

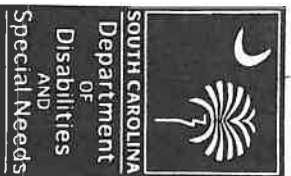
**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR**

**ACTION REFERRAL**

TO <i>Wells</i>	DATE <i>9-30-09</i>
--------------------	------------------------

DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>100145</i>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____		
2. DATE SIGNED BY DIRECTOR <i>cc: Myers, Ms. Farkner Cleared 10/14/09, letter attached.</i>	<input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> I 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.			



Eugene A. Laurent, Ph.D.  
*State Director*  
Robert W. Barfield  
*Deputy State Director*  
Administration  
David A. Goodell  
*Associate State Director*  
Operations  
Kathi K. Lacy, Ph.D.  
*Associate State Director*  
Policy

3440 Harden Street Ext (29203)  
PO Box 4706, Columbia, South Carolina 29240  
V//TTY: 803/898-9600

Toll Free: 888/DSN-INFO  
Home Page: [www.state.sc.us/ddsn/](http://www.state.sc.us/ddsn/)  
September 28, 2009

COMMISSION  
W. Robert Harrell  
*Chairman*  
John C. Vaughn, D.D.  
*Vice Chairman*  
Otis D. Speight, MD, MBA, CPE  
*Secretary*  
Edythe C. Dove  
John Powell  
Kelly Hanson Floyd

Ms. Emma Forkner  
Director  
SC Department of Health and Human Services  
PO Box 8206  
Columbia, SC 29203-8206

Dear Emma:

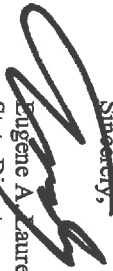
DDSN is in a tough place because of decisions that happened long before you and I came on the scene. I hope there is some way to handle some of the problem.

In fiscal year 2001 and 2002, state government faced a financial gap. The Department of Health and Human Services brought forward (at DHHS's suggestion) some \$56 million in positive Medicaid cost settlements owed to various state agencies (proviso 8.52 of the 2002 Appropriation Act) to help cover the gap. Of this \$56 million, \$33 million was attributed to settlements owed to DDSN for fiscal year 2000 and 2001. DDSN's proviso 24.4 allows the department to carry forward positive settlements in order to pay for future negative settlements. With the \$33 million being used to help cover the financial gap in general funds, the department lost its ability to cover any potential negative settlements in future years. Attached are documents which provide information related to this scenario.

DHHS's Ancillary Reimbursement staff recently calculated settlements for FY 2002, 2003, 2004 and potentially 2005 which result in DDSN owing DHHS approximately \$8 million. With the current budget reductions that state agencies realized in 2009 and 2010 and the loss of the \$33 million, DDSN does not have the resources to pay these past year settlements without cutting services by some \$26 million.

DDSN is asking for consideration related to these seven to nine year old settlements. DDSN was limited in its ability to manage financial resources to maintain the funds necessary to cover these negative settlements when \$33 million in settlements were removed from its resources and general funds along with associated Medicaid earnings were reduced due to the current economic downturn. DDSN is fighting to maintain services to its consumers while waiting lists continue to grow for those consumers who are seeking services from the department. If required to remit the \$8 million related to negative prior year settlements, even with a payment schedule, DDSN will be forced to cut services to its consumers.

If there is any way to avoid this extreme negative impact on service delivery, DDSN and its consumers would certainly appreciate it. Please contact me if further discussion is needed.

Sincerely,  
  
Eugene A. Laurent, Ph.D.  
State Director

Attachments

P.O. Box 239  
Clinton, SC 29325-5328  
Phone: (864) 938-3497

#### DISTRICT I

Midlands Center - Phone: 803/935-7500  
Whitten Center - Phone: 864/833-2733

9995 Miles Jamison Road  
Summerville, SC 29485  
Phone: 843/832-5576

#### DISTRICT II

Coastal Center - Phone: 843/873-5750  
Pee Dee Center - Phone: 843/664-2600  
Salleeby Center - Phone: 843/332-4104

SECTION 8 - J02 - DEPARTMENT OF HEALTH AND  
HUMAN SERVICES

*of the federal poverty guidelines. After approval of the B&C Board, the Department is authorized to revise and modify the program should the federal government offer a prescription benefit to persons eligible for Medicare. The intent of this flexibility is to maximize the availability of a prescription benefit program for senior citizens through a coordinated and cooperative state and federal effort.*

8.46. DELETED

8.47. DELETED

8.48. DELETED

8.49. (DHHS: Hospital Tax - Medicaid Expansion Fund)  
Notwithstanding the provisions of Section 12-23-810(C) of the 1976 Code, for the current fiscal year, total annual revenues of the tax on licensed hospitals imposed pursuant to Article 11, Chapter 23, Title 12 of the 1976 Code, must equal thirty-nine and one-half million dollars.

8.50. (DHHS: Hospital Payments) The Department of Health and Human Services shall develop and implement a plan in the current fiscal year to provide for fairer reimbursement to South Carolina hospitals under the Medicaid program.

8.51. DELETED

8.52. (DHHS: Increased Revenues and Cost Recoveries)  
Notwithstanding any other provision of law, including the otherwise applicable effective date for this part, the Department of Health and Human Services shall withhold and retain up to \$53,505,063 from positive Medicaid cost settlements due state agencies from previous programmatic activities. Further, the Department of Health and Human Services shall withhold and retain up to \$56,494,937 in increased revenue earned by state agencies and school districts through June 30, 2002, as a result of rate changes and/or activation of Medicaid payment for new services and/or through increased Medicaid utilization, and/or generated through limitations in the Medicaid pharmacy program. The total amount retained by the Department of Health and Human Services through all of the mechanisms above is limited to \$110,000,000. Of the funds retained, \$1,500,000 shall be used towards a cost of living adjustment for nursing homes. Further, the state agencies and school districts shall also aggressively pursue the delivery of Medicaid services and earnings related to Medicaid reimbursement. The Department of Education and the school districts shall aggressively pursue implementation of an administrative claiming program, transportation services under the Medicaid program.



**State of South Carolina**  
**Department of Health and Human Services**

Jim Hodges  
Governor

William A. Prince  
Director

November 1, 2001

Mr. Tom Waring, Director  
Budgeting Systems  
South Carolina Department of Disabilities and Special Needs  
Post Office Box 4706  
Columbia, South Carolina 29202

Re: SFY 2001 Estimated Cost Settlements


Dear Tom:

As you are aware, the Department of Health and Human Services (SCDHHS) recently calculated estimated interim settlements payable to state agencies for the state year ending June 30, 2001. These settlements were calculated in an attempt to provide timely and updated payments for services provided and reduce the significant cost settlements subsequent to cost report review. The SFY 1999 cost report procedure rates were used and applied against actual SFY 2001 utilization (annualized) per procedure for the following programs: Early Intervention and Rehabilitative Services, Service Coordination, Family Planning, MR/RD, and HASCI services. The estimated cumulative settlement for these services is \$22,873,572. This settlement is, of course, subject to revision based on the review of the SFY 6/30/01 cost reports for these services.

Credit adjustments of \$23,462,828 and debit adjustments of \$589,256 have been submitted to MMIS reflecting the provider numbers and allocations used in the settlement of SFY 1999 cost reports. A copy of our settlement determination is attached. Also enclosed is a spreadsheet which reflects the allocated settlements by provider number. This spreadsheet includes a column for "Own Reference Number" which will enable you to identify these settlement amounts on your remittances advices.

If you should have any questions, please contact Debbie Strait at 898-1040.

Sincerely,

  
Virginia T. Butler, CPA  
Deputy Director

JB/ss

Enclosures

cc: Milton German

Office of Fiscal Management and Information Systems  
P. O. Box 8206 Columbia South Carolina 29202-8206  
(803) 898-2503 Fax (803) 898-4515

NOV 2001  
BUDGETS  
DIVISION

**SC Department of Health & Human Services**  
**DDSN Cost Settlement Adjustments for SFY 2001 (90%)**  
**Processed for the Week of August 31, 2001**

<u>Provider and Service</u>	<u>Provider Number</u>	<u>SFY-06/30/01</u>	<u>Own Reference Number</u>
<b>SCDDSN</b>			
Rehabilitation Services	4141MR	\$232,921	MM01REHAB
Rehabilitation Services	4242MR	\$388,202	MM01REHAB
Rehabilitation Services	4343MR	\$543,483	MM01REHAB
Rehabilitation Services	4444MR	\$388,202	MM01REHAB
Subtotal		<u>\$1,552,808</u>	$\times 70.44\% = 1,093,798 -$
Early Intervention	4141MR	(\$54,344)	RC30850
Early Intervention	4242MR	(\$90,574)	RC30851
Early Intervention	4343MR	(\$126,804)	RC30852
Early Intervention	4444MR	(\$90,574)	RC30853
Subtotal		<u>(\$362,296)</u>	$\times 70.44\% = 255,201$
Case Management	0404MR	\$515,259	01CASEMGT
Case Management	1818MR	\$343,506	01CASEMGT
Case Management	2828MR	\$515,259	01CASEMGT
Case Management	4040MR	\$343,505	01CASEMGT
Subtotal		<u>\$1,717,529</u>	$\times 70.44\% = 1,209,827$
Family Planning	0404MR	(\$39,405)	RC30858
Family Planning	1818MR	(\$55,084)	RC30859
Family Planning	2828MR	(\$26,575)	RC30860
Family Planning	4040MR	(\$26,574)	RC30861
Subtotal		<u>(\$147,638)</u>	$\times 90\% = 132,874$
MR/RD Waiver	WW02MR	\$6,363,755	RW01MRRD
MR/RD Waiver	WW03MR	\$7,668,176	RW01MRRD
MR/RD Waiver	WW04MR	\$3,029,952	RW01MRRD
MR/RD Waiver	WW06MR	\$3,130,608	RW01MRRD
Subtotal		<u>\$20,192,491</u>	$\times 70.44\% (FFD) = 14,223,591$
HASCI Waiver	WW02MR	(\$24,999)	RC30862
HASCI Waiver	WW03MR	(\$30,123)	RC30863
HASCI Waiver	WW04MR	(\$11,902)	RC30864
HASCI Waiver	WW06MR	(\$12,298)	RC30865
Subtotal		<u>(\$79,322)</u>	$\times 70.44\% = 55,874$
<b>Total SCDDSN</b>		<u><b>\$22,873,572</b></u>	

Per DHHS (5-6)

(1)	(2)	(3)	(4)	(5)	(5a)	(5b)	(6)	(7)	(5-6)
Service Name	Proc. Code	Recomm. Interim Rate	MMIS Units	Allowable Reimb. 07/00-02/01	Allowable Reimb. 07/00-02/01	Difference 5 & 5A	MMIS Reimb. 07/00-02/01	(Over)/Under Payment 07/00-02/01	Annualize Factor of .583333
Early Intervention	S1240	\$ 24.79	\$ 25,923	\$ 642,631	\$ 625,263	\$ 17,368	\$ 673,998	\$ (31,367)	(53,772) \$ (48,395)
	S1468	\$ 24.79	\$ 99,089	\$ 2,456,416	\$ 2,390,027	\$ 66,389	\$ 2,576,114	\$ (119,698)	(205,197) \$ (184,677)
Rehabilitation	S1245	\$ 43.09	\$ 183,286	\$ 7,897,794	\$ 7,421,250	\$ 476,544	\$ 6,414,800	\$ 1,482,994	2,542,277 \$ 2,288,049
Subtotal			\$ 308,298	\$ 10,996,841	\$ 10,436,540	\$ 560,301	\$ 9,664,912	\$ 1,331,929	2,283,308 \$ 2,054,977

Service Coordination	S1234	\$ 231.31	\$ 34,863	\$ 8,064,161	\$ 8,565,839	\$ (501,678)	\$ 7,495,545	\$ 568,616	
	S1238	\$ 231.31	\$ 1,398	\$ 323,371	\$ 343,489	\$ (20,118)	\$ 300,570	\$ 22,801	
Subtotal			\$ 36,261	\$ 8,387,532	\$ 8,909,328	\$ (521,796)	\$ 7,796,115	\$ 591,417	1,013,858 \$ 912,472

M/R/RD Waiver	S6973	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	S6974	\$ 26.50	\$ 11,345	\$ 300,643	\$ 300,643	\$ -	\$ 170,291	\$ 130,352	
	S6975	\$ 140.97	\$ 410,620	\$ 57,885,101	\$ 53,273,839	\$ 4,611,262	\$ 42,293,783	\$ 15,591,318	
	S6982,S6983,S6984	\$ 38.18	\$ 357,120	\$ 13,634,842	\$ 12,738,470	\$ 896,372	\$ 11,070,616	\$ 2,564,226	
	S6976	\$ 65.05	\$ 4,255	\$ 276,788	\$ 276,788	\$ -	\$ 74,871	\$ 201,917	
Settle as paid	S6979	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
	S6980	\$ 40.32	\$ 9,161	\$ 369,372	\$ 369,372	\$ -	\$ 458,000	\$ (88,628)	
	S6985	\$ 10.55	\$ 46,802	\$ 493,761	\$ 493,761	\$ -	\$ 285,888	\$ 207,873	
	S6986	\$ 10.25	\$ 22,164	\$ 227,181	\$ 227,181	\$ -	\$ 238,880	\$ (11,699)	
Settle as paid	S6981	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Subtotal			\$ 861,467	\$ 73,187,688	\$ 67,680,054	\$ 5,507,634	\$ 54,592,329	\$ 18,595,359	31,877,777 \$ 28,689,999

Per DHHS (5-6)

(1)	(2)	(3)	(4)	(5)	(5a)	(5b)	(6)	(7)
Service Name	Proc. Code	Recomm. Interim Rate	MMIS Units 07/00-02/01	Allowable Relimb. 07/00-02/01	Allowable Relimb. 07/00-02/01	Difference 5 & 5A	MMIS Relimb. 07/00-02/01	(Over)/Under Payment 07/00-02/01
HASCI Waiver	S1920	\$ 31.20	1	\$ 31	\$ 31	\$ -	\$ 35	(4)
	S1921	\$ 28.90	76	\$ 2,196	\$ 2,196	\$ -	\$ 2,660	(464)
reduced to c/r (manual price)	S1922	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Settle as paid	S7026	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	S7027	\$ 115.78	81	\$ 9,378	\$ 9,378	\$ -	\$ 5,022	\$ 4,356
	S7028	\$ 10.09	2,085	\$ 21,038	\$ 21,038	\$ -	\$ 16,008	\$ 5,030
	S7029	\$ 117.59	172	\$ 20,225	\$ 20,225	\$ -	\$ 9,053	\$ 11,172
	S7030	\$ 15.36	9	\$ 138	\$ 138	\$ -	\$ 210	(72)
Settle as paid	S7031	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Settle as paid	S7032	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Settle as paid	S0242	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	S0243	\$ 12.84	44,289	\$ 568,671	\$ 568,671	\$ -	\$ 655,263	\$ (86,592)
	S0244	\$ 141.73	0	\$ -	\$ -	\$ -	\$ -	\$ -
	X1000	\$ 129.74	567	\$ 73,563	\$ 73,563	\$ -	\$ 58,401	\$ 15,162
	X1001	\$ 35.67	0	\$ -	\$ -	\$ -	\$ -	\$ -
	X1003	\$ 35.67	0	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal			47,280	\$ 695,240	\$ 695,240	\$ -	\$ 746,652	\$ (51,412)

Annualize  
Factor of .583333

Annual  
@ 90%

Family Planning	S7000	\$ 72.77	7,449	\$ 542,064	\$ 444,705	\$ 97,359	\$ 513,003	\$ 29,061
	S7001	\$ 72.77	1,023	\$ 74,444	\$ 61,073	\$ 13,371	\$ 70,510	\$ (3,934)
	S7002	\$ 72.77	1,978	\$ 143,939	\$ 118,087	\$ 25,852	\$ 136,043	\$ (7,896)
Settle as paid - group rate	S7003	as paid	976	\$ 19,520	\$ 19,520	\$ -	\$ 19,520	\$ -
	S7010	\$ 72.77		\$ -	\$ -	\$ -	\$ -	\$ -
	S7011	\$ 72.77		\$ -	\$ -	\$ -	\$ -	\$ -
Settle as paid - group rate	S7012	as paid	n/a	n/a	n/a	n/a	n/a	n/a
	S7013			\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal			11,426	\$ 779,967	\$ 643,385	\$ 136,582	\$ 739,076	\$ 17,231
							\$ 29,539	\$ 26,585

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**State of South Carolina**  
**Department of Health and Human Services**

Jim Hodges  
Governor

William A. Prince  
Director

November 1, 2001

Mr. Tom Waring, Director  
Budgeting Systems  
South Carolina Department of Disabilities and Special Needs  
Post Office Box 4706  
Columbia, South Carolina 29202

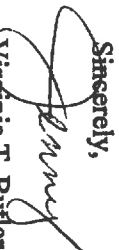
Re: SFY 2000 Cost Settlements

Dear Tom:

Please reference my letter of June 15, 2001 regarding the SFY-2000 cost settlements for the following programs: Early Intervention and Rehabilitative Services, Service Coordination, Family Planning, MR/RD, and HASCI services. At that time, adjustments for one half of SFY-2000 settlements were released to the Medicaid Management Information System (MMIS) for processing prior to the end of the state year 2001. Based on previous agreement, the Department of Health and Human Services (SCDHHS) recently processed adjustments to release 90% of the remaining balance of that year's cost settlements. (The remaining 10% of the SFY-2000 cost settlements will be processed upon completion of our review of adjustment claims.) Credit adjustments of \$13,859,454 and debit adjustments of \$433,953 have been submitted to MMIS reflecting the provider numbers and allocations used in the settlement of SFY 1999 cost reports.

A copy of our settlement determination is attached. Also enclosed is a spreadsheet which reflects the allocated settlements by provider number. This spreadsheet includes a column for "Own Reference Number" which will enable you to identify these settlement amounts on your remittances advices.

If you should have any questions, please contact Debbie Strait at 898-1040.

Sincerely,  
  
Virginia T. Butler, CPA  
Deputy Director

JB/ss

Enclosures

cc: Milton German

Office of Fiscal Management and Information Systems  
P. O. Box 8206 Columbia South Carolina 29202-8206  
(803) 898-2503 Fax (803) 898-4515



**SC Department of Health & Human Services**  
**DDSN Cost Settlement Adjustments for SFY 2000 (90% Remaining Balance)**  
**Processed for the Week of August 31, 2001**

<u>Provider and Service</u>	<u>Provider Number</u>	<u>SFY-06/30/00</u>	<u>Own Reference Number</u>
<b>SCDDSN</b>			
Rehabilitation Services	4141MR	\$109,426	MM00REHAB
Rehabilitation Services	4242MR	\$182,378	MM00REHAB
Rehabilitation Services	4343MR	\$255,328	MM00REHAB
Rehabilitation Services	4444MR	\$182,378	MM00REHAB
Subtotal		<u>\$729,510</u>	
Early Intervention	4141MR	(\$30,214)	RC30846
Early Intervention	4242MR	(\$50,357)	RC30847
Early Intervention	4343MR	(\$70,500)	RC30848
Early Intervention	4444MR	(\$50,357)	RC30849
Subtotal		<u>(\$201,428)</u>	
Case Management	0404MR	\$425,978	00CASEMGT
Case Management	1818MR	\$283,985	00CASEMGT
Case Management	2828MR	\$425,978	00CASEMGT
Case Management	4040MR	\$283,985	00CASEMGT
Subtotal		<u>\$1,419,926</u>	<i>X Total 90%</i>
Family Planning	0404MR	(\$62,061)	RC30854
Family Planning	1818MR	(\$86,755)	RC30855
Family Planning	2828MR	(\$41,854)	RC30856
Family Planning	4040MR	(\$41,855)	RC30857
Subtotal		<u>(\$232,525)</u>	<i>X 90%</i>
MR/RD Waiver	VW02MR	\$3,681,850	RW00MRRD
MR/RD Waiver	VW03MR	\$4,436,542	RW00MRRD
MR/RD Waiver	VW04MR	\$1,753,026	RW00MRRD
MR/RD Waiver	VW06MR	\$1,811,262	RW00MRRD
Subtotal		<u>\$11,682,680</u>	
HASCI Waiver	VW02MR	\$8,616	HC00HASCI
HASCI Waiver	VW03MR	\$10,382	HC00HASCI
HASCI Waiver	VW04MR	\$4,103	HC00HASCI
HASCI Waiver	VW06MR	\$4,237	HC00HASCI
Subtotal		<u>\$27,338</u>	
<b>Total SCDDSN</b>		<u><u>\$13,425,501</u></u>	

**SC Department of Health And Human Services**  
**DDSN Cost Settlement**  
**SFY-06/30/00**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
SERVICE NAME	PROCEDURE CODE	ACTUAL COST	REPORTED UNITS	ACTUAL UNIT COST	INTERIM RATE PAID	MMIS UNITS	ADJ. UNITS	ADJ. MMIS UNITS	MMIS PAYMENT	ADJ. PAYMENT
HASCI WAIVER	S1920	\$0	2	\$0.00	per install	2	-	2	\$70	
	S1921	\$4,337	176	\$24.64	\$35.00	176	-	176	\$6,160	
settle as paid (manual cl - Supplies/E	S1922	\$398,654	719	\$554.46	per claim	719	-	719	\$372,706	
	S7027	\$5,011	155	\$32.33	\$62.00	155	-	155	\$9,610	
	S7028	\$27,208	3,842	\$7.08	\$7.75	3,842	-	3,842	\$29,764	
	S7029	\$31,871	280	\$113.82	\$52.94	280	-	280	\$14,691	
	S7030	\$54	27	\$2.01	\$46.67	27	-	27	\$863	
	S7031	\$6,322		\$0.00	\$22.73	-	-	0		
settle as paid (manual cl - Adaptations	S7032	\$440,891	60	\$7,348.19	per claim	60	-	60	\$334,848	
settle as paid (hab support-hourly)	S0242	\$75,530	252	\$299.72	\$13.00	252	-	252	\$3,276	
	S0243	\$922,345	64,542	\$14.29	\$14.80	64,542	-	64,542	\$949,811	
	S0244/X1000	\$179,327	903	\$198.59	\$119.00	903	-	903	\$98,385	
<b>SUBTOTAL</b>		<b>\$2,091,551</b>	<b>70,958</b>			<b>70,958</b>	<b>-</b>	<b>70,958</b>	<b>\$1,820,184</b>	<b>\$0</b>

FAMILY PLANNING	S7000	\$1,893,043	31,708	\$59.70	\$84.60	14,685	-	14,685	\$1,241,563	
	S7001				\$84.60	2,215	-	2,215	\$186,914	
	S7002				\$84.60	3,923	-	3,923	\$331,379	
settle as paid-group rate	S7003				\$20.00	2,841	-	2,841	\$56,820	
								-		
<b>SUBTOTAL</b>			<b>31,708</b>			<b>23,664</b>	<b>-</b>	<b>23,664</b>	<b>\$1,816,676</b>	<b>-</b>

		one-half	one-half @ 90%
EARLY INTERVENTION	1,173,515	586,758	528,082
SERVICE COORDINATION	3,155,392	1,577,696	1,419,926
MR/DD WAIVER	25,961,510	12,980,755	11,682,679
HASCI WAIVER	60,751	30,376	27,338
FAMILY PLANNING	(516,722)	(258,361)	(232,525)
TOTAL	29,834,446	14,917,224	13,425,500
FMAP RATE-excl F/Planning	70.44%	70.44%	70.44%
(QVER)/UNDER @ FMAP	21,379,363	10,689,682	9,620,713
(OVER)/UNDER @ 90%	(465,050)	(232,525)	(209,273)
Total FEDERAL FUNDS	<u>20,914,313</u>	<u>10,457,157</u>	<u>9,411,440</u>

90%  
5/24/01

90%  
8/24/01

**SC Department of Health And Human Services**  
**DDSN Cost Settlement**  
**SFY-06/30/00**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
SERVICE NAME	PROCEDURE CODE	ACTUAL COST	REPORTED UNITS	ACTUAL UNIT COST	INTERIM RATE PAID	MMIS UNITS	ADJ. UNITS	ADJ. MMIS UNITS	MMIS PAYMENT	ADJ. PAYMENT
EARLY INTERVENTION	S1240	\$7,419,698	307,650	\$24.12	\$26.00	67,696	0	67,696	\$1,759,922	\$0
	S1468				\$26.00	170,545	0	170,545	\$4,434,070	\$0
REHABILITATION	S1245	\$12,553,949	310,082	\$40.49	\$35.00	294,975	0	294,975	\$10,322,404	\$0
<b>SUBTOTAL</b>		<b>\$19,973,647</b>	<b>617,732</b>			<b>533,216</b>	<b>0</b>	<b>533,216</b>	<b>\$16,516,396</b>	<b>0</b>

SERVICE COORDINATION	S1234	\$16,676,073	67,871	\$245.70	\$175/\$215	57,324	-	57,324	\$11,059,220	\$0
	S1238				\$175/\$215	2,479	-	2,479	\$478,985	\$0
							-			
<b>SUBTOTAL</b>		<b>\$16,676,073</b>	<b>67,871</b>			<b>59,803</b>	<b>-</b>	<b>59,803</b>	<b>\$11,538,205</b>	<b>\$0</b>

MR/RD WAIVER	S6973	\$1,213	-	\$1,212.89	\$8.25/\$10.05	379	-	379	\$3,600	\$0
	S6974	\$703,446	19,335	\$36.38	\$16.50	17,307	-	17,307	\$285,566	\$0
	S6975	\$84,620,232	652,208	\$129.74	\$87/\$103	645,330	-	645,330	\$62,303,790	\$0
	S6982,S6983, S6984	\$22,373,611	627,212	\$35.67	\$31.00 \$26.50	616,801	-	616,801	\$19,120,750	\$0
	S6976	\$617,810	8,127	\$76.02	\$20.43	8,127	-	8,127	\$166,035	\$0
settle as paid ICF/MR Respite	S6979	\$0		\$0.00	\$148.23	1,742	-	1,742	\$258,217	\$0
	S6980	\$1,411,165	16,444	\$85.82	\$50.00	14,377	-	14,377	\$718,825	\$0
	S6985	\$722,708	73,263	\$9.86	\$6.25	73,263	-	73,263	\$456,222	\$0
	S6986	\$412,425	30,420	\$13.56	\$9.00/\$10.80	30,231	-	30,231	\$325,234	\$0
settle as paid Environ. Modifications	S6981	\$212,079		\$212,078.50	per claim	34	-	34	\$119,634	\$0
<b>SUBTOTAL</b>		<b>\$111,074,689</b>	<b>1,427,009</b>			<b>1,407,591</b>	<b>-</b>	<b>1,407,591</b>	<b>\$83,757,873</b>	<b>\$0</b>



State of South Carolina  
Department of Health and Human Services

Mark Sanford  
Governor

October 14, 2009

Emma Forkner  
Director

Eugene A. Laurent, Ph.D.  
State Director  
South Carolina Department of Disabilities  
and Special Needs  
PO Box 4706  
Columbia, South Carolina 29240

Dear Dr. Laurent: *Andy*

Thank you for your letter of September 28, 2009, regarding retrospective Medicaid cost settlements that are owed by the South Carolina Department of Disabilities and Special Needs (DDSN). As you know, cost settlements both positive and negative are a necessary component of the cost-based Medicaid reimbursement methodology approved by CMS for Medicaid reimbursement to DDSN. Ultimately the Federal funds associated with the overpayments identified through the cost settlement process must be returned to the Federal government.

For the reasons stated above, DHHS cannot simply waive the recoupment of these funds, or the State would be out of compliance with the reimbursement methodology approved by CMS for DDSN services. However, we are certainly aware of the budget issues that DDSN is experiencing and would not want to take any immediate action that would further reduce services. It is my understanding that our staff have offered to work with DDSN staff to devise a repayment plan that would defer the recoupment of these funds until a future date when DDSN has sufficient positive cost settlements to offset the negative cost settlements. That offer remains open.

DHHS had no control over the actions taken by the legislature in 2001 and 2002, nor can we undo them now. However, you might want to explore with State Budget Office and legislative staff whether the negative cost settlement recoupment could be considered an obligation against the state funds freed up by the increased FMAP under ARRA. In that case, you could deduct the amount owed for the cost settlement from the funds being remitted to the State Treasurer under Proviso 90.13, and remit those funds to DHHS so that we can repay the Federal government and settle the debt in that manner. We would be happy to support such a request if you decide to go in that direction.

In closing I would just like to say that DHHS, like DDSN, is under enormous financial pressure to maintain essential services during these difficult times, so we certainly empathize with your situation. I believe that we have demonstrated our support for DDSN in many ways over the

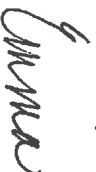
*Joe* 146 ✓

Eugene A. Laurent, Ph.D.  
October 14, 2009  
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past several months, and you can count on our continued support. While we cannot waive the recoupment, we are willing to work with you and your staff in any way that we can to mitigate the impact on your services.

Please let me know if there is anything else I can do. Meanwhile, if Tom Waring will continue to explore options with Jeff Saxon and William Wells, I am confident that they can come up with a workable plan.

Sincerely,

A handwritten signature in cursive script, appearing to read "Emma".

Emma Forkner  
Director

EF/wsh