DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Hutto	3-31-15

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000221	[ ] Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR cc: Kost, Dept CMS Lib Cleared 4/24/15, letter attached.	[X] Prepare reply for appropriate signature DATE DUE 4-30-15 [ ] FOIA DATE DUE _____ [ ] 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 & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850

MAR 2 6 2015

Christian Soura
Director
State of South Carolina, Department of Health & Human Services
1801 Main Street PO Box 8206
Columbia, SC 29201

Dear Mr. Soura:

This letter is in response to South Carolina's request, dated July 25, 2014, and clarified in subsequent telephone conferences and email for an extension of a waiver under section 1902(e)(14)(A) of the Social Security Act (the Act) to assist South Carolina as it implements Medicaid changes resulting from the Affordable Care Act. Your request indicated that South Carolina has encountered problems in timely implementation of new systems necessary to accomplish the redetermination and renewal of Medicaid eligibility for populations whose eligibility is based on modified adjusted gross income (MAGI). Your request to delay eligibility renewals scheduled for January 1, 2014 through December 31, 2014 for 12 months for such populations is approved, as described and subject to the conditions below. In addition, we are approving a temporary waiver of required renewal procedures to allow South Carolina to implement a contingency strategy for processing such eligibility renewals if difficulties persist in implementing renewals in your new system effective January 1, 2015.

Previously, the Centers for Medicare & Medicaid Services (CMS) provided South Carolina with authority under section 1902(e)(14)(A) of the Act to delay eligibility renewals scheduled for January 1, 2014 through August 31, 2014 for five months. CMS is extending that authority to delay eligibility renewals scheduled for January 1, 2014 through December 31, 2014 for 12 months. Under this authority, January 2014 renewals will be delayed to January 2015, February 2014 renewals will be delayed until February 2015, and so on, until the state has completed all delayed renewals.

The CMS has determined that the authorities granted in this letter are necessary to safeguard ongoing coverage in light of delays in development and deployment of critical renewal functionalities in South Carolina's new eligibility and enrollment system. South Carolina has provided assurances to CMS that it will complete testing and deployment of the functionalities and capacity needed to begin the renewal process in its new system, including conducting an *ex parte* review and generating a pre-populated renewal form for beneficiaries not renewed on an *ex parte* basis for beneficiaries whose certification periods ends on January 31, 2015. The CMS systems analyst for South Carolina will monitor the state's progress towards deployment of the critical renewal functionalities in the new system as part of the Systems Development Life Cycle process.

South Carolina has also agreed to implement a Contingency Plan, discussed below, in the event that successful deployment of critical renewal functionalities in the new system is further delayed. Under this plan, the CMS is providing authority, under section 1902(e)(14) of the Act, permitting South Carolina to conduct renewals using its legacy eligibility system to provide coverage for individuals: (1) who were eligible for Medicaid in South Carolina as of December 31, 2013 under a state plan eligibility group subject to MAGI-based methodologies as of January 1, 2014; and (2) who remain eligible and receive coverage based on determinations either made in South Carolina's legacy system or processed manually in the state's new system.

The Contingency Plan was submitted by South Carolina to CMS on October 1, 2014. Under the Contingency Plan, South Carolina is processing renewals manually in the state's new system.

Because the Contingency Plan has been implemented, the state must provide a schedule for initiating renewals in its new system and submit to CMS a monthly report describing the implementation of its Contingency Plan and its effect on beneficiaries, impediments to implementation of functionality in the new system and the steps being taken to overcome those impediments.

The authority provided in this letter is subject to CMS receiving your written acknowledgement of this approval and acceptance of these new authorities within 30 days of the date of this letter.

If you have questions regarding this award, please contact Ms. Anne Marie Costello, Deputy Director for Policy, Children and Adults Health Programs Group, Centers for Medicaid & CHIP Services, at (410) 786-5647.

We look forward to our continuing work together to achieve successful implementation of the Affordable Care Act.

Sincerely,

Vikki Wachino
Acting Director

cc: Jackie Glaze, Associate Regional Administrator, Region IV
Eliot Fishman, Director, Children and Adults Health Program Group, CMCS
Anne Marie Costello, Deputy Director, Children and Adults Health Programs Group
Verlon Johnson, Acting Director, Intergovernmental and External Affairs Group

Log #221

SOUTH CAROLINA
Healthy Connections
MEDICAID

Nikki R. Haley GOVERNOR
Christian L. Soura DIRECTOR
P.O. Box 8206 Columbia, SC 29202
www.scdhhs.gov

April 24, 2015

Vikki Wachino
Director, Center for Medicaid and CHIP Services
Centers for Medicare and Medicaid Services
U.S. Department of Health and Human Services
7500 Security Blvd., Mail Stop S2-26-12
Baltimore, MD 21244-1850

Dear Ms. Wachino,

I write in response to your March 26, 2015 letter regarding the extension of South Carolina's waiver under section 1902(e)(14)(A) of the Social Security Act. The South Carolina Department of Health and Human Services (SCDHHS) acknowledges and accepts the new authorities granted to it by CMS in that letter.

SCDHHS would also like to provide CMS with an update regarding our review process. In compliance with our waiver-delayed MAGI reviews, South Carolina restarted annual reviews of MAGI beneficiaries in January 2015. The waiver delay allowed South Carolina to continue to develop system enhancements for improved data match capabilities and allowed our staff to learn more about the ACA and MAGI changes without adversely impacting individuals currently enrolled in Medicaid.

During the first three months of this year, SCDHHS distributed approximately 25,000 review letters each month; some of the responses are still being processed by SCDHHS eligibility staff. Recently, SCDHHS implemented new functionality within our eligibility system that now provides for a data match-based automatic renewal for those whose information meets eligibility criteria. Initial testing suggests that this new process will eliminate the need for approximately 30% of our beneficiaries to complete and return the review form. As a result, fewer beneficiaries will lose eligibility for failing to return review forms, while processing times for those who have submitted forms will be improved. For this reason, South Carolina also delayed current reviews until this functionality was in place with our enhanced IBM/Curam eligibility script. With these improvements, South Carolina is resuming the planned review schedule for beneficiaries with upcoming review dates. Furthermore, this adjusted schedule allows for appropriate mailing and response times to prevent unnecessary burden on both our members and the state.

As a final note, I am also pleased to report that we have developed a new process whereby we will provide each managed care plan with a list of the members enrolled in that plan who will be receiving review letters. These reports will also include information on the members' authorized representatives, so that the plans will have an estimated 55 days to work with those individuals to ensure that members fully understand and complete their review forms on a timely basis.

If you have any questions, concerns, or need any additional information, please contact Elizabeth Hutto at (803) 898-2031.

Sincerely,

Christian L. Soura
Director

cc: Jackie Glaze, Associate Regional Administrator, Region IV
Eliot Fishman, Director, Children and Adults Health Programs Group, CMCS
Anne Marie Costello, Deputy Director, Children and Adults Health Programs Group
Verlon Johnson, Acting Director, Intergovernmental and External Affairs Group