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**State/Territory Name:** South Dakota

**State Plan Amendment (SPA) #:** SD-08-006

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S3-13-15  
Baltimore, Maryland 21244-1850



**Center for Medicaid and State Operations, CMSO**

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OCT 29 2009

Mr. Larry Iversen, Administrator  
Medical Services  
Department of Social Services  
Kneip Building  
700 Governors Drive  
Pierre, SD 57501-2291

RE: South Dakota 08-006


Dear Mr. Iversen:

We have reviewed the proposed amendment to Attachment 4.19-A and 3.1-A of your Medicaid State plan submitted under transmittal number (TN) 08-006. Effective for services on or after July 1, 2008, this amendment establishes a payment methodology for inpatient psychiatric facilities services for individuals under age 22. In addition, this amendment provides clarification specific to regulatory service requirements.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30) and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 08-006 is approved effective July 1, 2008. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,

 Cindy Mann  
Director  
Center for Medicaid and State Operations

cc: Deborah K. Bowman, Secretary  
Department of SD Social Services

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
HEALTH CARE FINANCING ADMINISTRATIONFORM APPROVED  
OMB NO. 0938-0199**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**1. TRANSMITTAL NUMBER:  
**08-6**2. STATE  
**SOUTH DAKOTA****FOR: HEALTH CARE FINANCING ADMINISTRATION**3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES4. PROPOSED EFFECTIVE DATE:  
**July 1, 2008**

5. TYPE OF PLAN MATERIAL (check one):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

**42 CFR 441.150 through 182**

7. FEDERAL BUDGET IMPACT:

a. FFY 2008

**\$0**

b. FFY 2009

**\$0**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

**Attachment 4.19-B, Page 30 - 4.19-A, Page 9****Attachment 3.1-A, Page 35**9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (if applicable):**Attachment 4.19-B, Page 30 - Delete Without Replacement****Attachment 3.1-A, Page 35**

10. SUBJECT OF AMENDMENT:

**This Amendment to the South Dakota State Plan establishes a payment methodology for inpatient psychiatric facility services for individuals under age 22, a covered service under South Dakota's Plan.**

11. GOVERNOR'S REVIEW (check one):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

16. RETURN TO:

13. TYPED NAME:

**Deborah K. Bowman****Department of Social Services****Division of Medical Services**

14. TITLE:

**Department Secretary****700 Governors Drive****Pierre SD 57501-2291**

15. DATE SUBMITTED:

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

18. DATE APPROVED:

**10-29-09**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: **JUL - 1 2008**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

**William Lasowski**

22. TITLE:

**Deputy Director, CMSO**

23. REMARKS:

The State has in place a public process which complies with the requirements of Section 1902 (a) (13) (A) of the Social Security Act.

Psychiatric Residential Treatment Facilities

The Department will pay facilities based on a per diem rate prospectively calculated based upon the State fiscal year. The Department will use the same methodology for governmental and private facilities.

Providers must submit a cost report on forms designated by the Department identifying allowable costs incurred during the fiscal year. The Department will calculate rates for the facilities based upon each facility's actual allowable costs. Allowable costs include those costs that are ordinary, necessary, reasonable, and adequate to meet costs incurred by those facilities that are related to resident care services in conformance with State and Federal laws and regulations. Allowable cost centers include salaries and benefits for facilities' personnel, payroll taxes, professional fees and contract services, travel/transportation, supplies, occupancy, equipment, depreciation, and other. Non-allowable costs include bad debt, advertising, public relations, and costs not incurred by the facility including the value of donated goods and services.

Providers must maintain a daily census report that identifies the number of residents that received services on any particular day. The Department divides allowable and reasonable costs by the census data to calculate the payment rate for the next rate setting period. The census data for a resident is limited to those days in which the resident is actually present in the facility, and is subject to audit by the Department to verify its accuracy in conjunction with the submitted cost report.

Each facility must submit an annual Department-approved cost report by September 30 of each year identifying actual, previous State fiscal year historical costs. All cost reports are subject to desk review by the Department. If audit adjustments are made, the facility is notified immediately either by telephone, in writing, or electronic mail. The Department will establish desk audit rates for each facility based on the cost report desk review.

The Department calculates the final rate using a minimum occupancy limit of 90% so facilities with occupancy less than 90% will receive per diem rates based upon 90% occupancy. The rate calculated is considered payment in full for all allowable services delivered by the provider to eligible Medicaid recipients.

The Department will annually adjust the daily rate by an inflationary factor of three percent.

The Department will pay out-of-state facilities based upon the rate for comparable services established by the Medicaid agency in the state where the facility is located. If no rate is established by the Medicaid agency in that state, then the per diem rate payable to the out-of-state facility will be the lower of billed charges or the average of the per diem rates in effect for in-state facilities at the time the services are first provided by the out-of-state facility, except that a per diem rate higher than the average per diem rate may be negotiated by the Department for extraordinary or unusual circumstances on a case-by-case basis. Negotiated per diem rates may not exceed the cost of the services provided by the facility.

## SUPPLEMENT TO ATTACHMENT 3.1-A

16. Inpatient Psychiatric Facility Services for Individuals Under Age 22

Preauthorization is required for service. Services provided must meet the requirements of 42 CFR 483.350 through 483.376. All facilities must be enrolled with the Department as Medicaid providers, surveyed and licensed by the South Dakota Department of Health, and provide attestations of accreditation by national organizations prior to licensure. Services fall within the regulations at 42 CFR 441.151.

TN # 08-6  
SUPERSEDES  
TN # 06-2

Approval Date OCT 29 2009

Effective Date 7/01/08