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State/Territory Name: SD

State Plan Amendment (SPA) #: 22-0002

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850



Financial Management Group

Laurie R. Gill
Cabinet Secretary
Department of Social Services
700 Governors Drive
Pierre, South Dakota 57501-2291

Re: South Dakota 22-0002

Dear Ms. Gill:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 22-0002. Effective for dates of services on or after March 7, 2022, this amendment clarifies the reimbursement methodology for Intermediate Care Facilities (ICFs) also applies to facilities with more than 16 beds, updates the annual reporting criteria, clarifies the frequency by which per diem rates are set and adds a provisional per diem reimbursement methodology for new facilities.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30) and 1903(a) of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 22-0002 is approved effective March 7, 2022. The CMS-179 and the amended plan pages are attached.

If you have any questions, please contact Christine Storey at (303) 844-7044 or christine.storey@cms.hhs.gov.

Sincerely,



Rory Howe
Director


TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <u>2 2 - 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	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE March 7, 2022	
5. FEDERAL STATUTE/REGULATION CITATION 42 CFR 447	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2022</u> \$ <u>0</u> b. FFY <u>2023</u> \$ <u>0</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-D, Pages 22, 25 and 26.	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-D, Pages 22 (TN# 14-07) Attachment 4.19-D, Pages 25 (TN# 14-07) Attachment 4.19-D, Pages 26 (TN# 14-07)	

9. SUBJECT OF AMENDMENT

Updates the Intermediate Care Facility reimbursement methodology.

10. GOVERNOR'S REVIEW (Check One)

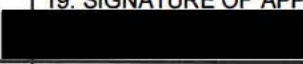
GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

11. SIGNATURE OF STATE AGENCY OFFICIAL 	15. RETURN TO DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
12. NAME Laurie R. Gill	
13. TITLE Cabinet Secretary	
14. DATE SUBMITTED March 30, 2022	

FOR CMS USE ONLY

16. DATE RECEIVED March 30, 2022	17. DATE APPROVED September 20, 2022
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PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL March 7, 2022	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL Rory Howe	21. TITLE OF APPROVING OFFICIAL Director, Financial Management Group

22. REMARKS

**SOUTH DAKOTA STATE PLAN ATTACHMENT 4.19-D
REIMBURSEMENT FOR INTERMEDIATE CARE FACILITIES FOR
INDIVIDUALS WITH INTELLECTUAL DISABILITIES**

1. The purpose of this plan is to define the methodology for the establishment of reimbursement rates for ICF/IID facilities participating in the State's Medicaid program. Provisions of and payments under this reimbursement plan shall begin July 1, 2004.
2. A uniform report furnished by the Department of Human Services, shall be completed and submitted to the Department of Human Services within 150 days following the close of each facility's fiscal year. Reports shall be completed following generally accepted accounting procedures and the accrual method of accounting.
3. All providers shall be required to keep all financial and statistical records for a minimum of six years following the submission of cost reports and these records must be made available to the Department of Human Services and/or Medicaid Fraud Unit (MFCU) and/or Department of Health and Human Services (HHS) upon request. In no instance shall the records required by this paragraph be knowingly destroyed when an audit exception is pending.
4. All cost reports submitted will be maintained in Department files for a minimum of six years or until any audit exceptions are cleared, whichever is longer.
5. The provider shall identify all related organizations to whom reported operating costs were paid. Identification of the amount of these costs, the services, facilities, supplies furnished by or interest paid to a related organization shall be attached to the annual cost report. Costs shall not exceed the lesser of actual cost to the related organization or the open market cost.

- d. Prosthetic devices and supplies for prosthetic devices provided for an individual resident.
9. Building depreciation shall be limited to 3% on masonry and 4% on frame buildings and shall be calculated on the straight-line method. Generally accepted accounting procedures will be used in determining the life of any addition(s) to primary structures.
10. Depreciation on fixed equipment shall be calculated on the straight-line method, following the American Hospital Association (AHA) Guidelines for any item(s) purchased after January 1, 1987.
11. Depreciation on major movable equipment, furniture, automobiles, and specialized equipment shall be calculated on the straight-line method, following the American Hospital Association (AHA) Guidelines for any item purchased after January 1, 1987. Deviations from the AHA Guidelines may be granted in those instances in which facilities can provide the Department with documented historical proof of useful life.
12. Allowances may be made for known future costs due to new or revised Federal or State laws, regulations and/or standards having an impact on costs incurred by long term care facilities. An explanation of costs of this nature must be attached to the Cost Report if they are to be given consideration.
13. Allowable per diem rates will be established annually prior to July 1 for each facility. The per diem rate shall be paid for each eligible Medicaid resident in a facility.
14. Reserved.
15. Reserved.

16. Annual rates shall be established prior to July 1 of each year. Department rules, or policies, shall be final. Interim rate adjustments may be made for the following reasons only:
- a. Adjustments for erroneous cost or statistical reporting discovered during the course of an audit;
 - b. New or revised Federal or State laws, regulations and/or standards having an impact on costs effective during the twelve-month period for which rates have been established;
 - c. Special circumstances arise that warrant an interim rate adjustment. Requests for interim rate adjustments due to special circumstances shall be submitted in writing to, and shall be approved by, the Secretary of the Department of Human Services. Cost increases to meet existing laws or regulations or to provide appropriate care for residents admitted to a facility shall not justify an interim rate adjustment.
17. The Department shall establish provisional per diem rates for new facilities. Facilities must submit their estimates of projected costs to the Department of Human Services 30 days prior to entering into any contract negotiations with the Department of Human Services when opening a newly constructed or expanded facility. Provisional per diem rates are effective for up to twenty-four (24) months, rates may be adjusted based on actual costs after the initial provisional period. All rates discussed in this section shall be determined in accordance with the provisions of this plan.
18. For reimbursement purposes outlined under this plan, any lease agreement entered into by the operator and the landlord shall be binding on the operator or his successor(s) for the life of the lease, even though the landlord may sell the facility to a new owner. For reimbursement purposes outlined under this plan, the only exceptions for permitting the breaking of a lease prior to its natural termination date shall be:
- a. The new owner becomes the operator; or
 - b. The owner secures written permission from the Secretary of the Department of Human Services to break the lease.
19. No reimbursement shall be allowed for additional costs related to sub-leases.