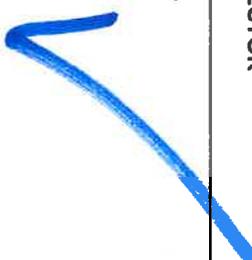


**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO <i>Wells</i>	DATE <i>8-9-06</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000142</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Bowling</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



July 31, 2006

Rog. Wells
"The Action"
cc: Bowling

RECEIVED
AUG 08 2006

Mr. Robert M. Kerr, Director
Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Re: South Carolina Title XIX State Plan Amendment, Transmittal #05-015

Dear Mr. Kerr:

We have reviewed South Carolina's State Plan Amendment (SPA) 05-015 which was submitted to the Atlanta Regional Office on December 22, 2005. This State Plan Amendment proposes to create a Professional Trauma Fund reimbursement methodology for trauma specialists' (individual physicians, physicians in group practices, other medical professionals) professional services. The trauma fund payment will be made annually to the specialists. Based on the information provided, we are pleased to inform you that South Carolina SPA 05-015 was approved on July 28, 2006. The effective date is October 1, 2005.

Copies of the signed CMS-179 form and approved plan pages are enclosed. If you have any questions regarding this amendment, please contact Selwyn White at (404) 562-7427.

Sincerely,

A handwritten signature in cursive script that reads "Renard L. Murray".

Renard L. Murray, D.M.
Associate Regional Administrator
Division of Medicaid & Children's Health

Enclosures

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

1. TRANSMITTAL NUMBER:
05-015

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
10/01/05

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

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

6. FEDERAL STATUTE/REGULATION CITATION:
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

7. FEDERAL BUDGET IMPACT: \$192* 69.32%

a. FFY 2006 \$ 133*
b. FFY 2007 \$ will be rebased

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

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

Attachment 4.19-B, Pages 2b, 2b.1

Attachment 4.19-B, Pages 2b

10. SUBJECT OF AMENDMENT:

Establishment of a Professional Trauma Fund Reimbursement Methodology

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:

Mr. Kerr was designated by the Governor to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Robert M. Kerr

16. RETURN TO:

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

13. TYPED NAME:

Robert M. Kerr

14. TITLE:

Director

15. DATE SUBMITTED:

December 21, 2005

FOR REGIONAL OFFICES ONLY

17. DATE RECEIVED:

December 22, 2005

18. DATE APPROVED:

July 28, 2006

19. EFFECTIVE DATE OF APPROVED MATERIAL:

October 1, 2005

20. SIGNATURE OF REGIONAL OFFICIAL:

Renard B. Murray, D.M.

21. TYPED NAME:

Renard B. Murray, D.M.

22. TITLE: Associate Regional Administrator

Division of Medicaid & Children's Health

23. REMARKS:

Cardiothoracic Surgery, Critical Care, Emergency Medicine, Endocrinology, Gastroenterology/Nutrition, Genetics, Hematology/Oncology, Infectious Disease, Nephrology, Neurology, Neurological Surgery, Ophthalmology, Orthopedic Surgery, Otolaryngology, Psychiatry, Pulmonology, Rheumatology, Surgery, Urology and such other pediatric sub-specialty areas as may be determined by the Department of Health and Human Services.

Professional Trauma Fund

Effective October 1, 2005, the South Carolina Department of Health and Human Services (SCDHHS) will develop a Trauma Fund for trauma specialists' professional services. This fund will be dispersed annually based upon historical claims data. The methodology for identifying the professional service claims eligible to receive reimbursement from the Trauma Fund is as follows:

- Compile hospital trauma claims from qualifying Level I, II, and III trauma hospitals using historical claims data. Eligible hospital claims must have a primary or secondary trauma related diagnosis as defined by the SCDHHS.
- Link all 1500 claims with a trauma diagnosis to the associated trauma hospital claims using historical claims data. Include only those 1500 claims that occurred within ninety (90) days of the hospital admission. Eliminate claims paid to pediatric sub specialists that had been reimbursed at enhanced Medicaid rates.
- Provider types eligible to participate in the professional trauma fund pool are individual physicians, physicians in group practices, and other medical professionals.

In order to avoid repricing each individual procedure code within each claim, reimbursement will be determined as follows:

- Accumulate 1500 claims by provider in order to determine the total amount of Medicaid reimbursement received from the SCDHHS. Any TPL paid on behalf of the claims will be included as part of total Medicaid payments.
- Total Medicaid payments received by each provider will be divided by 75.15% to determine the maximum fee payment amount that would be allowed under the Professional Trauma Fund. During SFY 2005, the SCDHHS reimbursed physician services at 75.15% of the 2005 SC Medicare Physician Fee Schedule based upon an actuarial analysis performed for the SCDHHS. The amounts determined under this calculation will represent 100% of the 2005 SC Medicare Physician Fee Schedule.
- The Medicaid Professional Trauma Fund payment for each provider will be determined by taking the maximum fee payment amount as calculated above less the actual Medicaid payment amount received by the provider (including TPL).

- In the event that a physician receiving reimbursement from the Professional Trauma Fund is also a teaching physician receiving supplemental teaching payments, the SCPHHS will ensure that the addition of the professional trauma fund payments to the Medicaid revenue received by the teaching physicians (i.e. fee for service payments and supplemental teaching payments) will not exceed the limits established under the Supplemental Teaching Physician Payment Program.

Alternate Reimbursement Methodology (ARM)
A provider of physician's primary care services may opt to be reimbursed under the Alternate Reimbursement Methodology (ARM).

The ARM rate is based on the historical reimbursement and utilization data for the core set of primary care services and is trended to the payment period. It includes an administrative payment and a payment for management of a recipient's health care services. The rates are set for appropriate age and sex groupings and categories of eligibility. The monthly ARM rate, for the core set of primary care services, will be reimbursed to a Medicaid provider based on the number of Medicaid recipients enrolled in the provider's practice.

The rates effective January 1, 2001, are based on state fiscal year 1998 fee for service expenditures and utilization data. A global trend rate is applied. This global trend rate is based on the overall unit cost increase across the ARM services from year to year. Each year's global trend factor is determined using SFY June 30 appropriations that have been designated for rate increases for those services that are included in the determination of the ARM rates.

The ARM rate will not exceed the upper payment limits as specified by 42 CFR 447.361. The ARM rate will not exceed the amount that can reasonably be estimated would have been paid for those same services on a fee-for-service basis to a non-enrolled population group.

The ARM rate will be reviewed annually to assure reasonableness and adequacy as compared to those same services on a fee for service basis.

A Primary Care Access Incentive Payment to actively enrolled primary care physicians who have served a large volume of Medicaid recipients will be developed based on the volume of unduplicated recipients served by any given physician during the first three quarters of the state's fiscal year. The primary care services which the SCPHHS will use in order to determine the number of unduplicated Medicaid recipients will consist of office visits, prenatal and postpartum visits, and Early and Periodic Screening, Diagnosis and Treatment exams. The purpose of these payments will be to ensure and increase access of primary care services to Medicaid recipients.

Primary Care Incentive Payments were discontinued effective July 1, 1998.

The Primary Care Access Incentive Payment (when added to prior payments for services rendered during the specified period) will not