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## Table of Contents

**State/Territory Name:** South Dakota

**State Plan Amendment (SPA) #:** SD-16-0008

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**

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March 13, 2017

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

RE: South Dakota #16-0008

Dear Ms. Valenti:

We reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 16-0008. This amendment implements an asset verification system. The asset verification system will be used to verify assets for purposes of determining or re-determining Medicaid eligibility for aged, blind, and disabled Medicaid applicants and recipients.

Please be informed that this State Plan Amendment was approved on March 10, 2017 with an effective date of October 1, 2016. We are enclosing the CMS-179 and the amended plan pages(s).

Additionally, with this SPA approval, there is an immediate and crucial need for the state to update its cost allocation plan to assure appropriate authority for the state to claim the administrative match for contractor's costs.

If you have any questions concerning this amendment, please contact Kirstin Michel at (303) 844-7036. If there are any questions regarding the need for the state to update its cost allocation plan, please contact Carl Piekarski at (303) 844-7032, or [Carl.Piekarski@cms.hhs.gov](mailto:Carl.Piekarski@cms.hhs.gov).

Sincerely,

A handwritten signature in black ink that reads "Mary Marchioni". The signature is written in a cursive, flowing style.

Mary Marchioni  
Acting Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

cc: Brenda Tidball-Zeltinger, Johanna Barraza-Cannon, Sarah Aker

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	<b>1. TRANSMITTAL NUMBER:</b> SD-16-008	<b>2. STATE:</b> South Dakota
	<b>3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
<b>TO: REGIONAL ADMINISTRATOR</b> CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	<b>4. PROPOSED EFFECTIVE DATE</b> October 1, 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)**

<b>6. FEDERAL STATUTE/REGULATION CITATION:</b>  42 U.S.C. § 1396w	<b>7. FEDERAL BUDGET IMPACT:</b> a. FFY 2017: \$ 35,500.00 b. FFY 2018: \$ 35,500.00
<b>8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:</b>  Supplement 16 to Attachment 2.6-A	<b>9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):</b>

**10. SUBJECT OF AMENDMENT:**

This State Plan Amendment implements an asset verification system. The asset verification system will be used to verify assets for purposes of determining or re-determining Medicaid eligibility for aged, blind, and disabled Medicaid applicants and recipients.


**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

<b>12. SIGNATURE OF STATE AGENCY OFFICIAL:</b> 	<b>16. RETURN TO:</b>  DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
<b>13. TYPED NAME:</b>  Lynne A. Valenti	
<b>14. TITLE:</b> Cabinet Secretary	
<b>15. DATE SUBMITTED:</b> December 31, 2016	

**FOR REGIONAL OFFICE USE ONLY**

<b>17. DATE RECEIVED:</b> December 31, 2016	<b>18. DATE APPROVED:</b> March 10, 2017
<b>PLAN APPROVED - ONE COPY ATTACHED</b>	
<b>19. EFFECTIVE DATE OF APPROVED MATERIAL:</b> October 1, 2016	<b>20. SIGNATURE OF REGIONAL OFFICIAL:</b> 
<b>21. TYPED NAME:</b> Mary Marchioni	<b>22. TITLE:</b> Acting ARA, DMCHO

**23. REMARKS:**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: SOUTH DAKOTA

ASSET VERIFICATION SYSTEM

Citation

Section 1940(a) of the  
Act

1. The agency will provide for the verification of assets for purposes of determining or re-determining Medicaid eligibility for aged, blind, and disabled Medicaid applicants and recipients using an Asset Verification System (AVS) that meets the following minimum requirements.
  - a. The request and response system must be electronic:
    - (1) Verification inquiries must be sent electronically via the internet or similar means from the agency to the financial institution (FI).
    - (2) The system cannot be based on mailing paper-based requests.
    - (3) The system must have the capability to accept responses electronically.
  - b. The system must be secure, based on a recognized industry standard of security (e.g., as defined by the U.S. Commerce Department's National Institute of Standards and Technology, or NIST).
  - c. The system must establish and maintain a database of FIs that participate in the agency's AVS.
  - d. Verification requests also must be sent to FIs other than those identified by applicants and recipients, based on some logic such as geographic proximity to the applicant's home address, or other reasonable factors whenever the agency determines that such requests are needed to determine or re-determine the individual's eligibility.
  - e. The verification requests must include a request for information on both open and closed accounts, going back up to 5 years as determined by the State.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: SOUTH DAKOTA

ASSET VERIFICATION SYSTEM

2. System Development

a) The agency will develop an AVS.

In 3 below, provide any additional information the agency wants to include.

b) The agency will hire a contractor to develop an AVS.

In 3 below, provide any additional information the agency wants to include.

c) The agency will be joining a consortium to develop an AVS.

In 3 below, identify the States participating in the consortium. Also provide any other information that agency wants to include pertaining to how the consortium will implement the AVS requirements.

d) The agency already has a system in place that meets the requirements for an acceptable AVS.

In 3 below, describe how the existing system meets the requirements in Section 1.

e) Other alternatives not included in a – d above.

In 3 below, describe the alternative approach and how it will meet the requirements in Section 1.

Revision:

SUPPLEMENT 16 to  
ATTACHMENT 2.6-A  
Page 3

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: SOUTH DAKOTA

ASSET VERIFICATION SYSTEM

3. Provide the AVS Implementation information requested for the implementation approach checked in Section 2, and any other information the agency may want to include.

South Dakota issued a Request for Proposal in June 2016. Public Consulting Group, Inc. was selected as the contractor to implement the AVS. Public Consulting Group, Inc. will implement a system that meets the requirements of Supplement 16 to Attachment 2.6-A, Page 1.

TN No. 16-8  
Supersedes  
TN No. New

Approval Date 03/10/2017 Effective Date 10/01/16