

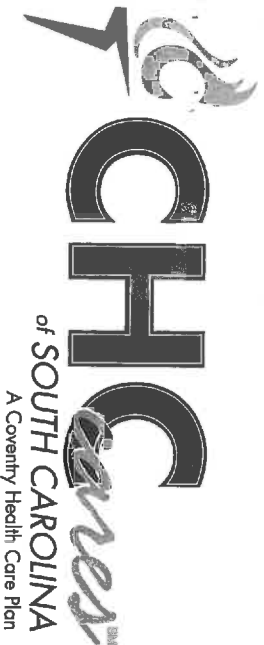
**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR**

**ACTION REFERRAL**

TO	DATE
F. Myers	8-21-08

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOC NUMBER  100099	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <u>9/2/08</u>
2. DATE SIGNED BY DIRECTOR  _____	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
cc: Emma Deps / ca. Staff	<input type="checkbox"/> FOIA DATE DUE _____
<i>closed 9/2/08 letter attached!</i>	

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.	<i>Extend until 9/10/08, see attached e-mail.</i>		
2.			
3.			
4.			



August 21, 2008

Emma Forkner, Director  
South Carolina Department of Health and Human Services  
1801 Main Street  
Columbia, SC 29202

*Log: Felicity  
C. CF, Drs.*

Dear Ms. Forkner:

On July 31, I had an opportunity to meet with Roy Hess to provide some general information on WellPath of South Carolina (CHCcares) and where we see ourselves in the Medicaid marketplace. Roy also asked me if I knew of any issues with the program that needed to be addressed. I shared with him my concerns about recent disenrollments and premium retraction activities that SCDHHS has performed that appear to contradict the contract in place between CHCcares and SCDHHS. I would appreciate your review of the following, and would like to have a follow-up discussion to resolve these particular cases and ensure that similar ones do not occur in the future.

In general, there are two categories of disenrollments/premium retractions that we believe are incorrect based on the contract language:

- **Reclaiming premium for a month of disenrollment:** For example, a member calls in May to be disenrolled and is within the first 90 days of his/her enrollment with the health plan. Under normal circumstances, the disenrollment should be effective May 31. However, we are receiving a number of requests from SCDHHS for premium refund for the month in which the request was made and to be effectuated (May, in this example), which appears to indicate that the member is being disenrolled retroactively to the end of the prior month (April, in this example).
- **Disenrollments after the 90 days:** Section 6.2 of the contract states that "The member may request disenrollment without cause at any time during the 90 days following the date of the member's initial enrollment with the MCO. A member shall remain in the Contractor's plan unless the member submits a written or oral request to disenroll, to change managed care plans for cause or unless the member becomes ineligible for Medicaid and/or MCO enrollment." As such, after 90 days, disenrollment by the member is to only occur with cause for the limited reasons set forth in Section 6.2 of the contract, which comply with federal regulation. Despite this, SCDHHS is permitting members to disenroll after the initial 90 day period for reasons other than those allowed by the contract (i.e. physician or pharmacy is not in network; brand drug is not on formulary but generic drug is).

I have referred the specifics of these issues to the program staff a number of times for resolution. However, some of the answers I received are simply inaccurate given the managed care program in which we are contracted to operate. Program staff has replied, "If an MCO didn't render a service during the month, why should they keep the premium." This response misses the point of managed care. Health plans contract with SCDHHS to provide access to

services for a capitated monthly rate. Health plans will get the same rate whether the member receives no services for a given month, or thousands of dollars worth of services in a given month. Nowhere in the contract is SCDDHHS given the authority to retract capitation payment in months where no services were obtained by a member. Answers provided thus far by SCDDHHS managed care staff do not recognize this critical point. Section 12.2 of the contract states, "Payment of Capitated Rate: The Contractor shall be paid in accordance with the capitated rates specified in Appendix B, Capitation Rate(s) and Rate Methodology. These rates will be reviewed and adjusted periodically. These rates shall not exceed the limits set forth in 42 CFR 438.6 (c) (2005, as amended)."

I have also been told that, in rare instances, a retroactive disenrollment may be appropriate (an unfulfilled Maximus request is often cited) but none of my outstanding cases have been identified as such, and no other similar explanation has been offered.

In my attempts to resolve the above-listed issues, I have contacted the Program Manager, Jeff Bryson (as indicated in the contract), put the specifics on the question log (as directed by the Program Manager), to which I received responses similar to those detailed above with an admonition from the Program Manager to only use the question log for broad policy issues. I also sent, at their request, a July 18, letter to both Beverly Hamilton and William Wells with a summary and a copy of the question log. In response to the details provided, on July 31, I received a response from Mr. Wells thanking me for my concerns and indicating that he had sent the matter on to Felicity Meyers to be sure my questions were answered. On August 12, I received a response from Ms. Hamilton. She indicates that she understands that I have spoken with the Program Manager and Mr. Hess about ways they might be able accommodate my suggestions and how they might better explain their processes and protocols.

The concerns and issues I have raised are not merely my suggestions, rather they are contractual obligations set forth in the contract to which both parties are bound. My continuing concern is that a lack of understanding of several key contractual requirements has resulted in incorrect and improper administration of the contract. I would appreciate the opportunity to discuss this with you further. Please do not hesitate to contact me at (803) 740-7963.

Thank you,



Gary Ries  
Vice President & General Manager  
WellPath of South Carolina, Inc.

RECEIVED

AUG 21 2008

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

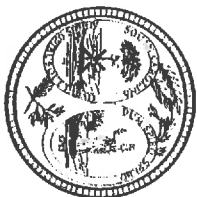
Log # 99

**From:** Annmarie McCanne  
**To:** Felicity Myers  
**Date:** 9/8/2008 9:26 am  
**Subject:** Extension of Log 99

**CC:** Brenda James; Margarete Keller  
Beverly is requesting an extension to 9/10/08 for Log 99 from Gary Ries (CHCcares).

Thanks,  
Annie

Annmarie "Annie" McCanne  
Administrative Assistant  
Bureau of Care Management & Medical Support Services  
Phone 803-898-4614  
Fax 803-255-8232  
mccanne@scdhhs.gov



Log #99 ✓

State of South Carolina  
Department of Health and Human Services

Mark Sanford  
Governor

Emma Forkner  
Director

September 12, 2008

Mr. Gary Ries  
Vice President and General Manager  
CHCcares of South Carolina  
140 Stone Ridge Drive, Suite 200  
Columbia, South Carolina 29210

Dear Mr. Ries: *Garf*

Thank you for your letter of August 21, 2008 regarding the issue of recent disenrollments and premium retracting activities. This request has initiated more in depth review of the agency's internal processes and I am happy to report that overall, we were pleased with the findings. However, as we move into year two with the Enrollment Counselor services, we will refine the system.

I understand that since receipt of your correspondence, you have met with Beverly Hamilton, Bureau Director; Roy Hess, Division Director; Jeff Bryson, Program Manager; and Melissa Glover, Managed Care Enrollment, regarding the details of the individual cases. As a result of that meeting, we are performing an audit of the cases in question. The audit will gather the data of premiums paid to CHCcares and claims paid under Fee for Service during the defined time period. When the results are available, we will share that information with you.

As is the goal of CHCcares to "establish and maintain a positive health care experience for all enrollees", it is the mission of the agency to provide the best healthcare value for South Carolinians.

We appreciate your continued participation in the South Carolina Medicaid program. If you have any questions about this letter or need further assistance, please contact Mr. Jeff Bryson at (803) 898-2823.

Sincerely,

*Emma*

Emma Forkner  
Director

EF/mhh