

Table of Contents

State/Territory Name: South Carolina

State Plan Amendment (SPA) #: 18-0012

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

January 23, 2019

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

RE: State Plan Amendment SC 18-0012

Dear Mr. Baker:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid state plan submitted under transmittal number (TN) 18-0012. Effective October 1, 2018 this plan amendment proposes to increase Intermediate Care Facilities for Individual with Intellectually Disabled (ICF/IID) rates to provide for a direct care workers salary increase.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a), 1902(a)(13), 1902(a)(30), and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR Part 447. We have found that the proposed changes in payment methodology comply with applicable requirements and therefore have approved them with an effective date of October 1, 2018. We are enclosing the CMS-179 and the amended approved plan pages.

If you have any questions, please call Stanley Fields at (502) 220-5306.

Sincerely,

//s//

Kristin Fan
Director

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 18-0012	2. STATE South Carolina
	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 October 1, 2018	
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 X <input 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 Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY2019 \$ 4.66 million (6.55 Million * .7122) b. FFY2020 \$4.66 Million	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-D, page 23a	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-D, page 23a	
10. SUBJECT OF AMENDMENT: October 1, 2018 Direct Care Worker Add-on Rate Increase for ICF/IID		
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 X <input type="checkbox"/> OTHER, AS SPECIFIED: Mr. Baker was designated by the Governor to review and approve all state plans		
12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//	16. RETURN TO: South Carolina Department of Health and Human Services P.O. Box 8206 Columbia, South Carolina 29202-8206	
13. TYPED NAME: Joshua D. Baker		
14. TITLE: Director		
15. DATE SUBMITTED: December 14, 2018		
FOR REGIONAL OFFICE USE ONLY		
17. DATE RECEIVED: 12/28/18	18. DATE APPROVED: 01/23/19	
PLAN APPROVED – ONE COPY ATTACHED		
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/01/18	20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Kristin Fan	22. TITLE: Director, FMG	
23. REMARKS:		

To determine the July 1, 2017 baseline ICF/IID per diem rate, the total allowable Medicaid reimbursable costs of each ICF/IID will be divided by the total number of actual patient days served during the cost reporting period to determine the base year Medicaid per diem cost. In order to trend the base year Medicaid per diem cost to the payment period, the agency will employ the use of the midpoint to midpoint methodology and the use of the third quarter 2016 Global Insight Indexes - 2010 Based CMS Skilled Nursing Home Market Basket Index.

In addition to the July 1, 2017 baseline per diem rate calculation reflected above, the Medicaid Agency will provide for an add-on to each ICF/IID rate to account for the legislatively imposed direct care worker wage increase as mandated by the South Carolina General Assembly during the July 1, 2017 through June 30, 2018 state appropriations process. The add-on rate will be determined based upon a \$.89 increase in the hourly wage rate as well as the application of a twenty-one percent (21%) fringe benefit factor which takes into account the employer's share of FICA (7.65%) and the SC Retirement System contribution (13.56%). Full time direct care worker equivalents (FTEs) will be derived from SFY 2017 payroll surveys and will be increased by ten percent (10%) to take into account vacancy factors and anticipated overtime costs. The annual number of hours worked by each FTE will equal 2,080 hours. The July 1, 2017 direct care worker wage increase cost will then be divided by state fiscal year 2017 total patient days to determine the July 1, 2017 direct care worker wage increase add-on amount.

In addition to the July 1, 2017 add-on provided to each ICF/IID rate determined above, the Medicaid Agency has developed a second direct care worker wage increase add-on based upon a second round of direct care worker funding provided to SCDDSN by the South Carolina General Assembly during the July 1, 2018 through June 30, 2019 state appropriations process. The October 1, 2018 (second) add-on rate will be determined based upon a \$1.00 increase in the hourly wage rate as well as the application of a twenty-one percent (21%) fringe benefit factor which takes into account the employer's share of FICA (7.65%) and the SC Retirement System contribution (13.56%). Full time direct care worker equivalents (FTEs) will be derived from SFY 2017 payroll surveys and will be increased by ten percent (10%) to take into account vacancy factors and anticipated overtime costs. The annual number of hours worked by each FTE will equal 2,080 hours. The October 1, 2018 direct care worker wage increase cost will then be divided by state fiscal year 2018 total patient days to determine the October 1, 2018 direct care worker wage increase add-on amount.

In order to determine the statewide per diem ICF/IID rates (institutional rate or community rate) effective October 1, 2018, the Medicaid Agency will employ the following process:

(1) First, the ICF/IIDs are separated by class (institutional or community). The July 1, 2017 baseline rate of each ICF/IID within each class is multiplied by the number of incurred SFY 2016 Medicaid patient days obtained via MMIS to determine the annual projected Medicaid cost of each ICF/IID for Medicaid rate setting purposes.

(2) Next, in order to determine a weighted average statewide baseline rate for each class of ICF/IID facility (community and institutional), the aggregate Medicaid cost as determined in step (1) for each class is divided by the sum of the incurred SFY 2016 Medicaid patient days for each class to determine the statewide weighted average for each class.

(3) Next, the weighted average statewide baseline rate as determined in step (2) for community and institutional ICF/IID's is increased by the amount of the weighted average statewide direct care worker add-on determined for each class of ICF/IID (community and institutional) to determine the rates effective July 1, 2017.

(4) Finally, the weighted average statewide baseline rate determined in step (3) above effective July 1, 2017 will be increased by the second weighted average statewide direct care worker add-on determined for each class of ICF/IID (community and institutional) to determine the rates effective October 1, 2018.