South Dakota Legislature

State Capitol, 500 East Capitol, Pierre, South Dakota 57501-5070

Interim Joint Committee on Appropriations
Representative Justin Cronin, Chair
Senator Deb Peters, Vice Chair

March 31, 2015

Ms. Kim Malsam-Rysdon, Secretary
Department of Health
600 East Capitol Avenue
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2015 Session

Dear Secretary Malsam-Rysdon:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2015 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 30, 2015.

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.

The 2015 South Dakota Legislature approved discretionary FY16 rate increases to providers in the amounts of 1.65%, 2.20%, or 2.50% depending on services provided in amendment 1208nw. This Letter of Intent supplements that appropriation with a specific policy guideline concerning the use of such funds.

It is the intent of the Interim Joint Committee on Appropriations that in FY16, providers are to realize a discretionary base rate increase in conformity with Attachment 1 of this document which was distributed by the Joint Appropriations Committee on March 13, 2015.

Thank you for your cooperation.

/ S / Representative Justin Cronin

Representative Justin Cronin
Chair, Interim Joint Appropriations

/ S / Senator Deb Peters

Senator Deb Peters
Vice Chair, Interim Joint Appropriations

Attachment: Provider Inflation

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

Attachment 1

Provider Inflation:

	FY16 Base Infl.	FY16 2.0% Base Infl. Gov Rec.		FY16 Scenario	FY16 Proposed Rate Redistribution			
		General Funds	Total Funds		General Funds	Federal Funds	Other Funds	Total Funds
Hospitals	2.00%	1,776,915	3,727,573	1.65%	1,465,961	1,609,315		3,075,276
Physicians	2.00%	709,874	1,507,956	1.65%	585,635	658,418		1,244,053
Pharmacies	2.00%	549,630	1,160,383	1.65%	453,447	503,864		957,311
Emergency Transportation/Medical Equipment	2.00%	140,026	289,430	1.65%	115,517	123,255		238,772
Optometrists/Ophthalmologist	2.00%	14,886	30,769	1.65%	12,277	13,118		25,395
Chiropractors	2.00%	4,787	9,894	1.65%	3,944	4,208		8,152
Dentists	2.00%	202,979	442,018	1.65%	167,448	197,201		364,649
DSS Community Based:								
Psychiatric Residential Treatment (Medical Services)	2.00%	103,554	214,043	2.50%	127,379	135,890		263,269
Long Term Care (Nursing Home, Hospice, Assisted Living)	2.00%	1,822,372	3,766,788	2.50%	2,241,527	2,391,637		4,633,164
Elderly Nutrition Program - Senior Meals	2.00%	101,296	101,296	2.50%	124,599	-		124,599
In-Home Services for the Elderly	2.00%	210,049	263,018	2.50%	258,349	65,141		323,490
Group Care Providers (Child Protection)	2.00%	54,928	68,660	2.50%	67,560	16,903		84,463
Psychiatric Residential Treatment (Child Protection)	2.00%	172,674	356,912	2.50%	212,388	226,612		439,000
Substance Abuse Providers	2.00%	351,298	411,128	2.50%	432,369	73,591		505,960
Community Mental Health Centers	2.00%	411,854	597,244	2.50%	506,293	228,030		734,323
Auxiliary Placement	2.00%	170,568	170,568	2.50%	209,789	-		209,789
Other Provider Groups	2.00%	451,609	553,766	2.50%	554,450	105,018	17,492	676,960
DSS TOTAL		7,249,299	13,671,446		7,538,932	6,352,201	17,492	13,908,625
DOC								
Community Services	2.00%	209,279	315,666	2.50%	257,414	130,847	-	388,261
DHS								
Community Services	2.00%	1,192,938	2,842,054		1,467,316	1,748,494	279,923	3,495,733
UJS								
Community Services	2.00%	24,046	25,124	2.50%	29,569	1,328	-	30,897
DOC								
Inmate Services	2.00%	28,410	28,410	2.20%	31,251	-	-	31,251
DOE								
Ed Resources	2.00%	-	26,594	2.20%	-	29,253	-	29,253
DVA								
Vet's Home Health Services	2.00%	19,297	39,887	2.50%	23,739	25,338	-	49,077
DOH								
Inmate Services	2.00%	-	21,756	2.20%	-	-	23,932	23,932
TOTAL		**8,723,269**	**16,970,937**		**9,348,221**	**8,287,461**	**321,347**	**17,957,029**
			Change From the General Bill:		624,952	305,934	55,206	986,092