



# Community Engagement Section 1115 Demonstration Waiver Application

Governor Henry D. McMaster

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## SECTION 01: BACKGROUND

The South Carolina Department of Health and Human Services (SCDHHS) is the single state agency responsible for administering the joint state-federal Title XIX Medicaid and Title XXI Children’s Health Insurance Program (CHIP). In this role, SCDHHS finances health benefits coverage for one out of every four South Carolinians, is the single largest insurer of children in the State,<sup>1</sup> and covers more births in South Carolina each year than all other health payers combined. Accordingly, SCDHHS’ policies set forth financial incentives with significant impact not only in the State’s health care industry, but in private employment, child care, and other social service delivery systems.

Improving the health and well-being of South Carolina’s Medicaid population is the first step in elevating the state’s overall health status. To do so requires looking beyond those factors within the health care system and more broadly addressing the social and economic determinants of health status. The Office of Disease Prevention and Health Promotion defines the social determinants of health as:

**Conditions in the environment in which people are born, live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks.<sup>2</sup>**

In January 2018, the Centers for Medicare and Medicaid Services (CMS) issued guidance announcing an additional avenue for states to address social environment issues.<sup>3</sup> This new policy allows Medicaid programs to incentivize community engagement activities among non-elderly, non-pregnant adult Medicaid beneficiaries who are eligible for Medicaid on a basis other than disability. These programs, executed through Section 1115 Waivers, are intended to promote better mental, physical, and emotional health, as well as helping families rise out of poverty and attain independence.

A significant body of medical literature and scholarly research supports the link between health status and employment. This includes:

- Unemployment is generally harmful to health and is correlated with numerous health challenges. Unemployed workers are more likely to have fair or poor health and to develop a stress-related condition, such as stroke, heart attack, or heart disease. In addition, unemployed individuals are more likely to be diagnosed with depression.<sup>4</sup>
- A study published in the *Disability and Health Journal* found that participants with any level of paid employment had a better quality of life and that their self-reported health status was higher and the per person per month Medicaid expenditures were less.<sup>5</sup>

Given the large role that state government plays in influencing the social environment of citizens, especially those dependent on social benefit programs, states must take responsible steps to address these needs holistically. Addressing these factors is a critical aspect of South Carolina’s efforts to improve the health of our citizens, reduce the costs of health care, and eliminate health disparities. The purpose of this Section 1115 demonstration waiver, hereafter referred to as “demonstration waiver,” is to reinforce the proven link between improved economic self-sufficiency and improved health by leveraging the Medicaid program’s financing mechanisms to

<sup>1</sup> Source: US Census American Community Survey 2017 Data Set S0101 and Milliman SFY 2017-2018 Summer 2016 Medicaid Assistance Forecast

<sup>2</sup> <https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-of-health>

<sup>3</sup> <https://www.medicaid.gov/federal-policy-guidance/downloads/smd18002.pdf>

<sup>4</sup> <https://www.rwjf.org/en/library/research/2012/12/how-does-employment--or-unemployment--affect-health-.html>

<sup>5</sup> <https://www.sciencedirect.com/journal/disability-and-health-journal/vol/6/issue/2>

remove health-related barriers to employment. The agency proposes to implement the provisions contained herein not before July 1, 2020.

## SECTION 02: PROGRAM DESCRIPTION

South Carolina's demonstration waiver seeks to implement community engagement standards to improve the health of its citizens through five key changes to the state's Medicaid program:

- First, SCDHHS seeks to identify individuals eligible for community engagement activities and assist them with accessing necessary employment and community engagement support programs.
- Second, SCDHHS seeks a state-specific solution to mitigate financial disincentives for employment created by the Affordable Care Act's (ACA) all-or-nothing Medicaid expansion.
- Third, SCDHHS will modernize eligibility thresholds for children participating in the Title XIX Medicaid and Title XXI Children's Health Insurance Program.
- Fourth, SCDHHS seeks to combat the ongoing opioid crisis by providing medically necessary addiction treatment services to the state's lowest-income individuals, including creating a pathway to treatment and employment for the justice-involved population.
- Fifth and finally, SCDHHS seeks to improve customer service and reduce artificial administrative barriers to benefit coordination among social service agencies by updating legacy information systems and improving data sharing between Medicaid and other programs such as the Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), Unemployment Insurance (UI), and other programs.

SCDHHS intends to demonstrate, through specific hypotheses and evaluations, that this holistic approach to certain social determinants of health will improve the well-being of both adult and child participants in the Medicaid program in South Carolina.

## SECTION 03: COMMUNITY ENGAGEMENT

For the first element of the demonstration waiver, Community Engagement, SCDHHS seeks a demonstration project for full-benefit, non-disabled adults enrolled in the Medicaid program who are unemployed. The following groups will not be included in this demonstration project:

- Children enrolled in Medicaid or CHIP;
- Members of federally recognized tribal organizations;
- Pregnant women;
- Disabled individuals, including individuals who have a medical condition that would prevent them from participation in this project;
- Individuals over the age of 65;
- Individuals who are the primary caregiver of a child or someone who is disabled;
- Individuals receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI);
- Individuals participating in a Medicaid covered treatment program for alcohol or substance abuse addiction, including opioid addiction;
- Individuals receiving treatment for cancer, including those receiving treatment through Medicaid's Breast and Cervical Cancer Program;

- Individuals compliant with or exempt from the SNAP or the TANF requirements related to employment; and
- Individuals who are determined by SCDHHS to be exempt on a case-specific basis. This includes certain individuals with medically complex conditions that require multidisciplinary specialized care or would otherwise be precluded from employment or community engagement activities due to their health status.

Individuals who are not in one of the above categories and who are enrolled in South Carolina Medicaid as a Parent Caretaker Relative (PCR) will be included in this demonstration project. Although SCDHHS is requesting flexibility with Transitional Medical Assistance (TMA) elsewhere in this waiver, should such provisions ultimately not be approved as part of the comprehensive demonstration waiver, individuals enrolled under the TMA authority would be subject to community engagement provisions and relevant exemptions listed above.

PCR individuals will be required to participate in community activities to maintain an active Medicaid enrollment status. Requirements of this nature are not new in South Carolina, as individuals enrolled in the TANF and SNAP benefits are already required to meet similar stipulations. For those individuals required to participate in a community engagement program, the state intends to align, where possible, with work-search, education, and training opportunities available through publicly funded programs. Examples of compliant activities include:

- Participation in an adult secondary education program through a public school district or technical college. The Department intends to support certain out-of-pocket costs for adult students not otherwise covered by other state- or federally-funded adult education programs, including the cost of GED testing.
- Full-time participation in a degree- or certificate- seeking program in an accredited institution of higher education, as defined by the South Carolina Commission on Higher Education.
- Compliance with UI work-search requirements (first 16 weeks of UI benefits)
- For dual Medicaid-SNAP/TANF beneficiaries, demonstrated compliance with SNAP community engagement standards.
- Employment for no less than 80 hours per month.
- Community or public service, including verifiable volunteerism with public entities or qualified charitable corporations.

In addition to the mentioned exceptions and qualifying activities, the Department intends to issue guidelines that would provide validation of community requirements for certain individuals participating in and complying with medically necessary substance use disorder treatments that would otherwise impair an individual's ability to participate in employment, education, or other community engagement activities.

SCDHHS recognizes that work opportunities, particularly those available to low-income individuals, are more likely to be in industries that offer seasonal employment and/or have less predictable work schedules. Similarly, SCDHHS understands that Medicaid beneficiaries may have limited opportunities to find work when the overall economy is underperforming. For these reasons, SCDHHS intends to develop community engagement standards that allow beneficiaries to demonstrate compliance by averaging 80 hours of monthly community engagement over the period of a quarter, even if they may not have met that target within individual months. SCDHHS also proposes not to issue any new eligibility suspensions for noncompliance during months in which the statewide unemployment rate is greater than 8 percent.

SCDHHS hypothesizes that requiring work or community engagement will result in beneficiaries moving from Medicaid to other sources of health care coverage, more beneficiaries being employed or engaging in productive community activities, and improvements to beneficiary health and well-being. Pursuant to the requirements of a



demonstration waiver, SCDHHS intends to assess the effectiveness of these requirements in furthering objectives of the Medicaid program.

### Enrollment Standards

Outside of requiring participation in community engagement activities, and unless otherwise stated in this demonstration waiver, SCDHHS does not intend to modify or waive any other aspect of categorical eligibility for Medicaid beneficiaries. To identify individuals eligible for participation in community engagement activities, SCDHHS will employ a combination of methods. First, individuals will be identified based on their enrollment status as being in the PCR or TMA Medicaid eligibility groups. Next, SCDHHS will identify individuals who meet exemptions and will be exempt from community engagement activities. SCDHHS will then use all system information available to validate compliance through other public programs through systems and processes established by SCDHHS. The overarching goal of this process is to reduce the need for individuals to provide information to the State confirming their compliance with community engagement activities, particularly when the State already has the means to determine that an individual is a member of an exempted group.

### Verification Methodology

**Exemptions.** Exemption from community engagement requirements will be based upon an individual's categorical eligibility and SCDHHS will exempt children, aged beneficiaries, blind, disabled, and limited-benefit members based upon evidence currently supplied upon application or annual review to Medicaid. Such exemptions include, but are not limited to, individuals eligible in the following categories:

- All children, including those eligible under South Carolina's Partners for Healthy Children (PHC), Tax Equity and Fiscal Responsibility Act (TEFRA), Foster Care, and Adoption Assistance
- Pregnant Women and Infants
- Aged, Blind, or Disabled (ABD) and/or individuals receiving Supplemental Security Income (SSI)
- Home and community-based services (HCBS) waiver participants or beneficiaries in institutional placements
- Former foster care (FFC)
- Breast and Cervical Cancer Program (BCCP)
- Working Disabled (WD)
- Individuals enrolled in a limited-benefit Medicaid program

Individuals not receiving a categorical exemption due to their basis of Medicaid eligibility will be subject to community engagement requirements unless they provide evidence that:

- They are the primary caregiver of a child and/or disabled adult. This would apply to most single-parent households or two-parent households where one parent is disabled, or
- They are otherwise disabled and unable to participate in community engagement activities.

**Indirect Validation.** Several state agencies manage programs that encourage education and employment activities, and many of the programs require effort comparable to those proposed in this waiver. The Department intends to seek and obtain data-sharing and operating agreements with these programs to first provide external validation of community engagement to reduce duplication of effort and administration.

**Direct Validation.** While SCDHHS believes that the majority of exceptions and validations can occur through the collection of evidence during the eligibility process and through data-sharing activities with other public programs, some portion of Medicaid beneficiaries will need to interact directly with SCDHHS to provide community engagement data. SCDHHS intends to leverage existing and planned information technology

infrastructure to manage this effort and will provide training and resources to out-stationed and county eligibility staff to support data collection and validation.

### Program Participation

Given that nearly two-thirds of Medicaid full-benefit beneficiaries are children, the Department has limited the analysis of potential participants to non-disabled adult full-benefits members under the age of 65, which amounts to approximately 83,461 individuals who would be required to either provide additional evidence of a qualifying exemption or comply with a community engagement program.

Individuals who do not provide evidence of a qualifying exemption or who are determined not to be in compliance with community engagement activities for a period of at least three consecutive months will have their eligibility placed in a suspended status for three months or until the requirements are met, whichever comes first. Upon notification of compliance, SCDHHS will reactivate the individual's eligibility in accordance with Section 1902(a)(34) of the Social Security Act. Before suspending an individual's eligibility, SCDHHS will provide timely and adequate written notice to the individual for each period of noncompliance and in advance of benefit suspension. The notice will also provide full appeal rights as required under 42 C.F.R., Part 431, subpart E.

Individuals will be able to demonstrate compliance with community engagement activities using the current process in place to report changes and provide information that may impact their Medicaid eligibility status. This includes in-person at a county office, fax, email, and mail. Further, SCDHHS intends to develop a citizen portal allowing beneficiaries to provide evidence to the Department for this and other programs per Section 7 of this demonstration waiver.

## SECTION 04: REMOVING EMPLOYMENT DISINCENTIVES

Given current insurance market conditions, a parent enrolled in PCR coverage whose income increases as the result of employment risks losing access to health coverage. This is due in large part to financial disincentives created by intersecting the ACA's unconstitutional mandate of Medicaid expansion with federal marketplace exchange subsidies. States opting not to implement full Medicaid expansion pursuant to §1902(a)(10)(A)(VIII) of the Social Security Act (SSA) are faced with a so-called "subsidy cliff" whereby parents with incomes too high to qualify for Medicaid – 62% of the Federal Poverty Limit (FPL) in South Carolina with a 5% income disregard – also do not reach the income threshold of 100% FPL to qualify for marketplace subsidies on the federal exchange. This creates a perverse financial incentive for individuals to keep their incomes artificially low for risk of losing health coverage and bearing the full cost of health services, costs that are insurmountable for many low-income families.

In this demonstration waiver, SCDHHS intends to honor South Carolina's longstanding policy of not adopting of ACA Medicaid expansion, while taking steps to remove financial disincentives for work. SCDHHS will accomplish this in three ways:

- First, SCDHHS seeks to increase the income threshold for individuals with PCR from 62% FPL with a 5% income disregard to 95% FPL with a 5% income disregard, closing what is commonly called the "PCR gap."
- Second, SCDHHS will support the return of new mothers to employment by seeking such waivers as necessary to allow the extension of coverage for pregnant women up to 194% FPL with a 5% income

disregard from 60 days postpartum to 1-year postpartum. This action is also seen as an important extension of the South Carolina Birth Outcomes Initiative, since a majority of pregnancy-associated deaths occur more than 60 days after delivery<sup>6</sup>.

- Third, SCDHHS seeks to align TMA with these new income thresholds by seeking such waivers and amendments as necessary to provide individuals who lose Medicaid coverage due to employment, who are also not eligible for employer-sponsored insurance, with the financial assistance necessary to purchase a qualifying health plan on the federal marketplace administered in South Carolina. This assistance is intended to be similar to the “wrap-around” option for TMA authorized in §1925(a)(4)(B) of the Social Security Act (SSA), subject to a 24-month maximum and demonstration of no other available coverage.

### Enrollment Standards

Other than the application of community engagement standards and exemptions as noted elsewhere in this demonstration waiver and the eligibility modifications proposed in this section of the demonstration waiver, SCDHHS does not intend to modify or otherwise waive any other aspect of categorical eligibility.

### Verification Methodology

SCDHHS will use existing eligibility evidence systems and processes to validate beneficiary eligibility including but not limited to direct attestation and retrospective audit, direct provision of third-party evidence, indirect and third-party validation, data-sharing with other governmental entities, and others.

### Program Participation

Based upon current program enrollment, Census, and other adjunct data, SCDHHS estimates a mid-range average monthly enrollment estimated increase of 32,300 individuals added into the PCR category, 2,000 pregnant women per month receiving coverage for 10 additional months, and 4,350 individuals transitioning from the current to revised TMA program.

## SECTION 05: MODERNIZING CHIP AND MEDICAID ELIGIBILITY FOR CHILDREN

Education is one of the most critical social determinants of health, and countless evaluations have demonstrated a link between childhood health and educational attainment, as well as educational attainment and health later in life. According to the United States Department of Education, over seven million children in the United States displayed chronic absenteeism in school year 2015-16, while one of every five children in high school nationwide were chronically absent. The same data shows 26 school districts in South Carolina demonstrated chronic absenteeism for more than 15% of students. The National Association of Elementary School Principals identifies four of the six most common reasons for absenteeism as illness, mental or emotional health issues, caring for another family member, or housing and food instability<sup>7</sup>. Further, the Centers for Disease Control and Prevention indicates that, nearly 10% of children in a classroom have chronic asthma<sup>8</sup> and over 7.4% of school-aged children, including pre-K, have a diagnosed behavior problem<sup>9</sup>.

Among the many impacts of chronic absenteeism, two are most relevant to this waiver. First, chronic absenteeism leads to poor educational outcomes, establishing an economic deficit for children even before they enter the

<sup>6</sup> <https://www.texmed.org/TexasMedicineDetail.aspx?id=48374>

<sup>7</sup> <https://www.naesp.org/communicator-september-2016/six-causes-and-solutions-chronic-absenteeism>

<sup>8</sup> <https://www.cdc.gov/healthyschools/asthma/index.htm>

<sup>9</sup> <https://www.cdc.gov/childrensmentalhealth/data.html>



workforce. Data indicate that children missing school are more likely to miss key early educational milestones and absenteeism is a better leading indicator of school drop-out than test scores. Second, poor child health outcomes often result in adult absenteeism from work, leading to job instability and lower wage earning from non-salaried positions.

In order to maintain the relative eligibility thresholds currently in-place for parents and children, SCDHHS is requesting such waivers to Medicaid and CHIP as necessary to extend the upper limit of eligibility for the CHIP program from the current 208% FPL with a 5% income disregard to 241% FPL with a 5% income disregard. SCDHHS further intends to cover unborn children with mothers who have incomes from 194% FPL with a 5% income disregard to 241% FPL, with a 5% income disregard, and provide coverage for the mother for 12 months postpartum, in a manner consistent with the coverage for all other pregnant and postpartum women proposed in Section 4 of this demonstration waiver.

### Enrollment Standards

Other than modifications noted elsewhere in this demonstration waiver and the eligibility modifications proposed in this section of the demonstration waiver, SCDHHS does not intend to modify or otherwise waive any other aspect of categorical eligibility.

### Verification Methodology

SCDHHS will use existing eligibility evidence systems and processes to validate beneficiary eligibility including but not limited to direct attestation and retrospective audit, direct provision of third-party evidence, indirect and third-party validation, data-sharing with other governmental entities, and others.

### Program Participation

Based upon current program enrollment, Census, and other adjunct data, SCDHHS estimates a mid-range average monthly enrollment estimated increase of 22,300 children added to either the CHIP or Medicaid program within the existing CHIP block grant, and 2,100 pregnant women added to the CHIP program.

## SECTION 06: COMBATING THE OPIOID CRISIS

SCDHHS, as a leading payer for children and pregnant women, emphasizes preventative care and broadly covers interventions to avoid preventable morbidity and mortality. For example, the leading driver of preventable death in the United States is tobacco use, and SCDHHS in conjunction with the South Carolina Department of Health and Environmental Control's (SCDHEC) public health efforts covers tobacco use screening and cessation in limited- and full-benefit plans as part of normal preventative care and family planning. Further, although SCDHHS' limited-benefit program covers screening for alcohol and other substance use disorders, it does not cover treatment if identified in a particularly vulnerable and otherwise uninsured population.

In recent years, substance use disorder (SUD), prompted in part by public awareness of the opioid epidemic, has come to the forefront of our nation's public health conversation. Substance use, and opioid use specifically, drives negative outcomes for society, including:

Maternal and Infant Morbidity and Mortality. South Carolina traditionally ranks in the top third of states with high rates of infant mortality relative to the state's total population. Not surprisingly, data indicate that the state is similarly situated with respect to neonatal abstinence syndrome (NAS) and pre-term births. Despite efforts to

address these devastating trends, the number of South Carolina children born with NAS increased from 219 in 2016 to 264 in 2017.

*Child Abuse and Neglect.* Nationally, parental drug use is cited as an explicit factor in 34% of all foster care placements, an increase of 10 percent from 2005 to 2016. In 2016, six South Carolina counties – five of which are geographically near the Appalachian Corridor – displayed both rates of drug overdose deaths and foster care entries above the national median.

*Justice Involvement and Recidivism.* Studies indicate that individuals engaging in chronic and/or intense opioid overuse demonstrate high levels of involvement with the criminal justice system<sup>10</sup>. Additionally, individuals recently released from correctional institutions are at a particularly high risk for opioid overdose. A recent study in North Carolina found that, in the first two weeks after being released from prison, former inmates were 40 times more likely to die of an opioid overdose than someone in the general population<sup>11</sup>.

In South Carolina, an individual with a sentence of greater than 90 days is incarcerated by the South Carolina Department of Corrections (SCDC). Recent efforts, including sentencing reform and collaboration between SCDHHS and SCDC have yielded benefits to society, but also operational challenges to integrating released inmates. For example, incentives to shorten stays and earn early release have made release dates variable and harder to estimate. Combined with benefit application processing windows, individuals with SUD or serious mental illness (SMI) have been released before receiving a final Medicaid eligibility decision and have therefore experienced gaps in care. For individuals with SMI and those in need of clinical support to maintain compliance with SUD treatment, this results in clinical non-compliance, relapse, and often ultimately recidivism.

Both national data and state-specific experience indicates that the risk for recidivism and relapse from SUD or SMI is closest to release dates and decreases over time<sup>12</sup>. This also corresponds to the most intensive phase of reintegration after release, which often also coincides with the loss of the individual's entire health care and social support system. Accordingly, SCDHHS intends to provide these high-risk individuals with medical assistance to mitigate the likelihood of overdose, negative health outcomes, and recidivism within 12 months of release. Allowing eligibility decisions to be made well in advance of release significantly mitigates the risk of gaps in coverage and care.

*Resurgence of Infectious Disease.* Along with justice involvement and aggressive postures on opioid prescription integrity, some states, including South Carolina, have seen a resurgence of illicit intravenous drug use in and out of correctional facilities, and a corresponding resurgence of chronic infectious disease. South Carolina remains in the top one-third of all states for rates of HIV diagnosis, and while other regions of the nation have seen decreases in new infection, the South region of the United States has remained stable<sup>13</sup>. Further, recorded hepatitis C cases in South Carolina have been steadily increasing since the beginning of the opioid epidemic, with the prevalence of measured acute cases of hepatitis C doubling from 2015 at 0.1% of the population to 2016 at 0.2%.

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<sup>10</sup> <https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2687053>

<sup>11</sup> <https://ajph.aphapublications.org/doi/10.2105/AJPH.2018.304514>

<sup>12</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2836121/>

<sup>13</sup> <https://www.cdc.gov/nchhstp/stateprofiles/default.htm>

In his 2019 State of the Union Address to the Congress, President Trump called on the nation's health care system to end our epidemic of HIV and AIDS by providing preventative care, diagnosis, and treatment to those at highest risk. Such an audacious goal must be met with bold action by the states to address these diseases at the point of high-risk behaviors and transmission. By submitting this waiver, South Carolina has taken its first step in answering the President's call.

SCDHHS, as a health policy and financing organization, plays a central role in the state's efforts to combat the opioid crisis in South Carolina. In December 2017, Governor McMaster signed two executive orders to establish a multi-agency, multi-disciplinary team to improve and implement policies aimed at combating the opioid crisis and directed SCDHHS to establish ambitious controls over opioid prescribing behavior to stem the tide of new addiction. While these efforts have proven effective in reducing the number of opioid prescriptions paid through the Medicaid program, the number of individuals diagnosed with opioid use disorder and those suffering its most devastating consequences, overdose and death, have increased. SCDHHS' more recent efforts to maintain an aggressive strategy toward addressing the opioid crisis include:

- A provider education campaign, addressing opioid misuse named Timely Information for Providers in South Carolina (tipSC). Working with physicians, pharmacists and other experts, tipSC develops and disseminates targeted, practical information to help prescribers make safe prescribing decisions.
- Enacting the "in lieu of" provision in managed care contracts to leverage clinical capacity available in Institutions for Mental Disease (IMD) for SUD treatment.
- Financing and developing telemedicine protocols to initiate medication-assisted treatment (MAT) in real time through primary care interaction or as part of emergency and crisis intervention.
- Support for the managing abstinence in newborns, or MAiN, model for managing NAS, an approach for delivering care for newborns of opioid-dependent mothers that transitions the treatment of NAS from neonatal intensive care units (NICUs) to pediatric nurseries, significantly shortening hospital stays.
- Addition of opioid treatment programs (OTPs) to the Medicaid provider network.

For those individuals without health care coverage, considerable federal action has made funding available to provide treatment for SUD. Much of this funding, however, is executed through time-limited grants that lack the level of sustainability that is inherent to integration with the health care payer system. CMS has made available a number of flexibilities to aid states in improving access to SUD treatment, and with this demonstration waiver application, SCDHHS seeks to pursue those flexibilities.

As such, Medicaid eligibility for a limited period will be extended to individuals who are not otherwise eligible for Medicaid or CHIP benefits, and:

- Have an income of 0% FPL and are chronically homeless, subject to a standard 5% income disregard; or
- Are justice involved and need mental health or substance use treatment; or
- Are uninsured, have an income of less than 95% FPL with a 5% income disregard, and need substance use treatment.

Each of these groups have been identified as the highest-risk for long-term unemployment and social instability, and as having among the highest external costs to society should they not be diverted to treatment and stable employment.

## Enrollment Standards

As part of the demonstration waiver, SCDHHS will structure each of the three target populations in this section as separate enrollment groups and request such waivers as necessary to place enrollment limits on:

- The number of individuals enrolled through each group at any given time, with the ability to set that number to zero at the discretion of SCDHHS.
- The number of unique individuals served over the course of an enrollment period.
- The duration of coverage for categorical groups.

Further, individuals eligible for medical assistance under each of these three waiver participation groups will be required to either meet the community engagement requirements established under Section 3 of this demonstration waiver or qualify for exemption.

Chronic Homelessness. For an individual to be deemed eligible under the chronic homelessness category, they must:

- Have been continuously homeless for at least 12 months; or
- Have experienced four episodes of homelessness (greater than 30 days) in the past three years; or
- Are currently in supportive housing but have met the prior definitions of homelessness

AND

- Must consent to referral to and application for other benefits as may be available, including those offered through the Veterans' Affairs Administration (VA) and Social Security Administration (SSA).

Justice Involvement with a Need for SUD Treatment. To be deemed eligible under this category, an individual must:

- Have a demonstrated need for treatment for a substance use disorder or mental illness;

AND

- Been released within six months from the SCDC; or
- Sentenced to a term of imprisonment within a SCDC facility of not more than five years.

Individuals meeting the eligibility criteria will be made eligible upon application to SCDHHS. Eligibility for incarcerated individuals will be suspended to ensure proper federal participation in accordance with 42 CFR 435.1010 and relevant sub-regulatory guidance on this matter as most recently communicated through State Health Official letter SHO 16-007. Individuals scheduled for release from a SCDC facility may continue to receive medical assistance in accordance with the provisions of this section but must consent to a health and social determinants screening and risk assessment and agree to a risk management mitigation plan before release.

Individuals who decline the screening and planning process will receive an *ex parte* review to determine eligibility for medical assistance under another basis before termination of benefits. An individual eligible for medical assistance under this category may receive services for a limited duration as established by SCDHHS following their release from incarceration.

Substance Use Treatment. An individual who is in need of substance use treatment is defined as an individual meeting or attempting to meet community engagement requirements who has been diagnosed with SUD and has an income of less than 95% FPL with a 5% income disregard. An individual receiving medical assistance under this category may only receive medical assistance for a limited duration set by SCDHHS not more frequently than annually.

### Verification Methodology

SCDHHS will use existing eligibility evidence systems and processes to validate beneficiary eligibility including but not limited to direct attestation and retrospective audit, direct provision of third-party evidence, indirect and third-party validation, data-sharing with other governmental entities, and others.

### Program Participation

SCDHHS proposes to, at its discretion, activate any or each of the eligibility groups detailed within this section of the demonstration waiver, subject to the following descriptions, limitations, and exceptions.

### Enrollment Caps

Each of the enrollment groups will be subject to a point-in-time enrollment cap determined by the Department annually, though not more than.

- Chronically homeless group: 3,000 members.
- Justice-involved: 5,000 active eligible members; 20,000 incarcerated, suspended members.
- Substance-Use Disorder: 5,000 members.

### Preservation of Eligibility

Individuals with active eligibility pursuant to one of these categories are authorized to retain eligibility throughout the 12-month window, with few exceptions such as incarceration, regardless of changes to the waiver or program that might otherwise cause them to lose eligibility for medical assistance. Closure of an enrollment group from future eligibility does not adversely affect eligibility spans in effect at the time of closure. An individual receiving coverage pursuant to one of these categories who becomes eligible for full-benefit Medicaid under any other authority shall be migrated to that alternate coverage.

## SECTION 07: INTEGRATING SOCIAL SERVICE DELIVERY SYSTEMS

Consistent with guidance issued by the Centers for Medicare and Medicaid Services (CMS) on January 11, 2018 via State Medicaid Director (SMD) letter 18-002, SCDHHS is developing Advanced Planning Documents (APD) to leverage HITECH grants to develop and integrate:

- Departmental integrated case management information systems (ICMIS) platformed to replace existing case management technologies in the agency.
- Concurrently, APD amendments relevant to the member management replacement project (MMRP) are underway to provide for the integration of eligibility decisions for Medicaid, SNAP, and TANF using a common platform.
- Public health surveillance and health information aggregation tools to include platforms for prescription drug monitoring, immunization and infectious disease monitoring, cancer and tumor registries, and other health information data.



While independent of the community engagement efforts, the Department’s existing strategic approach to furthering a Citizen 360 view of participants in public programs provides for a logical extension to community engagement designed to reduce administrative and programmatic duplication of common efforts across many public programs. SCDHHS believes that integrating community engagement implementation into current technology initiatives will materially mitigate the overall administrative cost of the community engagement initiative. In addition, SCDHHS believes that utilizing current technology initiatives will reduce the need for individuals enrolled in Medicaid to provide documentation to support compliance with community engagement activities.

## SECTION 08: HYPOTHESES

### Hypotheses Tested

During the approval period, SCDHHS proposes to test a series of hypotheses the State believes will lead to success in improving the health of Medicaid individuals. A detailed evaluation design will be developed for review and approval by CMS. The chart below identifies the specific hypotheses, methodology, and potential performance measures associated with this demonstration.

**Table 1: Hypotheses Tested**

Hypotheses	Methodology	Performance Measure
Individuals participating in community engagement activities will transition to other sources of health care coverage.	Monthly, SCDHHS will track the number of individuals enrolled in the PCR eligibility groups who have other health insurance using information from the eligibility system and data matches through information used to identify third party liability.	The number of individuals enrolled in the PCR eligibility groups who have obtained other insurance.
Providing community engagement activities for individuals enrolled in Medicaid will result in an increase in the number of individuals gaining employment in South Carolina.	SCDHHS will track the number of individuals who self-report community engagement activities and track the number of PCR individual participation rates for employment, new hires, and workforce activities using the Department of Labor data.	The number of individuals enrolled in PCR eligibility groups who become or remain employed during the demonstration period or participate in approved activities.
Extending coverage for post-partum mothers from 60 days to one year will increase rates of postpartum care and reduce the uninsured rate of new mothers.	SCDHHS will track the rate of post-partum visits using claims data submitted to SCDHHS and will measure the number of women enrolled in the Medicaid during the one-year post-partum period.	The rate of follow-up visits for women during the first-year post-partum compared to state and national benchmarks.  The number of women covered during the first-year post-partum, comparing this population pre- and post-waiver implementation.

Extending coverage for post-partum mothers from 60 days to one year will increase rates of highly effective contraceptive use during the one-year post-partum period.	Using claims data, SCDHHS will identify women during the post-partum eligibility period who received a method of highly effective contraceptive.	The percentage of new mothers receiving a highly effective contraceptive method, comparing the pre- and post-waiver implementation periods.
Modernization of children eligibility thresholds will reduce the number of uninsured children in South Carolina.	SCDHHS will measure the number of children participating in Medicaid and CHIP using internal eligibility data.	The number of children receiving Medicaid or CHIP pre- and post-waiver implementation.  Comparison of national estimates of childhood health care coverage, pre- and post-waiver implementation.
Coverage for the lowest-income individuals with a diagnosis of SUD will result in a decrease of opioid-related overdose.	Using a linked data-set from the South Carolina Office of Revenue and Fiscal Affairs, SCDHHS will measure the rate of emergency department visits related to substance use disorder (SUD).	The rate of emergency room (ER) utilization for SUD in this lowest-income population, pre- and post-waiver implementation.

A detailed evaluation design will be developed for review and approval by CMS.

## SECTION 09: DEMONSTRATION ELIGIBILITY

Current data elements indicate that approximately 188,001 individuals enrolled in South Carolina Medicaid as PCR are potentially eligible to participate in community engagement activities. Of those, approximately 104,540 appear to be in an exempt category due to household composition or the presence of a disabled family member. A portion of the remaining 83,461 participants may be exempt but data elements necessary to identify their status, such participation in an adult secondary education program, is not captured in the current system.

As noted elsewhere in this demonstration waiver, PCR beneficiaries, certain children eligible for CHIP, pregnant women, and certain classes of other adults are subject to revised eligibility standards as the result of this demonstration waiver. The groups and categories are detailed below.

Based on a State Medicaid Director letter dated July 17, 2001, the government-to-government relationship between the United States and Tribal Governments recognizes the right of tribes to tribal sovereignty self-government and self-determination. South Carolina has one federally recognized tribe, the Catawba. SCDHHS recognizes the Catawba's tribal sovereignty and will categorically exempt all Medicaid beneficiaries that are members recognized by the Tribal Government.

The standards and methodologies used to determine eligibility for this demonstration are outlined in the Program Description.

The following table identifies information regarding the population SCDHHS is including in this demonstration waiver:

**Table 2: Demonstration Population**

Eligibility Group	Social Security Act and CFR Citation	Income Level
Parent Caretaker Relatives (PCR)	SSA §1931; SSA §1902(a)(10)(A)(i); and 42 CFR §435.110	Under 100% of FPL
Transitional Medical Assistance (TMA)	SSA §408(a)(11)(A), §1931(c)(2), §1925, §1902(a)(52); and 42 CFR §435.112	Under 100% of FPL
Pregnant Women up to 12 months post-partum	SSA §1902(a)(10)(A)(i)(III); 42 CFR §435.116	Under 194% of FPL
Pregnant Women up to 12 months post-partum	SSA §2112(b)(2); 42 USC 1397II; 42 CFR §457	Under 246% of FPL
CHIP	SSA §2101(a)(2); 42 CFR §457	Under 246% of FPL

## SECTION 10: DEMONSTRATION BENEFITS AND COST-SHARING REQUIREMENTS

The benefits provided under the demonstration will not differ from those provided under the Medicaid State Plan, with the exception of revisions to the TMA benefit. The revised TMA benefit, while different from that currently articulated in South Carolina’s state plan for medical assistance, is materially similar to a state plan option TMA program authorized pursuant to section 1925(a)(4)(B) of the SSA.

Cost sharing requirements under the demonstration will not differ from those provided under the Medicaid State Plan.

## SECTION 11: DELIVERY SYSTEM AND PAYMENT RATES FOR SERVICES

The delivery system used to provide benefits to the demonstration participants will not differ from the Medicaid State Plan, with the exception of revisions to the TMA benefit. The revised TMA benefit, while different from that currently articulated in South Carolina’s state plan for medical assistance, is materially similar to a state plan option TMA program authorized pursuant to section 1925(a)(4)(B) of the SSA.

No deviation will be made for services furnished through fee-for-service. Likewise, no deviations will be made for managed care capitation rates and contracting requirements. Current State Plan rules and internal procedures that govern mandatory assignment to managed care will continue to operate in their current form, except that the eligibility groups described in Section 6 of this demonstration waiver application, will receive coverage through the fee-for-service program.

No quality-based supplemental payments are being made to any providers or class of providers under this demonstration.

## SECTION 12: IMPLEMENTATION OF DEMONSTRATION

SCDHHS plans to implement the provisions outlined in this waiver at least six months after CMS approval, but not before July 1, 2020. This time period allows sufficient time to communicate with participants the changes in the program and for the state to prepare and implement operational and administrative changes. Immediately after CMS approval, SCDHHS will develop a communication and implementation plan that clearly lays out timing,

content, and methodology in which individuals will be notified of program changes. SCDHHS will also develop educational materials for internal staff and external stakeholders to ensure a smooth transition for participants.

SCDHHS' engagement with partner agencies for the negotiation of data-sharing agreements and eligibility application redesign began in May 2018. Information technology systems development funded pursuant to OMB Circular A-87 cost allocation and HITECH APDs will occur throughout CY 2019, along with community outreach and program certification efforts necessary to operationalize and streamline the technology necessary to track and monitor eligibility related to community engagement activities as it relates to eligibility determination.

The demonstration will operate statewide.

SCDHHS is requesting a five-year waiver approval for this demonstration.

The demonstration will not affect or modify other components of the State's current Medicaid and CHIP programs outside of eligibility.

### **SECTION 13: DEMONSTRATION FINANCING AND BUDGET NEUTRALITY**

The budget neutrality calculation was created using a combination of historical data for the impacted population trended into future years and national data points. For populations currently not covered by the South Carolina State Plan for Medical Assistance, SCDHHS employed the use of hypothetical estimates of expenditures in accordance with guidance issued in SMD 18-009.

Historical trends using SCDHHS' actual enrollment experience were then projected forward to account for:

- New entrants into the Medicaid program based upon policy changes
- Conversion of currently uninsured or limited-benefit members to full-benefit eligibility groups
- Natural growth of eligibility groups based upon current and persistent economic conditions

The PMPM trend was derived from the Medicaid average expenditure growth trend per the CMS Office of Actuary 2018-2027 Projections of National Health Expenditures.

Projected eligible member months, historical trends, PMPM cost, and total expenditures are shown for the demonstration including fiscal years 2019-2023.

Without Waiver					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Pregnant Women</b>					
Member Months	245,852	248,311	250,794	253,302	255,835
PMPM	\$667.47	\$704.19	\$742.92	\$783.78	\$826.88
Cost	\$164,100,000	\$174,856,755	\$186,318,615	\$198,531,801	\$211,545,560
<b>CHIP</b>					
Member Months	1,318,800	1,331,988	1,345,308	1,358,761	1,372,349
PMPM	\$187.52	\$197.83	\$208.71	\$220.19	\$232.30
Cost	\$247,300,000	\$263,510,515	\$280,783,629	\$299,188,996	\$318,800,835
<b>TMA</b>					
Member Months	87,005	87,875	88,754	89,641	90,538
PMPM	\$357.64	\$377.31	\$398.06	\$419.95	\$443.05
Cost	\$31,116,187	\$33,155,853	\$35,329,219	\$37,645,050	\$40,112,683
<b>PCR</b>					
Member Months	2,272,702	2,295,429	2,318,383	2,341,567	2,364,983
PMPM	\$369.00	\$389.30	\$410.71	\$433.30	\$457.13
Cost	\$838,636,720	\$893,609,357	\$952,185,450	\$1,014,601,207	\$1,081,108,316
<b>SUD Treatment</b>					
Member Months	156,000	156,000	156,000	156,000	156,000
PMPM	\$695.90	\$734.17	\$774.55	\$817.15	\$862.09
Cost	\$108,560,000	\$114,530,800	\$120,829,994	\$127,475,644	\$134,486,804
<b>Total WOW MMs</b>	<b>4,080,359</b>	<b>4,119,603</b>	<b>4,159,239</b>	<b>4,199,271</b>	<b>4,239,704</b>
<b>Total WOW Cost</b>	<b>\$1,389,712,907</b>	<b>\$1,479,663,280</b>	<b>\$1,575,446,908</b>	<b>\$1,677,442,697</b>	<b>\$1,786,054,197</b>

With Waiver					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Pregnant Women</b>					
Member Months	245,852	248,311	250,794	253,302	255,835
PMPM	\$667.47	\$704.19	\$742.92	\$783.78	\$826.88
Cost	\$164,100,000	\$174,856,755	\$186,318,615	\$198,531,801	\$211,545,560
<b>CHIP</b>					
Member Months	1,318,800	1,331,988	1,345,308	1,358,761	1,372,349
PMPM	\$187.52	\$197.83	\$208.71	\$220.19	\$232.30
Cost	\$247,300,000	\$263,510,515	\$280,783,629	\$299,188,996	\$318,800,835
<b>TMA</b>					
Member Months	52,203	52,725	53,252	53,785	54,323
PMPM	\$562.09	\$593.01	\$625.62	\$660.03	\$696.33
Cost	\$29,342,863	\$31,266,287	\$33,315,793	\$35,499,643	\$37,826,644
<b>PCR</b>					
Member Months	2,272,702	2,295,429	2,318,383	2,341,567	2,364,983
PMPM	\$369.00	\$389.30	\$410.71	\$433.30	\$457.13
Cost	\$838,636,720	\$893,609,357	\$952,185,450	\$1,014,601,207	\$1,081,108,316
<b>SUD Treatment</b>					
Member Months	156,000	156,000	156,000	156,000	156,000
PMPM	\$695.90	\$734.17	\$774.55	\$817.15	\$862.09
Cost	\$108,560,000	\$114,530,800	\$120,829,994	\$127,475,644	\$134,486,804
<b>Total WW MMs</b>	<b>4,045,557</b>	<b>4,084,453</b>	<b>4,123,737</b>	<b>4,163,414</b>	<b>4,203,489</b>
<b>Total WW Cost</b>	<b>\$1,387,939,583</b>	<b>\$1,477,773,714</b>	<b>\$1,573,433,481</b>	<b>\$1,675,297,290</b>	<b>\$1,783,768,159</b>



## SECTION 14: LIST OF PROPOSED WAIVERS AND EXPENDITURE AUTHORITIES

Waiver of 1902(a)(8) and (a)(10) to the extent necessary to implement the community engagement initiative.

Waiver of Section 1902(a)(52) and 1902(e) to the extent necessary to limit transitional medical assistance described in Section 1925 to premium assistance to individuals without access to employer-sponsored insurance who comply with community-engagement initiatives.

Waiver of 1902(a)(10), to the extent necessary, to allow SCDHHS to suspend Medicaid eligibility for individuals who fail to comply with provisions related to community engagement requirements.

Expenditure authority to provide medical assistance to:

- a) Parents and caretaker relatives between 67% and 95% of the FPL with a 5% income disregard.
- b) Postpartum women up to 194% FPL with a 5% income disregard, for the period from the 61st day to the 365th day postpartum.
- c) Postpartum women from the 194% with a 5% income disregard to 241% of the FPL with a 5% income disregard, for the period from the 1st day to the 365th day postpartum.
- d) Non-CHIP children between 213% and 241% FPL with a 5% income disregard.

Expenditure authority to provide 12 months of medical assistance to individuals without dependent children who:

- a) Have income of less than 0% FPL with a 5% income disregard and are chronically homeless;
- b) Are justice-involved and need mental health or substance use disorder treatment;
- c) Are uninsured, have an income of less than 95% FPL with a 5% income disregard, and need substance use treatment.

## SECTION 15: PUBLIC NOTICE

SCDHHS introduced the community engagement initiative at the May 15, 2018, Medical Care Advisory Committee Meeting (MCAC), and provided a more detailed description during the Oct. 27, 2018, MCAC meeting. SCDHHS conducted public hearings and published public notices in accordance with the requirements in 42 CFR 431.408. The following describes the actions taken by SCDHHS thus far to ensure the public was informed and had the opportunity to provide input on the proposed waiver.

SCDHHS published a full public notice seeking input on the draft waiver application in major newspapers around the state in early December 2018. SCDHHS provided a public comment period that began Dec. 3, 2018, and ended Jan. 22, 2019, which extended beyond the required 30-day time period. SCDHHS provided an additional extension for public comments that ended Feb. 4, 2019. SCDHHS created a public webpage that includes the public notice, the public input process, scheduled public hearings, the draft application, and a link to the Medicaid webpage on Section 1115 demonstrations. The webpage, which will be updated as the application process moves forward, can be found at <https://msp.scdhhs.gov/cew>.

The webpage and public notice clearly stated that a copy of the waiver application documents, including the final waiver application once complete, could be obtained from SCDHHS at no charge by downloading the documents from the website, by visiting the SCDHHS office, or by requesting a copy via email. The webpage and public

notice explained that public comments were welcome and would be accepted through Jan. 22, 2019. On Jan. 23, 2019, SCDHHS published another public notice extending the public comment period to Feb. 4, 2019. The public notice informed the public that written comments on the changes could be sent online, email or regular mail.

SCDHHS conducted three initial public hearings in geographically distinct areas of the state.

The first public hearing on this proposed demonstration request was held Tuesday, Dec. 4, 2018, from 11 a.m.-noon in Columbia, SC.

The second public hearing on this proposed demonstration request was held Wednesday, Dec. 5, 2018, from 11 a.m.-noon in Greenville, SC.

The third public hearing on this proposed demonstration request was held Thursday, Dec. 6, 2018, from 11 a.m.-noon in Charleston, SC.

SCDHHS also conducted a teleconference Dec. 4, 2018, at 3 p.m. to ensure all South Carolinians had an opportunity to provide input on this waiver.

To ensure a high level of public input, SCDHHS conducted another round of public hearings in distinct areas of the state. In the second round of public hearings, SCDHHS included evening and Saturday hours.

The fourth public hearing on this proposed demonstration request was held Tuesday, Jan. 15, 2019, from noon-1 p.m. in Charleston, SC.

The fifth public hearing on this proposed demonstration request was held Wednesday, Jan. 16, 2019, from 6-7 p.m. in Greenville, SC.

The sixth public hearing on this proposed demonstration request was held Saturday, Jan. 19, 2019, from noon-1 p.m. in Columbia, SC.

Based on 292 comments received through Feb. 4, 2019, SCDHHS made a series of modifications to this application. To ensure an opportunity for robust and thorough public review and comment, SCDHHS issued an updated draft March 4, 2019. SCDHHS informed the public of an opportunity to review the updated draft by issuing an updated abbreviated public notice and is allowing for additional public comments through April 3, 2019. Additionally, SCDHHS scheduled an additional series of public hearings that are currently scheduled as follows:

A public hearing on this proposed demonstration request is scheduled for Friday, March 15, 2019, from 3-4 p.m. in North Charleston, SC.

A public hearing on this proposed demonstration request is scheduled for Saturday, March 16, 2019, from 3-4 p.m. in Greenville, SC.

A public hearing on this proposed demonstration request is scheduled for Monday, March 18, 2019, from 1-2 p.m. in Columbia, SC.

A public hearing on this proposed demonstration request is scheduled for Monday, March 25, 2019, from 6-7 p.m. in Greenville, SC.

A public hearing on this proposed demonstration request is scheduled for Tuesday, March 26, 2019, from 5-6 p.m. in Columbia, SC.

A public hearing on this proposed demonstration request is scheduled for Friday, March 29, 2019, from 4:30-5:30 p.m. in Charleston, SC.

South Carolina has one federally recognized tribe, the Catawba. An initial conference call with representatives from the tribe was held Oct. 31, 2018, and a follow up letter was sent to the Tribal chair of the Catawba Nov. 11, 2018, giving the Tribal government notice pursuant to the Social Security Act and Federal Regulations. SCDHHS will issue a second letter to the Tribal chair no later than March 6, 2019, related to the modifications of the draft application.

## **SECTION 16: DEMONSTRATION ADMINISTRATION**

As Director of SCDHHS and State Medicaid Director, Joshua D. Baker is the executive sponsor of this waiver application. Bryan Amick, Deputy Director for Health Programs, is charged with the execution of the waiver application and the implementation of the resulting benefit changes.

SCDHHS' point of contact for this demonstration waiver application is as follows:

Name and Title: Kevin Bonds, Program Manager

Telephone Number: 803-898-2823

Email Address: [Kevin.Bonds@scdhhs.gov](mailto:Kevin.Bonds@scdhhs.gov)

**DRAFT**