

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

**ACTION REFERRAL**

TO <i>Wells/Saxon</i>	DATE <i>11-2-09</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <div style="text-align: center; font-size: 1.2em;"><i>101198</i></div>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____  <input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>11-12-09</i>  <input type="checkbox"/> FOIA DATE DUE _____  <input type="checkbox"/> Necessary Action
2. DATE SIGNED BY DIRECTOR <div style="text-align: center; color: red; font-size: 1.2em;"><i>Cleaud 11/12/09, letter attached.</i></div> <div style="text-align: center; color: green; font-size: 4em; margin-top: 10px;">✓</div>	

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

**RECEIVED**

NOV 02 2009

Department of Health & Human Services  
OFFICE OF THE DIRECTOR



■ 1000 Center Point Road | Columbia, SC 29210-5802 | Ph. 803.796.3080 | [www.scha.org](http://www.scha.org)

October 29, 2009

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

Dear Emma:

Thank you for your letter dated September 18, 2009, requesting input regarding the proposed methodology for distributing the 2010 Federal DSH Allotment. The Reimbursement Council has reviewed the proposed methodology and offers the following comments.

In predicting the 2010 program costs to determine the hospital-specific upper payment limit (UPL) amounts, your intent is to use 2008 historical claims data to calculate the cost-to-charge ratios for all costs except managed care organizations (MCOs), which would be based on the SFY 2009 data. The Council recommends that SFY 2008 data be used across the board to determine the Medicaid DSH Upper Payment Limit. This will be consistent with the methodology used in prior years and will negate concerns noted by the Council regarding the Department estimating the 2009 cost-to-charge ratios by applying untied assumptions; namely applying the two percent negative adjustment to the 2008 cost-to-charge ratios for 2009 chargemaster increases.

The Reimbursement Council agrees it is best to accumulate the detail data based on Clifton Gunderson's audit standards for 2005; however, the Council expressed concern that this year's data and reporting format may not be used by Clifton Gunderson in future periods. We would appreciate your verifying that both the data and reporting format will be consistent from year to year. Further, as you will not require the same level of detail, we would appreciate the Department providing a format for the submission of the 2010 data for the Council's review before the official requests are sent to the hospitals. As the level of detail has increased for the 2010 applications, we would appreciate the Department allowing hospitals adequate time to accumulate the detailed ledgers, preferably ninety days.

Again, SCHA values the opportunity to communicate with you openly. Please feel free to contact Barney Osborne or me if you require clarification on any of these recommendations.

Sincerely,

A handwritten signature in dark ink, appearing to read "JTK", written over a horizontal line.

J. Thornton Kirby



*State of South Carolina*  
*Department of Health and Human Services*

*Seq 0198 ✓*

Mark Sanford  
Governor

November 12, 2009

Emma Forkner  
Director

Mr. J. Thornton Kirby, FACHE  
President and Chief Executive Officer  
South Carolina Hospital Association  
1000 Center Point Road  
Columbia, South Carolina 29210-5802

Dear Mr. Kirby:

Thank you for the Reimbursement Council's recommendations concerning the South Carolina Department of Health and Human Services (SCDHHS) proposed South Carolina Medicaid Disproportionate Share (DSH) allotment distribution methodology for the period October 1, 2009 through September 30, 2010. Our responses to each of the Council's comments are provided below.

First, in order to determine the hospital specific DSH upper payment limit (UPL) for the October 1, 2009 through September 30, 2010 DSH payment period, the SCDHHS will use Medicaid managed care charge and payment data which covers the period July 1, 2008 through June 30, 2009. However, to address the Council's concern relating to the use of "untried assumptions" in the development of the Medicaid managed care cost component of the hospital specific DSH UPLs, we will simply apply one hundred percent of the hospitals' fiscal year (HFY) 2008 cost to charge ratios against the July 1, 2008 through June 30, 2009 Medicaid managed care charges to determine untrended cost.

Next, the Council expressed concern that this year's data and reporting format may not be used by Clifton Gunderson in future periods and therefore asked the SCDHHS to verify that both the data and reporting format will be consistent from year to year. While we would like the data and reporting format to be consistent from year to year, the SCDHHS is unable to comply with this request since the Medicaid DSH audit process/requirements are subject to change via guidance from the Centers for Medicare and Medicaid Services (CMS).

Next, the Council requested the agency's format that will be used to gather the necessary data needed to generate DSH payments for the period October 1, 2009 through September 30, 2010, prior to releasing the request to the hospitals. We have attached a copy of our 2010 DSH survey document for the Council's review. As you will note from this survey document, DSH qualification data will be determined using HFY 2008 data in lieu of July 1, 2008 through June 30, 2009 data (as previously noted in our September 18, 2009 correspondence). It is our intent to release the 2010 DSH survey document by November 20, 2009.

Mr. J. Thornton Kirby, FACHE  
November 12, 2009  
Page Two

Finally, the Council requested ninety days to submit the 2010 DSH survey data. However, in order that April 2010 DSH payments can be made using the updated DSH UPLs, the SCDHHS must have the 2010 DSH survey data submitted no later than February 1, 2010. Please note that it is extremely important that all DSH surveys be submitted by this date, and we actually encourage early submission of this data. If all DSH surveys are not received by the due date, the SCDHHS will reduce the April 2010 DSH payments across the board in order to avoid any potential overpayments that may occur based upon the use of prior year DSH UPLs.

The 2008 Medicaid and Medicare inpatient and outpatient hospital cost to charge ratios determined by the SCDHHS will be emailed to each hospital's Chief Financial Officer for review no later than December 15, 2009.

Thank you for the services that your members provide to Medicaid and uninsured individuals. If you or your staff should have any questions, please contact Jeff Saxon at (803) 898-1023.

Sincerely,

A handwritten signature in dark ink, appearing to read "Emma Forkner", written in a cursive style.

Emma Forkner  
Director

EF/wsh

Enclosure

South Carolina  
Department of Health and Human Services  
Bureau of Reimbursement Methodology and Policy  
Division of Acute Care Reimbursement

FY 2009 - 10 Disproportionate Share Hospital Data Survey

Hospital Name: \_\_\_\_\_  
FYE 2008 Cost Report Period: \_\_\_\_\_

All data reported on this survey should correspond to the Hospital's FYE 2008 Cost Reporting period unless otherwise indicated. Please complete this survey in accordance with the DSH Audit Guidelines from CMS and the DSH Audit Instructions from Clifton Gunderson.

I	Does your hospital comply with the OB Requirement? Indicate "Yes" or "No."	Yes	or	No
	If yes, please provide the following information for at least 2 obstetricians.			
	Obstetrician's Name *	UPIN	NPI	
	(1)			
	(2)			
	* Physician Name for rural hospitals			

Note # 1: Exclude Professional Charges and Payments for all amounts reported on this survey.

Note # 2: Medicaid MCO Claims for Payment Calculations are for the Period July 1, 2008 to June 30,2009 for ALL Providers.

Note # 3: Include any Section 1011 (Alien Program) Payments as patient payments when reporting Payments.

II	Data from SC Medicaid Managed Care Organization (MCO) Claims:	
	Inpatient Medicaid MCO	07/01/2008 to 06/30/2009
	(A) SC Medicaid Inpatient MCO Claim Charges	
	(B) SC Medicaid Inpatient MCO Claim Payments	
	Outpatient Medicaid MCO	07/01/2008 to 06/30/2009
	(C) SC Medicaid Outpatient MCO Claim Charges	
	(D) SC Medicaid Outpatient MCO Claim Payments	

South Carolina  
Department of Health and Human Services  
Bureau of Reimbursement Methodology and Policy  
Division of Acute Care Reimbursement

FY 2009 - 10 Disproportionate Share Hospital Data Survey

Hospital Name: \_\_\_\_\_  
FYE 2008 Cost Report Period: \_\_\_\_\_

III

Data from SC Medicaid Patients with Medicare Insurance Claims:	
Total SC Inpatient Medicare/Medicaid Patients	2008
(A) SC Inpatient Medicare/Medicaid Patient Claim Charges	
(B) SC Inpatient Medicare/Medicaid Patient Claim Payments	

Total SC Outpatient Medicare/Medicaid Patients	2008
(C) SC Outpatient Medicare/Medicaid Patient Claim Charges	
(D) SC Outpatient Medicare/Medicaid Patient Claim Payments	

IV

Data from SC Medicaid Patients with Commercial Insurance Claims:	
Total SC Inpatient Commercial Ins/Medicaid Patients	2008
(A) SC Inpatient Commercial Ins/Medicaid Patient Claim Charges	
(B) SC Inpatient Commercial Ins/Medicaid Patient Claim Payments	

Total SC Outpatient Commercial Ins/Medicaid Patients	2008
(C) SC Outpatient Commercial Ins/Medicaid Patient Claim Charges	
(D) SC Outpatient Commercial Ins/Medicaid Patient Claim Payments	

South Carolina  
Department of Health and Human Services  
Bureau of Reimbursement Methodology and Policy  
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FY 2009 - 10 Disproportionate Share Hospital Data Survey

Hospital Name: \_\_\_\_\_  
FYE 2008 Cost Report Period: \_\_\_\_\_

PLEASE COMPUTE THE VARIANCE FROM 2006 TO 2008 AND PROVIDE AN EXPLANATION FOR VARIANCES GREATER THAN 20%. Do not change the 2006 amount.  
If this amount is not accurate please include an explanation.

V Data from SC Uninsured Patient Claims: (Include Charity Care Charges for Uninsured Patients)

Total SC Inpatient Uninsured Patients	2008	2006	Variance	% Variance
(A) SC Inpatient Uninsured Patient Claim Charges		xxxxxx		
(B) SC Inpatient Uninsured Patient Claim Payments		xxxxxx		
(B.2) Payments received in this period for uninsured inpatient accounts reported in previous periods.				

Total SC Outpatient Uninsured Patients	2008	2006	Variance	% Variance
(C) SC Outpatient Uninsured Patient Claim Charges		xxxxxxx		
(D) SC Outpatient Uninsured Patient Claim Payments		xxxxxxx		
(D.2) Payments received in this period for uninsured outpatient accounts reported in previous periods.				

Have you excluded Prisoners or other wards of the State? Indicate "Yes or "No"	Yes	or	No
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VI For 2008 SC Uninsured Patient Claims ONLY

	FYE 2008	FYE 2006
(A) Total number of Uninsured Inpatient Claims		xxxx
(B) Total number of Uninsured Inpatient Claims for which your hospital received a partial payment		xxxx
(C) Total number of Uninsured Inpatient Claims PAID IN FULL		xxxx
(D) Total number of Uninsured Outpatient Claims		xxxx
(E) Total number of Uninsured Outpatient Claims for which your hospital received a partial payment		xxxx
(F) Total number of Uninsured Outpatient Claims PAID IN FULL		xxxx

South Carolina  
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FY 2009 - 10 Disproportionate Share Hospital Data Survey

Hospital Name: \_\_\_\_\_  
FYE 2008 Cost Report Period: \_\_\_\_\_

VII	Medicaid Day Utilization Data	FY 2008
	(A) SC Inpatient Medicaid Days	xxxxxxx
	(B) Other States' Medicaid Days	
	(C) All Medicaid Managed Care Days	
	(D) Medicaid Administrative Days	xxxxxxx
	(E) Medicare/ Medicaid Days	
	(F) Commercial Ins/Medicaid Days	
	(G) Total Hospital Days	xxxxxxx

VIII	Low Income Utilization Data	SCDHHS Data FY 2008	Hospital-Supplied Data FY 2008
	(A) SC Medicaid Inpatient Allowed Charges	xxxxxxx	
	(B) SC Medicaid Outpatient Allowed Charges	xxxxxxx	
	(C) Other State's Medicaid Inpatient Allowed Charges		
	(D) Other State's Medicaid Outpatient Allowed Charges		
	(E) SC Medicaid Inpatient Managed Care Allowed Charges		
	(F) SC Medicaid Outpatient Managed Care Allowed Charges		
	(G) SC Medicaid Inpatient Medicare/Medicaid Allowed Charges		
	(H) SC Medicaid Outpatient Medicare/Medicaid Allowed Charges		
	(I) SC Medicaid Inpatient Commercial Ins/Medicaid Allowed Charges		
	(J) SC Medicaid Outpatient Commercial Ins/Medicaid Allowed Charges		
	(K) Inpatient Charity Care Charges		
	(L) Total Hospital Inpatient Charges (Wkst C, Pt I, Col 6)	xxxxxxx	
	(M) Total Hospital Outpatient Charges ( Wkst C, Pt I, Col 7)	xxxxxxx	
	(N) Total Cash Subsidies		
	(O) Inpatient Portion of Cash Subsidies (if not given, this amount will be calculated)		



**South Carolina  
Department of Health and Human Services  
Bureau of Reimbursement Methodology and Policy  
Division of Acute Care Reimbursement**

**FY 2009 - 10 Disproportionate Share Hospital Data Survey**

**Hospital Name:** \_\_\_\_\_  
**FYE 2008 Cost Report Period:** \_\_\_\_\_

**Certification:**

I hereby certify that I have examined the information furnished on this form, and that to the best of my knowledge and belief, it is a true, complete and accurate representation of the hospital records and in accordance with the requirements of the SC Medicaid Disproportionate Share Hospital Program. Supporting documentation will be available at the hospital for SCDHHS review. I also certify that the most recent FYE 2008 cost report filed with SCDHHS is the most recent FYE 2008 cost report filed with Medicare.

**Authorized Representative's Signature and Date**

\_\_\_\_\_

**Contact Person Name (PRINT) and Phone Number**

\_\_\_\_\_

**Contact Person E-Mail Address**

\_\_\_\_\_