

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Singleton</i>	DATE <i>11-21-14</i>
------------------------	-------------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000123</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Cleared 1/6/15, letter attached.</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>12-5-14</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.			

## Brenda James

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**From:** Cynthia Gore  
**Sent:** Friday, November 21, 2014 2:23 PM  
**To:** Brenda James  
**Subject:** FW: Letter  
**Attachments:** Select-Palmetto Letter 112014.pdf; ATT00001.htm; Contract between Select Health of South Carolina and Palmetto Health to end.docx; ATT00002.htm

Brenda, please log this. Thanks

---

### Cynthia Gore

Executive Assistant II

[Cynthia.Gore@scdhhs.gov](mailto:Cynthia.Gore@scdhhs.gov)

803.898.3202

1801 Main Street, 11th Floor

Columbia, South Carolina - 29201

[www.scdhhs.gov](http://www.scdhhs.gov)



SOUTH CAROLINA

Healthy Connections  
MEDICAID



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**From:** Deirdra Singleton  
**Sent:** Friday, November 21, 2014 2:11 PM  
**To:** Nathaniel Patterson; Stephen Boucher  
**Cc:** Cynthia Gore  
**Subject:** Fwd: Letter

Fyi. Cynthia pls log. Thanks

Sent from my iPhone

Begin forwarded message:

**From:** <[SCOTT.GRAVES@bluechoicesc.com](mailto:SCOTT.GRAVES@bluechoicesc.com)>  
**Date:** November 21, 2014 at 2:01:37 PM EST  
**To:** <[Singled@scdhhs.gov](mailto:Singled@scdhhs.gov)>  
**Subject:** Letter

Good afternoon Deirdra,

Please find attached a letter that I am mailing hard-copy to you today as well. Thanks.

Scott Graves  
President and COO



November 20, 2014

Deirdra T. Singleton  
Deputy Director for Health Services  
South Carolina Department of Health & Human Services  
PO Box 8206  
Columbia, SC 29202-8206

Dear Deirdra:

I am writing to express our concerns about the Department's decision to allow First Choice by Select Health (Select) to terminate its contract with Palmetto Health hospitals and physician practices but continue an arrangement whereby Palmetto Health continues to see the plan's pediatric patients. By virtue of this decision, the Department is allowing Select to shift its higher risk adult population in the three-county area to its competitors, while retaining the healthier and therefore lower-cost child and adolescent membership. The Department's decision to allow an open enrollment period for the affected members is little solace to the other managed care plans that will end up absorbing the adult membership jettisoned by Select and assuming the higher costs associated with this population.

We also understand that Select and Palmetto Health have not executed a written agreement memorializing this new arrangement. It is of great concern to us that the Department would allow Select to inform Medicaid families that they can continue to use Palmetto Health facilities (under certain conditions) without also requiring the parties to enter into a state-approved contract that outlines those conditions, identifies covered services, and establishes a term period for the contract. By approving such an arrangement in the absence of an approved provider contract, the Department appears to be departing from its own contractual requirements.

Our greatest concern is not for the health plans that are affected by Select's efforts to secure an unfair advantage, but for the more than 53,000 Select members who will be affected by this change. In our opinion, the information provided by Select to its members (see enclosed) is both confusing and potentially misleading as to the stability of the network.

Every managed care plan has its network limitations. But these Select families now have to figure out which providers they and their children can see, in which facilities, for which services, and under what conditions. This confusion, coupled with the subsequent need for many Select adult members to find a new plan, places a considerable burden on these families – just to satisfy Select's plan to transfer higher-risk enrollees to other managed care plans. This does not serve these members well. In fact, we believe that Select has shirked its responsibilities to its enrollees to further its own ends.

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In the managed care arena, competition is key to driving innovation that lowers costs and improves lives. Our Healthy Opportunity Greenville program is a prime example. By restricting all members in the county to a selected and trusted network of providers, we've created a system that offers convenience for our members, delivers better health outcomes, and provides significant cost savings.

Innovative programs such as Healthy Opportunity Greenville are designed to be beneficial to all concerned. Select's arrangement with Palmetto Health, on the other hand, allows one population in a particular area to use a provider network while restricting another population in the same area (and often in the same family) from using that same network *solely to minimize the plan's risk*. This benefits no one but the plan.

The MCO Contract states that if a plan declines to include individual providers or groups of providers in its network, it must provide the Department with written notice of the reason for its decision. If Select provided such notice, we would ask that the Department review Select's rationale and reconsider its decision to allow this arrangement in light of the objections outlined above.

If the Department chooses not to reverse its decision, we respectfully request that you take immediate action to mitigate the negative effects of this situation by extending the open enrollment period for the affected Select members. We further request that Select be required to notify its membership of the actual network status, both now and over the balance of 2015, so the affected families can make appropriate decisions regarding their health care providers within the open enrollment period.

The Department has an obligation to ensure that all of South Carolina's Medicaid managed care plans are operating on a fair and level playing field and playing by the same rules. As a courtesy, I chose to bring our concerns to you directly before engaging the other plans and provider groups impacted by Select's actions. I am available at your convenience to discuss this further and hopefully bring the situation to a satisfactory conclusion. Please feel free to call me at 803-382-5114.

Respectfully submitted,



Scott Graves  
President and COO  
BlueChoice HealthPlan

Encl.

# Contract between Select Health of South Carolina and Palmetto Health to end

As of Dec. 1, 2014, Palmetto Health-owned hospitals and physician practices (Palmetto Health) will no longer be a part of the First Choice network. As a result, these hospitals and doctors will no longer be available except for the following reasons:

- You may still use Palmetto Health for emergencies
- University Specialty Clinic providers will stay in the First Choice network
- University Specialty Clinic providers will still see First Choice members at Palmetto Health clinics and will admit patients to Palmetto Health facilities
- Palmetto Health will continue seeing pediatric patients admitted by First Choice network providers

If you wish to use a Palmetto Health hospital or provider and do not meet one of the above exceptions, you will need to switch to another Medicaid (Healthy Connections) health plan between Nov. 1, 2014, and Feb. 19, 2015. Your Healthy Connections Medicaid will not stop. You will continue to get Medicaid benefits.

For the Healthy Connections options in your area, please call South Carolina Healthy Connections Choices at 1-877-552-4642 by Feb. 19, 2015. When calling, please have your Healthy Connections ID number and the names of your doctors.

First Choice continues to have a large network of providers in your area. As a First Choice member, we will help you find another hospital or doctor to meet your health care needs. Please call First Choice Member Services at 1-888-276-2020.

Response attached 11/6/15

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

**RECEIVED**

NOV 25 2014

Department of Health & Human Services  
Office of Health Programs

**ACTION REFERRAL**

TO <i>Singleton / Patterson / Borell</i>	DATE <i>11-21-14</i>
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Scott Graves  
President and COO



## Medicaid



November 20, 2014

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Deputy Director for Health Services  
South Carolina Department of Health & Human Services  
PO Box 8206  
Columbia, SC 29202-8206

Dear Deirdra:

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We also understand that Select and Palmetto Health have not executed a written agreement memorializing this new arrangement. It is of great concern to us that the Department would allow Select to inform Medicaid families that they can continue to use Palmetto Health facilities (under certain conditions) without also requiring the parties to enter into a state-approved contract that outlines those conditions, identifies covered services, and establishes a term period for the contract. By approving such an arrangement in the absence of an approved provider contract, the Department appears to be departing from its own contractual requirements.

Our greatest concern is not for the health plans that are affected by Select's efforts to secure an unfair advantage, but for the more than 53,000 Select members who will be affected by this change. In our opinion, the information provided by Select to its members (see enclosed) is both confusing and potentially misleading as to the stability of the network.

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Innovative programs such as Healthy Opportunity Greenville are designed to be beneficial to all concerned. Select's arrangement with Palmetto Health, on the other hand, allows one population in a particular area to use a provider network while restricting another population in the same area (and often in the same family) from using that same network *solely to minimize the plan's risk*. This benefits no one but the plan.

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Respectfully submitted,



Scott Graves  
President and COO  
BlueChoice HealthPlan

Encl.

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**Medicaid**

November 20, 2014

Deirdra T. Singleton  
Deputy Director for Health Services  
South Carolina Department of Health & Human Services  
PO Box 8206  
Columbia, SC 29202-8206

**RECEIVED**

DEC 01 2014

Department of Health & Human Services  
Office of Health Programs

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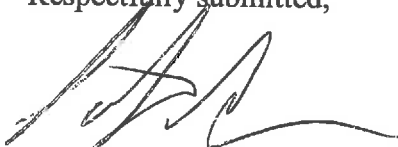
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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'SG', with a long horizontal flourish extending to the right.

Scott Graves  
President and COO  
BlueChoice HealthPlan

Encl.

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## Cynthia Gore

---

**From:** Courtney Sanders  
**Sent:** Tuesday, January 06, 2015 9:23 PM  
**To:** DANIEL.GALLAGHER@bluechoicesc.com; Scott.graves@bluechoicesc.com; Ries, Gary  
**Cc:** Nathaniel J. Patterson, DrPH; Deirdra Singleton; Bryan Amick; Stephen Boucher; Evan Gessner; Cynthia Gore  
**Subject:** Response to November 20, 2014 Letter submitted to SCDHHS (Deirdra Singleton) by BCHP (Scott Graves)  
**Attachments:** November 20, 2014 Log Letter Response.pdf  
**Importance:** High

Good Evening All,

Please accept my apology for the late email and delivery of the subject letter; we were experiencing some technical difficulties. Attached is the response to the November 20, 2014 Letter submitted to SCDHHS (Deirdra Singleton) by BCHP (Scott Graves). As instructed in the letter if you have additional questions or comments regarding Medicaid Managed Care policies, please contact Nathaniel Patterson by phone at (803)-898-2018 or by email at [pattnat@scdhhs.gov](mailto:pattnat@scdhhs.gov). Your patience exhibited while drafting the response to your letter was greatly appreciated. Thank you so very much and have the best day!

---

### Courtney Sanders

*Administrative Assistant, Health Services*

[Courtney.Sanders@scdhhs.gov](mailto:Courtney.Sanders@scdhhs.gov)

803-898-4614

1801 Main Street

Columbia, South Carolina - 29201-8206

[www.scdhhs.gov](http://www.scdhhs.gov)



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January 6, 2015

Scott Graves, President & COO  
BlueChoice HealthPlan  
PO Box 6170, Mail Code AX-400  
Columbia, South Carolina 29260

Nikki Haley GOVERNOR  
Christian L. Saura SECRETARY  
P.O. Box 8206 Columbia, SC 29202  
[www.scdhhs.gov](http://www.scdhhs.gov)

Re: The November 20, 2014 Letter submitted to SCDHHS (Deidra Singleton) by BCHP (Scott Graves)

Dear Mr. Graves:

This letter serves as a response to the concerns, comments and requests electronically submitted to the South Carolina Department of Health and Human Services (SCDHHS; *heretofore referred to as "Department"*) by BlueChoice HealthPlan (BCHP) on Thursday, November 20, 2014 at 2:11 PM Eastern via email attachment.

The concerns and comments submitted by BCHP involved the following items:

- 1) The status of the contractual relationship between First Choice by Select Health (*heretofore referred to as "Select"*) and Palmetto Health;
- 2) The potential impacts of changes to the contractual relationship between these two parties. Specifically, the effects to the beneficiaries (individuals and families), provider networks and 5 remaining Managed Care Organizations (MCOs);
- 3) The timing of Select's communication of these changes to its affected members; and
- 4) The Department's management of these changes.

The Department's response(s) to the aforementioned concerns and comments are provided below.

- In accordance with Section 6 of the Department's 2014 MCO Contract and 42 CFR § 438.206, Select has satisfied the Department's Provider Network requirements. Specifically, through written agreements, Select has not only established an appropriate Provider Network, it has demonstrated the appropriate maintenance of a Provider Network—one that is sufficient in number, mix and geographic distribution.
- In accordance with Section 5 of the Department's 2014 MCO Contract and 42 CFR § 430.10(f)(5), Select has provided written notice of the termination of its contract with Palmetto Health to each member affected within the required timeframes.
- Importantly, regardless of the contractual relationship between Select and Palmetto Health, all Hospitals are required to comply with the Emergency Medical Treatment and Labor Act (EMTALA) and treat any emergent and/or urgent condition for any beneficiary "who comes to the emergency room", as defined in 42 C.F.R. § 489.24(b).

The requests submitted by BCHIP involved the following items:

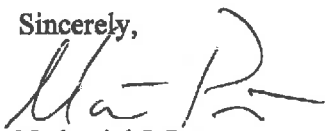
- 1) A Department review of Select's rationale for declining to include individual or groups of providers in its network and reconsideration of the Department's decision to allow the November 23 Select-Palmetto Health arrangement;
- 2) Immediate action be taken by the Department to mitigate the negative effects of this situation by extending the open enrollment period for the affected Select members; and
- 3) Require Select to notify its membership of the actual network status, both now and over the balance of 2015.

The Department's response(s) to the aforementioned requests are provided below.

- In accordance with Section 6 of the Department's 2014 MCO Contract and 42 CFR § 438.206, Select has satisfied the Department's Provider Network requirements. Specifically, through written agreements, Select established and continues to maintain an appropriate Provider Network.
- As stipulated within the 2014 MCO Contract, the Department is responsible for approving and disapproving all MCO Provider Networks. These reviews apply to routine assessments and significant changes to any MCO Provider Network. As such, the Department will continue its evaluation Select's Provider Network throughout the lifespan of this individual MCO-Provider contract termination.
- In accordance with Section 5 of the Department's 2014 MCO Contract and 42 CFR § 430.10(f)(5), Select has provided written notice of the termination of its contract with Palmetto Health to each member affected within the required timeframes. The Department will continue its evaluation of the Select-Palmetto arrangement and facilitate the appropriate operational amendments based on verifiable information.

If you have additional questions or comments regarding Medicaid Managed Care policies, please contact me by phone at (803) 898-2018 or by email at [pattnat@scdhhs.gov](mailto:pattnat@scdhhs.gov).

Sincerely,



Nathaniel J. Patterson  
Program Director, Health Services

cc: Dan Gallagher, Assistant Vice President  
Deirdra T. Singleton, Deputy Director  
Bryan Amick, Program Director  
Stephen Boucher, Program Director  
Evan Gessner, Assistant General Counsel