

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

**ACTION REFERRAL**

TO	DATE
<i>Singlebar</i>	<i>12-16-08</i>

<b>DIRECTOR'S USE ONLY</b>	<b>ACTION REQUESTED</b>
1. LOG NUMBER <b>000316</b>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. Forkner, Dept.</i> 	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action

	<b>APPROVALS</b> (Only when prepared for director's signature)	<b>APPROVE</b>	<b>* DISAPPROVE</b> (Note Reason for disapproval and return to preparer.)	<b>COMMENT</b>
1.				
2.				
3.				
4.				

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
61 Forsyth Street, SW, Suite 4T120  
Atlanta, Georgia 30303-8909



December 10, 2008

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

**RECEIVED**  
DEC 15 2008  
Department of Health & Human Services  
OFFICE OF THE DIRECTOR

RE: SC Medically Fragile – Medically Complex Children’s Waiver

Dear Ms. Forkner: \_\_\_\_\_

This letter is to reiterate to the State of South Carolina that it cannot continue to pay for the number and array of services through a capitated payment without an approved waiver or operating authority. We advised the State that the program as it has recently existed required an MCO structure and that we expected the State Medicaid Agency to submit an MCO contract by September 30, 2008 or Federal Financial Participation would terminate. In addition to these issues, CMS believes that the program as it is currently structured violates comparability and statewideness in that the number and array of services were not available to all medically complex children across the state. Rather, they were only available to the children in the catchment area of the few providers in the program.

CMS has provided guidance to the State Medicaid Agency in helping it to find an acceptable alternative operating authority that would enable the State to provide services in addition to the normal state plan services. CMS believes we are in the final stages of this interactive process with the State and that South Carolina finally has a structure that we believe is acceptable.

However, if you have any questions, please contact Elaine Elmore at 404-562-7408.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mary K. Justis', written over a horizontal line.

Mary K. Justis, RN, M.B.A.  
Acting Associate Regional Administrator  
Division of Medicaid & Children’s Health Operations