

**Medical Care Advisory Committee (MCAC)**  
**October 13, 2020**  
**SCDHHS, 1801 Main Street, Columbia, South Carolina 29202**  
**10:00AM-11:00AM**

- I. Welcome by Director
- II. Advisements
  - Nursing Facility Rate Update
  - South Carolina Medicaid Disproportionate Share (DSH) Payment Program Update Effective FFY 2020 and Inpatient/Outpatient Hospital Reimbursement Changes Effective January 1, 2021  
*Jeff Saxon, Program Manager, Finance and Administration*
  - Medically Complex Children's (MCC) Waiver Amendment  
*Margaret Alewine, Program Manager, Community Options*
  - Nurse Family Partnership Waiver Amendment  
*Bryan Amick, Chief Strategy and Innovation Officer*
- SCDHHS Updates
- Quincy Swygert, Budget Director
  - FY 2021-22 General Appropriations Request
- Bryan Amick
  - COVID-19 Telehealth Flexibilities
- Joshua D. Baker, Agency Director
  - COVID-19 Updates
- III. Public Comment
- IV. Closing Comments
- V. Adjournment

**Medical Care Advisory Committee  
August 18, 2020 Meeting Minutes**

Present

John Barber  
Sue Berkowitz  
Maggie Cash  
Dr. Tom Gailey  
Amy Holbert  
Bill Lindsey  
Michael Leach  
Mary Poole  
Loren Rials  
Tricia Richardson  
Amanda Whittle  
Lathran Woodard

Not Present

Graham Adams  
William Bilton  
Dr. Amy Crockett  
Chief Bill Harris  
Tysha Holmes  
J.T. McLawhorn  
Melanie Matney  
Dr. Kashyap Patel  
Dr. Jennifer Root  
Dr. Keith Shealy

**Introduction**

Director Baker welcomed MCAC members and introduced the agenda. He advised that just as in the last virtual MCAC meeting, questions should be submitted through the Webex chat box.

**Advisements**

**Advisement: COVID-19 Medicaid Nursing Facility Rate Update Effective March 1, 2020.**

An overview of the advisement was provided by Jeff Saxon.

**The following questions were asked:**

1. Is video available for this meeting?
  - a. SCDHHS responded that to support social distancing, each presenter is in a different room and therefore the screen is being used to display the agenda items that are being discussed.
2. Does the agency have a template or format for the cost justification?
  - a. SCDHHS responded that it will provide a template for how it will receive relevant information along with the cost report.
3. Is this all being submitted through the CARES Act?
  - a. SCDHHS responded that no, portions of the CARES Act prohibited using funds for certain Medicaid expenditures. Providers can seek funds separately through the CARES Act. The agency stated that the action being discussed was funded separate from CARES.

**Advisement: Amend the Palmetto Coordinated System of Care (PCSC) Waiver**

An overview of the advisement was provided by Nicole Mitchell Threatt.

Director Baker stated that he is the 4<sup>th</sup> Medicaid director to work on the PCSC waiver prior to approval and that it has changed in terms of scope and what was included over time. He asked the committee to look at the current approved waiver as the baseline and treat any future changes to the scope or population served as potential future add-ons. He stated that the core of the waiver hasn't changed from what was approved by the Centers for Medicare and Medicaid Services (CMS) and that the agency was working closely with the Continuum of Care to sort out responsibilities and authorities.

No questions were asked.

### **Eligibility, Enrollment & Member Services Update**

Director Baker presented the slides included in the agenda

#### **The following questions were asked:**

1. Will the Congressional policy have an impact on post-partum coverage?
  - a. SCDHHS responded that yes, due to the Families First Coronavirus Response Act (FFCRA), women who are enrolled in Medicaid because they were pregnant but would not otherwise qualify will remain enrolled beyond 60 days. The agency stated it expects additional congressional action and that the agency anticipates receiving the current enhanced Federal Medical Assistance Percentage for the entire calendar year
2. Why is SCDHHS not receiving an increase in applications?
  - a. SCDHHS responded that there are likely several reasons. Including:
    - i. Some of the new applications we receive are reapplications from people who were dropped, typically due to administrative reasons. Therefore, all applications that are currently coming into the agency are new applications, not a mixture of new applications and reapplications.
    - ii. SCDHHS stated that it has not seen a large increase in the volume of applications from the expected economic impact. Likely because:
      1. There is still limited access to county offices, although we have created electronic means, are still receiving and processing applications and are opening up some offices, there's still not as much interaction with government as there was before in-person, which isn't unique to the Medicaid agency.
      2. Utilization in the healthcare industry is down and one of the key triggers for someone to apply for Medicaid is interaction with the healthcare system. Therefore, event-based application is down because fewer people are going to the doctor. The agency believes this will increase some as children are going back to school and society begins to open up again.
      3. Medicaid is not the first social service people seek out. SCDHHS is watching the employment situation. The employment situation has bounced back some, but this is not a typical downturn and people are likely holding off on seeking long-term assistance like Medicaid. The agency also stated that this trend is not unique to South Carolina.

No questions were asked.

### **Budget Update**

Update was provided by Director Baker

Director Baker noted that this slide is almost a year old and does not include the impact from COVID-19 and the agency will likely have a more substantial update during the next meeting.

### **Institution for Mental Diseases (IMD)**

Director Baker provided the update on the technical changes related to adoption of SUPPORT Act policies into the State Plan to ensure pregnant and post-partum women can receive services at an IMD to receive treatment for substance abuse on an inpatient basis.

### **Early Intervention/Family Training Services Program Rate**

An update on codes that were sent to CMS during the COVID-19 response was provided by Director Baker.

### **COVID-19**

An update was provided by Director Baker.

In the update, SCDHHS noted that the agency has received approval for a limited benefit program to cover the cost of testing for those without insurance. SCDHHS also noted that it has received some questions regarding telehealth flexibilities issued during the COVID-19 pandemic and that it will give providers and beneficiaries plenty of notice if flexibilities are going to be walked back after the public health emergency has ended. The agency also stated regarding its budget that it knows what the drivers of its budget are but does not necessarily know how they will behave yet.

#### **The following questions were asked:**

1. If people are eligible for Medicaid due to losing employer-based insurance, is there anything being considered for expedited Medicaid coverage, similar to presumptive eligibility?
  - a. SCDHHS responded that at this time it has not seen the need to change current processes or seek waivers due to processing times. It stated that income-based applications are being determined in a timely manner and changing the rules would take workers out of production and may actually create a backlog. SCDHHS also stated that it recently opened a new processing center in Florence County and that it will continue to work on its normal process until it is given a reason to change its approach.
2. Oklahoma has pulled their community engagement and block grant and noted they do not believe now is the time to pursue. Is SCDHHS considering doing the same?
  - a. SCDHHS responded that largely due to FFCRA and its requirements, it has postponed implementation of community engagement, but that the waivers are still approved. SCDHHS stated that the community engagement initiative is still very much a priority of the administration. SCDHHS also stated that withdrawing the community engagement requirements would mean withdrawing the entire initiative, which includes the new coverage that will be applied.
3. Can the agency re-review the eligibility charts?
  - a. SCDHHS re-iterated that the charts will be distributed after the meeting and explained the difference between the "with completion" and "without completion" trend lines. The agency also explained how retroactive eligibility and coverage can have an impact on the agency's cash outlays.

### **Closing**

Director Baker closed the meeting by offering to sit down individually with members of the committee to go over any items in more detail.

**South Carolina Department of Health and Human Services  
Medical Care Advisory Committee  
Item for Committee Advisement**

**PREPARED BY:** Jeff Saxon, Program Manager, Finance and Administration

**PRESENTED BY:** Jeff Saxon, Program Manager, Finance and Administration

**DATE:** Oct. 13, 2020

**SUBJECT:** Nursing Facility Rate Updates Effective Oct. 1, 2020

**OBJECTIVE:** To update the Medicaid nursing facility rates based upon the most recent cost report information available, to determine an updated COVID-19 add-on to account for federal COVID-19 testing of nursing facility employees based upon federal guidelines, and develop blended nursing facility payment rates prospectively to account for changes in overall facility occupancy due to the COVID-19 pandemic.

**BACKGROUND:** The South Carolina Department of Health and Human Services (SCDHHS) intends to update the Medicaid nursing facility rates effective Oct. 1, 2020, as follows:

- Providing payments to nursing facilities based on the most recent cost report data available (i.e., fiscal year end (FYE) Sept. 30, 2019).
- Updating the cost center standards to 110% of the mean based upon the FYE Sept. 30, 2019, Medicaid cost reports to account for COVID-19 occupancy issues.
- With the expiration of the March 1, 2020 COVID-19 add-on, we are accounting for the COVID-19 impact in the following actions:
  1. Adjusting the total patient days used in the computation of the October 1, 2020 , nursing facility rates in order to consider the changes in nursing facility occupancy during the COVID-19 pandemic and the use of a blended minimum occupancy rate of 87.50%.
  2. Adjusting the base rate for the cost of COVID-19 employee testing based upon federal guidelines.
    - Applying a 2.50% inflation factor in the calculation of the Oct. 1, 2020, payment rates.
    - Increasing the square footage allowance used for capital cost reimbursement purposes from \$215.55 to \$222.96 in accordance with the annual increase reflected in the RS Means Construction Cost Data publication.
    - Reimbursing impacted nursing facilities for Medicaid's share of Hurricane Dorian-related evacuation costs due to the mandatory evacuation issued by Governor McMaster.
    - Authorizing 3,864,665 Medicaid Permit Days to be permitted by the South Carolina Department of Health and Environmental Control for state fiscal year July 1, 2020, through June 30, 2021.

The cost of capital per diem calculation, as well as the non-emergency medical transportation (NEMT) per diem calculation, will be calculated using the greater of actual FYE Sept. 30, 2019 total patient days, with minimum occupancy being set at 90%.

As a result of the above payment methodology changes, the weighted average rate effective Oct. 1, 2020, is projected to be \$203.62 per patient day, which represents a 5.60% increase from the Oct. 1, 2019, pre-COVID-19 weighted average payment rate of \$192.83.

**BUDGETARY IMPACT:** Annual aggregate expenditures are expected to increase by approximately \$39.6 million (total dollars).

**EXPECTED OUTCOMES:** Nursing facility services provided to Medicaid recipients will be maintained/should improve.

**EXTERNAL GROUPS AFFECTED:** Contracting Medicaid nursing facilities, hospice providers, hospitals, and Medicaid recipients.

**RECOMMENDATION:** SCDHHS moves to amend the current state plan to allow for the rebasing of nursing facility rates effective Oct. 1, 2020, based upon the FYE Sept. 30, 2019, Medicaid cost reports; reimburse impacted nursing facilities for Hurricane Dorian-related evacuation costs; and, update Medicaid reimbursement policy for the changes noted above.

**EFFECTIVE DATE:** On or after Oct. 1, 2020

**South Carolina Department of Health and Human Services  
Medical Care Advisory Committee  
Item for Committee Advise ment**

**PREPARED BY:** Jeff Saxon, Program Manager, Finance and Administration

**PRESENTED BY:** Jeff Saxon, Program Manager, Finance and Administration

**DATE:** Oct. 13, 2020

**SUBJECT:** The South Carolina (SC) Medicaid Disproportionate Share (DSH) payment program updates effective for the Oct. 1, 2020, through Sept. 30, 2021, federal fiscal year (FFY) 2021, DSH payment period. The inpatient hospital swing bed rate and administrative day rate update effective Jan. 1, 2021.

**OBJECTIVE:** To update DSH payments for FFY 2021 using updated base year DSH financial and statistical data, hospital fiscal year (HFY) 2019, as well as the updated FFY 2021 DSH allotment amount. To update the inpatient hospital swing bed rate and administrative day rate effective Jan. 1, 2021, based upon the Oct. 1, 2020 nursing facility rate rebasing project.

**BACKGROUND:** Federal legislation H.R. 748, Section 3813 further delayed implementation of the DSH ACA reductions until Dec. 31, 2020. The Medicaid DSH ACA reductions were created under the assumption that there would be fewer uninsured people and less uncompensated care with the expansion of health care coverage. The Medicaid DSH cuts, initially scheduled to begin during FFY 2014, have been delayed repeatedly but are scheduled to take place during FFY 2021. The proposed FFY 2021 DSH reductions nationwide will amount to \$4.0 billion federal dollars. The South Carolina Department of Health and Human Services (SCDHHS) has not been advised of the potential reduction amount for FFY 2021 and assumes that congressional action to delay DSH reductions is likely prior to the end of the calendar year. If DSH cuts are not delayed, the agency will release additional guidance

**Proposed DSH Changes**

- The agency proposes to update the base year used to calculate the interim DSH payments for the DSH allotment period that ends Sept. 30, 2021 (FFY 2021) using HFY 2019 data, the continued use of the Dec. 19, 2008 Final Rule (Federal Register / Vol. 73, No. 245) relating to the audits of the Medicaid DSH payment plans, and the Dec. 3, 2014 Final Rule (Federal Register /Vol. 79, No. 232) relating to the Medicaid Program DSH Payments Uninsured Definition.
- The agency proposes to update the inflation rate used to trend the DSH base year cost to the end of the 2019 calendar year.
- The agency will expend one hundred percent (100%) of its FFY 2021 Medicaid DSH allotment to qualifying DSH eligible hospitals during the Medicaid State Plan Rate Year.
- In accordance with Budget Proviso 33.20 (A) of the SFY 2019/2020 South Carolina State Appropriations Act, the agency proposes/may tie DSH payments to participation in the Healthy Outcomes Initiative and may expand the program as DSH funding is available.

## **Proposed Inpatient Hospital Reimbursement Changes**

SCDHHS will also propose making the following changes to the hospital payment methodology effective on or after Jan. 1, 2021.

- The agency will update the inpatient hospital swing bed and administrative day rates based upon the Oct. 1, 2020, rebasing of nursing facility payment rates.

**BUDGETARY IMPACT:** If the proposed FFY 2021 DSH ACA reductions are not implemented by Congress, the projected annual increase in DSH expenditures may amount to approximately \$10.3 million (total dollars). If the FFY 2021 DSH ACA reductions are implemented, the agency will release additional guidance.

**EXPECTED OUTCOMES:** Medicaid recipient and uninsured individuals' access to inpatient and outpatient hospital services will be maintained/may improve.

**EXTERNAL GROUPS AFFECTED:** Contracting Medicaid DSH hospitals and Medicaid/uninsured individuals.

**RECOMMENDATION:** SCDHHS moves to amend the current state plan to allow for the changes and updates to the FFY 2021 SC Medicaid DSH payment program and updates to the inpatient hospital swing bed and administrative day rates.

**EFFECTIVE DATE:** On or after Oct. 1, 2020, for the FFY 2021 SC Medicaid DSH Program changes; on or after Jan. 1, 2021, service dates for the swing bed and administrative day rate changes



**South Carolina Department of Health and Human Services  
Medical Care Advisory Committee  
Item for Committee Advisement**

**PREPARED BY:** Margaret Alewine, Program Manager, Community Options

**PRESENTED BY:** Margaret Alewine, Program Manager, Community Options

**DATE:** October 13, 2020

**SUBJECT:** Change to rate methodology in Medically Complex Children's (MCC) waiver for Pediatric Medical Day Care (PMDC) rate increase.

**OBJECTIVE:** To update the rate methodology used for determination of rate increase for Pediatric Medical Day Care in Appendix I of the Medically Complex Children's waiver application.

**BACKGROUND:** As part of the Pricing Project – Phase II, changes to the reimbursement methodologies for PMDC have been developed which support a rate increase for PMDC. The updated methodology requires an amendment to the MCC waiver application and requires a public notice period which will be conducted in October 2020.

The rate methodology in the current MCC waiver application references a cost build-up model and indicates that the PMDC rate was established after: 1) a survey of a neighboring state's reimbursement rate for similar services, and 2) further verified by an evaluation of the costs for the day care services provided as part of the medically fragile program administered by the South Carolina Department of Health and Human Services (SCDHHS) prior to the implementation of the MCC waiver.

Proposed change to methodology:

The Pediatric Medical Day Care rate was developed using a market-based pricing approach. This methodology incorporated a cost-based assessment of existing provider staffing and operating costs. Allowable cost components were identified to reflect costs that are reasonable, necessary, and related to the delivery of the service. Market-based research was performed to inform the development of the assumptions for various cost components. Based on inputs from the cost-based assessment from the PMDC provider and actuarial calculations using market-based research, a low and high rate scenario was developed. From this, a mid-point range was calculated which reflects the new rate for PMDC.

**BUDGETARY IMPACT:** Overall budget impact for Phase II of the SCDHHS Pricing Project was advised to the MCAC on May 12, 2020. Specifically, for PMDC, the rate increase has an anticipated fiscal impact of approximately \$250,000.

**EXPECTED OUTCOME:** Changes to reimbursement methodologies in Appendix I and rates in Appendix J for PMDC will support the rate increase and reflect use of a market-based approach reflective of the cost of providing PMDC services.

**EXTERNAL GROUPS AFFECTED:** PMDC providers.

**RECOMMENDATION:** To amend the MCC waiver application, as necessary, to facilitate the indicated updates to reimbursement methodology.

**EFFECTIVE DATE:** Upon CMS approval.

**South Carolina Department of Health and Human Services  
Medical Care Advisory Committee  
Item for Committee Advisement**

**PREPARED BY:** Bryan Amick, Chief Strategy and Innovation Officer

**PRESENTED BY:** Bryan Amick, Chief Strategy and Innovation Officer

**DATE:** Oct. 13, 2020

**SUBJECT:** Enhanced Prenatal and Postpartum Home Visitation Program

**OBJECTIVE:** Continuation of the Enhanced Prenatal and Postpartum Home Visitation pilot project and managed care program currently delivered using the Nurse-Family Partnership (NFP) model.

**BACKGROUND:** In 2016, the South Carolina Department of Health and Human Services (SCDHHS) began coverage of the NFP home visitation program, when provided by select implementing agencies, on a randomized basis. Medicaid reimbursement for this service was part of a broader pay-for-success (PFS) initiative that included a randomized, controlled trial to evaluate the long-term outcomes associated with this home visitation model. SCDHHS plans to continue this coverage in order to provide continuity of care to mothers and infants currently receiving this benefit, allow for the completion of the evaluation and continue to deliver home visitation services up to the limit established in the current waiver.

**BUDGETARY IMPACT:** As the annual limit of members receiving home visitation services through this program will remain the same, SCDHHS anticipates no budget impact when compared to the current program.

**EXPECTED OUTCOMES:** Improve pregnancy, birth and maternal health outcomes (low birthweight, preterm birth, perinatal mortality); and improve child health and development outcomes.

**EXTERNAL GROUPS AFFECTED:** Medicaid members and NFP implementing agencies.

**RECOMMENDATION:** Pursue the necessary and appropriate authorities to continue coverage of enhanced prenatal and postpartum home visitation services.

**EFFECTIVE DATE:** On or after Jan. 1, 2021.

# Budget Update

- SFY21 budget is expected to be level-funded at SFY20 appropriation
- SFY22 budget submission is as follows:

	General Funds	Total Funds
<b>Recurring Requests</b>		
Total Net Annualization/MOE	\$ 94,239,008	\$ 278,032,066
CLTC Census Growth	\$ 22,672,755	\$ 76,545,093
DSH Increase	\$ 8,831,395	\$ 28,799,669
Initiatives (SNF, Dental, Institutional)	\$ 36,973,963	\$ 122,035,253
Proviso Contracts	\$ 35,800,000	\$ 1,000,000
DDSN Appropriation	\$ (1,808,437)	\$ (1,808,437)
<b>Total Recurring Ask</b>	<b>\$ 196,708,684</b>	<b>\$ 504,603,644</b>

Non-Recurring Ask \$ 16,678,434 \$ 117,048,236

# Eligibility Update

- Disenrollment freeze began mid-March
- Anticipated 4/1/2021 redetermination restart, pending:
  - CMS guidance (may begin as early as 2/1/2021)
    - All reviews have missed an entire cycle, except new entrants
    - CMS likely to require redetermination prioritization
    - SC has proposed “leveling” the redetermination process
  - Additional congressional action
  - End of the public health emergency
- Agency efforts to reduce administrative churn:
  - Collaboration with MCOs and other partners
  - Engaging third party community organizations