

<b>AGENCY NAME:</b>	Department of Health & Human Services		
<b>AGENCY CODE:</b>	J020	<b>SECTION:</b>	33



**Fiscal Year 2025-26  
Agency Budget Plan**

**FORM A - BUDGET PLAN SUMMARY**

<b>OPERATING REQUESTS (FORM B1)</b>	<b>For FY 2025-26, my agency is (mark "X"):</b>	
	<input checked="" type="checkbox"/>	Requesting General Fund Appropriations.
	<input checked="" type="checkbox"/>	Requesting Federal/Other Authorization.
	<input type="checkbox"/>	Not requesting any changes.

<b>NON-RECURRING REQUESTS (FORM B2)</b>	<b>For FY 2025-26, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

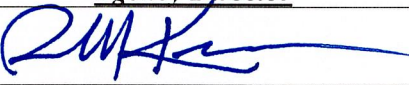
<b>CAPITAL REQUESTS (FORM C)</b>	<b>For FY 2025-26, my agency is (mark "X"):</b>	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

<b>PROVISOS (FORM D)</b>	<b>For FY 2025-26, my agency is (mark "X"):</b>	
	<input 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 checked="" 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>	Brad Livingston	803-898-1406	Brad.Livingston@scdhhs.gov
<b>SECONDARY CONTACT:</b>	Belinda McFarland	803-898-3477	Belinda.McFarland@scdhhs.gov

I have reviewed and approved the enclosed FY 2025-26 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

<b>SIGN/DATE:</b>	<u>Agency Director</u>	<u>Board or Commission Chair</u>
		
<b>TYPE/PRINT NAME:</b>	Robert M Kerr	

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

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

BUDGET REQUESTS			FUNDING					FTES				
Priority	Request Type	Request Title	State	Federal	Earmarked	Restricted	Total	State	Federal	Earmarked	Restricted	Total
1	B1 - Recurring	Maintenance of Effort	55,432,670	141,701,517	33,230,449	0	230,364,636	0.00	0.00	0.00	0.00	0.00
2	B1 - Recurring	Rehabilitative Behavioral Health Services	5,778,382	13,336,344	0	0	19,114,726	0.00	0.00	0.00	0.00	0.00
3	B1 - Recurring	Partial Hospitalization Program / Intensive Outpatient Program	2,448,630	5,651,370	0	0	8,100,000	0.00	0.00	0.00	0.00	0.00
4	B1 - Recurring	Opioid Treatment Services	5,409,580	12,485,159	0	0	17,894,739	0.00	0.00	0.00	0.00	0.00
5	B1 - Recurring	Graduate Medical Education	10,000,000	22,819,166	0	0	32,819,166	0.00	0.00	0.00	0.00	0.00
6	B1 - Recurring	Home and Community-based Services (HCBS) Waitlist Reduction	10,016,529	23,117,871	0	0	33,134,400	0.00	0.00	0.00	0.00	0.00
TOTALS			89,085,791	219,111,427	33,230,449	0	341,427,667	0.00	0.00	0.00	0.00	0.00

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

## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	<b>1</b>
------------------------	----------

*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Maintenance of Effort</b>
--------------	------------------------------

*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$55,432,670</b> <b>Federal: \$141,701,517</b> <b>Other: \$33,230,449</b> <b>Total: \$230,364,636</b>
---------------	--

*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	<b>0.00</b>
----------------------	-------------

*Please provide the total number of new positions needed for this request.*

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

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

<b>ACCOUNTABILITY OF FUNDS</b>	<p>Annualizations are distributed throughout the Agency's budget and touch upon each of the five defined goals and their respective objectives.</p>
--------------------------------	---

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF</b>	<p>This decision package is designed to continue providing current services to beneficiaries eligible for Medicaid under existing criteria. Funds from this decision package would be used to reimburse Medicaid providers for rendered services.</p>
----------------------	---

*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?*

**JUSTIFICATION OF  
REQUEST**

The South Carolina Department of Health and Human Services (SCDHHS) is requesting a total of \$55,432,670 in recurring general funds for annualization in the state fiscal year (SFY) 2025-26 state budget. Annualization accounts for the total change in cost in state dollars needed to continue current Medicaid reimbursement rates for providers and current service levels. In other words, funding the annualization decision package allows SCDHHS to keep the Medicaid program operating in its current configuration. This year's annualization request is smaller than the agency's average annualization requests of \$96.2 million for the last eight budget requests. This is largely due to a decrease in Medicaid enrollment compared to prior years. This decreased enrollment is a downstream effect of the federal requirement to resume annual eligibility reviews for Medicaid members. This requirement was paused during the COVID-19 federal public health emergency and reinstated in April 2023. As expected, the state's Medicaid enrollment has returned to approximately its pre-COVID-19 level.

SCDHHS' annualization request is formulated by considering changes in federal and state-level mandatory fiscal obligations, population growth trends and conducting a service-by-service trend analysis of Medicaid-covered services. More specifically, this request includes \$5.87 million the state is obligated to pay for increases in Medicare Part B and Part D premiums for individuals who qualify for both Medicare and Medicaid and \$9.12 million the state is obligated to pay for services rendered to Medicaid members by South Carolina Department of Disabilities and Special Needs (DDSN) employees. This \$9.12 million includes a 5% pay increase, pursuant to Proviso 117.144(6) of the 2023-24 General Appropriations Act, for DDSN employees who render services to Medicaid members; SCDHHS assumed this responsibility two years ago when DDSN local providers transitioned from a prospective payment of services from DDSN to a direct payment fee-for-service model with SCDHHS.

SCDHHS' annualization request also requests funding for anticipated changes in utilization for specific services, such as an anticipated increase in bed days or nursing facility utilization as they continue to rise to pre-pandemic occupancy; an expected increase in utilization for personal care services for individuals with disabilities due to increased provider capacity; an update to the reimbursement methodology for durable medical equipment services; and other costs related to projected enrollment trends, changes in utilization of services, and increases in the value of existing medical contracts held by the agency. Finally, during the current SFY, SCDHHS transitioned to a single, state-directed preferred drug list (PDL). The agency's annualization request reflects the taxpayer savings associated with transitioning from multiple managed care organization-operated PDLs to a single, state-directed PDL.

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

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

## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	2
------------------------	---

*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Rehabilitative Behavioral Health Services</b>
--------------	--

*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<p><b>General: \$5,778,382</b></p> <p><b>Federal: \$13,336,344</b></p> <p><b>Other: \$0</b></p> <p><b>Total: \$19,114,726</b></p>
---------------	---

*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
----------------------	------

*Please provide the total number of new positions needed for this request.*

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

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

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This decision package focuses on ensuring access to medically necessary behavioral health services. It supports the agency's second strategic plan goal, which is to purchase access to needed health services</p>
--------------------------------	---

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF</b>	<p>The funding would go to providers serving Medicaid members for behavioral health and/or related services.</p>
----------------------	--

**FUNDS**

*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?*

**JUSTIFICATION OF REQUEST**

Through proviso 117.144, the South Carolina General Assembly directed SCDHHS to work with other relevant agencies to “evaluate, examine and analyze the existing statewide system for the delivery of Medicaid and non-Medicaid behavioral health services to assess the system's effectiveness.”

Healthy Connections Medicaid members who are diagnosed with mental health and/or substance use disorder (SUD) are eligible for medically necessary services through SCDHHS’ rehabilitative behavioral health services benefit. These services are provided to improve disabilities, increase the member’s ability to function independently and restore maximum functioning using diagnostic and restorative services. Rehabilitative behavioral health services may be rendered by Medicaid-enrolled private providers and public agencies.

Over the last several years, SCDHHS has focused heavily on addressing deficiencies in the state’s behavioral health delivery system. Through these efforts, SCDHHS has added 10 new services to this service array over the last two years and currently covers 24 rehabilitative behavioral health services. The agency has also completed a comprehensive review of the rate structure through which providers are paid for these services, which includes multiple fee schedules. This review was conducted to ensure types of service that require higher levels of skill and training are appropriately compensated at a higher rate than those with fewer requirements. This request will allow SCDHHS to continue its multiyear effort of ensuring behavioral health services are available throughout the continuum of care. Funding this decision package will allow the agency to adjust its reimbursement methodology to ensure parity in how rehabilitative behavioral health services providers are reimbursed across the agency’s various fee schedules.

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



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

## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	<b>3</b>
------------------------	----------

*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Partial Hospitalization Program / Intensive Outpatient Program</b>
--------------	---

*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$2,448,630</b> <b>Federal: \$5,651,370</b> <b>Other: \$0</b> <b>Total: \$8,100,000</b>
---------------	--

*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	<b>0.00</b>
----------------------	-------------

*Please provide the total number of new positions needed for this request.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<b>Mark "X" for all that apply:</b>	
	<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 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
	<input type="checkbox"/>	IT Technology/Security related
	<input type="checkbox"/>	HR/Personnel Related
<input type="checkbox"/>	Consulted DTO during development	
<input type="checkbox"/>	Related to a Non-Recurring request – If so, Priority #	

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

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This decision package focuses on ensuring access to medically necessary behavioral health services. It supports the agency's second strategic plan goal, which is to purchase access to needed health services</p>
--------------------------------	---

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF</b>	<p>The funding would go to providers serving Medicaid members for behavioral health and/or related services</p>
----------------------	---

**FUNDS**

*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?*

**JUSTIFICATION OF REQUEST**

This request is an important extension of the ongoing work to address deficiencies in the continuum of behavioral health services available in South Carolina. Establishing partial hospitalization and intensive outpatient programs will allow intensive level of behavioral health services to be provided outside of an inpatient setting. These programs can be used as a step down from inpatient care, or a step up from standard outpatient treatment, and operate as a stand-alone level of care to stabilize a deteriorating condition and prevent hospitalization. Funding this request will allow care to be delivered in more cost-effective settings and allow the Medicaid member being treated to be in the least restrictive environment that is appropriate for their level of care.

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



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

## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	4
------------------------	---

*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Opiod Treatment Services</b>
--------------	---------------------------------

*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$5,409,580</b> <b>Federal: \$12,485,159</b> <b>Other: \$0</b> <b>Total: \$17,894,739</b>
---------------	--

*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
----------------------	------

*Please provide the total number of new positions needed for this request.*

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

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

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This decision package focuses on ensuring access to medically necessary substance use disorder treatment services. It supports the agency's second strategic plan goal, which is to purchase access to needed health services.</p>
--------------------------------	---

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF</b>	<p>The funding would go to providers serving Medicaid members for substance use treatment and/or related services.</p>
----------------------	--

**FUNDS**

*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?*

**JUSTIFICATION OF REQUEST**

According to the Kaiser Family Foundation, South Carolina had the 10th worst opioid overdose death rate in the country in 2022. The South Carolina Department of Public Health also showed that drug overdose deaths increased by 6% from 2021 to 2022.

Opioid use disorder is most effectively treated through long-acting medications including buprenorphine and methadone. In South Carolina, opioid treatment programs are predominantly offered by private providers and not by county substance use disorder authorities. Buprenorphine is used by county substance use disorder authorities to treat opioid use disorder. Methadone, which is the treatment with the largest and oldest evidence base of the opioid addiction treatment options, can only be prescribed by certified opioid treatment programs per federal regulation.

Over recent years, many states sought to address the opioid epidemic by increasing long-acting medication service options and increasing Medicaid reimbursement rates for these service options to match the rate offered by Medicare. SCDHHS' current reimbursement rate for opioid treatment services is 43.6% of the rate reimbursed by Medicare. Funding this request will help address the opioid epidemic in South Carolina by increasing the provider reimbursement rates for buprenorphine and methadone to match the Medicare rate. This will incentivize opioid treatment providers to offer both treatment options within current federal regulations and increase access to medically necessary opioid treatment programs for Healthy Connections Medicaid members.

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

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

## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	5
------------------------	---

*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Graduate Medical Education</b>
--------------	-----------------------------------

*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<b>General: \$10,000,000</b> <b>Federal: \$22,819,166</b> <b>Other: \$0</b> <b>Total: \$32,819,166</b>
---------------	---

*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	0.00
----------------------	------

*Please provide the total number of new positions needed for this request.*

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

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

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This decision package focuses on providing funding to support the state's Graduate Medical Education programs through which the state's teaching hospitals are reimbursed for costs incurred by an approved teaching program where medical interns and residents are taught in a hospital-based setting. This supports the agency's second strategic plan goal, which is to purchase access to needed health services.</p>
--------------------------------	---

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF</b>	<p>The funding would go to providers that help develop physicians that will serve Medicaid members for physician and/or related services.</p>
----------------------	---

**FUNDS**

*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?*

**JUSTIFICATION OF REQUEST**

The General Assembly has consistently invested in the state’s future physician workforce through the state’s Graduate Medical Education (GME) program. GME is a period of physician residency or fellowship training that can last from three to nine years. It generally occurs at teaching hospitals with most of the funding provided by Medicare, Medicaid and hospital revenues. However, South Carolina still has a well-documented shortage of several types of physicians. SCDHHS is working with an independent evaluator to conduct a study of the state’s GME program. Thus far, this study has found 41 of the state’s 46 counties are health professional shortage areas; and overall, the state had a shortage of 1,800 physicians in South Carolina in 2021, which is expected to grow to nearly 3,000 by 2026. It also found South Carolina’s physician ratio is 23% worse than the national average. SCDHHS has reviewed the GME program’s current payment methodology and believes inefficiencies in the methodology itself have contributed to this shortage. Under the current methodology, which uses patient days as a basis, the state’s Medicaid program funds approximately 60% of the total reported costs of the GME program, but only approximately 30% of the total number of residents who participate in the GME program end up associated with the state’s Medicaid program. This has produced a payment methodology that creates a system that is not value-based and fails to provide transparency on what taxpayer funds are purchasing through this program. In turn, this makes it difficult for the state to create measurable target goals for the program.

To address the flaws in the GME payment methodology, which have contributed to certain, persistent physician shortages in the state, and to develop a statewide coordinated effort for graduate education strategy, SCDHHS, is proposing changing the GME payment methodology to a per resident amount. This request reflects a proposed update to the state GME program’s payment methodology allowing it to transition from a per patient day to a per resident payment basis. This will allow the state to develop payment incentives as a tool to help address specific physician shortages.

Funding this decision package will support the transition to this new methodology and allow the state to leverage GME payments to produce the appropriate number and type of physician residents in the areas needed more efficiently while also increasing the investment in the state’s future physician workforce.

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

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

## **FORM B1 – RECURRING OPERATING REQUEST**

<b>AGENCY PRIORITY</b>	<b>6</b>
------------------------	----------

*Provide the Agency Priority Ranking from the Executive Summary.*

<b>TITLE</b>	<b>Home and Community-based Services (HCBS) Waitlist Reduction</b>
--------------	--

*Provide a brief, descriptive title for this request.*

<b>AMOUNT</b>	<p><b>General: \$10,016,529</b></p> <p><b>Federal: \$23,117,871</b></p> <p><b>Other: \$0</b></p> <p><b>Total: \$33,134,400</b></p>
---------------	--

*What is the net change in requested appropriations for FY 2025-2026? This amount should correspond to the total for all funding sources on the Executive Summary.*

<b>NEW POSITIONS</b>	<b>0.00</b>
----------------------	-------------

*Please provide the total number of new positions needed for this request.*

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

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

<b>ACCOUNTABILITY OF FUNDS</b>	<p>This decision package focuses on ensuring access to medically necessary services for qualifying South Carolinians with a disability. It supports the agency's second strategic plan goal, which is to purchase access to needed health services.</p>
--------------------------------	---

*What specific strategy, as outlined in the most recent Strategic Planning and Performance Measurement template of agency's accountability report, does this funding request support? How would this request advance that strategy? How would the use of these funds be evaluated?*

<b>RECIPIENTS OF</b>	<p>The funding would go to supporting increasing the capacity to serve Medicaid members for disability and/or related services.</p>
----------------------	---

*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?*

**JUSTIFICATION OF REQUEST**

SCDHHS operates eight HCBS waiver programs that provide access to medically necessary services for South Carolinians who are eligible for nursing home care but who prefer to receive their services in the community. Of these eight programs, four are operated by SCDHHS and four are operated by other state agencies (three by DDSN and one by the South Carolina Department of Children’s Advocacy).

HCBS waiver programs help individuals who require a high level of medical care, typically individuals with a physical and/or intellectual disability, receive care in their community rather than in an institution. This allows these individuals to be closer to their family and yields a 375% cost savings compared to care delivered in an institutional setting.

Unlike services provided under traditional Medicaid programs, which are governed by each state Medicaid agency’s “State Plan,” HCBS waiver programs are based on a number of waiver “slots” that are established for each waiver based on allocated funding. Under the Medicaid State Plan, the state Medicaid agency must reimburse providers for covered services provided for each individual who meets the state’s eligibility criteria. Under HCBS waiver programs, state Medicaid agencies are responsible for reimbursing providers for services covered by the waiver program but the number of individuals who are eligible is capped at the number of slots that are funded. Because of the different structure of the program, this can create waiting lists for those who qualify for services through HCBS waivers while there are not waiting lists for Medicaid State Plan services.

In recent past budget requests, SCDHHS has requested funding to add services and increase reimbursement rates for services that are covered by its HCBS waivers. This year the agency is requesting funding to support additional slots for its HCBS waiver programs. According to data received from DDSN, there were nearly 20,000 people on the waiting lists for the three waiver programs that are operated by DDSN as of July 2024. While there is not currently a waiting list for the other five waivers, there is a potential for a waiting list for all eight HCBS waiver programs.

The agency’s analysis shows that the state’s current network of HCBS providers would support approximately 1,000 additional HCBS waiver slots. Funding this decision package will create additional HCBS waiver slots and begin to address the waiting lists for the state’s HCBS waiver programs. This will improve access to care for those with a documented medical need and allow that care to be delivered in a cost-effective setting.

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

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

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

<b>TITLE</b>	Agency Cost Savings and General Fund Reduction Contingency Plan
--------------	---

<b>AMOUNT</b>	\$65,349,836
---------------	--------------

*What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*

<b>ASSOCIATED FTE REDUCTIONS</b>	None. Cuts would be made to provider contracts and reimbursement for services.
----------------------------------	--

*How many FTEs would be reduced in association with this General Fund reduction?*

<b>PROGRAM / ACTIVITY IMPACT</b>	For modeling purposes, the Department has identified contracts and grants supported without federal match to meet the 3% reduction. Included is \$39,250,000 in FY 2024-25 Appropriation Act provisos for populations not covered by the Medicaid or the Children’s Health Insurance Program (CHIP).
----------------------------------	--

*What programs or activities are supported by the General Funds identified?*

<b>SUMMARY</b>	The general fund reductions identified are passed through other state agencies and entities for noncovered populations including contracts currently funded through provisos.
----------------	---



*Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.*

## **AGENCY COST SAVINGS PLANS**

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

1. Working to ensure the agency is most efficiently receiving federal funds for expenditures on Medicare premiums for eligible recipients resulting in \$9 million in general funds savings.
2. Operating the Department's Division of Program Integrity saves approximately \$6 - \$8 million through provider prepayment reviews, provider postpayment reviews, the pharmacy lockin program, terminations and exclusions and recipient utilization
3. Continuing to maximize pharmaceutical rebates and implement policies that result in the lowest expenditures net of rebates attainable.

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

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

## **FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS**

<b>TITLE</b>	Reducing Cost and Burden to Business and Citizens
--------------	---

*Provide a brief, descriptive title for this request.*

<b>EXPECTED SAVINGS TO BUSINESSES AND CITIZENS</b>	Time and cost savings for citizens and businesses
--	---

*What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.*

<b>FACTORS ASSOCIATED WITH THE REQUEST</b>	<p><b>Mark "X" for all that apply:</b></p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input checked="" type="checkbox"/>	Other
<input type="checkbox"/>	Repeal or revision of regulations.								
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input checked="" type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input checked="" type="checkbox"/>	Other								

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

*Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.*

<b>REDUCTION OF FEES OR FINES</b>	N/A
-----------------------------------	-----

*Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?*

<b>REDUCTION OF REGULATION</b>	N/A
--------------------------------	-----

*Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?*

<b>SUMMARY</b>	<p>The following initiatives have been implemented or are in the process of being implemented:</p> <p>Continuing to undergo rate reviews across the Medicaid program. This initiative is to modernize, consolidate and rationalize fee schedules that will lessen the burden to providers.</p> <p>Extended telehealth services.</p> <p>Transitioned to a single, state-directed preferred drug list (PDL) creating savings associated with reducing multiple managed care organization-operated PDLs to a single, state-directed PDL.</p>
----------------	---

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