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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-17-0005

This file contains the following documents in the order listed:

1) Approval Letter
2) CMS 179 Form/Summary Form (with 179-like data)
3) Approved SPA Pages
August 31, 2017

William Snyder, Medicaid Director
South Dakota Department of Social Services
Richard F. Kneip Building
700 Governors Drive
Pierre, SD 57501-2291

RE: South Dakota #17-0005

Dear Mr. Snyder:

We have reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 17-0005. This amendment updates the outpatient hospital reimbursement methodology.

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

In order to track expenditures associated with this amendment, South Dakota should follow the CMS-64 reporting instructions outlined in Section 2500 of the State Medicaid Manual (SMM). This amendment would affect expenditures reported on Line 6A- Outpatient Hospital Services.

If you have any questions concerning this amendment, please contact Kirstin Michel at (303) 844-7036.

Sincerely,

[Signature]

Richard C. Allen
Associate Regional Administrator
Division of Medicaid & Children’s Health Operations

cc: Brenda Tidball-Zeltinger, Deputy Secretary
Sarah Aker, South Dakota
**Transmittal and Notice of Approval of State Plan Material**

For: Centers for Medicare & Medicaid Services

1. **Transmittal Number:** SD-17-005
2. **State:** South Dakota

3. **Program Identification:** Title XIX of the Social Security Act (Medicaid)

4. **Proposed Effective Date:** July 1, 2017

5. **Type of Plan Material (Check One):**
   - [ ] New State Plan
   - [ ] Amendment to be Considered as New Plan
   - [x] Amendment

6. **Federal Statute/Regulation Citation:** 42 CFR 447.201

7. **Federal Budget Impact:**
   - a. FFY 2017: $0.00
   - b. FFY 2018: $0.00

8. **Page Number of the Plan Section or Attachment:** Page 1b of Attachment 4.19-B

9. **Page Number of the Superseded Plan Section or Attachment (If Applicable):** Page 1b of Attachment 4.19-B

10. **Subject of Amendment:** The proposed SPA removes duplicative language from the outpatient hospital payment methodology section.

11. **Governor’s Review (Check One):**
   - [ ] Governor’s Office Reported No Comment
   - [ ] Other, as Specified
   - [ ] Comments of Governor’s Office Enclosed
   - [ ] No Reply Received Within 45 Days of Submittal

12. **Signature of State Agency Official:**

13. **Typed Name:** Lynne A. Valenti

14. **Title:** Cabinet Secretary

15. **Date Submitted:** August 3, 2017

16. **Return To:**

17. **Date Received:** August 3, 2017

18. **Date Approved:** August 31, 2017

19. **Effective Date of Approved Material:** July 1, 2017

20. **Signature of Regional Official:**

21. **Typed Name:** Richard C. Allen

22. **Title:** ARA, DMCHO

23. **Remarks:**

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**FOR REGIONAL OFFICE USE ONLY**

17. **Date Received:** August 3, 2017

20. **Signature of Regional Official:**

**PLAN APPROVED - ONE COPY ATTACHED**

**FOR CMS USE ONLY**

**Form CMS-179 (07-92)**
ATTACHMENT 4.19-B
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

4. The agency will make prospective payments to outpatient hospitals based upon Medicare principles and the above exceptions using the CMS 2552-10 Report, Worksheet C, Part 1 lines 50-200 as submitted by the hospitals to determine the Medicare outpatient cost-to-charge ratios (CCRs) for the ancillary cost centers for each hospital. All participating hospitals must submit their Medicare cost reports to the agency within 150 days following the end of their fiscal year. For each hospital, the agency will use average of the ancillary CCRs for that hospital to calculate the hospital-specific reimbursement percentage to apply to outpatient charges from that hospital to determine the prospective Medicaid payment.

The remaining instate hospitals will be reimbursed at 90% of billed charges. Hospitals’ charges shall be uniform for all payers and may not exceed the usual and customary charges to private pay patients.

Reimbursement for outpatient services at out-of-state hospitals is calculated at 38.2% of the hospitals’ usual and customary charges.