

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

ACTION REFERRAL

TO <i>Singleton</i>	DATE <i>11-7-13</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000163</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Guck, Kost, Deps, CMS file</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.			

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

October 28, 2013

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

RECEIVED

NOV 04 2013

Department of Health & Human Services
OFFICE OF THE DIRECTOR

Dear Mr. Keck:

We are writing to inform you that the Centers for Medicaid & Medicare Services (CMS) is ready to approve South Carolina's submission of the following Managed Care Organization (MCO) contracts:

1. July 1, 2012 through December 31, 2013 initial contract: C3 4221 MC United Healthcare of South Carolina.
2. October 1, 2013 through December 31, 2013 initial contract: C3 5508 MC WellCare of South Carolina.

The state has submitted an actuarial certification for the capitation payments related to the United HealthCare contract through March 31, 2013 which have already been approved by CMS. However, CMS is still awaiting actuarial certification of capitation payments for the period April 1, 2013 through March 31, 2014.

Finally, as you know, section 1932(f) of the Social Security Act requires Medicaid managed care health plans to make payment for primary care services furnished by certain physicians at amounts at least equal to Medicare payment rates in calendar years (CY) 2013 and 2014. FFP is available at a rate of 100% for the portion of capitation rates attributable to these enhanced payments. Implementing regulations at 42 CFR 438.804 requires states to submit to CMS a methodology for calculating the July 1, 2009 baseline rate for eligible primary care services and a methodology for calculating the rate differential eligible for 100% FFP by March 31, 2013. Further, 42 CFR 438.6 (c)(5)(v) establishes MCO, PIHP or PAHP contract requirements to comply with this provision.

CMS approves these MCO contracts and accompanying capitation rates, with the understanding that neither the contract nor the actuarial certification is compliant with these provisions. It is CMS' expectation that as soon as practicable after the state submits the required methodologies in 42 CFR 438.804 and receives CMS approval, the state will:

1. submit revised actuarial certification documents reflecting the Medicare rate for eligible primary care services in their MCO capitation rates; and
2. submit amendment(s) to this contract to ensure compliance with 42 CFR 438.6 (c)(5)(v)

Mr. Keck
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After CMS' approval of the revised contract and rates, the MCO must direct the full amount of the enhanced payment to the eligible provider to reflect the enhanced payment effective January 1, 2013. FFP is available at a rate of 100% for the portion of capitation rates attributable to these enhanced payments; however, receipt of the enhanced FFP is contingent upon the state's successful completion of this process.

Should you have any questions regarding this matter, please contact Maria Drake, at 404-562-3697, or Maria.Drake@cms.hhs.gov.

Sincerely,



Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations