

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

**ACTION REFERRAL**

<b>TO</b> <i>Singleton/Chavis</i>	<b>DATE</b> <i>3-13-14</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000313</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Keck, Kost, Depa, CMS file Cleared 4/20/15, letter attached.</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>4-14-14</i>
	<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
1.			
2.			
3.			
4.			

## Brenda James

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**From:** Sheila Chavis  
**Sent:** Thursday, March 13, 2014 9:51 AM  
**To:** Brenda James  
**Cc:** Sheila Chavis  
**Subject:** FW: SC 13-024  
**Attachments:** SC SPA 13-024 RAI.PDF

Brenda,  
Please log the attached RAI. Thanks!

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### Sheila Chavis

*Public Information Director I*

[CHAVISS@scdhhs.gov](mailto:CHAVISS@scdhhs.gov)

803.898.2707 / 803.898.2707

cell: 803.521.2903

1801 Main Street

Columbia, South Carolina - 29202-8206

[www.scdhhs.gov](http://www.scdhhs.gov)



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**From:** Fields, Stanley (CMS/CMCHO) [<mailto:STANLEY.FIELDS@cms.hhs.gov>]  
**Sent:** Thursday, March 13, 2014 5:59 AM  
**To:** Sheila Chavis  
**Cc:** Jeff Saxon; Fields, Stanley (CMS/CMCHO); Holly, Mary V. (CMS/CMCHO)  
**Subject:** SC 13-024

Good morning Sheila, attached is a request for additional information letter for this state plan amendment. Please contact us if you have any questions. Thanks.

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 14, 2014

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) 13-024

Dear Mr. Keck:

We have reviewed the proposed amendment to Attachments 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 13-024. Effective October 1, 2013 this amendment proposes to amend the payment methodology for Disproportionate Share Hospital (DSH) payments. Specifically, this amendment proposes to update the base year to 2012 used to calculate the DSH interim payments; trend the cost to 2014 by 3 percent; implement a Healthy Outcomes Initiative; create separate DSH pool of \$20.0 million to be distributed to rural hospitals; and implement an Accountability Initiative.

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 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 13-024:

1. Please provide an updated analysis for block 7 of the 179 to reflect the 12 month period of the SPA and provide authorization for pen and ink changes to reflect the revised amounts on the CMS-179 for FFY 2014 and 2015.

2. Pending SPA SC 13-024 revises material that is currently pending in SPA 12-024 and 13-021. We cannot take action on SC 13-024 until all our concerns for the previous amendments are resolved. Any changes made to these amendments should be included in SC 13-024.
3. In your response to funding question number 2 you state "SCDMH agrees to incur expenditures from state appropriations funds and/or funds derived from tax revenue in an amount at least equal to the non-federal share of the....." If you are using CPE to fund the DSH payment are the providers incurring expenditures equal to the total computable expenditures that include both the state and federal share of the payment?
4. Page 27-Section VII.A. The last sentence of the first paragraph states "For FFY 2014, qualification data will be based upon each hospital's fiscal year 2012 cost reporting period." Please insert for interim payments after "For FFY 2014 qualification data". Final provider qualification should be based on the state plan rate year data certified by the DSH Audit.
5. Page 28-Section VII.A. (ii). In this section there is a discussion of how the total amount of cost will be determined and it describes the calculation of uninsured, dual eligible and Medicaid eligible with Commercial insurance but does not include Medicaid fee for service. Should this section be revised to include Medicaid fee for service?
6. Page 28a-Section VII.A. (iv). This section discusses creating a separate \$20.0 million DSH pool to be distributed to rural hospitals that participate in the Healthy Outcomes Initiative. Please describe or provide your analysis of how you determined the \$20.0 million pool and the methodology to distribute these funds.
7. Page 28a-Section VII.A. (iv.) This section includes two initiatives that hospitals must participate in to receive their full DSH payments. The first is the Healthy Outcomes Initiative but it is not clear how this will be defined or what the different initiatives will be. Please revise this section to describe the outcomes and how many different initiatives will be implemented by the providers. The second is the Payment Accountability Initiative please provide a definition and what data elements providers will submit to the state. Will the claims data be processed by the Medicaid Management Information System (MMIS) and how will this information be used by the state? Also, please include a description of the redistribution methods that will be used for any DSH payment recovered.

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.

Mr. Anthony Keck  
Page 3

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: Stanley Fields  
[SPA Waivers Atlanta R04@cms.hhs.gov](mailto:SPA_Waivers_Atlanta_R04@cms.hhs.gov)

If you have any questions, please contact Stanley Fields at (502) 223-5332.

Sincerely,



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

cc: Tim Weidler, NIRT  
Davida Kimble, ROIV  
Stanley Fields, ROIV NIRT  
Anna Dubois, ROIV NIRT  
Dicky Sanford, ROIV NIRT  
Maria Drake, ROIV NIRT  
Mary Holly, ROIV

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**

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March 14, 2014

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

**RECEIVED**

MAR 20 2014

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

RE: State Plan Amendment (SPA) 13-024

Dear Mr. Keck:

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1. Please provide an updated analysis for block 7 of the 179 to reflect the 12 month period of the SPA and provide authorization for pen and ink changes to reflect the revised amounts on the CMS-179 for FFY 2014 and 2015.

2. Pending SPA SC 13-024 revises material that is currently pending in SPA 12-024 and 13-021. We cannot take action on SC 13-024 until all our concerns for the previous amendments are resolved. Any changes made to these amendments should be included in SC 13-024.
3. In your response to funding question number 2 you state "SCDMH agrees to incur expenditures from state appropriations funds and/or funds derived from tax revenue in an amount at least equal to the non-federal share of the....." If you are using CPE to fund the DSH payment are the providers incurring expenditures equal to the total computable expenditures that include both the state and federal share of the payment?
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5. Page 28-Secton VII.A. (ii). In this section there is a discussion of how the total amount of cost will be determined and it describes the calculation of uninsured, dual eligible and Medicaid eligible with Commercial insurance but does not include Medicaid fee for service. Should this section be revised to include Medicaid fee for service?
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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.

Mr. Anthony Keck

Page 3

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: Stanley Fields

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

If you have any questions, please contact Stanley Fields at (502) 223-5332.

Sincerely,



Jackie Glaze

Associate Regional Administrator

Division of Medicaid and Children's Health Operations

cc: Tim Weidler, NIRT  
Davida Kimble, ROIV  
Stanley Fields, ROIV NIRT  
Anna Dubois, ROIV NIRT  
Dicky Sanford, ROIV NIRT  
Maria Drake, ROIV NIRT  
Mary Holly, ROIV

Nikki Haley GOVERNOR  
Christian L. Sours DIRECTOR  
P.O. Box 8206 : Columbia, SC 29202  
www.scdhhs.gov

April 20, 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 13-024**

Dear Ms. Glaze:

This is in response to your Request for Additional Information (RAI) dated March 14, 2014 regarding the above-referenced SPA. Please find below the South Carolina Department of Health and Human Services' (SCDHHS) responses to your questions.

1. Please provide an updated analysis for block 7 of the 179 to reflect the 12 month period of the SPA and provide authorization for pen and ink changes to reflect the revised amounts on the CMS-179 for FFY 2014 and 2015.

**SCDHHS Response: The SCDHHS has updated its projected FFP impact relating to this plan amendment as follows:**

FFY 2014 DSH Expenditures	- \$494,905,511
FFY 2013 DSH Expenditures	- <u>\$477,524,535</u>
Increase in DSH Expend.	- \$17,380,976
FFY 2014 FFP Rate	- <u>70.57%</u>
Increase in FFP	- <u>\$12,265,755</u>

The SCDHHS authorizes a pen and ink change for FFY 2014 to the 179 for this amount. The FFY 2015 DSH impact estimate will be provided via the submission of the FFY 2014/2015 SC Medicaid DSH SPA. Please note the State Plan language on Attachment 4.19-A page 29a has moved to page 29; therefore Attachment 4.19-A page 29a should be deleted from the State Plan upon approval of this SPA.

2. Pending SPA SC 13-024 revises material that is currently pending in SPA 12-024 and 13-021. We cannot take action on SC 13-024 until all our concerns for the previous amendments are resolved. Any changes made to these amendments should be included in SC 13-024.

**SCDHHS Response: SCDHHS has incorporated all changes to amendments SC 12-024 and SC 13-021.**

3. In your response to funding question number 2 you state "SCDMH agrees to incur expenditures from state appropriations funds and/or funds derived from tax revenue in an amount at least equal to the non-federal share of the....." If you are using CPE to fund the DSH payment are the providers incurring expenditures equal to the total computable expenditures that include both the state and federal share of the payment?

**SCDHHS Response: Yes.**

4. Page 27-Section VII.A. The last sentence of the first paragraph states "For FFY 2014, qualification data will be based upon each hospital's fiscal year 2012 cost reporting period." Please insert **for interim payments** after "For FFY 2014 qualification data". Final provider qualification should be based on the state plan rate year data certified by the DSH audit.

**SCDHHS Response: The SCDHHS agrees and has revised the section accordingly.**

5. Page 28-Section VII.A. (ii). In this section there is a discussion of how the total amount of cost will be determined and it describes the calculation of uninsured, dual eligible and Medicaid eligible with Commercial insurance but does not include Medicaid fee for service. Should this section be revised to include Medicaid fee for service?

**SCDHHS Response: The SCDHHS agrees and has revised the section accordingly.**

6. Page 28a-Section VII.A. (iv). this section discusses creating a separate \$20.0 million DSH pool to be distributed to rural hospitals that participate in the Healthy Outcomes Initiative. Please describe or provide your analysis of how you determined the \$20.0 million pool and the methodology to distribute these funds.

**SCDHHS Response: The SCDHHS has enclosed a copy of the \$20 million Rural Hospital DSH Pool distribution for your review. First the SCDHHS calculated the SC defined rural hospitals base DSH payment based upon the remaining DSH allotment available (total DSH allotment - \$20 million rural hospital DSH pool – SCDMH hospital DSH pool). Next, the remaining hospital specific DSH limit that had not been reimbursed for each SC defined rural hospital was then summed and each SC defined rural hospital received its share of the \$20 million Rural Hospital DSH pool based upon the percentage of its remaining unreimbursed DSH cost to the total remaining unreimbursed DSH cost of all of the SC defined rural hospitals.**

7. Page 28a-Section VII.A (iv.) This section includes two initiatives that hospitals must participate in to receive their full DSH payments. The first is the Healthy Outcomes Initiative but it is not clear how this will be defined or what the different initiatives will be. Please revise this section to describe the outcomes and how many different initiatives will be implemented by the providers. The second is the Payment Accountability Initiative please provide a definition and what data elements providers will submit to the state. Will the claims data be processed by the Medicaid Management Information System (MMIS) and how will this information be used by the state? Also, please include a description of the redistribution methods that will be used for any DSH payment recovered.

Ms. Jackie L. Glaze  
April 20, 2015  
Page 3

**SCDHHS Response:** In regards to the Healthy Outcomes Program (HOP), the SCDHHS has provided the enclosed information to describe initiatives and preliminary outcomes of this program. Because the HOP program is in its infant stages, the SCDHHS believes that it would be better to leave this language out of the subject SPA as the initiatives and outcomes will change over time as the program matures. Next, in regards to the Patient Accountability Initiative, the SCDHHS has enclosed a document which outlines the data elements that it is requesting under this initiative. While the claims data will not be processed via MMIS, the SCDHHS will analyze the data to determine the types of health conditions that it is paying via DSH as well as demographic data. Finally, since all hospitals agreed to participate in the HOP program, there will be no DSH funds to redistribute. We have amended page 28a of the subject SPA to describe the distribution methodology if required.

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

Sincerely,



Christian L. Soura  
Director

CLS/dsrc

Brenda,  
This RAI letter  
closes out Log#  
000313.

Thanks  
SChavis