

**Department of Social Services**  
**SFY12 Budget Implementation**

- The SFY12 appropriated budget includes reductions to provider reimbursement, elimination or reduction in funding levels to certain providers and programs, and reductions to FTE.

**Provider Rate Reductions**

- Attachment 1 – which was included in the Letter of Intent outlines the level of rate reductions by provider group.
  - There were no adjustments to the rate reductions as appropriated and outlined in the Letter of Intent.
  - DSS notified providers of their SFY12 reimbursement rates March 17, 2011.
- No providers have discontinued participating in the Medicaid program as a result of the rate cuts.
- Graduate Medical Education continued to be funded for SFY12.
- Several of these changes required amendments to the Medicaid State Plan and Administrative Rules. These changes have been approved by the federal Centers for Medicare and Medicaid Services and the SD Legislature.

**Elimination/Reduction in Funding**

- Reductions in child care provider quality initiatives were implemented by reducing funding to Early Childhood Enrichment Centers (ECEs). ECEs reduced staffing hours, did not fill vacant positions, and centralized training. Health and Safety Grants are no longer being funded. These grants were used to support providers to address licensing and compliance regulations.
- The SFY12 budget reduced the income guidelines for eligibility for Child Care Subsidy from 200% of the Federal Poverty Level to 175% of the Federal Poverty Level. Families and providers were notified March 21, 2011 that these changes would be implemented July 1, 2011. Through September, 248 families have been denied subsidy as a result.
- Contracts for community based substance abuse treatment were aligned with the appropriated budget. We continue to work with providers to access available funding to support needed services.
- The Supplemental Nutrition Assistance Employment Training Program (SNAP E&T) was reduced and employment and training related services to SNAP beneficiaries are provided in Minnehaha and Pennington counties where more than half of the job placement occurred during SFY10. Services are available in other counties through local Career Service Centers.

- Several contracts supporting community based services to the elderly were not renewed in SFY12. These contracts included Retired Senior Volunteer Program (RSVP), Senior Companion, Dietitian, and Chore Services. Providers were notified in March 2011 of these planned changes to their contracts. In Sioux Falls, Good Samaritan Society continues to support individuals with services similar to RSVP and Senior Companion.
- Funding for legal services for the elderly and victims services were reduced as appropriated by 10%.
- Rates paid to child support prosecutors and referees were reduced as appropriated in SFY12 contracts.

**Reduction in FTE**

- A total of 7.7 FTE were removed from DSS budget. These positions were budgeted in Economic Assistance, Child Care, Child Support, and the Secretary's Office. This reduction was accomplished through attrition and duties of these positions have been assigned to other staff within DSS.

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

	% Reduction	General	Federal/Other	Total	Difference from Governors Revised General
Hospitals					
■ Reinstated Graduate Medical Education	-11.48%	-8,391,064	-12,651,983	-21,043,047	4,759,943
		1,225,700	1,812,723	3,038,423	1,225,700
Auxiliary Placement	-4.7%	-334,511	-47,880	-382,391	189,756
Physicians					
■ 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)					
■ Assisted Living and Hospice	-4.5%	-3,442,339	-5,090,975	-8,533,314	1,952,713
■ Nursing Homes 0-50% Medicaid Occupancy	-4.0%	-272,879	-403,568	-676,447	
■ Nursing Homes 51-56% Medicaid Occupancy	-3.75%	-601,194	-889,123	-1,490,317	
■ Nursing Homes 57-66% Medicaid Occupancy	-3.00%	-737,199	-1,090,264	-1,827,463	
■ 9 Critical Access Nursing Homes	-1.8%	-1,534,283	-2,269,098	-3,803,381	
Elderly Nutrition Program - Senior Meals	-1.8%	-203,995	-301,693	-505,688	
In-Home Services for the Elderly	-3.2%	-92,789	-137,229	-230,018	
Group Care Providers (Child Protection)	-3.2%	-39,258	-117,773	-157,031	22,269
Psychiatric Residential Treatment (Child Protection)	-3.2%	-182,569	-98,085	-280,654	103,565
Substance Abuse Providers	-4.5%	-225,147	-47,008	-272,155	127,717
Community Mental Health Centers	-4.5%	-319,193	-472,418	-791,611	181,066
Dept of Human Services - Community Services	-4.5%	-503,811	-151,861	-655,672	285,794
Dept of Corrections - Community Services	-4.5%	-480,800	-435,192	-915,992	272,740
Unified Judicial System - Community Services	-4.5%	-1,852,853	-2,549,085	-4,401,938	1,051,055
	-4.5%	-453,177	-49,729	-502,906	257,071
	-4.5%	-56,981		-56,981	31,656
<b>Totals</b>		<b>-18,100,330</b>	<b>-24,579,855</b>	<b>-42,680,185</b>	<b>12,187,980</b>

Totals of FY12 Governor Daugaard's Budget Rec.

**-30,343,689**      **-40,154,944**      **-70,498,633**