

SOUTH CAROLINA MEDICAID



Annual Report
for
State Fiscal Year 2004
(July 1, 2003 – June 30, 2004)

Department of Health and Human Services

Robert M. Kerr, Director

The mission of the South Carolina Department of Health and Human Services is to manage the state's Medicaid program to provide the best healthcare value for South Carolinians.

To do this, DHHS employees are committed to the following agency goals:

- To provide a benefit plan that improves member health, is evidence-based, and is market-driven;
- To provide a credible and continually improving eligibility process that is accurate and efficient; &
- To provide administrative support at the best possible value to ensure programs operate effectively.



State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Robert M. Kerr
Director

March 2005

On behalf of the Department of Health and Human Services, I am pleased to present the South Carolina Medicaid State Fiscal Year 2004 Annual Report. This effort represents the first time the agency has compiled a report of this type. We believe it is important to fully disclose the results of our operations and, by direction of the Governor, have prepared the report in accordance with Executive Order 2003-23.

The state's Medicaid program provides basic health care coverage for approximately 850,000 South Carolinians at an annual cost of about \$4 billion. The program provides critical care for our youngest and oldest citizens. Medicaid funds approximately half of all births and almost three quarters of all nursing home beds in the state. Though the Department manages the majority of the \$4 billion, about \$900 million is expended by the various state agencies that provide Medicaid services.

The program experienced some positive developments over the last fiscal year. The most significant was a growth rate of only 5.8% that is down sharply from previous years. Despite this past success, we recognize that there are many inflationary pressures on the health care system that will continue to strain resources. Therefore, we will work diligently on fundamental reform to increase the purchasing power of those funds with which we are entrusted.

We are grateful for the opportunity to serve the citizens of this state and hope we have succeeded in presenting a clear picture of the successes and challenges of this complex program.

Sincerely,

A handwritten signature in black ink that reads "R. M. Kerr".

Robert M. Kerr

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Values

The characteristics by which we will do our jobs at DHHS:

- Service** we are dedicated to service; we will place others first.
- Excellence** we are committed to constant improvement and will persevere in achieving quality with efficiency.
- Responsive** we will be alert and react quickly to the needs of those we serve; we embrace opportunities to improve our processes.
- Value** we will ensure that all of our decisions and actions are measured by the value they return; we guarantee honest and open measurement of outcomes.
- Everyone** we are a team; every employee is involved in our success; we believe in servant leadership and empowering employees to solve customer problems; as a team we will encourage and hold each other accountable.

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Overview

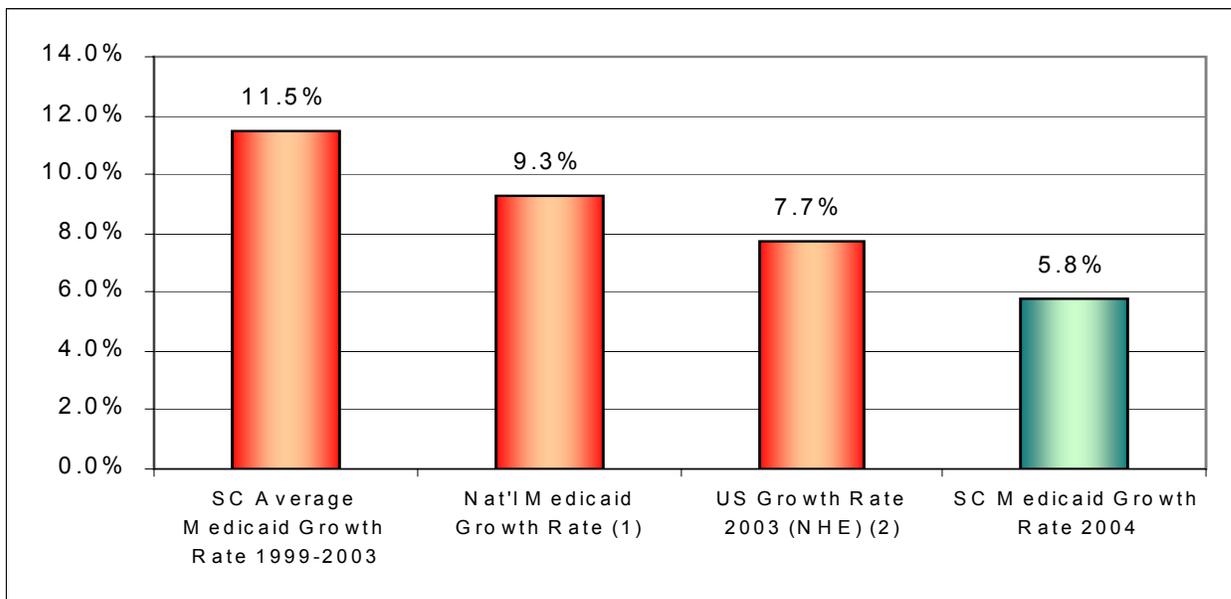
HIGHLIGHTS OF SFY 2004

Medicaid Growth Controlled

Through aggressive cost-containment measures implemented by the Department of Health and Human Services (DHHS) and discussed later in this report, the South Carolina Medicaid program

experienced growth of only 5.8% in SFY 2004. Growth in prior years averaged 11.5%. Nationally, Medicaid growth averaged 9.3% in 2003 and total health care spending grew 7.7%.

Comparison of Health Care Growth Rates State Fiscal Year 2004



- (1) Source: Kaiser State Fiscal Conditions and Medicaid, Release November 2003.
- (2) Source: CMS National Healthcare Expenditure Annual Projections.
- (3) Does not include Disproportionate Share payments.

Pharmacy

A primary reason Medicaid growth was held to less than 6% in SFY 2004 is the significant decrease experienced in the growth of pharmacy expenditures. Following the pattern of previous years,

pharmacy expenditures continued to grow about 28% during the first few months of SFY 2004. However, during the second half of the year, the growth rate was cut in half.

DHHS employed several measures to contain costs, including:

Pharmacy & Therapeutics Committee

DHHS initiated its Pharmacy and Therapeutics Committee to clinically evaluate and establish a preferred drug list for Medicaid.

Over-ride Enforcement

In SFY 2004, DHHS began more stringent

enforcement of its monthly pharmacy limits. Most adult recipients are allowed four prescriptions a month. In the past, recipients requiring additional prescriptions could still have them filled if the pharmacist believed the drug was for a life-threatening condition. In SFY 2004, DHHS implemented controls in this process to move the determination from a subjective to objective one allowing over-rides only for certain drugs.

Disproportionate Share

Disproportionate Share (DSH) payments reimburse hospitals serving a disproportionate number of uninsured patients for their un-reimbursed costs. These payments were threatened in SFY 2004 when the federal government changed its interpretation of certain DSH

provisions. The Governor, DHHS, and members of the state's Congressional delegation and legislature negotiated a transition period for South Carolina that protected this program and the funding it provides to many of the state's hospitals and agencies.

Care Coordination

DHHS contracted with Better Health Plans to expand the number of Medicaid managed care providers in the state. Together with Select Health, about 78,000 Medicaid recipients were enrolled in managed care during SFY 2004. Additionally, DHHS developed its own care

coordination model in which local physicians work as a cooperative to manage Medicaid recipients in their area. The goal is to establish a doctor to serve as a "medical home" for each Medicaid recipient.

Recipient Co-Pays

To encourage responsible use of services and reduce costs, DHHS implemented co-pays during SFY 2004. By federal law, co-pays cannot be required of pregnant women, children, or beneficiaries living in institutions. Emergency services are also exempt. Current Medicaid co-pays are:

- Inpatient Hospital - \$25
- Outpatient Hospital (non-ER) - \$3

- Durable Medical Equipment - \$3
- Dentist - \$3
- Pharmacy for those over 19 - \$3
- Physician Office Visits - \$2
- Nurse Practitioner / Midwife- \$2
- Ambulatory Surgical Center - \$2
- Home Health - \$2
- Optometrist - \$2
- Chiropractor - \$1
- Podiatrist - \$1

Fraud & Abuse Collections

In SFY 2004, DHHS recovered nearly \$15 million from providers, recipients, and other sources. As shown on the bar graph

on page 33, this amount is more than double the amount recovered in the prior fiscal year.

Claims Submission and Eligibility Verification System

A web-based eligibility verification service was developed to allow Medicaid providers to submit claims electronically to increase the efficiency of the claims process. In addition, this system provides care providers real-time information on

the Medicaid eligibility status of their patients, as well as the number of visits a person has had. In addition, the claims submission and eligibility verification system indicates if a Medicaid recipient has third party insurance.

Agency Restructuring

In SFY 2004, Governor Mark Sanford worked with DHHS to transfer certain programs to the Department of Social Services (DSS). In addition to aligning these programs within the agency best suited to oversee them, this transfer allowed DHHS to focus on managing the state Medicaid program. These programs moved to DSS:

Child Care Development Fund (CCDF) - which provides child-care assistance for

parents who are transitioning off welfare and for low-income parents, who are working, furthering their education or are disabled;

Social Services Block Grant (SSBG) - which provides funding for services in areas like child and adult protection, child-care, and home-based alternatives to institutional care of children and adults.

Current and Future Challenges

Pharmacy Program Changes

In December of 2003, President Bush signed the Medicare Modernization & Improvement Act. This bill created, effective January 2006, a voluntary drug benefit for Medicare recipients – known as Medicare Part D. This monumental development in the federal Medicare program will significantly impact South Carolina Medicaid.

Medicare Part D Challenges

- Making "Clawback" payments to the federal government
- Ensuring Medicaid & SILVERxCARD recipients receive the full benefit Part D can offer them
- Managing the low-income assistance eligibility determination process for enrollees

First, almost one half of Medicaid's typical annual drug expenditures will be shifted to the Medicare program. This change will not mean a savings to the Medicaid program, at least not initially. The federal government is requiring the state to continue picking up some of the tab for these drug costs through a "Phased Down State Contribution" – commonly referred to as the "clawback."

The final financial impact that the Medicare drug benefit and the clawback will have on South Carolina has not been determined. Unfortunately, the formula used to calculate the state's payment is based on 2003 state pharmacy costs. This will inflate DHHS' clawback, because it does not take into account recent pharmacy cost containment efforts and the reduced growth rate produced in SFY 2004.

Second, the onset of Part D may affect the state's SILVERxCARD program. Since SILVERxCARD is a Medicaid pharmacy waiver program, and uses Medicaid money, enrollees cannot participate in both SILVERxCARD and the Medicare Part D benefit. This forces states with programs like SILVERxCARD to examine whether or not to continue such coverage. DHHS is working with state leaders to consider directing state SILVERxCARD expenditures to another effort that will supplement the benefits available through Part D.

Finally, the federal law requires that DHHS perform eligibility determinations for those entitled to low-income subsidies under Part D. DHHS is working with the federal government to determine the full impact this requirement will have on the agency's eligibility staff.

Containing Growth

Despite DHHS' success in controlling the Medicaid growth rate in SFY 2004, health care market forces continue to put pressure on Medicaid spending in all states. Rising pharmacy and technology costs, escalating medical malpractice premiums and shortages in fields such as nursing all put pressure on Medicaid providers, particularly hospitals and

nursing homes. These providers, among some others, are reimbursed on a cost basis meaning that, when their costs rise, the cost of Medicaid rises. To address these and other growth-related issues, DHHS is looking at ways to restructure Medicaid delivery, promote disease prevention, and manage the costs and utilization of Medicaid service lines.

Eligibility Processing

DHHS assumed this responsibility from the Department of Social Services in SFY 2003. The system DHHS took over was backlogged and not adequately staffed. DHHS identified several areas that needed to be improved in order to have a credible and efficient eligibility function. These included funding, staffing, training and system development. This vital component of the Medicaid program still

needs major improvements in efficiency and accuracy. Two additional changes are being evaluated: A change in the way front line eligibility workers are paid to link pay to performance (both the number and accuracy of cases processed); and, acquisition of a new computer system that will provide more automated support to the workers.

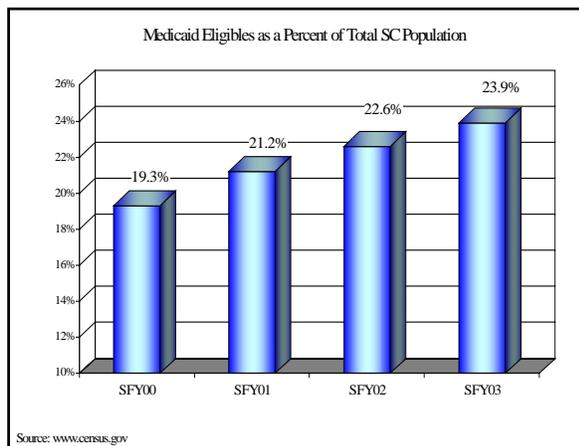
Eligibility

Eligibility Criteria

Who is Eligible for Medicaid?

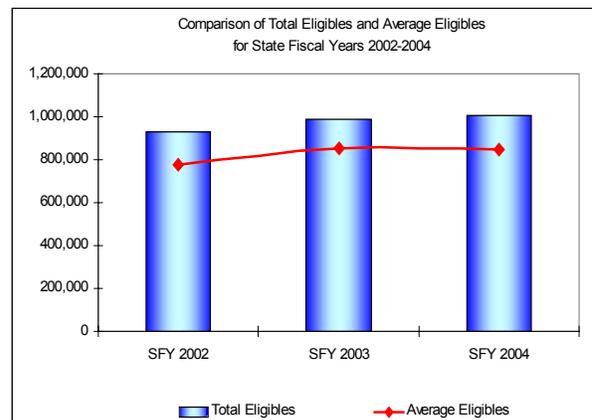
Over the last two decades, Medicaid has changed from a program that insured only those who were poor enough to receive public assistance checks and also were aged, blind or disabled, or single parent families with dependent children, to an insurance program for the poor. It is now "delinked" from cash assistance programs.

Approximately 847,000 South Carolinians were enrolled in Medicaid at the end of SFY 2004. Over the course of the twelve-month fiscal year, Medicaid insured more than one million individuals, or roughly 24% of the state's total population.



The eligibility of each recipient must be re-determined at least annually. Prior to SFY 2004, a Medicaid eligible could remain eligible each year without any action. This passive renewal process only required enrollees to submit information if their income or household size changed. Now, eligibles must submit documentation about income annually. This policy change

contributed to a decline in the monthly average eligibility totals during SFY 2004, from a July 2003 high of more than 875,000 to about 847,000 in June 2004.



Not all people who are eligible for Medicaid use a service for which Medicaid makes a payment. To distinguish the two, DHHS refers to those who are enrolled in Medicaid as "eligibles" and those who actually use a service as "recipients." During SFY 2004, Medicaid paid at least one claim for 86% of the eligibles.

Medicaid eligibles generally fall into two groups: families with dependent children and aged, blind or disabled. Almost two thirds of Medicaid eligibles are families with dependent children and about one third are aged, blind or disabled. Eligibility categories that make up families with dependent children include Low Income Families, Pregnant Women and Infants, and Children. Various elderly and disabled categories comprise the Aged, Blind and Disabled group.

Medicaid Eligibles by Major Category
State Fiscal Year 2004

| County | Low Income Families | Pregnant Women and Infants | Children | Elderly | Disabled | Total |
|--------------|---------------------|----------------------------|----------|---------|----------|-----------|
| ABBEVILLE | 2,165 | 456 | 1,918 | 2,283 | 727 | 7,549 |
| AIKEN | 13,740 | 2,716 | 10,683 | 3,821 | 4,540 | 35,500 |
| ALLENDALE | 1,806 | 262 | 1,247 | 622 | 782 | 4,719 |
| ANDERSON | 10,947 | 2,349 | 12,777 | 7,179 | 5,082 | 38,334 |
| BAMBERG | 2,424 | 313 | 1,617 | 843 | 752 | 5,949 |
| BARNWELL | 2,761 | 628 | 2,598 | 956 | 1,229 | 8,172 |
| BEAUFORT | 6,710 | 2,345 | 8,559 | 1,737 | 2,223 | 21,574 |
| BERKELEY | 13,730 | 2,751 | 11,778 | 2,406 | 3,177 | 33,842 |
| CALHOUN | 1,485 | 203 | 1,429 | 659 | 544 | 4,320 |
| CHARLESTON | 22,237 | 5,943 | 24,947 | 6,443 | 9,644 | 69,214 |
| CHEROKEE | 4,659 | 894 | 4,807 | 2,239 | 1,788 | 14,387 |
| CHESTER | 4,213 | 679 | 3,237 | 1,907 | 1,328 | 11,364 |
| CHESTERFIELD | 5,753 | 833 | 4,377 | 2,207 | 1,921 | 15,091 |
| CLARENDON | 4,182 | 596 | 3,857 | 1,749 | 1,710 | 12,094 |
| COLLETON | 5,549 | 769 | 4,439 | 1,619 | 2,141 | 14,517 |
| DARLINGTON | 8,266 | 1,320 | 6,299 | 2,889 | 2,890 | 21,664 |
| DILLON | 5,615 | 713 | 3,413 | 1,883 | 1,925 | 13,549 |
| DORCHESTER | 7,166 | 1,553 | 7,405 | 1,902 | 2,855 | 20,881 |
| EDGEFIELD | 1,851 | 344 | 1,809 | 909 | 742 | 5,655 |
| FAIRFIELD | 2,465 | 356 | 2,675 | 1,190 | 981 | 7,667 |
| FLORENCE | 16,874 | 2,307 | 9,673 | 5,570 | 6,053 | 40,477 |
| GEORGETOWN | 6,121 | 950 | 5,748 | 1,993 | 2,204 | 17,016 |
| GREENVILLE | 27,574 | 5,446 | 24,823 | 12,523 | 10,618 | 80,984 |
| GREENWOOD | 5,297 | 1,068 | 5,837 | 2,726 | 2,006 | 16,934 |
| HAMPTON | 2,886 | 432 | 2,590 | 959 | 1,134 | 8,001 |
| HORRY | 21,740 | 4,125 | 16,642 | 5,316 | 5,816 | 53,639 |
| JASPER | 2,713 | 553 | 2,418 | 708 | 754 | 7,146 |
| KERSHAW | 4,204 | 931 | 4,536 | 1,820 | 1,809 | 13,300 |
| LANCASTER | 5,437 | 1,374 | 5,153 | 3,157 | 1,910 | 17,031 |
| LAURENS | 4,996 | 946 | 5,837 | 2,789 | 3,070 | 17,638 |
| LEE | 2,908 | 439 | 2,681 | 1,131 | 1,046 | 8,205 |
| LEXINGTON | 15,891 | 3,641 | 14,448 | 4,757 | 4,367 | 43,104 |
| MCCORMICK | 769 | 102 | 692 | 492 | 355 | 2,410 |
| MARION | 5,978 | 759 | 4,053 | 2,156 | 1,925 | 14,871 |
| MARLBORO | 3,780 | 674 | 3,760 | 1,674 | 1,814 | 11,702 |
| NEWBERRY | 3,492 | 711 | 2,833 | 1,795 | 1,209 | 10,040 |
| OCONEE | 5,940 | 869 | 4,700 | 2,677 | 1,910 | 16,096 |
| ORANGEBURG | 11,599 | 2,385 | 10,103 | 4,391 | 4,519 | 32,997 |
| PICKENS | 7,585 | 1,130 | 6,367 | 3,943 | 2,575 | 21,600 |
| RICHLAND | 25,483 | 5,175 | 20,106 | 6,455 | 9,563 | 66,782 |
| SALUDA | 1,640 | 360 | 1,703 | 932 | 605 | 5,240 |
| SPARTANBURG | 17,465 | 4,572 | 18,759 | 10,496 | 8,397 | 59,689 |
| SUMTER | 12,908 | 1,900 | 9,034 | 3,688 | 4,302 | 31,832 |
| UNION | 2,779 | 462 | 2,605 | 1,949 | 1,349 | 9,144 |
| WILLIAMSBURG | 4,984 | 642 | 4,697 | 2,065 | 2,157 | 14,545 |
| YORK | 11,350 | 2,537 | 10,012 | 4,427 | 3,761 | 32,087 |
| Total | 360,117 | 70,513 | 319,681 | 136,032 | 132,209 | 1,018,552 |

Source: RSS3870

Mandatory & Optional Categories

Federal law requires coverage of some categories of recipients. These categories are called "mandatory." There are some categories that states are allowed to decide whether to cover. These are

"optional" categories. The mandatory and optional categories included in the South Carolina Medicaid program are shown below.

Mandatory

- Pregnant Women and Infants up to 185% of Poverty
- Children up to age six up to 133% of Poverty
- Children ages six to 19 up to 100% of Poverty
- Low Income Families with dependent children up to 50% of Poverty
- Coverage for one year for Families that lose TANF because they go to work
- Foster Care Children
- Qualified Medicare Beneficiaries up to 100% of Poverty for Medicare premiums and co-pays only
- Special Low-Income Beneficiaries (Medicare recipients with income to 135% , for Medicare premium payment only)

Optional

- Aged, Blind and Disabled up to 100% of Poverty
- Medical Assistance Only for Nursing Homes up to 3 times SSI payment
- Medical Assistance Only for Hospitals up to 3 times SSI payment
- SCHIP – children not eligible as mandatory up to 150% of Poverty
- TEFRA (Katie Beckett) for severely disabled children who need institutional care
- State Optional Supplement Recipients (residential care facility residents)
- Working Disabled up to 250% of Poverty
- Breast and Cervical Cancer
- Silver Card (seniors up to 200% of poverty, pharmacy coverage only)
- Family Planning Waiver, (women of child bearing age up to 185% of poverty for family planning services only)

Income Limits

Most income-related eligibility criteria are determined by the federal poverty guidelines established by the United States

Department of Health and Human Services. Monthly income limits vary by category of eligibility as indicated below.

Yearly Income Limits – Aged & Disabled Related Eligibility Groups

| PERCENT OF FEDERAL POVERTY LEVEL | | | |
|---|--|---|--|
| 100% | 135% | 200% | 250% |
| Coverage Groups | | | |
| AGED, BLIND, DISABLED <i>(optional)</i> QUALIFIED MEDICARE BENEFICIARIES <i>(mandatory)</i> | SPECIFIED LOW INCOME MEDICARE BENEFICIARIES <i>(mandatory)</i> | QUALIFIED WORKING DISABLED INDIVIDUALS <i>(mandatory)</i> | WORKING DISABLED <i>(optional)</i> |
| \$9,310 | \$12,569 | \$18,620 | \$23,275 |

Yearly Income Limits - Family Related Eligibility Groups

| PERCENT OF FEDERAL POVERTY LEVEL | | | | | |
|----------------------------------|--|---|--|---|---|
| | | | | | |
| | | | | | |
| Coverage Groups | | | | | |
| Family Size | 50% | 100% | 133% | 150% | 185% |
| | LOW INCOME FAMILIES <i>(mandatory)</i> | CHILDREN 6 thru 18 <i>(mandatory)</i> | CHILDREN 1 thru 5 <i>(mandatory)</i> | SCHIP- children not eligible as mandatory <i>(optional)</i> | PREGNANT WOMEN/ INFANTS <i>(mandatory)</i> |
| 1 | \$4,655 | \$9,310 | \$12,383 | \$13,965 | \$17,224 |
| 2 | \$6,245 | \$12,490 | \$16,612 | \$18,735 | \$23,107 |
| 3 | \$7,835 | \$15,670 | \$20,842 | \$23,505 | \$28,990 |
| 4 | \$9,425 | \$18,850 | \$25,071 | \$28,275 | \$34,873 |

Demographic Groups

A different way of understanding those eligible for Medicaid is to look at the age breakouts. For example, children can be eligible under the Pregnant Woman and Infants, Children, Low Income Families, or Disabled categories. Fifty-five percent of all Medicaid recipients are children (age 18 or younger). In contrast, only thirty percent of the Medicaid funds are spent on children.

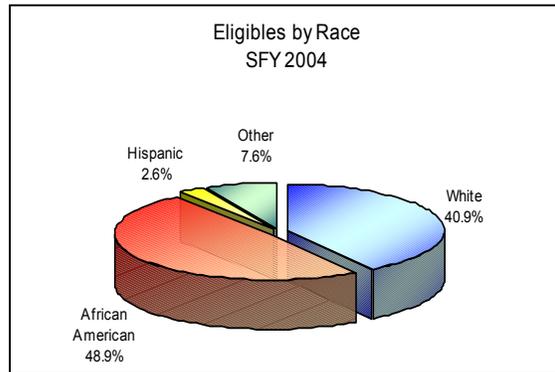
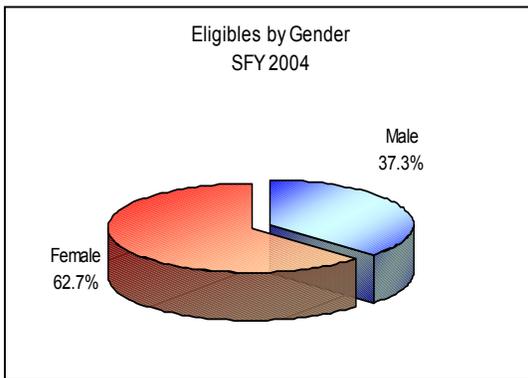
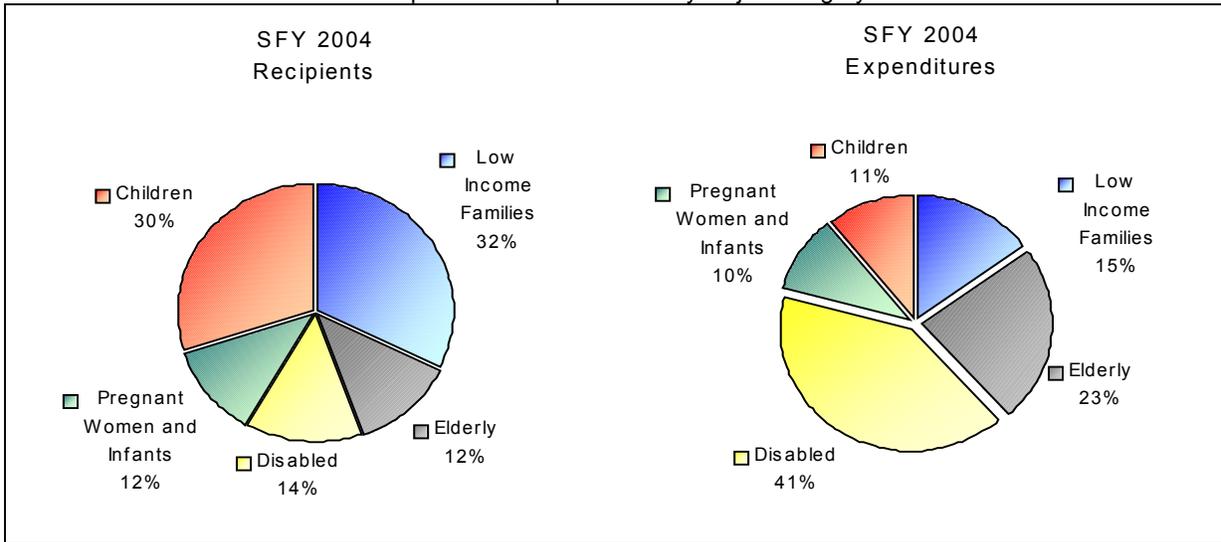
Those 65 and older make up only 12% of recipients and account for 23% of expenditures. Seniors have Medicare

coverage as primary, and the largest Medicaid expenditure is for prescriptions. Three different categories of adults are included in the group of those age 19-64. These are pregnant women, disabled adults and parents in families with income up to 50% of poverty.

Almost 63% of Medicaid eligibles are female while 41% of all eligibles are white and 49% are black.

Hispanics make up a small but rapidly growing component, which in FY 2004 represented 2.6%.

Recipients and Expenditures by Major Category



Eligibility Challenges

When DSS operated the Medicaid eligibility system, DSS provided \$7.5 million dollars in state match and DHHS provided \$7.5 million in state match. When the transfer of the Medicaid Eligibility function to DHHS was negotiated in SFY 2002, the \$7.5 million that DSS had provided was not included. During SFY 2003, the focus was on integrating eligibility staff into DHHS and setting up infrastructure. DHHS entered SFY 2004 with limited resources and large backlogs of applications that had not been processed. In addition, staff

retention, training issues and obsolete computer resources were compounding the problems in Eligibility. By focusing on the funding, staffing, training and systems needs, DHHS was able to begin addressing these concerns and move the Eligibility function closer to the accountable, credible system the state deserves. The following offer further explanation of the challenges facing Medicaid Eligibility and the steps DHHS is taking to continue improving the system.

Organization

DSS eligibility processing functions were organized by county. While a county structure is reasonable for agencies that have a large staff in each county, this organization caused significant workflow problems when Medicaid eligibility was moved to DHHS. Staff was overwhelmed in taking applications and answering inquiries. Little time was left for processing applications and annual re-determinations. In small counties, when staff was absent for extended periods due to illness, workloads were left uncovered. To address this, DHHS has:

- Contracted with the University of South Carolina to study workflow efficiency,
- Elevated the oversight of eligibility at DHHS so that a Deputy Director is now fully devoted to eligibility,

- Reorganized into regional offices to provide additional coverage,
- Maintained intake for applications in each county,
- Separated the functions of intake, processing, and annual re-determinations so that workers are specialized and organized functionally, thereby eliminating backlogs that may develop due to worker illness or vacancies,
- Established standards of promptness for case processing,
- Processed 10,000 cases transferred to DHHS with no case information,
- Worked large backlogs of initial and renewal applications, and
- Developed management reports so that work is routinely monitored and developing problems are identified and resolved.

Training

Worker training had been neglected. This resulted in a high procedural error rate in casework and neglect of complex cases.

DHHS has taken the following steps:

- New workers were scheduled for training as a part of the hiring process,

- A regular training calendar was developed, and
- Training resources were added at the local level, and eight regional training positions were established.

Staffing

Over thirty percent of the positions shifted to DHHS were vacant. Supervisors were routinely carrying full caseloads and unable to monitor the work of their employees. DHHS has taken the following actions:

- Streamlined hiring and recruitment procedures,

- Provided training for new workers at the time they are hired,
- Added temporary staff to reduce caseloads,
- Relieved most supervisors of caseloads, and
- Contracted with USC for Quality Assurance Reviews.

Computer System

DHHS determined that the system used by DSS did not allow the flexibility to support future Eligibility needs. DHHS began developing a new system. However, under the prior administration, the decision was made to implement the new system before it was ready. The "unfinished" new system placed an extraordinary burden on the front line workers. It did not provide management reports and increased the work required to enter new cases and new information.

DHHS has:

- Streamlined some of the procedures required of the workers,
- Developed training for all workers on the new system,
- Provided new computers for all staff,
- Reduced lost time related to the computer system being "down" from 1 day/week/worker to 1 hour/week, and
- Began evaluating new systems to automate many calculations and reduce repetitious data input.

Disability Determinations

At the time DHHS assumed responsibility for eligibility, the prior administration cancelled the contract with the Department of Vocational Rehabilitation (VR) for disability determinations. DHHS had neither the resources nor expertise to carry out this function. Large backlogs developed in Disability and TEFRA (Katie Beckett) cases. Disability applications always take longer than others because of the required medical review of complex records. DHHS has:

- Reduced the average processing time for a disability determination by 75%,

- Implemented tracking systems that require timely action on files,
- Developed a contract with VR to process new disability determinations. The contract is being phased-in and will be fully in place for SFY 2006,
- Maintained existing resources to reduce the backlog - it should be eliminated by the spring of 2005, and
- Revised application forms to provide more information to the applicant so they may actively request medical records from their providers. There has been a lengthy delay between the

time DHHS requests medical records and the time a medical provider sends the medical records.

Caseload

The workload in Medicaid eligibility is high. During SFY 2004, DHHS received approximately 290,000 applications for new cases. Of these, approximately 230,000 were approved and 60,000 denied or withdrawn. An additional 320,000 annual renewals were processed.

To continue to increase efficiency, DHHS plans to tie pay to performance for frontline workers so that they have a monetary incentive to be as accurate and productive as possible. DHHS also plans to evaluate new developments in computer systems for eligibility that may provide more automated support to the workers.

| Eligibility Workload for SFY 2004 | |
|--|---------|
| New Applications | |
| Received | 290,000 |
| Approved | 230,000 |
| Denied or Withdrawn | 60,000 |
| Annual Redeterminations | 320,000 |
| Total Processed | 610,000 |

Medical Services

Mandatory & Optional Services

States are not required to have a Medicaid program. If a state chooses to participate in this federal funding stream, the state must submit a State Medicaid Plan to the federal government. This plan outlines how the state will administer its program. The state must comply with certain

federal requirements unless those requirements have been waived upon request of the state. Services required by the federal government are called "mandatory." States can elect to offer additional services. These are referred to as "optional."

Mandatory Services

- Inpatient Hospital
- Outpatient Hospital
- Laboratory and X-ray
- Rural Health Clinic
- Federally Qualified Health Center
- Certified pediatric and Family Nurse Practitioners
- Nursing Facility Services for beneficiaries age 21 and older
- Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) for children
- Family Planning Services and Supplies
- Physician Services
- Medical and Surgical Services of a Dentist
- Home Health Services for beneficiaries entitled to nursing facility services
- Nurse Mid-wife Services
- Pregnancy related services and postpartum pregnancy related services

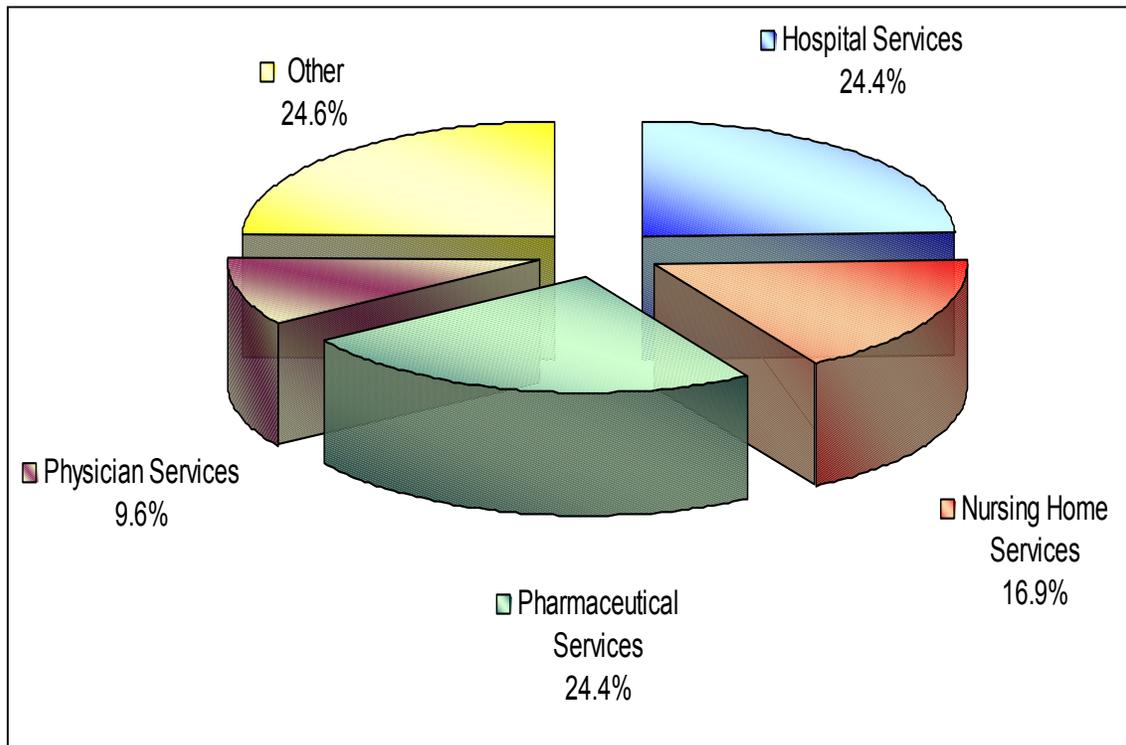
Optional Services

- Pharmacy
- Other Licensed Practitioners
 - Chiropractors
 - Podiatrists
 - Optometrists
 - Psychologists
 - Nurse Anesthetist
- Private Duty Nursing
- Physician Directed Clinic Services
- Home Health Therapies
- Dental Services/Dentures
- Physical Therapy
- Occupational Therapy
- Therapies for Speech, Hearing, and Language Disorders
- Durable Medical Equipment
- Prosthetic Devices
- Eyeglasses
- Diagnostic Services
- Screening Services
- Preventive Services
- Rehabilitative Services
- Intermediate Care Facility Services for the Mentally Retarded
- Inpatient Psychiatric Services for Children under age 21
- Personal Care Services
- Case Management
- Hospice Care
- Respiratory Care for Ventilator Dependent
- PACE (All Inclusive Care for the Elderly)
- Other Medical or Remedial Care Services
 - Critical Access Hospital
 - Nursing Facility Services for Children under age 21
 - Transportation Services

Four major services account for three-fourths of DHHS' Medicaid service expenditures. These are Hospital, Pharmacy, Nursing Home and Physician Services. All of the remaining services combined only account for one-fourth of

DHHS Medicaid service expenditures. Additionally, these figures do not include the Medicaid service expenditures by other state agencies. All of these services are discussed in more detail on the following pages.

DHHS SFY 2004 Medicaid Expenditures by Service



Note: Hospital expenditures do not include disproportionate share payments. Pharmacy expenditures include SILVERxCARD.

Hospital Services

Hospital services are the single largest cost component in Medicaid. These services comprise more than 24% percent of all DHHS Medicaid expenditures. Payments for hospital services, excluding Disproportionate Share (DSH) payments and Medicaid Upper Payment Limit (UPL) payments, totaled over \$600 million in SFY 2004. Over 45 percent of Medicaid recipients used hospital services.

Disproportionate Share payments reimburse hospitals that serve a significant number of uninsured patients. Medicaid Upper Payment Limit payments reimburse qualifying hospitals for unreimbursed costs associated with providing care to Medicaid recipients. These payments totaled \$688 million in SFY 2004.

Two significant events affected the hospital program in SFY 2004. First, in an effort to contain costs and slow growth in the program, DHHS implemented a policy change regarding coordination of benefits with Medicare. The change modified the method of paying inpatient and outpatient hospital claims for those receiving both Medicare and Medicaid coverage. The change in reimbursement methodology means that Medicaid now treats Medicare coverage as it would treat any third party payer. This accounted for most of the \$43 million reduction in hospital payments in SFY 2004.

Second, in SFY 2004, the Centers for Medicare and Medicaid Services (CMS) – the

At 24%, hospital services are the single largest component of DHHS service expenditures.

federal agency that oversees Medicaid, began to more narrowly define what is allowable as an intergovernmental transfer by strictly interpreting what is a public entity eligible to make such transfers to the state. This change threatened a major source of revenue for hospitals across the country because intergovernmental transfers from public hospitals have traditionally been used as state matching funds. In South Carolina, such matching funds support the state's \$489 million DSH program and almost \$200 million UPL program.

The Governor and DHHS were joined by key members of the General Assembly and the state's Congressional delegation in negotiating a transition agreement with CMS, preserving the current DSH program until June 30, 2005. Meanwhile, the state must revise its funding methodology to satisfy CMS' new regulatory interpretation.

In SFY 2003, Medicaid paid \$29 million in Emergency Room (ER) claims. In SFY 2004, ER claims decreased almost 7% to about \$27 million. The number of recipients decreased 5.5%. Some of these reductions may be attributable to the agency's efforts to encourage "medical homes" for recipients.

| Hospital Expenditures | SFY 2003 | SFY 2004 |
|---|-------------------------------|-------------------------------|
| Inpatient | \$506,116,323 | \$499,766,979 |
| Outpatient | \$103,107,090 | \$66,348,347 |
| Emergency Room | \$28,109,950 | \$26,855,636 |
| Hospital Based Physicians | <u>\$14,526,307</u> | <u>\$15,451,848</u> |
| Subtotal ⁽¹⁾ | \$651,859,670 | \$608,422,811 |
| Disproportionate Share | \$344,493,511 | \$489,351,755 |
| Upper Payment Limits (UPL) ⁽²⁾ | <u>\$114,735,381</u> | <u>\$198,916,890</u> |
| Total | <u>\$1,762,948,232</u> | <u>\$1,905,114,267</u> |

⁽¹⁾ Subtotal expenditures have been distributed based on the spread of the CCA8500 paid claims.

⁽²⁾ UPL's are found in the "Other Entities" line.

| Hospital Services | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|---------------|---------------|-------------|---------------|-------------|
| Expenditures | \$616,263,806 | \$651,859,670 | 5.8% | \$608,422,811 | -6.7% |
| Transactions | 1,664,652 | 1,616,156 | -2.9% | 1,489,703 | -7.8% |
| Unduplicated Recipients | 413,507 | 414,934 | 0.3% | 397,239 | -4.3% |
| Cost/Transaction | \$370.21 | \$403.34 | 9.0% | \$408.42 | 1.3% |
| Cost/Recipient | \$1,490.33 | \$1,571.00 | 5.4% | \$1,531.63 | -2.5% |

Depicts paid claims only. Adjustments have been made outside of the Medicaid claims processing system and are reflected in the expenditure total below.

Pharmacy Services

Pharmacy Services including SILVERXCARD account for 24% of DHHS Medicaid expenditures, making this program the second largest cost component of Medicaid. In SFY 2004, almost ten million claims were processed for a total of over \$600 million. Growth in pharmacy costs was reduced significantly during the second half of SFY 2004.

The federal drug rebate program continues to be a source of revenue to offset Pharmacy Services expenditures. Rebate revenue for SFY 2004 totaled almost \$146 million. Additionally, in SFY 2004 DHHS implemented the first phases of a Preferred Drug List (PDL) allowing the agency to supplement its federal rebates with rebates from manufacturers.

DHHS' Pharmacy and Therapeutics (P&T) Committee is responsible for suggesting drugs to be included on the PDL. The P&T Committee is comprised of eleven physicians and four pharmacists who are Medicaid providers. This Committee meets regularly to select preferred drugs.

Other measures used to control Pharmacy Services expenditures include the agency's Maximum Allowable Cost (MAC) program that places an upper limit on what DHHS will pay for multiple-source drugs (such as generics) that is 150% of the least costly therapeutic equivalent. DHHS also uses clinical edits, quantity limits for certain drugs, monthly review of pharmacy claims

In SFY 2004 DHHS implemented the first phases of a Preferred Drug List (PDL) allowing the agency to supplement its federal rebates with rebates from manufacturers.

exceeding certain limits, and monthly review of pharmacy claims considered as "outliers" due to certain data elements to contain pharmacy costs.

DHHS' Drug Utilization Review (DUR) program is used to identify drug therapies that may negatively impact the health of patients. Upon identification, prescribers are notified so to avert unnecessary complications, improve medical outcomes and contain pharmacy expenditures.

SFY 2004 was the first full operational year of DHHS' Medicaid Pharmacy Plus Waiver, the SILVERXCARD program. Prior to the waiver, the program was entirely state funded. SILVERXCARD provides drug benefits for seniors who are 65 or older and have incomes between 100-200% of the federal poverty level. SILVERXCARD beneficiaries must meet an annual \$500 deductible before Medicaid provides coverage. During SFY 2004, over 57,000 seniors were enrolled in SILVERXCARD, and over 30,000 used SILVERXCARD benefits. SILVERXCARD accounted for almost \$44 million in expenditures in SFY 2004.

During SFY 2004, President Bush signed the Medicare Modernization Act (MMA). Issues resulting from the MMA will significantly impact Pharmacy Services. The MMA made Medicare Drug Discount Cards and drug subsidies available to seniors during SFY 2004. The MMA prohibited an individual from having both SILVERxCARD and a federal discount card. So, some SILVERxCARD beneficiaries chose to disenroll from SILVERxCARD and take advantage of the financial assistance provided by MMA. After exhausting the discount card benefits, some then re-enrolled in SILVERxCARD. The Medicare Drug Discount Card program terminates at the end of 2005 and will be replaced January 1, 2006, with drug benefits through Medicare Part D.

DHHS continues to analyze the impact of Part D on both the SILVERxCARD and regular Medicaid programs. Medicare Part D will affect many Medicaid and SILVERxCARD beneficiaries. Prior to January 1, 2006, several policy decisions will need to be made about SILVERxCARD. Many recipients will be entitled to subsidized Part D coverage. Overall, this coverage is more beneficial than

SILVERxCARD. Additionally, after Part D is available, DHHS will no longer provide prescriptions for dual eligibles. The state funds used in SILVERxCARD may be re-directed to supplement Medicare Part D and provide coverage for South Carolina seniors, perhaps helping fill the Part D "doughnut hole."

The Pharmacy Services' prescription reimbursement rate continues to be a debated issue. DHHS reimburses pharmacies based on a two-part reimbursement formula intended to compensate pharmacists for their actual costs plus a reasonable profit. Currently, DHHS reimburses pharmacies the Average Wholesale Price (AWP) of a drug minus 10% and a dispensing fee of \$4.05.

This reimbursement formula varies widely among Southeastern states. DHHS is closely following national debate over Medicaid pharmacy reimbursement and developments in other states to determine whether the current South Carolina reimbursement methodology should be modified or replaced with a more market-based reimbursement formula.

Southeastern Medicaid Prescription Reimbursement Rates

| State | Reimbursement Formula | Dispensing Fee |
|-------------------|-----------------------|----------------|
| Alabama | AWP minus 10% | \$5.40 |
| South Carolina | AWP minus 10% | \$4.05 |
| North Carolina | AWP minus 10% | \$4.00 |
| Virginia | AWP minus 10.25% | \$3.75 |
| Georgia | AWP minus 11% | \$4.63 |
| Tennessee | AWP minus 13% | \$2.50 |
| Florida | AWP minus 15.4% | \$4.23 |
| State Health Plan | AWP minus 15% | \$2.00 |

| Pharmacy Services | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|---------------|---------------|-------------|---------------|-------------|
| Expenditures | \$417,965,171 | \$507,637,036 | 21.5% | \$607,150,455 | 19.6% |
| Transactions | 8,195,237 | 9,671,038 | 18.0% | 10,970,996 | 13.4% |
| Unduplicated Recipients | 559,394 | 589,961 | 5.5% | 596,139 | 1.0% |
| Cost/Transaction | \$51.00 | \$52.49 | 2.9% | \$55.34 | 5.4% |
| Cost/Recipient | \$747.17 | \$860.46 | 15.2% | \$1,018.47 | 18.4% |

Nursing Home Services

Nursing home services are the third largest cost component of the Medicaid program with expenditures of more than \$421 million for 16,626 recipients. It is one of the most expensive services in terms of cost per recipient. Growth in nursing home services line is primarily attributable to the average rise in health care costs since nursing home rates are established annually based on facilities' cost reports.

Nursing home rates were adjusted during SFY 2004 using the providers' fiscal year ending September 30, 2002, Medicaid cost reports, and the new rates became effective October 1, 2003. This adjustment increased rates by 7.58% amounting to a \$31 million increase in expenditures in SFY 2004. This increase was made possible through intergovernmental transfers from the non-state owned public nursing homes. This funding arrangement came under the same scrutiny from CMS discussed above in regard to hospitals. This arrangement will expire in June 2005.

In SFY 2003, DHHS discontinued paying for Medicare Part A coinsurance days. This accounts for the drop in recipients and transactions that occurred in SFY 2003. The resulting savings of about \$2 million were more than offset by the increase in expenditures due to the rate increase and Upper Payment Limit adjustments that were made that year. The number of recipients remained level in SFY 2004.

People speak of a Medicaid waiting list for nursing home beds. However, each nursing home has its own admission policy and waiting list. So, the phrase "Medicaid waiting list" is a misnomer. Nursing homes cannot discriminate. Beyond these civil

rights requirements, a facility can decide whether to accept a patient based on whether the facility can meet the patient's needs and other factors. Nursing homes are not required to take the first person on the list, and applicants are not required to take the first available bed in their area.

The time frame for a person waiting on a nursing home bed depends on where the person is located, gender (typically a bed for a male is harder to find as nursing homes often use roommate arrangements and most residents are female), and behavior problems, or extraordinary medical conditions. There have been no recent reports of individuals having to wait for a Medicaid bed if they are willing to accept a bed in any facility.

Traditionally, once a person enters a nursing home, they do not return to their home. Nevertheless, for some individuals this may be an appropriate option. So, during SFY 2004 DHHS expanded its Home Again program to eleven additional counties bringing the total number of counties served to 35. The remaining eleven counties will be added in 2005.

Using federal grants that provide for community living needs and health care education for the individuals and families, Home Again assists nursing home residents who want to return to their communities. To date, the program has assisted about 35 people to move from a nursing home back to the community. While this number may seem low, the reduced costs of caring for these individuals is noticeable since nursing home care costs more than twice as much as community-based care.

| Nursing Home Services | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|---------------|---------------|-------------|---------------|-------------|
| Expenditures | \$360,362,235 | \$390,695,134 | 8.4% | \$421,068,611 | 7.8% |
| Transactions | 158,637 | 148,554 | -6.4% | 149,388 | 0.6% |
| Unduplicated Recipients | 17,521 | 16,591 | -5.3% | 16,626 | 0.2% |
| Cost/Transaction | \$2,271.62 | \$2,629.99 | 15.8% | \$2,818.62 | 7.2% |
| Cost/Recipient | \$20,567.45 | \$23,548.62 | 14.5% | \$25,325.91 | 7.5% |

Physicians Services

During SFY 2004 Physician Services processed over 4.4 million claims with expenditures of almost \$240 million. These totals make Physician Services the fourth largest portion of the state's Medicaid budget.

Medicare and the State Health Plan serve as general benchmarks for Medicaid reimbursement. While certain specialists are reimbursed at 120% of the Medicare fee schedule, as a whole, Medicaid physician reimbursement averages seventy-five percent of the 2005 Medicare rates and sixty-five percent of State Health Plan rates. Low reimbursement rates negatively impact access to services. This may have contributed to the slight decline in the number of recipients receiving physician services in SFY 2004. In spite of the decline in recipients, expenditures continued to rise. The data suggests that the claims being submitted are for more expensive procedures.

A particular service provided within Physician Services is the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program for children under age of 21. The federal government requires that all states provide EPSDT services. EPSDT consists of a basic screening package that includes a comprehensive history and assessment of overall health, age-appropriate immunizations, appropriate lab tests and health education. This program ensures that children have full access to all services that may be necessary for the maintenance and improvement of their health with the goals of averting more serious health issues and avoiding increased costs later.

Medicaid physician rates average 75% of 2005 Medicare rates and 65% of State Health Plan rates.

During SFY 2004, DHHS revised the marketing and education strategy for EPSDT to make sure that recipients were aware of the program. Prior year figures indicated that the service was being under-utilized. Preliminary indications are that the re-vamped strategy is working as EPSDT claims have increased in SFY 2005.

During SFY 2004, DHHS developed the "Medical Homes Local Network," a primary care case management (PCCM) model with an emphasis on prevention. The PCCMs are physician-driven, rather than corporation-driven like MCOs, and are comprised of groups of primary care doctors. PCCMs serve as the "medical home" for enrollees and function as gatekeepers to specialty care. They provide care coordination and quality assurance. The PCCMs are designed to serve multi-county areas in the state.

Claims for these services offered within the PCCM are still billed through the traditional Medicaid program by their providers. However, PCCMs also receive small monthly payments for providing care coordination. The goals are to improve health outcomes, appropriately manage the care of enrollees, and contain costs associated with the enrolled population. If this occurs, the PCCM will share with the agency in these savings.

The first PCCM began operating in September 2004 in Oconee, Anderson and Pickens counties and serves about 4,000 enrollees.

| Physician Services | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|---------------|---------------|-------------|---------------|-------------|
| Expenditures | \$203,633,032 | \$226,787,198 | 11.4% | \$239,414,028 | 5.6% |
| Transactions | 4,709,683 | 4,512,464 | -4.2% | 4,421,068 | -2.0% |
| Unduplicated Recipients | 529,154 | 530,723 | 0.3% | 518,306 | -2.3% |
| Cost/Transaction | \$43.24 | \$50.26 | 16.2% | \$54.15 | 7.8% |
| Cost/Recipient | \$384.83 | \$427.32 | 11.0% | \$461.92 | 8.1% |

Dental Services

Medicaid provides dental services to children and those enrolled in the Mentally Retarded/Related Disabilities (MR/RD) Waiver. Adults receive only emergency dental services. Dental services ranks fifth in Medicaid expenditures with over \$89 million for almost 2 million claims in SFY 2004.

During SFY 2004, changes were made in the dental claims system that resulted in cost savings. One such editing change prevented payments for procedures being

performed on inappropriate teeth, such as preventing a claim for a procedure appropriate only on molars being billed on a bicuspid. While difficult to quantify the exact savings from these measures, there has been a decrease in transactions in certain dental procedures. Unfortunately, these efforts were not enough to offset overall growth in transaction and expenditures in SFY 2004. Several other expenditure growth issues were identified during SFY 2004 that, once addressed and resolved, will translate into future savings.

| Dental Services | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$79,718,384 | \$83,372,406 | 4.6% | \$89,157,464 | 6.9% |
| Transactions | 1,699,842 | 1,892,695 | 11.3% | 1,994,068 | 5.4% |
| Unduplicated Recipients | 224,483 | 246,075 | 9.6% | 253,117 | 2.9% |
| Cost/Transaction | \$46.90 | \$44.05 | -6.1% | \$44.71 | 1.5% |
| Cost/Recipient | \$355.12 | \$338.81 | -4.6% | \$352.24 | 4.0% |

Clinic Services

Clinic services include outpatient services offered through providers at facilities such as a Rural Health Clinic (RHC), a Federal Qualified Health Center (FQHC), or an outpatient pediatric AIDS clinic. During SFY 2004, Medicaid paid over 1 million clinic claims totaling almost \$86 million.

FQHCs and RHCs are designated and partially funded by the federal government. They serve as a safety net for the medically underserved and other populations that are vulnerable to barriers to care. FQHC and RHCs reimbursement rates are determined differently than private physicians. FQHC rates are based on a federally mandated retrospective cost-based methodology that incorporates restrictions on overhead costs and established minimum productivity levels.

RHCs are reimbursed the same rate as that set by Medicare.

A program offered in Clinic Services is the Medically Fragile Children's Program (MFCP), a medical center-based program of health services for children who have very complex diseases and disabilities. The MFCP goal is to provide individualized coordinated care so that the child can remain in their home. MFCP began in the Midlands and, during SFY 2004, expanded to the Upstate. The agency's long-range goal is to make this program available in other parts of the state. The MFCP served 121 children at a cost of \$2.3 million. While this appears to be a significant cost per recipient, the coordination of care provided by MFCP helps to avoid costs in other areas, such as hospitalization.

| Clinic Services | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$62,713,300 | \$75,540,578 | 20.5% | \$85,916,074 | 13.7% |
| Transactions | 783,023 | 926,985 | 18.4% | 1,085,692 | 17.1% |
| Unduplicated Recipients | 180,337 | 184,610 | 2.4% | 194,891 | 5.6% |
| Cost/Transaction | \$80.09 | \$81.49 | 1.7% | \$79.13 | -2.9% |
| Cost/Recipient | \$347.76 | \$409.19 | 17.7% | \$440.84 | 7.7% |

Community Long Term Care Services

The Community Long Term Care (CLTC) program serves recipients meeting a nursing home level of care that choose to remain in the community.

Two significant events occurred in CLTC during SFY 2004. First, DHHS implemented "Care Call," a system that telephonically documents when in-home workers start and finish their services. Billing is then done automatically. Expenditures for services covered by Care Call were about \$3 million less in SFY 2004 than SFY 2003.

Second, SC Choice, a program allowing CLTC recipients greater flexibility in choosing and overseeing their long-term care services, was expanded to the Lowcountry. SC Choice started in the Upstate, and plans are to expand statewide by the end of SFY 2005. SC Choice was the third waiver in the nation to be approved under President Bush's Independence Plus initiative and the first to target the elderly and disabled.

A CLTC issue that received attention in SFY 2004 involves the waiting lists for services. Current CLTC funding does not allow all applicants to be served, so waiting lists are administered in each of the 13 CLTC offices. The lists are maintained using a one-for-one policy, allowing a new waiver recipient only when an existing one leaves the program. The last addition of slots was in 1999, when an additional 4,322 slots were added to raise the CLTC census to 11,000 recipients.

Applicants on the waiting list are generally admitted into the program on a first-

come-first-serve basis. There are some very limited exceptions, including loss of Medicaid eligibility for 30 days or less, individuals awaiting organ transplantation, individuals transitioning back into the community from nursing home placement with a stay of at least 90 days, and current clients who have a temporary break in service due to a hospitalization or short term nursing home placement.

There are approximately 3,000 people on the CLTC waiting list. However, a recent review showed that the average wait was 113 days from application to waiver enrollment. The length of time on the waiting list is attributable to the speed of determining eligibility and the turnover of slots in a given geographic area.

A special program for seniors is Palmetto SeniorCare (PSC). PSC provides long term care services to frail elderly individuals over age 55 in Richland and Lexington counties who meet nursing home care requirements. Operated as a federal research and demonstration waiver for the past 10 years, PSC was incorporated into the State Medicaid Plan in November 2004. The process of converting PSC to a State Plan service coincided with CMS' change in Intergovernmental Transfer (IGT) policy discussed in the Hospital Services section. As a result, matching funds previously provided by Palmetto Health Richland were disallowed. DHHS had to absorb the state match requirement of \$2.3 million to continue PSC in SFY 2004. During SFY 2004, PSC served almost 370 recipients at a cost of \$8.5 million. These figures are not reflected in the box below.

| Community Long Term Care | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|--------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$80,973,315 | \$80,021,822 | -1.2% | \$76,135,097 | -4.9% |
| Transactions | 3,410,504 | 3,455,095 | 1.3% | 3,364,093 | -2.6% |
| Unduplicated Recipients | 15,797 | 15,509 | -1.8% | 15,889 | 2.5% |
| Cost/Transaction | \$23.74 | \$23.16 | -2.5% | \$22.63 | -2.3% |
| Cost/Recipient | \$5,125.87 | \$5,159.70 | 0.7% | \$4,791.69 | -7.1% |

Managed Care Services

Medicaid managed care enrollment offers recipients the choice to receive their core medical services from a private managed care organization (MCO.) A central feature of MCOs is the emphasis on preventive health care. Additionally, the federal government allows MCOs to offer benefits that the traditional Medicaid program does not, such as adult dental coverage.

since they are paid on a capitated monthly rate that is based on the actuarial equivalence of an average month of services. Upon enrollment, recipients are advised of the lock-in and given the opportunity to change their mind. Overall, the lock-in has led to increased stability in the monthly enrollment levels in MCOs.

Select Health of South Carolina, Inc. has been in operation in South Carolina since 1996 and maintains provider networks in 28 counties. During SFY 2004, Better Health Plans of South Carolina, Inc. (BHP) became the second active Medicaid MCO provider in the state. BHP is currently marketing to recipients in Florence, Orangeburg and Calhoun counties.

During SFY 2004, DHHS contracted with Deloitte Consulting LLP to provide actuarial services in updating MCO rates as required by federal regulation. Trended Medicaid fee-for-service expenditures for calendar years 2000 through 2002, as well as significant provider reimbursement, programmatic and eligibility changes were used in this process. As a result, MCO rates increased by 13.6% effective July 1, 2003. Total MCO expenditures increased by almost \$10 million during SFY 2004 due to increased enrollment as well as the rate increase. The total MCO expenditures during SFY 2004 were \$71 million for more than 78,000 recipients.

Also during SFY 2004, MCO beneficiaries became subject to a twelve-month lock-in period. Previously, managed care members could opt out of the MCO and enter the traditional Medicaid program at any time. This "revolving door" aspect to enrollment led to fiscal issues for the MCOs

| Managed Care | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$38,766,560 | \$61,301,677 | 58.1% | \$71,163,815 | 16.1% |
| Transactions | 459,321 | 655,089 | 42.6% | 631,427 | -3.6% |
| Unduplicated Recipients | 57,226 | 74,284 | 29.8% | 78,002 | 5.0% |
| Cost/Transaction | \$84.40 | \$93.58 | 10.9% | \$112.70 | 20.4% |
| Cost/Recipient | \$677.43 | \$825.23 | 21.8% | \$912.33 | 10.6% |

Durable Medical Equipment Services

Durable Medical Equipment (DME), such as wheelchairs, oxygen tanks, and ostomy supplies, cost just over \$42 million for almost 600,000 claims in SFY 2004. For all claims, a physician is responsible for

determining the type of equipment and length of time needed. Certain coverage restrictions do apply. For wheelchairs, for instance, "deluxe" models are restricted if "standard" models would be appropriate.

| Durable Medical Equipment | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|---------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$38,657,053 | \$41,530,746 | 7.4% | \$42,393,142 | 2.1% |
| Transactions | 525,804 | 585,538 | 11.4% | 599,973 | 2.5% |
| Unduplicated Recipients | 70,145 | 70,830 | 1.0% | 70,963 | 0.2% |
| Cost/Transaction | \$73.52 | \$70.93 | -3.5% | \$70.66 | -0.4% |
| Cost/Recipient | \$551.10 | \$586.34 | 6.4% | \$597.40 | 1.9% |

Transportation Services

Medicaid provides both emergency and non-emergency transportation for recipients. Approximately 14% of Medicaid recipients used transportation services in SFY 2004.

accounting for almost \$43 million in overall expenditures.

During SFY 2004, DHHS consolidated billable ambulance codes and eliminated payment of Medicare crossover claims as part of the agency's overall effort to contain costs, and expenditure growth decreased compared to SFY 2003.

About \$34 million was spent on Non-Emergency Transportation and almost \$9 million on Emergency Transportation,

| Transportation | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$38,992,379 | \$41,254,435 | 5.8% | \$42,838,875 | 3.8% |
| Transactions | 416,119 | 400,264 | -3.8% | 478,141 | 19.5% |
| Unduplicated Recipients | 52,541 | 51,292 | -2.4% | 51,030 | -0.5% |
| Cost/Transaction | \$93.70 | \$103.07 | 10.0% | \$89.59 | -13.1% |
| Cost/Recipient | \$742.13 | \$804.31 | 8.4% | \$839.48 | 4.4% |

Laboratory and Radiology Services

Medicaid covers laboratory and radiology services ordered by a physician and provided by independent laboratories and portable x-ray facilities. An independent laboratory and x-ray facility is defined as a facility licensed by the appropriate State authority and not part of a hospital, clinic

or physician's office. Laboratory and Radiology services have experienced growth rates of about 13% in recent years. Factors for the growth include advances in medical technology and the costs of emerging services in these areas.

| Lab & X-Ray | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$21,004,676 | \$23,753,322 | 13.1% | \$26,983,566 | 13.6% |
| Transactions | 1,355,559 | 1,448,794 | 6.9% | 1,534,996 | 5.9% |
| Unduplicated Recipients | 225,292 | 236,216 | 4.8% | 239,743 | 1.5% |
| Cost/Transaction | \$15.50 | \$16.40 | 5.8% | \$17.58 | 7.2% |
| Cost/Recipient | \$93.23 | \$100.56 | 7.9% | \$112.55 | 11.9% |

Other Medical Professional Services

Other Medical Professional Services includes non-physician medical services such as those provided by optometrists,

opticians, podiatrists, chiropractors and other medical professionals.

| Medical Professional | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$14,116,092 | \$16,363,969 | 15.9% | \$16,338,753 | -0.2% |
| Transactions | 592,800 | 638,797 | 7.8% | 636,661 | -0.3% |
| Unduplicated Recipients | 158,643 | 162,059 | 2.2% | 153,760 | -5.1% |
| Cost/Transaction | \$23.81 | \$25.62 | 7.6% | \$25.66 | 0.2% |
| Cost/Recipient | \$88.98 | \$100.98 | 13.5% | \$106.26 | 5.2% |

Home Health Services

Medicaid home health services are provided to homebound Medicaid recipients based on physician orders. Home Health services include skilled

nursing services, therapy and personal aide services. Medicaid home health visits are limited to seventy-five per year.

| Home Health | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$16,913,688 | \$12,481,669 | -26.2% | \$11,956,118 | -4.2% |
| Transactions | 159,067 | 141,246 | -11.2% | 128,495 | -9.0% |
| Unduplicated Recipients | 8,638 | 7,765 | -10.1% | 7,328 | -5.6% |
| Cost/Transaction | \$106.33 | \$88.37 | -16.9% | \$93.05 | 5.3% |
| Cost/Recipient | \$1,958.06 | \$1,607.43 | -17.9% | \$1,631.57 | 1.5% |

Hospice Services

The Medicaid Hospice program provides services to eligible recipients who have been certified as being terminally ill. An individual is considered to be terminally ill if the individual has a medical prognosis that his/her life expectancy is six months or less, if the disease runs its normal course. Services include nursing, nurse

aide, medical social services, physician, counseling, medical appliances including pharmacy products, homemaker, and therapy services. Continuous home care is provided only during a period of crisis. Almost \$5 million in Hospice care was provided to about 600 South Carolinians in SFY 2004.

| Hospice | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Expenditures | \$3,384,361 | \$4,008,561 | 18.4% | \$4,723,790 | 17.8% |
| Transactions | 3,768 | 3,122 | -17.1% | 3,112 | -0.3% |
| Unduplicated Recipients | 511 | 606 | 18.6% | 601 | -0.8% |
| Cost/Transaction | \$898.18 | \$1,283.97 | 43.0% | \$1,517.93 | 18.2% |
| Cost/Recipient | \$6,623.02 | \$6,614.79 | -0.1% | \$7,859.88 | 18.8% |

Medicare Premium Payments

Medicaid pays the Medicare premium for certain Medicare eligible beneficiaries. There are two groups of eligibles: The mandatory group of SSI recipients, and the optional group of aged (65 and over)

and the disabled who qualify for Medicare and Medicaid. Paying the premium for these beneficiaries enables Medicaid to avoid cost because Medicare is the first payer.

| Medicare Premium Payment | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|--------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$82,454,600 | \$90,124,333 | 9.3% | \$97,680,010 | 8.4% |
| Transactions | 1,446,964 | 1,489,386 | 2.9% | 1,481,454 | -0.5% |
| Unduplicated Recipients | 135,095 | 139,189 | 3.0% | 140,514 | 1.0% |
| Cost/Transaction | \$56.98 | \$60.51 | 6.2% | \$65.94 | 9.0% |
| Cost/Recipient | \$610.35 | \$647.50 | 6.1% | \$695.16 | 7.4% |

Optional State Supplementation

Amendments to the Social Security Act gave states a choice to provide Optional State Supplementation (OSS) to help people meet needs not fully covered by Supplemental Security Income. OSS is a monthly payment for residential care, based on need. OSS payments for residential care are 100% state dollars and not matched with Federal funds. All OSS recipients are Medicaid eligible. Contrary to its name, the OSS program is not entirely "optional." The federal government places a Maintenance of Effort requirement on this program. In other words, once a state exercises the

"option" to add the program, it must continue to maintain this effort.

The OSS program was enhanced in January 2003 to improve the quality of care provided to OSS recipients. Through the Integrated Personal Care (IPC) program, state OSS funds are used to match federal Medicaid funds and provide enhanced reimbursement for the care of OSS residents who require a higher degree of personal care. Participation in this relatively new program grew in SFY 2004.

| Integrated Personal Care (IPC) | SFY 2003 | SFY 2004 |
|--------------------------------|------------|-------------|
| Expenditures | \$99,827 | \$1,182,387 |
| Transactions | 268 | 3,111 |
| Unduplicated Recipients | 98 | 496 |
| Cost/Transaction | \$372.49 | \$380.07 |
| Cost/Recipient | \$1,018.64 | \$2,383.84 |

| Optional State Supplement (OSS) | SFY 2002 | SFY 2003 | Growth Rate | SFY 2004 | Growth Rate |
|---------------------------------|--------------|--------------|-------------|--------------|-------------|
| Expenditures | \$16,088,596 | \$15,772,579 | -2.0% | \$14,986,554 | -5.0% |
| Transactions | 54,600 | 53,509 | -2.0% | 52,784 | -1.4% |
| Unduplicated Recipients | 5,862 | 5,687 | -3.0% | 5,494 | -3.4% |
| Cost/Transaction | \$294.66 | \$294.76 | 0.0% | \$283.92 | -3.7% |
| Cost/Recipient | \$2,744.56 | \$2,773.44 | 1.1% | \$2,727.80 | -1.6% |

Future Opportunities in Medical Services

Medicaid Choice Waiver Concept

In an effort to provide a consumer-driven, market-based Medicaid program, South Carolina is looking at ways to shift the forces behind the design and delivery of Medicaid care. The idea, which is in the early stages of development, would empower Medicaid recipients by providing them leverage in "purchasing" their Medicaid health care plans, as opposed to living within the Medicaid

program as designed by the state government. Incentives would be built into the system to encourage prudent use of Medicaid by the individual. Alternatively, Medicaid recipients could forego designing their own care plans, and enroll in managed care organizations or private insurance. In addition, Medicaid providers would compete to serve the Medicaid population.

Obesity Reduction Project

In partnership with Upstate Carolina Best Care, measurements of body mass index (BMI) are being taken and recorded for children and adolescents covered by Medicaid. The goal is to raise awareness among these youth and their parents/guardians of the risks associated

with obesity. Because physicians will be providing health education on the impact of obesity, it is expected that the youth will make more informed choices and improve lifestyle habits like nutrition and exercise.

Chronic Kidney Disease Physician Education Pilot Project

In partnership with the National Kidney Foundation of South Carolina and Abbott Laboratories, a physician education pilot for primary care providers (PCPs) who treat significant numbers of Medicaid beneficiaries in Richland and Lexington Counties has been initiated. The goal of this pilot is to raise awareness among PCPs about chronic kidney disease and the

screening tests that can identify kidney disease at an early stage. Early identification and appropriate treatment can slow the disease process and reduce the onset of End Stage Renal Disease. The project also aims to educate Medicaid beneficiaries on the causes and risks of chronic kidney disease.

Low Birth Weight/Prematurity Reduction Project

A Request for Proposal (RFP) will be issued to acquire a vendor that will manage the care of at-risk pregnant women and low

birth weight/premature infants. The effort will focus on improved birth outcomes and reduced medical expenses.

Chronic Care Management for Medicaid Beneficiaries with Complex Medical Needs

One or more projects will be developed to address the special needs associated with beneficiaries who have multiple chronic illnesses resulting in higher healthcare utilization and costs. Targeted, enhanced

care coordination will be developed with the goal of improving disease self - management and appropriate utilization of medical services.

Diabetes and Hypertension Education Project

Working with the Medical University of South Carolina, Medicaid beneficiaries who have diabetes and hypertension in the Charleston area will be identified. These beneficiaries will receive personalized education on their illnesses and the treatment thereof. The goals of this

project will be increased education, improved compliance with treatment, improved medication management, decreased emergency room usage and hospitalization, and improved quality of life for Medicaid beneficiaries.

State Agency Medicaid Services

DHHS contracts with many state agencies for Medicaid services. These contractual arrangements help the agencies to obtain federal funding to deliver services related to their individual missions. In most cases, the agency that provides the service also provides the state match.

When the service responsibility for a state agency is generally compatible with Medicaid rules and regulations, DHHS and the state agency work together to establish service definitions, define units of service, develop reimbursement rates and define record keeping requirements for billing. The contract between DHHS and the other state agency, along with a provider manual, incorporate the Medicaid requirements for that agency.

State agencies providing the majority of other state agency Medicaid services are:

Department of Disabilities and Special Needs

- Institutional care for mentally retarded
- Home and Community Based Waiver Services for the mentally retarded or disabled and the head or spinal cord injured so they can live in the community instead of a institution
- Early Intervention Services for Children

Department of Mental Health

- Community mental health services for children and adults
- Out-of-home placements for children
- Institutional care in nursing facilities, hospitals and special treatment facilities for children and seniors

Department of Alcohol & Other Drug Abuse Services

- Chemical dependency rehabilitation & prevention services

Department of Education

- Speech, physical & occupational therapy
- Behavioral health services
- Nursing services
- Pregnancy prevention services
- Transportation

Department of Social Services

- Adult protective & foster care case management
- Therapeutic foster care
- Services for emotionally disturbed children, including out-of-home placements through private providers

Medical University of South Carolina

- Treatment of emotionally disturbed children & mentally ill adults
- Evaluation, treatment and management for genetic disorders
- Maxillofacial prosthodontic services

Department of Health & Environmental Control

- Family Planning
- Home or community based preventive & rehabilitative Services
- Home Health & Personal Aide Services
- Newborn home visits

Other agencies providing Medicaid services are: Continuum of Care, School for the Deaf and Blind, Commission for the Blind, John de la Howe and Wil Lou Gray schools, Division of Foster Care Review and the University of South Carolina.

OTHER STATE AGENCY MEDICAID ASSISTANCE

| | <u>2001</u> | <u>2002</u> | <u>% Change</u> | <u>2003</u> | <u>% Change</u> | <u>2004</u> | <u>% Change</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|----------------|-----------------|
| Department of Mental Health | \$154,771,202 | \$176,915,739 | 14.3% | \$195,109,098 | 10.3% | \$171,365,310 | -12.2% |
| DDSN | \$361,844,091 | \$447,672,251 | 23.7% | \$412,816,446 | -7.8% | \$412,987,890 | 0.0% |
| DHEC | \$37,912,332 | \$33,915,283 | -10.5% | \$38,725,914 | 14.2% | \$37,298,961 | -3.7% |
| Medical University of South Carolina | \$10,338,737 | \$14,538,468 | 40.6% | \$27,829,341 | 91.4% | \$41,939,631 | 50.7% |
| University of South Carolina | \$2,370,369 | \$2,833,498 | 19.5% | \$5,612,272 | 98.1% | \$5,690,602 | 1.4% |
| DAODAS | \$8,788,887 | \$15,857,149 | 80.4% | \$11,839,390 | -25.3% | \$13,879,179 | 17.2% |
| Continuum of Care | \$6,371,356 | \$8,529,603 | 33.9% | \$10,328,196 | 21.1% | \$8,898,251 | -13.8% |
| School of the Deaf and Blind | \$1,325,643 | \$1,391,696 | 5.0% | \$2,048,508 | 47.2% | \$3,437,980 | 67.8% |
| Department of Social Services | \$58,176,304 | \$60,534,139 | 4.1% | \$52,182,875 | -13.8% | \$50,324,531 | -3.6% |
| Department of Juvenile Justice | \$16,316,642 | \$17,786,139 | 9.0% | \$23,598,126 | 32.7% | \$20,449,250 | -13.3% |
| Department of Education | \$18,611,003 | \$74,306,918 | 299.3% | \$69,965,732 | -5.8% | \$68,705,945 | -1.8% |
| Commission for the Blind | <u>\$29,672</u> | <u>\$22,299</u> | <u>-24.8%</u> | <u>\$25,449</u> | <u>14.1%</u> | <u>\$8,876</u> | <u>-65.1%</u> |
| Total Other Agency Medicaid Assistance | \$676,856,238 | \$854,303,182 | 26.2% | \$850,081,347 | -0.5% | \$834,986,406 | -1.8% |

SC Department of Health & Human Services

**Analysis of Medicaid Coverage for Other State Agencies by Services and Unduplicated Recipients
Based on Expenditures for the Year Ended June 30, 2004**

(Source MMIS CCA2900; GAFRS 9427 expenditures have been spread based on the MMIS CCA 2900)

| | DDSN | DMH | DHEC | MUSC | USC | DAODAS | COC | D&B | DSS | DJJ | DOE | COB | Total |
|---|-----------------------|-----------------------|----------------------|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|----------------------|----------------------|-----------------|-----------------------|
| Hospital Services | \$ - | \$ 8,072,092 | \$ - | \$ 3,879,378 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 11,951,470 |
| Nursing Homes | \$ 169,649,082 | \$ 20,943,285 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 190,592,367 |
| Physician Services | \$ - | \$ - | \$ 18,215,738 | \$ 2,167,973 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 20,383,711 |
| Home Health | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| EPSDT | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Lab & X-Ray | \$ - | \$ - | \$ 367,799 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 367,799 |
| Family Planning | \$ 399,101 | \$ - | \$ 13,819,323 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 44,355 | \$ - | \$ 11,635,531 | \$ - | \$ 25,898,310 |
| Clinical Services | \$ 28,547,853 | \$ 113,460,558 | \$ 1,941,265 | \$ 35,850,986 | \$ 5,585,627 | \$ 13,186,156 | \$ 3,940,258 | \$ 2,295,362 | \$ 14,729,144 | \$ 10,555,362 | \$ 49,657,549 | \$ 8,876 | \$ 279,758,995 |
| Managed Care | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Dental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Premium Pmts - Medicare Supplemental Insurance | \$ - | \$ 49,753 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 49,753 |
| Transportation | \$ - | \$ 755,065 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 517,898 | \$ - | \$ - | \$ 3,446,973 | \$ - | \$ 4,719,936 |
| Pharmacy | \$ 385 | \$ 285,892 | \$ 2,683,758 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,970,035 |
| Community Long Term Care | \$ 193,830,899 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 193,830,899 |
| Durable Medical Equipment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Medical Professional | \$ - | \$ 49,796 | \$ 9,178 | \$ - | \$ - | \$ - | \$ 16,234 | \$ - | \$ 1,831,776 | \$ - | \$ 295,844 | \$ - | \$ 2,202,828 |
| Hospice | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Residential Care Facility | \$ 103,473 | \$ 12,493,898 | \$ - | \$ - | \$ - | \$ - | \$ 1,928,041 | \$ - | \$ 955,926 | \$ 11,881 | \$ 903,841 | \$ - | \$ 16,397,060 |
| Assisted Living (OSS) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Case Management | \$ 20,457,098 | \$ 15,254,972 | \$ 261,900 | \$ 41,294 | \$ 104,975 | \$ 693,023 | \$ 3,013,718 | \$ 624,720 | \$ 32,110,235 | \$ 3,188,652 | \$ 28,364 | \$ - | \$ 75,778,951 |
| Other Services | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 653,095 | \$ 6,693,355 | \$ 2,737,843 | \$ - | \$ 10,084,293 |
| Total Group Coverage | \$ 412,987,890 | \$ 171,365,310 | \$ 37,298,961 | \$ 41,939,631 | \$ 5,690,602 | \$ 13,879,179 | \$ 8,898,251 | \$ 3,437,980 | \$ 50,324,531 | \$ 20,449,250 | \$ 68,705,945 | \$ 8,876 | \$ 834,986,406 |
| Unduplicated Recipients | 18,509 | 50,195 | 166,010 | 5,051 | 2,325 | 8,929 | 521 | 621 | 12,258 | 7,958 | 69,568 | 136 | 291,104 |

Administration

Administrative Costs

DHHS' administrative costs generally fall into five major functional areas. Personal Services includes agency-wide salaries and fringe benefits. The Medicaid Management Information System (MMIS) is the claims processing and reporting system for Medicaid services, and Medicaid Eligibility includes the Medicaid Eligibility Determination System (MEDS) and non-personnel operating costs of local eligibility offices. General Operating Costs include items such as rent, supplies, and travel. Contractual Services include professional services such as actuaries, as well as telecommunications and other information technology services not directly related to MMIS.

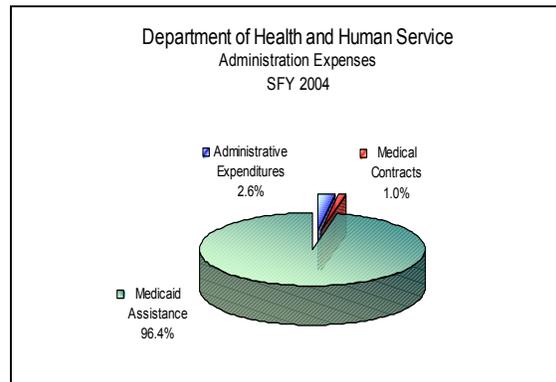
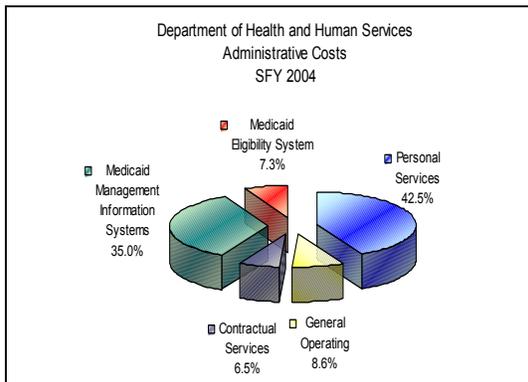
DHHS' administrative costs benchmark is 3% of the agency's total expenditures. Administrative costs rose slightly in SFY 04, due primarily to one-time costs associated with modifications to the MMIS necessary for compliance with federal HIPAA regulations. DHHS met the federal deadline for compliance, while implementing a contingency plan that allowed continued claims submission by providers not yet HIPAA compliant.

Despite this, DHHS' administrative expenditures for SFY 2004 were only 2.6% - well within the benchmark. Efforts to reduce costs produced a 35% reduction in telecommunications costs, a 16% reduction in travel costs, and a 16% reduction in supply costs.

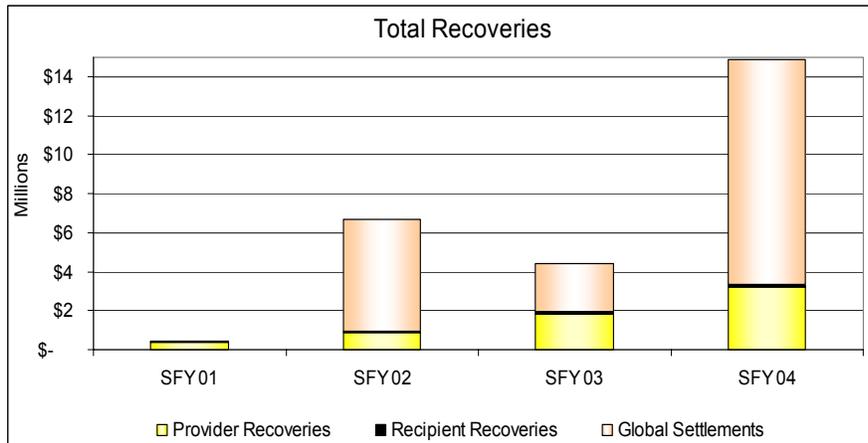
Other SFY 2004 accomplishments:

- 1) Expanding the use of actuarial services to safeguard the fiscal soundness of the benefit package provided by Medicaid,
- 2) Implementation of a web-based tool for provider claims submission and eligibility verification,
- 3) Providing intensive leadership and supervisory training to managers, and
- 4) Implementation of an e-Leave system to improve record keeping and reduce the need for administrative support staff.

DHHS employs a number of mechanisms to support the effective administration of Medicaid. Key components are efforts to detect and prevent Medicaid fraud and abuse, identify third parties who are liable for the Medicaid costs of recipients, and recoup funds that are owed to the agency. These are discussed below.



Total Medicaid Provider and Recipient Recoveries



NOTE: Recoveries include Federal and State funds.
Federal law requires DHHS to return the federal share of all recoveries.

Provider Reviews

In SFY 2004, DHHS provider recoveries increased 79%, totaling \$3.2 million. Through provider reviews, DHHS recovers unallowable or excessive payments and identifies abusive, sub-standard or non-compliant practices. If warranted, DHHS can:

- Recoup Medicaid funds paid,
- Terminate or suspend a provider,
- Provide education proper billing,
- Conduct pre- or post-payment reviews, and
- Refer to appropriate licensing boards.

Fraud occurs when an intentional deception results in unauthorized payments. If provider fraud is suspected, DHHS refers the case to the State Attorney General's office for

further investigation and possible prosecution. Cases that are prosecuted for fraud include:

- Submitting false billings for services that were never actually performed,
- Exaggerating the nature and extent of the services performed in order to inflate payments,
- Providing and billing for services that were not medically necessary, and
- Falsifying documents in order to obtain prior approval for services.

DHHS also coordinates with the State Attorney General's Office to participate in global settlements from Medicaid fraud on the national level. Global settlements in SFY 2004 increased over the prior two years.

| Medicaid Provider Reviews - SFY 2004 | |
|---|-------------|
| Beginning Cases | 82 |
| Cases Opened | 210 |
| Cases Closed | 129 |
| Provider Recoveries (State & Federal Funds) | \$3,227,239 |

Recipient Reviews

DHHS also identifies and monitors Medicaid recipients for possible fraud or abuse involving their benefits, particularly prescription drugs. DHHS recently established a Medicaid recipient investigation unit in the State Attorney General's Office with both law enforcement investigators and attorneys. This unit will investigate Medicaid recipients who are alleged to have:

- Submitted a false application,
- Provided false or misleading eligibility information,
- Shared or lent their Medicaid card to other individuals,
- Sold or bought a Medicaid card,

- Diverted prescription drugs, medical supplies, or other benefits for re-sale, and
- Obtained Medicaid benefits that they were not entitled to through other fraudulent means.

This unit will also work with the state Bureau of Drug Control and the federal Drug Enforcement Agency to combat illegal prescribing and use of prescription drugs. In SFY 2004, DHHS developed profiles to highlight potential misuse and abuse of OxyContin®, which were then used to initiate several Medicaid recipient investigations.

Internal & External Audits

DHHS also reviews internal agency operations and other state agencies that use Medicaid funds. Audit reports are based on verifiable, reliable, and documented evidence relevant to the specific audit objectives, and both claims and cost reports are reviewed. The end result of every audit is to produce recommendations to help

agency management make decisions about contracts, policies, and spending priorities. The audit division also identifies overpayments.

During SFY 2004, DHHS transferred responsibility for audits of childcare centers that accept federal childcare voucher funds to DSS.

Payment Error Measurement

DHHS is participating in a federally funded payment error measurement pilot project. This pilot accompanies CMS' efforts to develop regulations requiring all states to determine, report and reimburse the federal government for payment errors that can include:

- Claims that are overpaid or underpaid according to established rates,
- Claims paid without proper medical documentation,

- Payments that were not in compliance with state Medicaid policy,
- Payments for ineligible recipients, and
- Claims for services that were not medically necessary.

Once DHHS identifies errors, corrective actions can be made to improve payment accuracy.

Third Party Liability

DHHS' Third Party Liability (TPL) unit ensures that Medicaid funds are not used when other third party resources are available for payment of services provided to eligible Medicaid recipients. Third party resources include private insurance and the estates of certain Medicaid recipients.

Federal law requires states to take reasonable measures to discover third party resources available to Medicaid recipients, determine the liability of those resources, and, when appropriate, seek reimbursement for Medicaid expenditures. DHHS accomplishes this through various mechanisms.

"Pay & Chase" requires the coordination of benefits for paid Medicaid claims that match existing third party information but are excluded from cost avoidance either by waiver or CMS mandate. The Health Insurance Premium Program (HIPP) pays premiums for Medicaid recipients in order to keep their private health insurance, group or non-group plans whenever it is cost effective to do so.

The Estate Recovery program was established to comply with the federal Omnibus Budget Reconciliation Act (OBRA) of 1993. Those affected by estate recovery include:

- Institutionalized patients of any age who were required to pay most of their monthly income for the cost of their care and
- Those 55 years of age or older who received nursing home or community long-term care services.

If the value of an estate is determined by the court to be at least \$10,000, DHHS files a claim to recover the cost of their care from those assets.

Casualty claims arise from accidents that are caused by someone other than the Medicaid recipient. Most casualty collections are from auto insurance, but a significant number are also from homeowner's and property insurance. The majority of casualty case files originate from the automated Medicaid Accident Questionnaire and attorney referrals.

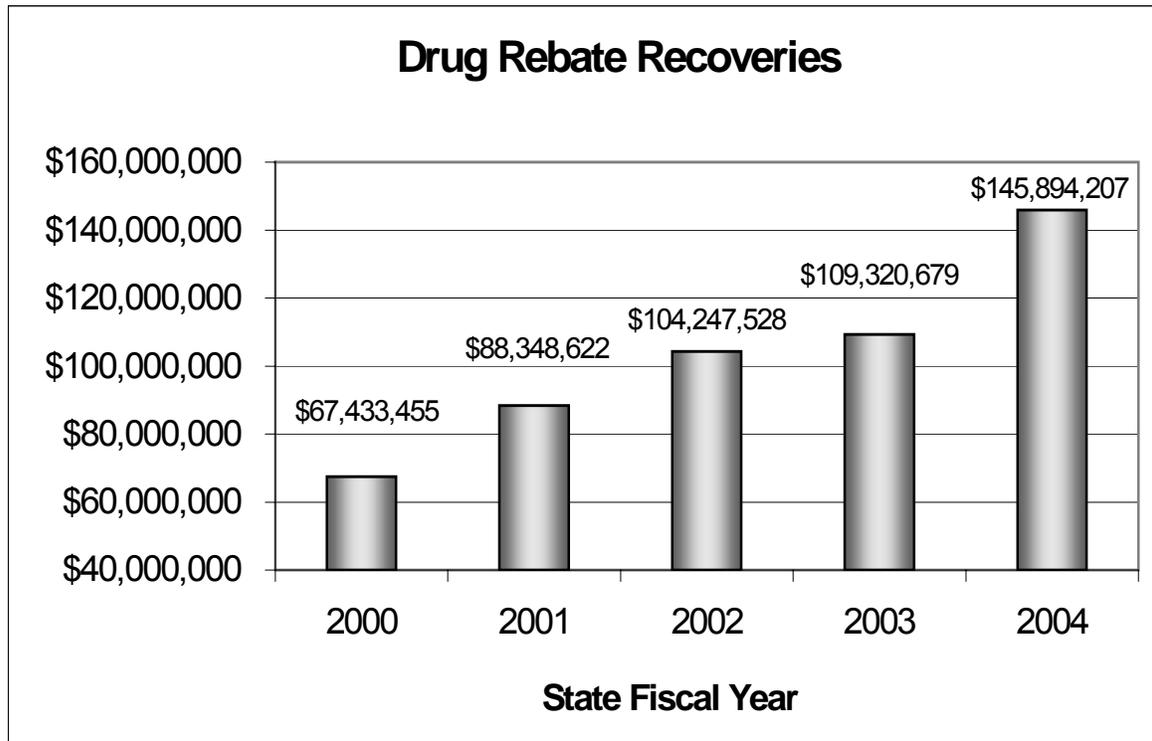
| Third Party Liability Cost Savings | | | | |
|--|---------------------|---------------------|---------------------|----------------------|
| | Total Funds | | | |
| | SFY01 | SFY02 | SFY03 | SFY04 |
| HEALTH INSURANCE RECOVERIES | \$ 26,572,378 | \$ 27,718,593 | \$ 27,501,195 | \$ 26,816,177 |
| ESTATE RECOVERIES | \$ 5,177,709 | \$ 3,687,835 | \$ 4,920,315 | \$ 5,564,683 |
| CASUALTY RECOVERIES | <u>\$ 4,808,786</u> | <u>\$ 5,245,000</u> | <u>\$ 5,068,773</u> | <u>\$ 4,904,598</u> |
| TOTAL THIRD PARTY LIABILITY RECOVERIES ⁽¹⁾ | \$ 9,986,495 | \$ 8,932,835 | \$ 9,989,088 | \$ 10,469,281 |

⁽¹⁾ Does not include cost avoidance

Medicaid Pharmacy Rebates

DHHS' Drug Rebate unit collects pharmaceutical rebates owed to DHHS under Federal law. The agency strives to collect all allowable rebate funds,

and the current collection rate is more than 99% of invoice totals - a 23% increase from SFY 2003.



* Rebate collections are based on calendar year expenditures because there is a federally required 6-month lag in rebate recovery.

APPENDICES

APPENDIX A

DEPARTMENT OF HEALTH & HUMAN SERVICES MEDICAID ASSISTANCE ACTIVITY TOTAL EXPENDITURES STATE FISCAL YEAR 2003 - 2004

| DHHS Medicaid Assistance: | <u>FY 2001-02</u> | <u>FY 2002-03</u> | <u>Change</u> | <u>FY 2003-04</u> | <u>Change</u> |
|---|-----------------------------|-----------------------------|----------------------|-----------------------------|---------------------|
| Hospital Services | 616,263,806 | 651,859,670 | 5.8% | 608,422,811 | -6.7% |
| Nursing Home Services ⁽¹⁾ | 360,362,235 | 390,695,134 | 8.4% | 421,068,611 | 7.8% |
| Pharmacy Services | 417,965,171 | 507,637,036 | 21.5% | 607,150,455 | 19.6% |
| Physician Services | 203,633,032 | 226,787,198 | 11.4% | 239,414,028 | 5.6% |
| Dental Services | 79,718,384 | 83,372,406 | 4.6% | 89,157,464 | 6.9% |
| Community Long Term Care | 80,973,315 | 80,021,822 | -1.2% | 76,135,097 | -4.9% |
| Home Health | 16,913,688 | 12,481,669 | -26.2% | 11,956,118 | -4.2% |
| EPSDT Screening | 11,023,627 | 11,240,634 | 2.0% | 11,523,818 | 2.5% |
| Medical Professional | 14,116,092 | 16,363,969 | 15.9% | 16,338,753 | -0.2% |
| Transportation | 38,992,379 | 41,254,435 | 5.8% | 42,838,875 | 3.8% |
| Lab & X-Ray | 21,004,676 | 23,753,322 | 13.1% | 26,983,566 | 13.6% |
| Family Planning Services | 15,740,278 | 18,479,495 | 17.4% | 19,506,476 | 5.6% |
| SMI Regular | 76,047,169 | 83,366,067 | 9.6% | 90,942,468 | 9.1% |
| SMI-MAO | 6,407,431 | 6,758,266 | 5.5% | 6,737,542 | -0.3% |
| Hospice | 3,384,361 | 4,008,561 | 18.4% | 4,723,790 | 17.8% |
| Optional State Supplement (OSS) | 16,088,596 | 15,772,579 | -2.0% | 14,986,554 | -5.0% |
| Integrated Personal Care (IPC) | | 99,827 | | 1,182,387 | 1084.4% |
| Clinic Services | 62,713,300 | 75,540,578 | 20.5% | 85,916,074 | 13.7% |
| Durable Medical Equipment | 38,657,053 | 41,530,746 | 7.4% | 42,393,142 | 2.1% |
| Managed Care | 38,766,560 | 61,301,677 | 58.1% | 71,163,815 | 16.1% |
| Total DHHS Medicaid Assistance | <u>2,118,771,153</u> | <u>2,352,325,091</u> | <u>11.0%</u> | <u>2,488,541,843</u> | <u>5.8%</u> |
| Other State Agency Medicaid Assistance : | | | | | |
| Department of Mental Health | 176,915,739 | 195,109,098 | 10.3% | 171,365,310 | -12.2% |
| Department of Disabilities & Special Needs | 447,672,251 | 412,816,446 | -7.8% | 412,987,890 | 0.0% |
| Department of Health & Environmental Control | 33,915,283 | 38,725,914 | 14.2% | 37,298,961 | -3.7% |
| Medical University of South Carolina | 14,538,468 | 27,829,341 | 91.4% | 41,939,631 | 50.7% |
| University of South Carolina | 2,833,498 | 5,612,272 | 98.1% | 5,690,602 | 1.4% |
| Department of Alcohol & Other Drug Abuse Services | 15,857,149 | 11,839,390 | -25.3% | 13,879,179 | 17.2% |
| Continuum of Care | 8,529,603 | 10,328,196 | 21.1% | 8,898,251 | -13.8% |
| School for the Deaf & Blind | 1,391,696 | 2,048,508 | 47.2% | 3,437,980 | 67.8% |
| Department of Social Services | 60,534,139 | 52,182,875 | -13.8% | 50,324,531 | -3.6% |
| Department of Juvenile Justice | 17,786,139 | 23,598,126 | 32.7% | 20,449,250 | -13.3% |
| Department of Education | 74,306,918 | 69,965,732 | -5.8% | 68,705,945 | -1.8% |
| Commission for the Blind | 22,299 | 25,449 | 14.1% | 8,876 | -65.1% |
| Total Other Agency Medicaid Assistance | <u>854,303,182</u> | <u>850,081,347</u> | <u>-0.5%</u> | <u>834,986,406</u> | <u>-1.8%</u> |
| Other Entities ⁽²⁾ | | | | | |
| Palmetto Senior Care | 58,721,942 | 143,715,587 | 144.7% | 210,473,059 | 46.5% |
| Emotionally Disturbed Children | 11,552,393 | 10,652,045 | -7.8% | 8,598,568 | -19.3% |
| Total Medical Assistance | <u>3,090,440,020</u> | <u>3,410,158,757</u> | <u>10.3%</u> | <u>3,597,173,389</u> | <u>5.5%</u> |
| Disproportionate Share | <u>391,164,960</u> | <u>344,493,511</u> | <u>-11.9%</u> | <u>489,351,755</u> | <u>42.0%</u> |
| Total Medical Asst with Disproportionate Share | <u>3,481,604,980</u> | <u>3,754,652,268</u> | <u>7.8%</u> | <u>4,086,525,144</u> | <u>8.8%</u> |

SOURCE: DAFR 9427

⁽¹⁾ State Fiscal Year 2003 includes prior period adjustment of \$9,671,355 to correct revenue posted as refund of expenditure.

⁽²⁾ Includes Hospital UPL's and other payments not directly associated with a service line.

APPENDIX B
DEPARTMENT OF HEALTH & HUMAN SERVICES
MEDICAID ASSISTANCE ACTIVITY
UNDULICATED MEDICAID RECIPIENTS
STATE FISCAL YEAR 2003 - 2004

| | FY 2001-02 | FY 2002-03 | % | FY 2003-04 | % |
|---|----------------|----------------|-------------|----------------|-------------|
| | | | Change | | Change |
| DHHS Medicaid Assistance: | | | | | |
| Hospital Services | 413,507 | 414,934 | 0.3% | 397,239 | -4.3% |
| Nursing Home Services | 17,521 | 16,591 | -5.3% | 16,626 | 0.2% |
| Pharmacy Services | 559,394 | 589,961 | 5.5% | 596,139 | 1.0% |
| Physician Services | 529,154 | 530,723 | 0.3% | 518,306 | -2.3% |
| Dental Services | 224,483 | 246,075 | 9.6% | 253,117 | 2.9% |
| Community Long Term Care | 15,797 | 15,509 | -1.8% | 15,889 | 2.5% |
| Home Health | 8,638 | 7,765 | -10.1% | 7,328 | -5.6% |
| EPSDT Screening | 114,941 | 116,083 | 1.0% | 116,225 | 0.1% |
| Medical Professional | 158,643 | 162,059 | 2.2% | 153,760 | -5.1% |
| Transportation | 52,541 | 51,292 | -2.4% | 51,030 | -0.5% |
| Lab & X-Ray | 225,292 | 236,216 | 4.8% | 239,743 | 1.5% |
| Family Planning Services | 103,835 | 112,657 | 8.5% | 112,684 | 0.0% |
| SMI Regular | 121,473 | 125,270 | 3.1% | 126,893 | 1.3% |
| SMI-MAO | 13,622 | 13,919 | 2.2% | 13,621 | -2.1% |
| Hospice | 511 | 606 | 18.6% | 601 | -0.8% |
| Optional State Supplement (OSS) | 5,862 | 5,687 | -3.0% | 5,494 | -3.4% |
| Integrated Personal Care (IPC) | | 98 | 0.0% | 496 | 406.1% |
| Clinic Services | 180,337 | 184,610 | 2.4% | 194,891 | 5.6% |
| Durable Medical Equipment | 70,145 | 70,830 | 1.0% | 70,963 | 0.2% |
| Managed Care | 57,226 | 74,284 | 29.8% | 78,002 | 5.0% |
| Unduplicated Total Recipients - DHHS¹ | 798,264 | 846,887 | 6.1% | 856,756 | 1.2% |
| Other State Agency Medicaid Assistance: | | | | | |
| Department of Mental Health | 49,301 | 50,882 | 3.2% | 50,195 | -1.4% |
| Department of Disabilities & Special Needs | 18,249 | 18,456 | 1.1% | 18,509 | 0.3% |
| Department of Health & Environmental Control | 183,150 | 181,443 | -0.9% | 166,010 | -8.5% |
| Medical University of South Carolina | 3,746 | 4,597 | 22.7% | 5,051 | 9.9% |
| University of South Carolina | 2,262 | 2,234 | -1.2% | 2,325 | 4.1% |
| Department of Alcohol & Other Drug Abuse Services | 8,350 | 8,850 | 6.0% | 8,929 | 0.9% |
| Continuum of Care | 652 | 629 | -3.5% | 521 | -17.2% |
| School for the Deaf & Blind | 600 | 621 | 3.5% | 621 | 0.0% |
| Department of Social Services | 16,636 | 12,150 | -27.0% | 12,258 | 0.9% |
| Department of Juvenile Justice | 8,206 | 9,057 | 10.4% | 7,958 | -12.1% |
| Department of Education | 44,131 | 51,152 | 15.9% | 69,568 | 36.0% |
| Commission for the Blind | 224 | 222 | -0.9% | 136 | -38.7% |
| Unduplicated Total Recipients - Other Agencies⁽¹⁾ | 283,518 | 289,863 | 2.2% | 291,104 | 0.4% |
| Other Entities | 9,578 | 10,756 | 12.3% | 23,127 | 115.0% |
| Palmetto SeniorCare | 402 | 375 | -6.7% | 367 | -2.1% |
| Emotionally Disturbed Children | 1,915 | 1,940 | 1.3% | 2,010 | 3.6% |
| Total Unduplicated Recipients with EDC¹ | 816,112 | 864,084 | 5.9% | 874,420 | 1.2% |

SOURCE: MMIS 8500 REPORT

¹⁾ Amounts are not cumulative sums of service lines but are unduplicated totals.
 DHHS percentage of the total unduplicated recipients for FY 2003-04
 DHHS percentage of the total unduplicated recipients for FY 2002-03
 DHHS percentage of the total unduplicated recipients for FY 2001-02

97.98% YTD
97.94% YTD
98.01% ANNUAL
97.81% ANNUAL

APPENDIX C

DEPARTMENT OF HEALTH & HUMAN SERVICES MEDICAID ASSISTANCE ACTIVITY MEDICAID TRANSACTIONS STATE FISCAL YEAR 2003 - 2004

| | FY 2001-02 | FY 2002-03 | % | FY 2003-04 | % |
|---|-------------------|-------------------|--------------|-------------------|--------------|
| | | | Change | | Change |
| DHHS Medicaid Assistance: | | | | | |
| Hospital Services | 1,664,652 | 1,616,156 | -2.9% | 1,489,703 | -7.8% |
| Nursing Home Services | 158,637 | 148,554 | -6.4% | 149,388 | 0.6% |
| Pharmacy Services | 8,195,237 | 9,671,038 | 18.0% | 10,970,996 | 13.4% |
| Physician Services | 4,709,683 | 4,512,464 | -4.2% | 4,421,068 | -2.0% |
| Dental Services | 1,699,842 | 1,892,695 | 11.3% | 1,994,068 | 5.4% |
| Community Long Term Care | 3,410,504 | 3,455,095 | 1.3% | 3,364,093 | -2.6% |
| Home Health | 159,067 | 141,246 | -11.2% | 128,495 | -9.0% |
| EPSDT Screening | 207,552 | 208,475 | 0.4% | 209,989 | 0.7% |
| Medical Professional | 592,800 | 638,797 | 7.8% | 636,661 | -0.3% |
| Transportation | 416,119 | 400,264 | -3.8% | 478,141 | 19.5% |
| Lab & X-Ray | 1,355,559 | 1,448,794 | 6.9% | 1,534,996 | 5.9% |
| Family Planning Services | 408,020 | 483,127 | 18.4% | 561,367 | 16.2% |
| SMI Regular | 1,326,973 | 1,366,413 | 3.0% | 1,371,623 | 0.4% |
| SMI-MAO | 119,991 | 122,973 | 2.5% | 109,831 | -10.7% |
| Hospice | 3,768 | 3,122 | -17.1% | 3,112 | -0.3% |
| Optional State Supplement (OSS) | 54,600 | 53,509 | -2.0% | 52,784 | -1.4% |
| Integrated Personal Care (IPC) | | 268 | | 3,111 | 1060.8% |
| Clinic Services | 783,023 | 926,985 | 18.4% | 1,085,692 | 17.1% |
| Durable Medical Equipment | 525,804 | 585,538 | 11.4% | 599,973 | 2.5% |
| Managed Care | 459,321 | 655,089 | 42.6% | 631,427 | -3.6% |
| Total DHHS Medicaid Assistance | 26,251,152 | 28,330,602 | 7.9% | 29,796,518 | 5.2% |
| Other State Agency Medicaid Assistance: | | | | | |
| Department of Mental Health | 1,283,415 | 1,372,508 | 6.9% | 1,373,199 | 0.1% |
| Department of Disabilities & Special Needs | 637,422 | 693,874 | 8.9% | 733,653 | 5.7% |
| Department of Health & Environmental Control | 930,644 | 964,132 | 3.6% | 814,219 | -15.5% |
| Medical University of South Carolina | 35,421 | 44,354 | 25.2% | 42,677 | -3.8% |
| University of South Carolina | 5,626 | 5,310 | -5.6% | 4,904 | -7.6% |
| Department of Alcohol & Other Drug Abuse Services | 132,550 | 143,686 | 8.4% | 146,347 | 1.9% |
| Continuum of Care | 43,628 | 47,450 | 8.8% | 34,221 | -27.9% |
| School for the Deaf & Blind | 32,225 | 35,960 | 11.6% | 42,034 | 16.9% |
| Department of Social Services | 219,486 | 204,218 | -7.0% | 185,145 | -9.3% |
| Department of Juvenile Justice | 48,634 | 53,205 | 9.4% | 49,247 | -7.4% |
| Department of Education | 1,329,679 | 1,632,667 | 22.8% | 1,575,678 | -3.5% |
| Commission for the Blind | 1,028 | 956 | -7.0% | 322 | -66.3% |
| Total Other Agency Medicaid Assistance | 4,699,758 | 5,198,320 | 10.6% | 5,001,646 | -3.8% |
| Other Entities | | | | | |
| Palmetto SeniorCare | 134,181 | 180,918 | 34.8% | 276,068 | 52.6% |
| Emotionally Disturbed Children | 4,095 | 3,776 | -7.8% | 3,516 | -6.9% |
| Total Medical Assistance | 31,173,507 | 33,795,326 | 8.4% | 35,160,972 | 4.0% |

SOURCE: MMIS 8500 REPORT

Transactions reflect claim service lines for the dental claim type and CMS-1500 claim type (physician and other professional providers). All other transactions reflect claim counts (pharmacy, hospital, nursing home, etc.)

APPENDIX D
DEPARTMENT OF HEALTH & HUMAN SERVICES
MEDICAID ASSISTANCE ACTIVITY
AVERAGE TRANSACTIONS PER MEDICAID RECIPIENT
STATE FISCAL YEAR 2003 - 2004

| | <u>FY 2001-02</u> | <u>FY 2002-03</u> | <u>%</u> <u>Change</u> | <u>2004</u> | <u>%</u> <u>Change</u> |
|--|-------------------|-------------------|---------------------------|-------------|---------------------------|
| DHHS Medicaid Assistance: | | | | | |
| Hospital Services | 4.0 | 3.9 | -3.2% | 3.8 | -3.7% |
| Nursing Home Services | 9.1 | 9.0 | -1.1% | 9.0 | 0.3% |
| Pharmacy Services | 14.7 | 16.4 | 11.9% | 18.4 | 12.3% |
| Physician Services | 8.9 | 8.5 | -4.5% | 8.5 | 0.3% |
| Dental Services | 7.6 | 7.7 | 1.6% | 7.9 | 2.4% |
| Community Long Term Care | 215.9 | 222.8 | 3.2% | 211.7 | -5.0% |
| Home Health | 18.4 | 18.2 | -1.2% | 17.5 | -3.6% |
| EPSDT Screening | 1.8 | 1.8 | -0.5% | 1.8 | 0.6% |
| Medical Professional | 3.7 | 3.9 | 5.5% | 4.1 | 5.0% |
| Transportation | 7.9 | 7.8 | -1.5% | 9.4 | 20.1% |
| Lab & X-Ray | 6.0 | 6.1 | 1.9% | 6.4 | 4.4% |
| Family Planning Services | 3.9 | 4.3 | 9.1% | 5.0 | 16.2% |
| SMI Regular | 10.9 | 10.9 | -0.1% | 10.8 | -0.9% |
| SMI-MAO | 8.8 | 8.8 | 0.3% | 8.1 | -8.7% |
| Hospice | 7.4 | 5.2 | -30.1% | 5.2 | 0.5% |
| Optional State Supplement (OSS) | 9.3 | 9.4 | 1.0% | 9.6 | 2.1% |
| Integrated Personal Care (IPC) | | 2.7 | | 6.3 | 129.4% |
| Clinic Services | 4.3 | 5.0 | 15.6% | 5.6 | 10.9% |
| Durable Medical Equipment | 7.5 | 8.3 | 10.3% | 8.5 | 2.3% |
| Managed Care | 8.0 | 8.8 | 9.9% | 8.1 | -8.2% |
| Total DHHS Medicaid Assistance ⁽¹⁾ | 32.9 | 33.5 | 1.7% | 34.8 | 4.0% |
| Other State Agency Medicaid Assistance: | | | | | |
| Department of Mental Health | 26.0 | 27.0 | 3.6% | 27.4 | 1.4% |
| Department of Disabilities & Special Needs | 34.9 | 37.6 | 7.6% | 39.6 | 5.4% |
| Department of Health & Environmental Control | 5.1 | 5.3 | 4.6% | 4.9 | -7.7% |
| Medical University of South Carolina | 9.5 | 9.6 | 2.0% | 8.4 | -12.4% |
| University of South Carolina | 2.5 | 2.4 | -4.4% | 2.1 | -11.3% |
| Department of Alcohol & Other Drug Abuse Services | 15.9 | 16.2 | 2.3% | 16.4 | 1.0% |
| Continuum of Care | 66.9 | 75.4 | 12.7% | 65.7 | -12.9% |
| School for the Deaf & Blind | 53.7 | 57.9 | 7.8% | 67.7 | 16.9% |
| Department of Social Services | 13.2 | 16.8 | 27.4% | 15.1 | -10.1% |
| Department of Juvenile Justice | 5.9 | 5.9 | -0.9% | 6.2 | 5.3% |
| Department of Education | 30.1 | 31.9 | 5.9% | 22.6 | -29.0% |
| Commission for the Blind | 4.6 | 4.3 | -6.2% | 2.4 | -45.0% |
| Total Other Agency Medicaid Assist ⁽¹⁾ | 16.6 | 17.9 | 8.2% | 17.2 | -4.2% |
| Other Entities | 14.0 | 16.8 | 20.1% | 11.9 | -29.0% |
| Palmetto SeniorCare | 10.2 | 10.1 | -1.2% | 9.6 | -4.9% |
| Emotionally Disturbed Children | 44.0 | 42.1 | -4.3% | 41.4 | -1.7% |
| Total Medical Assistance ⁽¹⁾ | 38.2 | 39.1 | 2.4% | 40.2 | 2.8% |

SOURCE: MMIS 8500 REPORT

¹⁾ Amounts are not cumulative sums of service lines but are unduplicated totals for all services.

Transactions reflect claim service lines for the dental claim type and CMS-1500 claim type (physician and other professional providers). All other transactions reflect claim counts (pharmacy, hospital, nursing home, etc.)

APPENDIX E
DEPARTMENT OF HEALTH & HUMAN SERVICES
MEDICAID ASSISTANCE ACTIVITY
COST PER RECIPIENT
STATE FISCAL YEAR 2003 - 2004

| | <u>FY 2001-02</u> | <u>FY 2002-03</u> | <u>% Change</u> | <u>FY 2003-04</u> | <u>% Change</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| DHHS Medicaid Assistance: | | | | | |
| Hospital Services | 1,490 | 1,571 | 5.4% | 1,532 | -2.5% |
| Nursing Home Services | 20,567 | 23,549 | 14.5% | 25,326 | 7.5% |
| Pharmacy Services | 747 | 860 | 15.2% | 1,018 | 18.4% |
| Physician Services | 385 | 427 | 11.0% | 462 | 8.1% |
| Dental Services | 355 | 339 | -4.6% | 352 | 4.0% |
| Community Long Term Care | 5,126 | 5,160 | 0.7% | 4,792 | -7.1% |
| Home Health | 1,958 | 1,607 | -17.9% | 1,632 | 1.5% |
| EPSDT Screening | 96 | 97 | 1.0% | 99 | 2.4% |
| Medical Professional | 89 | 101 | 13.5% | 106 | 5.2% |
| Transportation | 742 | 804 | 8.4% | 839 | 4.4% |
| Lab & X-Ray | 93 | 101 | 7.9% | 113 | 11.9% |
| Family Planning Services | 152 | 164 | 8.2% | 173 | 5.5% |
| SMI Regular | 626 | 665 | 6.3% | 717 | 7.7% |
| SMI-MAO | 470 | 486 | 3.2% | 495 | 1.9% |
| Hospice | 6,623 | 6,615 | -0.1% | 7,860 | 18.8% |
| Optional State Supplement (OSS) | 2,745 | 2,773 | 1.1% | 2,728 | -1.6% |
| Integrated Personal Care (IPC) | | 1,019 | | 2,384 | 134.0% |
| Clinic Services | 348 | 409 | 17.7% | 441 | 7.7% |
| Durable Medical Equipment | 551 | 586 | 6.4% | 597 | 1.9% |
| Managed Care | 677 | 825 | 21.8% | 912 | 10.6% |
| Cost per unduplicated recipient-DHHS ⁽¹⁾ | <u>2,654</u> | <u>2,778</u> | <u>4.6%</u> | <u>2,905</u> | <u>4.6%</u> |
| Other State Agency Medicaid Assistance: | | | | | |
| Department of Mental Health | 3,588 | 3,835 | 6.9% | 3,414 | -11.0% |
| Department of Disabilities & Special Needs | 24,531 | 22,368 | -8.8% | 22,313 | -0.2% |
| Department of Health & Environmental Control | 185 | 213 | 15.3% | 225 | 5.3% |
| Medical University of South Carolina | 3,881 | 6,054 | 56.0% | 8,303 | 37.2% |
| University of South Carolina | 1,253 | 2,512 | 100.6% | 2,448 | -2.6% |
| Department of Alcohol & Other Drug Abuse Services | 1,899 | 1,338 | -29.6% | 1,554 | 16.2% |
| Continuum of Care | 13,082 | 16,420 | 25.5% | 17,079 | 4.0% |
| School for the Deaf & Blind | 2,319 | 3,299 | 42.2% | 5,536 | 67.8% |
| Department of Social Services | 3,639 | 4,295 | 18.0% | 4,105 | -4.4% |
| Department of Juvenile Justice | 2,167 | 2,606 | 20.2% | 2,570 | -1.4% |
| Department of Education | 1,684 | 1,368 | -18.8% | 988 | -27.8% |
| Commission for the Blind | 100 | 115 | 15.2% | 65 | -43.1% |
| Cost per unduplicated recipient-Other Agencies ⁽¹⁾ | <u>3,013</u> | <u>2,933</u> | <u>-2.7%</u> | <u>2,868</u> | <u>-2.2%</u> |
| Other Entities | 6,131 | 13,361 | 117.9% | 9,101 | -31.9% |
| Palmetto SeniorCare | 28,737 | 28,405 | -1.2% | 23,429 | -17.5% |
| Emotionally Disturbed Children | 24,591 | 27,518 | 11.9% | 27,151 | -1.3% |
| Cost per Unduplicated Recipients (without DSH) ⁽¹⁾ | <u>3,787</u> | <u>3,947</u> | <u>4.2%</u> | <u>4,114</u> | <u>4.1%</u> |
| Cost per Unduplicated Recipients (including DSH) ⁽¹⁾ | <u>4,266</u> | <u>4,345</u> | <u>1.9%</u> | <u>4,673</u> | <u>7.2%</u> |

SOURCE: DAFR 9427, MMIS 8500 REPORTS

¹⁾ Amounts are not cumulative sums of service lines but are unduplicated totals for all services.
DSH = Disproportionate Share.

APPENDIX F
DEPARTMENT OF HEALTH & HUMAN SERVICES
MEDICAID ASSISTANCE ACTIVITY
PERCENTAGE OF RECIPIENTS UTILIZING EACH MEDICAID SERVICE
STATE FISCAL YEAR 2003 - 2004

| | | | % | | % |
|---|-------------------|-------------------|---------------|-------------|---------------|
| | <u>FY 2001-02</u> | <u>FY 2002-03</u> | <u>Change</u> | <u>2004</u> | <u>Change</u> |
| DHHS Medicaid Assistance: | | | | | |
| Hospital Services | 50.67% | 48.02% | -5.23% | 45.43% | -5.40% |
| Nursing Home Services | 2.15% | 1.92% | -10.69% | 1.90% | -0.97% |
| Pharmacy Services | 68.54% | 68.28% | -0.39% | 68.18% | -0.15% |
| Physician Services | 64.84% | 61.42% | -5.27% | 59.27% | -3.49% |
| Dental Services | 27.51% | 28.48% | 3.52% | 28.95% | 1.65% |
| Community Long Term Care | 1.94% | 1.79% | -7.48% | 1.82% | 1.24% |
| Home Health | 1.06% | 0.90% | -15.22% | 0.84% | -6.74% |
| EPSDT Screening | 14.08% | 13.43% | -4.59% | 13.29% | -1.06% |
| Medical Professional | 19.44% | 18.76% | -3.52% | 17.58% | -6.24% |
| Transportation | 6.44% | 5.94% | -7.83% | 5.84% | -1.69% |
| Lab & X-Ray | 27.61% | 27.34% | -0.99% | 27.42% | 0.29% |
| Family Planning Services | 12.72% | 13.04% | 2.50% | 12.89% | -1.16% |
| SMI Regular | 14.88% | 14.50% | -2.55% | 14.51% | 0.08% |
| SMI-MAO | 1.67% | 1.61% | -3.59% | 1.56% | -3.25% |
| Hospice | 0.06% | 0.07% | 16.89% | 0.07% | -2.00% |
| Optional State Supplement (OSS) | 0.72% | 0.66% | -8.59% | 0.63% | -4.54% |
| Integrated Personal Care (IPC) | | 0.01% | | 0.06% | 400.14% |
| Clinic Services | 22.10% | 21.36% | -3.33% | 22.29% | 4.32% |
| Durable Medical Equipment | 8.60% | 8.20% | -4.68% | 8.12% | -1.00% |
| Managed Care | 7.01% | 8.60% | 22.64% | 8.92% | 3.76% |
| Other State Agency Medicaid Assistance: | | | | | |
| Department of Mental Health | 6.04% | 5.89% | -2.51% | 5.74% | -2.52% |
| Department of Disabilities & Special Needs | 2.24% | 2.14% | -4.65% | 2.12% | -0.90% |
| Department of Health & Environmental Control | 22.44% | 21.00% | -6.42% | 18.99% | -9.59% |
| Medical University of South Carolina | 0.46% | 0.53% | 15.65% | 0.58% | 8.58% |
| University of South Carolina | 0.28% | 0.26% | -7.66% | 0.27% | 2.84% |
| Department of Alcohol & Other Drug Abuse Services | 1.02% | 1.02% | 0.41% | 1.02% | -0.30% |
| Continuum of Care | 0.08% | 0.07% | -9.01% | 0.06% | -18.15% |
| School for the Deaf & Blind | 0.07% | 0.07% | 2.67% | 0.07% | -1.18% |
| Department of Social Services | 2.04% | 1.41% | -31.07% | 1.40% | -0.30% |
| Department of Juvenile Justice | 1.01% | 1.05% | 3.78% | 0.91% | -13.17% |
| Department of Education | 5.41% | 5.92% | 9.42% | 7.96% | 34.39% |
| Commission for the Blind | 0.03% | 0.03% | -14.36% | 0.02% | -39.46% |
| Other Entities | | | | | |
| Palmetto SeniorCare | 1.17% | 1.24% | 6.39% | 2.64% | 112.47% |
| Emotionally Disturbed Children | 0.05% | 0.04% | -13.20% | 0.04% | -3.29% |
| Emotionally Disturbed Children | 0.23% | 0.22% | -2.38% | 0.23% | 2.38% |

SOURCE: MMIS 8500 REPORT

APPENDIX G
DEPARTMENT OF HEALTH & HUMAN SERVICES
MEDICAID ASSISTANCE ACTIVITY
COST PER TRANSACTION
STATE FISCAL YEAR 2003 - 2004

| | FY 2001-02 | FY 2002-03 | % | FY 2003-04 | % |
|---|---------------|---------------|---------------|---------------|-------------|
| | | | Change | | Change |
| DHHS Medicaid Assistance: | | | | | |
| Hospital Services | 370.21 | 403.34 | 9.0% | 408.42 | 1.3% |
| Nursing Home Services | 2,271.62 | 2,629.99 | 15.8% | 2,818.62 | 7.2% |
| Pharmacy Services | 51.00 | 52.49 | 2.9% | 55.34 | 5.4% |
| Physician Services | 43.24 | 50.26 | 16.2% | 54.15 | 7.8% |
| Dental Services | 46.90 | 44.05 | -6.1% | 44.71 | 1.5% |
| Community Long Term Care | 23.74 | 23.16 | -2.5% | 22.63 | -2.3% |
| Home Health | 106.33 | 88.37 | -16.9% | 93.05 | 5.3% |
| EPSDT Screening | 53.11 | 53.92 | 1.5% | 54.88 | 1.8% |
| Medical Professional | 23.81 | 25.62 | 7.6% | 25.66 | 0.2% |
| Transportation | 93.70 | 103.07 | 10.0% | 89.59 | -13.1% |
| Lab & X-Ray | 15.50 | 16.40 | 5.8% | 17.58 | 7.2% |
| Family Planning Services | 38.58 | 38.25 | -0.8% | 34.75 | -9.2% |
| SMI Regular | 57.31 | 61.01 | 6.5% | 66.30 | 8.7% |
| SMI-MAO | 53.40 | 54.96 | 2.9% | 61.34 | 11.6% |
| Hospice | 898.18 | 1,283.97 | 43.0% | 1,517.93 | 18.2% |
| Optional State Supplement (OSS) | 294.66 | 294.76 | 0.0% | 283.92 | -3.7% |
| Integrated Personal Care (IPC) | | 372.49 | | 380.07 | 2.0% |
| Clinic Services | 80.09 | 81.49 | 1.7% | 79.13 | -2.9% |
| Durable Medical Equipment | 73.52 | 70.93 | -3.5% | 70.66 | -0.4% |
| Managed Care | 84.40 | 93.58 | 10.9% | 112.70 | 20.4% |
| Cost per Transaction-DHHS⁽¹⁾ | 80.71 | 83.03 | 2.9% | 83.52 | 0.6% |
| Other State Agency Medicaid Assistance: | | | | | |
| Department of Mental Health | 137.85 | 142.16 | 3.1% | 124.79 | -12.2% |
| Department of Disabilities & Special Needs | 702.32 | 594.94 | -15.3% | 562.92 | -5.4% |
| Department of Health & Environmental Control | 36.44 | 40.17 | 10.2% | 45.81 | 14.0% |
| Medical University of South Carolina | 410.45 | 627.44 | 52.9% | 982.72 | 56.6% |
| University of South Carolina | 503.64 | 1,056.93 | 109.9% | 1,160.40 | 9.8% |
| Department of Alcohol & Other Drug Abuse Services | 119.63 | 82.40 | -31.1% | 94.84 | 15.1% |
| Continuum of Care | 195.51 | 217.66 | 11.3% | 260.02 | 19.5% |
| School for the Deaf & Blind | 43.19 | 56.97 | 31.9% | 81.79 | 43.6% |
| Department of Social Services | 275.80 | 255.53 | -7.4% | 271.81 | 6.4% |
| Department of Juvenile Justice | 365.71 | 443.53 | 21.3% | 415.24 | -6.4% |
| Department of Education | 55.88 | 42.85 | -23.3% | 43.60 | 1.8% |
| Commission for the Blind | 21.69 | 26.62 | 22.7% | 27.56 | 3.5% |
| Cost per Transaction-Other Agencies⁽¹⁾ | 181.78 | 163.53 | -10.0% | 166.94 | 2.1% |
| Other Entities | | | | | |
| Palmetto SeniorCare | 437.63 | 794.37 | 81.5% | 762.40 | -4.0% |
| Emotionally Disturbed Children | 2,821.10 | 2,820.99 | 0.0% | 2,445.55 | -13.3% |
| | 558.48 | 653.34 | 17.0% | 655.74 | 0.4% |
| Cost per Transaction (without DSH)⁽¹⁾ | 99.14 | 100.91 | 1.8% | 102.31 | 2.1% |
| Cost per Transaction (including DSH)⁽¹⁾ | 111.68 | 111.10 | -0.5% | 116.22 | 5.2% |

SOURCE: DAFR 9427, MMIS 8500 REPORTS

¹⁾ Amounts are not cumulative sums of service lines but are unduplicated totals for all services.
DSH = Disproportionate Share.

Transactions reflect claim service lines for the dental claim type and CMS-1500 claim type (physician and other professional providers). All other transactions reflect claim counts (pharmacy, hospital, nursing home, etc.)

APPENDIX H

MEDICAID ASSISTANCE ACTIVITY TOTAL PAID CLAIMS BY MAJOR CATEGORIES STATE FISCAL YEAR 2003-2004

| DHHS Medicaid Assistance: | Pregnant Women and Infants | Children | Low Income Families | Elderly/Disabled | Total |
|---|-------------------------------|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Inpatient Hospital | \$159,947,623 | \$26,543,385 | \$74,077,644 | \$232,374,716 | \$492,943,368 |
| Outpatient Hospital | \$12,185,318 | \$18,262,438 | \$28,427,519 | \$31,443,519 | \$90,318,795 |
| Hospital Based Physician | \$3,259,406 | \$3,314,919 | \$4,762,902 | \$4,273,149 | \$15,610,375 |
| Hospital Services | \$175,392,347 | \$48,120,743 | \$107,268,065 | \$268,091,384 | \$598,872,539 |
| Nursing Home Services | | \$5,963 | \$22,556 | \$374,290,187 | \$374,318,706 |
| Pharmacy Services | \$13,257,755 | \$58,450,495 | \$78,319,858 | \$465,095,847 | \$615,123,954 |
| Physician Services | \$72,025,914 | \$38,675,034 | \$59,034,832 | \$74,080,744 | \$243,816,524 |
| Dental Services | \$1,570,388 | \$47,693,625 | \$29,945,768 | \$9,842,982 | \$89,052,764 |
| Community Long Term Care | \$145 | \$84,993 | \$167,314 | \$76,099,140 | \$76,351,592 |
| Home Health | \$1,028,464 | \$337,222 | \$943,521 | \$7,653,854 | \$9,963,060 |
| EPSDT Screening | \$6,592,015 | \$2,956,116 | \$1,739,207 | \$241,705 | \$11,529,043 |
| Medical Professional | \$2,532,010 | \$5,419,568 | \$4,973,596 | \$3,628,676 | \$16,553,850 |
| Transportation ⁽¹⁾ | \$2,688,489 | \$2,538,077 | \$5,097,182 | \$34,012,237 | \$44,335,985 |
| Lab & X-Ray | \$7,548,342 | \$3,591,064 | \$9,060,100 | \$7,044,317 | \$27,243,823 |
| Family Planning Services | \$4,513,200 | \$1,896,683 | \$14,680,046 | \$1,088,562 | \$22,178,491 |
| SMI Regular | \$27,412 | \$11,630 | \$241,747 | \$91,856,290 | \$92,137,079 |
| SMI-MAO | | | \$18,760 | \$6,918,344 | \$6,937,104 |
| Hospice | \$5,934 | | \$185,738 | \$4,532,119 | \$4,723,790 |
| Optional State Supplement (OSS) | | | \$3,175 | \$15,082,205 | \$15,085,380 |
| Integrated Personal Care (IPC) | | | \$0 | \$1,182,387 | \$1,182,387 |
| Clinic Services | \$12,681,924 | \$13,850,293 | \$15,147,351 | \$38,077,548 | \$79,757,117 |
| Durable Medical Equipment | \$3,741,042 | \$2,928,206 | \$5,678,435 | \$33,721,933 | \$46,069,616 |
| Managed Care | \$8,603,215 | \$12,930,284 | \$21,897,740 | \$17,477,644 | \$60,908,883 |
| Total DHHS Medicaid Assistance | \$312,208,596 | \$239,489,996 | \$354,424,989 | \$1,530,018,106 | \$2,436,141,686 |
| Other State Agency Medicaid Assistance: | | | | | |
| Department of Mental Health | \$355,652 | \$33,633,688 | \$20,259,468 | \$111,314,999 | \$165,563,807 |
| Department of Disabilities & Special Needs | \$502,166 | \$2,901,624 | \$2,159,649 | \$380,636,540 | \$386,199,978 |
| Department of Health & Environmental Control | \$9,743,104 | \$5,186,385 | \$13,758,250 | \$6,355,483 | \$35,043,222 |
| Medical University of South Carolina | \$139,185 | \$4,525,929 | \$3,096,983 | \$3,755,077 | \$11,517,175 |
| University of South Carolina | \$87,443 | \$977,476 | \$755,616 | \$792,667 | \$2,613,202 |
| Department of Alcohol & Other Drug Abuse Svcs | \$1,296,315 | \$3,527,268 | \$6,381,450 | \$1,855,441 | \$13,060,474 |
| Continuum of Care | \$42,626 | \$2,597,833 | \$1,098,603 | \$5,107,765 | \$8,846,828 |
| School for the Deaf & Blind | \$118,528 | \$199,737 | \$105,738 | \$2,160,281 | \$2,584,284 |
| Department of Social Services | \$629,406 | \$7,431,731 | \$22,056,471 | \$11,315,925 | \$41,433,533 |
| Department of Juvenile Justice | \$77,966 | \$15,011,572 | \$3,792,615 | \$1,578,751 | \$20,460,904 |
| Department of Education | \$4,731 | \$15,334,411 | \$9,551,718 | \$11,747,188 | \$36,638,047 |
| Commission for the Blind | \$16 | \$1,503 | \$311 | \$7,045 | \$8,876 |
| Total Other Agency Medicaid Assistance | \$12,997,138 | \$91,329,157 | \$83,016,872 | \$536,627,163 | \$723,970,330 |
| Other Entities | | | | | |
| Palmetto Senior Care | \$554,582 | \$4,329,556 | \$2,604,159 | \$3,937,941 | \$11,426,239 |
| Emotionally Disturbed Children | | \$13,051,691 | \$43,470,967 | \$9,599,535 | \$66,122,193 |
| Total Other Entities, PSC, and EDC | \$554,582 | \$17,381,247 | \$46,075,127 | \$22,136,044 | \$86,147,000 |
| Total Medicaid Assistance | <u>\$325,760,315</u> | <u>\$348,200,400</u> | <u>\$483,516,988</u> | <u>\$2,088,781,313</u> | <u>\$3,246,259,016</u> |

SOURCE: CCA2900 Report

⁽¹⁾ Transportation contract payments have been proportionately spread across the major categories.

APPENDIX I

South Carolina Department of Health and Human Services
Paid Claims by County
State Fiscal Year 2003-2004

| <u>County</u> | <u>Paid Claims to Providers in County</u> | <u>% to Total</u> | <u>Rank</u> | <u>Paid Claims For Residents of County</u> | <u>Rank</u> |
|----------------|---|-----------------------|-------------|--|-------------|
| Abbeville | \$12,371,898 | 0.3% | 39 | \$20,795,629 | 39 |
| Aiken | \$82,282,271 | 2.0% | 13 | \$108,041,549 | 9 |
| Allendale | \$9,732,124 | 0.2% | 42 | \$14,895,488 | 45 |
| Anderson | \$139,180,261 | 3.5% | 7 | \$114,695,371 | 8 |
| Bamberg | \$19,418,945 | 0.5% | 36 | \$18,791,869 | 40 |
| Barnwell | \$21,917,889 | 0.5% | 32 | \$26,788,084 | 37 |
| Beaufort | \$57,116,597 | 1.4% | 17 | \$51,637,135 | 20 |
| Berkley | \$37,310,107 | 0.9% | 23 | \$84,621,281 | 15 |
| Calhoun | \$8,899,605 | 0.2% | 44 | \$17,037,355 | 42 |
| Charleston | \$444,733,777 | 11.1% | 2 | \$222,383,169 | 3 |
| Cherokee | \$27,954,646 | 0.7% | 28 | \$40,698,286 | 28 |
| Chester | \$21,384,853 | 0.5% | 33 | \$33,468,362 | 31 |
| Chesterfield | \$30,121,877 | 0.7% | 27 | \$46,344,413 | 24 |
| Clarendon | \$35,186,937 | 0.9% | 24 | \$42,771,363 | 26 |
| Colleton | \$33,446,774 | 0.8% | 26 | \$42,930,461 | 25 |
| Darlington | \$66,286,454 | 1.7% | 15 | \$72,503,902 | 16 |
| Dillon | \$21,223,004 | 0.5% | 35 | \$39,166,012 | 30 |
| Dorchester | \$52,729,196 | 1.3% | 19 | \$88,590,137 | 14 |
| Edgefield | \$8,759,883 | 0.2% | 45 | \$16,218,944 | 43 |
| Fairfield | \$18,953,128 | 0.5% | 37 | \$27,743,658 | 36 |
| Florence | \$227,389,989 | 5.7% | 4 | \$151,058,516 | 5 |
| Georgetown | \$56,658,949 | 1.4% | 18 | \$52,003,099 | 19 |
| Greenville | \$342,825,452 | 8.5% | 3 | \$257,066,313 | 2 |
| Greenwood | \$87,818,080 | 2.2% | 11 | \$49,351,669 | 22 |
| Hampton | \$13,327,679 | 0.3% | 38 | \$20,804,118 | 38 |
| Horry | \$128,350,864 | 3.2% | 8 | \$131,659,292 | 6 |
| Jasper | \$10,194,662 | 0.3% | 41 | \$18,652,521 | 41 |
| Kershaw | \$34,484,778 | 0.9% | 25 | \$40,405,367 | 29 |
| Lancaster | \$42,311,982 | 1.1% | 20 | \$53,064,946 | 18 |
| Laurens | \$70,480,316 | 1.8% | 14 | \$98,259,815 | 11 |
| Lee | \$11,458,241 | 0.3% | 40 | \$28,986,277 | 35 |
| Lexington | \$148,711,232 | 3.7% | 6 | \$129,677,972 | 7 |
| McCormick | \$6,726,378 | 0.2% | 46 | \$8,794,279 | 46 |
| Marion | \$37,968,657 | 0.9% | 22 | \$47,696,566 | 23 |
| Marlboro | \$21,310,518 | 0.5% | 34 | \$31,152,083 | 33 |
| Newberry | \$21,953,179 | 0.5% | 31 | \$33,289,599 | 32 |
| Oconee | \$41,330,931 | 1.0% | 21 | \$50,621,769 | 21 |
| Orangeburg | \$90,902,887 | 2.3% | 10 | \$95,930,459 | 12 |
| Pickens | \$57,974,223 | 1.4% | 16 | \$65,087,109 | 17 |
| Richland | \$740,945,670 | 18.4% | 1 | \$273,530,857 | 1 |
| Saluda | \$9,007,247 | 0.2% | 43 | \$15,624,523 | 44 |
| Spartanburg | \$215,759,647 | 5.4% | 5 | \$173,438,063 | 4 |
| Sumter | \$84,252,065 | 2.1% | 12 | \$92,417,089 | 13 |
| Union | \$23,170,578 | 0.6% | 30 | \$30,815,898 | 34 |
| Williamsburg | \$24,507,885 | 0.6% | 29 | \$41,855,287 | 27 |
| York | \$105,310,147 | 2.6% | 9 | \$100,204,099 | 10 |
| NC<25 MI | \$32,643,343 | 0.8% | N/A | \$0 | N/A |
| NC>25 MI | \$9,817,962 | 0.2% | N/A | \$0 | N/A |
| GA< 25 MI | \$59,224,422 | 1.5% | N/A | \$0 | N/A |
| GA>25 MI | \$3,841,118 | 0.1% | N/A | \$0 | N/A |
| Other (buy-in) | \$107,449,024 | 2.7% | N/A | \$0 | N/A |

¹⁾ PAID CLAIMS FOR RESIDENTS DO NOT INCLUDE GROSS ADJUSTMENTS OR CONTRACTUAL TRANSPORTATION

APPENDIX J

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES MEDICAID EXPENDITURES BY RECIPIENT AGE (APPROXIMATED, EXCLUDING DISPROPORTIONATE SHARE) STATE FISCAL YEAR 2003-2004

| | <u>Age 0 - 18</u> | <u>Age 19 - 64</u> | <u>Age 65 & over</u> | <u>All Ages</u> |
|---|--------------------------------|--------------------------------|------------------------------|--------------------------------|
| DHHS Medicaid Assistance: | | | | |
| Hospital Services | \$ 223,255,396 | \$ 353,417,838 | \$ 31,749,577 | \$ 608,422,811 |
| Nursing Home Services | 18,999 | 48,397,051 | 372,652,561 | 421,068,611 |
| Pharmacy Services | 122,750,796 | 298,136,929 | 186,262,729 | 607,150,454 |
| Physician Services | 100,302,396 | 129,891,208 | 9,220,425 | 239,414,028 |
| Dental Services | 75,973,944 | 11,956,382 | 1,227,138 | 89,157,464 |
| Community Long Term Care | 1,986,989 | 26,810,155 | 47,337,953 | 76,135,097 |
| Home Health | 2,900,267 | 7,190,534 | 1,865,317 | 11,956,118 |
| EPSDT Screening | 11,515,319 | 0 | 0 | 11,523,818 |
| Medical Professional | 9,966,110 | 5,942,120 | 430,524 | 16,338,753 |
| Transportation | 3,131,029 | 33,401,970 | 6,305,876 | 42,838,875 |
| Lab & X-Ray | 6,648,693 | 20,018,616 | 316,257 | 26,983,566 |
| Managed Care | 48,714,428 | 22,448,129 | 0 | 71,163,815 |
| Family Planning Services | 3,065,172 | 16,434,576 | 6,728 | 19,506,476 |
| SMI Premiums | 444,572 | 38,156,247 | 59,079,191 | 97,680,010 |
| Hospice | 83,828 | 3,524,236 | 1,115,726 | 4,723,790 |
| Residential Care Facility | 2,974 | 8,064,806 | 6,918,774 | 14,986,554 |
| Integrated Personal Care (IPC) | 0 | | 959,641 | 1,182,387 |
| Clinic Services | 40,420,392 | 36,880,170 | 8,615,512 | 85,916,074 |
| Durable Medical Equipment | <u>14,544,393</u> | <u>24,728,904</u> | <u>3,119,845</u> | <u>42,393,142</u> |
| Expenditures for DHHS Recipients | 665,725,696 | 1,085,399,869 | 737,183,776 | 2,488,541,843 |
| Other State Agency Medicaid Assistance: | | | | |
| Department of Mental Health | 67,712,904 | 82,968,272 | 20,684,134 | 171,365,310 |
| Department of Disabilities & Special Needs | 37,176,443 | 348,988,537 | 26,822,910 | 412,987,890 |
| Department of Health & Environmental Control | 17,905,043 | 18,855,846 | 538,072 | 37,298,961 |
| Medical University of South Carolina | 35,014,752 | 6,863,432 | 61,447 | 41,939,631 |
| University of South Carolina | 5,673,967 | 16,635 | 0 | 5,690,602 |
| Department of Alcohol & Other Drug Abuse Services | 6,822,024 | 7,042,207 | 14,948 | 13,879,179 |
| Continuum of Care | 8,628,047 | 270,204 | 0 | 8,898,251 |
| School for the Deaf & Blind | 2,715,045 | 722,935 | 0 | 3,437,980 |
| Department of Social Services | 44,025,522 | 3,850,670 | 2,448,339 | 50,324,531 |
| Department of Juvenile Justice | 20,404,162 | 45,088 | 0 | 20,449,250 |
| Department of Education | 67,653,849 | 1,052,096 | 0 | 68,705,945 |
| Commission for the Blind | <u>8,860</u> | <u>16</u> | <u>0</u> | <u>8,876</u> |
| Expenditures for Other Agency Recipients | 313,740,618 | 470,675,939 | 50,569,850 | 834,986,406 |
| Other Entities ⁽¹⁾ | 206,511,771 | 3,699,165 | 262,123 | 210,473,059 |
| Palmetto SeniorCare | 0 | 743,369 | 7,855,199 | 8,598,568 |
| Emotionally Disturbed Children | 53,730,246 | 843,267 | 0 | 54,573,513 |
| Total Expenditures for All Recipients | <u>\$ 1,239,708,331</u> | <u>\$ 1,561,361,609</u> | <u>\$ 795,870,947</u> | <u>\$ 3,597,173,389</u> |

⁽¹⁾ Includes Hospital UPL's and other payments not directly associated with a service line.

APPENDIX K

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES NUMBER OF TRANSACTIONS BY RECIPIENT AGE STATE FISCAL YEAR 2003-2004

| | <u>Age 0 - 18</u> | <u>Age 19 - 64</u> | <u>Age 65 & over</u> | <u>All Ages</u> |
|---|-------------------|--------------------|--------------------------|-------------------|
| DHHS Medicaid Assistance: | | | | |
| Hospital Services | 689,564 | 723,453 | 76,686 | 1,489,703 |
| Nursing Home Services | 8 | 16,388 | 132,992 | 149,388 |
| Pharmacy Services | 2,389,423 | 4,513,860 | 4,067,713 | 10,970,996 |
| Physician Services | 2,067,269 | 2,069,026 | 284,773 | 4,421,068 |
| Dental Services | 1,801,780 | 173,920 | 18,368 | 1,994,068 |
| Community Long Term Care | 61,402 | 1,074,623 | 2,228,068 | 3,364,093 |
| Home Health | 27,784 | 76,797 | 23,914 | 128,495 |
| EPSDT Screening | 209,826 | 163 | | 209,989 |
| Medical Professional | 440,049 | 167,677 | 28,935 | 636,661 |
| Transportation | 43,888 | 239,932 | 194,321 | 478,141 |
| Lab & X-Ray | 454,834 | 1,056,970 | 23,192 | 1,534,996 |
| Managed Care | 535,684 | 95,740 | 3 | 631,427 |
| Family Planning Services | 106,030 | 455,176 | 161 | 561,367 |
| SMI Premiums | 5,979 | 592,260 | 883,215 | 1,481,454 |
| Hospice | 78 | 2,438 | 596 | 3,112 |
| Residential Care Facility | 10 | 26,173 | 26,601 | 52,784 |
| Integrated Personal Care (IPC) | | 581 | 2,530 | 3,111 |
| Clinic Services | 436,600 | 446,786 | 202,306 | 1,085,692 |
| Durable Medical Equipment | 101,713 | 339,299 | 158,961 | 599,973 |
| Total DHHS Medicaid Assistance | 9,371,921 | 12,071,262 | 8,353,335 | 29,796,518 |
| Other State Agency Medicaid Assistance: | | | | |
| Department of Mental Health | 467,295 | 835,934 | 69,970 | 1,373,199 |
| Department of Disabilities & Special Needs | 221,649 | 489,856 | 22,148 | 733,653 |
| Department of Health & Environmental Control | 367,864 | 442,607 | 3,748 | 814,219 |
| Medical University of South Carolina | 31,316 | 11,237 | 124 | 42,677 |
| University of South Carolina | 4,888 | 16 | | 4,904 |
| Department of Alcohol & Other Drug Abuse Services | 83,918 | 62,205 | 224 | 146,347 |
| Continuum of Care | 33,161 | 1,060 | | 34,221 |
| School for the Deaf & Blind | 38,053 | 3,981 | | 42,034 |
| Department of Social Services | 99,465 | 8,557 | 6,127 | 114,149 |
| Department of Juvenile Justice | 48,218 | 1,029 | | 49,247 |
| Department of Education | 1,564,797 | 10,881 | | 1,575,678 |
| Commission for the Blind | 321 | 1 | - | 322 |
| Total Other Agency Medicaid Assistance | 2,960,945 | 1,867,364 | 102,341 | 4,930,650 |
| Other Entities | 272,083 | 3,959 | 26 | 276,068 |
| Palmetto SeniorCare | | 304 | 3,212 | 3,516 |
| Emotionally Disturbed Children | 151,657 | 2,563 | | 154,220 |
| Total Medicaid Assistance | 12,756,606 | 13,945,452 | 8,458,914 | 35,160,972 |

Transactions reflect claim service lines for the dental claim type and CMS-1500 claim type (physician and other professional providers). All other transactions reflect claim counts (pharmacy, hospital, nursing home, etc.)

APPENDIX L

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES NUMBER OF MEDICAID RECIPIENTS BY RECIPIENT AGE STATE FISCAL YEAR 2003-2004

| | <u>Age 0 - 18</u> | <u>Age 19 - 64</u> | <u>Age 65 & over</u> | <u>All Ages</u> |
|---|-------------------|--------------------|--------------------------|-----------------|
| DHHS Medicaid Assistance: | | | | |
| Hospital Services | 217,839 | 146,238 | 33,162 | 397,239 |
| Nursing Home Services | 3 | 1,765 | 14,858 | 16,626 |
| Pharmacy Services | 313,170 | 188,127 | 94,842 | 596,139 |
| Physician Services | 295,409 | 172,468 | 50,429 | 518,306 |
| Dental Services | 213,155 | 36,044 | 3,918 | 253,117 |
| Community Long Term Care | 512 | 5,551 | 9,826 | 15,889 |
| Home Health | 2,491 | 3,815 | 1,022 | 7,328 |
| EPSDT Screening | 116,069 | 156 | | 116,225 |
| Medical Professional | 88,924 | 51,215 | 13,621 | 153,760 |
| Transportation | 13,944 | 24,831 | 12,255 | 51,030 |
| Lab & X-Ray | 131,687 | 104,938 | 3,118 | 239,743 |
| Managed Care | 65,283 | 12,716 | 3 | 78,002 |
| Family Planning Services | 23,621 | 89,010 | 53 | 112,684 |
| SMI Premiums | 1,095 | 54,645 | 84,774 | 140,514 |
| Hospice | 14 | 478 | 109 | 601 |
| Residential Care Facility | 3 | 2,619 | 2,872 | 5,494 |
| Integrated Personal Care (IPC) | | 114 | 382 | 496 |
| Clinic Services | 124,335 | 53,675 | 16,881 | 194,891 |
| Durable Medical Equipment | 23,078 | 30,566 | 17,319 | 70,963 |
| Unduplicated Total Recipients - DHHS¹ | 468,878 | 271,184 | 116,694 | 856,756 |
| Other State Agency Medicaid Assistance: | | | | |
| Department of Mental Health | 26,755 | 21,377 | 2,063 | 50,195 |
| Department of Disabilities & Special Needs | 7,405 | 10,516 | 588 | 18,509 |
| Department of Health & Environmental Control | 96,914 | 68,521 | 575 | 166,010 |
| Medical University of South Carolina | 3,981 | 1,052 | 18 | 5,051 |
| University of South Carolina | 2,319 | 6 | | 2,325 |
| Department of Alcohol & Other Drug Abuse Services | 5,186 | 3,716 | 27 | 8,929 |
| Continuum of Care | 515 | 6 | | 521 |
| School for the Deaf & Blind | 594 | 27 | | 621 |
| Department of Social Services | 8,863 | 1,754 | 1,641 | 12,258 |
| Department of Juvenile Justice | 7,932 | 26 | | 7,958 |
| Department of Education | 69,202 | 366 | | 69,568 |
| Commission for the Blind | 135 | 1 | - | 136 |
| Unduplicated Total Recipients - Other Agencies¹ | 185,475 | 100,939 | 4,690 | 291,104 |
| Other Entities | 21,934 | 1,180 | 13 | 23,127 |
| Palmetto SeniorCare | | 28 | 339 | 367 |
| Emotionally Disturbed Children | 1,987 | 23 | | 2,010 |
| Total Unduplicated Recipients¹ | 482,134 | 275,538 | 116,748 | 874,420 |

1) Amounts are not cumulative sums of service lines but are unduplicated totals.

APPENDIX M

South Carolina Department of Health and Human Services

State/Federal Match Rates

| FFY | Time Period | State Rate | Federal Rate |
|------------|--------------------|-------------------|---------------------|
| 2000 | 10/01/99 - 9/30/00 | 30.05% | 69.95% |
| 2001 | 10/01/00 - 9/30/01 | 29.56% | 70.44% |
| 2002 | 10/01/01 - 9/30/02 | 30.66% | 69.34% |
| 2003 | 10/01/02 - 9/30/03 | 30.19% | 69.81% |
| 2003* | 4/1/03 - 9/30/03 | 27.24% | 72.76% |
| 2004 | 10/01/03 - 9/30/04 | 30.14% | 69.86% |
| 2004* | 10/01/03 -6/30/04 | 27.19% | 72.81% |
| 2005 | 10/01/04 - 9/30/05 | 30.11% | 69.89% |

* 2.95% enhanced rate for five quarters.

APPENDIX N

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 MEDICAID ELIGIBLES BY PAYMENT CATEGORY AND AGE GROUP
 STATE FISCAL YEAR 2004

| Payment Category | Group | 0 - 18 | 19 - 64 | 65+ | Unknown | Total |
|--------------------------------|-------|----------------|----------------|----------------|------------|------------------|
| MAO (NURSING HOME) | ED | 15 | 2,301 | 14,762 | 0 | 17,078 |
| MAO (EXTENDED/TRANSITIONAL) | F | 31,390 | 28,393 | 6 | 1 | 59,790 |
| OCWI (INFANTS) | PW&I | 41,030 | 5 | 0 | 41 | 41,076 |
| MAO (FOSTERCARE/ADOPTION) | F | 1,217 | 213 | 0 | 0 | 1,430 |
| MAO (GENERAL HOSPITAL) | ED | 15 | 158 | 80 | 0 | 253 |
| MAO (WAIVERS-HOME&COMMUNITY) | ED | 180 | 3,431 | 4,282 | 0 | 7,893 |
| PASS ALONG ELIGIBLES | ED | 16 | 50 | 8 | 0 | 74 |
| EARLY WIDOWS/WIDOWERS | ED | 0 | 2 | 0 | 0 | 2 |
| DISABLED WIDOWS/WIDOWERS | ED | 0 | 0 | 0 | 0 | 0 |
| DISABLED ADULT CHILDREN | ED | 0 | 18 | 0 | 0 | 18 |
| PASS ALONG CHILDREN | ED | 88 | 137 | 0 | 0 | 225 |
| TITLE IV-E FOSTER CARE | F | 2,623 | 127 | 0 | 0 | 2,750 |
| AGED, BLIND, DISABLED (ABD) | ED | 86 | 29,312 | 28,779 | 0 | 58,177 |
| ABD NURSING HOME | ED | 2 | 220 | 814 | 0 | 1,036 |
| WORKING DISABLED | ED | 0 | 58 | 0 | 0 | 58 |
| TITLE IV-E ADOPTION ASSISTANCE | F | 2,916 | 120 | 0 | 0 | 3,036 |
| SSI NURSING HOME | ED | 40 | 1,078 | 885 | 0 | 2,003 |
| KATIE BECKETT/TEFRA | ED | 2,533 | 18 | 0 | 16 | 2,567 |
| FAMILY INDEPENDENCE SANCTIONED | F | 709 | 265 | 0 | 0 | 974 |
| LOW INCOME FAMILIES | F | 104,140 | 74,818 | 35 | 19 | 179,012 |
| REGULAR FOSTER CARE | F | 2,599 | 203 | 0 | 1 | 2,803 |
| FAMILY INDEPENDENCE WORK SUPP. | F | 0 | 0 | 0 | 0 | 0 |
| REFUGE ENTRANT | F | 6 | 49 | 1 | 0 | 56 |
| BREAST AND CERVICAL CANCER | ED | 0 | 164 | 3 | 0 | 167 |
| SSI | ED | 22,711 | 66,968 | 26,847 | 4 | 116,530 |
| SSI WITH ESSENTIAL SPOUSE | ED | 0 | 3 | 0 | 0 | 3 |
| OPTIONAL SUPPLEMENT | ED | 0 | 695 | 1,298 | 0 | 1,993 |
| OPTIONAL SUPPLEMENT & SSI | ED | 3 | 1,830 | 1,217 | 0 | 3,050 |
| OCWI PREGNANT WOMEN/INFANTS | PW&I | 1,907 | 27,529 | 0 | 1 | 29,437 |
| OCWI PARTNERS FOR HEALTHY CHN | C | 308,493 | 10,846 | 0 | 342 | 319,681 |
| RIBICOFF CHILDREN | F | 0 | 0 | 0 | 0 | 0 |
| Total Regular Medicaid | | 522,719 | 249,011 | 79,017 | 425 | 851,172 |
| FAMILY PLANNING WAIVER | F | 4,528 | 105,734 | 4 | 0 | 110,266 |
| ISCEDC/COSY CHILDREN | ED | 0 | 0 | 0 | 0 | 0 |
| QUALIFIED MEDICARE BENEFICIARY | ED | 0 | 0 | 0 | 0 | 0 |
| SILVER CARD | ED | 0 | 20 | 57,063 | 31 | 57,114 |
| Grand Total | | 527,247 | 354,765 | 136,084 | 456 | 1,018,552 |

| Major Coverage Groups | 0 - 18 | 19 - 64 | 65+ | Unknown | Total |
|-----------------------------------|---------|---------|---------|---------|---------|
| Low Income Families (F) | 150,128 | 209,922 | 46 | 21 | 360,117 |
| Elderly/Disabled (ED) | 25,689 | 106,463 | 136,038 | 51 | 268,241 |
| Pregnant Women and Infants (PW&I) | 42,937 | 27,534 | 0 | 42 | 70,513 |
| Children (C) | 308,493 | 10,846 | 0 | 342 | 319,681 |

APPENDIX O

DEPARTMENT OF HEALTH AND HUMAN SERVICES
 MEDICAID ELIGIBLES BY PAYMENT CATEGORY AND AGE GROUP
 STATE FISCAL YEAR 2003

| Payment Category | Group | 0 - 18 | 19 - 64 | 65+ | Unknown | Total |
|-----------------------------------|-------|----------------|----------------|----------------|------------|----------------|
| MAO (NURSING HOME) | ED | 12 | 2,367 | 14,639 | 0 | 17,018 |
| MAO (EXTENDED/TRANSITIONAL) | F | 39,426 | 28,230 | 2 | 5 | 67,663 |
| OCWI (INFANTS) | PW&I | 32,737 | 28 | 0 | 64 | 32,829 |
| MAO (FOSTERCARE/ADOPTION) | F | 1,190 | 172 | 0 | 0 | 1,362 |
| MAO (GENERAL HOSPITAL) | ED | 12 | 154 | 98 | 0 | 264 |
| MAO (WAIVERS-HOME&COMMUNITY) | ED | 204 | 3,215 | 4,254 | 0 | 7,673 |
| PASS ALONG ELIGIBLES | ED | 66 | 151 | 8 | 0 | 225 |
| EARLY WIDOWS/WIDOWERS | ED | 0 | 1 | 0 | 0 | 1 |
| DISABLED WIDOWS/WIDOWERS | ED | 0 | 2 | 0 | 0 | 2 |
| DISABLED ADULT CHILDREN | ED | 0 | 9 | 0 | 0 | 9 |
| PASS ALONG CHILDREN | ED | 133 | 179 | 0 | 0 | 312 |
| TITLE IV-E FOSTER CARE | F | 2,640 | 127 | 1 | 2 | 2,770 |
| AGED, BLIND, DISABLED (ABD) | ED | 99 | 27,459 | 27,680 | 1 | 55,239 |
| ABD NURSING HOME | ED | 1 | 236 | 658 | 0 | 895 |
| WORKING DISABLED | ED | 0 | 67 | 1 | 0 | 68 |
| TITLE IV-E ADOPTION ASSISTANCE | F | 2,729 | 200 | 0 | 1 | 2,930 |
| SSI NURSING HOME | ED | 40 | 1,064 | 875 | 0 | 1,979 |
| KATIE BECKETT/TEFRA | ED | 2,395 | 18 | 0 | 18 | 2,431 |
| FAMILY INDEPENDENCE SANCTIONED | F | 3,194 | 1,123 | 1 | 0 | 4,318 |
| LOW INCOME FAMILIES | F | 103,987 | 72,221 | 30 | 48 | 176,286 |
| REGULAR FOSTER CARE | F | 1,860 | 141 | 0 | 0 | 2,001 |
| FAMILY INDEPENDENCE WORK SUPP. | F | 0 | 0 | 0 | 0 | 0 |
| REFUGE ENTRANT | F | 3 | 27 | 0 | 0 | 30 |
| BREAST AND CERVICAL CANCER | ED | 0 | 133 | 1 | 0 | 134 |
| SSI | ED | 21,236 | 66,689 | 27,987 | 36 | 115,948 |
| SSI WITH ESSENTIAL SPOUSE | ED | 0 | 5 | 0 | 0 | 5 |
| OPTIONAL SUPPLEMENT | ED | 0 | 710 | 1,340 | 0 | 2,050 |
| OPTIONAL SUPPLEMENT & SSI | ED | 0 | 1,842 | 1,307 | 0 | 3,149 |
| OCWI PREGNANT WOMEN/INFANTS | PW&I | 2,595 | 25,784 | 0 | 8 | 28,387 |
| OCWI PARTNERS FOR HEALTHY CHN | C | 303,308 | 9,448 | 0 | 709 | 313,465 |
| RIBICOFF CHILDREN | F | 2 | 0 | 0 | 0 | 2 |
| Total Regular Medicaid | | 517,869 | 241,802 | 78,882 | 892 | 839,445 |
| | | | | | | |
| FAMILY PLANNING WAIVER | F | 3,975 | 94,041 | 5 | 0 | 98,021 |
| ISCEDC/COSY CHILDREN | ED | 0 | 0 | 0 | 0 | 0 |
| QUALIFIED MEDICARE BENEFICIARY | ED | 0 | 0 | 0 | 0 | 0 |
| SILVER CARD | ED | 0 | 2 | 52,521 | 0 | 52,523 |
| Grand Total | | 521,844 | 335,845 | 131,408 | 892 | 989,989 |
| Major Coverage Groups | | | | | | |
| Low Income Families (F) | | 159,006 | 196,282 | 39 | 56 | 355,383 |
| Elderly/Disabled (ED) | | 24,198 | 104,303 | 131,369 | 55 | 259,925 |
| Pregnant Women and Infants (PW&I) | | 35,332 | 25,812 | 0 | 72 | 61,216 |
| Children (C) | | 303,308 | 9,448 | 0 | 709 | 313,465 |

APPENDIX P

Current South Carolina Medicaid Waivers

1) CLTC Elderly/Disabled Medicaid Waiver – 1915(c) waiver initiated in 1984

The Elderly/Disabled Medicaid waiver program targets disabled individuals 18 years of age or older and offers case management, personal care, companion services, home-delivered meals, adult day health care and nursing services, environmental modifications, respite care, attendant care, personal emergency response systems and incontinence supplies. Eligibility for the E/D waiver is twofold: clients are required to meet categorical and financial guidelines of Medicaid eligibility in addition to medical eligibility criteria (nursing home level of care).

Number served: 11,000 (admissions are frozen at this level, with replacement of slots occurring only as consumers exit the program)
Waiting list: 3,321 as of 01/01/04
Expenditures: \$69,000,446

***Note:** An Independence Plus waiver operates in conjunction with the E/D waiver for the SC Choice Program. This waiver allowed DHHS to offer consumer directed care alternatives to E/D clients. The pilot operated in Spartanburg, Cherokee and Union Counties during SFY 2004, and will be extended statewide during SFY 2005.*

2) SC Choice Waiver - 1915(c) waiver initiated in 2003

SC Choice operates in conjunction with the Elderly/Disabled waiver, offering consumer directed care alternatives. (The program was only operational in three counties during FY04, with statewide expansion scheduled throughout FY05 beginning January.)

Number served: 69 persons
Expenditures: \$52,679.

3) HIV/AIDS Waiver – 1915(c) waiver initiated in 1988

The CLTC HIV/AIDS Medicaid waiver assists persons of all ages who have HIV disease or AIDS. The services help a person stay at home as long as possible and avoid extended hospital stays. The AIDS waiver offers case management, personal care, home-delivered meals, private duty nursing, foster care, attendant care, environmental modifications, two additional prescription drugs, companion services, incontinence supplies, and nutritional supplements.

Number served: 990 as of 01/01/04
Waiting list: none
Expenditures: \$4,170,181.

4) Ventilator Dependent Waiver – 1915(c) waiver initiated in 1994

The CLTC Ventilator Dependent Medicaid waiver assists persons 21 and over who are dependent upon mechanical ventilation and wish to remain in the community. The services help a person stay at home as long as possible and avoid extended hospital and sub-acute care stays. The vent waiver program offers personal care, attendant care, private duty nursing, additional prescription drugs, personal emergency response systems, environmental modifications, additional durable medical equipment and supplies.

Number served: 33 as of 01/01/04

Waiting list: none

Expenditures: \$743,323.

5) Mental Retardation and Related Disabilities (MR/RD) Waiver (operated by SC DDSN) – 1915(c) waiver initiated in 1991

The MR/RD waiver serves individuals of any age with mental retardation or related disabilities and allows them to receive a broad range of special services to help them live in the community rather than institution. The MR/RD waiver services include: day habilitation, supported employment, residential habilitation, prevocational services, personal care, environmental modifications, respite care, DME/assistive technology, additional prescription drugs, audiology services, speech/language services, companion services, physical therapy, occupational therapy, psychological services, nursing, adult dental, adult vision, vehicle modification, adult day health, and behavior support services.

Number served: 4574 as of 3/1/04

Waiting list: 248 (regular) + 44 (critical) = 292 as of 9/16/03

Expenditures: \$170,44,026

6) Head and Spinal Cord Injuries (HASCI) Waiver (operated by SC DDSN) – 1915(c) waiver initiated in 1995

The HASCI waiver serves individuals of any age with impairments involving head and/or spinal cord inquiries. In addition to the financial eligibility criteria for Medicaid, recipients must meet either the nursing home level of care or ICF-MR level of care. The HASCI waiver services include: physical therapy, occupational therapy, prescription drugs, psychological services, nursing, day habilitation, residential habilitation, respite care, personal emergency response systems, attendant care services, specialized supplies and adaptations, communication services, supported employment, and pre-vocational habilitation.

Number served: 458 as of 3/1/04

Waiting list: 117 (regular) + 1 (critical) as of 2/17/04

Expenditures: \$11,183,049.

7) Family Planning Waiver– 1115 demonstration waiver initiated in 1994

The Family Planning Waiver's goal is to reduce the number of unintended and unwanted pregnancies that would result in births that would otherwise be reimbursed under the South Carolina Medicaid program. It is voluntary and covers all women of reproductive age with incomes at or below 185% of the Federal Poverty Level who want or need pregnancy prevention services.

Number served: 59,800
Expenditures: \$9,085,492 (does not include other state agencies expenditures)

8) Medically Fragile Children's Program– 1915 (a) waiver initiated in 1996

This waiver enables the state to limit providers of this service due to the intensity of the service delivery package. Unlike other waivers, the 1915 (a) waiver does not require approval or renewal from the Centers for Medicare and Medicaid (CMS).

The MFCP is a centered based program of health services that serves children with complex, chronic illnesses and disabilities through an interdisciplinary treatment team approach. MFCP works with the child and caregiver delivering a multifaceted program of individualized, coordinated care. DHHS contracts with Palmetto Health Richland to operate MFCP in Columbia and Easley. The Medical University of South Carolina in Charleston is starting a MFCP program that is scheduled to be operational in the spring of 2005.

Number served: 120
Expenditures: \$1,391,865

9) SILVERXCARD –1115 demonstration (Pharmacy Plus) waiver initiated in 2003

The SILVERXCARD program provides a comprehensive pharmacy benefit to low income seniors. Through this program, non-Medicaid eligible South Carolina residents who are 65 years of age or greater, have no other prescription insurance, and are at or below 200% of the Federal Poverty Level receive the pharmacy services benefit through the South Carolina Medicaid program.

Number enrolled: 57,114
Number served: 30,368
Expenditures: \$43,646,545

Pending waivers : Non-emergency Transportation Broker & SC Medicaid Choice

Values

The characteristics by which we will do our jobs at DHHS:

Service we are dedicated to service; we will place others first.

Excellence we are committed to constant improvement and will persevere in achieving quality with efficiency.

Responsive we will be alert and react quickly to the needs of those we serve; we embrace opportunities to improve our processes.

Value we will ensure that all of our decisions and actions are measured by the value they return; we guarantee honest and open measurement of outcomes.

Everyone we are a team; every employee is involved in our success; we believe in servant leadership and empowering employees to solve customer problems; as a team we will encourage and hold each other accountable.