

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

**ACTION REFERRAL**

*Relogged from Medical Services to Wells per Waldrop on 2/28/11*

TO <i>Wells</i>	DATE <i>2-22-11</i>
--------------------	------------------------

<b>DIRECTOR'S USE ONLY</b>		<b>ACTION REQUESTED</b>	
1. LOG NUMBER <i>1001370</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____	<input type="checkbox"/> FOIA DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>CC: Mr. Keck, Depo, CTS file</i>		<input checked="" type="checkbox"/> Necessary Action	

APPROVALS <small>(Only when prepared for director's signature)</small>	APPROVE	* DISAPPROVE <small>(Note reason for disapproval and return to preparer.)</small>	COMMENT
1.			<i>Re-log to folder</i>
2.			<del><i>Copy to folder</i></del>
3.			<i>no inline</i>
4.			

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR

**ACTION REFERRAL**

TO	DATE
Medical Services/Whalderg	2-22-11

<b>DIRECTOR'S USE ONLY</b>	<b>ACTION REQUESTED</b>
1. LOG NUMBER 1001370	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR cc: Mr. Keek, Depo, CUS file	<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.			



DEPARTMENT OF HEALTH & HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL

Office of Audit Services, Region IV  
61 Forsyth Street, SW., Suite 31741  
Atlanta, GA 30303

January 31, 2011

Report Number: A-04-11-04012

**RECEIVED**

FEB 22 2011

Anthony E. Keck, Director  
South Carolina Department of Health & Human Services  
P.O. Box 8206  
Columbia, SC 29202

Department of Health & Human Services  
**OFFICE OF THE DIRECTOR**

Dear Mr. Keck:

This is to notify you of our intention to conduct an audit of the South Carolina Department of Disabilities and Special Needs' (DDSN) Mental Retardation and Related Disabilities (MR/RD) waiver program. The objective of our audit is to determine whether the South Carolina Department of Health and Human Services (the State Medicaid agency) claimed Medicaid reimbursement for unallowable overhead costs related to room and board under the DDSN's MR/RD waiver program. Our audit will cover the period July 1, 2006, through June 30, 2009.

As a recipient of U.S. Department of Health & Human Services (HHS) grant funds, the State Medicaid agency is subject to Office of Inspector General (OIG) audits and other reviews. Pursuant to 45 CFR § 92.42(e), OIG has the right to timely and unrestricted access to all books, documents, papers, or other records that are pertinent to the Federal grant award.

OIG performs independent reviews of HHS programs and operations pursuant to the Inspector General Act of 1978, 5 U.S.C. App. § 4(a)(1). Medicaid providers of services, under the authority contained in section 1902(a)(27) of the Social Security Act, must provide such information as the Secretary of HHS or the appropriate State agency requests regarding payments claimed for services.

Under the health information privacy regulation that implements the Health Insurance Portability and Accountability Act of 1996, providing the information requested by this letter is a permitted disclosure because it (1) is "required by law" to be produced to OIG as part of your participation in a Government benefits program (45 CFR §§ 164.512(a) and 164.103) and (2) will be used for "health oversight" activities by OIG, which meets the definition of a "health oversight agency" (45 CFR §§ 164.512(d) and 164.501).

To expedite completion of our work, we request that you have the documents listed in the enclosure to this letter available for our entrance conference. During our review, we will also need access to additional documents and records. We appreciate your cooperation in this matter and will make every effort to minimize any disruption to the work of your office.

Page 2 – Mr. Anthony E. Keck

When transmitting any audit information to OAS over the Internet, please properly safeguard the information. We request that you use the HHS/OIG Delivery Server, not email or attachments to email. Information transmitted through the HHS/OIG Delivery Server complies with Federal Information Processing Standard (FIPS) 140-2, *Security Requirements for Cryptographic Module*. At the entrance conference, we will discuss authorizing your staff to use the HHS/OIG Delivery Server and give you instructions in its use.

We are required to report as a security breach any audit information sent to us that does not meet FIPS 140-2 requirements.

This audit will be performed under my direction. As arranged by Lloyd Myers of my staff, we plan to hold an entrance conference on February 3, 2011, at 11 a.m.

If you have any questions or concerns about our review, please contact Lloyd Myers at (803) 253-3505, extension 12. Please refer to report number A-04-11-04012 in all correspondence. Thank you for your attention to this matter.

Sincerely,



Peter J. Barbera  
Regional Inspector General  
for Audit Services

Enclosure