

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

ACTION REFERRAL

TO <i>Gina</i>	DATE <i>7-14-11</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>1001030</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____ <input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action		
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Keck, Jacobs, Stensland, Deps *Ref Log # 00009</i>			

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.			



1000 Center Point Road | Columbia, SC 29210-5802 | Ph. 803.796.3080 | www.scha.org

July 13, 2011

Anthony Keck, Director
SC Department of Health & Human Services
1801 Main Street, 11th Floor
Columbia, SC 29201

Dear Tony:

I would like to follow up on my comment letter to you dated July 1, 2011. The attached list of issues includes the questions posed in my comment letter related to rate reductions and cost savings, as well as other issues that need to be addressed.

We still would request answers to all of these questions but there are several issues that require more immediate response so that they can be addressed during the Medicaid discussion at the CFO Forum on July 21. These issues are clarification of the rural hospital exemption (even though three more hospitals have been exempted), potential implementation of a new payment grouper, clarification of the NICU savings, disproportionate share changes planned for October, and future reimbursement mechanisms. These issues are highlighted on the attached schedule.

I believe that a time table for discussion of all of these issues should be mutually agreed to as well as who SCHHA can work with at SCDHHS to explore solutions for these issues. We realize there may be several different individuals from SCDHHS depending on the issue.

Thank you very much and I look forward to seeing you next week at the CFO Forum.

Sincerely,

Thornton Kirby, FACHE
President & CEO

Attachment

RECEIVED

JUL 14 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Ref Log # 000009

Pls Log

Agg
v. Keck's
7/26/11

(Ref. last letter
longer)

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JUL 13 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Medicaid Issues to Address July 12, 2011

Hospitals

1. How was the exemption for rural hospitals determined and is it consistent? Should some hospitals that appear to qualify be exempted?
2. How will the NICU cost savings be determined and tracked?
3. Where will the \$15.4 million in additional hospital savings come from?
4. When will a new payment grouper be implemented? How will it change hospital reimbursement?
5. Will hospital rates be rebased and if so, when?
6. Can we be provided with historical, current and projected enrollment data?
7. What type of future reimbursement mechanism such as prospective payment or bundled payment is anticipated and when do you foresee implementation?
8. What are the Agency's plans for implementation of ICD-10 coding?

Managed Care

1. Will MCOs receive the same rate reductions and when will they be implemented?
2. Have MCO costs been evaluated to determine if cost savings exist?
3. Have 340b drug pricing and encouraging use of generic drugs been considered for MCOs?
4. Will the MCO administrative fee be considered for additional reduction?

Disproportionate Share (DSH)

1. If changes to the DSH program are anticipated on October 1, 2011, when would you like to begin work with SCHA and hospitals to explore alternatives?

Skilled Nursing Facility (SNF)

1. How will potential shortage of SNF beds be monitored?
2. Can the 50 mile radius for placement for patients be increased?

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

Alicia/Self

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Ref Log # 000009

Pls Log

Feb 5
v. K. 11
Feb 5

July 13, 2011

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(Ref. last letter
logged)

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