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**State/Territory Name: South Carolina**

**State Plan Amendment (SPA) #: 17-0006**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
61 Forsyth Street S.W. Suite 4T20  
Atlanta, Georgia 30303



## Atlanta Regional Operations Group

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November 8, 2019

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

Attention: Sheila Chavis

Re: South Carolina State Plan Amendment 17-0006

Dear Mr. Baker:

We have reviewed the proposed South Carolina State Plan Amendment, SC 17-0006, which was submitted to the Centers for Medicare & Medicaid Services (CMS) on June 28, 2017. This plan amendment updates the base year used to determine payments under the Average Commercial Rate (ACR) method for the Supplemental Teaching Payment (STP) Program. It is also noted that this plan amendment excludes Greenville Hospital System (GHS), Palmetto Health Richland Hospital, and University of South Carolina College of Medicine as eligible participants in the STP program.

Based on the information provided, the Medicaid State Plan Amendment SC 17-0006 was approved on November 7, 2019. The effective date of this amendment is April 1, 2017. We are enclosing the approved HCFA-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Cheryl Wigfall at (803) 252-7299 or [Cheryl.wigfall@cms.hhs.gov](mailto:Cheryl.wigfall@cms.hhs.gov).

Sincerely,

/s/

David R. Kimble  
Acting Deputy Director  
Division of Medicaid Field Operations South

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: 17-0006	2. STATE South Carolina
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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 April 1, 2017	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447 Subpart B		7. FEDERAL BUDGET IMPACT: (\$499,846 x .713 x 50%) a. FFY 2017    \$ 178,195 b. FFY 2018    \$ 356,390	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, pages 2b & 2b.1		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attachment 4.19-B pages, 2b & 2b.1	
10. SUBJECT OF AMENDMENT: This Supplemental Teaching Physician (STP) Payment program state plan amendment updates the base year used to determine payments under the Average the Average Commercial Rate (ACR) method.			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ):			
<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Ms. Singleton was designated by the Governor to review and approve all State Plans	
12. SIGNATURE OF STATE AGENCY OFFICIAL:		16. RETURN TO:	
13. TYPED NAME: Deirdra T. Singleton		South Carolina Department of Health and Human Services Post Office Box 8206 Columbia, SC 29202-8206	
14. TITLE: Acting Director			
15. DATE SUBMITTED: June 28, 2017			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 06/28/19		18. DATE APPROVED: 11/07/19	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 04/01/17		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Davida R. Kimble		22. TITLE: Acting Deputy Director Division of Medicaid Field Operations South	
23. REMARKS: Approved with following change to Block # 7 as authorized by state agency on RAI Response dated August 30, 2019.  Block # 7 changed to read: FFY 2017 \$183,907 and FFY 2018 \$367,814.			

Cardiothoracic Surgery, Child Abuse Pediatrics, Critical Care, Emergency Medicine, Endocrinology, Gastroenterology/Nutrition, Genetics, Hematology/Oncology, Infectious Disease, Nephrology, Neurology, Neurological Surgery, Ophthalmology, Orthopedic Surgery, Otolaryngology, Psychiatry, Pulmonology, Rheumatology, Surgery, Urology and such other pediatric sub-specialty areas as may be determined by the Department of Health and Human Services.

#### South Carolina Medicaid Supplemental Teaching Physician (STP) Payment Program

South Carolina supplemental teaching physician providers are defined as those providers with teaching physicians who are employed by or under contract with South Carolina Medical Universities and/or their component units. The teaching physician would involve residents and/or medical students in the care of his or her patients or directly supervise residents in the care of patients. The teaching physician must be present within the facility or in the office suite and immediately available to furnish assistance and direction throughout the performance of the service. It does not mean that the teaching physician must be present in the room when the service is performed.

Effective for services provided on and after October 1, 2016, the Medicaid Agency will reimburse teaching physician providers under the Average Commercial Rate (ACR) method. The Medicaid Agency employed the following methodology to determine the payments under the ACR method effective April 1, 2017:

- The base year claims data used for payment services is based upon incurred dates of service from January 1, 2016 through December 31, 2016.
- Next, the STP providers identified and provided a list of their qualifying teaching physicians for the base period.
- Next, each STP provider identified all enrolled Medicaid physicians who are employed by or under contract with the qualifying teaching hospital and/or Medical University and pulled all claims billed by these physicians to their commercial carriers during the base period. The top five commercial carriers would be determined based upon the volume of claims (with charges and payment information provided) incurred by the Medicaid enrolled physicians.
- Next, once the top five commercial carriers were determined by each individual STP provider, the fee schedule rates applicable to the top five commercial carriers were provided via procedure code. To account for changes in commercial fee schedule rates during the base period, providers were allowed to simply weight the rates by the number of months based upon the effective date of the rate change or pull charge and payment data applicable to each claim (including both the commercial carrier payment plus the patient coinsurance, copay, and deductible payments) and determine a weighted average commercial rate over the entire base period.

- Next, Medicaid Agency staff pulled Medicaid claims data incurred during the base period for each teaching physician for each STP provider from its Decision Support System (which is fed from the state's MMIS system). The data was then summarized by each procedure code for each STP provider.
- Next, Medicaid Agency staff determined the average commercial rate for each STP provider by simply taking the average of the commercial rates listed for each procedure code provided.
- Next, Medicaid Agency staff then repriced the individual Medicaid FFS claims from the base period by multiplying the number of units incurred by each procedure code against the individual STP provider's average commercial rate for that procedure code.
- To account for claims with procedure codes with modifiers identified, Medicaid Agency staff repriced these claims based upon the "base procedure code" average commercial rate (i.e. full procedure code rate) multiplied by the modifier logic percentage allowed for the modifier listed. This same logic was also applied to anesthesia claims with modifiers. For claims with procedure codes with unidentifiable modifiers, these claims were priced using the base procedure code average commercial rate. All Medicaid FFS claims with the modifier OTC (technical component) were excluded from the ACR pricing analysis.
- Vaccine administration procedure codes and payments are excluded in the ACR analysis.
- An aggregate IBNR factor is then applied against the annual number of base period Medicaid FFS claims to be repriced by each procedure code to capture all incurred claims applicable to the base period.
- Once all procedure codes were repriced using the average commercial rate, the amounts were summed and compared against the total Medicaid FFS claim payments received by each STP provider. Medicaid FFS claim payments consisted of the payment made by SCDHHS (Medicaid), any TPL that may have been paid on behalf of the patient, and any patient copay amount. This net amount represents the annual supplemental teaching physician payment amount using the ACR payment methodology.
- The annual supplemental teaching physician payment amount described above will be paid to the following supplemental teaching physician providers on a quarterly basis via gross adjustments processed through MMIS: AnMed Medical Center, McLeod Regional Medical Center, Medical University of South Carolina (MUSC) College of Medicine, Self Memorial Hospital, and Spartanburg Regional Medical Center.