

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

ACTION REFERRAL

TO <i>For Kner</i>	DATE <i>11-12-08</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000263</i>	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <i>11-20-08</i>
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. For Kner, Stansland, Depp</i> 	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input 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
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2.			
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SCAHHIP

RECEIVED

November 10, 2008

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Department of Health & Human Services
OFFICE OF THE DIRECTOR

Emma Forkner
Director, South Carolina Department of Health and Human Services
P.O Box 8206
Columbia, South Carolina 29202-8206

Dear Director Forkner:

On behalf of the SC Alliance of Health Plans, I am writing to express some concern with the direction of the new actuarial approach. Although we support moving toward a methodology based upon more industry accepted standards, we urge you to exercise caution in its implementation.

The Healthy Connections Choices program is barely one year old. By all accounts, the roll out should be considered a success and you and your staff deserve recognition. We believe the original objectives to improve quality and access as well as lower costs are still achievable. As you know, South Carolina has some of the lowest health statistics nationally for chronic disease and infant mortality. The best success stories in Medicaid Managed Care are geared toward improving outcomes in these particular areas.

The South Carolina Department of Health and Human Services (SCDHHS) has shown a willingness to embrace the MCOs as constructive partners in this program. The continued success of the program is based upon this relationship deepening. It seems counterintuitive and counterproductive for DHHS to encourage broad access and quality care, and then create barriers to expansion through potential program cuts. This could further hamper some plans, especially the new entrants who have struggled to obtain substantial membership because of the slow roll out and the ease with which members can move from plans and return to FFS. This could potentially force plans to leave, which would reduce choice and interrupt continuity of care during member reassignment. Other options being considered such as pharmacy carve-out for example, do not support achieving care coordination for chronic disease management.

We believe the State has other options available to address the need for savings to the Medicaid budget. Consideration must be given to implementing further changes in the Medicaid Managed Care Program that would not only reduce costs and create new efficiencies, but more importantly, provide greater quality of care. These include establishing universal Medicaid Managed Care for all beneficiaries and integrating

South Carolina Alliance of Health Plans

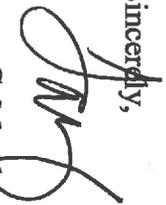
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Behavioral Health. The financial opportunity these options provide is the investment in South Carolina's long term future. We believe that this is the principle that should be driving decision-making as opposed to short term budget relief that comes at the expense of long-term health status improvement.

SCDHHS has embraced a policy of a slow and deliberate roll-out to avoid disruption in the Medicaid program. We urge you to take a similar approach as we move to new actuarial methodologies in MCO rate development.

On behalf of the SCAHP we appreciate your willingness to be open to our concerns. We would be willing to meet to discuss them. Thank you for your time and consideration.

Sincerely,



Larry C. Marshall, Jr.
Executive Director

South Carolina Alliance of Health Plans