DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER:	2. STATE:
11 – 4	South Dakota

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
July 1, 2011

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)(30)(A) of the Act

7. FEDERAL BUDGET IMPACT:
a. FFY 2011: ($1,431,776)
b. FFY 2012: ($4,295,330)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B pp 1b (new), 4, 6, 15, 16 21, and 22.

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable):*
Attachment 4.19-B pp 4, 6, 15, 16, 21, and 22.

10. SUBJECT OF AMENDMENT:

This State Plan Amendment implements the necessary changes to State Plan non-institutional payment methodologies to comply with the Legislature's appropriated budget according to House Bill 1251 and the Joint Committee on Appropriations' Letter of Intent

11. 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

12. SIGNATURE OF STATE AGENCY OFFICIAL:
Kim Malsam-Rysdon

13. TYPED NAME:
KIM MALSAM-RYSDON

14. TITLE:
Department Secretary

15. DATE SUBMITTED:
6/29/11

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: 6/29/11

18. DATE APPROVED: 9/26/11

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
7/1/11

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: RICHARD C. ALLEN

22. TITLE: ARA, DMCHO

23. REMARKS:

FORM CMS-179 (07-92)

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

4b. Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)

1. Nutrition items. Payment for medically necessary items is based on a fee schedule developed by the State agency. The agency's rates were set as of July 1, 2011, and are effective for services on or after that date. The agency-developed fee schedule is based upon review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. All governmental and private providers will be reimbursed according to the same fee schedule published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx.

2. Orthodontic services. The agency's rates were set as of July 1, 2011, and are effective for services on or after that date. The agency-developed fee schedule is based upon review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. The fee schedule is published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx. Except as otherwise noted in the plan, the agency-developed fee schedule rates are the same for all governmental and private providers.

   Payments for orthodontia are made in installments as follows: first payment of one third of the total allowance is made at the time of the installation of the hardware; the second payment is one third of the total allowance and made after 12 months of treatment and the provider has verified the patient is in active treatment; and the final one third of the total allowance is paid following notification from the provider that full treatment has been rendered.

3. Private duty nursing. Payment for extended nursing services is at an hourly rate based on a fee schedule developed by the State agency. The agency's rates were set as of July 1, 2006, and are effective for services on or after that date. The agency-developed fee schedule is based upon a review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. All governmental and private providers will be reimbursed according to the same fee schedule published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx.

Payments for the above services are based upon the appropriate published fee schedule unless a lower amount is billed by the provider.

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

5a. Physician Services

a. Services other than clinical diagnostic laboratory tests:

1. Payment will be the lower of billed charges or based upon a fee schedule established by the State agency for procedures provided ten or more times in the base year without a procedure modifier indicated on the claim. The fee schedule will be published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx, along with any subsequent adjustments. The state agency's rates were set as of July 1, 2011 and are effective for services rendered on or after that date. The fee schedule is subject to annual/periodic adjustment. Payment amounts will be the same for all public and private providers.
2. Payment for procedures provided less than ten times in the base year will be the amount allowed under the Medicare program effective January 1, 1993. If there is no Medicare fee established the payment will be 40% of billed charges.
3. Supplies will be paid at 90% of the provider's usual and customary charge.

b. Anesthesia services. Payment will be allowed using a $16 unit value multiplied by a total of the base units set for the procedure plus time units using a 15-minute value.

c. Clinical diagnostic laboratory tests:

1. Payment will be the lower of billed charges or the fee set by Medicare.
2. Payments will be the same for all public and private providers.
3. Tests for which Medicare has not established a fee will be paid at 60% of billed charges.
4. Fees will be published on the State agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx, as well as any subsequent adjustments and updates.

d. Deductible and co-insurance charges under the Medicare program will be paid at the amount indicated by the Medicare carrier.

e. Payment levels for procedures reported with a procedure modifier may be paid at a lower or higher amount than the fee established in "a" or "c" above, depending on the modifier used by the provider when submitting the claim.

f. Payment for physician services provided via telemedicine will be allowed at both the "hub" site and "spoke" sites. Each provider must bill the appropriate CPT procedure code with the modifier code "GT" indicating the services were provided via telemedicine. Only providers eligible to enroll in the Medical Assistance program are eligible for payment of telemedicine services. Reimbursement amounts for telemedicine services are based on the lesser of the fee schedule established by the State agency or the provider's usual and customary charge. Payment amounts will be the same for all public and private providers of telemedicine. The State agency will publish the fee schedule and all subsequent updates on its website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx.

g. Effective July 1, 2011, through June 30, 2012, the State agency will reduce the amount of reimbursement calculated above for physicians specializing in primary care pediatrics, internal medicine, obstetrics, family practice, general practice, and osteopathy by 4.5 percent after any cost sharing amount due from the patient and any third party liability amounts have been deducted. The agency will reduce reimbursements for all other physician types by 5.1 percent.

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9. Clinic Services

Payments for clinic services will be the same for all public and private providers by type of clinic service and are further subject to these limitations for specific types of clinic services:

a. Family planning clinics.

Payment for services will be the lowest of usual and customary charges, 80 percent of Medicare reimbursement rates, or the amount established on the State agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx.

b. Ambulatory surgical centers.

Payments for payable procedures will be based upon group assignments which will not exceed 80 percent of Medicare reimbursements. Payment rates will be listed on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx. Payable procedures include: nursing, technician, and related services; patient's use of facilities; drugs, biologicals, surgical dressings, supplies, splints, casts, and appliances and equipment directly related to the surgical procedures; diagnostic or therapeutic services or items directly related to the surgical procedures; administrative and recordkeeping services; housekeeping items and supplies; and materials for anesthesia. Items not reimbursable include those payable under other provisions of State Plan, such as physician services, laboratory services, X-ray and diagnostic procedures, prosthetic devices, ambulance services, orthotic devices, and durable medical equipment for use in the patient's home, except for those payable as directly related to the surgical procedures.

c. Endstage renal disease clinics.

Payments will be based upon Medicare principles of reimbursement and based on a fee schedule established by the State agency and published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx. Payments will not exceed the lower of 80 percent of Medicare reimbursements or usual and customary charges.

d. Indian Health Service clinics.

Payments to Indian Health Service Clinics will be per visit and based upon the approved rates published each year in the *Federal Register* by the Department of Health and Human Services, Indian Health Service, under the authority of sections 321(a) and 322(b) of the Public Health Service Act (42 U.S.C. 248 and 249(b)), Public Law 83-568 (42 U.S.C. 2001(a)), and the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.). The State agency will make payments for visits of the same type of service on the same day at the same provider location only if the services provided are different or if they have different diagnosis codes.

e. Maternal Child Health Clinics.

Payment for services will be at the lowest of usual and customary charges, 80 percent of Medicare reimbursement rates, or the amount established on the State agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx.

The State agency will annually compare at the beginning of the State fiscal year the Medicaid payment rates for each CPT code with Medicare's published rates for the same procedures. The State agency's rates were set as of July 1, 2011, and are effective for services on or after that date. All rates are published on the State agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx. The State agency will use computer edits to deny payment for claims which exceed 80 percent of the Medicare rate.

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10. Dental Services

The agency's rates were set as of July 1, 2011, and are effective for services on or after that date. The agency-developed fee schedule is based upon review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. The fee schedule is published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx. Except as otherwise noted in the plan, the agency-developed fee schedule rates are the same for all governmental and private providers.

Payments are based upon the published fee schedule unless a lower amount is billed by the provider. Payments for selected services for children birth to age 6 and for services for developmentally disabled patients are at enhanced rates for the selected services. Payment enhancements are as follows: $5 for examination codes, $10 for amalgam or resin fillings codes, $15 for pulpotomy, and $24 for stainless a steel crown. The sum of the regular fee schedule amount and the enhanced payment may not exceed the provider's usual and customary fee. In order to qualify for the enhanced rates providers must complete a face-to-face certification course.

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12b. Dentures

The agency's rates were set as of July 1, 2011, and are effective for services on or after that date. The agency-developed fee schedule is based upon review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. The fee schedule is published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx. Except as otherwise noted in the plan, the agency-developed fee schedule rates are the same for all governmental and private providers.

Payments are based upon the published fee schedule unless a lower amount is billed by the provider. Payment amounts cover actual device and practitioner time constructing dentures.