

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
Myers	8-29-08

DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOC NUMBER	300119	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____	
2. DATE SIGNED BY DIRECTOR	cc: Ms. Farkner, Dep Cleared 9/8/08, letter attached.	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE 9-9-08 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.			

SpringBrook
BEHAVIORAL HEALTH SYSTEM

RECEIVED

August 28, 2008

AUG 28 2008

Department of Health & Human Services
OFFICE OF THE DIRECTOR

WST
Felicity

Emma Fortner, Director
SC Department of Health & Human Services
1801 Main Street
Post Office Box 8206
Columbia, SC 29202

C. E. F.
DEFS

Re: Chestnut Hill Mental Health Center, Inc., d/b/a SpringBrook Behavioral
Health System (the "Facility" or "SpringBrook")

Dear Ms. Fortner:

Tuesday afternoon I, along with Dr. Gretchen Enright and our legal counsel met with Jeff Saxon, Marianne Melton and Carl Hinson regarding the changes in reimbursement rates that are being considered by the SC Department of Health & Human Services (the "Department") for the Facility. The Facility's reimbursement rate will be reduced from \$282.00 per day to \$240.00 per day under the proposed new per diem rate, which is to take affect on September 1, 2008. This reduction will have a net effect of over \$800,000 on the Facility, an amount that will have an extremely detrimental effect on the Facility and on the patients we serve. During the meeting, we outlined the significant impact that these changes would have on the Facility, which could include a significant reduction in high quality services and, by the end of December, closing the Facility. According to our financial projections, under the new rate, the Facility would be in a negative financial position by the end of the calendar year. We are asking you to reconsider this rate reduction for our unique Facility for the reasons outlined in this letter.

For the past seven years, SpringBrook has been reimbursed at a rate based on the statewide average. We were informed by the Department on August 8, 2008, that the Facility will be reimbursed in amounts based on our individual costs report effective September 1, 2008, which results in this per day reduction. In our discussion with Mr. Saxon and his staff, we asked that the Department consider some type of interim relief, including payment at the new statewide average or continued payment at the current statewide average, until we with DHHS help could hopefully develop some tiered rate structure that takes into account the special nature of this Facility.

SpringBrook is one of only a few inpatient RTF facilities accredited by The Joint Commission in South Carolina that provides psychiatric residential treatment services for children and adolescents. The accreditation standards of the Joint Commission are much stricter than either CARF or COA. The Facility receives referrals from many existing RTFs and group homes around the state as the Facility is one of the few RTFs in South Carolina that is able to provide services to children and adolescents with behavioral

health issues who are at high risk of running-away, committing suicide, and who are displaying highly aggressive behaviors. SpringBrook is a facility that has a secure campus atmosphere that provides a safe environment for children and adolescents with the most difficult of behaviors.

Further, SpringBrook is the only facility in the State with a charter school located in the Facility that provides five (5) hours of school for each child per day. Multiple transfers of children and adolescents occur to take advantage of this charter school. SpringBrook also provides a comprehensive life-skills program that helps children and adolescents transition back into the community.

SpringBrook has contracted for the services of Dr. Gretchen Enright, who is a child and adolescent psychiatrist who is on site five (5) days per week and on-call for the Facility 24 hours a day, seven days a week. Many RTFs and group homes, now to be considered RTFs, have instead psychiatrists not specifically trained in treating children and adolescents or Family Practice Practitioners or internal medicine physicians providing physician services for their facilities and their on site availability is limited. Also, the Facility employs masters' prepared licensed therapists, unlike other facilities.

Children and adolescents are frequently referred to the Facility by the Department of Social Services, the Department of Mental Health, and Continuum of Care for various reasons including psychiatric diagnosis clarification, clarification of medication regimens and implementing psychiatric medication reductions. SpringBrook has an excellent track record of successfully treating children and adolescents that no other facility in the state has been able to treat. Successes include an overall decrease in the use of psychiatric medications for many of these difficult to treat children and adolescents and only one inpatient hospital psychiatric admission from the Facility in the past nine (9) years. This record of excellent and cost effective services certainly results in an overall savings in Medicaid dollars for the State of South Carolina, as SpringBrook's case-mix is composed of 95% Medicaid patients. South Carolina would certainly suffer a great loss if this Facility would close its doors.

As you can see, SpringBrook is significantly different from substantially all of the existing RTFs and even more significantly different than the "new" group home RTFs. Based on these distinctions, there should be some differentiation in reimbursement rates. It seems inconsistent that group home/RTFs will receive greater reimbursement for a lower level of services, while SpringBrook will receive reduced payment while providing a higher level of services and value to Medicaid. We propose that the Department look at a reimbursement methodology that recognizes these differences and pays higher rates for higher level services.

We are asking the Department for assistance by considering a tiered rate system to avoid any potential reduction in services or the eventual closing of SpringBrook. If the Department cannot consider a tiered system at this time, please consider delaying the implementation of the new rates until an amended system can be established for SpringBrook and any other like facility in the State.

Our goal is to work with the Department in continuing to provide the highest level quality services for the children and adolescents suffering with behavioral disorders in South Carolina. I would appreciate any assistance you could provide.

Sincerely,



Tom DeMartini, Interim Administrator

cc: Jeff Saxon
Felicity Myers
The Honorable Rex Rice
The Honorable Harry Cato
The Honorable David Thomas
The Honorable Phillip Shoopman
Benjamin Fox, Governor's Office Liaison

SpringBrook
BEHAVIORAL HEALTH SYSTEM

RECEIVED
AUG 28 2008
Department of Health & Human Services
OFFICE OF THE DIRECTOR

August 28, 2008

Emma Fortner, Director
SC Department of Health & Human Services
1801 Main Street
Post Office Box 8206
Columbia, SC 29202

Re: Chestnut Hill Mental Health Center, Inc., d/b/a SpringBrook Behavioral
Health System (the "Facility" or "SpringBrook")

Dear Ms. Fortner:

Tuesday afternoon I, along with Dr. Gretchen Enright and our legal counsel met with Jeff Saxon, Marianne Melton and Carl Hinson regarding the changes in reimbursement rates that are being considered by the SC Department of Health & Human Services (the "Department") for the Facility. The Facility's reimbursement rate will be reduced from \$282.00 per day to \$240.00 per day under the proposed new per diem rate, which is to take affect on September 1, 2008. This reduction will have a net effect of over \$800,000 on the Facility, an amount that will have an extremely detrimental effect on the Facility and on the patients we serve. During the meeting, we outlined the significant impact that these changes would have on the Facility, which could include a significant reduction in high quality services and, by the end of December, closing the Facility. According to our financial projections, under the new rate, the Facility would be in a negative financial position by the end of the calendar year. We are asking you to reconsider this rate reduction for our unique Facility for the reasons outlined in this letter.

For the past seven years, SpringBrook has been reimbursed at a rate based on the statewide average. We were informed by the Department on August 8, 2008, that the Facility will be reimbursed in amounts based on our individual costs report effective September 1, 2008, which results in this per day reduction. In our discussion with Mr. Saxon and his staff, we asked that the Department consider some type of interim relief, including payment at the new statewide average or continued payment at the current statewide average, until we with DHHS help could hopefully develop some tiered rate structure that takes into account the special nature of this Facility.

SpringBrook is one of only a few inpatient RTF facilities accredited by The Joint Commission in South Carolina that provides psychiatric residential treatment services for children and adolescents. The accreditation standards of the Joint Commission are much stricter than either CARF or COA. The Facility receives referrals from many existing RTFs and group homes around the state as the Facility is one of the few RTFs in South Carolina that is able to provide services to children and adolescents with behavioral

health issues who are at high risk of running-away, committing suicide, and who are displaying highly aggressive behaviors. SpringBrook is a facility that has a secure campus atmosphere that provides a safe environment for children and adolescents with the most difficult of behaviors.

Further, SpringBrook is the only facility in the State with a charter school located in the Facility that provides five (5) hours of school for each child per day. Multiple transfers of children and adolescents occur to take advantage of this charter school. SpringBrook also provides a comprehensive life-skills program that helps children and adolescents transition back into the community.

SpringBrook has contracted for the services of Dr. Gretchen Enright, who is a child and adolescent psychiatrist who is on site five (5) days per week and on-call for the Facility 24 hours a day, seven days a week. Many RTFs and group homes, now to be considered RTFs, have instead psychiatrists not specifically trained in treating children and adolescents or Family Practice Practitioners or internal medicine physicians providing physician services for their facilities and their on site availability is limited. Also, the Facility employs masters' prepared licensed therapists, unlike other facilities.

Children and adolescents are frequently referred to the Facility by the Department of Social Services, the Department of Mental Health, and Continuum of Care for various reasons including psychiatric diagnosis clarification, clarification of medication regimens and implementing psychiatric medication reductions. SpringBrook has an excellent track record of successfully treating children and adolescents that no other facility in the state has been able to treat. Successes include an overall decrease in the use of psychiatric medications for many of these difficult to treat children and adolescents and only one inpatient hospital psychiatric admission from the Facility in the past nine (9) years. This record of excellent and cost effective services certainly results in an overall savings in Medicaid dollars for the State of South Carolina, as SpringBrook's case-mix is composed of 95% Medicaid patients. South Carolina would certainly suffer a great loss if this Facility would close its doors.

As you can see, SpringBrook is significantly different from substantially all of the existing RTFs and even more significantly different than the "new" group home RTFs. Based on these distinctions, there should be some differentiation in reimbursement rates. It seems inconsistent that group home/RTFs will receive greater reimbursement for a lower level of services, while SpringBrook will receive reduced payment while providing a higher level of services and value to Medicaid. We propose that the Department look at a reimbursement methodology that recognizes these differences and pays higher rates for higher level services.

We are asking the Department for assistance by considering a tiered rate system to avoid any potential reduction in services or the eventual closing of SpringBrook. If the Department cannot consider a tiered system at this time, please consider delaying the implementation of the new rates until an amended system can be established for SpringBrook and any other like facility in the State.



State of South Carolina
Department of Health and Human Services

Log 000119
(to close)

Mark Sanford
Governor

September 8, 2008

Emma Forkner
Director

Tom DeMartini
Interim Administrator
Springbrook Behavioral Health System
One Havenwood Lane
Post Office Box 1005
Travelers Rest, South Carolina 29690

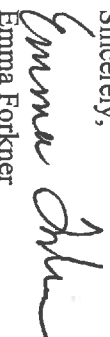
Dear Mr. DeMartini;

I have discussed the concerns raised in your letter of August 28, 2008 with both program and reimbursement staff. I understand that my agency has received several requests for updated rates for Psychiatric Residential Treatment Facilities (PRTFs). In light of the fact that these rates had not been updated since 2000 and in response to these requests, my reimbursement staff utilized the FY 2007 cost reports provided by each facility to develop the proposed new rates. Overall, this methodology resulted in an increased statewide average for PRTFs. It was not anticipated that this methodology would result in any significant decreases for providers. I understand that reimbursement staff have offered providers the opportunity to submit additional information related to allowable costs to adjust these proposed rates.

This being said, I also understand from my program staff that Springbrook is an excellent facility that is essential to the continuum of services needed by emotionally disturbed children in South Carolina. Staff have spoken very highly of the psychiatric services, as well as the educational and rehabilitative services, offered through Springbrook. In order to ensure access to the high quality services you offer, we are reevaluating the methodology used to establish the proposed rates and are actively involved in developing revised proposed rates. My reimbursement staff will be in contact with you in the near future regarding these revised rates. Please keep in mind that any changes in PRTF payment rates and payment methodology are subject to approval by the Centers for Medicare and Medicaid Services.

Thank you very much for serving the children of South Carolina. If you have further questions regarding this matter, please contact Jeff Saxon at (803) 898-1040.

Sincerely,


Emma Forkner
Director

c: The Honorable Rex Rice
The Honorable Harry Cato
The Honorable David Thomas
The Honorable Phillip Shoopman
Benjamin Fox, Governor's Office Liaison