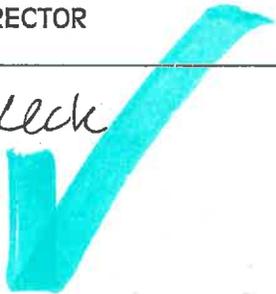


**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR**

**ACTION REFERRAL**

TO <i>Waldrep</i>	DATE 8-22-11
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <p align="right"><i>101089</i></p>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <hr/> <i>C: Director Keck</i> <i>Depts</i> 	<input checked="" 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.			

August 18, 2011

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

Dear Mr. Keck:

This letter is in response to South Carolina Department of Health and Human Services request to have the Centers for Medicare & Medicaid Services (CMS) re-evaluate South Carolina Department of Disabilities and Special Needs (SCDDSN) administrative costs in regards to the waiver rate, in that, the Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) are not a part of the Organized Health Care Delivery System (OHCDS) and that the administrative costs are not included in the waiver rate. We have reviewed the additional information submitted and based upon our review, it appears the ICF/MRs are not a part of the OHCDS and that the administrative costs are not included in the waiver rate.

In reference to the waiver, CMS is requesting that the State come into compliance with the reporting of SCDDSN administrative cost on the CMS-64 Expenditure report for quarter ending September 30, 2011 and retrospective adjustments of the rates through cost settlements to January 1, 2011

Should you have any questions concerning this letter or the letter dated June 2, 2011, please contact Davida Kimble, Branch Manager, at (404) 562-7496, Michelle White at (404) 562-7328 or Cheryl Wigfall at (803) 252-7172.

Sincerely,



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

**RECEIVED**

AUG 22 2011

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

**From:** "Kimble, Davida R. (CMS/CMCHO)" <Davida.Kimble@cms.hhs.gov>  
**To:** Jeff Saxon <Saxon@scdhhs.gov>, Roy Hess <HESSROY@scdhhs.gov>, Anthony Ke...  
**CC:** "Wigfall, Cheryl (CMS/SC)" <Cheryl.Wigfall@cms.hhs.gov>, "Glaze, JackieL...  
**Date:** 8/24/2011 5:04 PM  
**Subject:** RE: Follow-up on SCDDSN Administrative Costs

Yes, the ICF/MR administrative costs are allowable as service costs since the ICF/MRs are not part of the waiver. As with any other cost settlements passed on audited cost reports you would need to make adjustments on the CMS-64.

The administrative costs for the ICF/MRs would not be part of the adjustment required for the administrative costs claimed in the waiver rate for the waiver program.

Hope this helps. Please call me if you need to discuss further.  
Thank you

Davida Kimble  
Branch Manager  
Financial & Program Management Branch 1  
Division of Medicaid & Children's Health Operations  
Centers for Medicare & Medicaid Services  
61 Forsyth Street, SW - Suite 4T20  
Atlanta, Georgia 30303-8909  
404-562-7496  
FAX 404-562-7482

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-----Original Message-----

From: Jeff Saxon [mailto:Saxon@scdhhs.gov]  
Sent: Wednesday, August 24, 2011 8:38 AM  
To: Kimble, Davida R. (CMS/CMCHO); Roy Hess; Anthony Keck  
Cc: Wigfall, Cheryl (CMS/SC); Glaze, Jackie L. (CMS/CMCHO); White, Michelle M. (CMS/CMCHO); Sam waldrep  
Subject: Re: Follow-up on SCDDSN Administrative Costs

Hello Davida:

Thank you for the response. However, in order to bring closure to this particular issue, please confirm whether or not the following interpretation of the letter is correct:

The SCDDSN administrative costs are allowable as service costs in SC Medicaid ICF/MR rate setting and the retrospective cost settlement process since ICF/MR services are not part of the waiver (in which SCDDSN administrative costs are held to the 50/50 rate).

Thanks for your assistance in this matter and please let me know if you have any questions.

Jeff

Jeff Saxon  
Bureau Chief  
Bureau of Reimbursement Methodology & Policy  
SCDHHS  
Phone: 803.898.1040  
Fax: 803.255.8228

>>> "Kimble, Davida R. (CMS/CMCHO)" <Davida.Kimble@cms.hhs.gov>  
8/18/2011 5:29 PM >>>

Mr. Keck,

Please see the attached letter regarding SCDDSN administrative costs for ICF/MRs. A hardcopy has also been mailed to you. If you or your staff have any questions, please do not hesitate to contact me.

Thank you.

Davida Kimble  
Branch Manager  
Financial & Program Management Branch 1  
Division of Medicaid & Children's Health Operations  
Centers for Medicare & Medicaid Services  
61 Forsyth Street, SW - Suite 4T20  
Atlanta, Georgia 30303-8909  
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