

PUBLIC NOTICE

SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES

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, 2014, 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, 2013);
2. Updating the cost center standards based upon the FYE September 30, 2013 Medicaid cost reports;
3. Applying a 3.30% inflation factor in the calculation of the October 1, 2014 payment rates;
4. Applying an updated deemed asset value and market rate of return factor for October 1, 2014 Medicaid rate setting purposes;
5. Eliminating the application of a budget neutrality factor in the calculation of the October 1, 2014 payment rates;
6. Updating the payment methodology as it relates to a change in ownership due to a purchase of fixed assets by discontinuing the practice of allowing the new owner to receive a new Medicaid rate based upon a minimum six month cost report. Under this proposal, the new owner would receive the prior owners most recent Medicaid rate adjusted for any industry wide inflation trend or industry wide add-on upon the effective date of the change in ownership;
7. Updating the payment methodology as it relates to a change in ownership due to a lease of fixed assets by discontinuing the practice of allowing the new owner to receive a new Medicaid rate based upon a minimum six month cost report effective the seventh month of operation. Under this proposal, the new owner would continue to receive the prior owners most recent Medicaid rate adjusted for any industry wide inflation trend or industry wide add-on effective with the seventh month of operation and;
8. Performing a retrospective settlement process on any nursing facility that employs a Medicaid allowable self-insurance plan under the following circumstances: (1) - when there is a conversion of the self-insurance plan to a commercial insurance plan or (2) when a sale or lease of a nursing facility occurs and the prior owner/lessor employed a self-insurance plan.

SCDHHS will implement actions 1 through 5 in order to determine Medicaid reimbursement rates based upon the most recent cost report data available and to ensure that nursing facility expenditures remain within budgeted amounts during state fiscal year 2014/2015. SCDHHS will implement actions 6 through 8 in order to promote efficiencies in funding as it relates to the South Carolina Medicaid Program.

As a result of the actions relating to the Medicaid reimbursement methodology changes for nursing facilities effective for services provided on or after October 1, 2014, the weighted average rate is projected to be \$167.30. The weighted average September 30, 2014 rate was \$161.33. This represents a weighted average per diem increase of \$5.97 per Medicaid patient day, or a 3.70% increase.

SCDHHS projects that based upon the actions, annual aggregate expenditures will increase by approximately \$23.2 million (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 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 Long Term Care Reimbursements, Room 1231, 1801 Main Street, Columbia, South Carolina, Monday through Friday between the hours of 9:00 A.M. and 5:00 P.M.

Anthony E. Keck
Director
South Carolina Department of Health and Human Services