
Table of Contents

State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-16-0004

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
1961 Stout Street, Room 08-148
Denver, CO 80294



Region VIII

August 26, 2016

Lynne Valenti, Secretary
South Dakota Department of Social Services
Richard F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2291

RE: South Dakota #16-0004

Dear Ms. Valenti:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 16-0004. This State Plan Amendment removes obsolete language pertaining to outpatient hospital reimbursement used in State Fiscal Year 2016, replacing it with reimbursement methodology for State Fiscal Year 2017. This change implements South Dakota's State Fiscal Year 2017 legislative budget appropriations.

Please be informed that this State Plan Amendment was approved today with an effective date of July 1, 2016. We are enclosing the CMS-179 and the amended plan pages(s).

If you have any questions concerning this amendment, please contact Kirstin Michel at (303) 844-7036.

Sincerely,

A solid black rectangular box used to redact the signature of Richard C. Allen.

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

cc: Brenda Tidball-Zeltinger, Deputy Secretary
Ann Schwartz, Deputy Director

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

1. TRANSMITTAL NUMBER:
SD-16-004

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, 2016

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 2016: \$ 211,748.50
b. FFY 2017: \$ 635,245.50

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 PAGE NUMBER OF THE SUPERSEDED PLAN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 used in State Fiscal Year 2016, replacing it with reimbursement methodology for State Fiscal Year 2017. This change implements South Dakota's State Fiscal Year 2017 legislative 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:

Lynne A. Valenti

14. TITLE:

Cabinet Secretary

15. DATE SUBMITTED:

August 1, 2016

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:

August 1, 2016

18. DATE APPROVED:

August 26, 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2016

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 50-200 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, 2016 through June 30, 2017, 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 2014 calculations by 3.0%. For outpatient services in in-state hospitals that do not meet those criteria, reimbursements will be increased by 2.7% over the State Fiscal Year 2016 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 38.2% of the hospitals' usual and customary charges.