

# State of South Dakota

NINETY-SECOND SESSION  
LEGISLATIVE ASSEMBLY, 2017

828Y0605

SENATE HEALTH AND HUMAN SERVICES

ENGROSSED NO. **SB 147** - 2/15/2017

**This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsor.**

Introduced by: Senators Peters, Greenfield (Brock), Haverly, Kennedy, Nesiba, Partridge, Soholt, and Sutton and Representatives Peterson (Sue), Ahlers, Bartels, Bartling, Clark, Hawley, Reed, Rozum, Steinhauer, and York

1 FOR AN ACT ENTITLED, An Act to establish a rate-setting methodology for services  
2 delivered by community-based health and human services providers.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That the code be amended by adding a NEW SECTION to read:

5 The Department of Social Services and the Department of Human Services shall jointly  
6 establish a rate-setting methodology for services delivered by community-based health and  
7 human services providers to increase transparency in the rate-setting process. Each category of  
8 service shall undergo a comprehensive rate modeling analysis at least every five years. The  
9 departments may elect to conduct the analysis earlier or on a more frequent basis if warranted  
10 by cost report information or other market conditions. Any new service model shall undergo  
11 comprehensive rate modeling analysis prior to implementation.

12 Section 2. That the code be amended by adding a NEW SECTION to read:

13 Rate modeling analysis shall include a review of current cost report data, specific service



1 delivery and staffing requirements, training and fidelity standards associated with related service  
2 models, current market factors, and current and impending state and federal policies that may  
3 impact the cost of service delivery.

4 Section 3. That the code be amended by adding a NEW SECTION to read:

5 Rate modeling analyses shall be an inclusive work group process with providers  
6 representing each service category under review.

7 Section 4. That the code be amended by adding a NEW SECTION to read:

8 Rate determination resulting from rate modeling analyses utilizing historical cost report  
9 information shall be adjusted in a manner to be applied in a prospective fashion.

10 Section 5. That the code be amended by adding a NEW SECTION to read:

11 Any rate variance identified through the rate modeling process shall be formulated and  
12 included in Department of Social Services and Department of Human Services budget requests  
13 for the next fiscal year's budget and be considered for funding on a priority basis. The  
14 department shall report any rate variance to the Legislature on an annual basis in conjunction  
15 with annual budget hearings.

16 Section 6. That the code be amended by adding a NEW SECTION to read:

17 This Act applies to all state funded services, including federal funding, Medicaid and block  
18 grant fund sources, state general funds, and other funds allocated by the Department of Social  
19 Services or the Department of Human Services, that are provided by the following types of  
20 community-based providers:

- 21 (1) Nursing homes;
- 22 (2) Assisted living facilities;
- 23 (3) In-home service providers;
- 24 (4) Group care providers;

- 1       (5)    Psychiatric residential treatment facilities;
- 2       (6)    Substance abuse disorder treatment and prevention providers;
- 3       (7)    Community mental health centers;
- 4       (8)    Intermediate care facilities for co-occurring intellectual and developmental
- 5            disabilities;
- 6       (9)    Community support providers; and
- 7       (10)  Other types of providers deemed appropriate for inclusion by either the secretary of
- 8            the Department of Social Services or the secretary of the Department of Human
- 9            Services.