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July 1, 2010

Ms. Emma Forkner, Director  
Department of Health & Human Services  
P.O. Box 8206  
Columbia, SC 29202-8206

Re: Corrected Approval Letter

Dear Ms. Forkner:

I am pleased to inform you that your request to amend South Carolina's Community Supports Home and Community-Based Waiver for Individuals with Developmental Disabilities has been approved. This amendment, control number 676.R00.01, is effective January 1, 2010. Specifically you requested to: (1) establish an individual rate for community services to accommodate individuals for whom a group setting is not appropriate, and (2) update cost and utilization estimates for years 2 and 3 of the Community Supports Waiver.

On February 1-4, 2010, CMS financial staff conducted an on-site review at South Carolina's Department of Health and Human Services (SCDHHS). The scope of the review included obtaining documentary evidence of the State's process for determining Room & Board (R&B) costs and determining whether the reimbursement methodologies used by DHHS for the 1915(c) waiver services provided in group residential settings include any R&B costs. Based on this review, CMS determined that the Organized Health Care Delivery System's (OHCDS) administrative expenses, both at the regional and DDSN levels are being incorporated into the rate claimed to Medicaid as a waiver cost. CMS has determined that those administrative expenses should be backed out of the rate and claimed as an administrative expense on the CMS Quarterly Medicaid Statement of Expenditures (CMS 64). Your staff agreed, on June 3, 2010, to come into compliance with the reporting of administrative expenses by January 1, 2011. Additionally, during the exit conference, CMS stated that SCDHHS was out of compliance with the waiver until the cost reports have been finalized. During our June 3, 2010 teleconference call and in your informal RAI response to CMS on the same date, your staff agreed to finalize all DDSN cost reports by December 31, 2010.

We appreciate the effort and cooperation provided by your staff during our review of this request. The revised pages have been incorporated into the approved waiver. If you have any questions, please contact Kimberly Adkins-McCoy, of my staff, at (404) 562-7159.

Sincerely,



Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations