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State/Territory Name: SD

State Plan Amendment (SPA) #: 25-0015

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

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 11, 2026

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) – 25-0015

Dear Director Petermann:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 25-0015. This amendment proposes to update the Attachment 3.1-L Substance Use Disorders/Institutions for Mental Diseases template pages as well as revisions to the list of providers included in the random moment in time study cost pool for school-based direct services and/or administrative claiming activities.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and implementing regulation 42 CFR §447. This letter informs you that South Dakota's Medicaid SPA TN 25-0015 was approved on March 10, 2026, effective October 1, 2025.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the South Dakota State Plan.

If you have any questions, please contact Ashli Clark at (410) 786-5602 or via email at ashli.clark@cms.hhs.gov.

Sincerely,

Wendy E. Hill Petras
Acting Director, Division of Program Operations

Enclosures

cc: Matthew Ballard, South Dakota Medicaid

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 1 5

2. STATE

SD

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT



XIX



XXI

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

4. PROPOSED EFFECTIVE DATE

October 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION

1915(l) of the Act and 42 CFR 447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2026 \$ 0
b. FFY 2027 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Pages 1-8 of Attachment 3.1-L-SUD/IMD
Page 4i of Attachment 4.19-B

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Pages 1-2 of Attachment 3.1-L-SUD/IMD (TN# 25-0003)
Page 4i of Attachment 4.19-B (TN# 24-0007)

9. SUBJECT OF AMENDMENT

Replaces the current Attachment 3.1-L Substance Use Disorders / Institutions for Mental Diseases State Plan pages with the new template pages provided by CMS and separately updates the random moment time study cost pool list of providers that may perform school-based direct services and/or administrative claiming activities.

10. 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

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME
Heather Petermann

13. TITLE
Director

14. DATE SUBMITTED
November 7, 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

November 7, 2025

17. DATE APPROVED

March 10, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2025

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Wendy E. Hill Petras

21. TITLE OF APPROVING OFFICIAL

Acting Director, Division of Program Operations

22. REMARKS

**State Plan under Title XIX of the Social Security Act
State/Territory: South Dakota**

**1915(I) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases**

General Assurances

- Services provided under section 1915(I) are covered under the Medicaid state plan.
- Coverage is available for a maximum of 30 days per 12-month period per eligible individual from the date an eligible individual is first admitted to an eligible institution for mental diseases (IMD) in accordance with section 1915(I)(2).

Eligibility for Services

- Medicaid beneficiaries ages 21 through 64 who have at least one substance use disorder (SUD) and reside in an eligible IMD primarily to receive withdrawal management and/or SUD treatment services in accordance with 1915(I)(7).

Eligible IMDs

- The state has a process to review the compliance of eligible IMDs with nationally recognized SUD-specific program standards that are specified by the state, in accordance with section 1915(I)(4)(E).
- The state provides assurance that providers follow reliable evidence-based practices and offer at least two forms of medications for addiction treatment onsite, including one antagonist and one partial agonist for opioid use disorder, in accordance with section 1915(I)(7)(B).

PRA Disclosure Statement - This use of this form is mandatory and the information is being collected to assist the Centers for Medicare & Medicaid Services in implementing section §1915(I) of the Social Security Act. Under the Privacy Act of 1974, any personally identifying information obtained will be kept private to the extent of the law. An agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. The OMB control number for this project is 0938-1148 (CMS-10398 #93). Public burden for all of the collection of information requirements under this control number is estimated to take about 25 hours per response. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to CMS, 7500 Security Boulevard, Attn: Paperwork Reduction Act Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

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State Plan under Title XIX of the Social Security Act
State/Territory: South Dakota

1915(I) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases

Eligible IMDs (continued)

The State ensures that eligible IMDs utilize the criteria set forth by the American Society of Addiction Medicine (ASAM) which guides providers in making objective decisions about patient admission, continuing care, and movement along the continuum of care. When clinically appropriate, eligible IMDs also must offer medications that are approved by the Food and Drug Administration for the treatment of substance use disorders.

The state ensures oversight and compliance of eligible Institutions for Mental Diseases (IMDs) to uphold nationally recognized Substance Use Disorder (SUD)-specific program standards through the following practices:

- *Written Standards and Provider Support*
 - *Annually issue written expectations to all contracted SUD treatment providers, including eligible IMDs, outlining requirements for compliance with nationally recognized SUD-specific program standards.*
 - *Provide ongoing technical assistance and consultation to support providers in implementing best practices.*
 - *Offer multiple no-cost training opportunities each year focused on nationally recognized standards and evidence-based treatment approaches transition to community-based services.*
- *Compliance with National Standards*
 - *Require adherence to nationally recognized SUD-specific program standards, such as the American Society of Addiction Medicine (ASAM) Criteria.*
 - *Mandate the use of evidence-based screening and placement tools to ensure individuals receive care at the appropriate level of treatment.*
- *Prior Authorization*
 - *Require prior authorization for all intensive inpatient treatment requests to confirm clinical appropriateness and medical necessity.*
 - *Verify that treatment programs include on-site access to medications for opioid use disorder (MOUD), including at least one antagonist and one partial agonist therapy option.*

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**State Plan under Title XIX of the Social Security Act
State/Territory: South Dakota**

**1915(I) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases**

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- *Independent Utilization Review*
 - *Conduct independent utilization reviews to validate placement decisions, length of stay, and ongoing medical necessity for services provided.*
- *Ongoing Monitoring and Audits*
 - *Perform regular audits and reviews of provider policies, procedures, and clinical practices.*
 - *Require providers to implement Corrective Action Plans (CAPs) when deficiencies are identified, including specific remediation steps, timelines, and monitoring strategies.*
 - *Ensure discharge planning and care coordination processes are in place to support timely and seamless transitions to community-based services.*

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State Plan under Title XIX of the Social Security Act
State/Territory: South Dakota

1915(I) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases

Individual Placement Criteria and Utilization Management

The state assures use of evidence-based, SUD-specific individual placement criteria and utilization management approaches to ensure placement of eligible individuals in an appropriate level of care, including criteria and approaches to ensure that eligible individuals receive an appropriate evidence-based clinical screening prior to receiving services in an eligible IMD, including initial and periodic reassessments to determine the appropriate level of care, length of stay, and setting for each individual, in accordance with section 1915(I)(4)(B).

Please briefly describe the state's individual placement criteria and utilization management approaches.:

The State ensures that eligible IMDs utilize the criteria set forth by the American Society of Addiction Medicine (ASAM) which guides providers in making objective decisions about patient admission, continuing care, and movement along the continuum of care. When clinically appropriate, eligible IMDs also must offer medications that are approved by the Food and Drug Administration for the treatment of substance use disorders.

Eligible individuals receive an appropriate evidence-based clinical screening prior to receiving services in an eligible IMD, including the following:

- *Initial Assessment - Prior to admission, eligible individuals receive a comprehensive, evidence-based clinical screening using ASAM criteria and standardized tools to determine the appropriate level of care, length of stay, and setting for each individual.*
- *Integrated Assessment - Eligible IMDs are required to perform an integrated assessment. The integrated assessment includes both functional and diagnostic components. The assessment shall establish the historical development and dysfunctional nature of the recipient's alcohol and/or drug abuse or dependence and shall assess the recipient's treatment needs.*
- *Periodic Reassessment - Providers are required to conduct ongoing reassessments during treatment to confirm medical necessity, evaluate progress, and determine readiness for transition to a less intensive level of care.*

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**State Plan under Title XIX of the Social Security Act
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**1915(I) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases**

Utilization Management

The state requires the following utilization management approaches:

- *Prior Authorization – The state requires prior authorization for the medically monitored intensive inpatient treatment services in an eligible IMD. Prior authorization reviews ensure and confirm placement of eligible individuals are clinically appropriate, medically necessary, and meet appropriate levels of care before admission.*
- *Independent Utilization Review - The State conducts independent utilization reviews to validate placement decisions, length of stay, and ongoing medical necessity.*
- *Discharge Planning - IMDs must implement discharge planning and care coordination from the point of admission to ensure timely transition to community-based services.*

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**State Plan under Title XIX of the Social Security Act
State/Territory: South Dakota**

**1915(l) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases**

Comprehensive Continuum of Care

In accordance with section 1915(l)(4)(C), the state provides assurance that SUD treatment and withdrawal management services are covered under the state plan consistent with the following levels of care:

- Early intervention
- Outpatient services
- Intensive outpatient services
- Partial hospitalization
- Clinically managed, low-intensity residential services
- Clinically managed, population specific, high-intensity residential services for adults
- Clinically managed, medium-intensity residential services for adolescents
- Clinically managed, high-intensity residential services for adults
- Medically monitored, high-intensity inpatient services for adolescents
- Medically monitored, intensive inpatient services withdrawal management for adults
- Medically managed, intensive inpatient services.

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**State Plan under Title XIX of the Social Security Act
State/Territory: South Dakota**

**1915(I) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases**

Care Transitions

The state provides assurance that placement of beneficiaries in an IMD will allow for their successful transition to the community, considering factors such as proximity to an individual's support network (e.g., family members, employment, counseling and other services near an individual's place of residence), in accordance with section 1915(I)(4)(D)(i).

The state provides assurance that eligible IMDs either provide services at lower levels of clinical intensity or establish relationships with Medicaid-enrolled providers offering services at lower levels of care, in accordance with section 1915(I)(4)(D)(ii).

Please briefly describe the state's transition process that will ensure a beneficiary's successful transition to the community as well as the state's process to ensure that IMDs either provide services at lower levels of clinical intensity or establish relationships with Medicaid-enrolled providers offering services at lower levels of care.:

Recipients residing in an IMD are required to be transitioned to the community upon discharge. Eligible IMDs are required to provide discharge planning services. Discharge planning services must include continued care planning and counseling, referral to and coordination of care with other resources that will assist a recipient's recovery, including education, vocational, medical, legal, social, mental health, employment, and other related alcohol and drug services, and referral to and coordination of medical services to include the availability of tuberculosis and human immunodeficiency virus services.

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State Plan under Title XIX of the Social Security Act
State/Territory: South Dakota

**1915(I) State Plan Option To Provide Medical Assistance For Eligible Individuals
Who Are Patients In Eligible Institutions for Mental Diseases**

SUD Provider Assessment

In accordance with section 1915(I)(4)(F), the state provides assurance that an assessment of availability of SUD treatment at all levels of care, including the availability of medications for addiction treatment and medically supervised withdrawal management services and how such availability varies by region of the state, will be completed by the state, pursuant to the timeframes outlined in section 1915(I)(4)(F).

Maintenance of Effort (MOE)

The state provides assurance that it will annually maintain or exceed state and local funding, including the state share of Medicaid expenditures, on items and services described in section 1915(I)(3) that are furnished to eligible individuals in outpatient, community-based settings.

The funding amount is based on federal fiscal year 2018.

The funding amount is based on the most recently completed federal fiscal year as of the date the state submits the 1915(I) SPA.

Please add additional information here.:

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ATTACHMENT 4.19-B
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

i. Below the job categories in each of the cost pools are outlined based on the current eligible provider job category:

a. Cost Pool 1 (Direct Service & Administrative Providers)

*These providers may perform direct services and administrative claiming activities. Only these provider types included in the approved state plan are included in the cost pool and time study.

1. Psychologist / Psychologist Interns
2. School Psychological Examiner
3. Licensed Professional Counselor
4. Certified Social Worker – PIP
5. Certified Social worker – PIP candidate
6. Licensed Marriage and Family Therapist
7. Clinical Nurse Specialist
8. Licensed Audiologist
9. Licensed Registered Professional Nurse
10. Licensed Practical Nurse
11. Advanced Practice Registered Nurse
12. Licensed Occupational Therapist
13. Licensed Occupational Therapy Assistant
14. Licensed Physical Therapist
15. Certified Physical Therapy Assistant
16. Licensed Speech Language Pathologist
17. Licensed Speech Language Pathology Assistant
18. Medicaid Direct Service Billing Coordinator
19. Nurse Assistant / Health Aide
20. Psychiatrist

b. Cost Pool 2 (Administrative Service Providers Only)

*These providers may perform only administrative claiming activities. Only those provider types included in the approved state plan are included in the cost pool and time study.

1. School Administrators that perform Medicaid allowable activities
2. School Counselors
3. Special Education Teachers
4. Special Education Administrators
5. School Bilingual Assistants
6. Interpreters & Interpreter Assistants
7. Other groups/individuals that perform Medicaid allowable services activities.

h) The RMTS generates the Administration Services time study percentages; The RMTS method polls participants on an individual basis at random time intervals over a given time period and totals the results to determine work effort for the entire population of eligible staff over that same time period. The RMTS method provides a statistically valid means of determining what portion of the selected group of participant's workload is spent performing administrative activities. The Administrative Service time study percentages are applied to only those costs associated with Administrative services to generate the cost amount for services provided pursuant Administrative Services cost amount. The