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State/Territory Name: South Carolina

State Plan Amendment (SPA) #: 26-0008

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

October 27, 2026

Eunice Medina
Interim Director, Department of Health & Human Services
Post Office Box 8206
1801 Main Street
Columbia, SC 29202-8206

RE: TN SC-26-0008

Dear Director Medina:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed South Carolina state plan amendment (SPA) to Attachment 4.19-D SC-26-0008, which was submitted to CMS on August 14, 2026. This plan amendment updates the private and the non-state-owned governmental Medicaid nursing facility payment rates effective October 1, 2026.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2) of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of October 1, 2026. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact James Francis at 617-531-7575 or via email at James.Francis@cms.hhs.gov.

Sincerely,

Rory Howe

Rory Howe
Director
Financial Management Group

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 26-0008

2. STATE: SC

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2026

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR Subpart C (Part 447.250)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2027 $ 35,332,800
b. FFY 2028 $ 35,317,500

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-D, ~~pages 5, 11, 12, 15, 17, 32, 34~~
pages 5, 11, 12, 13, 14, 15, 17, 32, 34

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-D, ~~pages 5, 11, 12, 15, 17, 32, 34~~
pages 5, 11, 12, 13, 14, 15, 17, 32, 34

9. SUBJECT OF AMENDMENT

This SPA will update nursing facility payment rates effective October 1, 2026.

10. 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:
Ms. Medina was designated by the Governor to review and approve all State Plans.

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Eunice Medina

13. TITLE
Director

14. DATE SUBMITTED
August 14, 2026

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

FOR CMS USE ONLY

16. DATE RECEIVED
August 14, 2026

17. DATE APPROVED
October 27, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL
Rory Howe

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe

21. TITLE OF APPROVING OFFICIAL
Director, Financial Management Group

22. REMARKS
8/19/26: SC sent permission for a pen-and-ink change to add pages 13 and 14 to blocks 7 and 8 of the CMS 179 form. (JGF)

Instructions on Back

(2) Calculation of FRV Capital Per Diem Rate – The new value construction cost per square foot shall be established at $215.55 prior to the Location Factor adjustment. For the FRV Capital Per Diem rate effective October 1, 2019 and annually thereafter, the new construction cost of $215.55 per square foot will be trended forward based on the historical cost index factor each October 1st as published annually in the RSMeans Construction Cost Data publication (October 1st, current year divided by October 1st, previous year). Effective October 1, 2026 the adjusted new construction cost per square foot will amount to $278.39. The standard square footage minimum and maximums per age group per bed, the $7,000 addition per Medicaid certified bed for equipment, and the 7.50% land value to be added to the fixed capital replacement was established in partnership with the state's nursing facility industry. The FRV Capital Per Diem rate is calculated as follows:

a) First, determine the square footage that will be used in the computation. The square footage that will be used will be the greater of the actual measured gross square footage or the square footage determined by multiplying the number of Medicaid certified beds by the minimum square footage amount per room of 275. However in no event can the square footage used in the payment calculation exceed the maximum square footage ceiling amount per age group multiplied by the number of Medicaid certified beds. For clarification purposes, nursing facilities are allowed to include the square footage related to other facilities on the campus that are used to provide patient care related services such as kitchen or laundry facilities. However, the square footage of "out buildings" used for storage purposes cannot be included. In the event that a nursing facility fails to provide its required square footage data, the Medicaid Agency will determine the square footage at the minimum square footage allowance per bed along with the use of a thirty (30) year life.

b) Next, to determine the New Building Value Cost, first multiply the square footage determined in step a) above by $278.39. To account for the Location Factor of each NF, apply the location factor as provided in the 2026 RSMeans Construction Cost Data publication against the amount calculated above. Location Factors are determined by the state in which the NF is located and the first three digits of the NF's zip code. The Location Factors will be updated annually based upon the base year cost reporting period FYE date.

c) Next, to determine the Moveable Equipment Replacement Value, multiply the number of Medicaid certified beds for each NF by $7,000. Add this calculated amount to the New Building Value Cost as determined in step b) above to arrive at the Building and Equipment Replacement Value for each NF.

A. REIMBURSEMENT METHODOLOGY TO BE USED IN THE CALCULATION OF THE MEDICAID REIMBURSEMENT RATES

A prospective rate shall be established for each nursing facility separately based on the facility's cost report, and upon the standard costs which are developed in accordance with the methodology described below. In the event that audit adjustments are made to cost reports in accordance with Title XIX and Title XVIII Program rules, regulations, policies and procedures, the rate of payment will be established so as to be consistent with the facility's cost as audited. In the event that such adjustment is made subsequent to the date that a facility was paid an incorrect rate based on unaudited costs, the facility will be liable to repay to the South Carolina Department of Health and Human Services the difference between the audited rate and the interim rate for the contract period. In a case in which an audited rate exceeds the interim rate, the South Carolina Department of Health and Human Services will be liable to repay the facility the difference between the audited rate and the interim rate for the contract periods beginning on or after October 1, 1994.

Effective October 1, 2010, nursing facilities which do not incur an annual Medicaid utilization in excess of 3,000 patient days will receive a prospective payment rate which will represent the weighted average industry rate at the beginning of each rate cycle. This rate will not be subject to change as a result of any field audit, but will be subject to change based on the lower of cost or charges test to ensure compliance with the state plan.

Minimum occupancy levels of 90% are currently being utilized for Medicaid rate setting purposes. For clarification purposes, a nursing facility wing that is taken off-line due to renovation/construction issues relating to unsafe building conditions and considered unusable to meet the SC Department of Health and Environmental Control survey and certification guidelines will be temporarily excluded from the minimum occupancy computation for Medicaid rate setting purposes.

PROVIDER NAME:	0				
PROVIDER NUMBER:	0				
REPORTING PERIOD:	10/1/24	through	9/30/25	DATE EFF.	10/1/2026
		MAXIMUM BED DAYS: (less Complex Care)			0
PATIENT DAYS USED:	0	PATIENT DAYS INCURRED:			0
TOTAL PROVIDER BEDS:	0	ACTUAL OCCUPANCY %:		0.00%	
% Skilled	0.000	PATIENT DAYS @		0.00%	0

COMPUTATION OF REIMBURSEMENT RATE - PERCENT SKILLED METHODOLOGY

	PROFIT INCENTIVE	TOTAL ALLOW COST	COST STANDARD	COMPUTED RATE
COSTS SUBJECT TO STANDARDS:				
GENERAL SERVICE		0.00	0.00	
Dietary		0.00	0.00	
LAUNDRY/HOUSEKEEPING/MAINT.		0.00	0.00	
SUBTOTAL	0.00	0.00	0.00	0.00
ADMIN & MED REC	0.00	0.00	0.00	0.00
SUBTOTAL	0.00	0.00	0.00	0.00
COSTS NOT SUBJECT TO STANDARDS:				
UTILITIES		0.00		0.00
SPECIAL SERVICES		0.00		0.00
MEDICAL SUPPLIES AND OXYGEN		0.00		0.00
TAXES AND INSURANCE		0.00		0.00
LEGAL COST		0.00		0.00
SUBTOTAL		0.00		0.00
GRAND TOTAL		0.00		0.00
INFLATION FACTOR 1.70%				0.00
COST OF CAPITAL				0.00
PROFIT INCENTIVE (MAX 3.5% OF ALLOWABLE COST)			3.50%	0.00
COST INCENTIVE - FOR GENERAL SERVICE, DIETARY, LHM				0.00
EFFECT OF CAP ON COST/PROFIT INCENTIVES			$1.75	0.00
SUBTOTAL				0.00
NON-EMERGENCY MEDICAL TRANSPORTATION (NEMT) ADD-ON				0.00
REIMBURSEMENT RATE				0.00

Effective October 1, 1995, for the purpose of establishing all cost center standards, the facilities are grouped according to bed size. The bed groupings are:

0 Through 60 Beds
61 Through 99 Beds
100 Plus Beds

B. General Services cost center standards will be computed using private and non-state owned governmental free standing and hospital based nursing facilities. All other cost center standards will be computed using private for profit free standing nursing facilities.

A BRIEF DESCRIPTION ON THE CALCULATION OF ALL THE STANDARDS IS AS FOLLOWS:

1. General Services:

a. Accumulate all allowable cost for the General Services cost center (Nursing & Restorative) for all facilities in each bed size.

b. Determine total patient days by multiplying total beds for all facilities in each group by (365 x 90%).

c. Calculate the mean cost per patient day by dividing total cost in (a) by total patient days in (b).

d. Calculate the standard by multiplying the mean by 110%.

e. The establishment of the General Services standard for all nursing facilities (excluding state owned facilities) will be based on the average of the percentage of Medicaid Level A patients/total Medicaid patients served. Rates effective on or after October 1, 2021 will be computed annually using nursing facility utilization (including nursing facility days paid under the Hospice Benefit) by patient acuity based upon the preceding July 1 through June 30 data period. Effective October 1, 2003, co-insurance days for dual eligibles are excluded from the computation. Effective December 31, 2011, nursing facility providers will no longer be allowed to appeal its acuity level (i.e. percent skilled) payment adjustment determination for any current or future year payment rates. The General Services standard for each separate facility will be determined in relation to the percent of Level A Medicaid patients served, i.e., the base standard determination in (d.) above will be decreased as the percent of Level A Medicaid patients is decreased and increased as the percent of Level A Medicaid patients is increased.

2. Dietary; Laundry, Maintenance and Housekeeping; Administration and Medical Records & Services: The standard for each of these three cost categories is calculated as follows:

   a. Accumulate all allowable cost for each cost center for all facilities in each bed size.

   b. Total patient days are determined by taking maximum bed days available from each bed group, subtracting complex care days associated with each bed group, and multiplying the net amount by 90%.

   c. Calculate the mean cost per patient day by dividing total cost in (a) by total patient days in (b).

   d. Calculate the standard by multiplying the mean by 105%.

C. Rate Computation

Rates will be computed using the attached rate computation sheet (see page 12) as follows:

1. For each facility, determine allowable cost for the following categories:

   COST SUBJECT TO STANDARDS:

   General Services
   Dietary
   Laundry, Maintenance and Housekeeping
   Administration and Medical Records & Services

   COST NOT SUBJECT TO STANDARDS:

   Utilities
   Special Services
   Medical Supplies
   Property Taxes and Insurance Coverage - Building and Equipment
   Legal Fees

2. Calculate actual allowable cost per day based on the cost reports for each category by dividing allowable cost by total patient days as determined under section III A of Attachment 4.19-D.

3. For cost subject to standards, the lower of cost determined in step 2 or the cost standard will be allowed in determining the facility's rates. Effective October 1, 1997, the General Services, Dietary, and Laundry, Housekeeping, and Maintenance cost centers are combined. Therefore, compare the sum of the allowable cost of these three cost centers to the sum of these three cost standards.

4. For costs not subject to standards, the cost determined in step 2 will be allowed in determining the facility's rate.

5. Accumulate per diem costs determined in steps 3 and 4.

6. Inflate the cost in step 5 by multiplying the cost in step 5, by the inflation factor. The maximum inflation factor that can be used will be that provided by the State of South Carolina Revenue and Fiscal Affairs Office and is determined as follows:

   a. Proxy indices for each of the eleven major expenditure components of nursing homes, (salaries, food, medical supplies, etc.) during the third quarter of 2026 were weighted by the expenditure weights of the long term care facilities. These eleven weighted indices are summed to one total proxy index for the third quarter of 2026

   b. Proxy indices are estimated for each of the eleven major expenditure components of nursing homes, (salaries, food, medical supplies, etc.), during the third quarter of 2027 and then weighted by the same expenditure weights as in step a. These weighted proxy indices were summed to one total proxy index for the third quarter of 2027.

   c. The percent change in the total proxy index during the third quarter of 2026 (as calculated in step a), to the total proxy index in the third quarter of 2027 (as calculated in step b), was 1.70%. Effective October 1, 2026 the inflation factor used was 1.70%.

10. Effective for services provided on or after October 1, 2019, the Medicaid Agency will determine the facility specific Non-Emergency Medical Transportation (NEMT) Add-On as follows:

    - For nursing facilities that were not capped by the NEMT transport trip criteria developed by the agency to adjust for significant acuity and utilization shifts observed in the type of NEMT transports among some of the participants residing in the nursing facility and employed in the determination of the October 1, 2018 NEMT add-ons, each facility's October 1, 2026 NEMT add-on will be determined based upon twelve months of allowable Medicaid reimbursable NEMT costs incurred from October 1, 2024 through September 30, 2025 (FYE Sept. 30, 2025) divided by the number of incurred FYE Sept. 30, 2025 Medicaid days as reported on provider cost reports.

      For nursing facilities that were capped by the NEMT transport trip criteria developed by the agency to adjust for significant acuity and utilization shifts observed in the type of NEMT transports among some of the participants residing in the nursing facility and employed in the determination of the October 1, 2018 NEMT add-ons, each facility's October 1, 2026 NEMT add-on will be determined based upon the lower of the NEMT add-on determined October 1, 2018 or twelve months of allowable Medicaid reimbursable NEMT costs incurred from October 1, 2024 through September 30, 2025 (FYE Sept. 30, 2025) divided by the number of incurred FYE Sept. 30, 2025 Medicaid days as reported on provider cost reports.

11. For rates effective October 1, 2026, the Medicaid reimbursement rate will be the total of costs accumulated in step 5, inflation, cost of capital, cost incentive/profit, and NEMT add-on per diem.

JOB TITLE	0-60 BEDS MAX ALLOWED ANNUAL SALARY	61-99 BEDS MAX ALLOWED ANNUAL SALARY	100+ BEDS MAX ALLOWED ANNUAL SALARY
DIRECTOR OF NURSING (DON)	$93,547	$99,052	$123,271
RN	$70,754	$71,681	$75,559
LPN	$57,744	$57,744	$60,322
CNA	$29,273	$29,273	$31,274
SOCIAL SERVICES DIRECTOR	$47,963	$49,839	$61,974
SOCIAL SERVICES ASSISTANT	$40,957	$40,957	$47,862
ACTIVITY DIRECTOR	$39,730	$40,756	$44,259
ACTIVITY ASSISTANT	$26,495	$27,021	$29,573
DIETARY SUPERVISOR	$48,663	$53,842	$66,452
DIETARY WORKER	$23,794	$25,219	$28,573
LAUNDRY SUPERVISOR	$35,002	$35,002	$35,002
LAUNDRY WORKER	$21,167	$23,268	$25,970
HOUSEKEEPING SUPERVISOR	$34,577	$41,708	$46,235
HOUSEKEEPING WORKER	$22,092	$23,194	$25,244
MAINTENANCE SUPERVISOR	$46,136	$51,540	$61,073
MAINTENANCE WORKER	$33,702	$33,827	$37,805
ADMINISTRATOR	$ 107,959	$121,745	$158,273
ASSISTANT ADMINISTRATOR	$78,960	$93,772	$93,772
BOOKKEEPER / BUSINESS MGR	$54,492	$54,492	$57,394
SECRETARY / RECEPTIONIST	$34,177	$34,527	$36,128
MEDICAL RECORDS SECRETARY	$43,534	$43,534	$43,534

Note: No change to prior year guidelines- state employee pay increase Of 2% effective 7/1/26

G) ALLOWABLE COMPENSATION RANGES FOR OWNERS AND/OR THEIR RELATIVES EMPLOYED BY PARENT COMPANIES:

JOB TITLE	% - CEO Compensation	0-60 BEDS	61-99 BEDS	100-257 BEDS	258 + BEDS	
CEO	See NH admin. Guidelines	$107,959	$121,745	$158,273	130%* 100+ Admin. Guidelines	$205,755
ASST CEO CONTROLLER CORPORATE SECRETARY CORPORATE TREASURER ATTORNEY	75%	$80,969	$91,309	$118,705		$154,316
ACCOUNTANT BUSINESS MGR PURCHASING AGENT REGIONAL ADMINISTRATOR REGIONAL V-P REGIONAL EXECUTIVE	70%	$75,571	$85,221	$110,791		$144,029
CONSULTANTS: SOCIAL ACTIVITY DIETARY (RD) PHYSICAL THER (RPT) MEDICAL RECORDS (RRA) NURSING (BSRN)	65%	$70,173	$79,134	$102,878		$133,741
SECRETARIES	see NH	$34,177	$34,527	$36,128		$36,128
BOOKKEEPERS	see NH	$54,492	$54,492	$57,394		$57,394
MEDICAL DIRECTOR	90%	$97,163	$109,570	$142,446		$185,180
****NOTE: there are no home offices in the 0-60 bed group**						

Note: No change to prior year guidelines- state employee pay increase of 2% effective 7/1/26.

1. The above are maximum limits of allowable cost for owners and/or relatives who are actually performing these duties 100% of a normal work week. Part-time performance will be computed according to time spent. No individual will have more than one full time equivalent (40 hour per week) job recognized in the Medicaid program.

2. No assistant operating executive will be authorized for a chain with 257 beds or less.