Table of Contents

State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-09-013

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1600 Broadway, Suite 700
Denver, CO 80202-4967

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Region VIII

February 23, 2010

Deborah K. Bowman, Secretary
Department of Social Services
Richard F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2291

RE: South Dakota #09-013

Dear Ms. Bowman:

This is your official notification that South Dakota State Plan amendment 09-013 has been approved effective October 1, 2009. This SPA revises the payment methodology for Indian Health Service clinics and outpatient hospitals.

We want to take this opportunity to thank your staff for the hard and diligent work accomplishing this effort.

If you have any questions concerning this amendment, please contact Cyndi Gillaspie at (303) 844-4725.

Sincerely,

/s/

Richard C. Allen
Associate Regional Administrator
Division for Medicaid & Children's Health Operations

CC: Larry Iversen, Medicaid Director
Mark Zickrick

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: **09-13**

2. STATE: **SOUTH DAKOTA**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2009

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 440.20 and 440.90

7. FEDERAL BUDGET IMPACT:
FFY 2010 = $3,000,000
FFY 2011 = $3,200,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B, Pages 1 and 15

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:
Attachment 4.19-B, Pages 1 and 15

10. SUBJECT OF AMENDMENT:
This is a State Plan Amendment to revise payment methodology for Indian Health Service clinics and outpatient hospitals.

11. GOVERNOR'S REVIEW *(Check One)*:
■ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL: [redacted]

13. TYPED NAME:
Deborah K. Bowman

14. TITLE:
Department Secretary

15. DATE SUBMITTED: 12/18/09

16. RETURN TO:
Department of Social Services
Division of Medical Services
700 Governors Drive
Pierre SD 57501-2291

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 12/18/09

18. DATE APPROVED: 2/23/10

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/1/09

20. SIGNATURE OF REGIONAL OFFICIAL: [redacted]

21. TYPED NAME: Richard C. Allen

22. TITLE: Associate Regional Administrator

23. REMARKS:

ATTACHMENT 4.19-B
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

South Dakota Medicaid will make payments to those medical providers who sign agreements with the State under which the provider agrees: (a) to accept as payment in full the amounts paid in accordance with the payment structures of the State; (b) to keep such records as are necessary to fully disclose the extent of the services provided to individuals receiving assistance under the State Plan; and (c) to furnish the State Agency with such information, regarding any payments claimed by such person or institution for services provided under the State Plan, as the State Agency may request from time to time.

The agency will deny or discontinue payment for services required to care for an individual in his or her home, including all services that would not be paid directly if the person was institutionalized, when the payment level for a 90 day period exceeds 135% of the cost of appropriate institutional care unless the recipient can furnish documentation that the costs of home services will be reduced to less than 135% of appropriate institutional care within 60 days.

Whenever it is indicated that payment is made at Medicare or Title XVIII payment levels the payment amount is equal to 100% of Medicare allowable charges.

Following is a description of the policy and the methods used in establishing payment rates for each type of care and service, other than inpatient hospital or nursing home services, included in the State Plan. In no instance will the amount of payment under the provisions of this attachment exceed the payment made by the general public for identical services.

1. Inpatient Hospital Services

See Attachment 4.19-A.

2a. Outpatient Hospital Services

South Dakota Medicaid will pay participating hospitals with more than 30 Medicaid discharges during the hospital's fiscal year ending after June 30, 1993 and before July 1, 1994 on the basis of reasonable costs computed on the same basis as under Title XVIII with the following exceptions:

1. Costs associated with certified registered nurse anesthetist services will be included as allowable costs;

2. All capital and education costs incurred for outpatient services will be included as allowable costs; and

3. Payments to Indian Health Service outpatient hospitals will be per visit and based upon the approved rates published each year in the *Federal Register* by the Department of Health and Human Services, Indian Health Service, under the authority of sections 321(a) and 322(b) of the Public Health Service Act (42 U.S.C. 248 and 249(b)), Public Law 83-568 (42 U.S.C. 2001(a)), and the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.). The State agency will make payments for visits of the same type of service on the same day at the same provider location only if the services provided are different or if they have different diagnosis codes.

The remaining instate hospitals will be reimbursed at 90% of billed charges.

The agency will reimburse out-of-state hospitals on a prospective basis at a percentage rate equal to the average interim payment made to instate DRG outpatient hospitals. The average interim percentage payment is based on the rates in effect at the time services are provided.

ATTACHMENT 4.19-B
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

9. Clinic Services

Payments for clinic services will be the same for all public and private providers by type of clinic service and are further subject to these limitations for specific types of clinic services:

a. Family planning clinics.

Payment for services will be the lowest of usual and customary charges, 80 percent of Medicare reimbursement rates, or the amount established on the State agency's website.

b. Ambulatory surgical centers.

Payments for payable procedures will be based upon group assignments which will not exceed 80 percent of Medicare reimbursements. Payment rates will be listed on the agency's website. Payable procedures include: nursing, technician, and related services; patient's use of facilities; drugs, biologicals, surgical dressings, supplies, splints, casts, and appliances and equipment directly related to the surgical procedures; diagnostic or therapeutic services or items directly related to the surgical procedures; administrative and recordkeeping services; housekeeping items and supplies; and materials for anesthesia. Items not reimbursable include those payable under other provisions of State Plan, such as physician services, laboratory services, X-ray and diagnostic procedures, prosthetic devices, ambulance services, orthotic devices, and durable medical equipment for use in the patient's home, except for those payable as directly related to the surgical procedures.

c. Endstage renal disease clinics.

Payments will be based upon Medicare principles of reimbursement and based on a fee schedule established by the State agency and published on the agency's website. Payments will not exceed the lower of 80 percent of Medicare reimbursements or usual and customary charges.

d. Indian Health Service clinics.

Payments to Indian Health Service Clinics will be per visit and based upon the approved rates published each year in the *Federal Register* by the Department of Health and Human Services, Indian Health Service, under the authority of sections 321(a) and 322(b) of the Public Health Service Act (42 U.S.C. 248 and 249(b)), Public Law 83-568 (42 U.S.C. 2001(a)), and the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.). The State agency will make payments for visits of the same type of service on the same day at the same provider location only if the services provided are different or if they have different diagnosis codes.

e. Maternal Child Health Clinics.

Payment for services will be at the lowest of usual and customary charges, 80 percent of Medicare reimbursement rates, or the amount established on the State agency's website.

The State agency will annually compare at the beginning of the State fiscal year the Medicaid payment rates for each CPT code with Medicare's published rates for the same procedures. The State agency's rates were set as of July 1, 2009, and are effective for services on or after that date. All rates are published on the State agency's website. The State agency will use computer edits to deny payment for claims which exceed 80 percent of the Medicare rate.