

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

ACTION REFERRAL

TO <i>Hess</i>	DATE <i>10-5-11</i>
-------------------	------------------------

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>100-153</i>	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <i>10-17-11</i>
2. DATE SIGNED BY DIRECTOR <i>CC: Mr. Keck Extend until 10/17/11, per Janet on 10/13/11</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> FOIA DATE DUE _____
	<input type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
<i>1. Cleared 11/15/11, letters attached.</i>			
2.			
3.			
4.			

LAWRENCE K. GROOMS
SENATOR BERKELEY, CHARLESTON,
COLLETON, AND DORCHESTER COUNTIES
SENATORIAL DISTRICT NO. 37



SENATE ADDRESS:
GRESSETTE SENATE BLDG.
P.O. BOX 142
COLUMBIA, SC 29202
TEL.: (803) 212-6400
FAX: (803) 212-6299
EMAIL: STRANSCOMM@SCSENATE.GOV

RECEIVED

OCT 05 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

October 4, 2011

Mr. Anthony E. Keck, Director
S.C. Department of Health and Human Services
P.O. Box 8206
Columbia, SC 29202

Re: Changes to the Disproportionate Share Program

Dear Director Keck:

It is my understanding that the Department proposes to cut \$4.6 million from the Disproportionate Share program in order to help meet cost savings adopted in this year's budget. I urge you to seek alternatives to cutting the DSH program.

The cut could not come at a more inopportune time for our state's hospital systems. Hospitals face the uncertain implications of healthcare reform, steeply rising costs of indigent care, and a myriad of other costs associated with a struggling economy.

I believe hospitals in my district would be directly affected by cutting the DSH program, which I fear could lead to quality of care issues for my constituents. I appreciate the fact that cost-saving measures must be made, and that you face difficult decisions. However, it is my hope that as you prioritize these measures, the DSH program would be spared.

Thank you for your service to our state. If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Larry K. Grooms", written over a white background.

Larry K. Grooms

cc: Matthew J. Severance, CEO, Roper Hospital
Todd Gallati, President & CEO, Trident Health System
Jason Alexander, CEO, East Cooper Medical Center



November 15, 2011

Mr. Jason Alexander, CEO
East Cooper Medical Center
2000 Hospital Drive
Mt. Pleasant, SC 29464

Re: Changes to the Disproportionate Share Hospital Program (DSH)

Dear Mr. Alexander:

Thank you for your letter regarding the proposed cut to the South Carolina Medicaid Disproportionate Share Hospital Program. While the Department has an overall goal of reducing the budget by \$125 million state dollars, which meant taking \$4.6 million state dollars from the DSH Program, we remained receptive to new information and feedback from the provider industry. After receiving such, the Department has since agreed to reduce the \$4.6 million state fund savings amount to \$2.6 million with the understanding that this is effective November 1, 2011. Therefore, DSH payments paid during state fiscal year 2012 will be reduced by a total of \$8,736,559.

With regard to seeking alternatives to cutting the DSH Program, we have listened to our stakeholders and revised the methodology to arrive at our final outcome. While our initial proposal was prepared using criteria based upon Medicaid fee for service (FFS) and Medicaid managed care (MCO) utilization based upon each hospital's as filed fiscal year end 2009 cost report information, we have now developed revised criteria that utilizes total inpatient and outpatient hospital costs incurred in providing services to the Medicaid FFS, Medicaid MCO, and uninsured populations to measure the percentage of low income individuals served on an expenditure basis. In either scenario, hospitals operated by the South Carolina Department of Mental Health (SCDMH) and any hospital exempted from the July 11, 2011 payment reductions would not be subject to any DSH payment reductions incurred during state fiscal year 2012.

Mr. Jason Alexander
November 15, 2011
Page 2

We clearly understand the concerns you have in today's environment; however, we also realize we must meet the strategic plans of our budget. With that said, thank you again for allowing us to directly address these matters with you as we continue our quest to provide the most health for those in need at the least cost to taxpayers.

Sincerely,

A handwritten signature in black ink that reads "Roy E. Hess". The signature is written in a cursive style with a large, stylized "R" and "H".

Roy E. Hess
Interim Deputy Director
Office of Finance and Administration

REH/jrb

cc: Senator Larry K. Grooms



November 15, 2011

Mr. Todd Gallati, CEO
Trident Medical Center
9330 Medical Plaza Drive
Charleston, SC 29406

Re: Changes to the Disproportionate Share Hospital Program (DSH)

Dear Mr. Gallati:

Thank you for your letter regarding the proposed cut to the South Carolina Medicaid Disproportionate Share Hospital Program. While the Department has an overall goal of reducing the budget by \$125 million state dollars, which meant taking \$4.6 million state dollars from the DSH Program, we remained receptive to new information and feedback from the provider industry. After receiving such, the Department has since agreed to reduce the \$4.6 million state fund savings amount to \$2.6 million with the understanding that this is effective November 1, 2011. Therefore, DSH payments paid during state fiscal year 2012 will be reduced by a total of \$8,736,559.

With regard to seeking alternatives to cutting the DSH Program, we have listened to our stakeholders and revised the methodology to arrive at our final outcome. While our initial proposal was prepared using criteria based upon Medicaid fee for service (FFS) and Medicaid managed care (MCO) utilization based upon each hospital's as filed fiscal year end 2009 cost report information, we have now developed revised criteria that utilizes total inpatient and outpatient hospital costs incurred in providing services to the Medicaid FFS, Medicaid MCO, and uninsured populations to measure the percentage of low income individuals served on an expenditure basis. In either scenario, hospitals operated by the South Carolina Department of Mental Health (SCDMH) and any hospital exempted from the July 11, 2011 payment reductions would not be subject to any DSH payment reductions incurred during state fiscal year 2012.

Mr. Todd Gallati
November 15, 2011
Page 2

We clearly understand the concerns you have in today's environment; however, we also realize we must meet the strategic plans of our budget. With that said, thank you again for allowing us to directly address these matters with you as we continue our quest to provide the most health for those in need at the least cost to taxpayers.

Sincerely,



Roy E. Hess
Interim Deputy Director
Office of Finance and Administration

REH/jrb

cc: Senator Larry K. Grooms



November 15, 2011

Mr. Matthew J. Severance, CEO
Roper Hospital
316 Calhoun Street
Charleston, SC 29401

Re: Changes to the Disproportionate Share Hospital Program (DSH)

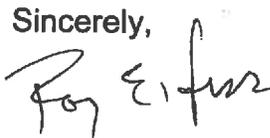
Dear Mr. Severance:

Thank you for your letter regarding the proposed cut to the South Carolina Medicaid Disproportionate Share Hospital Program. While the Department has an overall goal of reducing the budget by \$125 million state dollars, which meant taking \$4.6 million state dollars from the DSH Program, we remained receptive to new information and feedback from the provider industry. After receiving such, the Department has since agreed to reduce the \$4.6 million state fund savings amount to \$2.6 million with the understanding that this is effective November 1, 2011. Therefore, DSH payments paid during state fiscal year 2012 will be reduced by a total of \$8,736,559.

With regard to seeking alternatives to cutting the DSH Program, we have listened to our stakeholders and revised the methodology to arrive at our final outcome. While our initial proposal was prepared using criteria based upon Medicaid fee for service (FFS) and Medicaid managed care (MCO) utilization based upon each hospital's as filed fiscal year end 2009 cost report information, we have now developed revised criteria that utilizes total inpatient and outpatient hospital costs incurred in providing services to the Medicaid FFS, Medicaid MCO, and uninsured populations to measure the percentage of low income individuals served on an expenditure basis. In either scenario, hospitals operated by the South Carolina Department of Mental Health (SCDMH) and any hospital exempted from the July 11, 2011 payment reductions would not be subject to any DSH payment reductions incurred during state fiscal year 2012.

Mr. Matthew J. Severance
November 15, 2011
Page 2

We clearly understand the concerns you have in today's environment; however, we also realize we must meet the strategic plans of our budget. With that said, thank you again for allowing us to directly address these matters with you as we continue our quest to provide the most health for those in need at the least cost to taxpayers.

Sincerely,


Roy E. Hess
Interim Deputy Director
Office of Finance and Administration

REH/jrb

cc: Senator Larry K. Grooms