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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-13-005

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



Region VIII

November 27, 2013

Kim Malsam-Rysdon, Secretary
Department of Social Services
Richard F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2291

RE: South Dakota #13-005

Dear Ms. Malsam-Rysdon:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 13-005. This SPA removes obsolete language pertaining to outpatient hospital reimbursement methodology used in the SFY 2013, replacing it with reimbursement calculations for SFY 2014.

Please be informed that this State Plan Amendment is approved effective July 1, 2013. We are enclosing the CMS-179 and the amended plan page(s).

If you have any questions concerning this amendment, please contact Laurie Jensen at (303) 844-7126.

Sincerely,

/s/

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

CC: Kirby Stone, Medicaid Director
Ann Schwartz
Sarah Aker

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER:
SD-13-5

2. STATE:
South Dakota

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2013

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 430.10, 447.321 and 447.256-447.272

7. FEDERAL BUDGET IMPACT:

a. FFY 2013: \$ 162,205

b. FFY 2014: \$ 648,819

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 1b

9. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (If Applicable):

Attachment 4.19-B, Page 1b

10. SUBJECT OF AMENDMENT:

This State Plan Amendment removes obsolete language pertaining to outpatient hospital reimbursement methodology used in State Fiscal Year 2013, replacing it with reimbursement calculations for State Fiscal Year 2014. This change implements State Fiscal Year 2014 budget appropriations.

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:

13. TYPED NAME:

Brenda Tidball-Zeltinger

14. TITLE:

DSS Chief Financial Officer

15. DATE SUBMITTED:

6/28/2013

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:

6/28/13

18. DATE APPROVED:

11/27/13

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/13

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

RICHARD C. ALLEN

22. TITLE:

ARA, DMCHO

23. REMARKS:

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

4. The agency will make prospective payments to outpatient hospitals based upon Medicare principles and the above exceptions using the CMS 2552-10 Report, Worksheet C, Part 1 lines 37-68 as submitted by the hospitals to determine the Medicare outpatient cost-to-charge ratios (CCRs) for the ancillary cost centers for each hospital. All participating hospitals must submit their Medicare cost reports to the agency within 150 days following the end of their fiscal year. For each hospital, the agency will use average of the ancillary CCRs for that hospital to calculate the hospital-specific reimbursement percentage to apply to outpatient charges from that hospital to determine the prospective Medicaid payment.

The remaining in-state hospitals will be reimbursed at 90% of billed charges. Hospitals' charges shall be uniform for all payers and may not exceed the usual and customary charges to private pay patients.

For claims with dates of service from July 1, 2013 through June 30, 2014, the amount of reimbursement for outpatient services in in-state DRG hospitals that meet the criteria to be designated as Medicare Critical Access or Medicaid Access Critical will be increased over the State Fiscal Year 2012 calculations by 3.0%. For outpatient services in in-state hospitals that do not meet those criteria, reimbursements will be decreased by 2.2% over the State Fiscal Year 2013 calculations. Medicare Critical Access Hospitals are those that meet the criteria of the regulations at 42 CFR 485.606. Medicaid Access-Critical hospitals are those rural community hospitals which provide access to essential health service (emergency, primary, acute, and nursing care) within a service area where no other (or it is likely that no other) provider of such essential services exists.

Reimbursement for outpatient services at out-of-state hospitals is calculated at 30.85% of the hospitals' usual and customary charges.

TN # 13-5
SUPERSEDES
TN # 12-10

Approval Date 11/27/13

Effective Date 7/01/13