

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Singletan</i>	DATE <i>11-7-13</i>
------------------------	------------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000168</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR _____ <i>cleared 11/27/13, letter attached</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>11-19-13</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
1.			
2.			
3.			
4.			

## Brenda James

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**From:** Cynthia Gore  
**Sent:** Thursday, November 07, 2013 9:24 AM  
**To:** Brenda James  
**Subject:** FW: Community Health Solutions of America, Inc. - Shared Savings Calculations for 2011 and 2012  
**Attachments:** 1782\_001.pdf

Brenda,  
Please log this one too.

Thanks so much,

**RECEIVED**

NOV 07 2013

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

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### Cynthia Gore



[Cynthia.Gore@scdhhs.gov](mailto:Cynthia.Gore@scdhhs.gov)

803.898.3202

1801 Main Street, 11th Floor

Columbia, South Carolina - 29201

[www.scdhhs.gov](http://www.scdhhs.gov)



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**From:** Deirdra Singleton  
**Sent:** Wednesday, November 06, 2013 7:00 PM  
**To:** Cynthia Gore  
**Subject:** FW: Community Health Solutions of America, Inc. - Shared Savings Calculations for 2011 and 2012

Did we log this? If not, pls do. thanks

---

### Deirdra Singleton

Deputy Director

[Singled@scdhhs.gov](mailto:Singled@scdhhs.gov)

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**From:** Fyfe, Dennie [mailto:DFyfe@mcnair.net] **On Behalf Of** Crum, Liz  
**Sent:** Friday, November 01, 2013 4:05 PM  
**To:** Deirdra Singleton  
**Cc:** Kirk, Ariail; 'RDavis1087@aol.com'; 'Dale F. Schmidt (dschmidt@chsamerica.com)'; Crum, Liz  
**Subject:** Community Health Solutions of America, Inc. - Shared Savings Calculations for 2011 and 2012

All,

Please see attached correspondence regarding the above referenced matter.

Please let me know if you have any trouble opening the attachment.

Thank you.

Dennie Fyfe  
For Liz Crum

**RECEIVED**

NOV 07 2013

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

**MCNAIR**  
ATTORNEYS

**Dennie Fyfe**

Legal Assistant to M. Elizabeth Crum, Ariail Burnside Kirk and Amber B. Carter  
dfyfe@mcnair.net | 803 753 3404 Direct

**McNair Law Firm, P.A.**

**Columbia Office** 1221 Main Street | Suite 1800 | Columbia, SC 29201

803 799 9800 Main | 803 933 1424 Fax

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**VCard** | **Web site**

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MCNAIR  
ATTORNEYS

RECEIVED

November 1, 2013

NOV 07 2013

M. Elizabeth Crum

lorum@mcnair.net  
T (803) 753-3240  
F (803) 933-1484

Via E-mail and USPS

Deirdra Toland Singleton, Esquire  
Deputy Director for Health Services  
SCDHHS  
P.O. Box 8206  
Columbia, SC 29208-8206

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

Re: Shared Savings Calculations for 2011 and 2012

Dear Mrs. Singleton: *Deirdra*

Attached please find Attachment A from Community Health Solutions of America, Inc. (Solutions) detailing the information, which they have previously requested, but not yet received. While the Department has provided other requested information, the Attachment A information has still not been received.

As Solutions has previously explained, they need this outstanding information in order to be able to comply, in a meaningful way, with the Department's request that Solutions respond to the Department's calculations of cost savings for FY 2011 and 2012.

Solutions wants to resolve this matter as quickly as possible, but must have the information requested in Attachment A in order to do so. We look forward to working with the Department to resolve this matter. Please do not hesitate to contact either Ariail or me with any questions.

Sincerely,



M. Elizabeth Crum

cc: Dale F. Schmidt  
Richard Davis  
Ariail B. Kirk, Esq.

McNair Law Firm, P. A.  
1221 Main Street  
Suite 1600  
Columbia, SC 29201

Mailing Address  
Post Office Box 11390  
Columbia, SC 29211

mcnair.net

COLUMBIA 1132081v1

## Outstanding Documents Required from SC DHHS

November 1, 2013

The following information requests were previously submitted to SC DHHS and are still outstanding.

1. Risk scores by recipient from each quarter of 2011 and 2012
2. Factors associated with each PCAT in the dual population so we may understand the composite PMPM rates used for the duals benchmarks which differed from plan to plan.
3. Shared Savings calculation treatment of claims expenditures flagged with other agency fund codes for 2011 and 2012. It is the understanding of CHS that such services are not the responsibility of the fully insured MCOs and therefore should not be included as an expense in the shared savings calculation.
4. Validation of dual eligible members – CHS is unable to validate Medicare eligibility using source data from DHHS. CHS has been informed that DHHS no longer has its access to the original Medicare buy-in files supplied by CMS. CHS is attempting to merge datasets supplied by Milliman to the MLE files supplied by DHHS.
5. Rationale for 50% credibility adjustment versus being credited for full credibility on risk scores. During the January 2013 conference call, it was explained that the reason for applying a 50% credibility adjustment to risk scores was policy, not actuarial. Given the maturity of risk adjustment tools and the fact that risk scores and selection adjustments applied to the fully insured MCOs contracting with DHHS are given 100% credibility, it seems inconsistent that the shared savings plans would not be treated in the same fashion.

Log # 168



Nikki Haley GOVERNOR  
Anthony Reck DIRECTOR  
P.O. Box 8206 • Columbia, SC 29202  
www.scdhhs.gov

November 27, 2013

**VIA CERTIFIED AND US MAIL**

M. Elizabeth Crum, Esquire  
McNair Attorneys  
1221 Main Street, Suite 1600  
Columbia 29201

Dear Ms. Crum:

The following is the Department's response to your letter sent on November 1, 2013 regarding CHS Shared Savings Calculations for 2011 and 2012. We will consider this a final response to your questions and will process the debits for shared savings and the settlement for November.

**RESPONSES TO REQUESTS**

***1. Risk scores by recipient from each quarter of 2011 and 2012.***

**Response:**

Risk score information for all quarters of Calendar Year (CY) 2011 and the first 2 quarters of CY 2012 were provided to Joy Kitterman via CD on November 4, 2013. This information represents the data that has been processed to date as we have not delivered the 3rd quarter CY 2012 MHN Savings Analysis.

***2. Factors associated with each PCAT in the dual population so we may understand the composite PMPM rates used for the duals benchmarks which differed from plan to plan.***

**Response:**

Enclosure 1 to this letter, prepared by Milliman, documents the development of the Dual FFS equivalent PMPM for each of the quarters in CY 2011 and the first 2 quarters of CY 2012. The development of the FFS equivalent values illustrate the distribution of the Dual population (for SC Solutions only) by PCAT, with the FFS PMPM tied to each of the applicable PCAT levels. Please note that during our October 18, 2013 phone call, Milliman indicated that the FFS equivalent value for the Dual population varies by MHN due to the distribution of the Dual eligible enrollment by PCAT category amongst the MHNs.

Office of Health Programs  
P.O. Box 8206 Columbia, SC 29202-8206  
(803) 898-3202 Fax (803) 255-8235

M. Elizabeth Crum, Esquire  
November 27, 2013  
Page 2 of 3

*3. Shared Savings calculation treatment of claims expenditures flagged with other agency fund codes for 2011 and 2012. It is the understanding of CHS that such services are not the responsibility of the fully insured MCOs and therefore should not be included as an expense in the shared savings calculation.*

**Response:**

Milliman provided historical claims information for all quarters of CY 2010 and 2011 on May 7, 2013; and the first 2 quarters of CY 2012 on September 13, 2013. Milliman has indicated that the claims extract that was provided to SC Solutions was limited to the set of services consistent with the development of the MCO capitation rates. One additional clarification that would need to be made is that this limitation applies to populations who are eligible for MCO enrollment. For the Dual and Voluntary MHN populations, the comparison is to a FFS equivalent amount, which may include more than just those services included in the capitation rate.

Additionally, a field labeled "milliman\_kept" includes values of either '0' or '1'. Only those claims which were identified with a '1' in the "milliman\_kept" field on the extract pertain to the expenditures summarized for purposes of the MHN Savings Analysis. The "Exclude\_Flag" which was referenced during the October 18, 2013 phone call is not applicable for purposes of identifying claims and is left over from a previous methodology.

*4. Validation of dual eligible members – CHS is unable to validate Medicare eligibility using source data from DHHS. CHS has been informed that DHHS no longer has its access to the original Medicare buy-in files supplied by CMS. CHS is attempting to merge datasets supplied by Milliman to the MLE files supplied by DHHS.*

**Response:**

Milliman provided historical enrollment information for all quarters of CY 2010 and 2011 on May 7, 2013; and the first 2 quarters of CY 2012 on September 13, 2013. Included on each of the respective enrollment files is a field labeled "SERVICE\_GROUP" which indicates the population that each member has been assigned to for a given month (Dual, SSI, TANF, etc.) Furthermore, it has been indicated to SC Solutions that a member was identified as Dual based on information in fields that indicated months when a member was receiving payment from Medicaid for their Medicare premiums. The Department believes the information that has been provided to date would prove to be sufficient in helping to validate a member's status as dually eligible.

*5. Rationale for 50% credibility adjustment versus being credited for full credibility on risk scores. During the January 2013 conference call, it was explained that the reason for applying a 50% credibility adjustment to risk scores was policy, not actuarial. Given the maturity of risk adjustment tools and the fact that risk scores and selection adjustments applied to the fully insured MCOs contracting with DHHS are given 100% credibility, it seems inconsistent that the shared savings plans would not be treated in the same fashion.*

M. Elizabeth Crum, Esquire

November 27, 2013

Page 3 of 3

**Response:**

The 50% credibility adjustment is applied due to contractual agreements made between the MHNs and SCDHHS for purposes of the Shared Savings analyses. This methodology has historically been used in the shared savings calculation and has been maintained throughout the process.

This should address all issues raised in your November 1, 2013 letter. If you have questions, please contact me at (803) 898-3202.

Sincerely,



Deirdra T. Singleton  
Deputy Director

Enclosure

cc: Dale Schmidt, President, CHS  
Joy Kitterman, CHS  
Roy Hess, Assistant Deputy Director  
Nathaniel Patterson, Program Director

DTS/clg





ENCLOSURE 1

T:\2013\SCM\3.090-SCM9\03-Response to Outstanding Requests.docx

To the extent that Milliman consents to the distribution of this letter, we make no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for SCDHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties.

11/5/2013  
11:44 AM

2011 Q1		2011 Q2		2011 Q3	
SC Solutions Distribution	FFS PMPM	SC Solutions Distribution	FFS PMPM	SC Solutions Distribution	FFS PMPM
0.2%	\$158.54	0.1%	\$174.87	0.1%	\$137.99
0.2%	2,123.91	0.2%	2,049.49	0.2%	2,077.37
0.0%	249.91	0.0%	178.22	0.0%	(4.53)
5.6%	1,515.30	5.5%	1,457.12	5.3%	1,382.28
0.0%	1,822.06	0.0%	1,789.56	0.0%	1,828.40
0.0%	0.11	0.0%	0.03	0.0%	-
0.0%	-	0.0%	-	0.0%	-
0.0%	0.33	0.0%	0.33	0.0%	0.33
0.0%	-	0.0%	-	0.0%	-
0.0%	3,688.59	0.0%	3,412.60	0.0%	3,362.77
0.0%	25.08	0.0%	-	0.0%	16.64
3.7%	1,170.62	3.6%	1,140.63	3.8%	1,009.55
1.1%	976.04	1.2%	949.77	1.2%	908.19
0.0%	-	0.0%	794.48	0.0%	274.84
1.5%	4,373.85	1.7%	4,288.69	1.8%	4,363.42
0.2%	470.50	0.2%	503.44	0.2%	436.34
0.2%	3,172.80	0.1%	3,225.36	0.2%	3,105.68
0.0%	5,087.15	0.0%	5,327.17	0.0%	4,522.70
0.5%	566.86	0.4%	451.29	0.4%	491.82
0.0%	11.80	0.0%	(5.64)	0.0%	10.13
0.0%	4,491.48	0.0%	4,327.63	0.0%	4,404.93
0.0%	3,999.79	0.0%	3,509.46	0.0%	4,589.62
0.0%	-	0.0%	-	0.0%	-
2.2%	336.65	2.0%	326.11	1.9%	282.19
84.6%	73.52	84.8%	48.79	84.9%	39.41
ent	\$288.02		\$270.48		\$254.73

Milliman, Inc.

11/5/2013  
11:44 AM

es

2011 Q4		2012 Q1		2012 Q2	
SC Solutions Distribution	FFS PMPM	SC Solutions Distribution	FFS PMPM	SC Solutions Distribution	FFS PMPM
0.1%	\$142.76	0.0%	\$150.85	0.1%	\$165.13
0.2%	2,069.20	0.2%	2,142.48	0.2%	2,081.59
0.0%	978.33	0.0%	452.01	0.0%	184.79
5.2%	1,352.12	5.2%	1,380.35	5.2%	1,367.29
0.0%	1,832.82	0.0%	1,937.99	0.0%	1,882.96
0.0%	0.16	0.0%	0.08	0.0%	0.39
0.0%	-	0.0%	-	0.0%	-
0.0%	0.23	0.0%	0.10	0.0%	0.11
0.0%	-	0.0%	-	0.0%	-
0.0%	3,250.85	0.0%	3,316.95	0.0%	3,377.02
0.0%	(52.63)	0.0%	0.89	0.0%	-
3.8%	1,010.03	4.0%	994.34	4.1%	971.33
1.3%	866.51	1.3%	918.74	1.3%	920.24
0.0%	426.62	0.0%	479.32	0.0%	352.55
1.8%	4,256.90	1.9%	4,360.68	1.9%	4,305.03
0.2%	362.58	0.2%	427.22	0.2%	377.33
0.2%	3,021.76	0.2%	3,027.07	0.2%	2,887.94
0.0%	8,020.90	0.0%	5,370.02	0.0%	4,491.76
0.4%	458.95	0.4%	454.03	0.4%	434.32
0.0%	3.83	0.0%	0.27	0.0%	2.26
0.0%	4,206.73	0.0%	4,280.73	0.0%	4,138.03
0.0%	3,860.37	0.0%	4,207.97	0.0%	4,003.46
0.0%	-	0.0%	-	0.0%	-
1.9%	285.99	1.8%	249.29	1.8%	240.48
85.0%	36.95	84.8%	51.75	84.6%	37.89
cnt	\$248.37		\$267.96		\$256.52

Milliman, Inc.