

**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**OFFICE OF DIRECTOR**

**ACTION REFERRAL**

TO <i>Singleton</i>	DATE <i>9-3-08</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <div style="text-align: right; font-size: 1.2em;"><i>000134</i></div>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <div style="text-align: right; font-size: 1.2em;"><i>cc: Ms. Falkner Wells, Myers.</i></div> <div style="text-align: center; font-size: 2em; color: green; margin-top: 10px;">✓</div>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____  <input type="checkbox"/> FOIA DATE DUE _____  <input checked="" type="checkbox"/> Necessary Action

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



**South Carolina  
Department of  
Juvenile Justice**

**Bill Byars, Director**

P.O. Box 21069  
Columbia, SC 29221-1069  
[www.state.sc.us/djj](http://www.state.sc.us/djj)



**Mark Sanford  
Governor**  
State of South Carolina

August 29, 2008

**RECEIVED**

Mrs. Emma Forkner, Director

SEP 03 2008

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

Department of Health & Human Services  
**OFFICE OF THE DIRECTOR**

Dear Mrs. Forkner:

This letter responds to your August 2008, "A Review of the South Carolina Department of Juvenile Justice Medicaid Reimbursable Services," Division of Audits report received from the Department of Health and Human Services (DHHS). On May 28, 2008, the Department of Juvenile Justice (DJJ) sent a response to the recommendations made in this report over the signature of G. Randall Grant, my Deputy Director for Administrative Services, to Mrs. Kathleen C. Snider. We appreciate the feedback provided by this audit.

DJJ agrees with the majority of the audit findings and recommendations. We are also in agreement with repaying the \$14,024 federal portion for activities found in this review to have inappropriate/inadequate documentation and, therefore, found to be unallowable reimbursable services/expenses. There is, however, still one area where we disagree. This issue, as stated in the audit report, is quoted below:

"DJJ was reimbursed \$3,518,536 for all targeted case management services for fiscal year 2006. These payments were made for Medicaid eligible clients for whom DJJ is responsible. From our review of the case management notes, it appears that the vast majority of these claims would be unallowable based on the November 30, 2007, CMS guidance. Until DJJ can separate activities that clearly meet the criteria for targeted case management from probation/parole monitoring, it should cease all claims to DHHS for targeted case management." In collaboration with DHHS, we have agreed to stop claiming reimbursement for targeted case management based on the CMS's and interim final rule guidelines. Should South Carolina participate in the moratorium, or the final rule be changed to allow targeted case management under these conditions, DJJ can separate activities that clearly meet the criteria for targeted case management from probation/parole monitoring.

Your review further states, "The monthly monitoring described in the clinical service notes seems to have been performed as a result of the client's probation/parole status and not due to any specific medical, social, or educational need. There was little in the case management notes to differentiate between case management activities and monitoring required for probation or parole. Because this function is a required part of services for all juveniles with probation/parole status, the activities attributed to this population represent direct services and should not be reimbursed by Medicaid. In effect, by billing Medicaid for targeted case management services,

Mrs. Emma Forkner  
August 29, 2008  
Page two

DJJ is shifting the cost of providing supervision for juveniles on probation and parole to Medicaid." Again, if targeted case management is again allowed, we can and will make distinct the targeted case management activities.

The DHHS audit findings were based on the Centers for Medicare and Medicaid (CMS) draft audit report of the Georgia Department of Community Health dated July 2006 and the recent Interim final rule from the CMS dated November 30, 2007, that specifically excludes probation and parole services as targeted case management services. Since both of these reports were received after the end of the audit review period, which was July 2005 through June 2006, DJJ believes that it is unfair to retroactively apply these reports as the basis for an audit finding.

We believe that DJJ provided and claimed reimbursement for targeted case management activities in good faith, within the guidelines and rules provided by the DHHS at the time. We operated on the belief that a community specialist/probation officer who met the DHHS qualifications for a case manager was eligible to render Medicaid allowable targeted case management services to eligible juveniles in the community on probation and parole. DJJ also believes that valid reimbursable targeted case management activities were provided in these sessions (i.e., assessment of juvenile needs, referral for needed services and the coordination and follow-up to ensure that needed services are obtained), and that the "separate or clearly distinguishable" requirement was not previously communicated to DJJ. Reinforcing that DJJ was not aware of the requirement (that the documentation for probation/parole services must be clearly and separately distinguishable from targeted case management services) is the feedback received from the audits conducted by the DHHS Office of Program Integrity and the Department of Behavioral Health Services of five DJJ County offices. None of these audits listed this as a finding and/or recommendation.

DJJ agrees that the CMS interim final rule currently disallows juvenile justice systems from providing Medicaid reimbursable case management services. When this interim final rule was published, the DJJ in collaboration with DHHS, agreed to a transition plan that effective with dates of service on or after July 1, 2008, DJJ would cease billing Medicaid for targeted case management services.

This audit identified a total dollar disallowance of \$20,231.00 or \$14,024.00 for the federal portion of the disallowance. The DJJ accepts this disallowance and is willing to refund the \$14,024.00 to DHHS or allow DHHS to complete an adjustment to recoup the disallowance. If you have questions or need additional information, please do not hesitate to call Mrs. Joan Barber at 803.896.9477.

Sincerely,



William R. Byars, Jr.  
Director

WRB/jb