

SCDHHS Updates

April 24, 2026

Jackson Wilkens Burnaugh, Director of Legislative Affairs

Today's Roadmap

“To be boldly innovative in improving the health and quality of life for South Carolinians”



- **SCDHHS Updates**
- **Recent and Upcoming Policy Changes**
- **Cooperative Agreements**
 - ❖ Transforming Maternal Health
 - ❖ Innovation in Behavioral Health
 - ❖ Rural Health Transformation Program

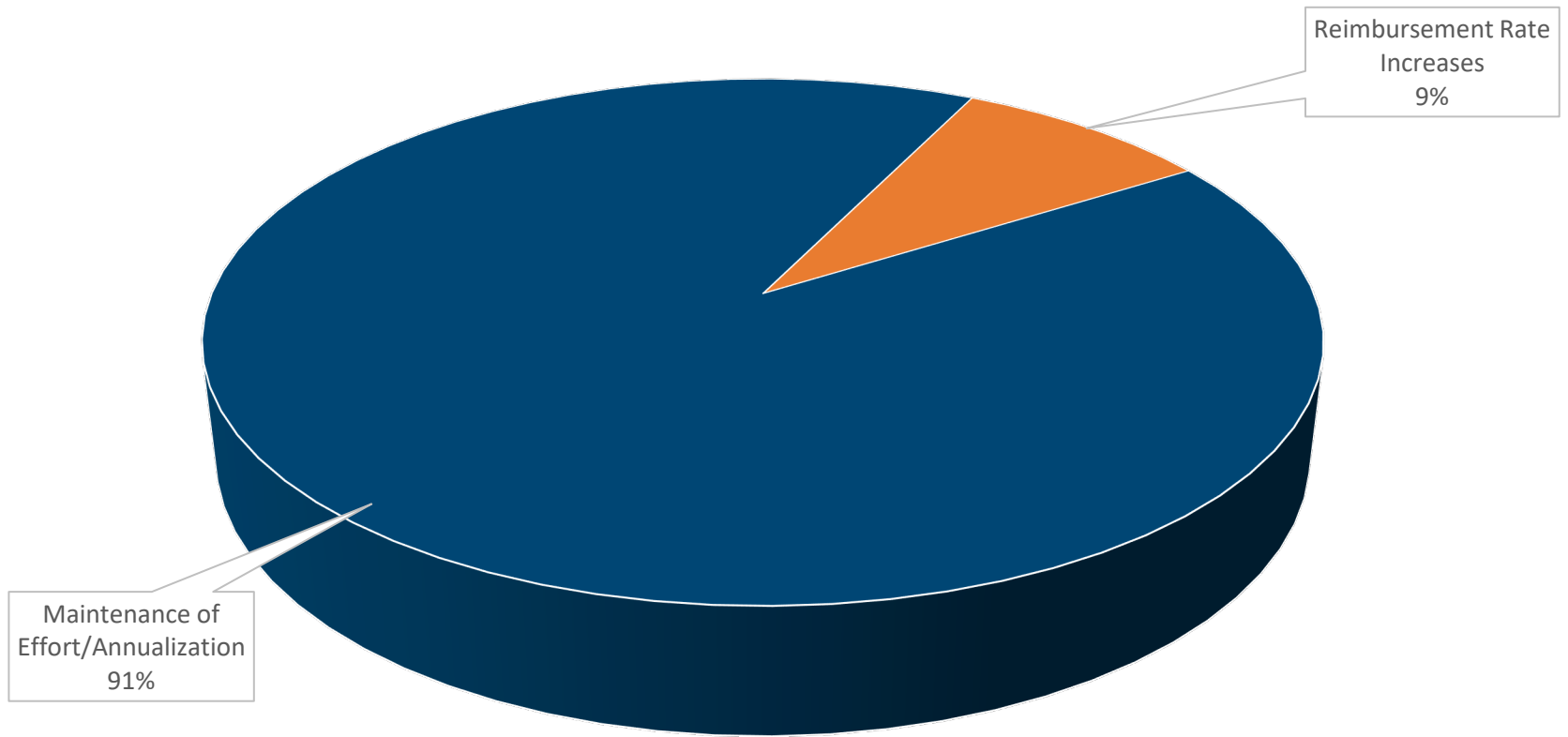


FY 2026-27 Budget Request

Decision Package #	Decision Package	Description	General Funds
1	Maintenance of Effort Annualization	Represents the annualization necessary to keep the program operating at existing service and reimbursement levels. Annualization includes inflationary provider reimbursement pressures and estimated increases in enrollment and utilization. It also accounts for funding changes directed by the federal government to Medicaid programs and decreases in certain other funds revenue sources that require an offsetting source of funding to enable the Healthy Connections Medicaid program to continue operating in its current configuration. Annualization continues to reflect the savings associated with transitioning from multiple managed care-operated preferred drug lists to a single, state-directed list.	\$102,637,899
2	Federally Required Medicare Premiums	Represents the annualization required to fund the Medicaid program's portion of federally mandated Medicare Part A, Part B, and Part D premium increases for dually eligible Healthy Connections Medicaid members.	\$53,088,540
3	Home & Community-Based Services (HCBS)	Represents the annualization within the HCBS waiver programs, as well as new funding to ensure adequate access and quality of care are delivered in the most appropriate and cost-effective setting possible for eligible South Carolinians.	\$47,273,728
	Total General Funds Request		\$203,000,167

Budget Request

Distribution of General Funds Request

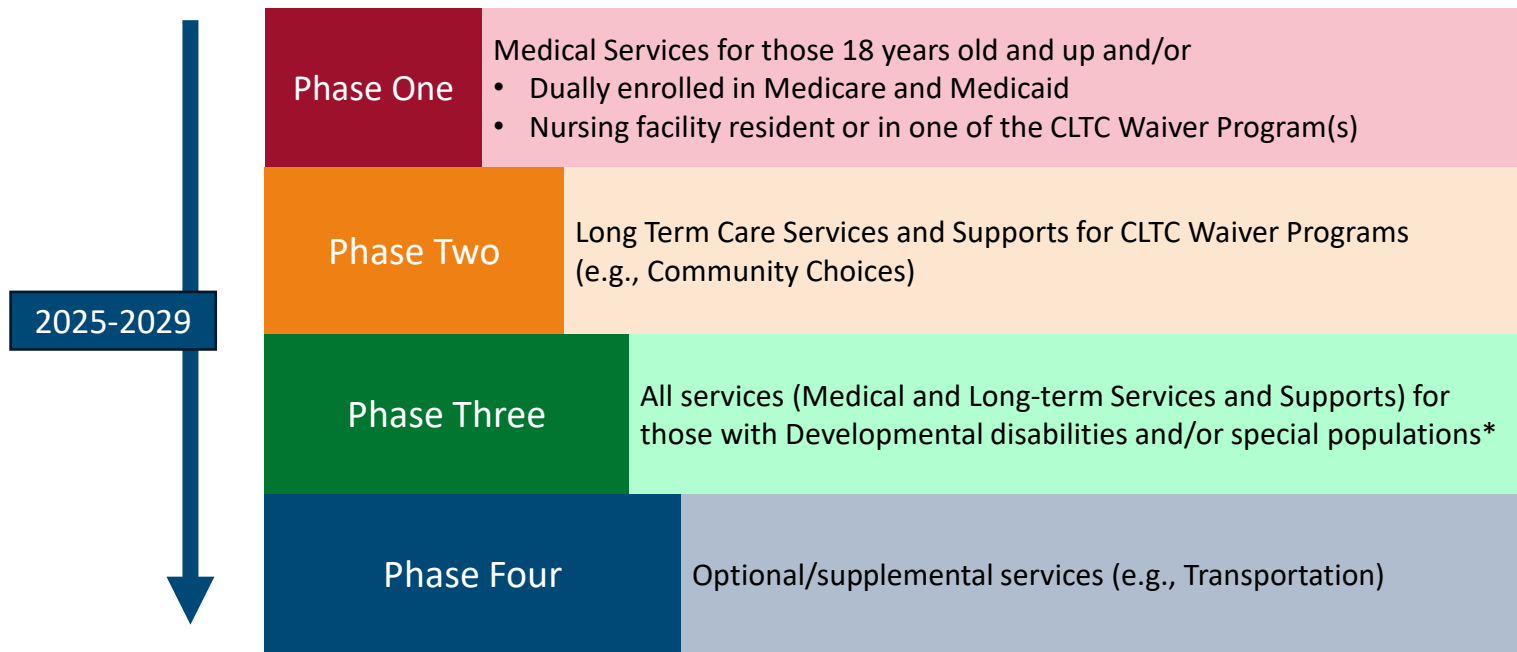


■ Maintenance of Effort/Annualization

■ Reimbursement Rate Increases

MCO Carve-In

“Optimize best practice in Medicaid managed care by completing a transition to near **100% managed care by SFY 2029**”



**Potential for one plan obtained via the procurement process through a request for proposals*

MCO Carve In: Phase One

- Members dually enrolled in Medicare and Medicaid and/or HIV, Ventilatory Dependent, and Community Choices Waiver (Eff. January 1, 2026)
- ~136,000 members moving into managed care
- Medical Benefit only
 - Examples include:
 - Physician
 - Behavioral Health
 - Home Health
 - Durable Medical Equipment (DME)
 - Hospital

Member Experience Spotlight:

- Additional Benefits
- Increased Care Coordination and Social Supports
- Integrated, Whole Person Care

MCO Carve In: Phase Two

- July 2027
- Long Term Care Services and Supports
 - ❖ 3 to 1 Waiver Authority
 - ❖ Streamline 45 distinct services
 - ❖ Alignment of Medicare & Medicaid
- Special Conditions for Continuity of Care

Member Experience Spotlight:

- Additional Benefits
- Streamlined Care Coordination and Social Supports
- Integrated, Whole Person Care

MCO Certification



Graduate Medical Education (GME)

- Existing GME Payment Methodology
 - FFS inpatient and outpatient claims include GME (DME and IME) components in the discharge rates and outpatient multipliers.
 - Managed care claims for outpatient services include the DME component in outpatient multipliers.
- New Resident Positions:
 - Allocations for new resident positions to address physician workforce shortages in practice specialties in statewide supply-and-demand deficit.
 - OB/GYN: 18 positions
 - Family Medicine: 83 positions
 - Pediatrics: 6 positions
 - Psychiatry: 24 positions
 - Internal Medicine: 21 positions

Recent and Upcoming Request for Proposals (RFPs)

- Pharmacy Benefit Services (PBS)
- Medicaid Clinical Data Exchange (MCDE)
 - System to track beneficiary admissions, discharges, and transfers
- Medicaid Recovery Audit Contractor (RAC)
 - Auditing both FFS and MCO utilizing modern tools
- Non-Emergency Medical Transportation (NEMT)
 - Original RFP document updated to address any areas of weakness identified through protest period

Policy Updates

- EPSDT Billing Guidance for Providers
- End-Stage Renal Disease (ESRD) Benefit and Rate Update
- Prostate Cancer Screening
- Enhanced Liver Fibrosis Test
- Anti-Kickback Policy

EPSDT Program Guidance and Billing Process Update

Effective July 1, 2026, SCDHHS will make the following updates and clarification to the Early Periodic Screening Diagnosis and Treatment (EPSDT) program guidance and billing processes:

- Additional clarifying language on EPSDT is being added to each respective provider manual that describes EPSDT services, prior approvals, and general principles included in review of EPSDT claims.
- Medically necessary services that are not otherwise a State Plan service, are coverable under the EPSDT authority for children under the age of 21. These medically necessary services include services not listed on the fee schedule or those that exceed the number and/or the frequency permitted under the State Plan. Providers must request prior authorization for any coverable service filed under the EPSDT authority, except when the service is delivered as an emergency.
- Medicaid service must be medically necessary and must be billed in accordance with standard coding guidelines

ESRD Benefit and Rate Update

- Effective on or after July 1, 2026, SCDHHS will amend the South Carolina Title XIX State Plan to update the reimbursement methodology for ESRD Clinics as follows:

Certain services may be paid outside of the all-inclusive rate their reimbursement methodology is described below. Services not included in the all-inclusive rate are:

- Preventive vaccines (Hep B, influenza, pneumococcal) reimbursed based on the methodology described in Section 13.c.1 Immunization of Attachment 4.19-B.
- Blood and blood processing services, reimbursed based on the methodology described in section 5 Physician Services and section 12.a Prescribed Drugs of Attachment 4.19-B.
- Services rendered via telehealth reimbursed based on the methodology described in section 5 Physician Services of Attachment 4.19-B.
- Services rendered not for ESRD diagnosis such as AKI will be reimbursed at 80% of the CY2025 Medicare PPS.
- Other services will be reimbursed based on the methodology established for a service category as described in the respective section of Attachment 4.19-B.
- In-home dialysis training reimbursed at 80% of 2025 Medicare Fee Schedule

Prostate Cancer Screening Update

- Effective on or after May 1, 2026, SCDHHS is aligning its policy with the SC Legislature's Prostate Cancer Study Committee final report to **lower the recommended prostate cancer screening age from 55 years or older to 50 years old or older.**

Enhanced Liver Fibrosis Test

Effective on or after July 1, 2026, SCDHHS will add coverage of the Enhanced Liver Fibrosis (ELF) test for adults and children 12 years old and older with at least one of the following diagnoses:

- Type II diabetes mellitus
- Chronic hepatitis B (HBV) or chronic hepatitis C (HCV) viral infection.
- Metabolic dysfunction-associated steatotic liver disease (MASLD), including suspicion of advanced metabolic dysfunction-associated steatohepatitis (MASH).
- Alcoholic hepatitis.
- Elevated liver stiffness measurement to rule out compensated advanced chronic liver disease (cACLD).

Anti-Kickback Policy

The SCDHHS Provider Administrative and Billing Manual has been updated to include clarification on the state and federal Anti-Kickback regulatory requirements:

- The South Carolina Medicaid Program strictly prohibits all forms of provider kickbacks and self-referrals. S.C. Code § 44-113-60 expressly bans any remuneration—whether in cash or in kind, overt or covert, direct or indirect—as an incentive or inducement for referring or soliciting patients; any such payment, including referral fees or bonuses, is strictly prohibited.
- Similar to state statutes, 42 USC § 1320a-7b(b) codifies illegal remunerations for health care programs including Medicaid and provides the criminal consequences of such violations under federal law. Violations of either statute may result in administrative, civil, and/or criminal penalties, up to and including program termination and referral to law enforcement authorities.

Cooperative Funding Agreements

Transforming Maternal Health (TMaH)

- \$17 million over 10 years
- A Medicaid and CHIP innovation model developed by CMS to improve maternal health outcomes.
- Focuses on whole-person care before, during, and after pregnancy.
- Emphasizes access and quality through enhanced care delivery and payment reforms.

Innovation in Behavioral Health (IBH)

- \$7.2 million over 8 years
- A value-based care model from CMS focused on improving behavioral health integration in Medicaid and CHIP.
- Targets mental health and substance use disorders (SUDs), particularly for adults with moderate to severe needs.
- Aims to coordinate physical and behavioral health services through community-based care teams.

Working Families Tax Cuts Act (WFTCA)

- WFTCA (Previously the One Big Beautiful Bill Act) was signed into law July 4, 2025
- Eligibility and Enrollment Changes:
 - Provider and Beneficiary Changes
 - Duplicate Enrollment Across States
 - Deceased Files
- Provider Taxes
 - Non-Expansion States: Grandfathered at 6% cap
- State Directed Payments
 - Reductions beginning SFY 2029
 - 10% Annually until at 110% of Medicare
- Other Provisions
 - Some provisions, like implementation of community engagement requirements and biannual redeterminations, apply to expansion states

RHTP Cooperative Agreement

Established under Section 71401 of Public Law 119-21 under the Working Families Tax Cuts Act, also known as the One Big Beautiful Bill Act, on July 4, 2025

Funding spans a five-year period

Federal Fiscal Years (FFYs) 2026-2030

"Supporting rural communities to improve healthcare access, quality and outcomes through system transformation"

www.cms.gov/rhtprogram

RHTP: South Carolina's Notice of Award

Award Details

- Award Amount: \$200,030,252.32
- Funding Mechanism: Cooperative Agreement
- Budget Period: Dec. 29, 2025 – Oct. 30, 2026

Key Conditions

- CMS approval required before drawdown
- Five budget periods; continued funding based on performance and compliance
- Reporting requirements: Quarterly and annual progress reports and financial reports

The Rural Health Transformation Program is supported by the Centers for Medicare & Medicaid Services (CMS) of the U.S. Department of Health and Human Services (HHS) as part of a financial assistance award totaling \$200,030,252.32 with 100 percent funded by CMS/HHS. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement, by CMS/HHS, or the U.S. Government.

FFY26 Priority Projects

Connections to Care	Leveling Up	Wellness Within Reach	Shoring Up to Sustainability
Expanding access via telehealth, digital tools, and IT upgrades	Enhancing chronic care and statewide partnerships	Delivering care to rural areas by removing access barriers	Advancing workforce training and modernizing infrastructure
<i>FFY26: \$75 million</i>	<i>FFY26: \$27 million</i>	<i>FFY26: \$27.7 million</i>	<i>FFY26: \$40 million</i>
<p>Modernize Health IT Infrastructure</p> <p>Expand Remote Patient Monitoring (RPM) & Assistive Technology</p>	Chronic Disease Program Expansion	<p>Mobile Crisis Response</p> <p>Expand Community Care Sites</p>	<p>Facility Enhancements</p> <p>Masterclass Training Series</p> <p>Healthcare Workforce</p>

Key Dates

Activity	Date
Anticipated Posting	4/2/2026
Questions Due	4/16/2026
Application Due	6/1/2026
Award Notification	7/31/2026
Spend Deadline	9/30/2027

Applicant Funding Limits

	Minimum Award Amount	Maximum Award Amount
Connections to Care		
Modernize Health IT Infrastructure		
- System Modification/Upgrades	\$100,000	\$2,000,000
- New/Replacement System	\$5,000,000	\$10,000,000
Expand Remote Patient Monitoring (RPM) & Assistive Technology	\$250,000	\$5,000,000
Leveling Up		
Chronic Disease Program Expansion	\$100,000	\$5,000,000
Wellness Within Reach		
Mobile Crisis Response	\$50,000	\$500,000
Expand Community Care Sites	\$100,000	\$2,000,000
Shoring Up to Sustainability		
Facility Enhancements	\$100,000	\$3,000,000
Masterclass Training Series	\$500,000	\$2,500,000
Healthcare Workforce		
- Physicians	\$75,000/physician	\$275,000/physician
- APRNs and PA	\$37,500/APRN or PA	\$62,500/APRN or PA

Questions or Comments

Email: grants@scdhhs.gov

Website: www.scdhhs.gov/rhttp



