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State/Territory Name: SOUTH CAROLINA

State Plan Amendment (SPA) #: SC-24-0022

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

December 3, 2025

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

RE: TN 24-0022

Dear Director Medina,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed South Carolina State Plan Amendment (SPA) to Attachment 4.19-B SC-24-0022, which was submitted to CMS on December 30, 2024. This State Plan Amendment will add Intensive Outpatient and Partial Hospitalization programs (IOP and PHP) as a psychiatric benefit provided in outpatient hospital services.

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 Ysabel Gavino via email at Maria.Gavino@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Todd McMillion.

Todd McMillion
Director
Division of Reimbursement Review

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>2</u> <u>2</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	
4. PROPOSED EFFECTIVE DATE October 1, 2024	
5. FEDERAL STATUTE/REGULATION CITATION Title XIX of SSA, Sect. 1902(a)(13) and 42 CFR 440.20	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a FFY <u>2025</u> \$ <u>452,117</u> b FFY <u>2026</u> \$ <u>451,209</u>
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, pages 1b, 1d, 1d.a new	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-B, pages 1b, 1d

9. SUBJECT OF AMENDMENT

This SPA will add Intensive Outpatient and Partial Hospitalization Programs to outpatient services.

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:
Ms. Medina was designated by the Governor to review and approve all State Plans.

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Eunice Medina

13. TITLE
Interim Director

14. DATE SUBMITTED
December 23, 2024

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

FOR CMS USE ONLY

16. DATE RECEIVED
December 30, 2024

17. DATE APPROVED
December 3, 2025

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

Todd McMillon

21. TITLE OF APPROVING OFFICIAL

Director, FMG Division of Reimbursement Review

22. REMARKS

SCDHHS authorizes a pen and ink authorization to add page "1d.a new" on block 7 of the CMS form 179 - 6/18/25 MYLG

- To encourage outpatient resources be used when they are appropriate substitute for inpatient hospital services.
- To discourage the inappropriateness of outpatient hospital resources as a substitute for physician office and clinic services.
- To ensure the continued existence and stability of the core providers who serve the Medicaid population.

C. Definitions

The following definitions shall apply for the purpose of reimbursement under this plan.

1. Outpatient - A patient of an organized medical facility, or distinct part of that facility, who is expected by the facility to receive and who does receive professional services for less than a 24-hour period regardless of the hour of admission, whether or not a bed is used, or whether or not the patient remains in the facility past midnight.
2. Outpatient services - Those diagnostic, therapeutic, rehabilitative, or palliative items or services furnished by or under the direction of a physician to an outpatient by an institution licensed and certified as a hospital. This service will include both scheduled services and the provision of service on an emergency basis in an area meeting licensing and certification criteria.
3. Surgical service - Surgical services are defined as the operative procedures set forth in the ICD -10 surgical procedure codes. Emergency and non-emergency surgical services are included as surgical services.
4. Nonsurgical services - Emergency or non-emergency services rendered by a physician which do not meet the criteria for surgical or treatment/therapy/testing services.
 - a. Emergency services - Services rendered to patients who require immediate medical intervention for a condition for which delay in treatment may result in death or serious impairment.
 - b. Non-emergency service - Non-emergency services are defined as scheduled or unscheduled visits to an outpatient hospital clinic or emergency room where a professional service is rendered.
5. Treatment/Therapy/Testing service - Such services are defined as laboratory, radiology, dialysis, physical, speech, occupational, psychiatric, respiratory therapies, and testing services.
6. Hospital-Based Crisis Stabilization - Emergency services provided in specialized behavioral health emergency units located on the contiguous hospital campus grounds for the purpose of behavioral health crisis stabilization.
7. Psychiatric Intensive Outpatient (IOP) or Partial Hospitalization Programs (PHP)- IOP and PHP are distinct and organized intensive psychiatric outpatient treatments of less than 24 hours of daily care, designed to provide patients with profound or disabling mental health conditions an individualized, coordinated, intensive, comprehensive, and multidisciplinary treatment program not provided in a regular outpatient setting. IOP and PHP services are overseen by a physician and rendered by a multidisciplinary team on a less than 24-hour basis for the purpose of stabilizing and treating psychiatric conditions.

II. Scope Of Services

Effective with dates of service July 1, 1988, hospitals certified for participation under the Health Insurance for the Aged Program under Title XVIII of the Social Security Act and participating under the Medicaid Program shall be reimbursed for outpatient services rendered

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EFFECTIVE DATE: 10/01/24

APPROVAL DATE: December 3, 2025

SUPERCEDES: SC 23-0020

- b. Fees for non-surgical classifications are based on a relationship to the average historical payment made by the state of such procedures as determined from claim history data. ICD-9-CM diagnostic procedure codes which are not classified under the initial grouping of procedures will be assigned a class by the Commission. Professional medical personnel will be responsible for this function.

A procedure may be assigned to an existing classification or a new classification may be created to compensate for the procedure at the discretion of DHHS.

- c. In the case of multiple diagnosis only one payment will be made. The class producing the highest rate of payment will be selected as the payment rate.

C. Treatment/Therapy/Testing Services

The methods and standards for payment of treatment/testing/therapy services are divided into two categories:

- Laboratory and Radiology
- Other Treatment, Therapy and Testing Services

1. Laboratory and Radiology

a. Services Included in Payment Amount

Payment for laboratory and radiology services rendered to outpatients shall consist of a fee for services. Effective October 1, 2010, all outpatient hospital clinical lab services will be reimbursed at one hundred percent (100%) of the 2010 Medicare Clinical Lab Fee Schedule rates for the State of South Carolina. Effective for services provided on or after October 1, 2011, all outpatient hospital clinical lab services except for those provided by hospitals identified as SC critical access hospitals, SC isolated rural and small rural hospitals, certain SC large rural hospitals located in a Health Professional Shortage Area (HPSA) for primary care for total population, SC large rural hospitals as defined by Rural/Urban Commuting Area classes with total licensed beds of 90 or less or qualifying burn intensive care unit hospitals will be reimbursed at ninety percent (90%) of the 2010 Medicare Clinical Lab Fee Schedule rates for the state of South Carolina. SC critical access hospitals, SC isolated rural and small rural hospitals, certain SC large rural hospitals located in a Health Professional Shortage Area (HPSA) for primary care for total population, SC large rural hospitals as defined by Rural/Urban Commuting Area classes with total licensed beds of 90 or less and qualifying burn intensive care unit hospitals will be reimbursed at ninety-seven percent (97%) of the 2010 Medicare Clinical Lab Fee Schedule rates for the State of South Carolina. The fee excludes payment for services rendered directly to a patient by a physician (professional).

b. Payment Method

- i. Payments for technical radiology and laboratory services shall be made based on the lesser of the charge or fixed fee for each CPT coded procedure.

2. Other Treatment, Therapy and Testing Services

a. Services Included In Payment Amount

Treatment, therapy, and testing services under this part include dialysis treatment, respiratory, physical, speech, occupational, audiological therapies, psychiatric treatment and testing. The payment for each treatment and testing category is a payment per service. Therapy services rendered under this part include the professional services component. If such services are provided in conjunction with surgical or non-surgical services, no separate payment shall be made.

b. Psychiatric Intensive Outpatient and Partial Hospitalization Programs

- i. The agency's rate of \$207.52 per diem for Psychiatric Intensive Outpatient Programs (IOP) was established as of October 1, 2024 and is effective for services provided on or after that date. The fee schedule is published on the agency's website at <https://www.scdhhs.gov/providers/fee-schedules>.

IOP includes the following discrete services which must be provided in a therapeutic milieu: diagnostic assessment; psychiatric diagnostic assessment; service plan development; nursing services; medication management; group, individual, and family psychotherapies; psychosocial rehabilitative services; and peer support services.

IOP requires a minimum of nine (9) and maximum of nineteen (19) hours of intervention per week for adults, and a minimum of six (6) and maximum of nineteen (19) hours of intervention per week for children/youth ages 6-17. Programming occurs across three to four (3-4) days per week. At least one discrete service within the bundle must be provided to bill the bundled per diem rate.

- ii. The agency's rate of \$214.58 per diem for Psychiatric Partial Hospitalization Programs (PHP) was established as of October 1, 2024 and is effective for services provided on or after that date. The fee schedule is published on the agency's website at <https://www.scdhhs.gov/providers/fee-schedules>

PHP services include those available in IOP but with programming five (5) days per week, which may include additional physician services and occupational therapy, as needed.

PHP requires a minimum of four (4) hours per day, five (5) days per week for both children and youth (ages 6-17) and adults (ages 18+). At least one discrete service within the bundle must be provided to bill the bundled per diem rate.

- iii. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of IOP and/or PHP services. Service rates for both IOP and PHP were developed as single service bundles, with the per diem rates based on the composition of the service and multidisciplinary nature of the individual providers required for service delivery; providers include physicians, other licensed practitioners of the healing arts, nurses, peer support specialists, and (for PHP) occupational therapists. IOP and PHP services are provided in outpatient settings by hospitals enrolled to render outpatient hospital services.

IOP and PHP services will be reimbursed at eighty percent (80%) of the 2024 Medicare rate for the same, similarly defined services and are not subject to the outpatient multiplier. SCDHHS established the bundled rate for PHP services by determining 80% of the 2024 Medicare hospital outpatient prospective payment rate for the similarly defined PHP services (3+ services). For IOP services, SCDHHS established the bundled rate by determining 80% of the 2024 Medicare hospital based IOP rate for 3+ services.

SC Medicaid is not reimbursing room and board for IOP and PHP services. The State will periodically monitor the actual provision of services paid under the bundled per diem rates to ensure that beneficiaries receive the types, quantity, and intensity of services required to meet their medical needs and to ensure that the rates remain economic and efficient based on the services that are provided as part of the per diem.