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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-14-0007

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Financial Management Group

MAR 06 2015

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

Re: South Dakota 14-007

Dear Ms. Malsam-Rysdon:

We have reviewed the proposed amendment to Attachment 4.19-D of your Medicaid State plan submitted under transmittal number (TN) 14-005. Effective for services on or after December 1, 2014, this amendment removes obsolete language pertaining to supplemental payments for Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) fewer than 16 beds.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(2), 1902(a)(13), 1902(a)(30) and 1903(a) 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 14-007 is approved effective December 1, 2014. 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]

Timothy Hill
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-14-007

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
December 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 442

7. FEDERAL BUDGET IMPACT:
a. FFY 2015: $ 0.00
b. FFY 2016: $ 0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-D, Pages 22 – 27

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable):*
Attachment 4.19-D, Pages 22 – ~~28~~ 27
pen & ink change CBS 2/24/15

10. SUBJECT OF AMENDMENT:
This State Plan Amendment removes obsolete language pertaining to supplemental payments for certain services for Intermediate Care Facilities for Individuals with Intellectual Disabilities Under 16 Beds. The amendment also updates language used to refer to individuals with intellectual disabilities.

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

[redacted]L:

13. TYPED NAME:
Lynne A. Valenti

14. TITLE:
Cabinet Secretary

15. DATE SUBMITTED: December 10, 2014

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: MAR 06 2015

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
DEC 01 2014

20. SIGNATURE OF REGIONAL OFFICIAL:
[redacted]

21. TYPED NAME: Kristin FAN

22. TITLE: Deputy Director, FMG

23. REMARKS:

FORM CMS-179 (07-92)

SOUTH DAKOTA STATE PLAN ATTACHMENT 4.19-D
REIMBURSEMENT FOR INTERMEDIATE CARE FACILITIES FOR INDIVIDUALS WITH INTELLECTUAL DISABILITIES UNDER 16 BEDS

1. The purpose of this plan is to define the methodology for the establishment of reimbursement rates for ICF/IID facilities under 16 beds participating in the State's Medicaid program. Provisions of and payments under this reimbursement plan shall begin July 1, 2004.

2. A uniform report furnished by the Department of Human Services, shall be completed and submitted to the Department within 138 days following June 30. The following criteria apply to all reports:

   a. Reports shall be completed following generally accepted accounting procedures and the accrual method of accounting.

   b. Reporting period shall cover the twelve month period, July 1 through June 30.

3. All providers shall be required to keep all financial and statistical records for a minimum of six years following the submission of cost reports and these records must be made available to the Department of Human Services and/or Medicaid Fraud Unit (MFCU) and/or Department of Health and Human Services (HHS) upon request. In no instance shall the records required by this paragraph be knowingly destroyed when an audit exception is pending.

4. All cost reports submitted will be maintained in Department files for a minimum of six years or until any audit exceptions are cleared, whichever is longer.

5. The provider shall identify all related organizations to whom reported operating costs were paid. Identification of the amount of these costs, the services, facilities, supplies furnished by or interest paid to a related organization shall be attached to the annual cost report. Costs shall not exceed the lesser of actual cost to the related organization or the open market cost.

6. Rent paid to a related organization shall be disallowed and actual cost of ownership shall be reported. For purposes of this plan, cost of ownership is defined as mortgage interest, plus depreciation on building(s), plus depreciation on equipment, plus repairs to building(s), plus repairs to equipment, plus insurance on building(s), plus insurance on equipment, plus property taxes.

7. Participation in the program as a provider of ICF/IID services shall be limited to those facilities which accept as payment in full the reimbursement established under this plan for the services covered by this plan.

8. Allowable costs are based upon criteria as defined in CMS-15, Provider Reimbursement Manual, and include Medicaid's portion of the tax on providers, in accordance with the levying enactments of the Legislature and lower levels of government, and for which providers are liable for payment, five and one-half percent of net patient service revenues. Tax expense allowed as cost may not include fines, penalties, either Federal or state income and excess profit taxes, or taxes in connection with financing, refinancing, or refunding operation, such as taxes in the issuance of bonds, property transfers, issuance or transfers of stocks, etc. Exceptions are described below.

   Routine Services. Routine services shall be defined as those services and items which are necessary to meet the care of residents. The following items and services will be considered to be routine for purposes of Medicaid costs reported.

   a. All general nursing services, including administration of oxygen and medications; hand-feeding; care of the incontinent; tray service; normal personal hygiene which includes bathing, skin care, hair care, nail care, shaving, and oral hygiene; enema; etc.;

   b. Items which are furnished routinely and relatively uniformly to all residents, such as resident gowns, water pitchers, bedpans, etc.;

   c. Items stocked at nursing stations or on the floor in gross supply and distributed or utilized individually or in small quantities, such as alcohol, applicators, cotton balls, Band-Aids, linen savers, colostomy supplies, catheters and bags, irrigation equipment, needles, syringes, I.V. equipment, T.E.D. hose, hydrogen peroxide, over-the-counter enemas tests, tongue depressors, facial tissue, personal hygiene items (which includes soap, lotion, powder, shampoo, deodorant, toothbrushes, toothpaste, denture cups and cleaner, mouthwash, peri-care products, etc.);

d. Items which are utilized by individual residents but which are reusable and expected to be available, such as ice bags, bed rails, canes, crutches, walkers, wheelchairs, traction equipment, alternating pressure pad and pump, other durable medical equipment, etc.;

   Social Services and Activities including supplies for these services;

e. At least 3 meals/day planned from the basic food groups in quantity and variety to provide the medically prescribed diets. This includes special oral, Enteral, or parenteral dietary supplements used for meal or nourishment supplementation, even if written as prescription item by a physician—as these supplements have been classified by the FDA as a food rather than a drug;

f. Laundry Services;

g. Active Treatment Services for developmentally disabled residents;

h. Therapy Services;

i. Transportation services necessary to meet the medical and activity needs of the residents exclusive of ambulance services and specialized wheelchair transportation services;

j. Oxygen, regulators, tubing, masks, tents, and other equipment necessary for the administration of oxygen; and

k. Oxygen concentrators.

l. Mental Health Services;

Non-Routine Services. These services are considered ancillary for Medicaid payment. The costs of these services should be accounted per instructions for completing the cost report. Such billings are to be made by the supplier and not by the nursing facility. These services include, but are not limited to:

a. Prescription Drugs;

b. Physician services for direct resident care;

c. Laboratory and Radiology;

d. Prosthetic devices and supplies for prosthetic devices provided for an individual resident.

9. Building depreciation shall be limited to 3% on masonry and 4% on frame buildings and shall be calculated on the straight-line method. Generally accepted accounting procedures will be used in determining the life of any addition(s) to primary structures.

10. Depreciation on fixed equipment shall be calculated on the straight-line method, following the American Hospital Association (AHA) Guidelines for any item(s) purchased after January 1, 1987.

11. Depreciation on major movable equipment, furniture, automobiles, and specialized equipment shall be calculated on the straight-line method, following the American Hospital Association (AHA) Guidelines for any item purchased after January 1, 1987. Deviations from the AHA Guidelines may be granted in those instances in which facilities can provide the Department with documented historical proof of useful life.

12. Allowances may be made for known future costs due to new or revised Federal or State laws, regulations and/or standards having an impact on costs incurred by long term care facilities. An explanation of costs of this nature must be attached to the Cost Report if they are to be given consideration.

13. Statewide averages and allowable per diem rates shall be set annually prior to July 1.

14. A per diem rate shall be established and paid for each Medicaid eligible resident in a facility.

15. Reserved.

16. Annual rates shall be established prior to July 1 of each year. Department rules, or policies, shall be final. Interim rate adjustments may be made for the following reasons only:

    a. Adjustments for erroneous cost or statistical reporting discovered during the course of an audit;

    b. New or revised Federal or State laws, regulations and/or standards having an impact on costs effective during the twelve-month period for which rates have been established;

    c. Special circumstances arise that warrant an interim rate adjustment. Requests for interim rate adjustments due to special circumstances shall be submitted in writing to, and shall be approved by, the Secretary of the Department of Human Services. Cost increases to meet existing laws or regulations or to provide appropriate care for residents admitted to a facility shall not justify an interim rate adjustment.

17. Provisional per diem rates shall be established for new providers, using 110% of the average rate of current providers. Providers experiencing new operational ownership shall receive the per diem rate of the previous owner.

18. For reimbursement purposes outlined under this plan, any lease agreement entered into by the operator and the landlord shall be binding on the operator or his successor(s) for the life of the lease, even though the landlord may sell the facility to a new owner. For reimbursement purposes outlined under this plan, the only exceptions for permitting the breaking of a lease prior to its natural termination date shall be:

    a. The new owner becomes the operator; or

    b. The owner secures written permission from the Secretary of the Department of Human Services to break the lease.

19. No reimbursement shall be allowed for additional costs related to sub-leases.

20. The reimbursement rate for out-of-state facilities providing ICF/IID services to residents of the State of South Dakota shall be the lesser of the Medicaid rate established by the state in which the facilities are located or the average Medicaid rate for the bed size and type of service level applicable to in-state facilities.

21. The occupancy factor used in calculating per diem rates shall be the number of resident days recognized by the department upon completion of the desk audit.

22. The facility's records shall be audited annually by an independent accountant. The audit shall meet all the requirements of the Office of Management and Budget Circular A-133 and be forwarded to the agency setting its rates.

23. All audit exceptions shall be accounted for on the CMS 64 in accordance with the State Medicaid Manual, Part 1, Section 2500.

24. The Department may withhold payment to facilities for non-compliance with any provision of this plan.

The State has in place a public process which complies with the requirements of Section 1902(a)(13)(A) of the Social Security Act.