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**State/Territory Name: South Carolina**

**State Plan Amendment (SPA) #: 11-021**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop 52-26-12  
Baltimore, Maryland 21244-1850



Centers for Medicaid and CHIP Services

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

**MAR-8 2012**

RE: State Plan Amendment SC 11-021

Dear Mr. Keck:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 11-021. Effective October 1, 2011 this amendment proposes to revise the payment methodology for Nursing Facility services. Specifically, this amendment proposes to replace the intensive Technical Services reimbursement program with the Complex care reimbursement program and update the payment rate for this program. Also, this amendment revises the Essential Public Safety Net Nursing Facility supplemental payments to include all non-state governmental nursing facilities and make payments quarterly.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a){13}, 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of October 1, 2011. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely

//s//

Cindy Mann  
Director, CMCS

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
SC 11-021

2. STATE  
South Carolina

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
10/01/11

5. TYPE OF PLAN MATERIAL (*Check One*):

NEW STATE PLAN                       AMENDMENT TO BE CONSIDERED AS NEW PLAN                       AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR Subpart C

7. FEDERAL BUDGET IMPACT: FMAP @ 70.24%

a. FFY	2012	\$4,354,880
b. FFY	2013	\$8,077,600

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, pages 25, 25a, 26 through 28

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):

Attachment 4.19-D, pages 25 through 28

10. SUBJECT OF AMENDMENT:

Implementation of Complex Care Program effective October 1, 2011 and revisions to the Essential Public Safety Net Nursing Facility Payment Program effective October 1, 2011.

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:  
Mr. Keck was designated by the Governor to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:

//s//

13. TYPED NAME:

Anthony E. Keck

14. TITLE:

Director

15. DATE SUBMITTED:

December 20, 2011

16. RETURN TO:

South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, SC 29202-8206

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 12/21/11

18. DATE APPROVED: 03/08/12

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

10/01/11

20. SIGNATURE OF REGIONAL OFFICIAL:

//s//

21. TYPED NAME: Cindy Mann

22. TITLE: Director, CMS

23. REMARKS:

- k) Speech and hearing services as described in 42 CFR §§483.430(b) (1) and (b) (5) (vii).
- l) Food and nutritional services as described in 42 CFR §§483.480.
- m) Safety and sanitation services as described in 42 CFR §§483.470(a), (g) (3), (h), (i), (j), (k), and (l).
- n) Physician services as described in 42 CFR §§483.460(a).

Any service (except for physician services) that is required of an ICF/MR facility that is reimbursable under a separate Medicaid program area must be billed to the respective program area. Any costs of this nature cannot be claimed in the Medicaid cost report.

- 4. Intermediate Care Facilities for the Mentally Retarded (ICF/MRs) owned by the South Carolina Department of Disabilities and Special Needs (SCDDSN) and deemed eligible to certify by the State will be reimbursed on Medicaid costs, based on certification by the facilities of their allowable Medicaid costs of providing ICF/MR care via the submission of annual Medicaid cost reports. An interim per diem rate will be established based upon the SCDHHS review of each facility's most recently filed desk reviewed/cost settled Medicare 2552 report along with budgeted cost report information supplied by the SCDDSN. After the filed Medicare 2552 report for the payment period for which the interim rate was paid has been received, the interim rate will be reconciled to actual allowable Medicaid costs. Upon final settlement of the 2552 report, the difference between the final and interim allowable Medicaid costs will be an adjustment(s) to the applicable period for which the allowable Medicaid cost was incurred and initial claim was made.
- 5. The Medicaid Agency will not pay more than the provider's customary charge except governmental facilities that provide services free or at a nominal charge. Reimbursement to governmental facilities will be limited in accordance with 42 CFR §§47.271(b).

#### H. Payment for Swing-Bed Hospitals

Effective July 1, 1989, the South Carolina Medicaid Program will participate in the provision of nursing facility services in swing bed hospitals. A rate will be determined in accordance with the payment methodology as outlined in this state plan, adjusted for the following conditions:

- A) Effective October 1, 1992, all nursing facilities in operation will be used in the calculation of the rate.
- B) The rate excludes the cost associated with therapy services.
- C) The rate reflects a weighted average rate using the state's prior FYE June 30 Medicaid permit days. Effective July 1, 1991, projected Medicaid days were used.

Effective for services provided on and after April 8, 2011, the swing bed rate will equal 97% of the October 1, 2010 swing bed rate.

#### I. Complex Care Reimbursement Program

Effective for services provided on or after October 1, 2011, the South Carolina Department of Health and Human Services will implement its Complex Care Program. The Complex Care Program is a patient assessment driven system that will provide financial incentives to nursing facilities who admit Medicaid beneficiaries with complex care needs. Medicaid beneficiaries who qualify for the Complex Care Program must meet the South Carolina Level of Care Criteria (Skilled or Intermediate) for Long Term Care and have multiple

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SUPERSEDES: SC 11-006

needs which fall within the higher ranges of disabilities in the criteria. To qualify as a Medicaid complex care beneficiary, the individual must meet the level of care for long-term care plus two or more of the following criteria:

- Wound/decubitus care - Stage 4 requiring wound vac treatment
- Tracheostomy Tube/Canula - sinus alone does not qualify, must have the following: tube/canula, need for aseptic care, need for tracheal aspiration
- Nasopharyngeal or suctioning - oral and pharyngeal aspiration does not apply
- Continuous parental fluids of extended duration of two weeks or more
- Continuous disruptive behavior at least 60% of the time in a 24/hr. day, 7 days a week resulting often from head trauma accidents, neuro deficits, bi-polar affective disorder and/or other chronic mental illnesses
- Diagnosis of HIV - usually related to drug costs and IV medications
- Morbid obesity/bariatric requiring special equipment such as beds, lifts, additional staff
- Medicaid only beneficiary who require goal directed therapies (occupational therapy, speech therapy, physical therapy) that addresses a recently diagnosed medical condition, within the last six (6) months
- Dialysis
- Ventilator dependent (on life sustaining ventilator, six or more hours a day.
- Total care as defined by the skilled long term care criteria

The Complex Care Program reimbursement rate effective October 1, 2011 will be \$450.00 per patient day and was developed based upon an analysis of the Medicaid RUG scores developed from federal fiscal year 2011 Medicaid MDS assessments and federal fiscal year 2011 Medicare RUG rates of ventilator dependent Medicaid beneficiaries. The complex care rate will be used to reimburse nursing facilities for their base operational costs as well as the additional costs incurred in providing services to the qualifying individuals such as:

1. Staff time (both by skilled professional and nurse aides) to perform actual procedures or provide additional care;
2. Necessary supplies, specialized equipment such as lifts, special beds, etc. needed to provide the care, and/or nutritional supplements; and
3. Staff education required to be able to provide for the beneficiary with complex care needs.

Nursing facilities that provide services to complex care individuals meeting the criteria defined above will be required to step down cost applicable to this service in accordance with Section I (C) of this plan upon submission of their annual cost report.

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SUPERSEDES: New Page

J. Payment for Out-of-State Long Term Care Facilities

In order to provide services to the South Carolina Medicaid patients awaiting placement into a nursing facility, the agency will contract with out-of-state facilities at the other states' Medicaid reimbursement rate. The agency will use the out-of-state facility's survey conducted by their survey and certification agency for our survey and certification purposes. Placement of a South Carolina Medicaid recipient into an out-of-state facility will only occur if a bed is unavailable in South Carolina. No year end South Carolina Medicaid long term care cost report will be required from the participating out-of-state facilities.

K. Essential Public Safety Net Nursing Facility Supplemental Payment

As directed by the actions of the South Carolina General Assembly via proviso Number 21.39 of the State Fiscal Year 2008/2009 State Appropriations Act, the South Carolina Medicaid Program will implement an Upper Payment Limit Payment Program for qualifying non-state owned governmental nursing facilities.

Therefore, for nursing facility services reimbursed on or after October 1, 2011, qualifying Medicaid nursing facilities shall receive a Medicaid supplemental payment (in addition to the per diem payment). The qualification, upper payment limit calculation, and payment methodology are described below.

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(1) Qualifications

In order to qualify for a supplemental payment as an Essential Public Safety Net nursing facility, a nursing facility must meet all of the following criteria:

- a) The nursing facility is a non-state owned governmental nursing facility;
- b) The nursing facility is located in the State of South Carolina;
- c) The nursing facility is licensed as a nursing facility by the State of South Carolina and is a current Medicaid provider;

(2) Upper Payment Limit Calculation

The upper payment limit effective for services beginning on and after October 1, 2011 for Essential Public Safety Net nursing facilities will be calculated using the Medicaid frequency distribution of all licensed South Carolina non-state owned governmental nursing facilities which contract with the South Carolina Medicaid Program. This frequency distribution will be determined using the Medicaid MDS assessments completed during the period which corresponds with the quarterly upper payment limit payment period (e.g. October 1 through December 31 and January 1 through March 31, etc.). The results of each nursing facility's Medicaid frequency distribution will then be applied to the total Medicaid patient days (excludes hospice room and board Medicaid patient days and coinsurance days) paid to the nursing facility during each federal fiscal year beginning October 1, 2011 in order to allocate the Medicaid days across the Medicare RUG IV categories. The applicable Medicare rates for the payment year for each RUG category will be applied against the Medicaid days for each RUG category, and then summed, to determine the maximum upper payment limit to be used in the determination of the Essential Public Safety Net nursing facility payments.

In order to adjust for program differences between the Medicare and Medicaid payment programs, the SCDHHS will calculate Medicaid payments in accordance with Section K(3) (b) of the plan.

(3) Payment Methodology

The South Carolina Department of Health and Human Services will make a supplemental Medicaid payment in addition to the standard nursing facility reimbursement to qualifying Essential Public Safety Net nursing facilities. Such payments will be made quarterly based on Medicaid patient days paid during the payment period. The payment methodology is as follows:

- a) The upper payment limit for all licensed South Carolina non-state owned governmental nursing facilities which contract with the South Carolina Medicaid Program will be computed as described under section K(1) above.

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SUPERSEDES: SC 10-006