

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

ACTION REFERRAL

TO	DATE
<i>Wells</i>	<i>3-24-10</i>

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>1001400</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Ms. Fortner, CMS File</i> 	<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  
61 Forsyth St., Suite 4120  
Atlanta, Georgia 30303-8909



March 16, 2010

**RECEIVED**

MAR 23 2010

Ms. Emma Forkner, Director  
South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, South Carolina 29202-8206

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

Re: South Carolina Title XIX State Plan Amendment, Transmittal #09-013

Dear Ms. Forkner:

We have reviewed South Carolina's State Plan Amendment (SPA) 09-013, which was submitted to the Atlanta Regional Office on December 18, 2009. This amendment updates the hospital specific outpatient multiplier effective October 1, 2009.

Based on the information provided, we are pleased to inform you that South Carolina SPA 09-013 was approved on March 15, 2010. The effective date is October 1, 2009. The signed CMS-179 and the approved plan page are enclosed. If you have any questions regarding this amendment, please contact Tandra Hodges at (404) 562-7409 or Michelle White at (404) 562-7328.

Sincerely,

A handwritten signature in cursive script that reads "Jackie Glaze".

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

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER: SC 09-013	2. STATE South Carolina
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE October 1, 2009	

5. TYPE OF PLAN MATERIAL (*Check One!*):

NEW STATE PLAN       AMENDMENT TO BE CONSIDERED AS NEW PLAN       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment!*)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR, Subpart C      7. FEDERAL BUDGET IMPACT: 79.58%  
a. FFY 2010      \$9.0 million (\$11.3 million x 79.58%)  
b. FFY 2011      \$ Multipliers will be updated

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:      9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable!*):

Attachment 4.19-B, Page 1a      Attachment 4.19-B, Page 1a

10. SUBJECT OF AMENDMENT:

Updated hospital specific outpatient multipliers effective October 1, 2009

11. GOVERNOR'S REVIEW (*Check One!*):  
 GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL  
 OTHER, AS SPECIFIED:  
 Ms. Forkner was designated by the Governor to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:

*Emma Forkner*

13. TYPED NAME:  
Emma Forkner

16. RETURN TO:  
South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, SC 29202-8206

14. TITLE:  
Director

15. DATE SUBMITTED:  
December 18, 2009

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 12/18/09

18. DATE APPROVED: 03/15/10

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/01/09      20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:  
Jablie Glaze

22. TITLE:  
Acting Associate Regional Administrator  
Division of Medicaid & Children's Health Ops

23. REMARKS:

2005, SCDHHS MARS paid claims summary data report for each acute care hospital identified above will also be used during the analysis.

- As filed total facility costs are identified from each facility's FY 2005 Worksheet B Part I (BI) CMS-2552 cost report. Total outpatient facility costs would include operating, capital, direct medical education, and indirect medical education costs. CRNA costs identified under BI, column 20 are removed from allowable costs. Observation cost is reclassified.

- As filed total facility costs will be allocated to Medicaid outpatient hospital cost using the following method:

A cost-to-charge ratio for each ancillary service will be computed by dividing total costs as adjusted in this section by total charges as reported on Worksheet C. This cost-to-charge ratio will then be multiplied by SC Medicaid covered charges (as reported on Worksheet D Part V for Medicaid outpatient ancillary charges) to yield total SC Medicaid outpatient ancillary costs. The SC Medicaid outpatient cost-to-charge ratio will be determined by taking the sum of the SC Medicaid outpatient ancillary costs and dividing this amount by the sum of the SC Medicaid outpatient covered ancillary charges. The SC Medicaid outpatient cost-to-charge ratio will then be multiplied by the facility's SC Medicaid covered outpatient charges as identified on the SCDHHS MARS summary paid claims data report to determine each hospital's allowable SC Medicaid outpatient cost for FY 2005.

- The allowable Medicaid outpatient costs are summed to determine the aggregate Medicaid outpatient costs for FY 2005. An aggregate Medicaid allowable cost target was established at 95% of allowable Medicaid outpatient costs.

- After establishing the FY 2005 aggregate Medicaid allowable cost target, several actuarial models were developed and FY 2005 outpatient claims were repriced to determine the uniform increase in the statewide outpatient fee schedule rates. In order to trend the rates to the period October 1, 2007 through September 30, 2008, a 3.5% annual trend factor was applied. As a result of these steps, the statewide outpatient fee schedule rates increased by 135% effective October 1, 2007.

- In order to convert the statewide outpatient fee schedule rate payment into a hospital specific payment, an outpatient multiplier will be developed for each hospital. The outpatient multiplier will adjust the calculated statewide outpatient fee schedule claims payment to a hospital specific payment and will represent 100% of projected outpatient costs calculated in accordance with Agency defined criteria effective October 1, 2009. Hospitals that receive a hospital specific outpatient multiplier will be those eligible to receive retrospective cost settlements and those contracting out of state border hospitals that have SC Medicaid inpatient claims utilization of at least 200 claims. However, the outpatient multiplier for the contracting out of state border hospitals identified above will be set at an amount that will represent 70% of projected October 1, 2009 SC Medicaid

SC 09-013  
EFFECTIVE DATE: 10/01/09  
RO APPROVAL: 03/15/10  
SUPERCEDES: SC 08-033