


DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

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| TO <i>Meyers/Inbells</i> | DATE <i>3-24-09</i> |
|-----------------------------|------------------------|

| DIRECTOR'S USE ONLY | ACTION REQUESTED |
|---|---|
| 1. LOC NUMBER <i>100524</i> | <input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____ |
| 2. DATE SIGNED BY DIRECTOR  | <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 |
|--|---------|---|---------|
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| 2. | | | |
| 3. | | | |
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C. Earl Hunter, Commissioner

Promoting and protecting the health of the public and the environment

RECEIVED

MAR 23 2009

MEDICAL SERVICES

... DHHS

March 16, 2009

RECEIVED

MAR 24 2009

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Felicity Costin Myers, PhD
Deputy Director for Medical Services
Department of Health and Human Services
PO Box 8206
Columbia, SC 29202-8206

Dear Dr. Myers,

We were happy that we could assist DHHS by supporting your State Plan Amendment (SPA) in responding to a number of requests related to the cost and it's documentation for our Lab and X-ray services. We understand from you that resolution of this SPA is delaying approval of additional important SPA's. It is our understanding that a critical issue is how we document our expenses for match, and the possible need for those expenses to be delivered up front in cash rather than in certified public expenditures (CPE). You have an immediate need to process this SPA as quickly as possible and are concerned that obtaining final approval from Centers for Medicaid/Medicare Services (CMS) related to CPE may take a long time.

We are very committed to working with you as our state partner and willing to do what we can to assist, but find ourselves in a very difficult position as well. The great majority of state funding is used to support employees. If we send the state cash to you, then it creates an additional cost to DHEC in losing general salary increases as well as an indirect cost paid to the general fund. Since we appear to be meeting the requirements for matching expenses, we want to be careful when we consider changes so that we won't reduce our ability to provide the number of services we currently provide.

In order to assist with the Lab and X-ray services SPA, we are willing to provide non-federal cash match for these specific services. It is our understanding that the current estimated match amount is approximately \$61,000. We anticipate receiving a draft contract from you so that we can work together to assure common agreement on the details. In addition, we appreciate your willingness to discuss future SPAs that may impact DHEC services and our ability to match via CPE. This is a critical issue for DHEC and we would like the opportunity to work with you and/or CMS to assure our ongoing ability to certify match.

Sincerely,

Lisa F. Waddell, MD

Lisa F. Waddell, MD, MPH
Deputy Commissioner for Health Services

Copy:

William Wells, Deputy Director, Finance and Administration, SCDHHS

Jeff Saxon, Finance and Administration, SCDHHS

R. Douglas Calvert, Chief of Staff, SCDHEC

Mary Fuhrman, CPA, CIA, Director, Bureau of Financial Management, SCDHEC

Darbi MacPhail, MHA, Director, Health Services Operations, SCDHEC