

Proviso 117.31

GP: Base Budget Analysis

**The following is submitted as required by Proviso 117.31 of the
SFY 2014 Appropriations Act**

Agencies' annual accountability reports for the prior fiscal year, as required in Section 1-1-810, must be accessible to the Governor, Senate Finance Committee, House Ways and Means Committee, and to the public on or before September fifteenth, for the purpose of a zero-base budget analysis and in order to ensure that the Agency Head Salary Commission has the accountability reports for use in a timely manner. Accountability Report guidelines shall require agencies to identify key program area descriptions and expenditures and link these to key financial and performance results measures. The Budget and Control Board is directed to develop a process for training agency leaders on the annual agency accountability report and its use in financial, organizational, and accountability improvement. Until performance-based funding is fully implemented and reported annually, the state supported colleges, universities and technical schools shall report in accordance with Section 59-101-350.

Accountability Report Transmittal Form

Agency Name: Department of Health and Human Services

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Section I: Executive Summary

The South Carolina Department of Health and Human Services (SCDHHS) is the federally-recognized single state Medicaid authority. The mission of the SCDHHS is to purchase the most health for our citizens in need at the least possible cost to the taxpayer. SCDHHS' long-term vision statement is to be a responsive and innovative organization that continuously improves the health of South Carolina. To carry out its vision and mission, SCDHHS developed three strategic pillars: payment reform, clinical integration and a focus on hotspots and disparities. This strategy ensures program and policy development that will enable SCDHHS to pursue quality health outcomes, push out excess cost and provide value to the taxpayer by improving health care efficiency and effectiveness while reinvesting saved dollars in services, geographic areas and populations where the most need exists.

In addition to the Department's organizational and programmatic overhaul to align with its evolving role as a purchaser of health, SCDHHS is engaging with the broader provider community to challenge the traditional care delivery paradigm and embrace a patient-focused, evidence-based, outcomes-oriented approach to health care in South Carolina.

Values

Sustainability - We strive to make prudent decisions to ensure the program's long-term sustainability. We base our decisions on the analysis of reliable data and question our assumptions.

Efficiency - We provide measurable and honest information to our stakeholders, beneficiaries, providers and to each other with efficiency.

Responsiveness - We are marked by our responsiveness to the needs of our stakeholders and we embrace opportunities to affect positive changes in the health of South Carolina.

Value - We attribute value to the State's resources and hold each other accountable to high standards in our operations, leadership and service.

Innovation - We pursue innovation in ways that increase efficiency and enhance our services and we encourage continuous improvement in our policies and business processes.

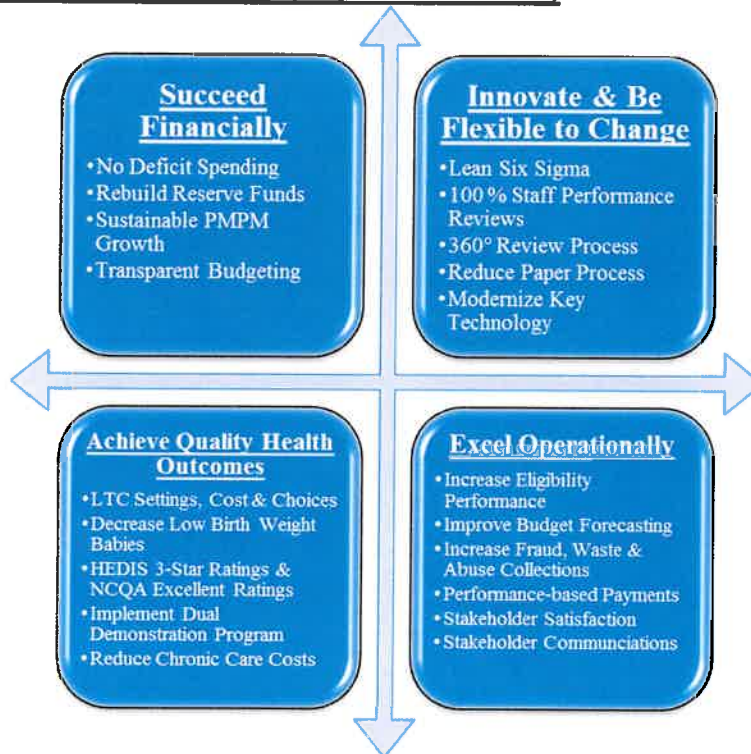
Compassion - We foster unlikely alliances to facilitate an approach with compassion that is customer-focused and values integrity, dignity, and respect.

Excellence - We invest in our workforce and systems to develop policies and processes that result in operational excellence.

Strategic Challenges

Pursuing more quality at lower cost and pushing out excess cost to re-invest in other areas challenges the traditional thinking of the provider/patient community. Partnership and devotion to statewide goals are important, as delivery and payment methods are reformed, especially as the state faces the increased costs and coverage associated with the Affordable Care Act.

SCDHHS Balanced Scorecard (Department Goals)



Major Achievements from Past Year

1. The expansion of Birth Outcomes Initiative (BOI) and its elevation to a nationally-recognized program that has become a successful model for future targeted initiatives.
2. The enrollment of 92,000 eligible, yet previously unenrolled children via the Express Lane Eligibility (ELE) process for new children applications and 276,000 annual redeterminations from children in an automated fashion using redetermination data from the South Carolina Department of Social Services, thereby eliminating duplicative processes and paperwork. This increased enrollment has decreased the population of uninsured children in South Carolina and is so effective that it has been recognized as a national model for streamlined enrollment.
3. The implementation of the Community Health Worker (CHW) program culminating in the May graduation of the first class of 18 participants. CHWs assist Medicaid individuals within their community to manage their own

health by encouraging participation in health screenings, attendance at medical appointments and adherence to medication and treatment. They will further assist patients in navigating the health care system, improving patients' health knowledge, understanding their health condition(s) and developing strategies to improve their overall health and well-being.

4. South Carolina was one of only six states awarded a grant by the Rockefeller Foundation and the Social Impact Bond Technical Assistance Lab (SIB Lab) at the Harvard Kennedy School. This SIB grant will be used to expand the Nurse Family Partnership, a program designed to reduce infant mortality and improve children's health.
5. SCDHHS did not deficit spend within the reserve limits and, in fact, established carryforward and reserve funds of totaling approximately four percent of its operating budget through the restructuring of the financial management policies and operational controls. The reserve fund and carry forward are critical to the help keep the Medicaid program operational through the variable levels of enrollments resulting from the open-ended nature of the program. Initial forecasting of FY13 expenditures reflects a ten percent differential in SCDHHS' favor.

Accountability Report and Improved Organizational Performance

Deputy Directors and key leadership provide the self-assessment and reporting necessary to create this document, and are challenged to use this opportunity to improve and reform their operations.

Section II: Organizational Profile

Products/Services and Delivery

- *SCDHHS provides health care benefits to more than one million South Carolinians. Its mission is to purchase the most health for our citizens in need at the least possible cost to the taxpayer.*
- Potentially eligible beneficiaries may include low-income families, qualifying pregnant women and infants, children, as well as disabled and elderly recipients. In addition to health coverage, SCDHHS provides educational and prevention programs and supports a range of treatment, intervention and support programs through other state agencies to help improve the health outcomes of our beneficiaries.
- SCDHHS contracts with Managed Care Organizations (MCOs) and Medical Home Networks (MHNs) to provide quality managed care options for Medicaid beneficiaries to receive health services. These managed care programs provide a coordinated system of primary care with the goal of establishing enrolled members in a stable medical home. Along with a medical home, these programs provide disease management, care coordination

and other enhanced services to improve health outcomes and reduce unnecessary higher cost services, such as treatment in an Emergency Room and hospitalization. SCDHHS also contracts with nursing homes and other state agencies to provide Long Term Care options.

- The state reimburses these managed care programs an actuarially certified capitated rate for enrolled members. For those Medicaid beneficiaries not enrolled in managed care program, the state makes payments directly to the medical providers for services delivered.

Customers and Expectations

- One key SCDHHS customer group is the more than one million low-income and disabled South Carolinians who rely on Medicaid for healthcare coverage and the providers that serve them. These beneficiaries can expect quality medical care options and coordination to ensure optimal health outcomes. They can also expect accurate and timely processing of eligibility determinations, timely resolution of issues and excellent customer service.

Total Members and Member Months by Plan Type and Eligibility Group

Time Period: Paid Fiscal Year		FY 2011		FY 2012		FY 2013	
		Members	Member Months	Members	Member Months	Members	Member Months
Plan Code	Aid Category						
MHN	ABD NURSING HOME	*	*	*	36	*	55
	AGED, BLIND, DISABLED ABD	9,091	64,547	10,424	101,074	10,871	102,997
	BREAST AND CERVICAL CANCER	247	1,484	422	2,987	428	3,261
	DISABLED ADULT CHILDREN	*	82	*	132	*	188
	EARLY WIDOWS WIDOWERS			*	*	*	*
	FAMILY PLANNING WAIVER	32	46	96	118	116	191
	KATIE BECKETT TEFRA	573	5,270	633	6,271	647	6,409
	LOW INCOME FAMILIES	50,102	352,184	60,796	450,275	59,860	457,663
	MAD EXTENDED TRANSITIONAL	12,061	78,798	16,653	116,154	17,125	126,619
	MAD FOSTER CARE ADOPTION	258	2,650	288	2,976	297	3,191
	MAD GENERAL HOSPITAL	*	*	*	*		
	MAD NURSING HOME	102	210	88	192	94	217
	MAD WAIVERS HOME COMMUNITY	885	8,849	905	9,013	929	9,482
	OCWI INFANTS	6,377	32,916	6,633	36,020	6,423	33,802
	OCWI PARTNERS FOR HEALTHY CHN	81,117	631,242	101,129	887,543	110,206	1,003,873
	OCWI PREGNANT WOMEN INFANTS	5,506	23,018	7,816	34,268	9,825	44,235
	OPTIONAL SUPPLEMENT	203	1,778	166	1,664	196	1,791
	OPTIONAL SUPPLEMENT and SSI	364	3,582	399	3,829	422	3,987
	PASS ALONG CHILDREN	*	*	*	*		
	PASS ALONG ELIGIBLES	*	76	*	99	*	69
	REFUSE ENTRANT					*	*
	REGULAR FOSTER CARE	454	2,647	561	3,220	588	3,882
	SLMB Spec Low Inc Mcare Bene	*	*	*	*	*	*
	SLMB2 high inc lm than SLMB					*	*
	SSI	21,641	202,528	28,661	278,598	30,791	311,994
	SSI NURSING HOME	40	74	43	70	64	126
	TITLE IV E ADOPTION ASSISTANCE	633	6,570	699	7,290	728	7,909
	TITLE IV-E FOSTER CARE	207	1,728	193	1,582	281	2,311
	WORKING DISABLED	45	374	70	513	81	624
	Aggregate(Aid Category)	172,348	1,440,699	215,146	1,944,055	228,603	2,124,755
MRCO	ABD NURSING HOME			*	*	*	*
	AGED, BLIND, DISABLED ABD	4,593	27,481	4,893	30,946	4,420	26,709
	BREAST AND CERVICAL CANCER	927	6,289	1,032	8,290	1,059	6,168

Key Stakeholder Groups

- The General Assembly is a stakeholder group involved in the funding and design of the Medicaid program, and the management of the Medicaid budget and its impact on the entire state budget.
- Another key stakeholder group is the taxpaying public who should expect SCDHHS to transparently manage the program and public treasury with integrity, efficiency and effectiveness.
- The families and advocacy organizations associated with various patient populations are key stakeholders, working with SCDHHS to consistently consider the impact of decisions.

Key Suppliers and Partners

- A key supplier/partner group is the providers who care for the Medicaid beneficiaries and receive payment through SCDHHS. Providers include physicians, hospitals and other care facilities, pharmacies, MCOs, MHNs and other state agencies that provide medical services, including their professional organizations.
- The managed care plans serve as a key supplier/partner for the majority of the beneficiaries, since most of the Medicaid population is enrolled in a managed care plan.
- Various contracted partners support the Department's operations, including service brokerage firms, data and research entities, program integrity/audit entities and enrollment and claims administration outfits.
- Public bodies advise the Department on various management/operational matters, including a Medical Care Advisory Committee (MCAC) and a Coordinated Care Improvement Group (CCIG). Other bodies partner to support health-related efforts like the Birth Outcomes Initiative (BOI) and Health Access at the Right Time (HeART).

Operating Locations

- SCDHHS has one main office in Columbia with an eligibility office in each of the 46 counties and more than 90 additional partner locations that have sponsored workers, i.e. FQHCs, nursing homes, hospitals, state agencies, etc.
- SCDHHS has also partnered with The Benefit Bank (TBB) for the intake of Medicaid applications. TBB has over 500 active volunteers statewide stationed in over 300 libraries, food banks, churches, etc.

- As of June 2013, SCDHHS had 52,425 active, enrolled providers.

Number of Employees

Currently, SCDHHS' workforce includes 1060 full-time equivalent positions (FTE) and 336 temporary grant positions (TG) for a total of 1396 positions, 1109 of which are filled.

Regulatory Environment

- By federal statute, SCDHHS is regulated by the federal Centers for Medicare and Medicaid Services (CMS). CMS has the authority to set guidelines under which states must administer their Medicaid programs.
- As a result of the passage of the Patient Protection and Affordable Care Act (PPACA), additional federal regulations have been placed on eligibility processes. Specifically, states cannot enact any eligibility standards, methodologies or procedures that make eligibility more restrictive.
- SCDHHS is also subject to the rules and regulations of South Carolina law, including rules regarding procurement, human resources and Freedom of Information requests. The Department must also follow specific provisions dictated by the legislative, executive and judicial branches of state government, including legislative provisos that direct the Department to fund certain programs and formerly set payment levels for Medicaid providers.

Performance Improvement System

The Office of Human Resources coordinates a comprehensive statewide training effort to develop the knowledge, skills and abilities of agency team members.

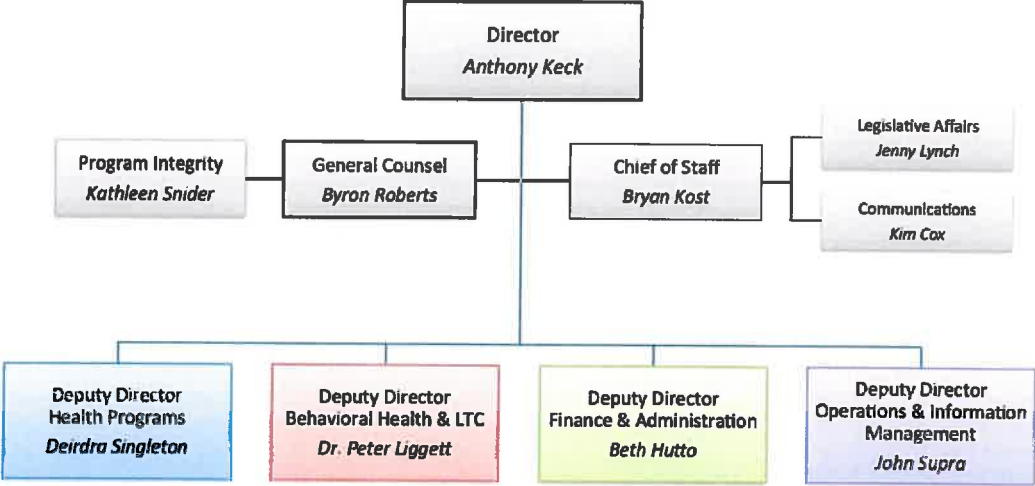
- The Workforce Investment Initiative enhanced the Department's employee accountability through clearly defined job descriptions, more accurate performance appraisals that include mission-aligned goals and improved employee selection using competency measurement tools. There have been three major training initiatives related to this Initiative: Employee Performance Management for Supervisors, How to Prepare a Meaningful Planning Document and Lean Six Sigma. In alignment with the Department's Employee Bonus Incentive Policy and Procedures, the Department also invested in the workforce by awarding bonuses for exceptional performance and other achievements that directly reinforce the Department's mission and goals.
- Lean Six Sigma Training and Development: This review period, 35 Department employees completed a comprehensive and customized Lean Six Sigma curriculum. The goal is to reduce and remove redundancy utilizing

methodologies that rely on data, cause and effect analysis and a variety of problem solving tools and methodologies. Each participant identified an area of need within the Department and utilized skills learned from the Lean Six Sigma program to discover efficiencies and results-oriented problem solving. As a component of the Lean Six Sigma program, participants also have the option to pursue Green Belt Certification; the Department established internal governance to certify individuals resulting in nearly 50 employees earning the Green Belt Certification in FY13. In order to continue building additional skillsets, SCDHHS offered an Advanced Methodologies class.

- The new EPMS system replaced the four-tier appraisal (Below Expectations, Meets Expectations, Exceeds Expectations, and Substantially Exceeds Expectations) with a three-tier appraisal (Unsuccessful, Successful, and Exceptional). 194 supervisors completed training on EPMS. In FY12-13, 99% of the EMPS evaluations were in compliance with the February 1, 2013 universal review date. This accomplishment allowed SCDHHS to award 30 employees bonuses for exceptional performance including increased organization productivity, implementation of improved work processes, exceptional customer service and realized cost savings. Additionally, 360 employees received \$1,500 bonuses for EPMS evaluation ratings in the top 30 percent of their program area. A total of \$540,000 in funds was directed toward these high-performance bonuses.
- In FY13, Department staff attended 95 different training events on a variety of topics such as professional development, continuous improvement, and teambuilding, as well as technical improvement courses. In addition, 173 employees attended New Hire Orientation, 128 employees attended the HHS Way customer service training, and 113 employees completed Microsoft Office application training. Four of the Department's managers have completed the South Carolina Certified Public Manager Program.

Organizational Structure (as of June 2013)

South Carolina Department of Health & Human Services



DRAFT – Not for release – Updated 8/22/2013

Expenditures/Appropriations

Major Budget Categories	FY 11-12 Actual Expenditures		FY 12-13 Actual Expenditures		FY 13-14 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 40,523,716	\$ 13,788,535	\$ 41,472,753	\$ 13,498,994	\$ 48,609,393	\$ 16,200,192
Other Operating	\$ 121,517,890	\$ 27,384,618	\$ 164,025,754	\$ 35,000,528	\$ 204,061,456	\$ 35,274,167
Special Items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permanent Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Case Services	\$ 4,855,866,520	\$ 762,059,955	\$ 5,039,583,420	\$ 854,151,154	\$ 6,103,636,058	\$ 1,032,588,528
Distributions to Subdivisions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fringe Benefits	\$ 14,012,763	\$ 4,793,734	\$ 14,255,352	\$ 4,660,768	\$ 16,190,025	\$ 5,855,744
Non-recurring	\$ 231,359,578	\$ 73,657,919	\$ 165,781,757	\$ 3,122,599	\$ 110,047,565	\$ 5,100,000
Total	\$ 5,263,280,468	\$ 881,684,761	\$ 5,425,119,036	\$ 910,434,043	\$ 6,482,544,497	\$ 1,095,018,631

Sources: Accountability Report Chart as of 08.13.2013 (see Business Objects) and Summary Control Documents for Non-recurring expenditures/budget and adjustments

SFY 2012 Non-recurring expenditures consist of Proviso 90.16, Proviso 90.18, Proviso 90.21, and Proviso 90.3
 SFY 2013 Non-recurring expenditures consist of Proviso 90.3, Proviso 90.9, and Capital Reserve
 SFY 2014 Non-recurring expenditures consist of Proviso 118.16 and Proviso 118.17

Major Program Areas

Major Program Areas

Program Number and Title	Major Program Area Purpose (Brief)	FY 11-12 Budget Expenditures	FY 12-13 Budget Expenditures	Key Cross References for Financial Results*
30010200-30011507 Medicaid Health Service	Provides health insurance for low-income families as well as the aged, blind, and disabled -	State: 871,059,842.78 Federal: 3,613,064,071.30 Other: 748,283,400.88 Total: 5,232,437,314.96 % of Total Budget: 99.41%	State: 899,080,156.59 Federal: 3,735,282,725.00 Other: 757,591,276.00 Total: 5,389,954,157.58 % of Total Budget: 99.34%	

Below: List any programs not included above and show the remainder of expenditures by source of funds.

01000000 - Agency Administration (Indirect), 850000000 Employer Contributions*

Remainder of Expenditures:	State:	Federal:	Other:	Total:	% of Total Budget:
	10,584,917.86	18,019,798.27	2,238,436.67	30,843,152.80	0.59%
	11,353,886.00	20,887,862.00	3,123,130.00	35,184,878.00	0.85%

* Key Cross-References are a link to the Category 7 - Business Results. These References provide a Chart number that is included in the 7th section of this document.

Note: Agency Administration doesn't include direct program administration
 Sources: SCEIS BEX Budget vs. Actual

Section III – Elements of Malcolm Baldrige Criteria

Category 1 – Senior Leadership, Governance and Social Responsibility

1. How do senior leaders set, deploy, and ensure two-way communication throughout the organization and with customers and stakeholders, as appropriate for: a) short and long term organizational direction and organizational priorities, b) performance expectations, c) organizational values, and d) ethical behavior.

Senior leaders use a variety of techniques to share information within the Department. The Director holds a weekly meeting with individual Deputy Directors to assess the progress of important projects and reinforce key strategic goals. In addition, a weekly leadership meeting that includes the Director, Deputy Directors, Program Directors and others are held to share Department priorities, discuss ongoing projects and clarify goals. These weekly meetings are a forum for managers to ask questions of Deputies and the Director about Department priorities. Weekly leadership meetings also include at least one major “take away” message, typically a performance improvement strategy or anecdote meant to inspire the leadership team. In addition, there are two other Deputy Director meetings, one meeting with and one meeting without the Director.

Outside stakeholders are informed of Department activities through stakeholder meetings, including the Medical Care Advisory Committee (MCAC), Coordinated Care Improvement Group (CCIG), Pharmacy and Therapeutics (P&T) Committee, Birth Outcomes Initiative (BOI) Vision Team and Health Access at the Right Time (HeART) Committee meetings. The MCAC, which has traditionally included mostly providers, has been transformed to better reflect the Medicaid population the program serves. In addition to providers, the newly comprised Committee will include beneficiaries and advocates for the poor, elderly and disabled. The CCIG was formed to examine the current Medicaid coordinated care system to determine what is working and not working and develop policies that improve health outcomes, cost efficiency and patient and provider satisfaction. The CCIG has three subgroups: Data, Incentives and Pharmacy. The BOI Vision Team and HeART Committee assist in guiding and improving BOI strategies and tactics to increase access to health care in SC.

SCDHHS has also implemented outreach groups targeting members of the community and providers. These groups are tasked with educating community members about the SC Medicaid program, eligibility requirements and available programs and benefits and instructing providers on current programs available for beneficiaries, claims submission and how to resolve any pertinent issues.

The Agency also actively searched for feedback on their transportation, dental and prescription programs through public forums held throughout the state.

To further assist with our communications efforts, the Office of Communications was expanded in FY13 to provide better, more efficient communications to our many audiences including the legislature, media, beneficiaries, staff, providers and community members. New communication

tools implemented include a weekly electronic newsletter, an electronic distribution of daily news health stories, twitter, expanded media relations and beneficiary newsletter.

2. How do senior leaders establish and promote a focus on customers and other stakeholders?

Director Keck is guiding the major transformation of the South Carolina Medicaid program from a payer of bills to a major purchaser of quality health outcomes, keeping the focus on the beneficiaries and all the residents of South Carolina. The Department routinely asks for feedback on pending actions that may affect beneficiaries and providers prior to implementation. The Department also gathers input from provider and community stakeholders through its MCAC, P&T Committee, CCIG, HeART and BOI team. Regularly scheduled meetings serve as a venue to raise issues and concerns pertinent to the Medicaid program, as well as an opportunity to help establish new programmatic goals.

SCDHHS is committed to providing a higher level of service to customers, and actively seeks beneficiary feedback to support this. Beginning January 2012, the Department contracted with USC to perform beneficiary satisfaction surveys through the customer support center. In addition to the valuable feedback regarding policy efficacy, the first six months' data from these surveys are being reviewed and leveraged to promote customer-friendly Department policies. In addition, SCDHHS held public forums to gather feedback for improvement on our transportation, prescription and dental programs. SCDHHS also publishes Consumer Assessment of Healthcare Providers and Systems (CAHPS) data as a tool for beneficiaries and providers to compare the quality and access of available health care services of providers.

3. How does the organization address the current and potential impact on the public of its programs, services, facilities and operations, including associated risks?

SCDHHS operates offices in each county to provide public access to Eligibility staff. SCDHHS has also identified community partners that host more than 90 sponsored eligibility workers throughout the state. These partners include hospitals, clinics, state agencies, etc. SCDHHS is also investing in technology to make access easier for our beneficiaries and providers with the implementation of online applications and self-service portals.. In January 2012, SCDHHS partnered with the United Way to provide a more efficient and effective call center for the public. Call metrics have improved drastically since this transition. The average abandon rate (percentage of calls ended by the customer before speaking to an agent) for telephone calls for FY11-12 was 28 percent while the average abandon rate for FY12-13 dropped to five percent.

When the Department considers major operational, programmatic or eligibility changes, stakeholder input is through established and ad hoc work groups. Also, the Department has enhanced and expanded its public notice protocol to establish appropriate stakeholder feedback.

The Department recognizes the importance of maintaining its operations at all times, including during disasters. To this end, SCDHHS has an emergency management plan that includes SERT and Donated Resources Teams, shelter operations for county staff, and CLTC disaster teams. In addition, the Department is developing a detailed emergency plan to specifically address business continuity and disaster recovery plans. The Department also currently works with

officials from the SC Emergency Management Division, the SC Department of Health and Environmental Control, the Red Cross, law enforcement and others to ensure operational continuity.

4. How do senior leaders maintain fiscal, legal and regulatory accountability?

SCDHHS is accountable to both state and federal regulators and routinely participates in standard government audits. Also, all major policy changes require approval from the federal Centers for Medicare and Medicaid Services (CMS). To ensure fiscal responsibility, the Office of Planning and Budget was created in 2012 to institute a policy of budget transparency to lead to better budgetary outcomes, plan budget allocations and increase monitoring of funds received and spent by the state Medicaid program. The Department also uses actuarial data for projections with a formalized process of developing forecasts.

The Department has also enhanced financial reporting to improve the internal review of spending at the program level and position inventory reporting. While program staff is now responsible for understanding and managing their respective area's financial performance, SCDHHS is also restructuring financial responsibilities under the Department's Chief Financial Officer for increased accountability in these areas. The SCDHHS plans to continue to review budgetary and financial process and policy improvements to be considered for future implementation.

Our Divisions of Program Integrity/Surveillance and Utilization Review System (SURS) made significant strides in preventing and identifying fraud. This program oversees the recovery of state and federal funds lost through waste, improper payments and overpayments, as well as beneficiary and provider abuse.

We have also engaged in the following activities to prevent and identify fraud:

- National Correct Coding Initiative (NCCI) edits up-front in the Medicaid Management Information System (MMIS).
- Prior authorizations performed by KeyPro, an organization under contract with the SCDHHS, helps prevent medically unnecessary hospitalizations and other services.

Legal and regulatory accountability are maintained by formal engagement of legislative and General Counsel staff at the deputy level. Key legislative and General Counsel staff are involved in all deputy-level meetings. A new project governance team was created to ensure future policy decisions meet legal and regulatory requirements as well.

5. What performance measures do senior leaders regularly review to inform them on needed actions?

The Executive Leadership Team updated its mission, vision and values, and developed a balanced scorecard (goals and measurable), which has become the foundation for how the Department reviews its performance and lays out vision for what the organization is working to

support and promote. Performance measures that support the goals in the balanced scorecard are tracked, including eligibility and financial data.

In addition, the Agency has established an “accountability wall” to provide at-a-glance snapshots of key performance indicators including call center measurements, eligibility enrollment statistics, claims payment data, health plan quality performance measures, etc. The accountability wall assists senior leadership and all Agency staff track our results in an easy to understand format we can successfully fulfill the goals detailed on the balanced scorecard.

6. How do senior leaders use organizational performance review findings and employee feedback to improve their own leadership effectiveness, the effectiveness of management throughout the organization including the head of the organization, and the governance board/policy making body? How do their personal actions reflect a commitment to organizational values?

To better serve people outside our walls, we must also be able to work better together. That’s why we are enhancing leadership competencies through an annual 360° evaluation program in conjunction with an engagement survey. The goals are to increase employee engagement and increase our performance by identifying “blind spots,” including unrecognized strengths, as well as opportunities for improvement at a manager and agency-wide level.

An employee engagement survey was issued in April 2013 and has had an 85 percent participation rate. The survey results are helping SCDHHS recognize leaders who engage their staff in positive ways, enhance our management practices, resolve problems and identify ways to revitalize people’s commitment to our mission. Each program area is developing an action plan to address key opportunities for improvement. An Engagement Team is also being developed to identify top agency-wide trends, implement key changes, regularly update employees on actions taken and next steps as well as to sustain program momentum.

After concluding our engagement survey, we distributed a 360° feedback survey in May 2013. The survey was used as a professional development tool to measure current leadership skills and behaviors. This gave managers the opportunity to rate their own leadership competencies and compare how their leadership is viewed by peers and supervisors.

Approximately 170 managers received feedback. We witnessed a 95 percent survey completion rate for self-assessment and, overall, a 90 percent participation rate. The resulting evaluations provided managers with a meaningful and well-rounded analysis of their professional leadership capabilities, and will provide guidelines to shape our future professionalism and success. Senior leaders also leverage the weekly management meetings to receive direct feedback from staff to gauge organizational and leadership effectiveness. Senior leaders strive to create a free forum in these and other staff meetings to encourage all employees to share information and concerns. Director and governance boards (like the MCAC) are available at regularly scheduled meetings, and staff has the opportunity to approach any of these leaders.

7. How do senior leaders promote and personally participate in succession planning and the development of future organizational leaders?

Succession management is critical to mission success and creates an effective process for recognizing, developing, and retaining top leadership talent, while projecting the talent, knowledge, skills and competencies needed for the future of SCDHHS. Senior leaders review the mission statement and strategic goals of the Department and reorganize the structure of the Department as needed to successfully accomplish these goals. They also identify highly talented individuals and provide additional training, incentives and potential advancement based on merit. Senior leaders also work with staff to identify any employees who may be approaching retirement or be at risk to leave the organization and begin identifying any necessary leadership changes and exit strategies.

The organization's evolution to become more project-based also enables additional leadership opportunities to develop. To prepare our staff for these opportunities, additional training in process improvement and project management for staff is key.

The Office of Human Resources also coordinates comprehensive state-wide training efforts to develop the knowledge, skills and abilities of Department team members. The Department also offers basic and advanced Medicaid Eligibility Worker training, personal computer software applications, The DHHS Way (customer service), new employee orientation and special sessions of Medicaid systems (MEDS) training.

The Department also continues to develop managers by offering supervisory training through the Budget and Control Board's Office of Human Resources. All supervisors are required to complete their Associate Public Manager (APM) Certification within the first year of employment. Participant coursework includes a four-day comprehensive Supervisory Practices class, a two-day Supervisory Coaching Skills class and a one-day Focus goal setting class.

Additionally, the Department continues to participate in the Certified Public Manager (CPM) program, an intensive, 18-month learning track designed to groom future Department leaders in the areas of leadership and quality outcomes. Finally, the Department's Lean Six Sigma process improvement trainings have helped staff create sustainable, efficient business practices that create efficiencies.

The Department believes investing in this type of comprehensive training will help retain top employees and build the skills of staff so they become future leaders.

8. How do senior leaders create an environment for performance improvement and the accomplishment of strategic objectives?

To increase and reward work efficiency and performance, we continue to retool performance management planning and measurement systems through our Workforce Investment Initiative. This initiative provides performance management, leadership training and development, performance incentives and recruitment efforts to drive employee engagement, productivity and

accountability. The goal is to synchronize employee performance to our leaderships' mission and goals.

Senior leaders are intimately involved in developing key Department goals and objectives, monitoring the progress of tasks and making adjustments when necessary. The organization is structured so that innovative ideas from team members are encouraged and incorporated into policy whenever possible. Senior leaders work to create an environment of employee empowerment by recognizing and rewarding new ideas that further Department goals. Management meetings are open for all employees to attend and encourage two-way communication between senior management and SCDHHS staff. Importantly, project managers and team members are held accountable for results through the EPMS process and a display of key performance measurements posted on the Agency's "accountability wall". Process improvement is part of the culture and training in the form of Lean Six Sigma and the Department's reorganization to a more project-management style helps to facilitate this working environment.

9. How do senior leaders create an environment for organizational and workforce learning?

The executive team at SCDHHS is committed to enhancing workforce learning through training that will help accomplish the Department's strategic goals. One example is the Lean Six Sigma training for key managers. Staff also is encouraged to take advantage of professional development opportunities offered through associations and federal partnerships, such as health information technology forums. See question seven above for more information.

10. How do senior leaders engage, empower, and motivate the entire workforce throughout the organization? How do senior leaders take an active role in reward and recognition processes to reinforce high performance throughout the organization?

With the Department's vision and mission in mind, senior leaders use staff meetings, one-on-one conferences, incentives/ rewards and goal setting strategies to communicate with, motivate, engage and empower their employees.

In FY12-13, 99 percent of the EPMS evaluations complied with the February 1, 2013 universal review date. This accomplishment meant we could award 30 employees bonuses for exceptional performance, including increased organization productivity, improved work processes, exceptional customer service and cost savings. In addition, 360 employees received \$1,500 bonuses for EPMS evaluation ratings in the top 30 percent of their program area. A total of \$540,000 in funds was directed toward these high-performance bonuses.

In addition, the Department hosted an employee appreciation day at four sites with a 73 percent overall participation rate. During these events, the Department recognizes employees that have given five, 10, 20, or 30 years of service.

11. How do senior leaders actively support and strengthen the communities in which your organization operates? Include how senior leaders determine areas of emphasis for

organizational involvement and support, and how senior leaders, the workforce, and the organization contribute to improving these communities.

The development of a new eligibility outreach team has enabled SCDHHS to become more active in the community – participating in events and reaching out to current and potential beneficiaries to educate them on SC Medicaid, eligibility requirements, application process and available programs. In addition, this group and other SCDHHS staff members have been active in the Original Six Foundation participating in health fairs in rural counties across South Carolina as part of their county events.

Executive staff and the SCDHHS employees are also encouraged to participate in community organizations like the United Way, the Red Cross, the Public Health Association and other important groups through volunteer opportunities and participation in the Community, Health, Activity, Morale, Program and Service (CHAMPS) committee.

The CHAMPS committee works with senior leaders to support a variety of public causes including healthy lifestyle initiatives. In FY 2013, CHAMPS sponsored two Red Cross Blood Drives and hosted various fundraisers, including a craft fair and Harvest Hope Food Bank Food Drive. The Department's Community Long Term Care division also sponsors an annual client fundraising event.

Category 2 – Strategic Planning

1. What is your Strategic Planning process, including key participants, and how does it address:
 - a. your organizations' strengths, weaknesses, opportunities and threats;

The Department's balanced scorecard lays out the Department goals and establishes measurable targets. The development of the balanced scorecard and changes to this tool are derived from the myriad program-level management, deputy-level strategic planning meetings. In quarterly budget reviews, management in each of the business areas establish performance measurement targets for upcoming quarters and review performance measurements from previous quarters. The results are used to inform the Executive Leadership team of strengths, weaknesses, opportunities, and threats.

- b. financial, regulatory, societal and other potential risks;

The Department implemented a strategic budget process to better align resources to strategic goals and priorities. This refined process supports comprehensive planning, shared decision-making, and the application of strategies and allocation of resources to achieve previously outlined goals and objectives. A key component of this process is SCDHHS' adoption of a zero-based budgeting tool to utilize cost-benefit analysis of programs for improved allocation of department resources for the most critical needs and services. Another component of this process is the participation of program managers and actuaries in the development of assumptions to be used in budget development. These assumptions include consideration of and discussions about cost drivers such as enrollment, utilization and costing trends based on actual

financial and budgetary data. This enhanced budgetary process allows for increased consideration of financial, regulatory, and societal risks, as more voices are brought into the process, more frequently.

To ensure fiscal responsibility, SCDHHS created the Office of Planning and Budget in 2012 to institute a policy of budget transparency to lead to better budgetary outcomes, plan budget allocations and increase monitoring of funds received and spent by the state Medicaid program. The Department implemented a business transformation program that yields greater efficiencies, accountability, cost containment and improved customer service and is working toward having sound financial management and operational controls in place to accomplish its mission and strategic goals.

Regulatory risks are continually monitored by the Office of the General Counsel. Societal and other risks are continually evaluated at all levels of the organization and, as identified, are addressed appropriately.

c. shifts in technology and customer preferences;

The Chief Information Officer (CIO)/Deputy for the Office of Information Management directs the strategic planning with regard to shifts in technology and works with stakeholders, including other states, to identify innovations that the Department can consider leveraging. A main focus of the Department in FY13 was to move away from paper-based eligibility applications and renewals to electronic files to increase flexibility and efficiency. The first phase of the SCDHHS' transition away from paper-based applications included the implementation of an electronic document management system, OnBase, that allows all eligibility-related documents to be scanned into a central location and accessed by eligibility staff statewide. This move to electronic case records allows workers to retrieve documents as needed for processing regardless of where they are located and/or where the documents originated. Since all applications are put into a single queue, counties in each region share the cases/work among staff in the region, allowing a more efficient processing of applications. In addition, when Medicaid beneficiaries call or visit an eligibility office, they are no longer required to speak to an assigned case worker, as any eligibility staff member can assist them. As of June 2013, all forty-six (46) counties are now utilizing OnBase.

Currently, SCDHHS is also in the process of moving to an on-line application process for eligibility. The solution is expected to improve program efficiencies, improve data collection and exchange and allow beneficiaries 24/7 online self-service, while allowing the state to integrate its Medicaid eligibility system with the federally-run health insurance marketplace. The on-line eligibility system is expected to be operational by October 2013.

d. workforce capabilities and needs;

See question 1.7. SCDHHS' Office of Human Resources is active in gauging and responding to workforce needs, and developing training programs to support increased professional capacity.

e. organizational continuity in emergencies;

The Department recognizes the importance of maintaining its operations at all times, including during disasters. To this end, SCDHHS has an emergency management plan that includes SERT and Donated Resources Teams, shelter operations for county staff and CLTC disaster teams. In addition, the Department is developing a detailed emergency plan to specifically address business continuity and disaster recovery plans. The Department also currently works with officials from the SC Emergency Management Division, the SC Department of Health and Environmental Control, the American Red Cross, law enforcement and others to ensure operational continuity.

- f. your ability to execute the strategic plan.

The Executive Leadership team maintains the authority to execute the strategic plan. Within the team, each Deputy Director guides the execution of the plan for the business areas within his/her control.

2. How do your strategic objectives address the strategic challenges you identified in your Executive Summary? (Section I, Question 4.)

The Department's strategic objectives are designed to lead the shift toward more accountable, efficient delivery of quality services for our beneficiaries. The three pillars of reform are payment reform, clinical integration and targeting hotspots and disparities. These objectives lead the state to push out excess cost, and achieve more value for the healthcare investment.

3. How do you develop and track action plans that address your key strategic objectives, and how do you allocate resources to ensure the accomplishment of your action plans?

To ensure we focus on our goal to improve health outcomes, we have created a Project Management Office (PMO) and Pursuits of Excellent team (PoE). These offices ensure new and ongoing work is prioritized, monitored, appropriately funded and staffed with the resources needed to successfully complete projects on time and within budget.

This restructuring reinforces the shift to a project management style, where cross-organizational teams are formed based on the needs and skills necessary to successfully execute programs and policies. This organizational style also increases accountability.

Our environment of collaboration, data-driven analysis, proactive decision-making and sustained positive resolutions will help successfully implement our mission of building human connections and creating healthy outcomes.

4. How do you communicate and deploy your strategic objectives, action plans and related performance measures?

During the onboarding process for new employees, the mission, vision, values and balanced score card are presented. For current employees, information is shared by each Deputy Director to their management teams. Action plans and their related performance measures begin at the

individual employee level and build to the business area level. The Executive Leadership team coordinates the overarching strategy and performance measures in order to ensure alignment across business areas and to minimize duplication of effort.

5. How do you measure progress on your action plans?

Actual performance in action plans is compared to the baseline in the original action plan via review meetings. As programmatic and budgetary needs shift, the baseline in the original action plan may be updated, and the updated plan becomes the new baseline. A project manager from the PMO is assigned to each action plan (project) to ensure that timelines are met, resources are allocated as needed, measuring tools are in place and performance is tracked and evaluated.

6. How do you evaluate and improve your strategic planning process?

The Executive Leadership team directs the evaluation and improvement of the strategic process. Executive Leadership team meetings and management meetings are two venues where strategic planning is evaluated and improved upon.

7. If the agency's strategic plan is available to the public through the agency's internet homepage, please provide a website address for that plan.

To successfully implement his strategic plan, the Director cultivated an environment of collaboration, data-driven analysis and calculated decision-making and sustained positive resolutions. To evaluate SCDHHS' goals, Director Keck has implemented a balanced scorecard methodology to build a more accountable organization through ownership of processes and consistent performance measurements. The three pillars of our strategic plan are listed in multiple presentations on www.scdhhs.gov under the reports section.

Category 3 – Customer Focus

1. How do you determine who your customers are and what their key requirements are?

SCDHHS is the state entity administering Medicaid. The Medicaid program is jointly funded by both the federal and state government. The customers receiving Medicaid and their key requirements are primarily determined by federal code and the state plan document agreed upon by both the federal and state governments. The state solicits public input into state plan additions, modifications, or deletions prior to sharing its request with the Centers for Medicare and Medicaid Services (CMS).

Defined broadly, SCDHHS "customers" are any individual or organization that interacts with the agency, including Medicaid applicants and beneficiaries, Medicaid providers and agency partners (e.g. hospitals, other state agencies) and others such as legislators, advocates, and the media. Determining the needs of customers is achieved through agency correspondence and surveys, focus group studies, review of letters/feedback to the agency and constant communication with these customers. In addition, SCDHHS works with the University of South

Carolina's Institute for Families in Society (USC IFS) to track and analyze data about South Carolinians, our beneficiaries and our programs. Using data-driven analysis and calculated decision-making helps sustain positive resolutions that help us identify and reach eligible, yet unenrolled South Carolinians and ultimately improve the health outcomes of our beneficiaries. For most applicants and beneficiaries, primary interaction with the agency is through one of the county eligibility offices, Medicaid recipient bulletins, the agency's toll-free number, the beneficiary newsletter, enrollment counselors and the website. Toll free number operators answer on average 9,000 calls per day, and use each customer service call as an opportunity to gain insight of the needs Medicaid recipients have. In addition, workers in the agency's local county offices are in constant communication with managers in the central office, sharing the needs and concerns of recipients they come in contact with every day.

Provider representatives meet regularly with SCDHHS leadership and give feedback through their participation in MCAC, BOI, CCIG and through interactions on task forces and in professional working groups like provider association meetings. Our new healthy initiatives team also gathers feedback from providers about programs, beneficiary needs and any potential issues during their on-site visits to provider locations throughout the state. Within the agency, a new physician advisory group was created to provide medical and patient-based insight on our policies and programs and guide the agency in health care-related business decisions.

2. How do you keep your listening and learning methods current with changing customer/business needs and expectations?

The Internet also has been an area of change in regard to listening and learning from customers. In addition to the website and e-mail interaction, the agency is doing more business and receiving more feedback through online billing, issue resolution tools and social media. SCDHHS is learning more about recipients and providers through client management tools like its decision support system. As mentioned, SCDHHS also monitors the incoming "traffic" into its phone bank. Tracking the customer feedback has become more sophisticated in recent years and the agency can glean useful information based on what customers are communicating. In addition, the customer support services available to specific provider groups (e.g. durable medical equipment providers, specialty care providers, etc.) use feedback they receive from phone and business transactions as a major means of learning what customers need.

The managed care department holds public meetings on a quarterly basis to receive questions and concerns from anyone with an interest in the managed care program, which is the primary delivery platform for Medicaid benefits. The department also holds routinely scheduled meetings with the managed care plans and medical homes networks, as well as individual providers to receive their input. SCDHHS also has an appeals process in place. This information gathered from these interactions with both public stakeholders and key suppliers is utilized in the revision of operating policies and procedures.

We partner with the United Way and USC to receive customer service feedback on the services we provide. We also take direct feedback at all of our local offices from our customers.

3. What are your key customer access mechanisms, and how do these access mechanisms enable customers to seek information, conduct business, and make complaints?

As mentioned above, SCDHHS maintains multiple access mechanisms in addition to county offices throughout the state. These include: various websites, online billing capabilities, electronic bulletins, a beneficiary newsletter, a Resource Center for incoming calls and a fraud and abuse hotline.

Managed Care currently utilizes several different access points. These include the following:

- Toll-Free Phone Numbers: SCDHHS, its contracted enrollment broker and managed care plans all maintain toll-free phone numbers. These are available to both providers and health plan members to ask questions, make complaints and conduct member and provider business such as enrollment and claim reimbursement.
- SCDHHS Website: The agency currently maintains a website where people can gather information regarding managed care and find answers to questions regarding the different options available to Medicaid eligible individuals. If people need additional information beyond what is contained on the website, the website also has direct phone number information for the managed care area of SCDHHS.
- Enrollment Broker Website: SCDHHS contracts with a private vendor for the enrollment of Medicaid-eligible participants into managed care programs. The vendor maintains a website where people can gather information regarding managed care, enroll/dis-enroll from different health plans and find answers to enrollment questions and issues.
- Health Plan Websites: All contracted health plans maintain websites where beneficiaries can choose providers and find answers to questions regarding their choice of health plan. The health plan websites contain additional numbers for individuals to call if the website doesn't satisfactorily address their issues.
- Email: The agency and its contractors maintain various email addresses where interested parties can send in questions.

Eligibility:

The two key access mechanisms are our call center and our local eligibility offices. Both of these provide direct contact with staff who are knowledgeable of the Medicaid program as well as provide a method for feedback on our processes and policies.

SCDHHS is also in the process of implementing a transition from paper-based eligibility activities (renewals/applications) to electronic with the goal of being operational by October 2013.

4. How do you measure customer/stakeholder satisfaction and dissatisfaction, and use this information to improve?

SCDHHS uses surveys, focus groups, consumer forums, CAHPS (data from patient surveys of health care service experiences at providers nationwide), service utilization analysis and public feedback to evaluate the satisfaction of customers and stakeholders. By tracking calls to the

agency's Resource Center, for example, managers can get a timely read on how customers are reacting to various policies.

SCDHHS uses the customer service feedback surveys from the call center. In addition, every letter and email written into the agency is reviewed, analyzed and responded to by our staff. We take all of this feedback into consideration for changes in our policies and procedures.

5. How do you use information and feedback from customers/stakeholders to keep services and programs relevant and provide for continuous improvement?

SCDHHS utilizes input gained from public and provider association meetings to create policies and procedures that improve member satisfaction and health outcomes. Additionally, SCDHHS currently contracts with an independent vendor that measures the cost effectiveness and quality of all the health plans contracted with SCDHHS. This vendor performs annual member satisfaction surveys, and publishes the annual Managed Care report card. The findings of these report cards are published by SCDHHS and available for viewing on the agency's website. The report card information is also utilized to reward the best performing plans with incentive payments and to withhold payments from those health plans that performed poorly on the review.

In the past year, SCDHHS has also hosted several public forums on various service issues affecting our beneficiaries and providers. The goal of the forums is to seek public input on issues such as Medicaid transportation and dental services to help guide us in our policies and practices. The forums have been held in various regions across the state to allow broad participation from the public.

6. How do you build positive relationships with customers and stakeholders to meet and exceed their expectations? Indicate any key distinctions between different customer and stakeholder groups.

As described in 3.1, the agency broadly defines customers as groups and entities that have direct contact with Medicaid beneficiaries, providers, etc. Stakeholders would include taxpayers, advocates and policymakers. The agency believes maintaining a positive relationship with all these groups is critical to its long-term success. The director and executive staff are committed to an open-door policy and meet regularly with both customers and stakeholders to discuss concerns and participate in various community meetings. Since the open flow of information and productive communication are essential to any organization, the director has streamlined the agency's procedures for responding to letters and e-mails, ensuring more timely responses to the public, legislators and the media. The agency also is working to send a beneficiary newsletter to recipients as well as an annual report. Regular reporting to providers and beneficiaries through bulletins and notices also helps build positive relationships. On key policy and budget issues, SCDHHS staff are accessible to both lawmakers and their staffs. To keep the general public informed, the agency maintains contact with media outlets throughout the state and uses outreach efforts through its press office to keep them informed of major Medicaid news. With all these audiences, the agency's website is a vital communications tool. Applicants can view income guidelines online and find all forms necessary to apply for Medicaid. Providers can sign-up to

participate in Medicaid, view fee schedules and information about Managed Care coverage in specific areas, as well as download bulletins and manuals. The transparency website is also available to customers and stakeholders so that they can see how money is being spent on administrative costs as well as to providers.

The managed care department maintains open lines of communication with the current health plans contracted to provider member health care. The department continues to look for areas where automation can speed agency responses and health plan reimbursement. We believe that increasing accuracy and automation with our contracted health plans will continue to create a better experience both for our enrolled members and our vendors. The managed care department continues to investigate areas where members make their own choices through self-service options. The department believes that empowering members with more automated self-service options will increase member satisfaction and department efficiency. The department will also continue to hold quarterly public meetings, as well as regular meetings with stakeholder organizations such as the South Carolina Hospital Association (SCHA) and the South Carolina Medical Association (SCMA), and address concerns and issues identified during those meetings.

Category 4 – Measurement, Analysis, and Knowledge Management

1. How do you decide which operations, processes and systems to measure for tracking financial and operational performance, including progress relative to strategic objectives and action plans?

SCDHHS identified key metrics that are essential to promoting the purchase of health – the mission of our organization. These metrics are represented on what the agency calls its balanced scorecard. The balanced scorecard is a clearly defined set of goals and measurable performance objectives that drive the agency’s mission to make the healthy connection that are vital to a successful South Carolina Medicaid program:

To reach the goals of the balanced scorecard, SCDHHS must view itself as a health manager more than a claims paying agent. For South Carolina, three strategic pillars have been developed to guide Medicaid policy and initiatives. The pillars provide guidelines so SCDHHS can keep a sharp focus on positively impacting health. These strategic pillars are:

- Payment Reform
- Clinical Integration
- Targeting Hot Spots and Disparities

In addition to better health management, the pursuit of our balanced scorecard metrics, which is guided by the philosophy embodied in the strategic pillars, is yielding another benefit: a stronger bottom line. The focus on healthy outcomes proves to be cost effective, eliminating excess cost and waste. This cost savings allows Healthy Connections to reinvest in other services where the most need exists.

To monitor our financial operations, SCDHHS conducts quarterly management reviews of the Department’s budgetary and financial performance. The quarterly analysis includes monthly budget projections to actual spending and comparisons of current and prior year actual spending.

The analysis also includes comparisons of actual revenue collections and fund transfers to budgeted revenues and actual cash within each of the major fund revenue sources. SCDHHS utilizes actuarial services for predictive forecasts, university researchers, as well as the Department's Decision Support System (to analyze medical claims data and service utilization patterns) to identify potential issues, assess performance, and make adjustments when needed.

2. How do you select, collect, align, and integrate data/information for analysis to provide effective support for decision making and innovation throughout your organization?

In addition to internal data, SCDHHS leverages a variety of partners to capture key informational points necessary to support effective decision-making. Fiscal, programmatic, health outcome, demographic, and other data are consistently collected and presented to lead Department staff. Such data is frequently shared with legislators and key stakeholders to gain additional analysis of and support for decisions.

SCDHHS partners with USC IFS, Milliman and other contractors to collect and analyze appropriate demographic, fiscal, health and other data useful to decision-making.

3. What are your key measures, how do you review them, and how do you keep them current with organizational service needs and directions?

Key measures are reviewed by the SCDHHS' Management team and include, but are not limited to:

- Managed care performance as measured by the Medicaid Health Plan Report Card and the Cost and Quality Effectiveness Report; tracked by analyzing Health Care Effectiveness Data and Information Set (HEDIS) measures, customer surveys and actuarial data;
- Expenditures compared to appropriations; tracked throughout the year by Fiscal Affairs and continuously reviewed;
- Enrollment trends; tracked throughout the year by eligibility staff and continuously reviewed.
- Medicaid Assistance forecast performed by the Department's actuary tracks enrollment, expenditures, and economic conditions.

The goals and performance objectives on the balanced scorecard are listed below.

Balanced Scorecard

<p>I. Succeed Financially</p> <p><i>To succeed financially, how should we appear to the legislature and taxpayers?</i></p> <ol style="list-style-type: none"> 1. No deficit spending within reserve limits. 2. Rebuild State reserve funds with a target of 3% of operating budget by FY2014. 3. Sustain the growth rate of Per Member Per Month (PMPM) costs to 1% less than the Medical Care Component of the Consumer Price Index (CPI). 4. Develop a documented transparent and sustainable budgeting and reporting methodology by end of FY2012. 	<p>II. Innovate & Be Flexible to Change</p> <p><i>To achieve our vision, how will we sustain our ability to change and improve?</i></p> <ol style="list-style-type: none"> 1. Implement Lean Six Sigma (LSS) training and certification in FY2012 with 5% of staff trained in LSS and at least 1% certified by end of FY2013. 2. 100% of all eligible performance reviews and planning stages completed in FY2012. 3. Complete 360°- degree reviews of all supervisors, managers and senior leadership by December 2012. 4. Transition from paper-based eligibility activities (applications/renewals) to electronic by October 2013. 5. Transition to modern communication and collaboration tools by end of FY2012.
<p>III. Achieve Quality Health Outcomes</p> <p><i>To achieve our vision, how should we appear to our beneficiaries, patients, and providers?</i></p> <ol style="list-style-type: none"> 1. Rebalance the long term care continuum by increasing the ratio of waiver slots to institutional beds by 6% from FY2011 to FY2013. 2. Decrease the number of low birth weight babies to less than 11% from the current 12% by end of FY2013. 3. Increase to three-stars HEDIS on state reported measures for all coordinated care plans by end of FY2013 with achievement of NCQA rating of excellence for MCO plans by FY2014. 4. Initiate enrollment in January 2014 and have approximately 50% of all Demonstration targeted full dual eligible enrolled by January 2015. 5. Facilitate action on health disparities by having coordinated care plans consistently collect and report race, ethnicity, and language data of enrolled population by end of FY2013. 	<p>IV. Excel Operationally</p> <p><i>To satisfy our stakeholders, what internal business process must we excel at?</i></p> <ol style="list-style-type: none"> 1. Increase ratio of enrolled to eligible children to at least 80% by end of FY2013. 2. Complete 100% of initial eligibility determinations for complete non-complex applications within 14 days by end of FY2013. 3. Reduce State Payment Error Rate Measurement (PERM) to less than national PERM average for next cycle (FFY2013). 4. Improve accuracy of budget forecasting to within 3% of actual expenditures for FY2013. 5. Increase the prevention, identification, and collections from fraud, waste, and abuse by 50% by end of FY2013. 6. Transition provider payments to be at least 20% performance-based by end of FY2014. 7. Implement stakeholder satisfaction program including regular surveys and reporting by December 2012.

<p>6. Implement integrated coordinated community-based initiatives aimed at preventing chronic disease by reducing obesity prevalence, tobacco use and alcohol abuse by the end of FY2013.</p>	
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4. How do you select and use key comparative data and information to support operational and strategic decision-making and innovation?

SCDHHS assesses which data are required to support key decisions, leveraging in-house, state and national resources to provide actuarial, financial and programmatic information. Contract and other department staff continually assess industry and government publications, research publications, trends, pilot progress to identify useful key comparative data.

5. How do you ensure data integrity, reliability, timeliness, accuracy, security and availability for decision-making?

Keeping up with technology and online security is an ongoing job. This year we are proud to say that we developed and implemented an extensive upgrade and modernization of our information technology infrastructure. That means we are able to provide a more efficient, effective and secure environment for our beneficiaries and our workforce.

These upgrades include numerous improvements to our server, firewall, intrusion detection and prevention devices as well as other core upgrades that strengthen security and help protect the people we serve.

When it comes to network security, SCDHHS has made significant advances. The changes are in response to a growing cyber threat and forthcoming systems mandated under the Affordable Care Act. For example, we:

- Created a Chief Information Security Officer position to head the newly formed Office of Information Assurance
- Implemented greater levels of redundancy to ensure continual operations
- Upgraded and added security systems including firewalls, network monitoring, anti-virus protection, forensics capabilities and internal auditing systems
- Restructured online hosting contracts to include continual security monitoring
- Deployed additional, token-based authentication to prevent breaches

Plus, we are currently working to fully encrypt all systems and data that were not previously encrypted. Policies and procedures are continually being updated to outmatch any existing and future threats. Even our employees are being trained in security awareness.

Overall, the enhanced CIO Office has overseen continued improvements in data capture, transmission, and security. In addition, the USC IFS continually assesses these components of data to assure relevant, effective data sources.

6. How do you translate organizational performance review findings into priorities for continuous improvement?

Findings from organizational performance reviews are vetted and considered for future consideration. Weekly management meetings continually assess such findings and develop policy to incorporate best practices. When such assessments lead to findings of policy or program success, the successful elements are built into other areas as appropriate.

7. How do you collect, transfer, and maintain organizational and workforce knowledge (knowledge assets)? How do you identify, share and implement best practices, as appropriate?

SCDHHS implemented Microsoft SharePoint as a collaboration and file sharing solution. SharePoint allows users to upload, edit, share, and collaborate on documents while tracking changes and maintaining a version history for each. In addition, through the development of documentation, the workflows, processes and procedures are analyzed for improvement opportunities. Through this process of procedure documentation, a library of Department procedures can be created for use in training, reference, accountability and transparency. Through the support of the Pursuits of Excellence(PoE) Team Governance area, development of processes and procedures as well as process flow are supported with direction and tools such as Business Process Modeling Notation (BPMN).

Category 5 – Workforce Focus

In fiscal year 2012-2013, the Department's population included 1060 full-time equivalent positions (FTE) and 336 temporary grant positions (TG) for a total of 1396 positions, 1109 of which are filled. 976 of the Department's employees are female and 133 are male. The Department employs 553 Caucasians, 526 African Americans, 15 Hispanics, and 15 individuals of other ethnicities. The Department saw an 11.98% turnover rate in fiscal year 2012-2013.

The Affirmative Action Plan for the Department was established to maintain and further diversify the workforce and to comply with federal and state guideline. The Department met 89.7% of its 2012 annual affirmative action goals and ranked in the top 22nd percentile among agencies of comparable size. The Office of Human Resources did not receive a single discrimination complaint through the State Human Affairs Commission this FY.

1. How does management organize and measure work to enable your workforce to: 1) develop to their full potential, aligned with the organization's objectives, strategies, and action plans;

and promote cooperation, initiative, empowerment, teamwork, innovation, and your organizational culture?

Recent efforts have focused on initiating a Department-wide transformation from a claims processor to an active health management organization by achieving greater operational efficiency and effectiveness and realigning to meet short- and long-range strategic objectives of the Department, the Governor and the stakeholders of the Medicaid program.

The Project Management Office (PMO) and PoE team were created to ensure that ongoing and new project work must be prioritized, monitored, appropriately funded and staffed with correct resources to successfully complete projects within time and budget constraints. The PMO and PoE created governance related to projects, as well as a PMO Project Repository, utilizing SharePoint, for the sharing of project documentation across program areas that are affected by a given project. The PMO office has developed a Project Manager Professional (PMP) certification study group to provide interested staff an opportunity to learn standard project management methodologies approved by the Project Management Institute (PMI). SCDHHS PMP certified project managers facilitate weekly study groups and review chapters from PMI's Project Management Body of Knowledge Guide with participants to assist them in preparing for the PMP exam. SCDHHS pays for the study materials and reimburses staff who successfully pass the test for their exam fees. Last FY, there were a total of five DHHS employees sat for the PMP exam and received their certification. Overall, the agency currently has ten PMP certified project managers.

2. How do you achieve effective communication and knowledge/skill/best practice sharing across departments, jobs, and locations? Give examples.

Leading an organization with such a significant impact demands transparency in policy and response to the general public, constituents, collaborative partners, other state agencies, the General Assembly and the Governor.

The Director reinforces the short- and long-term goals of the State Medicaid program during direct and interactive communications on a weekly basis with his Executive staff and with Senior Management. Leadership cultivates an environment of collaborative decision making by providing strategic direction, status updates, sharing news on recent events affecting the overall Department mission and recommending steps toward building a more accountable organization through ownership of processes and consistent performance measurement.

Senior leaders share information with employees through a variety of avenues. The Director holds a weekly meeting with individual Deputy Directors to assess the progress of important projects and reinforce key strategic goals. In addition, a weekly leadership meeting that includes the Director, Deputy Directors, Program Directors and others are held to share Department priorities, discuss ongoing projects and clarify goals. These weekly meetings are a forum for managers to ask questions of Deputies and the Director about Department priorities. Weekly leadership meetings also include at least one major "take away" message, typically a performance improvement strategy or anecdote meant to inspire the leadership team.

Outside stakeholders are informed of Department activities through occasional stakeholder meetings, including the regularly scheduled MCAC and CCIG. The MCAC, which has traditionally included mostly providers, has been refashioned to better reflect the Medicaid population the program serves. In addition to providers, the newly comprised Committee will include actual beneficiaries and more advocates for the poor, elderly and disabled. The CCIG was formed to examine the current Medicaid coordinated care system to determine what is working and not working and develop policies that improve health outcomes, cost efficiency, and patient and provider satisfaction. The CCIG has three subgroups: Data, Incentives and Pharmacy.

3. How does management recruit, hire, place, and retain new employees? Describe any barriers that you may encounter.

The Department's Office of Human Resources (HR) continues to partner and consult with Executive Management to ensure workforce planning is strategically aligned with the short and long term goals and initiatives of the Department. Organizational planning includes generating innovative staffing options while ensuring procedural and regulatory compliance as well as equitable employee treatment. The EPMS has been retooled to simplify processes for supervisors and to ensure consistency between job descriptions and on-the-job expectations. The Department has implemented a combined Position Description/Planning Document/Evaluation form to facilitate this consistency.

Diversity is an agency-wide effort. This effort is led by senior management who actively participate in hiring decisions. The Department strives to meet affirmative action goals by promoting educational opportunities for managers and employees, enforcing consistent employment policies and procedures, emphasizing diversity in the workforce and work teams and engaging in budget-neutral recruiting efforts. The following information outlines the Department's approach to diversity outreach.

- 1) Recruiting – SCDHHS continues to try different strategies to diversify our applicant pool and the workforce. While the Department is required to advertise our positions on the internet via NeoGov, we have also used alternative methods this year including advertising on University of South Carolina's Job Mate and ITT Department board, Clemson's JobLink, Technical Colleges' Boards online/bulletin boards/emails, Columbia College's bulletin boards, IT-ology's Job Board,, with the National Medicaid Director's Organization, and through AppleOne, Spherion and other temporary services companies.
- 2) Internships – The Department continues to utilize a formal internship program to attempt early recruitment of college students earning their degree. Over the relevant time period, the Department employed a total of thirty-eight (38) interns from the following schools: University of South Carolina (20), USC-Aiken (2), Trident Technical College (2), Piedmont Technical Institute (1), ITT Technical Institute (2), University of Miami (1), Brenau University (1), University of Virginia (1), Midlands Technical College (3), Denmark Technical College (1), Costal Carolina University (2), Limestone College (1) and Presbyterian College (1). Of these interns, seven (7) African-American males, seven

(7) Caucasian males, three (3) males of other ethnicities, ten (10) African-American females, ten (10) Caucasian females and one (1) Hispanic female .

3) Job Fairs – In an effort to increase access to candidates and remove barriers from the employment process, the Office of Human Resources also held five job fairs during FY 12-13, where Department representatives spoke with potential job candidates and interns about position openings and passed out recruitment handouts:

- October 24, 2012: Francis Marion University – spoke with 45 potential job candidates
- January 29, 2013: University of South Carolina – spoke with 125 potential job candidates
- April 3, 2013: Trident Technical College – spoke with 140 potential job candidates
- April 11, 2013: University of South Carolina – spoke with 238 potential job candidates
- April 18, 2013: University of South Carolina Honors College – spoke with 10 potential interns

4) Leadership – Our Human Resources Director reports the Department’s goal attainment to the executive leadership.

5) Training –

a. The following list includes the diversity pertinent training attended by the Human Resources Staff who guide human resource policies and personnel practices for the Department: 1) Reasonable Accommodations Webinar; 2) The How to Write Effective Policies Seminar; 3) FMLA Compliance Update; 4) Legislative Forum; 5) Advanced Excel; 6) One Day, Many Solutions; 7) Payroll Law; and 8) EEOC Charlotte Technical Assistance Seminar.

b. During the review period, four (4) managers completed the Certified Public Manager program through the State Budget and Control Board. This program focuses on leadership and managerial skills where an emphasis is placed on ensuring participants understand proper hiring practices including the importance of diverse work teams.

c. Hiring managers are coached in the use of the competency based-team interviewing, which has led to better, more effective hiring decisions. As of June 2013, Human Resources have conducted two interviewing training sessions, enhancing interviewing skills for 30 individuals. On multiple occasions, Human Resources representatives have been asked to participate on interview panels throughout the agency.

4. How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?

Program Areas are responsible for assessing the immediate needs of the workforce, including staffing levels, to allow the work units to meet the Department's needs. In addition, senior leadership constantly evaluates the staffing and organization of the Department to ensure SCDHHS aligns with its mission to purchase the most health for beneficiaries with the least possible taxpayer dollars and can accomplish our strategic goals.

With employee input, managers identify skill gaps and coordinate training with the Department's Office of Human Resources, allowing the workforce to continually improve, and hire the necessary staff if additional resources are needed. The EPMS process is utilized to identify employee performance expectations.

SCDHHS assessed leadership competencies through an annual 360° evaluation program in conjunction with an engagement survey. The goals were to increase employee engagement and increase our performance by identifying "blind spots," including unrecognized strengths, as well as opportunities for improvement at a manager and agency-wide level.

The resulting evaluations provided managers with a meaningful and well-rounded analysis of their professional leadership capabilities, and will provide guidelines to shape our future professionalism and success.

5. How does your workforce performance management system, including feedback to and from individual members of the workforce, support high performance work and contribute to the achievement of your action plans?

The Employee Performance Management System (EPMS) process is utilized to identify employee performance expectations that align with and support the Department's mission, goals and objectives, and provide documented feedback to employees. Ongoing communication throughout the entire review period between the supervisor and the employee is essential to maintaining consistent performance standards through meaningful feedback. Formal evaluations must occur at least once a year. The components of the EPMS are as follows:

A. Planning Document: A documented discussion at the beginning of the review period between the supervisor and employee to identify performance expectations for the upcoming review period.

B. Coaching and Feedback: The process of on-going or periodic communication between employees and managers to constructively address work performance adjustments and strategically coach to meet performance goals and expectations during the review period. Consistent communication and feedback helps managers identify where to improve employee performance, identify training needs, sustain motivation and set targets in line with organizational goals.

C. Evaluation Document: The final documented review and appraisal of employee performance in relation to established performance expectations for the review period. Formal evaluations occur at least once a year.

The Workforce Investment Initiative enhanced the Department's employee accountability through clearly-defined job descriptions, more accurate performance appraisals that include mission-aligned goals and improved employee selection using competency measurement tools. Performance management should be easier for supervisors and more consistent with the implementation of the new EPMS, including the Universal Review period weighted functions and objectives, and new appraisal language.

6. How does your development and learning system for leaders address the following:
 - a. development of personal leadership attributes;
 - b. development of organizational knowledge;
 - c. ethical practices;
 - d. your core competencies, strategic challenges, and accomplishment of action plans?

The Department procured a comprehensive 360-degree feedback tool, which provided managers with the opportunity to rate their own leadership attributes, organizational knowledge, etc. as compared to multiple sources of feedback. The tool allowed managers to solicit feedback from sources including, but not limited to, peers, subordinates and supervisors. Evaluations of each supervisor using the 360° electronic feedback tool improved performance management by pointing out blind spots, including unrecognized strengths as well as opportunities for improvement at the supervisory level. The resulting evaluation provided managers with a meaningful and well-rounded analysis of their professional leadership capabilities.

7. How do you identify and address key developmental training needs for your workforce, including job skills training, performance excellence training, diversity training, management/leadership development, new employee orientation, and safety training?

The Office of Human Resources coordinates a comprehensive statewide training effort to develop the knowledge, skills and abilities of agency team members. The agency offers supervisory, basic and advanced Medicaid Eligibility Worker training, personal computer software applications such as Microsoft Office applications, The HHS Way (customer service), New Employee Orientation, special sessions of Medicaid systems (MEDS) training and specialized teambuilding training.

Supervisory Training – The Department continues to develop its supervisors by offering state-of-the-art supervisory training conducted by the Budget and Control Board's Office of Human Resources. All supervisors are required to complete their Associate Public Manager (APM) Certification within the first year of employment. Participant coursework includes a four-day comprehensive Supervisory Practices class, a two-day Supervisory Coaching Skills class and a one-day Focus goal setting class. Additionally, the Department continues to participate in the Certified Public Manager (CPM) program, an intensive, 18-month learning track designed to groom future Department leaders in the areas of leadership and quality.

Employee Orientation – The Department conducts a day-long New Employee Orientation at least once a month as part of the Department's on-boarding process. During each orientation, a member of Executive Management delivers a welcome speech and provides an overview of the

agency. In the afternoon, each new employee's supervisor receives an email from the Office of Human Resources confirming the new employee has attended orientation, and that the new employee should be reporting to his or her duty station the next day.

Personal Computer Applications Training – The Department sponsored classes on computer applications such as Microsoft Office applications.

The HHS Way – HR conducts customer service training, The HHS Way, once a month for new and existing employees.

Team Building – The Office of Human Resources has delivered, all with very positive results, three comprehensive teambuilding interventions in response to isolated team effectiveness issues. The process begins with an assessment by the Employee Relations Manager that an intervention is necessary. The Training and Development Manager is enlisted to implement a 10-step intervention process, which includes facilitated interventions with full work teams, pre-session and post-session work assignments and assessments and a team building event with exposure and tactical response to issues.

Medicaid Eligibility Training – The Department conducts ongoing Medical Eligibility training to new and existing employees. Sessions range from one to four days in length and include a variety of topics including case management practices, special Medicaid topics and Medicaid Eligibility Determination System (MEDS) computer training and Phoenix case management.

How to Prepare a Meaningful Planning Document – The Department sponsored several training programs for supervisors on writing meaningful planning documents in order to make job descriptions, planning documents, and employee evaluations as effective as possible.

Employee Performance Management System (EPMS) – The Department conducted supervisor training on the new EPMS.

8. How do you encourage on-the-job use of new knowledge and skills?

Much of the training the Department provides is targeted to improve on-the-job skills, such as training on Microsoft computer applications, MEDS, etc. This is especially true of training specifically designed for supervisors, such as training on writing meaningful planning documents and the new EPMS policy and procedure. Employees and supervisors are not only encouraged to use new knowledge and skills in their work, but are expected to do so.

9. How does employee training contribute to the achievement of your action plans?

In Fiscal Year 2012-2013, 405 (recorded) staff attended 136 (recorded) different training events on topics such as: Employee Performance Management System, Professional Development Conferences, Behavioral Health, Caring for the Elderly, Leadership Development, Continuous Improvement, Medicaid Eligibility Case Management, Medicaid Program Management, Computer Software Applications, Customer Service, MySCEmployee, Social Work Practices, Data Management, SharePoint for Contract Management, Teambuilding, Human Resources Best

Practices, Defensive Driving and Fiscal Best Practices. Training efforts contribute to the achievement of the Department's action plans by improving workforce skills, knowledge, and abilities, increasing competency and efficiency and allowing for progress towards the Department's goals and mission.

10. How do you evaluate the effectiveness of your workforce and leader training and development systems?

The EPMS policy and procedure calls for annual evaluations of employees' job performance, based on the success criteria in their planning documents. These evaluations help the Department gauge the efficacy of training and development systems. Additionally, the Department implemented a 360° evaluation and feedback tool that evaluated supervisors' performance, and illuminated unrecognized strengths as well as opportunities for improvement.

11. How do you motivate your workforce to develop and utilize their full potential?

The Department has recently implemented an employee bonus program, incentivizing exceptional work performance, process improvement, and successful employee referrals. In addition, employees also received bonuses for EPMS evaluation ratings in the top 30 percent of their program area. During SCDHHS' annual Employee Appreciate Day, employees are recognized for longevity and all employees are rewarded for their work with an opportunity to enjoy lunch, entertainment and each other's company.

12. What formal and/or informal assessment methods and measures do you use to obtain information on workforce well-being, satisfaction, and motivation? How do you use other measures such as employee retention and grievances?

The Department conducted an Employee Engagement Survey for the entire workforce. The survey was deployed with four goals in mind. The first was to recognize skilled leaders who engage their people in a positive way. Second, we wanted to improve our management practices to align them with competitive best practices and the Department's mission, vision, and values. Third, we wanted to identify ways to improve employee commitment to the mission of the organization. And fourth, we hoped to resolve problems that demotivate people, compromise customer satisfaction or diminish performance towards organizational goals.

HR also conducts online exit interviews for separating employees. The survey allows the employee to provide observations on their experiences at the agency and provide constructive suggestions for improvement opportunities. The information is analyzed and issues brought to light are addressed. Unusually high turnover rates and incidences of disciplinary actions and/or grievances can help pinpoint areas that may need additional training and/or teambuilding efforts. Additionally, Human Resources consults with field managers to assess office environment and the potential of manifesting conflicts. In FY 2012-13, HR Training implemented six team building sessions for 58 employees.

13. How do you manage effective career progression and effective succession planning for your entire workforce throughout the organization?

Clearly established class codes and pay bands facilitate career progression and succession planning. With the opportunities that the economic environment has placed on the agency, we have been able to provide current employees the opportunity for reassignments to other areas where they may develop a better breadth of skills and experience. When the vertical move is less available because of decreased employee turnover, a horizontal move allows talent to expand their knowledge and gain a wider perspective in their career.

14. How do you maintain a safe, secure, and healthy work environment? (Include your workplace preparedness for emergencies and disasters.)

All SCDHHS employees have the right to a safe and secure work environment. Every employee and supervisor must respect this right and protect against its violation. The Department's Intranet includes a Workplace Safety site providing safety tips for work and personal life, which all employees can access.

Workplace violence is strictly prohibited by Department policy. We all share the responsibility for keeping our workplace safe from violence of any kind. Whatever its form, violence or the threat of violence by or against any employee of Health and Human Services is unacceptable. The Department of Health and Human Services is committed to providing a healthful, safe work environment for all employees.

Each office is a smoke-free workplace. Smoking and the use of all tobacco products is strictly prohibited in all SCDHHS facilities and state owned vehicles by all employees and visitors of the SCDHHS. Smoking will only be permitted in specifically designated areas. Signs are posted at each area to remind and assist employees and visitors in complying with this policy.

Office evacuations plans are posted in compliance with safety regulations. Employees also participate in periodic emergency drills to ensure knowledge of evacuation routes, regrouping locations and general preparedness.

The Governor has the sole authority to excuse employees of State Government from reporting to work during extreme weather or other emergency conditions.

SCDHHS ensures workplace security through the prevention of internal or external theft of information or materials, unauthorized use or disclosure of PHI or SBI, or violence of any sort between co-workers or between a non-workforce member and a workforce member.

Category 6 – Process Management

1. How do you determine and what are your organization's core competencies, and how do they relate to your mission, competitive environment, and action plans?

SCDHHS has determined its core competencies through examination of the core mission. Therefore, the Department's core competencies are to appropriately manage the eligibility/enrollment process of applicants, manage the purchasing of quality health care,

efficiently reimburse for services and ensure the integrity of the program within all these competencies. These support our mission, our position within the health purchasing/management field (our competitive environment) and all the Department action plans.

2. How do you determine and what are your key work processes that produce, create or add value for your customers and your organization and how do they relate to your core competencies? How do you ensure these processes are used?

Key processes are identified as those that directly support the Department's mission and goals listed on the balanced scorecard. Such processes are often honed through advanced process management training such as Lean Six Sigma. In the Lean Six Sigma initiative, individuals from all business areas learn and use tools to support the understanding of what our customers' value. As process improvements are implemented, appropriate control tools are also used to maintain and sustain the improvements. Through measurement and reporting, using basic tools taught in Six Sigma training sessions, staff can evaluate what processes produce the best value to the organization. By strengthening key processes through a tool like Lean Six Sigma, the Department ensures such processes become integrated in the Department's mission, and therefore will continue to be used.

To ensure we focus on process improvement, we have created a PMO. This office ensures new and ongoing work is prioritized, monitored, appropriately funded and staffed with the resources needed to successfully complete projects on time and within budget.

3. How do you incorporate organizational knowledge, new technology, cost controls, and other efficiency and effectiveness factors, such as cycle time, into process design and delivery?

New technologies and production workflow processes have been identified and incorporated into the Department's front line eligibility/enrollment operations. By revamping the intake workflow, the Department is designing a more efficient application/enrollment experience for the public, and reducing time and resources required by staff to make eligibility determinations.

4. How does your day-to-day operation of these processes ensure meeting key performance requirements?

Day-to-day operations included the capture, reporting, and measurement of key performance requirements, as embodied in the Department's Balanced Scorecard. Frequent analysis of the performance requirements, supported by accurate and consistent collection during daily operations, is supporting information-based decisions at the Department.

5. How do you systematically evaluate and improve your key product and service related work processes?

In the Lean Six Sigma initiative, the DMAIC process (Define, Measure, Analyze, Improve, Control) guides process improvement for key Department processes. This evaluation and improvement process exemplifies the steps continuously being applied to all key product and service-related work.

6. What are your key support processes, and how do you evaluate, improve and update these processes to achieve better performance?

Department key support processes include budget/forecasting analysis, enrollment support, quality health measurement/reporting, contractual integrity support, efficient payment support, and support in program integrity. Frequent evaluation of these processes (whether provided in-house or through contract) allows the Department to eliminate, strengthen, or expand these processes to ensure they support the overall Mission. In addition, the Department derives information from feedback received through the provider support center and the beneficiary call center which we use to guide process improvement and policy change.

7. How does your organization determine the resources needed to meet current and projected budget and financial obligations?

The future budget process will help SCDHHS to develop and target strategies and resources towards critical Department programs and services. Such a strategic resource allocation process will align these resources with key strategic goals, priorities, and objectives. Characteristics of the new process include linking funding decisions to the Department's mission and objectives, developing a realistic multi-year plan identifying current and future needs, supporting accountability for decision making by departmental units, promoting transparency and allowing input from all stakeholders, being open and responsive to change, and documenting policies and procedures to provide vital information to all decision makers.

Category 7 – Results

- 7.1 What are your performance levels and trends for your key measures of mission accomplishment/product and service performance that are important to your customers?
How do your results compare to those of comparable organizations?

SCDHHS identified key metrics that are essential to promoting the purchase of health – the mission of our organization – and utilized the balanced scorecard as an evaluation tool to measure performance. The four quadrants of the balanced scorecard include: succeed financially, innovate and be flexible to change, achieve quality health outcomes and excel operationally.

The beneficiaries, providers and community have become the central focus of our strategies as we strive to be more customer-friendly through an easier eligibility application process, increased services to specified audiences, more frequent and easier to understand communication with all key audiences and regular gauging of customer satisfaction for quicker resolutions to challenges or issues.

Below are performance measurements derived from SCDHHS' balanced scorecard.

Balanced Scorecard Measures

1. Transition provider payments to be at least 20% performance-based by the end of FY14.
2. Facilitate action on health disparities by having coordinated care plans consistently collect and report race, ethnicity and language data of enrolled population by end of FY13.
3. Decrease the number of low birth weight babies to less than 11% from the current 12% by the end of FY13.
4. Increase to "three-stars" HEDIS on state reported measures for all coordinated care plans by end of FY13 with achievement of NCQA rating of excellence for Managed Care Organization (MCO) plans by FY14.

Transition provider payments to be at least 20% performance-based by the end of FY14.

Providers, beneficiaries and MCOs all can collaborate to improve and manage their health care. Director Keck is leading the effort to increase stakeholder responsibility and reward provider performance by leveraging the state's influence as a major health care payor and implementing a series of payment reform initiatives.

Having one of the highest rates of Medicaid physician participation, Director Keck is implementing performance-based provider payments in the 2014 MCO contract as part of the Department's initiative to institute payment reform in the state's Medicaid program. The performance-based provider payments will be tiered in five percent increments up to 20 percent over a five-year period.

To date, SCDHHS has distributed almost \$875,000 in Patient-Centered Medical Home (PCMH) incentive payments to 58 practices as part of its' new Incentives and Withholds initiative. In July 2012, SCDHHS began offering higher payments to providers who are improving the care of Medicaid members. This reformational program incites a change in the fundamental way medicine is practiced. It is improving health care services and access by placing more responsibility and reward for performance in the hands of individuals and their doctors. Managed Care Organizations (MCOs) and Providers are eligible to earn incentives by meeting certain criteria within a number of programs including Patient-Centered Medical Homes (PCMH) and the Birth Outcome Initiative. Currently, SCDHHS has distributed payments for the PCMH and Centering portion of the incentives.

In 2012, SCDHHS began withholding a portion of premium payments from all MCOs. Higher-performing plans receive the withheld amount premium at the end of the withhold period. South Carolina is one of the first states to both withhold payments from MCOs and incentivize providers that improve health outcomes.

In addition, South Carolina became the second Medicaid program in the U.S. to join the Catalyst for Payment Reform (CPR). CPR is a national non-profit organization comprised of public and private sector health care purchasers working together to improve quality and value of health

care provided to consumers by implementing effective provider payment practices. SCDHHS and stakeholders, including the health plans and direct care providers, continue to collaborate through the Coordinated Care Improvement Group (CCIG) meetings and the SCDHHS website to create the 2014 Managed Care Contract. All stakeholders are aware that this contract will include Catalyst for Payment Reform language and value based payment targets that the MCO's will need to include in their SC Medicaid health plan product.

Facilitate action on health disparities by having coordinated care plans consistently collect and report race, ethnicity and language data of enrolled population by end of FY13.

Director Keck has implemented an effective methodology for collecting race, ethnicity and language data. SCDHHS has substantially increased, by as much as 50 percent, the collection of demographic information through applications submitted monthly to an eligibility broker from providers. Language information was gathered based on what language beneficiaries indicated as their primary language. This data assists the Medicaid program by enhancing management and administration, access to diverse populations and system sensitivity to meet patients' needs.

Decrease the number of low birth weight babies to less than 11% from the current 12% by the end of FY13.

Premature birth is the leading cause of newborn death and - for those babies who survive - a leading contributor to long-term health issues for children. With the mindset that infant mortality and low birth weight babies are two of the state's most pressing health problems, Director Keck championed the creation of the now nationally recognized South Carolina Birth Outcomes Initiative (BOI).

Through a collaboration formed in 2011 among SCDHHS, the South Carolina Hospital Association (SCHA), the South Carolina Obstetrical and Gynecological Society, the South Carolina Chapter of the March of Dimes, maternal fetal medicine physicians, BlueCross Blue Shield of South Carolina (BCBSSC) and other stakeholders, BOI has expanded efforts to reduce the number of low birth weight babies and ensure babies the healthiest possible start in life. While many efforts nationally focus on preventing pre-term births prior to 37 weeks of gestation, BOI focuses on early-term births, delivered at 37 and 38 weeks of gestation, as they also pose serious risks to babies and represent a significant cost to the health care system.

There has been an alarming national trend toward elective early labor induction and cesarean sections resulting in more than 6,000 elective deliveries in South Carolina. SCDHHS and the BOI Committee acted quickly to address this issue.

SCDHHS successfully secured a BOI-sponsored commitment from all 43 birthing hospitals in the state to end all non-medically necessary deliveries prior to 39 weeks gestation, setting a national precedent. These deliveries have been reduced in half, realizing a two million dollar savings in reduced NICU admissions and a decrease from 15 to 11 days in average length of stay in one quarter with a projected annual savings of eight million dollars.

In January 2013, SCDHHS implemented a non-payment policy for hospitals and physicians for these early non-medically necessary deliveries. With the implementation of this policy, South Carolina became the first state in the nation to have public (Medicaid) and private (BCBSSC) insurance adopt the same policy for these deliveries. The impact of this effort is powerful, as together, these two health care plans account for approximately 85 percent of all births in the state. Between the second quarter of FY11 and the second quarter of FY12, the number of moderate low birth weight babies prior to 39 weeks gestation in South Carolina decreased to from eight percent to four percent.

Increase to “three-stars” HEDIS on state reported measures for all coordinated care plans by end of FY2013 with achievement of NCQA rating of excellence for MCO plans by FY2014.

Through Director Keck’s guidance, SCDHHS has also diligently worked to improve the quality and service of managed care organizations’ (MCOs) health care outcomes for our beneficiaries. One plan is currently three-stars. The other three plans have increased their rating from two-stars to a two and a half-star rating. In addition, all four plans are on track to achieve the NCQA rating of commendable for MCO plans by FY14, based on current annual reporting submitted to NCQA providing their designation and current compliance with NCQA requirements and HEDIS measures.

To encourage this improvement in quality, SCDHHS implemented a series of payment reform strategies and changed its current member enrollment process in order to increase access, satisfaction, program efficiency, effectiveness and responsiveness and reduce operational and service costs. The Quality Weighted Assignment algorithm now links to a health plan’s overall score on the Health Plan Report Card. Health plans with better outcomes are assigned more members based on their Healthcare Effectiveness Data and Information Set (HEDIS) scores, with report cards being updated twice a year.

- 7.2 What are your performance levels and trends for your key measures on customer satisfaction and dissatisfaction (a customer is defined as an actual or potential user of your organization’s products or services)? How do your results compare to those of comparable organizations?

Below are performance measurements on customer focus derived from SCDHHS’ balanced scorecard.

1. Transition from paper-based eligibility activities (applications/renewals) to electronic by October 2013.
2. Rebalance the long-term care continuum by increasing the ratio of waiver slots to institutional beds by 6% from FY11 to FY13.
3. Decrease the number of low birth weight babies to less than 11% from the current 12% by end of FY13.

4. Serve at least 15% of the dually eligible beneficiaries in a fully integrated continuum of Medicare and Medicaid benefits by end of FY14.
5. Increase stakeholder communications by weekly electronic notifications and updates by end of FY12.
6. Increase ratio of enrolled to eligible children to at least 80% by end of FY13.
7. Implement integrated coordinated community-based initiatives aimed at preventing chronic disease by reducing obesity prevalence, tobacco use and alcohol abuse by end of FY13.
8. Implement stakeholder satisfaction program including regular surveys and reporting by December 2012.

Transition from paper-based eligibility activities (applications/renewals) to electronic by October 2013.

Paper-based eligibility applications and renewals can be challenging, inflexible, time-consuming, inaccessible and a drain on resources for both applicants and staff. The first phase of the SCDHHS' transition away from paper-based applications included the implementation of an electronic document management system, OnBase, that allows all eligibility-related documents to be scanned into a central location and accessed by eligibility staff statewide. This move to electronic case records allows workers to retrieve documents as needed for processing regardless of where they are located and/or where the documents originated. Since all applications are put into a single queue, counties in each region share the cases/work among staff in the region, allowing a more efficient processing of applications. In addition, when Medicaid beneficiaries call or visit an eligibility office, they are no longer required to speak to an assigned case worker, as any eligibility staff member can assist them. As of June 2013, all forty-six (46) counties are now utilizing OnBase.

Currently, SCDHHS is also in the process of moving to an on-line application process for eligibility. The solution is expected to improve program efficiencies, improve data collection and exchange and allow beneficiaries 24/7 online self-service, while allowing the state to integrate its Medicaid eligibility system with the federally-run health insurance marketplace. The on-line eligibility system is expected to be operational by October 2013.

Rebalance the long-term care continuum by increasing the ratio of waiver slots to institutional beds by 6% from FY11 to FY13.

From FY11 to FY13, waiver slots increased to 1,467 and institutional bed days decreased by 591,820, resulting in a 19 percent improvement in the ratio of waiver slots to institutional bed days. Rebalancing efforts shift financial commitments to more home-based services, as opposed to the more costly institutional settings.

The Community Long Term Care (CLTC) program provides home and community-based services to the elderly and persons with physical disabilities through its Community Choices

waiver program. The beneficiaries of the program qualify for Medicaid-sponsored nursing facility care but choose to receive services in their own homes. These services are far less costly to the Medicaid program than care in a nursing facility (\$32 per day on average compared to \$127 a day), while allowing beneficiaries to remain in the comfort of their own home and continue their quality of life. The additional slots to the CLTC Community Choices Waiver will help serve more persons in the most appropriate settings.

The Nursing Facility Bed Locator (NFBL) tool was also created to assist in increasing the ratio of waiver slots to institutional beds by 6% by the end of FY12-13. This tool tracks the availability of Medicare, Medicaid and/or Private Pay beds in nursing facilities throughout the state in real time. The Department collaborated with the Lieutenant Governors' Office on Aging to create a web-based nursing facility bed registry accessible by the public and registered hospital and nursing facility staff. A nursing facility user can receive daily e-mail update requests to which they can simply reply and their facility bed information will be updated. Users can edit the bed and facility information online at any time. Users may also view and enter permit day and bed conversion information. Trainings were provided around the state to prepare hospitals and nursing facilities for this new, legislatively required (Joint Resolution H5028) responsibility.

There are 278 registered users and 196 nursing facilities (including both Medicaid certified and non-Medicaid certified) registered as of June 2013.

Decrease the number of low birth weight babies to less than 11% from the current 12% by the end of FY13.

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With the implementation of this policy, South Carolina became the first state in the nation to have public (Medicaid) and private (BCBSSC) insurance commit to the same policy for these deliveries. The impact of this effort is powerful, as together, these two health care plans account for approximately 85 percent of all births in the state. Between the second quarter of FY11 and the second quarter of FY12, the number of moderate low birth weight babies prior to 39 weeks gestation in South Carolina decreased from eight percent to four percent.

Serve at least 15% of the dually eligible beneficiaries in a fully integrated continuum of Medicare and Medicaid benefits by end of FY14.

Dual Eligibles are persons who receive health care benefits from both Medicare and Medicaid. South Carolina is one of 15 states selected to design new models for serving these beneficiaries. The South Carolina Dual Eligible (SCDuE) Demonstration Project provides the opportunity for the Department to address the weaknesses in the current system by realigning incentives to allow Medicare and Medicaid services to work in a single system. The purpose of this demonstration is to improve quality, reduce costs, and improve the beneficiary experience. The Department aims to ensure that dually eligible individuals have access to the services, to which they are entitled, improve the coordination between the federal government and states, develop innovative ways to coordinate and integrate care, and eliminate financial disorganization that leads to poor quality and high cost. The Department is preparing to serve at least 15 percent of the dually eligible beneficiaries (10,200 beneficiaries) in a fully integrated continuum of Medicare and Medicaid benefits by the end of FY14. The initial opt-in period of enrollment will launch in July 2014 contingent upon CMS' approval of the plan. Based on the proposed enrollment schedule, the Department will serve 52,300 Demonstration targeted full-benefit dual eligibles by December 2015.

Increase stakeholder communications by weekly electronic notifications and updates by end of FY2012.

In an effort to better educate beneficiaries, providers, key stakeholders and all community members about the Medicaid program, benefits and services offered, eligibility guidelines and changes in the program with the upcoming ACA mandates, Director Keck expanded and realigned the Office of Communications in early FY 13. In addition, as of January 1, 2013, the SCDuE team started to send weekly updates to eligible beneficiaries via listerv and post these updates on the website.

The communications team is tasked with communicating key programs, creating and implementing strategic communication plans for each unit and their corresponding initiatives and ensuring that we are employing an array of communication vehicles to reach our many audiences. Currently, communications has begun sending out a new electronic newsletter internally to all SCDHHS staff, is creating a newsletter that will be mailed quarterly to

beneficiaries beginning in the fall and will distribute a re-designed annual report in the end of October.

Increase ratio of enrolled eligible children to at least 80% by end of FY13.

In 2010, South Carolina ranked 5th from the bottom nationally for its percentage of insured children (13 percent). In 2011 Director Keck launched the Express Lane Eligibility (ELE) program. Using a data-match with the South Carolina Department of Social Services (SCDSS), SCDHHS identifies families who receive benefits from the SCDSS' food stamps or Temporary Assistance for Needy Families (TANF) programs who qualify for Medicaid, but are not currently enrolled in the program, and electronically enrolls them in Medicaid. Utilizing DSS data enables the Department to reduce administrative waste and save enormous amounts of staff time that it would otherwise take to process paper applications.

As of June 2013, SCDHHS has enrolled more than 92,000 children via the ELE process for new children applications. This increased enrollment has drastically decreased the uninsured population in South Carolina. The SCDHHS' process is so effective it has become a national model for streamlined enrollment. In addition, plan selection in South Carolina is among the highest in the nation.

Since 2011, SCDHHS has processed over 276,000 annual redeterminations from children in an automated fashion. By using recent redetermination data from South Carolina Department of Social Services, the Department was able to eliminate duplicative processes and paperwork for these redeterminations.

These efforts have resulted in an increased ratio of enrolled eligible children of approximately 90 percent, based on FY12 and FY13 enrollment data in comparison to the estimated number of uninsured children in South Carolina as cited by the Children's Defense Fund.

Implement integrated coordinated community-based initiatives aimed at preventing chronic disease by reducing obesity prevalence, tobacco use and alcohol abuse by end of FY13.

As years of public health research has validated, personal choices directly impact health outcomes. In an effort to help beneficiaries manage their own health, Director Keck has implemented a series of community outreach initiatives to help South Carolinians positively influence their lifestyle choices, prevent chronic disease and increase overall well-being. One of the focuses of BOI is the Screening, Brief Intervention and Referral to Treatment (SBIRT) program. It is an evidence-based, integrated and comprehensive approach to the identification, intervention, treatment/referral of substance (drug and alcohol) use, domestic violence, depression and tobacco use, specifically in pregnant women through 12 months postpartum. Since its inception in 2012, more than 4,300 screenings have been completed. SCDHHS staff has trained all OB/GYN providers in South Carolina on the SBIRT tool and will expand the training to include family physician offices in FY13-14.

Obesity is one of the most challenging public health problems we face as a nation. More than 32 percent of American adults are obese and more than 17 percent of children and adolescents are

overweight, with the South having the highest prevalence of obesity. Obese individuals are more likely than normal-weight individuals to develop hypertension, heart disease, diabetes and stroke, among other diseases. The increasing prevalence of obesity and its significant health consequences are straining our healthcare system. In response to increasing obesity rates and the concomitant economic and health challenges these rates impose, the SC Medicaid Program recognized obesity as a disease state in May 2013 and is expanding the availability of nutritional counseling services to adults in the Medicaid program.

SCDHHS has joined with the South Carolina Medical Association, the South Carolina Academy of Nutrition and Dietetics and other key community partners to form a new health care collaborative focused on creating solutions to reach common public health goals among stakeholders. In addition, the South Carolina Medicaid program is taking steps to expand the availability of nutritional counseling services and a physician obesity management health services, while coordinating additional community support services for obese adults in the Medicaid program.

Implement stakeholder satisfaction program including regular surveys and reporting by December 2012.

In order to constantly evaluate and improve our processes, it is key for SCDHHS to utilize a variety of tools to capture feedback and measure the satisfaction of our key audiences including providers, beneficiaries and community stakeholders. Increased communication with members and other stakeholders, including surveys, reporting, and regular notifications are critical to the SCDHHS mission.

Providers

In response to providers' spoken dissatisfaction with the level of customer service from our provider response groups and information contained on the provider call center reports, a workgroup was created in May 2013 to analyze and improve the quality of our customer service. The goal is to not only increase customer service from the Department and from the BCBSSC Provider Service Center (PSC), but also to improve the measurements and tracking of provider outreach activities.

The first phase of this effort was completed in May 2013. Using existing technology at BCBSSC, the Department was able to create a robust call ticketing and tracking system that incorporates automatic notifications and alerts based on a newly created escalation schedule and return call policy. This phase also includes a new customer service survey sent out after calls are closed in order to measure the level of service we are giving the providers.

In the first half of FY14, the next phase of provider outreach will go into development, including a formal training plan. The training plan will create an official and steady flow of information between the PSC and SCDHHS. The goal of the training plan will be to have agents that are more knowledgeable on the front lines of the call center in order to reduce provider frustration. A result of this more in-depth training will be the ability to create a multi-tiered approach at the

PSC and implement an internal call escalation policy that will incorporate different levels of expertise before the calls are sent to SCDHHS.

Finally, the creation of regional provider representatives will put knowledge in the field to assist providers with their claims issues. The regional provider representatives will be responsible for the provider outreach in a section of the State and will work personally with providers to resolve complicated claims issues.

Beneficiaries

Effective July 1, 2012, the United Way Association of South Carolina began operating the Member Services Call Center for SCDHHS. Callers now have more flexibility when accessing the call center because of the call center technology that is now available. Instead of waiting for the next available agent, callers have the option of retaining their place in queue and receiving a call back from the agent. The United Way also houses call centers for the SCDSS and 2-1-1, providing beneficiaries quicker access to other resources that may be available through 2-1-1. Call metrics have improved drastically since this transition. Prior to the transition of services to the United Way, the average abandon rate (percentage of calls ended by the customer before speaking to an agent) for telephone calls for FY11-12 was 28 percent. The average abandon rate for FY12-13 is 5 percent.

The University of South Carolina's Institute for Public Service and Policy Research (IPSPR) conducts comprehensive surveys of beneficiaries who contacted the call center in order to gain more information and insight about their experiences with the Medicaid program. From December 2011 through December 2012, a total of 5,709 beneficiaries were surveyed on a broad range of topics which included access to care, health care plan utilization, emergency room visits and transportation. Overall, most beneficiaries were satisfied with the Medicaid enrollment process and their health plan, and we were able to gauge interest in and knowledge of under-utilized benefits, such as non-emergency transportation. Beneficiaries were also surveyed in order to gain more information about any barriers experienced in the Medicaid eligibility process and the level of customer service provided by anyone they came in contact with for Medicaid services. The survey is intended to be "fluid," allowing for the Department to get timely feedback on changes affecting beneficiaries. Monthly reports of the surveys are compiled by USC and disseminated to the Department's senior management, to be utilized in continued improvement efforts across the agency.

All Stakeholders

Leading an organization with such a significant impact on South Carolina citizens underlies the demand for transparency in policy and response to the public, constituents, collaborative partners, advocacy groups, other state agencies, the General Assembly and the Governor. The Director is actively engaged in stakeholder interactions with advocacy groups such as the Coordinated Care Improvement Group (CCIG) and the Medical Care Advisory Committee (MCAC) and with other state agencies, working together to make decisions that affect state Medicaid. Also, in the mission to maintain transparency, SCDHHS has added a transparency reporting section to the website (www.scdhhs.gov/site-page/transparency-reporting-medicaid);

installed and maintains an accountability wall that features “at-a-glance” reporting of on-going projects and programs; and is using surveys, CAHPS, call centers and attendance at community outreach events to maintain two-way communication with beneficiaries, providers, stakeholders and the community as a whole.

In an additional effort to reach out to stakeholders for input into the programs that are supported by SCDHHS, the Director has implemented a series of Open Public Forums. These forums are facilitated based on a Logic Model that integrates comments, concerns, suggestions and input into a framework that organizes this information into the following categories; Resources, Activities, Outputs, Short and Long Term Outcomes and Impacts. SCDHHS internalizes this information to create the best possible models for rendering the services we support for our beneficiaries. In the last three months, the Department has facilitated seven forums for several programs including Non-Emergency Medical Transportation (NEMT), Vision, Dental and Pharmacy. The Department has also conducted follow-up public forums in these areas to discuss direction, solutions and strategies with interested parties as we continue to focus on open communication and transparency with our stakeholders.

7.3 What are your performance levels for your key measures on financial performance, including measures of cost containment, as appropriate?

Below are performance measurements on financial management derived from SCDHHS’ balanced scorecard.

1. No deficit spending within reserve limits.
2. Rebuild State reserve funds with a target of 3% of operating budget by FY2014.
3. Sustain the growth rate of Per Member Per Month (PMPM) costs to 1% less than the Medical Care Component of the Consumer Price Index (CPI).
4. Develop a documented transparent and sustainable budgeting and reporting methodology by end of FY2012.
5. Improve accuracy of budget forecasting to within 3% of actual expenditures for FY2013.
6. Increase prevention, identification and collections from fraud, waste, and abuse identification and collections by 50% by end of FY2013.

No deficit spending within reserve limits.

In FY12-13, SCDHHS did not deficit spend.

Rebuild State reserve funds with a target of 3% of operating budget by FY2014.

Through the restructuring of the financial management policies and operational controls, the Department has established carryforward and reserve funds of approximately four percent of its total operating budget. The Department is limited to one percent of its total operating budget in the reserve fund per Proviso 33.1. The Department has carry forward authorization allowing it to retain the SFY13 year-ending general fund surplus of approximately three percent of its

operating budget. The reserve fund and carry forward are critical to the help keep the Medicaid program operational through the variable levels of enrollments resulting from the open-ended nature of the program.

Sustain the growth rate of Per Member Per Month (PMPM) costs to 1 percent less than the Medical Care Component of the Consumer Price Index (CPI).

The PMPM cost was \$461 for FY13, resulting in a decrease of 4.75 percent for FY13, which is 8.75% below the Medical Care Component of CPI (four percent).

PER MEMBER PER MONTH RATE (PMPM)

FISCAL YEAR	CUMULATIVE MEMBER MONTHS	PMPM RATE
2009	9,137,017	\$564.19
2010	9,685,223	\$546.56
2011	10,207,075	\$576.28
2012	10,860,027	\$484.66
2013	11,770,892	\$461.40
2014	13,394,400	\$477.58

Develop a documented transparent and sustainable budgeting and reporting methodology by end of FY2012.

To enable consistent reviewing of the financial and operational performance of SCDHHS, each program area provides the status of its goals and activities on a quarterly basis. Planning and Budget team members work with the program areas to compare these budgeted expenses to actual activities and document reasons for any discrepancies. Working together, the team defines hurdles discovered and creates plans to eliminate those obstacles for the following quarter. These measures facilitate open communication and put into place systems for developing, interpreting, and using financial reports. In addition, the Office of Planning and Budget has strengthened its budget forecasting and monitoring processes, managed the preparation for SCDHHS' \$6.476 billion FY14 budget request and prepared the three-year forecast for the South Carolina Budget and Control Board. SCDHHS has added a transparency reporting page on the website that provides a link to the South Carolina Budget and Control Board's transparency spending report for our agency, as well as links to reports showing payment claims issued to Medicaid providers.

Improve accuracy of budget forecasting to within 3% of actual expenditures for FY2013.

We are in the process of finalizing the expenditures for FY2013, but initial forecasting reflects FY2013 expenditures at an approximate ten percent differential (in SCDHHS' favor). A key reason for this variance is due to the implementation of ELE. As we were planning FY 13, SCDHHS planned to bring on the ELE children quickly at the start of the FY and place them into managed care. Therefore, being fiscally responsible, SCDHHS budgeted for a quick enrollment on the children and nearly a year of capitated payments for them. Working with CMS, SCDHHS developed a more fiscally effective approach that enrolls them first in FFS and

puts them into managed care as they use a service. This process precludes SCDHHS from paying capitated fees until services were utilized. While this approach was successful, it did result in a surplus and a variance in actual expenditures from initial forecasting. Another reason for the variance is the implementation of a prior authorization requirement for inpatient hospital admissions reducing medically unnecessary admissions and related costs. In addition, the SCDHHS budget includes other state agency appropriations for Medicaid services. Expenditures for the other state agencies were significantly lower than budgeted. The budget variance is also a result of delayed adoption of ICD-10 and fewer than anticipated providers applied for EHR incentive payments.

Increase prevention, identification and collections from fraud, waste, and abuse identification and collections by 50% by end of FY2013.

The Department’s Office of Program Integrity/Surveillance and Utilization Review (SURS), under the leadership of the Director, completed activities to improve efforts to prevent and identify fraud, and recover state and federal funds lost through waste, improper payments, overpayments, and beneficiary and provider abuse. Collections from providers and beneficiaries for recovered, identified and cost-avoided funds totaled approximately \$47.4 million in fiscal year 2013. Provider receivables (overpayments identified, but not collected) are more than \$10 million. Through these recovery efforts, the Department exceeded its goal by accomplishing a 54 percent increase.

The Department has also engaged the following activities to prevent and identify fraud:

- National Correct Coding Initiative (NCCI) edits up-front in the Medicaid Management Information System (MMIS).
- Prior authorizations performed by KeyPro, an organization under contract with the Department, and prevent medically unnecessary hospitalizations and other services.

Balanced Scorecard Results: Recovered, Identified, and Prevented

	FY 12	FY 13	% DIFFERENCE
RECOVERED	\$19,585,558	\$28,356,324	45%
IDENTIFIED	\$8,237,064	\$9,143,860	11%
SAVED/PREVENTED	\$3,086,094	\$9,950,371	222%
TOTAL	\$30,908,716	\$47,450,554	54%

*In table above, some FY13 amounts are estimated for the full year based on data current as of May 2013.

7.4 What are your performance levels and trends for your key measures of workforce engagement, workforce satisfaction, the development of your workforce, including leaders, workforce retention, workforce climate including workplace health, safety, and security?

Below are performance measurements on workforce/human resources derived from SCDHHS’ balanced scorecard.

1. 100% of all performance reviews and planning stages completed in FY12.

2. Complete 360° reviews of all supervisors, managers and senior leadership by December 2012.
3. Implement Lean Six Sigma (LSS) training and certification in FY12 with 5% of staff trained in LSS and at least 1% certified by end of FY13.

100% of all eligible performance reviews and planning stages completed in FY2012

In FY12-13, 99 percent of the EPMS evaluations complied with the February 1, 2013 universal review date. This accomplishment allowed SCDHHS to award 30 employees bonuses for exceptional performance including increased organization productivity, implementation of improved work processes, exceptional customer service and realized cost savings. In addition, 360 employees received \$1,500 bonuses for EPMS evaluation ratings in the top 30 percent of their program area. A total of \$540,000 in funds was directed toward these high-performance bonuses.

The Workforce Investment Initiative enhanced SCDHHS' employee accountability through clearly defined job descriptions, more accurate performance appraisals that include mission-aligned goals and improved employee selection using competency measurement tools.

Complete 360° reviews of all supervisors, managers and senior leadership by December 2012.

SCDHHS is enhancing leadership competencies to increase employee engagement by implementing an annual 360° evaluation program in conjunction with an engagement survey. These tools further improve performance management by pointing out blind spots, including unrecognized strengths, as well as opportunities for improvement at a manager and agency-wide level.

The employee engagement survey was issued in April 2013 and has had an 85 percent participation rate. The survey results are helping the agency develop leaders who engage their staff in positive ways, enhance our management practices, resolve problems that demotivate people and identify ways to improve employee commitment to SCDHHS' mission. Each program area is developing an action plan to address key opportunities for improvement in their area to increase engagement. An Engagement Team is also being developed to identify the top agency-wide trends, implement key changes, regularly update employees on actions taken and next steps and sustain the overall momentum of the process.

Following the Engagement Survey, the Department administered a 360° Feedback Survey in May 2013 as a professional development tool to measure current leadership skills and behaviors. The tool provided managers with the opportunity to rate their own leadership competencies as compared to multiple sources of feedback. Approximately 170 managers received feedback from peers, direct reports and supervisors regarding their leadership competencies. There was a 95 percent survey completion rate of participant self-assessment and a 90 percent participation from all raters. The resulting evaluations provided managers with a meaningful and well-rounded analysis of their professional leadership capabilities, and will provide guidelines to shape SCDHHS' future professionalism and success. Supervisors are participating in individual and group customized coaching based on survey results, as well as informational webinars. The

leadership coaching, in conjunction with the Engagement Survey action plans are expected to create a positive change in the Department's leadership effectiveness and employee commitment.

Implement Lean Six Sigma (LSS) training and certification in FY2012 with 5% of staff trained in LSS and at least 1% certified by end of FY2013.

As SCDHHS' staff duties become more project-based instead of focusing on projects owned by individual units and as leadership opportunities to continue to develop, additional training in process improvement and project management for staff is key.

Under the Director's leadership, SCDHHS continues the department-wide training program and the Lean Six Sigma training for employees to help them accomplish more with limited resources. The Lean Six Sigma process improvement trainings have helped staff create sustainable, efficient business practices that create efficiencies by reducing redundancy and utilizing methodologies that rely on data, cause and effect analysis and problem solving tools.

A total of 78 employees (six percent) have completed a comprehensive and customized Lean Six Sigma curriculum since the program began in August 2011. As a component of the Lean Six Sigma program, participants also have the option to pursue Green Belt Certification. The Department established internal governance to certify individuals resulting in nearly 50 employees (four percent) earning the Green Belt Certification in FY13.

In order to continue building skillsets of those trained in Lean Six Sigma, SCDHHS offered an Advanced Methodologies class, which built on the foundation of the Lean Six Sigma Basics class. The Advanced Methodologies class offered participants an introduction to advanced concepts while SCDHHS completes planning for a LSS Black Belt certification course.

- 7.5 What are your performance levels and trends for your key measures of organizational effectiveness/operational efficiency, and work system performance (these could include measures related to the following: product, service, and work system innovation rates and improvement results; improvements to cycle time; supplier and partner performance; and results related to emergency drills or exercises)?

Below are performance measurements on process management/continuous improvement derived from SCDHHS' balanced scorecard.

1. Implement Lean Six Sigma (LSS) training and certification in FY2012 with 5% of staff trained in LSS and at least 1% certified by end of FY13.
2. Complete 100% of initial eligibility determinations for complete non-complex applications within fourteen days by end of FY13.
3. Reduce State Payment Error Rate Measurement (PERM) to less than national PERM average for next cycle (FY13).
4. Transition to modern communication and collaboration tools by end of FY12.

Implement Lean Six Sigma (LSS) training and certification in FY12 with 5% of staff trained in LSS and at least 1% certified by end of FY13.

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Complete 100% of initial eligibility determinations for complete non-complex applications within fourteen days by end of FY13.

As of June 2013, the average processing time for 16 of the 26 total non-complex categories is 13.7 days and eight of our 26 categories have average processing times of less than ten days.

Reduce State Payment Error Rate Measurement (PERM) to less than national PERM average for next cycle (FY13).

The PERM program measures improper payments in Medicaid and CHIP and produces error rates for each program. The EQUIP audits, which measure high-risk PERM errors, examined 8,543 files (through 12/31/2012) yielding only 311 eligibility errors (four percent). The FY13 PERM is about one-third complete; a review of 304 files to date yielded 12 files in error (four percent). Both of these preliminary statistics indicate a significant reduction from the FY10 PERM eligibility error rate of ten percent. Converting the interim FY13 four percent eligibility error rate to obtain the PERM dollar error rate is currently not available. However, if the same FY10-dollar multiplier was used, this four percent would convert into a seven percent PERM dollar error rate. This is a tremendous improvement over a 17 percent FY10 PERM rate, but it still higher than the FY10 national PERM average of four percent.

This significant improvement in PERM is due to the Director's leadership in executing an action plan to identify root causes for the high PERM error rate and implement solutions. The itemized root causes can be summed up in weaknesses in the fundamentals of management: training, supervision, standardized processes and internal controls or audits.

SCDHHS' vision to address these problems included both short-term actions and a new strategy for long-term solution, which hinges on an automated eligibility process with an electronic workflow tool known as OnBase. The benefits of automation include the ability for employees to specialize in components of approving eligibility, equitable distribution of the workload throughout many county field offices, simplified decisions through a menu-driven approach, ability to build in quality controls and capacity for incorporated reporting to better manage performance through metrics. OnBase implementation began in 2012 and was completed in June 2013.

Additional actions included establishing a standardized checklist of steps necessary to facilitate accurate and complete eligibility assessments, training, human resources actions and enhanced auditing and individual feedback to employees, work units and area divisions. Thus, the tactical actions dramatically improved PERM performance, likely lowering it near the fiscal year 2010 national average.

Transition to modern communication and collaboration tools by end of FY12.

SCDHHS initiated and implemented an extensive upgrade and modernization of its information technology infrastructure to provide a more efficient, effective, and secure environment for the workforce. Email, calendaring, file and print services were migrated from on-premises Novell servers to Microsoft's cloud-based Office365 solution. Office365 provides secure access to email and calendaring from any internet-connected device. It also includes Microsoft Lync, a collaboration tool that includes instant messaging, video and audio conferencing, and desktop sharing. All of these tools have increase staff efficiency and created a better work environment. As one of our county eligibility staff members said, "The dual monitors provide the front-line staff access to programs for research and input of walk-in application information, while allowing them to save and continue work on other applications and reviews. Overall, the equipment upgrades have improved staff morale, while increasing our office's case processing."

SCDHHS has also implemented Microsoft SharePoint as a collaboration and file sharing solution. SharePoint allows users to upload, edit, share, and collaborate on documents while tracking changes and maintaining a version history. Through the development of documentation the workflows, processes and procedures are analyzed for improvement opportunities. In addition, through this process of procedure documentation, a library of Department procedures can be created for use in training, reference, accountability and transparency.

The Department's Executive Meeting Room and Project Management Meeting Room have been equipped with high-tech equipment to facilitate utilization of modern communication tools such as video chat and sharing Microsoft Office applications through Lync. These electronic upgrades have created an environment in which personnel can collaborate with ease, even while out of the office.

Inside the offices, SCDHHS continues to modernize its desktop and network infrastructure by restarting a 3-year PC replacement program and upgrading the headquarters' location to provide gigabit speed connectivity to the desktop. Numerous improvements to server, firewall, intrusion detection and prevention devices, and other core infrastructure upgrades have been implemented to strengthen the security of SCDHHS' information technology environment.

7.6 What are your performance levels and trends for the key measures of regulatory/legal compliance and community support?

Category 5 addressed most of these issues. Regarding regulatory/legal compliance, the Department conforms to regulatory/legal requirements through myriad state and federal audits and reporting. All Department policy considerations are deliberated in light of existing federal law, federal code of regulations, state law, or state regulations. Particular attention is given to proposed policy changes affecting the Medicaid recipients – making assurance that appropriate communication and feedback options are presented before implementation.