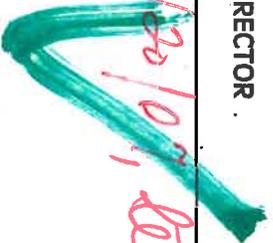


**DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF DIRECTOR**

**ACTION REFERRAL**

<b>TO</b> <i>Myers</i>	<b>DATE</b> <i>12-13-07</i>
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<b>DIRECTOR'S USE ONLY</b>	<b>ACTION REQUESTED</b>
1. LOG NUMBER <b>000290</b>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>Clayton J. Pappas, Jr., better attached.</i> 	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>12-27-07</i> <input type="checkbox"/> FOIA DATE DUE _____ <input type="checkbox"/> Necessary Action

<b>APPROVALS</b> (Only when prepared for director's signature)	<b>APPROVE</b>	<b>* DISAPPROVE</b> (Note reason for disapproval and return to preparer.)	<b>COMMENT</b>
1.			
2.			
3.			
4.			



December 10, 2007

Logi Myers  
app. sig

Stan Watson  
Vice President of Government Affairs

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Marietta, GA 30067  
www.matria.com

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THE HEALTH ENHANCEMENT COMPANY

Melanie "BZ" Giese  
Bureau Chief  
Bureau of Health Services  
South Carolina Dept. of DHHS  
P.O. Box 8206  
1801 Main Street  
Columbia, SC 29202



DEC 10 2007

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

Dear Ms. Giese:

Matria Healthcare and South Carolina Medicaid have enjoyed a great collaboration for the past six (6) years.

However, it has come to our attention that the Department of Medicaid is considering reducing the reimbursement for our Terbutaline Pump Service.

It has been discovered that your change is in reference to the amount paid by North Carolina Medicaid. Please be advised that the State of North Carolina reimbursement is based on the therapy being paid as *Infusion Therapy* which under HIPPA and CMS is a significantly lesser amount than *Durable Medicaid Equipment* pays providers.

Matria Healthcare has not had a price increase for this therapy service since the original price of \$210 was established in 2001.

Your reimbursement of \$210 is the lowest DME reimbursement in the Nation. Additionally, at our last visit on June 28, 2007, Dr. Gary Stanziano presented to you a 2006 clinical and cost benefit analysis outcome report that demonstrated a \$5.79 - \$1.00 return on investment (ROI). We do not agree to any decrease in the current reimbursement amount.

We would like to continue to provide great clinical and cost effective outcomes for South Carolina Medicaid. However, decrease in current reimbursement and strict clinical guidelines would inhibit Matria from continuing our progress.

Please call us if there are any questions about our concern for this Pregnancy Management Option for high-risk Medicaid pregnancies.

Sincerely,



Stan Watson  
Vice President of Government Affairs  
Matria Healthcare, Inc.

Cc: Senator Michael L. Fair  
Senator Harvey S. Peeler, Chairman  
Representative Leon Howard, Chairman



State of South Carolina  
Department of Health and Human Services

Mark Sanford  
Governor

Emma Forkner  
Director

December 20, 2007

Mr. Stan Watson  
Vice President of Government Affairs - Matria  
1850 Parkway Place - 6<sup>th</sup> Floor  
Marietta, Georgia 30067

Dear Mr. Watson:

Thank you for your letter regarding coverage of the Human Uterine Activity Monitor (HUAM) by South Carolina Medicaid. As you know, we have recently completed a comprehensive review of HUAM coverage based on our current policy for utilization and reimbursement. Consideration of the clinical criteria for services for pregnancy management of high-risk Medicaid recipients was also factored into our decision making process. Our medical director and staff have solicited information on this matter from obstetricians and gynecologists caring for Medicaid beneficiaries. We have inquired of our sister states' Medicaid programs and have discovered that not all of them cover HUAM services. Additionally, when we looked at coverage by North Carolina Medicaid, we discovered that their reimbursement level was \$180 per day compared with South Carolina Medicaid's \$210 per day for comparable services by Matria.

Although a final decision has not been made, it is our desire to continue coverage of HUAM for those individuals that meet our criteria for high-risk pregnancies but to address the current criteria that allows coverage. We are also evaluating the need to reimburse HUAM services based on the North Carolina rate, even if we have to reimburse HUAM services as Infusion Therapy as North Carolina Medicaid has chosen to do.

Thank you for providing us with information regarding HUAM that we have received from Matria employees. We will communicate any changes in our policy through a Medicaid Bulletin.

Sincerely,

  
Felicity Myers  
Deputy Director

FM/gas

cc: The Honorable Michael L. Fair  
The Honorable Harvey S. Peeler  
The Honorable Leon Howard

January 3, 2008

Mr. Stan Watson  
Vice President of Government Affairs  
Matria Healthcare  
1850 Parkway Place, 6<sup>th</sup> Floor  
Marietta, GA 30067

Dear Mr. Watson:

Thank you for corresponding regarding your company's Terbutaline Pump Service. Our obstetrical colleagues in South Carolina greatly value this service for their high risk pregnancies who meet the criteria for its use. I have long admired the excellent nursing support that accompanies this intervention.

As you indicated, the agency has been reviewing its coverage for this service. In consultation with obstetrical colleagues and Matria professionals, we feel that we have a consensus opinion that the criteria need to be better defined. My staff colleagues at DHHS are relying heavily upon Matria's input for this revision.

Although not involved directly in pricing decisions, I do have some uncertainty about the current level of payment. First, I did not have any information as to how the original value of this service was established in 2001. Further, other pump and/or infusion therapies are priced lower. In addition, our DHHS staff, utilizing data from comparable South Carolina Medicaid beneficiaries who did or did not use the Terbutaline Pump Service, could not validate the clinical and cost benefits outcomes you referenced. Were your outcomes for SC Medicaid beneficiaries compared to data from national comparisons as opposed to control groups of SC Medicaid beneficiaries? Finally, recent national publications indicate that the home uterine monitoring feature of this intervention may not have substantial benefit.

We too would like to continue supporting this very valuable service for our Medicaid beneficiaries and our obstetrical colleagues. We appreciate the support Matria has given us in our further consideration and revision of criteria for its use. If you would like to discuss this further with me please call 803-898-2500 or 803-255-3400.

Sincerely,

O. Marion Burton, MD  
Medical Director