

Sept. 29, 2025

PUBLIC NOTICE

Public Notice of Final Action for FFY 2026 DSH Payments and Updated Swing Bed Hospital and Administrative Day Rates Effective Oct. 1, 2025

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 are to occur from federal fiscal year (FFY) 2026 (specifically, the period beginning Oct. 1, 2025, and ending Sept. 30, 2026) through FFY 2028. The aggregate DSH reductions to the Medicaid DSH allotments equal \$8 billion for each of those years.

DSH Changes Effective for the Oct. 1, 2025-Sept. 30, 2026, Payment Period

- The agency will use the hospital fiscal year ending 2024 base year cost reporting period to calculate the interim DSH payments for the Oct. 1, 2025-Sept. 30, 2026, DSH payment period. The agency will continue to use 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 2024 calendar year.
- The agency does not anticipate expending 100% of its FFY 2026 Medicaid DSH allotment to qualifying DSH-eligible hospitals during the Medicaid State Plan rate year.

Inpatient Hospital Reimbursement Changes Effective Oct. 1, 2025

- The agency will update the inpatient hospital swing bed and administrative day rates based on the Oct. 1, 2025, redetermination of nursing facility payment rates.

For DSH changes, SCDHHS will implement bullets one through three to calculate the FFY 2026 DSH payments based on the use of the most recent cost reporting period data available (hospital fiscal year 2024) and updated DSH allotment amounts.

For inpatient hospital changes, SCDHHS will update the swing bed and administrative day rates effective Oct. 1, 2025, based on the redetermination of nursing facility payment rates effective Oct. 1, 2025.

As a result of the actions listed above, the annual projected cost increase, in total dollars, for swing bed/administrative day rates are less than \$10,000. SCDHHS is unable to project the cost increase for DSH payments at this time since FFY 2026 DSH allotments have not been published by the Centers for Medicare and Medicaid Services as of the date of this notice.

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.

Eunice Medina
Director

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