

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

ACTION REFERRAL

Relogged from Giese to Hess on 8/10/11. Due date 8/19/11

TO <i>Hess</i>	DATE <i>8-5-11</i>
-------------------	-----------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>101068</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Mr. Keck</i> <i>Close see attached note.</i> <i>closed 8/11/11</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>8-19-11</i>
	<input type="checkbox"/> FOIA DATE DUE _____
	<input type="checkbox"/> Necessary Action

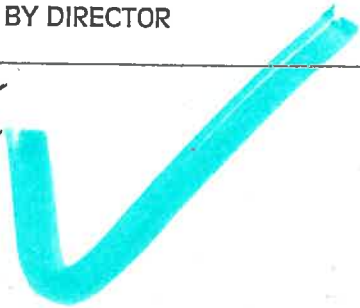
APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

*Rec'd
8/8/2011
man*

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Hess</i>	DATE <i>8-5-11</i>
-------------------	-----------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>101068</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Mr. Keck</i> 	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>8-17-11</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.			

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

8/9
Annie I think
should be logged
for response
to Ref.
Re log to Roy

TO <i>Giese/Campbell</i>	DATE <i>8-5-11</i>
-----------------------------	-----------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>1011068</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Mr. Keck</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>8-17-11</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.			

RECEIVED

AUG 05 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

THOMAS W. PETRUSICK, M.D.
PAUL L. BALDRIDGE, M.D.
FREDERICK DANIELS, M.D.
KRISTIN E. MOORE, M.D.
DANIEL L. SHULER, M.D.
HANY Y. FAM, M.D.
FRANK N. COLVARD, M.D.
KARLA M. VANA, M.D.



8120 Rourk Street • Myrtle Beach, South Carolina 29572 • (843) 449-1438
1120 Glenns Bay Road • Suite 120 • Surfside Beach, South Carolina 29575 • (843) 650-7000
4326 Baldwin Avenue • Little River, South Carolina 29566 • (843) 249-7400

August 4, 2011

Mr. Anthony Keck
SC DHHS Director
P O Box 8206
Columbia, SC 29202

Dear Mr. Keck:

Grand Strand Pediatrics & Adolescent Medicine, P.A. is a group of Pediatricians with three locations in Horry County. We have a staff of nine physicians whose specialty is general pediatrics.

We have been deeply involved with the medical homes network since its creation several years ago. For many years, it was the only managed care Medicaid we participated in because we are such firm believers in what they do for the Medicaid recipients in South Carolina. We never participated with any of the MCO's until a couple of years ago and only did so because of the SCHIP program.

We have had a great relationship with Community Health Solutions (South Carolina Solutions) for many years. We feel their philosophy is superior to the MCO's and they truly do save the Medicaid program money.

We have been anxiously waiting for our savings checks for the first and second quarter of 2010 for some time now. We understand that there is an issue with DHHS releasing them due to a formula controversy. The formula that has been being used was approved by a former administration at DHHS. The savings were realized under the former administration and should therefore be paid under the formula in place at that time. Any changes to the formula being considered should not be backdated.

We earned the savings by being diligent in the care of our patients. We have extended office hours Monday through Friday. We see children on Saturdays and Sundays. We also see children in our office on holidays not to mention our availability 24 hours a day, everyday to keep the children out of urgent care centers and hospital emergency rooms.

MCO's offer enhanced reimbursement rates. Medical Homes Networks (MHN) pay fee for service and quarterly savings checks. Either methodology when it is said and done, pays above the Medicaid fee schedule.

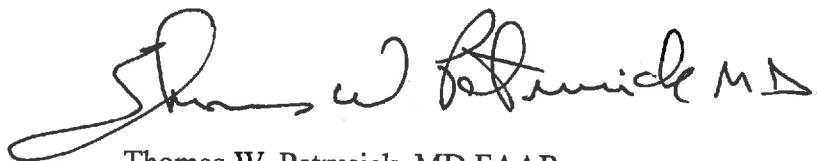
Without the quarterly savings checks, we are being paid strictly fee for service and that is not what we contracted for.

Mr. Keck, as you are aware, we have already had a cutback of 5% and now we are not receiving the savings checks. Our practice is 50% Medicaid because we care about the children.

We feel we are being short changed because of a new administration's philosophy. We respect change but it should not affect what we are entitled to from prior quarters.

Not having the checks is creating a financial hardship on us and we need for you to approve the release of the checks immediately.

Sincerely,



Thomas W. Petrusick, MD FAAP



Daniel L. Shuler, MD FAAP



Paul L. Baldridge, MD FAAP



Hany Y. Fam, MD FAAP



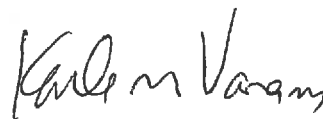
Frederick Daniels, MD FAAP



Frank N. Colvard, MD FAAP



Kristin E. Moore, MD FAAP



Karla M. Vana, MD FAAP



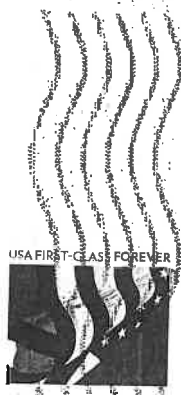
Elisabeth B. Gabor, MD



8120 Rourk Street
Myrtle Beach, South Carolina 29572

FLORENCE SC 295

04 AUG 2011 PM 2 L



RECEIVED

AUG 05 2011

MR. ANTHONY KECK
SC DHHS DIRECTOR
P O BOX 8206
COLUMBIA, SC 29202

Department of Health & Human Services
OFFICE OF THE DIRECTOR

2920238206



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

Relogged from Giese to Hess on 8/10/11. Due date 8/19/11

TO <u>Hess</u>	DATE <u>8-5-11</u>
-------------------	-----------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <u>101068</u>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <u>Mr. Keck</u>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <u>8-19-11</u> <i>Called Dr. Patrusich to discuss. He said to call him at 8-11-11. Done.</i>
	<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.			<p>Brenda, as I recall this phone call cleared this log letter. Thanks!</p> <p>* Do we need to do anything else?</p> <p>1/18/11</p>
2.			
3.			
4.			

Rec'd
8/8/2011
mcm

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

8/9
Annie think I should be logged for response to Roy.
Re-log to Roy

TO <i>Giese/Campbell</i>	DATE <i>8-5-11</i>
-----------------------------	-----------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>100068</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Mr. Keck</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>8-17-11</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.			

RECEIVED

AUG 05 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

THOMAS W. PETRUSICK, M.D.
PAUL L. BALDRIDGE, M.D.
FREDERICK DANIELS, M.D.
KRISTIN E. MOORE, M.D.
DANIEL L. SHULER, M.D.
HANY Y. FAM, M.D.
FRANK N. COLVARD, M.D.
KARLA M. VANA, M.D.



8120 Rourke Street • Myrtle Beach, South Carolina 29572 • (843) 449-1438
1120 Glenns Bay Road • Suite 120 • Surfside Beach, South Carolina 29575 • (843) 650-7000
4326 Baldwin Avenue • Little River, South Carolina 29566 • (843) 249-7400

August 4, 2011

Mr. Anthony Keck
SC DHHS Director
P O Box 8206
Columbia, SC 29202

Dear Mr. Keck:

Grand Strand Pediatrics & Adolescent Medicine, P.A. is a group of Pediatricians with three locations in Horry County. We have a staff of nine physicians whose specialty is general pediatrics.

We have been deeply involved with the medical homes network since its creation several years ago. For many years, it was the only managed care Medicaid we participated in because we are such firm believers in what they do for the Medicaid recipients in South Carolina. We never participated with any of the MCO's until a couple of years ago and only did so because of the SCHIP program.

We have had a great relationship with Community Health Solutions (South Carolina Solutions) for many years. We feel their philosophy is superior to the MCO's and they truly do save the Medicaid program money.

We have been anxiously waiting for our savings checks for the first and second quarter of 2010 for some time now. We understand that there is an issue with DHHS releasing them due to a formula controversy. The formula that has been being used was approved by a former administration at DHHS. The savings were realized under the former administration and should therefore be paid under the formula in place at that time. Any changes to the formula being considered should not be backdated.

We earned the savings by being diligent in the care of our patients. We have extended office hours Monday through Friday. We see children on Saturdays and Sundays. We also see children in our office on holidays not to mention our availability 24 hours a day, everyday to keep the children out of urgent care centers and hospital emergency rooms.

MCO's offer enhanced reimbursement rates. Medical Homes Networks (MHN) pay fee for service and quarterly savings checks. Either methodology when it is said and done, pays above the Medicaid fee schedule.

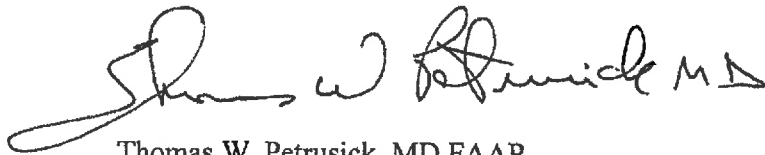
Without the quarterly savings checks, we are being paid strictly fee for service and that is not what we contracted for.

Mr. Keck, as you are aware, we have already had a cutback of 5% and now we are not receiving the savings checks. Our practice is 50% Medicaid because we care about the children.

We feel we are being short changed because of a new administration's philosophy. We respect change but it should not affect what we are entitled to from prior quarters.

Not having the checks is creating a financial hardship on us and we need for you to approve the release of the checks immediately.

Sincerely,



Thomas W. Petrusick, MD FAAP



Daniel L. Shuler, MD FAAP



Paul L. Baldrige, MD FAAP



Hany Y. Fam, MD FAAP



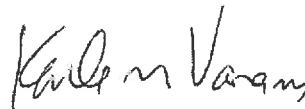
Frederick Daniels, MD FAAP



Frank N. Colvard, MD FAAP



Kristin E. Moore, MD FAAP



Karla M. Vana, MD FAAP



Elisabeth B. Gabor, MD



8120 Rourke Street
Myrtle Beach, South Carolina 29572

FLORENCE SC 295

09 AUG 2011 PM 2 L



RECEIVED

AUG 05 2011

MR. ANTHONY KECK
SC DHHS DIRECTOR
P O BOX 8206
COLUMBIA, SC 29202

Department of Health & Human Services
OFFICE OF THE DIRECTOR

2920248206





Grand Strand Pediatrics & Adolescent Medicine
8120 Rourk Street
Myrtle Beach, South Carolina 29572

Dear Doctors:

Thank you for your recent letter to Director Keck regarding your group practice's shared cost savings from South Carolina Solutions. Mr. Keck asked that I respond to your letter. We appreciate you bringing this matter to our attention.

As a part of Mr. Keck's review of the agency's deficits and overall spending practices, he asked the department's staff to look at all programs to assist him in identifying areas where we can make changes and improvements to address areas of concerns and to propose changes to better manage the department's budget.

In the Medical Homes Network Contract regarding savings, it defines, documented cost savings as "Those cost savings verified by SCDHHS by using an independent actuary to establish the baseline and to conduct periodic reconciliation during the Contract period." As you stated in your letter, we have been working with South Carolina Solutions to address conflicting reports of processes and outcomes identified by the department's actuarial firm. All quarters from January 2007 through December 2009 were recalculated, and are now working on a new formula that will more accurately address the actual savings realized.

As a result of errors in past calculations, past savings realized were grossly overstated and SCDHHS is obligated to recoup those dollars from South Carolina Solutions. While your efforts to care for your patients through extended office hours and working on holidays are commendable your previous quarterly cost savings checks were based on erroneous calculations.

I appreciate your understanding and patience and hope to reach a solution with South Carolina Solutions soon that will be both fair and amicable to all. It is our goal to quickly and accurately resolve the issues before us and to move forward in the continuation of providing cost saving incentives to all practices.

Sincerely,

Melanie "Bz" Giese
Deputy Director