

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33



**Fiscal Year FY 2024-2025
Agency Budget Plan**


FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.
NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.
CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.
PROVISOS <i>(FORM D)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input checked="" type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	Brad Livingston	(803) 898-1406	Brad.Livingston@scdhhs.gov
SECONDARY CONTACT:	Chrissy Jackson	(803) 898-2892	Chrissy.Jackson@scdhhs.gov

I have reviewed and approved the enclosed FY 2024-2025 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE: TYPE/PRINT NAME:	<i>Agency Director</i>	<i>Board or Commission Chair</i>
	 10/3/2023	
	Robert M. Kerr	

This form must be signed by the agency head – not a delegate.

Fiscal Year 2024-2025 Executive Summary

Agency Code:	J020
Agency Name:	Department Of Health & Human Services
Section:	33

Agency Priority	Request Type	Title	General Dollars	Federal Dollars	Earmarked Dollars	Restricted Dollars	Total Dollars	General FTEs	Federal FTEs	Earmarked FTEs	Restricted FTEs	Total FTEs
1	B1 - Recurring	Maintenance of Effort Annualization	\$36,109,436	\$74,656,399	\$3,783,539	\$0	\$114,549,374	0.00	0.00	0.00	0.00	0.00
2	B1 - Recurring	Provider Rates, Behavioral Health	\$16,516,862	\$38,210,977	\$0	\$0	\$54,727,839	0.00	0.00	0.00	0.00	0.00
3	B1 - Recurring	Provider Rates, Medical	\$50,564,324	\$116,978,169	\$0	\$0	\$167,542,493	0.00	0.00	0.00	0.00	0.00
Subtotal:			\$103,190,622	\$229,845,545	\$3,783,539	\$0	\$336,819,706	0.00	0.00	0.00	0.00	0.00

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	1
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Maintenance of Effort Annualization
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Provide a brief, descriptive title for this request.

AMOUNT	<p>General: \$36,109,436</p> <p>Federal: \$74,656,399</p> <p>Other: \$3,783,539</p> <p>Total: \$114,549,374</p>
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What is the net change in requested appropriations for FY 2024-2025? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input checked="" type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<p>These annualizations are distributed throughout the agency's budget and touch upon each of the five defined goals and their respective objectives.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	<p>This decision package is designed to continue providing current services to beneficiaries eligible for Medicaid under existing criteria. Funds from this decision package would be used to reimburse Medicaid providers for rendered services.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

The South Carolina Department of Health and Human Services (SCDHHS) is requesting a total of \$36,109,436 in recurring general funds for annualization in the state fiscal year (SFY) 2024-25 state budget. 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, the annualization decision package represents the annual amount necessary to keep the program operating in its current configuration. This request includes:

- Medicare Premium Increases — \$8.64 million
- General Maintenance of Effort — \$30.65 million
- Nursing Bed Days — \$9.41 million
- South Carolina Department of Disabilities and Special Needs (DDSN) Maintenance of Effort (MOE) — \$4.29 million
- Increase Pay to Support DDSN's Provider Network — \$4.82 million
- Single Preferred Drug List (PDL) Savings — (\$21.72 million)

If this decision package is not funded, or is funded in part, the agency will accommodate the expenditures using agency reserves and flexibility authorities currently provided through statute and proviso. Lower funding in the short and intermediate term will accelerate reserve spending and hasten the need for either (a) even greater funding requests in future years; or, (b) additional cuts to agency operations and/or provider rates and services that would not be required otherwise.

Medicare Premium Increases - \$8.64 million

Some individuals who qualify for Medicare are also required to be covered by state Medicaid programs by federal law. These individuals are commonly referred to as "dually eligible." In these instances, Medicaid is responsible for paying the Medicare Part B and Part D premiums for individuals who are eligible for both programs. These are mandatory increases driven by published premiums and estimated participation.

Medicare Part B helps cover doctor and other health care providers' services, outpatient care, durable medical equipment, home health care, and some preventive services.

Medicare Part D provides coverage of prescription drug costs through private plans. Those who also qualify for Medicaid automatically qualify for Extra Help (also known as the Low-income Subsidy program) to help pay for the costs related to Medicare Part D. These costs include the member's Medicare Part D monthly premiums, annual deductibles, and prescription copayments.

SCDHHS' SFY 2023-24 budget request for Medicare Part B and D premiums was fully funded by the General Assembly; however, that request was based on Center of Medicare and Medicaid Services (CMS) annual Medicare trustees report that was subsequently updated in January 2023. CMS' update to the report and increases in premiums for both Medicare Part B and Part D will lead to an increased annual cost of approximately \$8.64 million in state funds.

General Maintenance of Effort - \$30.65M

SCDHHS' maintenance of effort request represents the overall cost adjustment required to continue the current service and reimbursement levels to Medicaid members. The general fund maintenance of effort request for the current fiscal year is \$30.65 million. This figure represents the combined projected costs related to enrollment trends, inflationary provider reimbursement pressures, projected changes in utilization of services, and increases in the value of existing medical contracts held by the agency. SCDHHS reviews population growth and realignment, provider billing behavior, provider rates, federal regulations and financial participation annually. Trends among these primary cost drivers comprise the majority of the agency's annual request for maintenance of effort funding.

Nursing Home Bed Days - \$9.41 million

Nursing home facilities provide specialized care, such as skilled nursing care, physician's visits, medication management, mental health counseling and assistance with the activities of daily living, of people who are not able to properly care for themselves. The agency is requesting \$9.41 million to support the increase in bed days or nursing facility utilization as they continue to rise to pre-pandemic occupancy. This will allow the agency to continue to support individuals that may not be adequately served in a home and/or community-based setting.

DDSN Maintenance of Effort (MOE) - \$4.29 million

In the SFY 23 and 24 state budget, DDSN local providers transitioned from a prospective payment of services from DDSN to a direct payment fee-for-service (FFS) model to SCDHHS. This change moved the cost of Medicaid services listed under the three Home and Community-Based Services Waivers; (Intellectual Disability/Related Disabilities, Community Supports, and the Head & Spinal Cord Injury Waivers) to the SCDHHS budget, which requires a Maintenance of Effort request.

Increase Pay to Support DDSN's Provider Network Direct Care Workers - \$4.82 million

In the SFY 2023-24 state budget, the General Assembly passed proviso 117.149, which increased pay for state employees by 5% effective July 1, 2023. This request is needed to fund the 5% pay increase for services rendered to Medicaid members by DDSN employees. Funding this request will help address the workforce shortage for direct care workers who serve individuals with intellectual disability and related disabilities and head and spinal cord injury and related disabilities. This 5% increase will support paying direct care workers, providing residential and day services, a higher hourly wage, improving recruitment and retention of this critical type of frontline workers.

Single PDL Savings - (\$21.72) million

The Department is shifting to a single PDL methodology, which will allow for cost savings beginning in SFY 25. Transitioning to a single PDL will help the agency comply with South Carolina's Pharmacy Benefit Management Act, which was passed by the General Assembly and signed into law by Governor McMaster in May 2023. Transitioning to a single PDL will produce annual cost savings to South Carolina taxpayers and reduce administrative burden on health care providers by creating a streamlined process that removes the need for prescribers and pharmacists from needing to track six different PDLs. Operating a single PDL is a nationally recognized best practice among state Medicaid agencies. Currently, 29 out of 40 states who operate a managed care Medicaid delivery system also operate single PDLs. SCDHHS will be able to capitalize on greater federal and supplemental drug rebate programs.

In operating their own PDLs, MCO(s) are incentivized to pick drugs through their pharmacy benefit managers that financially benefit the MCO. SCDHHS' incentive is to financially benefit South Carolina's taxpayers. This is expected to produce annual cost savings of \$21.72 million in state funds. These cost savings can be reinvested by SCDHHS, which limits the Department's need to request additional taxpayer funds to address other identified needs within the state's Medicaid program and health care delivery system.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	2
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Provider Rates, Behavioral Health
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Provide a brief, descriptive title for this request.

AMOUNT	<p>General: \$16,516,862</p> <p>Federal: \$38,210,977</p> <p>Other: \$0</p> <p>Total: \$54,727,839</p>
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What is the net change in requested appropriations for FY 2024-2025? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input checked="" type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<p>This decision package focuses on ensuring access to medically necessary behavioral health services. It supports the Department's second strategic plan goal, which is to purchase access to needed health services.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	<p>The funding would go to providers serving Medicaid members for behavioral health and/or related services.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

Through proviso 117.146, the South Carolina General Assembly directed SCDHHS to evaluate the state's behavioral health delivery system. In doing so, the 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."

As directed by this proviso, the Department is continuing to evaluate provider rates and the services that are covered to ensure access to care for Medicaid members and improved behavioral health outcomes for South Carolinians. Through this decision package, SCDHHS is planning to implement targeted provider rate increases and establish, or further develop, other medically necessary services where the state's behavioral health delivery system has noted deficiencies or lacks an effective continuum of care.

This decision package reflects the projected increase for the providers or services below:

- **Establish Inpatient Psychiatric per Diem Reimbursement Rate** – \$6.48 million
- **Increase Psychiatric Residential Treatment Facility Rate** – \$502,195
- **Establish Reimbursement Rates for Collaborative Care Services** – \$2.98 million
- **Increase Rehabilitative Behavioral Health Services Rates** – \$863,115
- **Review and Update Targeted Case Management Services** – \$165,990
- **Cover Additional, Intensive Services to Treat Autism Spectrum Disorder** – \$978,961
- **Establish a Qualified Residential Treatment Program** - \$ 485,005
- **Establish Coverage of Intensive In-home Services** – \$931,434
- **Establish Reimbursement Rates to Support Crisis Stabilization Services** – \$2.69 million
- **Extend Provider Network for Peer Support Services** – \$433,024

If this decision package is not funded, the Department would continue with rate schedule modernization and consolidation, but without net increases to the behavioral health and autism provider community.

Establish Inpatient Psychiatric Services per Diem Rate – \$6.48 million

Funding this request will allow the Department to establish per diem rates for this necessary behavioral health service. In response to stakeholder feedback, the Department reviewed its current reimbursement structure for inpatient psychiatric hospitalization and determined a per diem reimbursement rate will facilitate more effective and efficient utilization. This methodology shift will allow SCDHHS to more specifically tailor inpatient psychiatric care to the differing needs of Medicaid members.

Increase Psychiatric Residential Treatment Facility Rate – \$502,195

In response to the years-long, nationwide shortage in PRTF beds available to treat children with serious behavioral health issues, the Department increased the per diem reimbursement rate substantially in SFY 22 for these services. Funding this request will allow SCDHHS to tailor residential psychiatric care to the differing needs of Medicaid members. The need to enhance these rates is also driven by the tendency for PRTFs to rely on higher out-of-state reimbursement rates to sustain their services, which has resulted in fewer available beds for South Carolina children. Increasing this reimbursement rate from \$500 per day to \$525 per day will help improve access to these services in South Carolina. If this request is not funded, the state's rate will fall below the market rate and South Carolina children in need of these services may be

sent to PRTFs with open beds in other states moving them farther away from their families and at greater cost to the state.

Establish Reimbursement Rates for Collaborative Care Services – \$2.98 million

Funding this set of services will facilitate improved outcomes by integrating behavioral health care coordination in the primary care setting. In the care model supported by this request, the pediatrician consults with a psychiatric provider on the plan of care based on the child's needs and engages with a behavioral health manager who provides ongoing assessment, care management and brief interventions. This evidence-based practice allows front-line pediatric providers to provide mental health care and coordination with consultation to patients with mental health needs. Providing this care within the pediatric medical home also empowers the child's family to lean on the trusting relationship with the primary care provider and receive initial services in a non-stigmatizing environment.

Increase Rehabilitative Behavioral Health Services Rates – \$863,115

The Department's school-based mental health services initiative produced a 66% increase in school-based mental health counselors available to South Carolina students in just one year. A key component of this initiative was increasing reimbursement rates for rehabilitative behavioral health services that are provided in the school setting. Funding this request will allow the Department to normalize rates for these services when they are rendered in other settings too. This will improve access to care for behavioral health services by increasing the reimbursement rates for licensed psychologists and master's-level clinicians by 5% and support a more robust provider network across the state.

Review and Update Targeted Case Management Services – \$165,990

Funding this request will allow the state to better coordinate medically necessary behavioral health services for those with a higher risk and need for these services. This includes those with intellectual disabilities, at-risk children and pregnant women, those with substance use disorder, adults with serious mental illness and other targeted populations. A provider enrollment moratorium has been in place on this provider type since 2015 due to issues with waste, fraud and abuse within this service. The moratorium has prevented new providers from enrolling to provide services through the Medicaid program. SCDHHS plans to lift this moratorium during the current SFY while also categorizing this provider type as "high-risk" providers, which will require additional screening and monitoring protocols. Lifting the moratorium while also enacting these additional measures will help increase access to quality behavioral health care for Healthy Connections Medicaid members while also appropriately safeguarding taxpayer funds. This funding request will allow SCDHHS to manage an anticipated increase in utilization that will result from allowing more providers to render targeted case management services and establish the necessary safeguards.

Cover Additional, Intensive Services to Treat Autism Spectrum Disorder – \$978,961

Funding this request will support adding four additional assessment and treatment services to facilitate access to a more comprehensive array of autism spectrum disorder service options. Last year, the Department requested funding to raise the rates for highly utilized services to increase access to services for those with intensive needs. This request builds on last year's request by focusing on those with the most significant treatment needs. The four new services that will be introduced with this funding include multi-family group adaptive behavior treatment, face-to-face behavior identification supporting assessment, behavior identification with two or more technicians and adaptive behavior treatment with protocol modification with two or more technicians. Both services administered with the help of two or more technicians are specifically designed for patients who exhibit destructive behavior, which will bring much-needed support for this underserved population.

Funding this request will also provide the states' three Developmental Evaluation Centers (DECs) with their first-rate increase in nine years. DECs provide neurodevelopmental assessments and psychological evaluation to children with developmental delays and neurodevelopmental disorders such as autism. Ensuring children have access to high quality assessments completed by developmental pediatricians, psychologists, and social workers with the expertise to accurately diagnose and refer them to necessary treatment is critical to SCDHHS' efforts to increase and expand services for children with autism spectrum disorder. Early intervention is crucial for children with developmental delays to ensure the best possible outcomes. Funding this request to increase this reimbursement rate, which has not been increased since 2015, is an important step in helping these centers catch up to the current market rates for specialty services and meet the increased demand in South Carolina.

Establish a Qualified Residential Treatment Program - \$485,005

Funding this request will give the state another way to support children who are in foster care. A qualified residential treatment program is a new designation of non-

**JUSTIFICATION OF
REQUEST**

family-based placement that qualifies for federal matching payments after a child's first two weeks in that congregate care setting. Facilities that meet this designation are state-licensed and accredited. They serve foster children with serious emotional or behavioral disturbances who need short-term, therapeutic care in a structured residential environment. The South Carolina Department of Social Services has contracted with a South Carolina facility that has transitioned to this model. Admissions to this facility began Oct. 1, 2023. This request will support the operation of this newly established service model and provide much needed support for the state's foster care system.

Establish Coverage of Intensive In-home Services – \$931,434

Funding this request will support bringing intensive evidence-based behavioral health services for children into community and home settings, including the foster care setting. In establishing coverage for these specialized practices, the Department seeks to broaden the array of community-based services, which will help mitigate need for placement in foster care and other out-of-home placements and reduce the utilization of more costly services in a residential and/or inpatient psychiatric setting.

Establish Reimbursement Rates to Support Crisis Stabilization Services – \$2.69 million

In executing Proviso 117.153 of the 2022-23 Appropriation Act, the Department awarded grants to 13 South Carolina hospitals to establish hospital-based units dedicated to addressing behavioral health crises during SFY 23. These grants totaled \$45.5 million in one-time infrastructure funds.

Funding this request will further support this effort by establishing hourly and per diem rates for hospital-based crisis stabilization units and standalone crisis stabilization units that are needed to operationalize the establishment and extension of these services.

Extend Provider Network for Peer Support Services – \$433,024

Funding this request will increase the availability of peer support services by allowing private providers to be reimbursed when rendering this service to Medicaid members. Peer support is a face-to-face service with a provider whose purpose is assisting those struggling with mental health and/or substance use disorders by sharing similar lived experience and recovery. Extending this service to additional provider types will fill another noted gap in the continuum of behavioral health care in South Carolina.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33

FORM B1 – RECURRING OPERATING REQUEST

AGENCY PRIORITY	3
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Provide the Agency Priority Ranking from the Executive Summary.

TITLE	Provider Rates, Medical
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Provide a brief, descriptive title for this request.

AMOUNT	<p>General: \$50,564,324</p> <p>Federal: \$116,978,169</p> <p>Other: \$0</p> <p>Total: \$167,542,493</p>
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What is the net change in requested appropriations for FY 2024-2025? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS	0.00
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Please provide the total number of new positions needed for this request.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input checked="" type="checkbox"/>	Change in cost of providing current services to existing program audience
	<input checked="" type="checkbox"/>	Change in case load/enrollment under existing program guidelines
	<input type="checkbox"/>	Non-mandated change in eligibility/enrollment for existing program
	<input type="checkbox"/>	Non-mandated program change in service levels or areas
	<input type="checkbox"/>	Proposed establishment of a new program or initiative
	<input type="checkbox"/>	Loss of federal or other external financial support for existing program
	<input type="checkbox"/>	Exhaustion of fund balances previously used to support program
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	Consulted DTO during development
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES	Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	<input type="checkbox"/>	Education, Training, and Human Development
	<input checked="" type="checkbox"/>	Healthy and Safe Families
	<input type="checkbox"/>	Maintaining Safety, Integrity, and Security
	<input type="checkbox"/>	Public Infrastructure and Economic Development
	<input type="checkbox"/>	Government and Citizens

ACCOUNTABILITY OF FUNDS	<p>This decision package supports ensuring access to medically necessary medical services. It supports goal two of the Department's strategic plan, which is to purchase access to needed health services.</p>
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What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?

RECIPIENTS OF	<p>The funding would go to providers serving Medicaid members.</p>
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

The Department is continuing to evaluate provider rates across its overall provider network. Through this decision package, SCDHHS is planning to implement such provider rate increases. These changes are essential for maintaining healthy outcomes, as well as access to care, for South Carolina’s Medicaid members, which include 60% of the state’s children.

Decision package reflects the projected increase for the providers or services below:

Increase Physicians’ Rates – \$5.73 million

Increase Home and Community Based-services Rates – \$4.78 million

Increase Speech, Occupational and Physical Therapy Rates – \$3.01 million

Increase Rates to Support Department of Disabilities and Special Needs (DDSN) Provider Network Direct Care Workers – \$1.2 million

Extend Continuous Glucose Monitoring Coverage – \$2.66 million

Add Anti-obesity Drug Coverage and Update Nutritional Counseling – \$3.26 million

Increase Dental Rates – \$5.93 million

Screening and Preventative Services Coverage – \$2.70 million

Extend Cochlear Implant Coverage – \$1.54 million

Increase Non-emergency Medical Transportation Rates – \$1.81 million

Nursing Home Rate Addition – \$17.89 million

If this decision package is not funded, the Department would continue with rate schedule modernization and consolidation, but without net increases to the provider community.

Increase Physicians’ Rates – \$5.73 million

Funding this request will support increasing reimbursement rates for physician services. These rate increases are based on updating provider reimbursement rates by benchmarking them to the 2023 Medicare Physician Fee Schedule. The rate increases will improve access to care for members enrolled in the Medicaid program. The rate increases will have the largest impact in the evaluation and management services used by physicians and other medical professionals to manage patient health.

Increase Home and Community-based Services Rates – \$4.78 million

Funding this request will increase access to services in home and community settings and support an adequate provider network. HCBS providers continue to face nationwide inflationary wage pressures. This increase will keep South Carolina’s reimbursement rates comparable to other Medicaid programs in the region and help these providers recruit and retain frontline staff to provide these services. Specifically, this request will support rate increases for in-home nursing, home delivered meals, adult day health care, pest control and nutritional supplements. These services enable elderly, disabled, and medically complex individuals to remain in home settings and reduce the need for facility-based care.

Increase Speech, Occupational and Physical Therapy Rates – \$3.01 million

Funding this request will support improved access to speech, occupational and physical therapy for Medicaid members by increasing the reimbursement rate. Bringing the Medicaid reimbursement rate closer to the reimbursement rate in other states in our region will help expand access to care for Medicaid members through an enhanced provider network.

Increase Rates to Support Residential Habilitation Services Within the DDSN Provider Network – \$1.2 million

Funding this request will help address the workforce shortage for direct care workers who serve individuals with intellectual disability and related disabilities and head and spinal cord injury and related disabilities. This approximately 5% rate increase will support paying direct care workers, providing residential and day services a higher

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hourly wage, improving recruitment and retention of this critical type of frontline workers.

Extend Continuous Glucose Monitoring Coverage – \$2.66 million

Funding this request will support extending existing coverage for continuous glucose monitoring from children with diabetes, women with gestational diabetes and adults with Type 1 diabetes only, to children and adults with Type 1 and 2 diabetes. This is considered the standard of care for diabetes management for those with type 1 and 2 diabetes. Extending this coverage to adults with type 2 diabetes will improve the Medicaid members' short- and long-term health outcomes and quality of life. Extending this coverage will also increase access in South Carolina by making coverage comparable with other surrounding state Medicaid programs and Medicare coverage.

Increased continuous glucose monitoring utilization improves diabetes management, which results in a reduction of ER visits and hospitalizations and lower overall health care costs. Better management of diabetes via continuous glucose monitoring aligns with the Department's Obesity Management Initiative and overall efforts to reduce health care costs and improve health outcomes.

Add Anti-obesity Drug Coverage and Update Nutritional Counseling – \$3.26 million

Funding this request will support the Department's Medicaid Obesity Initiative. Specifically, this request will allow the Department to bundle increased nutritional counseling with coverage of anti-obesity drugs. Through bundling these services, the Department will update the nutritional counseling benefit to align with the requirement that those who take anti-obesity drugs receive at least six hours of extensive nutritional counseling in order to qualify for the medication. This requirement is an important component of the initiative along with adding coverage of anti-obesity drugs. Anti-obesity drugs are considered the standard of care for certain clinical cases, which studies show improve overall health and reduce potential health care costs for treatment of comorbidities.

Together, this request is supported by stakeholder input received by the South Carolina Academy of Nutrition and Dietetics, in support of the Medicaid Obesity Initiative. Additionally, this change provides a new reimbursement methodology for nutritional counseling services delivered by registered dietitians that will improve access to care and increase provider network by more closely align the Department's rate with other state Medicaid programs and the South Carolina Public Employee Benefit Authority (PEBA).

Increase Dental Rates – \$5.93 million

Funding this request will support increasing reimbursement rates for dental services, which will increase access to care by providing a more robust network of Medicaid-enrolled dental providers. These services are paid under the fee-for-service model for all 1.2 million full-benefit Medicaid members, regardless of enrollment in a managed care plan.

The Department's research has shown that excluding labor, the cost of providing dental care has increased by almost 50% in the past three years. This request will help bring the Medicaid reimbursement rate closer to the reimbursement rate in other states in our region, which will help improve access to care for Medicaid members through an enhanced provider network.

Extend Screening and Preventative Services Coverage – \$2.7 million

Funding this request will enable compliance with new federal requirements that states cover payment for a variety of screenings and preventative services. The Department follows advisory board recommendations to cover these screening and preventative services. This request is consistent with that practice by updating the agency's coverage to match new advisory board recommendations. The request will help improve health outcomes and potentially produce long-term cost savings by reducing the need for long-term treatment.

Extend Cochlear Implant Coverage – \$1.54 million

Funding this request will support extending Cochlear implant coverage for adults with severe or profound hearing loss to include medically necessary placement, replacement and maintenance and continuation of care. Access to this service will improve the health outcomes and the ability to perform daily functions.

Increase Non-emergency Medical Transportation Rates – \$1.81 million

Funding this request will help maintain access to non-emergency medical transportation for Medicaid members to ensure those without their own means of transportation are able to access medically necessary care.

The Department performed a market review analysis that supported the rate increase associated with this request. The analysis showed that the previous rates were based on outdated information that failed to account for increased operating costs

including the rising cost of fuel and maintenance and inflationary wage pressures.

Increase Nursing Home Rates – \$17.89 million

Funding this request will support increasing nursing facility bed day rates. The rates are based on the fiscal year-end Sept. 30, 2022, nursing home facility cost reports and the Medicaid bed days paid during SFY 2022-23. The contracted labor costs for nursing services in the facilities has increased dramatically and created an inflationary pressure on the bed day rate, which is driving this funding request.

Please thoroughly explain the request to include the justification for funds, potential offsets, matching funds, and method of calculation. Please include any explanation of impact if funds are not received. If new positions have been requested, explain why existing vacancies are not sufficient.

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33

FORM D – PROVISO REVISION REQUEST

NUMBER	33.22
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	IDEA Part C Compliance
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	II.A.7. - BabyNet
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2024-2025? If so, cite it here.

REQUESTED ACTION	Amend
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>The requested change is a technical amendment to update the reporting date.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

None.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

(DHHS: IDEA Part C Compliance) With the funds available to the department, the Department of Health and Human Services shall report to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee no later than ~~December 31, 2023~~ December 31, 2024 on the status of the department's efforts to bring the Individuals with Disabilities Education Act (IDEA) Part C program into compliance with federal requirements. This report must specifically address areas in which the IDEA Part C program has received low performance scores and include any relevant correspondence from the U.S. Department of Education. The report must explain the department's plan for bringing the program into compliance, including specific steps and the associated timeline.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33

FORM D – PROVISIO REVISION REQUEST

NUMBER	33.31
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Psychiatric Residency Program
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	tbd
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	N/A
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Is this request associated with a budget request you have submitted for FY 2024-2025? If so, cite it here.

REQUESTED ACTION	Amend
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	N/A
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>The requested change is a technical amendment to update the due date of the report.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

None.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

(DHHS: Psychiatric Residency Program) The department is authorized to expend funds appropriated for the psychiatric residency program in South Carolina. Funding should be directed in a manner that places emphasis on program quality, post-residency retention, and training in rural service areas. No later than ~~December 31, 2023~~ December 31, 2024, the department shall provide to the Chairman of the House Ways and Means Committee and the Chairman of the Senate Finance Committee a report on the disposition of funds and progress of the residency program. This report shall include funding recommendations for future training classes.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33

FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION CONTINGENCY PLAN

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$61,757,308
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What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.

ASSOCIATED FTE REDUCTIONS	None. Cuts would be made to provider contracts and reimbursement for services.
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How many FTEs would be reduced in association with this General Fund reduction?

PROGRAM / ACTIVITY IMPACT	<p>For modeling purposes, the Department has identified two components of an overall package that could reduce General Fund expenditures by 3%.</p> <ul style="list-style-type: none"> • Retract rate increases implemented in the last year effective January or July 2023 - (\$5,887,500) • Curtail or eliminate optional contracts and grants supported without federal match to entities that provider or administer for populations not covered by the Medicaid or the Children's Health Insurance Program (CHIP) - (\$55,869,808 is necessary to meet the target amount, but the Department could eliminate approximately \$65.9 million when provisos are included).
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What programs or activities are supported by the General Funds identified?

SUMMARY	<p>Reductions in the first bullet would reverse the most recently funded provider rate increases implemented to support CRCF(s) and those that offer services for dental needs, behavioral health treatment, assessments, and evaluation.</p> <p>The final bullet would cut the general funds appropriated to the Department that are passed through other state agencies and entities for noncovered populations including contracts currently funded through provisos.</p>
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

AGENCY COST SAVINGS PLANS

The following savings initiatives have been implemented, or are in the process of being implemented, by the Department along with their respective general funds savings:

1. Working to ensure the agency is most efficiently receiving federal funds for expenditures on Medicare premiums for eligible recipients resulting in \$9 million in general funds savings. Implementation cannot occur until after Covid-19 public health emergency has ended.
2. Operating the Department's Division of Program Integrity saves approximately \$6 - \$8 million through provider prepayment reviews, provider postpayment reviews, the pharmacy lock-in program, terminations and exclusions and recipient utilization
3. Continuing to maximize pharmaceutical rebates and implement policies that result in the lowest expenditures net of rebates attainable. The Agency will also shift to a single PDL methodology to increase cost savings approximately \$21 million; and comply with South Carolina's Pharmacy Benefit Management Act.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

Agency Name:	Department Of Health & Human Services		
Agency Code:	J020	Section:	33

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Reducing Cost and Burden to Businesses and Citizens
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	Time and cost savings for citizens and businesses
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	Mark "X" for all that apply:	
	<input type="checkbox"/>	Repeal or revision of regulations.
	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.
	<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.
<input checked="" type="checkbox"/>	Other	

METHOD OF CALCULATION	The initiatives set forth in this plan have associated time or cost savings for businesses or citizens. Reductions in the time needed to process eligibility and provider application reduces uncertainty for citizens about their healthcare coverage and healthcare business owners about the source of payment for goods and services rendered. Modernization of provider manuals makes it easier to understand the criteria and process for receiving reimbursement from the South Carolina Department of Health and Human Services (SCDHHS).
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	N/A
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	N/A
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>The following initiatives have been implemented or are in the process of being implemented by the Department:</p> <ul style="list-style-type: none"> • Additional federal match from American Rescue Plan Act (ARP-A) now being invested back into the Home and Community-Based Services (HCBS) program to enhance and strengthen HCBS under the Medicaid program. • Developing a comprehensive customer service center for Medicaid applicants, Members and Providers in a more efficient and cost-effective model. • DHHS issued retention bonus payments to eligible Home and Community Based Service (HCBS) providers in South Carolina during the COVID-19 public health emergency. • The Department is continuing to undergo rate reviews across the Medicaid program. This initiative is to modernize, consolidate, and rationalize fee schedules that will lessen the burden to providers. Rate changes implemented include Pediatric Dental, Anesthesiology, Autism, PRTF(s), CRCF(s), and redesign of waiver services provided by the local Disability and Special Needs boards. • SCDHHS is replacing the legacy case management system used for Individuals with Disabilities Education Act Part C program with a modern system designed to interoperate with other agency systems and providers.
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Additionally, in response to the COVID19 public health emergency, the Department granted the following temporary flexibilities:

- Extended telehealth services
- Eliminated prior authorizations
- Allowed more providers to provide services; and
- Covered COVID-19 testing for the uninsured

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?