



Schneider
Medicaid

State of South Carolina
Department of Health and Human Services

Mark Sanford
Governor

Emma Forkner
Director

February 14, 2008

The Honorable Henry A. Waxman
Chairman
United States House of Representatives
Committee on Oversight and Government Reform
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Representative Waxman:

Thank you for your letter of January 16, 2008, which requests an analysis of the impact of six regulations proposed by the Centers for Medicare and Medicaid Services (CMS) over the past year on South Carolina. Our analysis is as follows:

CMS 2258-P, Cost Limits on Public Providers: We do not believe this regulation will have a significant impact on Federal funds, applicants or beneficiaries in South Carolina. Most of the South Carolina Medicaid reimbursement methodologies already limits reimbursement for public providers to no more than cost. We already require cost reports to be submitted by public providers which are used to verify any Certified Public Expenditures being claimed as state match and that their payments do not exceed cost.

CMS 2279-P, Payment for Graduate Medicaid Education: This proposed regulation would potentially reduce Federal Medicaid funds paid to South Carolina hospitals by approximately \$62 million annually. There would be no direct impact on the number of applicants or beneficiaries, although there could be a negative impact on access to some hospital services.

CMS 2213-P, Payment for Hospital Outpatient Services: We believe that South Carolina's current outpatient reimbursement methodology is substantially in compliance with this proposed regulation, and therefore it would not have a significant impact on Federal Medicaid funds, applicants or beneficiaries in South Carolina. Our concerns about this regulation are more procedural in nature in terms of the need for CMS to provide more clarification on how the new methodology would be applied and allowing a sufficient time for us to make necessary system changes.

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CMS 2275-P, Provider Taxes: We believe that South Carolina's current provider taxes would be substantially in compliance with the proposed rule and therefore we do not think it would not have a significant impact on Federal funds, applicants or beneficiaries in South Carolina. Our concerns about this regulation are more procedural in nature in terms of how the broader hold harmless provision would be applied and the need for further clarification of the definition of ICF-MR facilities.

CMS 2261-P, Coverage of Rehabilitative Services: This proposed regulation would potentially reduce Federal Medicaid funds paid to South Carolina by \$18 million annually. This could have a negative impact on access to these services for beneficiaries, depending on whether the State decides to replace these Federal funds with state funds.

CMS 2287-P, Payments for Costs of School-Based Administrative and Transportation Services: This proposed regulation would potentially reduce Federal Medicaid funds paid to South Carolina by \$9.5 million annually. This could have a negative impact on access to these services for beneficiaries, depending on the extent to which the State absorbs these costs within the education budget.

We hope this information is helpful to the Committee. If you have any questions please contact William Wells, Deputy Director of Finance and Administration at (803) 898-2503.

Sincerely,



Emma Forkner
Director

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