

South Carolina Department of Health and Human Services

SFY 2025 ANNUAL REPORT



SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

Healthy Connections
MEDICAID



SFY 2025 Annual Report

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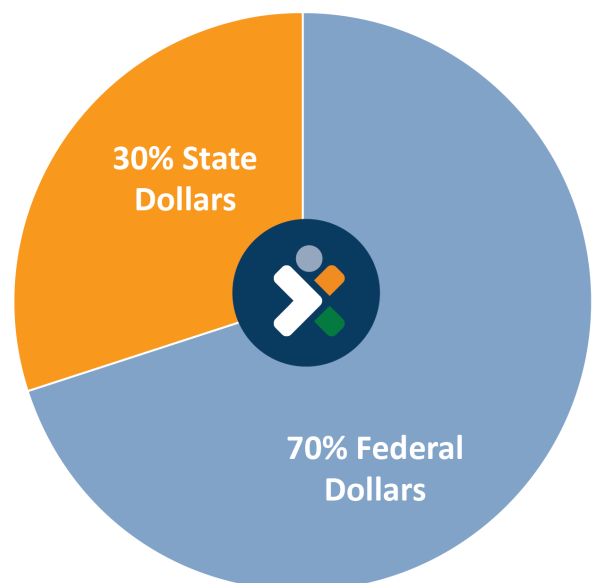
Introduction

The South Carolina Department of Health and Human Services (SCDHHS) administers South Carolina's Medicaid program. The Social Security Amendments of 1965 created Medicaid by adding Title XIX to the Social Security Administration (Medicare was created in tandem through Title XVIII). Medicaid is the nation's largest public health care coverage program.

Medicaid is jointly administered and financed by the federal government through the Centers for Medicare and Medicaid Services (CMS) and state governments. In each state, Medicaid programs are administered by a single designated state agency pursuant to federal requirements. Federal requirements include minimum Medicaid eligibility standards based on individual and family composition standards. They also include medical services that are required to be covered by a state's Medicaid program and other services that are optional. Medicaid is an entitlement program. As an entitlement program, state Medicaid agencies must enroll each individual who can demonstrate they qualify for coverage. The names of state Medicaid programs can vary by state. In South Carolina, the program is known as Healthy Connections Medicaid.

The key component of the financial relationship between federal and state governments is the Federal Matching Assistance Percentage (FMAP), which determines the federal share of the cost of Medicaid services in each state. As detailed in this report, the federal share for Medicaid services is approximately 70% in South Carolina. This means approximately 70% of the funding for Medicaid services for South Carolina Healthy Connections Medicaid members comes from federal funds with the remaining 30% paid for by state funds.

Healthy Connections Medicaid Funding



During state fiscal year (SFY) 2025, SCDHHS had \$12.1 billion in expenditures. Of these payments, \$8.06 billion came from federal funds and \$4.04 billion came from state funds.

South Carolina offers Medicaid coverage on a fee-for-service (FFS) basis as well as through managed care organizations (MCOs). Under the FFS model, the state pays providers directly for each covered service received by a Medicaid member. Under the MCO model, the state pays an actuarially sound capitation rate to MCOs for each member enrolled in their plan. The MCOs then pay providers for the Medicaid services the member may require that are included in the plan's contract with the state. Nearly 80% of full-benefit Healthy Connections Medicaid members are enrolled in an MCO.

Through these two care delivery models, SCDHHS provides health care coverage to approximately 1 million South Carolinians. This includes approximately 60% of South Carolina's children and the financing of approximately 60% of births in the state. As further detailed in this report, Medicaid eligibility is based on a combination of non-financial requirements and categorial and financial criteria. Non-financial requirements that apply to all full-benefit Healthy Connections Medicaid members include being a resident of South Carolina, being a U.S. citizen or qualifying lawful permanent resident alien and having a Social Security number or verification of an application for one. Once non-financial requirements are met, an individual must meet other qualifications to be eligible for full-benefit Medicaid coverage. These criteria may include a combination of household income and/or resources and other factors like family composition, pregnancy, age or disability status.

Through the administration of the Healthy Connections Medicaid program, and the additional programs SCDHHS operates, the agency seeks to leverage its role as a major public health agency and health care payor to achieve its mission to be boldly innovative in improving the health and quality of life for South Carolinians.

Strategic Plan

South Carolina Department of Health and Human Services

FY 2025 Strategic Plan

Mission: To be boldly innovative in improving the health and quality of life for South Carolinians.

Vision: Turning thought into action through evidence-based decision making.

Goals:



Leadership



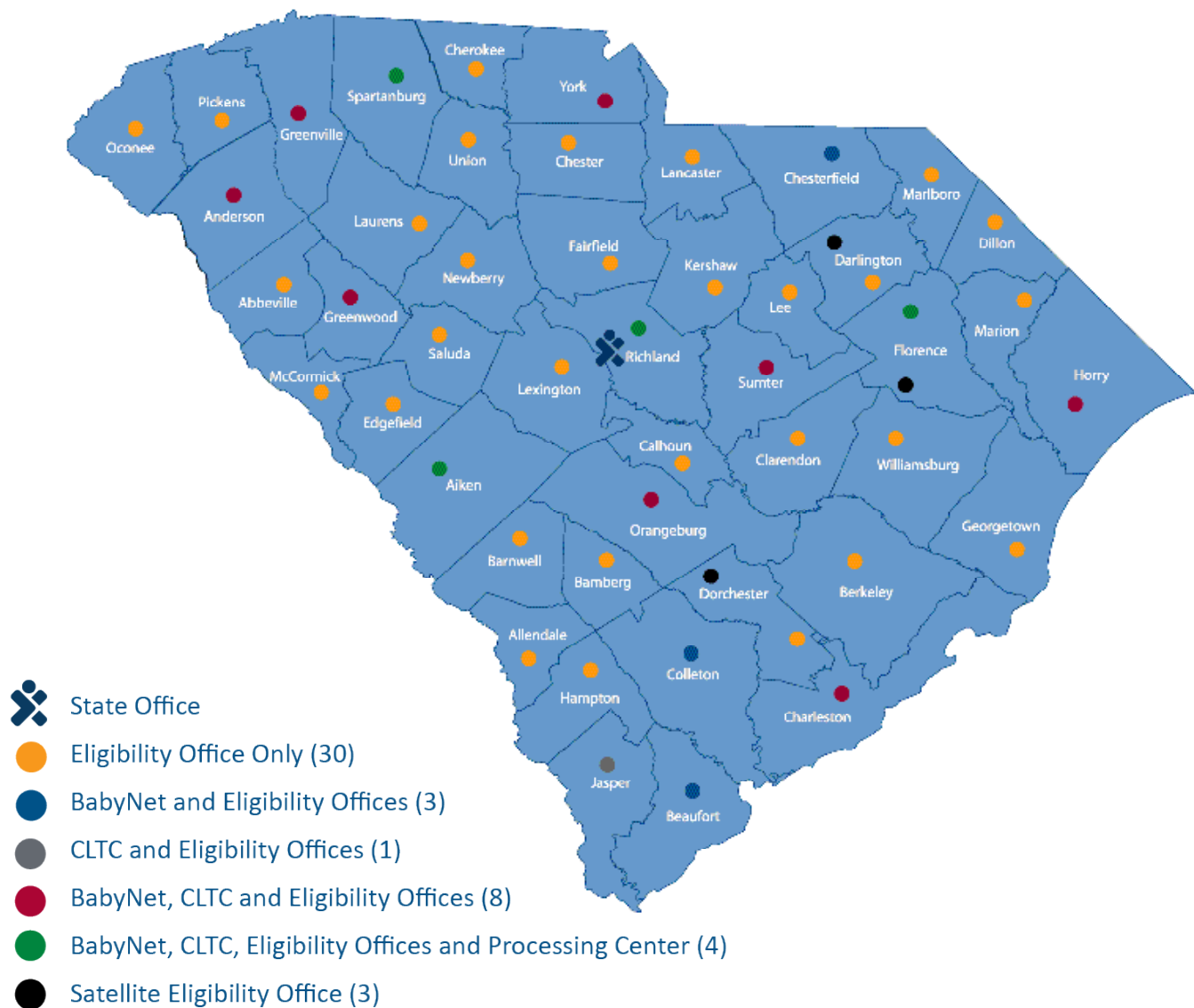
- **Eunice Medina**
Agency Director
- **Jackson Wilkens Burnaugh**
Chief External Affairs Officer
- **Jordan Desai**
Deputy Director of Programs
- **Brad Livingston**
Deputy Director of Finance and Chief Financial Officer
- **Nicole Mitchell Threatt**
Deputy Director of Eligibility, Enrollment and Member Services
- **Rhonda Morrison**
Deputy Director of Systems and Technology and Chief Information Officer
- **Byron Roberts**
General Counsel
- **Deirdra Singleton**
Deputy Director of Administration and Chief Compliance Officer
- **Kevin Wessinger, MD**
Chief Medical Officer

Member Experience

Through the Healthy Connections Medicaid program, SCDHHS provides access to critical health care services to some of the state's most vulnerable individuals. As South Carolina has not expanded Medicaid under the Affordable Care Act, South Carolina's Healthy Connections Medicaid program serves the traditional Medicaid population. This means approximately 60% of the state's Medicaid members are low-income children. Parents of low-income children, low-income pregnant women and disabled individuals also make up a significant portion of the state's Medicaid population.

South Carolina citizens can apply for Medicaid through several modalities. They can apply online, over the phone, through the mail or in-person at a local eligibility office.

SCDHHS has a local Medicaid eligibility office in all 46 South Carolina counties. In these offices, citizens can walk in and receive personal assistance with their Medicaid or IDEA Part C, commonly known as BabyNet, application or coverage.



Connecting with Communities



Being present in communities serves as an integral part of providing a responsive member experience. During SFY 2025, SCDHHS participated in 55 community outreach events to provide information about the Healthy Connections Medicaid and BabyNet programs.

In addition to the agency's commitment to in-person connection, SCDHHS has enhanced its website to make it easier for citizens to apply for and keep their Medicaid coverage online. More than one in four Medicaid applicants apply for coverage online. Website enhancements made during SFY 2025 include creating a forms repository to provide a single location where the public can find the agency's Medicaid application forms. This consolidated information came from more than a dozen pages. The agency also launched a new website section titled "Partners" to provide a central location for important agency information like public data and information from the agency's advisory committees. While launching these enhancements, SCDHHS sought, received and incorporated input from community partners. This collaboration builds from the best practices SCDHHS developed during its 2023 comprehensive website redesign.



1 in 4
people apply online

Who Qualifies for Medicaid Coverage?

To qualify for Medicaid coverage, an individual must meet a combination of non-financial requirements and categorial and financial criteria. Non-financial requirements that apply to all full-benefit Healthy Connections Medicaid members include:

- Being a resident of South Carolina;
- Being a U.S. citizen or qualifying lawful permanent resident alien; and
- Having a Social Security number or verification of an application for one.

Once non-financial requirements are met, an individual must meet other qualifications to be eligible for full-benefit Medicaid coverage. These criteria may include a combination of household income and/or resources and other factors like family composition, pregnancy, age or disability status.

Some common examples of criteria for Medicaid eligibility include:

- Qualifying for other public assistance such as Supplemental Security Income (SSI)
- Being age 65 or older, blind or disabled
- Being a child under age 19
- Being pregnant
- Being a parent or caretaker relative of a dependent child(ren)

For eligibility categories that include income limits, limits vary based on the category of the applicant (e.g. a child, parent or caretaker relative or pregnant woman) and the size of their immediate family. These income limits are set each year by the federal Department of Health and Human Services and are based on the federal poverty level (FPL). For example, the family income limit for a child who is applying for full-benefit Medicaid coverage is 208% of FPL. These income limits and other Medicaid eligibility information is available on the agency's website at www.scdhhs.gov/members.

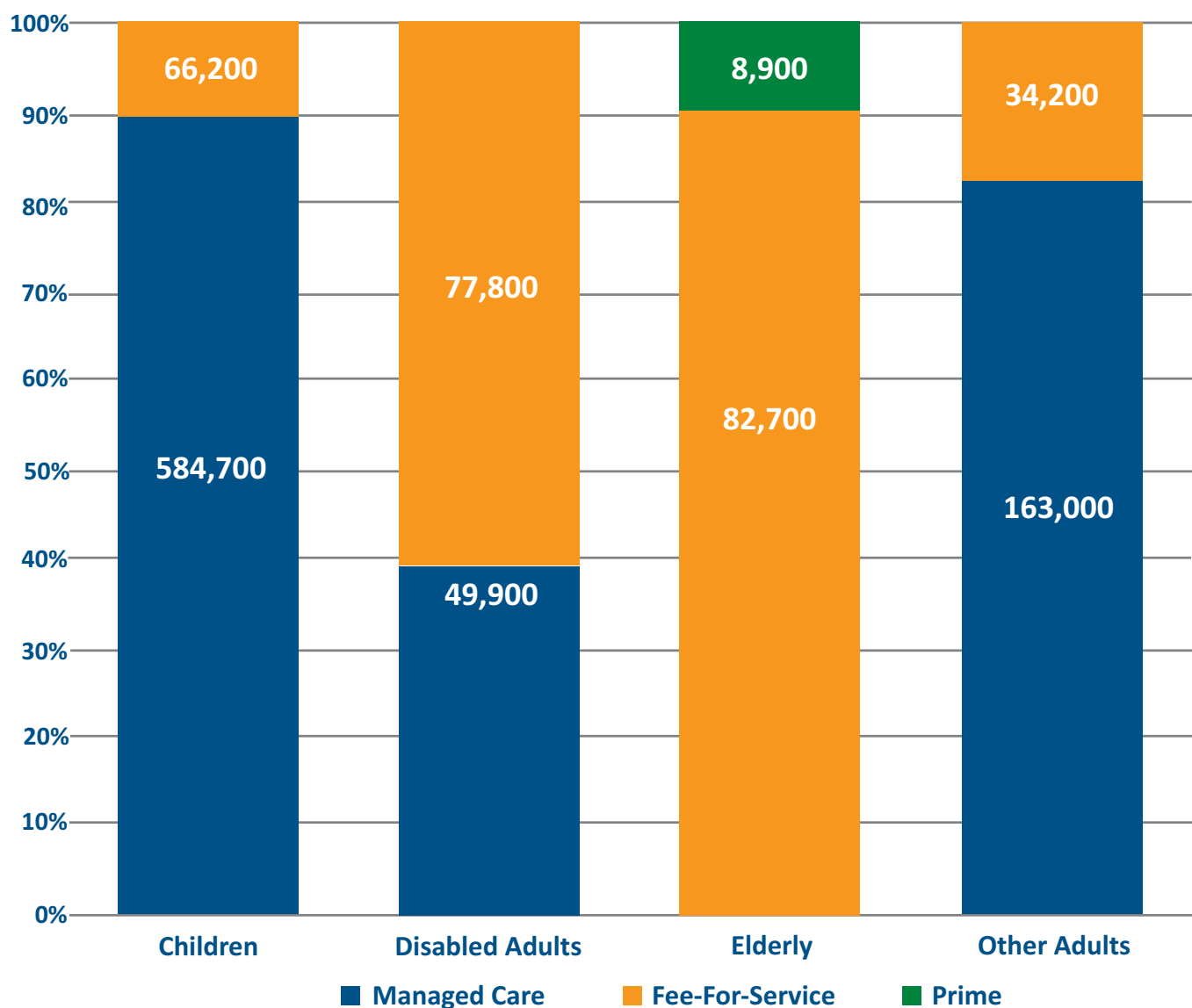


Enrollment and Expenditures

Enrollment Snapshot

Historically, approximately 1 million South Carolinians are enrolled in full-benefit Medicaid coverage. After some abnormal fluctuations in enrollment in SFYs 2020-2024 in response to federal requirements related to the COVID-19 public health emergency, South Carolina's Medicaid enrollment has returned to its typical levels. As shown in the chart below, in January 2025, 1.08 million South Carolinians were enrolled in full-benefit Medicaid coverage.

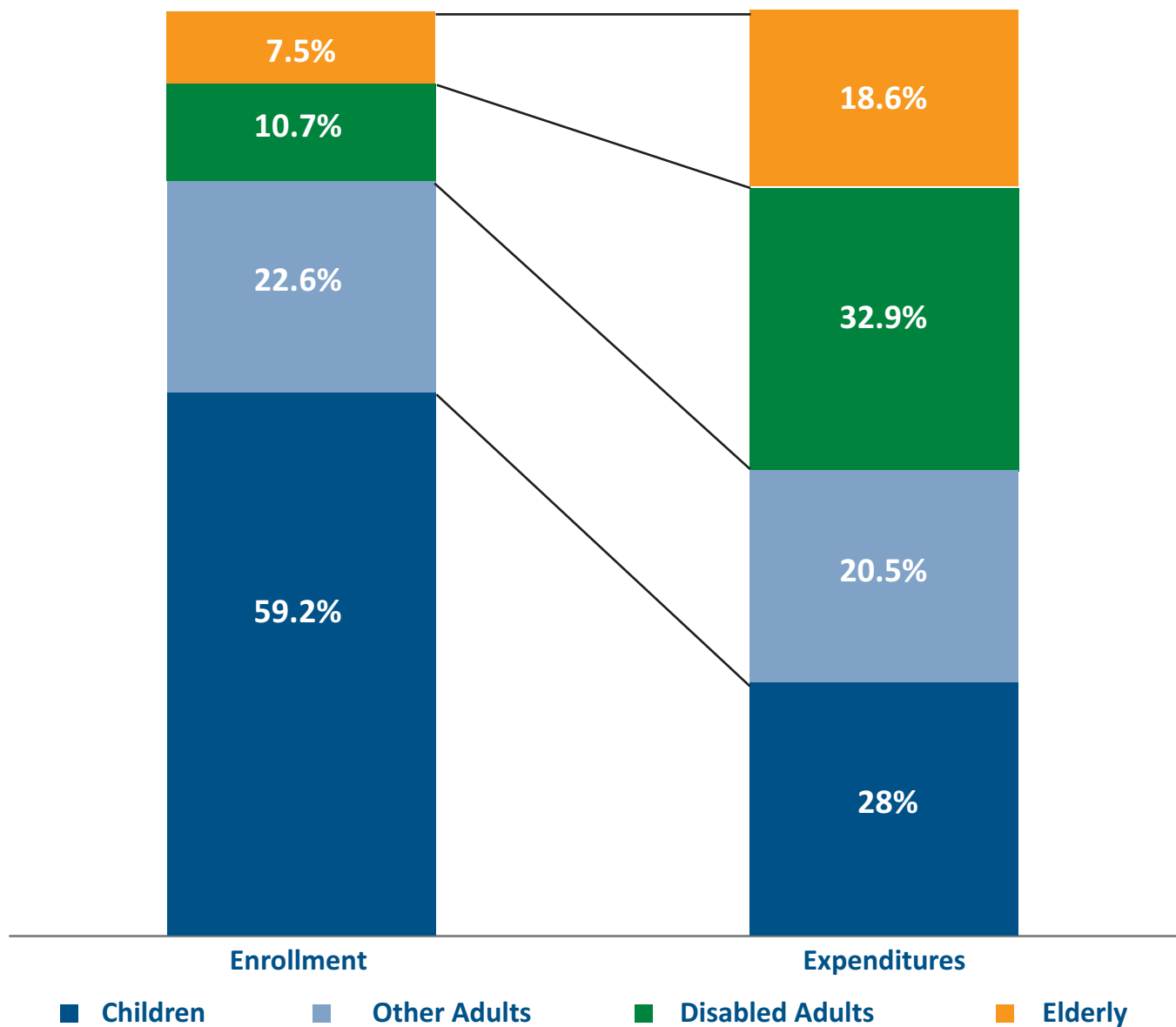
Full-benefit Membership by Population as of Dec. 31, 2024



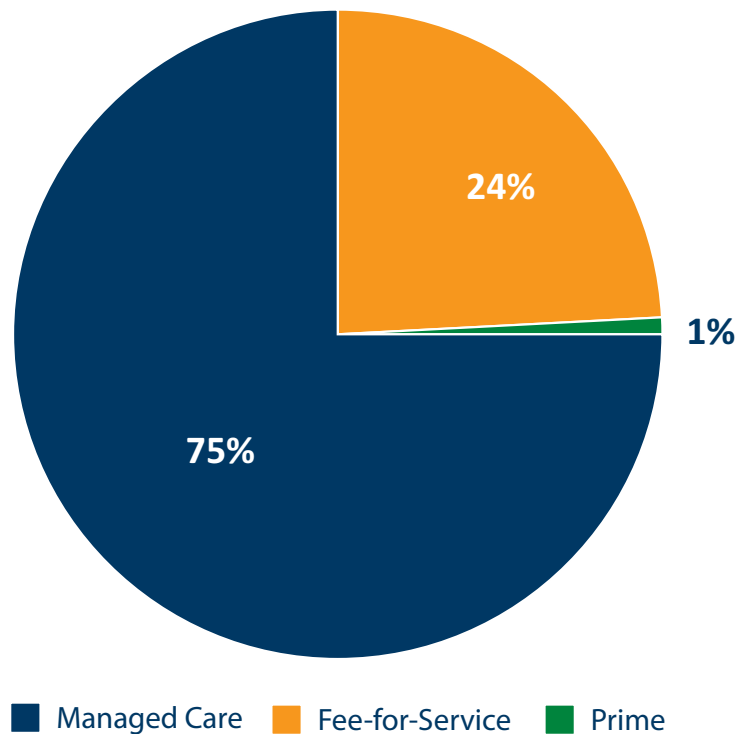
Enrollment vs. Expenditures by Category

While the majority of those who are enrolled in Healthy Connections Medicaid are children, they only account for approximately 28% of Medicaid expenditures. The asymmetric relationship between total enrollment and total expenditures can be seen in the chart below.

Asymmetric Resource Utilization



Healthy Connections Medicaid Enrollment by County



Healthy Connections Medicaid Enrollment by County

County	Children	Disabled Adults	Other Adults	Elderly	Total	County Population	Percent of Population
Abbeville	2,884	644	1,001	556	5,085	24,434	21%
Aiken	21,708	4,629	6,878	2,900	36,115	177,130	20%
Allendale	1,383	495	463	470	2,811	7,369	38%
Anderson	26,622	5,641	8,404	3,722	44,389	213,076	21%
Bamberg	2,029	660	683	587	3,959	12,974	31%
Barnwell	3,719	1,037	1,258	791	6,805	20,447	33%
Beaufort	17,010	2,155	4,207	1,698	25,070	198,979	13%
Berkeley	26,893	3,256	8,078	2,326	40,553	255,217	16%
Calhoun	1,768	397	593	387	3,145	14,186	22%
Charleston	38,841	8,105	11,060	6,177	64,183	424,367	15%
Cherokee	9,101	1,841	2,918	1,105	14,965	56,714	26%
Chester	5,364	1,234	1,804	813	9,215	32,226	29%
Chesterfield	6,998	1,780	2,392	1,133	12,303	44,031	28%
Clarendon	4,774	1,368	1,599	1,276	9,017	31,004	29%

Healthy Connections Medicaid Enrollment by County

County	Children	Disabled Adults	Other Adults	Elderly	Total	County Population	Percent of Population
Colleton	6,457	1,525	2,205	1,256	11,443	38,874	29%
Darlington	10,485	2,671	3,660	1,977	18,793	62,416	30%
Dillon	6,345	1,491	2,116	1,148	11,100	27,698	40%
Dorchester	19,100	2,889	6,068	1,706	29,763	169,833	18%
Edgefield	2,894	603	966	515	4,978	27,607	18%
Fairfield	3,144	808	1,069	724	5,745	20,422	28%
Florence	22,243	5,562	7,324	3,911	39,040	137,214	28%
Georgetown	7,351	1,963	2,414	1,435	13,163	65,731	20%
Greenville	61,979	10,845	17,465	7,666	97,955	558,036	18%
Greenwood	10,505	2,087	3,211	1,425	17,228	69,460	25%
Hampton	2,938	889	997	692	5,516	18,122	30%
Horry	43,937	7,805	14,374	5,124	71,240	397,478	18%
Jasper	4,963	705	1,184	587	7,439	33,544	22%
Kershaw	9,484	1,819	3,051	1,353	15,707	69,905	22%
Lancaster	10,673	1,937	3,416	1,350	17,376	108,215	16%
Laurens	10,359	2,429	3,142	1,380	17,310	68,873	25%
Lee	2,607	832	886	791	5,116	15,967	32%
Lexington	34,540	5,452	10,483	3,658	54,133	309,528	17%
Marion	5,782	1,707	2,019	1,330	10,838	28,508	38%
Marlboro	4,717	1,448	1,600	965	8,730	25,704	34%
McCormick	841	302	271	270	1,684	9,941	17%
Newberry	5,670	1,076	1,750	788	9,284	38,825	24%
Oconee	9,285	1,997	3,082	1,314	15,678	81,221	19%
Orangeburg	14,314	3,694	4,690	3,176	25,874	82,820	31%
Pickens	13,645	2,911	4,447	1,806	22,809	135,495	17%
Richland	54,823	10,062	17,367	6,607	88,859	425,138	21%
Saluda	3,134	461	700	448	4,743	19,123	25%
Spartanburg	50,349	8,521	15,896	6,111	80,877	356,698	23%
Sumter	17,170	3,920	5,634	2,958	29,682	104,165	28%
Union	4,154	1,155	1,412	748	7,469	26,629	28%
Williamsburg	4,912	1,580	1,645	1,473	9,610	29,891	32%
York	27,829	4,560	8,974	3,115	44,478	298,320	15%
Total	655,723	128,948	204,856	91,748	1,081,275	5,373,555	20%

SFY	Ex Parte Redeterminations	Ex Parte Redetermination Rate
2024	385,058	58.3%
2025	404,811	68.6%



Ex Parte Review Trends

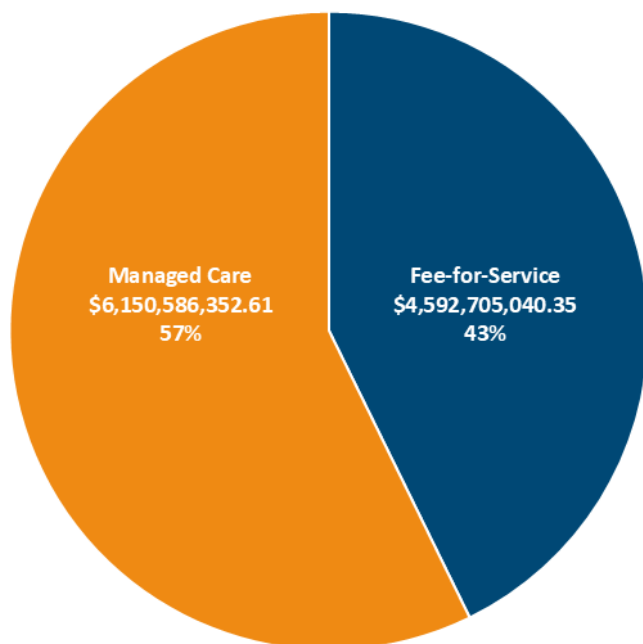
Each year, every Healthy Connections Medicaid member's eligibility must be reviewed to ensure they still qualify for the coverage in which they are enrolled. When possible, SCDHHS seeks to make an eligibility determination based on information from credible data sources that is already readily available. This limits the citizen's need to submit information multiple times and is called an ex parte redetermination.

During SFY 2025, SCDHHS implemented the use of new data sources and processes that improve the ex parte rate for redeterminations, further automating this process. This helped the agency improve its ex parte redetermination rate by more than 10%.

SFY 2025 Medicaid Expenditures by Type

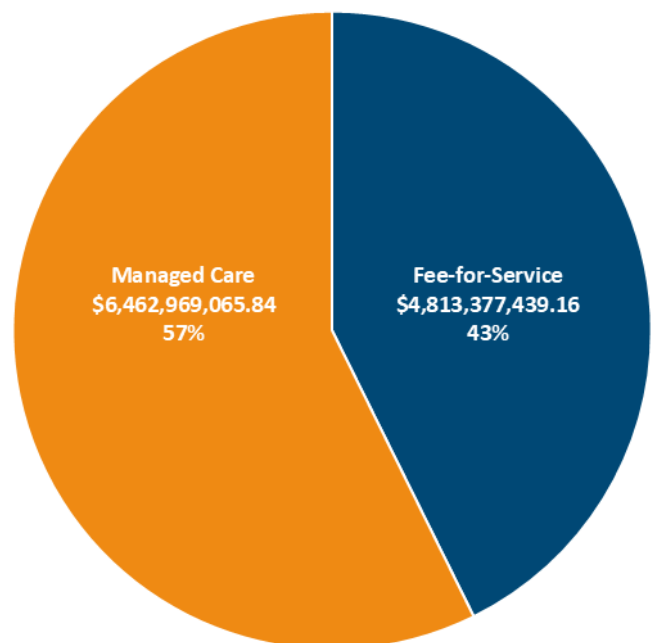
As described in the **Overview of Medicaid-covered Services section** of this report, Medicaid state plan services are available to all full-benefit Medicaid members and are accessed through an FFS or MCO delivery model. The charts below show total Medicaid healthcare expenditures for services delivered through the FFS and MCO delivery models for SFYs 2024 and 2025.

SFY 2024 Service Expenditures



Managed Care Fee-for-Service

SFY 2025 Service Expenditures



Managed Care Fee-for-Service

Overview of Medicaid-covered Services

Federal law requires state Medicaid programs to cover certain medical services under their Medicaid state plans while coverage of other medical services is optional. Medicaid state plan services are available to all full-benefit Medicaid members. A high-level overview of services covered by the South Carolina Healthy Connections Medicaid program is included below.

- Alcohol and drug abuse services
- Ambulance
- Audiology
- Autism spectrum disorder services
- Behavioral health services
- Dental
- Doctor office visits
- Family planning services (defined as preconception services that prevent or delay pregnancies)
- Home and community-based long-term care services (additional home and community-based services are covered through waiver programs as described later in this report)
- Home health
- Hospital inpatient, outpatient and emergency room
- Intermediate care facility services
- Inpatient psychiatric care
- Labs and x-rays
- Medical equipment
- Non-emergency transportation to medical appointments
- Nursing facility coverage
- Occupational and physical therapy
- Podiatry
- Prescription medications
- Speech-language therapy
- Targeted case management
- Vision care
- Well-adult care
- Well-child care – Early and Periodic Screening, Diagnostic and Treatment (EPSDT)

At its core, SCDHHS purchases access to health care services for South Carolinians in need. SCDHHS uses a data-driven and evidence-based approach when making decisions about covered services, including how much to reimburse providers for rendering them, which optional services to cover and under which circumstances they should be covered. This strategic approach ensures reimbursement rates are market-based and allows the agency to develop quality measures that can be used to track whether policy changes are improving health outcomes as intended.

In addition to the Healthy Connections Medicaid program, SCDHHS also operates the following programs that support the health outcomes of South Carolinians in need and South Carolina's healthcare workforce.

- BabyNet
- Certified Nurse Aide Program
- Graduate Medical Education Program
- Medicare Premium Payments
- Optional State Supplementation Program
- Optional Supplemental Care for Assisted Living Program
- Supplemental Teaching Physician Payment Program

As described in the **SFY 2025 Budget Request section** of this report, SCDHHS used this process to enhance medical service coverage through increasing targeted reimbursement rates and extending coverage of existing services during SFY 2025.

Behavioral Health Focus

In his 2022 State of the State address, Governor Henry McMaster instructed SCDHHS to “initiate an immediate review of our State’s behavioral health funding and delivery system.” In addition, the South Carolina General Assembly directed SCDHHS to “undertake an effort to assess existing gaps in coverage for or the supply of inpatient psychiatric care, crisis stabilization, and other inpatient or outpatient behavioral health services” in its 2022-2023 General Appropriations Bill (117.153).

Following this directive, SCDHHS established its behavioral health Master Plan Advisory Committee (MPAC) in August 2022. MPAC is composed of South Carolina state agency leaders, subject matter experts and stakeholders from across the health care field. Feedback received through MPAC has helped SCDHHS collaborate with leaders across the state and has helped the agency develop behavioral health policy changes to increase access to medically necessary services in South Carolina. This has included adding coverage of more than 10 new community-based behavioral health services over the last three years.

As described in the **SFY 2025 Budget Request section** of this report, SCDHHS followed its data-driven and evidence-based approach and leveraged the feedback it received through MPAC to maintain this momentum and continue to enhance behavioral health coverage during SFY 2025.

In concert with the instruction given in his State of the State address, Governor McMaster also issued Executive Order 2022-02 in January 2022, which directed SCDHHS “to perform a comprehensive review and analysis of the DMH’s School Mental Health Services Program” and “provide recommendations it deems appropriate for improving the School Mental Health Services Program.” SCDHHS enacted policy changes July 1, 2022, and has continued to make significant progress in improving access to school-based mental health services since.

During SFY 2025, SCDHHS continued to improve access to school-based behavioral health services.

- As of September 2024, the **mental health counselor-to-student ratio** in South Carolina’s schools was **1:593**.
 - > September 2023 data showed a ratio of **1:653**.
 - > January 2023 data showed a ratio of **1:829**.



Increased the number of school-based mental health counselors

123%

from September 2021 to September 2024.

> 2022 data showed a ratio of **1:1,300**.

- As of September 2024, the number of school-based mental health counselors in South Carolina was 1,343, an increase from approximately 600 in the 2021-2022 school year.
- The number of districts where 100% of schools had access to mental health counseling increased from 35 in 2022 to 58 in September 2024.
- Students at 247 more schools had access to school-based mental health counselors at the start of the 2024-2025 school year than during the 2021-2022 school year.

Innovation in Behavioral Health Model

In addition to these enhancements, SCDHHS also applied for and received a federal grant to implement a new care model, the Innovation in Behavioral Health (IBH) Model, during SFY 2025. This model is designed to deliver integrated care to those with moderate to severe mental health conditions or substance use disorders, or both. The IBH Model provides a framework to integrate physical and behavioral health care, including those who have mental health and/or substance use disorders, in community-based practices. This type of healthcare delivery system has been demonstrated to reduce not only healthcare spending but improve clinical outcomes for both medical and behavioral health issues. Implementing this care model can bring vital preventative care and help address the fragmented structure of South Carolina's public health delivery system which has led to many individuals with dual diagnoses of mental illness and substance use disorders.

Through the grant, CMS will award SCDHHS \$7.2 million in grant funding over eight years to establish this care model.

All (100%) of the costs of implementing the Innovation in Behavioral Health Model will be funded with federal money.

Home and Community-based Services Waiver Programs

Some Healthy Connections Medicaid members receive services through a home and community-based services (HCBS) waiver program. These programs help people access services normally provided in a nursing home, hospital or an intermediate care facility for individuals with intellectual disabilities (ICF/IID) in their home or in a community-based setting. Accessing these services through an HCBS waiver program allows individuals who are eligible for nursing home care to receive care in their community instead. This delivery model costs the state less than half the price of delivering care in an institutional setting.

Unlike services covered under the Medicaid state plan, HCBS waiver programs are not entitlement programs. This means that each waiver program is funded for a negotiated number of slots, which effectively limits enrollment in each waiver. Individuals may be enrolled in both traditional Medicaid, through which they receive state plan services, and an HCBS waiver program. Because waiver programs are funded for a certain number of slots, HCBS waiver programs may also have waiting lists of individuals who have applied for a waiver program but cannot be enrolled until a slot is available. Medicaid members who qualify may be enrolled in traditional Medicaid while they are on an HCBS waiver waiting list.



SCDHHS Bureau of Policy administers and operates four HCBS waiver programs.

- Community Choices
- HIV/AIDS
- Mechanical Ventilator Dependent
- Medically Complex Children

The Bureau of Policy also administers three waivers that are operated by another state agency. The South Carolina Department of Behavioral Health and Developmental Disabilities' Office of Intellectual and Developmental Disabilities (BHDD-OIDD) operates the waivers listed below.

- Community Supports
- Head and Spinal Cord Injury
- Intellectual Disability/Related Disabilities

An overview with descriptions of South Carolina's HCBS waivers; a chart comparing waivers; and participation, expenditures and waitlist information by waiver are included in the following pages. During SFY 2025, there were no waitlists for the four waivers operated by SCDHHS (the Community Choices, HIV/AIDS, Mechanical Ventilator Dependent and Medically Complex Children waivers).

Waiver Program Overview

Community Choices (CC) Waiver

For individuals who are frail, elderly and age 65 and older. It is also for individuals ages 18 to 64 with physical disabilities. Eligible persons must meet a nursing facility level of care. Call Community Long Term Care (CLTC) Centralized Intake to apply. The number is (888) 971-1637. You can also submit a referral online.

Community Supports (CS) Waiver

For individuals of any age with a diagnosis of intellectual or related disability. Individuals must meet an ICF-IID level of care. Service needs must not exceed the set yearly cost limits. This waiver does not include medical services. Call BHDD-OIDD to apply. The number is (800) 289-7012.

Head and Spinal Cord Injury (HASCI) Waiver

For individuals of any age with a diagnosis of traumatic brain injury, spinal cord injury or similar disability. Individuals must meet a nursing facility or ICF-IID level of care. Call BHDD-OIDD to apply. The number is (800) 289-7012.

HIV/AIDS Waiver

For individuals of all ages with a diagnosis of HIV or AIDS. Individuals must meet an at-risk of hospitalization level of care. Call CLTC Centralized Intake to apply. The number is (888) 971-1637. You can also submit a referral online.

Intellectual Disability/Related Disabilities (ID/RD) Waiver

For individuals of any age with a diagnosis of intellectual or related disability. Individuals must meet an ICF-IID level of care. Some medical services are offered in this waiver. Call BHDD-OIDD to apply. The number is (800) 289-7012.

Mechanical Ventilator (Vent) Waiver

For individuals who are frail, elderly and age 65 and older. It is also for individuals ages 21 to 64 with physical disabilities. Individuals must require mechanical ventilation and meet a nursing facility level of care. Call CLTC Centralized Intake to apply. The number is (888) 971-1637. You can also do a referral online.

Medically Complex Children (MCC) Waiver

For individuals up to age 21 with chronic physical/health condition(s) expected to last at least one year. Individuals must meet a hospital level of care. Individuals must also rely on hospital, skilled nursing and specialist care, as well as ancillary service and medicine monitoring. Call CLTC Centralized Intake to apply. The number is (888) 971-1637. You can also submit a referral online.



Waiver Services Comparison

Waiver Service	CC	CS	HASCI	HIV/AIDS	ID/RD	MCC	Vent
Adult Attendant Care	✓		✓	✓	✓		✓
Adult Attendant Care, Self-directed	✓		✓	✓	✓		✓
Adult Day Health Care	✓	✓			✓		
Adult Companion Services	✓			✓	✓		
Adult Companion Services, Self-directed	✓			✓			
Adult Day Health Care Nursing	✓	✓			✓		
Adult Dental					✓		
Adult Vision					✓		
Audiology Services			✓		✓		
Behavior Support		✓	✓		✓		
Career Preparation Services		✓	✓		✓		
Children's Attendant Care Services						✓	
Children's Attendant Care Services, Self-directed						✓	
Community Services		✓			✓		
Day Activity		✓	✓		✓		
Employment Services		✓	✓		✓		
Environmental Modifications	✓	✓	✓	✓	✓	✓	✓
Health Education for Consumer-directed Care			✓				

Waiver Services Comparison (cont.)

Waiver Service	CC	CS	HASCI	HIV/AIDS	ID/RD	MCC	Vent
Home-delivered Meals	✓			✓			✓
Incontinence Supplies		✓	✓		✓		
Independent Living Skills			✓		✓		
In-home Support Services, Self-directed		✓					
Nursing Services			✓	✓	✓		✓
Occupational Therapy			✓				
Pediatric Medical Day Care						✓	
Peer Guidance for Participant-directed Care			✓				
Personal Care Services	✓	✓		✓	✓		✓
Personal Emergency Response System	✓	✓	✓		✓		✓
Pest Control Treatment	✓		✓	✓	✓		✓
Physical Therapy			✓				
Private Vehicle Assessment, Consultation and Modifications		✓	✓		✓		
Psychological Services			✓				
Residential Habilitation Services			✓		✓		
Residential Personal Care II	✓						
Respite Care	✓	✓	✓		✓	✓	✓
Respite Care, Self-directed		✓	✓		✓		

Waiver Services Comparison (cont.)

Waiver Service	CC	CS	HASCI	HIV/AIDS	ID/RD	MCC	Vent
Specialized Medical Equipment, Supplies and Assistive Technology	✓	✓	✓	✓	✓	✓	✓
Specialized Medical Equipment, Supplies and Assistive Technology Assessment/Consultation		✓	✓		✓		
Speech Therapist			✓				
Support Center Services		✓			✓		
Telemonitoring	✓						
Waiver Case Management	✓	✓	✓	✓	✓	✓	✓

HCBS Waivers Participation and Expenditures

More than 40,000 South Carolinians received services through the state's HCBS waivers in SFY 2025. This continues a trend of recent significant spikes in year-over-year enrollment and a proportionate increase in program-related expenditures.

Waiver	SFY 2024	SFY 2025
Community Choices Waiver		
Unique Participants*	27,320	28,151
Expenditures	\$411,878,791.65	\$467,530,232.35
Community Supports Waiver		
Unique Participants*	2,984	2,986
Expenditures	\$42,004,881.12	\$51,615,531.67
Head and Spinal Cord Injury Waiver		
Unique Participants*	1,088	1,093
Expenditures	\$53,567,121.12	\$61,287,775.26
HIV/AIDS Waiver		
Unique Participants*	522	491
Expenditures	\$5,083,164.26	\$4,952,468.30
Intellectual Disabilities/Related Disabilities Waiver		
Unique Participants*	8,965	8,980
Expenditures	\$519,825,929.01	\$606,099,558.01
Mechanical Ventilator Waiver		
Unique Participants*	52	54
Expenditures	\$1,222,493.73	\$1,511,975.36
Medically Complex Children Waiver		
Unique Participants*	2,410	2,377
Expenditures	\$7,484,305.76	\$7,629,221.30
Total Across All Waivers		
Unique Participants*	43,341	44,132
Expenditures	\$1,041,066,686.65	\$1,200,626,762.25

* Unique participant counts include the total number of individuals who received a waiver service at any point during the SFY.

Commitment to Quality

SCDHHS aims to be boldly innovative in improving the health and quality of life for South Carolinians. Core to carrying out this mission is ensuring the agency's goals, strategies and resources are aligned with clear quality standards that support providing access to responsive, high-quality services for Healthy Connections Medicaid members. SCDHHS recognizes quality as both access to needed care and strong, measurable health improvements for its members. To achieve continuous quality improvement in outcomes and well-being, the agency has established a quality strategy designed to advance the agency's mission.

SCDHHS Quality Goals and Initiatives

SCDHHS' quality strategy focuses on leveraging what is within the agency's role as both a state public health agency and major health payor to improve health outcomes. The quality strategy includes five goals and objectives that support each goal. Progress the agency made toward achieving its quality goals in SFY 2025 is listed with each goal below.

Quality Goal 1: Ensure the quality and appropriateness of care delivered to members enrolled in managed care plans.



SCDHHS introduced quality withhold metrics to ensure patient satisfaction and preventive and treatment performance met or exceeded the 50th percentile of national Medicaid MCOs' rates in 2023. Through the quality withhold program, SCDHHS can withhold a portion of the payments made to Medicaid MCOs. The MCOs can earn this money back if they meet the identified quality metrics.

During SFY 2025, all five of South Carolina's Medicaid managed care plans achieved the agency's target score of a 3.5 health plan rating or higher from the National Committee for Quality Assurance (NCQA). This marks an improvement from 2023 when three of the five plans achieved a score of 3.5.

Quality Goal 2: Ensure Medicaid members have access to care and quality experiences of care.

During SFY 2025, each MCO's provider network met the 90% standard for time or distance, improving accessibility for members. Additionally, annual member experience ratings were maintained or improved, with several health plans meeting or exceeding national averages.

Quality Goal 3: Ensure MCO contract compliance.

During SFY 2025, SCDHHS received CMS approval to create a rigorous MCO certification process for all existing MCOs.

The MCO certification will ensure care is contractually provided. MCOs are demonstrating the highest level of performance, providing innovative services and offering an opportunity to create specific, contractually-obligated metrics. The MCOs' certification process will conclude in January 2027.

Quality Goal 4: Manage continuous performance improvement.

During SFY 2025, SCDHHS made significant progress in its quality assurance program by achieving measurable improvements in chronic disease management.

The number of Healthy Connections Medicaid members enrolled in the diabetes registry with poor HbA1c control improved to 6.98%, achieving the agency's goal to lower the number to below 9%.

SCDHHS also achieved its goal to increase the number of Healthy Connections Medicaid members enrolled in the hypertension registry with blood pressure that was adequately controlled (<140/90) by increasing the number of Medicaid members with controlled blood pressure by 2.51%.

Quality Goal 5: Conduct targeted population quality activities.

During SFY 2025, SCDHHS achieved success with targeted population quality activities for children and pregnant mothers.

For those enrolled in an MCO, the number of children who have received the recommended number of well-child visits by 15 months increased from 55% in 2020 to 62.4% by SFY 2025. South Carolina performs better than neighboring states, such as Georgia, Alabama and Mississippi on this measure and remains a top performer in the Southeast.

For pregnant women enrolled in an MCO, primary C-section rates also continued to improve, declining from 15.5% in 2020 to 13.7% by SFY 2025. South Carolina outperforms most regional peers in this metric. This data suggests effective management of first-time deliveries and adherence to clinical guidelines that promote vaginal births when possible.

The preterm birth rate among Medicaid members also continued to improve, declining from 10.4% in 2020 to 8.7% by SFY 2025. This rate also indicates steady gains in maternal and neonatal care coordination, particularly in preventing early elective deliveries.

Focus on a Healthy Start to Life

Through its Bureau of Quality, SCDHHS leads the South Carolina Birth Outcomes Initiative (SCBOI), Transforming Maternal Health (TMaH) and Quality



through Technology and Innovation in Pediatrics (QTIP). These programs work collaboratively with organizations across the state to improve maternal and child health care outcomes.

South Carolina Birth Outcomes Initiative

SCBOI is a statewide perinatal quality collaborative that includes the South Carolina Hospital Association, Blue Cross Blue Shield of South Carolina, the South Carolina Department of Public Health, March of Dimes, the South Carolina Office of Rural Health and more than 100 other stakeholders dedicated to improving maternal health outcomes.

Transforming Maternal Health Model

Building on the relationships, collaboration and infrastructure established through SCBOI, SCDHHS applied for and received the TMaH grant in SFY 2025. The TMaH model is designed to focus exclusively on improving maternal health care for those enrolled in Medicaid. The 2024 South Carolina Maternal Morbidity and Mortality Review Committee Legislative Report indicated that 94.4% of pregnancy-related deaths were deemed preventable. Adopting this best-in-class model will help address areas that show clear opportunities for improvement in the state's pregnancy-related mortality rate.

Through the grant, SCDHHS will receive \$17 million over 10 years to implement the TMaH model in South Carolina.

All (100%) of the costs of implementing the TMaH model will be funded with federal money.

QTIP

QTIP is operated in partnership with the South Carolina American Academy of Pediatrics. QTIP focuses on two annual quality measures from CMS Core Measures or Healthcare Effectiveness Data and Information Set-like measures to improve health care quality. In SFY 2025, QTIP:

- Conducted two quality improvement workshops (Fourth Trimester and Asthma Control)
- Delivered 59 technical assistance site visits to pediatric practices
- Organized monthly subject matter expert presentations
- Provided eight quality improvement technical assistance training courses
- Performed 6,967 chart audits for continuous quality improvement
- Ensured each QTIP practice had at least one staff member trained in mental health stabilization



The results outlined above demonstrate SCDHHS has driven positive health and health care change among South Carolina's women and children while identifying vital areas for improvement. Focusing on policy action, continued quality improvement efforts and sustained investment in Medicaid analytics will allow SCDHHS to target critical disparities through data-driven decisions and evidence-based interventions.

Pharmacy Program

Medicaid pharmacy benefits are provided by all states and cover prescription drugs for eligible individuals. For full-benefit Healthy Connections Medicaid members, Medicaid provides payment for covered prescription drugs. Federal law requires states to cover all drugs from manufacturers that have entered into a National Drug Rebate Agreement. For a particular drug to qualify to be coverable by Medicaid, the manufacturer must participate in the Medicaid Drug Rebate Program and provide a minimum federal rebate. The Medicaid rebate amount is set in statute and ensures the program gets the lowest price (with some exceptions). These federal prescription drug rebates are shared between the federal and state governments.

Single, State-directed Preferred Drug List

In addition to federal statutory rebates, most states negotiate with manufacturers for supplemental rebates. During SFY 2025, SCDHHS implemented a single, state-directed preferred drug list (PDL) for all Medicaid members. Prior to implementing its single PDL, supplemental pharmacy rebates for the nearly 80% of full-benefit Healthy Connections Medicaid members who were enrolled in an MCO, were collected by the MCO. This policy change is estimated to produce at least \$21 million in recurring taxpayer savings to South Carolina taxpayers annually through enhanced supplemental and federal rebates for drugs included on the single, state-directed PDL. The agency will invest these rebates back into the Medicaid program to help mitigate the need to request additional funds from the General Assembly to keep up with the rising cost of delivering health care services.

In addition to the cost savings, transitioning to a single, state-directed PDL alleviated administrative burden on providers. Prior to the single, state-directed PDL, Medicaid-enrolled pharmacies and physicians had to monitor and navigate PDLs for SCDHHS' FFS members and for each of the state's five MCOs. Transitioning to a single, state-directed PDL has significantly lowered the administrative burden for health care providers by creating a streamlined and uniform process. In concert with the transition to a single, state-directed PDL, SCDHHS created uniformity in the dispensing fees pharmacies are paid for prescription drugs. Aligning these fees creates consistency and reimbursement predictability for Medicaid-enrolled pharmacies and increases transparency in how these taxpayer funds are distributed.



Sickle Cell Disease and Partnership with CMS

Sickle cell disease is a group of inherited red blood cell disorders that affects more than 100,000 Americans. Sickle cell disease may cause intense episodes of pain and other health complications including chronic pain, stroke, lung problems, eye problems, infections and kidney disease.

South Carolina has the fourth-highest prevalence of sickle cell disease of any state in the country. Approximately 60% of those living with sickle cell disease in South Carolina are enrolled in Medicaid.

Historically, management of sickle cell disease focused on preventing and treating pain episodes and complications. Analyses estimate the lifetime burden of total medical costs for an individual with sickle cell disease that lived to age 65 to be \$1.7 million in 2020 dollars. This represents more than a 900% increased cost over the general population due to higher utilization of almost all aspects of medical care.

In December 2023, the U.S. Food and Drug Administration approved two innovative new gene therapy products. These new therapies help those with sickle cell disease transition from managing disease to effectively presenting a cure. This presents an opportunity to make a difference in the lives of patients and reduce the burden of lifetime medical costs before sickle cell patients. However, these therapies, which are both one-time interventions, come with substantial upfront costs, which can total up to \$3.1 million per patient.

In April 2025, CMS developed a new Cellular and Gene Therapy (CGT) Model to assist states in paying for these innovative new therapies. This model helps lower the cost for these treatments, removes potential barriers to accessing this care for patients and adds quality measures that tie payment for these treatments to their effectiveness. Director Medina joined U.S. Secretary of Health and Human Services Robert F. Kennedy Jr. April 25, 2025, to discuss the development of the CGT Model. On June 1, 2025, South Carolina became the second state approved by the federal government to participate in this new model to improve access and affordability of these innovative new gene therapies.



Investment in Healthcare Infrastructure

In collaboration with other state agencies, healthcare systems, providers and local leaders, SCDHHS has worked to fill identified gaps in the continuum of behavioral health care services and incentivize providing care in the most appropriate and cost-effective setting by investing in the state's behavioral health infrastructure. SCDHHS' multiyear effort to address access to behavioral health services in South Carolina began with Governor McMaster's 2022 directive to the agency to "initiate an immediate review of our State's behavioral health funding and delivery system."

During SFY 2025, SCDHHS made meaningful progress in this effort through securing and investing funding in behavioral healthcare facilities that will improve access to necessary services for generations to come. In August 2025, the new MUSC Health Jean and Hugh K. Leatherman Behavioral Care Pavilion that SCDHHS funded opened in Florence.



Pickens County Behavioral Health Hospital

In May 2025, Prisma Health broke ground on a new behavioral health hospital in Pickens County, South Carolina. The new, three-story, 132,430-square-foot facility will be built on 46 acres and replace the Marshall I. Pickens Hospital, a psychiatric hospital located on the Greenville Memorial Hospital campus. It will be the only inpatient behavioral health facility in the Upstate to treat children and will:

- Include 112 inpatient beds;
- Quadruple the number of child and adolescent inpatient psychiatric beds in the Upstate from 10 (at Marshall I. Pickens Hospital) to 40;
- Reduce pressure on emergency rooms;
- Support more patients' ability to receive care closer to home;
- Increase access to care for Medicaid members; and
- Enhance outpatient and day treatment services at the Greenville Memorial Hospital campus.

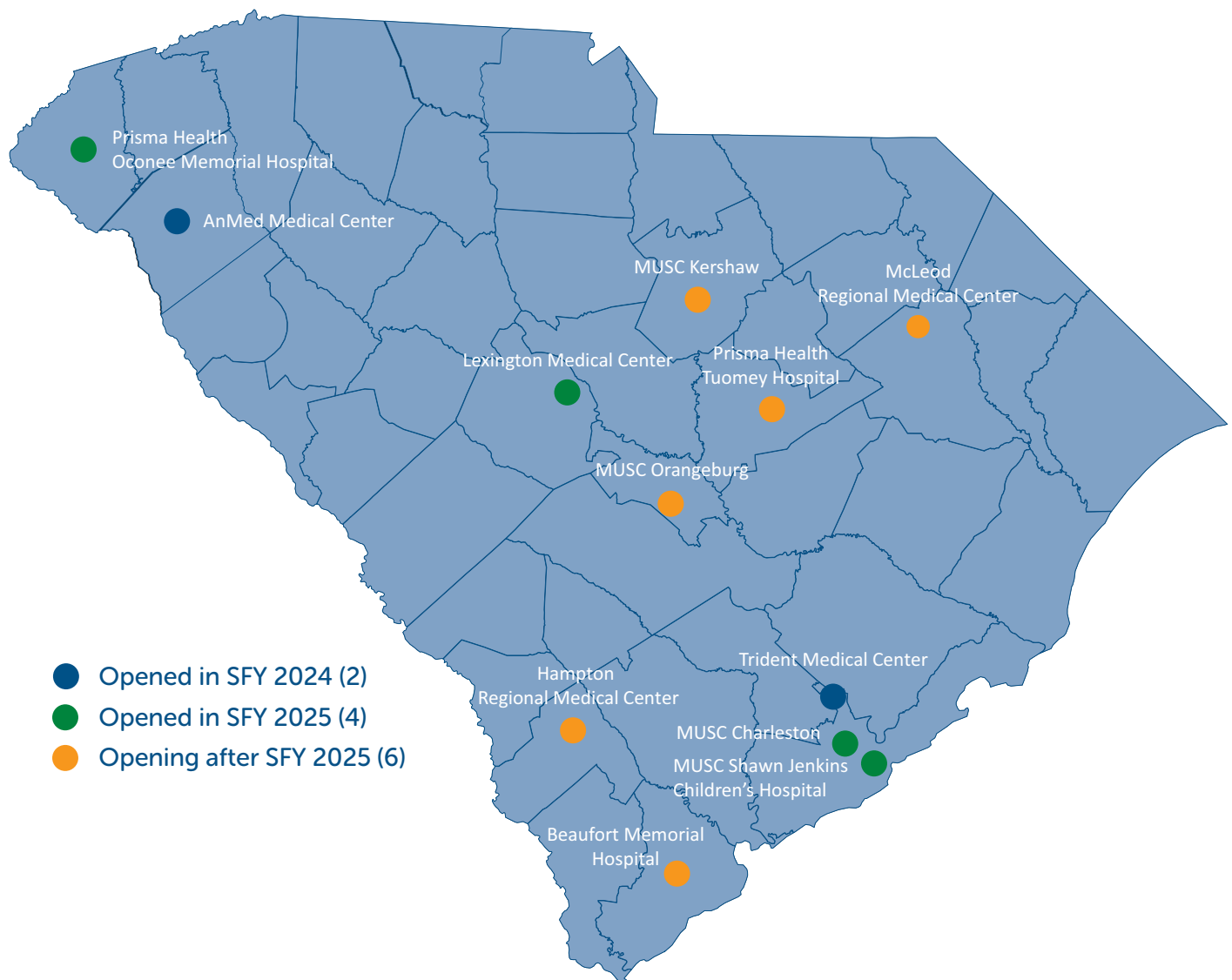


The new facility reflects an addition of 47 new inpatient psychiatric beds compared to the facility it is replacing. When combined with the new MUSC Health Jean and Hugh K. Leatherman Behavioral Care Pavilion, this will reflect 87 new inpatient psychiatric beds in South Carolina in SCDHHS-funded facilities.

Additional Emergency Psychiatry Assessment, Treatment and Healing Units

In June 2023, SCDHHS announced it had awarded \$45.5 million to South Carolina hospitals to build a network of specialized hospital-based behavioral health emergency units for crisis stabilization known as emergency psychiatry assessment, treatment and healing or EmPATH units. In SFY 2025, four of these units opened, bringing the total number of units open to the public by the end of SFY 2025 to six.

EmPATH Locations



Safeguarding Medicaid Resources Through Enhanced Oversight

The SCDHHS Bureau of Program Integrity, in collaboration with the Surveillance and Utilization Review unit, leads the agency's efforts to detect, prevent and address Medicaid fraud, waste and abuse.

In SFY 2025, SCDHHS advanced its mission through targeted, data-driven initiatives that strengthened the agency's ability to protect resources and ensure accountability. Enhanced use of predictive



analytics and trend monitoring allowed earlier detection of billing anomalies and provider outliers, while integration with the agency's business intelligence system improved the efficiency and accuracy of investigations and referrals.

Every dollar protected from fraud, waste or abuse helps maintain access to quality health care services for South Carolina's most vulnerable citizens. Through innovation, collaboration and oversight, the agency continues to safeguard the integrity of the Healthy Connections Medicaid program and ensure responsible stewardship of taxpayer funds. A description of the key

enhancements and initiatives that resulted in the recovery and cost avoidance of millions of taxpayer dollars and reinforced compliance across both FFS and managed care programs in SFY 2025 is included below.

Key Enhancements and Initiatives

Advanced Algorithm Development

The agency expanded its use of custom detection algorithms by generating, refining and implementing innovative concepts that use the agency's Business Intelligence System. This included the development of two dashboards designed to flag potential fraud in the area of behavioral health. The Behavioral Health Zip Code Dashboard highlights Medicaid members seeing behavioral health providers who are more than 60 miles from their home address. The Behavioral Health Multiple Providers Dashboard identifies members who receive services from multiple behavioral health providers within a 12-month period and shows frequent provider combinations that may indicate potential ID sharing. Pioneering new methodologies such as these allowed SCDHHS to be proactive in developing and implementing efforts to detect, prevent and address fraud, waste and abuse in emerging risk areas.

Targeted Communication Tools

SCDHHS enhanced its use of targeted communication tools to detect fraud, waste and abuse. In SFY 2025, the agency mailed 8,474 verification letters, an increase of 15.7% from SFY 2024. This included letters to Healthy Connections Medicaid members to verify services billed were received and letters to providers to confirm the legitimacy of claims submitted under a rendering provider's National Provider Identifier.

Post-payment Review Expansion

SCDHHS developed five post-payment algorithms targeting MCO encounter claims. These include:

- Payment of full duplicate facility claims paid by the MCOs.

- Evaluation of EPSDT codes billed above allowable frequency limits or for recipients over the age of 18.
- Analysis of inappropriate billing of psychotherapy add-on procedure codes.
- Analysis of per diem psychotherapy costs billed more than once a day.
- Review of improper same-day billing of preventive visit codes and evaluation and management codes.

Reviews of Three High-risk Services

SCDHHS uses internal and self-audit findings, national trend analyses, fraud alerts, insights gathered during provider trainings and other indicators to determine when additional reviews are needed. In SFY 2025, targeted reviews of three high-risk services were initiated. These enhanced reviews focused on:

- Nursing home and complex care providers;
- Durable medical equipment providers; and
- Licensed independent practitioner providers.

Collaboration and Education

SCDHHS' Bureau of Program Integrity often works closely with federal partners and other state agencies to identify and address Medicaid fraud. One example of this work is Operation Border War, a multi-jurisdictional federal and state investigation. It was launched after data analytics and field work identified a complex network of border-area entities involved in the misuse of provider credentials to submit false behavioral health claims. Through the successful coordination and efforts of multiple state agencies, this operation resulted in criminal charges against nine individuals and alleges more than \$21 million in losses to South Carolina Healthy Connections Medicaid.

The agency strengthened collaboration between the agency's program integrity, eligibility and quality teams to address improper buy-in payments for out-of-state Medicaid members and to ensure providers receive clear education on Medicaid policy requirements.

In addition, the agency's policy team worked to further refine and improve policies to prevent and help investigate fraud, waste and abuse. In July 2024, the agency reclassified licensed independent practitioners as high-risk providers. This reclassification established new provider enrollment requirements including proof of a physical office, enhanced address verification and state and national background checks. These enhancements closed common cross-border enrollment gaps and improved investigative leads tied to suspect locations and provider identities.

The agency also started requiring documented, full-session Medicaid member presence and clarified the definition of face-to-face to support verification billed services and prevent providers from submitting claims for services not provided.

Impacts and Outcomes

Case Activity and Recoveries

- 1,732 new provider cases opened

- \$4,280,894 in provider overpayments identified
- \$3,964,317 in provider overpayments recouped
- \$525,938 in recipient overpayments recouped
- 97 providers were excluded or terminated from the Healthy Connections Medicaid network

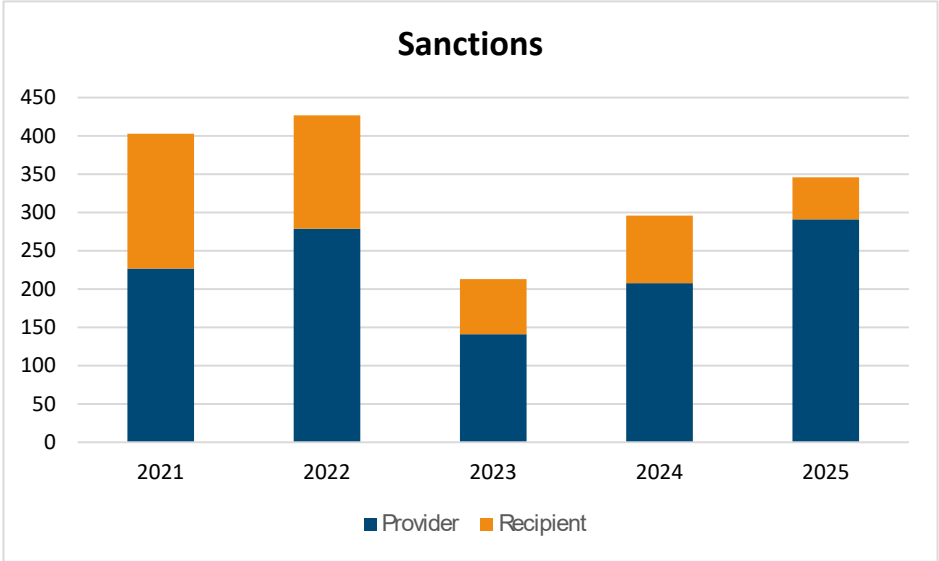
Cost Avoidance and Savings

The value of program integrity is not only measured by the amount of improper payments recovered, but also by stopping improper payments from occurring in the first place. The agency tracks costs avoidance in several areas. It is measured when an intervention occurred through pre-payment review, post-payment review, placement on pharmacy lock-in, provider exclusion or termination or a recipient eligibility redetermination initiated by the agency.

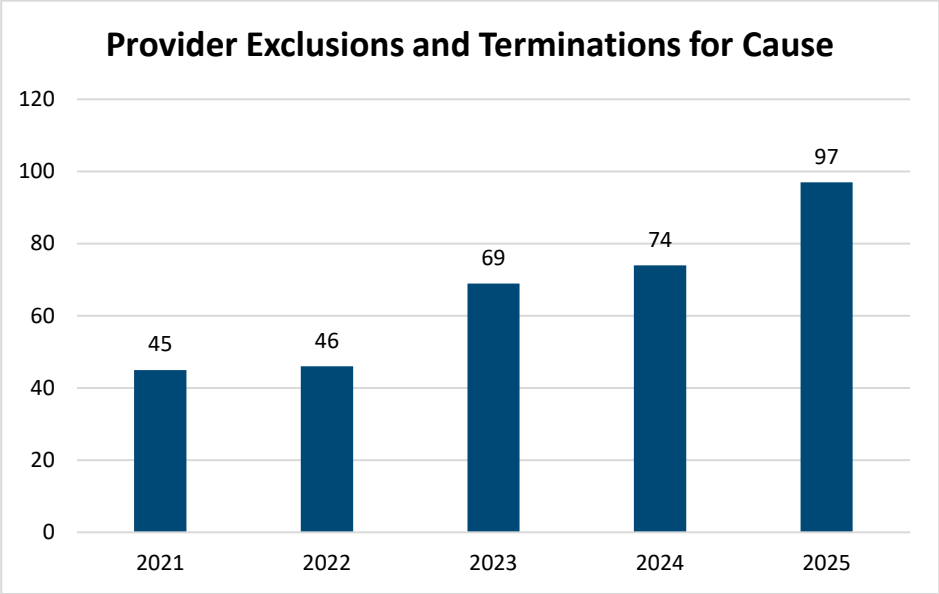
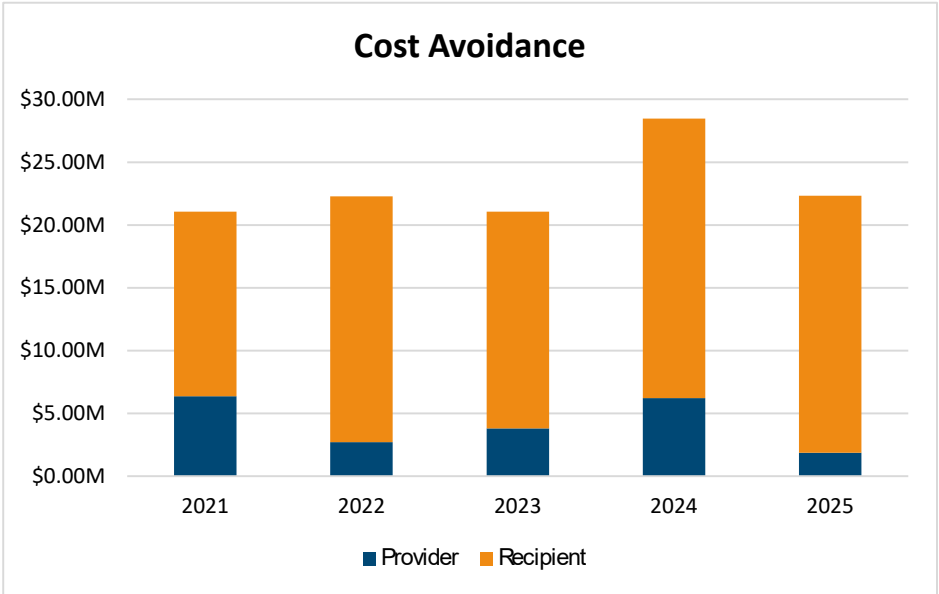
In SFY 2025, estimated cost avoidance exceeded \$22.3 million, based on reductions in claims.

Return on Investment

Through their role in recovering taxpayer dollars, SCDHHS' Bureau of Program Integrity demonstrates a quantifiable positive return on investment (ROI). For every state dollar invested in the program integrity program during SFY 2025, SCDHHS received \$1.23 in return. With continued support and staffing, this ROI is expected to grow, reinforcing the value of a strong program. More detailed data on the taxpayer funds that have been protected and further actions that resulted from SCDHHS' dedication to detecting, preventing and addressing Medicaid fraud, waste and abuse is available in tables included in this report.



*A Medicaid sanction is an administrative or enforcement actions assessed against a provider, participant or institution for violating the laws or requirements of the state's Medicaid program.



SFY 2025 Budget Request

As a taxpayer-funded organization that provides healthcare coverage for some of South Carolina's most vulnerable individuals, it is imperative for SCDHHS to be efficient, prudent and transparent in how it expends taxpayer funds.

In its budget request for SFY 2025, SCDHHS organized the initiatives for which it requested funds into three decision packages for consideration by the South Carolina General Assembly. A brief description of these decision packages along with the policy and reimbursement rate changes the agency made after receiving the requested funding from the South Carolina General Assembly is available below. The amount of funding described below reflects a request for recurring state funds. As discussed in the **Introduction section** of this report, the federal share for Medicaid services in South Carolina is approximately 70%. This means approximately 70% of the funding for Medicaid-covered services rendered to South Carolina Healthy Connections Medicaid members comes from federal funds with the remaining 30% paid for by state funds. Each of the funding requests below were matched with federal funding.

Decision Package One (Maintenance of Effort Annualization)

In SFY 2025, SCDHHS requested a total of **\$36.11 million in recurring general funds** for annualization from the South Carolina General Assembly.

Annualization accounts for the total change in cost in state dollars needed to continue current Medicaid reimbursement rates for providers and current service levels. In other words, annualization represents the funding needed to allow SCDHHS to keep the Healthy Connections Medicaid program operating in its current configuration.

SCDHHS' SFY 2025 annualization request was lower than the amount typically requested. Over the last decade, the average annualization required to maintain the Medicaid program is approximately \$80 million in recurring state funds. SCDHHS' SFY 2025 request was lower than the agency's average largely due to winding down of fluctuations in Medicaid enrollment and enhanced federal funding related to the end of the COVID-19 federal public health emergency and savings resulting from the agency's decision to implement a single, state-directed PDL.

Decision Package Two (Provider Rates, Behavioral Health)

In its second decision package in its SFY 2025 budget request, SCDHHS requested **\$16.52 million in recurring state funds** to implement policy changes to fill in gaps in the continuum of behavioral health services in the state.

In 2022, through proviso 117.153, the South Carolina General Assembly directed SCDHHS to "undertake an effort to assess existing gaps in coverage for the supply of inpatient psychiatric care, crisis stabilization, and other inpatient or outpatient behavioral health services. Based upon this assessment, the Department of Health and Human Services shall establish, or with the full

cooperation of any other requested state agency, request the establishment of coverage and reimbursement policies that it deems necessary to address existing deficiencies and bring about a more comprehensive and effective continuum of behavioral health care in South Carolina.”

During SFY 2025, using the funding appropriated by the South Carolina General Assembly, SCDHHS increased two provider reimbursement rates, added coverage of five new behavioral services and made other policy changes to address gaps in the state’s continuum of behavioral health services that were identified through this assessment.

Decision Package Three (Provider Rates, Medical)

In its third decision package in its SFY 2025 budget request, SCDHHS requested **\$50.56 million in recurring state funds** to increase provider reimbursement rates and fill gaps in coverage in medical services covered by the Healthy Connections Medicaid program. The targeted provider rate increases included in the agency’s budget request were developed to increase access to care by supporting the state’s provider network after comparing SCDHHS’ reimbursement rates with those of other health payors.

During SFY 2025, using the funding appropriated by the South Carolina General Assembly, SCDHHS increased the reimbursement rates for seven service categories and extended coverage of three others to improve access to medical services through the state’s Medicaid provider network.

Looking Forward

SCDHHS continues to align funding with strategic priorities to further the agency’s mission: to be boldly innovative in improving the health and quality of life for South Carolinians. The SFY 2026 annual report will address the fiscal and programmatic impacts of the SFY budget items listed above and provide an overview of the agency’s SFY 2026 budget request. The report will be made on the Reports page of the SCDHHS website.



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