



Joint Committee on Appropriations
SENATOR JOHN WIIK, CO-CHAIR
REPRESENTATIVE CHRIS KARR, CO-CHAIR

May 22, 2019

Dr. M. Greg DeSautel, Secretary
Department of Social Services
Kneip Building
Pierre, SD 57501

Mr. Mike Leidholt, Secretary
Department of Corrections
Solem Building
Pierre, SD 57501

Ms. Shawnie Rechtenbaugh, Secretary
Department of Human Services
Hillsview Plaza
Pierre, SD 57501

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

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

Mr. Craig Price, Secretary
Department of Public Safety
Sutherland Building
Pierre, SD 57501

Letter of Intent Regarding Provider Inflation Approved in the 2019 Legislative Session

Dear Agency Head:

This Letter of Intent sets forth a particular view held by the Joint Committee on Appropriations (JCA) in approving your appropriation in the 2019 Legislative session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on May 22, 2019.

While the guidance 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 2019 South Dakota Legislature, through the FY2020 General Appropriations Act (Senate Bill 191), approved a base funding increase for all provider groups as outlined in Attachment One. It is the intent of the Interim Joint Committee on Appropriations that in FY2020 these providers receive a base rate increase in conformity with Attachment One of this document.

The 2019 Legislature also approved one-time provider funding enhancements for FY2019 through Senate Bill 180, including increases for all provider groups for the final three months of FY2019 as outlined in Attachment Two. It is the intent of the Interim Joint Committee on Appropriations that providers receive these appropriations in conformity with Attachment Two of this document.

2019 Legislative Session Letter of Intent

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Thank you for your cooperation.

Senator John Wiik
Lead Co-Chair, Joint Committee on Appropriations

Representative Chris Karr
Co-Chair, Joint Committee on Appropriations

cc: Marty Guindon, Auditor General
Liza Clark, Commissioner, Bureau of Finance and Management

FY2020 Discretionary Provider Inflation Increases

| Provider Group | Inflationary Increase | General Funds | Federal Funds | Other Funds | Total Funds |
|--|-----------------------|----------------------|----------------------|-------------------|----------------------|
| DSS Hospitals | 1.50% | 1,406,130 | 2,178,070 | - | 3,584,200 |
| DSS Physicians | 1.50% | 459,971 | 619,519 | - | 1,079,490 |
| DSS Dentists | 1.50% | 144,701 | 194,894 | - | 339,596 |
| DSS Optometrists/Ophthalmologist | 1.50% | 12,262 | 16,516 | - | 28,778 |
| DSS Chiropractors | 1.50% | 4,413 | 5,944 | - | 10,357 |
| DSS Other Health Care (DME/EPSTDT) | 1.50% | 143,379 | 193,115 | - | 336,494 |
| DSS Psychiatric Residential Treatment | Varies | 1,452,358 | 1,956,515 | - | 3,408,874 |
| DSS Group Care | 4.00% | 148,972 | - | - | 148,972 |
| DSS In-Home Services (RN, Homemaker, LPN) | 4.00% | 103,149 | 138,928 | - | 242,077 |
| DSS Emergency Transportation (Targeted Services) | 4.00% | 79,600 | 107,205 | - | 186,805 |
| DSS Community Behavioral Health | 4.00% | 1,921,105 | 608,146 | - | 2,529,251 |
| DSS Outpatient Psychiatric | 4.00% | 81,216 | 109,395 | - | 190,611 |
| DSS Other Provider Groups | 3.00% | 861,417 | 165,137 | 13,080 | 1,039,635 |
| DHS Nursing Homes | 10.00% | 7,701,672 | 10,374,061 | - | 18,075,733 |
| DHS Community Support Providers | 6.50% | 3,634,309 | 4,996,883 | 42,475 | 8,673,667 |
| DHS Private Intermediate Care Facility (ICF)* | 6.50% | - | 362,781 | 203,768 | 566,549 |
| DHS In-Home Services (RN, Homemaker, LPN) | 4.00% | 619,269 | 382,418 | - | 1,001,687 |
| DHS Assisted Living | 4.00% | 229,871 | 228,902 | - | 458,773 |
| DHS Senior Meals | 4.00% | 205,102 | 5,206 | - | 210,307 |
| DHS Other Provider Groups | 3.00% | 134,906 | 83,231 | - | 218,137 |
| DOC Group Care | 4.00% | 121,841 | - | - | 121,841 |
| DOC Psychiatric Residential Treatment | 8.00% | 148,947 | 200,614 | - | 349,561 |
| DOC Community Services | 3.00% | 78,028 | - | - | 78,028 |
| UJS Community Services | 3.00% | 58,499 | - | - | 58,499 |
| DOH Inmate Services | 1.50% | - | - | 15,971 | 15,971 |
| DPS Victim's Services | 3.00% | 15,623 | - | - | 15,623 |
| Total Discretionary Provider Inflation | | \$ 19,766,740 | \$ 22,927,479 | \$ 275,294 | \$ 42,969,513 |

*The agency did not receive additional funding for the increase from 3% to 6.5% for Private ICFs

FY2019 Discretionary Provider Inflation Increases

| Provider Group | Inflationary Increase | General Funds | Federal Funds | Other Funds | Total Funds |
|--|-----------------------|---------------------|---------------------|------------------|----------------------|
| DSS Hospitals | 1.50% | 351,623 | 544,517 | - | 896,140 |
| DSS Physicians | 1.50% | 114,993 | 154,880 | - | 269,873 |
| DSS Dentists | 1.50% | 36,176 | 48,723 | - | 84,899 |
| DSS Optometrists/Ophthalmologist | 1.50% | 3,066 | 4,129 | - | 7,195 |
| DSS Chiropractors | 1.50% | 1,103 | 1,486 | - | 2,589 |
| DSS Other Health Care (DME/EPSTDT) | 1.50% | 35,845 | 48,278 | - | 84,123 |
| DSS Psychiatric Residential Treatment | Varies | 363,089 | 524,464 | - | 887,553 |
| DSS Group Care | 4.00% | 34,444 | - | - | 34,444 |
| DSS In-Home Services (RN, Homemaker, LPN) | 4.00% | 23,854 | 32,697 | - | 56,551 |
| DSS Emergency Transportation (Targeted Services) | 4.00% | 18,408 | 25,231 | - | 43,639 |
| DSS Community Behavioral Health | 4.00% | 430,898 | 142,383 | - | 573,281 |
| DSS Outpatient Psychiatric | 4.00% | 18,781 | 25,747 | - | 44,528 |
| DSS Other Provider Groups | 3.00% | 158,990 | 41,287 | 3,269 | 203,546 |
| DHS Nursing Homes | 10.00% | 1,867,653 | 2,840,053 | - | 4,707,706 |
| DHS Community Support Providers | 6.50% | 858,258 | 1,252,646 | 34,131 | 2,145,035 |
| DHS Private Intermediate Care Facility (ICF)* | 6.50% | - | 90,695 | 50,942 | 141,637 |
| DHS In-Home Services (RN, Homemaker, LPN) | 4.00% | 145,800 | 90,819 | - | 236,619 |
| DHS Assisted Living | 4.00% | 53,162 | 53,868 | - | 107,030 |
| DHS Senior Meals | 4.00% | 47,332 | 1,302 | - | 48,634 |
| DHS Other Provider Groups | 3.00% | 33,770 | 20,808 | - | 54,578 |
| DOC Group Care | 4.00% | 28,468 | - | - | 28,468 |
| DOC Psychiatric Residential Treatment | 8.00% | 37,237 | 52,700 | - | 89,937 |
| DOC Community Services | 3.00% | 19,507 | - | - | 19,507 |
| UJS Community Services | 3.00% | 14,625 | - | - | 14,625 |
| DOH Inmate Services | 1.50% | - | - | 3,993 | 3,993 |
| DPS Victim's Services | 3.00% | 3,906 | - | - | 3,906 |
| Total Discretionary Provider Inflation | | \$ 4,700,988 | \$ 5,996,713 | \$ 92,335 | \$ 10,790,036 |

*The agency did not receive additional funding for the increase from 3% to 6.5% for Private ICFs