DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Singleton/Chavis	3-4-13

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000265	[ ] Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR _____ cc: Mr. Keck, COS, Deps, CMS File	[ ] Prepare reply for appropriate signature DATE DUE _____ [ ] FOIA DATE DUE _____ [X] Necessary Action

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

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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303

CENTERS FOR MEDICARE & MEDICAID SERVICES

DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

February 22, 2013

Mr. Anthony E. Keck
Director
Department of Health and Human Services
P.O. Box 8206
Columbia, South Carolina 29202-8206

RE: State Plan Amendment (SPA) 12-013

Dear Mr. Keck:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 12-013. Effective October 1, 2012 this amendment proposes to: (1) update the deemed asset value and market rate of return used in the cost of capital calculation; (2) update the cost center standards used in the determination of the October 1, 2012 payment rates; (3) apply a 0% inflation factor in the calculation of rates; (4) adjust the minimum occupancy factor from 96% to 92% for the purpose of establishing the nursing facility cost center standards; and (5) update the budget neutrality reduction factor of 3.805% in order to ensure that the October 1, 2012 payment rates will remain within projected expenditures.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the regulations at 42 CFR 447 Subpart C.

The regulation at 42 CFR 447.252(b) requires that the state plan include a comprehensive description of the methods and standards used to set payment rates. Section 6002 of the State Medicaid Manual explains further that the state plan must be comprehensive enough to determine the required level of federal financial participation (FFP) and to allow interested parties to understand the rate setting process and the items and services that are paid through these rates. Further, since the plan is the basis for FFP, it is important that the plan's language be clear and unambiguous. Before we can continue processing this amendment, we need additional or clarifying information.

The following questions are being asked and should be answered in relation to all payments made to all providers under Attachment 4.19-D of your state plan, including payments made outside of those being amended with this SPA. Please be aware that some of the questions have been modified. If you have already provided this information in response to other requests for additional information, you may refer us to that response. Please indicate the SPA and date of the response.

Upper payment limit

We were provided with an Upper Payment Limit demonstration for the private nursing facilities affected by this amendment. We have the following questions and comments about the demonstration.

1. Please submit a complete UPL demonstration that includes the non-state owned facilities.
2. Please provide revised plan pages to include a detailed description of the Upper Payment Methodology.
3. Please define "COC."
4. Please define "permit days."
5. Please explain the costs in column H and why the state thinks they should be added.
6. Please confirm that that there are no bed hold days included.
7. Are hospice days included?
8. Please provide cost reports for Abbeville and Azalea Woods.
9. Please provide the rate sheet for Azalea Woods.
10. Please provide a crosswalk from your cost report to the CMS 2540 cost report.
11. Please provide the inflation factor calculation.
12. Do the "As Filed" days tie to MMIS data?
13. What is the source of "desk audit allowable cost?"
14. Please explain "Historical Cost Adjustments."
15. Please provide an explanation of your process to estimate days from base year to rate year.
16. Please explain what is meant by "Ancillary charges for dual eligibles were removed."

We are requesting this additional/clarifying information under provisions of section 1915(f) of the Social Security Act (added by PL 97-35). This has the effect of stopping the 90-day clock for CMS to take action on the material. A new 90-day clock will not begin until we receive your response to this request.

In accordance with our guidelines to all state Medicaid directors dated January 2, 2001, if we have not received the state's response to our request for additional information within 90 days from the date of this letter, we will initiate disapproval action on the amendment. In addition, because this amendment was submitted after January 2, 2001 and is effective after January 1, 2001, please be advised that we will continue to defer FFP for state payments made in accordance with this amendment until it is approved. Upon approval, FFP will be available for the period beginning with the effective date through the date of approval.

Please submit your response to:

National Institutional Reimbursement Team
Attention: Anna Dubois
SPA_Waivers_Atlanta_R04@cms.hhs.gov

If you have any questions or would like to discuss our comments and questions, please contact Anna Dubois at 850-878-0916.

Sincerely,

Jackie Glaze

Jackie Glaze
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Cc:

Maria Sotirelis, CMCS
Stanley Fields, NIRT
Tim Weidler, NIRT
Davida Kimble, ROIV
Cheryl Wigfall, ROIV
Michelle White, ROIV
Mary Holly, ROIV