

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Singleton/Chavis	3-17-15

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000208	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR cc: Has, Deps, CUS file Cleared 12/14/15, letter attached.	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input checked="" type="checkbox"/> 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.			

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



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

March 9, 2015

Mr. Christian L. Soura  
Director  
Department of Health and Human Services  
P.O. Box 8206  
Columbia, South Carolina 29202-8206

**RECEIVED**

**MAR 19 2015**

Department of Health & Human Services  
**OFFICE OF THE DIRECTOR**

RE: State Plan Amendment (SPA) 14-014

Dear Mr. Soura:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 14-014. Effective October 1, 2014 this amendment modifies the state's reimbursement methodology for disproportionate share hospital (DSH) payments. Specifically, this amendment will make the following changes: update the base year used to calculate interim payments to 2013, increase DSH limit to 60 percent for out of state border hospitals, create a separate \$25 million DSH pool for rural hospitals and a \$40 million DSH pool for hospitals that participate as an Advising Hospital.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. Before we can continue processing this amendment, we need additional or clarifying information.

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. Therefore, we have the following additional questions/concerns regarding TN 14-014:

General

1. The state estimates a federal budget impact of (\$5,241,857) for FY 2015 and (\$0) for FY 2016. Please provide a detailed analysis showing how the state determined the federal budget impact.

2. Pending SPA SC 14-014 revises material that is currently pending in SPA 13-024. We cannot take action on SC 14-014 until all our concerns for the previous amendment are resolved. In addition, any changes made to the current pending SC-13-024 should be included in SC 14-014.

Plan Pages

3. Page 28, Section VII.A.1.a.iv.  
This section describes the rural hospital DSH pool and indicates the amount will be spread among the defined rural hospital but does not include the method to distribute the pool to these providers. Please include a description of the allocation method. Also, please reference the section of the state plan that defines the rural hospitals eligible for the distribution from this pool.
4. Page 28a.2, Section VII.A1.a.v.  
This section describes a separate \$40 million Transformation Pool that will be spread to qualifying hospitals. Please include a description of the method to distribute the pool to these providers.
5. Page 28a.2, Section VII.A.1.a.v.  
The last sentence in the section states, "In the event the \$40 million Transformation Pool is not expended by September 30, 2015, the remaining balance will carry over into the 2016 DSH payment period." Please explain which cost reporting period the payments will be applied to; 2015 or 2016?
6. Page 28a.2, Section VII.A.1.a.v.3.  
This section references a qualifying contract. Please provide a copy of the completed contract.

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.

Mr. Christian L. Soura

Page 3

Please submit your response to:

National Institutional Reimbursement Team

Attention: Stanley Fields

[SPA\\_Waivers\\_Atlanta\\_R04@cms.hhs.gov](mailto:SPA_Waivers_Atlanta_R04@cms.hhs.gov)

If you have any questions or would like to discuss our comments and questions, please contact Stanley Fields at 502-223-5332.

Sincerely,

A handwritten signature in black ink that reads "Jackie Glaze". The signature is written in a cursive, flowing style.

Jackie Glaze

Associate Regional Administrator

Division of Medicaid and Children's Health Operations

Brenda,  
This closes  
out log #  
000208

SOUTH CAROLINA

Healthy Connections  
MEDICAID

Nikki R. Haley GOVERNOR

Christian L. Saura DIRECTOR

P.O. Box 8206 : Columbia, SC 29207

www.scdhhs.gov

December 14, 2015

Ms. Jackie L. Glaze  
Associate Regional Administrator  
Center for Medicare and Medicaid Services  
Division of Medicaid & Children's Health  
Atlanta Regional Office  
61 Forsyth Street, SW - Suite 4T20  
Atlanta, Georgia 30303-8909

**RE: Request for Additional Information (RAI) on South Carolina Title XIX State Plan Amendment (SPA), Transmittal # SC 14-014**

Dear Ms. Glaze:

This is in response to your Request for Additional Information (RAI) dated March 9, 2015 regarding the above-referenced SPA. Please find below the South Carolina Department of Health and Human Services' (SCDHHS) responses to your questions.

General

1. The state estimates a federal budget impact of (\$5,241,857) for FY 2015 and (\$0) for FY 2016. Please provide a detailed analysis showing how the state determined the federal budget impact.

**SCDHHS Response: FFY 2015 Total Computable DSH - \$502,346,234**

**FFY 2014 Total Computable DSH - \$494,925,712**

**Incr. in Total Computable DSH \$7,420,522**

**FFP Increase @ 70.64% FFP Rate \$5,241,857**

2. Pending SPA SC 14-014 revises material that is currently pending in SPA 13-024. We cannot take action on SC 14-014 until all our concerns for the previous amendment are resolved. In addition, any changes made to the current pending SC 13-024 should be included in SC 14-014.

**SCDHHS Response: The SCDHHS has incorporated all changes made to SPA 13-024 into this plan amendment.**

Plan Pages

3. Page 28, Section VII.A.1.a.iv.

This section describes the rural hospital DSH pool and indicates the amount will be spread among the defined rural hospital but does not include the method to distribute the pool to these providers. Please include a description of the allocation method. Also, please reference the section of the state plan that defines the rural hospitals eligible for the distribution from this pool.



**SCDHHS Response:** The SCDHHS has enclosed amended pages 28a and 28a.1 to address the requested CMS language.

4. Page 28a.2, Section VII.A.1.a.v.

This section describes a separate \$40 million Transformation Pool that will be spread to qualifying hospitals. Please include a description of the method to distribute the pool to these providers.

**SCDHHS Response:** Page 28a.2 section 5 describes the payment process that will be followed once the "Advising Hospital" submits an approved qualifying contract. Upon approval of the qualifying contract, the SCDHHS will pay the "Advising Hospital" up to four million dollars from this fund. We have enclosed a revised page 28a.2 for your review and for clarification purposes.

5. Page 28a.2, Section VII.A.1.a.v.

The last sentence in the section states, "In the event the \$40 million Transformation Pool is not expended by September 30, 2015, the remaining balance will carry over into the 2016 DSH payment period." Please explain which cost reporting period the payments will be applied to; 2015 or 2016?

**SCDHHS Response:** Because the "Transformation Fund" payments are derived from the FFY 2015 SC Medicaid DSH Allotment, the payments would apply to the DSH audit of the Medicaid State Plan Rate Year October 1, 2014 through September 30, 2015.

6. Page 28a.2, Section VII.A.1.a.v.3.

This section references a qualifying contract. Please provide a copy of the completed contract.

**SCDHHS Response:** A copy of the contract is enclosed for your review.

If additional information is needed or if you have questions, please contact Jeff Saxon at (803) 898-1023 or Sheila Chavis at (803) 898-2707.

Sincerely,

A handwritten signature in black ink, appearing to read 'CS', with a long horizontal flourish extending to the right.

Christian L. Soura  
Director