

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Single copy provision</i>	DATE <i>12/29/10</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>100281</i>	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <i>1/18/11</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____	<input type="checkbox"/> FOIA DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Mr. Jackson, Deps,</i> <i>CMS file</i>		Necessary Action	

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
<i>* Cleared 1/13/11, see attached email response</i>			
2.			
3.			
4.			

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-13-15  
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

DEC 2 0 2010

RECEIVED

DEC 2 9 2010

Ms. Emma Forkner, Director  
Department of Health and Human Services  
State of South Carolina  
P. O. Box 8206  
Columbia, SC 29202-8206

MEDICAID ELIGIBILITY  
& BENEFICIARY SERVICES  
*Director*

Dear Ms. Forkner:

The Centers for Medicare & Medicaid Services (CMS) has reviewed your letter requesting a waiver of the prompt pay provisions of the American Recovery and Reinvestment Act (ARRA) as set forth in section 5001(f)(2)(A)(iii) of the Act, and 42CFR §447.45(e).

You indicate that the South Carolina Department of Health and Human Services (SCDHHS) ended the processing of dental claims in its MMIS on July 16, 2010 when it awarded a contract to DentaQuest to provide the services of an Administrative Service Organization (ASO) for dental claims. DentaQuest began processing in its system on August 2, 2010. The implementation of the ASO activities resulted in immediate changes in claims processing policies and procedures for providers, which had a direct impact on the timely processing of claims submitted during July and August 2010.

In your letter of request, you certify that SCDHHS required DentaQuest to develop a Corrective Action Plan to mitigate any delays in the processing and transmission of provider claims. As of November 5, 2010, DentaQuest had more than 54,000 pending claims. Elements of that Corrective Action Plan center upon the accurate reporting of the status of all claims received by DentaQuest. We acknowledge that the State recognizes the importance of processing claims in a timely manner, and continues to monitor actively its claims payment operations to comply with the prompt pay requirements.

Under section 5001(f)(2)(A)(iii) of ARRA, for purposes of determining the availability of the increased Federal Medical Assistance Percentage (FMAP) rate, the Secretary has discretion to waive the prompt pay claims processing and reporting requirements for a State for periods and circumstances “in which there are exigent circumstances, including natural disasters, that prevent the timely processing of claims or the submission of such a report.”

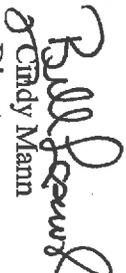
In addition, the timely processing requirements contained in regulations in effect prior to the enactment of ARRA, and which implement section 1902(a)(37) of the Act, also contain provisions related to waiving such requirements. In particular, 42 CFR 447.45(e) permits the CMS Administrator to waive the 30- and 90-day timely processing standards if it is determined that a State “has shown good faith in trying to meet” such standards.

Under the regulation, a written plan of correction is also required. You indicate that SCDHHS required DentaQuest to develop a plan of correction, which you have summarized as having certain elements centered upon the accurate reporting of the status of all claims received by DentaQuest. But you did not supply the written plan of correction with your request. The regulations say that the plan of correction must specify all steps the State will take to meet the prompt pay requirements. Although DentaQuest has developed a corrective action plan at your request, you must also submit a corrective action plan for the State to CMS. This plan must include not only actions DentaQuest must take, but all actions the State will be taking to come into compliance.

While we do not see “exigent circumstances” to support a waiver under section 5001(f)(2)(A)(iii), CMS grants approval of your waiver request under 42 CFR §447.45(e) based upon the State’s good faith efforts to comply with the prompt pay requirements for the period beginning July 16, 2010 and continuing through March 1, 2011, contingent upon the State’s submitting a detailed plan of correction within 30 days, including a work plan, describing the steps the State will take to correct the prompt pay problems.

If you have any questions, please contact David Hinson in the CMS Atlanta Regional Office at (404) 562-7480, or via e-mail at [lawrence.hinson@cms.hhs.gov](mailto:lawrence.hinson@cms.hhs.gov).

Sincerely,



Cindy Mann  
Director

cc:  
Jackie Glaze, CMS Atlanta RO  
David Hinson, CMS Atlanta RO

*dos #000281*  


**From:** Stephen Boucher  
**To:** Lawrence.hinson@cms.hhs.gov  
**CC:** Deirdra Singleton; Vicki Johnson  
**Date:** 1/13/2011 8:53 AM  
**Subject:** South Carolina DHHS's Corrective Action Plan for Prompt Pay Waiver  
**Attachments:** SC Prompt Pay Waiver Approval Final 122010.pdf; Corrective Action Plan\_Timely Filing\_11\_18\_2010.xlsx

Reply requested when convenient

David,

Please find attached South Carolina's corrective action plan related to our request for a waiver of the prompt pay provisions under 42 CFR 447.45(e). SCDHHS received approval of our waiver request on December 20, 2010 but were asked to submit a corrective action plan that included actions to be taken by DentraQuest and SCDHHS in order to come into compliance with the prompt pay regulations.

In addition to the proposed corrective action plan, I am also attaching a copy of our approved waiver request as reference.

Please let me know if you have any questions. I have requested a reply when you receive this so that I can ensure timely delivery to you.

Best Regards,

Steve Boucher  
Project Manager  
Bureau of Federal Contracts  
South Carolina Department of Health & Human Services  
803-898-2938  
oucher@scdhhs.gov

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Project Manager  
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Center for Medicaid, CHIP, and Survey & Certification

DEC 2 0 2010

Ms. Emma Forkner, Director  
Department of Health and Human Services  
State of South Carolina  
P.O. Box 8206  
Columbia, SC 29202-8206

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In your letter of request, you certify that SCDHHS required DentaQuest to develop a Corrective Action Plan to mitigate any delays in the processing and transmission of provider claims. As of November 5, 2010, DentaQuest had more than 54,000 pending claims. Elements of that Corrective Action Plan center upon the accurate reporting of the status of all claims received by DentaQuest. We acknowledge that the State recognizes the importance of processing claims in a timely manner, and continues to monitor actively its claims payment operations to comply with the prompt pay requirements.

Under section 5001(f)(2)(A)(iii) of ARRA, for purposes of determining the availability of the increased Federal Medical Assistance Percentage (FMAP) rate, the Secretary has discretion to waive the prompt pay claims processing and reporting requirements for a State for periods and circumstances "in which there are exigent circumstances, including natural disasters, that prevent the timely processing of claims or the submission of such a report."

In addition, the timely processing requirements contained in regulations in effect prior to the enactment of ARRA, and which implement section 1902(e)(37) of the Act, also contain provisions related to waiving such requirements. In particular, 42 CFR 447.45(e) permits the CMS Administrator to waive the 30- and 90-day timely processing standards if it is determined that a State "has shown good faith in trying to meet" such standards.

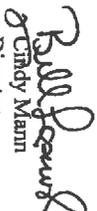
Page 2 – Ms. Emma Forkner

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If you have any questions, please contact David Hinson in the CMS Atlanta Regional Office at (404) 562-7480, or via e-mail at [lawrence.hinson@cms.hhs.gov](mailto:lawrence.hinson@cms.hhs.gov).

Sincerely,



Cindy Mann  
Director

cc:  
Jackie Glaze, CMS Atlanta RO  
David Hinson, CMS Atlanta RO

**DentaQuest Timely Filing Issue  
Effective November 18, 2010**

Issue			
Task #	Brief Description of Issue	Detailed Description of Issue	Documented Failure
I-1	Timely Filing of Claims	DentaQuest failed to meet Federal guidelines regarding processing of claims. 42 CFR 447.45(d) requires that 90% of clean claims be paid within 30 days of receipt and 99% of clean claims be paid within 90 days of receipt.	DentaQuest failed to process 5,707 claims due to failures in the processing of EDI claims from their OCR vendor. These failures occurred on seven occasions, beginning on August 19, 2010 and ending on October 27, 2010.

Timely Filing Corrective Actions - DentaQuest Responsibilities  
Effective November 18, 2010

**Corrective Action Plan Steps**

<b>Task #</b>	<b>Corrective Action Required</b>
P-1	DentaQuest will ensure that all EDI claims transmitted by a trading partner are received. The acknowledgement to the trading partner will occur through the 997 transaction set.
P-2	DentaQuest will review the 997 files daily to identify those trading partners having difficulty transmitting a properly formatted claim.
P-3	DentaQuest will contact those trading partners with continued difficulties transmitting properly formatted claims and develop appropriate resolutions.
P-4	DentaQuest will ensure that all EDI claims received are processed into the Windward system within one business day of receipt.
P-5	DentaQuest will ensure that all EDI claims in the Windward System are processed within the guidelines prescribed by 42 CFR 447.45(d). DentaQuest will report any events of non-compliance to SCDHHS daily.
P-6	DentaQuest will account for all Paper claims received on a daily basis.
P-7	DentaQuest will ensure that all Paper claims received are transmitted to the OCR contractor within one business day of receipt for conversion to EDI files.
P-8	DentaQuest will verify that OCR contractor converted all Paper claims to EDI within one business day of receipt and transmitted these claims to the Windward system.
P-9	DentaQuest will ensure that all Paper claims received from OCR contractor are processed into the Windward system within one business day of receipt.

Timely Filing Corrective Actions - DentaQuest Responsibilities  
Effective November 18, 2010

Corrective Action Plan Steps

Task #	Corrective Action Required
P-10	DentaQuest will ensure that all Paper claims in the Windward System are processed within the guidelines prescribed by 42 CFR 447.45(d). DentaQuest will report any events of non-compliance to SCDHHS daily.
P-11	DentaQuest's Web portal contractor, Healthation, will ensure that all Web claims entered by a provider are received on a daily basis. The Web portal will report successful entry of all claims to the submitting providers.
P-12	Healthation will validate that all Web claims received are transmitted to DentaQuest daily.
P-13	DentaQuest will respond to the Healthation file transmission summary with an email that confirms the receipt of the web transactions.
P-14	The Web portal contractor will correct any formatting errors on rejected transmissions daily and retransmit the corrected data to DentaQuest within one business day.
P-15	DentaQuest will ensure that all Web claims received are processed into the Windward system within one business day of receipt.
P-16	DentaQuest will ensure that all Web claims in the Windward System are processed within the guidelines prescribed by 42 CFR 447.45(d). DentaQuest will report any events of non-compliance to SCDHHS daily.

Timely Filing Corrective Actions - DentaQuest Responsibilities  
Effective November 18, 2010

**Corrective Action Plan Steps**

<b>Task #</b>	<b>Corrective Action Required</b>
P-17	DentaQuest will report on a weekly basis the count (required) and dollar amount (if possible) of pended claims excluded from the current claims processing cycle. Reporting will include a summary of pended reasons and the age of the claims in each status.
P-18	DentaQuest will report on a weekly basis the number and amount of previously pended claims included in the current claims processing cycle.
P-19	DentaQuest will assign a personal provider representative to any provider experiencing significant problems in the submission of clean claims to DentaQuest.

Timely Filing Corrective Actions - SCDHHS Responsibilities  
Effective November 18, 2010

**Corrective Action Plan Steps**

<b>Task #</b>	<b>Corrective Action Required</b>
P-20	SCDHHS will review the DentaQuest non-compliant event reports and will develop appropriate plans of action to enable the processing of reported claims.
P-21	SCDHHS will review the results of the pended claims excluded from the current claims process on a weekly basis. All claims in excess of fifteen days old in the pend queue will be discussed with DentaQuest for expedited adjudication.
P-22	SCDHHS will review on a periodic basis the DentaQuest management reports designed to ensure the completeness and timeliness of all submitted claims and all processed claims.
P-23	SCDHHS will validate that prompt payment occurs on a daily basis by reviewing the internal CLM4700 series of SCDHHS internal reports that summarize timely filing for both thirty and ninety day timeframes.

Close Log # 281

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-13-15  
Baltimore, Maryland 21244-1850



**Center for Medicaid, CHIP, and Survey & Certification**

DEC 2 0 2010

Ms. Emma Forkner, Director  
Department of Health and Human Services  
State of South Carolina  
P.O. Box 8206  
Columbia, SC 29202-8206

Dear Ms. Forkner:

The Centers for Medicare & Medicaid Services (CMS) has reviewed your letter requesting a waiver of the prompt pay provisions of the American Recovery and Reinvestment Act (ARRA) as set forth in section 5001(f)(2)(A)(iii) of the Act, and 42CFR §447.45(e).

You indicate that the South Carolina Department of Health and Human Services (SCDHHS) ended the processing of dental claims in its MMIS on July 16, 2010 when it awarded a contract to DentaQuest to provide the services of an Administrative Service Organization (ASO) for dental claims. DentaQuest began processing in its system on August 2, 2010. The implementation of the ASO activities resulted in immediate changes in claims processing policies and procedures for providers, which had a direct impact on the timely processing of claims submitted during July and August 2010.

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In addition, the timely processing requirements contained in regulations in effect prior to the enactment of ARRA, and which implement section 1902(a)(37) of the Act, also contain provisions related to waiving such requirements. In particular, 42 CFR 447.45(e) permits the CMS Administrator to waive the 30- and 90-day timely processing standards if it is determined that a State "has shown good faith in trying to meet" such standards.

Under the regulation, a written plan of correction is also required. You indicate that SCDHHS required DentaQuest to develop a plan of correction, which you have summarized as having certain elements centered upon the accurate reporting of the status of all claims received by DentaQuest. But you did not supply the written plan of correction with your request. The regulations say that the plan of correction must specify all steps the State will take to meet the prompt pay requirements. Although DentaQuest has developed a corrective action plan at your request, you must also submit a corrective action plan for the State to CMS. This plan must include not only actions DentaQuest must take, but all actions the State will be taking to come into compliance.

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If you have any questions, please contact David Hinson in the CMS Atlanta Regional Office at (404) 562-7480, or via e-mail at [Lawrence.hinson@cms.hhs.gov](mailto:Lawrence.hinson@cms.hhs.gov).

Sincerely,



Cindy Mann  
Director

cc:  
Jackie Glaze, CMS Atlanta RO  
David Hinson, CMS Atlanta RO

**DentaQuest Timely Filing Issue**  
**Effective November 18, 2010**

Issue			
Task #	Brief Description of Issue	Detailed Description of Issue	Documented Failure
I-1	Timely Filing of Claims	DentaQuest failed to meet Federal guidelines regarding processing of claims. 42 CFR 447.45(d) requires that 90% of clean claims be paid within 30 days of receipt and 99% of clean claims be paid within 90 days of receipt.	DentaQuest failed to process 5,707 claims due to failures in the processing of EDI claims from their OCR vendor. These failures occurred on seven occasions, beginning on August 19, 2010 and ending on October 27, 2010.

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
61 Forsyth St., SW, Suite 4120  
Atlanta, Georgia 30303-8909



*Ref Log # 281  
cc: Depts*

February 02, 2011

Mr. Anthony E. Keck, Director  
South Carolina Department of Health and Human Services  
1801 Main Street,  
Columbia, SC 29201

Dear Mr. Keck:

I am sending this letter to you in acknowledgement of the Corrective Action Plan (CAP) for your vendor DentaQuest. This CAP is related to your request for a waiver of the prompt pay provisions and it was sent as an attachment to an email from Steve Boucher on January 13, 2011. I also remind the state that at the end of the corrective period, you must formally request that the CAP be removed.

If there are any questions concerning this acknowledgement, please contact Lillian Oduneye at (404) 562-7424 or via E-mail at [ljillian.oduneye@cms.hhs.gov](mailto:ljillian.oduneye@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Jackie Glaze'. The signature is written in a cursive style and is located to the right of the typed name.

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



**From:** "Oduneye, Enitan (CMS/CMCHO)" <Enitan.Oduneye@CMS.hhs.gov>  
**To:** Rhonda Morrison <Morrison@scdhhs.gov>  
**CC:** "keck@scdhhs.gov" <keck@scdhhs.gov>  
**Date:** 2/2/2011 3:46 PM  
**Subject:** Acknowledgement of receipt of Corrective Action Plan (CAP)  
**Attachments:** SC CAP for DentaQuest 02-11.pdf

Hello Rhonda,

Please find attached an acknowledgement of the receipt of the Corrective Action Plan (CAP) sent by Steve Boucher on January 13, 2011 as requested by CMS.

A hard-copy of the same has been sent to your office addressed to the Director of SDHHS, Mr. Keck.

Thanks,

Enitan Oduneye

Medicaid Management Information Systems  
Centers for Medicare & Medicaid Services, Atlanta Regional Office  
Division of Medicaid & Children's Health Operations  
61 Forsyth Street, S.W., Suite 4T20  
Atlanta, GA 30303-8909  
enitan.oduneye@cms.hhs.gov<mailto:enitan.oduneye@cms.hhs.gov>

(404) 562-7424 Voice  
(312) 294-7163 Fax

Confidentiality Notice:

This e-mail message, including any attachment, is for the sole use of the intended recipient(s) and may contain confidential data. Any unauthorized review, use, disclosure or distribution is strictly prohibited. If you are not the intended recipient, please contact the sender, by email, and destroy all copies of the original message.

**Brenda James - Fwd: South Carolina DHHS's Corrective Action Plan for Prompt Pay Waiver**

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**From:** Stephen Boucher  
**To:** Brenda James  
**Date:** 2/3/2011 10:38 AM  
**Subject:** Fwd: South Carolina DHHS's Corrective Action Plan for Prompt Pay Waiver  
**Attachments:** SC Prompt Pay Waiver Approval Final 122010.pdf; Corrective Action Plan\_Timely Filing\_11\_18\_2010.xlsx

---

FYI,

This is the prompt pay waiver that was approved by CMS and our corrective action plan that we sent to CMS.

Let me know if you need anything else.

Steve Boucher  
Project Manager  
Bureau of Federal Contracts  
South Carolina Department of Health & Human Services  
803-898-2938  
[boucher@scdhs.gov](mailto:boucher@scdhs.gov)

>>> Stephen Boucher 2/2/2011 5:12 PM >>>  
FYI,

Mea Culpa - I did not send this to you when it went out.

Steve Boucher  
Project Manager  
Bureau of Federal Contracts  
South Carolina Department of Health & Human Services  
803-898-2938  
[boucher@scdhs.gov](mailto:boucher@scdhs.gov)

>>> Stephen Boucher 1/13/2011 8:53 AM >>>  
David,

Please find attached South Carolina's corrective action plan related to our request for a waiver of the prompt pay provisions under 42 CFR 447.45(e). SCDHHS received approval of our waiver request on December 20, 2010 but were asked to submit a corrective action plan that included actions to be taken by DentaQuest and SCDHHS in order to come into compliance with the prompt pay regulations.

In addition to the proposed corrective action plan, I am also attaching a copy of our approved waiver request as reference.

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Best Regards,

Steve Boucher  
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[boucher@scdhhs.gov](mailto:boucher@scdhhs.gov)

Steve Boucher  
Project Manager  
Bureau of Federal Contracts  
South Carolina Department of Health & Human Services  
803-898-2938  
[boucher@scdhhs.gov](mailto:boucher@scdhhs.gov)

**DentaQuest Timely Filing Issue**  
**Effective November 18, 2010**

Issue			
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**Center for Medicaid, CHIP, and Survey & Certification**

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DEC 2 0 2010

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Page 2 – Ms. Emma Forkner

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Sincerely,



Cindy Mann  
Director

cc:  
Jackie Glaze, CMS Atlanta RO  
David Hinson, CMS Atlanta RO

Department of Health & Human Services  
Centers for Medicare & Medicaid Services  
61 Forsyth St., SW, Suite 4120  
Atlanta, Georgia 30303-8909

**CMS** Log # 281  
CENTERS FOR MEDICARE & MEDICAID SERVICES

February 02, 2011

Mr. Anthony E. Keck, Director  
South Carolina Department of Health and Human Services  
1801 Main Street,  
Columbia, SC 29201

**RECEIVED**

FEB 07 2011

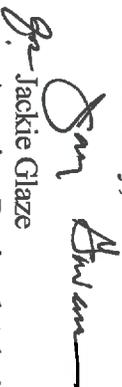
Dear Mr. Keck:

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OFFICE OF THE DIRECTOR

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Associate Regional Administrator  
Division of Medicaid & Children's Health Operations