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State/Territory Name: South Carolina

State Plan Amendment (SPA) #: 24-0014

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

November 12, 2024

Robert M. Kerr
Director, Department of Health & Human Services
Post Office Box 8206
1801 Main Street
Columbia, SC 29202-8206

RE: TN 24-0014

Dear Director Kerr:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed Florida state plan amendment (SPA) to Attachment 4.19-D SC-24-0014, which was submitted to CMS on August 15, 2024. This plan amendment updates rates for nursing facilities based on the most recent cost report data available (i.e., fiscal year ending Sept. 30, 2023); applies a 1.8% inflation factor in the calculation of the October 1, 2024, payment rates; maintains the previously approved cost center standards determining general services standards at 110% of the mean, and determining laundry, housekeeping, and maintenance standards at 105% of the mean; maintains the minimum occupancy used for Medicaid rate setting purposes at 85%; and increases the square footage allowance used for capital cost reimbursement purposes from \$276.71 to \$283.25.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact James Francis at 857-357-6378 or via email at James.Francis@cms.hhs.gov.

Sincerely,

A handwritten signature in cursive script that reads "Rory Howe".

Rory Howe
Director
Financial Management Group

Enclosures

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <u>2</u> <u>4</u> — <u>0</u> <u>0</u> <u>1</u> <u>4</u>	2. STATE <u>S</u> <u>C</u>
	3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <p style="text-align: center;">October 1, 2024</p>	
5. FEDERAL STATUTE/REGULATION CITATION 42 CFR Subpart C (Part 447.250)	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2025</u> \$ <u>10,500,000</u> b. FFY <u>2026</u> \$ <u>10,500,000</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-D, pages 5, 12, 15, 17, 26b, 27, 28a, 32, 34	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-D, pages 5, 12, 15, 17, 26b, 27, 28a, 32, 34	

9. SUBJECT OF AMENDMENT

This SPA will update nursing facility payment rates effective October 1, 2024.


10. 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. Kerr was designated by the Governor to review and approval all State Plans.

11. SIGNATURE OF STATE AGENCY OFFICIAL 	15. RETURN TO South Carolina Department of Health and Human Services Post Office Box 8206 Columbia, SC 29202-8206
12. TYPED NAME Robert M. Kerr	
13. TITLE Director	
14. DATE SUBMITTED August 15, 2024	

FOR CMS USE ONLY

16. DATE RECEIVED August 15, 2024	17. DATE APPROVED November 12, 2024
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL October 1, 2024	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe	21. TITLE OF APPROVING OFFICIAL Director, Financial Management Group

22. REMARKS

(2) Calculation of FRV Capital Per Diem Rate - The new value construction cost per square foot shall be established at \$215.55 prior to the Location Factor adjustment. For the FRV Capital Per Diem rate effective October 1, 2019 and annually thereafter, the new construction cost of \$215.55 per square foot will be trended forward based on the historical cost index factor each October 1st as published annually in the RSMeans Construction Cost Data publication (October 1st, current year divided by October 1st, previous year). Effective October 1, 2024 the adjusted new construction cost per square foot will amount to \$283.25. The standard square footage minimum and maximums per age group per bed, the \$7,000 addition per Medicaid certified bed for equipment, and the 7.50% land value to be added to the fixed capital replacement was established in partnership with the state's nursing facility industry. The FRV Capital Per Diem rate is calculated as follows:

- a) First, determine the square footage that will be used in the computation. The square footage that will be used will be the greater of the actual measured gross square footage or the square footage determined by multiplying the number of Medicaid certified beds by the minimum square footage amount per room of 275. However in no event can the square footage used in the payment calculation exceed the maximum square footage ceiling amount per age group multiplied by the number of Medicaid certified beds. For clarification purposes, nursing facilities are allowed to include the square footage related to other facilities on the campus that are used to provide patient care related services such as kitchen or laundry facilities. However, the square footage of "out buildings" used for storage purposes cannot be included. In the event that a nursing facility fails to provide its required square footage data, the Medicaid Agency will determine the square footage at the minimum square footage allowance per bed along with the use of a thirty (30) year life.
- b) Next, to determine the New Building Value Cost, first multiply the square footage determined in step a) above by \$283.25. To account for the Location Factor of each NF, apply the location factor as provided in the 2024 RSMeans Construction Cost Data publication against the amount calculated above. Location Factors are determined by the state in which the NF is located and the first three digits of the NF's zip code. The Location Factors will be updated annually based upon the base year cost reporting period FYE date.
- c) Next, to determine the Moveable Equipment Replacement Value, multiply the number of Medicaid certified beds for each NF by \$7,000. Add this calculated amount to the New Building Value Cost as determined in step b) above to arrive at the Building and Equipment Replacement Value for each NF.

PROVIDER NAME: 0
PROVIDER NUMBER: 0
REPORTING PERIOD: 10/01/22 through 09/30/23 DATE EFF. 10/1/2024

	MAXIMUM BED DAYS:(less Complex Care)	0
PATIENT DAYS USED:	0 PATIENT DAYS INCURRED:	0
TOTAL PROVIDER BEDS:	0 ACTUAL OCCUPANCY %:	0.00%
% Skilled	0.000 PATIENT DAYS @	0.00% 0

COMPUTATION OF REIMBURSEMENT RATE - PERCENT SKILLED METHODOLOGY

	PROFIT INCENTIVE	TOTAL ALLOW COST	COST STANDARD	COMPUTED RATE
COSTS SUBJECT TO STANDARDS:				
GENERAL SERVICE		0.00	0.00	
DIETARY		0.00	0.00	
LAUNDRY/HOUSEKEEPING/MAINT.		0.00	0.00	
SUBTOTAL	0.00	0.00	0.00	0.00
ADMIN & MED REC	0.00	0.00	0.00	0.00
SUBTOTAL	0.00	0.00	0.00	0.00
COSTS NOT SUBJECT TO STANDARDS:				
UTILITIES		0.00		0.00
SPECIAL SERVICES		0.00		0.00
MEDICAL SUPPLIES AND OXYGEN		0.00		0.00
TAXES AND INSURANCE		0.00		0.00
LEGAL COST		0.00		0.00
SUBTOTAL		0.00		0.00
GRAND TOTAL		0.00		0.00
INFLATION FACTOR	1.80%			0.00
COST OF CAPITAL				0.00
PROFIT INCENTIVE (MAX 3.5% OF ALLOWABLE COST)			3.50%	0.00
COST INCENTIVE - FOR GENERAL SERVICE, DIETARY, LHM				0.00
EFFECT OF CAP ON COST/PROFIT INCENTIVES			\$1.75	0.00
SUBTOTAL				0.00
NON-EMERGENCY MEDICAL TRANSPORTATION (NEMT) ADD-ON				0.00
[REIMBURSEMENT RATE				0.00

4. For costs not subject to standards, the cost determined in step 2 will be allowed in determining the facility's rate.
5. Accumulate per diem costs determined in steps 3 and 4.
6. Inflate the cost in step 5 by multiplying the cost in step 5, by the inflation factor. The maximum inflation factor that can be used will be that provided by the State of South Carolina Revenue and Fiscal Affairs Office and is determined as follows:
 - a. Proxy indices for each of the eleven major expenditure components of nursing homes, (salaries, food, medical supplies, etc.) during the third quarter of 2024 were weighted by the expenditure weights of the long term care facilities. These eleven weighted indices are summed to one total proxy index for the third quarter of 2024.
 - b. Proxy indices are estimated for each of the eleven major expenditure components of nursing homes, (salaries, food, medical supplies, etc.), during the third quarter of 2025 and then weighted by the same expenditure weights as in step a. These weighted proxy indices were summed to one total proxy index for the third quarter of 2025.
 - c. The percent change in the total proxy index during the third quarter of 2024 (as calculated in step a), to the total proxy index in the third quarter of 2025 (as calculated in step b), was 1.8%. Effective October 1, 2024 the inflation factor used was 1.8%.

10. Effective for services provided on or after October 1, 2019, the Medicaid Agency will determine the facility specific Non-Emergency Medical Transportation (NEMT) Add-On as follows:

- For nursing facilities that were not capped by the NEMT transport trip criteria developed by the agency to adjust for significant acuity and utilization shifts observed in the type of NEMT transports among some of the participants residing in the nursing facility and employed in the determination of the October 1, 2018 NEMT add-ons, each facility's October 1, 2024 NEMT add-on will be determined based upon twelve months of allowable Medicaid reimbursable NEMT costs incurred from October 1, 2022 through September 30, 2023 (FYE Sept. 30, 2023) divided by the number of incurred FYE Sept. 30, 2023 Medicaid days as reported on provider cost reports.

For nursing facilities that were capped by the NEMT transport trip criteria developed by the agency to adjust for significant acuity and utilization shifts observed in the type of NEMT transports among some of the participants residing in the nursing facility and employed in the determination of the October 1, 2018 NEMT add-ons, each facility's October 1, 2024 NEMT add-on will be determined based upon the lower of the NEMT add-on determined October 1, 2018 or twelve months of allowable Medicaid reimbursable NEMT costs incurred from October 1, 2022 through September 30, 2023 (FYE Sept. 30, 2023) divided by the number of incurred FYE Sept. 30, 2023 Medicaid days as reported on provider cost reports.

11. For rates effective October 1, 2024, the Medicaid reimbursement rate will be the total of costs accumulated in step 5, inflation, cost of capital, cost incentive/profit, and NEMT add-on per diem.

- (8) To determine the Total Adjusted Medicaid per diem rate, add the Medicaid Per Diem in step (6) above to the SC Medicaid rate per diem adjustment as reflected in step (7) above.
- (9) Medicaid paid days (excluding NF days paid for recipients while under the Hospice Benefit) based upon the most recently completed state fiscal year are applied to the Total Adjusted Medicaid per diem rate as defined in (8) above and the Total Adjusted Medicare Cost Per Diem as described in step (4) above to arrive at the annual Medicaid payments for each provider as well as the annual Total Adjusted Medicare Cost expenditures for each provider.
- (10) The annual Total Adjusted Medicare Cost expenditures and the annual Medicaid rate expenditures for all providers within the class are summed to determine the aggregate payments for each class.
- (11) The Medicaid UPL compliance check is determined by comparing the aggregate amounts as determined in (9) above to ensure that Total Adjusted Medicare Cost expenditures are equal to or greater than Medicaid rate expenditures. In the event that aggregate Medicaid rate expenditures exceed aggregate Total Adjusted Medicare Cost expenditures, the Medicaid rate for each facility will be limited to the Total Medicare Cost Per Diem as determined in (4) above.

The sum of the private UPL payments will not exceed the upper payment limit calculated under the FFY 2025 private nursing facility UPL demonstration.

(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 in which the operator of the nursing facility is also the owner of the nursing facility assets;
- 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, 2024 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 Optional State Assessments or OSA's. Optional State 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, 2024 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.

Due to Medicare's conversion from the RUGS-IV payment methodology to the Patient Driven Payment Model for Medicare Part A skilled nursing facility services effective October 1, 2019, the Medicaid Agency will increase the October 1, 2018 Medicare RUGS-IV payment rates by the average annual increase in Medicare rates per the FY 2020, 2021, 2022, 2023, and 2024 Final Rule. The adjusted Medicare rates will then be used in the calculation of the quarterly Essential Public Safety Net Nursing Facility payments effective for services provided on and after October 1, 2024.

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(II)(2) above.

- (2) Next, the Medicaid ICF/IID per diem cost as determined in step (1) above for each facility is then trended. The Medicaid Agency will employ the use of the midpoint to midpoint trending methodology using the Global Insight CMS Nursing Home without Capital Market Basket Index in order to trend the base year cost to the UPL demonstration period.
- (3) Total annual projected Medicaid ICF/IID revenue of each facility for the UPL demonstration period is determined by averaging the July 1, 2023 Medicaid payment rate of each ICF/IID facility and multiplying the average rate by the facility's base year Medicaid incurred patient days which is obtained via MMIS.
- (4) The Medicaid UPL compliance check is determined for this class by comparing the aggregate amounts as determined in step (3) above to ensure that projected Medicaid ICF/IID cost is equal to or greater than projected Medicaid ICF/IID rate expenditures in step (4). In the event that aggregate Medicaid ICF/IID rate expenditures exceed aggregate Medicaid ICF/IID cost, the Medicaid ICF/IID rate for each facility will be limited to the Medicaid cost based rate as determined in (3) above.

V. State Owned Governmental Nursing Facility Service Providers

The following methodology is used to estimate the upper payment limit applicable to state owned/operated nursing facilities:

The most recently filed FYE Medicare nursing facility cost report serves as the base year cost report to be used for Medicaid UPL demonstrations. In order to determine the Medicare allowable cost per patient day (i.e. upper payment limit), the SCDHHS will:

- (1) Access the most recent and available CMS cost based UPL template for SC Medicaid UPL demonstration purposes.

JOB TITLE	0-60 BEDS MAX ALLOWED ANNUAL SALARY	61-99 BEDS MAX ALLOWED ANNUAL SALARY	100+ BEDS MAX ALLOWED ANNUAL SALARY
DIRECTOR OF NURSING (DON)	\$87,936	\$93,110	\$115,877
RN	\$66,511	\$67,381	\$71,027
LPN	\$54,281	\$54,281	\$56,704
CNA	\$27,517	\$27,517	\$29,398
SOCIAL SERVICES DIRECTOR	\$45,086	\$46,850	\$58,256
SOCIAL SERVICES ASSISTANT	\$38,501	\$38,501	\$44,991
ACTIVITY DIRECTOR	\$37,347	\$38,312	\$41,604
ACTIVITY ASSISTANT	\$24,906	\$25,400	\$27,800
DIETARY SUPERVISOR	\$45,744	\$50,613	\$62,466
DIETARY WORKER	\$22,367	\$23,706	\$26,859
LAUNDRY SUPERVISOR	\$32,902	\$32,902	\$32,902
LAUNDRY WORKER	\$19,897	\$21,872	\$24,412
HOUSEKEEPING SUPERVISOR	\$32,503	\$39,206	\$43,462
HOUSEKEEPING WORKER	\$20,767	\$21,802	\$23,730
MAINTENANCE SUPERVISOR	\$43,368	\$48,449	\$57,409
MAINTENANCE WORKER	\$31,680	\$31,798	\$35,537
ADMINISTRATOR	\$101,483	\$114,442	\$148,780
ASSISTANT ADMINISTRATOR	\$74,224	\$88,148	\$88,148
BOOKKEEPER / BUSINESS MGR	\$51,223	\$51,223	\$53,952
SECRETARY / RECEPTIONIST	\$32,127	\$32,456	\$33,961
MEDICAL RECORDS SECRETARY	\$40,923	\$40,923	\$40,923

**Note: No change to prior year guidelines- state employee pay increase
Of 5% effective 7/1/23**

G) ALLOWABLE COMPENSATION RANGES FOR OWNERS AND/OR THEIR RELATIVES
EMPLOYED BY PARENT COMPANIES:

JOB TITLE	% - CEO Compensation	0-60 BEDS	61-99 BEDS	100-257 BEDS	258 + BEDS
CEO	see nh admin. Guidelines	\$101,483	\$114,442	\$148,780	130%* 100+ admin. Guidelines \$193,414
ASST CEO CONTROLLER CORPORATE SECRETARY CORPORATE TREASURER ATTORNEY	75%	\$76,112	\$85,832	\$111,585	\$145,061
ACCOUNTANT BUSINESS MGR PURCHASING AGENT REGIONAL ADMINISTRATOR REGIONAL V-P REGIONAL EXECUTIVE	70%	\$71,038	\$80,110	\$104,146	\$135,390
CONSULTANTS: SOCIAL ACTIVITY DIETARY (RD) PHYSICAL THER (RPT) MEDICAL RECORDS (RRA) NURSING (BSRN)	65%	\$65,964	\$74,388	\$96,707	\$125,719
SECRETARIES	see nh	\$32,127	\$32,456	\$33,961	\$33,961
BOOKKEEPERS	see nh	\$51,223	\$51,223	\$53,952	\$53,952
MEDICAL DIRECTOR	90%	\$91,335	\$102,998	\$133,902	\$174,073
**NOTE: there are no home offices in the 0-60 bed group					

Note: No change to prior year guidelines- state employee pay increase of 5% effective 7/1/23.

1. The above are maximum limits of allowable cost for owners and/or relatives who are actually performing these duties 100% of a normal work week. Part-time performance will be computed according to time spent. No individual will have more than one full time equivalent (40 hour per week) job recognized in the Medicaid program.
2. No assistant operating executive will be authorized for a chain with 257 beds or less.