

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

ACTION REFERRAL

TO <i>Wells</i>	DATE <i>10-17-08</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>000215</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____ <input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action		
2. DATE SIGNED BY DIRECTOR <i>cc: Hs. For Kner, Depo</i>			

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.			



Center for Medicaid and State Operations

October 15, 2008

RECEIVED

OCT 17 2008

Ms. Emma Forkner, Director
Department of Health & Human Services
P.O. Box 8206
1801 Main Street
Columbia, SC 29202-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Ms. Forkner:

The purpose of this letter is to notify you of your phased-down State contribution full-dual eligible per-capita Medicaid drug payment amount for Calendar Year 2009, as required in the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA). This information will be the basis for your monthly phased-down State contribution payments. These State contributions are an important component of a balanced package of MMA provisions that we believe provides a significant benefit to dual eligibles, and will provide long-term savings to States.

The MMA requires that CMS notify each State no later than October 15 before each calendar year of its annual per-capita drug payment expenditure amount for the following year. Payments for the phased-down State contribution are made on a monthly basis. These payments are defined by MMA to be the product of the annual per-capita full dual eligible drug payment amount and the monthly State enrollment of full-dual eligibles.

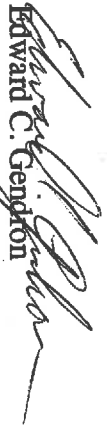
The phased-down State contribution data for your State is enclosed with this letter. The per-capita drug expenditure amount for 2009 is based on the 2008 value with the following adjustments:

1. The value is adjusted by the Medicare Part D Annual Percentage Increase (API) for 2009, with updated growth information from 2003 through 2006. The 1-year growth rate for 2008-2009 of 7.54 percent has been adjusted upward to 9.26 percent. This adjustment is due to updated estimates of drug cost growth from 2003 to 2006.
2. The phased-down contribution percentage is reduced from 86 $\frac{2}{3}$ percent of projected State per-capita expenditures to 85 percent.
3. Based on the effects of the updated growth rate and the reduction in the phased-down contribution percentage, the net increase in the State per-capita drug cost from CY 2008 to CY 2009 is 7.16 percent.
4. There is no change in the State matching rate used to establish the State share of expenditures from the rate used for October-December 2008. The matching rate for Federal Fiscal Year (FFY) 2009 is in effect October 2008 through September 2009. The CY 2009 per-capita expenditures will not change until October 2009 when the FFY 2010 matching rate takes effect. A letter with the revised per-capita payment rate will be sent to the affected States in the summer of 2009.

We very much appreciate the States' partnership role in implementing and operating the provisions of the MMA. We believe that the package of MMA provisions has served the dual eligible population well.

Please contact Roger Buchanan (410-786-0780 or roger.buchanan@cms.hhs.gov) if you have any questions or need further clarification.

Sincerely,


Edward C. Gendron
Director, Finance, Systems and Budget Group

Enclosure

CC: Associate Regional Administrator, Medicaid
Regional Administrator

ENCLOSURE- PHASED-DOWN STATE CONTRIBUTION DATA - CY 2009

SOUTH CAROLINA

The table below contains the final 2008 per-capita drug payments for your State, as well as the factors used to determine the final 2009 per-capita drug payment amount. Note that some values in this table are rounded for presentation purposes, but that all calculations up to the final per-capita drug expenditure baseline are made using full decimal precision.

	2008 Value	2009 Value
October-December 2008 Per-capita Drug Payment	\$50.96	
NHE Growth Rate		9.26 %
Phased-Down Percentage	86 2/3 %	85 %
Final 2009 Per-capita Drug Payment *		\$54.61

* Final per-capita payment for January-September 2009. October-December 2009 will be updated when final FY 2010 Federal/State Medicaid Matching Percentage becomes available.


The 2009 per-capita is derived by taking the 2008 value, multiplying by the updated growth rate, dividing by the 2008 phase-down percentage, and multiplying by the 2009 phased-down percentage.

The final per-capita baseline number provided above will be multiplied by your monthly full-dual eligible enrollment, as reported in your monthly MMA dual enrollment file and matched to Part D enrollment, to establish each month's phased down State contribution bill.

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