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State/Territory Name: **South Dakota**

State Plan Amendment (SPA) #: **SD 23-0015**

- 1) Approval Letter
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- 3) CMS 179 with pen/ink changes



Financial Management Group
Division of Financial Policy & Oversight

November 15, 2023

Brenda Tidball-Zeltinger
Deputy Cabinet Secretary
Division of Medical Services
700 Governors Drive
Pierre, SD 57501-2291

Dear Ms. Tidball-Zeltinger

Enclosed for your records is an approved copy of the following state plan amendment (SPA).

Transmittal SD-23-0015:

- This SPA authorizes increased federal financial participation (FFP) for newly-eligible individuals receiving postpartum coverage and further includes the addition of Attachment D, which describes the special circumstances and other proxy adjustments that are applied to account for the proportion of individuals covered under the extended postpartum coverage option who would otherwise be eligible for coverage in the adult group and for the newly eligible FFP under section 1905(y) of the Social Security Act;
- This SPA is effective July 1, 2023

The state will be responsible for tracking and aggregating the extended postpartum population claims, which should be based on the population used to derive the proxy percentage. The extended postpartum claims will be a portion of the claims (“affected expenditures”) reported across many Categories of Service (COS) lines and integrated with claims from other populations. The state will need to apply the proxy percentage to the affected expenditures by COS line outside the Form CMS-64. Ultimately, the state will claim the portion of the expenditures at the newly eligible FMAP, as determined under the proxy methodology, on the Form CMS-64.9VIII series by COS line, and the non-VIII Group portion on the Form CMS-64.9 series by COS line. The state should make available all documentation to support expenditures calculated based on the proxy methodology at the time it files the Form CMS-64.

Ms. Tidball-Zeltinger, Page 2

If you would like to discuss further, please contact either financial analyst, Yvette Moore at (667) 290-9825 or Medicaid financial branch chief, Stuart Goldstein at (410) 786-0694.

Sincerely,


Charlie Arnold
Director
Division of Financial Policy & Oversight

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| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES | 1. TRANSMITTAL NUMBER <u>2 3</u> — <u>0 0 1 5</u> | 2. STATE <u>S D</u> |
| | 3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI | |
| TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE July 1, 2023 | |
| 5. FEDERAL STATUTE/REGULATION CITATION <u>42 CRR 433.204(a)(1), 42 CFR 433.206(g)</u> | 6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2023</u> \$ <u>125,494,504</u> b. FFY <u>2024</u> \$ <u>501,987,015</u> | |
| 7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT <u>Supplement to Attachment 2.6-A, pages 4 and 6.</u> <u>Supplement to Attachment 2.6-A, Attachment D (new)</u> | 8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <u>Supplement to Attachment 2.6-A, pages 4 and 6 (TN#23-0002).</u> | |

9. SUBJECT OF AMENDMENT
To establish a proxy methodology to account for the proportion of individuals covered under the extended postpartum coverage option who would otherwise be eligible for coverage in the adult group and for the newly eligible Federal Medical Assistance Percentage (FMAP).

10. 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

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|---|--|
| 11. SIGNATURE OF STATE AGENCY OFFICIAL  12. TYPED NAME <u>Brenda Tidball-Zeltinger</u> 13. TITLE <u>Deputy Cabinet Secretary</u> 14. DATE SUBMITTED <u>August 31, 2023</u> | 15. RETURN TO DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291 |
|---|--|

FOR CMS USE ONLY

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|---------------------------------------|--|
| 16. DATE RECEIVED <u>8/31/2023</u> | 17. DATE APPROVED <u>11/15/2023</u> |
|---------------------------------------|--|

PLAN APPROVED - ONE COPY ATTACHED

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|---|--|
| 18. EFFECTIVE DATE OF APPROVED MATERIAL <u>7/1/2023</u> | 19. SIGNATURE OF APPROVING OFFICIAL |
| 20. TYPED NAME OF APPROVING OFFICIAL <u>Charlie Arnold</u> | 21. TITLE OF APPROVING OFFICIAL <u>Director of Financial Policy</u> |

22. REMARKS

Pen/ink Authorization
Box 6a: REMOVE \$125,494,504 and ADD \$0
Box 7: REMOVE \$501,987,015 and ADD \$0

2. Attachment C describes any enrollment caps authorized in section 1115 demonstrations as of December 1, 2009 that are applicable to populations that the state covers in the eligibility group described at 42 CFR 435.119 and received full benefits, benchmark benefits, or benchmark equivalent benefits as determined by CMS. The enrollment cap or caps are as specified in the applicable section 1115 demonstration special terms and conditions as confirmed by CMS, or in alternative authorized cap or caps as confirmed by CMS. Attach CMS correspondence confirming the applicable enrollment cap(s).
3. The state applies a combined enrollment cap adjustment for purposes of claiming FMAP in the adult group:
 - Yes. The combined enrollment cap adjustment is described in Attachment C
 - No.
4. Enrollment Cap Methodology: Attachment C describes the methodology for calculating the enrollment cap adjustment, including the use of combined enrollment caps, if applicable.

C. Special Circumstances (42 CFR 433.206(g)) and Other Adjustments to the Adult Group FMAP Methodology

1. The state:
 - Applies a special circumstances adjustment(s).
 - Does not apply a special circumstances adjustment.
2. The state:
 - Applies additional adjustment(s) to the adult group FMAP methodology (complete item 3).
 - Does not apply any additional adjustment(s) to the adult group FMAP methodology (skip item 3 and go to Part 3).
3. Attachment D describes the special circumstances and other proxy adjustment(s) that are applied, including the population groups to which the adjustments apply and the methodology for calculating the adjustments.

Part 5 - State Attestations

The State attests to the following:

- A. The application of the adult group FMAP methodology will not affect the timing or approval of any individual's eligibility for Medicaid.
- B. The application of the adult group FMAP methodology will not be biased in such a manner as to inappropriately establish the numbers of, or medical assistance expenditures for, individuals determined to be newly or not newly eligible.

ATTACHMENTS

Not all of the attachments indicated below will apply to all states; some attachments may describe methodologies for multiple population groups within the new adult group. Indicate those of the following attachments which are included with this SPA:

- Attachment A – Conversion Plan Standards Referenced in Table 1
- Attachment B – Resource Criteria Proxy Methodology
- Attachment C – Enrollment Cap Methodology
- Attachment D – Special Circumstances Adjustment and Other Adjustments to the Adult Group FMAP Methodology
- Attachment E – Transition Methodologies

PRA Disclosure Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1148. The time required to complete this information collection is estimated to average 4 hours per response, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

Special Circumstances Adjustment and Other Adjustments to the Adult Group FMAP Methodology

Effective July 1, 2023, South Dakota has elected the extended postpartum option, which extends postpartum coverage from 60 days to 12 months, under Sections 9812 and 9822 of the American Rescue Plan Act of 2021. The new extended postpartum coverage provides ongoing care that will reduce pregnancy related deaths and severe maternal morbidity and will improve continuity of care for chronic health conditions. South Dakota intends to claim enhanced federal financial participation using a proxy methodology for individuals who remain on a Medicaid category under the new extended postpartum coverage for 12 months, who would have otherwise moved to the adult coverage group and been determined newly eligible, as described in 42 CFR 435.119 after the original 60-day period. This proxy methodology accounts for the proportion of individuals covered under the extended postpartum coverage option who would otherwise be eligible for coverage in the Adult Group and for the newly eligible federal medical assistance percentage (FMAP) under section 1905(y) of the Social Security Act. SD plans to provide the approved Alternate Benefit Plan (ABP) plan, Attachment 3.1-L, to the postpartum population in the same manner as the adult group. Prior to July 1, 2023, postpartum individuals whose pregnancy ended in live birth with income at or below 133% but above the parent caretaker fixed income limit or whose pregnancy did not end in live birth and are below the parent caretaker fixed income limit, who were at least nineteen years old but less than sixty-five years old, no longer pregnant, not disabled, and not enrolled in Medicare Part A or Part B, would have been determined ineligible after receiving 60 days of postpartum coverage. After July 1, 2023 these individuals would be eligible for the Adult Group and South Dakota would have received enhanced FMAP for these individuals.

Denominator:

Based on State Fiscal Year 2019 data (pre-Medicaid Expansion and COVID-19 PHE for South Dakota), 1,582 individuals in South Dakota were enrolled in the postpartum coverage group which was limited to sixty days. South Dakota provides coverage to pregnant women from 0% FPL to 133% FPL, plus the 5% MAGI disregard. Individuals are enrolled in the post-partum coverage group, regardless of income, when they meet no other full benefit coverage group (e.g., Parent Caretaker or SSI Recipient).

Numerator:

Because South Dakota's income limits for pregnant women matches that of the Adult Group, the majority of individuals enrolled in a pregnancy-related coverage group, including the post-partum coverage group, meet the eligibility criteria for the Adult Group. Out of those 1,582 individuals, South Dakota believes the following would not have been eligible for the Adult Group

- Under age 19 or over age 64: 2 recipients
- Entitled to or enrolled in Medicare Part A or B: 8 recipients
- Income greater than 138% FPL: 46 recipients

This leaves 1,526 (1,582 – 2 – 8 – 46) individuals who were not eligible for any other coverage group that would meet the eligibility criteria for the Adult Group. As a result, 1,526 individuals would be otherwise eligible for coverage in the adult group and for the newly eligible FMAP after the 60-day postpartum period, but for the State's election of the extended postpartum coverage option. South Dakota redetermines eligibility annually and assumes the coverage would be for the entire additional 10-month period.

Proxy Percentage:

The proxy percentage was calculated by dividing the 1,526 individuals who were not eligible for any other coverage group that would meet the eligibility criteria for the Adult Group by the 1,582 individuals who were enrolled in the postpartum coverage group which was limited to sixty days. This number was then reduced to account for the newly eligible FMAP beginning on day 1 of the postpartum period by multiplying that percentage of individuals by 83.6% (305 / 365 days).

As a result, South Dakota estimates the proxy percentage for claiming postpartum individuals as eligible for coverage in the Adult Group and for the newly eligible FMAP after the 60-day postpartum period, but for the State's election of the extended postpartum coverage option as 80.6%.