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**State/Territory Name: South Dakota**

**State Plan Amendment (SPA) #: 22-0015**

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**

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February 23, 2023

Sarah Aker, Medicaid Director  
Department of Social Services  
Richard F. Kneip Building  
700 Governors Drive  
Pierre, SD 57501-2291

RE: TN 22-0015

Dear Ms. Aker:

The Centers for Medicare and Medicaid Services (CMS) has completed its review of South Dakota's State Plan Amendment (SPA) Transmittal #22-0015, submitted on December 28, 2022. This SPA seeks an exception to the Medicaid Recovery Audit Contractor (RAC) program.

CMS approved SPA #22-0015 on February 22, 2023, with an effective date of June 1, 2023 for a two-year period only, with a termination date of May 31, 2025. Enclosed is a copy of the CMS-179 summary form, as well as the approved pages for incorporation into the South Dakota State Plan.

If you have any questions regarding this amendment, please contact Mandy Strom at [mandy.strom@cms.hhs.gov](mailto:mandy.strom@cms.hhs.gov) or (303)844-7068.

Sincerely,



James G. Scott, Director  
Division of Program Operations

Enclosures

cc: Matthew Ballard, South Dakota Medicaid  
Renae Hericks, South Dakota Medicaid


<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER <u>2 2 — 0 0 1 5</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 <b>June 1, 2023</b>	
5. FEDERAL STATUTE/REGULATION CITATION <b>1902(a)(42)(B)(i)</b>	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2023</u> \$ <u>0</u> b. FFY <u>2024</u> \$ <u>0</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <b>Section 4.5, Page 36b</b>	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <b>Section 4.5, Page 36b (TN 21-0002)</b>	

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

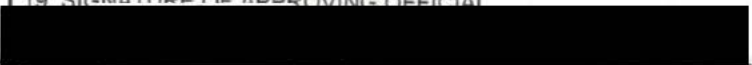
OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL 	15. RETURN TO DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
12. TYPED NAME Laurie R. Gill	
13. TITLE Cabinet Secretary	
14. DATE SUBMITTED December 28, 2022	

**FOR CMS USE ONLY**

16. DATE RECEIVED <b>December 28, 2022</b>	17. DATE APPROVED <b>February 22, 2023</b>
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**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL <b>June 1, 2023</b>	19. SIGNATURE OF APPROVING OFFICIAL 
20. TYPED NAME OF APPROVING OFFICIAL <b>James G. Scott</b>	21. TITLE OF APPROVING OFFICIAL <b>Director, Division of Program Operations</b>

22. REMARKS



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 2022 the State had total Medicaid and CHIP expenditures of \$1,337.12 million. For this period the State had an average monthly enrollment of 140,791 eligible recipients and a total of 153,826 eligible recipients during the fiscal year. Of these individuals 123,516 were enrolled in the Primary Care Case Management or the Health Home program.

\_\_\_\_\_ 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.