



STATE OF SOUTH DAKOTA  
OFFICE OF THE GOVERNOR

KRISTI NOEM | GOVERNOR

October 11, 2022

Judith Cash, Director  
State Demonstrations Group  
Division of Eligibility & Coverage Demonstrations

*Sent via Email Only to 1115demorequests@cms.hhs.gov*

Re: Extension Request for Former Foster Care Youth 1115 Demonstration

Dear Ms. Cash:

Please accept this letter along with enclosed supporting documentation outlined below as South Dakota's application to the Centers for Medicare & Medicaid Services (CMS) to extend the South Dakota Former Foster Care Youth Demonstration, No. 11-W-00319/8, for a period of five years pursuant to section 1115(a) of the Social Security Act.

South Dakota is requesting a Section 1115(a) extension of the Former Foster Care Youth Demonstration with no program changes. The State is requesting to extend approval of the demonstration subject to the same Special Terms and Conditions (STCs), waivers, and expenditure authorities currently in effect for the period May 1, 2018 through April 30, 2023. The State attests it will continue to operate the demonstration in accordance with the requirements outlined in the STCs.

South Dakota is submitting the following items in support of the extension request that show the demonstration is operating in accordance with the objectives of Title XIX as originally approved.

- **Appendix A:** A historical narrative summary of the demonstration project.
- **Appendix B:** Budget/allotment neutrality assessment and projections for the projected extension period.
- **Appendix C:** Interim evaluation of the overall impact of the demonstration that includes evaluation activities and findings to date.
- **Appendix D:** State quality assurance monitoring.
- **Appendix E:** Documentation of the state's compliance with the public notice process set forth in 42 CFR 431.408 and 431.420.

We look forward to approval of the extension request.

Sincerely,

Kristi Noem  
Governor

## Appendix A: Historical Narrative

South Dakota's Former Foster Care Youth Demonstration was approved by CMS on April 30, 2018. The demonstration allowed Medicaid to continue to provide full Medicaid state plan benefits to former foster care youth who are under age 26 with household income up to 182 percent of the Federal Poverty Level (FPL), were in foster care under the responsibility of another state or tribe on the date of attaining 18 years of age (or such higher age as the state has elected for termination of Federal foster care assistance under title IV-E of the Act), were enrolled in Medicaid on the date of aging out of foster care, and applied for Medicaid in South Dakota. This group was covered under the Medicaid state plan prior to April 30, 2018. Based on CMS's revised interpretation of federal regulations this group was no longer able to be covered under the state plan and had to be transitioned to coverage under an 1115 demonstration.

The goals of the demonstration are the following:

1. Maintain access to Medicaid for former foster care youth who were in foster care and Medicaid in another state and are now a South Dakota resident applying for Medicaid in this state.
2. Improve or maintain health outcomes for the demonstration population.

The demonstration was anticipated to provide eligibility to a small number of individuals. Total enrollment was the following for the initial three years of the demonstration:

- Year 1 - 7 recipients
- Year 2 - 7 recipients
- Year 3 - 9 recipients
- Year 4 - 8 recipients
- Year 5 - 9 recipients estimated

South Dakota expects enrollment to be approximately 10 individuals or less in years 6 to 10 of the demonstration based on historical data. The demonstration provides Medicaid coverage to individuals and is not expected to impact state plan Medicaid enrollment trends.

Expenditures associated with this demonstration have been low. The following are actual expenditures for the initial three years of the demonstration:

- Year 1 - \$18,038
- Year 2 - \$28,813
- Year 3 - \$32,472
- Year 4 - \$24,532
- Year 5 - \$28,502 estimated

Average expenditures for years 1 – 4 of the demonstration were \$25,964. South Dakota expects expenditures to be similar to average historical expenditures in years 6 to 10 of the demonstration with expenditure ranging annually from approximately \$20,000 to \$32,500.

Individuals covered under this demonstration are covered under a fee-for-service delivery system and are not required to participate in the Primary Care Provider program. Benefit coverage and cost sharing for individuals eligible under the demonstration is the same as individuals covered under the Medicaid state plan.

The demonstration has provided continued coverage for this population as intended. Based on the small number of individuals in the demonstration it is not feasible to draw conclusions about whether the health outcomes for the demonstration population were improved or maintained; however, the demonstration has ensured these individuals continue to have access to healthcare.

The state is requesting to extend approval of the demonstration subject to the same Special Terms and Conditions (STCs), waivers, and expenditure authorities currently in effect for the period May 1, 2018 through April 30, 2023.

## Appendix B: Budget/Allotment Neutrality Assessment

The Former Foster Care Youth demonstration has operated within the approved budget neutrality terms as demonstrated in the table below. The State is projected the PMPM in demonstration year 5 based on the average PMPM for years 1-4 multiplied by a 6 percent provider inflationary rate increase that went into effect July 1, 2022.

**Table 1:** PMPM Limits and Actual PMPM Expenditures

<b>1115 Demonstration</b>	<b>DY 1</b>	<b>DY 2</b>	<b>DY 3</b>	<b>DY 4</b>	<b>DY 5</b>
PMPM Expenditure Limits	\$420.39	\$429.26	\$438.32	\$447.58	\$457.01
Actual PMPM	\$247.10	\$288.13	\$315.26	\$255.54	
Projected PMPM					\$293.10

Initial limits were established based on historical expenditures for the FFCY population. The State proposes to continue to use that historical data and continue to apply a 2.1 percent trend for demonstration years 6 through 10.

**Table 2:** Projections for DY6 – DY 10

<b>1115 Demonstration</b>	<b>DY 6</b>	<b>DY 7</b>	<b>DY 8</b>	<b>DY 9</b>	<b>DY 10</b>
PMPM Expenditure Limits	\$466.61	\$476.61	\$486.41	\$496.63	\$507.05

South Dakota expects enrollment to be approximately 10 individuals or less in years 6 to 10 of the demonstration based on historical data. Average expenditures for years 1 – 4 of the demonstration were \$25,964. South Dakota expects expenditures to be similar to average historical expenditures in years 6 to 10 of the demonstration with expenditure ranging annually from approximately \$20,000 to \$32,500. The demonstration is not expected to impact Medicaid state plan Medicaid enrollment trends or Medicaid state plan aggregate expenditures.

## Appendix C: Interim Evaluation

### Introduction

The purpose of the South Dakota Former Foster Care Youth section 1115 demonstration is to provide Medicaid coverage to former foster care youth under age 26 with an income up to 182 percent of the Federal Poverty Level, who were in foster care under the responsibility of another state or tribe on the date of attaining 18 years of age (or such higher age as the state has elected for termination of federal foster care assistance under title IV-E of the Act), were enrolled in Medicaid on the date of aging out, and are now applying for Medicaid in South Dakota. The Medicaid program objectives of this demonstration are to increase and strengthen overall coverage of former foster care youth and improve health outcomes for this population.

The demonstration was approved on April 30, 2018 for the period of May 1, 2018 through April 30, 2023. This Interim Evaluation Report analyzes data from May 1, 2018 through April 30, 2021. The number of beneficiaries enrolled in the demonstration has ranged between 4 and 9 during the first three years of the demonstration.

### Demonstration Goals

The goals of the demonstration are the following:

1. Maintain access to Medicaid for former foster care youth who were in foster care and Medicaid in another state and are now a South Dakota resident applying for Medicaid in this state.
2. Improve or maintain health outcomes for the demonstration population.

### Goal 1: Maintain Medicaid Access

For goal one there are two evaluation hypotheses being evaluated:

1. Beneficiaries will be continuously enrolled for 12 months.
2. Beneficiaries will access health services.

These hypotheses were analyzed using the measures outlined in the following table:

Measure	Year 1 May 1, 2018 – April 30, 2019	Year 2 May 1, 2019 – April 30, 2020	Year 3 May 1, 2020 – April 30, 2021
Number of beneficiaries continuously enrolled/ total number of enrollees	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***
Number of beneficiaries who had an ambulatory care visit/ Total number of beneficiaries	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***
Number of beneficiaries who had an emergency department visit/ Total number of beneficiaries	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***

<b>Measure</b>	<b>Year 1</b> May 1, 2018 – April 30, 2019	<b>Year 2</b> May 1, 2019 – April 30, 2020	<b>Year 3</b> May 1, 2020 – April 30, 2021
			between 1 and 10***
Number of beneficiaries who had an inpatient visit/ Total number of beneficiaries	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***
Number of beneficiaries who had a behavioral health encounter /Total number of beneficiaries	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***

### Conclusion

The demonstration has provided continuous health insurance coverage for the demonstration population. In addition, individuals in the demonstration population have access to health services and have utilized health services.

### **Goal 2: Improve or Maintain Health Outcomes**

For demonstration goal two there is one evaluation hypothesis being evaluated:

1. Beneficiaries will have positive health outcomes.

This evaluation question was analyzed using the measures outlined in the following table:

<b>Measure</b>	<b>Year 1</b> May 1, 2018 – April 30, 2019	<b>Year 2</b> May 1, 2019 – April 30, 2020	<b>Year 3</b> May 1, 2020 – April 30, 2021
Number of beneficiaries with appropriate follow-up care for hospitalizations (physical and/or mental illness)/Total number of beneficiaries with hospitalizations	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***
Total number of beneficiaries with appropriate medication management for people with asthma/ Total number of beneficiaries on medication for asthma	N/A – No recipients found with asthma for demonstration year.	N/A – No recipients found with asthma for demonstration year.	N/A – No recipients found with asthma for demonstration year.

<b>Measure</b>	<b>Year 1</b> May 1, 2018 – April 30, 2019	<b>Year 2</b> May 1, 2019 – April 30, 2020	<b>Year 3</b> May 1, 2020 – April 30, 2021
Total number of beneficiaries on persistent medications with annual monitoring/ Total number of beneficiaries on persistent medications	N/A – No recipients found with persistent medications for demonstration year.	N/A – No recipients found with persistent medications for demonstration year.	N/A – No recipients found with persistent medications for demonstration year.
Total number of beneficiaries with an annual preventive visit/ Total number of beneficiaries	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***
Total number of beneficiaries with a cervical cancer screening/ Total number of beneficiaries eligible for cervical cancer screen	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***	***Data Suppressed – Denominator is between 1 and 10***

Conclusion

Based on the small number of individuals in the demonstration it is not feasible to draw a conclusion about whether the health outcomes for the demonstration population were improved or maintained.

**Methodological Limitations**

There are several limitations when evaluating this demonstration. The limited enrollment of the demonstration limits the ability to conduct statistical analyses. Additionally, the COVID-19 Public Health Emergency may have impacted the health utilization and outcomes of beneficiaries.

## **Appendix D: Quality Assurance**

Services reimbursed under the demonstration are subject to the same program integrity and quality assurance monitoring activities as all other services provided to South Dakota Medicaid recipients. Reviews include, but are not limited to, the following:

- **DSS Quality Assurance Monthly Review:** The demonstration population is included in the universe for sampling for this review by the department. The review utilizes the same methodology as PERM.
- **DSS Supervisor Reviews:** On a monthly basis each Benefit Specialist has 10 cases reviewed at random by their supervisor to verify the accuracy of their eligibility determinations.
- **Program Integrity Unit Reviews:** The Program Integrity Unit conducts post-payment provider reviews.
- **Quality Improvement Organization:** This program reviews inpatient hospital claims to ensure quality of services and correct coding.
- **Office of Recoveries and Fraud Investigations:** This division conducts investigations of recipient fraud and recovers payments from third party liability sources.
- **Drug Utilization Review:** In partnership with South Dakota State University, this program conducts a retrospective review of recipients' drug claims and provides education to physicians.

In addition to these internal reviews, external reviews include:

- **Unified Program Integrity Contractors:** This program involves federal contractors conducting independent audits of providers.
- **Medicaid Fraud Control Unit:** This unit is located in the South Dakota Attorney General's Office and investigates fraudulent practices.

South Dakota Medicaid also does a comparative analysis of the CMS 64 and claims data to ensure there is no duplication of federal funding.

In addition to these quality assurance activities the state monitors quality of and access to care through an annual Consumer Assessment and Healthcare providers and systems survey. The State also monitors access to care through our Access Monitoring Review Plan, which concluded there is similar access to healthcare for the Medicaid population as the general population.



## **Appendix E: Public Notice and Tribal Consultation**

South Dakota conducted a public comment period starting on June 27, 2022 and ending on July 27, 2022. Tribal consultation ran concurrently on the specified dates. Public notice information was made available on the department's website at <https://dss.sd.gov/medicaid/1115waiver.aspx> and an abbreviated notice was published in the *South Dakota Register* on June 21, 2022: <https://mylrc.sdlegislature.gov/api/Documents/Register/237369.pdf>.

South Dakota conducted two public hearings. Both of the hearings included the ability for attendees to attend the hearing via Zoom. The public hearings were held on the following dates/locations:

06/29/2022  
8:00am Mountain Time/ 9:00am Central Time  
Kneip Building  
Kneip 1 Conference Room  
700 Governors Drive  
Pierre, SD 57501-2291

Commenters may also appear via Zoom using the following link: <https://state-sd.zoom.us/j/95274801122?pwd=MURqWkZHWndMOG51Qmo3TDZAzMDZoUT09>  
Meeting ID: 952 7480 1122  
Passcode: 086581

07/06/2022  
1:00pm Mountain Time/ 2:00pm Central Time  
DSS Hot Springs Office  
Conference Room  
2411 Hero Ave.  
Hot Springs, SD 57747-0729

Commenters may also appear via Zoom using the following link: <https://state-sd.zoom.us/j/95233740231?pwd=ZVJUUVUpJbWs1ZVFMNTc0bk9wcTRtZz09>  
Meeting ID: 952 3374 0231  
Passcode: 568365

South Dakota sent notice of the public comment period via our administrative rules change listserv.

Both public hearings were attended by two state staff members. No other individuals attended the public hearings. No comments were received during the public comment and tribal consultation periods.

### **Post Award Public Forums**

South Dakota held post award public forums on the following dates:

- October 30, 2018
- November 19, 2019
- November 3, 2020

- November 4, 2021

Public notice for the public forums was published in the *South Dakota Register*. Each forum included the option to appear in person or appear telephonically. No comments were received at the public forums.