

Dec. 21, 2022

# PUBLIC NOTICE

## **Public Notice of Final Action for Federal Fiscal Year (FFY) 2023 DSH Payments, Updated Swing Bed Hospital and Administrative Day Rates Effective Jan. 1, 2023, and Update to the Statewide Outpatient Hospital Fee Schedule Relating to Vagus Nerve Stimulation Codes Effective November 1, 2022**

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 establishing Medicaid Disproportionate Share Hospital (DSH) payments to qualifying DSH hospitals, updating swing bed hospital and administrative day rates, and updating the Statewide Outpatient Hospital Fee Schedule for Vagus Nerve Stimulation codes.

The Consolidated Appropriations Act of 2021 has further delayed implementation of the DSH Patient Protection and Affordable Care Act (ACA) reductions until fiscal year (FY) 2024. The DSH ACA reductions are planned to be implemented beginning with FY 2024 and ending with FY 2027. The DSH reductions will amount to \$8 billion federal dollars each year over a four-year period.

### **DSH Changes Effective for the Oct. 1, 2022, thru Sept. 30, 2023, DSH Payment Period**

- The agency will use the FY ending 2021 base year cost reporting period to calculate the interim DSH payments for the Oct. 1, 2022, thru Sept. 30, 2023, DSH payment period. The agency will continue the 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 will update the inflation rate used to trend the DSH base year cost to the end of the 2021 calendar year.
- The agency will expend 100% of its FFY 2023 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 State Fiscal Year (SFY) 2022/2023 South Carolina State Appropriations Act, the agency will tie DSH payments to participation in the Healthy Outcomes Initiative and may expand the program as DSH funding is available.

### **Hospital Reimbursement Changes**

- The agency will update the inpatient hospital swing bed and administrative day rates based upon the Oct. 1, 2022, redetermination of nursing facility payment rates effective for services provided on and after Jan. 1, 2023.

- The agency will update the statewide outpatient hospital fee schedule relating to Vagus Nerve Stimulation codes effective for services provided on and after Nov. 1, 2022.

For DSH changes, SCDHHS will implement bullets one through three in order to calculate the FFY 2023 DSH payments based on the use of the most recent cost reporting period data available (hospital FY 2021) and updated DSH allotment amounts. For bullet number four, SCDHHS will continue tying participation in the South Carolina Medicaid DSH Program to participation in the Healthy Outcomes Initiative for the uninsured population.

For hospital reimbursement changes, SCDHHS will update the swing bed and administrative day rates effective Jan. 1, 2023, based upon the redetermination of nursing facility payment rates effective Oct. 1, 2022. SCDHHS will also update the statewide outpatient hospital fee schedule for the Vagus Nerve Stimulation codes effective for services provided on and after Nov. 1, 2022 to ensure access and reasonable payment for the services being provided.

As a result of the actions listed above, the annual projected cost increases are as follows (in total dollars) DSH – \$45.2 million; statewide outpatient hospital fee schedule update - \$1.0 million, and swing bed/administrative day rates – immaterial (less than \$10,000).

Copies of this notice are available at each South Carolina Healthy Connections Medicaid county office and at [www.scdhhs.gov](http://www.scdhhs.gov) for public review. Additional information concerning the actions above are available upon request at the address cited below.

Any written comments submitted may be reviewed by the public at SCDHHS, Division of Acute Care/Ancillary Reimbursements, Room 400-52, 1801 Main Street, Columbia, S.C., Monday through Friday between 9 a.m.-5 p.m.

Robert M. Kerr  
Director

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You can also file a civil rights complaint with the U.S. Department of Health and Human Services, Office for Civil Rights, electronically through the Office for Civil Rights Complaint Portal, available at <https://ocrportal.hhs.gov/ocr/portal/lobby.jsf> or by mail or phone at: U.S. Department of Health and Human Services, 200 Independence Avenue, SW, Room 509F, HHH Building, Washington, D.C. 20201 or by phone at: 800-368- 1019, 800-537-7697 (TDD). Complaint forms are available at <http://www.hhs.gov/ocr/office/file/index.html> .