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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-17-0005

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



REGION VIII - DENVER

August 31, 2017

William Snyder, Medicaid Director
South Dakota Department of Social Services
Richard F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2291

RE: South Dakota #17-0005

Dear Mr. Snyder:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 17-0005. This amendment updates the outpatient hospital reimbursement methodology.

Please be informed that this State Plan Amendment was approved today with an effective date of July 1, 2017. We are enclosing the CMS-179 and the amended plan pages(s).

In order to track expenditures associated with this amendment, South Dakota should follow the CMS-64 reporting instructions outlined in Section 2500 of the State Medicaid Manual (SMM). This amendment would affect expenditures reported on Line 6A- Outpatient Hospital Services.

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

Sincerely,



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

cc: Brenda Tidball-Zeltinger, Deputy Secretary
Sarah Aker, South Dakota

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER:
SD-17-005

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, 2017

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 447.201

7. FEDERAL BUDGET IMPACT:

a. FFY 2017: \$ 0.00
b. FFY 2018: \$ 0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 1b of Attachment 4.19-B

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 PAGE NUMBER OF THE SUPERSEDED PLAN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

Page 1b of Attachment 4.19-B

10. SUBJECT OF AMENDMENT:

The proposed SPA removes duplicative language from the outpatient hospital payment methodology section.

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. OFFICIAL:

13. TYPED NAME:

Lynne A. Valenti

14. TITLE:

Cabinet Secretary

15. DATE SUBMITTED:

August 3, 2017

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 3, 2017

18. DATE APPROVED:

August 31, 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2017

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.

Reimbursement for outpatient services at out-of-state hospitals is calculated at 38.2% of the hospitals' usual and customary charges.