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

Fiscal Year FY 2026-2027

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

	For FY 2026-2027, my agency is (mark "X"):	
OPERATING REQUESTS *(FORM B1)*	X	Requesting General Fund Appropriations.
	X	Requesting Federal/Other Authorization.
		Not requesting any changes.

	For FY 2026-2027, my agency is (mark "X"):	
NON-RECURRING REQUESTS *(FORM B2)*		Requesting Non-Recurring Appropriations.
		Requesting Non-Recurring Federal/Other Authorization.
	X	Not requesting any changes.

	For FY 2026-2027, my agency is (mark "X"):	
CAPITAL REQUESTS *(FORM C)*		Requesting funding for Capital Projects.
	X	Not requesting any changes.

	For FY 2026-2027, my agency is (mark "X"):	
PROVISOS *(FORM D)*	X	Requesting a new proviso and/or substantive changes to existing provisos.
		Only requesting technical proviso changes (such as date references).
		Not requesting any proviso changes.

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

	Name	***Phone***	***Email***
PRIMARY CONTACT:	Jordan Dominick	(803) 898-2892	jordan.dominick@scdhhs.gov
SECONDARY CONTACT:	Brad Livingston	(803) 898-1406	brad.livingston@scdhhs.gov

I have reviewed and approved the enclosed FY 2026-2027 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	Agency Director	***Board or Commission Chair***
SIGN/DATE:	9/26/25	
TYPE/PRINT NAME:	Eunice Medina	

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	102,637,899	754,719,882	-514,559,781	923,130,833	1,265,928,833	0.00	0.00	0.00	0.00	0.00
2	B1 - Recurring	Federally Required Medicare Premiums	53,088,540	34,743,276	0	0	87,831,816	0.00	0.00	0.00	0.00	0.00
3	B1 - Recurring	Home & Community-Based Services	47,273,728	106,913,251	0	0	154,186,979	0.00	0.00	0.00	0.00	0.00
TOTALS			203,000,167	896,376,409	-514,559,781	923,130,833	1,507,947,628	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

AGENCY PRIORITY

1

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Maintenance of Effort

Provide a brief, descriptive title for this request.

AMOUNT

General: $102,637,899

Federal: $754,719,882

Other: $408,571,052

Total: $1,265,928,833

What is the net change in requested appropriations for FY 2026-2027? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

0.00

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

FACTORS ASSOCIATED WITH THE REQUEST

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

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	Education, Training, and Human Development
X	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

Annualizations are distributed throughout the agency's budget and touch upon each of the defined goals and their respective objectives as outlined in its SFY 2024-25 Accountability Report.

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?

RECIPIENTS OF

This decision package is designed to continue providing current services to South Carolinians eligible for Medicaid under existing criteria. Funds from this decision package would be used to reimburse Medicaid providers for rendered services.

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 South Carolina Department of Health and Human Services (SCDHHS) is requesting a total of $102,637,899 in recurring general funds for annualization in the state fiscal year (SFY) 2026-27 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 Healthy Connections Medicaid program operating in its current configuration to benefit the more than one million South Carolinians, including approximately 60% of the state's children, who receive these services. 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 adjustments for actual and anticipated funding sources, utilization, acuity and/or enrollment-based criteria. Historically, these pressures have represented adjustments in a range of approximately 3% up to 5%. A significant portion of this annualization is due to a reduction in South Carolina's final Federal Medical Assistance Percentage (FMAP) for SFY 2026-27. The final blended rate is lower than the reported preliminary rate and decreased from 69.57% in SFY 2025-2026 to approximately 69.34%, with the state's fiscal obligation for Medicaid services increasing by the corresponding amount. In addition to standard inflationary pressures, SCDHHS has experienced a significant drop in some of the agency's other funds revenue sources, including certain taxes and settlement agreements (e.g., the Cigarette Tax Surcharge and Tobacco Master Settlement Agreement), in the last several SFYs. Combined revenue in these sectors has steadily declined from approximately $191 million in SFY 2021 to $148 million in SFY 2025 and is projected to continue that trend in SFY 2026 and beyond. This request includes $53 million to offset this drop in revenue and enable the agency to maintain current Medicaid service levels. SCDHHS' annualization request also includes necessary reimbursement methodology updates, and will allow the state to more closely align reimbursement rates for Applied Behavior Analysis therapy services with other states in the southeast region. This will facilitate access to the existing array of autism spectrum disorder treatments. Finally, while the costs of maintaining current Medicaid service levels continue to rise, SCDHHS is committed to finding and implementing traditional and innovative delivery and reimbursement models that produce cost savings. During the previous SFY, SCDHHS transitioned to a single, state-directed preferred drug list (PDL). Adopting this model has increased projected drug rebates and the agency has applied these savings directly to its annualization request, shifting this cost away from South Carolina taxpayers. In addition, the agency continuously reviews all administrative-based contracts and aims to achieve a net a year-over-year savings in these contracts beginning in SFY 2026-27. The usage of this funding will generally be eligible to receive federal matching funds. In other words, of every dollar invested in Medicaid services in South Carolina, approximately $0.30 comes from state funding and approximately $0.70 comes from federal matching funds.

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

AGENCY PRIORITY

2

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Federally Required Medicare Premiums

Provide a brief, descriptive title for this request.

AMOUNT

General: $53,088,540

Federal: $34,743,276

Other: $0

Total: $87,831,816

What is the net change in requested appropriations for FY 2026-2027? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

0.00

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

FACTORS ASSOCIATED WITH THE REQUEST

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

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	Education, Training, and Human Development
X	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

Funds appropriated for this request will support Goals #2 and #3 as outlined in the agency's SFY 2024-25 Accountability Report.

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?

RECIPIENTS OF

This decision package is designed to continue providing current services to South Carolinians eligible for Medicaid and Medicare under existing criteria.

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 South Carolina Department of Health and Human Services (SCDHHS) is requesting a total of $53,088,540 in recurring general funds to cover federally required Medicare Part A, Part B and Part D premium increases for dually eligible Healthy Connections Medicaid members in the state fiscal year (SFY) 2026-27 budget. Certain individuals meet the federal requirements for both Medicare and Medicaid. These individuals are commonly referred to as "dual eligibles." By paying the required premiums for dual eligibles, states ensure that Medicare is the primary payer for Medicare covered services. Medicare premiums have increased substantially in recent years, however, the state's share of the financial responsibility for these individuals is still only 6.5% of the total Medicare Part A and Part B costs. Medicare Part A helps cover hospital stays, skilled nursing facility and hospital care costs, as well as some home health services. The estimated per capita Medicare Part A premium increase is approximately $66 per month through SFY 2026-27. Medicare Part B helps cover doctor and other health care providers' services, outpatient care, durable medical equipment, home health care and some preventive services. The estimated per capita Medicare Part B premium increase is approximately $33 per month through SFY 2026-27. Medicare Part D provides coverage of prescription drug costs through private plans. Those who also qualify for Medicaid automatically qualify for the Extra Help program (also known as the Low-Income Subsidy program) to help pay for these costs. This includes monthly premiums, annual deductibles and prescription copayments related to Medicare Part D. The estimated per capita Medicare Part D premium increase is approximately $12 per month through SFY 2026-27. In SCDHHS' SFY 2025-26 budget request, funding for Medicare premium annualization was included in the Maintenance of Effort decision package and was fully funded by the General Assembly. That request was based on CMS' 2024 Annual Report of the Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds. However, the most recent CMS projections, updated in June of 2025, indicate significantly higher increases in premiums than previously reported, which will contribute to this needed increase in recurring state funds through SFY 2026-27.

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

AGENCY PRIORITY

3

Provide the Agency Priority Ranking from the Executive Summary.

TITLE

Home & Community-Based Services

Provide a brief, descriptive title for this request.

AMOUNT

General: $47,273,728

Federal: $106,913,251

Other: $0

Total: $154,186,979

What is the net change in requested appropriations for FY 2026-2027? This amount should correspond to the total for all funding sources on the Executive Summary.

NEW POSITIONS

0.00

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

FACTORS ASSOCIATED WITH THE REQUEST

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

STATEWIDE ENTERPRISE STRATEGIC OBJECTIVES

Mark "X" for primary applicable Statewide Enterprise Strategic Objective:	
	Education, Training, and Human Development
X	Healthy and Safe Families
	Maintaining Safety, Integrity, and Security
	Public Infrastructure and Economic Development
	Government and Citizens

ACCOUNTABILITY OF FUNDS

Funds appropriated for this request will support Goals #2 and #3 as outlined in the agency's SFY 2024-25 Accountability Report.

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?

RECIPIENTS OF

This decision package is designed to continue providing current services to South Carolinians eligible for Medicaid under existing criteria. Funds from this decision package would be used to reimburse Medicaid providers for rendered services.

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	In support of the agency's goals to maintain adequate access to care and to deliver care in the most appropriate and cost-effective setting possible, the South Carolina Department of Health and Human Services (SCDHHS) is requesting $47,273,728 in general funds to support the state's home and community-based services (HCBS) waiver programs. In State Fiscal Year (SFY) 2024-25, more than 40,000 South Carolinians received services in the HCBS waivers, representing a significant spike in year-over-year enrollment that drove a proportionate increase in program-related expenditures. These waiver programs allow individuals who are eligible for nursing home care to receive care in their community at less than half the cost to the state of delivering care in an institutional setting. While SCDHHS has already begun to put cost mitigation measures in place moving forward, $20.7 million of this request reflects an approximately 5% increase in costs associated with continuing to operate the waivers at their projected enrollment and service levels, which would enable this population to continue receiving community-based care. In SFY 2022-23, SCDHHS assumed the budgetary administration for waiver services rendered to Medicaid members by the South Carolina Office of Intellectual and Developmental Disabilities (OIDD) employees when local providers transitioned from a prospective payment of services from OIDD to a direct payment fee-for-service model with SCDHHS. SCDHHS is requesting $5 million within this decision package to allow for continued emergent enrollment into the waivers for individuals that would otherwise end up in an intermediate care facility or nursing home at double the cost (e.g., residential needs). Prior to the SFY 2022-23 transition, this likely would have been a part of OIDD's budget request. Since SFY 2024-25, Proviso 33.30 (DHHS: Local Provider Rate Review) has directed SCDHHS to conduct an annual rate review of OIDD's local health care providers to ensure their provider employee compensation and insurance benefits cost increases are funded in a manner equivalent to those received by state FTEs. Prior to the implementation of the aforementioned proviso, this funding would have been included as part of SFY 2025-26 Proviso 117.141 (GP: Employee Compensation) and allocated by the Executive Budget Office (EBO). This decision package includes $6.6 million in cost-of-living salary adjustments and employer contribution increases in line with Proviso 33.30 to address findings from the surveys issued as a part of its annual review and in order to ensure equivalent increases to state employees as authorized in the SFY2025-26 General Appropriations Bill. In accordance with this proviso, SCDHHS has been absorbing the cost of funding these increases within its appropriation, and this request will prevent the agency from operating in arrears. Beyond the funding needed to maintain the current level of services, additional funding is required to fund new provider reimbursement rate increases to ensure an adequate provider network is available to enable sufficient access to care within the HCBS waiver population. This decision package includes $14.9 million to increase these rates for personal care, nursing, and enhanced nursing services within the HCBS waiver programs to ensure the quality and quantity of community-based care needed to keep these participants out of a more costly institutional 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 D – PROVISO REVISION REQUEST

NUMBER	117.113
	Cite the proviso according to the renumbered list (or mark "NEW").
TITLE	South Carolina Telemedicine Network
	Provide the title from the renumbered list or suggest a short title for any new request.
BUDGET PROGRAM	Section 33, 3000.010310.000 - Telemedicine
	Identify the associated budget program(s) by name and budget section.
RELATED BUDGET REQUEST	
	Is this request associated with a budget request you have submitted for FY 2026-2027? If so, cite it here.
REQUESTED ACTION	Amend
	Choose from: Add, Delete, Amend, or Codify.
OTHER AGENCIES AFFECTED	The South Carolina Office of Substance Use Services
	Which other agencies would be affected by the recommended action? How?
SUMMARY & EXPLANATION	Proviso 117.113 (C) South Carolina Telemedicine Network – directs the South Carolina Department of Health and Human Services (SCDHHS) to identify and implement telehealth benefits and policies that align with the needs of the Medicaid population. This proviso also has a reporting requirement regarding policy and benefit changes to address to COVID-19 public health emergency (PHE). Now that unwinding from the PHE has been completed, this amendment will remove reporting requirement pertaining to COVID-19. SCDHHS will continue to report through regular bulletin communications on changes made to all aspects of the Healthy Connections Medicaid program, including telemedicine.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

N/A

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

117.113. (GP: South Carolina Telemedicine Network) From the funds appropriated to the Medical University of South Carolina for the MUSC Hospital Authority for Telemedicine and the funds appropriated and authorized for the Department of Health and Human Services, the agencies must continue the development of the South Carolina Statewide Telemedicine Network. The South Carolina Telehealth Alliance shall submit a proposal to the MUSC Hospital Authority and the Department of Health and Human Services to determine which hospitals, clinics, schools or other entities are best suited for Telemedicine partnerships.

(A) The Department of Health and Human Services shall develop or continue a program to leverage the use of teaching hospitals to provide rural physician coverage by expanding the use of Telemedicine, to include new applications such as School Based Telehealth, and Tele-ICU. The department shall also amend its policy related to reimbursement for telemedicine to add Act 301 Behavioral Health Centers as a referring site for covered telemedicine services.

(B) During the current fiscal year the Department of Health and Human Services shall contract with the MUSC Hospital Authority in the amount of $5,000,000 to lead the development and operation of a statewide, open access South Carolina Telemedicine Network. At the request of the department, MUSC shall provide the department with all information and materials necessary to seek federal medical assistance for this contract. The MUSC Hospital Authority shall contract with each Regional Support Hub to ensure funding and support of strategic plans submitted by the Regional Support Hubs and approved by both the MUSC Hospital Authority and the Department of Health and Human Services. Institutions and other entities participating in the network must be afforded the opportunity to meaningfully participate in the development of any annual refining to the initiative's strategic plan. 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. The 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 the Medical University of South Carolina, and must distinguish between funds allocation to the university as a participating institution as opposed to those retained and used by the university in its capacity as the administering entity for the network.

(C) The Department of Health and Human Services shall continue to identify and implement telehealth benefits and policies that are evidence-based, cost efficient, and aligned with the needs of the Medicaid population. ~~The department must also continue to review the temporary telephonic and telehealth flexibilities it has adopted to address the COVID-19 public health emergency and make permanent those that are suitable for inclusion in the Medicaid benefit. No later than October 1, the department shall submit a~~

~~report to the Governor, the Chairman of the Senate Finance Committee, and the Chairman of the House Ways and Means Committee on policy and benefit changes it has introduced in the furtherance of this goal and as part of its ongoing effort to improve the sustainability of telehealth services.~~

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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

FORM D – PROVISO REVISION REQUEST

NUMBER	33.20(F)
	Cite the proviso according to the renumbered list (or mark "NEW").
TITLE	Medicaid Accountability and Quality Improvement Initiative
	Provide the title from the renumbered list or suggest a short title for any new request.
BUDGET PROGRAM	Section 33, 3000.010301.000 - A. Provider Support
	Identify the associated budget program(s) by name and budget section.
RELATED BUDGET REQUEST	
	Is this request associated with a budget request you have submitted for FY 2026-2027? If so, cite it here.
REQUESTED ACTION	Amend
	Choose from: Add, Delete, Amend, or Codify.
OTHER AGENCIES AFFECTED	The South Carolina Office of Substance Use Services will continue to be consulted as a part of this process.
	Which other agencies would be affected by the recommended action? How?
SUMMARY & EXPLANATION	Proviso 33.20(F) Primary Care Safety Net Initiative - provides for the allocation of funding from the South Carolina Department of Health and Human Services (SCDHHS) to local free clinics and alcohol and drug abuse authorities throughout the state. This amendment will provide clarifying language around the distribution of funding to provide for a merit-based grant system in selecting recipients.

Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

N/A

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

PROPOSED PROVISO TEXT

33.20. (DHHS: Medicaid Accountability and Quality Improvement Initiative) 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:

(A) Community Health Improvement Initiative - To improve community health, the department may explore various health quality 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.

(B) Community Health Alignment Initiative - The department shall contract with the Center for Community Health Alignment (CCHA) at the University of South Carolina in a collaborative effort to expand the community health worker program to hospital settings. The goal of this program shall be to improve health outcomes for individuals that do not have access to affordable health insurance by facilitating resource connections and access to safety net providers. The department shall facilitate the Center's coordination of placement and funding of qualified community health workers in hospital settings to achieve program goals. The Center must provide the department with patient, service, and other data to assist in the operation and ongoing evaluation of this initiative. The department may tie hospital reimbursements, as appropriate, to participation in this Community Health Alignment Initiative.

(C) Improving Access Initiatives - The department may pursue Medicaid reimbursement and health care delivery methodologies to sustain and improve access to services particularly in underserved and designated rural areas. The department shall review existing reimbursement levels and, as funds are available, take measures to implement competitive rate structures that provide incentives for providers to treat Medicaid, uninsured, and underinsured individuals. These structures may include the use of disproportionate share, directed payments, and other supplemental payment programs. The department may adjust provider assessments to align with available supplemental funding not to exceed the safe harbor threshold under the federal hold harmless provision. Utilizing income, population, provider capacity, and other relevant data, the department may designate certain areas of the state as rural for Medicaid initiatives. To be eligible for these initiatives, the department may require providers to participate in quality, accountability, and reporting programs.

(D) Quality Through Technology and Innovation in Pediatrics (QTIP) Initiative – The department shall explore ways to enhance the existing QTIP program. The goal of this program is to improve quality measure outcomes, promote medical home concepts, and support mental health skill-building and integration through targeted quality

improvement and technical assistance to pediatric practices.

(E) Health Services Initiative – The department may use available funds from the Children's Health Insurance Program (CHIP) allotment to implement specific health service initiatives to improve the public health of children, including targeted low-income children and other low-income children as defined in 42 CFR 457.10. These initiatives may include preventive care and other interventions that improve the overall health and mental well-being of children. These initiatives may not supplant federal funds currently used to provide services under the state's CHIP program.

(F) Primary Care Safety Net Initiative - The department shall formulate a separate methodology to allocate at least $1,500,000 of funding to Free Clinics throughout the state, and $2,500,000 of funding for local alcohol and drug abuse authorities created under Act 301 of 1973, ~~and up to $4,000,000 for capital improvements to the Act 301 facilities through consultation with the Department of Alcohol and Other Drug Abuse Services~~ **as well as a grants-based process for distribution of up to $4,000,000 for capital improvements to the Act 301 facilities in consultation with the South Carolina Office of Substance Use Services, to ensure funds are provided on a needs based approach.** The department may continue to develop and implement a process for obtaining encounter-level data that may be used to assess the cost and impact of services provided through this proviso.

(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 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 annually shall evaluate each initiative within this provision to measure its effectiveness in meeting expected goals. The department shall continually monitor all third-party contracts employed under this provision to ensure that appropriations are being efficiently and effectively utilized for their intended purpose. The department also shall annually report on the results of each evaluation to the House Ways and Means Healthcare Budget Subcommittee and the Senate Finance Health and Human Services Subcommittee.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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

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

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
AMOUNT	$68,133,066 *What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.*
ASSOCIATED FTE REDUCTIONS	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?*
PROGRAM / ACTIVITY IMPACT	For modeling purposes, the Department has identified contracts and grants supported without federal match to meet the 3% reduction. This reduction would have a significant impact to governmental entities and medical providers throughout South Carolina that rely upon the support provided through these initiatives. *What programs or activities are supported by the General Funds identified?*
SUMMARY	The general fund reductions identified are passed through other state agencies and entities for noncovered populations including contracts currently funded through provisos. A loss in funding from these initiatives may have a significant impact on the services these entities provide to South Carolinians.

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 all expenditures resulting 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 lock¬in 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

TITLE	Reducing Cost and Burden to Business and Citizens

Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	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.

FACTORS ASSOCIATED WITH THE REQUEST	**Mark "X" for all that apply:**
	Repeal or revision of regulations.
	Reduction of agency fees or fines to businesses or citizens.
X	Greater efficiency in agency services or reduction in compliance burden.
X	Other

METHOD OF CALCULATION	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.

REDUCTION OF FEES OR FINES	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?

REDUCTION OF REGULATION	N/A

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

SUMMARY	The following initiatives have been implemented or are in the process of being implemented: The agency is continuing to rate reviews across the Medicaid program. This initiative is to modernize, consolidate and rationalize fee schedules that will lessen the burden to providers. SCDHHS will continue to evaluate its telehealth program and extend telehealth services that are evidence-based, cost-efficient, and aligned with the needs of the Medicaid population. SCDHHS transitioned to a single, state-directed preferred drug list (PDL) creating savings associated with enhanced supplemental and federal rebates and reducing multiple managed care organization-operated PDLs to a single, state-directed PDL. SCDHHS also continuously reviews all administrative-based contracts and aims to achieve

a net a year-over-year savings in these contracts in SFY 2026-27.

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