

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO <i>Myers</i>	DATE <i>7-8-09</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000016	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. Forlana</i> 	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

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

McLeod Health

The Choice for Medical Excellence

July 6, 2009

RECEIVED

JUL 08 2009

Emma Forkner, Director
South Carolina Department of Health & Human Services
Post Office Box 8206
Columbia, SC 29202-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Emma:

We are in receipt of your letter dated June 17, 2009 and are writing to provide feedback to your request. We have enjoyed meeting with you in the past and we appreciate your commitment to ensuring that Medicaid enrollees have access to high quality healthcare in the Pee Dee. We also understand that the state has been and is faced with tough decisions brought on by the economic downturn. As a hospital system, we are committed to providing comprehensive healthcare services to meet the needs of the citizens of our area and driving costs out of healthcare.

Your letter providing guidance as to how we should contract with the Managed Care Organizations (MCO) is of concern. From the day we were first introduced to the concept, it was clear that how we negotiated with the MCOs was between us and the MCO. It was also very clear to us that there would be additional cost associated with the managed care plans related to pre-authorizations. Additionally, there were risks of increased denials related to their enrollees slipping into the many entry points to our organization without all of the necessary approvals.

Since the introduction of the plans in our region, all of the above concerns have been borne out. In my role as Chief Financial Officer, I constantly hear from our scheduling staff regarding the significant additional volume of pre-authorization work associated with the Medicaid Managed Care plans. We have also seen a slow-down in payment as compared to the state payment cycles.

Another concern relates to plans that, based on the Healthy Choices website, do not have a contracted hospital presence in Florence County, yet are being assigned patients by Maximus. This is in direct contrast to direction from the state that the plans have to have adequate coverage to be allowed to accept patients in a given county.

555 East Cheves Street • P.O. Box 100551 • Florence, SC 29502-0551 • Phone (843) 777-2000 • www.mcleodhealth.org

*McLeod Regional Medical Center • McLeod Medical Center Darlington • McLeod Medical Center Dillon • McLeod Children's Hospital
McLeod Centers Of Excellence • McLeod Ambulatory Surgery Center • McLeod Diabetes Center • McLeod Physician Associates
McLeod Health & Fitness Center • McLeod Health Foundation • McLeod Center for Advanced Surgery
McLeod Home Health • McLeod Hospice • McLeod Heart & Vascular Institute • McLeod Human Motion Specialists*

Emma Forkner
July 6, 2009
Page 2

We strongly support efforts to improve the health of our citizens in a cost-effective manner. We currently participate in an adequate number of managed care plans to provide adequate coverage for our region. You are asking us to adjust our contracts to rates that, once the Provider Tax has been taken into consideration, is by definition well below our cost. We therefore ask that you reconsider your position.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Ervin", written over a horizontal line.

S. Fulton Ervin, III
Chief Financial Officer

SFE:pps

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

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TO	DATE
<i>Myers Hamulka Gore</i>	<i>7-8-09</i>

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OFFICE OF DIRECTOR

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TO <i>Myers Hernandez</i> View	DATE <i>7-8-09</i>
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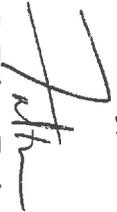
Emma Forkner

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