



SOUTH CAROLINA HUMAN
SERVICES PROVIDERS ASSOCIATION

Position Statement on Fee for Service Transition

Background

The South Carolina Human Services Providers Association (SCHSPA) represents 56 provider members from across South Carolina supporting 32,000 people with lifelong disabilities. The financial stability of this critical network of providers is directly tied to the cash reserves that are available to address capital repair needs, infrastructure, and emergency responses. The South Carolina Department of Disabilities and Special Needs (SCDDSN) has consistently communicated that provider organizations should maintain up to three months cash reserves to meet these capital needs and maintain program integrity. The ongoing global pandemic and more recent economy-wide labor shortage, has only exacerbated the critical need for providers to maintain strategic cash reserves.

In January 2022, The South Carolina departments of Health and Human Services (SCDHHS) and SCDDSN will transition to a new payment structure that is based on a retrospective payment, requiring providers to have the cash upfront to deliver their services and then await reimbursement for those services. The significance and impact of this transition cannot be overstated. While the end result of this shift is a positive one, where providers are directly billing for their services rendered, the transition phase requires careful planning and supports so that individuals supported by provider agencies do not experience a disruption to the quality of the care they receive.

Supporting Facts

The SCHSPA maintains that:

- 1) SCDHHS & SCDDSN have not developed or implemented a system that will allow for the timely billing of residential services. This will result in a negative hit to cash of approximately \$34 million across the provider network, as providers have to operate from December 2021, until mid-February before receiving revenue from residential services. Some providers simply do not have the required cash flow for this conversion to occur without the required billing system infrastructure or financial assistance.
- 2) Other states have implemented billing systems which allow providers to bill for services rendered on a weekly or bi-monthly basis (far faster than the proposed monthly system for the South Carolina conversion).

- 3) Many providers will have to deplete their cash reserves entirely or borrow money to remain financially viable during and following the transition period.
- 4) While the transition from prospective to retrospective payments was communicated by state agencies for some time, an effective and timely billing mechanism was not developed as part of this transition. Consequently, providers in South Carolina will be financially and strategically harmed because they are required to use a billing system which does not meet industry standards and norms.

Position Statement

The SCHSPA maintains that without either a timely billing system or reasonable loan system being implemented concurrent to the shift from prospective to retrospective payments, that the provider network faces significant destabilization. Furthermore, the SCHSPA requests that the state agencies overseeing this transition (SCDHHS, SCDDSN) take immediate action to either implement a timely billing system, provide interest-free bridge loans for providers lacking the cash reserves to operate from mid-December to mid-February without residential billing, or implement other needed measures to safeguard services in South Carolina.