

Aug. 22, 2016

PUBLIC NOTICE

Final Public Notice for Nursing Facility Rate Updates Effective Oct. 1, 2016

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 setting payment rates for long term care facility services (excluding state owned nursing facilities) under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

Effective for services provided on or after October 1, 2016, SCDHHS will amend the South Carolina Title XIX reimbursement methodology for long term care by:

1. Providing payments to nursing facilities based on the most recent cost report data available (i.e., FYE September 30, 2015);
2. Updating the cost center standards based upon the FYE September 30, 2015 Medicaid cost reports;
3. Adjusting the occupancy factor used to establish nursing facility cost center standards and the minimum occupancy rate used in the determination of provider payment rates from 92% to 90%;
4. Applying a 2.40% inflation factor in the calculation of the October 1, 2016 payment rates;
5. Applying an updated deemed asset value (\$53,653) and market rate of return factor (3.21%) for October 1, 2016 Medicaid rate setting purposes;
6. Adjusting the reimbursement cap on cost of capital (COC) reimbursement for beds that were being reimbursed on June 30, 1989 from \$3.99 to \$5.00 per patient day; and
7. Adjusting the payment for professional liability claims that exceed \$50,000 on an individual claim basis from 97% of the Medicaid allowed amount to 100% of the Medicaid allowed amount.

SCDHHS is making these changes in order to determine Medicaid reimbursement rates based upon the most recent cost report data available and to adjust payment rates to account for the change in the statewide average occupancy rate.

As a result of the above actions relating to the Medicaid reimbursement methodology changes for nursing facilities effective for services provided on or after October 1, 2016, the weighted average rate is projected to be \$170.98. The weighted average September 30, 2016 rate was \$169.54. This represents a weighted average per diem increase of \$1.44 per Medicaid patient day, or a .85% increase.

SCDHHS projects that based upon the above actions, annual aggregate expenditures will increase by approximately \$5,500,000 total dollars including Medicaid days paid while the recipient is under the Hospice benefit.

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 this 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 Long Term Care 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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Director
South Carolina Department of Health and Human Services