

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 establishing Medicaid Disproportionate Share Hospital (DSH) payments to qualifying DSH hospitals under the State Plan under Title XIX of the Social Security Act Medical Assistance Program (Medicaid).

Effective for payments provided on or after October 1, 2013, SCDHHS will amend the South Carolina Title XIX reimbursement methodology for Medicaid DSH payments as follows:

- The agency will update the base year used to calculate the October 1, 2013 through September 30, 2014 (FFY 2013/2014) Disproportionate Share Hospitals (DSH) interim payments using hospital fiscal year end 2012 data, the continued use of the December 19, 2008 Final Rule, and any future clarification guidance/policy changes that may be provided by the Centers for Medicare and Medicaid Services (CMS) as it relates to the final rule.
- The agency will update the inflation rate used to trend the DSH base year cost to the end of the 2012 calendar year.
- The agency will continue the use of its qualification criteria to determine those Disproportionate Share (DSH) hospitals that will be subject to a reduction in their FFY 2013/2014 DSH payments. The qualification criteria will be developed using as filed hospital fiscal year (HFY) 2011 South Carolina Medicaid fee for service and uninsured individuals' total inpatient and outpatient hospital costs, the South Carolina Medicaid Managed Care Organization (MCO) enrollees total inpatient and outpatient hospital costs, and the Medicare/Medicaid eligible and Medicaid/Commercial inpatient and outpatient hospital costs. The DSH payment reductions generated from this analysis will be spread to the remaining SC Medicaid DSH eligible hospitals (excluding the SCDMH owned hospitals).
- The agency will expend one hundred percent of its FFY 2013/2014 Medicaid DSH allotment to qualifying DSH eligible hospitals during the Medicaid State Plan Rate Year.
- In accordance with Budget Proviso #33.34 of the SFY 2013/2014 South Carolina State Appropriations Act, the agency will implement its Healthy Outcomes Initiative. Under this initiative, SC Medicaid DSH qualifying hospitals that choose to participate will be required to pursue project improvement initiatives to better manage chronically ill uninsured high-utilizers of emergency room services.
- In accordance with Budget Proviso #33.34 of the SFY 2013/2014 South Carolina State Appropriations Act, the agency will create a separate \$20 million (total dollar) DSH pool from the existing FFY 2013/2014 DSH allotment that will be spread among the South Carolina defined rural hospitals as defined in Attachment 4.19-A of the SC Medicaid State Plan. This pool payment will be in addition to the SC defined rural hospital base DSH payment amount determined in accordance with the FFY 2013/2014 DSH payment methodology.
- The agency will ensure that all hospitals that participate in the Healthy Outcomes Initiative and submits a Healthy Outcomes Plan will receive 100% of its calculated DSH payment for the FFY 2013/2014 DSH payment period. South Carolina defined non-rural DSH hospitals that choose not to participate in the Healthy Outcomes Initiative will only receive 90% of its calculated DSH payment for the FFY 2013/2014 DSH payment period and the remaining balance (i.e. 10%) will be redistributed among the South Carolina designated non-rural DSH hospitals that participated in the Healthy Outcomes Initiative and will not exceed the hospital specific DSH limit of each hospital. In order for SC defined non-rural DSH hospitals to receive 100% of the DSH calculated payment amount for FFY 2013/2014, successful compliance will be measured by the submission of the application, entering into a MOU(s) with qualifying primary care safety net providers, participating in reporting via attestations, and participating in the agency evaluation of

this initiative.

- The agency will ensure that in accordance with Budget Proviso #33.34, all South Carolina Medicaid-designated rural hospitals must participate in the Healthy Outcomes Initiative in order to receive its share of the \$20M total funds available under the Rural Hospital DSH Payment initiative. South Carolina Medicaid-designated rural hospitals that do not participate in the Healthy Outcomes Initiative will be ineligible to receive any of the \$20M additional DSH funding available under the Rural Hospital DSH Payment initiative. Any remaining balance of the \$20M additional DSH funding that may become available will be redistributed among the South Carolina Medicaid designated rural hospitals that participated in the Healthy Outcomes Initiative and will not exceed the hospital specific DSH limit of each hospital. Successful compliance by the South Carolina Medicaid designated rural hospitals will be measured by the submission of the application, entering into a MOU(s) with qualifying primary care safety net providers, participating in reporting via attestations, and participating in the agency evaluation of this initiative.

- In accordance with Budget Proviso #33.34, the agency will ensure that DSH participating hospitals will participate in the Disproportionate Share Payment Accountability Initiative. Therefore, effective on the following dates the following requirements must be implemented and put into effect by DSH-eligible hospitals in order to continue to receive DSH payments from the SC Medicaid Program during the FFY 2013/2014 DSH payment period as determined in accordance with the changes outlined in this public notice:
 1. All DSH-eligible hospitals (excluding SC Department of Mental Health hospitals) will be required to submit claims-level detail applicable to all uninsured individuals for whom the hospital seeks compensation via DSH to the agency for discharges/dates of service beginning on and after January 1, 2014.

 2. All DSH-eligible hospitals will be required to provide attestations on all uninsured patients for whom the hospital seeks compensation via DSH for discharges/dates of service beginning on or after January 1, 2014. The attestation form/process will be developed by SCDHHS and will serve to confirm that the patient is aware the Medicaid DSH program acts as a payor of last resort and that the patient is aware of other resources available to assist in payment.

- The agency will review current hospital charity care policies and subsequently establish a uniform policy for determining which claims should be eligible for payment via DSH for all qualifying DSH hospitals effective for discharges/services provided on or after January 1, 2014.

It should be noted that all of the FFY 2013/2014 DSH payments described above are considered interim and are subject to change based upon the results of the FFY 2013/2014 Medicaid State Plan Rate Year DSH Audit. Patient attestation documentation will be reviewed by the state's DSH audit contractor for compliance in future DSH audits.

SCDHHS will implement the first four bullets in order to calculate the FFY 2013/2014 DSH payments based upon the most recent cost reporting period data available (HFY 2012) and Medicaid DSH allotment available. SCDHHS will implement the remaining bullets in order to increase accountability and transparency of funds reimbursed to hospitals under the SC Medicaid DSH Program as well as to improve outcomes for the uninsured populations.

SCDHHS projects that based upon the above actions, annual aggregate Medicaid DSH expenditures will increase by approximately \$17,300,000.

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 these proposed actions is available upon request at the address cited below.

Any written comments submitted may be reviewed by the public at the SCDHHS, Division of Acute 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.

Anthony Keck
Director
South Carolina Department of Health and Human Services