Financial Management Group

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

RE: State Plan Amendment SC 14-013

Dear Mr. Soura:

We have reviewed the proposed amendment to Attachment 4.19-A and 4.19-B of your Medicaid state plan submitted under transmittal number (TN) 14-013. Effective July 1, 2014 this amendment modifies the state’s reimbursement methodology for setting payment rates for inpatient and outpatient hospital services. Specifically, this amendment will add the following eight Other Provider Preventable Conditions to the non-payment policy for provider preventable conditions in the current state plan: Death/disability associated with use of contaminated drugs, devices or biologic, Death/Disability associated with use of device other than as intended, Death/disability associated to medication error, Maternal death/disability with low risk delivery, Death/disability associated with hypoglycemia, Death/disability associated with hyperbilirubinemia in neonates, and Death/disability due to wrong oxygen or gas.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a)(13), 1902(a)(30), and 1903(a) 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 July 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,

Timothy Hill
Director
## TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
   HEALTH CARE FINANCING ADMINISTRATION
   DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER: 14-013
2. STATE South Carolina
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)
4. PROPOSED EFFECTIVE DATE 07/01/2014

5. TYPE OF PLAN MATERIAL (Check One):
   - [ ] NEW STATE PLAN
   - [ × ] AMENDMENT TO BE CONSIDERED AS NEW PLAN
   - [ ] AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
   - 42 CFR Subpart C

7. FEDERAL BUDGET IMPACT:
   - a. FFY 2014 $ 0
   - b. FFY 2015 $ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
   - Supplement 1 to Attachment 4.19-A, Page 2
   - Supplement 2 to Attachment 4.19-B, Page 5, 6 & 7 (New Page)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):
   - Supplement 1 to Attachment 4.19-A, Page 2
   - Supplement 2 to Attachment 4.19-B, Page 5 & 6

10. SUBJECT OF AMENDMENT:
The addition of eight Other Provider Preventable Conditions (OPPCs) to the non-payment policy for provider preventable conditions (PPCs) in the current State Plan.

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
   - [ × ] OTHER, AS SPECIFIED:
     Mr. Keck was designated by the Governor to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
   Anthony E. Keck

14. TITLE:
   Director

15. DATE SUBMITTED:
   September 30, 2014

16. RETURN TO:
   South Carolina Department of Health and Human Services
   Post Office Box 8206
   Columbia, SC 29202-8206

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:
   DEC 05 2014

19. EFFECTIVE DATE OF APPROVED MATERIAL:
   JUL 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
   Kristin Fan

22. TITLE:
   Deputy Director, FUG

23. REMARKS:
State Plan Under Title XIX of the Social Security Act

Medical Assistance Program

State: South Carolina

Citation

42 CFR 434.6, 438.6, 447.26 and 1902(a)(4), 1902(a)(6), and 1903 of the Social security Act.

Payment Adjustment for Other Provider Preventable Conditions

The Medicaid agency meets the requirements of 42 CFR Part 447, subpart A, and sections 1902(a)(4), 1902(a)(6), and 1903 with respect to non-payment for other provider preventable conditions.

Other Provider Preventable Conditions

The State identifies the following Other Provider Preventable Conditions for non-payment under Section 4.19(B) of this plan effective for discharges on or after July 1, 2014:

- X Wrong Surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.
- X Post-operative death in normal healthy patient
- X Death/disability associated with use of contaminated drugs, devices or biologics
- X Death/Disability associated with use of device other than as intended
- X Death/disability associated to medication error
- X Maternal death/disability with low risk delivery
- X Death/disability associated with hypoglycemia
- X Death/disability associated with hyperbilirubinemia in neonates
- X Death/disability due to wrong oxygen or gas

Effective with date of processing October 1, 2012, any claim for dates of service on/after September 7, 2012 Medicaid will make zero payments to providers for Other Provider Preventable Conditions which

TN No. SC 14-013
Supersedes
TN No. 12-017
Approval Date: DEC 05 2014
Effective Date: 07/01/14
includes Never Events (NE) as defined by the National Coverage Determinations (NCD). The Never Events (NE) as defined in the NCD include Ambulatory Surgical Centers (ASC) and practitioners, and these providers will be required to report NE's. Practitioners are defined in Attachments 4.19 B-Pages 1e, 3a. and 2a.2.

Reimbursement for conditions described above is defined in Attachment 4.19-B, Page 1a.1, of this State Plan.

Additional Other Provider Preventable Conditions identified below (please indicate the section(s) of the plan and specific service type and provider type to which the provisions will be applied.)

Citation

42 CFR 447, 434, 438, and 1902(a)(4), 1902(a)(6), and 1903

Payment Adjustment for Provider Preventable Conditions

The Medicaid agency meets the requirements of 42 CFR Part 447, Subpart A, and sections 1902(a)(4), 1902(a)(6), and 1903 of the Social Security Act, with respect to non-payment for provider-preventable conditions.

Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section 4.19-B:

X Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

Additional Other Provider-Preventable Conditions identified below effective for discharges on or after July 1, 2014:

- Post-operative death in normal healthy patient
- Death/disability associated with use of contaminated drugs, devices or biologics
- Death/disability associated with use of device other than as intended
- Death/disability associated to medication error
- Maternal death/disability with low risk delivery
- Death/disability associated with hypoglycemia
- Death/disability associated with hyperbilirubinemia in neonates
- Death/disability due to wrong oxygen or gas
Section 2702 of the Patient Protection and Affordable Care Act of 2010 prohibits Federal payments to States under section 1903 of the Social Security Act for any amounts expended for prohibited medical assistance for certain provider-preventable conditions (PPC) and health care-acquired conditions (HCAC) for dates of service on/after September 7 2012. This policy applies to all individuals for which Medicaid is primary and those dually eligible for both the Medicare and Medicaid programs, and South Carolina Medicaid enrolled hospitals except for Indian Health Services. Reduced payment to providers is limited to the amounts directly identifiable as related to the PPC and the resulting treatment.

The following method will be used to determine the related reduction in payments for Other Provider-Preventable Conditions which includes Never Events as defined by the National Coverage Determination for Ambulatory Surgical Centers (ASC) and practitioners:

A. Dates of service beginning on/after September 7, 2012:

1. The claims identified with a Present on Admission (POA) indicator of “V” or “U” and provider-preventable conditions through the claims payment system will be reviewed.

2. When the review of claims indicates an increase of payment to the provider for an identified provider-preventable condition, the amount for the provider-preventable condition will be excluded from the providers’ payment.

B. No reduction in payment for a provider preventable condition will be imposed on a provider when the condition defined as a PPC for a particular patient existed prior to the initiation of treatment for that patient by that provider.

C. Reductions in provider payment may be limited to the extent that the following apply:

1. The identified provider-preventable conditions would otherwise result in an increase in payment.

2. The State can reasonably isolate for nonpayment the portion of the payment directly related to treatment for, and related to, the provider provider-preventable conditions.

3. Non-payment of provider-preventable conditions shall not prevent access to services for Medicaid beneficiaries.

D. Non-payment of provider-preventable conditions shall not prevent access to services for Medicaid beneficiaries.
Other Provider-Preventable Conditions

The State identifies the following Other Provider-Preventable Conditions for non-payment under Section(s) Attachment 4.19-A.

___X___ Wrong surgical or other invasive procedure performed on a patient; surgical or other invasive procedure performed on the wrong body part; surgical or other invasive procedure performed on the wrong patient.

Effective for discharges on or after July 1, 2014, the following OPPCs will not be reimbursed by the Medicaid agency:

X Post-operative death in normal healthy patient
X Death/disability associated with use of contaminated drugs, devices or biologics
X Death/Disability associated with use of device other than as intended
X Death/disability associated to medication error
X Maternal death/disability with low risk delivery
X Death/disability associated with hypoglycemia
X Death/disability associated with hyperbilirubinemia in neonates
X Death/disability due to wrong oxygen or gas

Also consistent with the requirements of 42 CFR 447.26(c).

(c)(2) No reduction in payment for a provider preventable condition will be imposed on a provider when the condition defined as a PPC for a particular patient existed prior to the initiation of treatment for that patient by that provider.

(c)(3) Reductions in provider payment may be limited to the extent that the following apply:

i. The identified provider-preventable conditions would otherwise result in an increase in payment.

ii. The State can reasonably isolate for nonpayment the portion of the payment directly related to treatment for, and related to, the provider-preventable conditions.

(c)(5) Non-payment of provider-preventable conditions shall not prevent access to services for Medicaid beneficiaries.