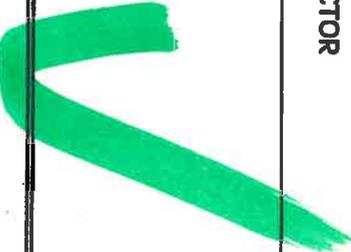


**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO <i>Wells</i>	DATE <i>3-6-09</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000491</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR 	<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

Center for Medicaid and State Operations
Financial Management Group
7500 Security Boulevard
Baltimore, MD 21244

RECEIVED

Robert M. Kerr
Executive Director
Department of Health and Human Services
P.O. Box 8206
Columbia, SC 29202-8206

FEB 26 2009

MAR 06 2009

Dear Sir or Madam:
SUPPLEMENTAL

Department of Health & Human Services
OFFICE OF THE DIRECTOR

The grant award listed below has been approved for supplemental federal funding for allowable Medicaid expenditures incurred by your State during the period 1/1/2009 – 3/31/2009 under Appropriation 75X0518 Centers for Medicare & Medicaid Services.

Medical Assistance Payments

\$84,471,061

This grant award represents funding authorized under the provisions of section 5001 of the American Recovery and Reinvestment Act of 2009 (ARRA, Public Law 111-5, enacted on February 17, 2009), that are for the purpose of providing a temporary increase in the Medicaid Federal medical assistance percentage (FMAP) to fund your State's Medicaid program in federal FY 2009. Computation of the award is shown on the enclosed statement.

States' increased FMAPs have been determined in accordance with the provisions of section 5001 of ARRA. The above grant award amount reflects an estimate of the increased funds for your State for the period of the grant award related to the title XIX expenditures for which the increased FMAP is available.

With the acceptance of this grant award and draw of such funds from the Payment Management System subaccount, you agree that :

- 1) Your State is eligible for the increased FMAP because the State is applying Medicaid eligibility standards, methodologies and procedures that are no more restrictive than those in effect under the State plan (or any waiver or demonstration project) on July 1, 2008. If the State is currently ineligible because it does not meet this condition, the State may be retroactively eligible if it reinstates the former standards, methodologies and procedures prior to July 1, 2009. (Section 5001(f)(1) of ARRA)
- 2) Your State is eligible for the increased FMAP because no amounts attributable (directly or indirectly) to such increased FMAP are deposited or credited to any reserve or rainy day fund of the State. (Section 5001(f)(3) of ARRA)
- 3) Your State is eligible for the increased FMAP because it does not require political subdivisions within the State to contribute for quarters beginning October 1, 2008 and ending December 2010, a greater percentage of the non-Federal share of such expenditures (including for expenditures under section 1923 of the Social Security Act) than the respective percentage that would have been required under the State Medicaid plan on September 30, 2008. (Section 5001(g)(2) of ARRA)
- 4) The expenditures for which the State draws funds are of a type that would be eligible expenditures. Expenditures for disproportionate share hospital (DSH) payments are ineligible. Also ineligible are expenditures that are claimed based on the enhanced FMAP (described in section 2105(b) of the Act), or expenditures that are not paid based on the FMAP, such as expenditures for family planning services, administrative expenditures. Expenditures for services provided through an Indian Health Service facility are ineligible because such expenditures receive 100 percent FMAP, which is the ceiling level. And expenditures for medical assistance provided to individuals made eligible because of increased income eligibility standards that are higher than those in effect on July 1, 2008 are also ineligible for the increased FMAP. (Section 5001(e) of ARRA).
- 5) The expenditures for which the State draws funds are not payments for health care practitioner claims, or certain nursing home and hospital claims, that were received by the State during periods in which the State is not in compliance with prompt payment standards. (Section 5001(f)(2) of ARRA)

With the acceptance of this award, you agree to be responsible for limiting the drawing of Federal funds so as to minimize Federal cash on hand in accordance with policies established in Treasury Circular 1075 (Revised) and procedures established by the Department of Health and Human Services. You also agree to submit timely reports as required. Withdrawals of Federal funds are not to exceed the individual programmatic grant awards shown above. You also are required to provide for effective control over the accountability for all Federal funds as stated in Office of Management and Budget Circular No. 1075 (Revised). Failure to adhere to the above requirements may cause the unobligated portion of your letter-of-credit to be revoked. Part 92, Title 45, Code of Federal Regulations implements these circulars for this Department.

Any questions you may have in connection with this grant award should be referred to the appropriate Centers for Medicare & Medicaid Services Regional Office financial contact for your State.

Payment under this award will be made by the Department of Health and Human Services, Payment Management System administered by the Division of Payment Management (DPM), Program Support Center (PSC). Inquiries regarding payment should be directed to:

Director, Division of Payment Management
Post Office Box 6021
Rockville, Maryland 20852-0605

Telephone Number 1-877-614-5533

Please transmit a copy of this grant award document to the State official authorized to request funds from the Division of Payment Management.

Sincerely yours,


Director,
Division of Financial Operations

Enclosures 4
CMS-1151(7-90)

FEB 26 2009

COMPUTATION OF AMOUNTS FOR MEDICAL ASSISTANCE
GRANTS UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE	South Carolina			
FISCAL YEAR	2009			
QUARTER	1ST <input type="checkbox"/>	2ND <input checked="" type="checkbox"/>	3RD <input type="checkbox"/>	4TH <input type="checkbox"/>

MEDICAL ASSISTANCE PAYMENTS

- 1. ADJUSTMENTS FOR QUARTER ENDED \$ 0
- A. ACTUAL FEDERAL SHARE OF EXPENDITURES..... 0
- B. ESTIMATED FEDERAL SHARE OF EXPENDITURES PREVIOUSLY FUNDED..... 0
- C. DIFFERENCE..... 0
- D. NET ADJUSTMENTS APPLICABLE TO PRIOR PERIODS..... 0
- E. COLLECTIONS.....
- F. OTHER.....
- G. TOTAL ADJUSTMENTS..... 0
- 2. ESTIMATED FEDERAL SHARE OF EXPENDITURES FOR QUARTER BEGINNING JANUARY 1, 2009 A. 84,471,061
- 3. NET AMOUNT TO BE CERTIFIED..... \$ 84,471,061

TOTAL AMOUNT TO BE CERTIFIED.....

\$B. 84,471,061

DATE APPROVED FEB 26 2009 COMPUTATION CHECKED BY *Senni-Pan North*
INTERNAL TRANSMITTAL NO. 35

FOOTNOTES

STATE: SOUTH CAROLINA

QUARTER/FISCAL YEAR: SECOND/2009

Section 5001 Temporary Increase of Medicaid FMAP

A. The estimate of expenditures for the **SECOND** quarter fiscal year **2009** has been changed from \$748,514,000 to \$832,985,061 for Medical Assistance Payments. See Attachment 1.

B. In accordance with section 5001 of the American Recovery and Reinvestment Act of 2009 (ARRA), this grant represents the increased adjustment to the grant award for the above period based on the total computable CMS-64 expenditure amounts for those expenditures for which the increased FMAP is available under ARRA, as reported by your State for the Second quarter of FY 2009 to the extent available for that period; or, if the expenditure report for the period is unavailable, the projected total computable expenditures from your State's November 2008 quarterly budget submission for the period were used. The additional grant award amount represents the federal share difference between the pre-ARRA FY 2009 FMAP and the increased FMAP under ARRA. A separate PMS subaccount has been established for you to draw these funds, that is 09INC-FMAP.

A final grant award will be issued to reconcile actual allowable expenditures for which the increased FMAP is available to all the grants awards that have been issued for the quarter related to such expenditures.

Refer any questions you have on the above, to your Regional Office contact.
See Attachment 1.

FEB 26 2009

