

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33



## Fiscal Year 2017-18 Agency Budget Plan

### FORM A – SUMMARY

<b>RECURRING FUNDS (FORM B DECISION PACKAGES)</b>	<p><b>My agency is submitting the following recurring decision packages listed in <u>priority order</u> (Form B):</b> 11284, 11287, 11290, 11293, 11296, 11299, 11302, 11305</p> <p><b>For FY 2017-18, my agency is (mark "X"):</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center;"><input checked="" type="checkbox"/></td> <td>Requesting a net increase in recurring General Fund appropriations.</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Not requesting a net increase in recurring General Fund Appropriations.</td> </tr> </table>	<input checked="" type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.	<input type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.		
<input checked="" type="checkbox"/>	Requesting a net increase in recurring General Fund appropriations.						
<input type="checkbox"/>	Not requesting a net increase in recurring General Fund Appropriations.						
<b>CAPITAL &amp; NON-RECURRING FUNDS (FORM C DECISION PACKAGES)</b>	<p><b>My agency is submitting the following one-time decision packages listed in <u>priority order</u> (Form C):</b> 11308</p> <p><b>For FY 2017-18, my agency is (mark "X"):</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center;"><input checked="" type="checkbox"/></td> <td>Requesting capital and/or non-recurring funds.</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Not requesting capital and/or non-recurring funds.</td> </tr> </table>	<input checked="" type="checkbox"/>	Requesting capital and/or non-recurring funds.	<input type="checkbox"/>	Not requesting capital and/or non-recurring funds.		
<input checked="" type="checkbox"/>	Requesting capital and/or non-recurring funds.						
<input type="checkbox"/>	Not requesting capital and/or non-recurring funds.						
<b>PROVISOS (FORM D)</b>	<p><b>For FY 2017-18, my agency is (mark "X"):</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20px; text-align: center;"><input checked="" type="checkbox"/></td> <td>Requesting a new proviso and/or substantive changes to existing provisos.</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Only requesting technical proviso changes (such as date references).</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td>Not requesting any proviso changes.</td> </tr> </table>	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).	<input type="checkbox"/>	Not requesting any proviso changes.
<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.						
<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).						
<input type="checkbox"/>	Not requesting any proviso changes.						

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

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
<b>PRIMARY CONTACT:</b>	Kathy Bass	(803) 898-2827	Bass@scdhhs.gov
<b>SECONDARY CONTACT:</b>	Heather Tucker	(803) 898-1893	Heather.Tucker@scdhhs.gov

I have reviewed and approved the enclosed FY 2017-18 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
<b>SIGN/DATE:</b>	10/8/16	N/A
<b>TYPE/PRINT NAME:</b>	Christian L. Soura	N/A

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

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## FORM B – PROGRAM REVISION REQUEST

<b>DECISION PACKAGE</b>	<b>11284</b>
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*Provide the decision package number issued by the PBF system (“Governor’s Request”).*

<b>TITLE</b>	<b>Residual Annualizations</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$45,382,209 General Funds, \$21,476,154 Earmarked Funds, \$195,053,093 Federal Funds, \$261,911,456 Total Funds</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package’s total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Titles XIX and XXI of the Social Security Act, Title 42, Chapter IV, Code of Federal Regulations, Title 44, Chapter 6, SC Code of Laws, Chapter 126, SC Code of Regulations
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark “X” for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input checked="" type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
<input type="checkbox"/> Proposed establishment of a new program or initiative.	
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input checked="" type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Funds are paid to Medicaid providers (potentially through managed care plans) to cover the cost of services supplied to Medicaid beneficiaries.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing*

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*formula, through a competitive process, based upon predetermined eligibility criteria?*

<b>ACCOUNTABILITY OF FUNDS</b>	<p>These annualizations are scattered throughout the agency's budget and touch upon each of the 12 defined objectives in some way.</p>
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*What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	<p>This package is designed to continue providing current services to beneficiaries eligible for Medicaid under existing criteria.</p>
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>Medicaid expenditures may be matched at 50/50, 70/30, 75/25, or 90/10 match rates, depending on the specific use/service. Most services are funded at a match ratio that is approximately 70% federal and 30% state.</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	<p>If this decision package is not approved, the Department will impose service reductions and provider rate cuts on or shortly after July 1, 2017 in order to prevent the exhaustion of reserve accounts and to maintain the structural balance to the program. Since the last recession, there has been a legislative/executive consensus on the need to preserve a 3% reserve account; the Department does not intend to breach this threshold or to spend at a level that would see this reserve threshold breached within the planning horizon.</p>
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

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<b>SUMMARY</b>	<p>In recent years, recurring General Fund support for the Department of Health and Human Services has been growing at a slower rate than enrollment, expenditure growth, or the Executive Budget’s recommended appropriation levels. This gap has been closed through the use of the Department’s reserves, but this is not a sustainable solution. Against this backdrop, the Department has also seen a reduction in its cigarette tax receipts and its distributions under the Master (Tobacco) Settlement Agreement.</p> <p>Having made significant progress in FY 2016-17, this decision package is the second, smaller part of a two-year plan to provide recurring funding to help address the annualizations that have been compounding. This would keep the Department’s reserves at or above the 3% target during FY 2017-18 and is anticipated to position the Department to remain above that threshold in FY 2018-19 as well.</p>
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*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>As discussed in the FY 2016-17 budget request, recurring revenues for the Department were essentially flat during the several years leading up to FY 2016-17, with slight increases in the General Fund having been offset by losses in cigarette tax receipts. The Department requested \$129M in new recurring revenues in FY 2016-17 to address the major share of these annualizations; at the time, projections anticipated that a second \$129M allocation in FY 2017-18 would be necessary to restore structural balance. Ultimately, a combination of aggressive cost-control actions by the Department and some important one-time federal actions to reduce expenditures brought the need down substantially. The annualizations can also be independently confirmed by reviewing the annual reports prepared by the then-State Budget Division, bearing in mind that those reports looked only at the then-current fiscal year’s annualizations and not any compounded issues continuing from prior years. This decision package’s value was calculated in order to prevent the Department from falling below a 3% reserve during FY 2017-18 or 2018-19.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>This decision package attempts to address the future impact of past decisions to use reserve accounts to sustain the program. New obligations would not be introduced.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>PRIORITIZATION</b>	If this decision package is not approved, the Department will scale back services and reduce Medicaid provider reimbursements.
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

<b>INTENDED IMPACT</b>	These funds would cover the existing cost of the Medicaid program and would help eliminate, delay, or reduce the need for cuts.
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	These funds would be used to support the existing Medicaid program and could be evaluated using the same criteria that are applied to those services. See the Accountability Report for examples.
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

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**FORM B – PROGRAM REVISION REQUEST**

<b>DECISION PACKAGE</b>	<b>11287</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Adopt Savings Initiatives</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>(\$3,288,587) General Funds, (\$2,346,284) Federal Funds, (\$5,634,871) Total Funds</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Titles XIX and XXI of the Social Security Act, Title 42, Chapter IV, Code of Federal Regulations, Title 44, Chapter 6, SC Code of Laws, Chapter 126, SC Code of Regulations
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input checked="" type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input checked="" type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Funds are paid to Medicaid providers (potentially through managed care plans) to cover the cost of services supplied to Medicaid beneficiaries.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

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<b>ACCOUNTABILITY OF FUNDS</b>	<p>This decision package introduces a series of savings initiatives that are intended to control costs in a way that doesn't diminish the quality of care. Reducing this spending will improve the Department's performance on Objectives 1.1.1 (Provide at least 20% of managed care payments using a value-based approach), 3.1.1 (Maintain General Fund expenditures within 3% of forecast), and 3.3.1 (Increase the percentage of expenditures analyzed for third-party liability by 5%).</p>
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*What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	<p>This decision package consists entirely of offsets.</p>
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>Medicaid expenditures may be matched at 50/50, 70/30, 75/25, or 90/10 match rates, depending on the specific use/service. Most services are funded at a match ratio that is approximately 70% federal and 30% state. This decision package includes significant spending that is 100% General Fund.</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	<p>N/A – This decision package consists only of cuts/offsets.</p>
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

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**SUMMARY**

- This decision package contains five components:
- Reduce 100% state-funded payments that are not associated with specific beneficiaries or services and are made through the Medicaid Accountability and Quality Improvement Initiative (MAQII) proviso: \$2,000,000
  - Renegotiate certain university contracts to bring them under a common contractual umbrella and standardize/slightly reduce overhead rates: \$422,500
  - Eliminate Patient Centered Medical Home (PCMH) subsidies for practices that are still working on applications or which have failed to reach Level 3: \$529,147
  - Remove participants from the Medically Complex Children’s (MCC) waiver if they refuse to accept case management: \$186,940
  - Require all providers to accept electronic funds transfer (EFT), eliminating the option for live checks: \$150,000

The itemization for the MAQII proviso reductions is provided in Form D.

For the past few years, the Department has been providing financial incentives for primary care practices to pursue PCMH certification, by providing payments both during the application process and then also on a tiered basis as practices progress from Level 1 up to Level 3. Throughout 2015 and 2016, the Department advised the South Carolina Medical Association that it would be changing policy at some point in order to stop issuing subsidies for the application stage or for the lower levels (1 and 2) for which there is not sufficient evidence that care is materially better. The Department intends to continue making incentive payments for providers at Level 3; the proposed policy change would take effect July 1, 2017.

The Department has consolidated its agreements with Clemson University under a master services agreement, but has not done the same with the University of South Carolina. Combining these dozens of contracts under a common framework would make it easier to manage these agreements and should allow for a standardization and slight reduction in indirect overhead costs.

About 60% of those enrolled in the MCC waiver have opted-out of case management from SC Solutions, which administers the waiver. The point of this waiver is for those with complex conditions to receive access to needed services, but under a care management model. Allowing individuals to opt-out of case management defeats the purpose of the waiver program, especially since the Department is still bound to make payments to SC Solutions of roughly \$3,000/year per-enrollee.

Unlike other comparable organizations, the Department still allows providers to receive live checks instead of EFT payments. This increases the Department’s overhead costs, increases manual errors, and draws away resources that could be more productively used. This is a partial-year’s savings, since the new policy would not take effect on July , 2017.

*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the*

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*agency's security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>MAQII reductions are calculated based upon the proposed proviso text.</p> <p>University overhead savings are calculated as a 2% reduction in indirect overhead against current contracts, just for those expiring on or before June 30, 2017.</p> <p>For PCMH, it was assumed that 20% of those receiving payments in the Application or Level 2 pools would graduate to Level 3 and continue receiving payments at that higher level. Other applicants and Level 2 practices along with all Level 1 practices are expected to fail to achieve Level 3 and would lose their incentive payments.</p> <p>For MCCW, savings are calculated at the existing monthly care management fee, assuming that half of the current enrollees who have opted-out of case management still refuse to opt-in after the policy change is made, and are therefore dropped from the waiver to return to regular Medicaid.</p> <p>The EFT calculation was based upon the current vendor's charges and directly associated staff time, assuming nine months of impact.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>The future impact of adopting this package would be that the Department would have more resources available in the future to cushion against the impact of the next recession.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>PRIORITIZATION</b>	<p>If this decision package is not approved, then the Department's request for FY 2017-18 appropriations would be increased on a dollar-for-dollar basis.</p>
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

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<b>INTENDED IMPACT</b>	<p>The goal of this package is to reduce spending that is not currently having a meaningful positive impact, or which is having an impact at a lower return than alternate investments the Department might make. For instance, allowing providers to continue to receive costly paper checks is wasting money and staff time that could be more productively used. Most other major payers eliminated this option for providers/vendors years ago.</p>
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	<p>N/A – These are cuts/offsets.</p>
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

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**FORM B – PROGRAM REVISION REQUEST**

<b>DECISION PACKAGE</b>	<b>11290</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Transfer Bank Account Monitoring to State Treasurer's Office</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>(\$150,000) General Funds, (\$150,000) Total Funds – (2.0) FTEs</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Titles XIX and XXI of the Social Security Act, Title 42, Chapter IV, Code of Federal Regulations, Title 44, Chapter 6, SC Code of Laws, Chapter 126, SC Code of Regulations
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input checked="" type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Funds associated with two FTEs will be transferred to the State Treasurer's Office.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

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<b>ACCOUNTABILITY OF FUNDS</b>	<p>This may have a slight impact on efficiencies across the two affected agencies, and to that end, would affect Objective 3.1.1 (Maintain General Fund expenditures within 3% of forecast).</p>
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*What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	<p>N/A – No net cost to the state for making this transfer.</p>
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>N/A – Matching is unaffected by this transfer.</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	<p>N/A – No net cost to the state for making this transfer.</p>
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

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<b>SUMMARY</b>	<p>The Department currently manages a composite bank account that is independent of the state’s general deposit account and which is used to fund Medicaid provider payments. In association with other affected agencies, The Department is currently working on a new payment interface between its existing payment system (MMIS) and SCEIS. The State Treasurer’s Office (STO) has agreed to assume control over the Medicaid bank account as part of this new payment interface, allowing for that bank account to be on the state’s books and improving transparency.</p> <p>After this transfer, STO will be responsible for the day-to-day monitoring of the bank account, provider payments, resolution of any failed electronic funds transfers, and account balance reconciliation. The Department has agreed to transfer the two (2) full-time positions and corresponding state funding to STO so that they may fulfill these duties.</p>
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*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>This is the amount of salary and fringe connected to the two positions that will be transferred.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>N/A – No net cost to the state for making this transfer.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

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<b>PRIORITIZATION</b>	N/A – No net cost to the state for making this transfer.
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

<b>INTENDED IMPACT</b>	This action is intended to improve the state’s overall financial transparency and to include these accounts within the same control and monitoring structure as the rest of the state.
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	N/A – This change does not meaningfully change the use of these funds.
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM B – PROGRAM REVISION REQUEST**

<b>DECISION PACKAGE</b>	<b>11293</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Improve Alignment of Adult Vaccine Coverage with CDC Standards</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$280,410 General Funds, \$694,590 Federal Funds, \$975,000 Total Funds</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Titles XIX and XXI of the Social Security Act, Title 42, Chapter IV, Code of Federal Regulations, Title 44, Chapter 6, SC Code of Laws, Chapter 126, SC Code of Regulations
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input checked="" type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Funds are paid to Medicaid providers (potentially through managed care plans) to cover the cost of services supplied to Medicaid beneficiaries.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This decision package supports better health outcomes for Medicaid beneficiaries (Goal 1 of our accountability report), specifically through Objective 1.1.2 (Increase the percentage of HEDIS withhold metrics at or above the 50<sup>th</sup> percentile by 2% annually).</p>
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*What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	<p>The Department has presented its packages in priority order, as requested. If this package is not approved, then we would not proceed with these changes.</p>
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>Medicaid expenditures may be matched at 50/50, 70/30, 75/25, or 90/10 match rates, depending on the specific use/service. Most services are funded at a match ratio that is approximately 70% federal and 30% state.</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	<p>If this decision package is not funded, the Department would consider proceeding anyway, since it is expected that this would produce long-term benefits and the package is relatively inexpensive.</p>
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>SUMMARY</b>	<p>The South Carolina Medicaid program’s current coverage policies for adult beneficiaries are not consistent with the Centers for Disease Control and Prevention (CDC)/Advisory Committee on Immunization Practices (ACIP) guidelines. The Department proposes to add coverage for (1) measles, mumps, rubella (MMR), (2) meningococcal, and (3) varicella. Coverage would be limited to those beneficiaries who meet age and/or other risk factor standards contained within the CDC/ACIP guidelines.</p>
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*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>Average adult utilization rates were obtained from published national data. For vaccines that bridge child and adulthood, uptake rates were adjusted for CDC estimates of individuals receiving vaccines as a child. Unit costs were obtained from the CDC rate and adjusted with the Medicaid reimbursement algorithm.</p> <p>Anticipated costs were calculated by measuring the size of our Medicaid population within the indication span of each of the vaccines. The utilization rate was projected based on published national data and surveys. Anticipated unit cost was obtained directly from manufacturers’ pricing information. Costs were considered as:</p> <p><i>Eligible Membership x Utilization Rate x Unit Cost</i></p> <p>This calculation was performed for the fee-for-service population and extrapolated to the Medicaid managed care program based on the relative size of the populations.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>The proposed coverage changes would reflect a recurring change in the cost of the program. As shown in 2011, this can be addressed during a recession, if necessary.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>PRIORITIZATION</b>	<p>The Department has presented its packages in priority order, as requested. If this package is not approved, then we may not proceed with these changes.</p>
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

<b>INTENDED IMPACT</b>	<p>This decision package is intended to reduce the prevalence of the identified conditions and to improve public health.</p>
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	<p>These funds would be used to support the existing Medicaid program and could be evaluated using the same criteria that are applied to those services. See the Accountability Report for examples.</p>
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

## FORM B – PROGRAM REVISION REQUEST

<b>DECISION PACKAGE</b>	<b>11296</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Maintain Access to Dental Services</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$4,742,517 General Funds, \$11,747,457 Federal Funds, \$16,489,974 Total Funds</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Titles XIX and XXI of the Social Security Act, Title 42, Chapter IV, Code of Federal Regulations, Title 44, Chapter 6, SC Code of Laws, Chapter 126, SC Code of Regulations
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Funds are paid to Medicaid providers to cover the cost of services supplied to Medicaid beneficiaries. Dental services are generally paid on a fee-for-service basis.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This action would support Goal 1 (Provide better health outcomes for Medicaid beneficiaries) by expanding the provider network and also potentially reducing waits for appointments. It also supports Objectives 3.1.1 (Maintain General Fund expenditures within 3% of forecast) and 3.2.1 (Keep per-member cost increases below national benchmarks) by trying to redesign dental offerings in order to reduce the frequency with which Medicaid beneficiaries avoid routine dental services and instead allow problems to go untreated until they must be resolved in the emergency room.</p>
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*What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	<p>The Department has presented its packages in priority order, as requested. If this package is not approved, then we would not proceed with these changes.</p>
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>Medicaid expenditures may be matched at 50/50, 70/30, 75/25, or 90/10 match rates, depending on the specific use/service. Most services are funded at a match ratio that is approximately 70% federal and 30% state.</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	<p>Although these changes could be funded in FY 2017-18 using reserve accounts, the Department would not pursue this approach, since it would not be sustainable. Since the last recession, there has been a legislative/executive consensus on the need to preserve a 3% reserve account; the Department does not intend to breach this threshold. If this package is not approved, then we would not proceed with these changes.</p>
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>SUMMARY</b>	<p>In 2000, the Department worked with the South Carolina Dental Association to develop the current dental fee schedule, which was anchored to the Medicode fee schedule at the 75<sup>th</sup> percentile. Medicode data represents the “usual and customary” charges for all dental providers in South Carolina (ZIP codes 29XXX). In the years since, Medicaid has cut dental rates (by 6% in 2011), while other providers have increased theirs. As a result, Medicaid’s fees are now slightly less than half of those found in the 75<sup>th</sup> percentile of Medicode fees.</p> <p>The dental decision package proposes an increase in the reimbursement rates for exam codes and for preventive codes, both of which are required services under the Early Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit. These rates would be brought up to 60% of the Medicode midpoint.</p> <p>This package also proposes to raise oral surgery codes to 60% of the Medicode midpoint, while ancillary codes would come up to 50% of the Medicode midpoint. These actions are intended to maintain an adequate provider network.</p>
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*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>The fiscal impact was calculated by applying prior-year utilization to the defined percentages of the rates equating to the 50<sup>th</sup> percentile of the Medicode fee schedule and then comparing those projected costs to those realized under the existing fee schedule. No changes in utilization were applied to this model, although improved access might result in a very slightly increase.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>The proposed changes to the fee schedule would reflect a recurring change in the cost of the program. As shown in 2011, this can be addressed during a recession, if necessary.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>PRIORITIZATION</b>	<p>The Department has presented its packages in priority order, as requested. If this package is not approved, then we would not proceed with these changes.</p>
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

<b>INTENDED IMPACT</b>	<p>The proposed rate changes are expected to slightly increase utilization for prevention and exam services and reduce dental-associated ER visits during the next couple of years. The Department anticipates that in the nearer term, the changes may yield an uptick in dental provider enrollment.</p>
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	<p>These funds would be used to support the existing Medicaid program and could be evaluated using the same criteria that are applied to those services. See the Accountability Report for examples.</p>
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

## FORM B – PROGRAM REVISION REQUEST

<b>DECISION PACKAGE</b>	<b>11299</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Standardize and Update Durable Medical Equipment/Home Health Fee Schedule</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$3,451,200 General Funds, \$8,548,800 Federal Funds, \$12,000,000 Total Funds</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Titles XIX and XXI of the Social Security Act, Title 42, Chapter IV, Code of Federal Regulations, Title 44, Chapter 6, SC Code of Laws, Chapter 126, SC Code of Regulations
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input checked="" type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Funds are paid to Medicaid providers to cover the cost of services supplied to Medicaid beneficiaries.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This action would support Goal 1 (Provide better health outcomes for Medicaid beneficiaries) by expanding the provider network. It also supports Objectives 3.1.1 (Maintain General Fund expenditures within 3% of forecast) and 3.3.1 (Increase the percentage of expenditures analyzed for third-party liability by 5%) by supporting the elimination of costly and inefficient paper-based claims and promoting automation and the use of standard claims codes, so that potential payments can appropriately be evaluated for TPL purposes.</p>
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*What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	<p>The Department has presented its packages in priority order, as requested. If this package is not approved, then we would not proceed with these changes.</p>
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>Medicaid expenditures may be matched at 50/50, 70/30, 75/25, or 90/10 match rates, depending on the specific use/service. Most services are funded at a match ratio that is approximately 70% federal and 30% state.</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	<p>Although these changes could be funded in FY 2017-18 using reserve accounts, the Department would not pursue this approach, since it would not be sustainable. Since the last recession, there has been a legislative/executive consensus on the need to preserve a 3% reserve account; the Department does not intend to breach this threshold. If this package is not approved, then we would not proceed with these changes.</p>
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>SUMMARY</b>	<p>The Department’s existing DME/Home Health fee schedule was originally based on the 2009 Medicare schedule, but with a number of adjustments. For instance, the 2011 provider rate cuts were not evenly applied to all DME codes. There are also many codes that are manually priced and processed, which requires considerable staff time, introduces errors, and forces providers to wait substantially longer for payment.</p> <p>The Department intends to work with the affected provider community to help automate more of this process, and would like to update to a defined percentage of the 2015 or 2016 Medicare fee schedule as part of that transition. These changes are necessary for the following reasons:</p> <ol style="list-style-type: none"> <li>1. The current rate structure is not meaningfully reflective of current costs,</li> <li>2. The Department’s existing manual processes are slow and error-prone and have an abrasive effect on provider relations,</li> <li>3. There is a brief window to improve these processes before they are essentially recreated as-is in the new replacement MMIS system.</li> </ol>
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*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>The fiscal impact of this decision package has been calculated based on the expectation that the update from 2009 to either 2015 or 2016 would be associated with an annualized increase of approximately 1.7%. The final impact of the transition to a new fixed percentage of a current Medicare fee schedule will require substantially more calculation, and would be subject both to the selected effective date and also the percentage of the Medicare fee schedule that becomes the new reference point. The Department would work to tailor the ultimate fee schedule changes to fit the amount of funding approved through this package.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>The proposed changes to the fee schedule would reflect a recurring change in the cost of the program. As shown in 2011, this can be addressed during a recession, if necessary.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>PRIORITIZATION</b>	<p>The Department has presented its packages in priority order, as requested. If this package is not approved, then we would not proceed with the fee schedule changes, but would still work on automation and process improvements.</p> <p>In the event that there are not sufficient resources to fund all of the Department's requests, we would rather see this package and the dental package both partially funded rather than that one fully funded and this one entirely rejected.</p>
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

<b>INTENDED IMPACT</b>	<p>The intent of this package is to standardize DME and home health payments and make them more reflective of current costs, to reduce operating costs and payment cycle times, and to attract more providers to the program.</p>
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	<p>These funds would be used to support the existing Medicaid program and could be evaluated using the same criteria that are applied to those services. See the Accountability Report for examples.</p>
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM B – PROGRAM REVISION REQUEST**

<b>DECISION PACKAGE</b>	<b>11302</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Allocate Health/Pay Plan Funding</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$897,007 General Funds, \$897,007 Total Funds</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	Title 9, SC Code of Laws
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input checked="" type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Employees of the Department are the ultimate beneficiaries.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>ACCOUNTABILITY OF FUNDS</b>	<p>Employee pay increases and health benefits have an impact on Objective 4.2.1 (Improve employee engagement scores by 5%).</p>
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*What specific agency objective, as outlined in the agency's accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	<p>N/A – These allocations are calculated and distributed by the Executive Budget Office and are not discretionary for the receiving agencies (except as to how they should be allocated across lines).</p>
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>N/A</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	<p>N/A – These allocations are calculated and distributed by the Executive Budget Office and are not discretionary for the receiving agencies (except as to how they should be allocated across lines).</p>
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>SUMMARY</b>	<p>This decision package distributes funds provided for the Health Insurance Allocation.</p>
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*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>The amount of the allocation was provided by the Executive Budget Office.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>N/A</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>PRIORITIZATION</b>	N/A
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

<b>INTENDED IMPACT</b>	N/A
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	Contact PEBA for information on the effectiveness of public employee benefit programs.
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM B – PROGRAM REVISION REQUEST**

<b>DECISION PACKAGE</b>	<b>11305</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Incorporate BabyNet</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$1 General Funds, \$1 Total Funds</b>
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*What is the net change in requested appropriations for FY 2017-18? This amount should correspond to the decision package's total in PBF across all funding sources.*

<b>ENABLING AUTHORITY</b>	20 U.S.C. 1400 et seq., 34 CFR Part 300 et seq., Executive Order 2016-20
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*What specific state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority? Please avoid citing general provisions of law where possible, and instead cite to the most specific legal authority supporting the request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input checked="" type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> IT Technology/Security related
	<input type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Non-Recurring request – If so, Decision Package # _____
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
<input type="checkbox"/> Loss of federal or other external financial support for existing program.	
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

<b>RECIPIENTS OF FUNDS</b>	Funds are paid to IDEA Part C providers (potentially through managed care plans) to cover the cost of services supplied to IDEA Part C beneficiaries.
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*What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>ACCOUNTABILITY OF FUNDS</b>	<p>The BabyNet program is not currently reflected in the Department’s objectives as defined in the accountability report because the Executive Order that transferred BabyNet to the Department was issued after the most recent report was submitted.</p>
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*What specific agency objective, as outlined in the agency’s accountability report, does this funding request support? How would this request advance that objective?*

<b>POTENTIAL OFFSETS</b>	N/A
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*For decision packages that request non-mandatory funding increases to programs or initiatives, please identify a potential offset within an existing lower priority or ineffective program(s).*

<b>MATCHING FUNDS</b>	<p>This \$1 decision package is a placeholder, used to establish the new funding codes within the Department’s budget that will be used when BabyNet is transferred on July 1, 2017. Executive Order 2016-20 was signed too recently for the Department to be able to present recommendations for BabyNet at this time.</p>
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*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.*

<b>FUNDING ALTERNATIVES</b>	N/A
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*What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>SUMMARY</b>	<p>BabyNet is the name for South Carolina’s early intervention program as established under Part C of the Individuals with Disabilities Education Act (IDEA). These services are for children who have exhibited signs of developmental delay but not yet reached their third birthday.</p> <p>Executive Order 2016-20 assigns the Department responsibility as the “lead agency” in lieu of First Steps. The transition effort is already underway, but the effective date is not until July 1, 2017.</p>
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*Using as much detail as necessary to make an informed decision regarding this request, provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.*

<b>METHOD OF CALCULATION</b>	<p>This decision package is a placeholder.</p>
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*How was the amount of the request calculated? List the per unit or per FTE costs of implementation. What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?*

<b>FUTURE IMPACT</b>	<p>IDEA does have maintenance of effort requirements. The Department is working with other involved agencies to determine the current magnitude of those obligations.</p>
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*Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>PRIORITIZATION</b>	N/A
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*If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2017-18? Please be specific.*

<b>INTENDED IMPACT</b>	The intent of this package is for the FY 2017-18 Appropriations Act to reflect the lead agency reassignment made through Executive Order 2016-20.
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*What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?*

<b>PROGRAM EVALUATION</b>	The Department may introduce additional measures and performance indicators, but the initial focus will be on the compliance measures identified by the U.S. Department of Education.
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*How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

**FORM C – CAPITAL OR NON-RECURRING APPROPRIATION REQUEST**

<b>DECISION PACKAGE</b>	<b>11308</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Medicaid Management Information System</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>\$8,832,619 Non-Recurring</b>
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*How much is requested for this project in FY 2017-18?*

<b>BUDGET PROGRAM</b>	<b>IV. Non-recurring Appropriation</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>
	<input checked="" type="checkbox"/> IT Technology/Security related
	<input checked="" type="checkbox"/> Consulted DTO during development
	<input type="checkbox"/> Related to a Recurring request – If so, Decision Package # _____
	<input type="checkbox"/> Capital Request
	<input type="checkbox"/> Included in CPIP – If so, CPIP Priority # _____
	<input checked="" type="checkbox"/> Non-recurring request for funding
<input type="checkbox"/> Non-recurring request for authorization to spend existing cash/revenue	

<b>SUMMARY</b>	<p>The Department operates using a Medicaid Management Information System (MMIS) that is decades old and not capable of meeting the program's ongoing needs. MMIS and its component systems are critical to a number of key operational functions such as enrolling providers, managing and reporting on expenditures, and processing claims.</p> <p>The federal government, through the Centers for Medicare and Medicaid Services (CMS), has directed the Department to develop a plan for the replacement of this system. After a radical overhaul of this plan in 2015 and a thorough vetting by Gartner, CMS approved the Department's new MMIS strategy in 2016.</p> <p>The MMIS project is a multi-year effort, with plans and individual procurements subjected to multiple rounds of state and federal review and approval. The overall objectives of the MMIS project are:</p> <ol style="list-style-type: none"> <li>1. To maintain reliability in claims payment throughout the transition to the new system,</li> <li>2. To replace a number of contracts that are currently operating on an emergency and/or sole source basis with competitively bid replacements,</li> <li>3. To improve the MMIS system's capabilities and reduce the risk of a systems failure, and</li> <li>4. To transition to the CMS-required modular approach that allows South Carolina to make the most of available technologies, while setting a baseline that will</li> </ol>
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<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

make future MMIS replacements incremental and lower risk.

Under the approved MMIS plan, seven procurements will be at the heart of the overall project. Bids on the first of these – Business Intelligence Services – have already been submitted and evaluated, and the Department will begin implementation in FY 2016-17. The bids on Pharmacy Benefit Management are due imminently, as well (October 2016).

The Department currently expects to post RFPs for Third-Party Liability, the Administrative Services Organization, and for Systems Integration and Operations during FY 2016-17 and to make contract awards during the same period. These dates are subject to state and federal RFP and contract award approvals, and also to any protests or appeals against related decisions.

The Department anticipates that all seven MMIS components will be in the “Design, Development, and Implementation” stage at some point during FY 2017-18. This year and FY 2018-19 will be the busiest for this project.

*Provide a summary of the project and explain why it is necessary. If the request is related to information security or information technology, explain its relationship to the agency’s security or technology plan.*

**CLASSIFICATION OF FUNDS**

This is the agency’s only non-recurring expenditure request for FY 2017-18.

*Is this request in support of a capital project or is it in support of other non-recurring expenditures? If this request is for a capital project, is it included in the agency’s CPIP (please include CPIP year and priority)? How does this project rank in priority to all other nonrecurring agency requests?*

**MATCHING FUNDS**

Different components of this project are eligible for various match rates: 90/10, 75/25, and 50/50. The majority of this request would be funded 90% Federal/10% State, with a federal share of \$41,601,556.

*Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source and amount.*

**FUNDING ALTERNATIVES**

If this decision package is not approved, the Department would be forced to draw from reserve accounts in order to supply the match required. Maintaining a 3% reserve may then necessitate cuts elsewhere in the agency’s budget, such as to covered services and/or provider rates.

*What other possible funding sources were considered?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>LONG-TERM PLANNING AND SUSTAINABILITY</b>	<p>The MMIS replacement project is a multi-year project expected to run through FY 2018-19. The non-recurring request is to help support the transition and implementation costs. The costs of operating the existing MMIS system are already being supported in the agency’s budget without an incremental request. This “legacy” system would be decommissioned shortly after the launch of the replacement system, making the legacy system’s budget available to fund the operations of the new system.</p>
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*What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured?*

<b>OTHER APPROVALS</b>	<p>The MMIS replacement project is operating under a CMS-approved Advance Planning Document. Those procurements already issued have been approved by CMS and SFAA and have also gone through a public comment stage. The remaining procurements will go through the same process.</p>
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*What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, SFAA, etc.)*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	1.74
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>First Steps Accountability</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	N/A
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	11305 (Incorporate BabyNet)
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	Delete
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	The proviso would be moved from the Department of Education’s section because First Steps will no longer be responsible for BabyNet in FY 2017-18.
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	Given the ongoing federal compliance problems with BabyNet, this proviso directs First Steps to produce a report on its mitigation efforts.
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The Department proposes to delete this proviso and replace it with an amended version in the HHS section. Under Executive Order 2016-20, BabyNet will be transferred to HHS on July 1, 2017.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>PROPOSED PROVISO TEXT</b>	<p>1.82. (SDE: First Steps Accountability) Based on the need for stated intervention by the US Department of Education Office of Special Education and Rehabilitative Services (OSEP) in implementing Part C of the Individuals with Disabilities Education Act (IDEA), the Office of First Steps to School Readiness must meet federal compliance for the Part C program. Additionally, the Office of First Steps to School Readiness shall report to the Chairman of the Senate Finance Committee, the Chairman of the House Ways and Means Committee, and the Governor the specific steps, timeline and progress made in improving meeting compliance standards its performance for those indicators with which the office was scored as being low performing. The report must include a statement regarding whether the additional employees authorized by this act are sufficient for compliance. The report shall also include any correspondence from the US Department of Education concerning the progress made on federal compliance with OSEP state standards. The report must be submitted no later than December 31, 2016. From the funds appropriated for BabyNet, the Office of First Steps to School Readiness may expend the funds necessary to meet the requirements of this proviso.</p>
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*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	<b>1A.56</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>BabyNet Early Intervention Autism Therapy</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>N/A</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	11305 (Incorporate BabyNet)
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Delete</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	The proviso would be removed from the Department of Education’s section because First Steps will no longer be responsible for BabyNet in FY 2017-18.
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	The proviso requires that certain funds be used to maintain/increase rates paid to autism line therapists (bringing them to the Medicaid level) and requires quarterly reporting.
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The Department proposes to delete this proviso because BabyNet will no longer be managed by First Steps and because the Department intends to align the BabyNet provider network and billing rates with Medicaid's.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<p><b>PROPOSED PROVISO TEXT</b></p>	<p>The \$814,348 in funds appropriated in this act to the Office of First Steps to School Readiness for BabyNet Autism Therapy must be used only to increase the BabyNet autism therapy provider hourly rate and the individual hourly pay of line therapists during the current fiscal year. The Office of First Steps must consult with the Department of Disabilities and Special Needs regarding the implementation of these increases. The Office of First Steps must ensure that, prior to payment, these line therapists meet all current state requirements. It is the intent of the General Assembly that these monies be used solely for the purpose of increasing the BabyNet autism therapy provider rate to \$13.58 per hour or the current Medicaid rate, whichever is higher, and the hourly pay to individual line therapists being increased to a minimum of \$10.00 per hour. Quarterly, the Office of First Steps must send a letter to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee reporting on their compliance with the requirements of this proviso. The report must include information regarding the expenditure of state funds as well as the receipt and expenditure of Federal Medicaid funds associated with the program.</p>
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*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	<b>1A.77</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>Baby Net Financial Audit Reimbursement</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>N/A</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	11305 (Incorporate BabyNet)
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Delete</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	The proviso would be removed from the Department of Education/First Steps section because it addresses a one-time event.
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	This proviso directs First Steps to reimburse the Department of Education up to \$50,000 to cover the cost of a financial audit.
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The Department proposes to delete this proviso because the audit and the associated reimbursement were a one-time event in FY 2016-17.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None. In FY 2016-17, the amount of this reimbursement was intended to offset the costs of the audit. The audit was a one-time event and will not recur in FY 2017-18.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

~~For Fiscal Year 2016-17, of the funds appropriated or carried forward, First Steps to School Readiness is directed to reimburse the Department of Education up to \$50,000 for the costs of the financial audit of Baby Net.~~

**PROPOSED  
PROVISO TEXT**

*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

### FORM D – PROVISO REVISION REQUEST

<b>NUMBER</b>	<b>33.9</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>Medicaid Eligibility Transfer</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>II.A.2. Eligibility Contracts, II.A.7. Medicaid Eligibility Personnel</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	N/A
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Amend</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	Medicaid eligibility services were transferred from the Department of Social Services.
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	<p>Proviso 33.9 transferred the Medicaid eligibility determination operations to HHS from the Department of Social Services (DSS), and required county governing authorities to supply office space for HHS, as they do for DSS (Section 43-3-65).</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The amended proviso would preserve the existing language, but also require HHS to provide the governing authorities and legislative delegations of each county with information regarding the condition and accessibility of county-supplied office space. In turn, the counties would be obligated to report on actions taken to correct any deficiencies found.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None – the Department would be directed to develop these reports with existing funds.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

**PROPOSED  
PROVISO TEXT**

**33.9.** (DHHS: Medicaid Eligibility Transfer) The South Carolina Department of Health and Human Services (DHHS) is hereby authorized to determine the eligibility of applicants for the South Carolina Medicaid Program in accordance with the State Plan Under Title XIX of The Social Security Act Medical Assistance Program. The governing authority of each county shall provide office space and facility service for this function as they do for DSS functions under Section 43-3-65.

**With funds available to the Department and by November 1, the Director of the Department of Health and Human Services shall provide the governing authority and the legislative delegation of each county with information on the condition of the space furnished for this purpose and shall specifically identify any known deficiencies with respect to the accessibility requirements of the Americans with Disabilities Act (ADA). By May 1, the governing authority of any county with an identified ADA-related deficiency shall report to its legislative delegation and the Director of the Department of Health and Human Services on its progress in correcting such deficiency.**

*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

### FORM D – PROVISO REVISION REQUEST

<b>NUMBER</b>	<b>33.16</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>Carry Forward</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>Various</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	N/A
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Amend</b>
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*Choose from: Add, Delete, Amend, or Codify.*

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

<b>SUMMARY</b>	<p>The Department currently has two different carry forward provisos – 33.16 (Carry Forward) and 33.22 (Carry Forward Authorization). Both contain similar reporting requirements, but have different deadlines and recipient lists. Proviso 33.16 focuses on earmarked, restricted, and special accounts, while Proviso 33.22 focuses on the General Fund.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The intent of both HHS carry-forward provisos can be achieved by moving a few words out of 33.22 and into 33.16. The combined proviso would have the broader list of recipients and the earlier submission deadline.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<p><b>PROPOSED PROVISO TEXT</b></p>	<p>The Department of Health and Human Services is authorized to carry forward <b><u>and expend</u></b> cash balances from the prior fiscal year into the current fiscal year for any <b><u>General</u></b>, earmarked or restricted trust, and agency, or special revenue account or subfund. The department shall submit a comprehensive reporting of all cash balances brought forward from the prior fiscal year. The report shall, at a minimum, for each account or subfund include the following: the statutory authority that allows the funds to be carried forward, the maximum authorized amount that can be carried forward, the general purpose or need for the carry forward, the specific source(s) of funding or revenue that generated the carry forward, and a detailed description of any pending obligations against the carry forward. The report must be submitted to the President Pro Tempore of the Senate, Chairman of the Senate Finance Committee, Speaker of the House of Representatives, and Chairman of the House Ways and Means Committee, within fifteen days after the Comptroller General closes the fiscal year.</p>
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*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

### FORM D – PROVISO REVISION REQUEST

<b>NUMBER</b>	<b>33.21</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>Medicaid Accountability and Quality Improvement Initiative</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>Various</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	11287 (Adopt Savings Initiatives)
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Amend</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	Recipients of telemedicine, Rural Health Initiative, and primary care safety net funds include MUSC, USC School of Medicine, and DAODAS-affiliated 301s. RFA provides information.
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	<p>This proviso provides authority for a series of quality-improvement projects, such as the Healthy Outcomes Initiative, along with various efforts to improve access through telemedicine and/or changes to the state's Graduate Medical Education program.</p> <p>Although this proviso directs a variety of expenditures, it does not provide or specifically identify a source of funding for this work. Decision Package #11287 calls for a \$5.6 million reduction in spending as part of a larger effort to bring the Medicaid program back toward structural balance. The proposed revisions to this proviso would contribute about one-third of the required savings.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>A year ago, programs authorized by this proviso were responsible for roughly \$50 million of the gap between the Department’s recurring revenues and expenditures. It is not sustainable for the providers and entities that receive allocations through this proviso to become reliant on 100% state-funded allocations at that level.</p> <p>The Department proposed to reduce many allocations by 20% in FY 2016-17, leaving other critical items (such as Rural Hospital DSH Payments) untouched. That action was important to helping move the program toward a more sustainable path. These cuts amounted to \$7.4 million. For FY 2017-18, the Department is proposing a \$2 million reduction that would be designed to minimize the impact on the providers who have the most constrained access to other revenue sources (free clinics and 301s).</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>The proposed revisions to this proviso would reduce expenditures by approximately \$2 million (100% state funds) compared to FY 2016-17 levels. The precise amount is not immediately clear since several of the directed-spending items in this proviso are either “at least” amounts or else are entirely unfunded (wrap-around care pilot).</p> <p>These reductions would represent about one-third of the total reductions in spending called for within Decision Package #11287. Focusing these reductions on 100% state-funded lines reduces the total impact on the healthcare delivery system.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>PROPOSED PROVISO TEXT</b>	<p>From the funds appropriated and authorized to the Department of Health and Human Services, the department is authorized to implement the following accountability and quality improvement initiatives:</p> <p>(A) Healthy Outcomes Initiative - The Department of Health and Human Services may tie Disproportionate Share Hospital (DSH) payments to participation in the Healthy Outcomes Initiative and may expand the program as DSH funding is available.</p> <p>(B) To improve community health, the department may explore various health outreach, education, patient wellness and incentive programs. The department may pilot health interventions targeting diabetes, smoking cessation, weight management, heart disease, and other health conditions. These programs may be expanded as their potential to improve health and lower costs are identified by the department.</p> <p>(C) Rural Hospital DSH Payment - Medicaid-designated rural hospitals in South Carolina may be eligible to receive up to one hundred percent of costs associated with uncompensated care as part of the DSH program. Funds shall be allocated from the existing DSH program. To be eligible, rural hospitals must participate in reporting and quality guidelines published by the department and outlined in the Healthy Outcomes Initiative. In addition to the requirements placed upon them by the department, rural hospitals must actively participate with the department and any other stakeholder identified by the department, in efforts to design an alternative health care delivery system in these regions.</p> <p>(D) Primary Care Safety Net - The department shall implement a methodology to reimburse safety net providers participating in a hospital Healthy Outcomes Initiative program to provide primary care, behavioral health services, and pharmacy services for chronically ill individuals that do not have access to affordable insurance. Qualifying safety net providers are approved, licensed, and duly organized Federally Qualified Health Centers (FQHCs and other entities receiving funding under Section 330 of the Public Health Services Act), Rural Health Clinics (RHCs), local alcohol and drug abuse authorities established by Act 301 of 1973, Free Clinics, other clinics serving the uninsured, and Welvista. The department shall formulate a methodology and allocate <del>\$4,000,000</del> <b>\$3,600,000</b> for innovative care strategies for qualifying safety net providers. The department shall formulate a separate methodology and allocate <del>\$6,400,000</del> <b>\$5,000,000</b> of funding to FQHCs, at least <del>\$1,600,000</del> <b>\$1,500,000</b> of funding for Free Clinics, and <del>\$1,600,000</del> <b>\$1,500,000</b> of funding for local alcohol and drug abuse authorities created under Act 301 of 1973. The department <del>shall</del> <b>may continue to develop and implement</b> a process for obtaining encounter-level data that may be used to assess the cost and impact of services provided through this proviso. <del>The department shall also explore a transition to a prospective payment system for FQHCs to provide greater predictability and stability for FQHC budgets.</del></p> <p>(E) Rural and Underserved Area Provider Capacity - The department shall incentivize the development of primary care access in rural and underserved areas through the following mechanisms:</p> <ol style="list-style-type: none"> <li>(1) the department shall leverage Medicaid spending on Graduate Medical Education (GME) by implementing methodologies that support recommendations contained in the January 2014 report of the South Carolina GME Advisory Group;</li> <li>(2) the department shall develop or continue a program to leverage the</li> </ol>
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AGENCY NAME:	Department of Health and Human Services		
AGENCY CODE:	J02	SECTION:	33

use of teaching hospitals to provide rural physician coverage, expand the use of Telemedicine, and ensure targeted placement and support of OB/GYN services in at least four counties with a demonstrated lack of adequate OB/GYN resources by June 30, 2017; and

(3) during the current fiscal year the department shall contract with the MUSC Hospital Authority in the amount of \$10,000,000 to lead the development and operation of an open access South Carolina Telemedicine Network. Working with the department, the MUSC Hospital Authority shall collaborate with Palmetto Care Connections to pursue this goal. No less than \$1,000,000 of these funds shall be allocated toward support of Palmetto Care Connections and other hospitals in South Carolina. **Institutions participating in the network must be afforded the opportunity to meaningfully participate in the development and any annual refining of the initiative's strategic plan.** MUSC Hospital Authority must provide the department with quarterly reports regarding the funds allocation and progress of telemedicine transformation efforts and networks. **These reports must include an itemization of the ultimate recipients of these funds, whether vendors, grantees, specific participating institutions, or MUSC, and must distinguish between funds allocated to MUSC as a participating institution as opposed to those retained and used by MUSC in its capacity as the administering entity for the network.** MUSC Hospital Authority shall publish a summary report to the General Assembly indicating the overall progress of the state's telemedicine transformation by March 1, ~~2017~~ **2018**. In addition, the department shall also contract with the MUSC Hospital Authority in the amount of \$1,000,000, and the USC School of Medicine in the amount of \$2,000,000 to further develop statewide teaching partnerships.

(4) the department shall partner with the University of South Carolina School of Medicine to develop a statewide Rural Health Initiative to identify strategies for significantly improving health care access, supporting physicians, and reducing health inequities in rural communities. Any funding supplied by the department in support of the Rural Health Initiative may be deducted from the allocation made to the USC School of Medicine in section (E)(3) of this proviso.

(F) The department shall allocate funds to be used for obesity education for patients, reimbursement payments for providers, and continuing education for all providers through partnerships with the Department.

(G) To be eligible for funds in this proviso, providers must provide the department with patient, service and financial data to assist in the operation and ongoing evaluation of both the initiatives resulting from this proviso, and other price, quality, transparency and DSH accountability efforts currently underway or initiated by the department. The Revenue and Fiscal Affairs Office shall provide the department with any information required by the department in order to implement this proviso in accordance with state law and regulations.

(H) The department may pilot ~~an all-inclusive~~ **a behavioral** health intervention program for wrap-around care to vulnerable mental health patients who frequent the emergency room in hotspots and underserved areas within the state. The pilot program must provide reports detailing progress on the target population and health outcomes achieved. These programs may be expanded as their potential to improve health and lower costs are identified by the department.

(I) The department shall publish quarterly reports on the agency's website regarding the department's progress in meeting the goals established by this provision.

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

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*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	<b>33.22</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>Carry Forward Authorization</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>Various</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	<b>N/A</b>
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Delete</b>
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*Choose from: Add, Delete, Amend, or Codify.*

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

<b>SUMMARY</b>	<p>The Department currently has two different carry forward provisos – 33.16 (Carry Forward) and 33.22 (Carry Forward Authorization). Both contain similar reporting requirements, but have different deadlines and recipient lists. Proviso 33.16 focuses on earmarked, restricted, and special accounts, while Proviso 33.22 focuses on the General Fund.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The intent of both HHS carry-forward provisos can be achieved by moving a few words out of 33.22 and into 33.16. The combined proviso would have the broader list of recipients and the earlier submission deadline. <u>Proviso 33.22 should only be deleted if the requested changes to Proviso 33.16 are also made.</u></p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

~~For the current fiscal year, the Department of Health and Human Services is authorized to carry forward and expend any General Fund balances for the Medicaid program. Within thirty days after the close of the fiscal year, the department shall report the balance carried forward to the Chairman of the Senate Finance Committee and the Chairman of the House Ways and Means Committee.~~

~~PROPOSED  
PROVISO TEXT~~

*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	<b>33.23</b>
	<i>Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").</i>
<b>TITLE</b>	<b>Rural Health Initiative</b>
	<i>Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.</i>
<b>BUDGET PROGRAM</b>	<b>Various</b>
	<i>Identify the associated budget program(s) by name and budget section.</i>
<b>DECISION PACKAGE</b>	<b>N/A</b>
	<i>Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.</i>
<b>REQUESTED ACTION</b>	<b>Amend</b>
	<i>Choose from: Add, Delete, Amend, or Codify.</i>
<b>OTHER AGENCIES AFFECTED</b>	USC operates the Center of Excellence. MUSC and USC could receive residency and/or fellowship support. RFA and AHEC will provide information. DHEC's CON rules are waived for certain potential facilities.
	<i>Which other agencies would be affected by the recommended action? How?</i>
<b>SUMMARY</b>	The FY 2016-17 Appropriations Act established a new Rural Health Initiative, funded with a mixture of recurring and non-recurring money. The proviso directs the Department to pursue various actions to promote rural healthcare and education, support rural medicine workforce development, and investigate the use of DSH funds to complete transformation plans and/or develop facilities to address poor access to emergency services.

*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The Department’s proposed changes would update the proviso for FY 2017-18 and add new carry-forward language, since some activities envisioned for the Rural Health Initiative are multi-year efforts.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

**PROPOSED  
PROVISO TEXT**

From the funds appropriated to the Department of Health and Human Services for the Rural Health Initiative, the department shall partner with the following state agencies, institutions, and other key stakeholders to implement these components of a Rural Health Initiative to better meet the needs of medically underserved communities throughout the state. The department may leverage any and all available federal funds to implement this initiative. **Recurring and non-recurring funding for the Rural Health Initiative may be carried forward by the Department and expended for the same purpose.**

(A) The Department of Health and Human Services shall take appropriate action to facilitate the following provisions:

(1) Rural Healthcare and Education - The USC School of Medicine shall, **in consultation** ~~consult~~ with the South Carolina Office of Rural Health, **continue to operate** ~~in preparing a proposal for~~ a Center of Excellence to support and develop rural medical education and delivery infrastructure with a statewide focus, through clinical practice, training, and research, as well as collaboration with other state agencies and institutions. The center's activities must be centered on efforts to improve access to care and expand healthcare provider capacity in rural communities. The department shall authorize at least \$1,000,000 to support center staffing as well as the programs and collaborations delivering rural health research, the ICARED program, workforce development scholarships and recruitment, rural fellowships, health education development, and/or rural practice support and education. Funding released by the department pursuant to this section must not be used by the recipient(s) to supplant existing resources already used for the same or comparable purposes. No later than February 1st of the current fiscal year, the USC School of Medicine shall report to the Chairman of the House Ways and Means Committee, the Chairman of the Senate Finance Committee, and the Director of the Department of Health and Human Services on the specific uses of funds budgeted and/or expended pursuant to this provision.

(2) Rural Medicine Workforce Development - The department, in consultation with the Medical Education Advisory Committee (MEAC), shall support the development of additional residency and/or fellowship slots or programs in rural medicine, family medicine, and any other appropriate primary care specialties that have been identified by the department as not being adequately served by existing Graduate Medical Education programs. The department shall ensure that each in-state member of the Association of American Medical Colleges is afforded the opportunity to participate in MEAC. New training sites and/or residency positions are subject to approval as specified by the Accreditation Council for Graduate Medical Education (ACGME). ~~Applications to the ACGME must be developed no later than June 30, 2017.~~ The department may also accept proposals and award grants for programs designed to expose resident physicians to rural practice and enhance the opportunity to recruit these residents for long-term practice in these rural and/or underserved communities. Up to \$500,000 of the recurring funds appropriated to the department for the Rural Health Initiative may be used for this purpose.

(B) The department shall **continue to** investigate the potential use of DSH and/or any other allowable and appropriate source of funds in order to improve access to emergency medical services in one or more communities identified by the department in which such access has been degraded due to a hospital's closure during

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

the past five years. In the current fiscal year, the department is authorized to establish a DSH pool, **or carry-forward DSH capacity from a previous period as federally permissible,** for this purpose and/or if deemed necessary to implement transformation plans for which conforming applications were filed with the department ~~on or before April 1, 2016~~ **pursuant to a previous hospital transformation or rural health initiative proviso,** but for which additional negotiations or development were required. An emergency department that is established within 35 miles of its sponsoring hospital ~~during the current fiscal year~~ **pursuant to this or a previous hospital transformation or rural health initiative proviso** and which receives dedicated funding pursuant to this proviso shall be exempt from any Department of Health and Environmental Control Certificate of Need requirements or regulations. Any such facility shall participate in the ~~Statewide~~ **South Carolina** Telemedicine Network.

(C) The Revenue and Fiscal Affairs Office and the Area Health Education Consortium's Office of Healthcare Workforce Analysis and Planning shall provide the department with any information required by the department in order to implement this proviso in accordance with state law and regulations.

*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM D – PROVISIO REVISION REQUEST**

<b>NUMBER</b>	<b>33.NEW</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>BabyNet Compliance</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>NEW</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	11305 (Incorporate BabyNet)
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Add</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	BabyNet is being transferred from the Department of Education's budget section (First Steps).
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	This proviso would direct HHS to provide an annual report on its efforts to bring BabyNet into federal compliance.
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>This proviso would replace Proviso 1.74, which imposed similar obligations upon First Steps during its administration of the BabyNet program.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**With funds available to the Department, the Department of Health and Human Services shall report to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee no later than December 31, 2017 on the status of the Department's efforts to bring the BabyNet program into compliance with federal requirements. This report must specifically address areas in which the BabyNet program has received low performance scores and include any relevant correspondence from the U.S. Department of Education. The report must explain the Department's plan for bringing BabyNet into compliance, including specific steps and the associated timeline.**

**PROPOSED  
PROVISO TEXT**

*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM D – PROVISO REVISION REQUEST**

<b>NUMBER</b>	<b>113.7</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>Political Subdivision Flexibility</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>II.A.6. Other Entities Assistance Payments</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	N/A
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Amend</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	Political subdivisions
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	<p>The proviso is intended to allow political subdivisions to decrease their support for state-mandated services (with exceptions) by the same proportion that the Local Government Fund has been appropriated below the permanent statutory requirement. The amendment would add assessments for indigent medical care to the list of exceptions.</p>
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>The intent of the original proviso was to allow counties to reduce their spending by the same percentage that support for that spending had been reduced by the state. In establishing this proviso, the General Assembly recognized that some programs – the courts, solicitors, defenders, etc. – were too important to be subjected to these reductions.</p> <p>The Department proposes to add assessments for indigent medical care to the list of exceptions, because counties are using the Political Subdivision Flexibility proviso to reduce their indigent medical care payments. The Department is obligated to continue covering MIAP beneficiaries even as the counties reduce their payments, leaving the Department to absorb up to \$4 million in revenue losses even as counties continue to enroll individuals in MIAP.</p> <p>The proposed language would prevent counties from using this proviso to reduce their MIAP payments, since the Department is not permitted to reduce the cost of the program.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>The amended proviso would prevent counties from reducing the Department’s revenues by up to \$4 million. The actual amount for FY 2017-18 would be \$13 million (statutory amount of county MIAP assessments required by permanent law) multiplied by the percentage by which the Local Government Fund is appropriated below the amount specified by permanent law.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<p><b>PROPOSED PROVISO TEXT</b></p>	<p>For Fiscal Year <del>2016-17</del> <b>2017-18</b>, a political subdivision receiving aid from the Local Government Fund may reduce its support to any state mandated program or requirement, by up to a percentage equal to the percentage reduction in the actual amount appropriated to the Local Government Fund as compared to the amount required to be appropriated pursuant to Section 6-27-30. Excluded from said reductions are Administrative Law Judges and their offices, Court of Appeals and their offices, Circuit and Family Courts and their offices, Magistrates and their offices, Masters-in-Equity and their offices, Probate Courts and their offices, Public Defenders and their offices, Solicitors and their offices, <del>and</del> <u>the Supreme Court and their offices,</u> <b><u>and assessments for indigent medical care pursuant to Section 44-6-146.</u></b></p>
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*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

### FORM D – PROVISO REVISION REQUEST

<b>NUMBER</b>	<b>117.73</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>IMD Operations</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>Various</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	<b>N/A</b>
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Amend</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	Department of Education, the Department of Juvenile Justice, the Department of Disabilities and Special Needs, the Department of Mental Health, the Department of Social Services, and the Department of Administration, Office of Executive Policy and Programs-Continuum of Care
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	In 2006, the Centers for Medicare and Medicaid Services (CMS) rejected South Carolina’s model of using Medicaid funding to make bundled payments for certain out-of-home placements for children. The state responded by developing a new patchwork of other Medicaid services, Title IV-E funds, and other resources in order to sustain these services and preserve revenues for affected providers. This proviso’s origin was in tracing the after-effects of those changes.
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>On July 1, 2014, the Department eliminated prior authorizations for rehabilitative behavioral health services (RBHS) and assumed financial responsibility for funding the state share of any associated Medicaid services. That decision has had far-reaching effects, one of which is that it is now essentially impossible to produce reports that meet all the requirements of the existing proviso. The Department proposes to update the language of this proviso to focus on providing information on out-of-home placements; this information has represented most of the volume of this proviso's reports in recent years.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

**PROPOSED  
PROVISO TEXT**

All funds received by the Department of Education, the Department of Juvenile Justice, the Department of Disabilities and Special Needs, the Department of Mental Health, the Department of Social Services, and the Department of Administration, Office of Executive Policy and Programs Continuum of Care as State child placing agencies for the Institution for Mental Diseases Transition Plan (IMD) of the discontinued behavioral health services in group homes and child caring institutions, as described in the Children's Behavioral Health Services Manual Section 2, dated 7/01/06, shall be applied only for out of home placement in providers which operate Department of Social Services or Department of Health and Environmental Control licensed institutional, residential, or treatment programs. **The Department of Health and Human Services shall produce an** annual report by each state child placing agency shall be made on **Medicaid-funded out-of-home placements and associated** the expenditures, **which** of all IMD transition funds and shall be provided to the Chairman of the Senate Finance Committee, Chairman of the House Ways and Means Committee, and the Governor no later than November first each year. ~~The Department of Health and Human Services shall review the numbers of out of home placements by type and by agency each year and make recommendations to the General Assembly.~~

*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

### FORM D – PROVISO REVISION REQUEST

<b>NUMBER</b>	<b>117.98</b>
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*Cite the proviso according to the renumbered list for FY 2017-18 (or mark "NEW").*

<b>TITLE</b>	<b>First Steps - BabyNet</b>
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*Provide the title from the FY 2016-17 Appropriations Act or suggest a short title for any new request.*

<b>BUDGET PROGRAM</b>	<b>NEW</b>
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*Identify the associated budget program(s) by name and budget section.*

<b>DECISION PACKAGE</b>	11305 (Incorporate BabyNet)
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*Is this request associated with a decision package you have submitted for FY 2017-18? If so, cite it here.*

<b>REQUESTED ACTION</b>	<b>Amend</b>
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*Choose from: Add, Delete, Amend, or Codify.*

<b>OTHER AGENCIES AFFECTED</b>	First Steps to School Readiness, the School for the Deaf and Blind, the Department of Disabilities and Special Needs, the Department of Mental Health, and the Department of Social Services are all directed to report under the existing proviso.
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*Which other agencies would be affected by the recommended action? How?*

<b>SUMMARY</b>	This proviso gives the First Steps Board a series of primarily reporting responsibilities as First Steps works toward bringing BabyNet into federal compliance. It also directs several agencies to produce quarterly reports on their revenues, expenditures, and their respective maintenance-of-effort obligations.
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*Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>EXPLANATION</b>	<p>Provisos 1.74 and 117.98 contain substantial reporting requirements for First Steps in association with the BabyNet program’s ongoing compliance problems. The Department proposes to combine compliance-specific reporting requirements into a new “33.NEW” as described elsewhere in this submission and to leave the remainder of 117.98 in place in FY 2017-18 to facilitate common reporting across agencies. Since Executive Order 2016-20 was signed shortly before FY 2017-18 budget requests were due, there was not adequate time for HHS to work with the other agencies involved in BabyNet to produce a comprehensive BabyNet budget for the upcoming fiscal year. The Department will likely propose additional revisions to this proviso in FY 2018-19 that reflect a revised approach.</p>
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*Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.*

<b>FISCAL IMPACT</b>	<p>None.</p>
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*Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<p><b>PROPOSED PROVISO TEXT</b></p>	<p>In addition to the statutory duties assigned to South Carolina First Steps to School Readiness Board of Trustees; the board shall ensure the state's compliance with the Individuals with Disabilities Act, Part C and the First Steps' full implementation of recommendations contained in the 2011 audit report of the LAC regarding the BabyNet Program. First Steps shall submit any necessary statutory changes to the Chairman of the House Education and Public Works Committee and the Chairman of the Senate Education Committee and any budget recommendations in the agency's budget request as submitted to the Governor. Until completion, First Steps shall post on its' website a quarterly report on the timelines of its progress in implementing the recommendations of the LAC. The Board of Trustees will be kept informed monthly of all activities related to this requirement and those progress reports must be recorded in the minutes for each meeting of the Board of Trustees. When First Steps has implemented all of the recommendations enumerated above, a final report shall be submitted to the Board of Trustees for its' adoption. Upon approval by the Board of Trustees, the final report shall be published on First Steps' homepage. First Steps to School Readiness, the School for the Deaf and Blind, the Department of Disabilities and Special Needs, the Department of Health and Human Services, the Department of Mental Health and the Department of Social Services shall each provide on a common template developed by the agencies, a quarterly report to the Chairman of the House Ways and Means Committee and the Chairman of Senate Finance outlining all programs provided by them for BabyNet; all federal funds received and expended on BabyNet and all state funds expended on BabyNet. Each entity and agency shall report on its share of the state's ongoing maintenance of effort as defined by the US Department of Education under IDEA Part C.</p>
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*Paste FY 2016-17 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.*

<b>AGENCY NAME:</b>	Department of Health and Human Services		
<b>AGENCY CODE:</b>	J02	<b>SECTION:</b>	33

**FORM E – 3% GENERAL FUND REDUCTION**

<b>DECISION PACKAGE</b>	<b>11311</b>
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*Provide the decision package number issued by the PBF system ("Governor's Request").*

<b>TITLE</b>	<b>Agency General Fund Reduction Analysis</b>
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*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>-\$38,156,838</b>
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*What is the General Fund reduction amount (minimum based on the FY 2016-17 recurring appropriations)? This amount should correspond to the decision package's total in PBF.*

<b>METHOD OF CALCULATION</b>	Amount was supplied by the Executive Budget Office.
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*Describe the method of calculation for determining the reduction in General Funds.*

<b>ASSOCIATED FTE REDUCTIONS</b>	None – cuts would be made to provider rates and coverage.
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*How many FTEs would be reduced in association with this General Fund reduction?*

<b>PROGRAM/ACTIVITY IMPACT</b>	<p>For modeling purposes, the Department has identified four components of an overall package that could reduce General Fund expenditures by 3%:</p> <ul style="list-style-type: none"> <li>• Make additional reductions to payments allocated through Section (D) of the Medicaid Accountability and Quality Improvement Initiative proviso, beyond those described in Decision Package #11287 (\$1,000,000)</li> <li>• Cut allocations for the core of the South Carolina Telemedicine Network by 25%, made through Section (E)(3) of the Medicaid Accountability and Quality Improvement Initiative proviso (\$2,500,000)</li> <li>• Reduce enhanced payments for primary care physicians by 50% (\$7,188,750)</li> <li>• Impose provider rate cuts in an amount equivalent to a 1.87% across-the-board cut (\$27,468,088)</li> </ul>
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*What programs or activities are supported by the General Funds identified?*

<b>AGENCY NAME:</b>	<b>Department of Health and Human Services</b>		
<b>AGENCY CODE:</b>	<b>J02</b>	<b>SECTION:</b>	<b>33</b>

<b>SUMMARY</b>	<p>Cuts described in the first bullet would reduce funding for providers such as free clinics, FQHCs, and the 301 centers. Payments made through this proviso are not connected to individual beneficiaries or discrete services.</p> <p>The telemedicine reductions would reduce the amount of funding available to funds grants and/or infrastructure development associated with the promotion of telehealth services.</p> <p>South Carolina was one of relatively few states to largely continue making enhanced payments to primary care physicians after federal support for this ended in 2014. Reducing these payments would be consistent with actions taken by many other states, but would also have an adverse impact on network adequacy.</p> <p>It is neither practical nor desirable to impose across-the-board cuts on all classes of Medicaid providers, since the current rates for those various classes translate into different percentages of external benchmarks, such as the Medicare fee schedule. Some providers can absorb a higher percentage reduction than others. There are also operational questions to consider, since significant rate changes require amendments to the State Plan for Medical Assistance; these amendments must receive federal approval. In the event that a 3% reduction is required, the final decisions about how to apply them would be made at that point and would factor in the considerations above, along with the proposed effective date. The 1.87% figure is provided to give a sense of what the cuts would need to approximate on a system-wide basis, understanding that the Department would propose not to cut some providers at all and others by 3-4% in order to hit the overall target.</p>
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*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations.*