



**Joint Committee on Appropriations**  
REPRESENTATIVE DAVID ANDERSON, CO-CHAIR  
SENATOR LARRY TIDEMANN, CO-CHAIR

March 26, 2018

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

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

Ms. Gloria Pearson, 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. Trevor Jones, Secretary  
Department of Public Safety  
Sutherland Building  
Pierre, SD 57501

**Letter of Intent Regarding Provider Inflation Approved in the 2018 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 2018 legislative session. As such, this Letter of Intent seeks to supplement that legislation with specific policy guidance as approved on March 26, 2018.

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 2018 South Dakota Legislature, through the FY2019 General Appropriations Act (House Bill 1320), approved a base funding increase to 90% of methodology cost reimbursement for community based providers, an additional 2.0% base rate increase to community based providers, and a 0.5% base rate increase to all other providers. It is the intent of the Interim Joint Committee on Appropriations that in FY2019 these providers receive a base rate increase in conformity with Attachment 1 of this document.

FY 2019 Letter of Intent

March 26, 2018

Page 2

The 2018 Legislature also approved one-time provider funding enhancements for FY2018 through House Bill 1044, including a 2.0% rate increase to community based providers and a 0.5% rate increase to all other providers for the final three months of FY2018, movement to 90% of methodology cost reimbursement for the final three months of FY2018, and direct care and support staff workforce funding (excluding any administrative positions) for community based providers currently reimbursed at or above 90% of methodology costs. It is the intent of the Interim Joint Committee on Appropriations that providers receive these appropriations in conformity with Attachment 2 of this document.

Thank you for your cooperation.

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Representative David Anderson  
Lead Co-Chair, Joint Committee on Appropriations

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Senator Larry Tidemann  
Co-Chair, Joint Committee on Appropriations

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

Attachment

### FY2019 Provider Increases

	Movement to 90%			2.0% Discretionary Inflation				
	General Funds	Federal Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	
1 DHS Assisted Living	873,236	1,128,222	2,001,458	96,003	124,036	-	220,039	
2 DSS In Home Services (Homemaker/Nursing)	503,495	650,519	1,154,014	42,739	55,219	-	97,957	
3 DSS Emergency Transportation	245,584	317,295	562,879	50,176	64,826	-	115,001	
4 DHS In Home Services (Homemaker/Nursing)	631,723	816,186	1,447,909	135,951	175,650	-	311,601	
5 DSS Group Care	235,553	-	235,553	60,704	8,356	-	69,060	
6 DOC Group Care	102,182	-	102,182	51,203	-	-	51,203	
7 DSS Outpatient Psychiatric	127,602	164,862	292,464	39,030	50,426	-	89,456	
8 DSS Behavioral Health				886,189	278,293	-	1,164,481	
9 DSS Primary Care				145,060	187,417	-	332,477	
10 DOC Medicaid Eligible Psychiatric Residential Treatment				65,900	85,143	-	151,043	
11 DSS Psychiatric Residential Treatment				195,889	241,753	-	437,641	
12 DHS Nursing Homes				1,270,203	1,641,103	-	2,911,306	
13 DHS Community Support Providers				1,068,144	1,446,177	51,187	2,565,509	
14 DHS Senior Meals				103,120	-	-	103,120	
<b>TOTALS</b>	<b>2,719,375</b>	<b>3,077,084</b>	<b>5,796,459</b>	<b>4,210,310</b>	<b>4,358,397</b>	<b>51,187</b>	<b>8,619,894</b>	
				<b>Inflation for All Other Providers:</b>	2,002,818	1,439,110	76,789	3,518,717
				<b>Total Discretionary Inflation Increase:</b>	<b>6,213,128</b>	<b>5,797,507</b>	<b>127,976</b>	<b>12,138,611</b>

### FY2018 Provider Increases

	Direct Care Workforce Funding			Movement to 90% for 3 Months			2.0% Discretionary Inflation for 3 Months			
	General Funds	Federal Funds	Total Funds	General Funds	Federal Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
1 DHS Assisted Living				223,963	276,401	500,365	29,101	35,916	-	65,017
2 DSS In Home Services (Homemaker/Nursing)				129,134	159,369	288,504	13,544	16,716	-	30,260
3 DSS Emergency Transportation				62,986	77,734	140,720	10,451	12,899	-	23,350
4 DHS In Home Services (Homemaker/Nursing)				162,021	199,956	361,977	38,109	47,031	-	85,140
5 DSS Group Care				58,888	-	58,888	18,443	-	-	18,443
6 DOC Group Care				25,546	-	25,546	13,311	-	-	13,311
7 DSS Outpatient Psychiatric				32,727	40,389	73,116	10,664	13,161	-	23,826
8 DSS Behavioral Health	327,405	92,884	420,289				142,350	40,384	-	182,734
9 DSS Primary Care	85,569	105,604	191,173				37,204	45,914	-	83,119
10 DOC Medicaid Eligible Psychiatric Residential Treatment	38,873	47,975	86,848				16,901	20,859	-	37,760
11 DSS Psychiatric Residential Treatment	112,636	139,009	251,645				48,973	60,439	-	109,411
12 DHS Nursing Homes	747,658	926,345	1,674,003				325,069	402,759	-	727,827
13 DHS Community Support Providers	631,411	814,882	1,446,293				274,527	354,297	12,554	641,379
14 DHS Senior Meals	59,294	-	59,294				25,780	-	-	25,780
<b>TOTALS</b>	<b>2,002,846</b>	<b>2,126,699</b>	<b>4,129,545</b>	<b>695,265</b>	<b>753,850</b>	<b>1,449,115</b>	<b>1,004,429</b>	<b>1,050,374</b>	<b>12,554</b>	<b>2,067,357</b>
<b>3 Months Inflation for All Other Providers:</b>							650,705	392,912	18,182	1,061,799
<b>Total Discretionary Inflation Increase:</b>							<b>1,655,134</b>	<b>1,443,286</b>	<b>30,736</b>	<b>3,129,156</b>