

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

Mr. Joshua D. Baker
Director
Department of Health and Human Services
P.O. Box 8206
Columbia, South Carolina 29202-8206

October 2, 2018

RE: State Plan Amendment SC 18-0010

Dear Mr. Baker:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid state plan submitted under transmittal number (TN) 18-0010. Effective July 1, 2018, this plan amendment proposes to increase Psychiatric Residential Treatment Facility rates by three percent. The base rate in effect on July 1, 2017 will be increased by three percent.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of July 1, 2018. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 223-5332.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristin Fan", is written over the typed name.

Kristin Fan
Director

RECEIVED

OCT 15 2018

Department of Health & Human Services
OFFICE OF THE DIRECTOR

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

1. TRANSMITTAL NUMBER:
18-0010

2. STATE
South Carolina

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE
July 1, 2018

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR Part 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 2018 \$50,000
b. FFY 2019 \$200,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, page 18

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 4.19-A, page 18

10. SUBJECT OF AMENDMENT:

This plan amendment provides PRTFs with a three percent (3%) rate increase effective July 1, 2018.

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
- OTHER, AS SPECIFIED:
Mr. Baker was designated by the Governor
to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Joshua D. Baker

14. TITLE:

Director

15. DATE SUBMITTED:

August 10, 2018

16. RETURN TO:

South Carolina Department of Health and Human Services
Post Office Box 8206
Columbia, SC 29202-8206

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

OCT 02 2018

PLAN APPROVED -- ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUL 01 2018

20. SIGNATURE OF REGIONAL OFFICIAL:

Kristin Fan

21. TYPED NAME:

Kristin Fan

22. TITLE:

Director, FMG

23. REMARKS:

B. Psychiatric Residential Treatment Facility

Effective for services provided on and after July 1, 2017, a per diem rate will be calculated for each contracting psychiatric residential treatment facility (PRTF) based upon each PRTF's fiscal year end 2015 base year cost and statistical data as reported on the CMS 2552 cost report. Allowable Medicaid reimbursable costs will be determined in accordance with the Provider Reimbursement Manual PRM-15-1 and 42 CFR Part 413. The per diem rate will cover all core PRTF services (including all psychiatric related services that normally would be rendered in an outpatient setting such as in Community Mental Health Clinics or Rehabilitative Behavioral Health Service providers) and room and board costs. All other ancillary costs (including medical ancillary services and psychiatric drugs) will be carved out of the per diem rate and the billing for the ancillary services will become the responsibility of the ancillary provider. An occupancy adjustment will be applied if the base year occupancy rate is less than the statewide average occupancy rate. For rates effective July 1, 2017, the statewide average occupancy rate is eighty-six percent (86%).

In the event that a PRTF's pre July 1, 2017 rate is greater than the provider's July 1, 2017 per diem cost with all ancillary service costs included, the Medicaid agency will grandfather the rates of these providers by determining the provider's per diem ancillary cost that was incurred and reported in the provider's fiscal year end 2015 cost report and then removing this per diem ancillary cost amount from the provider's pre July 1, 2017 SC Medicaid PRTF rate. For PRTFs that do not receive a grandfathered rate, their base year per diem cost will be trended by 2.70%.

The above payment methodology applies to private, non-state owned governmental, and state owned governmental PRTF providers. PRTFs entering the SC Medicaid program on and after July 1, 2017 will receive the July 1, 2017 statewide average SC Medicaid PRTF rate.

Effective July 1, 2018 all private and non-state owned PRTF providers received a three percent (3%) increase to their individual July 1, 2017 PRTF provider rates.