

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Wells</i>	DATE <i>1-19-11</i>
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<p style="text-align: center;">DIRECTOR'S USE ONLY</p> <p>1. LOG NUMBER <i>001810</i></p> <p>2. DATE SIGNED BY DIRECTOR <i>cc: Depo, CMS file, Director</i></p>	<p style="text-align: center;">ACTION REQUESTED</p> <p><input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____</p> <p><input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____</p> <p><input type="checkbox"/> FOIA DATE DUE _____</p> <p><input checked="" type="checkbox"/> Necessary Action</p>
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APPROVALS <small>(Only when prepared for director's signature)</small>	APPROVE	* DISAPPROVE <small>(Note reason for disapproval and return to preparer.)</small>	COMMENT
1.			
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JAN 19 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

From: Jeff Saxon
To: William Wells
CC: Milton German
Date: 1/14/2011 5:02 PM
Subject: Fwd: SC DSH Audits and Reports Acknowledgements
Attachments: SC DSH Audits and Reports Acknowledgements

William:

Here is the letter from CMS acknowledging receipt of our DSH audit reports for FFYs 2005, 2006, and 2007. We are good to go with making the FFY 2011 DSH payments.

Jeff

Jeff Saxon
Bureau Chief
Bureau of Reimbursement Methodology & Policy
SCDHHS
Phone: 803.898.1040
Fax: 803.255.8228

Brenda James - SC DSH Audits and Reports Acknowledgements

From: "Kimble, Davida R. (CMS/CMCHO)" <Davida.Kimble@cms.hhs.gov>
To: "saxon@scdhs.gov" <saxon@scdhs.gov>
Date: 1/14/2011 4:51 PM
Subject: SC DSH Audits and Reports Acknowledgements
CC: "White, Michelle M. (CMS/CMCHO)" <Michelle.White@CMS.hhs.gov>, "FIELDS,S..."
Attachments: SC DSH Audits and Reports 2005-2007.pdf

Jeff,

Attached please find the electronic copy of the DSH Audits and Reports Acknowledgement letter. The hard copy be mailed.

Davida Kimble

Branch Manager
Financial Management Branch 1
Division of Medicaid & Children's Health Operations
Centers for Medicare & Medicaid Services
61 Forsyth Street, SW - Suite 4T20
Atlanta, Georgia 30303-8909
404-562-7496
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JAN 19 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
61 Forsyth Street, Suite 4120
Atlanta, Georgia 30303



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January 14, 2011

JAN 19 2011

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

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Re: Disproportionate Share Hospital Audits and Reports Acknowledgement

Dear Ms. Forkner:

The purpose of this letter is to acknowledge the receipt of your November 30, 2010 submission of South Carolina State plan rate year (SPRY) 2005, 2006 and December 29, 2010 SPRY 2007 Disproportionate Share Hospital (DSH) audits and reports. I would like to offer my thanks for the expeditious manner in which you have submitted your audits and reports. After an initial review to assure basic submission standards, it appears that the minimum elements required by the DSH rule have been included in your submission. This acknowledgement; however, does not constitute notice of a completed review or approval of the content of the State's submission. CMS received the following in your submission package:

- Independent Accountant's Reports from Clifton Gunderson LLC for both SPRY 2005, 2006 and 2007; and,
- Disproportionate Share Hospital audits for SPRY 2005, 2006 and 2007.

As you know, CMS promulgated CMS-2198-F on December 19, 2008, with an effective date of January 19, 2009. The final rule implements Section 1001 of the Medicare Drug, Improvement and Modernization Act of 2003, requiring State reports and audits to ensure the appropriate use of Medicaid DSH payments and compliance with the statutorily imposed hospital-specific limits. Statute requires that States submit an annual report and an independent certified audit in order to receive Federal Financial Participation (FFP).

To facilitate the audit and reporting process, CMS issued to States the following guidance relating to the final rule (these materials are available on the CMS website at <http://www.cms.gov/MedicaidRFP/>):

- General DSH Audit and Reporting Protocol
- DSH Report Format
- Operational Guidance Letter dated July 27, 2009
- Additional Information on the DSH Reporting and Audit Requirements

The final rule also provided a transition period to States for SPRYs 2005 through 2010. This period was designed to allow adequate time for CMS, States, auditors, and hospitals to work cooperatively in developing and refining DSH reporting and auditing techniques required by statute and regulation while attempting to mitigate or to eliminate immediate and future fiscal impact realized by States and hospitals. During this transition, CMS will continue to work with States that make a good faith effort to fulfill all of the DSH reporting and auditing requirements and that also submit a final report to CMS by the December 31 deadline.

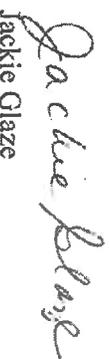
In the spirit of this cooperative relationship, CMS has initiated a more detailed content review of the State's current submission. This review will be conducted based only on the submitted materials listed above. CMS recognizes that the State may have included in its initial submission only materials that it determined relevant and encourages the State to submit any additional material or supporting documentation that was not originally included with the initial submission.

Upon completion of its detailed content review, CMS will be conducting an in-depth review of a selected number of audits and reports. It is expected that CMS will have additional questions that will be addressed to States at that time, including requests for additional documentation to support the audits and reports and the use of the General DSH Audit and Reporting Protocol. Should the State have any questions regarding the DSH rule requirements or the review process itself, please feel free to contact Stanley Fields 502-223-5332.

We will facilitate further dialogue with your agency and look forward to continued efforts and commitment on behalf of both our agencies in ensuring that the DSH audits and reports comport with section 1923(j) of the Social Security Act, implementing regulations at 42 CFR 447.299 and 42 CFR 447 Subpart D, and related guidance.

CMS remains committed to engaging in open dialogue with the State to discuss this preliminary review and provide technical guidance, as necessary, in an effort to ensure that any adverse financial impact on the State of South Carolina Medicaid Program and its hospitals is averted. Thank you in advance for your willingness to continue working with us.

Sincerely,



Jackie Glaze

Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Cc:

Venesa Day
Rory Howe
Davida Kimble
Stanley Fields
Dicky Sanford