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State/Territory Name: South Carolina

State Plan Amendment (SPA) #: 26-0007

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

October 26, 2026

Eunice Medina
Director
South Carolina Department of Health & Human Services
P.O. Box 8206
Columbia, SC 29202-8206

Re: South Carolina State Plan Amendment (SPA) - 26-0007

Dear Director Medina:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 26-0007. This amendment will add Intensive In-Home Services via the Intercept Model to the array of rehabilitative behavioral health services for children and youth.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulations, Section 1905(a)(13); 42 CFR § 440.130(d). This letter informs you that South Carolina's Medicaid SPA TN 26-0007 was approved on October 26, 2026, with an effective date of August 1, 2026.

Enclosed are copies of Form CMS-179, approved SPA pages, and the Companion Letter to be incorporated into the South Carolina State Plan.

If you have any questions, please contact Etta Hawkins at (404) 562-7429 or via email at Etta.Hawkins@cms.hhs.gov.

Sincerely,

[redacted]

Megan K. Buck
Director, Division of Program Operations

Enclosures

cc: Sheila Chavis
Margaret Alewine
Jordan Desai

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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October 26, 2026

Eunice Medina
Director
South Carolina Department of Health & Human Services
P.O. Box 8206
Columbia, SC 29202-8206

Re: South Carolina Plan Amendment (SPA) - 26-0007

Dear Director Medina:

The Centers for Medicare & Medicaid Services (CMS) is providing this letter as a companion to the approval of South Carolina's State Plan Amendment (SPA) 26-0007, which proposes to add Intensive In-Home Services via the Intercept Model to the array of rehabilitative behavioral health services for children. During our review of SPA 26-0007, we identified certain issues with South Carolina's current State Plan, which are the subject of this letter.

Annual Cost Identification and Reconciliation Process for State Owned and Non-State-Owned governmental providers

1. As part of our review of the SPA, we reviewed previously approved language that was not amended by the state but included on the submitted plan page(s). Attachment 4.19-B Page 6.1d.a.2 in the section titled "Annual Cost Identification and Reconciliation Process for State-Owned and Non-State-Owned governmental providers" includes the following:
    a. References to a "CMS approved annual cost report" and HIM-15.
    b. Utilization of time and effort reports for identifying supervisory costs.

    As required by 42 CFR § 430.10, please amend the methodology for state-owned and non-state-owned governmental providers rendering rehabilitative behavioral health services by amending the above language in the following manner:
    a. "CMS approved annual cost report" to "CMS reviewed annual cost report" and "HIM-15, Chapter 2300, Section 2313.2 (E)" to "2 C.F.R. § 200" to ensure the state is aligning with current CMS policy.
    b. We encourage the state to consider alternatives to time and effort reports. CMS is available to provide technical assistance to South Carolina as needed.

We request your response on or before January 27, 2027, which is within 90 days of the date of this companion letter.

If you have any questions, please contact Etta Hawkins at (404) 562-7429 or via email at Etta.Hawkins@cms.hhs.gov.

Sincerely,

[redacted]

Megan K. Buck
Director, Division of Program Operations

Enclosures

cc: Sheila Chavis
Margaret Alewine
Jordan Desai

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26-0007

2. STATE: SC

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
August 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
Title XIX of SSA, Sect. 1905(a)(13); 42 CFR 440.130(d)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 $ 60,439
b. FFY 2027 $ 361,328

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 3.1-A Limitation Supplement, page 6c.10.4 (New Page)
Attachment 4.19-B, pages 6.1d.a.1, 6.1d.a.2 (New Page)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B, page 6.1d.a.1

9. SUBJECT OF AMENDMENT

This SPA will add Intensive In-Home Services via the Intercept Model to the array of rehabilitative behavioral health 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
[redacted]

12. TYPED NAME
Eunice Medina

13. TITLE
Director

14. DATE SUBMITTED
July 31, 2026

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
July 31, 2026

17. DATE APPROVED
October 26, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
August 1, 2026

19. SIGNATURE OF APPROVING OFFIC
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Megan K. Buck

21. TITLE OF APPROVING OFFICIAL
Director, Division of Program Operations

22. REMARKS

21. **Intensive In-Home Services – Intercept (IIHS-IC)**: Intercept is an evidence-based intensive in-home services model intended to safely prevent children from entering out-of-home care, or if out-of-home placement is necessary (including but not limited to foster care, residential psychiatric treatment, or group home settings), to provide supportive step-down care, ensuring successful family reunification as quickly as possible. Providers engage in all areas of the youth's ecology – family, school, peer group, neighborhood – providing research-informed interventions.

Key elements of Intercept include: 24-hour crisis intervention; intensive services (meeting multiple times per week); family support for safety and supervision of youth; services for youth with severe mental health need and/or behavioral problems; home/community-based care; and community-level, youth, and family engagement.

Intercept is a brief interventional model allowable for children and youth from birth up to age 20, with services typically lasting four to six months depending on referral and individual/family needs. Youth age 20 to 21 who meet medical necessity for a similar level of care may receive services that are comparable in intensity as per EPSDT guidelines.

Intercept component services include the following independent services described on pages 6b-6c of this attachment:

- Behavioral Health Screening;
- Diagnostic Assessment;
- Mental Health Comprehensive Diagnostic Assessment – Follow-up
- Family Psychotherapy;
- Service Plan Development;
- Crisis Management;
- Family Support Services; and/or
- Behavior Modification

a) Limitations of Services: Intercept is allowable for an initial episode of care including forty-eight (48) per diem encounters, delivered within a period of 120 days. Providers may request additional per diems beyond this number when medically necessary.

Coverage for Intercept is not available to members residing in an Institution for Mental Diseases as described in 42 CFR § 435.1010.

b) Providers of Intercept: Intercept providers must have a bachelor's or master's degree with specific training and competency in delivering Intercept services. All services are supervised by a licensed practitioner of the healing arts as described in the "Staff Qualifications" section (pages 6c.23-6c.32).

Intensive In-Home Services – Homebuilders

Effective on or after July 1, 2024, the Medicaid Agency will reimburse for Homebuilders services. Homebuilders providers must be part of a certified Homebuilders team in good standing with Institute for Family Development and have the training required to implement the evidence-based practice. Services are described in section 3.1-A Limitation Supplement.

Homebuilders is reimbursed based on a per diem unit of service, which was developed considering the specific costs of implementing this model. The billing unit is one day. Homebuilders per diems may be billed only on days when the provider has performed a service with the beneficiary or a family member. Only one per diem may be billed per beneficiary per day.

The unit costs were derived using information gathered from South Carolina Homebuilders providers regarding the following: staffing levels; licensing, consultation, and training requirements; volume of Homebuilders services provided; costs related to salaries and wages (including cost consideration for providers' availability 24 hours per day, 7 days per week, 365 days per year); transportation expenses; and administrative, overhead, and program support costs.

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers. All rates are published on the SCDHHS website https://www.scdhhs.gov/providers/fee-schedules.

Intensive In-Home Services – Intercept (IIHS-IC)

Effective on or after August 1, 2026, SCDHHS will reimburse for community-based intensive in-home services using the Intercept model. Intercept providers must be part of a licensed, authorized team in good standing with Youth Villages (model purveyor) and have the training required to implement the evidence-based practice. Services are described in Attachment 3.1-A, Limitation Supplement.

Intercept is reimbursed with a bundled per diem unit of service, which was developed considering the specific costs of implementing this model. The billing unit is one day. Intercept per diems may be billed only on days when the provider has performed a service with the beneficiary or a family member. Only one per diem may be billed per member per day.

The bundle is comprised of multiple services within a single benefit category. Intercept component services include the following discrete services as described on pages 6b-6c of Attachment 3.1-A, Limitation Supplement, and identified as part of the Intercept model on Page 6c.10.4:

- Behavioral Health Screening;
- Diagnostic Assessment;
- Mental Health Comprehensive Diagnostic Assessment – Follow-up;
- Family Psychotherapy;
- Service Plan Development;
- Crisis Management;
- Family Support Services; and/or
- Behavior Modification

Authorized providers submitting claims for Intercept will be paid the all-inclusive bundled rate and cannot also submit claims for any of the component services. Medicaid providers delivering separate services outside of the bundle may bill for those separate services in accordance with SCDHHS Medicaid billing procedures. At least one of the discrete services included in the bundle must be provided on the same date of service for which the bundled rate is billed to be reimbursed.

The unit costs were derived using information gathered from South Carolina Intercept providers regarding the following: staffing levels; licensing, consultation costs, and training requirements; volume of Intercept services provided and anticipated; costs related to salaries and wages (including cost consideration for providers' availability 24 hours per day, 7 days per week, 365 days per year); transportation expenses; and administrative, overhead, and program support costs.

SCDHHS will periodically monitor the actual provision of services paid under this bundled rate to ensure that members 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 actually provided as part of the bundle.

Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of community based intensive in-home services using the Intercept model. The agency's fee schedule rate was set as of August 1, 2026, and is effective for services provided on or after that date. All rates are published on the SCDHHS website https://www.scdhhs.gov/providers/fee-schedules.

Annual Cost Identification and Reconciliation Process for State Owned and Non-State Owned governmental providers:

Each State Owned and Non-State Owned governmental provider rendering rehabilitative behavioral health services will be required to submit a CMS approved annual cost report to establish the costs of their services. Allowable costs will be accumulated by practitioner and service definition. Costs by practitioner by service will be accumulated for the total population of users of the service (i.e. regardless of the source of payment). Allowable costs will be classified as follows:

Direct Costs:

1) Directly chargeable salary costs of the practitioner(s) providing the service and associated fringe benefits,
2) Materials, supplies excluding injectables, and non-capital related equipment expenditures required by the practitioners for the provision of service,
3) Required training and any associated travel costs of the practitioners, and
4) Any costs not noted above but directly assignable excluding subcontract arrangements for direct service delivery and costs included in indirect cost determination.

Supervision:

Costs of supervisory staff will be added to the direct costs associated with practitioners of specific services. Allowability of supervisory costs is determined based on the practitioners requiring supervision in accordance with the Rehabilitative Service definitions as outlined under Attachment 3.1-A. The provider types affected include: Registered Nurses, Licensed Practical Nurses, and all Masters Level, Bachelors Level, and High School Level professionals. Time and effort reports completed in accordance with HIM-15, Chapter 2300, Section 2313.2 (E) will be used to determine supervision costs.

Indirect Costs:

Allowable indirect costs can be determined in one of two ways:

1. The application of the provider's federally approved indirect cost rate (or federally approved cost allocation plan) or