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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-14-006

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

September 2, 2014

Lynne Valenti, Secretary
Department of Social Services
Richard F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2291

RE: South Dakota #14-006

Dear Ms. Valenti:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 14-006. This SPA replaces obsolete language pertaining to outpatient hospital reimbursement methodology used in the State Fiscal Year 2014, replacing it with reimbursement methodology for State Fiscal Year 2015.

Please be informed that this State Plan Amendment is approved effective July 1, 2014. 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.

Sincerely,

/s/

Dzung Hoang
Acting Associate Regional Administrator
Division for Medicaid & Children's Health Operations

CC: Kirby Stone, Medicaid Director
Ann Schwartz
Sarah Aker

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: SD-14-006	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, 2014	

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: 42 CFR 430.10, 447.321 and 447.256-447.272	7. FEDERAL BUDGET IMPACT: a. FFY 2014: \$ 187,504.50 b. FFY 2015: \$ 562,513.50
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B. Page 1b	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B. Page 1b


10. SUBJECT OF AMENDMENT:
This State Plan Amendment removes obsolete language pertaining to outpatient hospital reimbursement used in State Fiscal Year 2014, replacing it with reimbursement methodology for State Fiscal Year 2015. This change implements South Dakota's State Fiscal Year 2015 legislative budget appropriations.

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: 	16. RETURN TO: DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
13. TYPED NAME: Lynne A. Valenti	
14. TITLE: Cabinet Secretary	
15. DATE SUBMITTED: 06/23/2014	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: June 23, 2014	18. DATE APPROVED: September 2, 2014
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2014	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME: Dzung Hoang	22. TITLE: Acting ARA, DMCHO

23. REMARKS:

FORM CMS-179 (07-92)

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

4. The agency will make prospective payments to outpatient hospitals based upon Medicare principles and the above exceptions using the CMS 2552-10 Report, Worksheet C, Part 1 lines 37-68 as submitted by the hospitals to determine the Medicare outpatient cost-to-charge ratios (CCRs) for the ancillary cost centers for each hospital. All participating hospitals must submit their Medicare cost reports to the agency within 150 days following the end of their fiscal year. For each hospital, the agency will use average of the ancillary CCRs for that hospital to calculate the hospital-specific reimbursement percentage to apply to outpatient charges from that hospital to determine the prospective Medicaid payment.

The remaining in-state hospitals will be reimbursed at 90% of billed charges. Hospitals' charges shall be uniform for all payers and may not exceed the usual and customary charges to private pay patients.

For claims with dates of service from July 1, 2013 through June 30, 2014, the amount of reimbursement for outpatient services in in-state DRG hospitals that meet the criteria to be designated as Medicare Critical Access or Medicaid Access Critical will be increased over the State Fiscal Year 2014 calculations by 3.0%. For outpatient services in in-state hospitals that do not meet those criteria, reimbursements will be increased by 3.0% over the State Fiscal Year 2014 calculations. Medicare Critical Access Hospitals are those that meet the criteria of the regulations at 42 CFR 485.606. Medicaid Access-Critical hospitals are those rural community hospitals which provide access to essential health service (emergency, primary, acute, and nursing care) within a service area where no other (or it is likely that no other) provider of such essential services exists.

Reimbursement for outpatient services at out-of-state hospitals is calculated at 33.85% of the hospitals' usual and customary charges.