

Aug. 12, 2022

PUBLIC NOTICE

Public Notice of Proposed Action for Setting Payment Rates for Long-term Care Facility 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 proposed 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 Oct. 1, 2022, SCDHHS proposes to amend the South Carolina Title XIX reimbursement methodology for long-term care by:

1. Establishing the baseline starting point at the Oct. 1, 2021 SC Medicaid reimbursement rates which were based upon the fiscal year ending (FYE) Sept. 30, 2020 SC Medicaid cost reports. For those nursing facilities whose Oct. 1, 2021 Medicaid rate was limited to their Jan. 1, 2021 Medicaid reimbursement rate due to the nursing facility receiving Paycheck Protection Program funds during the FYE Sept. 30, 2020 Medicaid cost reporting period, this penalty will no longer be applied to the Oct. 1, 2022 Medicaid rate period. Therefore, these impacted nursing facilities will now start off with their computed Oct. 1, 2021 Medicaid rate based upon their FYE Sept. 30, 2020 Medicaid cost report.
2. The minimum occupancy factor used to determine individual Medicaid reimbursement rates effective Oct. 1, 2022 will be reduced from 90% to 85%. The cost of capital reimbursement calculation remains at the 90% minimum occupancy level. There will be no changes made to the ancillary adjustments due to the occupancy change. Due to the change in minimum occupancy, the cost center standards for rates effective Oct. 1, 2022 will be based upon the FYE Sept. 30, 2020 cost reports but will be set at 110% of the mean in lieu of 105%.
3. The percent skilled used in establishing each nursing facility's Oct. 1, 2021 Medicaid reimbursement rate will remain the same unless the percent skilled increased based upon state fiscal year (SFY) 2022 Medicaid paid days. In the event a nursing facility's percent skilled increased based upon SFY 2022 Medicaid paid days, the percent skilled will be updated for Medicaid rate setting purposes effective Oct. 1, 2022.
4. To account for another year of inflation to the base year Sept. 30, 2020 cost reporting period, the annual trend factor increased from 3.5% effective Oct. 1, 2021 to 6.81% $((1.035 \times 1.032) - 1.000)$ effective Oct. 1, 2022. The two trend rates were obtained from the Revenue and Fiscal Affairs Office. The trend factor rate of 6.81% does not apply to cost of capital, cost incentive/profits, profit cap of \$1.75 Per Patient Day (PPD) or any add-on.

5. The cost of capital spending requirement will be waived for rates effective Oct. 1, 2022. However, the \$500/bed spending requirement must be met during the Oct. 1, 2022 thru Sept. 30, 2023 cost reporting period that will be used for rates effective Oct. 1, 2024.
6. The SCDHHS proposes to update its “Lost COVID Occupancy” payment methodology effective for payments beginning October 1, 2022. This will be achieved by reducing the January 1, 2021 Medicaid payment rate used in the payment calculation from 100% of the payment rate to 66.67% of the payment rate initially, with another 33.33% reduction beginning January 1, 2023. Quarterly payment amounts are expected to decrease by approximately (\$6,000,000) (total dollars).

SCDHHS is proposing the above actions in order to determine Medicaid reimbursement rates that continue to be impacted by the national health emergency.

As a result of the proposed actions relating to the Medicaid reimbursement methodology changes for nursing facilities effective for services provided on or after Oct. 1, 2022, the weighted average rate is projected to be \$214.84. The weighted average Sept. 30, 2022 rate was \$203.06. This represents a weighted average per diem increase of \$11.78 per Medicaid patient day, or a 5.80% increase.

SCDHHS projects that based upon proposed actions, 1 – 5, annual aggregate expenditures will increase by approximately \$39.4 million total dollars, including Medicaid days paid while the recipient is under the Hospice benefit. In regard to proposed action 6, it is anticipated that Medicaid payments will initially decrease by (\$6.0) million total dollars beginning in quarter one of FFY 2023.

Copies of this notice are available at each South Carolina Healthy Connections Medicaid county office and at www.scdhhs.gov for public review. Additional information concerning the proposed action is available upon request at the address cited below.

Written comments may be sent to the Division of Long Term Care Reimbursements, South Carolina Department of Health and Human Services, Post Office Box 8206, Columbia, South Carolina 29202-8206. Comments may also be submitted to comments@scdhhs.gov. All comments must be received by Sept. 11, 2022.

Any written comments submitted may be reviewed by the public at SCDHHS, Division of Long Term Care Reimbursements, Room 400-52, 1801 Main Street, Columbia, South Carolina, Monday through Friday between the hours of 9 a.m. and 5 p.m.

Robert M. Kerr
Director

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If you believe SCDHHS has failed to provide these services or discriminated in another way on the basis of race, color, national origin, age, disability, or sex, you can file a grievance with the Civil Rights Official using the contact information provided above. You can file a grievance in person, by mail, or via email. If you need help filing a grievance, we are available to help you.

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> .