.7	50.86	0.27	0.02	-	-	-	-	-	0.01	70.8	50.86	0.30
Subtotal Ancillary			**$ 3.01**										**$ 3.40**
Professional													
Inpatient and Outpatient Surgery	165.8	$ 162.80	$ 2.25	$ 0.14	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.07	182.1	$ 162.80	$ 2.47
Anesthesia	60.6	112.89	0.57	0.04	-	-	-	-	-	0.02	67.0	112.89	0.63
Inpatient Visits	273.0	87.46	1.99	0.12	-	-	-	0.01	-	0.06	299.1	87.46	2.18
MH/SA	2,926.6	82.46	20.11	1.26	-	0.22	0.19	0.06	-	0.68	3,249.7	83.16	22.52
Emergency Room	496.2	78.59	3.25	0.20	-	-	-	0.01	-	0.10	543.6	78.59	3.56
Office/Home Visits/Consults	2,919.5	86.89	21.14	1.42	-	-	2.21	0.06	-	0.78	3,231.6	95.10	25.61
Pathology/Lab	3,543.2	24.52	7.24	0.35	-	-	0.01	(0.52)	(0.84)	0.20	3,557.9	21.72	6.44
Radiology	617.7	29.14	1.50	0.10	-	-	-	-	-	0.05	679.5	29.14	1.65
Office Administered Drugs	15,124.5	1.86	2.34	0.14	-	-	-	0.01	-	0.08	16,611.1	1.86	2.57
Physical Exams	664.6	71.69	3.97	0.27	-	-	0.57	(0.02)	0.03	0.15	731.5	81.53	4.97
Therapy	644.6	22.71	1.22	0.07	-	-	0.01	-	-	0.04	702.7	22.88	1.34
Vision	765.9	41.83	2.67	0.16	-	-	-	0.01	-	0.09	840.5	41.83	2.93
Other Professional	2,223.4	22.07	4.09	0.25	-	-	0.03	(0.03)	(0.06)	0.13	2,413.7	21.92	4.41
Subtotal Professional			**$ 72.34**										**$ 81.28**
Total Medical Costs			**$ 162.21**										**$ 183.61**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Male SFY 2024 Member Months: 340,393 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	154.8	$ 2,635.61	$ 34.01	$ 0.67	$ 0.00	$ 0.00	$ 0.53	$ (1.16)	$ 0.12	$ 5.78	178.9	$ 2,679.20	$ 39.95
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	84.3	692.13	4.86	0.10	-	-	0.04	0.01	-	0.85	100.9	696.89	5.86
Other Inpatient	11.3	298.23	0.28	0.01	-	-	-	-	-	0.04	13.3	298.23	0.33
Subtotal Inpatient Hospital			**$ 39.15**										**$ 46.14**
Outpatient Hospital													
Surgery	66.8	$ 1,547.41	$ 8.62	$ 0.28	$ 0.00	$ 0.00	$ 0.42	$ 0.02	$ 0.00	$ 1.58	81.4	$ 1,609.30	$ 10.92
Non-Surg - Emergency Room	443.6	294.07	10.87	0.73	-	-	1.15	0.03	-	2.16	562.7	318.60	14.94
Non-Surg - Other	62.5	155.49	0.81	0.02	-	-	0.01	-	-	0.14	74.9	157.10	0.98
Observation Room	3.9	1,116.30	0.36	0.01	-	-	0.01	-	-	0.07	4.7	1,141.67	0.45
Treatment/Therapy/Testing	221.0	367.61	6.77	0.21	-	-	0.24	(0.06)	0.07	1.22	265.7	381.60	8.45
Other Outpatient	55.2	150.11	0.69	0.01	-	-	-	(0.60)	0.01	0.01	8.8	163.76	0.12
Subtotal Outpatient Hospital			**$ 28.12**										**$ 35.86**
Retail Pharmacy													
Prescription Drugs	2,985.3	$ 161.67	$ 40.22	$ (1.20)	$ 5.68	$ 0.00	$ 0.00	$ 0.27	$ (0.10)	$ 7.58	3,478.9	$ 180.92	$ 52.45
Subtotal Retail Pharmacy			**$ 40.22**										**$ 52.45**
Ancillary													
Transportation	167.1	$ 110.61	$ 1.54	$ 0.05	$ 0.00	$ 0.00	$ 0.12	$ 0.00	$ 0.00	$ 0.29	204.0	$ 117.67	$ 2.00
DME/Prosthetics	1,957.4	13.85	2.26	0.08	-	-	-	0.24	-	0.44	2,615.7	13.85	3.02
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	74.2	66.33	0.41	0.01	-	-	-	-	-	0.08	90.5	66.33	0.50
Subtotal Ancillary			**$ 4.21**										**$ 5.52**
Professional													
Inpatient and Outpatient Surgery	238.3	$ 157.11	$ 3.12	$ 0.09	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.55	288.0	$ 157.11	$ 3.77
Anesthesia	83.3	115.29	0.80	0.03	-	-	-	-	-	0.14	101.0	115.29	0.97
Inpatient Visits	341.1	89.36	2.54	0.07	-	-	-	0.01	-	0.45	412.3	89.36	3.07
MH/SA	941.3	93.45	7.33	0.22	-	0.01	0.12	0.04	0.01	1.31	1,144.2	94.81	9.04
Emergency Room	502.2	80.76	3.38	0.10	-	-	-	0.01	-	0.59	606.2	80.76	4.08
Office/Home Visits/Consults	1,521.7	82.72	10.49	0.35	-	-	1.08	0.03	-	2.02	1,869.9	89.65	13.97
Pathology/Lab	1,682.5	23.75	3.33	0.07	-	-	0.01	(0.27)	(0.56)	0.44	1,803.8	20.09	3.02
Radiology	740.9	28.34	1.75	0.05	-	-	0.01	-	-	0.30	889.1	28.48	2.11
Office Administered Drugs	4,389.7	14.57	5.33	0.16	-	-	0.01	0.01	-	0.93	5,295.7	14.59	6.44
Physical Exams	99.8	70.93	0.59	0.03	-	-	0.08	0.19	0.01	0.15	162.4	77.58	1.05
Therapy	329.8	22.92	0.63	0.02	-	-	0.01	-	-	0.11	397.9	23.22	0.77
Vision	156.5	49.85	0.65	0.02	-	-	-	-	-	0.12	190.2	49.85	0.79
Other Professional	791.6	19.86	1.31	0.04	-	-	0.01	(0.01)	(0.02)	0.22	942.7	19.73	1.55
Subtotal Professional			**$ 41.25**										**$ 50.63**
Total Medical Costs			**$ 152.95**										**$ 190.60**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 19 - 44, Female SFY 2024 Member Months: 1,697,450 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	197.8	$ 2,404.13	$ 39.62	$ 0.77	$ 0.00	$ 0.00	$ 0.52	$ (2.07)	$ 0.02	$ 2.53	203.9	$ 2,435.92	$ 41.39
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	75.7	670.34	4.23	0.09	-	-	0.04	0.01	-	0.28	82.5	676.16	4.65
Other Inpatient	6.6	401.86	0.22	0.01	-	-	-	-	-	0.01	7.2	401.86	0.24
Subtotal Inpatient Hospital			**$ 44.07**										**$ 46.28**
Outpatient Hospital													
Surgery	159.6	$ 1,416.95	$ 18.85	$ 0.59	$ 0.00	$ 0.00	$ 0.70	$ 0.05	$ 0.00	$ 1.32	176.2	$ 1,464.61	$ 21.51
Non-Surg - Emergency Room	881.1	323.47	23.75	1.59	-	-	2.23	0.07	-	1.80	1,009.4	349.98	29.44
Non-Surg - Other	253.4	169.50	3.58	0.11	-	-	0.01	0.01	-	0.24	278.9	169.93	3.95
Observation Room	24.0	535.63	1.07	0.04	-	-	0.04	-	-	0.07	26.4	553.79	1.22
Treatment/Therapy/Testing	732.2	267.12	16.30	0.51	-	-	0.65	(0.10)	0.12	1.14	801.9	278.65	18.62
Other Outpatient	183.5	141.27	2.16	0.03	-	-	0.04	(1.31)	(0.03)	0.06	79.8	142.77	0.95
Subtotal Outpatient Hospital			**$ 65.71**										**$ 75.69**
Retail Pharmacy													
Prescription Drugs	7,035.6	$ 100.61	$ 58.99	$ (1.77)	$ 8.33	$ 0.00	$ 0.00	$ 0.36	$ (0.07)	$ 4.29	7,379.0	$ 114.05	$ 70.13
Subtotal Retail Pharmacy			**$ 58.99**										**$ 70.13**
Ancillary													
Transportation	244.3	$ 96.76	$ 1.97	$ 0.06	$ 0.00	$ 0.00	$ 0.17	$ 0.01	$ 0.00	$ 0.15	271.6	$ 104.27	$ 2.36
DME/Prosthetics	2,298.3	13.16	2.52	0.09	-	-	-	0.27	-	0.18	2,790.7	13.16	3.06
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	134.8	110.38	1.24	0.04	-	-	-	-	-	0.08	147.9	110.38	1.36
Subtotal Ancillary			**$ 5.73**										**$ 6.78**
Professional													
Inpatient and Outpatient Surgery	423.8	$ 180.92	$ 6.39	$ 0.19	$ 0.00	$ 0.00	$ 0.00	$ 0.02	$ 0.00	$ 0.43	466.3	$ 180.92	$ 7.03
Anesthesia	181.3	110.52	1.67	0.06	-	-	-	-	-	0.11	199.8	110.52	1.84
Inpatient Visits	420.5	88.17	3.09	0.09	-	-	-	0.01	-	0.21	462.7	88.17	3.40
MH/SA	1,896.5	88.33	13.96	0.43	-	-	0.25	0.10	0.05	0.97	2,100.3	90.05	15.76
Emergency Room	971.3	82.90	6.71	0.20	-	-	-	0.02	-	0.45	1,068.3	82.90	7.38
Office/Home Visits/Consults	3,676.0	83.28	25.51	0.87	-	-	2.92	0.07	-	1.91	4,086.7	91.85	31.28
Pathology/Lab	6,673.1	22.28	12.39	0.34	-	-	0.01	(0.39)	(0.97)	0.74	7,044.7	20.65	12.12
Radiology	1,457.0	39.45	4.79	0.15	-	-	-	0.01	-	0.32	1,603.0	39.45	5.27
Office Administered Drugs	24,648.3	4.44	9.12	0.28	-	-	0.01	0.02	-	0.61	27,107.7	4.44	10.04
Physical Exams	325.9	72.53	1.97	0.08	-	-	0.21	0.34	0.02	0.17	423.5	79.05	2.79
Therapy	523.6	23.38	1.02	0.03	-	-	0.02	-	-	0.07	574.9	23.79	1.14
Vision	187.8	58.77	0.92	0.02	-	-	0.01	-	-	0.07	206.2	59.35	1.02
Other Professional	2,053.7	33.48	5.73	0.17	-	-	0.03	(0.02)	(0.03)	0.38	2,243.6	33.48	6.26
Subtotal Professional			**$ 93.27**										**$ 105.33**
Total Medical Costs			**$ 267.77**										**$ 304.21**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: TANF - Age 45+, Male & Female SFY 2024 Member Months: 299,998 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	523.1	$ 2,522.59	$ 109.96	$ 2.07	$ 0.00	$ 0.00	$ 1.64	$ (9.12)	$ 0.58	$ 3.39	505.7	$ 2,575.28	$ 108.52
Inpatient Well Newborn	0.3	3,395.89	0.09	-	-	-	0.03	-	-	0.01	0.4	4,414.66	0.13
Inpatient MH/SA	53.7	798.14	3.57	0.07	-	-	0.07	0.01	-	0.12	56.7	812.96	3.84
Other Inpatient	62.4	282.48	1.47	0.03	-	-	-	-	-	0.05	65.8	282.48	1.55
Subtotal Inpatient Hospital			**$ 115.09**										**$ 114.04**
Outpatient Hospital													
Surgery	186.9	$ 2,008.84	$ 31.29	$ 0.98	$ 0.00	$ 0.00	$ 1.06	$ 0.09	$ 0.00	$ 1.08	199.8	$ 2,072.52	$ 34.50
Non-Surg - Emergency Room	620.2	349.04	18.04	1.22	-	-	1.87	0.05	-	0.68	687.3	381.69	21.86
Non-Surg - Other	272.9	159.18	3.62	0.11	-	-	0.04	0.01	-	0.12	291.0	160.83	3.90
Observation Room	17.9	973.08	1.45	0.05	-	-	0.05	-	-	0.05	19.1	1,004.47	1.60
Treatment/Therapy/Testing	1,050.8	472.35	41.36	1.29	-	-	1.38	(0.15)	0.24	1.43	1,116.0	489.77	45.55
Other Outpatient	355.7	156.86	4.65	0.10	-	-	0.17	(1.34)	0.10	0.12	270.0	168.86	3.80
Subtotal Outpatient Hospital			**$ 100.41**										**$ 111.21**
Retail Pharmacy													
Prescription Drugs	15,334.3	$ 108.52	$ 138.67	$ (4.14)	$ 19.57	$ 0.00	$ 0.00	$ 0.72	$ (0.15)	$ 4.99	15,507.9	$ 123.54	$ 159.66
Subtotal Retail Pharmacy			**$ 138.67**										**$ 159.66**
Ancillary													
Transportation	272.8	$ 101.63	$ 2.31	$ 0.07	$ 0.00	$ 0.00	$ 0.19	$ 0.01	$ 0.00	$ 0.09	292.8	$ 109.41	$ 2.67
DME/Prosthetics	11,815.5	7.41	7.30	0.24	-	-	-	0.79	-	0.27	13,919.7	7.41	8.60
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	362.3	77.17	2.33	0.07	-	-	-	0.01	-	0.07	385.7	77.17	2.48
Subtotal Ancillary			**$ 11.94**										**$ 13.75**
Professional													
Inpatient and Outpatient Surgery	1,019.4	$ 161.86	$ 13.75	$ 0.42	$ 0.00	$ 0.00	$ 0.00	$ 0.04	$ 0.00	$ 0.45	1,086.9	$ 161.86	$ 14.66
Anesthesia	364.7	109.24	3.32	0.10	-	-	-	0.01	-	0.11	388.9	109.24	3.54
Inpatient Visits	891.4	91.13	6.77	0.20	-	-	-	0.02	-	0.23	950.7	91.13	7.22
MH/SA	1,520.8	90.34	11.45	0.36	-	-	0.28	0.08	0.05	0.39	1,631.1	92.77	12.61
Emergency Room	746.4	90.84	5.65	0.17	-	-	-	0.02	-	0.18	795.3	90.84	6.02
Office/Home Visits/Consults	5,232.1	85.46	37.26	1.26	-	-	4.33	0.10	-	1.39	5,618.2	94.71	44.34
Pathology/Lab	6,673.7	17.57	9.77	0.26	-	-	0.01	(0.26)	(0.92)	0.29	6,871.8	15.98	9.15
Radiology	2,492.4	39.00	8.10	0.25	-	-	-	0.02	-	0.27	2,658.5	39.00	8.64
Office Administered Drugs	26,397.8	12.09	26.60	0.80	-	-	0.01	0.07	-	0.89	28,144.4	12.10	28.37
Physical Exams	334.2	67.15	1.87	0.06	-	-	0.13	(0.01)	0.02	0.06	353.9	72.23	2.13
Therapy	1,439.3	23.01	2.76	0.09	-	-	0.02	0.01	-	0.09	1,538.4	23.17	2.97
Vision	201.1	72.81	1.22	0.04	-	-	0.01	-	-	0.04	214.3	73.37	1.31
Other Professional	2,970.1	25.49	6.31	0.19	-	-	0.03	(0.04)	(0.05)	0.20	3,134.9	25.42	6.64
Subtotal Professional			**$ 134.83**										**$ 147.60**
Total Medical Costs			**$ 500.94**										**$ 546.26**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: SSI - Children SFY 2024 Member Months: 133,164 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	296.5	$ 2,787.52	$ 68.87	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.19	$ 0.00	$ 1.81	305.1	$ 2,787.52	$ 70.87
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	857.1	443.84	31.70	2.53	-	3.30	6.46	0.09	-	1.15	1,048.2	517.79	45.23
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 100.57**										**$ 116.10**
Outpatient Hospital													
Surgery	99.5	$ 2,093.79	$ 17.36	$ 0.54	$ 0.00	$ 0.00	$ 0.38	$ 0.05	$ 0.00	$ 0.48	105.6	$ 2,136.96	$ 18.81
Non-Surg - Emergency Room	521.1	317.79	13.80	1.53	-	-	1.17	0.04	-	0.44	597.0	341.31	16.98
Non-Surg - Other	642.9	162.57	8.71	0.26	-	-	0.01	0.02	-	0.24	681.3	162.75	9.24
Observation Room	11.4	1,630.30	1.55	0.04	-	-	0.01	-	-	0.05	12.1	1,640.24	1.65
Treatment/Therapy/Testing	734.5	354.87	21.72	0.67	-	-	0.54	(0.30)	0.31	0.60	767.3	368.16	23.54
Other Outpatient	198.4	173.59	2.87	0.05	-	-	0.05	(1.57)	0.19	0.04	96.1	203.57	1.63
Subtotal Outpatient Hospital			**$ 66.01**										**$ 71.85**
Retail Pharmacy													
Prescription Drugs	14,452.6	$ 167.71	$ 201.99	$ (4.04)	$ 26.66	$ 0.00	$ 0.00	$ 0.84	$ (0.18)	$ 5.91	14,646.5	$ 189.41	$ 231.18
Subtotal Retail Pharmacy			**$ 201.99**										**$ 231.18**
Ancillary													
Transportation	209.5	$ 132.31	$ 2.31	$ 0.18	$ 0.00	$ 0.00	$ 0.15	$ 0.01	$ 0.00	$ 0.07	233.1	$ 140.03	$ 2.72
DME/Prosthetics	83,194.4	3.12	21.66	1.55	-	-	-	0.06	-	0.61	91,721.2	3.12	23.88
Dental	62.9	72.55	0.38	0.03	-	-	-	-	-	0.01	69.5	72.55	0.42
Other Ancillary	274.8	34.06	0.78	0.06	-	-	-	-	-	0.02	303.0	34.06	0.86
Subtotal Ancillary			**$ 25.13**										**$ 27.88**
Professional													
Inpatient and Outpatient Surgery	293.8	$ 189.10	$ 4.63	$ 0.33	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.13	323.6	$ 189.10	$ 5.10
Anesthesia	181.2	131.76	1.99	0.14	-	-	-	0.01	-	0.05	199.5	131.76	2.19
Inpatient Visits	772.7	106.22	6.84	0.49	-	-	-	0.02	-	0.19	851.8	106.22	7.54
MH/SA	28,444.7	24.08	57.09	4.97	-	9.41	3.05	0.16	-	1.96	36,665.7	25.08	76.64
Emergency Room	626.9	82.31	4.30	0.31	-	-	-	0.01	-	0.12	691.1	82.31	4.74
Office/Home Visits/Consults	4,366.0	93.70	34.09	2.66	-	-	3.12	0.09	-	1.05	4,852.7	101.41	41.01
Pathology/Lab	2,508.9	28.17	5.89	0.33	-	-	0.01	(0.56)	(0.64)	0.13	2,466.3	25.11	5.16
Radiology	842.3	36.33	2.55	0.18	-	-	-	0.01	-	0.07	928.2	36.33	2.81
Office Administered Drugs	19,286.4	21.27	34.19	2.45	-	-	-	0.09	-	0.96	21,260.7	21.27	37.69
Physical Exams	1,010.3	64.62	5.44	0.45	-	-	0.80	(0.01)	0.02	0.17	1,123.6	73.37	6.87
Therapy	16,440.1	22.97	31.47	2.24	-	-	-	0.09	-	0.89	18,122.2	22.97	34.69
Vision	680.2	43.05	2.44	0.18	-	-	-	0.01	-	0.07	752.7	43.05	2.70
Other Professional	3,954.0	22.58	7.44	0.52	-	-	0.03	(0.05)	(0.07)	0.21	4,315.4	22.47	8.08
Subtotal Professional			**$ 198.36**										**$ 235.22**
Total Medical Costs			**$ 592.06**										**$ 682.23**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: SSI - Adults SFY 2024 Member Months: 614,239 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	1,794.6	$ 2,175.68	$ 325.37	$ 0.00	$ 0.00	$ 0.00	$ 5.93	$ (11.67)	$ (1.10)	$ 0.00	1,730.2	$ 2,209.18	$ 318.53
Inpatient Well Newborn	0.3	2,098.70	0.06	-	-	-	-	-	-	-	0.3	2,098.70	0.06
Inpatient MH/SA	445.5	675.08	25.06	1.03	-	0.03	0.46	0.07	-	-	465.5	686.93	26.65
Other Inpatient	506.8	269.71	11.39	-	-	-	-	0.03	-	-	508.1	269.71	11.42
Subtotal Inpatient Hospital			**$ 361.88**										**$ 356.66**
Outpatient Hospital													
Surgery	274.6	$ 2,046.51	$ 46.83	$ 2.48	$ 0.00	$ 0.00	$ 1.98	$ 0.13	$ 0.00	$ 0.00	289.9	$ 2,128.47	$ 51.42
Non-Surg - Emergency Room	1,267.6	416.07	43.95	3.45	-	-	4.37	0.12	-	-	1,370.5	454.33	51.89
Non-Surg - Other	602.4	197.40	9.91	0.52	-	-	0.31	0.03	-	-	635.9	203.25	10.77
Observation Room	45.4	932.34	3.53	0.19	-	-	0.13	0.01	-	-	48.0	964.83	3.86
Treatment/Therapy/Testing	1,405.1	825.53	96.66	5.06	-	-	3.20	(0.20)	0.44	-	1,475.7	855.13	105.16
Other Outpatient	344.2	211.63	6.07	0.23	-	-	0.17	(2.55)	0.72	-	212.6	261.85	4.64
Subtotal Outpatient Hospital			**$ 206.95**										**$ 227.74**
Retail Pharmacy													
Prescription Drugs	23,166.3	$ 196.91	$ 380.14	$ (11.36)	$ 57.59	$ 0.00	$ 0.00	$ 1.73	$ (0.47)	$ 0.00	22,579.5	$ 227.27	$ 427.63
Subtotal Retail Pharmacy			**$ 380.14**										**$ 427.63**
Ancillary													
Transportation	1,265.2	$ 96.27	$ 10.15	$ 0.67	$ 0.00	$ 0.00	$ 0.87	$ 0.03	$ 0.00	$ 0.00	1,352.5	$ 103.99	$ 11.72
DME/Prosthetics	47,050.2	6.83	26.79	1.81	-	-	-	2.89	-	-	55,304.6	6.83	31.49
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	1,450.8	72.29	8.74	0.54	-	-	-	0.02	-	-	1,543.8	72.29	9.30
Subtotal Ancillary			**$ 45.68**										**$ 52.51**
Professional													
Inpatient and Outpatient Surgery	1,397.6	$ 163.14	$ 19.00	$ 1.16	$ 0.00	$ 0.00	$ 0.01	$ 0.05	$ 0.00	$ 0.00	1,486.6	$ 163.22	$ 20.22
Anesthesia	504.4	108.73	4.57	0.28	-	-	-	0.01	-	-	536.4	108.73	4.86
Inpatient Visits	3,510.0	86.36	25.26	1.54	-	-	-	0.07	-	-	3,733.7	86.36	26.87
MH/SA	5,926.1	41.53	20.51	1.48	-	0.02	0.46	0.87	2.49	-	6,610.9	46.89	25.83
Emergency Room	1,674.9	92.78	12.95	0.79	-	-	-	0.04	-	-	1,782.2	92.78	13.78
Office/Home Visits/Consults	6,635.9	93.40	51.65	3.52	-	-	6.11	0.14	-	-	7,106.1	103.72	61.42
Pathology/Lab	7,699.2	15.96	10.24	0.60	-	-	0.03	(0.06)	(0.33)	-	8,105.2	15.52	10.48
Radiology	3,812.5	39.16	12.44	0.76	-	-	0.01	0.03	-	-	4,054.6	39.18	13.24
Office Administered Drugs	68,996.8	11.40	65.57	4.00	-	-	0.01	0.18	-	-	73,395.3	11.41	69.76
Physical Exams	392.6	51.96	1.70	0.12	-	-	0.16	0.10	0.02	-	443.4	56.84	2.10
Therapy	1,229.4	23.04	2.36	0.15	-	-	0.03	0.01	-	-	1,312.7	23.31	2.55
Vision	209.8	70.93	1.24	0.07	-	-	0.02	-	-	-	221.6	72.01	1.33
Other Professional	4,183.1	54.13	18.87	1.15	-	-	0.04	(0.13)	0.02	-	4,409.2	54.30	19.95
Subtotal Professional			**$ 246.36**										**$ 272.39**
Total Medical Costs			**$ 1,241.01**										**$ 1,336.93**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: OCWI SFY 2024 Member Months: 317,624 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	143.1	$ 2,045.49	$ 24.39	$ 0.00	$ 0.00	$ 0.00	$ 0.34	$ (0.72)	$ (0.12)	$ 1.60	148.2	$ 2,063.30	$ 25.49
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	38.8	693.27	2.24	0.07	-	-	-	0.01	-	0.16	42.9	693.27	2.48
Other Inpatient	1.1	457.00	0.04	-	-	-	-	-	-	-	1.1	457.00	0.04
Subtotal Inpatient Hospital			**$ 26.67**										**$ 28.01**
Outpatient Hospital													
Surgery	251.4	$ 770.95	$ 16.15	$ 0.67	$ 0.00	$ 0.00	$ 0.47	$ 0.04	$ 0.00	$ 1.16	280.5	$ 791.05	$ 18.49
Non-Surg - Emergency Room	690.0	358.80	20.63	1.12	-	-	1.45	0.06	-	1.56	781.6	381.07	24.82
Non-Surg - Other	373.6	171.52	5.34	0.22	-	-	0.01	0.01	-	0.37	415.6	171.81	5.95
Observation Room	68.3	327.01	1.86	0.08	-	-	0.05	0.01	-	0.13	76.3	334.87	2.13
Treatment/Therapy/Testing	896.4	173.09	12.93	0.54	-	-	0.40	(0.03)	0.05	0.93	996.3	178.51	14.82
Other Outpatient	129.5	129.77	1.40	0.01	-	-	0.01	(1.05)	(0.13)	0.02	35.1	88.79	0.26
Subtotal Outpatient Hospital			**$ 58.31**										**$ 66.47**
Retail Pharmacy													
Prescription Drugs	7,264.8	$ 46.63	$ 28.23	$ 0.00	$ 4.71	$ 0.00	$ 0.00	$ 0.08	$ 0.00	$ 2.21	7,854.1	$ 53.83	$ 35.23
Subtotal Retail Pharmacy			**$ 28.23**										**$ 35.23**
Ancillary													
Transportation	180.7	$ 94.29	$ 1.42	$ 0.03	$ 0.00	$ 0.00	$ 0.14	$ 0.00	$ 0.00	$ 0.10	197.3	$ 102.81	$ 1.69
DME/Prosthetics	1,164.1	22.37	2.17	0.05	-	-	-	0.23	-	0.17	1,405.4	22.37	2.62
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	135.4	114.33	1.29	0.03	-	-	-	-	-	0.09	148.0	114.33	1.41
Subtotal Ancillary			**$ 4.88**										**$ 5.72**
Professional													
Inpatient and Outpatient Surgery	269.9	$ 176.52	$ 3.97	$ 0.08	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.27	294.4	$ 176.52	$ 4.33
Anesthesia	119.0	111.97	1.11	0.03	-	-	-	-	-	0.07	129.7	111.97	1.21
Inpatient Visits	468.4	81.99	3.20	0.06	-	-	-	0.01	-	0.22	510.8	81.99	3.49
MH/SA	1,041.9	93.29	8.10	0.17	-	-	0.16	0.09	0.05	0.57	1,148.6	95.49	9.14
Emergency Room	836.0	80.38	5.60	0.11	-	-	-	0.02	-	0.38	912.1	80.38	6.11
Office/Home Visits/Consults	2,535.7	79.46	16.79	0.37	-	-	1.59	0.05	-	1.26	2,789.4	86.30	20.06
Pathology/Lab	7,374.2	20.19	12.41	0.23	-	-	0.01	(0.22)	(0.72)	0.79	7,849.5	19.11	12.50
Radiology	1,146.2	51.09	4.88	0.10	-	-	-	0.01	-	0.34	1,251.9	51.09	5.33
Office Administered Drugs	18,613.1	1.81	2.81	0.06	-	-	-	0.01	-	0.19	20,335.3	1.81	3.07
Physical Exams	430.3	49.08	1.76	0.04	-	-	0.10	-	-	0.12	469.4	51.64	2.02
Therapy	253.5	23.20	0.49	0.01	-	-	0.01	-	-	0.04	279.3	23.63	0.55
Vision	98.9	69.19	0.57	0.01	-	-	-	-	-	0.04	107.5	69.19	0.62
Other Professional	1,784.3	62.48	9.29	0.19	-	-	0.03	(0.03)	0.01	0.64	1,938.0	62.73	10.13
Subtotal Professional			**$ 70.98**										**$ 78.56**
Total Medical Costs			**$ 189.07**										**$ 213.99**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: DUAL	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	627.2	$ 248.71	$ 13.00	$ 0.52	$ 0.00	$ 0.00	$ 0.00	$ 0.04	$ 0.00	$ 0.00	654.2	$ 248.71	$ 13.56
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	38.6	195.84	0.63	0.03	-	-	-	-	-	-	40.4	195.84	0.66
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 13.63**										**$ 14.22**
Outpatient Hospital													
Surgery	50.5	$ 228.06	$ 0.96	$ 0.06	$ 0.00	$ 0.00	$ 0.04	$ 0.00	$ 0.00	$ 0.00	53.7	$ 237.00	$ 1.06
Non-Surg - Emergency Room	304.4	76.86	1.95	0.13	-	-	0.19	0.01	-	-	326.3	83.85	2.28
Non-Surg - Other	307.1	27.75	0.71	0.05	-	-	0.02	-	-	-	328.7	28.48	0.78
Observation Room	9.3	141.56	0.11	0.01	-	-	-	-	-	-	10.2	141.56	0.12
Treatment/Therapy/Testing	637.5	115.01	6.11	0.38	-	-	0.20	0.02	-	-	679.3	118.54	6.71
Other Outpatient	78.5	42.83	0.28	0.02	-	-	0.01	-	-	-	84.1	44.25	0.31
Subtotal Outpatient Hospital			**$ 10.12**										**$ 11.26**
Retail Pharmacy													
Prescription Drugs	268.9	$ 69.16	$ 1.55	$ 0.10	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	286.3	$ 69.16	$ 1.65
Subtotal Retail Pharmacy			**$ 1.55**										**$ 1.65**
Ancillary													
Transportation	23.0	$ 36.49	$ 0.07	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	23.0	$ 36.49	$ 0.07
DME/Prosthetics	13,090.8	4.65	5.07	0.31	-	-	-	0.01	-	-	13,917.0	4.65	5.39
Dental	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Ancillary	113.2	28.61	0.27	0.02	-	-	-	-	-	-	121.6	28.61	0.29
Subtotal Ancillary			**$ 5.41**										**$ 5.75**
Professional													
Inpatient and Outpatient Surgery	305.1	$ 27.53	$ 0.70	$ 0.04	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	$ 0.00	322.5	$ 27.53	$ 0.74
Anesthesia	141.4	16.98	0.20	0.01	-	-	-	-	-	-	148.4	16.98	0.21
Inpatient Visits	717.1	17.40	1.04	0.07	-	-	-	-	-	-	765.3	17.40	1.11
MH/SA	6,465.6	16.72	9.01	0.60	-	-	0.18	0.08	0.49	-	6,953.5	17.88	10.36
Emergency Room	140.6	34.13	0.40	0.03	-	-	-	-	-	-	151.2	34.13	0.43
Office/Home Visits/Consults	2,676.8	40.30	8.99	0.61	-	-	1.07	0.02	-	-	2,864.4	44.78	10.69
Pathology/Lab	688.6	5.40	0.31	0.02	-	-	-	-	-	-	733.0	5.40	0.33
Radiology	721.9	12.47	0.75	0.05	-	-	-	-	-	-	770.0	12.47	0.80
Office Administered Drugs	36,059.2	3.01	9.03	0.55	-	-	0.01	0.02	-	-	38,335.4	3.01	9.61
Physical Exams	37.2	22.56	0.07	-	-	-	0.01	-	-	-	37.2	25.78	0.08
Therapy	392.0	4.59	0.15	0.01	-	-	-	-	-	-	418.1	4.59	0.16
Vision	31.0	54.14	0.14	0.01	-	-	-	-	-	-	33.2	54.14	0.15
Other Professional	965.4	11.68	0.94	0.06	-	-	-	-	-	-	1,027.0	11.68	1.00
Subtotal Professional			**$ 31.73**										**$ 35.67**
Total Medical Costs			**$ 62.44**										**$ 68.55**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: Foster Care Children SFY 2024 Member Months: 54,972 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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	109.9	$ 2,250.37	$ 20.61	$ 0.43	$ 0.00	$ 0.00	$ 0.37	$ 0.06	$ 0.00	$ 0.00	112.5	$ 2,289.83	$ 21.47
Inpatient Well Newborn	-	-	-	-	-	-	-	-	-	-	-	-	-
Inpatient MH/SA	6,372.0	389.81	206.99	11.46	-	22.44	53.69	0.57	-	-	7,433.2	476.49	295.15
Other Inpatient	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal Inpatient Hospital			**$ 227.60**										**$ 316.62**
Outpatient Hospital													
Surgery	96.4	$ 1,252.81	$ 10.06	$ 0.63	$ 0.00	$ 0.00	$ 0.22	$ 0.03	$ 0.00	$ 0.00	102.7	$ 1,278.52	$ 10.94
Non-Surg - Emergency Room	543.1	311.52	14.10	0.77	-	-	1.09	0.04	-	-	574.3	334.30	16.00
Non-Surg - Other	537.0	155.75	6.97	0.43	-	-	-	0.02	-	-	571.7	155.75	7.42
Observation Room	5.6	2,566.88	1.20	0.07	-	-	0.01	-	-	-	5.9	2,587.09	1.28
Treatment/Therapy/Testing	457.7	192.68	7.35	0.46	-	-	0.13	(0.20)	0.16	-	473.9	200.03	7.90
Other Outpatient	186.6	138.88	2.16	0.05	-	-	0.04	(1.25)	(0.15)	-	82.9	122.97	0.85
Subtotal Outpatient Hospital			**$ 41.84**										**$ 44.39**
Retail Pharmacy													
Prescription Drugs	13,467.1	$ 47.14	$ 52.90	$ 2.15	$ 0.00	$ 0.00	$ 0.00	$ 0.22	$ 0.03	$ 0.00	14,070.5	$ 47.16	$ 55.30
Subtotal Retail Pharmacy			**$ 52.90**										**$ 55.30**
Ancillary													
Transportation	292.7	$ 104.55	$ 2.55	$ 0.03	$ 0.00	$ 0.00	$ 0.22	$ 0.01	$ 0.00	$ 0.00	297.3	$ 113.43	$ 2.81
DME/Prosthetics	21,790.1	2.94	5.34	0.06	-	-	-	0.01	-	-	22,075.7	2.94	5.41
Dental	98.0	53.90	0.44	0.01	-	-	-	-	-	-	100.2	53.90	0.45
Other Ancillary	196.1	43.46	0.71	0.01	-	-	-	-	-	-	198.8	43.46	0.72
Subtotal Ancillary			**$ 9.04**										**$ 9.39**
Professional													
Inpatient and Outpatient Surgery	305.9	$ 138.09	$ 3.52	$ 0.04	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.00	$ 0.00	310.2	$ 138.09	$ 3.57
Anesthesia	123.4	97.21	1.00	0.01	-	-	-	-	-	-	124.7	97.21	1.01
Inpatient Visits	938.5	82.09	6.42	0.06	-	-	-	0.02	-	-	950.2	82.09	6.50
MH/SA	113,884.7	33.40	317.02	3.23	-	2.88	1.65	0.87	-	-	116,392.2	33.57	325.65
Emergency Room	634.0	77.99	4.12	0.04	-	-	-	0.01	-	-	641.7	77.99	4.17
Office/Home Visits/Consults	4,832.7	94.26	37.96	0.42	-	-	3.37	0.10	-	-	4,898.9	102.51	41.85
Pathology/Lab	3,800.2	26.97	8.54	0.07	-	-	-	(0.87)	(1.36)	-	3,444.2	22.23	6.38
Radiology	655.0	21.99	1.20	0.02	-	-	-	-	-	-	665.9	21.99	1.22
Office Administered Drugs	4,633.3	44.00	16.99	0.17	-	-	-	0.05	-	-	4,693.3	44.00	17.21
Physical Exams	2,823.8	59.11	13.91	0.16	-	-	1.65	0.02	0.02	-	2,860.4	66.12	15.76
Therapy	14,630.6	23.97	29.22	0.29	-	-	-	0.08	-	-	14,815.8	23.97	29.59
Vision	1,172.0	50.89	4.97	0.05	-	-	0.01	0.01	-	-	1,186.2	50.99	5.04
Other Professional	2,733.4	22.39	5.10	0.05	-	-	0.02	(0.07)	(0.06)	-	2,722.7	22.21	5.04
Subtotal Professional			**$ 449.97**										**$ 462.99**
Total Medical Costs			**$ 781.35**										**$ 888.69**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
Prospective Adjustments

Region: Statewide Rate Cell: KICK SFY 2024 Deliveries: 25,985 Category of Service	Base Year Adjusted Base Experience			Trend Adjustments		Reimbursement Adjustments		Program and Policy Adjustments		Acuity Adjustments	SFY 2024 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
Inpatient Hospital													
Inpatient Maternity Delivery	2,489.4	$ 1,754.86	$ 4,368.49	$ 0.00	$ 0.00	$ 0.00	$ 88.52	$ 11.97	$ 0.00	$ 0.00	2,496.2	$ 1,790.32	$ 4,468.98
Subtotal Inpatient Hospital			**$ 4,368.49**										**$ 4,468.98**
Outpatient Hospital													
Outpatient Hospital - Maternity	57.0	$ 453.29	$ 25.83	$ 2.17	$ 0.00	$ 0.00	$ 0.70	$ 0.07	$ 0.00	$ 0.00	61.9	$ 464.60	$ 28.77
Subtotal Outpatient Hospital			**$ 25.83**										**$ 28.77**
Professional													
Maternity Delivery	934.7	$ 1,011.15	$ 945.15	$ 28.64	$ 0.00	$ 0.00	$ 0.03	$ 2.59	$ 0.00	$ 0.00	965.6	$ 1,011.18	$ 976.41
Maternity Anesthesia	1,137.6	291.34	331.44	10.04	-	-	-	0.91	-	-	1,175.2	291.34	342.39
Maternity Office Visits	8,446.2	71.91	607.33	19.87	-	-	48.31	1.66	-	-	8,745.6	77.43	677.17
Maternity Radiology	5,210.0	83.76	436.37	13.22	-	-	0.07	1.20	-	-	5,382.2	83.77	450.86
Maternity Non-Delivery	2.6	95.44	0.25	0.01	-	-	-	-	-	-	2.7	95.44	0.26
Subtotal Professional			**$ 2,320.54**										**$ 2,447.09**
Total Medical Costs			**$ 6,714.86**										**$ 6,944.84**

Appendix 8: Development of Relative Acuity by Rate Cell

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
SFY 2022 Member Months and Acuity

		SFY 2022											
		Pre-COVID Trended Enrollment		Increased Participation		Categorically Ineligible		Other Disenrollments		OCWI Extension		Total	
Population	Rate Cell	MMs	Acuity	MMs	Acuity	MMs	Acuity	MMs	Acuity	MMs	Acuity	MMs	Acuity
TANF Children	TANF - 0 - 2 Months, Male & Female	82,116	1.000	-	1.000	-	-	-	1.000	-	-	82,116	1.000
TANF Children	TANF - 3 - 12 Months, Male & Female	337,305	1.000	-	1.000	-	-	-	1.000	-	-	337,305	1.000
TANF Children	TANF - Age 1 - 6, Male & Female	2,237,793	1.000	50,313	1.000	-	-	277,990	0.800	-	-	2,566,096	0.978
TANF Children	TANF - Age 7 - 13, Male & Female	2,686,715	1.000	60,406	1.000	-	-	222,760	0.600	-	-	2,969,881	0.970
TANF Children	TANF - Age 14 - 18, Male	767,603	1.000	17,258	1.000	-	-	173,938	0.700	-	-	958,799	0.946
TANF Children	TANF - Age 14 - 18, Female	774,322	1.000	17,409	1.000	-	-	166,311	0.675	-	-	958,042	0.944
TANF Children	**Subtotal**	**6,885,854**	**1.000**	**145,386**	**1.000**	**-**	**-**	**840,999**	**0.702**	**-**	**-**	**7,872,239**	**0.968**
TANF Adult	TANF - Age 19 - 44, Male	268,093	1.000	11,377	1.000	216,122	0.625	85,521	0.750	-	-	581,113	0.824
TANF Adult	TANF - Age 19 - 44, Female	1,373,933	1.000	58,303	1.000	209,818	0.650	343,137	0.675	-	-	1,985,191	0.907
TANF Adult	TANF - Age 45+, Male & Female	232,901	1.000	9,862	1.000	-	-	97,366	0.775	-	-	340,129	0.936
TANF Adult	**Subtotal**	**1,874,927**	**1.000**	**79,542**	**1.000**	**425,940**	**0.637**	**526,024**	**0.706**	**-**	**-**	**2,906,433**	**0.894**
Disabled	SSI - Children	128,573	1.000	-	1.000	-	-	10,917	0.550	-	-	139,490	0.965
Disabled	SSI - Adults	605,663	1.000	-	1.000	-	-	27,252	1.000	-	-	632,915	1.000
Disabled	**Subtotal**	**734,236**	**1.000**	**-**	**-**	**-**	**-**	**38,169**	**0.871**	**-**	**-**	**772,405**	**0.994**
Pregnant Women	OCWI	156,805	1.000	-	1.000	127,564	0.600	-	0.600	138,493	0.600	422,862	0.748
Foster	Foster Care Children	54,384	1.000	-	1.000	-	-	-	-	-	-	54,384	1.000
All Populations Total		**9,706,206**	**1.000**	**224,928**	**1.000**	**553,504**	**0.629**	**1,405,192**	**0.708**	**138,493**	**0.600**	**12,028,323**	**0.944**

South Carolina Department of Health and Human Services
Medicaid Managed Care Program
State Fiscal Year 2024 Capitation Rate Development
SFY 2024 Member Months and Acuity

		SFY 2024											
		Pre-COVID Trended Enrollment		Increased Participation		Categorically Ineligible		Other Disenrollments		OCWI Extension		Total	
Population	Rate Cell	MMs	Acuity	MMs	Acuity	MMs	Acuity	MMs	Acuity	MMs	Acuity	MMs	Acuity
TANF Children	TANF - 0 - 2 Months, Male & Female	81,804	1.000	-	1.000	-	-	-	1.000	-	-	81,804	1.000
TANF Children	TANF - 3 - 12 Months, Male & Female	339,962	1.000	-	1.000	-	-	-	1.000	-	-	339,962	1.000
TANF Children	TANF - Age 1 - 6, Male & Female	2,253,175	1.000	130,458	1.000	-	-	76,114	0.800	-	-	2,459,747	0.994
TANF Children	TANF - Age 7 - 13, Male & Female	2,724,803	1.000	156,629	1.000	-	-	63,059	0.600	-	-	2,944,491	0.991
TANF Children	TANF - Age 14 - 18, Male	737,082	1.000	44,749	1.000	-	-	77,786	0.700	-	-	859,617	0.973
TANF Children	TANF - Age 14 - 18, Female	747,927	1.000	45,141	1.000	-	-	72,124	0.675	-	-	865,192	0.973
TANF Children	**Subtotal**	**6,884,753**	**1.000**	**376,977**	**1.000**	**-**	**-**	**289,083**	**0.698**	**-**	**-**	**7,550,813**	**0.988**
TANF Adult	TANF - Age 19 - 44, Male	259,924	1.000	30,047	1.000	-	0.625	50,422	0.750	-	-	340,393	0.963
TANF Adult	TANF - Age 19 - 44, Female	1,367,610	1.000	151,562	1.000	-	0.650	178,278	0.675	-	-	1,697,450	0.966
TANF Adult	TANF - Age 45+, Male & Female	228,254	1.000	26,074	1.000	-	-	45,670	0.775	-	-	299,998	0.966
TANF Adult	**Subtotal**	**1,855,788**	**1.000**	**207,683**	**1.000**	**-**	**-**	**274,370**	**0.705**	**-**	**-**	**2,337,841**	**0.965**
Disabled	SSI - Children	130,223	1.000	-	1.000	-	-	2,941	0.550	-	-	133,164	0.990
Disabled	SSI - Adults	609,948	1.000	-	1.000	-	-	4,291	1.000	-	-	614,239	1.000
Disabled	**Subtotal**	**740,171**	**1.000**	**-**	**-**	**-**	**-**	**7,232**	**0.817**	**-**	**-**	**747,403**	**0.998**
Pregnant Women	OCWI	157,591	1.000	-	1.000	20,976	0.600	-	0.600	139,057	0.600	317,624	0.798
Foster	Foster Care Children	54,972	1.000	-	1.000	-	-	-	-	-	-	54,972	1.000
All Populations Total		**9,693,275**	**1.000**	**584,660**	**1.000**	**20,976**	**0.600**	**570,685**	**0.703**	**139,057**	**0.600**	**11,008,653**	**0.979**

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