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State/Territory Name: SD

State Plan Amendment (SPA) #: 24-0007

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604

Financial Management Group

March 10, 2025

Heather Petermann
Department of Social Services
Division of Medical Services
700 Governors Drive
Pierre, SD 57501-2291

RE: TN 24-0007

Dear Director Petermann,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed South Dakota State Plan Amendment (SPA) to Attachment 4.19-B TN: #24-0007, which was submitted to CMS on September 17, 2024. This plan amendment proposes updates to reflect/align reimbursement for direct school-based health services.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the state, we have approved the amendment with an effective date of August 6, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Matthew Klein at 214-767-4625 or via email at matthew.klein@cms.hhs.gov

Sincerely,

Todd McMillion

Todd McMillion
Director
Division of Reimbursement Review

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: 24 — 0007

2. STATE: SD

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
August 6, 2024

5. FEDERAL STATUTE/REGULATION CITATION
~~Title XIX of the Social Security Act, Section 1905(a) / 42 CFR 440~~ 42 CFR §447

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 $ 0
b. FFY 2025 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
~~SUPPLEMENT TO ATTACHMENT 3.1-A, Pages 4 and 4a~~
ATTACHMENT 4.19-B, Pages 4 and 4a-4k

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
~~SUPPLEMENT TO ATTACHMENT 3.1-A, Page 4 (TN# 12-10)~~
ATTACHMENT 4.19-B, Page 4 (TN# 12-10)

9. SUBJECT OF AMENDMENT

~~School District Services and~~ Reimbursement Methodology for School-Based Health and Related Services

10. GOVERNOR'S REVIEW *(Check One)*

(●) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
( ) OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
Heather Petermann

12. TYPED NAME
Heather Petermann

13. TITLE
Director

14. DATE SUBMITTED
09/17/2024

15. RETURN TO
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
700 GOVERNORTS DRIVE
PIERRE, SD 57501-2291

FOR CMS USE ONLY

16. DATE RECEIVED
09/17/2024

17. DATE APPROVED
March 10, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
08/06/2024

19. SIGNATURE OF APPROVING OFFICIAL
Todd McMillion

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, Division of Reimbursement Review

22. REMARKS
Box 15: Pen and ink changes approved by the state on 10/22/2024.
Boxes 5, 7, 8, & 9: Pen and ink changes approved by the state on 11/13/2024.

Instructions on Back

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

4b. Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)

1. Nutrition items. Payment for medically necessary items is based on a fee schedule developed by the State agency. The agency-developed fee schedule is based upon review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. All governmental and private providers will be reimbursed according to the same fee schedule published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx

2. Orthodontic services. The agency-developed fee schedule is based upon review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. The fee schedule is published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx. Except as otherwise noted in the plan, the agency-developed fee schedule rates are the same for all governmental and private providers.

   Payments for orthodontia are made in installments as follows: F irst payment of one third of the total allowance is made at the time of the installation of the hardware; the second payment is one third of the total allowance and made after 12 months of treatment and the provider has verified the patient is in active treatment; and the final one third of the total allowance is paid following notification from the provider that full treatment has been rendered.

3. Private duty nursing. Payment for extended nursing services is at an hourly rate based on a fee schedule developed by the State agency. The agency-developed fee schedule is based upon a review of the most recent year's paid claims information, national coding lists, and documentation submitted by providers and associated medical professional organizations. All governmental and private providers will be reimbursed according to the same fee schedule published on the agency's website http://dss.sd.gov/sdmedx/includes/providers/feeschedules/dss/index.aspx.

Payments for the above services are based upon the appropriate published fee schedule unless a lower amount is billed by the provider.

4. Reimbursement Methodology for School-Based Health and Related Services

   a. School-Based Health Services

      School-District servicing providers are individual professionals employed by or under contract with a school district who meet the appropriate licensure or certification requirements and are on the school district's provider enrollment record. Covered services are delivered by the school district and include the following Medicaid 1905(a) services:

      i. Psychological Services
      ii. Physical Therapy Services
      iii. Occupational Therapy Services
      iv. Speech Therapy Services
      v. Audiology Services
      vi. Nursing Services

b. Direct Medical Payment Methodology

Providers will be paid on a cost basis. Providers will be reimbursed using interim rates for allowable school district direct services. On an annual basis, a district-specific cost reconciliation and cost settlement for all over and under payments will be processed.

The provider-specific interim rate is based on the projected cost of the service or a contracted rate.

c. Data Capture for the Cost of Providing Health-Related Services

Data capture for the cost of providing health-related services is accomplished utilizing the following data sources:

Total direct and indirect costs, less any federal payments for these costs are captured utilizing the following data:

i. School-Based Health Services cost reports received from school districts;
ii. South Dakota Department of Education Unrestricted Indirect Cost Rate (UICR);
iii. Random Moment Time Study (RMTS) Activity Code 4B (Direct Medical Services), Activity code 4C (Direct Medical Services not covered as IDEA/IEP service/other allowable plans of care) and the redistribution of Activity Code 10 (General Administration);
iv. Medicaid Eligibility Rate (MER)
    a) Direct Medical Services IEP/IDEA: Medicaid-eligible recipients with an IEP and the total number of students with an IEP ratio.
    b) Direct Medical Services covered under other allowable plans of care: Medicaid eligible recipients and the total number of students in the district ratio.

d. Data Sources and Cost-Finding Steps

The following provides a description of the data sources and steps to complete the cost finding and reconciliation:

i. Allowable Costs: Direct costs for direct medical services include unallocated payroll costs and other unallocated costs that can be directly charged to direct medical services. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct services personnel listed in the descriptions of the covered Medicaid services delivered by school districts. These direct costs are calculated on a district-specific level and will be reduced by any federal payments for these costs, resulting in adjusted direct costs.

Other costs include costs directly related to the approved direct services personnel for the delivery of medical services, such as medically related purchased services, supplies and materials. These direct costs are accumulated on the annual school district services cost report and are reduced by any federal payments for these costs, resulting in adjusted direct costs. The cost report contains the scope of cost and methods of cost allocation that have been approved by the Centers for Medicare & Medicaid Services (CMS), but the state maintains ultimate responsibility to follow all federal cost rules, regulations and claiming processes.

The source of this financial data will be audited Chart of Account records kept at the school district. The Chart of Accounts is uniform throughout the state of South Dakota. Costs will be reported on a cash basis.

a) Direct Medical Services
Non-federal cost pool for allowable providers consists of:
i. Salaries;
ii. Benefits;
iii. Allowable purchased services; and
iv. Allowable supplies and materials.

b) Medically related purchased services include contracted services. School Districts report the amounts they pay to contracted providers as salaries. Benefits are not reported by the school district for contracted staff.

ii. Contracted costs: School Districts can include contracted service costs for and contracted clinicians on the Staff Pool list for the RMTS process. The contracted service costs represent the amounts charged to the school district by the contractor or contracting agency and may include the costs associated with the clinician and any overhead incurred by the contractor that is charged back to the school district. This cost does not include any overhead or other indirect costs incurred by the school district to support the contracted clinician.

a) Contracted service costs are subjected to the same factors that are applied to the school district's direct medical service personnel costs (salaries and benefits) including the Direct Medical Services RMTS percentage, the school district's Unrestricted Indirect Cost Rate, the school district's Medicaid IEP Medicaid eligibility ratio and the 'other plans of care' Medicaid eligibility ratio.

b) The school district's Unrestricted Indirect Cost Rate is applied to contracted service costs to reflect the overhead and administrative costs incurred by the school district to support the contracted service clinician and is non-duplicative of any agency indirect costs charged to the school district by the contractor.

iii. Indirect Costs: Indirect costs are determined by applying the school district's specific Unrestricted Indirect Cost Rate (UICR) to its adjusted direct costs. South Dakota school districts use predetermined fixed rates for indirect costs. These indirect rates are developed by the school districts' state cognizant agency, South Dakota Department of Education (DOE), and are updated annually. The methodology used by the respective state cognizant agency to develop the indirect rates has been approved by the cognizant agency, as required by the CMS guide. Providers are permitted only to certify Medicaid-allowable costs and not to certify any indirect costs outside their unrestricted indirect cost rate.

When a calculated unrestricted indirect cost rate is not available, school districts will use a negotiated rate or the de minimus rate if the school district qualifies. School districts with a calculated unrestricted indirect cost rate must use the calculated rate. If a school district has a calculated unrestricted indirect cost rate, but does not report it, the rate will be set at 0%.

Indirect Cost Rate

a) Apply the South Dakota Department of Education Cognizant Agency UICR applicable for the dates of service in the rate year.

b) The UICR is the unrestricted indirect cost rate calculated by the cognizant agency, South Dakota Department of Education (DOE).

To ensure non-duplication of costs, school districts are instructed that costs from accounting codes used in the calculation of the unrestricted indirect cost rate are not to be included in the reported expenditures on the annual cost report.

iv. Time Study Percentages: After the state receives a CMS approval letter for the time study implementation guide (TSIG) to run the RMTS, the time study will be used to determine the percentage of time that medical service personnel spend on IEP/IFSP, other plans of care, or where medical necessity has been otherwise established direct medical services, general and administrative time and all other activities to account for 100 percent of time to assure that there is no duplicate claiming. The RMTS methodology uses two distinct cost pools; one cost pool for direct medical and administrative service provider types included in the state plan and one for administrative service providers only. The sample period time studies are used to determine the percentage of time spent on the provision of medical services to students with an IEP/IFSP, and other plans of care established and applied statewide. All regular school days are part of the RMTS universe.

RMTS Sampling Periods: The sampling period is defined as follows:

- Sample Period 1 = October 1 – December 31*
- Sample Period 2 = January 1 – March 31
- Sample Period 3 = April 1 – June 30
- Sample Period 4 = July 1 – September 30 (the summer sample period)**

*The time study period begins with the first regular school day when any participating district returns from the summer break and continues until the end of December.
** No time study will be generated between the day after the last regular school day until the day before the first regular school day for any participating district.

The job categories listed below in each of the cost pools are outlined based on the current eligible provider job category.

Cost Pool 1 (Direct Service & Administrative Providers)

These providers may perform FFS and administrative claiming activities as well as direct services. Only those provider types included in the approved state plan are included in the cost pool and time study.

- Psychologist
- School Psychological Examiner
- Licensed Professional Counselor
- Certified Social Worker – PIP
- Certified Social worker – PIP candidate
- Licensed Marriage and Family Therapist
- Clinical Nurse Specialist
- Licensed Audiologist
- Licensed Registered Professional Nurse
- Licensed Practical Nurse
- Advanced Practice Registered Nurse

- Licensed Occupational Therapist
- Licensed Occupational Therapy Assistant
- Licensed Physical Therapist
- Certified Graduate Physical Therapy Assistant
- Licensed Speech Language Pathologist
- Licensed Speech Language Pathology Assistant

The RMTS generates the Direct Medical Services time study percentages; one for Direct Medical Services pursuant to an IEP/IFSP and one for Direct Medical Services pursuant to other medical plans of care. There is one Direct Medical Services percentage pursuant to an IEP/IFSP for each cost pool and that cost pool percentage is used statewide. There is also one Direct Medical Services percentage pursuant to other medical plans of care for each cost pool and that cost pool percentage is used statewide as well. The two Direct Medical Service time study percentages are applied to only those costs associated with direct medical services to generate a Direct Medical Service cost amount for services provided pursuant to an IEP/IFSP and a Direct Medical Services cost amount for services provided pursuant to other medical plans of care for each cost pool. The direct medical services costs and time study results must be aligned to ensure proper cost allocation.

v. Medicaid Ratio Determination: Two distinct Medicaid ratios will be established for each participating school district. When applied, these ratios will discount the associated Direct Medical Service cost pools by the percentage of Medicaid-enrolled students. Both Medicaid ratios will be calculated for each district participating in the School District Services program on an annual basis.

a) Medicaid IEP Ratio: A specific IEP ratio is established for each participating school district. When applied, this IEP ratio reduces the direct health-related cost pool by the percentage of beneficiaries eligible for Medicaid who have an IEP. The names and birthdates of Medicaid-eligible beneficiaries with an IEP will be identified and matched against the Department's (December 1) eligibility files to determine the percentage of those who are enrolled for Medicaid. The numerator of the rate will be the Medicaid-eligible recipients with an IEP, and the denominator will be the total number of students with an IEP.

b) Medicaid Enrollment Ratio for Other Plans of Care Ratio: A specific ratio is established for each participating school district. When applied, this ratio reduces the direct health-related cost pool by the percentage of beneficiaries eligible for Medicaid who have a medical plan of care other than an IEP/IFSP. The names and birthdates of Medicaid-eligible beneficiaries will be identified and matched against the Department’s December 1 eligibility files to determine the percentage of those who are eligible for Medicaid. The numerator of the rate will be the Medicaid-enrolled recipients, and the denominator will be the total number of students in the LEA.

vi. Total Medicaid Reimbursable Costs: The result of the previous steps will be a total Medicaid reimbursable cost for each school district for Direct Medical Services.

e. Certification of Funds Process

Each provider certifies on an annual basis an amount equal to each interim rate times the units of service reimbursed during the previous federal fiscal year. In addition, each provider certifies on an annual basis through its cost report its total actual, incurred allowable costs/expenditures, including the federal share and the non-federal share.

Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

f. Annual Cost Report Process

Each provider will complete an annual cost report for all school health services delivered during the previous state fiscal year covering July 1 through June 30. The cost report is due 365 days after the close of the quarter ending June 30. The primary purposes of the cost report are to:

i. Document the provider's total Medicaid allowable scope of costs for delivering school health services, including direct costs and indirect costs, based on cost allocation methodology procedures; and

ii. Reconcile its interim payments to its total Medicaid-allowable scope of costs based on federal cost allocation methodology procedures. The process will follow the cost principles as outlined in 45 CFR 75. The annual School District Cost Report includes a certification of funds statement to be completed, certifying the provider's actual, incurred costs/expenditures. All filed annual School District Cost Reports are subject to a desk review by the Department or its designee.

g. The Cost Settlement Process

For services delivered for a period covering July 1st, through June 30th, the annual School District Cost Report is due 365 days after the close of the quarter ending June 30, with the cost reconciliation and settlement processes completed no later than June 30th (24 months after the fiscal year end).

If a provider's interim payments exceed the actual, certified costs of the provider for school health services to Medicaid clients, the provider will return an amount equal to the overpayment.

If the actual, certified costs of a provider for school health services exceed the interim Medicaid payments, the Department will pay the federal share of the difference to the provider in accordance with the final actual certification agreement and submit claims to the CMS for reimbursement of that payment in the federal fiscal quarter following payment to the provider.

The Department shall issue a notice of settlement that denotes the amount due to or from the provider.

h. Awareness of Federal Audit and Documentation Regulations:

South Dakota Medicaid and any contractors used to help administer any part of the school district services program are aware of federal regulations listed below for audits and documentation:

- 42 CFR § 431.107 Required provider agreement
- 45 CFR § 447.202 Audits
- 45 CFR § 75.302 Financial management and standards for financial management systems

i. Medicaid Administrative Claiming (MAC):
  i. Reimbursement Methodology for School-Based Administrative Services
    a) Data capture for the cost of providing Administrative services is accomplished utilizing the following data sources:
      i. Total direct and indirect costs, less any federal payments for these costs are captured utilizing the following data:
        a. School-Based Administrative services quarterly cost reports received from school districts;
        b. South Dakota Department of Education Unrestricted Indirect Cost Rate (UICR);
        c. Random Moment Time Study (RMTS) Administrative Reimbursable Activity Codes:
          1. 1B (Medicaid Outreach)
          2. 2B (Facilitating Medicaid Eligibility Determination)
          3. 5B (Transportation related to Medicaid Services)
          4. 6B (Translation Related to Medicaid Services)
          5. 7B (Program Planning, Policy Development and Interagency Coordination Related to Medical Services)
          6. 8B (Medical/Medicaid Specific Training)
          7. 9B (Referral, Coordination and Monitoring of Medicaid Services)
          8. And a redistribution of Activity Code 10 (General Administration):
        d. Medicaid Eligibility Rate (MER)
          1. The Medicaid share is determined as the ratio of Medicaid-eligible students to total students.
  ii. Data Sources and Cost-Finding Steps
    a) The following provides a description of the data sources and steps to complete the cost finding and reconciliation:
      i. Allowable Costs: Direct costs for Administrative services include unallocated payroll costs and other unallocated costs that can be directly charged to Administrative services. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of Administrative services personnel listed in the descriptions of the covered Medicaid services delivered by school districts.

Other costs include costs directly related to the approved Administrative services personnel for the delivery of Administrative related purchased services, supplies and materials. These direct costs are accumulated on the school district services quarterly cost report and are reduced by any federal payments for these costs, resulting in adjusted direct costs. The quarterly cost report contains the scope of cost and methods of cost allocation that have been approved by the Centers for Medicare & Medicaid Services (CMS), but the state maintains ultimate responsibility to follow all federal cost rules, regulations and claiming processes.

The source of this financial data will be audited Chart of Account records kept at the school district. The Chart of Accounts is uniform throughout the state of South Dakota. Costs will be reported on a cash basis.

b) Administrative Services
    i. Non-federal cost pool for allowable providers consists of:
        a. Salaries;
        b. Benefits;
        c. Allowable purchased services:
            1. Administrative related purchased services include contracted services. School Districts report the amounts they pay to contracted providers as salaries. Benefits are not reported by the school district for contracted staff;
        d. Allowable supplies and materials.

c) Contracted costs: School Districts can include contracted service costs for and contracted clinicians that were included on the Staff Pool list for the RMTS process. The contracted service costs represent the amounts charged to the school district by the contractor or contracting agency and may include the costs associated with the clinician and any overhead incurred by the contractor that is charged back to the school district. This cost does not include any overhead or other indirect costs incurred by the school district to support the contracted clinician.

Contracted service costs are subjected to the same factors that are applied to the school district's personnel costs (salaries and benefits) including the Administrative Services RMTS percentages, the school district's Unrestricted Indirect Cost Rate, the school district's Administrative Medicaid eligibility Ratios.

The school district's Unrestricted Indirect Cost Rate is applied to contracted service costs to reflect the overhead and administrative costs incurred by the school district to support the contracted service clinician and are non-duplicative of any agency indirect costs charged to the school district by the contractor.

d) Indirect Costs:
    i. Indirect costs are determined by applying the school district's specific Unrestricted Indirect Cost Rate (UICR) to its adjusted direct costs. South Dakota school districts use predetermined fixed rates for indirect costs. These indirect rates are developed by the school districts' state cognizant agency, South Dakota Department of Education (DOE), and are updated annually. The methodology used by the respective state

cognizant agency to develop the indirect rates has been approved by the cognizant Federal agency, as required by the CMS guide. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

ii. When a calculated unrestricted indirect cost rate is not available, school districts will use a negotiated rate or the de minimus rate if the school district qualifies. School districts with a calculated unrestricted indirect cost rate must use the calculated rate. If a school district has a calculated unrestricted indirect cost rate, but does not report it, the rate will be set at 0%.

iii. Indirect Cost Rate:
   a. Apply the South Dakota Department of Education Cognizant Agency UICR applicable for the dates of service in the rate year.
   b. The UICR is the unrestricted indirect cost rate calculated by the cognizant agency, South Dakota Department of Education (DOE).
   c. To ensure non-duplication of costs, school districts are instructed that costs from accounting codes that are used in the calculation of the unrestricted indirect cost rate are not to be included in the reported expenditures on the annual cost report.

e) Time Study Percentages: After the state receives a CMS approval letter for the time study implementation guide (TSIG) to run the RMTS, the time study will be used to determine the percentage of time that Administrative service personnel spend on Medicaid Administrative services, general and administrative time and all other activities to account for 100 percent of time to assure that there is no duplicate claiming. The RMTS methodology uses two distinct cost pools; one cost pool for direct medical and administrative service provider types included in the state plan and one for administrative service providers only. The sample period time studies are used to determine the percentage of time spent on the provision of Administrative services to students with an IEP/IFSP, and other plans of care established and applied statewide. All regular school days are part of the RMTS universe.

f) RMTS Sampling Periods: The sampling period is defined as follows:

Sample Period 1 = October 1 – December 31*
Sample Period 2 = January 1 – March 31
Sample Period 3 = April 1 – June 30
Sample Period 4 = July 1 – September 30 (the summer sample period)**

*The time study period begins with the first regular school day when any participating district returns from the summer break and continues until the end of December.

** No time study will be generated between the day after the last regular school day until the day before the first regular school day for any participating district.

g) Below the job categories in each of the cost pools are outlined based on the current eligible provider job category.

i. Below the job categories in each of the cost pools are outlined based on the current eligible provider job category:

a. Cost Pool 1 (Direct Service & Administrative Providers)

*These providers may perform FFS and administrative claiming activities as well as direct services. Only those provider types included in the approved state plan are included in the cost pool and time study.

1. Psychologist
2. School Psychological Examiner
3. Licensed Professional Counselor
4. Certified Social Worker – PIP
5. Certified Social worker – PIP candidate
6. Licensed Marriage and Family Therapist
7. Clinical Nurse Specialist
8. Licensed Audiologist
9. Licensed Registered Professional Nurse
10. Licensed Practical Nurse
11. Advanced Practice Registered Nurse
12. Licensed Occupational Therapist
13. Licensed Occupational Therapy Assistant
14. Licensed Physical Therapist
15. Certified Physical Therapy Assistant
16. Licensed Speech Language Pathologist
17. Licensed Speech Language Pathology Assistant

b. Cost Pool 2 (Administrative Service Providers Only)

*These providers may perform only administrative claiming activities. Only those provider types included in the approved state plan are included in the cost pool and time study.

1. School Administrators that perform Medicaid allowable activities
2. School Counselors
3. Nurse Assistant / Health Aide
4. Special Education Teachers
5. Special Education Administrators
6. School Bilingual Assistants
7. Interpreters & Interpreter Assistants
8. Other groups/individuals that perform Medicaid allowable services activities.

h) The RMTS generates the Administration Services time study percentages; The RMTS method polls participants on an individual basis at random time intervals over a given time period and totals the results to determine work effort for the entire population of eligible staff over that same time period. The RMTS method provides a statistically valid means of determining what portion of the selected group of participant's workload is spent performing administrative activities. The Administrative Service time study percentages are applied to only those costs associated with Administrative services to generate the cost amount for services provided pursuant Administrative Services cost amount. The

Administrative services costs and time study results must be aligned to ensure proper cost allocation. The CMS approval letter for the time study is maintained by the State of South Dakota and CMS.

i) Certification of Funds Process

i. Each provider certifies on a quarterly basis. In addition, each provider certifies on a quarterly basis through its cost report its total actual, incurred allowable costs/expenditures, including the federal share and the non-federal share.

ii. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

a. Quarterly Cost Report Process

1. Each provider will complete a quarterly cost report for all school Administrative services delivered during the previous state fiscal year covering July 1 through June 30. The quarterly cost report is due 90 days after the close of the quarter end. The primary purposes of the cost report are to:

i. Document the provider's total Medicaid allowable scope of costs for Administrative services, including direct costs and indirect costs, based on cost allocation methodology procedures; and

ii. Reconcile its total Medicaid-allowable scope of costs based on federal cost allocation methodology procedures. The process will follow the cost principles as outlined in 45 CFR 75. The quarterly School District Cost Report includes a certification of funds statement to be completed, certifying the provider's actual, incurred costs/expenditures. All filed annual School District Cost Reports are subject to a desk review by the department or its designee.

b. For cost reconciliation purposes, the state may not modify the CMS-approved scope of costs, the CMS-approved cost allocation methodology procedures, or its CMS-approved time study for cost reporting purposes. Any modification to the scope of cost, cost allocation methodology procedures, or time study for cost reporting purposes requires approval from CMS prior to implementation; however, such approval does not necessarily require the submission of a new state plan amendment.

iii. Awareness of Federal Audit and Documentation Regulations: South Dakota Medicaid and any contractors used to help administer any part of the school district services program are aware of federal regulations listed below for audits and documentation:

- 42 CFR § 431.107 Required provider agreement
- 45 CFR § 447.202 Audits
- 45 CFR § 75.302 Financial management and standards for financial management systems