


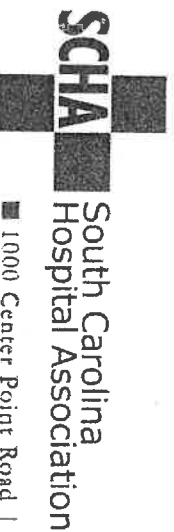
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Hess</i>	DATE <i>1-26-12</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>100289</i>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Heck</i> 	<input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> I 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.			



■ 1000 Center Point Road | Columbia, SC 29210-5802 | Ph. 803.796.3080 | www.scha.org

January 26, 2012

RECEIVED

Mr. Roy Hess

JAN 26 2012

Interim Deputy Director of Finance and Administration
South Carolina Department of Health and Human Services
1813 Main Street
Columbia, SC 29201

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Mr. Hess:

Due to long awaited action by the Center for Medicare and Medicaid Services (CMS) major changes to the data utilized to determine hospital-specific Upper Payment Limits (UPLs) are expected to be finalized in the very near future. Consequently, the 2012 South Carolina Disproportionate Share (DSH) surveys were a major topic of discussion at our recent SCHA Reimbursement Council meeting. Of major concern is the fact that, while SC DHHS is currently beginning their 2012 DSH surveys based on the January 8, 2008 DSH Ruling definition of "uninsured", The Centers for Medicare and Medicaid Services (CMS) has released on January 18, 2012 *Proposed Rule 42 CFR Part 447 CMS-2315 "Medicaid Program; Disproportionate Share Hospital Payments-Uninsured Definition"* which redefines "uninsured" practically to that which was used in South Carolina prior to the December 2008 ruling. The final ruling will be applied retroactively to DSH Year 2011. The 30-day comment period for the proposed rule ends on Friday, February 17, 2012. Given an additional CMS 30-day review period, the Final Rule may be expected to be released on or around Monday, March 19, 2012.

According to the CMS Proposed Rule, "CMS does not anticipate that the final rule will have significant financial effects on State Medicaid Programs." This being said, the Council concludes that SC DHHS' delaying the current DSH Survey until an actual designation of qualifying accounts has been provided by CMS in a Final Ruling, is a more appropriate process for the 2012 survey for the following reasons:

- The proposed definition of "uninsured" more accurately represents the actual amount of unreimbursed care provided to the uninsured population of South Carolina
- Preparing the DSH estimations for the 2012 distribution will better align with the audit requirements in approximately 3 years reducing reportable variances
- The avoidance of the need for hospitals to redevelop the method of identifying qualifying accounts at audit
- Underestimated uninsured amounts can have a negative impact on future statewide Upper Payment Limits (UPLs)

On the instruction of the SCHA Reimbursement Council and on behalf of our entire membership, we are requesting that you delay the preparation of the 2012 interim survey data until such time that a final ruling has been released by CMS.

As always, the South Carolina Hospital Association appreciates the opportunity to communicate openly with the South Carolina Department of Health and Human Services. Please do not hesitate to contact me or other members of our staff if you have and further questions regarding this request.

Thank you,

Handwritten signature of Barney Osborne in black ink.

Barney Osborne

Vice President of Finance and Reimbursement

Cc: Tony Keck, Director, SC DHHS

Jeff Saxon, Bureau of Reimbursement Methodology and Policy, SC DHHS