



South Dakota
Department of
Social Services

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

700 GOVERNORS DRIVE

PIERRE, SD 57501-2291

PHONE: 605.773.3495

FAX: 605.773.5246

Final Spending Plan and Narrative Report

Note: The Department of Social Services (DSS) is South Dakota's State Medicaid Agency. Our Home and Community Based Services waivers are administered by our sister agency, the Department of Human Services (DHS). As such, this spending plan is a collaboration between DSS and DHS.

Executive Summary

The March 2021 American Rescue Plan Act (ARPA) allows enhanced federal funding for State Medicaid spending on home and community-based services (HCBS). HCBS allow older adults and people with disabilities to live in their home or a home-like setting and remain integrated with the community. These programs serve a variety of targeted population groups, such as people with intellectual or developmental disabilities (I/DD), physical disabilities, and/or mental health needs. Section 9817 of the ARPA provides the State with a one-year, 10 percentage point increase in their federal medical assistance percentage (FMAP) for certain Medicaid HCBS expenditures. This 10-percentage point increase will apply only to certain HCBS expenditures provided between April 1, 2021 and March 31, 2022.

Over the past decade, the State of South Dakota has made great strides in enhancing and improving Medicaid HCBS. Accomplishments include:

- Addition of alternative living choices under the HCBS waivers operated by LTSS (Community Living Homes and Structured Family Caregiving) and DD (Shared Living).
- Expansion of transition support through addition of Community Transitions and Supports Services through the LTSS HOPE 1915(c) waiver.
- Review and increase of home and community-based services rate reimbursement to support additional in-home services.
- Rebranding and conducting an advertising campaign for South Dakota's Aging and Disability Resource Center, Dakota at Home, to raise awareness of services and supports available.
- South Dakota responded to the COVID-19 Public Health Emergency (PHE) through continuous evaluation of support needs for affected populations including older adults and individuals with I/DD.
- South Dakota is one of 33 states that continues to transition individuals from nursing facilities to HCBS.
- As a result, South Dakota has increased the HCBS percentage of total Medicaid expenditures from 45% in 2013 to 52% in 2020 across all Disability services.

The State used stakeholder, administration, and legislative feedback to inform and guide our spending plan.

The State implemented rate increases appropriated by the legislature. HCBS waiver rate increases were implemented July 1, 2021 and July 1, 2022. The State issued supplemental

payments to providers in March 2022.

Spending Plan

Actual Savings - 10% FMAP Increase

	FFY Q3 2021	Q4 2021	Q1 2022	Q2 2022	Total
10% FMAP	\$5,336,285	\$5,926,637	\$6,038,113	\$15,467,304	\$32,768,339
DSS- Home Health and Rehab Services	\$828,441	\$781,069	\$897,805	\$2,346,612	\$4,853,927
DHS- 1915C, Incontinence Supplies, Personal Care	\$4,507,844	\$5,145,568	\$5,140,308	\$13,120,692	\$27,914,412

Spending Plan Actual Expenditures

Enhancement of HCBS Infrastructure

Spending Activity	HCBS Medicaid Authority	Total Expenditures	Federal Share
Eligible providers were paid a onetime supplemental payment in March 2022. 80 percent of the payment is required to be used for direct care workforce activities. 20 percent of the payment is required to be used for equipment and supplies. Providers may request in writing an exception from the State to reallocate the percent of the supplemental payment that is designated for each activity.	Home Health Care Services	\$3,633,305	\$2,720,982
	Personal Care Services	\$4,946,545	\$3,704,468
	Rehabilitative Services	\$10,403,203	\$7,790,959
	1915(c) Services	\$75,413,253	\$56,476,985
	Total	\$94,396,306	\$70,693,394

To calculate total state and federal dollars available of \$94.4 million, the State used the FMAP for FFY22, which is 74.89%. The FFY22 FMAP is 58.69% plus 10% temporary enhanced rate plus 6.2% temporary PHE increase. The total increased FMAP claimed by South Dakota was \$32,768,221 with \$9,439,632 attributable to the March 2022 supplemental payment. In total for the enhanced infrastructure for HCBS workforce activity the expenditures were \$94,396,306. The state share of this was \$23,702,912 and the federal share was \$70,693,394.

Reimbursement Rate Increases

Expenditures associated with rate increases are listed below. For purposes of reporting the amount attributable to rate increases expenditure data has been limited to the time period of July 1, 2021 to

May 31, 2023. The total expenditures column reflects the total expenditures attributable to the rate increases. The federal share reflects the federal share of the rate increase.

Spending Activity	HCBS Medicaid Authority	Total Expenditures	Federal Share
	1915(c) Services	\$32,895,104	\$20,918,636

Rate increases resulted in \$11,976,469 in state reinvestment resulting in a total state reinvestment of \$35,679,381. For purposes of the closeout document the State limited reported rate increases to CHOICES waiver rate increases and did not include rate increases for other HCBS services.

Assurances

State equivalent funds were not spent on the following:

- Activities eligible for Medicaid administrative match;
- Activities matched at the 90 percent FFP rate for the design, development, or installation, or enhancement to mechanized claims processing and information retrieval systems, or at the 75 percent FFP rate for operations of such systems, as well as the federal share for those activities; or
- Activities not eligible for FFP.

Spending Plan Narrative

Over the past decade the State has implemented an array of HCBS strategies and approaches that promote community living over institutionalization, offering older adults and individuals with disabilities choice, control, and access to services that help them achieve independence, optimal health, and quality of life. Currently South Dakota has a robust array of HCBS services providing benefits under the State plan as well as through 1915(c) waivers.

The State gathered stakeholder input regarding the Enhancement of HCBS Infrastructure Initiative below in the limited time available. The quarterly report reflects the spending plan approved by CMS through the state plan amendment and Appendix K approval processes.

Reimbursement rate increase were appropriated by the South Dakota legislature in the 2021 and 2022 legislative sessions. Public input opportunities were allowed through the legislative process.

Enhancement of HCBS Infrastructure	
Description	<ol style="list-style-type: none"> 1. The State made supplemental payments to qualified providers in March 2022. <ol style="list-style-type: none"> a. Eighty percent of the total payment was for direct care workforce activities. Direct care workforce may include one-time compensation payments, including temporary shift differentials; a one-time compensation adjustment to direct care staff as a method of retention; other types of retention incentives such as paid family leave and paid sick leave; and activities to recruit direct care workers. b. Twenty percent of the total payment was for equipment and supplies. Equipment and supplies may include expenses related to

	<p>COVID-19 related equipment, testing supplies, and infection control; telehealth equipment and assistive technology for providers; and other supplies and equipment that enhance the delivery of HCBS.</p> <p>c. Providers may request in writing an exception from the State to reallocate the percent of the supplemental payment that is designated for each activity. The request must include the proposed use of the funds, justification for the exception, and a report of to date use of supplemental payment funds. The State will determine whether to approve requests based on the merits of the exception request including whether granting the exception furthers the goal of expanding, enhancing, or strengthening HCBS services.</p> <p>d. Providers will provide the State with a report of funds expended and for what purpose in the form and manner designated by the State.</p> <p>All “Enhancement of HCBS infrastructure” activities are targeted at providers delivering services listed in Appendix B of the SMDL 21-003 or that could be listed in Appendix B. South Dakota will not be using the enhanced 10% FMAP to pay for room and board.</p>
Responsible Agency	Department of Social Services, Division of Medical Services Department of Human Services, Divisions of: Rehabilitation Services, Developmental Disabilities, Long-Term Services and Supports
Reinvestment	\$94,396,306 in total funds with \$23,702,912 in State funds.
Reimbursement Rate Increases	
Description	The State implemented rate increases for HCBS waiver services effective July 1, 2021 and July 1, 2022. Rate increases referenced in this report are for providers delivering services listed in Appendix B of the SMDL 21-003.
Responsible Agency	Department of Social Services, Division of Medical Services Department of Human Services, Divisions of Developmental Disabilities
Reinvestment	\$32,895,104 in total fund with \$11,976,469 in State funds for the time period of July 1, 2021 to May 31, 2023.
Final Spending Plan	
	<p>Sustainability: Activities under the Enhancement of HCBS Infrastructure constitute one-time spending that will not be sustained. Activities under Reimbursement Rate Increases are anticipated to be sustained.</p> <p>Expenditures/Projections: South Dakota has satisfied the requirement to use state funds equivalent to the amount of federal funds attributable to the increased FMAP to implement or supplement the implementation of one or more activities to enhance, expand, or strengthen HCBS under the Medicaid program.</p> <p>SPAs/Waiver Amendments: The State received approval from CMS of both the state plan amendment and the Appendix Ks that provide the authority to make supplemental payments to in-state state plan providers. Appendix Ks were approved by CMS for all four of South Dakota’s 1915(c) HCBS waivers on March 4, 2022. South Dakota’s four 1915(c) waivers are the CHOICES waiver, Family Support 360 waiver, HOPE waiver, and ADLS waiver. The state plan amendment was approved by CMS on March 15, 2022.</p>

	<p>Capital Investments: Enhancement of HCBS Infrastructure funding will not be used for capital investments. Funding for initial internet connectivity in relation to the Enhancement of HCBS Infrastructure activity is limited to providers of services listed in Appendix B and must enhance, expand, or strengthen HCBS under the Medicaid program. Funding will not be used for ongoing internet connectivity. Reimbursement rate increases referenced in this report are regarding providers of services listed in Appendix B.</p> <p>Implementation: The State issued supplemental payments to providers in March 2022. Rate increases were implemented on July 1, 2021 and July 1, 2022 and are still in effect for providers.</p>
Ongoing Monitoring	
	<p>Providers are required to report enhancement of infrastructure spending activities to the State no later than June 30, 2024. Funding is subject to audit and review by the State’s program integrity unit and Medicaid Fraud Control Unit. Expenditures related to rate increases are subject to post payment audit by the State’s program integrity unit, Medicaid Fraud Control Unit review, and federal audits.</p>