

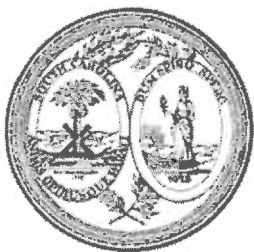
DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Liggett</i>	DATE <i>4-14-14</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 000349	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Ketch</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.			



STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION

Log to Pete -
Nec. Action
Scanned + sent to
Pete + TK -

Mick Zais
Superintendent

1429 Senate Street
Columbia, South Carolina 29201

March 27, 2014

Mr. Anthony Keck
Director
South Carolina Health and Human Services
Post Office Box 8206
Columbia, SC 29202

RECEIVED

MAR 28 2014

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Mr. Keck:

I understand that SCDHHS has stated its intentions to eliminate the 254 referral process and directly appropriate the Medicaid state matching funds of agencies, beginning with Cabinet agencies. I wanted you to be aware that my staff has previously advised your staff that the South Carolina Department of Education (SCDE) has serious concerns about the impact on the agency and individual school districts and therefore has not agreed to participate in this arrangement.

Because of the unique challenges the school districts would face, both with budgeting and quality assurance, I ask you to consider continuing the 254 process or replacing it with something equivalent, and continuing to allow us to provide match on a quarterly basis. At the request of your staff, my Medicaid Office director, Dr. Shelley McGeorge, has recently provided to your agency the attached summary of concerns. This is an important issue for us and I am glad to meet with you personally to discuss further.

Sincerely,

Mick Zais, Ph.D.
State Superintendent of Education

MZ/peg
Attachment

South Carolina Department of Education

Medicaid State Matching Funds

The Importance of the DHHS 254 Referral Process

School-based health services are provided by the staff of local educational agencies (LEAs) and by outside providers, especially those in behavioral health services. Referral to a behavioral health service provider who is not an LEA employee is done by a 254 form signed by an authorized LEA employee. If a student is referred for residential or hospital treatment, a 257 form is required. The focus of these recommendations will center on the 254 which the South Carolina Department of Health and Human Services (SCDHHS) recommends be eliminated by July 1, 2014.

The SCDHHS has stated its intentions to eliminate the 254 referral process and transfer the Medicaid state matching funds from agencies beginning with Cabinet agencies. The South Carolina Department of Education (SCDE) has already stated its position that the Medicaid state matching funds will not be transferred to the SCDHHS. The SCDE continues to have grave concerns, particularly on behalf of the LEAs, about this arrangement. Our concerns relate to both the maintenance of fiscal flexibility in the agency and individual LEAs, as well as maintenance of our current high level of quality review of services provided and billed. Therefore, the 254 referral process for the SCDE will need to be maintained, or a similar process developed, to track authorization of services.

The Local Education Agency Provider Manual states that “The DHHS Form 254 serves to: establish the service(s) the beneficiary requires, identify the treatment provider, authorize the service(s) and amount of services to be provided, and identify the level of staff authorized to render services.” These processes and procedures, or their equivalents, will need to be maintained for the SCDE.

Our contract with the SCDHHS identifies the responsibilities of both the SCDE and the SCDHHS regarding Medicaid state matching funds. The SCDE, on behalf of the LEA, transfers matching funds to the SCDHHS, in advance, representing the non-federal share of expenditures for contracted, prior authorized therapy and rehabilitative behavioral health services. The SCDE remits one-fourth of the total anticipated matching funds as an initial advance toward the cost of services upon execution of the contract. The actual amount transferred, thereafter, is based on actual monthly expenditures. The private provider’s Medicaid invoices determine the actual monthly expenditures, and the information from the 254 form specifies which LEA or school

district is responsible for the match. Without the 254 form, or a similar form, the SCDE would be unable to determine which LEA is responsible for the Medicaid state matching funds.

Should the SCDHHS choose to eliminate the Form 254, it will need to implement an alternate form or process for the SCDE to satisfy the requirements of the Memorandum of Agreement between the SCDE and the SCDHHS. Our current agreement ends in June 2014.

On the LEA level, using a 254 form is a tool to provide care coordination and to financially track referrals. Care coordination is required in the Local Education Agency Manual (see pp. 2–62), which states, “It is the responsibility of the referring state agency or LEA to coordinate care among all service providers. If a beneficiary is receiving treatment from multiple service providers, there should be evidence of care coordination in the beneficiary’s clinical record.”

Personnel in LEAs who are making 254 referrals are in the best position to coordinate the child’s need for behavioral health services. They see the child regularly and interact with the child’s teacher, his or her family, and may witness the child’s interaction with his or her peers. Personnel in LEAs can identify the services that are needed for the child; they know the local community where the child lives and know which service providers are best suited for the child’s needs. These personnel know when services need to be ended, modified, or extended. They are in the best position to review the progress or lack of progress that a child is making.

From a financial perspective, the 254 form provides LEA personnel the following advantages:

1. They can review referral payment reports from the SCDE’s Office of Finance. They can check the Medicaid numbers to ensure the specific children for whom services are billed are in their LEA.
2. The dates of service on these referral payment reports can be reviewed to ensure they fall into the service period authorized by the LEA.
3. The provider code is listed on the referral payment report. This can be compared with the list of providers that have a 254 referral from the LEA. Thus, the LEA can verify that the charge to their LEA was in fact accurate and approved by LEA personnel for this provider.

From the agency’s perspective, this documentation also allows us to provide good quality assurance. There have been several occasions that required our investigation to determine the validity of a provider’s Medicaid claim. The most recent example occurred in early March (referred to us by SCDHHS). Without appropriate documentation and tracking of referrals, we will not be able to meet our obligations to the SCDHHS and the taxpayers.

Finally, asking each LEA to give up 100 percent of their appropriations for Medicaid services at the beginning of the fiscal year will cause serious budgeting issues for some LEAs. Neither the LEAs nor the SCDE have ever fallen short on the match. Therefore proposing a pooling of funds

provides no benefits. Further, under the proposed arrangement, if all of a match is not used, it will be “forfeited” to the common SCDHHS pool of funds.

In summary, retaining the current quarterly match process and the 254 referral process is integral to the contract between the SCDE and the SCDHHS and ensures that behavioral health services are provided both efficiently and effectively.

Mick Zais, Ph.D.
SC Department of Education
1429 Senate Street
Columbia, SC 29201

Mr. Anthony Keck
Director

SCDHHS
Post Office Box 8206
Columbia, SC 29202



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