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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-13-002

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
1600 Broadway, Suite 700
Denver, CO 80202-4967



Region VIII

November 25, 2013

Kirby Stone, Medicaid Director
South Dakota Department of Social Services
Richard F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2291

RE: South Dakota #13-002

Dear Ms. Stone:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 13-002. This SPA is concerning South Dakota's request for an exemption to the statutory requirement that the State implement a recovery audit contractors (RACs) program. This exemption is effective from June 1, 2013 through May 31, 2016.

We are enclosing the CMS-179 and the amended plan page(s).

If you have any questions concerning this amendment, please contact Laurie Jensen at (303) 844-7126 or Laurie.Jensen@cms.hhs.gov.

Sincerely,

/s/

Richard C. Allen
Associate Regional Administrator
Division for Medicaid & Children's Health Operations

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

1. TRANSMITTAL NUMBER:
SD-13-2

2. STATE:
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
June 1, 2013

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)(42)(b)(i) of the Act.

7. FEDERAL BUDGET IMPACT:

a. FFY 2013: \$
b. FFY 2014: \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Section 4.5b, Page 36b-36c

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 PAGE NUMBER OF THE SUPERSEDED PLAN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

Section 4.5b, Page 36b-36c

10. SUBJECT OF AMENDMENT:

This State Plan Amendment seeks to exempt the state from establishing a Medicaid Recovery Audit Contractor Program.

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:

13. TYPED NAME:

Kim Malsam-Rysdon

14. TITLE:

Cabinet Secretary, Department of Social Services

15. DATE SUBMITTED:

3/26/2013

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:

3/26/13

18. DATE APPROVED:

11/25/13

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

6/1/13

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

RICHARD C. ALLEN

22. TITLE:

ARA, SMCHD

23. 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 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. In its fiscal year 2012 the State had total Medicaid expenditures of \$747,333,325 and 102,724 total Title XIX eligibles. CHIP expenditures in state fiscal year 2012 totaled \$7,228,259, with 13,007 total Title XXI eligibles.

This State Plan Amendment (SPA) will be in effect until May 31, 2016. Prior to that time, the State will analyze the 2014 PERM results and most timely Medicaid enrollment and associated Medicaid expenditures and, based on that analysis, submit to CMS either

- (1) A new request for an exception; or
- (2) A SPA establishing the State's RAC 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.

