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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-16-0005

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
1961 Stout Street, Room 08-148
Denver, CO 80294

Region VIII

September 22, 2016

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

RE: South Dakota #16-0005

Dear Ms. Valenti:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 16-005. This State Plan Amendment implements an outpatient prospective payments system for Medicare prospective payment system hospitals. Under the outpatient prospective payments system, services will be reimbursed using ambulatory patient classifications.

Please be informed that this State Plan Amendment was approved today with an effective date of August 2, 2016. We are enclosing the CMS-179 and the amended plan pages(s). Please note that this SPA was submitted as 16-005 but approved as 16-0005.

If you have any questions concerning this amendment, please contact Kirstin Michel at (303) 844-7036.

Sincerely,

Matthew J. Rodriguez

Matthew J. Rodriguez, PharmD, Ph.C., BCPS
Acting Associate Regional Administrator
Division of Medicaid & Children's Health Operations

cc: Brenda Tidball-Zeltinger, Deputy Secretary
Sarah Aker-South Dakota

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-16-005

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
August 2, 2016

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

7. FEDERAL BUDGET IMPACT:
a. FFY 2016: $ 0.00
b. FFY 2017: $ 0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Pages 1a and 2b

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable):*

Attachment 4.19-B, Pages 1a and 2b

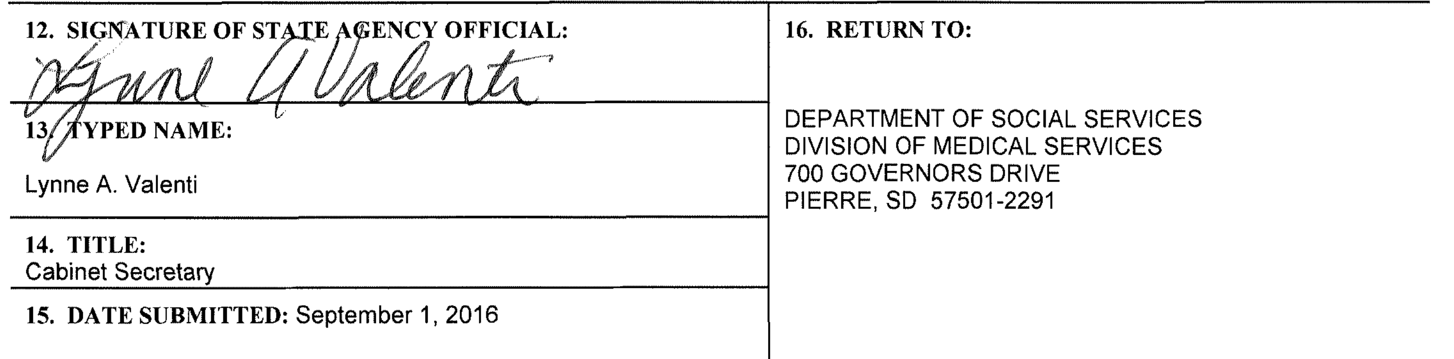
10. SUBJECT OF AMENDMENT:
This State Plan Amendment implements an outpatient prospective payments system for Medicare prospective payment system hospitals. Under the outpatient prospective payments system, services will be reimbursed using ambulatory patient classifications.

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:
Lynne A Valenti

13. TYPED NAME:
Lynne A. Valenti

14. TITLE:
Cabinet Secretary

15. DATE SUBMITTED: September 1, 2016

16. RETURN TO:

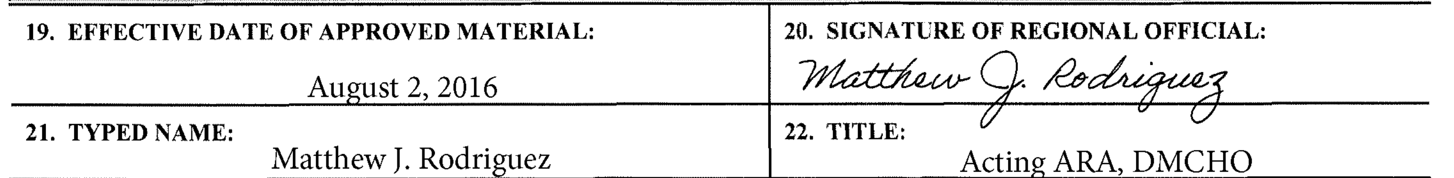
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: September 1, 2016

18. DATE APPROVED: September 22, 2016

PLAN APPROVED - ONE COPY ATTACHED



19. EFFECTIVE DATE OF APPROVED MATERIAL:
August 2, 2016

20. SIGNATURE OF REGIONAL OFFICIAL:
Matthew J. Rodriguez

21. TYPED NAME:
Matthew J. Rodriguez

22. TITLE:
Acting ARA, DMCHO

23. REMARKS:

FORM CMS-179 (07-92)

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

South Dakota Medicaid will make payments to medical providers who sign agreements with the State under which the provider agrees: (a) to accept as payment in full the amounts paid in accordance with the payment structures of the State; (b) to keep such records as are necessary to fully disclose the extent of the services provided to individuals receiving assistance under the State Plan; and (c) to furnish the State Agency with such information, regarding any payments claimed by such person or institution for services provided under the State Plan, as the agency may request from time to time.

The following describes policy and methods the agency uses to establish payment rates for each type of care and service, other than inpatient hospital or nursing home services, included in the State Plan. In no instance will the amount of payment under the provisions of this attachment exceed the payment made by the general public for identical services.

1. Inpatient Hospital Services (See Attachment 4.19-A)

2a. Outpatient Hospital Services

Effective August 2, 2016, Medicare Prospective Payment System hospitals will be paid using the Medicaid Agency's Outpatient Prospective Payments System (OPPS). Under OPPS, services are reimbursed using Ambulatory Payment Classifications. Effective August 2, 2016, the Department will establish a conversion factor and discount factor specific to each hospital. The hospital specific conversion factor and discount factors are published on the State agency's website at http://dss.sd.gov/medicaid/providers/feeschedules/dss/.

South Dakota Medicaid will pay remaining participating outpatient hospitals with more than 30 Medicaid inpatient discharges during the hospital's fiscal year ending after June 30, 1993 and before July 1, 1994 on the basis of Medicare principles of reasonable reimbursement with the following exceptions:

1. Costs associated with certified registered nurse anesthetist services are allowable costs. These costs are identified on the CMS 2552-10 on Worksheet A-8 and included in the facilities' costs.
2. All capital and education costs incurred for outpatient services are allowable costs. These costs are identified on the CMS 2552-10 on Worksheet D Part III and included in the facilities' costs.
3. Payments to Indian Health Service outpatient hospitals will be per visit and based upon the approved rates published each year in the Federal Register by the Department of Health and Human Services, Indian Health Service, under the authority of sections 321(a) and 322(b) of the Public Health Service Act (42 U.S.C. 248 and 249(b)), Public Law 83-568 (42 U.S.C. 2001(a)), and the Indian Health Care Improvement Act (25 U.S.C. 1601 et seq.). The State agency will make payments for visits of the same type of service on the same day at the same provider location only if the services provided are different or if they have different diagnosis codes.

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

Beginning in Federal fiscal year 2002 (October 1, 2001), and for each calendar year thereafter, the per visit payment rate is increased by the percentage increase in the MEI for primary care services, and adjusted for any increase or decrease in the scope of services furnished by the FQHC.

The MEI will be applied January 1st of each year.

A change in the scope of services shall occur if: (1) the center has made a material change in services through the addition or deletion of any service that meets the definition of FQHC services as provided in 1905(a)(2)(B) and 1905(a)(2)(C); and, (2) the service is included as a covered service under the Medicaid State Plan. A change in the scope of services is defined as adding a new service into the current per diem service base, or removing a service that is in the existing service base. A change in the cost of a service is not considered in and of itself a change in the scope of services.

The FQHC will be responsible for notifying the Department at the time there is a change in the FQHC's scope of services. The FQHC will supply the needed documentation to the Department for any adjustments in the rate resulting from any increases or decreases in the scope of services. The documentation must consist of two full years of Medicaid cost reports, and must be provided to the Department within 150 days from the FQHC's fiscal year end to be considered in the calculation of the adjusted rate. Upon the Department's determination of a change in the scope of services, the effective date for the new rate will be 30 days after receipt of the Medicare cost reports.

3. Other Lab and X-Ray

See Physician Services—Section 5 of this attachment.

4. Specialized Surgical Hospitals

Effective August 2, 2016, Specialized Surgical Hospitals will be reimbursed on the same basis as Medicare Prospective Payment System hospitals for outpatient services.