

## **Table of Contents**

**State/Territory Name: South Carolina**

**State Plan Amendment (SPA) #: 23-0020**

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



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**Financial Management Group**

March 21, 2024

Robert M. Kerr  
Director, Department of Health & Human Services  
Post Office Box 8206  
1801 Main Street  
Columbia, SC 29202-8206

Reference: State Plan Amendment (SPA) SC-23-0020

Dear Director Kerr:

We have reviewed the proposed amendment to Attachments 4.19-A and 4.19-B of your Medicaid State Plan submitted under transmittal number (TN) 23-0020. This amendment establishes the reimbursement methodology for Hospital-Based Crisis Stabilization services provided in hospital emergency settings separate from the hospital's general emergency department. Hourly and per diem rates were determined using inpatient psychiatric hospitalization rates as a basis. The per diem for Hospital-Based Crisis Stabilization services comprises 75% of the inpatient daily rate for psychiatric hospitalization; the hourly rate is twice the per diem divided by 24 hours. The hourly rate, applicable only for the first 23 hours a patient is provided services in this unit, is considered an Outpatient service. Stays greater than 24 hours will be reimbursed using the per diem rate, which is documented on the 4.19-A pages.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C.

This is to inform you that Medicaid State plan amendment SC-23-0020 is approved effective January 1, 2024. The CMS-179 and the plan pages are attached.

If you have any additional questions or need further assistance, please contact James Francis at [james.francis@cms.hhs.gov](mailto:james.francis@cms.hhs.gov) or Ysabel Gavino at [maria.gavino@cms.hhs.gov](mailto:maria.gavino@cms.hhs.gov).

Sincerely,



Rory Howe  
Director

<p><b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b></p> <p><b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b></p>		<p>1. TRANSMITTAL NUMBER</p> <p style="text-align: center;">2 3 — 0 0 2 0</p>	<p>2. STATE</p> <p style="text-align: center;">S C</p>
<p>TO: CENTER DIRECTOR CENTERS FOR MEDICAID &amp; CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES</p>		<p>3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT</p> <p style="text-align: center;"><input checked="" type="radio"/> XIX      <input type="radio"/> XXI</p>	
<p>5. FEDERAL STATUTE/REGULATION CITATION</p> <p>42 CFR 482.55; 42 CFR 438.114(b)</p>		<p>4. PROPOSED EFFECTIVE DATE</p> <p style="text-align: center;">January 1, 2024</p>	
<p>7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT</p> <p>Attachment 4.19-A page 4 Attachment 4.19-B pages, 1b, 1g</p>		<p>6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)</p> <p>a. FFY 2024      \$ 1,600,000</p> <p>b. FFY 2025      \$ 2,200,000</p>	
<p>9. SUBJECT OF AMENDMENT</p> <p>This SPA will add reimbursement for hospital-based stabilization services provided in specialized behavioral health emergency units adjacent to hospital emergency departments.</p>		<p>8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)</p> <p>Attachment 4.19-A page 4 Attachment 4.19-B pages, 1b, 1g</p>	
<p>10. GOVERNOR'S REVIEW (Check One)</p> <p><input type="radio"/> GOVERNOR'S OFFICE REPORTED NO COMMENT</p> <p><input type="radio"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED</p> <p><input type="radio"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL</p> <p style="text-align: right;"><input checked="" type="radio"/> OTHER, AS SPECIFIED: Mr. Kerr was designated by the Governor to review and approval all State Plans.</p>			
<p>11. SIGNATURE OF STATE AGENCY OFFICIAL</p> <p></p>		<p>15. RETURN TO</p> <p>South Carolina Department of Health and Human Services Post Office Box 8206 Columbia, SC 29202-8206</p>	
<p>12. TYPED NAME</p> <p>Robert M. Kerr</p>		<p>FOR CMS USE ONLY</p>	
<p>13. TITLE</p> <p>Director</p>			
<p>14. DATE SUBMITTED</p> <p>December 29, 2023</p>			
<p>16. DATE RECEIVED</p> <p>December 29, 2023</p>		<p>17. DATE APPROVED</p> <p style="text-align: center;">March 21, 2024</p>	
<p><b>PLAN APPROVED - ONE COPY ATTACHED</b></p>			
<p>18. EFFECTIVE DATE OF APPROVED MATERIAL</p> <p>January 1, 2024</p>		<p>19. SIGNATURE OF APPROVING OFFICIAL</p> <p></p>	
<p>20. TYPED NAME OF APPROVING OFFICIAL</p> <p>Rory Howe</p>		<p>21. TITLE OF APPROVING OFFICIAL</p> <p>Director, Financial Management Group</p>	
<p>22. REMARKS</p> <p>2/28/24: South Carolina authorizes a pen-and-ink change to add Attachment 4.19-A page 4 to blocks 7 and 8 of the CMS 179 form. (JGF)</p>			

14. Effective for dates of service on or after July 1, 2023, qualifying inpatient rehabilitation units or facilities will receive payment for pediatric inpatient rehabilitation services based on an all-inclusive per-diem methodology for facility charges. Professional services will be reimbursed separately.
15. Effective for dates of service on or after January 1, 2024, hospital-based crisis stabilization observation stays greater than 24 hours will be reimbursed at the 4.19B outpatient payment rate/methodology.

II. Definitions Applicable to Inpatient Hospital and Residential Treatment Facility Reimbursement

The following definitions will help in understanding the payment rates set for inpatient hospital and residential treatment facility services:

1. Administrative Days - The days of service provided to recipients who no longer require acute hospital care, but are in need of nursing home placement that is not available at the time. The patient must meet either intermediate or skilled level of care criteria.
2. Arithmetic Mean (average) - The product of dividing a sum by the number of its observations.
3. Audit Adjustment Factor - An adjustment factor used in the hospital specific Medicaid inpatient hospital rate setting process based upon the results of the HFY 2010 final audit report issued by the SC Medicaid audit contractor.
4. Base Year - The fiscal year used for calculation of payment rates. For the hospital specific inpatient payment rates effective on and after November 1, 2012, the base year shall be each facility's 2011 fiscal year. For the freestanding governmental long-term psychiatric hospital rates, the base year shall be each facility's 2010 (state owned governmental) or 2011 (non-state owned governmental) fiscal year. Effective for services incurred on or after November 1, 2013, the base year used to calculate each freestanding governmental long-term psychiatric hospital rate will be each facility's 2012 fiscal year cost report.
5. Burn Intensive Care Unit Cost Settlement Criteria - In order to qualify for this cost settlement a hospital must satisfy all of the following criteria. A hospital must:
  - Be located in South Carolina or within 25 miles of the South Carolina border;
  - Have a current contract with the South Carolina Medicaid Program; and
  - Have at least 25 beds in its burn intensive care unit.
6. Calibration Adjustment - An adjustment that is used in the Medicaid inpatient hospital rate setting process that takes into account changes in hospital specific cost and hospital case mix and has the effect of increasing or decreasing hospital specific per discharge rates. This factor is also referred to as a "Rate Adjustment Factor".
7. Capital - Cost associated with the capital costs of the facility. Capital costs include, but are not limited to, depreciation, interest, property taxes, property insurance, and directly assigned departmental capital lease costs. In no case shall the capital amount include amounts reflecting revaluation of assets due to change of ownership or leasing arrangement subsequent to September 1, 1984.
8. Case-Mix Index - A relative measure of resource utilization at a hospital.
9. Complex Care Services - Those services rendered to patients that meet the South Carolina level of care criteria for long term care and have multiple needs (i.e. two or more) which fall within the highest ranges of disabilities in the criteria.
10. Cost - Total SC Medicaid allowable costs of inpatient services, unless otherwise specified.

- To encourage outpatient resources be used when they are appropriate substitute for inpatient hospital services.
- To discourage the inappropriateness of outpatient hospital resources as a substitute for physician office and clinic services.
- To ensure the continued existence and stability of the core providers who serve the Medicaid population.

C. Definitions

The following definitions shall apply for the purpose of reimbursement under this plan.

1. Outpatient - A patient of an organized medical facility, or distinct part of that facility, who is expected by the facility to receive and who does receive professional services for less than a 24-hour period regardless of the hour of admission, whether or not a bed is used, or whether or not the patient remains in the facility past midnight.
2. Outpatient services - Those diagnostic, therapeutic, rehabilitative, or palliative items or services furnished by or under the direction of a physician to an outpatient by an institution licensed and certified as a hospital. This service will include both scheduled services and the provision of service on an emergency basis in an area meeting licensing and certification criteria.
3. Surgical service - Surgical services are defined as the operative procedures set forth in the ICD -10 surgical procedure codes. Emergency and non-emergency surgical services are included as surgical services.
4. Nonsurgical services - Emergency or non-emergency services rendered by a physician which do not meet the criteria for surgical or treatment/therapy/testing services.
  - a. Emergency services - Services rendered to patients who require immediate medical intervention for a condition for which delay in treatment may result in death or serious impairment.
  - b. Non-emergency service - Non-emergency services are defined as scheduled or unscheduled visits to an outpatient hospital clinic or emergency room where a professional service is rendered.
5. Treatment/Therapy/Testing service - Such services are defined as laboratory, radiology, dialysis, physical, speech, occupational, psychiatric, and respiratory therapies and testing services.
6. Hospital-Based Crisis Stabilization - Emergency services provided in specialized behavioral health emergency units located on the contiguous hospital campus grounds for the purpose of behavioral health crisis stabilization.

II. Scope Of Services

Effective with dates of service July 1, 1988, hospitals certified for participation under the Health Insurance for the Aged Program under Title XVIII of the Social Security Act and participating under the Medicaid Program shall be reimbursed for outpatient services rendered

2e. Indian Health Service (IHS) Facilities:

Effective July 1, 1999, DHHS will reimburse IHS facilities (638 facilities) at the rate as determined by the Indian Health Service. For Calendar year 1999, the rate is published in the Federal Register/Vol.64, No. 16/Tuesday, January 26, 1999/Notices, page 3955. Subsequent year rates shall be announced in the Federal Register. The rate shall be an all-inclusive encounter rate per visit for the provision of medically necessary out-patient services provided to both Native and non-Native Americans.

**Hospital-Based Crisis Stabilization Services**

Effective January 1, 2024, DHHS will reimburse for Hospital-Based Crisis Stabilization services provided in specialized behavioral health emergency units located on the contiguous hospital campus grounds for the purpose of behavioral health crisis stabilization. These outpatient services, designed to be delivered by a multidisciplinary behavioral health team, are reimbursed with two applicable rates:

1. An hourly rate applicable only for the first 23 hours a patient is provided services in this unit, and
2. A per diem rate for patient stays beyond 23 hours (see Attachment 4.19-A, pg. 4).

The hourly and per diem rates were determined using inpatient psychiatric hospitalization rates as a basis. The per diem for Hospital-Based Crisis Stabilization services comprises 75% of the inpatient daily rate for psychiatric hospitalization; the per diem rate is utilized for the entire stay if the episode of care lasts longer than 23 hours. The hourly rate, which was developed by doubling the Hospital-Based Crisis Stabilization per diem and dividing the total by 24 hours, is applicable *only* for stays less than 24 hours, which results in an enhanced rate meant to incentivize more expedient crisis stabilization and patient discharge to appropriate community-based or inpatient services.

DHHS will reimburse these services for up to 72 hours per episode of care per patient, and only for those hospitals who have developed the specialized behavioral health emergency unit as part of their emergency services array. The rates do not include payment for services rendered directly to a patient by a physician (professional). The per diem and hourly rates cannot be billed on the same day; all episodes of care beyond 23 hours are billed using the inpatient Hospital-Based Crisis Stabilization methodology for the entire episode of care, including the first 23 hours.

The individual hospital specific outpatient multiplier does not apply to the payment methodology for Hospital-Based Crisis Stabilization Services.

SC: 23-0020  
EFFECTIVE DATE: 01/01/24  
APPROVAL DATE: March 21, 2024  
SUPERSEDES: SC 16-0005