

**SCDHHS's Responses to SCDHEC's Proposed Change to the  
Medicaid Nursing Home Permits Law**

**July 18, 2017**

- Prior to the passage of the Medicaid Nursing Home Permits Law, the Certificate of Need program would not approve the addition of any new nursing facility beds/facilities unless the SCDHHS advised the SCDHEC in writing of its intent to approve the funding of the new beds for participation in the SC Medicaid program. Approval of new Medicaid-funded beds were only allowed if the SC General Assembly had approved funding for new Medicaid beds via the annual state appropriations process.
- The Medicaid Nursing Home Permits Law establishes a process to control the utilization of nursing home services by allocating the Medicaid days according to need and fining providers who exceed their allocations. The Medicaid Nursing Home Permits Law provides the state's Medicaid Agency with the ability to monitor Medicaid utilization, and therefore budget accordingly for Medicaid program expenditures. If the Medicaid Nursing Home Permit Law was eliminated, additional funding would be required from the SC General Assembly to fund the increased Medicaid costs since there would be no way to control the Medicaid utilization of nursing facilities already participating in the SC Medicaid program. This also does not account for nursing homes that do not currently participate in the SC Medicaid Nursing Home Permit program.
- Medicaid nursing facility utilization has been reduced over the years due to the agency's action to expand the number of slots in its Community Long Term Care (CLTC) program. For SFY 2012, SC authorized Medicaid Permit Days decreased from 4,205,553 to 3,771,878 because of the expansion of the CLTC program. The expansion of the CLTC program supports the fact that the majority of our members and their family members prefer to receive care in the home rather than in an institutional setting which enhances their quality of life. Current Medicaid Permit Days equal 3,815,921. The Medicaid nursing facility utilization rate based upon fiscal year ending September 30, 2016 cost report data is running at approximately 71%. The overall nursing facility occupancy utilization rate is running at approximately 89%.
- Elimination of the Medicaid Nursing Home Permits Law would negatively impact the agency's Medicaid program budget. With the uncertainties of pending federal legislation surrounding the application of Medicaid Program Expenditure Caps in the future, it would not be in the best interest of the State to eliminate a law which serves as a reasonable method of controlling the utilization of nursing home services.
- Based upon the October 1, 2017 SC Medicaid nursing facility per diem rates, every one percent increase in Medicaid utilization will cost the state an additional \$5.8 million total dollars/\$1.7 million state dollars.