DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Singleton	10-6-10

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 10-0166	[ ] Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR CC: Ms. Forkner, Deps, CMS file Cleared 10/20/10, letter attached.	[X] Prepare reply for appropriate signature DATE DUE 10/22/10 [ ] FOIA DATE DUE _____ 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
Consortium for Medicaid and Children's
Health Operations
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

September 23, 2010

Emma Forkner, Director
South Carolina Department of Health and Human Services
P.O. Box 8306
Columbia, SC 29202-8206

Dear Ms. Forkner:

Thank you for South Carolina's letter and State Medicaid Health Information Technology Plan (SMHP) submitted to the Centers for Medicare & Medicaid Services (CMS) on August 18, 2010.

The SMHP was submitted to CMS for review and approval to proceed with certain activities authorized under section 4201 of the American Recovery and Reinvestment Act of 2009 (the Recovery Act), Pub L. 111-5, and our recently published regulations at 42 CFR Part 495, Subpart D. The Social Security Act, as amended under Section 4201 of the Recovery Act, as well as our final regulation, will allow the payment of incentives to eligible professionals and eligible hospitals for the adoption and meaningful use of certified electronic health record (EHR) technology.

I am pleased to inform you that CMS approves the State's SMHP effective on the date of this letter. Our approval of the State's SMHP is subject to provisions in regulations at 42 CFR Part 495, Subpart D, including subsection 495.338 requiring State submission and CMS approval of a health information technology implementation advance planning document (HIT IAPD). Until CMS approval of the HIT IAPD is granted, the State cannot draw down matching funds for implementation activities or incentive payments related to the Medicaid incentive program. CMS published a State Medicaid Director's Letter on August 17, 2010 (SMD #10-016) to assist States in developing the HIT IAPD and initiating implementation activities. This letter contains detailed information and guidance for obtaining Federal funding for Medicaid HIT Activities.

As a condition of this approval, issues we have identified and included in Enclosure A must be addressed in a revised SMHP and submitted to CMS with the State's HIT IAPD for our review and approval before October 31, 2010. We are providing additional comments and recommendations in Enclosure B to assist you with planning and implementation activities, and to help further improve the SMHP and future IAPD funding requests. Any of these comments and recommendations that the State chooses to adopt should be notated in submission of a revised SMHP in the future.

I wish to congratulate you and your staff on the successful completion of initial HIT planning activities, and approval of the SMHP. CMS appreciates South Carolina's commitment and dedication to implementing this important new program that will lead to improved healthcare for populations served by the Medicaid Program.

If there are any questions concerning this information, please contact Mr. Rick Friedman at (410) 786-4451, or via email at Richard.Friedman@cms.hhs.gov.

Sincerely,

Jackie Garner
Consortium Administrator

cc: Rick Friedman

Enclosure A

As a condition of approval of the SMHP Version 1.0, the following issues must be addressed in a revised SMHP and submitted with the State's HIT IAPD for CMS review and approval.

1. Coordination with the Catawba Indian Nation, page 13, it is not clear that the tribe had input in the SMHP development. Can the State clarify? Additionally, while the State talks later about coordination on other, specific topics, please clarify how stakeholders have had input in the final product.

2. Grants Coordination and Delineation, page 24, please clarify if the State is contracting with the REC (and if so, the status) or if the State is relying on the REC's regular grant-funded activities in order to perform these activities. The language states: "SCDHHS will leverage the Regional Extension Center to help those providers who do not currently have or use an EHR to successfully select and adopt EHRs for their offices." Will the REC charge these providers?

3. Stakeholder Summits, pages 58-63, the majority of the State's Medicaid population is in managed care (including MCOs, PAHPs, and PACE) or PCCM—please explain how the State has coordinated with these entities.

4. NLR Information Verification, page 84, they should not be able to modify NLR information at the SLR. If the pre-populated info is incorrect, the SLR should direct them back to the NLR or NPPES for changes. The NLR needs to have the correct provider information.

5. Provider Eligibility, page 86, "SCDHHS is requiring eligible providers be enrolled in the South Carolina Medicaid Program." Has SCDHHS corrected the vulnerability from the FFY 2008 Program Integrity Review regarding provider enrollment issues, specifically those related to provider enrollment applications, both fee-for-service and managed care, which does not request managing employee information [42 CFR § 455.101](which leaves the State vulnerable because those names cannot then be checked against the LEIE or MED for possible exclusions).

6. Provider Enrollment Requirements, page 86, is it currently required that managed care providers (who are not FFS providers) enroll with the State as well as the health plan? Also, will the State leverage the managed care entities' process for providers enrolled through managed care? Please provide more detail on how the State verifies providers are licensed and credentialed in all areas of the Medicaid program.

7. Licensure requirements for EPs, pages 87-88, it is unclear how the State's licensing procedures reconcile with the Medicaid scope of practice regulations highlighted in the Final Rule on page 44490. Please clarify.

8. Practicing predominantly, page 89, please clarify how a provider can indicate if they practice at more than one FQHC/RHC. Will there be logic to accommodate this?

9. Hospital-based EPs, page 89, please clarify how the State will collect this data from managed care providers.

10. Patient volume, page 90, it sounds like the State is saying that they will use a county-by-county CHIP/Medicaid allocation as a proxy value for each EP in order to determine Medicaid patient volume for providers working with one enrollment card. Please clarify.

11. Clinic/group practice as a proxy, page 90, please cite the CMS rule associated with this [495.306(h)] in order to clarify the additional requirements beyond what is described in the SMHP.

12. Hospital patient volume, page 91, just to clarify, this is the only option available to hospitals. Please correct for clarity.

13. Patient volume, pages 90-92, please include terms that are appropriate for and apply to South Carolina's Medicaid program. For example, if there is an 1115 demonstration waiver, please indicate the name of the waiver so a provider can review this and understand. The State can provide more detail to the list on page 92 and then refer to it from other places; this applies to hospitals and EPs. Also, cite the names of managed care programs and medical home programs in the State. Concerning the following statement: "A Medicaid patient seen in both the general acute care and non general acute care units identified above will only be counted as a single (one) discharge." Please add a modifier that this is true when the service takes place on one day. If a patient is discharged from one unit and admitted to another and discharged on a second day, that is, two discharges.

14. Patient Volume, page 94, the following sentence "The patient volume section includes the needed data fields as well definitions for key terms and some policy guidance related to the 90 period" should refer to a 90-day period, rather than a 90 period.

15. Provider requirements for payment, page 101, "Provider must not have already received a payment from another State or South Carolina in the current program year" should be modified to include Medicare providers as well.

16. Denials and Appeals, page 106, when does South Carolina anticipate having the administrative rules in place to provide for provider appeals? Are there any obstacles to implementation that CMS need to be aware of, such as rules processing time, provider notice time? The first points of contention will likely be the eligibility determination piece which is imminent; will the State be prepared to handle appeals of denials?

17. MMIS Modifications, Page 61, in light of the following sentence: "At present, the current MMIS will undergo no changes for the Medicaid EHR Incentive Program due to near-term plans for a replacement MMIS. Future plans will be coordinated to ensure the new MMIS will support the administration of the Medicaid EHR Incentive Program," the State should specify how the EHR incentive program will be administered beginning January 2011 since the new MMIS will not be in place at that time. Specifically, the State should describe how interface with the NLR will be accomplished and how incentive payments will be made to EPs and EHs. Section D provides more information in this regard; is the State confident that it can administer the program with the existing technology? For example, we note that the milestone date for the State Level Repository (SLR) development has passed. Was the State successful in developing the SLR?

18. Appeals, page106, the State has a section that begins "If the hearing officer determine the need for a hearing…" What happens if the hearing officer decides that a hearing is not necessary? Is there another, less formal type of dispute resolution available to the provider?

19. Other: Throughout the document, the State uses the term "HIT" as synonymous with EHR. This is not always appropriate, since there are other forms of HIT besides the EHR. The Medicaid EHR incentive payments are for adoption, implementation, upgrading and meaningful use of certified EHRs, as we are sure the State understands. For example, when the State reports on providers who have adopted HIT, do they mean that the provider has adopted an electronic health record, or that the provider has some other form of HIT, such as an electronic billing, e-prescribing or patient registration system?

20. What data sources will the SMA use to verify patient volume for EPs and acute care hospitals? The State developed a good brochure but no process in the SMHP.

21. How will the SMA verify that EPs at FQHC/RHCs meet the practices predominately requirements under the statute? Additional detail is needed.

22. Will the SMA be proposing any changes to the MU definition as permissible per rule-making? If so, please provide details on the expected benefit to the Medicaid population as well as how the SMA assessed the issue of additional provider reporting and financial burden.

23. When does the SMA anticipate being ready to test an interface with the CMS National Level Repository (NLR)? Current Plan indicates September 10, 2010.

24. What is the SMA's plan for accepting the registration data for its Medicaid providers from the CMS NLR (e.g. mainframe to mainframe interface or another means)? Current plan indicates VPN and Direct Connect.

25. What kind of website will the SMA host for Medicaid providers for enrollment, program information, etc? A brief technical description is needed.

26. Does the SMA anticipate modifications to the MMIS and if so, when does the SMA anticipate submitting an MMIS I-APD? According to most recent information submitted by the State it does not intend to modify the existing MMIS.

27. What kinds of call centers/help desks and other means will be established to address EP and hospital questions regarding the incentive program? Communications process to address questions needs additional development.

28. Please clarify the SMA's anticipated frequency for making the EHR Incentive payments (e.g., monthly, semi-monthly, etc.).

29. What will be the process to assure that Medicaid payments go to an entity promoting the adoption of certified EHR technology, as designated by the State and approved by the US DHHS Secretary, are made only if participation in such a payment arrangement is voluntary by the EP and that no more than 5 percent of such payments is retained for costs unrelated to EHR technology adoption? This area needs additional development in SMHP.

30. What will be the process to assure that there are fiscal arrangements with providers to disburse incentive payments through Medicaid managed care plans does not exceed 105 percent of the capitation rate per 42 CFR Part 438.6, as well as a methodology for verifying such information? No discussion of role of managed care plans except managed care providers will enroll using same systems as Fee-For-Service.

31. What will be the role of existing SMA contractors in implementing the EHR Incentive Program – such as MMIS, PBM, fiscal agent, managed care contractors, etc.? This area needs additional development.

32. States should explicitly describe what their assumptions are, and where the path and timing of their plans have dependencies based upon. Only very general points were listed regarding assumptions.

33. The State has determined that it will use, "auditable data sources to calculate the Medicaid aggregate EHR hospital incentive amounts, as well as determining Medicaid incentive payments to these providers. Auditable data sources include: (1) Provider's Medicare/Medicaid cost reports; (2) Payment and Utilization information from MMIS (or other automated claims processing systems or information retrieval systems); and (3) Hospital financial statements and accounting records." The State should outline the specific sources, and how they will be used.

34. How will the State calculate the discharge related amount for hospitals, what sources will be used?

35. Does the State include normally include rehab and psychiatric bed days in its inpatient benefit?

36. The State proposes to include PACE days as Medicaid inpatient days. If the PACE program is all inclusive, how will the State isolate the inpatient bed days?

37. The State should provide detail and source documentation for how it will determine charity care information for purposes of this calculation.

38. Generally, the State's document follows the regulatory language. However, the State should give specific detail about how the State will calculate payments to individual providers.

Enclosure B

The following comments and recommendations will assist with planning and implementation activities and help further improve the SMHP. Any comments or recommendations that the State chooses to adopt should be notated in submission of a revised SMHP in the future.

1. Broadband section, page 13, please describe any broad infrastructure grants that the State received from USDA or Commerce (e.g., B-TOP or BIP grants), as well as any other related grants.
2. Creating an Account, page 83, one other option besides matching the provider by TIN is to use the registration confirmation number or the NPI. Many providers may have the same NPI.
3. Hospital patient volume, page 91, bullet #1, if a hospital conducted an annual Medicaid outreach event then it would still be representative. A one-time event in order to meet patient volume thresholds would not be representative.
4. Provider requirements for payment, page 101, "Provider must not appear on the OIG or South Carolina sanctions list"—to clarify, they must not appear on the OIG exclusions list (and CMS is checking that through the NLR) and State-based sanctions apply insofar as they prohibit a provider from receiving federal money.
5. Hospital calculation, page 102, please clarify how the State will reconcile any discrepancies in the multiple data sources. E.g., if the MMIS data and cost report data conflict, which supersedes?
6. Reassignments, page105-106, is there a more lightweight way to provide this information? E.g., a state data match?
7. Particularly positive is the bifurcation of audits responsibility between the Division of Audits (post payment reviews) and the HIT team (attestation and eligibility). This should provide an interesting checks and balance system.
8. The Audit Target Selection piece is well formulated
9. Contingency plans, Page 14, are there contingency plans for expanding broadband access if the PSIFI grant is not awarded?
10. Outcomes, page 15, under "expected outcomes," is there a measureable goal for how many, or what percentage of providers will become EHR users, and achieve meaningful use of same?
11. Sustainability, page 16, the sustainability of SCHIEx appears to be totally contingent upon user fees. Will these fees be kept low enough so as not to discourage provider participation, while being high enough to guarantee fiscal sustainability of the HIE? The fees are enumerated later in the document, but it is not clear whether affordability to the user was a factor in the fee schedule.
12. E-Prescribe, page 38, it would be informative if the State included a sentence indicating the percentage of prescribers in South Carolina who currently E-prescribe.

13. Auditing, Page 109: Please note that CMS does not encourage the use of the REC to audit meaningful use due to potential conflict of interest. Please clarify the planned role of the DHEC.

RECEIVED
OCT 07 2010
SCDHHS
Office of General Counsel

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Singleton / Rhonda Tanway	10-6-10

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 10-166	[X] Prepare reply for the Director's signature DATE DUE 10/22/10
2. DATE SIGNED BY DIRECTOR cc: Ms. Forkner, Deps, CMS file	[ ] Prepare reply for appropriate signature DATE DUE _____
	[ ] FOIA DATE DUE _____
	[X] Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1. Rhonda D Morrison	10/19/10		
2.	10/19/10		
3. DS	10/19/10		
4.			

State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Emma Forkner
Director

October 20, 2010

Ms. Jackie Glaze
Associate Regional Administrator
Division of Medicaid and Children's Health Operations
Centers for Medicare and Medicaid Services – Region IV
61 Forsyth Street, SW, Suite 4T20
Atlanta, Georgia 30303-8909

Dear Ms. Glaze:

The South Carolina Department of Health and Human Services (SCDHHS) is pleased to submit the Health Information Technology Implementation Advance Planning Document (HIT I-APD) and the revised State Medicaid Health Information Technology Plan (SMHP) for the Medicaid Electronic Health Record (EHR) Incentive Program. The revised SMHP addresses all issues identified by the Centers for Medicare & Medicaid Services (CMS) in the September 23, 2010 SMHP approval letter. A change control document is included as a reference for the specific SMHP updates requested by CMS.

South Carolina's HIT I-APD and SMHP will be valuable for the implementation, administration, and oversight of the South Carolina Medicaid Electronic Health Record (EHR) Incentive Program as well as aligning our efforts with other health information technology (HIT) initiatives throughout the state. We look forward to continuing to work with CMS as we assist providers throughout the state in adopting certified EHR technology and becoming meaningful users.

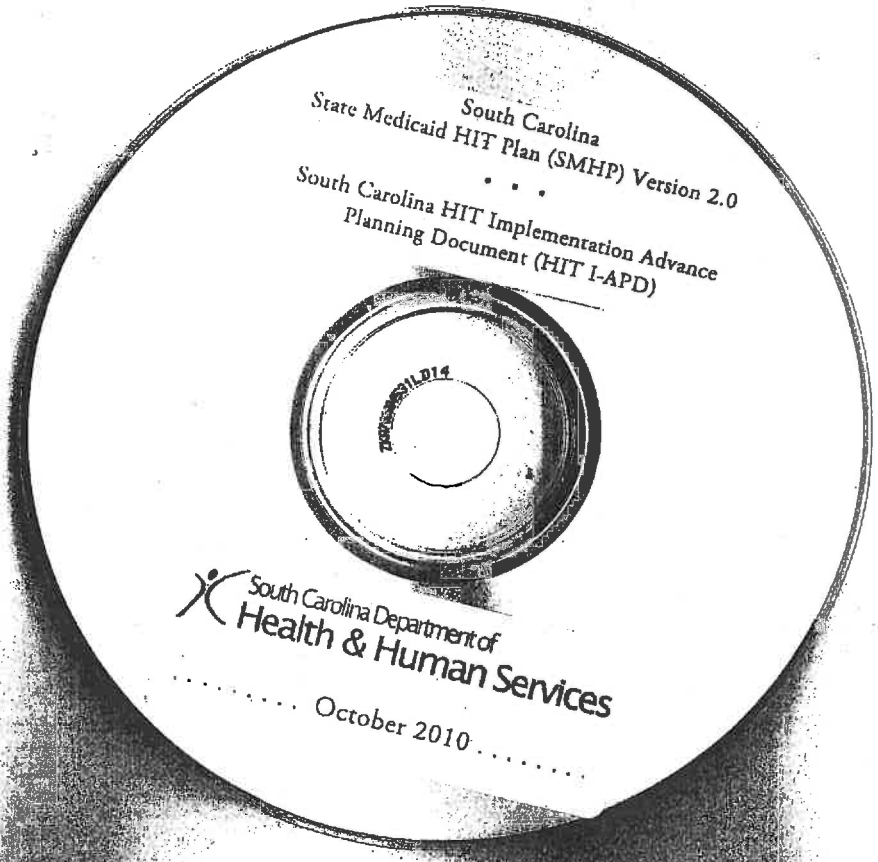
If you have additional questions, please contact Rhonda Morrison at (803) 898-2999.

Sincerely,

Emma Forkner

Emma Forkner
Director

EF/ssb
Enclosures


South Carolina
State Medicaid HIT Plan (SMHP) Version 2.0
• • •
South Carolina HIT Implementation Advance
Planning Document (HIT I-APD)
South Carolina Department of
Health & Human Services
October 2010

Brenda James - Log Letter 000186

From: Jamelle Smith
To: Annmarie McCanne; Brenda James
Date: 10/21/2010 10:57 AM
Subject: Log Letter 000186

An email has been sent to William Wells and staff to make the necessary changes for back payment so I have closed this log on my end.

Ja`Melle R. Smith
Division Administrative Specialist II
Division of Pharmacy, DME, and Physician Services
1801 Main Street
Columbia, SC 29202
(803) 898-2645 (Office)
(803) 255-8255 (Fax)

"Don't dwell on what went wrong. Instead, focus on what to do next. Spend your energies on moving forward toward finding the answer. - Denis Waitley "