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**State/Territory Name:** South Dakota

**State Plan Amendment (SPA) #:** SD-10-004

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



**Center for Medicaid , CHIP, and Survey & Certification**

AUG - 4 2010

Mr. Larry Iversen, Administrator  
Medical Services  
Department of Social Services  
Kneip Building  
700 Governors Drive  
Pierre, SD 57501-2291

RE: South Dakota 10-004

Dear Mr. Iversen:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 10-004. Effective for services on or after June 23, 2010, this amendment updates State plan language specifically for reimbursing annual supplemental payments to teaching hospitals for costs of graduate medical education (GME).

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), 1903(a) and 1923 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 10-004 is approved effective June 23, 2010. We are enclosing the HCFA-179 and the amended plan page.

If you have any questions, please contact Christine Storey at (303) 844-7044.

Sincerely,

A black rectangular redaction box covering the signature of Cindy Mann.

Cindy Mann  
Director, CMCS

cc: Deborah K. Bowman, Secretary  
Department of SD Social Services

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

**10-4**

2. STATE:

**SOUTH DAKOTA**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE:

**June 23, 2010**

10. REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

**1902(a)(13)(A) of the Act**

7. FEDERAL BUDGET IMPACT:

**FFY10--\$0**

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 4.19-A, Page 10**

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (if Applicable):

**Attachment 4.19-A, Page 10**

10. SUBJECT OF AMENDMENT:

**This State Plan Amendment updates historical record of State funds available to be spent for Graduate  
Medical Education, but makes no change in methodology.**

11. 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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

**Deborah K. Bowman**

14. TITLE:

**Department Secretary**

15. DATE SUBMITTED:

**6/17/10**

16. RETURN TO:

**Department of Social Services  
Division of Medical Services  
700 Governors Drive  
Pierre SD 57501-2291**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

18. DATE APPROVED:

**8-4-10**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

**JUN 23 2010**

21. TYPED NAME:

**William Lasowski**

22. TITLE:

**Deputy Director, CMCS**

23. REMARKS:

## HEALTH PROFESSION EDUCATION

The Department of Social Services supports the direct graduate medical education (GME) of health professionals through the use of Medicaid funds. All in-state, private hospitals which are accredited by the Accreditation Council for Graduate Medical Education (ACGME) are eligible for health profession education payments. Those hospitals are identified through the use of their most recently-filed Medicare 2552 cost reports. Specifically, worksheet E-3 (Line 3.07) is utilized to identify the number of weighted full-time equivalents for primary care physicians at participating facilities. The Medicaid hospital patient days are calculated using the Division of Medical Services (DMS) Cost Settlement Details report of adjudicated claims for the same period as the Medicare 2552 cost report.

Hospitals seeking GME payments shall submit an application to DMS prior to the end of the State Fiscal Year. Payments, as defined below, will be made annually prior to the end of the state fiscal year through the State's Medicaid Management Information System (MMIS) payment system. Payments will be made directly to the qualifying hospitals through a supplemental payment mechanism and will appear on the facility's remittance advice. Each hospital will receive written notification at the time of payment of the payment amount from DMS. GME payments made in error will be recovered via a supplemental recovery mechanism and will appear on the facility's remittance advice. The facility will be notified in writing explaining the error prior to the recovery. A hospital must notify DMS in writing within 30 days of the effective date if it intends to terminate operation of a GME program, and must notify DMS in writing prior to the end of the State Fiscal Year if it does not wish to participate in the funding pool regardless of whether it is continuing GME.

The annual payment pool will be determined prior to the beginning of each State Fiscal Year on July 1. State Fiscal Year 2007 was the first effective year of the payment pool and resulted in the payment of \$3,002,252 being allocated to the teaching hospitals. The amount in the payment pool will be adjusted annually as indicated under the Target Amount Update section, page 2.

The pool will be distributed based upon the allocation percentage of each hospital. The hospital allocation percentage will be developed using prior year Medicaid patient days and weighted intern and resident (I & R) full time equivalency (FTE). The State uses the prior year's cost report data as a proxy for the current year. For example, the State Fiscal Year 2008 calculation of allocations from the payment pool is as follows:

	(a) Weighted I & R FTEs	(b) Medicaid Hospital Patient Days	(c) (a*b) Weighted FTE Days	(d) Hospital Allocation Percentage	Payment Pool Total
Hospital A	17	11,450	194,650	35.34%	\$1,052,009
Hospital B	22	10,692	232,230	42.16%	\$1,255,116
Hospital C	23	5,342	123,988	22.51%	\$670,107
Totals	62	27,484	550,868	100.00%	\$2,977,233

Total State funds available for payment through this Pool are:

State Fiscal Year 2009	\$1,225,700
State Fiscal Year 2010	\$1,225,700