

Sept. 29, 2022

PUBLIC NOTICE

Public Notice of Proposed Action for Federal Fiscal Year (FFY) 2023 DSH Payments and Updated Swing Bed Hospital and Administrative Day Rates Effective January 1, 2023

The South Carolina Department of Health and Human Services (SCDHHS), pursuant to the requirements of Section 1902(a)(13)(A) of the Social Security Act, gives notice of the following proposed actions regarding its methods and standards for establishing Medicaid Disproportionate Share Hospital (DSH) payments to qualifying DSH hospitals and updating swing bed hospital and administrative day rates.

The Consolidated Appropriations Act of 2021 has further delayed implementation of the DSH Patient Protection and Affordable Care Act (ACA) reductions until fiscal year (FY) 2024. The DSH ACA reductions are planned to be implemented beginning with FY 2024 and ending with FY 2027. The DSH reductions will amount to \$8.0 billion federal dollars each year over a four-year period.

Proposed DSH Changes Effective for the Oct. 1, 2022 thru Sept. 30, 2023 DSH Payment Period

- The agency proposes to use the FY ending 2021 base year cost reporting period to calculate the interim DSH payments for the Oct. 1, 2022, thru Sept. 30, 2023, DSH payment period. The agency will continue the use of the Dec. 19, 2008, final rule (Federal Register/Vol. 73, No. 245) relating to the audits of the Medicaid DSH Payment Plans and the Dec. 3, 2014, final rule (Federal Register/Vol. 79, No. 232) relating to the Medicaid Program DSH Payments Uninsured Definition.
- The agency proposes to update the inflation rate used to trend the DSH base year cost to the end of the 2021 calendar year.
- The agency proposes to expend 100 percent of its FFY 2023 Medicaid DSH allotment to qualifying DSH-eligible hospitals during the Medicaid State Plan Rate Year.
- In accordance with Budget Proviso 33.20 (A) of the state fiscal year (SFY) 2022/2023 South Carolina State Appropriations Act, the agency will tie DSH payments to participation in the Healthy Outcomes Initiative and may expand the program as DSH funding is available.

Proposed Inpatient Hospital Reimbursement Changes Effective Jan. 1, 2023

- The agency proposes to update the inpatient hospital swing bed and administrative day rates based upon the Oct. 1, 2022, redetermination of nursing facility payment rates.

For DSH changes, SCDHHS proposes to implement bullets one through three in order to calculate the FFY 2023 DSH payments based on the use of the most recent cost reporting period data available (hospital FY

2021) and updated DSH allotment amounts. For bullet number four, SCDHHS proposes to continue tying participation in the South Carolina Medicaid DSH Program to participation in the Healthy Outcomes Initiative for the uninsured population.

For inpatient hospital changes, SCDHHS proposes to update the swing bed and administrative day rates effective Jan. 1, 2023, based upon the redetermination of nursing facility payment rates effective Oct. 1, 2022.

As a result of the proposed actions listed above, the annual projected cost increases are as follows (in total dollars) – DSH – unable to project since FFY 2023 DSH allotments have not been published by the Centers for Medicare and Medicaid Services as of the date of this notice; swing bed/administrative day rates – immaterial (less than \$10,000).

Copies of this notice are available at each South Carolina Healthy Connections Medicaid county office and at www.scdhhs.gov for public review. Additional information concerning the proposed actions above are available upon request at the address cited below.

Written comments may be sent to SCDHHS, Division of Acute Care/Ancillary Reimbursements, Post Office Box 8206, Columbia, S.C. 29202-8206. Comments may also be submitted to comments@scdhhs.gov. All comments must be received by 5 p.m. Oct. 28, 2022.

Any written comments submitted may be reviewed by the public at SCDHHS, Division of Acute Care/Ancillary Reimbursements, Room 400-52, 1801 Main Street, Columbia, S.C., Monday through Friday between 9a.m.-5p.m.

Robert M. Kerr
Director

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You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf> or by mail or phone at: U.S. Department of Health and Human Services, 200 Independence Avenue, SW, Room 509F, HHH Building, Washington, D.C. 20201 or by phone at: 800-368- 1019, 800-537-7697 (TDD). Complaint forms are available at <http://www.hhs.gov/ocr/office/file/index.html>.