South Dakota Department of Social Services

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
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September 17, 2024

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-24-0007

Dear Dr. Abbott:

Please find enclosed South Dakota's Medicaid State Plan Amendment (SPA) SD-24-0007. The SPA updates the state plan to reflect current coverage of school-district services and reimbursement for direct school-based health services and Medicaid Administrative Claiming (MAC). The update also includes a school district services cost settlement methodology.

The SPA amends Page 4 of Supplement to Attachment 3.1-A and Page 4 of Attachment 4.19-B and adds Page 4a to Supplement to Attachment 3.1-A and Pages 4a-4k to Attachment 4.19-B of the South Dakota Medicaid state plan. The proposed State Plan Amendment (SPA) will have an effective date of August 6, 2024. The Department estimates there will be no fiscal impact in Federal Fiscal Year 2024 and Federal Fiscal Year 2025 as the amendment allows for alignment with current practice.

The State conducted Tribal Consultation beginning with notification on August 5, 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/267893.pdf, on August 5, 2024. No comments were received.

If you have any questions regarding this package, please contact Matthew Ballard, Deputy Director of the Division of Medical Services, 700 Governors Drive, Pierre, SD 57501-2291, e-mail Matthew.Ballard@state.sd.us, or telephone (605) 773-3495.

Sincerely,

Heather Petermann
Director

CC: Matt Althoff, Cabinet Secretary

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

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

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

Instructions on Back

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

Any Medicaid eligible child under 21 years of age, pursuant to Section 1905(r)(5) of the Act, has access to necessary health care, diagnostic services, treatment and other measures described in Section 1905(a) to correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services whether or not such services are covered under this State plan.

Payment will also be allowed under EPSDT for the following medically necessary services for children less than 21 years of age even if these services are not a benefit for Medicaid eligible adult beneficiaries:

1. Nutrition items, prior authorization required for total parenteral nutrition.
2. Orthodontic services, prior authorization required.
3. Private duty nursing services, prior authorization required.
4. School-District Services
    a. A school district is a Medicaid enrolled educational agency which operates a special education program for students with disabilities, birth through 21 years of age, a cooperative special education unit created by two or more school districts, or a tribally controlled school.

    b. School-District Services are services to correct or ameliorate physical or behavioral illnesses or conditions listed in the recipient's Individualized Education Program (IEP), Individual Family Service Plan (IFSP), 504, and other qualifying plans, and are covered under one or more of the services categories described in Section 1905(a) of the Social Security Act, in this State Plan, and listed below or identified via an EPSDT screen.

    Services must be ordered or referred by a provider licensed under the applicable State laws and shall meet the requirements under 42 CFR Part 440. Identification of illnesses or conditions, and services necessary to correct or ameliorate such conditions is completed by practitioners qualified to make those determinations within their licensed scope of practice.

    c. Individual service rendering providers are employed by or under contract with a school district and provide medically necessary covered services meet the appropriate licensure or certification requirements and are associated with the school district on the school district's provider enrollment record. Covered services include:
        i. Psychological services provided by Psychologist, licensed professional counselor - behavioral health, licensed professional counselor working toward a behavioral health designation, clinical nurse specialist, certified social worker-PIP, certified social worker - PIP candidate, psychological examiner, or licensed marriage and family therapist who has a signed provider agreement with the department to provide mental health services including:
            1) Integrated screening, assessment, and evaluation;
            2) Individual therapy;
            3) Group therapy;
            4) Parent or guardian group therapy; and
            5) Family education, support, and therapy.
        ii. Physical therapy services by a licensed physical therapist or a certified graduate physical therapy assistant.
        iii. Occupational therapy services by a licensed occupational therapist or a licensed occupational therapy assistant.

SUPPLEMENT TO ATTACHMENT 3.1-A

iv. Speech therapy services by a licensed speech-language pathologist or a licensed speech-language pathology assistant.
v. Audiology services provided by a licensed audiologist.
vi. Nursing services provided by a licensed registered nurse, licensed practical nurse, and clinical nurse specialist to treat a chronic medical illness or service identified on the recipient's IEP/Care plan including:
    1) Nursing evaluation or assessment, which includes observation of recipients with chronic medical illnesses;
    2) Nursing treatment, which includes administration of medication, management and care of specialized feeding program, management and care of specialized medical equipment; and
    3) Extended nursing care for a technology-dependent recipient who relies on life sustaining medical technology to compensate for the loss of a vital body function and requires ongoing complex hospital-level nursing care to avert death or further disability. Extended nursing care is limited to services provided in the school during normal school hours or during transportation to and from school when the transportation is owned, operated, or contracted through the school district.

Payment will also be made for any medically necessary services in excess of any limitations indicated under this supplement provided to children less than 21 years of age.

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. The CMS approval letter for the time study is maintained by the State of South Dakota and CMS.

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 eligible 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 peel 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-eligible recipients, and the denominator will be the total number of students.

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 Reconciliation Process

The cost reconciliation process must be completed within twenty-four months of the end of the reporting period covered by the annual School District Cost Report. The total CMS-approved, Medicaid allowable scope of costs based on CMS-approved cost allocation methodology procedures are compared to the provider's Medicaid interim payments for school health services delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

For the purposes of cost reconciliation, 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.

h. 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.

i. 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

j. 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

Hericks, Renae

From: DSS Medical Services <DSSMedicalServices@STATE.SD.US>
Sent: Monday, August 5, 2024 8:00 AM
To: DSSMEDICAIDTRIBAL@LISTSERV.SD.GOV
Subject: State Plan Amendment
Attachments: 24-0007 Notice Package .pdf

Good morning,

The South Dakota Department of Social Services intends to amend the South Dakota Medicaid State Plan regarding school district services. The proposed state plan amendment (SPA) updates the state plan to reflect current coverage of school-district services and reimbursement for direct school-based health services and Medicaid Administrative Claiming (MAC). The update also includes a school district services cost settlement methodology.

The SPA amends Page 4 of Supplement to Attachment 3.1-A and Page 4 of Attachment 4.19-B, and adds Page 4a to Supplement to Attachment 3.1-A and Pages 4a-4k to Attachment 4.19-B of the South Dakota Medicaid state plan.

The proposed State Plan Amendment (SPA) will have an effective date of August 6, 2024. The Department estimates there will be no fiscal impact in Federal Fiscal Year 2024 and Federal Fiscal Year 2025 as the amendment allows for alignment with current practice.

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 August 5, 2024, and end September 4, 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

South Dakota Department of Social Services

disseminate this message or any part of it. If you have received this message in error, please notify the sender immediately by telephone at (605) 773-3495 or by reply transmission by e-mail, and delete all copies of the message.

The Department of Social Services does not exclude, deny benefits to, or otherwise discriminate against any person on the basis of actual or perceived race, color, religion, national origin, sex, age, gender identity, sexual orientation or disability in admission or access to, or treatment or employment in its programs, activities, or services. For more information about this policy or to file a Discrimination Complaint you may contact: Discrimination Coordinator, Director of DSS Division of Legal Services, 700 Governor's Drive, Pierre SD 57501, 605-773-3305.

Medicaid State Plan Amendment Proposal

Transmittal Number: SD-24-0007

Effective Date: 8/6/2024

Brief Description: Adds school-district services and reimbursement for direct school-based health services and Medicaid Administrative Claiming (MAC) to the State Plan to reflect current coverage. The update also includes a school district services cost settlement methodology.

Area of State Plan Affected: Supplement to Attachment 3.1-A and Attachment 4.19-B

Page(s) of State Plan Affected:
Amends Page 4 of Supplement to Attachment 3.1-A and Page 4 of Attachment 4.19-B.
Adds Page 4a to Supplement to Attachment 3.1-A and Pages 4a-4k to Attachment 4.19-B.

Estimate of Fiscal Impact, if Any: FFY24: $0
FFY25: $0

Reason for Amendment: Reflect current coverage and reimbursement for school district services.

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

August 5, 2024

RE: South Dakota Medicaid Plan Amendment # SD-24-0007

The South Dakota Department of Social Services intends to amend the South Dakota Medicaid State Plan regarding school district services. The proposed state plan amendment (SPA) updates the state plan to reflect current coverage of school-district services and reimbursement for direct school-based health services and Medicaid Administrative Claiming (MAC). The update also includes a school district services cost settlement methodology.

The SPA amends Page 4 of Supplement to Attachment 3.1-A and Page 4 of Attachment 4.19-B, and adds Page 4a to Supplement to Attachment 3.1-A and Pages 4a-4k to Attachment 4.19-B of the South Dakota Medicaid state plan.

The proposed State Plan Amendment (SPA) will have an effective date of August 6, 2024. The Department estimates there will be no fiscal impact in Federal Fiscal Year 2024 and Federal Fiscal Year 2025 as the amendment allows for alignment with current practice.

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 August 5, 2024, and end September 4, 2024.

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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Volume 51 Monday, 8:00 a.m., August 5, 2024

FILINGS WITH THE LEGISLATIVE RESEARCH COUNCIL

Notice

The **Department of Social Services** intends to amend the South Dakota Medicaid State Plan regarding school district services. The proposed state plan amendment (SPA) updates the state plan to reflect current coverage of school district services and reimbursement for direct school-based health services and Medicaid Administrative Claiming (MAC); it also includes a school district services cost settlement methodology. The SPA amends Page 4 of Supplement to Attachment 3.1-A and Page 4 of Attachment 4.19-B and adds Page 4a to Supplement to Attachment 3.1-A and Pages 4a-4k to Attachment 4.19-B of the South Dakota Medicaid State Plan.

The department intends to make this SPA effective August 1, 2024, and estimates there will be no fiscal impact in Federal Fiscal Year 2024 and Federal Fiscal Year 2025 as the amendment allows for alignment with current practice.

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 August 5, 2024, and end September 4, 2024.

FILINGS WITH THE OFFICE OF THE SECRETARY OF STATE

Final Administrative Rules

SOUTH DAKOTA BOARD OF NURSING (DEPARTMENT OF HEALTH): 20:48:03:14, 20:48:03:14.01; 20:48:03.01:03; 20:48:07.01:01, 20:48:07.01:02, 20:48:07.01:03, 20:48:07.01:04; 20:48:16:05, 20:48:16:06.

History/Notice: 50 SDR 132, May 6, 2024
Hearing: June 5, 2024
Filed: July 29, 2024
Effective: August 18, 2024

SOUTH DAKOTA COMMISSION ON GAMING (DEPARTMENT OF REVENUE): 20:04:27:12, 20:04:27:13.13, 20:04:27:14.

History/Notice: 50 SDR 138, May 20, 2024
Hearing: June 25, 2024
Filed: July 29, 2024
Effective: August 18, 2024