

Proviso 33.18

DHHS: Carry Forward

**The following is submitted as required by Proviso 33.18 of the
SFY 2015 Appropriations Act**

The Department of Health and Human Services is authorized to carry forward cash balances from the prior fiscal year into the current fiscal year for any earmarked or restricted trust and agency, or special revenue account or subfund. The department shall submit a comprehensive reporting of all cash balances brought forward from the prior fiscal year. The report shall, at a minimum, for each account or subfund include the following: the statutory authority that allows the funds to be carried forward, the maximum authorized amount that can be carried forward, the general purpose or need for the carry forward, the specific source(s) of funding or revenue that generated the carry forward, and a detailed description of any pending obligations against the carry forward. The report must be submitted to the President Pro Tempore of the Senate, Chairman of the Senate Finance Committee, Speaker of the House of Representatives, and Chairman of the House Ways and Means Committee, within fifteen days after the Comptroller General closes the fiscal year.

**OTHER FUNDS
CARRY FORWARD**

Agency: Department of Health and Human Services

Subfund Number: 3187 **Subfund Name:** Medicaid Reserve Account

	<u>SFY 2013-14</u>
Beginning Balance	63,142,416.00
Receipts	911,921.00
Disbursement	-
Transfers	139,979,039.00
Ending Balance	<u>204,033,377.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 33.18 – Carry Forward: The Department of Health and Human Services is authorized to carry forward cash balances from the prior fiscal year into the current fiscal year for any earmarked or restricted trust and agency, or special revenue account or subfund.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Per the state legislature the agency will maintain a minimum of 3% reserves of current appropriations for increases in enrollment and/or unexpected increases in health care costs for Medicaid beneficiaries. The Department is subject to funding unexpected expenditures including but not limited to new high-cost pharmaceuticals such as Sovaldi, new federal mandates for services such as treatment for Autism Spectrum Disorders, and expenditures related to the recently published Home and Community Based Services (HCBS) Final Rule amending Medicaid regulations governing the settings and services provided to people receiving HCBS and the providers of those services.

3. Please describe the key expenditures of this fund.

Medicaid Program Expenditures

4. Please provide a description of the source(s) of funding for this account.

Source of funds are unobligated matching funds.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3188 **Subfund Name:** SCDHHS Medicaid Recoupment and Disallowance

	SFY 2013-14
Beginning Balance	-
Receipts	274,615.00
Disbursement	-
Transfers	14,561,664.00
Ending Balance	14,836,279.00

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 33.1 – Recoupment/Restricted Fund: The Department of Health and Human Services shall recoup all refunds and identified program overpayments and all such overpayments shall be recouped in accordance with established collection policy. Further, the Department of Health and Human Services is authorized to maintain a restricted fund on deposit with the State Treasurer to be used to pay for liabilities and improvements related to enhancing accountability for future audits. The restricted fund will derive from prior year program refunds. The restricted fund shall not exceed one percent of the total appropriation authorization for the current year. Amounts in excess of one percent will be remitted to the General Fund.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

This account is used to accumulate the state portion of prior year refunds for use in satisfying audit liabilities resulting from deferrals, disallowances, and uncollected accounts receivables due to the federal government within 365 days (such as nursing home receivables resulting from audits). Due to the potential size of our disallowances, this balance is necessary to prevent requests to the General Assembly to fund disallowances. Funding in this account is not generated at a consistent rate and the carry forward provision allows for the accumulation of

balances sufficient to handle our sizable disallowances and receivables not collected within 60 days.

3. Please describe the key expenditures of this fund.

Expenditures for current year would be for payment of liabilities due to disallowances, deferrals, or uncollected accounts receivables due to the federal government. This amount does not post as expenditures but as a reduction of revenue because they must be posted as revenue in the federal account.

In September 2012, the Department incurred a disallowance from the Centers for Medicare and Medicaid Services (CMS) related to administrative services provided by the Department of Disabilities and Special Needs (DDSN), and claimed by them at the Federal Medicaid Assistance Percentage (FMAP), rather than the administrative rate. The Office of Inspector General (OIG) recommended a disallowance of \$4,832,975. The Department funded this CMS disallowance from this account rather than seek recoupment from DDSN. Although we have no pending disallowances relating to these administrative services, CMS continues to review these claims and there is a risk of future disallowances relating to administrative services claimed at the FMAP rate.

4. Please provide a description of the source(s) of funding for this account.

The source of funding for this account is the state portion of prior year refunds less expenditures for the Third Party Liability, Drug Rebate, and Fraud and Abuse Programs and is transferred to this sub-fund from sub-fund 3504 where all state refunds are deposited.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3440 **Subfund Name:** Med Care Prog - \$0.50 per Capita

	<u>SFY 2013-14</u>
Beginning Balance	-
Receipts	-
Disbursement	(2,000,000.00)
Transfers	2,312,682.00
Ending Balance	<u>312,682.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund administers the provisions of Section 44-6-146(A): "Every fiscal year the State Treasurer shall withhold from the portion of the Local State Government Fund allotted to the counties, a sum equal to fifty cents per capita based on the population of the several counties as shown by the latest official census of the United States. The money withheld by the State Treasurer must be placed to the credit of the commission and used to provide Title XIX (Medicaid) Services."

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Generally, the agency does not carry forward a balance greater than one-twelfth.

3. Please describe the key expenditures of this fund.

These funds are for Medicaid Services. Expenditures are moved from state funds (1001) to this account.

4. Please provide a description of the source(s) of funding for this account.

Funds are allocated from the Local Government Fund through the State Treasurer's Office.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3441 **Subfund Name:** State Agencies – Medicaid Allocation

	<u>SFY 2013-14</u>
Beginning Balance	43,014,775.00
Receipts	11,730,771.00
Disbursement	(121,211,846.00)
Transfers	107,401,346.00
Ending Balance	<u>40,935,047.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund is used to account for the matching funds transferred from state and other eligible providers participating in Medicaid contracts and services.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are given to the Department by other state entities or other eligible providers and are expended on a yearly basis for Medicaid contracts or services. Any carry forward is due to timing of receipt of match for a new fiscal year that is received in prior year. Without this carry forward, the Department would be unable to fund these contracts and services at the beginning of the State Fiscal Year.

3. Please describe the key expenditures of this fund.

Expenditures represent Medicaid contracts and services.

4. Please provide a description of the source(s) of funding for this account.

Funds are received from state and other eligible providers as match for Medicaid federal funding.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3442 **Subfund Name:** Special Grants

	<u>SFY 2013-14</u>
Beginning Balance	73,351,356.00
Receipts	71,701,483.00
Disbursement	(9,260,735.00)
Transfers	(121,455,793.00)
Ending Balance	14,336,311.00

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 33.4 – Third Party Liability Collection: The Department of Health and Human Services is allowed to fund the net costs of any Third Party Liability and Drug Rebate collection efforts from the monies collected in that effort.

Proviso 33.8 – Fraud and Abuse Collections: The Department of Health and Human Services may offset the administrative costs associated with controlling fraud and abuse.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Actual collections are received in subfund 3504 and transferred to this subfund as needed to fund Third Party, Drug Rebate and Fraud and Abuse activities. Because collections are not consistent through the year, one-twelfth of the expenditures may not be sufficient to cover monthly costs actually incurred. Use of this carry forward reduces the need for state appropriated dollars to fund these activities.

3. Please describe the key expenditures of this fund.

Administrative expenditures for the Third Party Liability, Drug Rebate and Fraud and Abuse programs are funded through this sub fund. These expenditures include salary, fringes, supplies, equipment, contractual services, etc.

4. Please provide a description of the source(s) of funding for this account.

Sources of funding for these programs are from Third Party Liability, Fraud and Abuse and Drug Rebate collections.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3475 **Subfund Name:** County Medicaid (MIAA)

	<u>SFY 2013-14</u>
Beginning Balance	-
Receipts	-
Disbursement	(5,393,904.00)
Transfers	5,483,158.00
Ending Balance	<u>89,254.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund is used to account for funds received from counties to be used as Medicaid matching funds as required by Section 44-6-146(B) that states, in part: "County governments are assessed and additional thirteen million dollars annually for use as matching funds for Medicaid services. Of these funds, seven and a half million dollars must be deposited into the Medicaid Expansion Funding created by Section 44-6-155." With \$7.5 million required to be deposited in the Medicaid Expansion Fund (J02-4479), the remaining \$5.5 million is accounted for in this subfund. Usually, this sub-fund is used to reimburse expenditures made by J02-1001.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Generally, the agency does not carry forward a balance greater than one-twelfth.

3. Please describe the key expenditures of this fund.

All expenditures are for Medicaid Services.

4. Please provide a description of the source(s) of funding for this account.

Funding is generated from assessments on county governments.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3476 **Subfund Name:** Medicaid CPE

	<u>SFY 2013-14</u>
Beginning Balance	-
Receipts	169,113,136.00
Disbursement	(169,113,136.00)
Transfers	-
Ending Balance	-

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This fund is used for budgetary purposes only. It is used to account for required Medicaid matching funds that are retained by state and local government providers and do not represent cash expenditures.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

The balance should be zero and the balance should not be greater than one-twelfth.

3. Please describe the key expenditures of this fund.

Revenues and expenditures are recorded in an equal amount in the accounting records monthly for these non-cash matching funds.

4. Please provide a description of the source(s) of funding for this account.

This fund is for budgetary purposes only and represents non-cash required matching funds retained by state and local governments for Medicaid services.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 35B4 **Subfund Name:** Medicaid Sponsored Workers

	SFY 2013-14
Beginning Balance	1,433,447.00
Receipts	3,165,651.00
Disbursement	(5,307,048.00)
Transfers	1,130,238.00
Ending Balance	422,289.00

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 33.10 establishes SC DHHS to continue as the agency responsible for determination of Medicaid Eligibility. This subfund is used to account for funds received from sponsors of Medicaid Eligibility Workers. Individual providers contract with SC DHHS to provide state match requirement of the salary of Medicaid Eligibility Workers to be located at the sponsor's facility.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Any balances carried forward represent timing differences between receipt of contractual payments and the salary incurred for the workers sponsored. All funds are contractually obligated and must be available in order to preclude SC DHHS from having to incur expenditures pending receipt of the next year's contract payments.

3. Please describe the key expenditures of this fund.

Salaries for Medicaid Eligibility Workers.

4. Please provide a description of the source(s) of funding for this account.

Funding is generated from contractual relationships with sponsor Medicaid Providers.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3504 **Subfund Name:** Med Asst. Prog Refunds - State

	SFY 2013-14
Beginning Balance	-
Receipts	14,919,972.00
Disbursement	
Transfers	(14,919,972.00)
Ending Balance	-

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This is a clearing account that is used to deposit the state portion of Medicaid assistance payment refunds until proper identification and distribution can be made. The net costs of contracting for the Third Party Liability collection efforts are paid from subfund J02-3442. These revenues are transferred to J02-3187 during the year.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These monies are transferred to subfund 3187 or 3442 throughout the year based on Proviso 33.1

3. Please describe the key expenditures of this fund.

Expenditures are not paid from this subfund, but Third Party Liability and Drug Rebate efforts are funded from these revenues in subfund 3442.

4. Please provide a description of the source(s) of funding for this account.

The funding source for this account is prior year refunds.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3634 **Subfund Name:** Cap Reserve Fund Op

	SFY 2013-14
Beginning Balance	4,608,466.00
Receipts	-
Disbursement	(3,137,138.00)
Transfers	
Ending Balance	1,471,328.00

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

FY2011 – 12 Appropriations Act H.3701 established funding for DHHS through this fund.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Generally, the agency should not carry forward a balance greater than one-twelfth.

3. Please describe the key expenditures of this fund.

These funds are to be used for Federal Mandated Medicaid Technology.

4. Please provide a description of the source(s) of funding for this account.

Proviso 33.18 – Carry Forward: The Department of Health and Human Services is authorized to carry forward cash balances from the prior fiscal year into the current fiscal year for any earmarked or restricted trust and agency, or special revenue account or subfund.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3845 **Subfund Name:** Money Follows Person Grant

	<u>SFY 2013-14</u>
Beginning Balance	2,594.00
Receipts	29,047.00
Disbursement	-
Transfers	-
Ending Balance	<u>31,641.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 33.18 – Carry Forward: The Department of Health and Human Services is authorized to carry forward cash balances from the prior fiscal year into the current fiscal year for any earmarked or restricted trust and agency, or special revenue account or subfund.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

CMS requires that states savings realized from the enhanced FMAP, be accumulated in this “rebalancing fund” and be available for reinvestment into the community long term care support system in order to increase the availability of Home and Community Based Services (HCBS).

3. Please describe the key expenditures of this fund.

Rebalancing funds are only available for expenditures that increase use of HCBS.

4. Please provide a description of the source(s) of funding for this account.

Funds are generated from enhanced match from CMS consisted with Section 5001 of the Recovery Act.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3854 **Subfund Name:** SCDHHS Pay- For- Success

	<u>SFY 2013-14</u>
Beginning Balance	-
Receipts	-
Disbursement	-
Transfers	8,895,849.00
Ending Balance	<u>8,895,849.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 33.18 – Carry Forward: The Department of Health and Human Services is authorized to carry forward cash balances from the prior fiscal year into the current fiscal year for any earmarked or restricted trust and agency, or special revenue account or subfund.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

This is a five year project being implemented by SCDHHS to promote provider performance in the area of prenatal and early childhood home visit services.

3. Please describe the key expenditures of this fund.

Expenditures for this fund are in recognition of performance bases prenatal and early childhood home visit services.

4. Please provide a description of the source(s) of funding for this account.

25% of total costs of related services are being retained in this fund until the performance of the service provider has been evaluated.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 38K8 **Subfund Name:** Recovery Audits

	<u>SFY 2013-14</u>
Beginning Balance	-
Receipts	-
Disbursement	(323.00)
Transfers	323.00
Ending Balance	-

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 117.93- Recovery Audits

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

The federal portion of the balance is an obligation that would be owed back to the federal government.

3. Please describe the key expenditures of this fund.

The key expenditures for this fund are the recovery audits fees and transfers of overpayment of both federal and state funds to their appropriate funding source.

4. Please provide a description of the source(s) of funding for this account.

The source of funding for this account is from recovery audits conducted by contracts with the Budget and Control Board of identified overpayments and erroneous payments to vendors of South Carolina.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3861 **Subfund Name:** Services Fund for Emotionally Disturbed Children

	<u>SFY 2013-14</u>
Beginning Balance	1,216,581.00
Receipts	-
Disbursement	(6,956,184.00)
Transfers	8,031,193.00
Ending Balance	<u>2,291,590.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

SC Code of Laws Section 20-7-5710: There is established the Interagency System for Caring for Emotionally Disturbed Children, an integrated system of care to be developed by the Continuum of Care for Emotionally Disturbed Children of the Governor's Office, the Department of Disabilities and Special Needs, the Department of Health and Human Services, the Department of Mental Health, and the Department of Social Services. The goal of the system is to implement South Carolina's Families First Policy and to support children in a manner that enables them to function in a community setting. The system shall provide assessment and evaluation procedures to insure a proper service plan and placement for each accountable for monitoring on a regular basis each child's care plan and procedures to evaluate and certify the programs offered by providers.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are obligated for the EDC program through the MMIS payment system and are transferred to us from DSS for this purpose.

3. Please describe the key expenditures of this fund.

Expenditures for the Emotionally Disturbed Children program.

4. Please provide a description of the source(s) of funding for this account.

These funds are transferred to DHHS from DSS for the purpose of funding the state share of the Emotionally Disturbed Children program.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3890 **Subfund Name:** Parking Fund

	<u>SFY 2013-14</u>
Beginning Balance	1,865.00
Receipts	-
Disbursement	-
Transfers	-
Ending Balance	<u>1,865.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Previously, employees paid individual monthly checks to the landlord for parking, which was administratively cumbersome for all concerned. Through a cooperative effort between the agency, the Division of General Services and the Comptroller General's Office, a process was established for collecting the parking fees through payroll deduction and making one monthly payment to the landlord. This subfund was established as an account to deposit employee payroll deductions for monthly parking fees incurred by employees.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are obligated for monthly employee parking.

3. Please describe the key expenditures of this fund.

Expenditures are for employee parking fees.

4. Please provide a description of the source(s) of funding for this account.

The source of funding is from Agency employees.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 3958 **Subfund Name:** Sale of Assets

	<u>SFY 2013-14</u>
Beginning Balance	355.00
Receipts	1,112.00
Disbursement	-
Transfers	-
Ending Balance	<u>1,467.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

This subfund is to be used to deposit the proceeds from the sale of assets to be used to purchase like kind assets.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are held in an account to cover re-purchase of like kind assets needed by the agency. Due to timing of sales and ordering of new assets, carry forward balances may be necessary to cover the costs of the new equipment.

3. Please describe the key expenditures of this fund.

Expenditures in this fund are for the replacement of like kind assets.

4. Please provide a description of the source(s) of funding for this account.

Funds are deposited to this account from the sale of assets to state surplus.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 4176 **Subfund Name:** Nursing Home Sanctions

	<u>SFY 2013-14</u>
Beginning Balance	7,669,894.00
Receipts	1,325,299.00
Disbursement	(28,600.00)
Transfers	-
Ending Balance	<u>8,966,594.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

SC Code of Laws Section 44-6-470

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Nursing facilities are surveyed by the Department of Health and Environmental Control (DHEC) to assure the facilities are meeting standards for conditions of participation. If a nursing home is out of compliance, DHEC may impose a Civil Money Penalty (CMP).

Federal law as stated in 42 CFR Part 488.442 mandates that CMPs collected by the State must be applied to the protection of the health or property of residents of facilities that the State or CMS finds non-compliant, such as (1) payment for the cost of relocating residents to other facilities; (2) state costs related to the operation of a facility pending correction of deficiencies or closure; and (3) reimbursement of residents for personal funds or property lost at a facility as a result of action by the facility or by individuals used by the facility to provide services to residents.

These funds are obligated for this purpose and should be maintained to assure that funds are available should the need arise to relocate patients or to maintain operation of a facility pending corrective action. If adequate funding were not available, the Department would have to request funding from the State General Fund to fund the cost of a nursing closure. Also, this is not a consistent monthly need; therefore, one-twelfth carry forward may not be sufficient in the event a home closed in July or August.

3. Please describe the key expenditures of this fund.

Expenditures are related to nursing home contracts for training and testing costs.

4. Please provide a description of the source(s) of funding for this account.

These funds come from the collection of fees and fines as a result of nursing home sanctions imposed by the CMS.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 4275 **Subfund Name:** Tobacco Settlements

	<u>SFY 2013-14</u>
Beginning Balance	-
Receipts	266,587.00
Disbursement	(102,715,275.00)
Transfers	122,715,275.00
Ending Balance	<u>20,266,587.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 118.15- Tobacco Settlement

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Proviso 117.39 authorizes state agencies to retain and carry forward any unexpended Tobacco Settlement Agreement funds from the prior fiscal year into the current fiscal year to expend such funds for the same purpose.

3. Please describe the key expenditures of this fund.

Medicaid Program Expenditures.

4. Please provide a description of the source(s) of funding for this account.

The source of funding for this account comes from transfers made at the State Treasurer's Office.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 4479 **Subfund Name:** Medicaid Expansion (MIAA)

	<u>SFY 2013-14</u>
Beginning Balance	35,811,379.00
Receipts	256,695,289.00
Disbursement	(264,000,000.00)
Transfers	7,474,452.00
Ending Balance	35,981,120.00

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

SC Code of Laws Section 44-6-155: (A) There is created the Medicaid Expansion Fund into which must be deposited funds: (1) collected pursuant to Section 44-6-146 and (2) collected pursuant to Section 12-23-810. This fund must be separate and distinct from the general fund. These funds are supplementary and may not be used to replace general funds appropriated by the General Assembly or other funds used to support Medicaid.

SC Code of Laws Section 44-6-146: (B) County governments are assessed an additional thirteen million dollars annually for use as matching funds for Medicaid services. Of these funds, seven and a half million dollars must be deposited into the Medicaid Expansion Fund created by Section 44-6-155.

SC Code of Laws Section 12-23-810: (C) Every hospital licensed as a general hospital by the Department of Health and Environmental Control is subject to the payment on an excise, license or privilege tax. Each hospital's tax must be based on the total expenditures of each hospital as a percentage of total hospital expenditures statewide. Total annual revenues from the tax, exclusive of penalties and interest, in subsection (A) of this section must equal two hundred sixty four million dollars.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

These funds are earmarked for the Medicaid Expansion program and carry forward is due to the timing of the receipt of funds from the Department of Revenue. The agency is required to expend the total amount of two hundred and sixty four million

dollars. The increase in the tax amount was the result of a change in state law. The Department of Revenue does send the funds for July of the new state fiscal year to the agency in June of the prior year, which results in carry forward, but by law, these funds cannot be expended in the prior year.

3. Please describe the key expenditures of this fund.

Expenditures are paid through the MMIS payment system for Medicaid services.

4. Please provide a description of the source(s) of funding for this account.

Revenues are received from assessments on county governments and excise, license, or privilege taxes imposed on licensed hospitals.

**OTHER FUNDS
CARRY FORWARD/TRUST FUND BALANCES**

Agency: Department of Health and Human Services

Subfund Number: 46K5 **Subfund Name:** Tobacco Sur-Medicaid Res

	<u>SFY 2013-14</u>
Beginning Balance	-
Receipts	-
Disbursement	(122,000,000.00)
Transfers	158,000,000.00
Ending Balance	<u>36,000,000.00</u>

SFY2014 Year to Date as of 7/31/2014

1. Cite the authorization by which the agency has the authority to carry forward the funds.

Proviso 118.7- Health Care Maintenance of Effort Funding: The source of funds appropriated in this provision is \$158,000,000 from the revenue collected from the 50 cent cigarette surcharge and deposited into the South Carolina Medicaid Reserve Fund and shall be utilized by the Department of Health and Human Services for the Medicaid Program's maintenance of effort. By this provision these funds are deemed to have been received and are available for appropriation. Unexpected funds appropriated pursuant to this provision may be carried forward to succeeding fiscal years and expended for the same purposes.

2. Please describe in detail why the agency needs to carry forward a balance greater than one-twelfth of the funds identified as disbursements (other than it is required by law).

Proviso 118.7 allows for unexpended funds to be carried forward to succeeding fiscal years.

3. Please describe the key expenditures of this fund.

Expenditures are paid through the MMIS payment system for Medicaid services.

4. Please provide a description of the source(s) of funding for this account.

Revenues are received from the Department of Revenue from the 50 cent surcharge tax on cigarettes.