In its mission to purchase the most health for South Carolina citizens in need at the least possible cost to the taxpayers, the South Carolina Department of Health and Human Services (SCDHHs) has rigorously transformed itself from a payor of service claims to purchaser of health care.

The General Assembly’s 2015 budget includes Proviso 33.26 which builds from FY 2014 Proviso 33.34 and provides funds that may only be accessed if hospitals and clinics serving the uninsured work together and adhere to health improvement initiatives outlined in the proviso. Proviso 33.26, Medicaid Accountability & Quality Improvement Initiative, is a state-based plan to increase value and transparency in the current system, invest in hotspots of poor health, reduce per capita costs and improve health outcomes. It directly aligns with SCDHHs’ mission to purchase health.

To operationalize, SCDHHS separated this proviso into five segments: Hospital & Clinic Innovations (sections (A), (C), & (D)); Graduate Medical Education (section (E(1))); Telemedicine & OB/GYN (section (E(2))); SC Telemedicine Network (section (E(3)); Reporting (section G).

This second quarter report (October–December 2014) provides a summary of Proviso 33.26 activities and implementation since the budget was passed.

**Hospital & Clinic Innovations (A), (C) & (D)**

During the second quarter, allocation under the approved methodology of $8 million for federally qualified health centers (FQHCs) commenced. This included both $5 million in base funding as well as $3 million allocated as an incentive to increase the number of uninsured served in FQHCs. In concert with this was the allocation of $3 million to free clinics, $7.5 million to Healthy Outcomes Plan (HOP) participating hospitals, and $2 million to 301 drug and alcohol clinics. In FY15, the agency will create a separate $25 million (total dollar) Disproportionate Share Hospital (DSH) pool from the existing FFY15 DSH allotment that will be spread among the South Carolina rural hospitals, as defined in Attachment 4.19-A of the South Carolina Medicaid State Plan.

**Community Health (B)**

LiveWell Kershaw is a population-based health approach to improving health outcomes in Kershaw County. The goal of this effort is to make Kershaw County the healthiest county in South Carolina, based on the County Health Rankings compiled annually by the Robert Wood Johnson Foundation and the Population Health Institute at the University of Wisconsin. In collaboration with SCDHHS, this initiative began with a countywide health assessment followed by the development of a health improvement plan, and the Live Well Kershaw project to incorporate Community Health Workers.

Through a collaborative and extensive data collection process and analysis, four priority areas were identified by the community:

1. Access to appropriate care
2. Obesity/nutrition/physical activity
3. Smoking
4. Teen health
While community members and organizations countywide are already targeting these issues, strategies are being developed and implemented to better coordinate these activities and address the gaps which remain.

This quarter a qualitative analysis of student health for the development of a school-based health clinic at North Central High School was completed. Conclusions and results indicate the need for policy changes at the administrative level for the support of a school-based health clinic. Further qualitative interviews are advised and planned for the near future.

Also completed this quarter was the collection of quantitative data on the targeted communities to use as baseline (i.e. determination of actual populations with key demographics).

**Graduate Medical Education (GME) Payments (E(1))**

Despite strong medical schools, high resident retention rates and $189,940,402 in spending on GME by SCDHHS in state fiscal year 2012, South Carolina has struggled for years to attract and retain physicians to serve rural areas and the urban poor. Of the 46 counties in South Carolina, 43 are considered Health Professional Shortage Areas. There is strong evidence that this shortage contributes to poor health outcomes in these populations.

SCDHHS is required by the proviso to implement the recommendations of the January 2014 GME Advisory Committee Report.

SCDHHS continues to meet with individuals and entities whom are experts in the field of GME and Supplemental Teaching Payments (STP) in order to implement the GME Advisory Committee recommendations. Research was also conducted to prepare for policy writing by reviewing the Centers for Medicare & Medicaid Services (CMS) and other states’ policies. SCDHHS continues to meet with Area Health Education Consortium (AHEC), and drafted a contract on the scope of services AHEC will provide to GME. SCDHHS staff is developing draft policy for GME and STP that will provide structure in moving toward operationalizing GME as a program.

**Telemedicine & OB/GYN (E(2))**

Working with South Carolina hospitals and rural health service providers, SCDHHS will continue its Telemedicine & OB/GYN project, which was created to address the requirements of FY 2014 Proviso 33.34, Section (E(2)). This program is designed to expand the use of telemedicine and ensure targeted placement and support of Obstetrics/Gynecology (OB/GYN) services in four counties with a demonstrated lack of adequate OB/GYN resources.

Using data from the University of South Carolina, Institute for Families in Society, Division of Policy and Research on Medicaid and Medicare, SCDHHS is working with the providers in Allendale, Bamberg, Barnwell and Hampton counties for this program as there are no OB/GYN practices or delivering hospitals within this four-county geography.

SCDHHS and external stakeholders are reviewing best practices, referral patterns, existing relationships and provider input in order to generate a program to adequately address access to OB/GYN services through the use of telemedicine.

**South Carolina Telemedicine Network (E(3))**

SCDHHS has entered into a contractual agreement with the Medical University of South Carolina (MUSC) Hospital Authority to lead the development and operation of an open access South Carolina Telemedicine Network in collaboration with Palmetto Care Connections and other hospitals in South Carolina.
The inaugural meeting of the Advisory Council of the South Carolina Telehealth Alliance, which comprises telehealth thought leaders and external stakeholders from across the state, was held in December 2014. The advisory council was tasked with finalizing the strategic plan for this network, which has been completed and reviewed by stakeholders. The SC Telehealth Alliance, who is responsible for implementing the driving strategies of the network, has initiated work on tasks assigned through the SC Telehealth Network strategic plan. SCDHHS has been actively represented in each phase of strategic plan and network development and will continue to monitor committee activity in order to ensure timely fulfillment of the contractual obligations.

**Reporting (G)**
The proviso directs SCDHHS to publish quarterly reports on the progress toward the goals established in Proviso 33.26. This serves as the second report.

Additionally, SCDHHS established a [website](https://msp.scdhhs.gov/proviso/) to update the General Assembly, stakeholders and the public on activities and implementation of Proviso 33.26. This can be found on the [scdhhs.gov](https://www.scdhhs.gov) home page or directly at [https://msp.scdhhs.gov/proviso/](https://msp.scdhhs.gov/proviso/).