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Date: 12/31/2013 3:53:30 PM

Subject: DDSN

Attachments: image001.jpg  
ATT00001.htm  
image002.jpg  
ATT00002.htm  
image003.jpg  
ATT00003.htm  
image004.jpg  
ATT00004.htm  
DDSN FY 2015 Decision Packages.xlsx  
ATT00005.htm  
DDSN Analysis 12-31.xlsx  
ATT00006.htm

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Gentleman,

Here is a preliminary look at the DDSN budget. Some observations about spending patterns:

In SFY13 their total appropriation was \$568.4 million total, with \$560.5 million coming from Medicaid, and their actual expenditures were \$483.1 million with a Medicaid payment of \$512.2 million. So they underspent their total appropriation by \$83 million and their Medicaid appropriation by \$48 million even though they had sufficient matching dollars to spend the full appropriation. Also, they show Medicaid payments of \$512.2 million which is more than their recorded expenditures on [SC.GOV](#). I actually think the accrued payments will be \$20-30 million higher because they held bills until after the fiscal year - not that just increases their revenues, not their expenditures which is what delivers services. We are looking into this, but one way to explain it is that they are banking the money - which I'm fine with, but not when they underspend the appropriation so much and we've got waiting list problems.

Their current year SFY14 appropriation is \$580.7 million with \$562.5 million coming from Medicaid (we essentially just took their recommended budget last year and plugged it in). It is hard to see, with very little increase in waiver services etc., how they are going to spend \$580.7 million this year given where they were in SFY13 unless they are going to make some large payment or adjustment.

So their SFY15 request for an incremental \$45.3 million on their base doesn't make much sense with so much underspending. Its also unclear why their seems to be a growing spread in their percent budget funded by Medicaid vs. other. In SFY13 their total budget was 98.6% Medicaid. In SFY15 it looks like it is 90.3%. I don't where the other money is coming from.

Also - some of their budget calculations don't make sense on a per unit basis.

The other analysis is programatic. The matching money for the waivers needs to come from us with total dollar authority at DDSN. Much of this money they've asked for is duplicative of what is now in our budget. We also can't pass on Medicaid rate increases to them in this manner - we need to keep it fully in the Medicaid administrative process without line item appropriations which we agreed to nix in 2011. Its not clear to us that they need rate increase at the Global DSN level - the increases may be necessary at the local DSN provider level but can very likely be done within current expenditure limits.

We are still digging in to these inconsistencies, but we wanted you to see.

Can we get around the table at 430 on Thursday?

Tony

Begin forwarded message:

**From:** Adriana Day <[Adriana.Day@scdhhs.gov](mailto:Adriana.Day@scdhhs.gov)>

**Subject:** RE: Cash flow Josh 12-23-13.xlsx

**Date:** December 31, 2013 12:29:41 PM EST

**To:** Anthony Keck <[KECK@scdhhs.gov](mailto:KECK@scdhhs.gov)>, Peter Liggett <[liggettp@scdhhs.gov](mailto:liggettp@scdhhs.gov)>

**Cc:** Erin Boyce <[Erin.Boyce@scdhhs.gov](mailto:Erin.Boyce@scdhhs.gov)>, Bryan Kost <[kostbr@scdhhs.gov](mailto:kostbr@scdhhs.gov)>, Beth Hutto <[huttob@scdhhs.gov](mailto:huttob@scdhhs.gov)>

Tony –

Attached is a summary of the DDSN decision packages for 15. The decision packages represent their incremental ask. Also attached is an analysis to answer your other questions below. There is an overlap in that we are both asking for money to decrease the waiver waiting list. Also there is one item that Jeff was not able to verify that we could reimburse them for since we are not cost settling – IT upgrades.

To answer the GF vs Earmarked question – the federal match money that we pay DDSN shows up in their budget as Earmarked. So in each of these decision packages, earmarked is the same as federal to us.

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