DEPARTMENT OF HEALTH & HUMAN SERVICES Centers for Medicare & Medicaid Services 7500 Security Boulevard, Mail Stop S2-26-12 Baltimore, Maryland 21244-1850



Centers for Medicaid, CHIP, and Survey & Certification

Mr. Anthony E. Keck

Director

Department of Health and Human Services
P.O. Roy 8206

P.O. Box 8206 Columbia, South Carolina 29202-8206

RE: State Plan Amendment SC 10-013

Dear Mr. Keck:

RECEIVED

JUL 072011

Department of Health & Human Services
OFFICE OF THE DIRECTOR

recovered from hospitals based on final DSH audits. Mental Health hospitals and all other hospitals; and provide for redistribution of any DSH funds index used to establish interim DSH limits and payments; establish separate DSH pools for expenditure protocol; update the hospital specific disproportionate share hospital (DSH) limits; implement the final DSH rule published on December 19, 2008; update the CMS market basket non-state owned government long-term care psychiatric hospitals; include certified public recent filed cost reports; implement a retrospective cost based reimbursement methodology for changes are being proposed: update the per discharge and per diem rates based on the most proposes to revise the inpatient hospital payment methodology. Specifically, the following submitted under transmittal number (TN) 10-013. Effective October 1, 2010 this amendment We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan

changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of October 1, 2010. We are enclosing the CMS-179 and the amended approved plan pages. implementing Federal regulations at 42 CFR Part 447. 1902(a), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the We conducted our review of your submittal according to the statutory requirements at sections We have found that the proposed

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

Sincerely

Cindy Mann
Director, CMCS

Sull Home

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		21. TYPED NAME: \NINIAM Lasowski	19. EFFECTIVE DATE OF APPROVED MATERIAL 2010	17. DATE RECEIVED:	December 30, 2010 FOR REGIONA	Director 15. DATE SUBMITTED:	13. TYPED NAME: Emma Former 14. TITLE:	12. SIGNATURE OF STATE AGENCY OFFICIAL:	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	10. SUBJECT OF AMENDMENT: Effective October 1, 2010, annual updates to: (1) October 1, 2010 inpatient rates/multipliers; (2) FFY 2011 DSH Allotment; (3) Base Year Cost/Data Reports used for FY 2011 DSH; (4) update to cost components for each hospital's specific DSH limit; (5) creation of two DSH payment pools effective October 1, 2010; and (5) redistribution of October 1, 2010 DSH allotment based upon results of audits.	Attachment 4.19-A, pages 1 - 0, 11, 13, 13 - 19, 24 - 280, 30 and 32 through 39	8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	42 CFK, Subpart C	COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment) 6. FEDERAL STATUTE/REGULATION CITATION: 7. FEDERAL BUDGET IMPACT:	☐ NEW STATE PLAN ☐ AMENDMENT TO BE C	TO: REGIONAL ADMINISTRATIOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	FOR: HEALTH CARE FINANCING ADMINISTRATION	TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	HEALTH CARE FINANCING ADMINISTRATION
		27 TITLE: DIVERTOR	20. SIGNATURE OF	18. DATE APPROVED:	FOR REGIONAL OFFICE USE ONLY	の 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Post Office Box 8206 Columbia, 845, 29202-8206	16. RETURN TO: // South Carolina Department of Health and Human Services	☑ OTHER, AS SPECIFIED: Ms. Forkner was designated by the Governor to review and approve all State Plans	t rates/multipliers; (2) FFY 2011 DSH Allotm for each hospital's specific DSH limit; (5) cre r 1, 2010 DSH allotment based upon results of	Attachment 4.19-A, pages F-6, 11, 13, 15 - 19, 24 - 28b, 30 and 32 through 33	R OF THE	a. FFY 2011 (\$72 Million) b. FFY 2012 \$8.9 Million	NDMENT (Separate Transmittal for each ame) 7. FEDERAL BUDGET IMPACT:	AMENDMENT TO BE CONSIDERED AS NEW PLAN	4. PROPOSED EFFECTIVE DATE October 1, 2010	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	1. TRANSMITTAL NUMBER: 2. S SC 10-013 Sou	WEIT TO REFLECT ADDITIONAL PAGES
	+	ON CMCS	REGIONAL OFFICIAL:					uman Services	IED: sted by the approve all State Plans	ent; (3) Base Year eation of two DSH of audits.	- 19, 24 - 28b, 30 and	D PLAN SECTION		ndment)	MAMENDMENT AMENDMENT		XIX OF THE	2. STATE South Carolina	OMB NO. 0938-0193

TATE PLAN UNDER TITLE XIX OF. THE SOCIAL SECURITY ACT

STATE OF SOUTH CAROLINA

INPATIENT HOSPITAL METHODS AND AND STANDARDS PSYCHIATRIC FOR ESTABLISHING RESIDENTIAL TREATMENT PAYMENT RATES FACILITY CARE

I. General Provisions

A. Purpose

This plan establishes:

- Ф governmental Department of care retrospect hospitals lve long-term as reimbursement defined care ij system psychiatric the plan, for qualifying non-state hospitals owned acut and
- N Ð services non-acute prospective and of Mental Health long-term psychiatric hospitals care hospitals providing all other inpatient hospital and
- ω governmental
 residential t
 of Federal Re a prospective psychiatric retrospective Regulations. treatment and residential payment reimbursement non-state services reimbursement l treatment owned gover in accordance wi system services for ices and a state-owned al psychiatric with the Code for private and a

It describes hospital and presents the adjustments, qualifying a managing the and the acute hospital psychiatric residential t necessary procedures for calculating retrospective rute care hospitals, audi hospital disproportionate s principles ςţ residential treatment providers rocedures for setting rates, maretrospective cost settlements б followed by auditing cost ate share (DSH) Title providers rates, ma program. reports inpati rs and making ts for and еn

B. Objectives

Effective 1997 repea of 1997 p hospital p psychiatric residenti disproportionate share repeals payment provides October changes ent rates. This public nges in payment for residential treatment r 1, OBRA s for 1981 requirement. It a public process. This 1997, 1981 process for ublic process w inpatient facility for it; Budget ts place, the determination will services hospital Ac. take (BBA) place of BBA of and and

Inpat with the ient bospital
upper paym ital reimbursement payment limit requ requi shall irement Ø þe 0 made of Sect: in accordance 447.272.

C. Overview of Reimbursement Principles

- The providers f more of the South Carolina Medicaid I for inpatient inst: e following methods. aid Program institutiona \vdash ٧ ۲. 11 reimburse services usi \vdash rse qualified using one or
- rospective payment rates will рe reimbursed to contracting

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for service inpatient claims during its cost out-of-state acute e care hospitals with ient claim utilization cost reporting period. of less than SC Medicaid fee 200

- <u>ن</u> Reimbursement percent hospitals) hospitals, non-general hospitals itals, and free standing long-term psychiatric itals) will be based on a prospective payment system will be further limited to no more than one hundred ent of the hospital's allowable SC Medicaid inpatient hospitals, als with S.C. Medicaid fee futilization of at least 200 acute for free free out care of standing standing hospitals state border short-term (i.e. long t 402 general Service term psychiatric acute inpatient a L
- a Mental psychiatric hospitals, determined Retrospective intensive care unit. Health, psychiatric al1 for hospitals inpatient and a11 non-state stace hospitals, hospitals, qualifying contracting cost hospitals SC the all governmental settlements general SC contracting that Department acute will employ long-term care 0f bе ω
- <u>.</u> program for medical services rendered during an Medicaid reimbursement treatment facility claims. final discharge of coinsurance. Hospitals psychiatric SP may not provided Hospitals may submit a claim for payment only upon hospital claims and psychiatric the separately bill 'n to patient, with the exception of long-term Section a hospital the III shall be patient O.H this payment or inpatient the plan. residential Medicaid stay,
- ω discharge psychiatric Payment for which (per case) hospitals) will all hospitals compensates for a diagnosis related group or (except freestanding hospitals be made based on a either an hybrid payment long-term care amount a per diem
- 4 categories. South Carolina's historical Medicaid claims database incurred from July 1, 2005 through June 30, 2006 will be used to establish the DRG relative weights. comparison of charges for each DRG category to categories. South Carolina's historical I version 24. classification system that will be used will be discharges will system, be utilized. The paid by relative weights will be established based on South Carolina specific relative . Effective October 1, 2007, the per case method o charges for all Medicaid claims under the Medicare weights DRG grouper the hybrid and
- <u>ပ</u>ာ specific inpatient per diem multiplier. appropriate hospitals. hospitals teaching discharges are limits hospitals without established per diem rate times ithout an intern/res Effective October 1, defined paid by the per diem method, with for the intern/resident H. an this intern/resident the number of days of stay, following categories of hospitals: plan) multiplied 2008, facilities will receive the program, statewide per program, and Λq non-teaching the hospital teaching (subject diem

- 9 and 10 of this section) will be made to the per discharge rates outlier described ï.
- 7. psychiatric for psychiat psychiatric days. statewide chiatric facilities shall be psychiatric long-term care. ewide total costs of these services provided In freestanding

 I be based on the statewick

 care. The base processes these psychiatric e statewide per diem r services de average per diem rate will be the side divided by total long-term
- ∞ and The and follows: other appropriate. adjusted to system describes Disproportionate Share Hospital payments rehabilitation units, payments indirect payments as diem method for Section VI J describes hospital recognize t medical determined under both payment methods, medical education, capital and a In addition to the claims payment, outlined ute care hospitals, including acute psychiatric ts, and short term care psychiatric hospitals and psychiatric long-term care facilities, will be facility specific costs associated with direct in this Attachment. cost settlements ancillary hospitals may Some examples the hybrid services and brid payment psychiatric receive Section are as as

day governmental long-term reimbursed 100% of the through a retrospective clarification purposes, hospitals will be cost through a Effective basis. October retrospective 1, 1999, Duning reimbursed 100% of their allumnum reimbursed 100% of their allumnum reimbursed 100% of their allumnum process. settlements will be determined on a per coses, settlements will be determined on a per coses. tive October 1, 2010, nerm care psychiatric hos their allowable Medicaid cost settlement Carolina Department of Mental Health of their allowable Medicald inpatient cost settlement process. For process. hospitals inpatient will patient owned L be

- 9 Special will be зs ρf ۸Ó a patient from one hospital to following an earlier discharge. long-term psychiatric and RTF c and D of this plan, payment from one hospital to another, or a readmission an earlier discharge. These provisions are not provisions, ial payment will also b also be made for cases involving a transfer as hybrid payment n terms of pation claims. provided in Section VI yment system for discharges patient length of stay or These cases will be SP specified ņ. n or a patie applicable of this ·Θ Section referred to or costs patient VIpaid of Ω
- 10 Reduced payment, hundred percent made for cases paid of the S S specified in 9 statewide a per diem geometric Section basis s having stays exceeding average length of stay. VI B O.f. this plan, Will two be
- 11. D higher rate costs reconsideration SP വ result of condition of conditions described in available ţo X hospitals that have ď 0f this plan.
- 12 Disproportionate accordance with the share requirements payments will be specified in paid to qualifying hospitals ed in Section VII of this pla plan.
- 13. Payme... facilities sum using rate (paragraph inclusive pase year data calculation. rate. shall 0f services this this plan defines t Each facility's per be an provided trended all-inclusive forward. Í'n psychiatric the he costs covere diem rate will Section V B per diem covered by residential rate. describes the describes Section treatment all-
- 14 payment amount of \$2 payment is applicable. Effective for admissions of \$25 per on 0 P or after January admission will will əd 1, charged 2004 astandard when മ CO-00-

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- 15. Effective for hospitals wi retrospective services provided to South Carolina Medicaid patients. or services with burn cost provided on or after intensive care unit settlements for units July the 1y 1, ll receive total co 2004, qualifying ve annual cost of
- II. Definitions Applications Facility Reimbursement Applicable ţ Inpatient Hospital and Residential Treatment

for The inpatient following definitions will help in understanding the payment a hospital and residential treatment facility services: rates

- -Administrative Days longer require onger require acute hospital care, but placement that is not available at the either intermediate or skilled level of The days of service provided to recipients care criteria. time. are π need of nursing The patient must need of who
- \sim Arithmetic number of : : Mean (average) - its observations. The product of dividing മ sum γd the
- W year For For Base 2010, the base year shall be each facility's 2006 fister the freestanding long-term psychiatric hospital rates, are shall be each facility's 1990 fiscal year. the hybrid payment system rates effective on 2010, the base year shall be each facility's - The fiscal year used for calculation and after October 2006 fiscal year. of payment the year. base
- 4. qualify for this cost following criteria. FIntensive Care t settlement a hospital must satisfy all of A hospital must: Unit Cost Settlement Criteria ďΙ order the
- Carolina border; located μ. South Carolina or within 25 miles 0f the South
- Have and b current contract with the South Carolina Medicaid Program;
- Have at least \ 5 beds in its nrnd intensive care unit
- 5 interest, property departmental capit; amount Capital 1984. of ownership or leasing arrangement subsequent include costs Cost capital lease associated with the capital include, amounts taxes, reflecting revaluation tud property insurance, and directly assigned are not limited costs shall the of assets to, of the depreciation, to September facility. due capital
- 9 hospital. Case-Mix Index Þ relative measure of f resource utilization at
- .7 Cost unless otherwise Total SC specified. Medicaid allowable costs of inpatient services,
- 8. CRNA Certified Registered Nurse Anesthetist.
- 9 similar Diagnosis lects amounts of hospital clinically cohesive groupings of p patients classification who consume that
- 10 publication HIM-15 g an approved defined Medical intern Education n and the resident Medicare Cost or nursing Provider Those direct school t school teaching Reimbursement associated with program Manual,

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- 11. The Discharge these rules. following The patient release situations Ġ. Ø patient are from considered а П acute care rac red discharges facility. under
- 9 The patient ĽS formally released from the hospita
- Ö The patient facility. Į. transferred ţ മ long-term care level 95
- c. The patient dies while hospitalized.
- d. The patient leaves against medical advice.
- Φ 'n multiple births, considered two discharges a delivery, each baby will be release for considered a separate discharge. of the mother and her baby Will of
- Ħ at same discharge for billing purposes but will not be reimbursed discharge except as specified in Section VI. assignment discharges the transfer ct WO or point separate മ s from one different trom one unit and admission to another unit widifferent general acute care hospital shall be reparate discharges for reimbursement purposes. for each case will be assigned based on services at of discharge. one hospital 6 another Will ф considered recognized The DRG within а В involving provided full the
- 12. Disproportionate and services level of ser state's (Georgia and North Carolina) of inpatient hospitals whose participation in and services to low income clients is clevel of service rendered in other partic considered disproportionate Share Hospitals share participating South contracting acut n the SC Medicaid disproportionate Carolina hospitals and to Program to the ወ border shall care

Program: Effective following criteria October ij order 2008, ţ hospitals qualify must for satisfy the SC Medicaid one 0 DSH the

- with Ø licensed the SC Med sed SC general Medicaid Progr Program acute or, care hospital that contr G
- N Department of Ment Medicaid Program or; Ве SC psychiatric of Mental hospital Health 1 that that contracts ŗ. owned with the the SC
- ω for whose deviation Medicaid Georgia) with utilization of contracts base hospitals year general base inpatient above the with year's S, acute any at least any SC r receiving the low-income e care bor Medicaid utilization mean SC non-general border hospital (in North Carolaid fee for service inpatient 200 inpatient claims per year non-general acute care hospital Medicaid Medicaid inpatient Medicaid payments ome utilization rate rate Program s, at least whose 2 exceeds utilization hospital the one base Carolina State 25%. standard Ľ, year's claims rate that the

two Į addition to criteria ij the order above to criteria, h qualify for hospitals or the SC N s must satisfy Medicaid DSH | Program: the next

ល Hospitals least one percent must have b Medicaid day utilization percentage of a

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<u>ت</u> Security Act), the term "obstetrician" includes any physician with staff privileges at the hospital to perform Hospitals must have December 22, obstetric nonemergency apply to a defined start privileges who have agreed services to Medicaid patients on case for services obstetric processing der 1987. of a purposes hospital located to а † term 0f least two procedures. the section "obstetrician" general not മ ťο (2) in a 1886 non-emergency offer This provide population as obstetricians ٥f rural rule non-emergency lation as of obstetrical the does area basis. Social with se)

but not limited to, the verified qualification and payment disproportionate during reconsideration process. report worksheets information Information Medicaid the second and third quarter and eligibility Λq used must administrative pertaining the DHHS using used supplemental to share. determine which hospitals does to the base CMS determine disproportionate share will be submitted and/or verified 2552 worksheets. days not appropriate sources, Financial correctly. and the DHHS inpatient report. qualify year(s) will be collected of the calendar The and for Disproportionate Data qualify supplemental statistical the including, year and

Section VII A. disproportionate share payment methodology s, ა ტ ტ forth

- 13. authority and hospital (Title XVIII) program. Acute by. certified for participation Care Hospital the applicable An South institution Carolina in the licensed licensing Medicare
- 14. values computed by extracting the nth root Geometric values. Mean The measure of central tendency of the of product set of of n

Example: The geometric mean of 2, 4 and 1rs. $\sqrt{2x4x1} = 2$

- 15. medical education equation. residents resulting Indirect patients costs Medical from the additional tests and procedures performed per operating bed in a Federally derived indirect are because determined Education the hospital is rmined using the Cost a teaching institution.

 number of interns and Those indirect
- 16. rehab education cost. medical Indirect subprovider beds) is education Medical The Education formula formula used is as (adjusted to Percentage used to calculate follows: include The Medicare indirect psychiatric indirect medical and

 \circ + (interns and residents)/beds).405)

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- N payment remaining method using DRGs shall be reamer the following case reimbursed volume/variance : c discharge rules.
- had 30 9 more cases
- variance deviation DRG (mean tor t has the between charge ne DRG) o of le 22 and L 27 the DRG 29 c cases and RG divided 2.00. а by coef the icient standard

ω Allowable Inpatient Costs

For acute care, freestanding short term psychiatric, and long term acute care hospital inpatient rates effective on and after October 1, 2009, allowable inpatient cost information of covered services from each acute care hospital's FY 2006 cost report will serve as the basis for computation of the hospital specific cost per discharge and the statewide average cost per day. All contracting SC acute care hospitals as well as out of state contracting border hospitals with SC Medicaid inpatient claim utilization of at least 200 claims were used in this analysis. The source document for Medicaid allowable inpatient costs will be the CMS-2552, which is the Medicare/Medicaid cost report. Allowable Medicaid inpatient costs will be determined in accordance with the Provider Reimbursement Manual Publication 15. However, no adjustment will be made to carve out the private room differential costs. For clarification purposes one hundred percent of the South Carolina general acute care hospital provider tax will be considered an allowable Medicaid cost. Medicare's recent policy change relating to the inclusion of Medicare's recent policy patient days in the Medicare Disproportionate Share calculation in patient will have no impact on the calculation of allowable Medicaid inpatient hospital costs beginning on and after October 1, 2009 will have no impact on the calculation of allowable Medicaid inpatient in accordance with the provisions of the Provider Reimbursement Manual HIM-15, section 2005.2. Inpatient allowable costs, charges and statistics will be extracted from the cost report and prepared for the rate computations using the following general guidelines. The FY 2006 SCDHS MARS paid claims summary data report for each acute care hospital identified above will also be used guidelines. The FY for each acute caduring the analysis acute care analysis.

- As filed total facility costs are identified from each facility FY 2006 Worksheet B Part I (BI) CMS-2552 cost report. Total inpatient facility costs would include operating, capital, direct medical education, and indirect medical education costs. Swing be and Administrative Day payments are deducted from the adult as pediatric cost center on the CMS-2552 as well as CRNA cost identified under BI, column 20. Observation cost is reclassified. ach facility' report. Tota direc costs y's tal ect bed and
- 2 Asinpatient hospital total facility cost using costs sts will be allocate the following methods. allocated ţ Medicaid
- \mathfrak{w} charge ratio charges as (a inpatient and inpatient and computed by total cost-to-charge ratio for each ancillary service will nputed by dividing total costs as adjusted in this sect total charges as reported on Worksheet C. This costinge ratio will then be multiplied by SC Medicaid coverges as (as reported on Worksheet DII or D-4 for Medication to ancillary charges) to yield total SC Medicationt ancillary costs. d covered Medicaid Medicaid section -to-
- Q SC Medicaid routine service costs will be computed by dividing each routine cost center by total patient days of the applicable routine cost center and then multiplying by the applicable SC Medicaid covered patient days. Total SC Medicaid routine costs will represent the accumulation of the SC Medicaid cost determined from each applicable routine cost center.

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2007. and statewide per diem rates effective October 1, 2010, additional trend was applied, as trend was incorporated into one calibration purposes. end(e.g. factors were expenditures .1359612, inflation factor current For the EYE The factor. etc.). unadjusted twelve 9/30/06 trend rate = .1248736, component of the determined based trend factor used was .1248736. per discharge For the statewide per diem or was determined and usec Consumer Price Index and represents rate setting, different months npon the experience hospital's fiscal used FYE 6/30/06 trend rate setting, for For per discharge ending rate inflation June rate only year

2. Free-Standing Long-Term Psychiatric Hospitals

annual trend rates used to the freestanding current rate period are as long-term psychiatric hospital rates, the d to trend the FY 1990 SC Medicaid inpatient follows:

10/1/93 - 9/3	10/1/92 - 9/3	بر ا	0	10/1/89 - 9/3	Period
9/30/94	30/93	30/92	9/30/91	30/90	
4.9%	4.7%	4.7%	4.48	5.2%	TEFRA Non-PPS Rate of Increase

they will be adjusted to coincide with the Because these rates of increase are based on the State fiscal year Federal fiscal year,

the The reimbursement period. following calculations are performed to adjust FY 1990 costs ţ

- a single with a from multiplying $5.\bar{2}$ % times 9/12 (9 months of FY 1990) multiplying 4.4% times 3/12 (3 months of FY 1991). calculated by dividing the numl 12/31 (184) by 365. The resultiby the applicable TEFRA Non-PPS calculated factor fiscal compensate applied point 6/30 f year by adding 1 nlving 5.2%) fiscal year and to its costs. cost t in for c varying fiscal will be adjust time (12/31/90 1.00 to (12/31/90). For end will have an resulting percent fiscal year ends, each facilit adjusted to reflect dollars o the sum 9/12 (9 m This factor. e an additional inflation inflation factor will be r. This example, will on ractor will be between 6/30 and ll be multiplied factor will be values derived facility's മ facility as and
- Ö 1, 1994 (midpoint of June 30, 1 to a through e below and throgether calculate this factor. 1990 factor (midpoint will of be December calculated to f June 30, 195; ed to inflate costs from July 1, 31, 1990 fiscal year) to January 0, 1994 fiscal year). Adding 1.00 multiplying these numbers
- $3/12 \times$ (three months .052 of the FY 1990 rate ь О increase)
- ₽. ₽. 12/12 × (twelve .044 months 0f the ЪЗ 1991 rate 0f increase)

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E. Medicaid Case-Mix Index

weights were used in the summing these amounts and dividing by the sum of the total per case discharges. DRG grouper version 24 and the October 1, 2007 relative reporting period in each discharge incurred SC use, statewide case-mix index, will Medicaid index will be computed by multiplying the dicaid inpatient claims during its FYE 200 be used to adjust the per discharge cost amounts average case-mix. For each hospital the per which calculation of the case mix per case DRG by the u. relative measure DRG relative weight, of. index Ф hospital's 2006 for each number

F. Outlier Set-Aside Factor

to reflect more current information. reduce the individual hospital base rates for re-dis outlier payments. Only claims for cases to be paid discharge method will be included in this analysis. The dataset to calculated. purposes. in which the charge exceeded the arithmetic charge per case plus two times the standard deviation were flagged as an outlier for set aside would be set aside to be distributed as factor The amount 2008 This sum was divided by the total charges in the pricing statistically determine for will be the hybrid payment system effect 11 be 4.07%. The DHHS may adjust the adjustment factor tested to flagged as determine system effective that would be used for re-distribution outlier payments. the amount future set-asides The outlier seton and after expense per as

<u>ດ</u> Psychiatric Residential Treatment Facility Costs

statistical data. calculated subsequent to the subsequent exception facility's rates, effective for dates of service beginning on or after 09/01/99, shall be calculated using each facility's desk-reviewed cost report Psychiatric applied to and the all-inclusive rate definition. reflecting allowable when period costs). using residential treatment 1997 the applicable e RTF rate for services required by the RTF prog 1997 cost reporting period. These add-ons will CMS-2552 (Medicare/Medicaid future each facility's desk-reviewed cost report costs in accordance with CMS Publication Ιf cost (e.g. applicable, report facility per professional and/or add-ons Cost will come from each Cost budgeted service diem will be Report), reimbursement calculated costs cost program with and

V. Reimbursement Rates

A. Inpatient Hospital

freestanding long-term care psychiatric facilities. rates, and a discharge distinct methods computation of the hybrid payment rates, third മ for computation of the statewide per diem rate second for computation of the statewide per diem one for computation of the hospital specific system rates will require three

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Hospital Specific Per Discharge Rates

hospital following methodology is employed in the specific per discharge rates effective October 1, computation 2008: of the

- SC Medicaid allowable following cost ۷I each acute care components: inpatient costs as described in hospital are broken down into the Section
- base inpatient costs (total-DME-IME-capital)
- 1. T. direct medical education costs (including capital)
- ili. indirect medical education costs
- iv. capital costs (less DME capital)
- ρ the SCDHHS MARS paid claims summary report. for each cost component. FY 2006 number of inpatient Each cost cost reporting period to arrive at a component identified in 1 claims incurred by the hospital during Inpatient claims data is derived from a. above is divided by the cost per claim its
- 0 hospital. Medicaid components described capital and DME for cost inpatient under per discharge are then summed to determine the total allowable component capital) is trended by the inflation Section costs identified in on a rate ٧I Ω setting for per claim basis -The Ď, four above each acute that trended (except will factor care cost SC
- o. and case mix adjusted to establish rate" for each acute care hospital. hospital claim basis as identified in 1 c above for each acute total is reduced by the outlier allowable SC Medicaid trended inpatient an "adjusted per set aside amount costs of 4.078, discharge
- Φ. The "adjusted per discharge multiplied include: Medicaid mix of cases. hospital's differences The ր. by a calibration factor to normalize each hospital's "actual per purpose between 0f Some the discharge its rate" of the more relevant differences inpatient base mix of to determine each identified in 1.d. rate" cases per discharge effective and the rate calibration October acute care base rate
- starting base rate will be statewide statewide portions of the calculated based upon its facility starting the varies cost cost facility's individual to charge reimbursement methodology are based upon (either positively or negatively) from the ţ charge allowed ratio, base influenced. individual cost to charge ratio, rate the charge to financial impact for per the each extent case. hospital Because 0f ratio the

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2 measures average length of stay, mix of reimbursement methodology, the extent system to the facility will be influenced. used in the methodology (i.e. that a facility varies etc), the financial impact of the inlier and outlier DRG relative from other statewide weights, cases,

amount and that facility had \$10,000,000 in payments, a factor of 1.10 would be applied to its base rate. Conversely, if that same hospital had model payments of \$1,000,000 in excess of its target, an adjustment of .90 would be applied to the facility's factor is developed that is used to adjust the hospital's base rate (per diem cases are described under section 2.g.) to move the facility closer to the target reimbursement. For example, if a hospital is \$1,000,000 short of the targeted reimbursement inpatient hospital costs effective October 1, 2010. The amount of difference (either positive or negative) is compared to the payments made for all discharges. From this relationship, a eligible estimated cost target developed by starting rates are simulated using the rates, per diem reimbursement completed, rate hospital employed. October rates for the differences noted above, loyed. In the first iteration of the the resulting model rates, and reimbursement rules. that represents 2010, the Medicaid Agency for each payments are 100% of calibrate statewide allowable compared to Once measures, the model, a two-step that Medicaid step case an

- determined in 1 e Medicaid inpatient the "actual per discharge rate" determine each is divided by the sum of the four trended cost components into the f applied allocate four cost component's percentage costs on a per against above to the "actual the determine each component's components "actual claim basis. This per discharge (i.e. per 0 f the discharge base, rate" total trended percentage DME, of portion IME,
- ġ hospitals without discharge inpatient contracting acute care hospitals with high cost/low SC Medicaid service inpatient claims hospitals, statewide per hospitals. A statewide per acute cals, freestanding short term psych hospitals, out of contracting acute care hospitals with SC Medicaid fee for claim utilization. with an rate care hospitals discharge rate will include long term Hospitals will an Incesident prointern/resident will discharge rate will be established for teaching an intern/resident program, teaching hospitals Ьe held to utilization of less that come on line The October 1, program, the program, teaching hospitals receive October and 2010 statewide per the than 200 claims, after 2008 non-teaching appropriate acute care 2006, payment
- <u>ت</u> for claim. Outlier amounts will be added if applicable. rate that DRG determined to calculate above the is multiplied by the relative reimbursement for a per case weight ase DRG

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Statewide Per Diem Rates

the statewide per diem rates effective October 1, through September rates. from The claims following 30, incurred 30, 2006 steps were used to during are involved in the period calculate the 2008: October computation the per 1 diem 2005 Of.

- ā Calculate the total charges associated with each per diem DRG
- Ď, DRG Calculate the total days of hospitalization for each per diem
- Ö for each per diem DRG. The statewide cost-to-chardetermined using the HFY 2006 hospital cost reports charge average number rge ratio of each per die O. the charge days of total of hospitalization for each per day is multiplied by the f.368735 to calculate the av charges for each per the average cost cost-to-charge diem statewide per DRG diem γď the ratio DRG. costper tot day o is The 0
- ġ multiply to in Sec per diem rates were the Section the charge cost by the n IV C 1 of t has set at the been e appropriate the plan. Fo plan. converted statewide For DRGs trend factor ţ average with no statewide as activity, referred
- IME the cost non-teaching hospitals. teaching hospitals completed, rates component component's against This capital), into order total c of teaching = 7.30%; aggregate components the each each trendeu ... the plan is divided by the sum ... the plan is divided by the sum ... the component's per used for the October 1, 2008 st used for the October 1, 2008 st as follows:(1) Base = 81.01%; (2) 30%; (4) Capital = 7.35%. Once separate statewide per diem rates were established four allocate each of the statewide per portion. hospitals percentage per cost without components per with an intern/resident diem aggregate cost component an statewide DRG (i.e. intern/resident rate to identified in percentage base, statewide per diem DRG rates the DME = the four trended is then DME, determine percentage analysis program, 4.34%; aggregate. per Section per IME, program, applied diem cost each SPA and and ω O.F.
- ħ reimbursed the applicable set of statewio October 1, 2010 statewide per diem rate October 1 2000 acute care hospitals, long term per diem rates of statewide per diem rates. per acute diem will hospitals care hospitals, payment əd held to will rates. and the The be
- Ģ developed will conve per diem hospital 2010. diem than Ċ Effective hospital 100% of rate payments into hospital specific payments, a tal specific inpatient per diem multiplier will be oped for each hospital. The inpatient per diem multiplier convert the calculated statewide per diem claims payment hospital specific payment that will be limited to no more 100% of projected inpatient costs effective October 1 Hospitals that receive a home. receive a hospital multiplier

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utilization of at leas hospitals will receive calculate these factors can be found under section V A 1 e. specific hospital reduction inpatient hospitals settlements and The per discharge rate calibration factor are per diem payment has for third party lia the methodology employed by the Medicaid Agency specific inpatient multiplier that and eligible at least 200 claims. All receive an inpatient per have those per diem contracting Medicaid has been calculated prior to liability or coinsurer ability or multiplier receive fee out All other contracting for retrospective diem multiplier and ٥f service state one in the hospital claims border The any the 0f

SPA methodology. For methodology. of \$550.00 prior to TPL would be allowed. Similarly, a calibration factor of .90 would result in a per diem payment applicable calibration Calibration \$450.00 prior to TPL. \$500.00 prior licable per diem rates for each DRG paid under that hodology. For example, if the per diem rate for a given DRG \$500.00 prior to TPL and a calibration adjustment of 1.10 developed in the simulation iteration, a per diem payment \$550.00 prior to TPL would be allowed. Similarly, a factor of per Using developed for diem rates is achieved using the results of simulation model, case rates is applied to each DRG paid under * Ø the same similar

W Facilities Diem Prospective Payment Rate 1 Long-Term Psychiatric

Only in this freestanding long-term care psychiatric computation. facilities are included

- b total adjusted costs to yield the statewide average per diem. across these facilities psychiatric facilities. Adjusted all Medicaid inpatient participating and The number of days room the result is freestanding and board of care is divided into the costs long-term summed
- Ď. and IME add-ons. add-on is ancillary add-on is psychiatric computation for discharges. term Hospital case in Section V A. care specific calculated in the same manner psychiatric facilities facilities factors are added to added to the providing Medicaid days For freestanding base are ancillary for freestanding longthe base rate, as was rate. substituted as the capital, long-term The ancillary services, in care each
- û care psychiatric outlier payments claim, per determine the number diem rate the facilities will be made for long-term care psychiatric of certified amount of. reimbursement for reimbursement days of stay is for multiplied services. to long-term particular Λq

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subsequently readmitted conly one per discharge or by multiplying discharge rate the DRG. Howe However, when a y readmitted on the applicable and dividing by on the same day, the per diem payment as ք the same DRG twice ۳. تن relative the ne average length of stay admitted and discharged, y, the hospital will be appropriate. weight Λq the of hospital stay for ged, and be paid stay

7 Payment for Swing Bed Days

schedule intermediate Acute care shown below. facilities care Medicaid patients be reimbursed in accordance for qualifying : nce with the skilled we daily and

obe	obe	October	obe	obe	obe	obe	October
<u>,</u>	1	<u>,</u>	1			~ }}	~ ~¹
01	9	2008	00	00	00	00	00
	I	i	1	1	i	1	١
	eptemb	tem	eptemb	eptemb	eptemb	eptembe	September
	30,	30,	30,	30,	30,	30,	30,
	\vdash	2009	0	0	0	0	0
54.	53	146.98	41.	36.	29.	21.	16.

This rate Attachment calculation 4.19-D. Ľ. described ij the Nursing Home State Plan

Ω Pa yment rof Administrative Days

Acute skilled or 10 are waiting an ac are wait follow and hospital Reimbursement for administrative days is described below. 9 intermediate patients who no longer require acute g for nursing home placement. Administrative cacute inpatient hospital stay and will be covere as long as a nursing home bed is not a for nursing hocute inpatient solong as a facilities will be reimbursed for Medicaid tive days covered in red in any available. eligible care and lays must

Each trended Alternative pharmaceutical service combination trended A schedule shown below. in full. There will administrative day will 0f services. the swing bed rate, e Reimbursement be This Le paid in a lis daily rate will a no cost set bed ro' and in accordance with the rate will be considered put settlement. This rate ce, as defined above, pluent Method (ARM) rate rate is plus rate the rate the

```
October
October
October
            October
October
                     October
October
                              October
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2003
2004
2005
2006
2007
2008
2009
2010
     1111111
    September
September
September
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September
September
September
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    2004
2005
2006
2007
2008
2009
2010
123.57
129.75
136.99
144.07
149.71
155.56
162.55
7.44)
7.83)
7.83)
7.83)
7.83)
8.19)
8.58)
8.58)
9.16)
```

Patients w patients w dependence rates from the who who 9 have ...dve extreme medical condina life support svete following schero sive technical service conditions which requestem) will be reimbur services h require eimbursed using (i. e H

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October 1
October 1
October 1
October 1
October 1
October 1
December
2004
2004
2005
2006
2007
2007
        1111
      September
September
September
September
November 3
      30,
          ,
30,
30,
30,
       2004
2005
2006
2007
2008
 188.00
197.00
206.00
215.00
225.00
364.00
```

This race Attachment calculation 4.19-D. Ľ, described ij, the Nursing Home State Plan

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settled. This per diem rate will represent payment in full and will not б cost

H. Payment for One-Day Stay

length of (except deaths, false Labor, normal DRG per diem. newborns (DRG 391)) will be reimbursed a DRG per diem. Reimbursement equal stay for for that DRG one-day stays cays that group t divided by to per discharge 373) and m A DRG per diem the and normal average

I. New Facilities/New Medicaid Providers

determined contracting with the rates S S follows: for facilities SC Medicaid Program during that were not the Ľ, operation base year will be 9 not

- ည facilities will teaching discharge payment For hospitals described in rate without intern/resident will be under the hybrid payment system, Section V A receive set at the applicable statewide the 0 dent program, and non-teaching). New applicable statewide ner diam with intern/resident the per discharge average per
- <u>o</u> will be at the psychiatric fac education costs as applicable. freestanding facilities statewide average per diem projected capital facilities, for long to long term medical payment care
- Ü For Residential Treatment Facilities, statewide average of all the RTF rates rates payments will be based 9

J. Retrospective Hospital Cost Settlements

the allowable inpatient following Effective methodology described in Section VIII. cost for types cost services settlements. of hospitals provided . In calculating these settlem will be calculated in accordance ded on or will rec receive after retrospective October settlements, cordance with 2007, Medicaid

- Medicaid payments, will represent one hundred percent hospital's allowable SC Medicaid inpatient costs. for SS receive general Program service retrospective cost acute that and non qualify for care fee hospitals hundred settlements that, when added for the service contracting SC percent Medicaid (1.e. (100%)with DSH adjustment) of Program each SC
- Health percent service settlements SC SS psychiatric contracting (i.e. adjustment) payments, will (100%) of each hospital's allowable Medicaid that, when added to fee DSH hospitals owned by the SC Depo with the SC Medicaid Program DSH Program will receive re for service SC Department of Mental represent SC Medicaid retrospective and that one hundred non qualify inpatient fee cost for for
- that service retrospective qualifying contract and non cost fee hospitals with for service settlements the that SC employ Medicaid (i.e. adjustment) payments, that, when burn Program ment will intensive care fee receive for will unit

.

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SC Medicaid inpatient costs. represent one hundred percent (100%) of each hospital's allowable

٠ Effective October 1, 2010, all non-state owned governmental long-term care psychiatric hospitals will receive retrospective cost settlements that, when added to fee for service and non fee for service (i.e. adjustment) payments, will represent one hundred percent (100%) of each hospital's allowable SC Medicaid inpatient costs

Effective with SC | retrospective cost settlements. Free performed each cost reporting year governmental hospitals racting the 200 e October Medicaid costs. claims, SC short (excluding hybrid long-term payment 1, fee contracting t term and long term freestanding SCDMH psychiatric hospitals and non-m care psychiatric hospitals) will not 2010, for service system does contracting thia... However, a... long inpatient term acute out an of stat claims n annual analysis will be that Medicaid reimbursement exceed allowable Medicaid freestanding state care utilization border uing psychiatric non-state owned hospitals, qualify 0f and for

ㅈ Graduate Medical Education Payments for Medicaid MCO Members

submitted by +add-on Medicaid MCO the same as service the clarification purposes, t Medicaid graduate medical Licaid MCO members. The man ce program. Payments will be made to required data on the claim reports. amounts that the MCO and the medical are lical education (GME) cost associated with SC e managed care GME payment will be calculated education payment calculated by the fee-for-be based on quarterly inpatient claim reports the direct and/or indirect medical education paid to each hospital through the fee-forthe to each hospit be made to the SCDHHS on claims will (GME) co volume tal through hospitals o teaching and the on a hospitals iated with submission quarterly for

... Co-Payment

payment 447.55. co-payment Effective Marc admission will charged The per narged is in accordance with 42 CFR 447.53, 447.54(c) and the inpatient cost settlement will include uncollected Medicaid amounts in accordance with 42 CFR 447.57. 31, charged standard co-payment lyment is ap amount 0f per co-

Ξ Payment for Out of State Transplant Services

recipients by out of state hospitals (i.e. other than the border hospitals of North Carolina and Georgia) will be based upon a negotiated price reached between the out of state provider and the Medicaid Agency. The negotiated price will include both the professional and the hospital component. Transplant services provided to Medicaid recipients in South Carolina DSH hospitals will be reimbursed in accordance with the payment methodology outlined in Attachment 4.19-A and 4.19-B (i.e. South contents) physician professional services schedule). methodology Carolina ge general nt costs for transplant y out of hospitals in accorda services will ll be rei e with pr will be provided reimbursed alinh provisions of the reimbursed to allowable inpatient s of the plan while sed via the physician South Carolina than th Medicaid and the

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VII. Disproportionate Share

A. Payments

qualification data will be based upon each hospital's fiscal accordance with the requirements of Section 1923 of the Social cost reporting period. requirements Disproportionate South Carolina payments specified in Section II 12. October share Medicaid will \vdash hospital through be paid to State (DSH) September Plan rate those facilities meeting the payments For clarification 30. year shall for DSH For HHY year purposes, Security payment 2011, 2009

- will be set as follows: Effective October 1, 2010, the interim hospital specific DSH limit
- ð program during FFY 2009 and thus its costs will included in the calculation of the interim hospital DSH limit effective October 1, 2010. Final Rule (as well as instructions/guidance provided by Clifton Gunderson) relating to the audits of the Medicaid DSH plans will be the guiding document that hospitals must use in hospital specific was remarked deorgia) and SC non-general hospitals (in North Carolina and Georgia) and SC non-general acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals contracting with the SC Medicaid Program acute care hospitals acute care providing reimbursed by a commercial Final Rule (as well as patients hospital hospital participants), Medicaid unreimbursed "Healthy (Medicare/Medicaid) Program will SS patients care Medicaid patients who specific who have inpatient cost services Connections the DSH data. managed hospitals hospital hospital 9 d for SC uninsured patients, (including PACE Program participants), ed care patients (including PACE SC dual (Medicare/Medicaid) eligible equal reimbursed eligible specific Kids" to one hundred cost for that contract The stand alone ds" is operated carrier. e patients, and outpatient ьу DSH limit have inpatient all general acute care border מ SC (including PACE commercial carrier. its uninsured with the percent The · December SC ន SCHIP for and hospital Medicaid managed ω ali and outpatient (100%) of SC Program patients, managed will SC SS patients, services Medicaid specific Medicaid SC Program not named 2008 care

specific DSH limit will be calculated as follows: hospitals, Except for for the $\lambda A A$ S 2011, Department each hospital's 0f Mental interim Health hospital

Ļ. hospital services to Medicaid eligibles who reporting determined hospital unreimbursed cost reimbursed by taking period each hospital's charges for of providing inpatient the uninsured, dual bу the uninsured, dual eligibles, and have inpatient and outpatient hospital by a commercial carrier will be fiscal each year and outpatient group 2009 listed cost

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inflated cost of each hospital for each group determined above will be summed and reduced by payments received from or for SC uninsured patients, SC dual eligibles, SC Medicaid eligibles who have inpatient and outpatient hospital services reimbursed by a commercial carrier, and SC Medicaid managed care patients to determine the total unreimbursed cost for multiplying by the hospital's FY 2009 Medicaid inpatient and outpatient Medicaid cost to charge ration to the medicaid cost to charge ration to the medical cost to the medical cost to charge ration to the medical cost to the medic hospital's base year cost determined for each group identified above, each hospital's cost will be inflated from the base year to December 31, 2009 using the applicable CMS Market Basket Indice described in 2 of this section. The Medicaid and Medicare) each DSH hospital. hospital's inpatient and outpatient hospital services to managed care eligibles will be determined by FY 2009 year group. and inpatient and Medicaid cost to cost for this gr multiplying base Next, outpatient cost outpatient cost to charge ratios (
to determine the base year cost
the unreimbursed cost of provi that by group. ... charge ratios to determine the oup. In order to inflate each hospital's for to inflate the applicable providing Medicaid (1.e.

- For FFY 2011, each SCDMH hospital's interim hospital specific DSH limit will be calculated using FYE June 30, 2009 cost report data for its SC uninsured, SC dual (Medicare/Medicaid) eligible, and SC Medicaid eligibles who have inpatient hospital determine or for SC uninsured partient and received from or for SC uninsured partient and eligibles, and SC Medicaid eligibles who have inpatient and outpatient hospital services reimbursed by a commercial carrier to determine the total unreimbursed cost of each DSH hospital. In the event that any of the SCDMH hospitals provided inpatient hospital services for SC Medicaid managed care patients during FYE June 30, 2009, the previous care patients during FYE June 30, 2009, the previous care patients during above will be used to determine the hospital's total allowable cost will be inflated from the base year to December 31, 2009 using the CMS Market Basket Indice described in (A)(2) of this section. The inflated cost will be divided by total FYE June 30, 2009 acute care hospital days to determine a cost per day amount. This cost per day amount will be multiplied by the FYE June 30, 2009 unreimbursed uninsured cost previously described. hospital eligible, and SC hospital services hospital determine acute eligible, and SC Medicaid eligibles who have inpatient tal services reimbursed by a commercial carrier to mine the total amount of cost eligible under the care hospital days associated with SC specific DSH medicaid eligibles who have inpatient reimbursed by a commercial carrier. Each above will limit. uninsured patients, SC dual The inflated cost of uninsured, each
- For new S. C. general acute care hospitals which enter the SC Medicaid September specific DSH limits r 30, 2011 Medicaid Program on or after October 1, 2010, their interim specific DSH limits for the October 1, 2010 through period) will State Plan rate based npon year (i.e. projected

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Medicaid State Plan rate year. subsequently qualification, qualification, audit of the October 1, cost, charge and payment the October 1, 2010 through adjusted cost, charge ţo and reflect payment through September 30, data resulting the data audited Will 2011 from əd

- iν) Next, amount. proportionately hospitals. In the event that the sum of the hospital specific DSH limits of the remaining DSH qualifying hospitals allotment South Carolina Department of Mental Health costs of the uninsured and Medicaid eligible recipients receiving inpatient psychiatric hospital services provided by calculation of the 2010. The first exceeds the aggregate) 2010, within the SCDHHS but will this the remaining DSH allotment amount beginning October 1, be available to the remaining DSH qualifying not to exceed the aggregate FFY 2010 base DSH payment amounts of all of the SCDMH hospitals. up to first remaining DSH allotment Will hospital to remaining the SCDMH hospitals will rec
 one hundred percent of their
 o exceed the aggregate FFY 2 create DSH ensure interim DSH specific DSH limits will be pool will two the hospital October separate payments effective October 1, represent amount <u>,</u> 2010, specific DSH (SCDMH) beginning October the unreimbursed receive pools DSH specific DSH qualifying hospitals. decreased allotment DSH DSH the
- ? hospitals' base following CMS year cost. Market Basket indice will þe applied ţ the

CY 2009

3.6%

- Ψ is room for additional DSH payments between the hospital specif. DSH limit and the final FFY DSH allotment for the applicable FFY. allotments in a timely manner, the SCDHHS reserves the use the most recently published CMS Market Basket indices the event that CMS S. unable tо provide the final right to sif there specific AHH DSH
- ₽ during the applicable disproportionate share time period. payments will be made Λq adjustments
- 5 Effective information. September 30, rive October 1, 2010, all interim DSH payments will be once the redistribution of any excess DSH payments have the october 1, 2010 that 2011 DSH audit. See section IX(C)(1)(b) for additional through

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B. Additional Requirements

Medicaid DSH Program. Effective October 1, 2005, al to the following rules for all qualifying DSH hospitals must or participation in the South C. the South Carolina adhere

- Medicaid DSH Program in order to provide the proper information required for DSH qualification and payment. Each hospital will рe responsible for understanding the proper requested the
- ν. Each hospital agrees to participate in DSH data reviews conducted by SCDHHS and/or CMS, as well as audits of the DSH program data performed by an independent auditor hired by SCDHHS.

- . an updated inpatient cost-to-charge ratio;
- ω an analysis reflecting the financial impact effective on or after October 1, 2007. of the reimbursement change

The interim settlement adjinformation at the time. request adjustment 18 reviewed by justified SCDHHS based staff upon to the determine best available

- . For result of the final audit will be paid or recouped accordingly. subject clarification purposes, all interim retrospective cost ţ final audit. Any underpayment/(overpayment) identified settlements as will
- X. Changes to the Hybrid Payment System Rates

Þ Rate Reconsideration

- hospital specific per discharge rate if one of the following conditions Providers occurred since the base year: will have the right to request a rate reconsideration of the
- b calculation. error and do error eror in the facility's holation. Such request will and documentation of the de the desired correction. hospital include specific a clear per explanation discharge O H rate the
- Ö mix and severity of illness measures. Use of the accompanied by Changes alone is not satisfactory for rate reconsideration under this part. in the documentation of case-mix since the base year. the case-mix change using DRG Such requests will be DRG case-mix index case-
- O circumstance. circumstance, and unique to submitted Extraordinary circumstances, subsase year and as defined by along demonstration that the that facility, with documentation such as acts of God, and the the DHHS circumstance expenses associated that Such clearly occurring since the was requests explains extraordinary with the Will the
- Ω. replacement hospital. major used to Significant building increases in capıcı. ablish the hybrid payment capital expenditures rates. Exa equipment Examples since purchases, would base include 9
- Φ The addition or deletion of a teaching program.
- **∾** Rate reconsideration will not be available for the following:
- b inflation payment indices, methodology, case-mix adjustmices, DRG classification system. adjustment, relative weights,
- ò Inflation of cost since the base year.
- Ö Increases in salary, wages, and fringe benefits.
- ω Division reconsideration of, Acute requests Care Reimbursements will be submitted and ä. in writing will set ţ forth DHHS

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- Utilization Review will be conducted outlined in the current contract Utilization review conducted by the designee will be by the state 0,5 ıts performed designee. as
- 2 Hospitals that develop or show trends in new will be subject to educational intervention. review findings show trends in negative rev review adjustment. findings

'n Report Requirements

specific reporting principles retrospective report CMS-2552. cost report requirements as published by the DHHS. reimbursement requirements In addition, and use under ឧន system their basis the providers must the will hybrid conform comply with Medicaid payment Medicare Cost to Medicare Report cost

Acute Care Hospitals

- reporting extension claims) will be exempt from this reporting hundred and for acute report report must service is granted by the Medicare program rt submitted to SC Medicaid should be requirements. Only hospitals with period care fifty submit ements. Only hospitals with inpatient utilization (less t hospitals (OR (150)the CMS-2552 þу days of the contracting the requirement. Medicare cost last program). report form With due day of their cost than 10 for for SC the the same date The CMS-2552 SS within one inpatient when Medicaid Medicaid specific the
- Ģ purposes. settlements, setting purposes. report Cost report data will be data cost will analysis þe used and also for disproportionate be used for retrospective future cost share
- G separate from all other Medicaid report no settlement for administrative days. Administrative days and associated be These reported on days, cost, വ supplemental worksheet charges reported data. and cost, payments charges issued There will be and must payments ΛQ remain

2 Psychiatric Residential Treatment Facilities

required to (150) days o statistical CMS-2552 form as All psychiatric residential treatment facilities will submit will of the last be completed and financial submit these documents well as day of their cost reporting period. their financial statements. information. using each within one facility's Each hundred facility will fiscal and fifty The CMSyear be

0 Requirements

All cost report financial and statistical information information contained on claims and information contained information, S supplemental the

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utilization review contractor requirements and other analyses. retrospective cost settlements, disproportionate share program requirements, worksheets such as the DSH survey, are subject to audit by the DHHS or its designee. The audited information will be used for future rate calculations,

I. Hospital Cost Reports

subject to audit will be used in cost settlement and DSH payment calculations and will be Medicaid portion cost reports will be desk audited in order to determine the 0f each hospital's cost. This desk-audited data

- b Supplemental disproportionate share program will be reasonableness by DHHS. Beginning with the 2005 DSH period, the ensure accurate reporting. Will from these undergo an audit worksheets audits could result in educational intervention submitted by an уd independent auditor. reviewed hospitals for accuracy The DSH and
- Ò hospitals hospitals within the December 19, 2008, Federal Register, with effective date of January 19, 2009, to ensure that the hospital specific DSH limits have not been exceeded. Any funds recouped as a result of audits ď required by Section 1923(j) of the Social Security Act related provider auditing payments, the Medicaid Agency will y with the DSH hospital payments f the hospital specific DSH will be as corrections redistribution of DSH payments er can exceed its DSH limit d audit. and 2008, reporting The distribution methodology for eligible DSH follows: state, provided each hospital remains below shall 0 fi funds recouped as a r be redistributed to limit based on the final payments final Disproportionate limit determined based on with implement recovered rule effective Share other issued procedures ĹS DSH Audit. completed date eligible Hospital in the 0f
- However, limits SCDMH DSH hospitals. SC in 3 0 0 DSH hospitals with audited hospital specific excess of DSH payments will be identif section X(C)I)(e)(III)(d) for proper identified. treatment DSH
- $\dot{\mathbb{N}}$ summed for those hospitals identified in (1) above. difference between the hospital DSH payment) will be calculated the unreimbursed hospital specific DSH limit and the for each hospital and then specific each hospital and then DSH limit
- w Next, share of amounts determined in (2) above DSH sum of limit as each the DSH the unreimbursed hospital specific DSH redistribution amount. calculated in hospital's unreimbursed hospital specific (2) to determine the hospital's above will be compared to
- 0 Medical audits will focus on the validity of diagnosis coding as described in A of for reconciliation this section. 0f appropriate expenditures made and procedure Уd the

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- Q. Psychiatric Residential Treatment Facility (RTF) Cost Reports.
- ۲. All information may be used for future rate updates. psychiatric RTF cost reports will be desk reviewed. This
- ¥: settled at government government Will 100% of allowable cost. owned and operated psychiatric RTFs. owned Ьe and retrospective operated psychiatric cost settlement RTES and These will be for non-state
- There will be no retrospective cost adjustment for RTFs that are the statewide average rate.
- 0 Medicaid and individuals with no source of Public Expenditures incurred in providing third party insurance.

report for report for pychiatric hospitals operandental psychiatric hospitals operandent of Mental Health (SCDMH) must Department of Mental Health (SCDMH) must vear. The Agency will utilize worksheet the cost of inpatient used to determine (CPE) provided to Medicaid eligibles and individuals with no source of outpatient the procedures outlined below: Facility third The South Carolina Medicaid Agency uses the CMS from party (PRTF) the hospital insurance O S services provided by SCDMH. the cost of Psychiatric Residential Treatment Form 2552-96. services to be hospitals operated by the South Carolina certified provided and all This cost report will also be Series S, B, hospital ser Series submit this report each γď state The Agency SCDMH Form 2552-96 cost owned/operated services C, hospitals) and D-4

Cost of Medicaid

Interim Payments: Reconciliation O.f. Interim Medicaid Inpatient Hospital

which applied to service period will be reconciled filed to the Marin payments which ap Agency for the respective report, receipt each and of the of the SCDMH hospitals' fiscal year
hospital's interim Medicaid fee for service race
any supplemental payments that may had been made
any supplemental payments that may had been made
to services provided during the cost reporting
to services provided form 2552-96 cost report as
""" armediary (FI) and Medicaid

The ancillary excluded applicable). worksheet service subprovider ksheet B, Part I, column 25 (which includes GME cost licable). Total inpatient hospital days and subprovider applicable) will be obtained from Worksheet S-3, Part 1 diem State will Next, Psychiatric cost centers and dividing the impatient days. The routine service costs will t B, Part I, column 25 (which includes). Total increase. obtained from the service cost identified as a non inpatient hospit iatric Residential Treatment Facility (PRTF)) om the calculation of the inpatient hospital's in order to determine the Medicaid inpatient aservice costs, Medicaid covered inpatient a ained from Medicaid worksheet D-4 will be mu determine each SCDMH hospital's inpatient hospital by be hospital's hospital routine Medicaid routine total inpatient GME be multiplied derived t hospital ancillary routine 1. Any from days cost þe

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cost center reflected on Worksheet C. Therefore, to determine each hospital's allowable Medicaid inpatient hospital cost, the Medicaid routine per diem cost will be multiplied by covered Medicaid inpatient days to determine allowable Medicaid inpatient hospital routine costs. The Medicaid days are tied to MMIS paid claims data. The Medicaid allowable inpatient hospital routine cost will then be added to the allowable Medicaid inpatient ancillary costs to determine total allowable Medicaid inpatient hospital applicable costs. "cost" cost to charge ratio(s) Vd ancillary

amount CMS 64 compared to Medicaid portion data). cost During tied provider copayments, fee of an reporting Ħ report reflected of orting period. The Medicaid days, to MMIS paid claims (including ground the event of an underpayment, the for inpatient hospital of Medicaid payments the overpayment, the interim only service, s, if app overpayment. above nt of an underpayment, the Agency will reimburse the federal portion of the underpayment. In the ayment, the Agency will recover only the federal n retrospective hospital costs ce, gross a applicable) will be costs Any difference adjustments, e) to services provided during the Medicaid days, charges and payments (including gross adjustment payment payment, the Agency will reimburse received and applicable recorded as cost as determined above settlement third party an adjustment 6 the reimbursement process, (including liability will be og E

Final Payment Rate Post Reporting Year: Interim Medicaid Inpatient Hospital

days. The routine service costs will be derived from worksheet B, Part I, column 25 (which includes GME cost if and includes GME cost includes GME cos inpatient hospital days and subprovider days () be obtained from Worksheet S-3, Part 1. Any dentified as a non inpatient hospital cost provided third party liability adjustments received Medicaid hospital ancillary MMIS paid claims data. The audited Medicaid inpatient hospital routine cost will then be added to the audited Medicaid inpatient inpatient Medicaid Medicaid center reflected on Worksheet C. Therefore, to de hospital's audited Medicaid inpatient hospital cost, by the charges ancillary calculation Residential determine contractor by first issuance to applicable obtained from Medicaid worksheet D-4 will be first summing the inpatient hospital and dividing this amount by total and and during inpatient costs. inpatient days to de hospital routine costs. routine per each costs Of service costs, determine as a non inpatient hospital cost (e.g. Ps: Treatment Facility (PRTF)) will be excluded of the inpatient including applicable payments the the SCDMH hospital cost reports, the Age SCDMH hospital's audited Medicaid routine of f The the to determine "cost" hospital ΩJ Agency will compare the audited ospital costs against the Medicaio ost" cost to charge ratios by Worksheet C. Therefore, to cost reporting the audited Final diem that interim (including both Medicaid covered cost Audit will hospital's total audited Medicaid determine retrospective will The Medicaid days are Report рe Medicaid period. bе used fee for routine cost. уд applicable) the multiplied by Any in the final routine inpatient if applicable). Total
 (if applicable) will The Medicaid the inpatient cost to determine Medicaid payment audited subprovider service, Agency's ancillary cost sett service to the audited Agency Psychiatri multiplied allowable ancillary inpatient Next, per Medicaid from the services hospital hospital lements, tied covered days, audit audit each diem cost

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difference recorded as Agency will adjustment settlement ncy will reimburse the provider only the federal portion of underpayment. In the event of an overpayment, the Agency will over only the federal portion of the overpayment. Any **₫** an adjustment on the CMS 64 report payment data). will the federal portion of the overpayme the reimbursement amount reflected above þe tied to In the MMIS event paid of an claims underpayment, (including will gross the ă

II. Interim R Treatment Reconciliation of Interim Facility (PRTF) Payments: Interim Medicaid Psychiatric Residential

applied to services provided will be reconciled to its CMS to the Medicaid Agency for the respective cost reporting period. report, any receipt ceipt of the SCDMH PRTF's fiscal year end June the PRTF's interim Medicaid fee for service rate supplemental payments ided during the cost reporting CMS Form 2552-96 cost report that may had during the cost cost been reporting made payments period .Led

ancillary determine per PRTF days multiplied Worksheet S-3, determine ancillary subprovider) subprovider) in William S the diem cost will be State llary cost center reflected on Worksheet C. Therefore, to mine the PRTF's allowable Medicaid cost, the Medicaid PRTF days to the medicaid PRTF days to mine allowable Medicaid PRTF routine costs. The Medicaid are tied to MMIS paid claims data. The Medicaid allowable routine cost will then be added to the allowable Medicaid ancillary costs to determine total allowable Medicaid PRTF amount will be derived from worksheet includes GME cost, if applicable Of. PRTF's will determine the SCDMH PRTF's reconstruction the routine cost of the PRTF (identified in william S Hall's CMS Form 2552-96 cost reconstruction of the PRTF (identified in william S Hall's CMS Form 2572-96 cost reconstruction of the PRTF identified in worksheet B, Part I, column of the PRTF identified in worksheet B, Part I, column of the PRTF charges obtained by the applicab the udes GME cost, if applicable).
patient days that will be used in determine the SCDMH PRTF's Medicaid per diem cost y service costs, Medicaid covered res obtained from Medicaid worksheet D-4 will the applicable "cost" cost to charge rational center reflected on " Medicaid caid per diem cost will be ob 1. Next, in order to determine B, ramalal charge ratio(s) by t C. Therefore, to the Medicaid PRTF þе the determination (identified obtained from ine the PRTF's ratio(s) column Will report. PRTF Ф.

Medicaid PRTF costs as determined above Medicaid payments received and applicable difference to underpayment. reporting service, recorded as an adjustment on the CMS 64 report. reimburse applicable) the only gross adjustments, period. interim In the costs the federal por the reimbursement the provider to services provided In the event of an und he event of federal po retrospective determined above will third party liability and copayments, vices provided during the cost portion of only the federal portion of the only the federal portion of the fan overpayment, the Agency will portion of the overpayment. Any amount reflected above will cost settlement (including both fee for bе process, compared cost the ф Ф

service dividing this amount determine issuance of a Final Audit Report by the Agency's audit contractor of the SCDMH hospital/PRTF cost reports, the Agency will Treatment (which Reconciliation includes cost identifying the SCDMH PRTF's audited Medicaid routine per Facility (PRTF) will be GME cost, the PRTF's routine service cost center and by total PRTF patient days. The PRTF routine derived from worksheet B, Part I, column 25 of Interim Medicaid Psychiatric Resid PRTF) Payment Rate Post Reporting Year: derived from worksheet b, cost, if applicable). Total PRTF patient days Residential diem cost Upon

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Therefore, to determine the PRTF's audited Medicaid cost, the audited Medicaid PRTF routine per diem cost will be multiplied by covered Medicaid PRTF patient days to determine the audited Medicaid cost, the audited Medicaid cost, the audited Medicaid cost, the audited Medicaid cost will be multiplied by covered Medicaid PRTF patient days to determine the audited Medicaid patient days audited the Medicaid days determine Medicaid worksheet D-4 will be multicharge ratios by ancillary Medicaid will be obtained from Worksheet recorded as an adjustment on the CMS 64 report. payments, settlements, payments compare then be added to determine difference caid days and payments, including claim and gross adjustment lents, that will be used in the final audit settlement will be to MMIS paid claims data. In the event of an underpayment, Agency will reimburse the provider only the federal portion services recover claims data. The underpayment. the adjustments the audited Medicaid PRTF costs against the Medicaic received and applicable (including both fee for service, adjustments including informations) covered PRTF PRTF routine costs. The Medicaid days are tied to MMIS ims data. The audited Medicaid PRTF routine cost will added to the audited Medicaid PRTF ancillary costs to total audited Medicaid PRTF costs. The Agency will the audited Medicaid PRTF costs against the Medicaid PRTF costs against the Medicaid PRTF costs against the to third party liability and copayments, if applicable) provided during the cost only the federal portion of the overpayment. the reimbursement amount reflected above will audited In multiplied by the applicable "cost" cost ancillary during the cost reporting period. The ints, including claim and gross adjustment Medicaid the event of an overpayment, S-3, PRTF ancillary : charges obtained Part service from the Agency Medicaid Any

the uninsured

Calculation of Interim Disproportionate Share Hospital (DSH) Limit:

managed uncompensated care for inpatient hospital services provided to SC individuals with no source of third party insurance (i.e. services reimbursed by a commercial carrier. Medicaid surplus) uninsured) Medicaid inpatient hospital uninsured, Interim DSH Limit (Medicare/Medicaid) no beginning for uncompensated care for these services. care enrollees, public expenditures being certified at cost, year for federal fiscal services eligibles plus will inpatient Medicaid managed caid) eligibles who have caid) eligibles, and Medicaid eligibles who have pital services reimbursed by a commercial insurance base year will be the SCDMH hospitals fiscal year base year will be the schiff year (ex. 2009) two Medicaid the for each SCDMH hospital will be years within the who be uncompensated used prior to the reporting year (ex. year (FFY) 2011 DSH payments). D n the State for hospitals eligib hospital services have inpatient and outpatient hospital dual managed ţ0 (Medicare/Medicaid) eligibles, calculate care DSH payments). Due hospitals eligible provided the (including enrollees, Therefore, the there will refore potential estimated Medicaid the dual

CPEs must be consistent with computation of establishing interim DSH payments performed on an annua the instructions below. annual basis and in funded by ω manner

ending during Using the cost FFY 2011 Will SWO be e Form 2552-96 cost report fo the fiscal year data being us DSH payments), an allowable calculated for each SCDMH hospital for the used (ex. routine fiscal 2009 per for diem data year

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multiplied by SC DSH eligible inpatient days to determine allowable DSH eligible inpatient hospital routine costs. The DSH eligible days will be obtained from the annual SC Medicaid DSH Survey. The DSH eligible allowable inpatient hospital routine cost will then be added to the DSH eligible allowable inpatient ancillary costs to determine total inpatient hospital days and subprovider days (if applicable) will be obtained from Worksheet S-3, Part 1. Any subprovider cost identified as a non inpatient hospital cost (e.g. Psychiatric Residential Treatment Facility (PRTF)) will be excluded from the calculation of the inpatient hospital's routine cost. Next, in order to determine the DSH eligible inpatient hospital ancillary service costs associated with cost, the DS: multiplied by center reflected on Worksheet C. There each hospital's DSH eligible allowable cost, the DSH eligible routine per hospital's DSH eligible routine per diem cost by first summing the inpatient hospital routine service cost centers. These amounts will be derived from worksheet B, Part I, column 25 (which includes GME cost, if applicable). Total allowable DSH eligible inpatient hospital costs. applicable "cost" ancillary insurance SC uninsured, Medicaid managed care enrollees, (Medicare/Medicaid) eligibles, and Medicaid eligibles inpatient hospital services reimbursed by a commercial rance carrier, covered inpatient ancillary charges by llary cost center and payor class obtained from the al SC Medicaid DSH Survey will be multiplied by the purposes. inpatient cost to charge The ancillary state routine per diem e ratio(s) by ancillary cost C. Therefore, to determine will determine inpatient cost annual co each w:11 hospital dual who

- <u>5</u> uninsured patients as well as payments received on behalf of inpatient hospital services provided to Medicaid eligibles as described above to determine each hospital's estimated. will be trended using the CMS Market Basket Index as described in section VII. of Attachment 4.19-A. The trended during the DSH payment period. maximum amount of uncompensated care costs to be reimbursed Carolina uninsured and Medicaid eligibles as described above inpatient hospital then be reduced by cost associated with payments received from
- G The uncompensated care cost as described above will be used in the development of the interim DSH payment amount as described in section VII. of Attachment 4.19-A.
- Δ. Part I, column 25 (which includes GME cost, if Total inpatient hospital days and subprovide applicable) will be obtained from Worksheet Subprovider cost identified as a non inpatient subprovider cost identified as a Treatment Factor. Psychiatric Residential Treatment of 2010 DSH Payment Program, the Agency will determine each SCDMH hospital's audited DSH eligible routine per diem cost by first summing the inpatient hospital routine service cost centers. These amounts will be derived from worksheet B, Part I, column 25 (which includes GME cost, if applicable). Total inpatient hospital days and subprovider days (if the Final Reco Agency's and Reconciliation excluded audit Upon issuance from on of Interim Medicaid DSH Payments Post pon issuance of a Final Audit Report by contractor beginning with the October 1, Program, the Agency will determine each obtained from Worksheet S-3, the calculation 0f Facility of the i 3, Part 1. Any hospital cost er days Part 1. inpatient

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cost, the a multiplied provided determine eligible eligible limit for the DSH payment; payments that will take pla 2010 through for 2010/2011 DSH payments than the maximum amount all section VII(A)(1)(iv) of Attachment 4.19-A. In the a DSH underpayment, the Agency will reimburse the only the federal portion of the underpayment. In of a DSH overpayment, the Agency will recover described payments payments costs. The DSH cost will then determine each applicable hospital's routine cost. Next, in order to decrease costs eligible inpatient hospital audited ancillary service costs associated with the uninsured and Medicaid eligibles (i.e. associated with the enrollees, dual (Medicare/Medicaid) federal portion of the overpayment. However, inpatient center cost carrier), eligibles, through September 30, 2011 DS ibed in section IX(C)(1)(b) c reflected hospital's center managed care
and Medicaid received from uninsured patients as well as received on behalf of inpatient hospital services to Medicaid eligibles as described above to each hospital's audited hospital specific DSH ough September 30, 2011 DSH payment period will be in section IX(C)(1)(b) of Attachment 4.19-A. SCDMH DSH hospitals cannot receive any more FFY ancillary costs to deterinpatient hospital costs. inpatient hospital cost wreceived from uninsured effected on Worksheet C. Therefore, pital's audited DSH eligible inpat audited DSH eligible routine per die by DSH eligible inpatient hosp andited DSH officials. audited covered "cost" eligible ьф payor cost inpatient H eligible i DSH eligible payment period. The redistribution of lake place beginning with the October reimbursed added to charge class audited inpatient hospital routine audited inpatient hospital routine ded to the DSH eliminary eligibles ancillary charges will determine total ge ratio(s) will The redistribution of DSH who have commercial amount then inpatient hospital multiplied hospital by ancillary cost diem cost will be рe allowed under Áq the the audited audited reduced the event insurance ancillary only event days inpatient provider DSH the DSH to 0f Λq

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