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**To:** Veldran, Katherine <KatherineVeldran@gov.sc.gov>  
**Date:** 3/19/2014 10:28:58 AM  
**Subject:** SCSFA Brief

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\*\*This event was rescheduled from the first winter storm in January.  
Requested by Casey Pash for Original Six Foundation

**EVENT:** SC Specialty Foods Association Annual Membership Meeting

**DATE:** Tuesday, March 18, 2014

**TIME:** 10:00 AM

**LOCATION:** Phillips Conference Center, South Carolina State Farmers Market, 3483 Charleston Hwy, West Columbia, S.C.

**LOCATION SET-UP:** Podium and microphone. Guests will be seated at round tables with 8 chairs per table.

**ON-SITE LOCATION CONTACT:**

Vickie Perry 737-4588  
Jack Dantzler (Manager) 734-4597

**SCHEDULING CONTACT:**

Sallie Dent Porth  
803-823-9075  
sallie@salliesgreatest.com

**PRIMARY STAFF:** Courtney Walls

**ADVANCE STAFF:** Jeff Taillon

**PURPOSE:** Gov. Haley will address the SC Specialty Foods Association Annual Membership Meeting to discuss how small businesses are supported in South Carolina.

**PRESS:** Yes.

**PUBLIC:** Yes.

**INVITED BY:** Sallie Dent Porth (Original Six Request)

**INTRODUCED BY:** Commissioner Hugh Weathers

**LENGTH OF SPEAKING:** 13-15 minutes with 8-10 minutes of Q&A

**SPEAKING ORDER/LINE-BY-LINE:**

9:00	Registration <b>Sweets provided by "The Sweetery" – Jane Jarahian</b>	
9:30	Welcome  Introduction of all attendees Introduction of SCSFA Board members Voting for new Board members	<b>Hugh Weathers</b> SC Commissioner of Agriculture <b>Jane Jarahian</b> SCSFA President
10:00	Supporting Small Business in South Carolina	<b>Nikki Haley</b>

10:45	Break	SC Governor
11:00	Small Business Development	<b>Greg Davis</b> SC Department of Commerce
11:30	Services provided by SC SBDC Centers	<b>Pete Oliver</b> SC Small Business Development
12:00	<b>Lunch provided by Dupre Catering</b>	
1:00	How to promote yourself through Media	<b>Kelly Coakley</b> Public Information Director, SCDA
1:30	How to promote your business on a shoestring Casy Pash, John Brunty, Jackie Moore	<b>Panel Discussion</b>
2:30	Marketing your products in 2014	<b>Jackie Moore</b> Marketing Specialist, SCDA
3:00	Adjourn (Board meeting to follow annual meeting)	

Note: NP spoke with Sallie on 3/13 and stressed the fact that the Governor needed to depart promptly at 10:45 AM to get to another event. She assured NP that this would not be a problem.

**SUGGESTED TALKING POINTS:** Gov. Haley will be speaking on supporting small businesses in South Carolina. The theme of the meeting is *"Building Your Business in 2014"*. =

### Small Business

Since day one of my administration, I have been looking for ways to improve South Carolina's business climate.

In January 2011, SC's unemployment rate was 10.6%. Today, the unemployment rate is 6.4% - the lowest since June 2008.

For the second consecutive month, our jobless rate (6.4%) is below the national average (6.6%). These last two months are the first time that's happened in since January 2001.

January is the eighth consecutive month where the unemployment rate has decreased in South Carolina (last month's press release said 4 months, but the Bureau of Labor Statistics recently revised their prior reports)

In addition, over two million South Carolinians were employed in January, the highest level in the state's history.

Much of this success has to do with the small businesses of South Carolina, including many small businesses with us today.

## **Tax Cut**

**Small businesses are the backbone of South Carolina's economy.** That's why, in 2012, I signed a small business income tax reform package that cut taxes for small businesses. **The statutory tax rate dropped from 5% in 2011 to 3% effective Jan. 1, 2014.** The estimated cumulative tax relief as of 2014 is estimated to \$63 million (and growing as small business income grows)

**By cutting taxes, small businesses and entrepreneurs have more money left over to hire new workers and make important investments.**

## **Regulatory Review**

**Too often, government regulations and red tape erect barriers to business expansion and stifle job growth. This is an especially true for small businesses. That is why my administration established the Regulatory Review Task Force in 2013.** The Task Force was given a mandate to review thousands of regulations promulgated by 22 state agencies to determine how the regulatory environment in SC can be streamlined to help small businesses succeed.

Over the course of 2013, the Task Force met multiple times and held 6 town hall meetings. The Task Force reviewed over 3,000 recommendations.

The Task Force released its report and recommendations to me in late 2013. Though my administration does not agree with every recommendation in the report, it is a step in the right direction.

### **A couple major themes came out of the Task Force's report:**

- **Duplication** – There is a maze of duplicative and confusing regulations throughout state government.

⊙ **Example: DHEC regulates milk. The Dept. of Agriculture regulates cheese. This divide shouldn't exist – Agriculture should take over both responsibilities.**

⊙ **Example: Modular Housing plans currently require certification from both LLR and a 3<sup>rd</sup> Party Licensed Engineer. The 3<sup>rd</sup> Party engineer's certification is adequate – additional certification from LLR slows development.**

- **Unnecessary** – Many industries in SC are regulated by both state and federal agencies. Our state regulations should not exceed federal standards

**⊙Example: state regulations that regulate commercial fishing industry routinely exceed Federal standards.**

My administration has adopted many of these recommendations and we're committed to continuing to review regulations with an eye on how they impact small businesses.

Using the Task Force's report as its guide, I urge the General Assembly to send me bills that lessen the burden on small businesses posed by cumbersome and unnecessary regulations

**Changes in Microbrewery Laws – a model for small business-oriented legislation**

**An example of common sense, small business-oriented legislation to arrive at my desk was the so-called "Pint Bill" passed by the General Assembly in 2013. I signed the bill into law to allow small microbreweries the ability to sell up to 48 ounces of beer to patrons on site instead of limiting their intake to free samples.**

This change gave small brewers in SC a much-needed up-front source of revenue.

**Since I signed the bill, about 10 microbreweries have cropped up across the state – hiring employees and ready to meet the growing demand for craft beer.**

**Unemployment Insurance Reform**

Unemployment insurance is a major issue facing South Carolina's businesses. In 2011, I signed two major unemployment insurance reforms.

**The reform reduced the number of weeks employees are eligible for unemployment benefits from 26 weeks to 20 weeks.**

**SC is on track to repay the federal unemployment insurance loan by Oct. 2015.** SCDEW paid loan principal of \$219 million, including a \$75 million voluntary payment.

For the third consecutive year, SC businesses will only pay the minimum 0.6 percent per employee for federal unemployment taxes (FUTA) because the Palmetto State once again successfully obtained the maximum 5.4% credit for 2013. **This has saved SC businesses millions of dollars.**

**Businesses rely on certainty.** For the first time ever, businesses received their 1<sup>st</sup> quarter unemployment insurance tax rates effective January 1, 2014 in November 2013. Getting rates out early allows businesses to better plan for what they will owe by April 30, 2014.

Since launching the ability to file and pay quarterly UI taxes online through the Business One Stop in 2011, SCDEW has experienced a steady increase in the number of businesses taking advantage of the fast, free and convenient service – nearly 40,000 reports filed in September 2013 vs. 3,500 reports in March 2011. **This simple change has saved countless hours for small business owners to spend on their businesses, not on government compliance.**

### **Tort Reform**

As small businesses are acutely aware, frivolous lawsuits can be extremely damaging – often enriching only trial lawyers. In order to reign in frivolous and abusive lawsuits, I signed a tort reform bill in 2011.

**Since taking office, keeping the costs of business as low as possible has been a top priority of mine. With limited exception, the bill capped punitive damages at three times the amount of compensatory damages awarded or \$500,000, whichever is greater.**

### **Miscellaneous Haley Administration Highlights**

- On January 27 of this year, I signed the Government Restructuring Act of 2014 (S.22). It is the most comprehensive government restructuring in over 20 years - streamlining government processes by abolishing the outdated, five-member Budget & Control Board and creating the Department of Administration, which is responsible for executive and administrative functions.
- On February 11 of this year, I signed S.308, The Concealed Carry Reform Bill. This is just another example of how my administration is dedicated to upholding citizens' 2nd amendment rights here in South Carolina. The bill allows for responsible South Carolinians to carry their firearms into restaurants that serve alcohol, but doesn't allow them to consume alcohol. The bill also allows owners of these establishments to ban individuals from carrying firearms.
- South Carolina's Department of Social Services implemented a welfare-to-work program that has found jobs for over 20,000 welfare recipients (20,217) with 97.1 percent not returning to welfare at least three months following exit and more than 80 percent not returning for at least two years.

- We have focused on job training and putting workforce ready communities in every county (with Clarendon County becoming SC's 1<sup>st</sup>) and recently naming McCormick County the 2<sup>nd</sup> in the state.
- We have one of the lowest unionization rates in the country. (3.7%, tied for the 3<sup>rd</sup> lowest state in the country)
- We made transparency in government a major priority of my administration, including fighting for and signing into law the state's first roll call voting bill.
- We established the South Carolina Commission on Ethics Reform by Executive Order in 2012 to recommend changes that would expand, strengthen, and clarify the state's Ethics Act, which has not been updated in over twenty years. A bill that includes many of the recommendations regarding income disclosures, oversight, and conflicts of interest is currently pending before the Senate and remains at the top of our legislative agenda for this year.
- Transportation spending authority has been a priority throughout my administration, which is why I signed into law a \$1 billion infrastructure bill without raising taxes in June of 2013 – the largest investment in roads and bridges in 25 years.
- In 2012, I signed a Charter School Bill that enhances the state's existing charter system by allowing public or independent institutions of higher learning to sponsor a charter school, permitting applicants to seek to form a single gender charter school, and enabling charter school students to participate in extracurricular activities.

#### ECONOMIC DEVELOPMENT INFORMATION:

Since January 12, 2011: \$831 million in capital investment; 2,896 jobs announced in Lexington County

Announced Date	Company Name	Objective	Product or Service	Annual Investment
2013-01-04	Time Warner Cable	Expansion	Video, Data, and Phone	\$24,000,000
2012-05-23	Avtec Inc.	Expansion	VOIP and TDM Console Systems	\$6,100,000
2012-04-10	Michelin North America (US #7)	Expansion	Earth mover tires	\$250,000,000
2011-11-16	TD Bank	Expansion	Banking Institution	
2011-10-28	Nephron Pharmaceuticals	New	Pharmaceuticals	\$313,000,000
2011-05-27	Amazon.com, Inc.	Expansion	Distribution Center	\$25,000,000
2011-05-09	Michelin North America (US #5)	Expansion	Passenger tires	\$130,000,000
2011-05-09	Michelin North America (US #7)	Expansion	Earthmover Tires	\$70,000,000
2011-04-27	Interstate Resources, Inc.	New	Corrugated Boxes (wax coated)	\$13,000,000
2011-01-13	DHL Global Forwarding USA	Expansion	Distribution	

**Lexington County has an unemployment rate of 5.1%, well below the national average of 6.6%. (As of 3/17/2014).**

#### LEGISLATIVE INFORMATION:

Adoption of the Conference Report 1/21/14	3rd Reading 2/27/2014	3rd Reading 3/13/13 - Failed	Reference note below
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		S.22	H.3945	S.53	S. 21
	<b>SENATE - Lexington County</b>	<b>DOA</b>	<b>Ethics</b>	<b>Sup. of Edu</b>	<b>ABF</b>
R	John Courson	Y	Y	Y	
R	Ronnie Cromer	Y	Y	Y	
R	Katrina Shealy	Y	Y	Y	
D	Nikki Setzler	Y	Y	N	
R	Shane Massey	Y	Y	Y	

Adoption of  
the  
Conference Report  
1/21/14

Passage  
of the bill  
4/30/13

Adopted  
Res.  
4/9/13

		S.22	H.3945		H. 3
	<b>HOUSE - Lexington County</b>	<b>DOA</b>	<b>Ethics</b>	<b>Sup. of Edu</b>	<b>ABF</b>
R	Todd Atwater	Y	Y		Y
R	Nathen Ballentine	Y	Y		Y
R	Kenny Bingham	Y	Y		Y
R	Chip Huggins	Y	Y		Y
D	Russell Ott	Y	N/A		N/A
R	Kit Spires	Y	Y		Y
R	Mac Toole	Y	Y		Y

**Notes:**

**ABF:** S.266 - On the Senate calendar. Gregory - has fought multiple times. Leatherman's continues to fight

**Ethics:** Sen: Bright and Bryant are the 2 Senators that voted against Ethics - 3rd Reading.

House: Bedingfield, Chumley, Delleney, Felder, Moss, Norman, Pitts - voted against the passage of Ethics  
Bannister amended on 3rd with a strike and insert of new language which did not include independent inves

**Sup. of Edu:** Leatherman and O'Dell voted against. Matthews voted present. Sheheen, Lourie and McElvee

**Background Information – in case asked about these items**

**Funding Formula**

- Change by grade levels
- There are no losers
- Accounts for poverty

**= 20% + per student free/reduced/Medicaid**

= 20% more for low English proficiency

= more for individual learning = gifted & talented

= more for adult education, ages 17-21 pursuing degree or GED

**\*will allow more \$ in classroom**

= 100 Million redirected in schools based on poverty

## Reading

42<sup>nd</sup> among states 4<sup>th</sup> grades scoring at or above basic National Assessment

Not reading by 3<sup>rd</sup> grade = 4x less likely to graduate

**\*\$30 million invested in reading**

Reading coach in every elementary school

**Summer camps - \$6 million**

FL found to increase proficiency substantially in 2 years

**\$5 million professional development**

## Technology

Education technology has strong positive effects on student achievement

**\*1<sup>st</sup> in a multi-year commitment - \$30 million unprecedented investment in technology**

**In addition to \$10 million already there**

Improve bandwidth to schools

Wireless connectivity in schools

1 to 1 technology

**\$12 million digital instructors**

**\*\$4 million professional development**

## Charters

63% of kids are in poverty

27% growth in enrollment

**Increase cost per student brick \$350+ per, virtual \$200+ per student**

**\$4 million loan program**

**\$750k, 10 more virtual teachers**

## Transportation

Here are some general transportation talking points:

- **I will veto any bill that comes to my desk that raises the gas tax.** Raising taxes isn't the answer to our transportation problems now, and it won't be in the future. The fact is cars are becoming more fuel efficient, and over time demand for gas will decrease, as will gas tax revenues.
- The fact is this – every year, I present a balanced budget to the General Assembly at the beginning of the Legislative session. This budget considers education, public safety and health, and provides tax and debt relief for the citizens of our state. **By the end of the legislative session, there is on average \$106 million more in recurring revenue than was available for my budget. So what we have proposed is to spend most of this additional growth on infrastructure.**
- We can fund our roads by prioritizing spending, and every year I have provided initiatives that do just that. **Last year, through the use of vehicle sales-tax revenues and general funds, we put together a transportation package worth over \$1 billion to our state roads over 10 years.** This funding will provide new capacity for our roads, fix existing bridges, and free up existing revenues for maintenance and resurfacing.
- Another thing we know is that our state highway system is large and fragmented, particularly when you consider the size of our state and population.

## SC Commerce

Since January 2011:

**Announced Jobs: More than 44,000 (44,869)**

**Announced Capital Investment: More than \$11 billion (\$11.079 announced)**

Note: Job totals in the above table include retail announcements from 2011.

- In total, since 2011 we have announced 334 projects statewide **(of these 196 are expansions and 138 are new companies)**.
  
- **Our jobless rate has dropped to a new, nearly 6-year low, 6.4% in January 2014, which for second consecutive month since January 2001 is lower than the national average (6.6%). (As of 3/17/2014)**
  
- January is the eighth consecutive month where the unemployment rate has decreased in South Carolina (last month's press release said 4 months, but the Bureau of Labor Statistics recently revised their prior reports)
  
- **6.4 percent unemployment is the lowest since June 2008**
  
- **In addition, over two million South Carolinians were employed in January, the highest level in the state's history.**
  
- Since 2011, foreign-owned firms have generated 15,900 jobs and \$7.12 billion in capital investment (announced projects only).
  
- Commerce's project pipeline has grown this year and about 40% of them are international projects.
  - **South Carolina's manufacturing industry experienced a more than 18% increase in output from 2010 to 2012.**
  
  - **South Carolina has one of the fastest growing economies in the U.S.** and has one of the fastest growing manufacturing sectors in the region and nation, according to a recent report released by the U.S. Department of Commerce's Bureau of Economic Analysis (BEA).

### **South Carolina Bragging Points**

- South Carolina leads the U.S. in foreign-affiliated job recruitment per capita, ranking above Texas and North Carolina.
  
- **South Carolina ranks No. 1 in exports of tires**, holding nearly 30 percent of the share of U.S. made exported tires (third year in a row).
  
- **South Carolina ranks No. 2 in the nation in exports of automobiles.**

- **The Port of Charleston is the eighth busiest** in the nation with **\$63 billion** in cargo value traded across docks.

## Obamacare

- Since 2013, the Obama Administration has announced 15 major implementation delays or extensions for various provisions of Obamacare. (as of 3/8/2014)
- Number of SC citizens that have secured coverage through the Federally Facilitated Exchange: **36,567**. This means they have enrolled, picked a plan, and paid their premium. (as of 3/5/14)
- The 36,567 figure represents 66.95% of the **54,615** individuals that have gotten through the application, eligibility determination, and plan selection process in order to enroll in coverage.
- A few months into Obamacare and we are now sadly confirming what the majority of South Carolinians have suspected all along – that Obamacare isn't free – it's being funded by higher premiums and deductibles and less available health care options.
- And as millions of Americans are having their insurance plans canceled, it is now also perfectly clear that President Obama misled our country numerous times with his claims that individuals and families would be able to keep their plans and doctors.
- No one has fought harder against Obamacare than South Carolina and we will continue this fight until the day Washington gets out of the way and allows us to do what is best for our citizens.
- According to SC DOI, South Carolinians who pay for individual health insurance coverage will pay at least 50 to 70 percent more under Obamacare.
- According to a 2013 report by the nonpartisan Society of Actuaries, under Obamacare, individual medical claims costs in South Carolina will increase 39.9 percent.
- Despite Washington's immense and ongoing failures, the state of South Carolina is working to help our citizens navigate this disaster and will continue doing so until a solution that actually delivers improved health care at a lower cost is in place.

## Support from Charleston Post & Courier Editorial Board, Sunday, January 5, 2014

- The **Post and Courier Editorial Board** cited a multi-year experiment in Oregon and concluded that **my administration's decision to decline Medicaid expansion was the right decision**. Some facts include:
  - "...providing Medicaid to uninsured individuals actually increases their visits to costly hospital emergency rooms by 40 percent - and doesn't improve their overall health"

- “Assessing the effect of the Oregon Health Insurance Experiment on emergency room use, researchers from the National Bureau of Economic Research, Columbia University, the Harvard School of Public Health, the Massachusetts Institute of Technology and the Providence Portland Medical Center compared **emergency room visits by insured and uninsured low-income individuals**. They reported in Science that they found those with **Medicaid** used emergency rooms about **40 percent more often**, with most of their visits classified as "non-emergent" and "primary care treatable.””
  
- This directly contradicts the argument by Obamacare advocates that people with access to affordable health care would use primary care more often and costly emergency rooms less – which was attributed to the assumption that uninsured use emergency rooms mainly because hospitals are required by federal law to treat them whether they can pay or not.
  
- “Even more discouraging to the prevailing theories of Obamacare, the researchers found that the Medicaid patients, compared to the uninsured, did not show improved health in tests for medical conditions like hypertension, diabetes and cholesterol that should improve with proper care. “

## Medicaid Growth

- **History from the SFY2011 budget deficit we inherited to the SFY2015 proposed budget:**
  - Appropriation/Executive Budget increased \$1.11B (19.3%), an annualized rate of 4.5%
  - Actual expenses are expected to increase \$995.58M (16.9%), an annualized rate of 4.0%.
    - This compares favorably to latest annual growth in National Healthcare Expenditures in 2012 of 3.7% even though we have had to make up ground for significant enrollment “eligible but unenrolled”
  - Member months are expected to increase 3.67M (32.8%), an annualized rate of 7.3%, mainly due to enrollment of “eligible but unenrolled”
  
- **Primary reason for growth is coming from “eligible but unenrolled”**
  - Previous legislatures set enrollment policy above federal minimums, for example:
    - Eligibility raised for children to 200% FPL in 2008. *ACA locked this into place until 2019*
    - Eligibility raised for pregnant women to 185% FPL in 1998. *ACA locked this into place permanently*
  - ACA expected to drive enrollment of “eligible but unenrolled” due to federal marketing, federal exchanges and employer and personal mandates
    - DHHS and legislature agreed to slowly “step-up” to expected levels of 2014 enrollment to avoid a steep spending cliff
    - SFY14 ACA enrollment projections decreases by 772 thousand because of healthcare.gov website problems and delays in implementation of employer mandate, minimum essential health

- o plan requirements and new data from other states enrollment increase experiences

- **Per member per month costs have been lower than budgeted (2013) or on target (2014)**

Reserves

- **DHHS directed to increase cash reserve of *at least 3%* of budget (\$206 million in SFY2015)**

- o 3% is well below the average reserve of 10% for Medicaid health plans (Milliman analysis of more than 70 Medicaid health plans)
- o 3% is approximately 11 days of Medicaid operations if we could not pull down federal match, 36 days with federal match.
- o Cash reserves in all DHHS accounts being reported to Legislature for first time on a regular basis to ensure transparency

- **End of SFY13 cash reserve available for use was \$369 million, and projected year ends for SFY14 and SFY15 are \$490 million and \$383 million respectively**

- o Surplus was generated in SFY13 due to lower per member per month cost and in SFY14 is projected to increase due to lower than expected enrollment
- o Reserve account will decrease in SFY15
  - For first time DHHS including funds accrued in certain earmark accounts as usable as a “source of funds” which reduces need for state general funds
  - DHHS removed “recurring surplus” from the base in 2015.
  - Excess reserve funds will be used to help step-down one-time funds for recurring expenses currently in the budget

Reasons not to accept Obamacare Medicaid expansion

- **Medicaid expansion will cost between \$600m and \$1.9B state funds between 2014 and 2020. We shouldn't be making new promises to new groups when we are still working to meet our current commitments to our current populations whom are the most vulnerable**

- o Enrolling eligible but unenrolled
  - Enrolled over 100,000 very poor children last year with express lane and received national best practice recognition and \$17 million performance bonus
- o Making sure provider payments are competitive so providers accept Medicaid
  - Our acceptance rate of 84% is among the best in the nation
- o Reducing waiting lists for individuals living with disabilities
  - No waiting lists for elderly disabled waiver
  - HASCI waiver waiting list in process of being reduced by 50%
  - New request to reduce intellectual disability waiting by at least 1400 in SFY2015
- o Ensuring that for those eligible individuals the legislature has determined are a priority that benefits address their significant health issues
  - Recognized obesity as a disease in CY2013

- Proposed preventive dental benefit for adults in SFY2015
- Requested funding for enhanced adult screening in SFY2015

□ **Expanding Medicaid is Not Reforming our Health System:**

- Medicaid expansion does not address root causes of health issues. 80-90% of health is driven by poverty, poor education, diet, lack of exercise, homelessness, broken social supports
  - The Institute of Medicine and others are concerned that ever-increasing spending on health programs diverts money from these important social concerns that drive health the most
  - For the first time in 2009 US states spent more money on health care than they did on K-12
- Flooding the health care system with more funding takes away health provider incentives to improve care and lower costs
  - We need the health system focused on the tens of thousands of hard to reach, hard to treat chronically ill uninsured – not the hundreds of thousands of healthy uninsured that would be enrolled under Medicaid expansion
- Medicaid expansion does not fundamentally address root causes of increasing prices (increased utilization of high price services, no price transparency/consumer engagement)
- There still is a fundamental shortage of providers
  - According to a recent survey by Merritt-Hawkins fewer doctors are now accepting Medicaid: 45.7 percent of physicians surveyed take Medicaid patients, down from 55.4 percent in 2009

□ **Federal Expansion Bonus Money May Not Last:**

- Medicare Trustee Charles Blahous: “states must also consider the likelihood that federal financing support may ultimately be reduced from current schedules, shifting additional costs to states”
- President Obama has repeatedly unilaterally changed the law when politically necessary. Many ACA funding mechanisms and programs have not materialized, or have been delayed.

□ **Medicaid Expansion is Not a Jobs Plan:**

- “The goal of improving health and economic well-being does not go hand in hand with rising employment in health care. It is tempting to think that rising health care employment is a boon, but if the same outcomes can be achieved with lower employment and fewer resources, that leaves extra money to devote to other important public and private priorities such as education, infrastructure, food, shelter, and retirement savings.” (Source: The Health Care Jobs Fallacy, Katherine Baicker, Ph.D., and Amitabh Chandra, Ph.D., N Engl J Med, June 28, 2012)

□ **The “Arkansas” plan, and those similar to it, is Medicaid expansion – plain and simple**

- It expands Medicaid funding to the same number of people as “regular” expansion

- The Arkansas plan is actually more expensive than traditional Medicaid expansion
  - It pays premiums for the healthy expansion population to go into private exchanges – exactly the opposite of what a self-insurer like the state should do
    - CBO recognizes this is more expensive but says the extra cost will be offset by the increased purchasing power of the exchanges to lower reimbursement rates
  - It keeps the “sick” expansion population in traditional Medicaid
- Other “alternative” expansion plans use tricks to justify expanding
  - Iowa will eliminate non-emergency transportation for one year as a “pilot” which also helps CBO score it as revenue neutral
    - Our providers consider transportation as one of the biggest barriers to good care
  - To get expansion passed Michigan law requires that the state receive from CMS a waiver to place 4-year individual limits on the expansion population in Phase II of the two-phase expansion law
    - CMS has already forbid this in another state and Michigan lawmakers know they will not be able to repeal expansion even when their request is denied

## □ **The dollars associated with DSH are not “disappearing”**

- The national DSH cap was originally scheduled to be reduced by approximately half by 2019
  - What has not been reported is that under current guidelines these reductions would expire in 2021
  - States that don’t expand will actually have their DSH caps reduced less than the national average because they will have more people not covered by Medicaid
- The Obama administration has already eliminated year one of the reductions and delayed payment of year two until year three
  - There is no reason to believe that these reductions won’t be further delayed or eliminated as 30 million Americans will still be uninsured even if the ACA works perfectly
- Even in non-expansion states, the need for DSH should decline as more uninsured gain coverage through exchanges or the “eligible but unenrolled” enroll in Medicaid
- Even if the DSH cap is reduced, we still have the state match which may be redirected toward increasing reimbursements for hospitals, Upper Payment Limit programs, etc. The money can stay in the system

What South Carolina is doing

### ● **South Carolina is focused on meeting our commitment to our *current* Medicaid population**

- Enrolling eligible but unenrolled
  - Enrolled over 100,000 very poor children last year with express lane and received national best practice recognition and \$17 million performance bonus
- Making sure provider payments are competitive so providers accept Medicaid
  - Our acceptance rate of 84% is among the best in the nation
- Reducing waiting lists for individuals living with disabilities
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- New request to reduce intellectual disability waiting by at least 1400 in SFY2015
  - Ensuring that for those eligible individuals the legislature has determined are a priority that benefits address their significant health issues
    - Recognized obesity as a disease in CY2013
    - Proposed preventive dental benefit for adults in SFY2015
    - Requested funding for enhanced adult screening in SFY2015
- **The South Carolina Healthy Outcomes Program is focused on finding the uninsured most in need of services and connecting them *meaningfully* to health care services**
  - The Healthy Outcomes Program is focused on finding 8511 chronically-ill, uninsured, high-ER utilizers and connecting them with a Medical Home
  - Many new arrangements between hospitals, primary care safety net clinics and behavioral health have been formed as a result of HOP
    - 100% participation from 58 SC Medicaid-designated hospitals leading to 46 HOPs Partnerships
    - 58 Hospitals and 68 Primary Care Safety Net Providers (FQHCs, RHCs, Free Clinics) partnered at 104 sites
    - 19 participating Behavioral Health Clinics (DMH, DAODAS)
  - To-date, about 20% of the target population has been enrolled. Hospitals are finding out that connecting to the people most in need is not as simple as just giving them a Medicaid card.
    - Problems include bad contact information, patients not wanting to give information, patients not wanting to engage, identifying patients in the hospitals systems
    - A third of hospitals have met less than 10% of their target
  - The population is very vulnerable
    - The population enrolled has a very high incidence of mental illness. 73% screened as high-risk
    - About 40% of the population screened has scored as low “engagement” with their own health
  - Successful HOP programs are:
    - Spending considerable time connecting with patients, educating them about the program and “letting them know we care”
    - Closely coordinating between the hospital and the Medical Home
    - Waiving co-pays at primary care safety net clinics
    - Connecting patients to WeVista
    - Ensuring proper follow-up care after hospital and ER discharge
    - Visiting patient homes to look for and fix non-health care related barriers to health
    - Implementing systems to quickly identify HOP enrollees – including HOP identification cards
- **South Carolina DHHS is one of only several states implementing a demonstration project for Medicaid-Medicare dual eligibles – 40 to 50 thousand of our most vulnerable and expensive beneficiaries**
  - Every dual eligible will be managed in a multi-disciplinary care team led by their personal physician

- There will be incentives for nursing homes to keep people from being admitted to hospitals and to use less expensive home and community based services where appropriate

- **South Carolina DHHS is aggressively working towards better transparency in health care pricing and quality**

- SCDHHS recently released phase one of its transparency web-site which provides in-depth hospital financial data. Similar data for FQHCs will be published next
- Phase II will launch pricing data for common procedures from Medicaid, PEBA and hospital charge masters in March

- **South Carolina DHHS is implementing strategies to receive more value for its graduate medical education spending.**

- A recent task-force of teaching hospitals CEOs, medical school deans and consumers, chaired by Fred Carter, made several recommendations including

- Expand effective existing programs and develop initiatives shown to be successful for recruiting more students from rural and underserved areas into college pre-med and advanced practice professional programs
- Collaborate with the deans of the state medical and osteopathic colleges in facilitating the admission and medical school support of students likely to practice primary care and serve in rural and underserved areas
- Create new graduate medical education residencies in family medicine and other primary care specialties that are critically needed in the rural and underserved areas of South Carolina
- Collaborate with state teaching hospitals to expand GME residencies to include more extensive practice opportunities in community-based health organizations
- Broaden the scope of existing GME funding to promote and expand the use of telemedicine, support education of advanced practice professionals such as physician assistants and nurse practitioners and enhance programs to recruit and retain physicians, PAs and NPs in medically underserved areas
- In coordination with existing programs, develop a data collection and assessment system to evaluate the effectiveness of GME and STP payments and other “physician pipeline” support programs in meeting statewide health care workforce needs
- Using a phased-in approach targeting up to 15% of GME and STP payment funding toward meeting physician workforce goals as outlined in the recommendations presented

## **BACKGROUND:**

The South Carolina Specialty Food Association is the only statewide organization dedicated to promoting the best specialty food products available in the Palmetto state.

As specialty food sales continue to climb at the national level, SCSFA is evolving to meet the growing needs of its members. The non-profit association seeks to further the development and awareness of the South Carolina specialty foods industry through:

- Education
- Networking
- Peer support/mentoring
- Promotions

For 20 years the South Carolina Specialty Foods Association has helped farmers, producers and retailers across the state grow their businesses through joint marketing programs, promotional campaigns and technical assistance.

A non-profit association, SCSFA is headquartered in Columbia and works in conjunction with the South Carolina Department of Agriculture.

SCSFA is governed by a board of directors that reflects the diversity of its membership. Regional meetings are held quarterly in the lowcountry, midlands and upstate areas and are open to all members.

**ATTENDEES:**

<b>First</b>	<b>Last</b>	<b>Business name</b>
Barry	Bessinger	Barry's South Carolina Style BBQ Sauce
Diane	Bessinger	Barry's South Carolina Style BBQ Sauce
Chris	Walker	Blue Moon Specialty Foods
Tommy	Thompson	Busy Bee Honey
Wendell	Bedenbough	Canebrake Farm
Sabrina	Manning	Canebrake Farm
Jo	Jackson	Carolina Crunch
David	Jackson	Carolina Crunch
Donna	Sieman	Carolina Parakeet
Randi	Zungoli	Carolina Parakeet
David	Locke	Carolina Parakeet
Sandy	Reddy	Carolina's Harvest
Joe	Reddy	Carolina's Harvest
Garnette	Tuten	Charleston Spice Company
Caitlin	Tuten-Rhodes	Charleston Spice Company
Carol	Rice	Charleston Tea Plantation
Jane	Knight	Charleston Tea Plantation
Ann	Nault	Chef Ann's
Belinda	Smith-Sullivan	Chef Belinda Spices
Linda	Douglas	Chocolates & Sweets
Billy	Douglas	Chocolates & Sweets
Charles	Crouch	Chucky's LLC
Karen	Crouch	Chucky's LLC
Brad	Mallett	Coastal Coffee Roasters
Rachel	Mallett	Coastal Coffee Roasters
David	Saidat	CocoBon Chocolatier
Beth	Madden	Container Resources
Craig	May	Container Resources
Faith	Keppler	Cookie Chick
Agata	Chydzinski	Cromers P-Nuts
Lynn	Willis	Cromers P-Nuts
Debbie	Gillis	Dad's Recipe
Ronnie	Gillis	Dad's Recipe
Gerd	Faulstich	Deli Korner (The)
David	Roberts	DER Kitchen
Julie	Emory	DER Kitchen
Heidi	Black	Faithful Foods
Shirley	Sease	Farmer's Shed (The)
Carrie	Dalton	Farmer's Shed (The)
Bert	Shuler	Five Rivers Market
Drew	Shuler	Five Rivers Market
Katherine	Frankstone	Grey Ghost Bakery
Manning	Frankstone	Grey Ghost Bakery
Mike	Mooney	Jimbo's Lowcountry Foods
Judy	Thornton	JuJu's Gourmet, LLC
Loretta	Mitchum	JuJu's Gourmet, LLC
Rabbi	Schochet	Kosher Savannah
Abigail	Mitchell	Kuka Juice
Lavanya	Sabin	Lavanyas House
Betsy	Young	Lavanyas House
Amy	Gibson	Lube Man Mark's Meat Lube

Mark	Gibson	Lube Man Mark's Meat Lube
John	Brunty	Marketspace
Ron	Moore	Moore Foods, LLC dba Moore Himalayan Salt
Mary	Sparrow	Mother Shucker's
Fred	Monk	Mother Shucker's
David	Stone	MPI Label Works
Jacob	Nagy	Nagy Technical Services
Sharon	Reeck	Natu Café
Neita	Wiese	Neita's Vinaigrette
Sarah	Graham	Neita's Vinaigrette
Joe	Watson	Nut House / Watson Farm
Carolyn	Boatwright	Nut House / Watson Farm
Marvin	Russ	Old Plantation
David	Garrison	Old Plantation
Kyle	Brown	Oliver Pluff & Company
Nick	Morris	PCA - Packaging Corp of America
Nancy	Price	Price Specialty Foods
Jay	Dahlgren	Private Label, USA
Bethe	Dahlgren	Private Label, USA
Sallie	Dent Porth	Sallie's Greatest
Sally	Conner	Sally's Famous Gourmet Foods
Rick	Conner	Sally's Famous Gourmet Foods
Carolyn	Hodge	Savor the Flavor
Jay	Hodge	Savor the Flavor
Marie	Rackus	Sea Island Coastal Products
Robin	Rhea	Slather Sauce
Lana	Stine	Slather Sauce
Kirstin	Hunt	Southern Season, Inc
Brent	Shumpert	SW Shumpert Ice Cream
Brooke	Shumpert	SW Shumpert Ice Cream
Ted	Chewning	Sweet Bay Sausage Company, LLC
Susan	Chewning	Sweet Bay Sausage Company, LLC
Jane	Jarahian	Sweetery (The)
Steve	Jarahian	Sweetery (The)
Lillie	Gives	Tasty Treats
Bobby	Gives	Tasty Treats
Gordon	Carle	TAVI
Linda	Carle	TAVI
Tina	Colarossi	TLC Confections and Gifts
Tom	Atyeo	Trio Foods
Clint	Wright	Trio Foods
Albert	Johnson	Uncle Albert's Famous BBQ Sauce
J.B.	Little	Uncle Albert's Famous BBQ Sauce
Nikki	Haley	Governor
Greg	Davis	SC Department Commerce
Pete	Oliver	SC Small Business Development Centers
Jackie	Moore	SCDA
Connie	Garvey	SCDA
Elizabeth	Shuler	SCDA
Hugh	Weathers	SCDA
Kelly	Coakley	SCDA
Casy	Pash	The Original Six Foundation

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