Senator Gary Cammack, Chair | Representative Dean Wink, Vice Chair
Jason Hancock, Director | Sue Cichos, Deputy Director | Doug Decker, Code Counsel
500 East Capitol Avenue, Pierre, SD 57501 | 605-773-3251 | LEGIS.SD.GOV

Joint Committee on Appropriations
SENATOR DEB PETERS, CO-CHAIR
REPRESENTATIVE JUSTIN CRONIN, CO-CHAIR

April 1, 2016

Ms. Lynne Valenti, Secretary
Department of Social Services
Kneip Building
Pierre, SD 57501

Ms. Gloria Pearson, Secretary
Department of Human Services
Hillsview Plaza
Pierre, SD 57501

Ms. Kim Malsam-Rysdon, Secretary
Department of Health
Robert Hayes Building
Pierre, SD 57501

Mr. Denny Kaemingk, Secretary
Department of Corrections
Solem Building
Pierre, SD 57501

Mr. Greg Sattizahn, State Court Administrator
Unified Judicial System
State Capitol Building
Pierre, SD 57501

Dr. Melody Schopp, Secretary
Department of Education
MacKay Building
Pierre, SD 57501

Letter of Intent Regarding Legislation Approved in the 2016 Session

Dear Agency Head:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations in approving your appropriation in the 2016 Legislative Session. As such, it supplements that appropriation with a specific policy guideline as approved on March 29, 2016.

While the guideline does not have the direct force of statutory law, it rests solidly on a long-standing tradition of Legislative, Judicial, and 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 2016 South Dakota Legislature approved a discretionary 2.7% base rate increase to all providers. Furthermore, community based providers received an additional 0.72% increase and certain providers received additional increases as part of a proposal to move all providers toward a reimbursement rate of at least 90% of their allowable costs.

It is the intent of the Interim Joint Committee on Appropriations that in FY2017, providers are to realize a base rate increase in conformity with Attachment 1 of this document.

Thank you for your cooperation.

/S/ Senator Deb Peters
Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

/S/ Representative Justin Cronin
Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

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

Attachment

Attachment 1

SB 172: FY2017 Discretionary Provider Inflation

Discretionary Provider Inflation

Provider Group		Governor's Recommended 2.7%				+ Additional 0.72%				TOTAL			
		General	Federal	Other	Total	General	Federal	Other	Total	General	Federal	Other	Total
DSS	Hospitals [A]	2,236,986	2,831,470	-	5,068,456	-	-	-	-	2,236,986	2,831,470	-	5,068,456
	Physicians [B]	858,145	1,145,998	-	2,004,143	-	-	-	-	858,145	1,145,998	-	2,004,143
	Pharmacies	814,912	1,068,194	-	1,883,106	-	-	-	-	814,912	1,068,194	-	1,883,106
	Emergency Transportation/Medical Equipment [C]	188,532	222,303	-	410,835	-	-	-	-	188,532	222,303	-	410,835
	Optometrists/Ophthalmologist	21,721	25,611	-	47,332	-	-	-	-	21,721	25,611	-	47,332
	Chiropractors	6,296	7,424	-	13,720	-	-	-	-	6,296	7,424	-	13,720
	Dentists	243,617	372,947	-	616,564	-	-	-	-	243,617	372,947	-	616,564
	Psychiatric Residential Treatment (Medical Services) [D]	173,695	204,808	-	378,503	46,319	54,616	-	100,934	220,014	259,424	-	479,437
	Long Term Care (Nursing Home, Hospice, Assisted Living) [E]	2,341,632	2,761,080	-	5,102,712	624,435	736,288	-	1,360,723	2,966,067	3,497,368	-	6,463,435
	Elderly Nutrition Program - Senior Meals	140,170	-	-	140,170	37,379	-	-	37,379	177,549	-	-	177,549
	In-Home Services for the Elderly [F]	286,329	95,146	-	381,475	76,354	25,372	-	101,727	362,683	120,518	-	483,202
	Group Care Providers (Child Protection)	73,757	17,164	-	90,921	19,669	4,577	-	24,245	93,426	21,741	-	115,166
	Psychiatric Residential Treatment (Child Protection)	174,095	205,280	-	379,375	46,425	54,741	-	101,166	220,520	260,021	-	480,542
	Substance Abuse Providers	567,211	83,540	-	650,751	151,256	22,278	-	173,534	718,467	105,818	-	824,285
	Community Mental Health Centers	540,442	261,564	-	802,006	144,118	69,750	-	213,868	684,560	331,314	-	1,015,874
	Other Provider Groups	1,188,785	102,507	22,663	1,313,955	317,010	27,335	6,043	350,388	1,505,795	129,842	28,706	1,664,343
DOC	Community Services	218,370	100,763	-	319,133	58,232	26,870	-	85,102	276,602	127,633	-	404,235
	Inmate Services	45,532	-	-	45,532	12,142	-	-	12,142	57,674	-	-	57,674
DHS	Community Services [G]	1,636,653	2,127,548	228,468	3,992,669	436,441	567,347	60,925	1,064,712	2,073,094	2,694,895	289,393	5,057,381
UJS	Community Services	48,753	-	1,664	50,417	13,001	-	444	13,445	61,754	-	2,108	63,862
DOE	Ed Resources	70,111	6,197	-	76,308	18,696	1,653	-	20,349	88,807	7,850	-	96,657
DOH	Community Services	-	-	36,352	36,352	-	-	9,694	9,694	-	-	46,046	46,046
TOTAL		11,875,744	11,639,544	289,147	23,804,435	2,001,476	1,590,826	77,106	3,669,408	13,877,220	13,230,370	366,253	27,473,843

Additional Increase: Three Year Plan to Get All Providers to at Least 90% of Allowable Costs

Provider Subgroup Receiving Additional Increase		Governor's Recommended Year 1 of Plan				+ 1/2 of Year 2 Cost				TOTAL			
		General	Federal	Other	Total	General	Federal	Other	Total	General	Federal	Other	Total
DSS	MS - Hospitals (Inpatient Psychiatric) [A]	56,844	67,026	-	123,870	28,422	33,513	-	61,935	85,266	100,539	-	185,805
	MS - Physicians (Outpatient Psychiatric) [B]	175,454	206,882	-	382,336	87,727	103,441	-	191,168	263,181	310,323	-	573,504
	MS - Emergency Transportation [C]	292,136	344,465	-	636,601	146,068	172,232	-	318,300	438,204	516,697	-	954,901
	MS - In Home Services (Homemaker/Nursing) [D]	320,162	377,511	-	697,673	160,081	188,755	-	348,836	480,243	566,266	-	1,046,509
	ASA - Assisted Living [E]	66,729	78,682	-	145,411	33,364	39,341	-	72,705	100,093	118,023	-	218,116
	ASA - In Home Services (Homemaker/Nursing) [F]	387,658	123,899	-	511,557	193,829	61,950	-	255,779	581,487	185,849	-	767,336
DHS	In Home Services (ADLS Waiver) [G]	55,134	65,010	-	120,144	27,567	32,505	-	60,072	82,701	97,515	-	180,216
TOTAL		1,354,115	1,263,475	-	2,617,591	677,058	631,737	-	1,308,796	2,031,173	1,895,212	-	3,926,387