

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Giese</i>	DATE <i>6/30/11</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>1001570</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>6/30/11</i>	<input type="checkbox"/> Necessary Action DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Cci M. Fock</i> <i>Claudia 8/18/11 letter</i> <i>attached.</i>			

	APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.				
2.				
3.				
4.				

Life is a gift. Live it well.®

Colleton
Medical Center

RECEIVED

JUN 20 2011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Anthony E. Keck, Director
South Carolina Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Dear Mr. Keck:

We have reviewed the Public Notice released on June 6, 2011, outlining proposed Medicaid reductions to go into effect on July 8, 2011. We are writing in reference to the criteria used to determine hospitals that will be exempt from the proposed reductions, and our concern that Colleton Medical Center was not included on that list. Colleton Medical Center is located in Walterboro, the largest city in the county with a total population of 5,791. The payor mix for our facility is comprised of 73% of Medicare/Medicaid and 14% self-pay/charity care, evidence that an overwhelming majority of reimbursement this hospital receives is below actual cost.

There are a number of universally accepted definitions of "rural" and with each definition there are distinct implications. Based upon our review of the methodology used to exempt certain hospitals from the July Medicaid reductions, it appears that the Department of Health and Human Services chose one of the most restrictive definitions available, thereby excluding a number of facilities that have been historically designated as rural facilities that has allowed them to receive financial support appropriated by the General Assembly.

We appreciate the efforts to protect the financial stability of isolated and small rural hospitals as defined by the Rural/Urban Commuting Area (RUCA). However, this methodology may not be sufficient to address the unique needs of South Carolina, and its predominantly rural population. For example, the needs of rural non-commuters may not be taken into account in the RUCA methodology, and thus may adversely impact access to care for elderly and/or low-income individuals, who are often non-commuters.

We believe the proposed definition of rurality needs to be revised to include additional facilities historically considered rural by the General Assembly, in addition to facilities also at financial risk if faced with further Medicaid reductions. We believe that other accepted definition for determining rurality should be considered including, but not limited to the following:

- Metropolitan Statistical Area (MSA), developed by the U.S. Office of Management and Budget, is one of the most common Federal definitions addressing rurality.

- Adjusted Population Density (APD) is another method for defining rural areas using a formula based on the number of individuals per square mile.
- A definition South Carolina previously developed to determine a level of rurality ranking was based on the percent of the population inside an urbanized and the size of the largest city in the county based on Census data. The four levels of rurality are listed below:

Level of Rurality	Definition
1	0% of population inside an urbanized area and the largest city is less than 5,000
2	Less than 5% of population inside an urbanized area and the largest city is from 5,000 – 14,999
3	At least 50% of population is inside an urbanized area and the largest city is 15,000 – 35,000
4	At least 60% of population is in urbanized area and county is in a Metropolitan Service Area

Other characteristics often considered in establishing rurality include:

- Medically Underserved Areas may be a whole county or a group of contiguous counties, a group of county or civil divisions or a group of urban census tracts in which residents have a shortage of personal health services.
- Healthcare Professional Shortage Areas are used to identify areas of greater need for health care services in order to direct limited health care professional resources. The designation process identifies, by zip code or county, areas that lack sufficient clinicians to meet the primary care needs of the residents.

Based on the characteristics of Colleton County outlined below, we believe that the hospital should be classified as “rural” for the purpose of exemption from the Medicaid reductions proposed to take effect on July 8, 2011.

- Total county population of 38,892
- 22% of residents living below the poverty level
- Hospital located in Walterboro, the largest city in the county with population of 5,791
- 2009 estimated per capita income for Walterboro: \$17,014
- 2009 estimated median household income for Walterboro: \$28,085 (South Carolina median household income: \$42,442)
- Residents of Walterboro with incomes below the poverty level in 2009: 26.5%
- 73% of payor mix for Medicare and Medicaid
- 14% of payor mix is self-pay/charity care

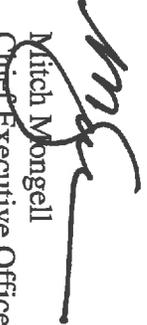
- In 2010, less than 50% of the patients treated at Colleton Medical Center resided in the Walterboro zip code area. Additionally, our facility rendered services to almost 700 patients from the neighboring rural counties of Allendale, Bamberg, Barnwell, Hampton, and Jasper counties.

It should be noted that the per capita income and median household income for Walterboro is actually less than a number of the largest cities or towns in neighboring counties whose hospitals have been identified for exemption from the July Medicaid reductions.

Based on the predominantly rural characteristics of Colleton County, it is vital that sufficient access to medical care be maintained for our residents. We would be glad to meet with you to discuss the impact of additional cuts on our facility.

Thank you for your consideration. We look forward to your response.

Sincerely,


Mitch Mongell
Chief Executive Officer


Ronnie Midgett
Chief Financial Officer


Bernard Warshaw
Chairman of the Board


Kim Rakes, MD
Chief of Staff

Colleton
Medical Center
501 Robertson Blvd. : Walterboro, SC 29488

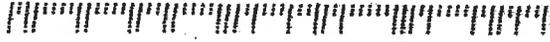
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OFFICE OF THE DIRECTOR

Anthony E. Keck, Director
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Columbia, SC 2902-8206

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log # 570

August 18, 2011

Mr. Mitch Mongell
Chief Executive Officer
Colleton Medical Center
501 Robertson Boulevard
Walterboro, South Carolina 29488

Dear Mr. Mongell:

Thank you for your letter regarding the impact of the Medicaid reimbursement reductions on Marlboro Park Hospital in Bennettsville, South Carolina.

The South Carolina Department of Health and Human Services has reviewed the exception criteria that was used to determine the hospitals exempt from the July 11, 2011, rate reductions. Based upon additional data from the University of South Carolina Institute of Families in Society, we will also exclude three more hospitals from receiving the recently executed 4% reductions. The updated description of exempt hospitals as well as the added hospitals are as follows:

- Hospital services provided by qualifying burn intensive care unit hospitals,
- Critical access hospitals and isolated rural,
- Small rural and certain large rural hospitals as defined by Rural/Urban Commuting Area classes,
- Large rural hospitals must be located in a Health Professional Shortage Area for primary care for local population,
- Chester Regional Medical Center, Colleton Medical Center and Marlboro Park Hospital.

We appreciate your continued interest and support of the South Carolina Healthy Connections Medicaid program. If we may be of further assistance on this or any other matter, please feel free to contact me at (803) 898-0178.

Sincerely,

Melanie "Bz" Giese, RN
Deputy Director

MG/vm

cc: Mr. Bernard Warsaw
Mr. Ronnie Midgett
Ms. Kim Rakes, MD

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Giese/Voggon</i>	DATE <i>6/20/11</i>
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DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>1011570</i>		<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____	
2. DATE SIGNED BY DIRECTOR <i>Cecil M. Steck</i>		<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>6/30/11</i>	
		<input type="checkbox"/> FOIA 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. <i>Burack</i> <i>7/25/11</i>			<i>Share letter and report for logs 0831 0832</i>
2. <i>BS Davis</i> <i>8/19 OK</i>		<i>7/31</i>	<i>add letter to records log</i>
3.			
4.			