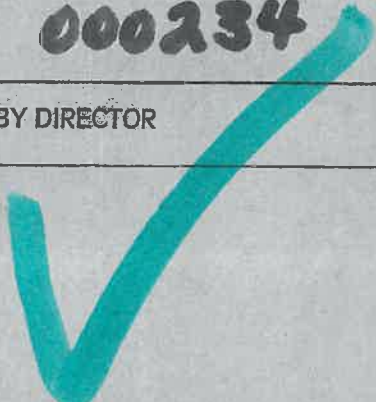


DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

| | |
|------------------------|------------------------|
| TO <i>Singleton</i> | DATE <i>4-27-15</i> |
|------------------------|------------------------|

| DIRECTOR'S USE ONLY | ACTION REQUESTED |
|--|---|
| 1. LOG NUMBER 000234 | <input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____ |
| 2. DATE SIGNED BY DIRECTOR  | <input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ |
| | <input type="checkbox"/> FOIA DATE DUE _____ |
| | <input checked="" type="checkbox"/> Necessary Action |

| APPROVALS (Only when prepared for director's signature) | APPROVE | * DISAPPROVE (Note reason for disapproval and return to preparer.) | COMMENT |
|---|---------|--|-------------|
| 1. | | | |
| 2. | | | |
| 3. | | | <i>1152</i> |
| 4. | | | |

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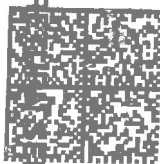
APR 27 2015

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Christian L. Souira
Interim Director
South Carolina Department of Health and Human Services
P.O. Box 8206
Columbia, SC 29202

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Medicaid

April 22, 2015

Christian L. Soura
Interim Director
South Carolina Department of Health and Human Services
P.O. Box 8206
Columbia, SC 29202

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APR 27 2015

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Mr. Soura:

Thank you very much for the opportunity to discuss Medicaid program opportunities and considerations on February 2, 2015. We are in the process of responding to your request for Medicaid Quality program recommendations to meet state Quality objectives and improve outcomes for South Carolina Medicaid beneficiaries. In advance of a broader Quality program recommendation, we thought it would be helpful to share one recommendation of a more time sensitive nature that may be useful in 7/1/15 rate setting.

To encourage provider delivery of services that support HEDIS* Quality metrics, **we would ask that the Department consider increasing the provider payment schedule in the forthcoming July 2015 rates for services that support state Quality objectives.** We believe the Department's decision to support enhanced primary care funding beyond the PPACA funding period is an important commitment to ensuring sufficient access to care for Medicaid beneficiaries. An additional targeted approach to provider payment in areas aligned with state Quality policy objectives would further support high quality care and improved HEDIS* performance for the state Medicaid program across all plans and FFS. Furthermore, enhanced provider payment to support HEDIS* performance is aligned with NCQA guidance, pay-for-performance leadership, and the Department's focus on value-based purchasing.

From a funding perspective, enhanced payment for services tied to Quality metrics **could be incremental to existing provider payment or actuarially neutral** through minor decreases for non-targeted services and material increases for targeted services. Presumably, even if payment were incremental to current payment rates, long term state-wide costs would be reduced due to appropriate preventative care and early, lower cost intervention for chronic condition treatment. **In the July 2015 provider rates, we would recommend an increase of 20 – 40% for six to ten service categories that are aligned with state health priorities and HEDIS* accreditation measures.** Provider treatment pattern improvements would be measured over a period of six to twelve months and then reevaluated prior to July 2016 rate setting.

*HEDIS is a registered trademark of the National Committee for Quality Assurance.

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Example Quality enhanced payment structure (specific measures and enhancements to be defined by Department):

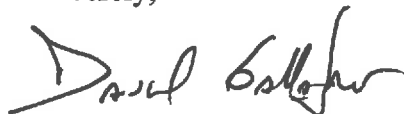
- *Well Child 3, 4, 5, 6-year*: fee schedule increase for CPT 99382-99383, 99392-99393
- *Adolescent Well Care*: fee schedule increase for CPT 99384-99385, 99394-99395
- *Well Child visits 0 – 15 months*: fee schedule increase for CPT 99381-99382, 99391-99392, 99461
- *Breast Cancer Screening*: fee schedule increase for CPT 77055-77057, HCPCS G0202, G0204, G0206, and UB Revenue 0401, 0403
- *Diabetic Eye Exam*: fee schedule increase for CPT 67028, 67030-67031, and other applicable claim codes

We would recommend that initially, enhanced provider payment be limited to the HEDIS measures that can be directly measured administratively via CPT or HCPCS code, rather than measures that require corresponding ICD-9 diagnosis codes or can be captured by diagnosis code alone. BlueChoice HealthPlan Medicaid can implement complex, diagnosis-dependent claim processing standards, but we are not sure that all MCOs are capable and that degree of complexity could serve as a barrier to effective communication to providers of what is already a demanding process. We would further recommend that a high degree of focus be placed on well child and adolescent well care HEDIS* measures, which are consistently underperforming quality measure across the state Medicaid population. HEDIS* coding standards are highly complex—we would be happy to work with the Department to identify the procedure codes, claim modifiers, and diagnosis codes that are attributed to services by NCQA.

BlueChoice HealthPlan Medicaid is committed to conducting member outreach to Medicaid members with an identified gap in care, provider outreach to inform providers of care gaps in their patient panels, provider education to inform providers on NCQA treatment standards and coding practices, and community outreach to consumers and communities on the importance of health engagement and healthy behaviors. However, it is important to consider that moving South Carolina Medicaid to higher levels of Quality performance will require collaboration and engagement across all stakeholders who have a role in delivering high quality care—managed care organizations, members, providers, the state, and the communities we serve. Enhanced payment for state Quality objectives is an important step in the right direction.

Thank you for your attention to this matter. If you have additional questions, please contact me by phone at (803) 382-5812 or by email at Daniel.Gallagher@bluechoicesc.com.

Sincerely,



Daniel T. Gallagher

Associate Vice President, BlueChoice HealthPlan Medicaid

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