

---

## Table of Contents

**State/Territory Name:** South Dakota

**State Plan Amendment (SPA) #:** SD-17-0001

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 AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



---

**Financial Management Group**

SEP 18 2017

Lynne A. Valenti  
Cabinet Secretary  
Department of Social Services  
700 Governors Drive  
Pierre, South Dakota 57501-2291

Re: South Dakota 17-0001

Dear Ms. Valenti:

We have reviewed the proposed amendment to Attachment 4.19-A and 4.19-B of your Medicaid State plan submitted under transmittal number (TN) 17-0001. Effective for services on or after April 4, 2017, this amendment provides for clarification to clinic services and specialized surgical hospitals payment methodologies.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 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 TN 17-0001 is approved effective April 4, 2017. The Form CMS-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at (303) 844-7044 or Kirstin Michel at 303-844-7036.

Sincerely,




Kristin Fan  
Director

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	<b>1. TRANSMITTAL NUMBER:</b> SD-17-001	<b>2. STATE:</b> South Dakota
	<b>3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
<b>TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE &amp; MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	<b>4. PROPOSED EFFECTIVE DATE:</b> April 4, 2017	
<b>5. TYPE OF PLAN MATERIAL (Check One):</b> <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		

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


<b>6. FEDERAL STATUTE/REGULATION CITATION:</b> 42 CFR 447.201(b)	<b>7. FEDERAL BUDGET IMPACT:</b> a. FFY 2017: \$ 0.00 b. FFY 2018: \$ 0.00
<b>8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:</b> Attachment 4.19-A, page 5 and Attachment 4.19-B, page 15	<b>9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):</b> Attachment 4.19-A, page 5 and Attachment 4.19-B, page 15
<b>10. SUBJECT OF AMENDMENT:</b> This State Plan Amendment clarifies clinic services and specialized surgical hospitals payment methodologies.	
<b>11. GOVERNOR'S REVIEW (Check One):</b> <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

<b>12. SIGNATURE OF STATE AGENCY OFFICIAL:</b> 	<b>16. RETURN TO:</b> DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
<b>13. TYPED NAME:</b> Lynne A. Valenti	
<b>14. TITLE:</b> Cabinet Secretary	
<b>15. DATE SUBMITTED:</b> May 4, 2017	

**FOR REGIONAL OFFICE USE ONLY**

<b>17. DATE RECEIVED:</b>	<b>18. DATE APPROVED:</b> SEP 18 2017
---------------------------	---------------------------------------

**PLAN APPROVED - ONE COPY ATTACHED**

<b>19. EFFECTIVE DATE OF APPROVED MATERIAL:</b> APR 04 2017	<b>20. SIGNATURE OF REGIONAL OFFICIAL:</b> 
<b>21. TYPED NAME:</b> Kristin Fan	<b>22. TITLE:</b> Director, FMO

**23. REMARKS:**

5. Rehabilitation Units (only upon request and justification);
6. Children's Care Hospitals;
7. Indian Health Service Hospitals;
8. Hospitals with less than 30 Medicaid discharges during the hospital's fiscal year ending after June 30, 1993, and before July 1, 1994; and
9. Specialized Surgical Hospitals.

Payment for rehabilitation hospitals and units, perinatal units, and children's care hospitals will continue on the Medicare retrospective cost base system with the following exceptions:

1. Costs associated with certified registered nurse anesthetist services that relate to exempt hospitals and units will be included as allowable costs.
2. Malpractice insurance premiums attributable to exempt units or hospitals will be allowed using 7.5% of the risk portion of the premium multiplied by the ratio of inpatient charges to total Medicaid inpatient charges for these hospitals or units.

The agency provides a link to Medicare's DRGs on its website at <http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx>

Payment for psychiatric hospitals, psychiatric units, rehabilitation hospitals, rehabilitation units, perinatal units, and children's care hospitals is on a per diem basis based on the facility's reported, allowable costs, as established by the State. This per diem amount is updated annually as directed by the Legislature based on review of economic indices and input from interested parties not to exceed the rate as established by the medical care component of the Consumer Price Index of the most recent calendar year.

Specialized surgical hospitals payments for payable procedures will be based upon group assignments. Payment rates are effective April 4, 2017 and will be listed on the agency's website <http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx>. The fee schedule is subject to annual/periodic adjustment. 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.

Indian Health Service hospitals are paid on a per diem basis as established by CMS.

Instate hospitals with less than 30 discharges during the hospital's fiscal year ending after June 30, 1993, and before July 1, 1994, are paid 95% of billed charges.

For claims with dates of service on and after July 1, 2012, the amount of reimbursement for psychiatric hospitals, rehabilitation hospitals, perinatal units, psychiatric units, rehabilitation units, children's care hospitals, and specialized surgical hospitals will be increased 5% over the State fiscal year 2012 calculations after any cost sharing amounts due from the patient, any third party liability amounts have been deducted and other computation of any cost outlier payment.

#### **EXCEPTION TO PAYMENT METHODOLOGIES FOR ACCESS-CRITICAL AND AT-RISK HOSPITALS**

South Dakota Medicaid will reimburse hospitals classified as Medicare Critical Access or Medicaid Access Critical at the greater of actual allowable cost or the payment received under the provisions contained in this Attachment.

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 or the amount established on the State agency's website <http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx>. The State agency's rates are effective for services on or after July 1, 2016.

b. Ambulatory surgical centers.

Payments for payable procedures will be based upon group assignments. Payment rates will be listed on the agency's website <http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx>. The State agency's rates are effective for services on or after July 1, 2016. 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. Room and board are not eligible for reimbursement.

c. Endstage renal disease clinics.

Payments for services will be the lowest of usual and customary charges or the amount established on the State agency's website <http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx>. The State agency's rates are effective for services on or after July 1, 2016.

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 or the amount established on the State agency's website <http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx>. The State agency's rates are effective for services on or after July 1, 2016.