

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



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**Financial Management Group**

NOV 18 2015

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Department of Health & Human Services  
**OFFICE OF THE DIRECTOR**

Mr. Christian L. Soura  
Director  
Department of Health and Human Services  
P.O. Box 8206  
Columbia, South Carolina 29202-8206

RE: State Plan Amendment (SPA) SC 14-012

Dear Mr. Soura:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 14-012. Effective January 1, 2014 this amendment revises the State's reimbursement methodology for setting payment rates for Psychiatric Residential Treatment Facilities (PRTFs). Specifically, this plan amendment provides for a five percent (5%) rate increase effective for services provided on or after January 1, 2014 for private and non-state owned governmental owned and operated PRTFs.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of January 1, 2014. We are enclosing the CMS-179 and the amended approved plan pages.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristin Fan", is positioned above the typed name.

Kristin Fan  
Director

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 14-012	2. STATE South Carolina
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION		4. PROPOSED EFFECTIVE DATE January 1, 2014	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES			
5. TYPE OF PLAN MATERIAL (Check One):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447 Subpart F		7. FEDERAL BUDGET IMPACT: a. FFY 2014 \$842,402 b. FFY 2015 \$1,124,318	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-A, page 18		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-A, page 18	
10. SUBJECT OF AMENDMENT: This plan amendment provides for a 5% rate increase in the PRTF rates effective for services provided on or after January 1, 2014 for private and non-state owned governmental PRTFs.			
11. GOVERNOR'S REVIEW (Check One):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Mr. Keck was designated by the Governor to review and approve all State Plans	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: South Carolina Department of Health and Human Services Post Office Box 8206 Columbia, SC 29202-8206	
13. TYPED NAME: Anthony E. Keck			
14. TITLE: Director			
15. DATE SUBMITTED: March 27, 2014			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: NOV 18 2015	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JAN 01 2014		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Kristin FAN		22. TITLE: Deputy Director, FMC	
23. REMARKS:			

B. Psychiatric Residential Treatment Facility

A per diem rate will be calculated for each South Carolina contracting psychiatric RTF. The rate will be calculated using allowable 1997 base year cost and statistical data as reported on the CMS 2552 cost report trended forward. The rate will cover all costs included in the "all-inclusive" rate definition. An occupancy adjustment will be applied if the base year occupancy rate is less than the statewide average occupancy rate. If applicable, add-ons may be applied to the RTF rate for services required by the RTF program subsequent to the 1997 cost reporting period. State government owned and operated facilities, non-state government owned and operated facilities and new facilities will receive special consideration as specified below.

Each facility's occupancy rate will be calculated. If a facility's occupancy rate is less than the statewide average RTF occupancy rate, the routine cost and physician cost (if separately identified) will be adjusted to reflect RTF days at the statewide average occupancy level. The ancillary cost centers (if separately identified) will not be subject to an occupancy adjustment and thus will be subject to the RTFs' actual occupancy rate. No occupancy adjustment will be made for state government owned and operated facilities and non-state government owned and operated facilities.

The 1997 base year psychiatric RTF costs will be inflated using the CMS Market Basket Indices. The base year cost will be inflated through 12/31 of the base year and then the midpoint-to-midpoint inflation method will be used to inflate the rates from the base year to the rate period. If applicable, add-ons will be inflated forward. The midpoint-to-midpoint inflation rates are as follows:

FY 1999-00	6.37%
FY 2000-01	11.43%
FY 2001-07	0.00%

Effective September 1, 2008, the psychiatric RTF rates will be increased by 7.12%. Effective for services provided on and after April 8, 2011, all non-state owned governmental and private psychiatric RTF rates will represent ninety seven percent (97%) of the October 1, 2010 psychiatric RTF rate. Effective for services provided on or after January 1, 2014, all non-state owned governmental and private psychiatric RTF rates will be increased by five percent (5%).

1. Facility Rate (excluding state government owned and operated, non-state government owned and operated and new facilities).

For clarification purposes, the per diem reimbursement rate will be calculated in two steps and then summed. The per diem component relating to routine and physician costs (if separately identified) will be calculated by dividing the allowable base year cost by the greater of actual bed days or the occupancy adjusted bed days. The per diem component relating to ancillary costs (if separately identified) will be calculated by dividing the allowable base year cost by the facility's actual bed days. Inflation will be applied to the sum of the two components using the mid-year method. If applicable, add-ons may be applied to the RTF rate for services required by the RTF program subsequent to