MILLIMAN CLIENT REPORT

SFY 2026 Capitation Rate Methodology and Data Book – Medicaid Managed Care Program

South Carolina Department of Health and Human Services

March 17, 2025

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I. Background

Milliman, Inc. (Milliman) has been retained by the State of South Carolina, Department of Health and Human Services (SCDHHS) to provide actuarial and consulting services related to the development of capitation rates for its Medicaid Managed Care Program. This letter provides a summary of the methodology anticipated in the development of the actuarially sound state fiscal year (SFY) 2026 capitation rates to be effective July 1, 2025.

Actuarially sound capitation rates will be developed using published guidance from the American Academy of Actuaries (AAA), the Actuarial Standards Board, the Centers for Medicare and Medicaid Services (CMS), and federal regulations to ensure compliance with generally accepted actuarial practices and regulatory requirements. Specifically, the following will be referenced:

- Actuarial standards of practice applicable to Medicaid managed care rate setting which have been enacted as of the capitation rate certification date, including: ASOP 1 (Introductory Actuarial Standard of Practice); ASOP 5 (Incurred Health and Disability Claims); ASOP 23 (Data Quality); ASOP 25 (Credibility Procedures); ASOP 41 (Actuarial Communications); ASOP 45 (The Use of Health Status Based Risk Adjustment Methodologies); ASOP 49 (Medicaid Managed Care Capitation Rate Development and Certification); and ASOP 56 (Modeling).
- The applicable Medicaid Managed Care Rate Development Guide released by CMS (most recent is the “2024-2025 Medicaid Managed Care Rate Development Guide”, released in January 2024).
- Federal regulation 42 CFR 438 and generally accepted actuarial principles and practices.
- Throughout this document, the term “actuarially sound” will be defined as follows:

  “Medicaid capitation rates are “actuarially sound” if, for business for which the certification is being prepared and for the period covered by the certification, projected capitation rates and other revenue sources provide for all reasonable, appropriate, and attainable costs. For purposes of this definition, other revenue sources include, but are not limited to, expected reinsurance and governmental stop-loss cash flows, governmental risk-adjustment cash flows, and investment income. For purposes of this definition, costs include, but are not limited to, expected health benefits; health benefit settlement expenses; administrative expenses; the cost of capital, and government-mandated assessments, fees, and taxes.”

II. Summary of Methodology

SCDHHS provides a managed care program for its population covered by Medicaid that meets the state-defined criteria for enrollment in a risk-based managed care organization (MCO). The managed care population is primarily comprised of individuals in the Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and pregnant women populations; however, specific eligibility for the managed care program is defined by the individual's Medicaid eligibility category as assigned by SCDHHS.

The capitation rates will be developed from historical claims and enrollment data for the populations enrolled in managed care, to the extent that such data are available and reasonably complete. The base data time period for the SFY 2026 capitation rate development has been selected to reflect the most current SFY program experience available.

For the capitation rate development, the utilization and cost per service rates will be reviewed for potential adjustments as appropriate for several items including but not limited to, incomplete data adjustments, emerging experience adjustments, policy and program changes, acuity adjustments, and managed care improvements. Full documentation of known items that will be reviewed for application of adjustment factors is provided in this report. The adjusted per member per month (PMPM) values will be trended forward to the midpoint of the contract period (January 1, 2026). Adjustments will be applied to the PMPM values to reflect any known benefit changes between the base period and effective rate period, as well as any other adjustments considered material and appropriate for the SFY 2026 capitation rate period. The resulting PMPMs will establish the adjusted benefit expense by population rate cell for the contract period. The adjusted benefit expense will be modified to include the impact of certain non-benefit expense items, such as an administrative allowance and contingency margin.

An actuarial certification will be completed and signed by Marlene T. Howard, FSA, a Principal and Consulting Actuary in the Indianapolis office of Milliman, Inc. Marlene Howard is a Member of the American Academy of Actuaries and meets the qualification standards established by the American Academy of Actuaries to perform the certification.

Appendix A contains a listing of managed care eligible population groupings as defined by Medicaid eligibility categories.

Appendix B contains an illustration of the capitation rate development methodology.

Appendix C contains the SFY 2024 unadjusted base data summaries.

Appendix D outlines the in-rate criteria that defines the service package covered by the managed care capitation rate.

III. Covered Population

MANAGED CARE ELIGIBILITY CATEGORIES

The managed care population is primarily comprised of individuals in the Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and pregnant women populations; however, specific eligibility for the managed care program is defined by the individual's Medicaid eligibility category as assigned by SCDHHS.

Figure 1 outlines the specific SCDHHS Medicaid eligibility categories (also referenced as "payment categories" or "PCATs") that are eligible for inclusion in the risk-based managed care program. Please note that rate cell assignment for base data development is identified by the premium category included on the eligibility record, without regard for the payment category. In cases where the premium category is blank, the criteria defaults to payment category.

FIGURE 1: MANAGED CARE ELIGIBILITY PAYMENT CATEGORIES

PCAT Code	Payment Category	PCAT Code	Payment Category
11	MAO (Extended/Transitional)	57	Katie Beckett/TEFRA
12	OCWI (Infants)	59	Low Income Families
13	MAO (Foster care/Adoption)	60	Regular Foster Care
16	Pass Along Eligibles	61	Foster Care Adults
17	Early Widows/Widowers	71	Breast and Cervical Cancer
18	Disabled Widows/Widowers	80	SSI
19	Disabled Adult Children	81	SSI With Essential Spouse
20	Pass Along Children	85	Optional Supplement
31	Title IV-E Foster Care	86	Optional Supplement & SSI
32	Aged, Blind, Disabled (ABD)	87	OCWI Pregnant Women /Infants
40	Working Disabled	88	OCWI Partners For Healthy Children
51	Title IV-E Adoption Assistance	91	Ribicoff Children

Dual eligible individuals (eligible for coverage by both Medicaid and Medicare) and individuals age 65 and over are not eligible for enrollment into the managed care program. Any individual identified as dual eligible while enrolled in an MCO is retroactively adjusted to the dual capitation rate cell (discussed further below Figure 3) for any such MCO-enrolled month and are prospectively disenrolled from the managed care program.

Additionally, individuals in limited benefit populations and individuals denoted by any of the following "Recipient of a Special Program" (RSP) indicators in Figure 2 are not eligible for enrollment into the Medicaid managed care program:

FIGURE 2: RSP INDICATORS NOT ELIGIBLE FOR MANAGED CARE ENROLLMENT

RSP Code	Payment Category	RSP Code	Payment Category
CLTC	Elderly Disabled Waiver	HSCN	Head & Spinal Cord Waiver - New
CSWE	Community Supports Waiver - Established	MCCM	Primary Care Case Management (Medical Care Home)
CSWN	Community Supports Waiver - New	MCHS	Hospice
COVD	COVID Limited Benefits	MCPR	Dual Eligible Prime
DMRE	DMR Waiver - Established	MCSC	PACE
DMRN	DMR Waiver - New	MFPP	Money Follows the Person
HIVA	HIV/AIDS Waiver	VENT	Ventilator Dependent Waiver
HSCE	Head & Spinal Cord Waiver - Established	WMCC	Medically Complex Children's Waiver

Note: All RSPs provided by SCDHHS on February 14, 2023

A complete listing of managed care eligible population groupings as defined by Medicaid eligibility category is provided in Appendix A.

CAPITATION RATE CELL STRUCTURE

The SFY 2026 capitation rate development covers the following capitation rate cells:

FIGURE 3: MANAGED CARE CAPITATION RATE CELLS

Rate Cell	Rate Cell Indicator
TANF: 0 - 2 months old	AH3
TANF: 3 - 12 months old	AI3
TANF: Age 1 - 6	AB3
TANF: Age 7 - 13	AC3
TANF: Age 14 - 18 Male	AD1
TANF: Age 14 - 18 Female	AD2
TANF: Age 19 - 44 Male	AE1
TANF: Age 19 - 44 Female	AE2
TANF: Age 45+	AF3
SSI – Children	SO3
SSI – Adults	SP3
SMI Children	VV3
SMI TANF Adults	TP3
SMI SSI Adults	UP3
OCWI	WG2
Dual	
Foster Care Children	FG3
KICK	MG2/NG2

Note that the Dual rate cell does not have a corresponding rate cell indicator because individuals identified in this category are not considered eligible for managed care enrollment. This rate cell only applies to individuals who receive retroactive Medicare eligibility while enrolled in an MCO. The Dual rate cell represents the fee-for-service (FFS) equivalent value estimated for this population and includes all Medicare crossover claims payments and expenditures related to services covered by Medicaid, and not Medicare, that are the responsibility of the MCOs for a dually eligible individual.

IV. Covered Services

The following table outlines the core benefits that are covered under the managed care capitation rate, subject to the in-rate criteria summarized in Appendix D. The table provides a high-level summary of the core benefits of the managed care program and is not intended to represent a comprehensive list of covered services.

FIGURE 4: LIST OF CORE BENEFITS

Ambulance Transportation	Hearing Aids and Hearing Aid Accessories	Physician Services
Ancillary Medical Services	Home Health Services	Podiatry Services
Audiological Services	Hysterectomies, Sterilizations and Abortions (as covered in policy guidelines)	Prescription Drugs
Autism Spectrum Disorder Services	Independent Laboratory and X-Ray Services	Psychiatric, Rehabilitative Behavioral Health, and associated outpatient mental health services
Communicable Disease Services	Inpatient Hospital Services	Rehabilitative Therapies for Children - Non-Hospital Based
Developmental Evaluation Center (DEC) Services	Institutional Long-Term Care Facilities/Nursing Homes for short-term stays	Substance Abuse
Disease Management	Maternity Services	Tobacco Cessation Coverage
Durable Medical Equipment	Medication Assisted Therapy	Transplant and Transplant-Related Services
Early & Periodic Screening, Diagnosis and Treatment (EPSDT) / Well Child	Newborn Hearing Screenings	Vision Care Services
Family Planning Services	Outpatient Pediatric AIDS Clinic Services (OPAC)	
Free-Standing Inpatient Psychiatric Facilities for Under 21	Outpatient Services	

1. Source: https://img1.scdhhs.gov/sites/default/files/Process%20and%20Procedure%20Manual-January%202025.pdf, Detailed benefit coverage information for all Core Benefits in this table can be found within the Managed Care Process and Procedure Manual (P&P). Accessed on March 11, 2025.
2. The managed care P&P indicates that MCOs are responsible for DEC services and all transplant related services, as they were carved into managed care effective February 1, 2024.

Note that Figure 4 represents core benefits reflected in the Managed Care Process and Procedure Manual as referenced in the source link above and anticipated to be included in the SFY 2026 Managed Care program.

V. Data

The following experience will serve as the primary data sources for the SFY 2026 capitation rate development:

- July 2023 through June 2024 encounter data submitted by the health plans and accepted through the monthly encounter data warehousing process through December 2024;
- July 2023 through June 2024 FFS claims for under 65 dual eligible individuals;
- July 2023 through June 2024 FFS claims incurred by managed care enrollees for managed care-covered services;
- Historical FFS invoice data for BabyNet services;
- Calendar years 2023 and 2024 statutory financial statement data;
- July 2023 through June 2024 financial summary reports provided by the MCOs (EQI reports) for base data validation analysis;
- CY 2024 MCO Administrative Cost Analysis Survey completed by each MCO; and,
- SFY 2026 MCO Rate-Setting Survey completed by each MCO.

In addition to base experience, we will also review emerging data for new or carved-in services effective on or after July 1, 2023.

The MCO-submitted data will be evaluated for consistency with the core services as described in the Managed Care Process and Procedure Manual. Additionally, the rate development process will include the application of in-rate criteria, as outlined in Appendix D, to the FFS and encounter claims experience to capture the services covered under the capitation rate.

VI. Base Data Summaries

Appendix C contains the current SFY 2024 base data summaries. The information is stratified by capitation rate cell and by major category of service. Units for all non-subcapitated claims with zero dollar paid amounts are excluded from the base data summaries. Appendix C provides the base data summaries by capitation rate cell, which reflect the methodology documented in the Encounter Data Validation letters provided to each of the MCOs on March 5, 2025.

HISTORICAL STRATIFICATION – NON-MATERNITY KICK PAYMENT

Date of Service – The base data represents July 1, 2023 through June 30, 2024. The date of service was assigned based on the first date of service on the claim. In the base data, if a hospital inpatient admission extended beyond the end of the base data period, all days of the admission were assigned to the month associated with the date of admission.

Provider Type (Major Category of Service) – Expenditures were stratified by provider type. The provider type includes inpatient hospital, outpatient hospital, pharmacy, ancillary, and professional services. The following provides additional information regarding the provider type. All services related to the KICK payment are identified separately and described in the KICK payment section below.

- Inpatient hospital services include all services performed and billed on the hospital facility claim and containing a room and board revenue code (0100-0219), including any outpatient services that may have occurred in conjunction with that inpatient admission. This would include emergency room services that may have been incurred if the individual was admitted to the hospital.

  Additionally, any PRTF claim identified by a provider ID beginning with ‘RTF’ or any IMD claim identified by a list of provider IDs supplied by SCDHHS is included in the Inpatient MH/SA service category.

For MCO-submitted data, hospital inpatient services were allocated to individual categories of service using the APR DRG reported by the MCO on the inpatient hospital claim where appropriate. In cases where the plan-reported APR DRG is unavailable or invalid, inpatient hospital claims were assigned based on the Milliman-assigned APR DRG, using the APR DRG version 32 grouper. Utilization rates have been shown for total number of days.

- Outpatient hospital services include all services performed and billed on the hospital facility claim that were not associated with an inpatient admission. These services were allocated to individual categories of service based on the revenue codes on the claim. The methodology assigns all outpatient hospital claims to a category of service based on the hierarchy below. The following hierarchy applies to each claim.
    - Outpatient Surgery
    - Outpatient Emergency Room
    - Non-Surgery Other
    - Observation Room
    - Treatment, Therapy, and Testing
    - Other Outpatient

  The hierarchy assigns an entire claim to a single category of service based on associated revenue codes, or procedure codes in the case of outpatient surgery, on the claim. Outpatient hospital utilization rates represent total number of unique encounters.
- Pharmacy services include all prescription drugs. Utilization counts represent the number of individual prescriptions.
- Professional services were stratified using HCPCS and CPT-4 procedure codes. Utilization represents the number of units billed on each individual claim, with the exception of anesthesia. Anesthesia utilization rates represent the count of claim lines associated with each individual claim number.
- Ancillary services were stratified using HCPCS and CPT-4 procedure codes. Utilization for transportation services represents the count of claim lines present on each claim. Utilization for prosthetics/DME, dental, and other ancillary services represent the number of units billed on each individual claim.

Detailed Category of Service – Claim line detail provided by SCDHHS (FFS and the encounter data warehouse) was used to summarize the expenditure data for the base data summaries.

Services were grouped using detailed procedure, APR DRG, and diagnosis code information for all service categories consistent with the category of service methodology documented in the *Encounter Quality Initiative Request – SFY 2026 Capitation Rates Methodology* (EQI Methodology) report provided to each of the MCOs dated January 10, 2025.

Base Data Cost Models

Each cost model illustrates the total number of units, dollar amount paid, estimated sub-capitation expenditures, annual utilization rates per 1,000, average cost per unit, and per member per month (PMPM) claims cost developed using MCO data for all capitation rate cells with the exception of the Dual rate cell (where FFS data is utilized). The following provides a brief description of each of the data fields.

- **Number of Units** – This value represents the total utilization by type of service.
- **Cost** – This value represents the total non-subcapitated paid amount on each claim. The value is net of any member copays or third party liability (TPL) recoveries reported in the data.

- **Sub-Capitation Amount** – This value represents the estimated expenditures for sub-capitated claims. Sub-capitated expenditures were estimated by repricing each sub-capitated encounter to the Medicaid FFS fee schedules and applying to the total submitted sub-capitated units. For claims where a Medicaid FFS rate did not exist (approximately 1% of sub-capitated encounters across all categories of service), the expenditures were estimated by assuming that the cost per unit for these sub-capitated claims would be equal to the average cost per unit for other sub-capitated claims in the specified category of service.
- **Annual Utilization per 1,000** – This value represents the annual utilization rates per 1,000 by type of service. The value was calculated by dividing the total units for each service category by the member months in the corresponding period and multiplying by 12 times 1,000.
- **Average Cost per Unit –** This value represents the net paid amount per unit of service. This value was calculated by summing the paid amount and sub-capitation amount and dividing by total number of units.
- **Member Months –** This value represents the number of enrollee months in each rate cell during the experience period. Each enrollee reported with eligibility in a month was assumed to be eligible for the entire month.
- **Per Member per Month (PMPM) –** The PMPM value represents the net claim cost for each type of service converted to a PMPM basis. The value was calculated by dividing the sum of the paid amount and sub-capitation amount by total member months.

HISTORICAL STRATIFICATION – MATERNITY KICK PAYMENT

The following criteria was used to identify the claims included in the maternity kick payment (MKP). The MKP includes hospital inpatient delivery services, hospital outpatient and emergency room delivery services as well as professional delivery and other defined maternity-related services. The category of service groupings were stratified using criteria consistent with the category of service methodology documented in the EQI Methodology report provided to each of the MCOs.

- Hospital Inpatient delivery services include all services performed and billed on the hospital facility claim and containing APR DRG codes of 540, 541, 542, or 560. Utilization rates have been shown for total number of days.
- Hospital outpatient maternity-related services include all services billed on the hospital facility claim with a maternity primary diagnosis code. Outpatient hospital utilization rates represent total number of unique encounters.
- Professional services are stratified using CPT-4 procedure codes and diagnosis codes. Utilization represents the number of units billed on each individual claim, with the exception of maternity anesthesia. Anesthesia utilization rates represent the count of claim lines associated with each individual claim number.

Base Data Cost Models

The cost model for the maternity kick payment illustrates total number of units, amount paid, sub-capitation amounts, annual utilization rates per 1,000, average cost per unit, and per delivery claims cost developed using MCO encounter data. The following provides a brief description of each of the data fields.

- **Number of Units** – This value represents the total utilization by type of service.
- **Cost** – This value represents the total non-subcapitated paid amount on each claim. The value is net of any member copays or TPL recoveries reported in the data.

- **Sub-Capitation Amount** – This value represents the estimated expenditures for sub-capitated claims. Sub-capitated expenditures were estimated by repricing each sub-capitated encounter to the Medicaid FFS fee schedules and applying to the total submitted sub-capitated units. For claims where a Medicaid FFS rate did not exist (approximately 1% of sub-capitated encounters across all categories of service), the expenditures were estimated by assuming that the cost per unit for these sub-capitated claims would be equal to the average cost per unit for other sub-capitated claims in the specified category of service.
- **Utilization per 1,000** – This value represents the utilization rates per 1,000 deliveries by type of service. The value was calculated by dividing the total units for each service category by the total deliveries in the corresponding period and multiplying by 1,000.
- **Average Cost per Unit –** This value represents the net paid amount per unit of service. This value was calculated by summing the paid amount and sub-capitation amount and dividing by total number of units.
- **Deliveries –** This value represents the number of deliveries identified by either a maternity delivery DRG or a professional maternity delivery procedure code (or both) during the experience period. This includes delivery counts related to zero-dollar and third party liability (TPL) claims to maintain consistency with the SCDHHS MKP payment methodology. The current MKP payment methodology initiates a KICK payment for all deliveries (through a process of matching the baby to the mother), regardless of coordination with other carriers through TPL.
- **Cost per Delivery –** The cost per delivery was calculated by summing the paid amount and sub-capitation amount and dividing by total deliveries.

INSTITUTION FOR MENTAL DISEASES EXCLUSION

The unadjusted base data summary was developed consistent with CMS guidance as defined in federal regulation 42 CFR 438. Federal guidance requires that base data used in the capitation rate development process for individuals aged 21 to 64 must not include benefit costs and membership related to such individuals for months where there is an IMD stay exceeding 15 days.

For enrollees aged 21 to 64, we excluded claims and member months associated with an Institution for Mental Disease (IMD) stay of more than 15 days in a month and any other MCO costs for services delivered in that month.

VII. Impact of COVID-19 on Utilization

EMERGING EXPERIENCE REVIEW

To evaluate the estimated changes in observed utilization patterns as a result of the COVID-19 pandemic and associated public health emergency, we are reviewing the SFY 2024 base data and emerging data periods to consider utilization patterns that may differ from expectations for the SFY 2026 contract year.

- **Upper respiratory condition treatment costs.** We anticipate reviewing service utilization patterns for treatment costs related to COVID-19, influenza, and respiratory syncytial virus (RSV) that could influence utilization pattern differences between the SFY 2024 base period and SFY 2026 contract year.
- **COVID-19 Diagnostic Testing Utilization.** To evaluate the estimated changes in observed utilization patterns of COVID-19 diagnostic testing, we will review the SFY 2024 base data and emerging data periods, as well as data from the Center for Disease Control and Prevention (CDC) and other publicly available data, to estimate the impact of changes in service utilization on projections for the SFY 2026 contract year.

VIII. Base Data Adjustments

INCOMPLETE DATA ADJUSTMENT

The MCO encounter data submitted by the MCOs used in developing the capitation rates will be analyzed to estimate claim completion factors. The base period data reflects claims incurred during SFY 2024, with claims payment run-out and encounter data submissions through December 2024.

The FFS data represents claims payment run-out through December 2024. Claim payment patterns by population rate cell and service category will be used to develop appropriate completion factors.

Additionally, we are reviewing information submitted by the MCOs through the MCO survey and data validation process to determine any adjustment factors to be considered for base period paid and incurred claims that are not included in the encounter data submissions through December 2024.

HISTORICAL PROGRAM ADJUSTMENTS

Historical program adjustments are considered in rate development in order to bring the experience period data to a consistent basis for the projection of base period PMPM services costs to the contract period. That is, for historical program changes that are not fully reflected in the SFY 2024 base period, an adjustment will be considered to reflect a consistent application of programs across the entire base year. Note that this does not include any reimbursement adjustments that occurred during the base period. Reimbursement changes will not be reflected through a historical program adjustment because a repricing analysis will adjust the base data to reflect reimbursement at the current Medicaid fee schedule. The following program changes that are not fully reflected in the SFY 2024 base period and are anticipated to be evaluated include:

- Transition of financial responsibility for Paxlovid from HHS to MCOs (November 2023)
- Expanded coverage of cochlear impact services for all adult beneficiaries (January 1, 2024)
- Addition of Intensive In-Home Services for multisystemic therapy (MST) (January 1, 2024)
- Increase of benefit frequency limits for Nutritional Counseling services (January 1, 2024)
- Transplant services carve-in (February 1, 2024)
- Development Evaluation Center (DEC) Carve-In (February 1, 2024)
- Addition of genetic testing laboratory services (March 1, 2024)

Additionally, program changes implemented during the base period (e.g., 2023 Assertive Community Treatment services), will be reviewed to evaluate potential impacts of ramp-up periods or pent-up demand that may affect the program experience in the SFY 2024 base period. Adjustment factors will be considered based on a review of monthly utilization in the base period, as well as emerging experience.

MANAGED CARE ADJUSTMENTS – MCO DATA

The managed care encounter data submitted by the MCOs will be used to understand how actual experience compares to expected experience for various categories. This analysis may inform certain managed care adjustments.

Inpatient Hospital

Multiple analyses will be performed to identify areas of opportunity for efficiency in inpatient hospital services. This may include application of the Agency for Healthcare Research and Quality's (AHRQ) prevention quality indicators (PQIs) algorithm to historical data to quantify savings by avoiding preventable hospitalizations.

In addition, we will review the MCO data for compliance with SCDHHS's hospital acquired conditions (HAC) and hospital readmissions policies.

Emergency Room

Consistent with prior rate-setting analyses, the following analysis will be performed to identify areas of opportunity for efficiency in emergency room (ER) outpatient hospital services:

- Emergency room visits will be classified into multiple, clinically-developed potentially avoidable diagnosis groups using the primary diagnosis code on the claim. Our models rely on clinical guidance to determine replacement costs for potentially avoidable emergency room visits as appropriate.

We will review the managed care encounter experience within the defined ER categories to determine if any adjustments are applicable to reflect target utilization levels for the MCOs.

Maternity Kick Payments

Consistent with prior year analyses, we will continue to monitor the mix of vaginal and cesarean section deliveries to determine if an adjustment is appropriate to the maternity kick payment in accordance with SCDHHS's goals for the managed care program.

Pharmacy

Consistent with prior year analyses, we will complete a repricing analysis of brand and generic drugs to review and benchmark MCO contracting arrangements.

Quality Withhold Evaluation

The capitation rate development analysis includes a review of the encounter data, the design of the quality withhold program, and historical MCO quality withhold results to ensure the 1.5% quality withhold targets are achievable with the level of utilization included in the SFY 2026 capitation rates.

Other Service Categories

Experience data will be reviewed for remaining service categories not identified above, and managed care adjustments may be applied.

OTHER BASE DATA ADJUSTMENTS

In addition to policy and program changes and managed care program adjustments, the following items will be considered for applicability to the base data period.

Third Party Liability/Fraud, Waste, and Abuse

Based on an analysis of the base period data and information submitted by the MCOs, adjustment factors may be applied to account for any MCO recoveries for third party liability and/or fraud, waste, and abuse that are not reflected in the data.

Non-Encounter Claims Payment

Based on information submitted by the MCOs, adjustment factors may be considered for non-claim payments made to providers for items such as shared savings payments and quality incentives that are not reflected in the base data.

Missing Encounter Data

Based on information submitted by the MCOs, adjustment factors may be considered for valid encounters reported as missing from the encounter data submissions.

Managed Care Covered Services Paid FFS

Based on a review of FFS claims payments incurred by managed care members for managed care covered services, adjustment factors may be considered to reflect in-rate claims that are expected to be covered by the MCOs.

Newborn Enrollment Delays
Disruptions in processing eligibility for newborns has historically caused a delay in newborn enrollment into the managed care program. Base FFS data for all MCO-enrolled newborns will be reviewed to determine if an adjustment should be considered for delayed enrollment into the managed care program.

BabyNet Adjustment

Effective July 1, 2019, SCDHHS carved-in BabyNet services for infants and toddlers under age 3 to the Medicaid managed care program. Because the BabyNet program is funded through a federal grant, expenditures related to the program are not subject to the Federal Medical Assistance Percentage (FMAP). Therefore, an adjustment will be made to remove estimated BabyNet expenditures from the SFY 2024 base data.

IX. Prospective Program Changes

Program changes listed below reflect items known as of the date of this letter. It is likely this list may need to be updated based on fee schedule updates or other program changes that are anticipated to be implemented during the SFY 2026 contract period but are not yet finalized by SCDHHS.

PROGRAM ADJUSTMENTS – EXCLUDING REIMBURSEMENT – JUL 2024 THROUGH JUN 2025

Adjustment factors will be developed for the following policy and program changes, excluding reimbursement-related changes, that affect the managed care program for the SFY 2026 time period.

- **Single Preferred Drug List (PDL).** Effective July 1, 2024, SCDHHS implemented a single PDL for the managed care program, based on SCDHHS's formulary. Because the MCOs managed the pharmacy benefit with their own respective formularies in the base data period, we intend to apply a utilization shifting methodology to estimate the pharmacy products that will be utilized during the SFY 2026 contract period based on the PDL anticipated to be in effect during SFY 2026. The utilization shifting methodology is anticipated to be largely consistent with the SFY 2025 methodology.
- **Expansion of Autism Spectrum Disorder (ASD) Service Array.** Effective July 1, 2024, SCDHHS expanded the ASD service array to include four new procedure codes: 97152, 97157, 0362T, and 0373T.
- **Intensive In-Home Services (IIHS).** Effective July 1, 2024, SCDHHS added a new state plan service for homebuilders services (H2022, HB).
- **Crisis Stabilization Units (CSUs).** Effective January 1, 2024, SCDHHS added two new crisis stabilization state plan services, procedure codes S9484 (crisis intervention, hourly) and S9485 (crisis intervention, daily), for individuals in mental health crisis or suffering from substance use with or without co-occurring mental health disorders. As of July 1, 2025, up to thirteen facilities are anticipated to offer crisis stabilization services in SC.
- **Expansion of Continuous Glucose Monitoring (CGM) Coverage.** Effective July 1, 2024, SCDHHS extended CGM coverage to children and adults utilizing insulin therapy with Type 2 diabetes.
- **Removal of Member Copays.** Effective July 1, 2024, SCDHHS removed member copays for all service in the managed care program.
- **Wegovy Expanded Cardiovascular Indication.** Effective July 1, 2024, SCDHHS permitted the use of Wegovy for cardiovascular treatment, consistent with the U.S. Food and Drug Administration (FDA) approval in March 2024.
- **Over-the-counter COVID-19 Testing.** Effective October 1, 2024, over-the-counter COVID-19 tests are no longer a covered service, based on a September 13, 2024 bulletin published by SCDHHS.

- **Collaborative Care Services.** Effective October 1, 2024, SCDHHS established a new set of services to facilitate the integration of behavioral health care coordination in the primary care setting.
- **Weight Management Drug Coverage.** Effective November 1, 2024, SCDHHS implemented a policy to permit the use of GLP-1 pharmaceutical products Wegovy and Saxenda as weight management agents.
- **Partial Hospitalization Programs (PHP) and Intensive Outpatient Programs (IOP).** Effective October 1, 2024, SCDHHS added two new state plan services: intensive outpatient psychiatric services (S9480) and mental health partial hospitalization treatment (H0035). PHP and IOP provide a time-limited service to stabilize acute symptoms and can be used as either a step down from inpatient care, or a step up from professional behavioral health treatment.

PROGRAM ADJUSTMENTS – EXCLUDING REIMBURSEMENT – JUL 2025 THROUGH JUN 2026

There are no program and policy changes, excluding reimbursement, anticipated during SFY 2026 known as of the date of this letter.

REIMBURSEMENT ADJUSTMENTS

Repricing Analysis

As part of the capitation rate development, we anticipate repricing the following service categories relative to the Medicaid FFS payment structure and applying adjustments as appropriate:

- Inpatient Hospital
- Outpatient Hospital
- Professional Services

The repricing analysis will reflect the current Medicaid fee schedule for these services and will consider the following reimbursement changes that have occurred after July 1, 2023, the beginning of the base data period:

- **Nutritional Counseling Reimbursement Changes.** Effective January 1, 2024, SCDHHS increased the reimbursement rates for nutritional counseling procedure codes 97802 and 97803.
- **Federally Qualified Health Centers (FQHC) Reimbursement Changes.** Effective July 1, 2024, SCDHHS implemented a change to the FQHC wrap methodology. Additionally, effective October 1, 2024, SCDHHS removed COVID testing procedure codes from the bill-above service in the FQHC wrap payment methodology.
- **Rehabilitative Behavioral Health Services (RBHS)**. Effective July 1, 2024, SCDHHS increased licensed psychologist and masters level clinician reimbursement rates by 5%.
- **Physician Fee Schedule Updates.** Effective July 1, 2024, SCDHHS updated physician reimbursement rates for family practice, obstetrics and gynecology, pediatric subspecialists, neonatologists, podiatrists, chiropractors, enhanced qualifying providers, and other medical professionals by benchmarking to the 2024 Medicare Fee Relative Value Unit (RVU) and Clinical Lab fee schedules.
- **Inpatient Psychiatric Per Diem Increase.** Effective July 1, 2024, SCDHHS updated the inpatient psychiatric reimbursement at free-standing IMD facilities to a per diem of $800.
- **Psychiatric Residential Treatment Facilities (PRTF) Per Diem Rate Change.** Effective July 1, 2024, SCDHHS updated reimbursement for all Medicaid PRTFs to $525 per day.
- **Speech, Physical, and Occupational Therapy Updates.** Effective July 1, 2024, SCDHHS increased reimbursement rates for a subset of speech, physical, and occupational therapy services.

Additionally, effective July 1, 2025, SCDHHS anticipates updating the reimbursement rates for speech therapy procedure codes 92507 and 92508.

- **DEC Updates.** Effective July 1, 2024, SCDHHS increased reimbursement rates for DEC services.
- **ASD Provider Rate Changes.** Effective July 1, 2025, SCDHHS anticipates updating the fee schedule for all ASD services.
- **Behavioral Health Fee Schedule Updates.** Effective July 1, 2025, SCDHHS anticipates updating behavioral health reimbursement rates for RBHS, LIPS, and DAODAS providers.
- **Outpatient Hospital Multipliers.** Effective October 1, 2025, SCDHHS anticipates removing the graduate medical education (GME) component from the hospital outpatient multipliers.
- **Inpatient Hospital APR-DRG Version.** Effective October 1, 2025, SCDHHS anticipates updating the APR DRG version used for inpatient hospital reimbursement from version 32 to version 42, which is anticipated to include an update to hospital base rates.

Additionally, consistent with the rate-setting guidance published by CMS, the unit cost of **IMDs as an in lieu of service for the 21 to 64-year-old population** will not reflect the unit cost for the IMD in the final capitation rate development, and instead will utilize the anticipated SFY 2026 unit cost of providers delivering the same services included in the state plan.

POPULATION ADJUSTMENTS

Unwinding Acuity Adjustment

Consistent with prior rate development analyses, adjustment factors will be developed for population changes that are not reflected in the base data period. The risk profile of segments of the managed care population in SFY 2026 is likely to differ from the risk profile underlying the SFY 2024 base data experience. During the PHE, enrollment in several managed care populations increased steadily beginning in March 2020, reaching a high point in May 2023.

The first disenrollments related to the PHE unwinding occurred on June 1, 2023 and continued through August 2024. We anticipate reviewing emerging enrollment through February 2025, including a review of disenrollments and members who have returned to managed care. Based on discussions with SCDHHS, a portion of members that have been disenrolled through August 2024 are expected to reenroll into managed care.

We will evaluate acuity impacts of the enrollment changes for each rate cell. To the extent that the average acuity for SFY 2026 is anticipated to be materially different from the base data period, we will apply an acuity adjustment at the rate cell level to reflect the anticipated acuity level during the rating period.

Foster Care Assignment Update

SCDHHS has identified foster care assignments that are anticipated to be updated July 1, 2025. We will evaluate the impacts of the eligibility assignment changes for each rate cell.

PROSPECTIVE TREND RATE APPLICATION

Prospective trend rates will be developed to progress the historical base data experience forward to the SFY 2026 rating period. Techniques used to develop trend rates by category of service for both utilization and unit cost (as applicable) may include various regression methods.

The base experience data will be normalized for known and quantifiable program adjustments prior to the trend rate analysis. Removing the impact of historical changes allows for transparent inclusion of prospective program changes for future periods while isolating inflationary medical trends.

Items such as fee schedule changes or benefit modifications will not be considered standard components of trend for purposes of these analyses.

Pharmacy trend rates will include consideration for recently released high cost drugs and patent expirations on brand drugs among other pharmacy utilization and cost analyses.

Prospective trend rates will include consideration for emerging utilization levels by category of service when establishing the final trend rates.

The experience trend rates will be supplemented with trend information from comparable Medicaid programs, publicly available medical inflation information, and our actuarial judgment.

X. Non-Benefit Costs

NON-BENEFIT COST ALLOWANCE

The non-benefit cost allowance reflects combined administration and all other appropriate costs of doing business. The non-benefit cost allowance includes the following components:

- Administrative costs
- Care management and care coordination costs, including the intensive case management (ICM) requirements added to the managed care contracts in January 2025
- Provisions for cost of capital, risk mitigation, contingency, underwriting gain, and profit

The impact of contractual minimum medical loss ratio requirements on the underwriting gain provision component of the capitation rates will be considered in establishing the non-benefit cost allowance.

The following data sources are anticipated to be reviewed to help inform SFY 2026 non-benefit cost allowance assumptions:

- Financial statements from the South Carolina Medicaid MCOs for calendar year 2024
- MCO contract requirement updates
- Administrative expenses and information reported by the MCOs in the SFY 2026 MCO Survey and the SFY 2026 MCO Administrative Cost Analysis Survey
- Reported administration experience for Medicaid health plans nationally

XI. Other Items

MINIMUM MEDICAL LOSS RATIO

Consistent with SFY 2025, the minimum medical loss ratio (MLR) is anticipated to remain at 86% for the SFY 2026 Medicaid managed care program.

PRTF RISK POOL

Effective July 1, 2023, SCDHHS implemented a PRTF risk pool to address the higher costs associated with PRTF services and the potential for the prevalence of individuals utilizing PRTF services to vary between MCOs. The PRTF risk pool is anticipated to remain in effect for the SFY 2026 Medicaid managed care program.

TEACHING PHYSICIAN STATE DIRECTED PAYMENTS

Beginning July 1, 2022, SCDHHS implemented a state directed payment in accordance with 42 CFR §438.6(c) as a separate payment term directed to all participating teaching physicians employed by or under contract with a South Carolina public university, academic medical center and/or its component units or a SC Area Health Education Consortium (AHEC) teaching health system. The state directed payment applied a uniform methodology to the entire provider class, reimbursing qualified rendering teaching physicians at a qualified academic teaching facility at 100% of Average Commercial Rate (ACR), based on each providers ACR fee schedule.

The teaching physician state directed payment is anticipated to continue in SFY 2026. Additional information will be shared as more information becomes available.

INDEPENDENT PHARMACY STATE DIRECTED PAYMENTS

Starting on July 1, 2023, SCDHHS implemented a state directed payment in accordance with 42 CFR §438.6(c) as a separate payment term in which a uniform dollar increase is applied to all pharmacy scripts for in-network independent pharmacies.

The independent pharmacy state directed payment is anticipated to continue in SFY 2026. Additional information will be shared as more information becomes available.

PUBLIC AMBULANCE STATE DIRECTED PAYMENTS

Starting on January 1, 2025, SCDHHS implemented a state directed payment in accordance with 42 CFR §438.6(c) as a separate payment term in which a uniform dollar increase is applied to Medicaid allowable transports for eligible ground governmental ambulance providers.

The public ambulance state directed payment is anticipated to continue in SFY 2026. Additional information will be shared as more information becomes available.

PRIVATE AMBULANCE STATE DIRECTED PAYMENTS

Starting on January 1, 2025, SCDHHS implemented a state directed payment in accordance with 42 CFR §438.6(c) as a separate payment term in which a uniform percentage increase is applied to Medicaid allowable transport payments for eligible ground non-governmental ambulance providers.

The private ambulance state directed payment is anticipated to continue in SFY 2026. Additional information will be shared as more information becomes available.

PHYSICIAN DIRECTED PAYMENT PROGRAM

Starting on July 1, 2025, SCDHHS anticipates implementing a state directed payment in accordance with 42 CFR §438.6(c) as a separate payment term applied to specified physicians not eligible for the teaching physician state directed payment. The program design, including targeted physician groups and payment level, is still under review and discussion.

Additional information will be shared as more information becomes available.

HEALTH ACCESS, WORKFORCE, AND QUALITY (HAWQ) PROGRAM

Starting on July 1, 2023, SCDHHS implemented a state directed payment in accordance with 42 CFR §438.6(c) to all in-network licensed general acute care inpatient and outpatient hospitals. The uniform percentage increase applied in the state-directed payment brings eligible hospitals up to 100% of ACR for inpatient payments and 100% of ACR for outpatient payments during the SFY 2025 contract period.[1]

The HAWQ state directed payment is anticipated to continue in SFY 2026. Additional information will be shared as more information becomes available.

[1] SFY 2025 HAWQ Approval Letter, dated 7/12/2024

BABYNET THERAPY SERVICES

Effective July 1, 2019, SCDHHS added BabyNet therapy services to the managed care program for beneficiaries under age 3. The targeted BabyNet services represent the additional therapy services in excess of state plan services that are authorized based on educational literature and research. These services will be reflected as a PMPM add-on to the managed care capitation rate and will be presented in a supplemental report to the SFY 2026 capitation rate certification. The projected costs associated with BabyNet services will be estimated by reviewing historical utilization of BabyNet therapy services by managed care enrollees based on data provided by SCDHHS and emerging encounter data.

PHARMACY HIGH COST NO EXPERIENCE (HCNE) PROGRAM

SCDHHS will maintain the HCNE pharmacy program in SFY 2026 to limit the MCOs' exposure to newly-approved high cost pharmacy treatments that are not fully reflected in the base data. Effective July 1, 2025, the HCNE program is anticipated to include pharmacy therapies approved after the beginning of the base period (July 1, 2023) that are expected to exceed $500,000 per member per year, based on annual estimated cost from the WAC fee schedule.

HOSPITAL QUALITY ACHIEVEMENT PROGRAM (QAP) INCENTIVE

SCDHHS anticipates including a hospital QAP incentive in the SFY 2026 contract year. Based on information provided by SCDHHS, the QAP incentive will be paid by SCDHHS to the MCOs based on achievement of quality metrics that support program initiatives specified in the State's quality strategy. These QAP quality metrics will be evaluated on inpatient and outpatient hospital services performed at South Carolina's in-state acute care hospitals. Further details on the QAP will be communicated as more information becomes available.

XII. Risk Adjustment

Risk adjustment will be applied to the SFY 2026 capitation rates to reflect the distribution of enrollee risk profiles among the MCOs. We anticipate using a custom risk adjustment model using the most recent available version of CDPS + Medicaid Rx condition categories and an additional variable representing individual member's length of MH/SA treatment (treatment prevalence). The MH/SA treatment prevalence is evaluated based on the percentage of member months for which members receive MH/SA treatment in the evaluation year. Consistent with SFY 2025, the model will be calibrated to South Carolina-specific experience by running a linear regression on South Carolina's Medicaid program historical data.

Risk scores will be developed to be budget neutral, with the intent that budget neutrality will be maintained within the TANF Adult, TANF Children, SSI Adult, SSI Children, SMI TANF Adult, SMI SSI Adult, and SMI Children populations. The rate cells for the newborn (under age 1), OCWI, foster care, and dual populations will not be risk-adjusted. Risk adjustment will also not apply to the maternity kick payment.

XIII. Limitations and Data Reliance

The information contained in this letter was prepared as documentation of the methodology that will be utilized to develop actuarially sound capitation rates for the Medicaid managed care program in the State of South Carolina. The data and information presented may not be appropriate for any other purpose.

The information contained in this letter, including the enclosures, has been prepared for SCDHHS and their consultants and advisors. To the extent that the information contained in this letter is provided to third parties, the letter should be distributed in its entirety. Any user of the data must possess a certain level of expertise in actuarial science and healthcare modeling so as not to misinterpret the data presented.

Milliman makes no representations or warranties regarding the contents of this letter to third parties. Likewise, third parties are instructed that they are to place no reliance upon this letter prepared for SCDHHS by Milliman that would result in the creation of any duty or liability under any theory of law by Milliman or its employees to third parties. Other parties receiving this letter must rely upon their own experts in drawing conclusions about the capitation rates, assumptions, and trends.

Milliman has developed certain models to estimate the values included in this report. The intent of the models was to review and validate the base data to be used in the SFY 2026 capitation rate development process. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

The models rely on data and information as input to the models. We have relied upon certain data and information provided by SCDHHS and the participating MCOs for this purpose and accepted it without audit. To the extent that the data and information provided is not accurate, or is not complete, the values provided in this report may likewise be inaccurate or incomplete.

Milliman's data and information reliance includes:

- Encounter claims and enrollment provided by SCDHHS and the participating Medicaid MCOs

The models, including all input, calculations, and output may not be appropriate for any other purpose.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. The authors of this report who are members of the American Academy of Actuaries meet the qualification standards for performing the analyses contained herein.

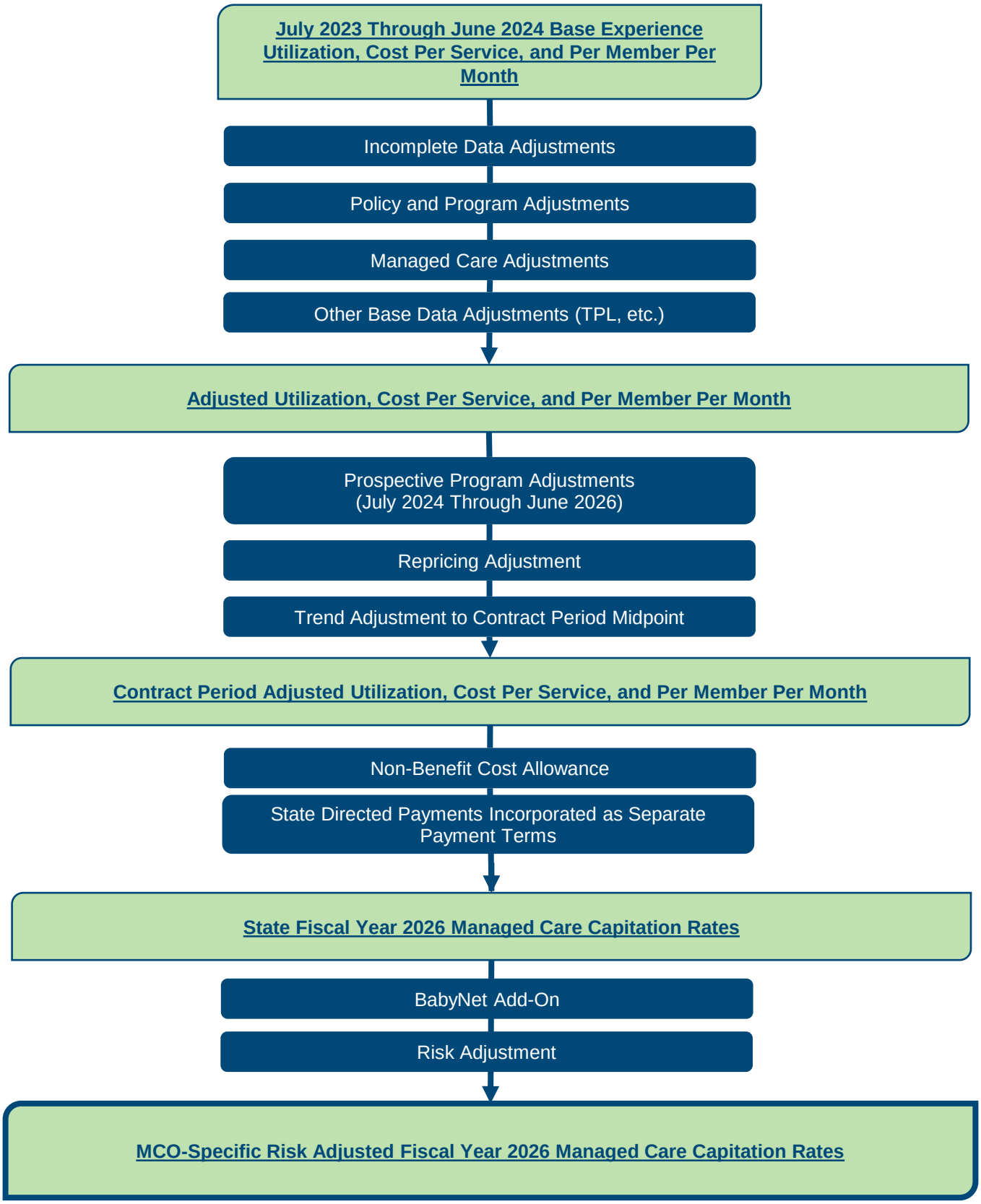
Appendix A

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development Medicaid Eligibility Category		
Eligible for Mandatory Enrollment		
PCAT Code	**Payment Category**	**Payment Category Description**
11	MAO (EXTENDED TRANSITIONAL)	Members receive Medicaid for a temporary period when they have been determined ineligible because of increased earnings.
12	OCWI (INFANTS UP TO AGE 1)	Optional Coverage for Women and Infants. Infants to age 1 born to Medicaid eligible mothers or into families whose income is less than or equal to 185% of poverty.
16	PASS-ALONG ELIGIBLES	Members that would have been eligible for SSI but for cost of living increases since 1977.
17	EARLY WIDOWS/WIDOWERS	Members age 60-64 that would have been eligible for SSI but for early receipt of Social Security benefits.
18	DISABLED WIDOWS/WIDOWERS	Members that would have been eligible for SSI but for cost of living increases since 1983.
19	DISABLED ADULT CHILD	Members that would have been eligible for SSI but for increases in Social Security Disabled Adult Child benefits.
20	PASS-ALONG CHILDREN	Children under age 18 whose SSI was terminated in the Balanced Budget Act of 1997.
32	AGED, BLIND, DISABLED	Members over age 18 with countable monthly income at or below 100% of the Federal Poverty level and resources below a defined limit.
40	WORKING DISABLED	Members who meet the Social Security definition of disabled and are working who also meet income criteria.
59	LOW INCOME FAMILIES	Families with at least one child under 18 (or 19 if still in secondary school) that meets income limits.
71	BREAST AND CERVICAL CANCER	Members are uninsured women found to need treatment for breast and/or cervical cancer or pre-cancerous lesions.
80	SSI	Members over age 18 who are eligible for the Federal SSI program are entitled to Medicaid coverage. The Federal SSI program is an assistance program administered by the Social Security Administration for aged, blind and disabled persons.
81	SSI WITH ESSENTIAL SPOUSE	Members over age 18 whose needs were included in their spouse's state assistance grant in December 1973. These members were grandfathered into the SSI program. They are eligible for Medicaid as long as they continue to qualify as an essential spouse.
87	OCWI (PREGNANT WOMEN and INFANTS)	Members are pregnant women who meet income criteria.
88	OCWI (CHILDREN UP TO AGE 19) PHC	Children who live with families that meet income criteria. Age and income criteria define mandatory and optional coverage groups.
91	RIBICOFF CHILDREN	Members up to age 18 with family incomes below 50% of the poverty level.

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development Medicaid Eligibility Category		
Eligible for Voluntary Enrollment		
PCAT Code	**Payment Category**	**Payment Category Description**
13	MAO (FOSTER CARE/SUBSIDIZED ADOPTION)	Children under age 21 who reside in a foster home or group home who meet eligibility criteria.
31	TITLE IV-E FOSTER CARE	Children under age 19 who would have been eligible for Family Independence funds when they were placed in foster care or adopted.
32	AGED, BLIND, DISABLED	Members under age 18 with countable monthly income at or below 100% of the Federal Poverty level and resources below a defined limit.
51	TITLE IV-E ADOPTION ASSISTANCE	Special Needs children for whom a state adoption assistance agreement is in effect and for whom the state adoption agency has determined a placement could not be made without medical assistance.
57	KATIE BECKETT CHILDREN - TEFRA	Children age 18 or younger that live at home, meet the SSI definition of disabled for a child, and meet the level of care required for Medicaid sponsorship in either a nursing home, ICF/IID or an acute care hospital.
60	REGULAR FOSTER CARE	Child residing in a foster care home. If in DSS custody, eligibility is through age 20. If not, subject to review.
61	FOSTER CARE (Ages 21-26)	Adults that were eligible at their 19th birthday in Regular Foster Care are automatically eligible for Foster Care Adults through the month end of their 27th birthday.
80	SSI	Members under age 18 who are eligible for the Federal SSI program are entitled to Medicaid coverage. The Federal SSI program is an assistance program administered by the Social Security Administration for aged, blind and disabled persons.
81	SSI WITH ESSENTIAL SPOUSE	Members under age 18 whose needs were included in their spouse's state assistance grant in December 1973. These members were grandfathered into the SSI program. They are eligible for Medicaid as long as they continue to qualify as an essential spouse.
85	OPTIONAL SUPPLEMENT	Members are aged, blind or disabled who meet income criteria and reside in a community residential care facility.
86	OPTIONAL SUPPLEMENT & SSI	Members are aged, blind or disabled who meet income criteria and reside in a community long term care facility.
RSP	**RSP Category**	
CHPC	Children's Personal Care Aide	
FOST	Foster Care	
ISED	Interagency System of Care for Emotionally Disturbed Children	
MCPC	Integrated Personal Care Services	

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development Medicaid Eligibility Category		
Not Eligible for Enrollment		
PCAT Code	**Payment Category**	**Payment Category Description**
10	MAO (NURSING HOMES)	Members reside in skilled nursing facilities (SNF), intermediate care facilities (ICF), swing beds and intermediate care facilities for individuals with intellectual disabilities (ICF/IID).
14	MAO (GENERAL HOSPITAL)	Members who are hospitalized for an extended period of 30 consecutive days or more that meet eligibility criteria.
15	MAO (CLTC WAIVERS)	Members that need nursing home care but choose to stay at home who meet eligibility criteria.
33	ABD NURSING HOME	Members who reside in a long term care facility with countable monthly income at or below 100% of the Federal Poverty level and resources below a defined limit.
48	S2 SLMB	Members who have Medicare Part A for whom Medicaid pays the Medicare Part B premium.
50	QUALIFIED WORKING DISABLED (QWDI)	Members who have Medicare Part A for whom Medicaid pays the Medicare Part A premium.
52	SLMB	Specified Low Income Medicare Beneficiaries Program for members who have Medicare Part A and meet income limits. Medicaid pays for the Medicare Part B premiums.
54	SSI NURSING HOMES	Members that would normally qualify for payment category 32 (ABD) who reside in a long term care facility.
55	FAMILY PLANNING	Women age 10-55 who meet income limits and are receiving Family Planning Services only.
70	REFUGEE ENTRANT	Members are refugees that would not typically be eligible for enrollment in Medicaid were it not for the refugee status.
89	BabyNet	BabyNet only members.
90	QUALIFIED MEDICARE BENEF (QMB)	Members who have Medicare Part A and meet income criteria.
RSP	**RSP Category**	
CLTC	CLTC Elderly Disabled	
CSWE	Community Supports Waiver-Established	
CSWN	Community Supports Waiver-New	
COVD	COVID Services Only	
DMRE	DMR Waiver/Established	
DMRN	DMR Waiver/New	
HIVA	CLTC HIV AIDS	
HSCE	Head and Spinal Cord/Established	
HSCN	Head and Spinal Cord/New	
MCCM	Primary Care Case Management (Medical Care Home)	
MCHS	Hospice	
MCPR	Dual Eligible Prime	
MCSC	PACE	
MFPP	Money Follows the Person	
VENT	CLTC Ventilator Waiver	
WMCC	Medically Complex Children's Waiver	

Appendix B


July 2023 Through June 2024 Base Experience Utilization, Cost Per Service, and Per Member Per Month
Incomplete Data Adjustments
Policy and Program Adjustments
Managed Care Adjustments
Other Base Data Adjustments (TPL, etc.)
Adjusted Utilization, Cost Per Service, and Per Member Per Month
Prospective Program Adjustments (July 2024 Through June 2026)
Repricing Adjustment
Trend Adjustment to Contract Period Midpoint
Contract Period Adjusted Utilization, Cost Per Service, and Per Member Per Month
Non-Benefit Cost Allowance
State Directed Payments Incorporated as Separate Payment Terms
State Fiscal Year 2026 Managed Care Capitation Rates
BabyNet Add-On
Risk Adjustment
MCO-Specific Risk Adjusted Fiscal Year 2026 Managed Care Capitation Rates

Appendix C

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - 0 - 2 Months, Male & Female
Member Months: 75,856

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	56,631	$ 88,366,616	$ 0	8,958.7	$ 1,560.39	$ 1,164.93
Inpatient Well Newborn	37,431	24,566,852	-	5,921.4	656.32	323.86
Inpatient MH/SA	17	3,317	-	2.7	195.09	0.04
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 112,936,785**	**$ 0**			**$ 1,488.83**
Outpatient						
Surgery	461	$ 571,485	$ 0	72.9	$ 1,239.66	$ 7.53
Non-Surg - Emergency Room	5,138	1,812,809	-	812.8	352.82	23.90
Non-Surg - Other	7,600	935,070	-	1,202.3	123.04	12.33
Observation Room	350	306,581	-	55.4	875.95	4.04
Treatment/Therapy/Testing	4,849	483,749	-	767.1	99.76	6.38
Other Outpatient	403	47,198	-	63.8	117.12	0.62
Subtotal		**$ 4,156,893**	**$ 0**			**$ 54.80**
Pharmacy						
Prescription Drugs	14,418	$ 325,836	$ 0	2,280.8	$ 22.60	$ 4.30
Subtotal		**$ 325,836**	**$ 0**			**$ 4.30**
Professional						
Inpatient and Outpatient Surgery	12,423	$ 1,392,034	$ 686	1,965.2	$ 112.11	$ 18.36
Anesthesia	617	124,068	-	97.6	201.08	1.64
Inpatient Visits	87,212	16,073,392	4,163	13,796.5	184.35	211.95
MH/SA	167	4,357	-	26.4	26.09	0.06
Emergency Room	5,661	428,916	-	895.5	75.77	5.65
Office/Home Visits/Consults	49,099	4,435,026	5,127	7,767.2	90.43	58.53
Pathology/Lab	16,403	621,679	-	2,594.9	37.90	8.20
Radiology	18,534	273,898	-	2,932.0	14.78	3.61
Office Administered Drugs	224	637	-	35.4	2.85	0.01
Physical Exams	157,947	9,345,681	2,284	24,986.3	59.18	123.23
Therapy	1,010	27,235	-	159.8	26.97	0.36
Vision	112	7,050	-	17.7	62.95	0.09
Other Professional	29,243	1,833,265	30	4,626.1	62.69	24.17
Subtotal		**$ 34,567,239**	**$ 12,290**			**$ 455.86**
Ancillaries						
Transportation	1,248	$ 307,764	$ 744	197.4	$ 247.20	$ 4.07
DME/Prosthetics	9,393	170,155	-	1,485.9	18.12	2.24
Dental	1	16	-	0.2	16.20	0.00
Other Ancillary	602	54,683	-	95.2	90.84	0.72
Subtotal		**$ 532,619**	**$ 744**			**$ 7.03**
Total Benefit Costs		**$ 152,519,371**	**$ 13,035**			**$ 2,010.82**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - 3 - 12 Months, Male & Female
Member Months: 335,843

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	6,331	$ 13,406,737	$ 0	226.2	$ 2,117.63	$ 39.92
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	-	-	-	-	-	-
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 13,406,737**	**$ 0**			**$ 39.92**
Outpatient						
Surgery	1,976	$ 3,016,862	$ 0	70.6	$ 1,526.75	$ 8.98
Non-Surg - Emergency Room	25,164	7,050,011	-	899.1	280.16	20.99
Non-Surg - Other	20,271	2,671,813	-	724.3	131.80	7.96
Observation Room	325	375,057	-	11.6	1,154.02	1.12
Treatment/Therapy/Testing	7,657	2,071,151	-	273.6	270.49	6.17
Other Outpatient	1,896	307,417	-	67.7	162.14	0.92
Subtotal		**$ 15,492,311**	**$ 0**			**$ 46.13**
Pharmacy						
Prescription Drugs	110,387	$ 3,547,639	$ 0	3,944.2	$ 32.14	$ 10.56
Subtotal		**$ 3,547,639**	**$ 0**			**$ 10.56**
Professional						
Inpatient and Outpatient Surgery	7,356	$ 1,493,366	$ 0	262.8	$ 203.01	$ 4.45
Anesthesia	3,833	454,246	-	137.0	118.51	1.35
Inpatient Visits	19,208	3,526,262	499	686.3	183.61	10.50
MH/SA	3,770	46,977	-	134.7	12.46	0.14
Emergency Room	25,523	1,801,099	-	912.0	70.57	5.36
Office/Home Visits/Consults	131,415	11,983,383	13,471	4,695.6	91.29	35.72
Pathology/Lab	85,230	2,323,146	313	3,045.4	27.26	6.92
Radiology	16,000	282,326	-	571.7	17.65	0.84
Office Administered Drugs	8,065	66,920	29	288.2	8.30	0.20
Physical Exams	360,253	16,274,222	6,975	12,872.2	45.19	48.48
Therapy	39,263	899,244	-	1,402.9	22.90	2.68
Vision	4,649	53,579	1,659	166.1	11.88	0.16
Other Professional	65,523	2,076,284	166	2,341.2	31.69	6.18
Subtotal		**$ 41,281,054**	**$ 23,111**			**$ 122.99**
Ancillaries						
Transportation	2,560	$ 347,656	$ 0	91.5	$ 135.80	$ 1.04
DME/Prosthetics	99,320	1,208,108	158	3,548.8	12.17	3.60
Dental	7,058	122,398	-	252.2	17.34	0.36
Other Ancillary	638	49,835	-	22.8	78.11	0.15
Subtotal		**$ 1,727,998**	**$ 158**			**$ 5.15**
Total Benefit Costs		**$ 75,455,739**	**$ 23,269**			**$ 224.74**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - Age 1 - 6, Male & Female
Member Months: 2,300,548

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	8,323	$ 19,758,187	$ 0	43.4	$ 2,373.93	$ 8.59
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	111	84,804	-	0.6	764.00	0.04
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 19,842,991**	**$ 0**			**$ 8.63**
Outpatient						
Surgery	12,780	$ 18,749,377	$ 0	66.7	$ 1,467.09	$ 8.15
Non-Surg - Emergency Room	93,429	28,054,075	-	487.3	300.27	12.19
Non-Surg - Other	57,260	7,626,697	-	298.7	133.19	3.32
Observation Room	874	1,300,199	-	4.6	1,487.64	0.57
Treatment/Therapy/Testing	44,233	9,438,090	-	230.7	213.37	4.10
Other Outpatient	9,480	3,390,550	-	49.4	357.65	1.47
Subtotal		**$ 68,558,987**	**$ 0**			**$ 29.80**
Pharmacy						
Prescription Drugs	744,579	$ 37,488,463	$ 0	3,883.8	$ 50.35	$ 16.30
Subtotal		**$ 37,488,463**	**$ 0**			**$ 16.30**
Professional						
Inpatient and Outpatient Surgery	39,082	$ 5,941,755	$ 790	203.9	$ 152.05	$ 2.58
Anesthesia	26,495	2,643,687	-	138.2	99.78	1.15
Inpatient Visits	18,481	2,538,858	773	96.4	137.42	1.10
MH/SA	1,011,154	20,509,548	411	5,274.3	20.28	8.92
Emergency Room	96,508	6,806,071	-	503.4	70.52	2.96
Office/Home Visits/Consults	616,416	55,324,074	94,992	3,215.3	89.91	24.09
Pathology/Lab	475,258	12,240,804	5,963	2,479.0	25.77	5.32
Radiology	59,362	1,143,974	9	309.6	19.27	0.50
Office Administered Drugs	65,469	452,464	480	341.5	6.92	0.20
Physical Exams	412,775	24,621,995	9,188	2,153.1	59.67	10.71
Therapy	1,589,867	36,429,311	-	8,293.0	22.91	15.84
Vision	61,920	1,284,039	320,099	323.0	25.91	0.70
Other Professional	398,028	8,443,437	23,197	2,076.2	21.27	3.68
Subtotal		**$ 178,380,016**	**$ 455,902**			**$ 77.74**
Ancillaries						
Transportation	9,078	$ 1,086,135	$ 313	47.4	$ 119.68	$ 0.47
DME/Prosthetics	783,590	4,943,346	3,834	4,087.3	6.31	2.15
Dental	47,570	3,868,603	-	248.1	81.32	1.68
Other Ancillary	3,568	206,541	-	18.6	57.89	0.09
Subtotal		**$ 10,104,625**	**$ 4,147**			**$ 4.39**
Total Benefit Costs		**$ 314,375,082**	**$ 460,048**			**$ 136.85**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - Age 7 - 13, Male & Female
Member Months: 2,827,634

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	6,071	$ 17,183,345	$ 0	25.8	$ 2,830.40	$ 6.08
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	6,026	3,714,045	-	25.6	616.34	1.31
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 20,897,390**	**$ 0**			**$ 7.39**
Outpatient						
Surgery	8,319	$ 13,035,279	$ 0	35.3	$ 1,566.93	$ 4.61
Non-Surg - Emergency Room	69,701	22,087,572	-	295.8	316.89	7.81
Non-Surg - Other	43,049	5,729,927	-	182.7	133.10	2.03
Observation Room	518	750,861	-	2.2	1,449.54	0.27
Treatment/Therapy/Testing	39,744	9,847,744	-	168.7	247.78	3.48
Other Outpatient	6,579	1,353,995	-	27.9	205.81	0.48
Subtotal		**$ 52,805,377**	**$ 0**			**$ 18.67**
Pharmacy						
Prescription Drugs	1,037,966	$ 78,807,390	$ 0	4,405.0	$ 75.92	$ 27.87
Subtotal		**$ 78,807,390**	**$ 0**			**$ 27.87**
Professional						
Inpatient and Outpatient Surgery	31,980	$ 4,564,874	$ 414	135.7	$ 142.75	$ 1.61
Anesthesia	13,124	1,411,276	-	55.7	107.53	0.50
Inpatient Visits	16,771	1,758,159	372	71.2	104.86	0.62
MH/SA	655,991	41,973,486	1,725	2,783.9	63.99	14.84
Emergency Room	72,613	5,206,014	-	308.2	71.70	1.84
Office/Home Visits/Consults	581,281	53,812,986	85,399	2,466.9	92.72	19.06
Pathology/Lab	486,551	11,327,919	5,317	2,064.8	23.29	4.01
Radiology	88,437	1,730,913	92	375.3	19.57	0.61
Office Administered Drugs	133,583	2,173,073	283	566.9	16.27	0.77
Physical Exams	218,466	16,068,532	632	927.1	73.55	5.68
Therapy	281,495	6,281,773	-	1,194.6	22.32	2.22
Vision	149,528	4,070,348	1,031,124	634.6	34.12	1.80
Other Professional	519,565	6,618,968	71,427	2,204.9	12.88	2.37
Subtotal		**$ 156,998,321**	**$ 1,196,786**			**$ 55.95**
Ancillaries						
Transportation	7,927	$ 941,803	$ 0	33.6	$ 118.81	$ 0.33
DME/Prosthetics	647,879	3,263,575	-	2,749.5	5.04	1.15
Dental	8,008	692,358	-	34.0	86.46	0.24
Other Ancillary	8,994	377,251	-	38.2	41.94	0.13
Subtotal		**$ 5,274,987**	**$ 0**			**$ 1.87**
Total Benefit Costs		**$ 314,783,465**	**$ 1,196,786**			**$ 111.75**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - Age 14 - 18, Male
Member Months: 939,280

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	3,573	$ 11,619,545	$ 0	45.6	$ 3,252.04	$ 12.37
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	4,310	2,512,540	-	55.1	582.96	2.67
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 14,132,085**	**$ 0**			**$ 15.05**
Outpatient						
Surgery	3,536	$ 5,655,075	$ 0	45.2	$ 1,599.29	$ 6.02
Non-Surg - Emergency Room	21,870	6,975,986	-	279.4	318.98	7.43
Non-Surg - Other	9,641	1,359,855	-	123.2	141.05	1.45
Observation Room	188	204,843	-	2.4	1,089.59	0.22
Treatment/Therapy/Testing	14,583	5,043,644	-	186.3	345.86	5.37
Other Outpatient	1,767	238,955	-	22.6	135.23	0.25
Subtotal		**$ 19,478,358**	**$ 0**			**$ 20.74**
Pharmacy						
Prescription Drugs	288,377	$ 32,559,672	$ 0	3,684.2	$ 112.91	$ 34.66
Subtotal		**$ 32,559,672**	**$ 0**			**$ 34.66**
Professional						
Inpatient and Outpatient Surgery	13,860	$ 2,127,047	$ 136	177.1	$ 153.48	$ 2.26
Anesthesia	4,530	578,829	-	57.9	127.78	0.62
Inpatient Visits	8,878	858,777	-	113.4	96.73	0.91
MH/SA	105,155	8,053,081	-	1,343.4	76.58	8.57
Emergency Room	23,525	1,799,327	-	300.5	76.49	1.92
Office/Home Visits/Consults	139,145	12,741,165	18,027	1,777.7	91.70	13.58
Pathology/Lab	135,633	3,002,388	762	1,732.8	22.14	3.20
Radiology	42,163	1,024,225	83	538.7	24.29	1.09
Office Administered Drugs	76,384	1,706,182	28	975.9	22.34	1.82
Physical Exams	50,226	4,008,983	-	641.7	79.82	4.27
Therapy	51,184	1,110,728	-	653.9	21.70	1.18
Vision	40,882	1,083,828	349,493	522.3	35.06	1.53
Other Professional	127,041	1,914,587	26,531	1,623.0	15.28	2.07
Subtotal		**$ 40,009,147**	**$ 395,061**			**$ 43.02**
Ancillaries						
Transportation	5,438	$ 715,413	$ 0	69.5	$ 131.56	$ 0.76
DME/Prosthetics	109,102	1,439,286	-	1,393.9	13.19	1.53
Dental	753	25,627	-	9.6	34.03	0.03
Other Ancillary	2,570	122,294	-	32.8	47.59	0.13
Subtotal		**$ 2,302,620**	**$ 0**			**$ 2.45**
Total Benefit Costs		**$ 108,481,883**	**$ 395,061**			**$ 115.92**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - Age 14 - 18, Female
Member Months: 886,202

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	2,512	$ 7,365,798	$ 0	34.0	$ 2,932.24	$ 8.31
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	3,896	2,462,037	-	52.8	631.94	2.78
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 9,827,835**	**$ 0**			**$ 11.09**
Outpatient						
Surgery	3,301	$ 4,883,235	$ 0	44.7	$ 1,479.32	$ 5.51
Non-Surg - Emergency Room	30,337	10,183,040	-	410.8	335.66	11.49
Non-Surg - Other	13,856	2,073,523	-	187.6	149.65	2.34
Observation Room	349	331,922	-	4.7	951.07	0.37
Treatment/Therapy/Testing	22,545	4,935,969	-	305.3	218.94	5.57
Other Outpatient	2,162	289,547	-	29.3	133.93	0.33
Subtotal		**$ 22,697,235**	**$ 0**			**$ 25.61**
Pharmacy						
Prescription Drugs	386,773	$ 29,292,447	$ 0	5,237.3	$ 75.74	$ 33.05
Subtotal		**$ 29,292,447**	**$ 0**			**$ 33.05**
Professional						
Inpatient and Outpatient Surgery	10,902	$ 1,518,663	$ 116	147.6	$ 139.31	$ 1.71
Anesthesia	3,677	445,312	-	49.8	121.11	0.50
Inpatient Visits	8,825	809,280	-	119.5	91.70	0.91
MH/SA	109,312	10,445,057	-	1,480.2	95.55	11.79
Emergency Room	31,381	2,452,801	-	424.9	78.16	2.77
Office/Home Visits/Consults	178,859	16,596,264	21,341	2,421.9	92.91	18.75
Pathology/Lab	253,476	4,973,087	1,563	3,432.3	19.63	5.61
Radiology	38,102	1,112,773	83	515.9	29.21	1.26
Office Administered Drugs	1,033,994	1,633,654	62	14,001.2	1.58	1.84
Physical Exams	51,991	4,113,128	79	704.0	79.11	4.64
Therapy	43,480	967,215	-	588.8	22.25	1.09
Vision	57,824	1,500,110	472,236	783.0	34.11	2.23
Other Professional	170,157	3,319,231	35,418	2,304.1	19.72	3.79
Subtotal		**$ 49,886,574**	**$ 530,898**			**$ 56.89**
Ancillaries						
Transportation	6,052	$ 620,325	$ 0	81.9	$ 102.50	$ 0.70
DME/Prosthetics	81,573	933,962	-	1,104.6	11.45	1.05
Dental	709	24,719	-	9.6	34.86	0.03
Other Ancillary	2,096	134,271	-	28.4	64.06	0.15
Subtotal		**$ 1,713,278**	**$ 0**			**$ 1.93**
Total Benefit Costs		**$ 113,417,369**	**$ 530,898**			**$ 128.58**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - Age 19 - 44, Male
Member Months: 397,195

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	3,803	$ 11,101,967	$ 0	114.9	$ 2,919.27	$ 27.95
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	882	580,547	-	26.6	658.22	1.46
Other Inpatient	18	8,248	-	0.5	458.22	0.02
Subtotal		**$ 11,690,762**	**$ 0**			**$ 29.43**
Outpatient						
Surgery	1,877	$ 2,779,451	$ 0	56.7	$ 1,480.79	$ 7.00
Non-Surg - Emergency Room	12,669	4,084,450	-	382.8	322.40	10.28
Non-Surg - Other	1,927	365,708	-	58.2	189.78	0.92
Observation Room	113	117,122	-	3.4	1,036.48	0.29
Treatment/Therapy/Testing	6,886	3,286,163	-	208.0	477.22	8.27
Other Outpatient	748	464,134	-	22.6	620.50	1.17
Subtotal		**$ 11,097,028**	**$ 0**			**$ 27.94**
Pharmacy						
Prescription Drugs	91,675	$ 17,559,122	$ 0	2,769.7	$ 191.54	$ 44.21
Subtotal		**$ 17,559,122**	**$ 0**			**$ 44.21**
Professional						
Inpatient and Outpatient Surgery	7,798	$ 1,113,305	$ 48	235.6	$ 142.77	$ 2.80
Anesthesia	2,528	306,336	-	76.4	121.18	0.77
Inpatient Visits	7,798	720,603	-	235.6	92.41	1.81
MH/SA	23,383	2,029,446	-	706.4	86.79	5.11
Emergency Room	13,662	1,127,370	-	412.8	82.52	2.84
Office/Home Visits/Consults	43,304	3,984,313	2,622	1,308.3	92.07	10.04
Pathology/Lab	55,550	908,116	155	1,678.3	16.35	2.29
Radiology	21,582	643,634	19	652.0	29.82	1.62
Office Administered Drugs	88,382	1,643,393	25	2,670.2	18.59	4.14
Physical Exams	3,643	280,081	15	110.1	76.89	0.71
Therapy	12,301	278,648	-	371.6	22.65	0.70
Vision	4,806	153,930	58,509	145.2	44.20	0.53
Other Professional	34,578	767,102	6,933	1,044.7	22.39	1.95
Subtotal		**$ 13,956,277**	**$ 68,325**			**$ 35.31**
Ancillaries						
Transportation	3,896	$ 469,628	$ 0	117.7	$ 120.54	$ 1.18
DME/Prosthetics	50,262	708,824	190	1,518.5	14.11	1.79
Dental	10	631	-	0.3	63.11	0.00
Other Ancillary	1,181	77,767	-	35.7	65.85	0.20
Subtotal		**$ 1,256,850**	**$ 190**			**$ 3.16**
Total Benefit Costs		**$ 55,560,039**	**$ 68,515**			**$ 140.05**

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development SFY 2024 Base Experience Data - Unadjusted Data Paid and Submitted through December 2024						
Region: Statewide **Rate Cell: TANF - Age 19 - 44, Female** **Member Months: 1,507,591**	**MCO Encounter Data Base Experience**					
Category of Service	**Units**	**Cost**	**Sub-Capitated Cost**	**Annual Utilization per 1,000**	**Cost per Unit**	**PMPM**
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	17,525	$ 44,185,915	$ 0	139.5	$ 2,521.31	$ 29.31
Inpatient Well Newborn	17	13,411	-	0.1	788.87	0.01
Inpatient MH/SA	2,917	2,140,719	-	23.2	733.88	1.42
Other Inpatient	545	213,449	-	4.3	391.65	0.14
Subtotal		**$ 46,553,494**	**$ 0**			**$ 30.88**
Outpatient						
Surgery	17,040	$ 22,563,181	$ 0	135.6	$ 1,324.13	$ 14.97
Non-Surg - Emergency Room	97,591	34,253,193	-	776.8	350.99	22.72
Non-Surg - Other	26,851	4,431,198	-	213.7	165.03	2.94
Observation Room	2,500	1,564,498	-	19.9	625.80	1.04
Treatment/Therapy/Testing	85,521	24,212,967	-	680.7	283.12	16.06
Other Outpatient	12,688	2,310,892	-	101.0	182.13	1.53
Subtotal		**$ 89,335,930**	**$ 0**			**$ 59.26**
Pharmacy						
Prescription Drugs	778,140	$ 96,462,893	$ 0	6,193.8	$ 123.97	$ 63.98
Subtotal		**$ 96,462,893**	**$ 0**			**$ 63.98**
Professional						
Inpatient and Outpatient Surgery	44,332	$ 8,220,810	$ 399	352.9	$ 185.45	$ 5.45
Anesthesia	19,270	2,297,020	-	153.4	119.20	1.52
Inpatient Visits	40,569	3,633,507	-	322.9	89.56	2.41
MH/SA	128,110	12,267,575	-	1,019.7	95.76	8.14
Emergency Room	102,247	8,496,213	-	813.9	83.09	5.64
Office/Home Visits/Consults	383,684	35,498,635	20,613	3,054.0	92.57	23.56
Pathology/Lab	819,314	15,210,325	624	6,521.5	18.57	10.09
Radiology	159,634	6,471,967	111	1,270.6	40.54	4.29
Office Administered Drugs	2,940,477	13,331,813	74	23,405.4	4.53	8.84
Physical Exams	41,605	3,402,530	-	331.2	81.78	2.26
Therapy	64,677	1,509,430	-	514.8	23.34	1.00
Vision	21,440	799,191	361,441	170.7	54.13	0.77
Other Professional	550,707	9,066,443	56,545	4,383.5	16.57	6.05
Subtotal		**$ 120,205,459**	**$ 439,806**			**$ 80.03**
Ancillaries						
Transportation	21,864	$ 2,168,241	$ 3,433	174.0	$ 99.33	$ 1.44
DME/Prosthetics	218,719	3,049,280	1,855	1,740.9	13.95	2.02
Dental	15	714	-	0.1	47.58	0.00
Other Ancillary	11,536	1,352,726	-	91.8	117.26	0.90
Subtotal		**$ 6,570,961**	**$ 5,288**			**$ 4.36**
Total Benefit Costs		**$ 359,128,736**	**$ 445,094**			**$ 238.51**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: TANF - Age 45+, Male & Female
Member Months: 288,799

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	7,935	$ 22,189,093	$ 0	329.7	$ 2,796.36	$ 76.83
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	466	343,901	-	19.4	737.99	1.19
Other Inpatient	626	189,944	-	26.0	303.42	0.66
Subtotal		**$ 22,722,937**	**$ 0**			**$ 78.68**
Outpatient						
Surgery	3,803	$ 7,095,625	$ 0	158.0	$ 1,865.80	$ 24.57
Non-Surg - Emergency Room	13,374	4,880,113	-	555.7	364.90	16.90
Non-Surg - Other	5,529	884,124	-	229.7	159.91	3.06
Observation Room	345	383,215	-	14.3	1,110.77	1.33
Treatment/Therapy/Testing	22,326	12,065,918	-	927.7	540.44	41.78
Other Outpatient	6,075	1,168,638	-	252.4	192.37	4.05
Subtotal		**$ 26,477,633**	**$ 0**			**$ 91.68**
Pharmacy						
Prescription Drugs	323,738	$ 45,405,423	$ 0	13,451.8	$ 140.25	$ 157.22
Subtotal		**$ 45,405,423**	**$ 0**			**$ 157.22**
Professional						
Inpatient and Outpatient Surgery	20,467	$ 3,302,571	$ 0	850.4	$ 161.36	$ 11.44
Anesthesia	7,800	873,811	-	324.1	112.03	3.03
Inpatient Visits	15,314	1,382,859	-	636.3	90.30	4.79
MH/SA	19,459	1,901,254	-	808.5	97.71	6.58
Emergency Room	14,236	1,283,320	-	591.5	90.15	4.44
Office/Home Visits/Consults	103,576	9,887,667	10,697	4,303.7	95.57	34.27
Pathology/Lab	150,262	2,298,887	150	6,243.6	15.30	7.96
Radiology	53,075	2,151,624	119	2,205.3	40.54	7.45
Office Administered Drugs	508,247	6,250,905	-	21,118.4	12.30	21.64
Physical Exams	7,505	564,111	15	311.8	75.17	1.95
Therapy	33,614	749,753	5,016	1,396.7	22.45	2.61
Vision	4,609	219,647	88,718	191.5	66.91	1.07
Other Professional	96,920	2,585,380	18,070	4,027.2	26.86	9.01
Subtotal		**$ 33,451,787**	**$ 122,786**			**$ 116.26**
Ancillaries						
Transportation	4,407	$ 472,226	$ 465	183.1	$ 107.26	$ 1.64
DME/Prosthetics	208,603	1,603,974	2,840	8,667.7	7.70	5.56
Dental	-	-	-	-	-	-
Other Ancillary	4,834	383,836	-	200.9	79.40	1.33
Subtotal		**$ 2,460,035**	**$ 3,305**			**$ 8.53**
Total Benefit Costs		**$ 130,517,816**	**$ 126,091**			**$ 452.37**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: SSI - Children
Member Months: 141,476

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	3,906	$ 9,344,291	$ 0	331.3	$ 2,392.29	$ 66.05
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	1,337	861,061	-	113.4	644.02	6.09
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 10,205,352**	**$ 0**			**$ 72.13**
Outpatient						
Surgery	1,173	$ 2,328,729	$ 0	99.5	$ 1,985.28	$ 16.46
Non-Surg - Emergency Room	5,946	2,099,339	-	504.3	353.07	14.84
Non-Surg - Other	7,099	1,084,109	-	602.1	152.71	7.66
Observation Room	122	190,694	-	10.3	1,563.07	1.35
Treatment/Therapy/Testing	7,640	3,194,520	-	648.0	418.13	22.58
Other Outpatient	872	227,032	-	74.0	260.36	1.60
Subtotal		**$ 9,124,423**	**$ 0**			**$ 64.49**
Pharmacy						
Prescription Drugs	144,465	$ 31,373,937	$ 0	12,253.5	$ 217.17	$ 221.76
Subtotal		**$ 31,373,937**	**$ 0**			**$ 221.76**
Professional						
Inpatient and Outpatient Surgery	3,186	$ 611,230	$ 0	270.2	$ 191.85	$ 4.32
Anesthesia	2,150	277,806	-	182.4	129.21	1.96
Inpatient Visits	7,206	879,073	344	611.2	122.04	6.22
MH/SA	560,169	10,915,092	-	47,513.6	19.49	77.15
Emergency Room	6,422	530,573	-	544.7	82.62	3.75
Office/Home Visits/Consults	47,395	4,642,730	7,420	4,020.0	98.11	32.87
Pathology/Lab	33,122	704,415	391	2,809.4	21.28	4.98
Radiology	8,770	207,656	18	743.9	23.68	1.47
Office Administered Drugs	157,425	3,841,971	24	13,352.8	24.41	27.16
Physical Exams	12,637	904,731	-	1,071.9	71.59	6.39
Therapy	232,766	5,135,450	-	19,743.2	22.06	36.30
Vision	7,864	230,106	46,618	667.0	35.19	1.96
Other Professional	47,160	1,210,953	3,019	4,000.1	25.74	8.58
Subtotal		**$ 30,091,785**	**$ 57,835**			**$ 213.11**
Ancillaries						
Transportation	1,962	$ 227,358	$ 0	166.4	$ 115.88	$ 1.61
DME/Prosthetics	1,055,024	3,116,894	-	89,487.2	2.95	22.03
Dental	939	107,272	-	79.6	114.24	0.76
Other Ancillary	2,550	103,372	-	216.3	40.54	0.73
Subtotal		**$ 3,554,897**	**$ 0**			**$ 25.13**
Total Benefit Costs		**$ 84,350,393**	**$ 57,835**			**$ 596.63**

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development SFY 2024 Base Experience Data - Unadjusted Data Paid and Submitted through December 2024						
Region: Statewide **Rate Cell: SSI - Adults** **Member Months: 447,808**	**MCO Encounter Data Base Experience**					
Category of Service	**Units**	**Cost**	**Sub-Capitated Cost**	**Annual Utilization per 1,000**	**Cost per Unit**	**PMPM**
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	52,564	$ 126,984,414	$ 0	1,408.6	$ 2,415.81	$ 283.57
Inpatient Well Newborn	25	80,246	-	0.7	3,209.84	0.18
Inpatient MH/SA	2,254	1,770,669	-	60.4	785.57	3.95
Other Inpatient	15,822	4,416,772	-	424.0	279.15	9.86
Subtotal		**$ 133,252,101**	**$ 0**			**$ 297.57**
Outpatient						
Surgery	8,612	$ 16,683,965	$ 0	230.8	$ 1,937.29	$ 37.26
Non-Surg - Emergency Room	35,424	15,750,369	-	949.3	444.62	35.17
Non-Surg - Other	19,052	3,853,193	-	510.5	202.25	8.60
Observation Room	1,241	1,406,155	-	33.3	1,133.08	3.14
Treatment/Therapy/Testing	47,854	48,642,683	-	1,282.4	1,016.48	108.62
Other Outpatient	8,212	2,818,703	-	220.1	343.24	6.29
Subtotal		**$ 89,155,067**	**$ 0**			**$ 199.09**
Pharmacy						
Prescription Drugs	708,559	$ 170,706,321	$ 0	18,987.4	$ 240.92	$ 381.20
Subtotal		**$ 170,706,321**	**$ 0**			**$ 381.20**
Professional						
Inpatient and Outpatient Surgery	43,725	$ 6,791,662	$ 597	1,171.7	$ 155.34	$ 15.17
Anesthesia	15,810	1,820,298	103	423.7	115.14	4.07
Inpatient Visits	100,825	9,071,075	-	2,701.8	89.97	20.26
MH/SA	35,692	3,212,318	-	956.4	90.00	7.17
Emergency Room	41,109	3,930,923	-	1,101.6	95.62	8.78
Office/Home Visits/Consults	188,548	18,972,054	13,594	5,052.6	100.69	42.40
Pathology/Lab	252,199	3,567,231	151	6,758.2	14.15	7.97
Radiology	118,500	4,876,788	128	3,175.5	41.16	10.89
Office Administered Drugs	1,909,429	25,667,936	-	51,167.3	13.44	57.32
Physical Exams	12,007	719,903	18	321.8	59.96	1.61
Therapy	47,710	1,071,930	-	1,278.5	22.47	2.39
Vision	6,733	339,940	102,821	180.4	65.76	0.99
Other Professional	228,124	10,278,779	21,669	6,113.1	45.15	23.00
Subtotal		**$ 90,320,838**	**$ 139,081**			**$ 202.01**
Ancillaries						
Transportation	29,763	$ 3,066,634	$ 12,581	797.6	$ 103.46	$ 6.88
DME/Prosthetics	1,438,595	10,119,490	6,675	38,550.3	7.04	22.61
Dental	4	508	-	0.1	127.11	0.00
Other Ancillary	29,263	2,271,750	-	784.2	77.63	5.07
Subtotal		**$ 15,458,382**	**$ 19,256**			**$ 34.56**
Total Benefit Costs		**$ 498,892,709**	**$ 158,337**			**$ 1,114.43**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: SMI Children
Member Months: 200,243

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	2,079	$ 5,115,009	$ 0	124.6	$ 2,460.32	$ 25.54
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	42,608	23,772,057	-	2,553.4	557.92	118.72
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 28,887,066**	**$ 0**			**$ 144.26**
Outpatient						
Surgery	1,329	$ 1,985,420	$ 0	79.6	$ 1,493.92	$ 9.92
Non-Surg - Emergency Room	13,693	5,207,968	-	820.6	380.34	26.01
Non-Surg - Other	6,006	892,799	-	359.9	148.65	4.46
Observation Room	141	151,254	-	8.4	1,072.72	0.76
Treatment/Therapy/Testing	7,919	1,915,380	-	474.6	241.87	9.57
Other Outpatient	968	285,205	-	58.0	294.63	1.42
Subtotal		**$ 10,438,025**	**$ 0**			**$ 52.13**
Pharmacy						
Prescription Drugs	247,370	$ 14,695,089	$ 0	14,824.2	$ 59.41	$ 73.39
Subtotal		**$ 14,695,089**	**$ 0**			**$ 73.39**
Professional						
Inpatient and Outpatient Surgery	4,147	$ 610,763	$ 0	248.5	$ 147.28	$ 3.05
Anesthesia	1,652	196,837	-	99.0	119.15	0.98
Inpatient Visits	20,297	1,512,135	-	1,216.3	74.50	7.55
MH/SA	278,069	20,599,584	364	16,663.9	74.08	102.87
Emergency Room	14,665	1,273,628	-	878.8	86.85	6.36
Office/Home Visits/Consults	84,952	8,990,279	10,784	5,090.9	105.95	44.95
Pathology/Lab	82,314	1,612,308	1,150	4,932.8	19.60	8.06
Radiology	15,127	416,718	-	906.5	27.55	2.08
Office Administered Drugs	313,886	1,935,865	124	18,810.3	6.17	9.67
Physical Exams	14,352	1,073,885	-	860.1	74.82	5.36
Therapy	17,772	406,761	-	1,065.0	22.89	2.03
Vision	15,544	428,040	128,229	931.5	35.79	2.78
Other Professional	54,543	1,141,777	9,098	3,268.6	21.10	5.75
Subtotal		**$ 40,198,579**	**$ 149,749**			**$ 201.50**
Ancillaries						
Transportation	6,544	$ 741,691	$ 145	392.2	$ 113.36	$ 3.70
DME/Prosthetics	92,154	441,818	-	5,522.5	4.79	2.21
Dental	229	20,695	-	13.7	90.37	0.10
Other Ancillary	6,502	296,535	-	389.6	45.61	1.48
Subtotal		**$ 1,500,739**	**$ 145**			**$ 7.50**
Total Benefit Costs		**$ 95,719,498**	**$ 149,894**			**$ 478.77**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: SMI TANF Adults
Member Months: 329,727

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	10,623	$ 26,897,983	$ 0	386.6	$ 2,532.05	$ 81.58
Inpatient Well Newborn	2	3,113	-	0.1	1,556.70	0.01
Inpatient MH/SA	10,738	6,443,983	-	390.8	600.11	19.54
Other Inpatient	980	315,364	-	35.7	321.80	0.96
Subtotal		**$ 33,660,443**	**$ 0**			**$ 102.09**
Outpatient						
Surgery	6,424	$ 10,468,750	$ 0	233.8	$ 1,629.63	$ 31.75
Non-Surg - Emergency Room	35,869	13,363,514	-	1,305.4	372.56	40.53
Non-Surg - Other	10,118	1,613,644	-	368.2	159.48	4.89
Observation Room	719	629,778	-	26.2	875.91	1.91
Treatment/Therapy/Testing	32,039	10,303,324	-	1,166.0	321.59	31.25
Other Outpatient	5,674	1,038,136	-	206.5	182.96	3.15
Subtotal		**$ 37,417,145**	**$ 0**			**$ 113.48**
Pharmacy						
Prescription Drugs	501,129	$ 65,590,997	$ 0	18,238.0	$ 130.89	$ 198.93
Subtotal		**$ 65,590,997**	**$ 0**			**$ 198.93**
Professional						
Inpatient and Outpatient Surgery	22,726	$ 3,993,233	$ 16,560	827.1	$ 176.44	$ 12.16
Anesthesia	10,024	1,148,289	-	364.8	114.55	3.48
Inpatient Visits	32,587	2,698,999	-	1,186.0	82.82	8.19
MH/SA	160,675	15,501,766	239	5,847.6	96.48	47.01
Emergency Room	38,147	3,345,492	-	1,388.3	87.70	10.15
Office/Home Visits/Consults	189,182	18,390,761	10,740	6,885.0	97.27	55.81
Pathology/Lab	256,485	4,484,876	485	9,334.4	17.49	13.60
Radiology	69,758	2,604,789	100	2,538.8	37.34	7.90
Office Administered Drugs	911,196	5,988,287	-	33,161.8	6.57	18.16
Physical Exams	11,368	867,159	16	413.7	76.28	2.63
Therapy	35,353	835,462	-	1,286.6	23.63	2.53
Vision	6,421	260,547	111,212	233.7	57.90	1.13
Other Professional	173,158	3,639,283	19,862	6,301.9	21.13	11.10
Subtotal		**$ 63,758,942**	**$ 159,216**			**$ 193.85**
Ancillaries						
Transportation	14,230	$ 1,381,941	$ 970	517.9	$ 97.18	$ 4.19
DME/Prosthetics	227,263	1,955,289	-	8,271.0	8.60	5.93
Dental	1	16	-	0.0	16.20	0.00
Other Ancillary	12,064	800,293	-	439.1	66.34	2.43
Subtotal		**$ 4,137,539**	**$ 970**			**$ 12.55**
Total Benefit Costs		**$ 204,565,066**	**$ 160,186**			**$ 620.89**

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development SFY 2024 Base Experience Data - Unadjusted Data Paid and Submitted through December 2024						
Region: Statewide **Rate Cell: SMI SSI Adults** **Member Months: 172,875**	**MCO Encounter Data Base Experience**					
Category of Service	**Units**	**Cost**	**Sub-Capitated Cost**	**Annual Utilization per 1,000**	**Cost per Unit**	**PMPM**
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	24,584	$ 53,527,750	$ 0	1,706.5	$ 2,177.34	$ 309.63
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	20,452	11,373,057	-	1,419.7	556.09	65.79
Other Inpatient	10,933	3,124,761	-	758.9	285.81	18.08
Subtotal		**$ 68,025,567**	**$ 0**			**$ 393.50**
Outpatient						
Surgery	3,920	$ 7,805,281	$ 0	272.1	$ 1,991.14	$ 45.15
Non-Surg - Emergency Room	27,333	11,505,301	-	1,897.3	420.93	66.55
Non-Surg - Other	8,162	1,469,370	-	566.6	180.03	8.50
Observation Room	632	1,617,683	-	43.9	2,559.63	9.36
Treatment/Therapy/Testing	21,045	13,682,210	-	1,460.8	650.14	79.15
Other Outpatient	4,208	1,016,081	-	292.1	241.46	5.88
Subtotal		**$ 37,095,926**	**$ 0**			**$ 214.58**
Pharmacy						
Prescription Drugs	471,622	$ 105,453,201	$ 0	32,737.3	$ 223.60	$ 610.00
Subtotal		**$ 105,453,201**	**$ 0**			**$ 610.00**
Professional						
Inpatient and Outpatient Surgery	23,887	$ 3,339,019	$ 189	1,658.1	$ 139.79	$ 19.32
Anesthesia	7,926	910,428	169	550.2	114.89	5.27
Inpatient Visits	67,432	5,478,969	-	4,680.7	81.25	31.69
MH/SA	266,857	9,976,856	-	18,523.7	37.39	57.71
Emergency Room	30,811	2,851,354	-	2,138.7	92.54	16.49
Office/Home Visits/Consults	122,777	13,234,199	6,963	8,522.5	107.85	76.59
Pathology/Lab	130,366	1,912,393	93	9,049.3	14.67	11.06
Radiology	62,008	2,238,278	36	4,304.2	36.10	12.95
Office Administered Drugs	1,741,444	8,365,887	16	120,881.1	4.80	48.39
Physical Exams	6,062	344,538	-	420.8	56.84	1.99
Therapy	22,089	508,483	3,924	1,533.3	23.20	2.96
Vision	3,163	158,412	54,155	219.6	67.20	1.23
Other Professional	99,192	3,677,306	11,438	6,885.3	37.19	21.34
Subtotal		**$ 52,996,121**	**$ 76,985**			**$ 307.00**
Ancillaries						
Transportation	29,128	$ 2,728,402	$ 12,154	2,021.9	$ 94.09	$ 15.85
DME/Prosthetics	731,231	3,916,599	3,187	50,757.9	5.36	22.67
Dental	-	-	-	-	-	-
Other Ancillary	32,104	1,911,157	-	2,228.5	59.53	11.06
Subtotal		**$ 8,556,158**	**$ 15,341**			**$ 49.58**
Total Benefit Costs		**$ 272,126,974**	**$ 92,326**			**$ 1,574.66**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: OCWI
Member Months: 394,090

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	4,438	$ 8,938,142	$ 0	135.1	$ 2,014.00	$ 22.68
Inpatient Well Newborn	43	28,883	-	1.3	671.70	0.07
Inpatient MH/SA	1,264	910,889	-	38.5	720.64	2.31
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 9,877,915**	**$ 0**			**$ 25.07**
Outpatient						
Surgery	8,279	$ 6,026,136	$ 0	252.1	$ 727.88	$ 15.29
Non-Surg - Emergency Room	23,428	8,924,348	-	713.4	380.93	22.65
Non-Surg - Other	11,152	1,811,326	-	339.6	162.42	4.60
Observation Room	1,648	639,521	-	50.2	388.06	1.62
Treatment/Therapy/Testing	27,608	5,004,492	-	840.7	181.27	12.70
Other Outpatient	2,643	372,690	-	80.5	141.01	0.95
Subtotal		**$ 22,778,514**	**$ 0**			**$ 57.80**
Pharmacy						
Prescription Drugs	248,644	$ 14,582,854	$ 0	7,571.2	$ 58.65	$ 37.00
Subtotal		**$ 14,582,854**	**$ 0**			**$ 37.00**
Professional						
Inpatient and Outpatient Surgery	8,875	$ 1,552,034	$ 0	270.2	$ 174.88	$ 3.94
Anesthesia	3,928	465,842	-	119.6	118.60	1.18
Inpatient Visits	14,732	1,211,935	-	448.6	82.27	3.08
MH/SA	34,250	3,619,838	86	1,042.9	105.69	9.19
Emergency Room	26,020	2,103,254	-	792.3	80.83	5.34
Office/Home Visits/Consults	84,480	7,419,863	3,425	2,572.4	87.87	18.84
Pathology/Lab	249,359	4,619,883	100	7,593.0	18.53	11.72
Radiology	35,310	1,801,472	37	1,075.2	51.02	4.57
Office Administered Drugs	652,349	1,549,262	-	19,864.0	2.37	3.93
Physical Exams	14,761	777,497	-	449.5	52.67	1.97
Therapy	12,887	315,306	-	392.4	24.47	0.80
Vision	3,849	146,663	68,619	117.2	55.93	0.55
Other Professional	283,567	3,783,571	9,647	8,634.6	13.38	9.63
Subtotal		**$ 29,366,420**	**$ 81,914**			**$ 74.72**
Ancillaries						
Transportation	5,557	$ 548,235	$ 3,178	169.2	$ 99.23	$ 1.40
DME/Prosthetics	36,163	845,091	900	1,101.2	23.39	2.15
Dental	-	-	-	-	-	-
Other Ancillary	5,379	765,503	-	163.8	142.31	1.94
Subtotal		**$ 2,158,830**	**$ 4,078**			**$ 5.49**
Total Benefit Costs		**$ 78,764,532**	**$ 85,992**			**$ 200.08**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: Foster Care Children
Member Months: 53,436

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Annual Utilization per 1,000	Cost per Unit	PMPM
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	856	$ 1,787,213	$ 0	192.2	$ 2,087.87	$ 33.45
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	16,183	9,561,261	-	3,634.2	590.82	178.93
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 11,348,474**	**$ 0**			**$ 212.38**
Outpatient						
Surgery	411	$ 582,336	$ 0	92.3	$ 1,416.88	$ 10.90
Non-Surg - Emergency Room	2,845	968,960	-	638.9	340.58	18.13
Non-Surg - Other	2,064	285,801	-	463.5	138.47	5.35
Observation Room	31	36,365	-	7.0	1,173.07	0.68
Treatment/Therapy/Testing	1,733	397,606	-	389.2	229.43	7.44
Other Outpatient	248	51,231	-	55.7	206.58	0.96
Subtotal		**$ 2,322,300**	**$ 0**			**$ 43.46**
Pharmacy						
Prescription Drugs	54,366	$ 2,230,793	$ 0	12,208.8	$ 41.03	$ 41.75
Subtotal		**$ 2,230,793**	**$ 0**			**$ 41.75**
Professional						
Inpatient and Outpatient Surgery	1,332	$ 209,110	$ 0	299.1	$ 156.99	$ 3.91
Anesthesia	680	75,569	-	152.7	111.13	1.41
Inpatient Visits	3,909	303,100	-	877.8	77.54	5.67
MH/SA	387,508	13,710,920	-	87,021.8	35.38	256.59
Emergency Room	3,046	245,478	-	684.0	80.59	4.59
Office/Home Visits/Consults	20,681	2,111,996	2,217	4,644.3	102.23	39.57
Pathology/Lab	17,273	372,972	145	3,879.0	21.60	6.98
Radiology	2,992	70,832	-	671.9	23.67	1.33
Office Administered Drugs	24,455	45,706	0	5,491.8	1.87	0.86
Physical Exams	12,000	771,513	296	2,694.8	64.32	14.44
Therapy	58,897	1,256,707	-	13,226.4	21.34	23.52
Vision	4,722	212,244	-	1,060.4	44.95	3.97
Other Professional	15,271	292,432	24	3,429.4	19.15	5.47
Subtotal		**$ 19,678,580**	**$ 2,682**			**$ 368.31**
Ancillaries						
Transportation	1,679	$ 206,143	$ 0	377.0	$ 122.78	$ 3.86
DME/Prosthetics	104,813	215,155	-	23,537.6	2.05	4.03
Dental	604	31,722	-	135.6	52.52	0.59
Other Ancillary	1,154	52,541	-	259.2	45.53	0.98
Subtotal		**$ 505,561**	**$ 0**			**$ 9.46**
Total Benefit Costs		**$ 36,085,708**	**$ 2,682**			**$ 675.36**

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development SFY 2024 Base Experience Data - Unadjusted Data Paid and Submitted through December 2024						
Region: Statewide **Rate Cell: DUAL** **Member Months: 622,837**	**FFS Data Base Experience**					
Category of Service	**Units**	**Cost**	**Sub-Capitated Cost**	**Annual Utilization per 1,000**	**Cost per Unit**	**PMPM**
Inpatient						
Inpatient Medical/Surgical/Non-Delivery	28,247	$ 7,987,724	$ 0	544.2	$ 282.78	$ 12.82
Inpatient Well Newborn	-	-	-	-	-	-
Inpatient MH/SA	2,070	477,853	-	39.9	230.85	0.77
Other Inpatient	-	-	-	-	-	-
Subtotal		**$ 8,465,578**	**$ 0**			**$ 13.59**
Outpatient						
Surgery	7,048	$ 1,345,932	$ 0	135.8	$ 190.97	$ 2.16
Non-Surg - Emergency Room	14,702	1,231,111	-	283.3	83.74	1.98
Non-Surg - Other	16,271	514,545	-	313.5	31.62	0.83
Observation Room	361	43,876	-	7.0	121.54	0.07
Treatment/Therapy/Testing	36,120	4,500,161	-	695.9	124.59	7.23
Other Outpatient	3,052	241,913	-	58.8	79.26	0.39
Subtotal		**$ 7,877,538**	**$ 0**			**$ 12.65**
Pharmacy						
Prescription Drugs	13,917	$ 1,226,167	$ 0	268.1	$ 88.11	$ 1.97
Subtotal		**$ 1,226,167**	**$ 0**			**$ 1.97**
Professional						
Inpatient and Outpatient Surgery	17,058	$ 495,370	$ 0	328.7	$ 29.04	$ 0.80
Anesthesia	11,437	204,290	-	220.4	17.86	0.33
Inpatient Visits	31,998	603,211	-	616.5	18.85	0.97
MH/SA	383,543	5,976,287	-	7,389.6	15.58	9.60
Emergency Room	3,239	119,668	-	62.4	36.95	0.19
Office/Home Visits/Consults	135,894	7,841,977	-	2,618.2	57.71	12.59
Pathology/Lab	39,814	255,571	-	767.1	6.42	0.41
Radiology	40,398	547,903	-	778.3	13.56	0.88
Office Administered Drugs	1,367,283	4,245,856	-	26,343.0	3.11	6.82
Physical Exams	1,912	38,525	-	36.8	20.15	0.06
Therapy	34,957	165,996	-	673.5	4.75	0.27
Vision	1,711	96,014	-	33.0	56.12	0.15
Other Professional	142,565	922,709	-	2,746.8	6.47	1.48
Subtotal		**$ 21,513,376**	**$ 0**			**$ 34.54**
Ancillaries						
Transportation	1,706	$ 58,180	$ 0	32.9	$ 34.10	$ 0.09
DME/Prosthetics	505,631	2,157,326	-	9,741.8	4.27	3.46
Dental	23	377	-	0.4	16.37	0.00
Other Ancillary	3,440	96,228	-	66.3	27.97	0.15
Subtotal		**$ 2,312,111**	**$ 0**			**$ 3.71**
Total Benefit Costs		**$ 41,394,770**	**$ 0**			**$ 66.46**

South Carolina Department of Health and Human Services
SFY 2026 Medicaid Managed Care Capitation Rate Development
SFY 2024 Base Experience Data - Unadjusted
Data Paid and Submitted through December 2024

Region: Statewide
Rate Cell: KICK
Deliveries: 23,613

Category of Service	MCO Encounter Data Base Experience Units	Cost	Sub-Capitated Cost	Utilization per 1,000 Deliveries	Cost per Service	Cost per Delivery
Inpatient Hospital						
Inpatient Maternity Delivery	54,222	$ 99,465,346	$ 0	2,296.3	$ 1,834.41	$ 4,212.31
Subtotal		**$ 99,465,346**	**$ 0**			**$ 4,212.31**
Outpatient Hospital						
Outpatient Hospital - Maternity	1,164	$ 551,548	$ 0	49.3	$ 473.84	$ 23.36
Subtotal		**$ 551,548**	**$ 0**			**$ 23.36**
Professional						
Maternity Delivery	20,811	$ 21,856,183	$ 0	881.3	$ 1,050.22	$ 925.60
Maternity Anesthesia	26,206	7,965,353	-	1,109.8	303.95	337.33
Maternity Office Visits	188,361	14,272,561	166	7,977.0	75.77	604.44
Maternity Radiology	121,279	9,441,446	-	5,136.1	77.85	399.84
Maternity Non-Delivery	71	6,568	-	3.0	92.51	0.28
Subtotal		**$ 53,542,111**	**$ 166**			**$ 2,267.49**
Total Benefit Costs		**$ 153,559,004**	**$ 166**			**$ 6,503.16**

Appendix D

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate		
Eligibility Criteria		
Eligibility File Type	**Criteria**	**Notes**
Recipient	Exclude Recipient Payment Categories:10,14,15,33,48,50,52, 54,55,70,89,90	
Recipient	Exclude Recipient Limited Benefit Indicators: E, I, C, D, J, P, A, B, G	
Recipient	Exclude if age >= 65 on date of service	
Recipient	Exclude Dual eligible members	
Recipient	Retroactive Eligibility	
Recipient	Long Term Care Exclusion	
RSP	Exclude where RSP Program Indicator is: 3,5,A,C,D,F,J,K,L,M, O, R,S,T,V,W	

Note: The in-rate criteria only includes claims with a valid member record at the time services were rendered.

Nursing Home Claims Criteria			
Claim Type	**Provider Type**	**Provider Specialty**	**Notes**
G	00	Any	Include claims where the last 2 bytes of Billing Provider Number = SB or first byte of Billing Provider Number = V or Service Category = 11

UB-04 Claims Criteria			
Claim Type	**Provider Type**	**Provider Specialty**	**Notes**
Y	01	Any	Exclude if Ownership Code = 11
Y	02	Any	Exclude if Ownership Code = 11
Y	01,02	Any	Exclude all COVID Vaccine procedure codes for any one under the age of 19

Pharmacy Claims Criteria			
Claim Type	**Provider Type**	**Provider Specialty**	**Notes**
D	70	Any	Exclude all COVID Vaccine procedure codes for anyone under the age of 19
D	70	Any	Exclude the following HCNE Pharmaceuticals ("SOHONOS","VEOPOZ","POMBILITI","FABHALTA","CASGEVY","LYFGENIA","BEQVEZ","OJEMDA","LENMELDY","TECELRA","MIPLYFFA","AQNEURSA","HYMPAVZI","AUCATZYL", "KEBILIDI","BIZENGRI")

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate			
HIC Claims			
Claim Type	**Provider Type**	**Provider Specialty**	**Criteria**
A or B	All (Except Provider Type 22)	Any (Except Provider Type 93)	Exclude all Procedure Codes that begin with “D”
A	All	Any	Exclude all COVID Vaccine procedure codes for any one under the age of 19
A	All	Any	Exclude hearing aid and hearing aid accessories for any one over the age of 21 (Procedure Code V5030-V5299)
A	All	Any	Exclude all vaccine codes for any one under the age of 19 (90476-90749 except 90460 and 90461) Providers must provide vaccinations through the VFC program for Medicaid eligible children
A	10	20	Exclude Procedure Codes (G9004 THROUGH G9011, T1016, T1017, T1023, T1024)
A	10	28	Exclude Procedure Codes (T1016, T1017)
A	10	90	Exclude Procedure Codes (T1016, T1017)
A	10	91	Exclude Provider Type and Specialty
A	10	92	Exclude Procedure Code (H2021, H2022, S9482, T1007, T1015, T1016, T1017, T2023, X2300)
A	19	Any	Exclude Procedure Codes (G9004 THROUGH G9011, T1016, T1017, T1023, T1024)
A	20	27	Exclude if Procedure Code in (H1001, T1001)
A	22	51	Exclude if Procedure Code in (T1016, T1017, T1027, T1002) AND Provider Number in (DHEC01-DHEC46, DHEC59)
A	22	51	Exclude if Primary Diagnosis in COMDHEC table AND Provider Number in (DHEC01-DHEC46, DHEC59)
A	22	51	Exclude if Procedure Code in (H1001, T1001)
A	22	95	Exclude if provider ID begins with BN and procedure code in (T1018, T1027)
A	22	95	Exclude if legacy provider ID begins with SD AND procedure code is (92500 THROUGH 92599, 97000 THROUGH 97999, L3808, S9445, S9446, S9152, C1000, T1002, T1003, T1015, T1023, T1027, T1024, T1502, T2003, V5011, V5090, V5275)
A	22	96	Exclude if Provider Number begins with MC or PP
A	All	Any	Exclude routine vision care and Procedure code V2020 through V2799 for any one over the age of 21
A	60	0	Exclude if procedure code in (S9126, T1015)
A	61		Exclude Provider Type
A	80	Any	Exclude if Provider Ownership code = 017 AND Primary Diagnosis in COMDHEC table OR procedure code is S3870

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate	
COMDHEC Range Table ICD-10	
Min Diagnosis Code	**Max Diagnosis Code**
A0839	A0839
A150	A159
A170	A179
A1801	A1818
A182	A182
A1831	A1839
A184	A1889
A190	A329
A35	A35
A360	A360
A369	A369
A3700	A3791
A380	A409
A4101	A449
A46	A46
A480	A480
A482	A488
A4901	A499
A5001	A5009
A501	A502
A5030	A5042
A5044	A5044
A5049	A5049
A5051	A5059
A506	A506
A507	A519
A5200	A539
A5400	A5433
A5440	A549
A55	A55
A5600	A568
A57	A57
A58	A58
A5900	A5909
A6000	A609
A630	A65
A660	A699
A70	A70
A710	A719
A740	A759
A770	A779
A78	A78
A790	A809
A8100	A819
A820	A858
A86	A86
A870	A888
A89	A89
A90	A90
A91	A91
A920	A938
A94	A94
A950	A959
A980	A988
A99	A99
B000	B019
B050	B059
B0600	B079

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate	
COMDHEC Range Table ICD-10	
Min Diagnosis Code	**Max Diagnosis Code**
B08010	B088
B09	B09
B1001	B1089
B150	B199
B20	B20
B250	B269
B2700	B2799
B29	B29
B300	B338
B340	B348
B350	B370
B373	B373
B3741	B3749
B471	B479
B500	B538
B54	B54
B550	B569
B570	B5749
B575	B575
B600	B600
B608	B608
B64	B64
B853	B853
B86	B86
B900	B909
B950	B958
B960	B9689
B970	B970
B9710	B9719
B9721	B9739
B974	B9789
G032	G032
I673	I673
K9081	K9081
L081	L081
L444	L444
M0230	M0239
N341	N341
N476	N476
N481	N481
N72	N72
N735	N735
N739	N739
R1111	R1111
R75	R75
R7611	R7612
Z01812	Z01812
Z0184	Z0184
Z0389	Z0389
Z111	Z111
Z113	Z113
Z16341	Z16342
Z201	Z202
Z205	Z206
Z20820	Z20820
Z21	Z21
Z224	Z224
Z2250	Z2259

South Carolina Department of Health and Human Services SFY 2026 Medicaid Managed Care Capitation Rate Development In-Rate Criteria for Services Covered Under Managed Care Capitation Rate	
COMDHEC Range Table ICD-10	
Min Diagnosis Code	**Max Diagnosis Code**
Z717	Z717
Z7189	Z7189
Z7251	Z7253

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March 17, 2025