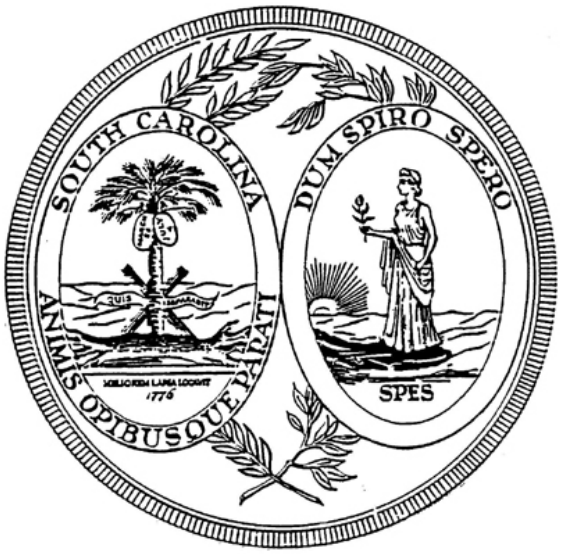

SOUTH CAROLINA PROVIDER REVALIDATION STRATEGY

JUNE 2026

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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 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.

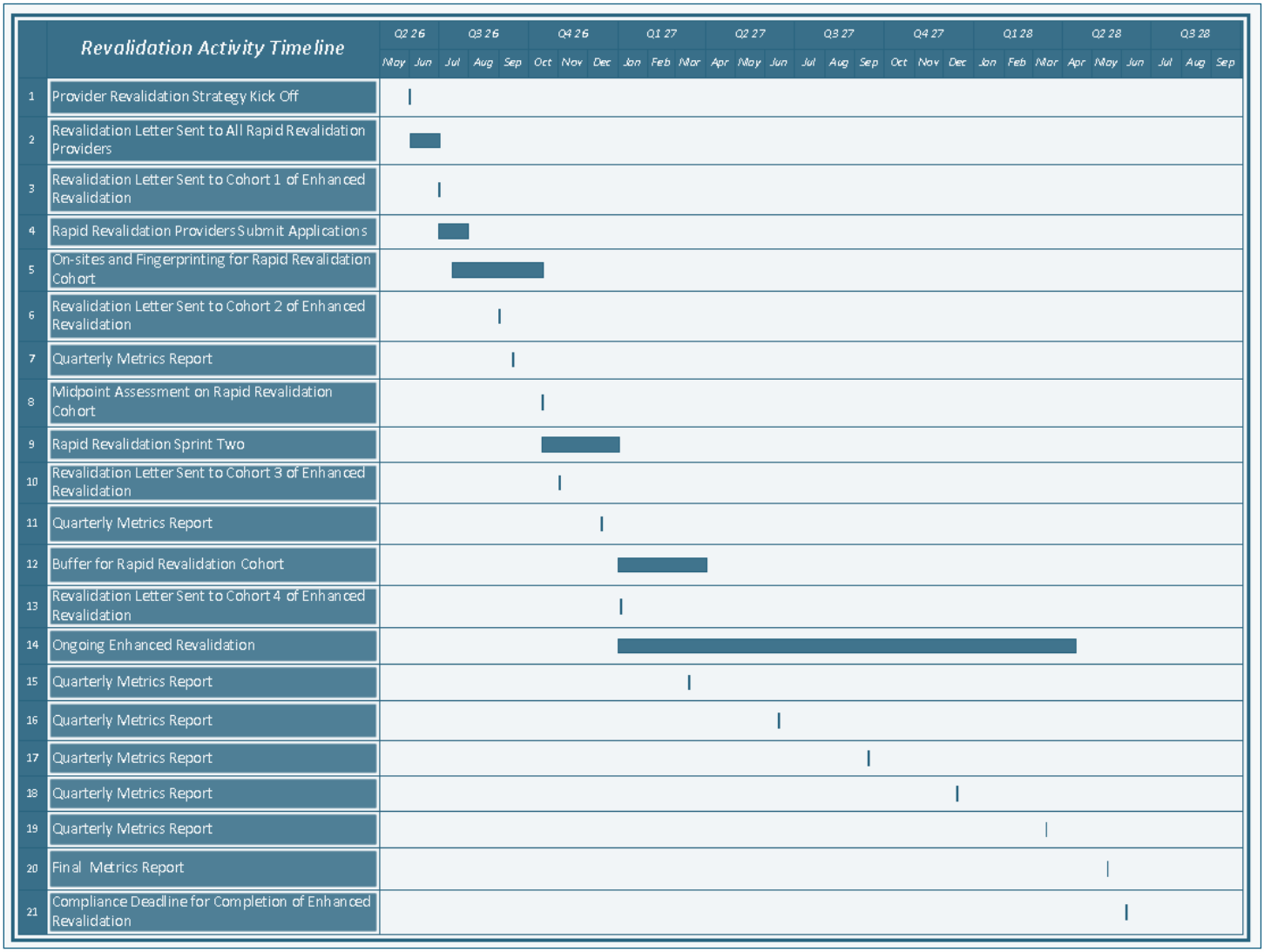
Initial implementation activities will include issuing provider communications and bulletins, distributing revalidation packets to all providers identified for rapid revalidation, and making resource allocation decisions based on geographic location and provider density. Additionally, SCDHHS will leverage 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.



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.