

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

| | |
|--------------------|----------|
| TO | DATE |
| Singleton / Charis | 12-18-13 |

| DIRECTOR'S USE ONLY | ACTION REQUESTED |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1. LOG NUMBER 000202 | <input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____ |
| 2. DATE SIGNED BY DIRECTOR CC: Heck, Sonya cleared 2/28/14, letter attached. | <input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE 1-18-14 |
| | <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. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

December 10, 2013

Mr. Anthony E. Keck
Director
Department of Health and Human Services
P.O. Box 8206
Columbia, South Carolina 29202-8206

Attention: Sheila Chavis

RE: State Plan Amendment (SPA) 13-012

Dear Mr. Keck:

We reviewed the proposed amendment submitted under transmittal number SC 13-012. This plan amendment caps provider specific enrollment of teaching physicians eligible to receive reimbursement under the Supplemental Teaching Physician Program at the level identified in the March 2013 provider specific quarterly teaching physician report. Before we can continue processing this amendment, we need additional or clarifying information.

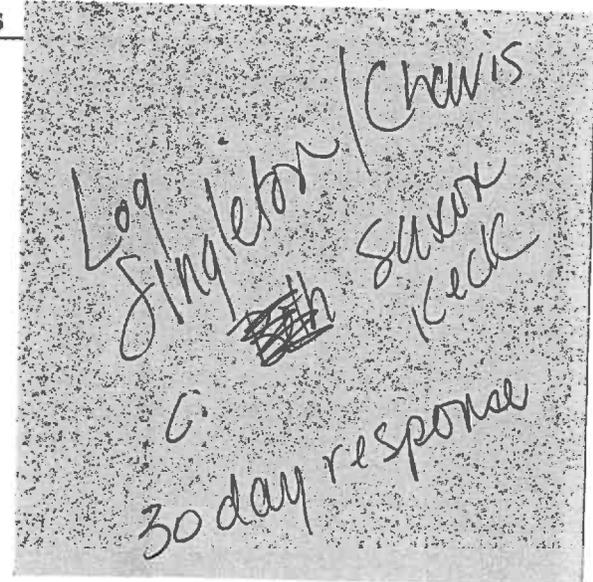
General comments/questions

1. Please provide copies of all Intergovernmental Transfers (IGTs) agreement associated with Supplemental Teaching Physician Program under this SPA.

Attachment 4.19-B, Page 2c

First paragraph under the section: South Carolina Medical University Providers – Supplemental Medicaid Payments

2. Please provide a copy of the March 2013 provider specific quarterly teaching physician report.



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DEC 18 2013

Department of Health & Human Services
OFFICE OF THE DIRECTOR

3. In accordance to 42 CFR 430.10, the state plan should be comprehensive, understandable, clear and unambiguous. Please clarify the meaning of the following sentence “...*the Medicaid agency will cap provider specific enrollment of teaching physicians eligible to receive payment under this program at the level identified in the March 2013 provider specific quarterly teaching physician report.*” Also, on the 179 form the federal budget impact indicates \$0. Therefore, it is unclear as to whether the State is capping the number of physicians enrolled or payment level (amount) for the number of physicians enrolled. Please also define what is meant by “*level*”.

Second paragraph under the section: South Carolina Medical University Providers -- Supplemental Medicaid Payments

4. This paragraph discusses the underlying methodology for the determination of payments. The methodology outlined in this state plan allows for payments based on “charges” which is not an acceptable reimbursement methodology and therefore, CMS has concerns over compliance with economy and efficiency as required by section 1902(a)(30) of the Social Security Act. The state plan should include appropriate and acceptable reimbursement methodology language. However, we understand that the State would like to have time to bring this reimbursement methodology into compliance, as discussed via conference call on October 20, 2013. The State may end this current methodology on July 1, 2014 and therefore, would have to include the appropriate sunset language in this state plan.
5. Also, in order to continue making additional physician payments under SPA SC-13-012, the State would be required to submit a new state plan amendment effective on or before July 1, 2014 that demonstrates an economic and efficient payment methodology. The State has the option of selecting an approved reimbursement methodology such as payments up to the Medicare rates for Medicaid covered services using Medicare principles or the average commercial rate (ACR) paid by the top 5 commercial payers for Medicaid covered services. The State will also have to submit supporting documentation that the new methodology is within these limits.

We are requesting this additional/clarifying information under provisions of section 1915(f) of the Social Security Act (added by PL 97-35). This has the effect of stopping the 90-day clock for CMS to take action on the material, which would have expired on December 24, 2013. A new 90-day clock will not begin until we receive your response to this request.

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Department of Health & Human Services
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Mr. Anthony E. Keck

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In accordance with our guidelines to all State Medicaid directors dated January 2, 2001, if we have not received the state's response to our request for additional information within 90 days from the date of this letter, we will initiate disapproval action on the amendment. In addition, because this amendment was submitted after January 2, 2001 and is effective after January 1, 2001, please be advised that we will continue to defer federal financial participation (FFP) for state payments made in accordance with this amendment until it is approved. Upon approval, FFP will be available for the period beginning with the effective date through the date of approval.

We ask that you respond to this RAI via the Atlanta Regional Office SPA/Waiver e-mail address at SPA_Waivers_Atlanta_R04@cms.hhs.gov. The original signed response should also be sent to the Atlanta Regional Office.

If you have any questions, please contact either Stanley Fields at (502) 223-5332 or Cheryl Wigfall at (803) 252-7299.

Sincerely,



Jackie Glaze

Associate Regional Administrator

Division of Medicaid & Children's Health Operations

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Department of Health & Human Services
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February 28, 2014

Ms. Jackie Glaze
Associate Regional Administrator
Division of Medicaid and Children's Health Operations
Centers for Medicare and Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909

RE: Request for Additional Information (RAI) on South Carolina Title XIX State Plan Amendment (SPA), Transmittal # SC 13-012

Dear Ms. Glaze:

This is in response to your Request for Additional Information (RAI) dated December 10, 2013 regarding the above-referenced SPA. Please find below the South Carolina Department of Health and Human Services' (SCDHHS) responses to your questions.

General comments/questions

1. Please provide copies of all Intergovernmental Transfers (IGTs) agreement associated with Supplemental Teaching Physician Program under this SPA.

SCDHHS Response:

The South Carolina Department of Health and Human Services is submitting the standard letter and standard Intergovernmental Transfer Agreement of each provider that provides the state matching funds for your review. For supplemental teaching physician provider payments whose state matching funds are obtained via intergovernmental transfers from the SC Area Health Care Consortium (SCAHEC), we have enclosed a standard email and standard Invoicing document for your review. For review purposes, we have attached the documentation for the last supplemental teaching physician payment made.

Attachment 4.19-B, Page 2c

First paragraph under the section: South Carolina Medical University Providers - Supplemental Medicaid Payments

2. Please provide a copy of the March 2013 provider specific quarterly teaching physician report.



SCDHHS Response:

A copy of the March 2013 quarterly supplemental teaching physician listing report for each provider (where the March 2013 quarterly listing has been provided) is attached.

3. In accordance to 42 CFR 430.10, the state plan should be comprehensive, understandable, clear and unambiguous. Please clarify the meaning of the following sentence "...the Medicaid agency will cap provider specific enrollment of teaching physicians eligible to receive payment under this program at the level identified in the March 2013 provider specific quarterly teaching physician report." Also, on the 179 form the federal budget impact indicates \$0. Therefore, it is unclear as to whether the State is capping the number of physicians enrolled or payment level (amount) for the number of physicians enrolled. Please also define what is meant by "level".

SCDHHS Response:

The term level refers to the number of teaching physicians reflected within the March 2013 provider specific quarterly teaching physician report. Therefore for each supplemental teaching physician provider, the Medicaid agency will cap the number of teaching physicians to be allowed in the calculation of the quarterly supplemental teaching physician payment to no more than the number of teaching physicians listed in the March 2013 provider specific quarterly teaching physician report for quarterly supplemental teaching physician payments beginning with the July 1, 2013 quarter. The Medicaid agency will update the SPA plan page accordingly with this clarification.

Second paragraph under the section: South Carolina Medicaid University Providers – Supplemental Medicaid Payments

4. This paragraph discusses the underlying methodology for the determination of payments. The methodology outlined in this state plan allows for payments based on "charges" which is not an acceptable reimbursement methodology and therefore, CMS has concerns over compliance with economy and efficiency as required by section 1902(a)(30) of the Social Security Act. The state plan should include appropriate and acceptable reimbursement methodology language. However, we understand that the State would like to have time to bring this reimbursement methodology into compliance, as discussed via conference call on October 20, 2013. The State may end this current methodology on July 1, 2014 and therefore, would have to include the appropriate sunset language in this state plan.

SCDHHS Response:

The Medicaid agency intends to revise the Supplemental Teaching Physician payment methodology for services provided on or after July 1, 2014. Therefore, the Medicaid agency will request and insert a sunset provision date of July 1, 2014 and update the SPA plan page accordingly.

5. Also, in order to continue making additional physician payments under SPA SC 13-012, the State would be required to submit a new state plan amendment effective on or before July 1, 2014 that demonstrates an economic and efficient payment methodology. The State has the option of selecting an approved reimbursement methodology such as payments up to the

Ms. Jackie L. Glaze
February 28, 2014
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Medicare rates for Medicaid covered services using Medicare principles or the average commercial rate (ACR) paid by the top 5 commercial payers for Medicaid covered services. The State will also have to submit supporting documentation that the new methodology is within these limits.

SCDHHS Response:

The Medicaid agency understands this and will submit the necessary state plan amendment and supporting documentation to support the change in the Supplemental Teaching Physician payment methodology effective July 1, 2014.

If additional information is needed or if you have questions, please contact Jeff Saxon at (803) 898-1023 or Sheila Chavis at (803) 898-2707.

Sincerely,

A handwritten signature in black ink, appearing to be 'A. Keck', with a long horizontal line extending to the right.

Anthony E. Keck
Director

AEK/shcc
Enclosures