

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

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|---------------------|------------------------|
| TO <i>Jacobs</i> | DATE <i>7-18-08</i> |
|---------------------|------------------------|

| DIRECTOR'S USE ONLY | ACTION REQUESTED |
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| 1. LOG NUMBER <i>000040</i> | <input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____ |
| 2. DATE SIGNED BY DIRECTOR <i>cc: Myers</i> <i>Cleared 7/23/08, letter</i> <i>attached.</i> | <input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>7-29-08</i> |
| | <input type="checkbox"/> FOIA DATE DUE _____ |
| | <input type="checkbox"/> Necessary Action |

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

ST. ANDREWS PSYCHIATRIC SERVICES

Darlene H. Moak, M.D.
669 St. Andrews Blvd.
Charleston, SC 29407

(843) 367-2716
FAX (843) 556-0300

RECEIVED

June 27, 2008

JUL 18 2008

South Carolina Dept. Health and Human Services
PO Box 8206
Columbia, SC 29202-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear People,

I have received the letter regarding the "Health Opportunity Accounts" program. My interpretation of this program is that it is a thinly disguised "doughnut hole" program. When individuals exhaust their account, they will then be responsible for an amount that, for many families receiving Medicaid, will be a significant deterrent to obtaining health care. I suspect that some individuals will wait until whatever condition(s) they are dealing with requires "emergent" care and head to the local emergency room. I am particularly concerned by the low amount that you have allotted for children. Even at the ludicrously low reimbursement rates within the Medicaid program, \$1000 is not going to be hard to reach if there is any kind of health issue.

Regarding the stipulation that the provider collects payment from the individual during the deductible period, you have got to be kidding. This puts providers in the totally untenable position of either allowing the patient to be seen without payment or denying the patient needed care. And maybe I missed it in all the hype, but what about inpatient care?

This program is not designed to help people; it is a ruthless attempt to deny individuals needed health care. If this plan were expanded into other areas of South Carolina i.e. Charleston I would encourage my patients not to participate. For the "record", I have also encouraged them not to participate in other Medicaid "managed care" plans.

Sincerely,


Darlene H. Moak, M.D.



July # 0040

State of South Carolina

Department of Health and Human Services

Mark Sanford
Governor

Emma Forkner
Director

July 23, 2008

Darlene H. Moak, M.D.
St. Andrews Psychiatric Services
669 St. Andrews Blvd.
Charleston, SC 29407

Dear Dr. Moak:

This is in response to your letter of June 27, 2008 regarding the Health Opportunity Account (HOA). I appreciate you voicing your concerns.

First, I'd like to explain that the HOA is an alternate benefit plan demonstration pilot. This pilot should prove the feasibility of Flexible Benefit Plans for the Medicaid population. The purpose of this voluntary pilot is to assess the behavior of the Medicaid population, particularly those who do not have high medical costs, in a private plan environment with an opportunity for flexibility and self-management of their medical care. We should find out how members deal with the opportunity of flexibility and may determine if it works better for certain ages or coverage groups. It is anticipated that participants will be better prepared for the commercial healthcare delivery system they will encounter when they leave the Medicaid program. Information gathered during the pilot will provide analysis prior to formal program expansion.

In the HOA, participants receive the full range of Medicaid services. Neither the Medicaid participant nor the provider is at risk. If a participant cannot pay the deductible, he/she is immediately withdrawn from the program and the provider is paid for any Medicaid covered service. The program is designed for participants who have low medical costs. The pilot is geared for individuals in coverage groups that are not based on disability or medical conditions. The established amount in the account is not intended to cover preventive care or medical conditions. Preventive and emergency services are covered but are not deducted from the HOA account. Therefore, the concept is that if participants manage their health by getting preventive care and use the emergency room appropriately, money will remain in their account. When no longer eligible for Medicaid, most of the remaining account can be used for educational or medical expenses. If at any point a participant is removed from the HOA pilot or the HOA account is depleted, the participant resumes regular Medicaid or can choose a health plan.

Secondly, I'd like to explain South Carolina Medicaid Healthy Connection Choices. Beneficiaries now have more choices in how they receive Medicaid benefits. In addition to traditional fee for service, beneficiaries may choose from Managed Care plans that offer a medical home. Helping all Medicaid eligible beneficiaries get established in a medical home is a goal of the South

Carolina Department of Health and Human Services.

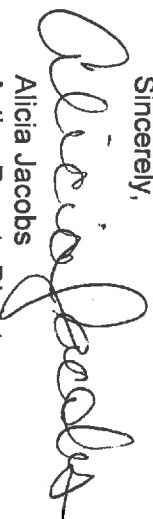
We see the advantages of being in a medical home to include:

- Accessible, comprehensive, coordinated, family-centered primary and preventive care.
- Patient access to a 'live voice' twenty-four hours a day, seven days a week.
- Patient education about preventive and primary health care, utilization of the medical home, and appropriate use of the emergency room.

There are two types of Medicaid managed care plans: Medical Home Networks (MHNs) and Managed Care Organizations (MCOs). A Medical Home Network (MHN) is composed of a Care Coordination Services Organization (CSO) and the Primary Care Providers (PCPs) enrolled in that network. The CSO supports the physicians and enrolled members by providing care coordination, disease management, and data management. The PCPs manage the health care of their members, which includes authorizing services provided by other health care professionals. An MCO may offer enhanced benefits not available through the Medicaid fee for service program, such as adult dental or vision coverage and unlimited doctor's visits for adults. An MCO may choose not to charge co-payments.

I hope I have sufficiently addressed your concerns and encourage you to visit our website at www.scdhhs.gov for additional information. Please feel free to contact me in Columbia at (803) 898-2538. Thank you for your interest in the South Carolina Medicaid program.

Sincerely,



Alicia Jacobs
Acting Deputy Director
Eligibility and Beneficiary Services