

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



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**Financial Management Group**

JAN 23 2019

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

**RECEIVED**

JAN 29 2019

Department of Health & Human Services  
OFFICE OF THE DIRECTOR

RE: State Plan Amendment SC 18-0012

Dear Mr. Baker:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 18-0012. Effective October 1, 2018, this plan amendment proposes to increase Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) rates to provide for a direct care workers salary increase.

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 October 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) 220-5306.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kristin Fan", is positioned above the typed name and title.

Kristin Fan  
Director

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

1. TRANSMITTAL NUMBER:  
18-0012

2. STATE  
South Carolina

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

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

4. PROPOSED EFFECTIVE DATE  
October 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 Subpart C

7. FEDERAL BUDGET IMPACT:  
a. FFY 2019 \$ 4.66 million (\$6.55 million \* .7122)  
b. FFY 2020 \$ 4.66 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-D, page 23a

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Attachment 4.19-D, page 23a

10. SUBJECT OF AMENDMENT:

October 1, 2018 Direct Care Worker Add-On Rate Increase for ICF/IID Rates

11. GOVERNOR'S REVIEW (Check One):

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

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:  
Joshua D. Baker

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

14. TITLE:  
Director

15. DATE SUBMITTED:  
December 14, 2018

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:                      **JAN 23 2019**

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: **OCT 01 2018**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: **Kristin Fan**

22. TITLE: **FMG Director**

23. REMARKS:

To determine the July 1, 2017 baseline ICF/IID per diem rate, the total allowable Medicaid reimbursable costs of each ICF/IID will be divided by the total number of actual patient days served during the cost reporting period to determine the base year Medicaid per diem cost. In order to trend the base year Medicaid per diem cost to the payment period, the agency will employ the use of the midpoint to midpoint methodology and the use of the third quarter 2016 Global Insight Indexes - 2010 Based CMS Skilled Nursing Home Market Basket Index.

In addition to the July 1, 2017 baseline per diem rate calculation reflected above, the Medicaid Agency will provide for an add-on to each ICF/IID rate to account for the legislatively imposed direct care worker wage increase as mandated by the South Carolina General Assembly during the July 1, 2017 through June 30, 2018 state appropriations process. The add-on rate will be determined based upon a \$.89 increase in the hourly wage rate as well as the application of a twenty-one percent (21%) fringe benefit factor which takes into account the employer's share of FICA (7.65%) and the SC Retirement System contribution (13.56%). Full time direct care worker equivalents (FTEs) will be derived from SFY 2017 payroll surveys and will be increased by ten percent (10%) to take into account vacancy factors and anticipated overtime costs. The annual number of hours worked by each FTE will equal 2,080 hours. The July 1, 2017 direct care worker wage increase cost will then be divided by state fiscal year 2017 total patient days to determine the July 1, 2017 direct care worker wage increase add-on amount.

In addition to the July 1, 2017 add-on provided to each ICF/IID rate determined above, the Medicaid Agency has developed a second direct care worker wage increase add-on based upon a second round of direct care worker funding provided to SCDDSN by the South Carolina General Assembly during the July 1, 2018 through June 30, 2019 state appropriations process. The October 1, 2018 (second) add-on rate will be determined based upon a \$1.00 increase in the hourly wage rate as well as the application of a twenty-one percent (21%) fringe benefit factor which takes into account the employer's share of FICA (7.65%) and the SC Retirement System contribution (13.56%). Full time direct care worker equivalents (FTEs) will be derived from SFY 2017 payroll surveys and will be increased by ten percent (10%) to take into account vacancy factors and anticipated overtime costs. The annual number of hours worked by each FTE will equal 2,080 hours. The October 1, 2018 direct care worker wage increase cost will then be divided by state fiscal year 2018 total patient days to determine the October 1, 2018 direct care worker wage increase add-on amount.

In order to determine the statewide per diem ICF/IID rates (institutional rate or community rate) effective October 1, 2018, the Medicaid Agency will employ the following process:

- (1) First, the ICF/IIDs are separated by class (institutional or community). The July 1, 2017 baseline rate of each ICF/IID within each class is multiplied by the number of incurred SFY 2016 Medicaid patient days obtained via MMIS to determine the annual projected Medicaid cost of each ICF/IID for Medicaid rate setting purposes.
- (2) Next, in order to determine a weighted average statewide baseline rate for each class of ICF/IID facility (community and institutional), the aggregate Medicaid cost as determined in step (1) for each class is divided by the sum of the incurred SFY 2016 Medicaid patient days for each class to determine the statewide weighted average for each class.
- (3) Next, the weighted average statewide baseline rate as determined in step (2) for community and institutional ICF/IID's is increased by the amount of the weighted average statewide direct care worker add-on determined for each class of ICF/IID (community and institutional) to determine the rates effective July 1, 2017.
- (4) Finally, the weighted average statewide baseline rate determined in step (3) above effective July 1, 2017 will be increased by the second weighted average statewide direct care worker add-on determined for each class of ICF/IID (community and institutional) to determine the rates effective October 1, 2018.

SC 18-0012  
EFFECTIVE DATE: 10/01/18  
RO APPROVED: JAN 23 2019  
SUPERSEDES: SC 17-0013