

May 20, 2016

PUBLIC NOTICE

Proposed Public Notice for FQHC Payment Methodology

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 paying providers under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

Effective for services provided on or after July 1, 2016, the SCDHHS proposes to amend the South Carolina (SC) Title XIX State Plan by revising the Medicaid rate setting methodology for Federally Qualified Health Centers (FQHCs) from an annual cost based payment methodology to a prospective payment methodology. This payment change will impact only those FQHCs that are currently being reimbursed under the Alternate Payment Methodology (APM) and the Prospective Payment System (PPS) rates determined under this methodology change will continue to be considered as an APM. The SCDHHS proposes to establish the PPS rate using the base year 2014 desk reviewed Medicaid FQHC encounter rate of each impacted FQHC trended forward to the annual payment period using the midpoint to midpoint trending methodology. In addition to the above change, the SCDHHS is proposing the following scope of service change definition for changes in scope since the base year cost reporting period used to establish the FQHC PPS encounter rates:

The baseline PPS rate or the APM/PPS rate will be adjusted to take into account any change (increase or decrease) in the scope of services furnished by the FQHC. A change in scope will be defined as:

- An addition or deletion of SC Medicaid covered specialty and non-primary services that were either included (deletion) or not included (addition) in the baseline PPS rate or APM/PPS rate calculation.
- An addition, removal, or relocation of service sites that results in an addition or deletion of specialty and non-primary services that were either not included (addition) or included (deletion) in the baseline PPS rate or APM/PPS rate calculation.

- An addition of a new site that is requested by local government officials in order to provide access to medical services within its communities regardless if new specialty or non-primary services are added.
- Regulatory compliance as required by state law or federal law as it relates to the operation of FQHC services provided under the Medicaid Program.

The FQHC will be responsible for notifying the Division of Ancillary Reimbursements, in writing, of any increases or decreases in the scope of its services. The FQHC shall include the following in the notification:

- The current approved organization budget and a budget for the addition or deletion of services/sites.
- The current approved organization budget and a budget for the impact relating to the costs associated with regulatory compliance.
- Documentation reflecting the local government request to provide medical services within its community.
- A detailed request for change in scope.
- An assessment of the impact on total encounters/visits and Medicaid encounters/visits (for Medicaid break out FFS versus MCO).

A new interim rate will be established based upon the reasonable allowed Medicaid reimbursable costs contained in the budget information. The final baseline PPS rate or APM/PPS rate will be determined and applied retroactively to the scope of service change based upon the SCDHHS analysis of the first two years of Medicaid cost reports which include the scope of service change.

The agency proposes to implement the above actions in order to provide 100% of the Medicaid reimbursement upon payment of each Medicaid fee for service claim in lieu of annual cost report reviews that result in either under or (over) payments.

The SCDHHS projects that based upon the proposed actions noted above, annual aggregate Medicaid fee for service FQHC expenditures are anticipated to be budget neutral.

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

Written comments may be sent to the Division of Ancillary Reimbursements, South Carolina Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Comments may also be submitted to comments@scdhhs.gov. Written and e-mailed comments must be received by close of business June 24, 2016.

Any written comments submitted may be reviewed by the public at the SCDHHS, Division of Ancillary Reimbursements, Room 1209, 1801 Main Street, Columbia, South Carolina, Monday through Friday between the hours of 9:00 A.M. and 5:00 P.M.

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