

REPORT HIGHLIGHTS



September 2026 | A-04-24-07115

South Carolina Did Not Ensure That Selected Medicaid Managed Care Organizations Complied With Mental Health and Substance Use Disorder Parity Requirements Related to Prior Authorization

Why OIG Did This Audit

- Individuals seeking care for mental health and substance use disorder (MH/SUD) conditions often find that treatment operates in a separate, and often very disparate, system than treatment for medical and surgical (M/S) care, even under the same health insurance coverage.
- Federal statute and regulations prohibit coverage limitations that apply more restrictively to MH/SUD benefits than to M/S benefits; these are called parity requirements. A March 2024 OIG audit found that [CMS](#) did not ensure that eight selected States complied with Medicaid managed care MH/SUD parity requirements.
- This audit determined whether South Carolina ensured that three selected Medicaid managed care organizations (MCOs) of its five complied with parity requirements related to prior authorization for MH/SUD services provided to their Medicaid enrollees during calendar year 2023 (audit period).

What OIG Found

South Carolina did not ensure that the three selected MCOs in the State complied with parity requirements related to prior authorization for MH/SUD services provided to their Medicaid enrollees.

- The three selected MCOs were unable to provide accurate and complete data of MH/SUD and M/S services requiring prior authorization.
- South Carolina did not review and validate the selected MCOs' data supporting denied prior authorization requests.
- Two of the three selected MCOs continued to be noncompliant with MH/SUD parity requirements during our audit period—more than 6 years after the October 2017 compliance dateline.

What OIG Recommends

We recommended South Carolina implement policies and procedures for monitoring the MCOs' compliance with parity requirements related to prior authorization for MH/SUD services, including: providing clear, uniform guidance to the MCOs to maintain and provide accurate, complete, and consistent data supporting services requiring prior authorization; reviewing and validating MCOs' data; and addressing with the MCOs any issues of noncompliance or potential noncompliance with parity requirements. The full recommendation is in the report.

South Carolina agreed with our recommendation.