

Nikki Haley GOVERNOR

Anthony Keck DIRECTOR

P.O. Box 8206 > Columbia, SC 29202

www.scdhhs.gov

June 18, 2014

The Honorable Thomas C. Alexander
Chairman-Senate Finance Health & Human Services Subcommittee
313 Gressette Building
Columbia, South Carolina 29201

VETO 23

Re: Palmetto Project, Veto # 23 of the 14-15 Appropriations Bill

Dear Chairman Alexander,

SCDHHS supports the Governor's veto of \$100,000 funding for Palmetto Project due to several issues with current contract deliverables. Palmetto Project was to conduct and complete an assessment and evaluation of a School Based Strategy based on Free-and Reduced-Lunch data to ensure that eligible children are enrolled in the Medicaid program. Palmetto Project's scope of work should have touched multiple Spartanburg County school districts, Georgetown County, Orangeburg County, Sumter County, and Williamsburg County. Additionally, Palmetto Project was to research and develop a model with the Spartanburg County Head Start for enrollment and retention in support of the Medicaid program. Palmetto Project was to use, at the very least, a database to track outreach activities and partnership activities. Palmetto Project has not provided the department with any data (metrics) to indicate if or how many children were assisted.

As indicated in the veto message, Palmetto Project has not to date successfully completed the task of designing and piloting a tool-kit to support school-based enrollment best practices. SCDHHS has been working with Palmetto Project to assist them in meeting this deliverable. Below is a timeline of issues related to the tool-kit development and launch based on the reports of our project team:

- The September 2, 2013 deliverable "address and resolve comments and feedback related to communications kit" was not delivered.
- December 2013: Palmetto Project submitted a tool-kit. The tool-kit was not useful in the submitted format. SCDHHS offered feedback on how to make the deliverable a useful product.
- January 2014: SCDHHS continued reviewing the strategies and sought clarification regarding the strategies proposed by Palmetto Project. SCDHHS offered suggestions and proposed changes to help clarify the strategies.
- February 2014: The tool-kit remained very unclear and not a useful tool for the end user (School Districts). Additionally, Palmetto Project needed to correct the documents with updated data and refer to South Carolina's Medicaid program as Healthy Connections. Palmetto Project again was asked to brand and take ownership of the materials presented. We suggested very detailed branding and ownership information that was provided by our communications department. Palmetto Project indicated they were going to redesign the tool-kit with their logo/branding and update data and would email the updated tool-kit to SCDHHS.

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- March 2014: Palmetto Project emailed a non-published URL on March 19, 2014 for SCDHHS to review the tool-kit and how it would appear once posted online.
- April 2014: The URL was sent to key Eligibility staff to provide feedback on accuracy of information and Communications staff to review for layout appearance, readability and 508 Standards.
- May 20, 2014: Suggestions and edits were sent to Palmetto Project.
- May 27, 2014: Suggestions and edits were resent to Palmetto Project as they indicated they could not open the previous email.
- June 12, 2014: We had not heard anything about the tool-kit until 5:05 PM on June 12, 2014 which was after the Governor's veto comments.

In addition, our Contract Monitor found Palmetto Project in non-compliance for failure to meet the contract requirements. This was verbally explained to Palmetto Project during a May 20, 2014 project meeting. The relevant contract specifics are included below:

Article III.A.6.a.i – Assessment and Evaluation of School Based Strategy used in Fall 2013

The Contractor, with the assistance of USC, shall conduct and complete an assessment and evaluation and associated analysis of the School Based Strategy used in the Fall of 2013 by December 31, 2013. SCDHHS shall review and approve the report.

Article III.B.1 – Additionally, if SCDHHS and the Contractor are not able to address and resolve feedback related to the School Based Strategy by March 29, 2014, SCDHHS may penalize the Contractor up to \$1,000 per day until the report is approved by SCDHHS.

According to the contract terms, the following penalties could have been assessed although SCDHHS has not pursued. On numerous occasions SCDHHS told Palmetto Project they were not in compliance and corrective action plans were put in place.

- \$44,000 for 44 calendar days (March 30 through May 12, 2014)
- \$33,000 for 33 working days (March 30 through May 12, 2014)

Given the performance in fiscal year 2014 and our experience in working with Palmetto Project, we are in support of the Governor's veto decision. Please let me know if you need additional information.

Sincerely,



Anthony E. Keck
Director