

- 19.n Targeted case management (TCM) services are provided to Medicaid eligible recipients determined to meet the criteria of functionally impaired adults. These criteria are located in Supplement 1 to Attachment 3.1-A.

The specific targeted case management services to be provided under this section of the state plan are as follows:

- 1) Comprehensive assessment and reassessment,
- 2) Development and revision of care plan,
- 3) Referral activities,
- 4) Monitoring and follow-up.

TCM for this population can be provided by governmental or private providers. In order to develop the Medicaid payment rate, the Medicaid Agency employed the following reimbursement methodology:

1. Personnel costs - We obtained from the South Carolina Department of Social Services (SCDSS), Division of Adult Services, the personnel classifications (from the South Carolina Office of Human Resources (SCOHR) Classifications Manual) of the case managers and their supervisors employed in their Division. Note: This state agency will be a primary provider of these Targeted Case Management services. The SCDSS, Division of Adult Services, also provided the average annual salary for their case managers (Human Services Specialist II) as well as case manager supervisors (Human Service Coordinator I).

These annual averages were used as the base salary costs in the determination of an hourly rate for case management services.

- 1a Clinical Supervision - The determination of the allowable clinical supervision salary add-on is calculated as follows:

- 1) the annual average salary for a case manager supervisor as obtained from SCDSS is multiplied by the number of case manager supervisors in the SCDSS, Division of Adult Services (i.e. statewide),
- 2) this product is multiplied by the average percentage of time case manager supervisors spend on clinical supervision activities,
- 3) the total average salary for all case manager supervisors for clinical activities as calculated above in number 2 of 1a Clinical Supervision is divided by the number of case managers workers in the SCDSS, Division of Adult Services (i.e. statewide). The result obtained represents the annual average clinical supervision salary per case manager.

- 1b. The allocable portion of the annual average salary for the case manager supervisor is added to the average annual salary for the case manager to determine allowable TCM salary costs.

SC 10-005
EFFECTIVE DATE: 7/15/10
RO APPROVAL: 07/14/11
SUPERSEDES: New Page

- 1c. Allowable TCM salary costs are multiplied by the fringe benefit rate for SC state government employees to determine total personnel costs associated with the TCM services.
2. Other direct operating costs. Other costs that can be directly assigned to the TCM service are added. These include:
 - 2a. Travel/transportation costs - The travel expenses associated with visits to the client's home for assessment(s) and monitoring.
 - 2b. Training - Training expenses that directly relate to maintaining certification, qualifications, or licensure for case managers but **not** to obtain their initial certification.
 - 2c. Supplies - Material and supply costs that are required for direct services to clients.

The overriding principle regarding this cost is that the materials or supplies are required or used by the direct (i.e. hands on) provider of service during the course of treatment or provision of care to the Medicaid recipient.

The following characteristics determine the charging of supplies to a medical service or case management:

- a) commonly provided in the course of care/treatment by the practitioner or case manager without additional charge,
 - b) provided as incidental, but integral to the practitioners' or case managers' services, and
 - c) used by the "hands-on" medical provider or case manager.
3. Indirect costs - Indirect costs (those supporting costs that cannot be directly attributed to the service but rather apportioned over all benefitting programs/services) are recognized by the application of a 10% IDC rate as applied to personnel costs net of fringe benefits. This is in accordance with OMB A-87, Attachment A, section G.
 4. Cost as identified in steps 1 through 3 above are totaled to determine the average annual costs (per case manager) incurred in the provision of targeted case management services to functionally impaired adults.
 5. The maximum number of billing hours that could be anticipated for each case manager was determined. Assuming a billing productivity factor of 60%, the maximum number of billing hours for each case manager was calculated to be 1,170 hours. The calculation is as follows 37.5 hours per week X 52 weeks X 60% =1,170 hours.
 6. Next, the average annual cost determined in step 4 above is divided by the maximum number of annual billable hours as determined in (5) above to arrive at an hourly rate for each case manager. The unit measurement for TCM is fifteen (15) minutes. Therefore, the hourly rate is divided by four in order to arrive at the unit billing rate.

SC 10-005

EFFECTIVE DATE: 7/15/10

RO APPROVAL: 07/14/11

SUPERSEDES: New Page

The Medicaid agency will reimburse private providers of Targeted Case Management services to functionally impaired adults using the Medicaid rate methodology described above. Also, the interim rate paid to state owned governmental providers of Targeted Case Management functionally impaired adults will be based upon the Medicaid rate methodology described above. Reimbursement rates for Targeted Case Management services to functionally impaired adults effective July 15, 2010 (and subsequent updates) will be published in Medicaid bulletins distributed to affected providers. State owned governmental providers will be reimbursed at one hundred percent of their allowable Medicaid costs based upon the review and reconciliation of annual cost reports.

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

Each State Owned governmental provider rendering Targeted Case Management services to functionally impaired adult will be required to submit a CMS approved annual cost report to establish the costs of their services. Allowable costs will be classified as follows:

Direct Costs:

- 1) "Personnel costs - Expenditures from the accounting records of the State Agency for the incurred salaries, payroll taxes, and fringe benefits for the employees providing case management services to functionally impaired adults. For employees who are not assigned to work 100% of their time in services to functionally impaired adults, time sheets will be required to allocate salary, payroll taxes and fringe benefits.

Only those personnel costs for individuals meeting the requirements of TCM Case Manager as described in "Supplement 1 to Attachment 3.1-A", pages 1m.2 and 1m.3 will be considered as allowable expenditures for the cost report and reconciliation.

- 2) Materials and supplies required for the provision of service.

The overriding principle regarding this cost is that the materials or supplies are required or used by the direct (i.e. hands on) provider of service during the course of treatment or provision of care to the Medicaid recipient.

The following characteristics determine the charging of supplies to a medical service or case management:

- a) commonly provided in the course of care/treatment by the practitioner or case manager without additional charge,
- b) provided as incidental, but integral to the practitioners' or case managers' services, and

- c) used by the "hands-on" medical provider or case manager.
- 3) Training expenses that directly relate to maintaining certification, qualifications, or licensure for case managers but **not** to obtain their initial certification.
- 4) Travel/transportation costs the travel expenses associated with visits to the client's home for assessment(s) and monitoring.

The State owned governmental providers of this service will report the actual travel/transportation cost incurred by case managers in the provision of case management services as identified through their accounting system. Examples of allowable expenditures include documented mileage paid to case managers for the use of their private vehicles and directly charged and documented expenses of the state providers' fleet vehicles used by case managers.

- 5) 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 clinical supervision will be added to the direct costs associated with the case managers. Allowability of supervisory costs is determined based on time and effort reports which will identify and separate administrative activities of the supervisor versus those activities that are clinical in nature (i.e. participating in assessment and care plan meetings, participation in follow-up and re-evaluation activities, review and evaluation of case management documentation). Time and effort reports completed in accordance with HIM-15, Chapter 2300, Section 2313.2 (E) will be used to determine clinical supervision costs.

Indirect Costs:

Allowable indirect costs can be determined by the application of the provider's federally approved indirect cost rate or federally approved cost allocation plan.

Total Allowable Costs of Targeted Case Management services:

The allowable costs for targeted case management services will be the sum of allowable direct costs, clinical supervisory costs as applicable, and indirect costs as determined above.

Service Statistics:

All State Owned governmental providers will be required to accumulate and report service utilization statistics (i.e. units of service) for the total universe of service recipients in keeping with the accumulation of costs by total population of users. The unit measure for this service for all providers, private and governmental, is fifteen (15) minutes.

SC 10-005
EFFECTIVE DATE: 7/15/10
RO APPROVAL: 07/14/11
SUPERSEDES: New Page

Reconciliation of Annual Cost Reports to Interim Payments:

The State owned governmental providers of this service will submit a cost report within 120 days after the close of their fiscal year. Annual cost reports will be desk reviewed for accuracy and compliance with OMB-A87 cost definitions and principles. The result of total allowable costs divided by total units of service (as defined on page 6e.3 in Service Statistics) result in the average allowable unit rate for reconciliation and cost settlement. The average allowable unit rate multiplied by Medicaid units of service (as determined by the SCDHHS MMIS) becomes annual allowable Medicaid reimbursement for the governmental provider. This amount is compared to Medicaid interim payments (including TPL) and any prior adjustments and/or recoupments for these services.

Settlement Procedures:

Should the comparison referred to above (in the Reconciliation of Annual Cost Reports to Interim Payments) identify an overpayment to the provider, SCDHHS will send a letter to the provider requesting repayment within 30 days. Should the comparison identify an underpayment, an adjustment is processed through the MMIS to pay the provider the difference.

This plan expires June 30, 2012.

SC 10-005
EFFECTIVE DATE: 7/15/10
RO APPROVAL: 07/14/11
SUPERSEDES: New Page