

**Medicaid Advisory Council (MAC)
 Meeting Agenda**

Henry McMaster GOVERNOR
 Eunice Medina DIRECTOR
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Agenda

Date: Aug. 11, 2026

Time: 10 a.m.-12 p.m.

Location: Microsoft Teams

Topic	Presenter
1. Director’s Welcome	Eunice Medina, Director
2. Member Disclosure of Conflict of Interest	Jordan Desai, Deputy Director of Programs
3. Working Families Tax Cuts Act Highlights	Jackson Wilkens Burnaugh, Chief External Affairs Officer
4. Medicaid Enrollment	Lori Risk, Bureau Chief, Eligibility, Enrollment and Member Services Policy and Contracts
5. Advisement: Section 71100 of the Working Families Tax Cut Legislation—Alien Medicaid Eligibility	
6. Managed Care Enrollment	Jordan Desai, Deputy Director of Programs
7. Provider Revalidation	
8. Advisement: Nursing Facility Rate Update	Nika Simmons, Bureau Chief, Reimbursements
9. Advisement: Recovery Audit Contractor	Michael Targia, Chief of Internal Audits and Program Integrity
10. Advisement: Home and Community-based Services Waiver Renewals	Margaret Alewine, Bureau Chief, Policy
11. Policy Updates	
12. Advisement: Addition of Intercept, an Intensive In-home Services Model for Behavioral Health	
Closing Comments	
Adjournment	



**Medicaid Advisory Council
May 12, 2026, Meeting Minutes**

Present

Sue Berkowitz
Steve Boucher
Shannon Chambers
Dr. Kacey Eichelberger
Amanda Hess
Amanda Hiers
Amy Holbert
Rickie Shearer
Vicki Young

Not Present

Maggie Cash
Steven Ferrufino
Chief Brian Harris
Constance Holloway
JT McLawhorn

Director's Welcome

Agency Budget Request

SCDHHS Director Eunice Medina welcomed the Medicaid Advisory Council (MAC). She stated the agency has submitted their budget request of \$203 million in recurring dollars for the upcoming fiscal year, 90% of which will go towards maintenance of effort for the Medicaid program. She stated she doesn't expect to hear an update on the Medicaid budget request until mid-to-late June.

Managed Care Carve-in

Director Medina also updated attendees on the managed care carve-in and indicated the agency is moving forward with phase two of the plan. In this phase, long term care services and supports for the community long term care waiver programs will be carved into managed care plans effective July 1, 2027. She stated the agency plans to continue communicating carve-in information with the MAC and the Beneficiary Advisory Council (BAC) members.

There were no questions or comments.

MAC Member Updates

Website

Strategic Initiatives Specialist Shadda Winterhalter stated the MAC section of the website has been updated to include a registration link for future meetings. The website also provides information on the roles and responsibilities, application process and the bylaws for MAC.

Managed Care Organization (MCO) Marketing Materials

Winterhalter also updated attendees on the federal requirement for MCO marketing materials to be reviewed by MAC members. She shared the guidelines and the common material types used by MCOs. She stated this requirement starts July 1 and the distribution of materials will occur on a quarterly cycle

in the same month as the MAC meeting. The first batch of materials will be sent to MAC members in August.

The following question was provided.

1. When will we get the first spreadsheet?
 - a. The agency stated MAC members will receive the first round of marketing materials to review in August.

Medicaid Enrollment

Deputy Director of Eligibility, Enrollment and Member Services Nicole Mitchell Threatt provided an update on South Carolina Healthy Connections Medicaid's enrollment. She also shared information on the Working Families Tax Cut legislation that goes into effect Oct. 1, 2026. She stated this law limits federal funding for Medicaid and Children's Health Insurance Program for non-citizens but does not impact lawful citizens.

The following questions were provided.

1. Hi, what is the number of managed care vs. fee-for-service (FFS) and/or percentage?
 - a. The agency said there are more enrolled in managed care than FFS currently.
2. What are the numbers for family planning? Family planning was not presented, only full benefit, so trying to figure out what the family planning numbers look like.
 - a. The agency stated they will provide the requested family planning data.

Advisements and Updates

Advisement: Supplemental Teaching Physician (STP) Payment Program

Chief of Reimbursements Nika Simmons provided an overview of the advisement.

There were no questions or comments.

Advisement: Federally Qualified Health Center (FQHC) Reimbursement Methodology Updates

Director of Pricing Noelle Wriston provided an overview of the advisement.

The following question and comment were provided.

1. Will today's PowerPoint be available for us after the meeting.
 - a. The agency said the presentation will be posted on the [Committees and Groups page](#) of the website under the MAC meeting date.
2. Our team has been working with the agency on any questions the South Carolina Primary Health Care Association may have and will continue to provide feedback.

Advisement: End-Stage Renal Disease (ESRD) Benefit and Rate Update

Chief of Policy Margaret Alewine provided an overview of the advisement.

The following question was provided.

1. How do we get this service to those who need this care under emergency Medicaid? When someone presents that needs this service, or even chemo, how do we help them get these life-saving procedures?
 - a. The agency responded that full-benefit members will receive ESRD services through an ESRD clinic. Members with emergency coverage will receive services in an emergency setting including dialysis. The agency stated it is open to providing additional review of this benefit for the emergency Medicaid category and checking how it is handled in other states.

Advisement: Outpatient Hospital Payment Methodology Update

Chief of Policy Margaret Alewine provided an overview of the advisement.

There were no questions or comments.

Policy Updates

Margaret Alewine provided an update on Healthy Connections Medicaid service and policy changes.

The following questions and comment were provided.

1. How can individuals, especially consumers, volunteer to be a part of this workgroup?
 - a. The agency responded it will reach out to attendees for additional members that may want to be part of the workgroup.
2. Have you developed policy on the recent Medicaid Director letter from the Centers for Medicare and Medicaid Services (CMS) asking for designation of high-risk providers? If so, when will it be presented to MAC for input? Will there be an opportunity to have input while you are doing the policy?
 - a. The agency stated there were some specific time frames attached to the response to CMS, so the first response had to go out quickly. For the second part of the plan, the agency replied they would be happy to get MAC feedback for the next response.
3. You are all doing amazing work. Thank you for all the updates.
4. Is it possible to have input on what you are presenting? Is it possible to have lines open for member discussion?
 - a. The agency said it will implement a process to request discussion topics for future meetings.

Closing

The meeting was closed by thanking attendees for their participation. The next MAC meeting will be held Aug. 11, 2026.

Thank you for participating in the Medicaid
Advisory Council.

The meeting will begin shortly.

Medicaid Advisory Council (MAC)

Aug. 11, 2026

**The meeting will begin shortly.
Microphones are muted.
All cell phones are silenced.**

**Thank you for participating in the
MAC meeting.**

Meeting Logistics

- Attendee lines will be muted for the duration of the webinar to minimize disruption.
- MAC members are welcome to comment or ask questions throughout the meeting.
- All other attendees who wish to comment or ask questions should do so during the specified public comment periods using the chat feature in Teams.

Director's Welcome

Eunice Medina, Director

Member Disclosure of Conflict of Interest

Jordan Desai, Deputy Director of Programs

Member Disclosure of Conflict of Interest

MAC members who wish to speak on a topic in which they have a conflict of interest must disclose the conflict before participating in the discussion.

Working Families Tax Cuts Act Highlights

Jackson Wilkens Burnaugh, Chief External Affairs Officer

Working Families Tax Cuts Act Highlights

Section	South Carolina Impact
71109- Alien Medicaid Eligibility	• Effective Oct. 1, 2026 • Limits federal funding for Medicaid and Children's Health Insurance Program (CHIP) for some non-citizens • Does not impact • Lawful permanent residents • Cuban/Haitian entrants • Compact of Free Association (COFA) migrants • Lawfully present pregnant women and children
71111-Moratorium on Implementation of the Final Staffing Rule for Nursing Facilities	• Delays implementation, administration and enforcement of the CMS' (Biden-era) nursing facility minimum staff ratio rule until Sept. 30, 2034.
71112- Reducing State Medicaid Costs	• For applications submitted on or after Jan. 1, 2027, sets retroactive coverage periods as two months, rather than current rule of three months.
71116- State Directed Payments (SDPs)	• Limit total payments made through managed care SDPs to 110% of the total published Medicare rate, reduced annually by 10% beginning in SFY29
71401- Rural Transformation Fund	• \$50B cooperative agreement program for states to advance rural health access and quality



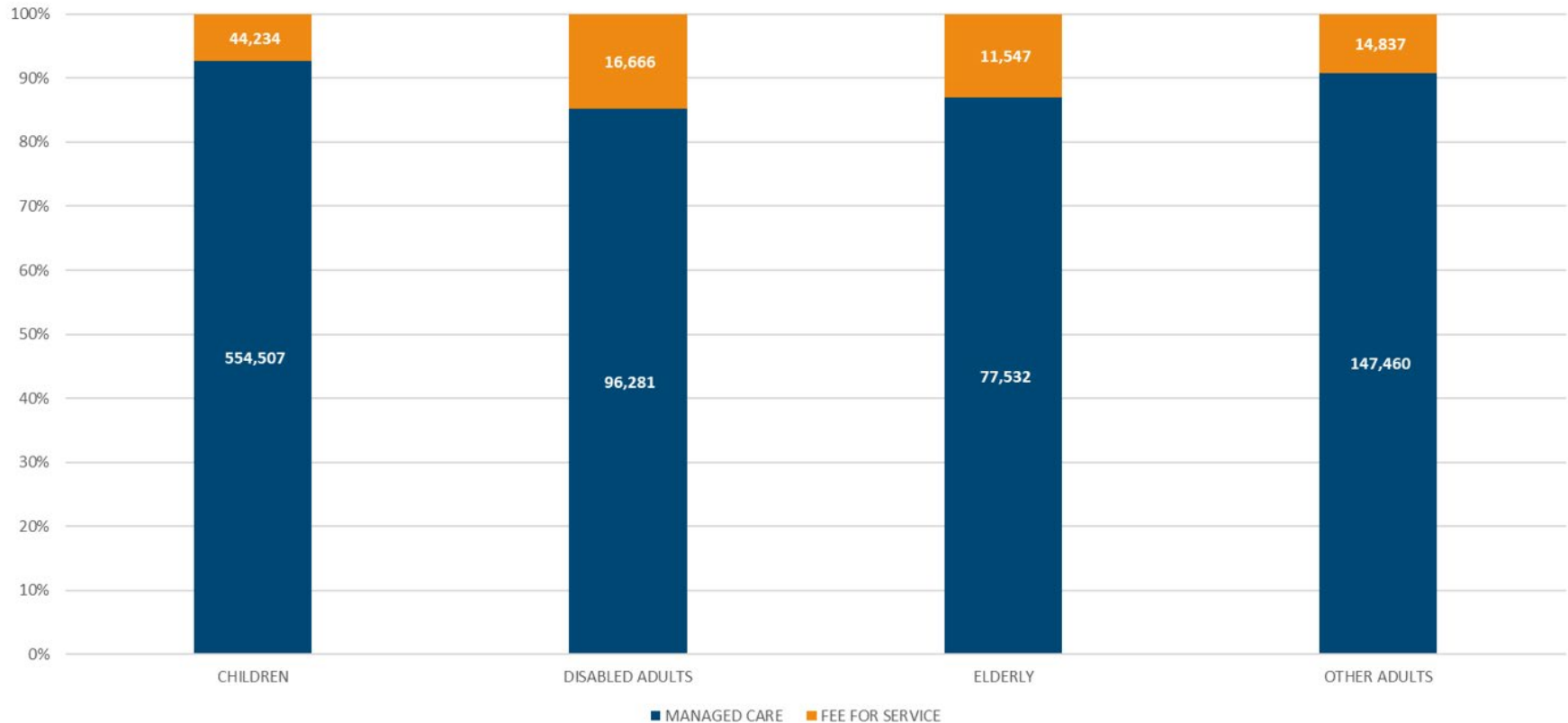
Medicaid Enrollment

Lori Risk, Bureau Chief

Eligibility, Enrollment and Member Services Policy and Contracts

Full-benefit Membership by Population

(as of April 30, 2026)



Advisement: Section 71100 of the Working Families Tax Cut Legislation – Alien Medicaid Eligibility

Lori Risk, Bureau Chief

Eligibility, Enrollment and Member Services Policy and Contracts

Background

- Implementation of Section 71109 “Alien Medicaid Eligibility” of the Working Families Tax Cut Legislation (Public Law 119-21)
- Limits federal funding for Medicaid and CHIP for some non-citizens
- Does not affect:
 - Lawful permanent residents (green card holders), who:
 - Have completed five-year waiting period, or
 - Have an immigration status that did not require the five-year waiting period
 - Cuban/Haitian entrants
 - COFA migrants (citizens of the Marshall Islands, Micronesia or Palau living in the US under COFA)
 - Lawfully present pregnant women and children

Changes

- Eligibility policy and system functionality will be updated to reflect these changes.
- Current members potentially impacted by this change will be reassessed prior to implementation.
- Anyone whose immigration status does not qualify for full Medicaid benefits may still qualify for Emergency Services coverage.

Budget Impact and Effective Date

Budgetary Impact:

- To be determined

Effective Date:

- Oct. 1, 2026

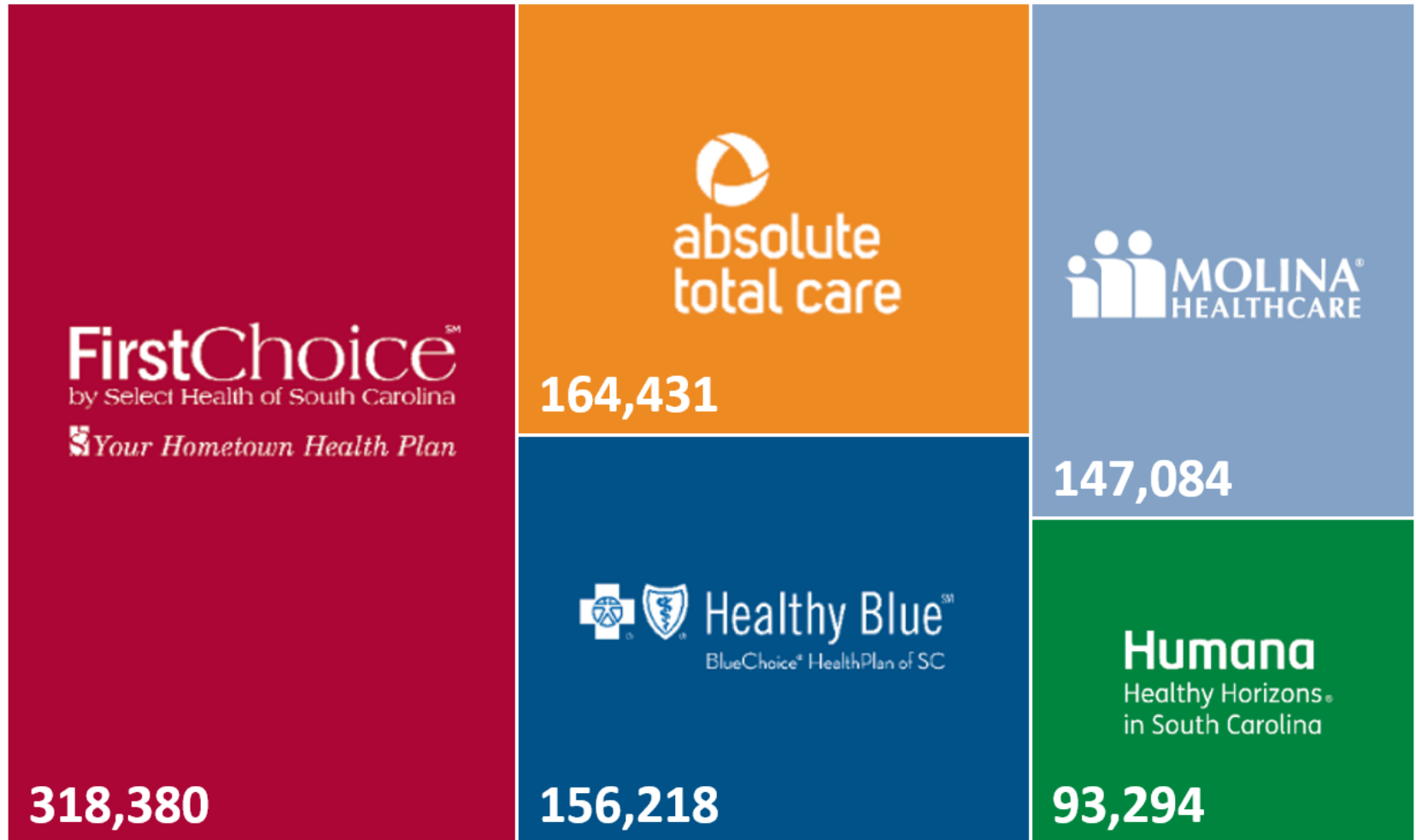
Public Comment

MAC members and all other attendees who wish to comment, please use the chat feature now.

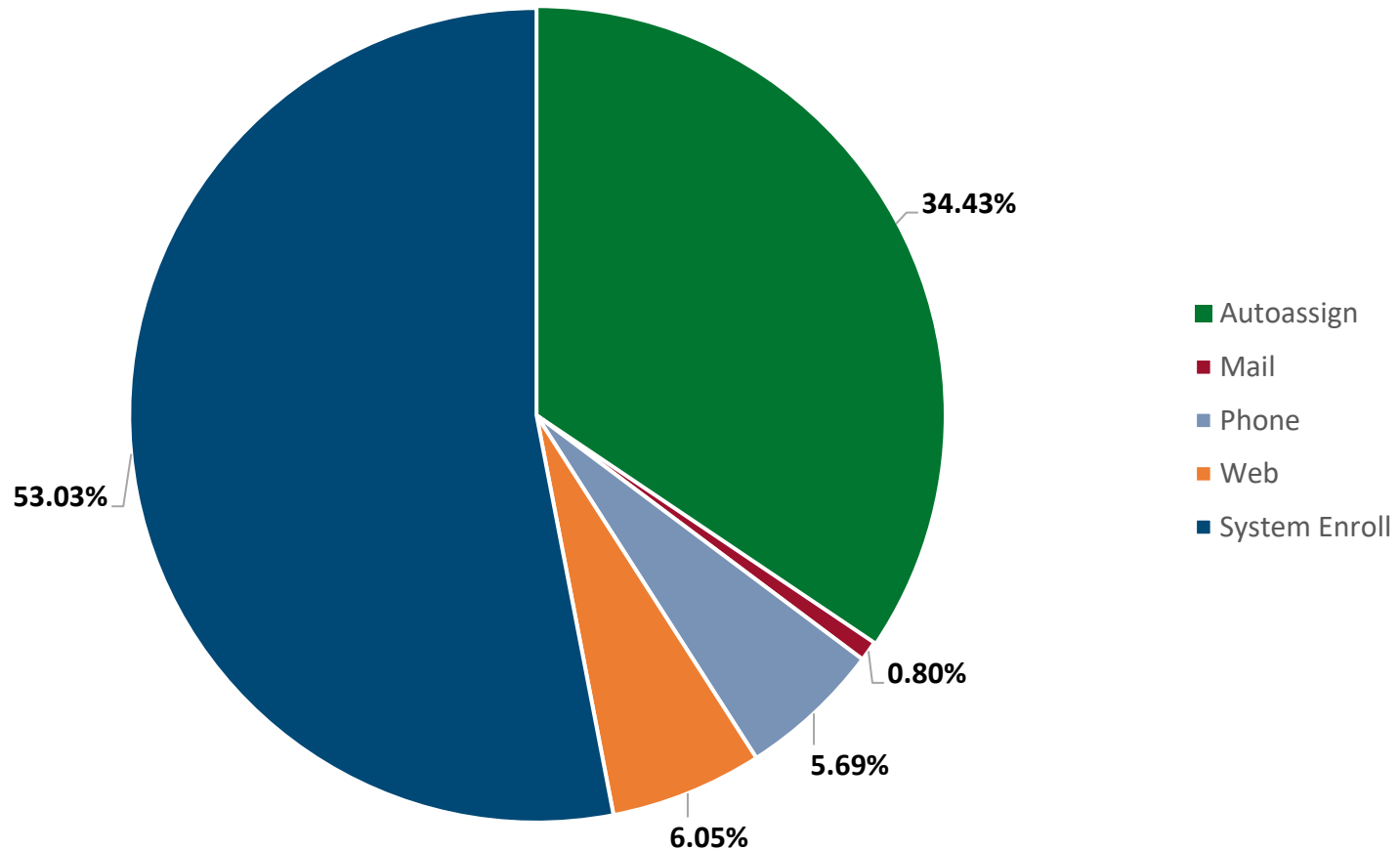
Managed Care Enrollment

Jordan Desai, Deputy Director of Programs

Managed Care Enrollment



Managed Care Enrollment *(cont.)*



Provider Revalidation

Jordan Desai, Deputy Director of Programs

Provider Revalidation

- On April 23, 2026, CMS Administrator Dr. Mehmet Oz sent letters to all U.S. governors and state Medicaid directors requesting immediate action to revalidate all Medicaid providers by July 2028.
- SCDHHS received approval of the state's provider revalidation strategy July 31, 2026.
- The document, and more information about provider revalidation, will be available at www.scdhhs.gov/providers/revalidation.

Provider Revalidation *(cont.)*

- SCDHHS has developed two distinct tracks for revalidation.
- Rapid revalidation
 - Federally recognized and/or South Carolina designated high-risk provider types
 - Requires revalidation documentation, site visit and fingerprint-based criminal history background checks
- Enhanced revalidation
 - Atypical, moderate or limited risk provider types
 - Requires revalidation documentation

Provider Revalidation *(cont.)*

Rapid Revalidation

- Approximately 5,800 providers
- Providers have 30 days after receiving notification to initiate process
- Entire cohort complete by July 2027

Enhanced Revalidation

- Approximately 76,000 providers
- Groups of 3,000 providers a month
- Providers have 30 days after receiving notification to initiate process
- Entire cohort complete by June 2028

For more information, visit <https://www.scdhhs.gov/providers/revalidation>.

Advisement: Nursing Facility Rate Update Effective Oct. 1, 2026

Nika Simmons, Chief of Reimbursements

Background

- Update the private and the non-state-owned governmental Medicaid nursing facility payment rates effective Oct. 1, 2026.
- To establish the Oct. 1, 2026, Medicaid nursing facility payment rates, SCDHHS used the fiscal year end (FYE) 2025 Medicaid cost reports as the baseline starting point for Oct. 1, 2026, rate-setting purposes.

Changes

- The cost center standards using the most recent cost report data available (FYE September 30, 2025) remains at 90% minimum occupancy and the General Services standards at 105% of the mean and Laundry, Housekeeping and Maintenance standards at 105% of mean.
- The minimum occupancy factor used to determine individual Medicaid reimbursement rates effective Oct. 1, 2026, is 90% unless the county average is below 85% in which case the minimum factor would be 85%. The cost of capital reimbursement calculation remains at 90% minimum occupancy.

Changes *(cont.)*

- The percent skilled used in establishing each nursing facility's Oct. 1, 2026, Medicaid reimbursement rate will be based upon state fiscal year (SFY) 2026 Medicaid paid days.
- To account for another year of inflation to the base year Sept. 30, 2025, cost reporting period, a trend factor of 1.7% was applied in the calculation of the Oct. 1, 2026, rate. The trend rate was obtained from the Revenue and Fiscal Affairs Office.
- Authorizing 4,075,928 Medicaid permit days to be permitted by the South Carolina Department of Public Health for SFY 2027.

Budget Impact and Effective Date

Budgetary Impact:

- Annual aggregate expenditures will increase by approximately \$51 million in total dollars.

Effective Date:

- On or after Oct. 1, 2026

Public Comment

MAC Members and all other attendees who wish to comment, please use the chat feature now.

Advisement: Recovery Audit Contractor

Michael Targia, Chief of Internal Audits and Program Integrity

Background

- In accordance with Section 1902(a)(42)(B)(ii)(I) of the Social Security Act and 42 CFR Part 455, Subpart F, SCDHHS posted a request for proposal (RFP) for a Recovery Audit Contractor (RAC) in March 2026.
- SCDHHS selected Cotiviti Gov Services to serve as SCDHHS' RAC, who will perform audit services on fee-for-service (FFS) and encounter claims.
- SCDHHS previously contracted with Health Management Systems as SCDHHS' RAC, who performed audits on FFS payments only.

Changes

- SCDHHS' State Plan Amendment (SPA) for Section 4.5 Medicaid Recovery Audit Contractor Program shall reflect the name of Cotiviti Gov Services LLC as SCDHHS' RAC.
- The SPA will also reflect the payment methodology used to determine payments to the RAC for recovered overpayments and identified underpayments.
 - **A contingency fee payment of 9.75% for all recovered overpayments in FFS and managed care, and a contingency fee payment of 4% for all underpayments identified in FFS and managed care.**

Budget Impact and Effective Date

Budgetary Impact:

- Cotiviti Gov Services shall be paid a contingency fee based on actual dollars recovered from identified overpayments and dollars identified as underpayments.
- Approximately 70% of what the RAC recovers is repaid to the federal government.

Effective Date:

- Contract effective date is Aug. 7, 2026.

Public Comment

MAC members and all other attendees who wish to comment, please use the chat feature now.

Advisement: Home and Community-based Services Waiver Renewals

Margaret Alewine, Chief of Policy

Background

- SCDHHS) intends to file waiver renewal requests to the CMS for the following 1915 (c) HCBS waivers:
 - SC.0237 Intellectual Disability/ Related Disabilities (ID/RD)
 - SC.0675 Medically Complex Children (MCC)

ID/RD Waiver Overview

- Established in 1991
- Serves Medicaid-eligible participants of all ages with a level of care consistent with individuals with a diagnosis of intellectual or related disability
- Current census: 8,528 (July 2026)

ID/RD Waiver Covered Services

- Behavior support (caregiver coaching)
- Environmental modifications
- Vehicle modifications
- Personal care
- Personal emergency response systems
- Pest control
- Residential habilitation
- Respite
- Attendant care
- Case management
- Adult companion
- Adult day health care (ADHC)
- Dental
- Vision
- Day programs
- Incontinence supplies
- Nursing
- Independent living skills
- Audiology
- Specialized medical equipment, supplies and assistive technology

ID/RD Waiver Proposed Changes

- Updated financial accountability/rates, billing and claims sections.
- Updated cost neutrality projections for the renewal period.
- Revised waiver performance measures and quality improvement strategy.

ID/RD Waiver Proposed Changes *(cont.)*

- Removed personal care I, personal care II and nursing from the list of services provided, to reflect consolidation of services that have been implemented.
 - Implemented July 1, 2023.
- Removed ADHC transportation. This is now provided through the non-emergency medical transportation broker.
 - Implemented July 1, 2022.

Budget Impact and Effective Date

Budgetary Impact

- In its application and each year during the period that the waiver is in operation, the state must demonstrate that the waiver is cost neutral.
- The average per participant expenditures for the waiver and non-waiver Medicaid services must be no more costly than the average per person costs of furnishing institutional (and other Medicaid state plan) services to persons who require the same level of care.

Effective Date

- On or after Jan. 1, 2027

Public Comment

MAC members and all other attendees who wish to comment, please use the chat feature now.

MCC Waiver Overview

- Established in 2008.
- Serves Medicaid-eligible children aged birth to 21 with chronic physical/health condition(s) expected to last at least 12 months.
- Applicants must meet hospital level of care.
- Current census: 2,363 (July 2026)

MCC Waiver Covered Services

- Children's attendant care – self-directed
- Environmental modifications
- Pediatric medical day care
- Respite care
- Waiver care coordination

MCC Waiver Proposed Changes

- Updated cost neutrality projections for the renewal period.
- Revised performance measure compliance strategies and operational oversight procedures in accordance with CMS guidance.

Budget Impact and Effective Date

Budgetary Impact

- In its application and each year during the period the waiver is in operation, the state must demonstrate the waiver is cost neutral.
- The average per participant expenditures for the waiver and non-waiver Medicaid services must be no more costly than the average per person costs of furnishing institutional (and other Medicaid state plan) services to persons who require the same level of care.

Effective Date

- On or after Jan. 1, 2027

Public Comment

MAC members and all other attendees who wish to comment, please use the chat feature now.

Policy Update: Autism Spectrum Disorder Provider Manual Updates

Margaret Alewine, Chief of Policy

Background

- SCDHHS updated its Autism Spectrum Disorder (ASD) Services Provider Manual effective July 1, 2026, to reflect changes in medically necessary Applied Behavior Analysis (ABA) requirements for eligible South Carolina Healthy Connections Medicaid members age 0 to 21 years of age.
 - Previous policy updates to the diagnostic assessment requirements and presumptive eligibility for ASD services were implemented in September 2025.
 - Current updates focused on the service definitions and procedural requirements for medically necessary ABA to reflect best practices and high-quality service delivery.

Policy Updates

- To streamline service definitions, clarify medical necessity for autism services and support current trends and best practices, the following changes were made:
 - Telehealth guidance was finalized, permanently allowing family adaptive behavior treatment guidance via telehealth;
 - Clarified and strengthened medical necessity criteria for ABA treatment services to ensure appropriate distribution of resources;
 - Clarified list of non-covered services to ensure ABA services are not utilized for non-behavioral services.

Policy Updates *(cont.)*

- Updated provider qualifications and enrollment guidelines, classifying ABA providers as “high-risk” (per CMS categorical risk level) and strengthening guardrails around service delivery;
- Strengthened plan of care requirements and removed redundant documentation requests; and
- Included additional context for and clarification of community-based service delivery locations (i.e., school and/or home).

Advisement: Addition of Intercept, an Intensive In-home Services Model for Behavioral Health

Margaret Alewine, Chief of Policy

Background

- As part of the expansion of intensive, community-based behavioral health service options for children with serious emotional disturbance offered through the South Carolina Medicaid State Plan, SCDHHS has implemented several new services in the past two years.
- These include:
 - Multisystemic Therapy, January 2024
 - Homebuilders, July 2024

Proposed Changes

- In continuing the efforts to expand the behavioral health service array, SCDHHS is proposing the addition of **Intercept**, an intensive in-home service model for children, adolescents, and transitional-aged youth.
 - Intercept, developed by Youth Villages, is an integrated, intensive behavioral health program for safely preventing children from entering out-of-home care or in reunification with their families, if out-of-home care is medically necessary (this includes, but is not limited to, foster care, psychiatric residential treatment or group home settings).
 - The Intercept model uses an integrative process combining evidenced-based clinical interventions and consultation with a program expert to address referral issues and presenting concerns for children and families.

Proposed Changes *(cont.)*

- Intercept is appropriate for children and youth age 0-20, with services typically lasting four to six months depending on referral type.
- Intercept staff work with both the youth and the caregivers to address issues impacting the stability of the family, with multiple sessions per week in the home or community and providing 24-hour on-call crisis support.
- Providers operate within an Intercept team, which must be licensed by Youth Villages. Intercept teams must complete all initial and ongoing training and supervision requirements and maintain fidelity to the Intercept model as determined by Youth Villages.

Proposed Changes *(cont.)*

- Intercept will be reimbursed with a bundled daily rate that incorporates discrete rehabilitative behavioral health services, as well as the costs associated with model structure (i.e., travel time, training, supervision, fidelity reviews, etc.):
 - Behavioral health screening;
 - Diagnostic assessment;
 - Diagnostic assessment – follow-up;
 - Family psychotherapy;
 - Service plan development;
 - Crisis management;
 - Family support services; and/or
 - Behavior modification.

Proposed Changes *(cont.)*

- Intercept will be reimbursed as follows:

Procedure Code	Rate
Intensive In-Home Services—Intercept H0037-U2	\$309.56 per member, per day

- Based on what constitutes an average therapeutic “dose” of Intercept and the expected course of treatment as per the model, providers are allowed an initial episode of care consisting of 48 per diems over a period of 120 days (4 months); continued services may be authorized if medically necessary.

Budget Impact and Effective Date

Budgetary Impact

- SCDHHS anticipates an estimated budget impact of \$5.2 million in total dollars.

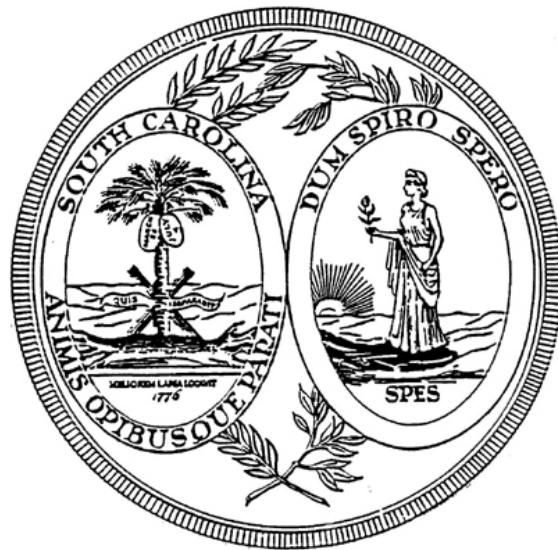
Effective Date

- On or after Aug. 1, 2026.

Public Comment

MAC members and all other attendees who wish to comment, please use the chat feature now.





SOUTH CAROLINA PROVIDER REVALIDATION STRATEGY

JUNE 2026

Contents

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Introduction and Background

The state of South Carolina and the South Carolina Department of Health and Human Services (SCDHHS) are fully committed to strengthening the integrity of our Medicaid program and ensuring taxpayer resources are directed only to qualified, legitimate providers delivering needed services to our residents. Following recent federal guidance outlining the expectation for states to implement an accelerated revalidation effort for high-risk Medicaid providers, South Carolina has undertaken a comprehensive review of our program integrity environment, enrollment and oversight processes, and the factors that shape the fraud and abuse landscape within the state.

SCDHHS is the single state agency designated to administer South Carolina's Medicaid program under Title XIX of the Social Security Act. South Carolina administers its Healthy Connections Medicaid program through a combination of fee-for-service and managed care service delivery models and provides health care coverage to approximately one million South Carolinians.

Provider enrollment and revalidation functions are managed by SCDHHS' Office of Provider Enrollment and supported by three major contractual partnerships: BlueCross BlueShield of South Carolina (BCBSSC), Clemson University, and five Medicaid managed care organizations (MCOs). BCBSSC conducts provider application processing, document review, and field-based verification activities on behalf of the state. SCDHHS contracts with Clemson University to host and manage our Medicaid Management Information System (MMIS). Additionally, a single contract governs SCDHHS' managed care authority with five MCOs, who each play a key role in maintaining accurate provider information and oversight of their network providers.

Methodology and Risk Stratification

Recognizing the imperative to design a revalidation strategy that is both compliant and thoughtful in its approach, SCDHHS has developed two distinct tracks for revalidation. Through this provider revalidation strategy, just under 76,000 providers will be stratified into either the rapid revalidation category or the routine revalidation category.

Rapid Revalidation

SCDHHS has prioritized 5,713 providers to undergo rapid revalidation within the next 12 months. This revalidation includes documentation review, site visits, and fingerprint-based criminal history background checks (FCBC). This timeline reflects the state's intent to take decisive action consistent with federal guidance while applying a targeted approach that responds to South Carolina's observed risk environment.

South Carolina will continue to include the following federally recognized high-risk provider types:

- Durable Medical Equipment suppliers (DME)
- Home Health Agencies (HHA)

Based on existing policy, historical program integrity findings, utilization trends, and experience in South Carolina, SCDHHS will continue to include:

- Rehabilitative Behavioral Health Services (RBHS) providers
- Licensed Independent Practitioners (LIP), including groups and multi-specialty practices
- Applied Behavior Analysis (ABA) Providers

Based on recent utilization trends and experience in South Carolina, SCDHHS will also include:

- Providers offering Personal Care Attendant services

Enhanced Revalidation

For services covered and reimbursed under SCDHHS policy and furnished by the 65,800 providers in the moderate or limited risk categories, SCDHHS-assigned risk levels match the designations outlined in the Medicaid Provider Enrollment Compendium.

While considered high-risk for initial enrollment, the following provider types have their risk designation level lowered to moderate upon provider revalidation:

- Opioid Treatment Programs (OTP)
- Hospices
- Skilled Nursing Facilities (SNF)

In addition to the moderate or limited risk categories, SCDHHS has included atypical providers of home and community-based services for routine revalidation. The nearly 3,600 providers identified as atypical are not required to obtain an NPI, however recent national trends and SCDHHS claims and enrollment review have illuminated a mandate for their inclusion in the revalidation process.

Timeline and Implementation

Beginning June 1, 2026, SCDHHS will launch provider data clean-up activities to support a comprehensive revalidation effort. The resulting data will be assessed to optimize efficiencies and strengthen a geographically based revalidation approach. To ensure broad statewide coverage, SCDHHS will leverage existing resources across BCBSSC, MCO partners, and internal cross-functional teams. BCBSSC has committed to quadrupling the staff currently engaged in provider enrollment activities to meet the aggressive targets of this strategy. Additionally, SCDHHS MCO partners will assist in both rapid revalidation provider on site visits as well as network outreach and support to ensure providers complete all components of the revalidation cycles.

Initial implementation activities will include issuing provider communications and bulletins, distributing revalidation packets to all providers identified for rapid revalidation, and making resource allocation decisions based on geographic location and provider density. Additionally, SCDHHS will leverage MCO provider contact information to reduce returned mail throughout the revalidation process.

By October 2026, SCDHHS will assess Rapid Revalidation strategy metrics to determine potential decision points and elevated partner engagement. In the provider revalidation toolbox, ongoing MCO monitoring and oversight activities serve as a vital benchmark for reinforcing provider standards and alignment with South Carolina's Medicaid objectives. During revalidation, SCDHHS can leverage MCO contractual monitoring to support timeline objectives and reinforce state-mandated standards, strengthen oversight, and supports continuity of care.

Concurrent to the Rapid Revalidation process, SCDHHS will begin Enhanced Revalidation cycles in July 2026. Capacity testing has been done with BCBSSC and, with the onboarding of additional staff,

SCDHHS anticipates a monthly cycle of approximately 3,000 applications for processing. Four cohorts of approximately 9,000 providers each will enter the Enhanced Revalidation process. Weekly metrics monitoring will allow SCDHHS to evaluate when and how to engage and leverage existing partnerships to support timely completion.

These actions position SCDHHS for successful fulfillment of the Centers for Medicare and Medicaid Services' (CMS') requirements by establishing solid data foundations, ensuring personnel are fully trained, streamlining operational workflows, and strengthening regional coverage. Together, these improvements create the conditions needed for seamless, high-quality revalidation activities through June 2028.

Revalidation Activity Timeline		Q2 26			Q3 26			Q4 26			Q1 27			Q2 27			Q3 27			Q4 27			Q1 28			Q2 28			Q3 28		
		May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
1	Provider Revalidation Strategy Kick Off																														
2	Revalidation Letter Sent to All Rapid Revalidation Providers																														
3	Revalidation Letter Sent to Cohort 1 of Enhanced Revalidation																														
4	Rapid Revalidation Providers Submit Applications																														
5	On-sites and Fingerprinting for Rapid Revalidation Cohort																														
6	Revalidation Letter Sent to Cohort 2 of Enhanced Revalidation																														
7	Quarterly Metrics Report																														
8	Midpoint Assessment on Rapid Revalidation Cohort																														
9	Rapid Revalidation Sprint Two																														
10	Revalidation Letter Sent to Cohort 3 of Enhanced Revalidation																														
11	Quarterly Metrics Report																														
12	Buffer for Rapid Revalidation Cohort																														
13	Revalidation Letter Sent to Cohort 4 of Enhanced Revalidation																														
14	Ongoing Enhanced Revalidation																														
15	Quarterly Metrics Report																														
16	Quarterly Metrics Report																														
17	Quarterly Metrics Report																														
18	Quarterly Metrics Report																														
19	Quarterly Metrics Report																														
20	Final Metrics Report																														
21	Compliance Deadline for Completion of Enhanced Revalidation																														

Metrics and Reporting

In alignment with federal expectations, SCDHHS will monitor and report our progress of this provider revalidation effort on a quarterly basis beginning September 2026. Data provided will include, but is not limited to, the following:

- Number of revalidation applications mailed,
- Number of revalidation applications in process,
- Number of revalidation applications completed (approved or denied), and
- Completion rates by revalidation stratification cohort.

These quarterly updates will provide CMS with a clear and transparent view of SCDHHS' progress. Additionally, SCDHHS plans to publish revalidation results via our quarterly Medicaid Advisory Council (MAC) and Beneficiary Advisory Council (BAC) meetings. All MAC and BAC presentations and minutes are publicly available on the [SCDHHS website](#).

Ongoing Verification

SCDHHS is currently working with several sister state agencies to strengthen our provider enrollment data. The two state agencies in South Carolina responsible for licensing Medicaid providers are the South Carolina Department of Labor, Licensing, and Regulation (SCLLR) and the South Carolina Department of Public Health (SCDPH). We are currently finalizing a data sharing agreement with SCLLR to receive a data file nightly with updated licensure information and concurrently working with SCDPH to implement a similar data exchange mechanism. This automation will improve our current process, allowing for quicker availability of data including notifications of possible license suspensions, relinquishments, and revocations.

Additionally, our FCBC process is facilitated through the South Carolina Law Enforcement Division (SLED) in conjunction with the Federal Bureau of Investigation (FBI). SCDHHS intends to add the Record of Arrest and Prosecution (Rap Back) services SLED offers which allows for continuous, ongoing monitoring of the criminal record of enrolled Medicaid providers and owners who have been screened through FCBC. SCDHHS is also considering making FCBC mandatory for all rapid revalidation providers.

Validation Across Delivery Systems

SCDHHS works closely with our MCO partners to support accurate and timely provider data exchange. Each night, we transmit a file containing the current provider roster to every MCO. Additionally, in preparation for the launch of SCDHHS' new Encounter Processing System (EPS), SCDHHS is conducting reviews to identify opportunities to strengthen data quality and improve the effectiveness of information sharing.

This work aligns with SCDHHS' broader Medicaid Enterprise System (MES) Modernization Initiative. As part of this effort, a future provider module procurement will include requirements focused on enhanced data accuracy, increased data availability, and expanded analytic capabilities.

In addition to these improvements, SCDHHS is evaluating single-source credentialing as a potential long-term strategy to strengthen program integrity and help reduce fraud, waste, and abuse. A centralized credentialing model would allow SCDHHS to validate provider qualifications, licensure, sanctions, and ownership information through a single authoritative process rather than relying on multiple, duplicative MCO-specific reviews. Consolidating these activities can reduce the risk of inconsistent verification practices, prevent credentialing gaps that allow ineligible or excluded providers to enter the network, and improve the timeliness and accuracy of updates related to provider status changes. This approach supports more reliable, real-time provider data for oversight, audit activities, and encounter validation, and is being explored as part of the agency's broader modernization and program integrity strategy.

Enforcement Collaboration

SCDHHS will continue to collaborate closely with appropriate state and federal oversight entities to strengthen fraud prevention efforts, enhance the accuracy of provider screening, and ensure all enforcement activities align with applicable laws and regulations. This ongoing coordination includes timely consultation and information-sharing with relevant program integrity partners whenever issues or red flags are identified during provider document reviews, onsite inspections, or other components of the enrollment and revalidation process. Through these partnerships, SCDHHS aims to promote consistent oversight, support effective investigative actions, and maintain the highest standards of program integrity.

Conclusion

The State of South Carolina is committed to executing a comprehensive and aggressive Medicaid provider revalidation strategy that reflects the realities of our fraud landscape and ensures confidence in the integrity of our Medicaid program.

With a focused approach to high-risk providers, a structured two-year statewide plan, strong partnerships across state agencies and contracted vendors, and a commitment to transparency and accountability, South Carolina is positioned to meet and exceed federal expectations. SCDHHS is committed to ensuring the Rapid Revalidation and Enhanced Revalidation cycles continue beyond the two-year window outlined by CMS. South Carolina will conduct Rapid Revalidation cycle activities annually and Enhanced Revalidation cycle activities every three years beginning July 2028.

SCDHHS Analysis of H.R.1

On July 4, 2025, President Donald Trump signed into law H.R. 1, the One Big Beautiful Bill Act (OBBBA). The OBBBA is a comprehensive budget reconciliation bill, with impacts on taxation, border security, energy, and other sectors. Changes to Medicaid, which will impact states differently depending on the structure of their programs, account for some of the bill's most significant changes.

Medicaid is structured as a partnership between the federal and state governments, with parameters set by the federal government, and significant opportunity for the state to design the program to best fit the needs of its citizens. The South Carolina Department of Health and Human Services (SCDHHS) administers the Medicaid program in South Carolina, also known as Healthy Connections. There are approximately 1.1 million South Carolinians enrolled in full-benefit Healthy Connections Medicaid coverage, about 60% of which are children. South Carolina has not expanded Medicaid under the Affordable Care Act, meaning able-bodied adults between the ages of 19 and 64 are generally not eligible for coverage. SCDHHS does not anticipate an impact on eligibility for the traditional Medicaid population.

Many provisions of the OBBBA are specific to expansion states or the expansion population and will not apply to South Carolina. Portions requiring annual redeterminations to now be conducted twice a year, requiring imposition of work requirements on the current population, and reducing Emergency Medicaid Federal Medical Assistance Percentage (FMAP) are specific to expansion populations or states and will not impact South Carolina. On June 23, 2025, Governor McMaster submitted an application to the federal government to implement community engagement standards as a condition of eligibility for Parent Caretaker Relatives (PCRs) whose income is between 67-100% of FPL under a Section 1115 demonstration waiver. South Carolina is continuing to pursue this waiver and will negotiate specific implementation details with its federal partners, as is standard for all waiver applications.

The fiscal impact of the OBBBA on South Carolina is primarily attributable to Section 71116, related to state-directed payments (SDPs). SDPs are a financing mechanism for Medicaid agencies to direct how managed care plans pay providers. Their objectives may include aligning value-based goals, supporting access, and stabilizing provider networks. South Carolina has three SDPs: Emergency Medical Transport; Supplemental Teaching Payment; and Health Access, Workforce, and Quality. Beginning in 2028, these SDPs will be reduced by 10% each year until the upper payment limit of the SDPs reach 110% of Medicare. Once fully implemented in at least a decade, the reduction will total more than \$2 billion annually for South Carolina. SCDHHS is working with provider groups who will be impacted. This reduction is specific to these programs and will not impact South Carolina's FMAP. SCDHHS also does not anticipate an impact to provider rates outside of the SDPs listed above.

SCDHHS expects timely compliance with provisions related to rule and process changes, which apply to all states. SCDHHS plans to apply for funding under the Rural Transformation Fund in Section 71401 once guidance is released by CMS. The OBBBA specifies a one-time application for funding for the next five fiscal years.

A section-by-section description of the Medicaid-related provisions of The OBBBA and their impact on South Carolina is included on the following pages. For any questions, please contact Jackson Wilkens Burnaugh, Director of Legislative Affairs, at Jackson.Wilkens@scdhhs.gov.

Please note, the contents of this analysis are subject to change as additional guidance from CMS and other sources is released.

Section	Explanation	SC/SCDHHS Impact?
71101- Moratorium on Rule Relating to Medicare Savings Programs	Delays implementation of Centers for Medicare & Medicaid Services (CMS) regulations related to processing applications for Medicare Savings Programs until 9/30/34.	Yes. Minimizes administrative burden on SCDHHS to implement this rule.
71102- Moratorium on Rule Relating to Eligibility and Enrollment	Delays implementation of CMS regulations related to processing applications and redeterminations for Medicaid and CHIP until 9/30/34.	Yes. Minimizes administrative burden on SCDHHS to implement this rule.
71103- Reducing Duplicate Enrollment	Requires Medicaid programs to regularly obtain address information for enrolled individuals, provide specified information to the U.S. Department of Health and Human Services (HHS), and use a system that HHS is required to establish by 10/1/29 to identify and take action on enrollments in multiple states.	Yes. SCDHHS utilizes USPS and MCO data to maintain addresses and federal interstate reports to identify duplicate enrollment. SCDHHS will utilize the new system when available.
71104 & 71105- Ensuring Deceased Individuals and Providers Do Not Remain Enrolled	Starting 1/1/28, requires states to check at least quarterly against the Social Security Administration (SSA) Master Death File to verify if enrolled individuals and providers are deceased.	Yes. SCDHHS currently checks against the SC Department of Public Health file monthly. SCDHHS will also utilize the federal SSA file.
71106- Payment Reduction Related to Certain Erroneous Excess Payments Under Medicaid	Removes HHS' authority to approve good faith waivers for states that have Payment Error Rate Measurement (PERM) or Medicaid Eligibility Quality Control (MEQC) audit findings above a 3% error rate threshold.	Yes. Payment reduction will depend on error rate in upcoming cycles.
71107- Eligibility Redeterminations	Requires Medicaid agencies to conduct eligibility redeterminations for adult expansion group enrollees once every six months.	No. SC has not expanded Medicaid.*
71108- Revising Home Equity Limit for Long-Term Care	Starting 1/1/28, sets a maximum home equity limit of \$1M for determining eligibility for long-term care services, which cannot be waived through asset disregards.	Yes. SCDHHS will utilize the new equity limit.
71109- Alien Medicaid Eligibility	Starting 10/1/26, amends the definition of qualified alien to include only lawful, permanent residents, certain Cuban immigrants, and Compact of Free Association migrants. Removes refugees, humanitarian parolees, asylum grantees, certain abused spouses and children, and trafficking victims.	Yes. SCDHHS uses the federal definition of qualified alien and will update applications to the new definition.

* On June 23, 2025, Governor McMaster submitted an application to the US Department of Health and Human Services to implement community engagement standards for PCRs whose income is between 67-100% of the FPL under a Section 1115 demonstration waiver. South Carolina is continuing to pursue this waiver, and will negotiate with CMS on specific details, as is standard for all waiver applications. SCDHHS is awaiting guidance from CMS as to whether this group would be categorized as part of the expansion population under the bill and therefore subject to these additional requirements.

Section	Explanation	SC/SCDHHS Impact?
71110- Expansion FMAP for Emergency Medicaid	Starting 10/1/26, sets FMAP for emergency Medicaid at the base FMAP for the state, regardless of eligibility category for the individual receiving emergency Medicaid.	No. SC has not expanded Medicaid.
71111- Moratorium on implementation of the final staffing rule for nursing facilities.	Delays implementation, administration, and enforcement of CMS' (Biden-era) nursing facility minimum staff ratio rule until 9/30/34.	Yes. Minimizes administrative burden on SCDHHS to implement this rule.
71112- Reducing State Medicaid Costs	Sets retroactive coverage periods for applications submitted on or after 1/1/27 as one month for the expansion population and two months for Medicaid and CHIP, rather than current rule of three months.	Yes. SCDHHS will adopt two-month retroactive coverage period.*
71113- Federal Payments to Prohibited Entities	Prohibits federal match for 501(c)(3) entities primarily engaged in family planning and reproductive health services who provide abortions other than for rape/incest/life of the mother, that received at least \$800,000 in Medicaid payments (state and federal) in FY2023.	Yes. Consistent with Governor McMaster's Executive Orders and <i>Medina v. Planned Parenthood</i> , SCDHHS will exclude abortion providers.
71114- Sunsetting Increased FMAP Incentive	Removes the temporary 5% enhanced FMAP implemented as part of American Rescue Plan Act for states that opted to expand Medicaid after 3/11/21. States choosing to expand after 1/1/26 will not receive the incentive.	Yes. If SC decides to expand in the future, enhanced FMAP will not be available.
71115- Provider Taxes	States cannot implement any new provider taxes as of the enactment of the legislation unless state legislation or regulations providing for a new or increased tax are enacted or adopted prior to this legislation's enactment date. Non-expansion state provider taxes are capped at 6%, expansion state provider taxes phase down to 3.5%.	Yes. Allows maintenance of current provider taxes but prohibits <u>new</u> provider taxes.
71116- State Directed Payments (SDPs)	Requires HHS to revise or issue federal regulations to limit total payments made through managed care SDPs to a percentage of the total published Medicare rate. Beginning with the rating period on or after 1/1/28, the total amount of such payment shall be reduced by 10% each year until the total payment rate is 100% of Medicare for expansion states or 110% of Medicare for non-expansion states.	Yes. SC's three SDPs will be lowered over at least a decade to 110% of Medicare since we are a non-expansion state.
71117- Requirements Regarding Waiver of Uniform Tax Requirement	Modifies the criteria HHS must consider when determining whether certain health care-related taxes are generally redistributive in nature.	No. SC's provider taxes as structured meet the new criteria.
71118- Budget Neutrality for Demonstration Projects under 1115	Starting 1/1/27, the HHS Secretary may only approve or renew 1115 demonstration waivers that are certified by the chief actuary of CMS, who must certify that, based on expenditures for the state program in the preceding fiscal year, federal expenses are not expected to increase over what federal spending would have been absent the waiver project.	Yes. Will apply to any 1115 applications or renewals SC submits.

* On June 23, 2025, Governor McMaster submitted an application to the US Department of Health and Human Services to implement community engagement standards for PCRs whose income is between 67-100% of the FPL under a Section 1115 demonstration waiver. South Carolina is continuing to pursue this waiver, and will negotiate with CMS on specific details, as is standard for all waiver applications. SCDHHS is awaiting guidance from CMS as to whether this group would be categorized as part of the expansion population under the bill and therefore subject to these additional requirements.

Section	Explanation	SC/SCDHHS Impact?
71119- Requirement for States to Establish Community Engagement Requirements	Requires Medicaid programs to establish community engagement requirements for “able-bodied adults” aged 19-64 who do not have dependents and who are enrolled in the adult expansion or a waiver program that is equivalent to minimum essential coverage.	No. SC has not expanded Medicaid.*
71120- Modifying Cost Sharing Requirements	Starting 10/1/28, requires mandatory cost sharing for adults in the expansion group with income above 100% of the federal poverty level.	No. SC has not expanded Medicaid.
71121- Making Certain Adjustments to Coverage of Home and Community Based Services (HCBS)	Creates the option for states to apply for a 1915(c) waiver that does not require participants to be subject to a determination that, but for the provision of HCBS, would require nursing home or Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) care.	No. SC will monitor CMS guidance on this new waiver, this will not impact current HCBS waivers.
71401- Rural Health Transformation Program	Distributes \$50 billion over five fiscal years (FY26-FY30), with half distributed equally among states with approved rural health transformation plan applications and half allotted in amounts to be determined by CMS taking into consideration rurality and other factors. CMS shall approve or deny applications by 12/31/2025. The application must include a plan to: improve access to care and improve health outcomes for rural residents, prioritize use of new technologies, foster strategic partnerships, enhance opportunity and supply of clinicians, prioritize data and technology driven solutions, outline strategies for financial solvency of rural hospitals, and identify specific causes driving closures of rural hospitals.	Yes. SCDHHS is awaiting further guidance from CMS on the application process and contents. SC intends to apply for funding.

* On June 23, 2025, Governor McMaster submitted an application to the US Department of Health and Human Services to implement community engagement standards for PCRs whose income is between 67-100% of the FPL under a Section 1115 demonstration waiver. South Carolina is continuing to pursue this waiver, and will negotiate with CMS on specific details, as is standard for all waiver applications. SCDHHS is awaiting guidance from CMS as to whether this group would be categorized as part of the expansion population under the bill and therefore subject to these additional requirements.