

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

ACTION REFERRAL

TO	DATE
Myers/Stenband	9-22-08

DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER 200161	<input checked="" type="checkbox"/> Prepare reply for the Director's signature DATE DUE <u>9-29-08</u>
2. DATE SIGNED BY DIRECTOR	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
cc: Ms. Forkner Dept Closed 9/23/08, letter attached.	<input type="checkbox"/> FOIA DATE DUE _____
	<input 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.			



South Carolina
Department of Education

Jim Rex
Superintendent of Education

Together, we can.

Log: Felicity/
Stensland
Q: Et, Deps
"Dr. King"

RECEIVED

SEP 22 2008

Department of Health & Human Services
OFFICE OF THE DIRECTOR

September 19, 2008

Ms. Emma Forkner
Director
South Carolina Department of Health and Human Services
PO Box 8206
Columbia, SC 29202-8206

Dear Ms. Forkner:

I am writing in reference to your bulletin of September 10, 2008, announcing a 5-percent reduction in reimbursements for school-based services. We request that this action be rescinded because school districts provide their own state match for these services.

Although South Carolina Department of Health and Human Services (DHHS)—like other state agencies—has taken a general fund budget reduction, that reduction in no way impacts school-based services. Indeed, the school districts provide their own match and are required to pay DHHS administrative fees for processing and inquiries to your agency. This action by DHHS simply compounds the budget problems being faced by our school districts and does not save DHHS any money.

Medicaid reimbursements are for health services provided to special needs students, services required by federal law that are not adequately funded. This action by DHHS slices the funds needed for our most fragile students. Please reconsider and rescind this policy immediately.

Sincerely,

Jim Rex
State Superintendent of Education

JR/vrc



Log 161
to close

State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

September 23, 2008

Emma Forkner
Director

Jim Rex
State Superintendent of Education
1429 Senate Street
Columbia, South Carolina 29201

Dear Superintendent Rex:

Thank you for your letter regarding the recent rate changes for school-based Medicaid services. We understand your concerns and wish to provide some background information that explains why the agency took this action.

The increase in rates for private rehabilitative therapists that was approved on October 23, 2007 (retroactively effective to January 1, 2007) came about, in part, because of concerns raised about long-standing discrepancies in rates between private and public providers. In order not to negatively impact the schools, DHHS established the rate for these services to be 100% of the Medicare fee schedule. In the process of amending the Medicaid State Plan, the Centers for Medicare and Medicaid Services (CMS) required us to stipulate in our State Plan Amendment that we would reimburse public and private providers at the same rates.

This year we saw an unusually large increase in expenditures for the rehabilitative therapy services. In order to address the mandated \$28.5 million reduction to our base budget, we decreased the reimbursement for these rehabilitative services to 95% of the Medicare fee schedule. This rate is still considerably higher than the reimbursement level for most providers. For example, physicians are reimbursed at 84% of Medicare rates.

We regret the negative impact these changes have on the school-based services. Unfortunately, many other state agencies are facing similar circumstances. Because some of their rates are market-based (i.e. public and private rates are the same) DHEC is also negatively impacted by our rate reductions. In the near future, all behavioral rehabilitative services will be market-based and this will adversely affect a number of other public providers. Again, this is due to the large discrepancy that has historically existed in South Carolina between rates paid to public and private providers of the same service.

South Carolina schools have always been a valued partner to the Medicaid program. We thank you for your continued service to children who depend on Medicaid. It is our sincere hope that we are able to restore provider rates in the near future. Please feel free to contact me directly if you wish to further discuss this issue.

Sincerely,

A handwritten signature in black ink that reads "Emma Forkner".

Emma Forkner
Director

EF:jp