

South Dakota Department of Social Services (DSS) Federally Qualified Health Center (FQHC) and Rural Health Clinic (RHC) Services Rate Study

Stakeholder Workgroup Townhall – Meeting Notes

Date:	09/16/25
Start/End Time:	9:00 AM – 10:30 AM CDT

DSS/PCG Attendees:

DSS	PCG
Matthew Ballard	Ronda Kearns-Strawser
Renae Hericks	Robert Ward
Lori Langdeaux	Ariana Ortiz
Claudean Hluchy	Jennifer Pham
Heather Petermann	

Stakeholder Participants

Organization	Name	Email
Avera	Stacia Moeller	stacia.moeller@avera.org
Avera	Lisa Mehlhaff	Lisa.mehlhaff@avera.org
Avera	Rachael Sherard	Rachael.sherard@avera.org
City of Sioux Falls Health Department	Amy Richardson	amy.richardson@siouxfalls.gov
Community Health Center of the Black Hills, Inc.	Colleen Stadlman	Cstadlman@chsd.care
Community Health Center of the Black Hills, Inc.	Tim Trithart	ttrithart@chsd.care
Community HealthCare Association of the Dakotas (CHAD)	Shannon Bacon	Shannon@communityhealthcare.net
Community HealthCare Association of the Dakotas (CHAD)	Shelly Ten Napel	shellytennapel@communityhealthcare.net

Organization	Name	Email
Community HealthCare Association of the Dakotas (CHAD)	Elizabeth Schenkel	eschenkel@communityhealthcare.net
Community Memorial Hospital	Tyler Van Metre	Tyler.vanmetre@cmhburke.org
Eureka Medical Clinic Avera	Lisa Mehlhaff	lisa.mehlhaff@avera.org
Fall River Hospital	Jesse Naze	jesse.naze@frhssd.org
Faulkton Area Medical Center	Susan Miller	susan.miller@faulktonmedical.org
Horizon Health Care Inc.	Lexy Eggert	leggert@horizonhealthcare.org
Horizon Health Care Inc.	Michelle Scholtz	mscholtz@horizonhealthcare.org
Horizon Health Care Inc.	Wade Erickson	werickson@horizonhealthcare.org
Mobridge Regional Hospital	Rena Karst	renakarst@mobridgehospital.org
Rural Health Care Inc.	Jim Hardwick	jimh@ruralhc.net
Rural Health Care inc.	Mark Edwardson	Mark.edwardson@ruralhc.net
Rural Health Care Inc.	Seth Hipple	seth.hipple@ruralhc.net
Sanford	Justin Wallin	Justin.wallin@sanfordhealth.org
South Dakota Urban Indian Health	Colette Keith	Colette.keith@sduih.org

Stakeholder Townhall Notes

- Rate Adjustments – Administrative and Overhead Cap
 - Jesse Naze: Questioned if this cap was applied to RHCs
 - PCG clarified that the cap was applied across the board, but this only affected one provider on the FQHC side
- Projected Rates – Dental Rates
 - Shelly Ten Napel: Questioned how these dental rates were calculated
 - PCG collected additional dental cost and encounter data from the three FQHC providers, and the same methodology was used in calculating the encounter weighted statewide average rates

- DSS responds that dentures are paid FFS, so those costs or payments were excluded
- Other high-cost items, such as orthodontics, which are also paid FFS, were also removed
- Michelle Scholtz: Questions if potential costs for other procedures that are not FFS were included in this estimate. This provider noted that certain procedures would not show on a report, like a dental crown or restorative/additional work under one encounter rate
 - DSS clarifies dental would be an area that is open to further discussion and making sure the data is fully covering the costs
 - This may reflect a limitation in the data, as the rate model considers only discrete costs and does not account for other variables such as chair time or patient-specific factors that are not captured in the cost report
- Shelly Ten Napel: Adds on to note the increased demand for dental and that there is less willingness to see uninsured Medicaid dental patients
- PCG clarifies that these numbers can fluctuate and is dependent on state funding, and the rates do not factor in any adjustment factors in the provided table

- PPS Scope Change Calculation
 - Shelly Ten Napel: Questions inflation adjusted costs
 - PCG responded that this is pending final policy decisions. However, the approach would involve a fixed period before the change in scope and a fixed period after. The adjustment would apply to the total allowable cost during the pre-change period
 - DSS clarifies that this is not an overall adjustment
 - Shelly Ten Napel: Questions if it's possible to “one-time right size” the PPS rate instead of an incremental change
 - Further clarifies the PPS rate would be determined by total allowable costs divided by total visits
 - CHAD is requesting consideration of a one-time update to the PPS rate, rather than abandoning the PPS and the change in scope process. They propose moving forward with a modest, incremental increase to the PPS rate instead.
 - DSS confirms that her consideration would consist of a single rebase, followed by adjustments based on the Medicare Economic Index (MEI), for example

Questions at the end:

- Shelly Ten Napel: Speaking from the primary care perspective, noted that it is more difficult to absorb cost impacts or reallocate funds compared to other

primary care providers. Shelly questioned whether the MEI update would occur annually or be subject to the political environment, and also raised concerns about how frequently the process would be reviewed

- DSS responds that the plan is to have a 5-year review and that the goal is that 100% of aggregate costs would be recognized. However, there are funding restraints and are awaiting legislative feedback
- Tim Trithart: Questions what the additional lift for the state would be in terms of fiscal impact
 - DSS responds between \$10-\$14 million
- Shelly Ten Napel: Questions what percentage of the total budget is allocated for primary care
- Michelle Scholtz: Asks about the dental rate proposal, wondering if dentures would remain FFS and would there be any opportunity to discuss other services
 - DSS confirmed that they are open to further discussions, including with the state's dental vendor, Delta Dental
 - DSS also mentions the opportunity to explore future reimbursement options for FFS, if applicable
- DSS appreciates these recommendations and looks forward to advancing Value-Based Payment (VBP) initiatives
- Shelly Ten Napel: Expresses appreciation for the steps taken in the right direction regarding the medical rate and VBP discussions