



**HOUSE LEGISLATIVE OVERSIGHT COMMITTEE
HEALTHCARE AND REGULATORY SUBCOMMITTEE**

**2021 STUDY OF THE DEPARTMENT OF
HEALTH AND HUMAN SERVICES
EXECUTIVE SUMMARY**

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Oversight Purpose and Methods

PURPOSE

To determine if agency laws and programs:

- ➡ are being implemented and carried out in accordance with the intent of the General Assembly; and
- ➡ should be continued, curtailed, or eliminated.

METHODS

The Committee and Subcommittee evaluate:

- ➡ the application, administration, execution, and effectiveness of the agency’s laws and programs;
- ➡ the organization and operation of the agency; and
- ➡ any conditions or circumstances that may indicate the necessity or desirability of enacting new or additional legislation pertaining to the agency.

S.C. Code Ann. § 2-2-20(B) and (C)

Study Process



Public Input

- 115** Responses to an online public survey
- 7** Online comments received

Subcommittee Membership

HEALTHCARE AND REGULATORY SUBCOMMITTEE

The Honorable John Taliaferro “Jay” West, IV (chair)
The Honorable Gil Gatch

The Honorable Timothy A. “Tim” McGinnis
The Honorable Rosalyn D. Henderson-Myers

Study Milestones

MEETINGS

Full Committee	12.09.2019 4.08.2021
Subcommittee	7.28.2020 3.08.2021 4.26.2021 5.03.2021 5.24.2021 8.30.2021

AGENCY REPORTS

March 2015	Seven-Year Plan Report
September 2020	FY 2018-19 Accountability Report
June 2020	Program Evaluation Report*
September 2021	FY 2019-20 Accountability Report

Findings

The Subcommittee makes 10 findings pertaining to Medicaid beneficiaries, Medicaid providers, and agency resources. The Subcommittee makes the findings to note information that a member of the public, or General Assembly, may seek to know or on which they may desire to act.

Medicaid Beneficiaries

Utilization Disparities

1. South Carolina has nine counties with a Medicaid population of 40% or more of the total county population (i.e., Dillon [47.07%], Marion [46.69%], Barnwell 42.90%], Marlboro [42.84%], Allendale [42.54%], Williamsburg [41.97%], Lee [41.63%], Colleton [41.04%], and Orangeburg [40.53%]).

Enrollment in Managed Care Organization

2. Over 50% of Medicaid beneficiaries enrolled in a managed care organization (MCO) plan are auto-assigned. Beneficiaries can select their own MCO plan within 60 days from the time they become Medicaid eligible. If a MCO is not selected, agency personnel will auto-assign the beneficiary. Once a beneficiary has been auto-assigned, the beneficiary has another 90 days to opt out of that plan if desired. *See recommendations 4, 12, and 20.*

Waiver Sustainability

3. There are multiple challenges (e.g., wait lists and access to service providers) specific to Medicaid beneficiaries receiving services through waiver programs (i.e., requirements differ from the standard federal program). South Carolina offers multiple waiver programs, and many of these allow Medicaid beneficiaries to remain in home rather than receive institutional care. While DHHS processes Medicaid payments for services provided through waiver programs, some of the waiver programs are operated by other state agencies.

Medicaid Providers

Recruitment and Retention

4. There is only one pediatric medical day care serving Medically Complex Children waiver participants in the state, and it is located in Greenville, South Carolina. *See recommendation 9*
5. Managed care organizations contracted with the state Medicaid program have reported difficulties placing their pediatric beneficiaries, particularly children who have been diagnosed with autism spectrum disorder or who struggle with controlling behavioral issues (e.g., sexually aggressive behavioral health, eating disorders, history of violence, general aggressiveness, etc.), in psychiatric residential treatment facilities in the state.

6. The South Carolina Graduate Medical Education Advisory Group, of which agency personnel was a participant, provided recommendations to the General Assembly, Governor’s Office, and the Department of Health and Human Services regarding how to improve graduate medical education in South Carolina.

Reimbursement

7. After agency personnel increased rates for autism disorder providers, individual provider enrollment increased. Prior to the provider rate increase in 2018, the agency had 151 individual providers. Provider enrollment increased to 213 individual providers (a 41% increase) by June 30, 2019. Another rate increase occurred on July 1, 2019, and 347 individual providers enrolled (a 63% increase) by May 15, 2021. See recommendation 14.
8. From fiscal year 2015-21, the agency’s Program Integrity Unit opened 1,835 cases, of which 186 were on-site provider reviews. According to agency staff, 99% of those reviews resulted in some form of corrective action for providers. See recommendations 20, 21, 22, 23, and 24.
9. Several state agencies receive reimbursement from the state Medicaid program. These agencies include the following: Department of Mental Health; Department of Disabilities and Special Needs; Department of Education; Department of Health and Environmental Control; Medical University of South Carolina; and University of South Carolina.

Agency Resources

10. In fiscal year 2019-20, the Department of Health and Human Services received \$13,875,104 in state funds for projects and services not specifically requested by agency personnel.

Recommendations

The Subcommittee has 24 recommendations to General Assembly, the Department of Health and Human Services; three to General Assembly, and the Department of Administration. The Subcommittee recognizes these recommendations will not satisfy everyone nor address every issue or potential area of improvement at the agency.

Recommendations to the General Assembly

ACCOUNTABILITY

1. Consider updating S.C. Code Section 44-115-80 to require suspended, terminated, or excluded Medicaid providers to give patients a complete copy of their medical record at no cost. Patients should not incur a financial penalty due to the fraud, waste, or abuse of the offending provider.

MODERNIZATION
OF LAWS

2. Consider eliminating an outdated requirement for the establishment of child development services by repealing S.C. Code Sections 44-6-300 through 320 (Child Development Services). This program is no longer operated by DHHS. The agency requested this law change.

Recommendations to the Department of Health and Human Services

ACCOUNTABILITY

3. Amend S.C. Code Reg. Section 126-401 to include financial penalties associated with administrative sanctions imposed on service providers. Imposition of these penalties may offset the administrative cost incurred by the agency.
4. Develop a strategy to reduce the percentage of Medicaid beneficiaries auto-assigned to a managed care organization.^{See finding 2.}
5. Regularly perform (i.e., every 3 - 5 years) a comprehensive compa-ratio study as a means to address employee recruitment and retention. Compa-ratio is a formula used by human resources professionals to assess the competitiveness of an employee's pay level. The DHHS evaluation should include a written report regarding pay equity within the agency (e.g., gender, ethnicity, average salary by ethnicity and gender, etc.).

EFFECTIVENESS

6. Conduct an annual Medicaid provider network survey to evaluate provider satisfaction with the agency and managed care organizations.
7. Develop a strategy for the evaluation and assessment of COVID-19 related service changes.
8. Incorporate an explanation of benefits (EOB) submission metric (e.g., average % of EOBs returned) to encourage agency personnel to implement strategies to improve Medicaid beneficiary EOB return rate. These strategies may include but are not limited to, offering electronic ways (e.g., email, text messaging, online via agency website, etc.) for Medicaid beneficiaries to complete EOBs.
9. Create an interactive map to identify Medicaid providers and their locations across the state. The map should have the capability to illustrate concentrations of providers (i.e., heat map), to inform policymakers of provider need across the state. Interactive map should be assessable via the agency's website.^{See finding 4.}
10. Participate in executive training specific to senior executives, including the agency director, who have overall responsibility for an organization (e.g., leadership, strategic direction, profit & loss, agency culture, etc.)
11. Develop and implement an annual formal process to evaluate the 20 criteria used in determining Medicaid beneficiary placement in the Pharmacy Lock-in program,

which “locks” a Medicaid beneficiary to a specific pharmacy due to an identified pattern of excessive and uncoordinated use of prescription drugs and other Medicaid benefits (e.g., pharmacy shopping for controlled substances). The agency should solicit input from participating Medicaid MCOs, the Department of Alcohol and Other Drug Abuse Services, and the Department of Health and Environmental Control.

12. Conduct a complete user experience audit of the agency’s website and develop a strategic plan to address the following: usefulness of information; accessibility of information; ease of finding information; credibility of information; location of social media links; and attractiveness of website.^{See finding 2.}
13. Conduct an annual survey of Medicaid beneficiaries with chronic diseases (e.g., sickle cell anemia, rheumatoid arthritis, etc.), regarding their health status (e.g., disease management, access to care, pain management, patient satisfaction, etc.).

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14. Identify, define, develop, and post on the agency website a strategic plan (including metrics) to improve the social determinants of health that most greatly affect the South Carolina Medicaid population.^{See finding 7.}
 15. Conduct an internal study to evaluate remote work options. The study should include the identification of data needed by agency personnel, on an ongoing basis, to verify and substantiate the efficacy of a remote workforce.

EFFICIENCY

16. Incorporate a productivity standard for the 70% of agency positions that complete tasks that can be counted. Evaluate the merits of hiring an industrial engineer (i.e., agency FTE) to create and monitor agency productivity standards and train staff regarding how to use and evaluate productivity standards and metrics.
17. Evaluate the efficacy of implementing an online enrollment packet as an option for Medicaid beneficiaries. Currently, Medicaid beneficiary packets are mailed at a cost of over two hundred thousand for each of the past three fiscal years..
18. Develop and implement an online fraud reporting form as an additional means for receipt of allegations of Medicaid fraud.

INTERAGENCY
COLLABORATION

19. Collaborate with the Public Employee Benefit Authority to share and identify best practices regarding health care quality, provider and member satisfaction, social determinants of health, wellness programs, MCO contracting, and other related insurance provider services.

TRANSPARENCY

20. Provide to the Subcommittee a written summary of the findings and recommendations identified by the consultant hired to evaluate Program Integrity Unit position titles and descriptions. Include whether the agency has or intends to incorporate the recommendations identified by the paid consultant.^{See findings 2 and 8.}
21. Require suspended, terminated, or excluded Medicaid providers to inform their Medicaid patients that such action is pending or has been levied against them by DHHS.^{See finding 8.}
22. Create and post on the agency website an interactive dashboard, which provides information illustrating metrics tracked by the agency and other notable statistics of interest to the public and policymakers (e.g., percent of providers National Committee for Quality Assurance certified, withhold percentage received by MCOs, explanation of benefit return rate, administrative sanctions by type, allocations of fraud, percent of fraud cases found to be legitimate, fraud conviction rate, etc.).^{See finding 8.}
23. Estimate the South Carolina Medicaid programs annual fraud, waste, and abuse, as a percentage of total Medicaid expenditures, and use it as an internal baseline for the agency's annual recovery goal.^{See finding 8.}

Recommendations to the Department of Administration's Division of State Human Resources

TRANSPARENCY

24. Coordinate employee morale surveys across state government on a regular basis and within three years after administering employee morale surveys, investigate the feasibility of coordinating exit and entrance interviews across state government.^{See finding 8.}

Full report

The full report of the Subcommittee's study of the Department of Health and Human Services is available on the House Legislative Oversight Committee's webpage.



Legislative Oversight Committee

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