



South Dakota
Department of
Social Services

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES

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Quarterly Spending Plan and Narrative Report
February 1, 2022

Note: The Department of Social Services (DSS) is South Dakota's State Medicaid Agency. Our Home and Community Based Services waivers are administered by our sister agency, the Department of Human Services (DHS). As such, this spending plan is a collaboration between DSS and DHS.

Executive Summary

The March 2021 American Rescue Plan Act (ARPA) allows enhanced federal funding for State Medicaid spending on home and community-based services (HCBS). HCBS allow older adults and people with disabilities to live in their home or a home-like setting and remain integrated with the community. These programs serve a variety of targeted population groups, such as people with intellectual or developmental disabilities (I/DD), physical disabilities, and / or mental health needs. Section 9817 of the ARPA provides the State with a one-year, 10 percentage point increase in their federal medical assistance percentage (FMAP) for certain Medicaid HCBS expenditures. This 10-percentage point increase will apply only to certain HCBS expenditures provided between April 1, 2021 and March 31, 2022.

Over the past decade, the State of South Dakota has made great strides in enhancing and improving Medicaid HCBS. Accomplishments include:

- Addition of alternative living choices under the HCBS waivers operated by LTSS (Community Living Homes and Structured Family Caregiving) and DD (Shared Living).
- Expansion of transition support through addition of Community Transitions and Supports Services through the LTSS HOPE 1915(c) waiver.
- Review and increase of home and community-based services rate reimbursement to support additional in-home services.
- Rebranding and conducting an advertising campaign for South Dakota's Aging and Disability Resource Center, Dakota at Home, to raise awareness of services and supports available.
- South Dakota responded to the COVID-19 Public Health Emergency (PHE) through continuous evaluation of support needs for affected populations including older adults and individuals with I/DD.
- South Dakota is one of 33 states that continues to transition individuals from nursing facilities to HCBS.
- As a result, South Dakota has increased the HCBS percentage of total Medicaid expenditures from 45% in 2013 to 52% in 2020 across all Disability services.

The one-year increase in federal matching funds under section 9817 of the ARP will result in new, time-limited funding which can be invested in HCBS services through March 2024. The extended time period for enhanced funding will provide South Dakota with the opportunity to design, gather input, and implement short-term activities to strengthen the HCBS system in

response to the COVID-19 PHE, as well as longer term strategies that enhance and expand the HCBS system and sustain effective programs and services.

Key areas for enhancement and improvement in HCBS were based on feedback and areas of expressed need received from stakeholders throughout the PHE. As a result, South Dakota will focus on enhancement and expansion of HCBS infrastructure.

The State will continue to use stakeholder, administration, and legislative feedback, to inform and guide quarterly spending plans moving forward.

Spending Plan

Estimated Savings - 10% FMAP Increase

	FFY Q3 2021	Q4 2021	Q1 2022	Q2 2022	Total
10% FMAP	\$5,336,285	\$5,926,637	\$6,038,113	\$6,038,113	\$23,339,148
DSS- Home Health and Rehab Services	\$828,441	\$781,069	\$897,805	\$897,805	\$3,405,120
DHS- 1915C, Incontinence Supplies, Personal Care	\$4,507,844	\$5,145,568	\$5,140,308	\$5,140,308	\$19,934,028

Spending Plan Projections

Description	Estimated Fiscal Impact
Enhanced infrastructure for HCBS workforce	\$93,566,936

Calculations to determine total general and federal dollars available of \$93.5 million assume the FMAP for FFY22 is 74.89% and the FMAP for FFY23 is 64.89%. FFY22 FMAP is 58.69% plus 10% temporary enhanced rate plus 6.2% temporary PHE increase. Calculations assume that the enhanced 6.2% FMAP will be available through FFY 23. South Dakota updated the estimated savings plan and spending plan based on claims data from April 1, 2021 to December 31, 2021.

Spending Plan Narrative

Over the past decade the State has implemented an array of HCBS strategies and approaches that promote community living over institutionalization, offering older adults and individuals with disabilities choice, control, and access to services that help them achieve independence, optimal health, and quality of life. Currently South Dakota has a robust array of HCBS services providing benefits under the State plan as well as through 1915(c) waivers.

The State gathered stakeholder input regarding the initiative below in the limited time available. We intend to continue our stakeholder engagement efforts to further refine the Spending Plan to meet the needs of all South Dakotans. Plan refinements will be shared with the Centers for Medicare and Medicaid Services (CMS) via the required quarterly updates.

The November 1, 2021 quarterly report reflected further refinement to the State’s initial plan and the intent to focus on workforce initiatives, retention incentives, worker recruiting and training, telehealth access and assistive technology, and COVID-19 related activities and expenses as described below. Preliminary plans for service expansion and targeted evaluation and studies that were included in the initial plan submission have been removed after further evaluation.

Enhancement of HCBS infrastructure	
Description	<p>1. South Dakota will support Medicaid providers recovery from challenges associated with the COVID-19 public health emergency (PHE) through specialized payments for in-state providers. The State will place limits on specialized payments which the state anticipates making in February and/or March 2022. Payments could support:</p> <ul style="list-style-type: none"> a. Direct care workforce one-time compensation adjustments- this may include one-time compensation payments including temporary shift differentials or a one-time compensation adjustment to direct care staff as a method of retention. b. Other retention incentives- this may include other types of retention incentives such as paid family leave, paid sick leave, and other targeted approaches to retaining staff. c. Direct care worker recruitment and training – this may include activities to recruit direct care workers including recruitment incentives/bonuses, direct care worker training and education, in-person or virtual training beneficiaries, caregivers, and/or providers to support community integration, and other recruitment and training-related expenses. d. Telehealth, assistive technology, and other equipment – this may include expenses related to telehealth, assistive technology, start-up costs, internet access, and other supplies and equipment that benefit HCBS consumers. etc. e. COVID-related activities and expenses – this may include expenses related to personal protective equipment, testing supplies, infection control (including physical and/or operational changes to facilities), specialized payments (hazard pay, overtime pay, and shift differential pay that is not already included in the service rate/rate methodology), etc. <p>All “Enhancement of HCBS infrastructure” activities are targeted at providers delivering services listed in Appendix B of the SMDL 21-003 or that could be listed in Appendix B. South Dakota will not be using the enhanced 10% FMAP to pay for room and board.</p>
Responsible Agency	Department of Social Services, Division of Medical Services Department of Human Services, Divisions of: Rehabilitation Services, Developmental Disabilities, Long-Term Services and Supports
Anticipated Reinvestment	\$93,566,936

<p>Quarterly Spending Plan February 1, 2022</p>	<p>Sustainability: Activities under this priority will not be sustained with state funding beyond March 31, 2024.</p> <p>Expenditures/Projections: No funding has been expended at the time of this quarterly report. South Dakota updated the estimated savings plan and spending plan based on claims data from April 1, 2021 to December 31, 2021.</p> <p>SPAs/Waiver Amendments: The State will submit a Medicaid state plan amendment to obtain the authority to make specialized payments to in-state state plan providers. The State started public notice for the state plan amendment on December 13, 2021. The State submitted 1915(c) Appendix Ks to CMS on January 14, 2022 to obtain the authority to make specialized payments to in-state HCBS waiver providers. The State is not making any changes to the HCBS programs, other than requesting authority to make payments to providers as stated above.</p> <p>Capital Investments: Funding will not be used for capital investments. Funding for initial internet connectivity is limited to providers of services listed in Appendix B and must enhance, expand, or strengthen HCBS under the Medicaid program. Funding will not be used for ongoing internet connectivity.</p> <p>Implementation: CMS granted partial approval of South Dakota’s plan on September 27, 2021. The state anticipates making supplemental payments to providers in February and/or March 2022.</p>
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