

**South Carolina Department of Health and Human Services
Medical Care Advisory Committee
Item for Committee Advisement**

PREPARED BY: Jeff Saxon, Program Manager II, Office of Finance and Administration

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DATE: October 20, 2013

SUBJECT: South Carolina Department of Mental Health's (SCDMH) Long Term Psych Hospital Rate Updates, Skilled Nursing Facility Rate Updates, and Psychiatric Residential Treatment Facility Rate Update Effective November 1, 2013.

OBJECTIVE: To update the SCDMH's Long Term Psych Hospital rates, the Skilled Nursing Facility rates, and the Psychiatric Residential Treatment Facility rate effective November 1, 2013 based upon more recent cost report data and updated Medicare market basket rate trend factors.

BACKGROUND: Effective October 1, 2012, the South Carolina Department of Health and Human Services (SCDHHS) began reimbursing the SCDMH owned/operated long term psychiatric hospitals, the skilled nursing facilities, and the psychiatric residential treatment facility on a prospective payment basis. At the time the October 1, 2012 prospective payment rates were established, the latest cost reports available that could be used in the calculation of the SCDMH provider rates were based upon the state fiscal year June 30, 2010 cost reports due primarily to SCDMH's conversion to a new accounting system. Therefore because of this unique circumstance, the SCDMH has requested and the SCDHHS has agreed to update the SCDMH institutional provider reimbursement rates based upon the state fiscal year 2012 cost report data. It should be noted, however, that annual rebasing of SCDMH institutional rates is not guaranteed each year.

BUDGETARY IMPACT: Annual aggregate expenditures are expected to increase by approximately \$3.0 million (total dollars) for Medicaid fee for service individuals. However, because SCDMH receives the state matching funds for the services that the agency provides, there is no impact on SCDHHS state matching funds.

EXPECTED OUTCOMES: Medicaid recipient access to SCDMH long term psychiatric hospital services, skilled nursing facility services, and psychiatric residential treatment facility services will be maintained/may improve.

EXTERNAL GROUPS AFFECTED: The SCDMH contracting Medicaid long term psychiatric hospitals, the skilled nursing facilities, the psychiatric residential treatment facility, and Medicaid recipients.

RECOMMENDATION: Move to amend the current state plan to allow for the update to the SCDMH long term psych hospital rates, the skilled nursing facility rates, and the psychiatric residential treatment facility rate based upon the state fiscal year 2012 cost report data updated Medicare market basket rate trend factors.

EFFECTIVE DATE: November 1, 2013