



Administrator
Washington, DC 20201

OCT 21 2005

Mr. Robert M. Kerr
Director
Department of Health and Human Services
P.O. Box 8206
Columbia, SC 29202-8206

Dear Mr. Kerr:

We are pleased to approve your request for the section 1115 demonstration authority needed to implement the Hurricane Katrina Multi-State section 1115 demonstration. The Medicaid demonstration is approved as Project Number 11-W-00207/4 and the State Children's Health Insurance Program (SCHIP) demonstration is approved as Project Number 21-W-00029/4. This demonstration is granted as we work to recover from one of the worst natural disasters in the history of the United States. The Centers for Medicare & Medicaid Services (CMS) has developed this section 1115 demonstration initiative to ensure the continuity of health care services for the victims of Hurricane Katrina.

The demonstration waivers and expenditure authorities outlined in this letter, and in the enclosed special terms and conditions (STCs), will assist the State of South Carolina in providing Medicaid coverage for evacuees who were enrolled in Medicaid in their home States, but have been displaced as a result of Hurricane Katrina. Additionally, this demonstration allows for the expedited enrollment of evacuees who were not previously Medicaid-enrolled, but who would now meet certain income eligibility standards as described in the simplified eligibility chart at enclosure B. An enrollment period of up to 5 months is authorized for these evacuee groups under this demonstration.

In addition, South Carolina may develop a funding pool to reimburse providers that incur uncompensated care costs for medically necessary services and supplies for evacuees who do not have other coverage for such services and supplies through insurance, or other relief options available, including title XIX and title XXI, for a 5-month period, effective August 24, 2005, through January 31, 2006. The pool may also be used to provide reimbursement for benefits not covered under title XIX in the State. South Carolina may establish other methodologies to prevent abuse, including an income test, and shall submit such methodologies by November 15, 2005. South Carolina shall establish mechanisms to prevent payments from the pool on behalf of individuals who have coverage for services, or for whom other options are available. South Carolina shall consider alternative methods for providing coverage to uninsured

evacuees, including through premium assistance for private insurance and other insurance pools, and report to CMS on the feasibility of adopting such alternative methods no later than November 15, 2005.

Our approval of this demonstration (and the waivers and Federal matching provided thereunder) is conditioned upon compliance with the enclosed STCs, which set forth in detail the nature, character, and extent of anticipated Federal involvement in the project. In order to facilitate health care services for individuals displaced from their home States, we are not applying the usual Medicaid budget neutrality or SCHIP allotment neutrality requirements of section 1115 demonstration projects. The Department agrees that individuals participating in the waiver are presumed to be otherwise eligible for Medicaid/SCHIP in their respective home State, and costs to the Federal Government would have otherwise been incurred and allowable.

The award is subject to our receiving written acceptance of this award within 30 days of the date of this approval letter.

The demonstration population consists of evacuees. "Evacuee" refers to an individual who is a resident of the emergency area affected by a national disaster as declared by the President of the United States pursuant to the National Emergencies Act or by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, and has been displaced from his or her home State, and is not a non-qualified alien.

Under the demonstration, South Carolina will provide services through its program to evacuees who fit into the demonstration population consisting of parents, pregnant women, children under age 19, individuals with disabilities, low-income Medicare recipients, and low-income individuals in need of long-term care with incomes up to and including the levels listed on the enclosed simplified eligibility chart.

South Carolina shall track each "evacuee" in its computer system in order to capture the displaced individuals for reporting purposes. Under the authority of section 1115(a)(1) of the Social Security Act (the Act), the following waivers of Medicaid State plan and SCHIP State plan requirements contained in sections 1902, 2105, and 2108 of the Act are granted to enable South Carolina to carry out this section 1115 demonstration through this period.

Your project officer is Ms. Rachel Dacunha. Ms. Dacunha is available to answer any questions concerning implementation of your section 1115 demonstration and can be reached at (410) 786-8657. Her address is:

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Center for Medicaid and State Operations
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7500 Security Boulevard
Baltimore, MD 21244-1850
E-mail: Rachel.Dacunha@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Dacunha and to Mr. Renard Murray, Associate Regional Administrator in our Atlanta Regional Office. Mr. Murray's address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
Atlanta Federal Center, 4th Floor
61 Forsyth Street, SW., Suite 4T20
Atlanta, GA 30303-8909
E-mail: Renard.Murray@cms.hhs.gov

If you have additional questions, please contact Ms. Jean Sheil, Director, Family and Children's Health Programs, Center for Medicaid and State Operations, at (410) 786-5647. We look forward to continuing to work with you and your staff.

Sincerely,



Mark B. McClellan, M.D., Ph.D.

Enclosures

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Cc: Mr. Renard Murray
Associate Regional Administrator
Atlanta Regional Office