SETTLEMENT AGREEMENT
BETWEEN
THE UNITED STATES
AND
THE STATE OF SOUTH CAROLINA

I. INTRODUCTION

1. This matter involves the services that the State of South Carolina administers and delivers to individuals with Serious Mental Illness who live in Community Residential Care Facilities (CRCFs) or who otherwise meet the definition of the Target Population (see III, below) to provide them with care and assist them in their daily living.

2. In January 2022, the United States Department of Justice (the "United States") initiated an investigation under Title II of the Americans with Disabilities Act (the "ADA"), 42 U.S.C. § 12101 *et seq.* and its implementing regulations, into the State's use of CRCFs to provide services to individuals with Serious Mental Illness.

3. On December 9, 2024, the United States filed suit against the State of South Carolina alleging the State fails to comply with the integration mandate of Title II of the ADA. This Settlement Agreement (the "Agreement") resolves the United States' action and the parties jointly consent to the dismissal of this lawsuit without prejudice. This Settlement Agreement is conditional upon the dismissal of the lawsuit without prejudice. The parties shall submit to the Court a consent order for the dismissal of this suit without prejudice within ten days of the execution of this Agreement.

4. The purpose of this Agreement is to resolve the United States' Complaint and ensure that the State serves individuals with Serious Mental Illness in the most integrated setting appropriate to their needs, provided the individuals (or their authorized decision makers) elect those integrated settings. South Carolina denies the allegations contained in the United States' Complaint. South Carolina represents that it does and will continue to ensure that individuals with Serious Mental Illness in South Carolina are served in the most integrated setting appropriate to their needs and which the individuals (or their authorized decision makers) elect. South Carolina expressly denies that it has violated Title II of the ADA, and by entering into this Agreement, does not admit any wrongdoing. To that end, this Agreement is a negotiated compromise resolution and none of the terms of this Agreement shall be deemed to constitute an admission by South Carolina of any violation or liability under Title II of the ADA or any other law or regulation.

5. South Carolina represents that it is currently in compliance with many of the obligations of this Agreement. The United States does not take a position as to that assertion with respect to any obligation. No provision of this Agreement is intended to convey the status of South Carolina's compliance with that provision as of the Effective Date, whether worded in the present or future tense. South Carolina commits to implementing all provisions of this Agreement, whether worded in the present or future tense, and regardless of its assertion of compliance as of the Effective Date.

6. Nothing in this Agreement is intended to impose an obligation on the State contrary to Executive Order 14321, nor to require the State to close CRCF beds if the State deems it necessary to continue funding or operating such beds, nor prohibit the State from seeking through existing judicial due process the civil commitment of individuals who meet the standard for civil commitment, consistent with state and federal law.

7. The Effective Date will be the date on which the Parties sign the Agreement.

II. DEFINITIONS

8. Community-Based Services, for purposes of this Agreement, include all services described in Section IV.

9. Community Mental Health Centers (CMHCs) are community centers operated by the South Carolina Department of Behavioral Health and Developmental Disabilities that provide an array of intensive mental health services to residents of South Carolina statewide.

10. Community Residential Care Facilities are facilities licensed by the South Carolina Department of Public Health, as defined in S.C. Code Ann. Regs. 61-84(101)(L).

11. Natural Support is a person who: (1) is not employed by a provider agency; (2) knows a Target Population member personally; and (3) regularly, voluntarily, and with the Target Population member's consent, helps the Target Population member access services, perform activities of daily living, obtain and maintain housing, or otherwise engage in the community. The State may not compel a Target Population member to rely on Natural Supports.

12. Party or Parties means the United States of America and the State of South Carolina. For purposes of implementing this Agreement, references to the State mean the South Carolina Department of Health and Human Services or the South Carolina Office of Mental Health (OMH), either collectively or separately.[1]

13. Provider means an individual or entity who professionally provides Community-Based Services to one or more members of the Target Population.

14. Serious Mental Illness (SMI) includes persons aged 18 or older who currently or at any time in the past year have had a diagnosable mental, behavior, or emotional disorder that causes serious functional impairment that substantially interferes with or limits one or more major life activities.

III. TARGET POPULATION

15. The Target Population of this Agreement will include individuals with Serious Mental Illness who meet the income eligibility requirements for SSI or OSS and, during this Agreement:

a. Reside in a CRCF; or

[1] Since the investigation began, the former Department of Mental Health is now named the Office of Mental Health as a result of the passage of 2025 S.C. Acts No. 3.

b. Are referred to or are seeking admission to a CRCF; or

c. Seek a subsidy through Optional State Supplementation (OSS) or Optional Supplemental Care for Assisted Living Participants (OSCAP) for CRCF services.

16. The Parties have agreed on the methodology that will be used to identify the Target Population of this Agreement. Before making any modifications to this methodology, the State will propose the change and rationale to the United States. The United States will respond to the State with any comments within 30 days of receiving the proposed changes.

IV. COMMUNITY-BASED SERVICES

17. The State will provide adequate and appropriate services and supports in the most integrated setting appropriate to the needs of Target Population members, consistent with their informed choice, as described in the provisions and timelines in this Agreement. The services and supports may be provided directly by the State or through contracts with Providers certified, regulated, assessed, and managed by the State.

18. Community-Based Services covered under this Agreement will, as appropriate for each individual:

a. be person-centered, tailored to individual needs, and recovery-oriented; and

b. be provided with the frequency necessary and appropriate to meet the needs and goals identified in an individual's Person-Centered Plan.

19. The State will ensure that individuals in the Target Population receive the array and intensity of Community-Based Services and other services and supports they need to remain in or transition to the most integrated setting appropriate to their needs, as identified in the individual's Person-Centered Plan and consistent with their (or their authorized decision makers) informed choice.

20. Nothing in this Agreement is intended to override the right of an individual with Serious Mental Illness (or their authorized decision makers) to refuse offered Community-Based Services.

A. Supportive Housing

21. The State will ensure, as described in this Agreement, the provision of Supportive Housing to the Target Population to the extent necessary for treatment of disability and consistent with the informed choice of individuals served (or their authorized decision makers).

22. Supportive Housing for purposes of this Agreement will enable Target Population members to live in their own homes, either alone, with family members, or with the roommates of their choice, or to elect to live in group homes or assisted living residences, and is affordable to people with limited income.

23. When necessary to ensure affordability, the State will provide rental assistance as part of Supportive Housing services.

24. The State will develop and implement measures to prioritize facilitating use of the Supportive Housing developed under this Agreement for Target Population members.

25. The State will employ Housing Coordinators who will assist Target Population Members with locating housing, applying for housing, apartment and utilities setup, and ongoing consultation on community living options.

26. Within 18 months of the Effective Date, the State will ensure that there is the equivalent of at least one full-time Housing Coordinator position in 13 CMHC catchment areas and at least one part-time Housing Coordinator position in the remaining 3 CMHC catchment areas. The State will take responsive action if a Housing Coordinator position is not filled for three or more months during a rolling twelve-month period.

27. On an annual basis, the State will assess the need for additional Housing Coordinator positions, including by reviewing relevant diversion, transition, and admission data, will share this assessment and the underlying data with the United States, and will make budget requests of the State Legislature to fund additional Housing Coordinator positions as needed.

28. The provision of Supportive Housing is dependent upon the desire of the Target Population member to receive this service.

29. The State currently provides Supportive Housing and will maintain the current number of slots as of the Effective Date while increasing those slots to serve members of the Target Population at the levels described in this Agreement and ensuring the provision of Supportive Housing in the manner described in this Agreement.

B. Assertive Community Treatment (ACT)

30. The State will ensure, as described in this Agreement and consistent with their informed choice, the provision of ACT for members of the Target Population who need it and elect it.

31. The State has established a service definition, standards, and reimbursement rates for ACT to facilitate its provision statewide.

32. ACT will be provided consistent with Appendix A to the South Carolina DHHS Rehabilitative Behavioral Health Services Provider Manual, January 1, 2025, and with high fidelity to the Tool for Measurement of Assertive Community Treatment (TMACT), the evaluation tool used by DHHS.

33. The State will develop and implement measures to prioritize facilitating access to ACT for individuals in the Target Population who are residing in a CRCF and choose to transition to community-based settings, or who are transitioning from a State-operated psychiatric hospital and are referred to or seeking CRCF admission.

34. Within six months of the Effective Date, the State will ensure that there are at least 13 ACT teams operated by the State, including at least six with the capacity to serve more than 50 individuals.

35. On a quarterly basis, the State will assess the need for ACT expansion by identifying eligible individuals in each CMHC catchment area, including any individuals who need ACT to transition from CRCFs and any individuals who need ACT and have been referred to or seeking admission to a CRCF. The State will timely expand or establish additional ACT teams as needed to serve the individuals identified through this analysis, will provide the United States with its underlying data, analysis, and conclusions, and will make budget requests of the State Legislature to fund increased ACT teams as needed.

36. The State has completed some efforts to provide ACT. The State will maintain current ACT service levels as of the Effective Date while increasing ACT services to the levels described in this Agreement and ensuring the provision of ACT in the manner described in this Agreement.

C. Peer Support Services

37. The State will ensure, as described in this Agreement, the provision of Peer Support Services for members of the Target Population.

38. Peer Support Services will be provided consistent with the South Carolina DHHS Rehabilitative Behavioral Health Services Provider Manual, January 1, 2025, pp. 66–72.

39. Peer Support Services for the Target Population are provided by Peer Support Specialists who have lived experience with mental illness.

40. Peer Support Services will be integrated into transition planning from a CRCF and from a State Hospital for individuals who are referred to or seeking CRCF admission.

41. Within 18 months of the Effective Date, the State will ensure there are at least two full time-equivalent Peer Support Specialist positions that serve adults with SMI in each CMHC catchment area. These positions will be in addition to the Peer Support Specialists serving on ACT teams, except where the ACT team has sufficient capacity to serve people receiving ACT consistent with paragraph 32 and also provide Peer Support Services to other Target Population members consistent with this Agreement. The State will take responsive action if a Peer Support Specialist position required by this paragraph is not filled for three or more months during a rolling twelve-month period.

42. The State currently provides Peer Support Services. The State will maintain Peer Support Services at current levels as of the Effective Date while increasing those services to the levels described in this Agreement and ensuring the provision of Peer Support Services in the manner described in this Agreement.

D. Supported Employment

43. The State will ensure, as described in this Agreement, the provision of Supported Employment for members of the Target Population.

44. Supported Employment is a service that provides the Target Population with assistance finding, attaining, and maintaining paid competitive integrated employment in the amount, frequency, and duration needed, but does not guarantee full employment to the Target Population.

45. The State will maintain its current level of supported employment staff positions in each CMHC catchment area. The State will take responsive action if an Employment Specialist position is not filled for three or more months during a rolling twelve-month period.

46. The State currently provides Supported Employment and represents that it does so in the manner described in this Agreement. The State will maintain Supported Employment services at current levels and ensure the provision of those services in the levels and manner described in this Agreement.

E. Individualized Services that Promote Independent Living

47. The State will ensure, as described in this Agreement, the provision of individualized services that promote independent living for members of the Target Population.

48. Individualized services that promote independent living will be provided consistent with the Psychosocial Rehabilitation Services service definitions and standards in the South Carolina DHHS Rehabilitative Behavioral Health Services Provider Manual, January 1, 2025, pp. 59–60, 157.

49. Individualized services that promote independent living are provided face-to-face and will occur in the place where the person will typically be using the skill, such as the person's home or workplace.

50. The State currently provides Individualized Services that Promote Independent Living and represents that it does so in the manner described in this Agreement. The State will provide those services at the levels and in the manner described in this Agreement.

F. Crisis Services

51. The State will ensure the provision of Mobile Crisis Teams and Out-of-Home Crisis Services to members of the Target Population as described in this Agreement.

i. Mobile Crisis Teams

52. Mobile Crisis Teams provide face-to-face interventions at the site of a mental health crisis, including at the individual's home, to de-escalate the crisis without unnecessarily removing the individual from the community or referring the individual to a hospital for psychiatric treatment.

53. Mobile Crisis Teams include clinicians and Peer Support Specialists who typically respond to calls in pairs. Mobile Crisis Team staff are trained to provide emergency mental health services and de-escalation.

54. Mobile Crisis Teams provide services until the crisis subsides and appropriate ongoing Community-Based Services are in place to prevent an avoidable hospital admission or placement in a CRCF. If an individual has an existing mental health Provider, the Mobile Crisis Team conducts a warm handoff to the existing Provider, typically within 72 hours of the initial crisis contact. If the individual does not have an existing mental health Provider, the Mobile Crisis Team connects the individual to ongoing CMHC services.

55. The State works collaboratively with law enforcement, dispatch call centers, 988 call centers, and emergency services personnel to promote awareness of the availability of ACT teams and Mobile Crisis Teams to respond to crises.

56. The State will ensure that there are sufficient Mobile Crisis Team staff positions to allow a response to two Mobile Crisis events within a single county at any time in all CMHC catchment areas. The State will take responsive action if a Mobile Crisis position is not filled for three or more months during a rolling twelve-month period.

57. The State currently provides Mobile Crisis Teams. The State will maintain present capacity, coverage, and systemwide average response times and continue to provide Mobile Crisis services in the manner described above, and will expand Mobile Crisis capacity to the levels described in this Agreement.

ii. Out-of-Home Crisis Services

58. Out-of-Home Crisis Services for individuals in the Target Population who experience a crisis that cannot be managed at home will address acute symptoms with the goal of preventing hospitalization, promptly returning the individual to their home, and connecting individuals to appropriate ongoing services to prevent a future crisis.

59. Out-of-Home Crisis Services include Crisis Stabilization Centers, which the State currently provides.

60. The State will ensure that Out-of-Home Crisis Services stays for individuals in the Target Population are no longer than necessary.

61. The State will prioritize developing new Out-of-Home Crisis Services that serve members of the Target Population in smaller units where possible.

62. Before discharge, Out-of-Home Crisis Services will directly connect individuals with the Community-Based Services necessary for the individual to remain in the community and prevent admission to a CRCF.

63. Out-of-Home Crisis Services Providers will seek to partner with law enforcement to accept direct referrals of Target Population members from law enforcement for individuals in crisis to divert them from criminal justice involvement.

64. The State currently has Out-of-Home Crisis services available and represents that it provides those services in the manner described in this Agreement. The State will provide Out-of-Home Crisis services at the levels and in the manner described in this Agreement.

G. Personal Care Services

65. The State will ensure, as described in this Agreement, the coverage of personal care services for eligible members of the Target Population who have established medical necessity based on co-occurring physical health diagnoses.

66. The State currently provides Personal Care Services. The State will continue to maintain Personal Care Services consistent with the South Carolina DHHS Medicaid HCBS Waiver Scope of Services for Personal Care, July 2025, section C.6.

H. Case Management and Person-Centered Planning

67. The State will ensure that each Target Population member who is not enrolled with an ACT team will have a designated Case Manager to provide ongoing Case Management, In-Reach, and Transition Planning as described in this Agreement.

68. Case Managers coordinate Community-Based Services for members of the Target Population. Case Managers have specialized knowledge and training to arrange all necessary Community-Based Services and to facilitate Person-Centered Planning for the individuals they serve. This includes knowledge about the resources, supports, services, and opportunities available in the State.

69. Case Managers will work with individuals in the Target Population consistent with the South Carolina DHHS Medicaid Targeted Case Management Provider Manual, July 2024, pp. 17–21 and the contract between DHHS and managed care providers, July 1, 2024, Section 5.3.5.2.1–8.

70. Case management and person-centered planning will include education efforts targeted to individuals in CRCFs to promote Target Population members' ability to make an Informed Choice about their service setting. Informed Choice is as defined in South Carolina DHHS Medicaid Targeted Case Management Provider Manual, July 2024, p. 21. These education efforts are referred to as In-Reach in this Agreement.

a. This education must be provided no later than the initial case management visit after admission to a CRCF and at least quarterly thereafter.

b. In addition to the Case Management and Person-Centered Planning process described in Paragraphs 68–69 this education will include, as needed to ensure Informed Choice, offering opportunities to meet with other individuals with disabilities who are living, working, and receiving services in integrated settings; coordinating meetings with community Providers; and coordinating individualized visits to community-based housing where such housing is reasonably accessible from the individual's CRCF.

c. Education and Transition Planning may be provided by Case Managers or by the State-level Transition Team. People who provide education will be knowledgeable about community services and supports, including Supportive Housing, and will not be employed by CRCFs. If multiple staff are involved in providing an individual with case management, education, and Transition Planning, those staff will coordinate and engage in warm handoffs as needed to ensure the individual's needs are met.

71. Through case management visits and ongoing communication, the Case Manager monitors the adequacy and relevance of the Person-Centered Plan and the services and supports provided to make timely service changes, with amendments to the Plan as needed.

72. The State will ensure that there are sufficient trained Case Managers, whether through CMHCs or MCOs, to complete Person-Centered Plans and updates in a timely manner; conduct regular visits as required in Paragraphs 67–71; and effectively assist individuals directly with accessing needed services and supports. The State will monitor the ratios of Case Managers to individuals served on an ongoing basis and will take responsive action, in order to ensure the State is able to fulfill its obligations under this Agreement.

73. The State will use Medicaid and OSS/OSCAP data to identify people with SMI living in CRCFs. The State will provide the list to relevant case management staff each month for use consistent with this Section.

74. The State will provide each individual with SMI who is in a CRCF with effective transition planning consistent with the South Carolina DHHS Medicaid Targeted Case Management Provider Manual, July 2024, p. 21.

75. The State will ensure that there are sufficient case management or other staff to work effectively with all Target Population members residing in CRCFs in each CMHC catchment area to provide education and Transition Planning consistent with this Agreement.

76. Case Management or other staff who provide Transition Planning will be:

a. Able to assess the strengths and needs of people with SMI;

b. Knowledgeable about resources, supports, services and opportunities available in the community, including community mental health service Providers; and

c. Expert in accessing needed community mental health care and personal care services.

77. Transition planning processes will include Peer Support Specialists and/or others whose involvement is relevant to identifying the strengths, needs, preferences, capabilities, and interests of the individual and to devising ways to meet them in an integrated community setting.

78. The State will support individuals in participating as fully as possible in their treatment and transition planning.

79. If a CRCF resident is subject to a current court order or has justice-involvement that requires them to live at a CRCF, the State will re-assess the resident semiannually or as appropriate given the duration of the order or other justice-involvement, and will begin transition planning as soon as possible, consistent with the order.

80. For individuals with a history of re-admissions (to inpatient mental health care settings or to CRCFs) or crises, the factors that led to re-admission or crises will be identified and addressed in their transition plan.

81. Each person will have a complete transition plan within 30 days after transition planning is initiated.

82. If a CRCF resident elects to remain in a CRCF after this transition planning process, nothing in this Agreement requires them to transition. The State will ensure appropriate documentation of the steps taken to ensure that the decision is an informed one and the reasons why the individual has made that decision. Case management staff will make ongoing, reasonable attempts to engage the individual, subject to that individual's preferences, utilizing methods and timetables described in Paragraphs 68–71, 74.

83. OMH will maintain its State-level Transition Team. When there is a barrier the CMHC transition staff cannot resolve, the Transition Team will assist in addressing and overcoming identified barriers preventing individuals from transitioning to an integrated setting. Any CRCF, CMHC, MCO, or State staff member may request assistance from the Transition Team.

84. If the OMH Transition Team cannot resolve a barrier to transition, the State will timely convene an inter-agency staff meeting, to include relevant MCO staff if applicable. At these meetings, the State will assess and document other options to recommend, such as additional or different services and supports and ways to support the individual.

85. The State will develop uniform tools for case managers that will support effective In-Reach, transition, and diversion processes. The State will ensure relevant staff are updated and trained on these uniform tools/processes and any subsequent changes in a timely way.

86. The State will advise CRCFs that they may not interfere with the reasonable access of people and entities providing State-funded, contracted, or directed case management, In-Reach, and Transition Planning at the CRCFs (including CMHC staff, Peer Support Specialists, Case Managers, and housing Providers) and may not discourage CRCF residents from meeting with these people and entities. The State will require anyone providing case management, In-Reach, and Transition Planning to report to the State any instances of such interference or discouragement, and the State will document these instances. The State will take appropriate corrective action to address interference or discouragement.

I. Implementation of the Transition Process

87. Discharge, if consistent with the individual's preferences (or the individual's authorized decisionmakers'), will be completed promptly after services and supports (including housing)

identified in the transition plan become available for the individual as identified in the transition plan. These services and supports will be made available, and such discharge will occur, as soon as reasonably possible, but no more than three months after completion of an individual's transition plan based upon the individual's decision to transition.

88. Within seven days after a significant change in circumstances, including transition from a CRCF, the Case Manager will ensure that the individual has an updated Person-Centered Plan consistent with Paragraph 69.

89. The State will ensure that Target Population members who transition from CRCFs and whose Person-Centered Plans include Case Management, ACT, or Supportive Housing receive those services immediately upon transition.

V. COMMUNITY RESIDENTIAL CARE FACILITY DIVERSION

90. The State will screen everyone who applies for OSS, OSCAP, or admission to a CRCF to determine if they are members of the Target Population promptly enough to refer them for case management and development of a Person Centered Plan consistent with Paragraphs 67-71 prior to CRCF admission whenever possible. The Person-Centered Plan will contain the information described in Paragraph 80 as necessary to avoid admission to a CRCF or other congregate setting whenever possible.

91. To avoid unnecessary placement in a CRCF, when the State is working with individuals in the Target Population—i.e., referred for placement in a CRCF—in a State Hospital in preparation for discharge, identification and discussion (with the individual and their authorized decision maker) of housing options will include the most integrated setting appropriate for the individual and the supportive services available in the community. Transition planning for these individuals will be completed consistent with Paragraphs 74–82.

92. If the individual (and the individual's authorized decisionmakers), after being fully informed of the available alternatives to entry into a CRCF, chooses to transition into a CRCF, the State will document the steps taken to ensure that the decision is an informed one and the reasons why the individual (and the individual's authorized decisionmakers) has made that decision.

VI. QUALITY ASSURANCE, DATA COLLECTION, REPORTING, AND COMPLIANCE

A. Quality Assurance and Data Collection and Reporting

93. Within six months of the Effective Date, the State will establish a Quality Committee composed of personnel from all State agencies and entities responsible for implementing the Agreement. The Quality Committee will meet quarterly to review data (including trends), analyze progress toward compliance with the Agreement, and plan, implement, and assess any needed responsive action plans to improve outcomes using a Continuous Quality Improvement framework. The State will share Quality Committee meeting minutes and responsive action plans with the United States on a quarterly basis.

94. The State will ensure that its agencies and entities collaborate to collect, share, and analyze the necessary data to comply with this Agreement's requirements.

95. Within three months of the Effective Date, the Parties will identify a set of a maximum of six initial data indicators that the State will collect, analyze, and report on. The data will enable the Parties to assess:

a. Whether Target Population members can access and are receiving Community-Based Services sufficient to live and work in, transition to, and remain in the Community;

b. Whether In-Reach, transition, and diversion systems are working in a timely and effective manner, including whether individuals leaving CRCFs move to more integrated settings; and

c. Outcomes for Target Population members, including stable community living; decreased incidence of hospital contacts and institutionalization; increased community integration, independence, and access to behavioral health services; and health and welfare indicators reportable as critical incidents.

96. Within nine months of the Effective Date, the State will begin sharing the data gathered responsive to Paragraph 95(a) and (b) with the United States on a quarterly basis. As the State develops its data collection and analysis capacity, the Parties will refine the initial data indicators to ensure the indicators assist in the assessment as stated in Paragraph 95.

97. The State will oversee and monitor the transitions of all individuals in the Target Population by assessing timeliness and effectiveness, monitoring trends, and identifying statewide problems. This oversight and monitoring include ensuring that CMHC transition staff are coordinating effectively and working collaboratively with Case Managers to the extent there are multiple people fulfilling the roles. As necessary, the State will implement responsive changes to policy, practice, and training.

98. Beginning within nine months of the Effective Date, the Quality Committee will track common concerns that affect individuals' choices about whether to transition from a CRCF. This tracking includes review of the documentation referenced in or generated under Paragraphs 82, 83, and 84. Beginning within 12 months of the Effective Date of this Agreement, and annually thereafter, the State will produce an Annual Quality Improvement and Activity Report. The first Annual Quality Improvement and Activity Report will cover implementation to date. Subsequent Annual Quality Improvement and Activity Reports will each cover implementation since the prior Report.

99. Annual Quality Improvement and Activity Reports will include analysis of the data collected under Paragraph 95 and responsive action plans to address issues identified through that analysis, findings under Paragraphs 97–98 and responsive actions taken, and information about the work of the Quality Committee. As part of this reporting, the State will also prepare and provide to the United States a comprehensive report of its activities pursuant to this Agreement. The Parties will agree in advance to the format of the report, which will include at a minimum the following information. The report will document the services described in this Agreement that

were delivered to Target Population members. The report will describe the number of Target Population members who were diverted from CRCFs. The report will describe the number of Target Population members who transitioned out of CRCFs and into a new setting. The report will describe the number of Target Population members who chose to remain in CRCFs. The report will also describe the number of Target Population members who could not transition and will identify reasons individuals did not transition.

100. The State will post all Quality Improvement and Activity Reports online, publicly available, within 45 days of finalization and will use these Reports to inform its Implementation Plan updates.

B. Quality Service Review Process

101. Quality Service Reviews (QSRs) are in-depth, consistently performed assessments of services provided to specific individuals and the outcomes of those services. QSRs will evaluate whether Target Population members' needs are being identified and met and their goals are being achieved through services that build on their strengths and preferences. The QSRs will also assess whether services are being provided in the most integrated setting appropriate to each person's needs. For Target Population members in CRCFs, the QSRs will evaluate any barriers to returning to the community and whether those barriers were or were not elevated to the State-level transition team.

102. Within one year after the Effective Date and at least annually thereafter, the United States, which hereafter shall include all United States' employees, agents, contractors, and experts, will develop, conduct, complete, and report on QSRs of a random sample of Target Population members in CRCFs and the community. The sample will include a sufficient number of people receiving Community-Based Services to enable the Parties to draw systemic conclusions about each service.

103. The United States will consult with the State in developing the QSR methodology and conducting the QSRs; this includes seeking the State's assistance in determining which State entities will be involved in the QSR process so as to ensure a consistent, reliable evaluation.

104. The State will work with the United States to develop the capacity to conduct these assessments on its own, with a goal of conducting the third QSR of this Agreement. During the first two years of the Agreement, with guidance from the United States, the State will designate and train its own staff to conduct the QSRs. This may include State staff shadowing the United States in conducting the QSR interviews. After the United States determines that transition of the QSR process to the State is appropriate, the State staff will conduct the QSRs using the QSR process developed under this Agreement and report the results to the United States. The United States will review and validate the QSR data and analysis conducted by the State representatives.

105. At a minimum, the QSRs will collect information through:

a. Interviews of Target Population members, and their Case Managers, appropriate transition planning staff, persons conducting In-Reach, CRCF staff, Natural Supports (if willing to participate), and Community-Based Services Providers, and

b. Analysis of service plans, transition plans, treatment records, and outcome data related to the individuals whose records are reviewed.

106. The results of the QSR will be summarized in a QSR report. The Party leading the QSR in that year will ensure the report is completed, using a standardized format, by the end of each year following the Effective Date. The State will publish the QSR reports on the State's website within 30 days after the report is completed.

107. The State will use data from the QSRs to identify strengths and areas for improvement at the provider, region, and system-wide levels. The State will identify responsive steps to improve services in response to the analysis of quality sampling review data in its Quality Improvement Reports.

C. Compliance Verification

108. The United States (and its agents) will have full access to persons, staff, facilities, buildings, programs, services, documents, data, records, materials, and things that are necessary to assess the State's progress and implementation efforts with this Agreement. The State will maintain sufficient records and data to document that the requirements of this Agreement are being properly implemented and will produce such records or data to the United States promptly upon request, but no more than 30 days after a request. Such access or production is not intended, and will not be construed, as a waiver, in litigation with third parties, of any applicable statutory or common law privilege associated with information disclosed to the United States under this paragraph. Other than to carry out the express functions as set forth herein, the United States will hold such information in strict confidence to the greatest extent possible.

109. The United States will verify compliance with the requirements of this Agreement through semi-annual compliance reviews. Compliance reviews will be conducted in part through the Quality Service Review, in part by the data collected and reported as described in paragraphs 95–99, and through additional data and information validation and gathering by the United States. The United States will provide the State with the underlying analysis, data, methods, and sources of information relied upon in the reviews.

110. Nothing in this Agreement will prevent the State or the United States (and its agents) from communicating outside the presence of the State's counsel with Target Population members, Providers, Natural Supports, stakeholders, or any other person or entity interested in or affected by this Agreement.

111. The United States will complete a compliance review and issue a compliance report within three months of the publication of the report referenced in Paragraphs 98-99 and then annually thereafter.

112. The United States' compliance reports will evaluate the extent to which the State has complied with the substantive provisions of this Agreement. Each report:

a. Will assess the status of compliance with each of the substantive provisions of the Agreement;

b. Will describe the steps taken to assess compliance and the factual basis for each of the United States' findings; and

c. May provide recommendations to support the State in achieving compliance with each provision.

113. Nothing in this Section prohibits the United States from issuing interim letters or reports, should the United States deem it necessary.

114. All reports described in this Section will be written with due regard for the privacy interests of Target Population members.

VII. ENFORCEMENT, COLLABORATIVE APPROACH TO DISPUTE RESOLUTION, AND TERMINATION

115. The State is responsible for ensuring compliance with the provisions of this Agreement. Each appropriate State agency will take all actions necessary for the State to comply with provisions of this Agreement.

116. The Parties intend to pursue a collaborative approach to resolve disputes that may arise in the implementation of this Agreement regarding an alleged failure of a Party to comply with this Agreement, or regarding the meaning of a provision of this Agreement. If a dispute arises between the Parties regarding any of these topics, the Parties agree to attempt first to resolve the dispute through discussion between the Parties. If the Parties reach a resolution that varies from the Agreement, the resolution will be reduced to writing and signed.

117. If the United States determines that the State has not made material progress toward compliance with an obligation under the Agreement, the United States will give the State written notice of its determination, and the Parties will engage in good-faith discussions to resolve any dispute arising from this determination.

118. The State will have 90 days from the date of such notice to cure the failure (or such additional time as is reasonable due to the nature of the issue and agreed upon by the Parties) and provide the United States with sufficient proof of its cure.

119. At the end of the 90-day period (or such additional time as is reasonable due to the nature of the issue and agreed upon by the United States), in the event that the United States determines that the failure has not been cured or that adequate remedial measures have not been implemented, the United States may file a lawsuit for breach of this Agreement, or any provision thereof, in the United States District Court for the District of South Carolina. In any action filed under this Paragraph, South Carolina agrees not to contest the exercise of personal jurisdiction over it by this Court and not to raise any challenge on the basis of venue.

120. In the event the United States files a lawsuit for breach of this Agreement as contemplated by the above paragraph, the United States may seek, and the Court may grant as relief the

following: 1) an order mandating specific performance of any term or provision in this Agreement; and 2) any additional relief that may be authorized by law or equity.

121. Should the United States file a lawsuit for breach of this Agreement, South Carolina expressly agrees not to count the time during which this Agreement is in place, or use the terms or existence of this Agreement to plead, argue or otherwise raise any defenses under theories of claim preclusion, issue preclusion, statute of limitations, estoppel, laches, or similar defenses.

122. The Parties acknowledge that monetary damages will be an inadequate remedy for breach of this Agreement and agree that they will not be sought or awarded in the event of a breach of the Agreement. The Parties consequently agree that this Agreement shall be enforceable by specific performance and the United States shall be entitled to compel, and the other parties hereto acknowledge and agree with such right to compel, specific performance of the obligations of the State of South Carolina under this Agreement subject to the State's rights and defenses that are provided for in the Agreement or consistent therewith. The remedy of specific performance shall be cumulative of all the rights and remedies at law or in equity of the Parties under this Agreement.

123. In the case of an emergency posing an immediate threat to the health or safety of any individuals covered by this Agreement, however, the United States may omit the notice and cure requirements herein and seek enforcement of the Agreement.

124. This Agreement will terminate when the State has attained substantial compliance with all provisions. The Parties anticipate that the State will implement all provisions of this Agreement and reach substantial compliance within three years of the Effective Date.

125. The burden will be on the State to demonstrate that it has attained and maintained substantial compliance with each of the provisions of this Agreement. Non-compliance with mere technicalities, or temporary failure to comply during a period of otherwise sustained compliance, will not constitute failure by the State to maintain substantial compliance. At the same time, temporary compliance during a period of sustained non-compliance will not constitute substantial compliance.

126. The State may seek termination of any full substantive section (I, II, etc.); any requirements related to any service or other distinct area of implementation; or any sufficiently severable provision of this Agreement. The burden will be on the State to demonstrate that it has attained and maintained its substantial compliance as to that section. If the Parties agree that the State has done so, they may execute an amendment to the Agreement terminating any such sections. A provision is sufficiently severable when it contains a distinct obligation that does not rely upon the implementation of other provision(s). The burden will be on the State to prove severability of any individual provision(s) asserted to be in substantial compliance.

127. At the conclusion of any of the United States' compliance reviews described in Paragraph 111, the United States may inform the State that it is in full compliance with the terms of this Agreement. If so, this matter shall be terminated. If, as part of its compliance review, the United States determines that the State is not in full compliance with the terms of this Agreement, the United States shall notify the State of those areas of non-compliance and the Parties may proceed through the dispute resolution process described in Paragraphs 116–123.

128. Should any provision of this Agreement be declared or determined by any court to be illegal, invalid, or unenforceable, the validity of the remaining parts, terms, or provisions will not be affected. The Parties will not, individually or in combination with another, seek to have any court declare or determine that any provision of this Agreement is invalid.

129. This Agreement will constitute the entire integrated agreement of the Parties.

VIII. IMPLEMENTATION

130. Within three years, the State will develop and ensure the availability of all services required under this Agreement. The State will develop a specific Implementation Plan to fulfill the obligations of this Agreement.

131. Within 30 days of the Effective Date, the State will designate an Agreement Coordinator to coordinate compliance with this Agreement and to serve as a point of contact for the Parties.

132. The State will develop its first annual Implementation Plan and provide it to the United States within six months of the Effective Date. The Implementation Plan will be designed to bring the State into compliance with this Agreement within three years. At a minimum, the Implementation Plan will include:

a. timelines for implementation of specific obligations within this Agreement, including interim deadlines;

b. assignment of responsibility for the specific obligations within this Agreement;

c. identification of funding mechanisms for specific obligations within this Agreement; and

d. the State's goals, benchmarks, and timelines for reduction in the number of Target Population members in CRCFs annually and throughout the course of the Agreement.

133. The United States will provide comments regarding the Implementation Plan within 15 days of receipt. The State will timely revise its Implementation Plan to address comments from the United States within 15 days of receiving comments; the Parties will meet and consult as necessary. After the State has revised the Implementation Plan, it will post the Implementation Plan publicly.

134. The Parties will meet and consult at least monthly during the first year of this Agreement and at least quarterly thereafter. Any upcoming changes under Paragraph 136 will be included in these discussions.

135. Annually, the State, in conjunction with the United States, will supplement the initial Implementation Plan to update and provide additional detail regarding remaining implementation activities. The State will also address any areas of non-compliance or other recommendations identified by the United States in its supplemental Implementation Plans.

136. The State will submit any proposed protocol, policy, or regulation needed to effectuate this Agreement, including changes to its Medicaid program, to the United States before

implementation. This submission may occur through an existing public comment process. The United States will respond to the State with any comments within 30 days of receiving the proposed changes or within the time period available through the existing public comment period if one exists for the proposed protocol, policy, regulation, or program change.

137. The State will make the Implementation Plan publicly available, including by posting the initial Implementation Plan, and each supplemental Implementation Plan, on the State's website.

IX. GENERAL PROVISIONS

138. This Agreement is binding on all successors, assignees, employees, agents, contractors, and all others working for or on behalf of the State to implement the terms of the Agreement.

139. This Agreement is enforceable only by the Parties. No person or entity is intended to be a third-party beneficiary of the provisions of this Agreement for purposes of any civil, criminal, or administrative action. Accordingly, no person or entity may assert any claim or right as a beneficiary or protected class under this Agreement.

140. Interpretation of this Agreement will be governed by the following rules of construction: "including" means including without limitation, unless otherwise specified. "Day" refers to one calendar day. Deadlines in months are measured relative to the calendar date of the Effective Date, not the number of days; for instance, if the Effective Date is on the second day of a month, all future deadlines measured in months would be on the second day of those months. If this date falls on a weekend or a federal or state holiday, the deadline will fall on the following business day for that item.

141. The United States and the State will each bear the cost of their own fees and expenses incurred in connection with this case.

142. The Parties agree that, as of the Effective Date of this Agreement, litigation is not "reasonably foreseeable" concerning the matters described in this Agreement. To the extent that any Party previously implemented a litigation hold to preserve documents, electronically stored information, or things related to the matters described in this Agreement, the Party is no longer required to maintain such a litigation hold. Nothing in this paragraph relieves any Party of any other obligations imposed by this Agreement, including the document creation and retention requirements described in this Agreement.

143. The State will not retaliate against any person because that person has filed or may file a complaint, provided information or assistance, or participated in any other manner in the United States' investigation or activities related to this Agreement. The State will implement reasonable procedures to detect and prevent any acts of retaliation. The State will timely and thoroughly investigate any allegations of retaliation in violation of this Agreement and take any necessary corrective actions identified through such investigations.

144. Failure by any Party to enforce this entire agreement, or any provision with respect to any deadline, or any other provision will not be construed as a waiver, including of its right to enforce other deadlines and provisions of this Agreement.

145. The Parties will promptly notify each other of any court or administrative challenge to this Agreement or any portion this Agreement and will defend against any challenge to the Agreement.

146. The Parties represent and acknowledge this Agreement is the result of extensive, thorough, and good faith negotiations. The Parties further represent and acknowledge that the terms of this Agreement have been voluntarily accepted, after consultation with counsel, for the purpose of making a full and final compromise and settlement of the allegations set forth in the Department of Justice's Complaint filed December 9, 2024. Each Party to this Agreement represents and warrants that the person who has signed this Agreement on behalf of a Party is duly authorized to enter into this Agreement and to bind that Party to the terms and conditions of this Agreement.

147. This Agreement may be executed in counterparts, each of which will be deemed an original, and the counterparts will together constitute one and the same agreement, notwithstanding that each Party is not a signatory to the original or the same counterpart.

148. The performance of this Agreement will begin immediately upon the Effective Date.

149. Notwithstanding anything in this Agreement to the contrary, any provisions of the Agreement that are dependent upon funding are subject to the appropriation of sufficient funds by the Legislature of the State of South Carolina for such provisions. If the Legislature fails to appropriate sufficient funds for such provisions, the Parties will meet and confer. The Parties may agree that the State and any of its agencies or departments will be relieved from the obligation to comply with such provisions during the term of the nonappropriation. If the Parties are unable to reach an agreement within 90 days, the United States may withdraw its consent to this Agreement and revive any claims otherwise barred by operation of this Agreement.

150. Nothing in this Agreement shall prevent the State from amending its provider manuals, provider contracts, or Medicaid HCBS Waivers as reasonably required to meet the requirements of this Agreement, to meet state or federal law or regulation, or to meet the needs of the State's overall system of care.

151. When an individual has been committed to the care of the State, consistent with federal and state law, the State shall provide options for institutional care, step-down treatment, and/or community-based services appropriate to meet the needs of the individual and to prevent the individual from becoming homeless.

152. "Notice" under this Agreement will be provided by email to the signatories below or their successors.

FOR THE UNITED STATES:

HARMEET K. DHILLON
Assistant Attorney General
Civil Rights Division

PATRICK MCCARTHY
Chief
Special Litigation Section

BENJAMIN . TAYLOE
Deputy Chief
Special Litigation Section

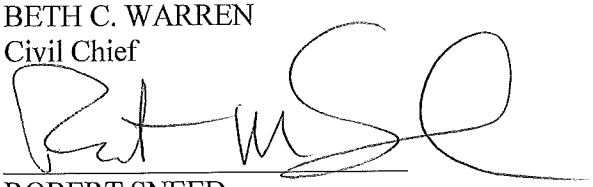
ALEXANDRA SHANDELL
SURAJ KUMAR
Trial Attorneys
Special Litigation Section
Civil Rights Division
United States Department of Justice
950 Pennsylvania Ave., NW—4CON
Washington, D.C. 20530
Phone: 202-598-9606
alexandra.shandell@usdoj.gov

Dated: 2/17/25

FOR THE UNITED STATES:

BRYAN P. STIRLING
United States Attorney
District of South Carolina

BETH C. WARREN
Civil Chief



ROBERT SNEED
Assistant United States Attorney
U.S. Attorney's Office
District of South Carolina
55 Beattie Place, Ste. 700
Greenville, S.C. 29601
Phone: (864) 283-2100
robert.sneed@usdoj.gov

Dated: 12/16/2025

FOR SOUTH CAROLINA:

ALAN WILSON
Attorney General

W. JEFFREY YOUNG
Chief Deputy Attorney General

THOMAS T. HYDRICK
Solicitor General
Federal ID No. 13322

J. EMORY SMITH, JR.
General Counsel
Federal ID No. 3908
Email: esmith@scag.gov

Office of the Attorney General
Post Office Box 11549
Columbia, South Carolina 29211
Phone: (803) 734-3642
Fax: (803) 734-3677
Counsel for the State of South Carolina

December 16, 2025