

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Hess</i>	DATE <i>10-1-11</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOC NUMBER <i>100536</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____		
2. DATE SIGNED BY DIRECTOR <i>Ce. Mr. Fect, Deps Jacobs, CMS</i> <i>file</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action		

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4120
Atlanta, Georgia 30303-8909



May 26, 2011

Anthony E. Keck, Director
Department of Health & Human Services
1801 Main Street
Columbia, SC 29201

Re: South Carolina Title XIX State Plan Amendment, Transmittal #08-021

Dear Mr. Keck:

We have reviewed the proposed amendment to the South Carolina Medicaid State Plan that was submitted under transmittal number 08-021 and received in the Regional Office on September 5, 2008. This State Plan Amendment was submitted to convert the previously sunset Certified Public Expenditure (CPE) funding arrangement to an Intergovernmental Transfer (IGT) funding arrangement for the applicable state agencies that provide special needs transportation (SNT) services and targeted population transportation services and to change the daily rate to a route rate. The rates were not changed and SC is continuing to cost settle therefore SC has sunset the Department of Education (DOE) direct cost rate methodology as of June 30, 2012 until the direct cost methodology can be amended.

Based on the information provided, we are now ready to approve the Medicaid State Plan Amendment 08-021. This SPA was approved on May 26, 2011. The effective date for this amendment is October 1, 2008. We are also enclosing the approved HCFA-179 and plan pages.

If you have any questions or need any further assistance, please contact Yvette Moore at (404) 562-7327.

Sincerely,

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
SC 08-021

2. STATE
South Carolina

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2008

5. TYPE OF PLAN MATERIAL (*Check One*):

☐ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:
In accordance with federal regulations (42 CFR 431.53)

7. FEDERAL BUDGET IMPACT:
a. FFY 2008: \$0
b. FFY 2009: \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Pages 6h, 6h.2, 6h.3, and 6h.4

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B, Pages 6h, 6h.2, 6h.3 and 6h.4

10. SUBJECT OF AMENDMENT:

To convert from a CPE funding arrangement to an IGT funding arrangement for the applicable state agencies that provide Special Needs Transportation services and Targeted Populations Transportation services. To revise the special needs transportation rate from a daily rate to a route rate.

11. GOVERNOR'S REVIEW (*Check One*):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Ms. Forkner was designated by the Governor to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Emma Forkner

13. TYPED NAME:

Emma Forkner

14. TITLE:

Director

15. DATE SUBMITTED:

September 4, 2008

16. RETURN TO:

SC Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

05/26/11

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/01/08

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Jackie Chaze

22. TITLE:

Associate Regional Administrator
Division of Medicaid & Children's Health Ops

23. REMARKS:

differentiating features are the focus of the visit and the length of time required to perform the service. The reimbursement rate for the Pre-Discharge Home Visit is 50% of the Initial Postpartum/Infant Home Visit rate.

No cost reports are required nor any cost settlements made to the state owned provides of postpartum/infant home visit services.

D. Reimbursement for Enhanced Services to non-high risk pregnant women as described in Attachment 3.1-A were discontinued on October 1, 1996.

24.a Transportation:

A. Broker Transportation Services: See Supplement 2 to Attachment 3.1-A.

B. Non-Broker Transportation Services:

Emergency and Non-emergency Ambulance Services: Payment for emergency and non-emergency ambulance services will be the lesser of actual charges submitted by the carrier or the ceiling of the fees established by SCDHHS and published in the Ambulance Services Provider Manual. The fee schedule for ambulance services is inclusive of all supplies required during transportation to include EKG/DEF, airways, oxygen, and field drugs. The fee schedule will be applied uniformly without consideration of locality. The Agency's rates were last updated on October 1, 2007 and are effective for services on or after that date. All rates are published in Medicaid bulletins. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers. For the covered Medicaid emergency and non-emergency ambulance services that have a comparable Medicare rate, the Medicaid fee payments will not exceed the payments calculated at one hundred percent of the Medicare Fee Schedule (in the aggregate).

Special Needs Transportation:

Special Needs Transportation (SNT), as defined on page 9e of Attachment 3.1-A, Limitation Supplement is reimbursed based on a statewide route rate per child. The public provider of this service, the State Department of Education (SDE), is reimbursed an interim rate, which is cost settled at year-end. Please note that the initial interim rate for SNT services was based on the cost finding process as described below, utilizing estimated costs and service statistics. Interim rates are now adjusted based on current cost trends as supported by the most recently reviewed cost report for the SNT provider (i.e. the most recently reviewed cost report establishes the next period's interim rate.)

Description and Discussion of Cost Finding for SNT:

South Carolina is unique in that the state agency, SDE, and local school districts each contribute to the provision of school based transportation services in the state. The SDE maintains and fuels the buses and bus "shops", assists with routing, enforces state school bus policies, and trains district drivers. School bus drivers are employees of their local school districts. Each school district also employs staff to coordinate and schedule routes for that district.

Prior to billing for SNT services for a Medicaid recipient, the districts must ensure that a Medicaid service as specified in the Medicaid's recipient's IEP or IFSP was provided and billed on the date of the Special Needs Transportation service. Only transportation services provided in a Special Needs bus (i.e. buses specifically adapted to serve the needs of the disabled) are eligible for reimbursement.

Total Transportation Cost Pool:

The total statewide Transportation Cost Pool is comprised of school district level accumulated costs, SDE identified student transportation costs, indirect costs and use allowances for related equipment of both SDE and the local school districts as described above.

Distribution of Cost Pool:

Since the cost pool accumulated above is based on statewide student transportation services, special needs transportation services must be carved out of statewide services.

1. Total **Special Needs** Mileage is accumulated for all Special Needs routes in participating school districts. Total Student Transportation Mileage is accumulated for all participating school districts. The percentage of special needs mileage to total student transportation mileage is determined.
2. The resulting **Special Needs** percentage is applied to the Total Transportation cost pool to determine **Special Needs** transportation costs.
3. A use allowance for **Special Needs** buses (i.e. buses specially adapted to serve the needs of disabled students), based on SDE inventory records, is determined in accordance with the use allowance provisions and policies of OMB A-87. This use allowance is added to previously determined **Special Needs** Transportation costs (item 2 above) to determine the Total **Special Needs** Transportation Cost Pool.

Utilization Data and Determination of Special Needs Route Rate:

1. A determination of the total number of enrolled Special Needs students' routes per student per day per school year is calculated. (This number is determined by multiplying all Special Needs Student routes run daily per student by the number of school days in the school year.)

Note: A route is defined as a one-way "trip" (ex. home to school, school to home, school to Medicaid service).

2. This utilization of Special Needs bus services is divided into the Special Needs Transportation Costs Pool to determine the Cost per Special Needs Student per route.

Year End Reconciliation and Cost Settlement:

An annual cost report for the SNT program is required each year and covers the period July 1 through June 30. The report is prepared by the State Department of Education and is a compilation of incurred costs from their accounting records as well as cost obtained from the school districts from their annual audited financial statements. SCDHHS staff reviews the Transportation Route Based Reimbursement Calculation and supporting work papers filed by SDE for accuracy, consistency with prior submissions and correct application of OMB A-87 provisions. Any questionable items are forwarded to the appropriate staff at SDE for resolution prior to final determination of annual SNT rate and subsequent cost settlement. To complete this review, staff requests payment data from the MMIS reporting system (MEDSTAT) which reflects paid units of service (i.e. routes) and the Medicaid payments associated with these units of service. To complete the annual cost settlement for SNT services, the desk reviewed

SC 08-021
EFFECTIVE DATE: 10/01/08
RO APPROVAL: 05/26/11
SUPERSEDES: SC 08-015

SNT allowable cost route rate is multiplied by the units of service to determine allowable reimbursement for SNT services for the year. This amount is then compared to accumulated interim payments for a determination of over or underpayment for SNT services.

Once the determination of (over)/under payment has been made as part of the annual desk review process, a letter informing the staff at SDE of cost settlement results is released. Coincident with the letter release is the release of either a credit adjustment to pay SDE for any underpayment due or the establishment of a DHHS receivable in order to collect any overpayment made to the provider.

The Special Needs Transportation reimbursement methodology described above will end effective June 30, 2012.

Other Types of Transport Services (Non-Brokered):

Targeted Populations: Other types of transports are provided to targeted Medicaid populations to Medicaid covered services. Typically these services are provided to Medicaid children who may require non-parental escort to Medicaid services, and Medicaid consumers of mental health and therapeutic services. These services may be provided by:

- 1) Private providers,
- 2) State agencies,
- 3) Local Education agencies (LEAs).

The mode of transportation for services provided by the Local Education Agencies is either school buses or mini-vans. In the instances of LEAs utilizing school buses, these buses transport groups of Medicaid eligible children from home or district schools to covered Medicaid services provided by the district (i.e. Therapeutic Behavioral Services and Psychosocial Rehabilitation Services). These buses are not specially modified buses for the physically handicapped (i.e. Special Needs Transportation).

Annually, all providers of NET services submit for approval budgets for their upcoming rate cycles. Rates are determined on a per passenger mile basis. Provider budgets, completed on the SCDHHS preprint budget, are comprised of:

Private Providers:

1. **Direct costs:** Salaries and fringe benefits of drivers and escorts, vehicle fuel, repairs and maintenance. Also, insurance, taxes, licenses and registration, and/or any associated vehicle leases. Depreciation is allowed on provider owned vehicles.
2. **Indirect costs:** Represents an allocation of administrative and overhead costs as defined by OMB A-87 guidelines the provider incurred to support the Medicaid Transportation contract.
3. **Service Utilization Statistics:** Service units are passenger miles. As cost is based on services provided to all passengers (i.e. total passengers), annual units of service projections are based on total passenger miles.

State Agency and School District Providers:

1. **Direct costs:** Salaries and fringe benefits of drivers and escorts, vehicle fuel, repairs and maintenance. Also, insurance, taxes, licenses and registration, and/or any associated vehicle leases.

SC 08-021
EFFECTIVE DATE: 10/01/08
RO APPROVAL: 05/26/11
SUPERSEDES: SC 06-008

Depreciation is allowed on provider owned vehicles. A state agency or school based provider may allocate costs of fleet operations if applicable.

2. **Indirect costs:** To provide for the administrative and overhead costs the provider incurred to support the Medicaid Transportation contract, the provider is allowed to apply their specific indirect rate. For state agency providers, this will be the indirect rate as approved by USDHHS. For local school districts, this will be the unrestricted indirect rate as calculated by the SDE in cooperation with the United States Department of Education.

3. **Service Utilization Statistics:** Service units are passenger miles. As cost is based on services provided to all passengers (i.e. total passengers), annual units of service projections are based on total passenger miles.

Annual Cost Reports (State Agency and School Based):

Annual cost reports are required of all state agency providers of non-emergency transportation services described above to ensure that these providers have not received reimbursements in excess of actual allowable costs.

For all state agency providers of non-emergency transportation, the budgeted rate established at the beginning of the contract year represents their maximum per passenger mile reimbursement rate for the year. Cost reconciliation based on the annual cost reports of public providers is completed. If a state agency provider's interim payments exceed the actual allowable costs of non-emergency transportation services, the SCDHHS will establish a receivable to recover the excess payments. No additional payments will be made to a provider as a result of the cost reconciliation process.

For Local Education Agencies also participating in the Administrative Claiming program, services associated with coordinating and scheduling of transportation services are specifically excluded from allowable Administrative Claiming activities.

Individual Transportation Providers (ITP):

Individual Transportation providers also provide non-emergency transportation services. ITP service providers are paid a fixed rate per mile. The fixed rate shall not exceed the legislatively approved state mileage rate for South Carolina state employees. The agency's rates were set as of December 1, 2001 and are effective for services on or after that date. All rates are published in Medicaid Bulletins when updated. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

Transportation by Foster Parents:

Foster parents are eligible to receive reimbursement for transportation provided to beneficiaries to and from approved Medicaid services. These providers are paid a fixed rate per mile. The fixed rate shall not exceed the legislatively approved state mileage rate for South Carolina state employees. The agency's rates were set as of December 1, 2001 and are effective for services on or after that date. All rates are published in Medicaid Bulletins when updated. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers.

SC 08-021
EFFECTIVE DATE: 10/01/08
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