Table of Contents

State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-13-006

This file contains the following documents in the order listed:

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

OCT 24 2013

Kim Malsam-Rysdon
Secretary
Department of Social Services
700 Governors Drive
Pierre, South Dakota 57501-2291

Re: South Dakota 13-006

Dear Ms. Malsam-Rysdon:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 13-006. Effective for services on or after July 1, 2013, this amendment provides updates to the reimbursement methodology for Disproportionate Share Hospitals (DSH) and the Graduate Medical Education (GME) program.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 1903(a) and 1923 of the Social Security Act (the Act) and the regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment TN 13-006 is approved effective July 1, 2013. The CMS-179 and the amended plan pages are attached.

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

Sincerely,

[redacted]

Cindy Mann
Director

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: SD-13-6

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
July 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)(13)(A), 1902(a(30), and 1923 of the Act, and 42 CFR 447 Subpart C

7. FEDERAL BUDGET IMPACT:
a. FFY 2013: $0.00
b. FFY 2014: $0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A, Pages 6 and 10

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

Attachment 4.19-A, Pages 6 and 10

10. SUBJECT OF AMENDMENT:
This State Plan Amendment makes changes to the South Dakota Medicaid State Plan concerning the identification of disproportionate share hospitals (DSH) and hospitals eligible for health profession education payments. The changes clarify the methodology for identifying the threshold at which a hospital is deemed to be serving a disproportionate share of low-income patients and specifies the worksheet used to identify hospitals eligible for health profession education payments.

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:
[redacted]

13. TYPED NAME:
KIM MALSAM-RYSDON

14. TITLE:
Cabinet Secretary

15. DATE SUBMITTED:

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: OCT 24 2013

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: JUL 01 2013

20. SIGNATURE OF REGIONAL OFFICIAL:
[redacted]

21. TYPED NAME: [redacted]

22. TITLE: Deputy Director, Policy + Financial Mgt CMCS

23. REMARKS:

FORM CMS-179 (07-92)

UPPER PAYMENT LIMITS

Payments in aggregate for inpatient hospital services will not exceed the amount that would be paid for services under Medicare principles.

APPEALS

The Department of Social Services has administrative review procedures to meet the need for provider appeals required by 42 CFR 447.253(e).

ACCESS AND QUALITY OF CARE

All hospitals located in South Dakota participate in the Medicaid program which results in the best possible access to hospital services for the Medicaid recipient. The South Dakota Professional Review Organization monitors quality of care.

DISPROPORTIONATE SHARE PAYMENTS

The program allows an additional payment to any qualifying hospital that has a disproportionate share of low-income patients. The threshold at which an individual hospital is deemed to be serving a disproportionate share of low-income patients is when either the Medicaid inpatient utilization rate, as defined in section 1923 (b)(2), is above the mean Medicaid inpatient utilization rate for hospitals receiving the Medicaid payments in the state. To qualify as a disproportionate share hospital a hospital must have at least 2 obstetricians who have staff privileges and who have agreed to provide obstetric services to individuals entitled to Medicaid service. This requirement does not apply to hospitals whose patients are predominately under 18 years of age or that do not offer non-emergency obstetric services to the general population. For hospitals located in a rural area, the term "obstetrician" includes any physician with staff privileges at the hospital to perform non-emergency obstetric procedures. A hospital must also have a Medicaid utilization rate of at least one percent to qualify for disproportionate share hospital payment.

To identify qualifying hospitals, the Department mails a survey to all hospitals by April 30 of each year. Hospitals have until May 15 to reply, but the Department verifies returns to ensure no qualifying hospital is excluded. If a hospital qualifies for disproportionate share payment under both the Medicaid inpatient utilization rate and the low-income utilization rate, the payment will be based on whichever utilization rate will result in the higher payment. Only one disproportionate share payment is allowed to a hospital. The Department notifies qualifying hospitals of their disproportionate share payments prior to June 30.

The agency groups qualifying disproportionate share hospitals into one of the following three groups, with each hospital group's surveys calculated independently of the other groups' surveys:

Group 1, acute care hospitals;

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 2552-10, cost reports. Specifically, worksheet E-4 (Line 1.00) is utilized to identify the number of weighted full-time equivalents for primary care physicians at participating facilities. The agency calculates the Medicaid hospital patient days 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 must submit an application to DMS prior to the end of the State Fiscal Year. The agency will make payments, as defined below, 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 agency will notify the facility 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 agency will determine the annual payment pool 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 total Medicaid inpatient 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 was 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

State funds available for payment through the pool are $1,225,700.