

March 28, 2024

PUBLIC NOTICE

Update to Public Notice of Final Action for FFY 2024 DSH Payments and Updated Swing Bed Hospital and Administrative Day Rates Effective Oct. 1, 2023, Published Sept. 28, 2023

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 and updating swing bed hospital and administrative day rates.

Pending new federal legislation, implementation of the DSH Patient Protection and Affordable Care Act (ACA) reductions will begin Jan. 1, 2025, and end with fiscal year (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, 2023, Thru Sept. 30, 2024, Payment Period

- The agency will use the FY ending 2022 base year cost reporting period to calculate the interim DSH payments for the Oct. 1, 2023, thru Sept. 30, 2024, 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 2022 calendar year.
- The Centers for Medicare and Medicaid Services (CMS) has approved the state-directed payment for Health Access, Workforce and Quality (HAWQ) program. As a result of this approval, the agency does not anticipate expending 100% of its federal fiscal year (FFY) 2024 Medicaid DSH allotment to qualifying DSH-eligible hospitals during the Medicaid State Plan rate year.

Inpatient Hospital Reimbursement Changes Effective Oct. 1, 2023

- The agency will update the inpatient hospital swing bed and administrative day rates based upon the Oct. 1, 2023, redetermination of nursing facility payment rates.

For DSH changes, SCDHHS will implement bullets one through three to calculate the FFY 2024 DSH payments based on the use of the most recent cost reporting period data available (hospital fiscal year 2022) and updated DSH allotment amounts.

For inpatient hospital changes, SCDHHS will update the swing bed and administrative day rates effective Oct. 1, 2023, based upon the redetermination of nursing facility payment rates effective Oct. 1, 2023.

As a result of the actions listed above, the annual projected cost increases/(decreases) are as follows (in total dollars) – DSH – decrease of \$454 million swing bed/administrative day rates – immaterial increase, less than \$10,000. The decrease in DSH funding is largely offset by the agency’s HAWQ state-directed payment program, which began in state fiscal year 2024.

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 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. and 5 p.m.

Robert M. Kerr
Director

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