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JANUARY 6, 2026

Substance Use Disorder (SUD) Prevention Services Provider Workgroup #4

South Dakota Department of Social Services (DSS) & Guidehouse

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Agenda

Rate Model Review

Fiscal Impact

Next Steps and Timeline

Advisory Workgroup Timeline

Workgroup #1:
Introductions, project overview, overview of survey

Sep 17th

Workgroup #2:,
Review of public data sources and peer state comparisons

Oct 21st

Workgroup #3:
Discuss survey results and rate components

Dec 9th

Jan 15th

Final Report presented to DSS

Workgroup #4 (January 6):
Review draft rate recommendations and benchmarks

All dates are subject to change

State Objectives

Overview: A rate evaluation is an in-depth review of the costs and service delivery mechanics associated with individual services.

Purpose: The study equips DSS and South Dakota’s leadership with information needed to **develop a sound payment and rate-setting methodology**, informed by analysis of the reasonable and necessary costs incurred by providers who offer prevention services.

Impact: Provide DSS leadership with the tools to be able to apply **data driven decisions** in where to direct prevention dollars.

Next Steps: We recognize that these services are **grant funded** and **limited budget** may be available. DSS leadership can use the results of this analysis to offer flexibility in their review of existing reimbursement and to reduce administrative burden for providers.

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Rate Model Review

Rate Build Up Approach

Direct Care Cost

Cost for Direct Care Staff
- **Wages**
- **Benefits**
- Productivity Adjustment

Cost for Supervision Staff
- **Wages**
- **Benefits**
- Productivity Adjustment

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Indirect Cost

Administrative Costs *include costs associated with operating a provider organization, such as costs for administrative employees' salaries and wages along with non-payroll administration expenses, such as licenses, property taxes, liability, and other insurance*

Program Support Supply Costs *include personnel and non-personnel supply costs associated with service delivery*

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Rate Adjustments *(as applicable)*

5% Rate Admin Consideration

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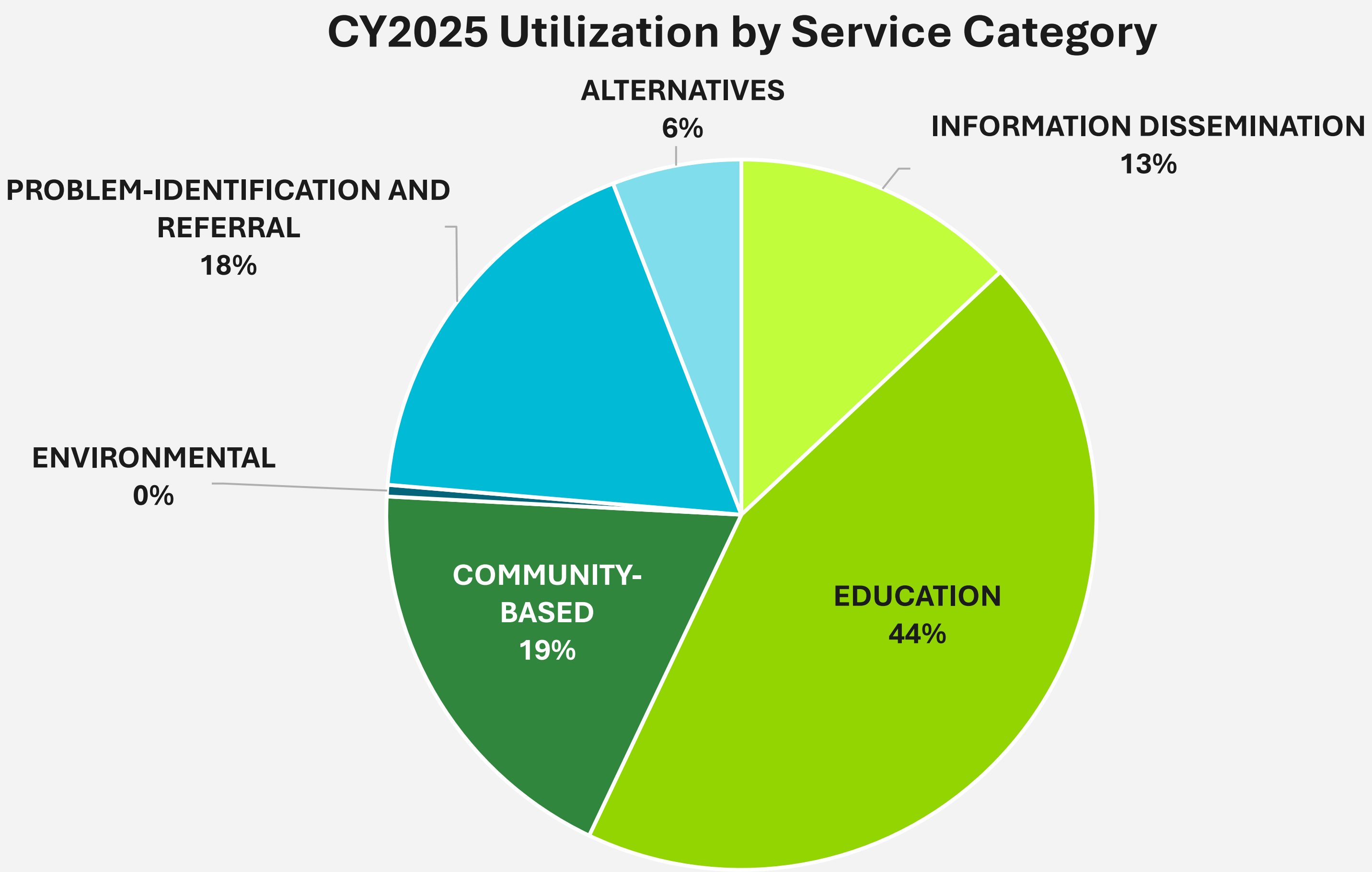
Service Rate Per Unit

*Note: Service rates reflect calculated service costs and do not guarantee reimbursement amounts in a grant-funded environment.

Program Utilization by CSAP Strategy

The estimated fiscal impact is based on service utilization data from Contract Year (CY) 2025.



Rate Components Overall Assumptions

- **Staffing Considerations:** We took appropriate staffing considerations into place for all strategies when deciding the primary staff delivering the service, such as relying on Full Time Equivalent (FTE)-weighted wages as reported in the provider survey. Leveraged the "Certified Prevention Specialist" as the main staff type with the "Program Manager/Director" as the supervisor based on provider cost & wage survey responses.
- **Administrative and Program Support:** Based on the administrative and program support reported in the 2024 audited cost reports.
- **Stakeholder Feedback**: Guidehouse made the following adjustments to our modeling based on feedback from the third Stakeholder Workgroup Meeting:
  - **Averages:** After excluding outliers, relied on average instead of median for rate components
  - **Travel Time:** Updated productivity adjustment to reflect travel time that cannot be billed
- **Consistency Across Strategies:** Based on provider feedback that generally the same staff provide all six Center for Substance Abuse and Prevention (CSAP) Strategies, we developed one rate to reflect the experience of all strategies.

Rate by CSAP Strategy

Benchmark rates reflect stakeholder feedback from prior meetings.

CSAP Strategy	Procedure Code	Current Rate	Proposed Benchmark Rate
Information Dissemination	H0024	$12.75	$13.74
Education	H0025	$12.75	$13.74
Community Based	H0026	$13.75	$13.74
Environmental	H0027	$12.00	$13.74
Problem Identification and Referral	H0028	$15.00	$13.74
Alternatives	H0029	$12.00	$13.74

*Note: The analysis in this section is subject to change.

Fiscal Impact

Fiscal Impact Assumptions

- The fiscal impact analysis presented in the following slides is based on typical service utilization from the previous CY25 fiscal year to estimate differences in expenditures for services reimbursed at current rates versus rates benchmarked by Guidehouse.
- Inflation metrics and grant funding are **subject to change** over time. Depending on the time of implementation, grant funding may impact rates and rates may need to be inflated to the contract year, which will influence the actual fiscal impact.
- Proposed Guidehouse rates resulted in negative and positive values. Our review of service mix and provider mix across the six strategies demonstrates a positive impact for provider in totality.
- These analysis estimates show the combined state and federal fiscal impacts for a set of modeled implementation scenarios in the first year of adoption, offering a comparative framework to inform decision-making.

Fiscal Impact by CSAP Strategy

The estimated fiscal impact implementing the proposed benchmark rate is $76 thousand, representing 4 percent of total expenditures.

CSAP Strategy	Percentage of CY2026 Total Expenditures	CY2025 Total Units	CY2025 Calculated Expenditures	CY2026 Benchmark Expenditures	Fiscal Impact
Information Dissemination	13.5%	20,207	$257,638	$277,582	$19,944
Education	45.7%	68,358	$871,561	$939,031	$67,469
Community - Based	18.1%	27,018	$371,496	$371,145	$(351)
Environmental	0.6%	867	$10,404	$11,909	$1,505
Problem – Identification and Referral	15.7%	23,451	$351,765	$322,146	$(29,618)
Alternatives	6.5%	9,706	$116,472	$133,331	$16,859
Total	**100%**	**149,607**	**$1,979,337**	**$2,055,146**	**$75,808**

Note: This fiscal impact assumes no changes in the CY2025 utilization. Implementation of this fiscal impact is dependent on available budget.

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Next Steps and Timeline

Next Steps

- Finalize benchmark rate analysis and associated fiscal impact
- Finalize recommendations
- Summarize methodology and recommendations in final report

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Thank You

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