



Legislative Research Council

Representative Charles M. Turbiville, Chair
Senator Joni M. Cutler, Vice Chair

James Fry, Director
Doug Decker, Code Counsel

April 13, 2011

Mr. Jim Hagen, Secretary
Department of Tourism
Capitol Lake Plaza
Pierre, SD 57501

RE: FY2012 Appropriation

Dear Secretary Hagen:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your FY12 appropriation. As such, it supplements that appropriation with a specific policy guideline.

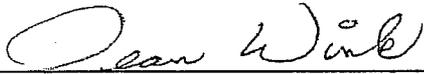
While the guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

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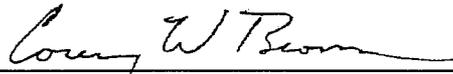
It is the intent of the Joint Committee on Appropriations regarding Tourism Challenge Grants, Office of the Arts, Archeological Research Center, and Cultural Heritage Center that funds be administered as follows – The Department of Tourism shall provide funding for the Tourism Challenge Grants, Office of the Arts, Archeological Research Center, and Cultural Heritage Center from the proceeds generated from one third of the gross receipts tax imposed on visitor-related businesses. Funding shall be provided in FY 2012 based on a pro rata share until the Tourism Challenge Grants are funded at \$2,000,000, the Office of the Arts receives \$668,509, Archeological Research Center receives \$308,782 and the Cultural Heritage Center receives \$214,820 from the gross receipts tax. If revenues from one-third of the gross receipts tax is less than these amounts in total, then the difference shall be shared by each program based a percent to the total using the amounts above. The Department of Tourism shall also provide a report on a quarterly basis to the Joint Committee on Appropriations regarding the gross receipts tax collections and the status of funding the Tourism Challenge Grants, Office of the Arts, Archeological Research Center and Cultural Heritage Center as stated above. This report should also include the total gross receipts tax collections year-to-date.

In addition, it is also expected that you will be prepared to address this guideline in your FY13 budget presentation to the Joint Committee next January.

Thank you for your consideration.



Representative Dean Wink
Co-Chair



Senator Cory Brown
Co-Chair

cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



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April 13, 2011

Ms. Amy Iversen-Pollreisz, Interim Secretary
Department of Humans Services
Hillsview Plaza
Pierre, SD 57501

RE: FY2012 Appropriation

Dear Interim Secretary Iversen-Pollreisz:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your FY12 appropriation. As such, it supplements that appropriation with a specific policy guideline.

While the guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative-Executive relationships in South Dakota and it will be used by the Joint Committee as one basis for the fiscal oversight of your agency and its continued funding.

Specifically:

It is the intent of the Joint Committee on Appropriations (JCA) that the Governor's Office, the Department of Social Services, the Department of Human Services, the Legislature, providers and consumers continue to collaborate in an effort to create a Medicaid System that is considered a model for other states in the country. While a goal of this effort is to decrease costs and find further efficiencies, the real desire is to provide better and more appropriate care for the patients and residents of South Dakota. The ultimate goal is to create the best possible Medicaid system within the state's limited resources.

While there was progress made towards identifying long-term alternatives and solutions to Medicaid during the 2011 legislative session, substantive proposals will require additional time to refine and develop. It is the intent of the JCA that the Medicaid Long Term Solutions work group will be responsible for coordinating and leading these efforts throughout 2011. In particular, the JCA has an interest in proposals and options for the following:

- Developing recommendations for the implementation of best practices in the state's administration of the Medicaid program.

- Developing recommendations on changes in reimbursement methodology for providers.
- The JCA understands the Medicaid Long Term Solutions work group will continue to coordinate collaboration between the Department of Social Services, Avera Health, Regional Health, Sanford Health, the South Dakota Association of Healthcare Organizations, and other appropriate parties to propose a variety of substantive alternatives to include options in case management, Medical homes, patient-centered care management, and payment models. When appropriate, the Medicaid Long Term Solutions task force is encouraged to conduct demonstration projects and pilot programs. These efforts will require full cooperation by all parties in developing a data set to be analyzed by the health systems looking for shared solutions. The JCA requests that the work plan and timelines for the task force be submitted to the Governor and the JCA by May 1st, 2011.

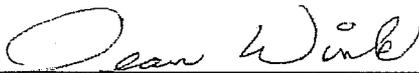
In the event that waivers are required, it is the understanding of the JCA that the three health systems will provide DSS with the appropriate assistance, if required, to obtain the changes from the federal government.

It is the intent of the JCA that the Medicaid Long Term Solutions work group efforts include the aforementioned categories; however, there is no intent to limit the scope of proposals or discussion areas of the task force if additional improvements are identified.

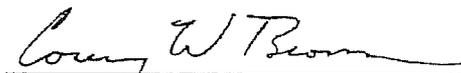
It is the intent of the JCA that the Medicaid Long Term Solutions work group shall submit quarterly reports of their activities to the Governor and JCA, including any required changes in legislation, policy, demonstration and pilot programs, or waivers that are required to implement changes.

In addition, it is also expected that you will be prepared to address this guideline in your FY13 budget presentation to the Joint Committee next January.

Thank you for your consideration.



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Co-Chair



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cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



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April 13, 2011

Ms. Kim Malsam-Rysdon, Secretary
Department of Social Services
Kneip Building
Pierre, SD 57501

RE: FY2012 Appropriation

Dear Secretary Rysdon:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your FY12 appropriation. As such, it supplements that appropriation with a specific policy guideline.

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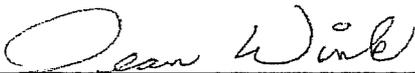
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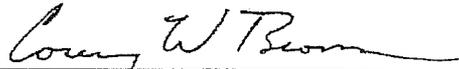
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James Fry, Director
Doug Decker, Code Counsel

April 13, 2011

Ms. Deb Bowman, Senior Advisor
Office of the Governor
500 E. Capitol Ave
Pierre, SD 57501

RE: FY2012 Appropriation

Dear Senior Advisor Bowman:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your FY12 appropriation. As such, it supplements that appropriation with a specific policy guideline.

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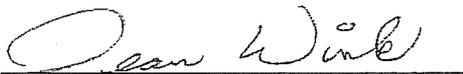
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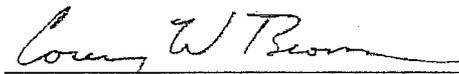
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Co-Chair



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cc: Marty Guindon, Auditor General
Jason Dilges, Commissioner, Bureau of Finance and Management



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James Fry, Director
Doug Decker, Code Counsel

April 13, 2011

Ms. Amy Iversen-Pollreisz, Interim Secretary
Department of Humans Services
Hillsview Plaza
Pierre, SD 57501

RE: FY2012 Appropriation

Dear Interim Secretary Iversen-Pollreisz:

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Specifically, it is the request of the Joint Committee that:

The Legislature approved a tiered rate reduction to providers in amendment 1251uw on March 10, 2011. Funding for this approach was included in SB190 as well as through a realignment of the base in amendment 1251uw. Providers are to realize a rate-reduction burden that ranges from -11.48% to -1.8% in conformity with Attachment 1 to this document which was distributed by the Bureau of Finance & Management to the Joint Appropriations Committee on March 10, 2011, Document 1 (Attachment 1 to this letter). The Joint Appropriations Committee expects the departments to manage to this distribution.

Hospitals defined as "Critical Access Hospitals" are to receive a 0% cut.

It is also the intent of the Joint Appropriations Committee that the Graduate Medical Education Program in the Department of Social Services be continued. Funding for the program is specified in Attachment 1.

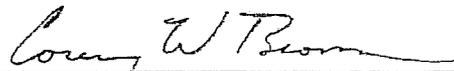
The departments shall provide a compliance report back to the Joint Appropriations Committee at its fall meeting. The report shall detail the implementation and effects of the tiered cuts to providers.

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Jason Dilges, Commissioner, Bureau of Finance and Management

Attachment 1



Legislative Research Council

Representative Charles M. Turbiville, Chair
Senator Joni M. Cutler, Vice Chair

James Fry, Director
Doug Decker, Code Counsel

April 13, 2011

Ms. Patricia Duggan, State Court Administrator
Unified Judicial System
500 E. Capitol Ave
Pierre, SD 57501

RE: FY2012 Appropriation

Dear State Court Administrator Duggan:

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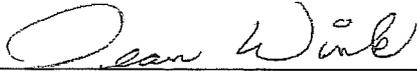
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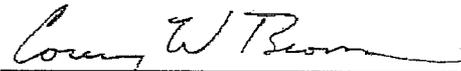
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Jason Dilges, Commissioner, Bureau of Finance and Management

Attachment 1



Legislative Research Council

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April 13, 2011

Ms. Kim Malsam-Rysdon, Secretary
Department of Social Services
Kneip Building
Pierre, SD 57501

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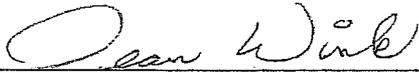
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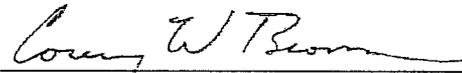
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Attachment 1

**Redistributed Rate-Reduction Burden
FY12 Provider Rate Reduction Proposal Using One-Time Money**

	% Reduction	General	Federal/Other	Total	Difference from Governors Revised General
Hospitals	-11.48%	-8,391,064	-12,651,983	-21,043,047	4,759,943
■ Reinstated Graduate Medical Education		1,225,700	1,812,723	3,038,423	1,225,700
				0	
Auxiliary Placement	-4.7%	-334,511	-47,880	-382,391	189,756
Physicians				0	
■ Primary Care/Pediatricians	-4.5%	-472,295	-731,495	-1,203,790	267,916
■ All other	-5.1%	-1,002,422	-1,552,561	-2,554,983	568,637
Pharmacies	-3.8%	-542,784	-802,738	-1,345,522	307,901
Durable Medical Equipment	-6.4%	-230,255	-345,119	-575,374	130,615
Emergency Medical Transportation	-5.1%	-101,153	-151,382	-252,535	57,380
Optometrists/Ophthalmologist	-6.4%	-81,187	-126,848	-208,035	46,055
Chiropractors	-6.4%	-14,485	-22,851	-37,336	8,217
Dentists	-6.4%	-403,243	-645,698	-1,048,941	228,745
Psychiatric Residential Treatment (Medical Services)	-4.5%	-196,503	-301,896	-498,399	111,469
Long Term Care (Nursing Home, Hospice, Assisted Living)		-3,442,339	-5,090,975	-8,533,314	1,952,713
■ Assisted Living and Hospice	-4.5%	-272,879	-403,568	-676,447	
■ Nursing Homes 0-50% Medicaid Occupancy	-4.0%	-601,194	-889,123	-1,490,317	
■ Nursing Homes 51-56% Medicaid Occupancy	-3.75%	-737,199	-1,090,264	-1,827,463	
■ Nursing Homes 57-66% Medicaid Occupancy	-3.00%	-1,534,283	-2,269,098	-3,803,381	
■ Nursing Homes 67% or more Medicaid Occupancy	-1.8%	-203,995	-301,693	-505,688	
■ 9 Critical Access Nursing Homes	-1.8%	-92,789	-137,229	-230,018	
Elderly Nutrition Program - Senior Meals	-3.2%	-39,258	-117,773	-157,031	22,269
In-Home Services for the Elderly	-3.2%	-182,569	-98,085	-280,654	103,565
Group Care Providers (Child Protection)	-4.5%	-225,147	-47,008	-272,155	127,717
Psychiatric Residential Treatment (Child Protection)	-4.5%	-319,193	-472,418	-791,611	181,066
Substance Abuse Providers	-4.5%	-503,811	-151,861	-655,672	285,794
Community Mental Health Centers	-4.5%	-480,800	-435,192	-915,992	272,740
Dept of Human Services - Community Services	-4.5%	-1,852,853	-2,549,085	-4,401,938	1,051,055
Dept of Corrections - Community Services	-4.5%	-453,177	-49,729	-502,906	257,071
Unified Judicial System - Community Services	-4.5%	-56,981		-56,981	31,656
Totals		-18,100,330	-24,579,855	-42,680,185	12,187,980
Totals of FY12 Governor Daugaard's Budget Rec.		-30,343,689	-40,154,944	-70,498,633	