

From: Baker, Josh <JoshBaker@gov.sc.gov>
To: Veldran, Katherine <KatherineVeldran@gov.sc.gov>
Date: 9/29/2014 1:34:24 PM
Subject: RE: LabTech

Katherine,

The proviso is fairly straightforward; it mandates that managed care organizations under contract with HHS apply an in-state preference for diagnostic laboratories. Provisions that place mandates on state procurements not related to performance or value, such as this one does, have generally not been viewed favorably by this administration or cabinet agencies.

This proviso is somewhat unique in the fact that it does not address the relationship between DHHS and a vendor, but rather goes deeper to address the relationship between two private parties – the primary vendor and one of its service providers. Given that DHHS' contract with any MCO limits the state's financial liability, any financial downside of such mandates will be borne in the short-term by the MCO and in the long-term by the state as MCOs demand higher rates to account for risks associated with state micromanagement of their procurements.

All previous matters aside, DHHS believes that federal statutes require that both they and sub-grantees conduct procurements in a manner that prohibits the use of such in-state or local preferences (45 CFR Section 92.36).

Let me know if I can be of further assistance.

Josh

From: Veldran, Katherine
Sent: Monday, September 29, 2014 12:45 PM
To: Baker, Josh
Subject: FW: LabTech

Can you pull the proviso reference below and if you have any background information?
Thanks, KV

From: Bryant, Kevin [<mailto:kevin@kevinbryant.com>]
Sent: Friday, September 26, 2014 4:47 PM
To: Veldran, Katherine
Subject: LabTech

Hello Katherine,
Good to speak with you today.

Joseph Labosh with LabTech and Henry Jordan have asked for a meeting with Gov. Haley. Joseph owns LabTech, the diagnostics lab in Anderson. The budget proviso that I put in concerning Lab Diagnostics and Medicaid was for them. DHHS disagreed with the proviso which led to its removal in Conference.

Thanks for your consideration. Have a great weekend.

Sincerely,
Kevin

Kevin L. Bryant
SC Senate District 3

104-A North Avenue
Anderson, South Carolina 29625
c-864.202.8394
www.kevinbryant.com