

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Singletan/FOIA	9-1-11

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 00106	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR cc: Stensland, Jayson Cleared 9/21/11, letter attached.	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input checked="" type="checkbox"/> FOIA DATE DUE 9-16-11 <input 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.			

**RECEIVED**

SEP 01 2011

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

**TONY R. MEGNA**

ATTORNEY-AT-LAW  
3400 WEST AVENUE  
COLUMBIA, SOUTH CAROLINA 29201  
803.254.3676

**FREEDOM OF INFORMATION REQUEST**

[Faxed to 803.255.8228]

September 1, 2011

Jeff Saxon  
Bureau Chief  
Bureau of Reimbursement  
Methodology & Policy  
SCDHHS  
Phone: 803.898.1040

Debbie Strait, Director  
Division of Ancillary Reimbursements  
SCDHHS  
PO Box 8206  
Columbia, SC 29202-8206  
STRAIT@SCDHHS.GOV  
(803) 898-1053

Dear Jeff and Debbie:

This letter is a request for access to public records pursuant to the SC Freedom of Information Act. I would like to review the documents your office has received from CMS indicating that the Medicaid Bulletins dated December 10, 2011 (signed by Emma Forkner and attached hereto) and May 11, 2011 (signed by Anthony Keck and attached hereto) that Debbie informed me this morning do not allow FOHCs [or RHCS] to be paid the 'wrap-around payments' of their allowed Medicaid FOHC [or RHC] reimbursement rates by any third party payer. I will pay any reasonable costs of copying.

For your convenience, please feel free to scan the documents and send them to as a pdf document by email to [tmegna@gmail.com](mailto:tmegna@gmail.com). Due to the importance of this matter to the financial well-being of FOHCs and RHCS, and the Medicaid patients we serve, time is of the essence. I respectfully request you expedite this copying and forwarding of these documents to me as soon as possible. Again, please feel free to scan the documents and send them to as a pdf document by email to [tmegna@gmail.com](mailto:tmegna@gmail.com), or to contact me on my mobile number, 803.606.5983.

Sincerely yours,

Tony R. Megna

**RECEIVED**

SEP 01 2011

SCDHHS BUREAU OF REIM.  
METHODODOLOGY DIVISION

09/01/2011 11:18AM

South Carolina  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

Post Office Box 8206

Columbia, South Carolina 29202-8206

[www.scdhhs.gov](http://www.scdhhs.gov)

December 10, 2010

Phys	MHRC
OMP	Trans
CLTC	Via
Dent	Pod
MC	Chir
Lab	HH
Med Clin	DME

## MEDICAID BULLETIN

TO: Providers Indicated

SUBJECT: Reporting Patient Liability on Claims

Effective with claims and provider error correction forms (ECFs) received on or after January 10, 2011, the South Carolina Department of Health and Human Services (SCDHHS) will require providers to include the "patient responsibility" amount on all claims where a beneficiary has third party coverage, including Medicare. The third party payment plus the "patient responsibility" can not exceed the amount the provider has agreed to accept as payment in full from the third party payer, including Medicare.

The "patient responsibility" amount should be entered into the "balance due" field (Field # 30) on the CMS 1500 form.

For the 837-P, "patient responsibility" should be populated in Loop 2320. The value in CAS01 will be PR. The value in CAS02, CAS05 and/or CAS08 will be 1 (deductible), 2 (coinsurance), and/or 3 (co-pay). The aforementioned Claim Adjustment Reason Codes will be the only codes used by SC Medicaid in this segment. The value in CAS03, CAS06 and/or CAS09 will be the dollar amount for each Claim Adjustment Reason Code used. This information is also outlined in the SC Medicaid Companion Guide located at: <http://www.scdhhs.gov/itipaa/Companionor%20Guides.asp>

Remittance advices will reflect the following warning edits. (These warning edits are informational and will not impact the payment of claims at this time.)

- **165** – When there is a third party payer on the claim that is primary to Medicaid, the "patient responsibility", entered in the "balance due" (Field #30 on the CMS-1500) and the co-pay, coinsurance and deductible for the third party payer (CAS segment on the 837P) , cannot be blank or nonnumeric.
- **166** – When there is a third party payer on the claim that is primary to Medicaid, and the "patient responsibility"/balance due is zero, Medicaid's payment will be zero. Medicaid payment can not exceed the amount of "patient responsibility."

South Carolina  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Post Office Box 8206  
Columbia, South Carolina 29202-8206  
[www.dhhs.state.sc.us](http://www.dhhs.state.sc.us)

May 11, 2011

Phys	MH/RC
OMP	Trans
CLTC	Vis
Dent	Pod
MC	Chir
Lab	HH
Med Clin	DME

## MEDICAID BULLETIN

**TO: Providers Indicated**

**SUBJECT: Reporting Patient Liability on CMS-1500/837P Claims**

On December 10, 2010, the South Carolina Department of Health and Human Services (SCDHHS) issued a bulletin, notifying providers of warning edits related to patient responsibility that were to be effective with claims and provider error correction forms (ECFs) received on or after January 10, 2011. Implementation of these warning edits was delayed. They will be implemented for claims and provider ECFs received on or after June 15, 2011.

As stated in the earlier bulletin, the South Carolina Department of Health and Human Services (SCDHHS) will require providers to include the "patient responsibility" amount on all claims where a beneficiary has third party coverage, including Medicare. The third party payment plus the "patient responsibility" cannot exceed the amount the provider has agreed to accept as payment in full from the third party payer, including Medicare.

The "patient responsibility" amount should be entered into the "balance due" field (Field # 30) on the CMS-1500 form.

For the 837-P, "patient responsibility" should be populated in Loop 2320. The value in CAS01 will be PR. The value in CAS02, CAS05 and/or CAS08 will be 1 (deductible), 2 (coinsurance), and/or 3 (co-pay). The aforementioned Claim Adjustment Reason Codes will be the only codes used by SC Medicaid in this segment. The value in CAS03, CAS06 and/or CAS09 will be the dollar amount for each Claim Adjustment Reason Code used. This information is also outlined in the SC Medicaid Companion Guide located at:  
<http://www.scdhhs.gov/hipaa/Companion%20Guides.asp>

Remittance advices will reflect the following warning edits: (These warning edits are informational and will not impact the payment of claims until July 1, 2011.)

**165** – When there is a third party payer on the claim that is primary to Medicaid, the "patient responsibility", entered in the "balance due" (Field #30 on the CMS-1500) and the co-pay, coinsurance and deductible for the third party payer (CAS segment on the 837P), cannot be blank or nonnumeric.

**166** – When there is a third party payer on the claim that is primary to Medicaid, and the "patient responsibility"/balance due is zero, Medicaid's payment will be zero. Medicaid payment cannot exceed the amount of "patient responsibility."

Effective with claims and provider error correction forms (ECFs) received on or after July 1, 2011, Medicaid will use the "patient responsibility" amount entered in the "balance due" field (Field #30) on the CMS-1500 and in the CAS segment of the 837 to calculate the Medicaid payment to ensure that Medicaid payment does not exceed "patient responsibility." At that time, claims with edit code 165 will be denied and claims with a "patient responsibility"/balance due of zero will pay zero.

For providers that submit both pharmacy and professional claims, reporting of patient liability, for point of sale prescription claims, was implemented on September 15, 2010. The change described in this bulletin applies to the CMS-1500 and 837 professional claims.

Please contact your program manager if you have questions regarding this policy. If you have any questions regarding 837P billing requirements, please contact the EDI Support Center at 1-888-289-0709. Thank you for your continued support and participation in the South Carolina Medicaid Program.

/s/  
Anthony E. Keck  
Director

AEK/

**Note:** To receive Medicaid bulletins by email, please register at <http://bulletin.scdhhs.gov/>. To sign up for Electronic Funds Transfer of your Medicaid payment, please go to <http://www.dhhs.state.sc.us/dhhsnew/hipaa/index.asp> and select "Electronic Funds Transfer (EFT)" for instructions



TO:  
FROM:

SUBJECT: Cost of Processing FOIA Request #

The South Carolina Department of Health and Human Services has received and processed your FOIA request. The cost for processing this information is as follows:

Staff processing time at \$10.00 per hour	_____ Hours	\$ _____
Pages copied at \$.10 per page	_____ Pages	\$ _____
Pages faxed at \$.20 per page	_____ Pages	\$ _____
Shipping and Handling Costs		\$ _____
Other costs associated with the FOIA request:	_____	\$ _____
<b>Total Amount Due SCDHHS:</b>		<b>\$ _____</b>

Please remit the above amount to the following address:

Bureau of Fiscal Affairs  
South Carolina Department of Health and Human Services  
Post Office Box 8297  
Columbia, South Carolina 29202-8297

Please contact \_\_\_\_\_ should you have any questions.

Signature \_\_\_\_\_

Date: \_\_\_\_\_



Tag # 000106

September 21, 2011

Mr. Tony R. Megna  
Attorney-at-Law  
3400 West Avenue  
Columbia, SC 29201

Re: FOIA Request

Dear Mr. Megna:

Your enclosed FOIA Request was referred to this Office for a response. I believe that the enclosed documents are responsive.

Our cost for producing this information was six and sixty eight hundredths dollars (\$6.68). These documents are true and accurate copies of information kept in the normal course of Department business. Please make the check payable to the Department of Health and Human Services and send it to:

Department of Health and Human Services  
Department of Receivables  
Post Office Box 8297  
Columbia, SC 29202-8297

Please call me if you have any questions. My direct is (803) 898-2791.

Sincerely,



Richard G. Hepler  
Deputy General Counsel

Enclosure

cc: Lynette Wilson, Receivables