

GENERAL OUTLINE
Governor Mark Sanford
U.S. Senate Committee on Homeland Security and Governmental Affairs
Subcommittee on Federal Financial Management, Government Information, and
International Security
October 28, 2005

- Across the country, Medicaid is consuming an ever-increasing piece of state budgets. Governors, regardless of political party, are having to deal with the challenge of Medicaid funding's unsustainable growth. The problem is real.
- In South Carolina:
 - In 2000, \$1 out of every \$7 that South Carolina spent went toward Medicaid.
 - In 2005, it's \$1 out of every \$5 spent.
 - In 2010, it's \$1 out of every \$4 spent.
 - By 2015, nearly \$1 out of every \$3 goes to Medicaid.
- In addition, South Carolina currently ranks near the bottom in overall health outcomes, including high rates of diabetes, stroke, and lung cancer. We need to derive more value from our healthcare dollars.
- Given the traditional options of cutting services, cutting beneficiaries, or substantially raising taxes, we'd like to try a different approach - bringing the benefit of marketplace principles to Medicaid.
- Since the Department of Health and Human Services put out the preliminary reform proposal in June, the Administration has solicited and received some excellent feedback, and is refining the proposal. The revised proposal, called South Carolina Healthy Connections, should be out sometime in the coming weeks.
- In very brief summary, our program will seek to:
 1. Provide Medicaid recipients with real buying power and a financial incentive to make healthy choices.
 2. Offer recipients a menu of different healthcare plan options (along with reliable information from trained enrollment counselors) and allow them to choose the option that works best for them. Plans would compete for business on the basis of price, quality and convenience.
 3. Ensure more recipients have a medical home so they can receive more personal, proactive and coordinated care. Better coordinated care can lead to better health results for patients while reducing unnecessary expenses.
- South Carolina Healthy Connections will bring the benefits of personal ownership, market competition and consumer choice to South Carolina's Medicaid system in order to improve the long-term fiscal health of Medicaid and the physical health of its beneficiaries.