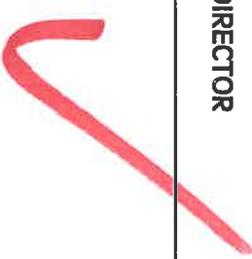


DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

|              |                |
|--------------|----------------|
| TO           | DATE           |
| <i>Bells</i> | <i>7-10-07</i> |

|   |   |
|---|---|
| <b>DIRECTOR'S USE ONLY</b>  | <b>ACTION REQUESTED</b>   |
| 1. LOG NUMBER<br><br>000013   | <input type="checkbox"/> Prepare reply for the Director's signature<br>DATE DUE _____ |
| 2. DATE SIGNED BY DIRECTOR<br><br> | <input type="checkbox"/> Prepare reply for appropriate signature<br>DATE DUE _____    |
|   | <input type="checkbox"/> FOIA<br>DATE DUE _____                                       |
|   | <input checked="" type="checkbox"/> Necessary Action                                  |

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



**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services

7500 Security Boulevard  
Baltimore, MD 21244

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

JUN 29 2007

JUL 10 2007

**RECEIVED**

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

Dear Sir or Madam:  
SUPPLEMENTAL

The grant awards listed below have been approved for the period 04/01/2007 - 06/30/2007 under Appropriation 75X0512 Centers for Medicare & Medicaid Services. Any unused grant award authority may be carried forward and used in a subsequent period.

|  |                  |
|--|------------------|
| <b>Medical Assistance Payments</b>                                 | <b>\$0</b>       |
| <b>Medicaid State Children's Health Insurance Program Payments</b> | <b>\$0</b>       |
| <b>Administration Payments</b>                                     | <b>\$(5,166)</b> |
| <b>Total Grant Awards</b>  | <b>\$(5,166)</b> |

The above listed grant awards provide Federal funds for expenditures made in accordance with your State plan approved under Title XIX of the Social Security Act. Computation of the awards is shown on the enclosed statement.

With the acceptance of these awards, 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.

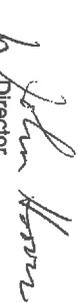
Any questions you may have in connection with the grant award should be referred to the appropriate Centers for Medicare & Medicaid Services regional office financial contact for your State.

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. Inquiries regarding payment should be directed to:

|  |                                 |
|--|---------------------------------|
| Director, Division of Payment Management | Telephone Number (301) 443-1660 |
| Post Office Box 6021                     |                                 |
| Rockville, Maryland 20852-0605           |                                 |

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

|             |                              |                              |   |                              |
|-------------|------------------------------|------------------------------|---|------------------------------|
| STATE       | South Carolina               |                              |   |                              |
| FISCAL YEAR | 2                            | 0                            | 0                                       | 7                            |
| QUARTER     | 1ST <input type="checkbox"/> | 2ND <input type="checkbox"/> | 3RD <input checked="" type="checkbox"/> | 4TH <input type="checkbox"/> |

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

|  | MEDICAL ASSISTANCE PAYMENTS | DSH PAYMENTS | ADMINISTRATION PAYMENTS |
|--|-----------------------------|--------------|-------------------------|
| 1. ADJUSTMENTS FOR QUARTER ENDED December 31, 2006                             |                             |              |                         |
| A. ACTUAL FEDERAL SHARE OF EXPENDITURES.....                                   | 0                           | 0            | 0                       |
| B. ESTIMATED FEDERAL SHARE OF EXPENDITURES PREVIOUSLY FUNDED....               |                             |              |                         |
| C. DIFFERENCE.....   | 0                           | 0            | 0                       |
| D. NET ADJUSTMENTS APPLICABLE TO PRIOR PERIODS.....                            |                             |              |                         |
| E. COLLECTIONS.....  |                             |              |                         |
| F. OTHER.....  |                             |              |                         |
| G. TOTAL ADJUSTMENTS.....  | 0                           | 0            |                         |
| 2. ESTIMATED FEDERAL SHARE OF EXPENDITURES FOR QUARTER BEGINNING April 1, 2007 | 0                           |              | A. (5,166)              |
| 3. NET AMOUNT TO BE CERTIFIED.....   | \$ 0                        |              | \$ (5,166)              |

TOTAL AMOUNT TO BE CERTIFIED..... \$ 0 (5,166)

DATE APPROVED \_\_\_\_\_ COMPUTATION CHECKED BY [Signature]

INTERNAL TRANSMITTAL NO. 39



FOOTNOTES

THIRD PARTY LIABILITY/ASSIGNMENT OF RIGHTS BILLING OFFSET

STATE: SOUTH CAROLINA QUARTER/FISCAL YEAR THIRD/2007

|    |                |                                      |            |
|----|----------------|--------------------------------------|------------|
| A. | \$ 221         | Third Party Liability-Billing Offset | JUN 9 2007 |
|    | (5,387)        | Assignment of Rights-Billing Offset  |            |
|    | <u>(5,166)</u> | Total Computable Amount of Offset    |            |

This offset represents the adjustment of your State's Medicaid grant award authority for the administrative costs incurred by the Social Security Administration (SSA) in collecting and providing Third Party Liability data and/or obtaining Assignment of Rights to medical benefits for your State under the terms of your Section 1634 agreement. The billing notice was issued by

G. Jeff Chaney, Director of Accounting Management Group, to your state on May 15, 2007

Under the terms of the modified Section 1634 agreement, SSA agrees to collect Third Party Liability information and obtain Assignment of Rights from Supplemental Security Income applicants and recipients who are also eligible for Medicaid. If you elect not to pay for the costs of these administrative services when due, the costs will be offset from your quarterly Medicaid grant award authority. In this situation, the Secretary, under the authority of the Federal Claims Collection Act of 1966, codified at 31 U.S.C. 3711 and the implementing regulations located in 42 CFR 401, Subpart F, may recover the amount due by offset against funds owed the State.

To obtain reimbursement or recognize credit adjustment for the portion of the Third Party Liability Offset subject to Federal participation, report the total computable amount of the billing notice on Line 7.A. for the Form CMS-64.10 (Third Party Liability Recovery Procedure - Billing Offset) in your next quarterly expenditure report (Form CMS-64).

To obtain Federal reimbursement or recognize credit adjustments for the portion of the Assignment of Rights offset subject to Federal participation, report the total computable amount of the billing notice on Line 7.B. of the Form CMS-64.10 (Assignment of Rights - Billing Offset) in your next quarterly expenditure report (Form CMS-64).

A footnote, highlighting the fact that the recoupment was made by offsetting your Medicaid grant award authority, should be included with the expenditure report. Insert the remark in the footnote section of the certification page.

Questions regarding the billing notice should be directed to Danette Diaz-Juarez, Division of Accounting on (410) 786-7449 and program questions should be directed to the Third Party Liability Branch, Division of Payment System on (410) 786-3392.

See Attachment 1.

CALCULATION OF SUPPLEMENTAL AWARD

**JUN 29 2007**

STATE: South Carolina

QUARTER/FISCAL YEAR:

Thrd/2007

|  | MEDICAL ASSISTANCE<br>PAYMENTS | DSH ADJUSTMENTS<br>PAYMENTS | ADMINISTRATION<br>PAYMENTS |
|--|--------------------------------|-----------------------------|----------------------------|
| Secretary's Estimate of Funding<br>Need for the Quarter                          | \$ 759,168,000                 | \$                          | \$ 20,085,000              |
| Less:  |                                |                             |                            |
| SPR Penalty,<br>Attachment _____   | XXXXXXXXXXXXXXXXXXXX           | XXXXXXXXXXXXXXXXXXXX        | _____                      |
| MEQC Penalty,<br>Attachment _____  | _____                          | XXXXXXXXXXXXXXXXXXXX        | XXXXXXXXXXXXXXXXXXXX       |
| Third Party Liability/Assignment<br>of Rights-Billing Offset<br>Attachment _____ | XXXXXXXXXXXXXXXXXXXX           | XXXXXXXXXXXXXXXXXXXX        | (5,166)                    |
| Part A (Buy-In) Premiums<br>Attachment _____                                     | _____                          | XXXXXXXXXXXXXXXXXXXX        | XXXXXXXXXXXXXXXXXXXX       |
| Part B (Buy-In) Premiums<br>Attachment _____                                     | _____                          | XXXXXXXXXXXXXXXXXXXX        | XXXXXXXXXXXXXXXXXXXX       |
| Part A Interest<br>Attachment _____  | _____                          | XXXXXXXXXXXXXXXXXXXX        | XXXXXXXXXXXXXXXXXXXX       |
| Part B Interest<br>Attachment _____  | _____                          | XXXXXXXXXXXXXXXXXXXX        | XXXXXXXXXXXXXXXXXXXX       |
| FUNDING ADJUSTMENT   | _____                          | _____                       | _____                      |
| Adjusted funding for the quarter   | \$ 759,168,000                 | \$ 0                        | \$ 20,079,834              |
| Estimate previously funded for<br>the quarter                                    | (759,168,000)                  | _____                       | 20,085,000                 |
| Net Amount of Funding  | \$ 0                           | \$ 0                        | \$ (5,166)                 |