



South Dakota
Department of
Social Services

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF MEDICAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291
PHONE: 605.773.3495
FAX: 605.773.5246
WEB: dss.sd.gov

January 10, 2025

Dr. Sally Abbott, MS, PhD
Regional Health Administrator
Centers for Medicare and Medicaid Services
1961 Stout Street, Room 08-148
Denver, CO 80294

Re: South Dakota Medicaid State Plan Amendment SD-25-0002

Dear Dr. Abbott:

Please find enclosed South Dakota's Medicaid State Plan Amendment (SPA) SD-25-0002 regarding the establishment of a Medical Recovery Audit Contractor Program. Pursuant to Section 1902(a)(42)(B)(i) of the Social Security Act, the State is required to establish a program under which it will contract with one or more recovery audit contractors to identify underpayments and overpayments of Medicaid claims. The proposed amendment seeks an extension of a previous exception ending May 31, 2025. The State already maintains a very low rate of errors in Medicaid payments and estimates amounts to be recovered would not be sufficient to attract bidding attention from vendors. For these reasons, the State is seeking a new request for an exception to be in effect through May 31, 2028. The proposed amendment supersedes Page 36b in Section 4.5. The proposed State Plan Amendment has an effective date of June 1, 2025. The department estimates there will be no fiscal impact associated with this SPA.

The State conducted Tribal Consultation beginning with notification on November 18, 2024. We have attached a copy of the notification sent to the Tribes. Public notice was published in the South Dakota *REGISTER*, <https://mylrc.sdlegislature.gov/api/Documents/Register/269922.pdf>, on November 18, 2024. No comments were received.

If you have any questions regarding this package, please contact Renae Hericks, Policy and Programs Manager, Division of Medical Services, 700 Governors Drive, Pierre, SD 57501-2291, e-mail Rena.Hericks@state.sd.us, or telephone (605) 773-4087.

Sincerely,

A handwritten signature in black ink, appearing to read 'Heather Petermann', written in a cursive style.

Heather Petermann
Director

CC: Matt Althoff, Cabinet Secretary

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2. STATE

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

5. FEDERAL STATUTE/REGULATION CITATION

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY _____ \$ _____
b. FFY _____ \$ _____

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

9. SUBJECT OF AMENDMENT

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

13. TITLE

14. DATE SUBMITTED

15. RETURN TO

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

21. TITLE OF APPROVING OFFICIAL

22. REMARKS

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM
State/Territory: SOUTH DAKOTA

SECTION 4. GENERAL PROGRAM ADMINISTRATION

Citation

4.5b Medicaid Recovery Audit Contractor Program

Section 1902(a)(42)(b)(i)
of the Social Security Act

_____ The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

X_____ The State is seeking an extension to the exception to establishing such program for the following reasons:

- (1) The State maintains a low rate of errors in Medicaid payments, as evidenced by the most recent PERM review; and
- (2) The State's estimate of the potential amount of payment errors to be recovered is low based in part on relatively low Medicaid enrollment and associated expenditures such that there would not be enough revenue generated to fund an adequate enough contingency fee to attract sufficient bidding attention from vendors; and
- (3) In fiscal year 2024 the State had total Medicaid and CHIP expenditures of \$1,552.71 million. For this period the State had an average monthly enrollment of 127,664 eligible recipients and a total of 140,074 eligible recipients during the fiscal year. Of these individuals 105,250 were enrolled in the Primary Care Case Management or the Health Home program.

_____ The State Medicaid agency has contracts of the type(s) listed in Section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.

Hericks, Renae

From: DSS Medical Services <DSSMedicalServices@STATE.SD.US>
Sent: Monday, November 18, 2024 8:05 AM
To: DSSMEDICAIDTRIBAL@LISTSERV.SD.GOV
Subject: State Plan Amendment
Attachments: Notice Package 25-0002.pdf

The South Dakota Department of Social Services intends to make changes to the South Dakota Medicaid State Plan concerning the establishment of a Medicaid Recovery Audit Contractor Program. The proposed State Plan Amendment (SPA) has an effective date of June 1, 2025.

Pursuant to Section 1902(a)(42)(B)(i) of the Social Security Act, the State is required to establish a program under which it will contract with one or more Recovery Audit Contractors (RACs) to audit payments to Medicaid providers. These Medicaid RAC audits are utilized to identify and recover provider overpayments, as well as identify provider underpayments. The proposed amendment seeks an extension of a previous exemption ending May 31, 2025. The State already maintains a very low rate of errors in Medicaid payments. For that reason, the State is seeking to extend the exemption through May 31, 2028. The proposed amendment replaces Page 36b to Section 4.5. The department estimates there will be no fiscal impact associated with this SPA.

The SPAs are available to view on the department's website at <http://dss.sd.gov/medicaid/medicaidstateplan.aspx>. Copies of the proposed SPA pages are also available at the Department of Social Services, Division of Medical Services. Written requests for a copy of these changes, and corresponding comments, may be emailed to MedicaidSPA@state.sd.us or sent to:

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

The public comment period will start November 18, 2024, and end December 18, 2024.

Sincerely,

South Dakota Medicaid
Department of Social Services
700 Governors Drive
Pierre, SD 57501
In-State: 1-800-452-7691
Out-of-State 605-945-5006



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November 18, 2024

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Sincerely,

Matt Ballard

Matthew Ballard
Deputy Director
Division of Medical Services
South Dakota Department of Social Services

CC: Matt Althoff, Cabinet Secretary
Heather Petermann, Director



SOUTH DAKOTA REGISTER

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FILINGS WITH THE LEGISLATIVE RESEARCH COUNCIL

Notice

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The SPA is available to view on the department's website at <http://dss.sd.gov/medicaid/medicaidstateplan.aspx>. Copies of the proposed SPA pages are also available at the Department of Social Services, Division of Medical Services. Written requests for a copy of these changes, and corresponding comments, may be emailed to MedicaidSPA@state.sd.us or sent to the Division of Medical Services, Department of Social Services, 700 Governors Drive, Pierre, South Dakota 57501-2291. The public comment period will start November 18, 2024, and end December 18, 2024.

FILINGS WITH THE OFFICE OF THE SECRETARY OF STATE

Final Administrative Rules

[SOUTH DAKOTA STATE BRAND BOARD \(DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES\):](#) 12:10:02:25, 12:10:02:34, 12:10:02:35, 12:10:02:36.

History/Notice: 51 SDR 35, September 16, 2024

Hearing: October 3, 2024

Filed: November 8, 2024

Effective: November 28, 2024

[BOARD OF WATER AND NATURAL RESOURCES \(DEPARTMENT OF AGRICULTURE AND NATURAL RESOURCES\):](#) 74:05:05:20, 74:05:05:21.01.

History/Notice: 51 SDR 28, September 3, 2024

Hearing: September 26, 2024

Filed: November 14, 2024

Effective: December 4, 2024