

Table of Contents

State/Territory Name: South Dakota

State Plan Amendment (SPA) #: 25-0002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS Form 179
- 3) Approved SPA Page

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

March 10, 2025

Heather Petermann
Medicaid Director
South Dakota Department of Social Services
700 Governors Drive
Pierre, South Dakota 57501-2291

Re: South Dakota State Plan Amendment (SPA) 25-0002

Dear Director Petermann:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 25-0002. This amendment proposes a two-year extension of the exception from establishing a Medicaid Recovery Audit Contractor (RAC) program.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and the implementing regulations 42 CFR §455.516. This letter is to inform you that South Dakota Medicaid SPA 25-0002 was approved on March 10, 2025, with an effective date of June 1, 2025.

If you have any questions, please contact Tyler Deines at 202-571-8533 or via email at tyler.deines@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Ruth A. Hughes.

Ruth A. Hughes, Acting Director
Division of Program Operations

cc: Matthew Ballard, South Dakota Medicaid

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

1. TRANSMITTAL NUMBER <u>2 5 — 0 0 0 2</u>	2. STATE <u>SD</u>
3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
4. PROPOSED EFFECTIVE DATE <u>June 1, 2025</u>	
6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2025</u> \$ <u>0</u> b. FFY <u>2026</u> \$ <u>0</u>	
5. FEDERAL STATUTE/REGULATION CITATION <u>1902(a)(42)(B)(i)</u>	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <u>Section 4.5, Page 36b (TN 21 0002) (TN 22-0015)</u>
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <u>Section 4.5, Page 36b</u>	

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

9. SUBJECT OF AMENDMENT

The proposed State Plan Amendment extends South Dakota's Medicaid Recovery Audit Contractor Program exception.

10. GOVERNOR'S REVIEW (Check One)

- ☒ GOVERNOR'S OFFICE REPORTED NO COMMENT
☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☐ OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Heather Petermann

13. TITLE
Director

14. DATE SUBMITTED
01/10/2025

15. RETURN TO
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291

FOR CMS USE ONLY

16. DATE RECEIVED
January 10, 2025

17. DATE APPROVED
March 10, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
June 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Ruth A. Hughes

21. TITLE OF APPROVING OFFICIAL
Acting Director - Division of Program Operations

22. REMARKS

Block 8: State approved pen and ink changes on 01/21/2025.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
 MEDICAL ASSISTANCE PROGRAM
 State/Territory: SOUTH DAKOTA

SECTION 4. GENERAL PROGRAM ADMINISTRATION

Citation

4.5b Medicaid Recovery Audit Contractor Program

Section 1902(a)(42)(b)(i)
 of the Social Security Act

_____ The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

X_____ The State is seeking an extension to the exception to establishing such program for the following reasons:

- (1) The State maintains a low rate of errors in Medicaid payments, as evidenced by the most recent PERM review; and
- (2) The State's estimate of the potential amount of payment errors to be recovered is low based in part on relatively low Medicaid enrollment and associated expenditures such that there would not be enough revenue generated to fund an adequate enough contingency fee to attract sufficient bidding attention from vendors; and
- (3) In fiscal year 2024 the State had total Medicaid and CHIP expenditures of \$1,552.71 million. For this period the State had an average monthly enrollment of 127,664 eligible recipients and a total of 140,074 eligible recipients during the fiscal year. Of these individuals 105,250 were enrolled in the Primary Care Case Management or the Health Home program.
- (4) The state requests an extension of the RAC program exception beginning June 1, 2025, through May 30, 2027.

_____ The State Medicaid agency has contracts of the type(s) listed in Section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.