

June 30, 2016

PUBLIC NOTICE

Final 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 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 will 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 will 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 will amend 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. For APM PPS providers, please note that the FQHC will be required with their initial Change in Scope of Service request to provide the final version of HRSA EHB forms 5A: Services Provided and 5B: Service Sites for their baseline year (i.e. 2014). A change in scope will be defined as:

- Adding a service site that provides services covered by the SC Medicaid Program that was not included in the baseline PPS rate or APM PPS rate calculation or;
- Adding a South Carolina Medicaid covered service that was not included in the baseline PPS rate or APM PPS rate calculation or;
- Relocating a service site that was previously included in the baseline PPS rate or APM PPS rate or;
- Deleting a service site that was included in the baseline PPS rate or APM PPS rate calculation or;

- Deleting a South Carolina Medicaid covered service that was included in the baseline PPS rate or APM PPS rate calculation or;
- Regulatory compliance as required by state law or federal law as it relates to the operation of FQHC services provided under the SC 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,
- 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 and effective for services provided on and after the implementation of the scope of service change. 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 will 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 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 action is available upon request at the address cited below.

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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