South Dakota Department of Social Services

DEPARTMENT OF SOCIAL SERVICES
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Updated September 25, 2025

April 28, 2025

Attention: **Participating School-Based Medicaid Providers in South Dakota**

From: **South Dakota Medicaid**

Re: **School-Based Medicaid Program Updates**

In relation to recent federal clarifications to Medicaid regulations from the Centers for Medicare & Medicaid Services (CMS), South Dakota Medicaid is updating the School-Based Medicaid program in conjunction with Sivic Solutions Group (SSG).

The updates outlined below are intended to keep South Dakota's School-Based Medicaid program compliant with CMS regulations. Additional information and training will follow this notification from DSS and SSG.

Quarterly Medicaid Administrative Claiming (MAC)

Removal of 'Non-Sampled Staff' from MAC

Effective October 2025, any staff costs that are not included in the quarterly RMTS are not allowable, per CMS regulations. For continued reimbursement of costs claimed in the 'Non-Sampled Staff' section of the quarterly MAC claim, those staff can be added to the RMTS if they are performing Medicaid reimbursable activities as outlined in the RMTS & MAC User Guides.

Random Moment Time Study (RMTS)

Updated Job Positions

Effective October 2025, providers and staff who are not expected to perform any Medicaid reimbursable activities should not be included in the RMTS, per CMS regulations. For example, a general education teacher should not be included in the RMTS since they are not expected to perform Medicaid reimbursable activities as a normal part of their work function. The e-SivicMACS platform will be updated to reflect this.

Replacement of 'Summer/Average' July-September Quarter

Effective August 2026, the practice of averaging the first three quarters of the school year for the July-September quarter is no longer allowable, per CMS regulations. All valid school days must be sampled. The sampling period will be defined as follows:

- Quarter 1: October 1st – December 31st
- Quarter 2: January 1st – March 31st

- Quarter 3: April 1st – Last Day of School
- Quarter 4: First day of School – September 30th

Annual Cost Settlement

Effective October 2026, South Dakota Medicaid will be adding an annual Cost Settlement to the School-Based Medicaid Program.

Per CMS guidance, if a school submits any Direct Service claims throughout a given year, the school must submit an annual Cost Settlement in order to claim any Direct Service Medicaid reimbursement.

To claim reimbursement on the Cost Settlement for any allowable service type (Physical Therapy, Occupational Therapy, etc.), you must submit claims for that particular service type throughout the year for either Medicaid students on an IEP or IFSP, or other allowable plans of care.

Services for recipients with IEPs or IFSPs and those for other plans of care will be separated within the Cost Settlement. South Dakota Medicaid will require direct service claims to contain a modifier (TM) when services are provided to students as part of a 504 plan or other non-IEP or non-IFSP plan of care, effective October 2025. The modifier has no payment effect. Districts may begin applying the TM modifier to appropriate claims at any time. Claims for direct services provided to students as part of an IEP or IFSP should not be accompanied by the modifier.

Sincerely,

South Dakota Medicaid