

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Myers</i>	DATE <i>3-24-10</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>1001401</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. Forkever, Dps</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.			



Select Health

of South Carolina, Inc.

RECEIVED

MAR 23 2010

J. Michael Jernigan
President and CEO

Department of Health & Human Services
OFFICE OF THE DIRECTOR

March 19, 2010

Emma Forkner, Director
William Wells, Deputy Director
SCDHHS
P.O. Box 8206
Columbia, SC 29202

Dear Ms. Forkner and Mr. Wells:

Thank you for the opportunity last week to share our concerns regarding the Healthy Connections Kids rates anticipated for April 1, 2010. We indicated that due to pent-up demand and adverse selection we are experiencing much greater than anticipated medical costs. This is the case to such a degree that we require a 15% rate increase in order to break even on First Choice Kids. We appreciate the fact that you have agreed to consider a possible further rate increase supported by the data we are sharing with you regarding this adverse risk.

We understand that additional time and data analysis is needed for that consideration to occur. In recognition of the need for additional time, we plan to sign the April 1, 2010 Healthy Connections Kids contract and allow 30 days for rate review. If we are unable to achieve a rate that allows us to maintain financial viability, we will provide notice of termination of our Healthy Connections Kids contract on April 30, 2010, with an effective termination date of July 31, 2010.

In order to reduce member impact, we are requesting that First Choice Kids be closed to new membership – both choice and auto-assignment, effective May 1, 2010. We would, however, continue to accept First Choice members that qualify for transfer to First Choice Kids.

While we are committed to improving access to quality and cost-effective health care for children, we cannot jeopardize fulfillment of our overall mission. We look forward to our continuing discussions.

Sincerely yours,

J. Michael Jernigan
President & CEO

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