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PUBLIC NOTICE

Public Notice of Final Action for the FFY 2019 DSH Payments and Swing Bed and Administrative Day Rate Changes

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 actions regarding its methods and standards for establishing Medicaid Disproportionate Share Hospital (DSH) payments to qualifying DSH hospitals, adjusting the SC Medicaid DSH Audit Redistribution Policy, and for updating the swing bed hospital and administrative day rates under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

For the October 1, 2018 through September 30, 2019 DSH payment period, the agency will make the following changes:

- The agency will update the base year used to calculate the interim DSH payments for the DSH allotment period which ends on September 30, 2019 (FFY 2019) using hospital fiscal year end 2017 data, the continued use of the December 19, 2008 Final Rule (Federal Register / Vol. 73, No. 245) relating to the audits of the Medicaid DSH Payment Plans, and the December 3, 2014 Final Rule (Federal Register /Vol. 79, No. 232) which relates to the Medicaid Program DSH Payments Uninsured Definition.
- The agency will update the inflation rate used to trend the DSH base year cost to the end of the 2017 calendar year.
- The agency will expend one hundred percent of its FFY 2019 Medicaid DSH allotment to qualifying DSH eligible hospitals.
- In accordance with Budget Proviso #33.20 (C) of the State Fiscal Year (SFY) 2018/2019 South Carolina State Appropriations Act, the agency will create a separate DSH pool from the existing FFY 2019 DSH allotment that will be spread among the South Carolina defined rural hospitals as will be defined in Attachment 4.19-A of the SC Medicaid State Plan to include hospitals in persistent poverty counties as defined in recent federal law. This DSH pool may reimburse SC defined rural hospitals up to 100% of their DSH eligible unreimbursed costs. The following classes of SC defined rural hospitals will continue to receive the following percentages of DSH eligible unreimbursed costs:
 - ✓ Hospitals designated as SC defined rural hospitals prior to October 1, 2014 may receive 100% of their DSH eligible unreimbursed cost;
 - ✓ SC hospitals designated as rural hospitals by the SC Medicaid Program for the first time effective on and after October 1, 2014 may receive 90% of their DSH eligible unreimbursed cost and;
 - ✓ Effective October 1, 2016, the SC defined rural hospital criteria will be amended to include a hospital that is located within a “persistent poverty county” as defined in P.L. 112-74 that is not otherwise eligible for higher reimbursement. A hospital that qualifies under this criterion may receive 80% of its DSH eligible unreimbursed cost.

- In accordance with Budget Proviso 33.20 (A) of the SFY 2018/2019 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.
- The agency will amend its SC Medicaid DSH Audit Redistribution Methodology as follows: First, we will only recover DSH payments from those DSH hospitals whose interim DSH payments exceed their audited hospital specific DSH limit. Next, the agency will redistribute the DSH audit recovery amounts to only those DSH hospitals whose interim DSH payments did not exceed their audited hospital specific DSH limits based upon a percentage of each eligible DSH hospital's unreimbursed hospital specific DSH limit. Out of state DSH hospitals will not be subject to the above and the SC Department of Mental Health DSH hospitals will follow these procedures only within the SCDMH hospital DSH pool.

Effective for service dates beginning on or after January 1, 2019, the SCDHHS will update the swing bed and administrative day rates based upon the updated October 1, 2018 nursing facility payment rates.

SCDHHS will implement bullets one thru five in order to base the FFY 2019 DSH payments using more current base year cost and charge data and updated DSH allotment amounts. The agency will implement bullet six in order to provide more predictability in annual provider DSH payments to hospitals.

SCDHHS projects that annual DSH payments will increase by approximately \$15 million (total dollars). The projected increase in annual inpatient hospital swing bed and administrative day expenditures is projected to amount to approximately \$23 thousand (total dollars).

Copies of this notice are available at each South Carolina County Department of Health and Human Services Office and at www.scdhhs.gov for public review. Additional information concerning these actions is available upon request at the address cited below.

Any written comments submitted may be reviewed by the public at the SCDHHS, Division of Acute Care Reimbursements, 12th Floor, 1801 Main Street, Columbia, South Carolina, Monday through Friday between the hours of 9:00 A.M. and 5:00 P.M.

Joshua D. Baker

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si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 1-888-549-0820 (TTY: 1-888-842-3620).

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Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода. Звоните 1-888-549-0820 (телетайп: 1-888-842-3620).

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