

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**

**JAN 23 2019**

Mr. Joshua D. Baker  
Director  
Department of Health and Human Services  
P.O. Box 8206  
Columbia, South Carolina 29202-8206

RE: State Plan Amendment SC 18-0008

Dear Mr. Baker:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 18-0008. Effective October 1, 2018 this plan amendment proposes to increase Nursing Facility rates to recognize the increased cost of non-emergency medical transportation cost (NEMT). Individual provider per diem rates will be adjusted for the increase in NEMT.

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 October 1, 2018. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 220-5306.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristin Fan". The signature is fluid and cursive.

Kristin Fan  
Director

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
SC 18-0008

2. STATE  
South Carolina

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

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

4. PROPOSED EFFECTIVE DATE  
October 1, 2018

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: (\$2.5 Million \* 71.22%)  
a. FFY 2019           \$1,780,500  
b. FFY 2020           \$ Rates will be subject to rebasing

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, page 18

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-D, page 18

10. SUBJECT OF AMENDMENT:

Non-Emergency Medical Transportation (NEMT) Nursing Facility Rate Add-On Effective October 1, 2018

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. Baker was designated by the Governor to review and approval all state plans.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:  
Joshua D. Baker

14. TITLE:  
Director

15. DATE SUBMITTED:  
December 14, 2018

16. RETURN TO:

South Carolina Department of Health and Human Services  
P.O. Box 8206  
Columbia, South Carolina 29202-8206

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

JAN 23 2019

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
OCT 01 2018

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:  
Kristin Fan

22. TITLE:  
FMG Director

23. REMARKS:

Ceiling on profit will be limited to 3 1/2% of the sum of the provider's allowable cost determined in step 2. The sum of the cost incentive and the profit cannot exceed \$1.75 per patient day.

13. The Medicaid Agency developed a facility specific Non-Emergency Medical Transportation (NEMT) Add-On based upon the use of the actual NEMT trip data incurred by each nursing facility during the service period of January 1, 2018 thru June 30, 2018. The NEMT trip data includes trip, mileage, and cost data associated with ambulatory transports, wheelchair transports, advanced life support transports, and stretcher/basic life support transports. Each nursing facility's NEMT trip data was subjected to review and possible adjustment if significant acuity and utilization shifts were observed in the type of NEMT transports among some of the participants residing in the nursing facility. The criteria employed by the Medicaid Agency to adjust for utilization shift included either: (1) - a one thousand percent increase in the number of annualized 2018 stretcher/basic life support trips incurred over the three year average of actual/annualized calendar year 2015 thru 2017 stretcher/basic life support trips; or (2); a one hundred plus increase in the number of annualized 2018 stretcher/basic life support trips incurred over the three year average of actual/annualized calendar year 2015 thru 2017 stretcher/basic life support trips. For any provider whose stretcher/basic life support trips exceeded the criteria, the cost of each stretcher/basic life support trip associated with a six month period was reduced by \$70 per trip. The adjusted Medicaid NEMT transport costs of each nursing facility were summed and then divided by each nursing facility's Medicaid paid days during the January 1, 2018 thru June 30, 2018 payment period to determine the October 1, 2018 NEMT Add-On per diem. Providers subject to the NEMT Add-on adjustment process based upon outlier utilization shifts may provide additional information to the agency justifying the medical necessity of utilization shifts based upon the actual acuity and clinical need of the provider's beneficiary population. Based upon an analysis of medical necessity, the agency will lessen the number of trips subject to the \$70 reduction in recognized cost for stretcher/basic life support trips to reflect the medically necessary NEMT cost incurred by a provider with a higher-than-average acuity population if the analysis of the data supports the change.
14. The Medicaid reimbursement rate will be the total of costs accumulated in step 8, inflation, cost of capital, cost incentive/profit, and NEMT Add-On per diem. For all nursing facilities, the Medicaid Agency will maintain the per diem reimbursement for cost of capital, profit and cost incentives for SC Medicaid rates effective October 1, 2018 at the January 1, 2018 per diem reimbursement levels.

Providers that did not file a SC Medicaid nursing facility cost report for September 30, 2016 due to actual/pending change in ownerships but filed a SC Medicaid nursing facility cost report for September 30, 2017 will be reimbursed in accordance with the October 1, 2017/January 1, 2018 rate setting methodology and the October 1, 2018 inflation factor.

The Medicaid agency will not accept amended Medicare cost reports for any provider's fiscal year ending 2016 or 2017 cost reporting period after the date of the state legislatively mandated filing date (i.e. plan submission date). The Medicaid Agency will also not accept amendments to the SC Medicaid Nursing Facility FYE September 30, 2016 cost reports due to any amendments resulting from audit activity or provider review of the cost report information that occurred on and after the establishment of the January 1, 2018 payment rates. The October 1, 2018 Medicaid reimbursement rates will not be subject to change as a result of audit but will be subject to the contractual lower of cost or charges compliance test during the applicable contract period.