

SDCareerLink

A South Dakota 1115 Demonstration Proposal

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Section 1. Executive Summary

In November 2022, South Dakota voters passed Constitutional Amendment D to expand Medicaid to adults between the ages of 19 and 64 with incomes below 138% of the Federal Poverty Level (FPL) effective July 1, 2023.

In November 2024, South Dakota voters passed Constitutional Amendment F, which to the extent permitted by the United States Department of Health and Human Services, Center for Medicare and Medicaid Services, allows for a work requirement for persons eligible for Medicaid Expansion, while specifically exempting those who have been diagnosed as physically or mentally disabled.

The U.S. Congress is also actively debating changes to add work requirements for the Medicaid expansion population. Draft legislative text was recently released. The preparation of this waiver application began before details and timeline of the proposed changes at the Federal level were available. The State will consider feedback from stakeholders related to the interaction of this waiver with possible changes at the federal level.

South Dakota is requesting approval of the SDCareerLink 1115 Demonstration in alignment with the will of the South Dakota voters. The State is requesting approval for a five-year demonstration period. Key elements of South Dakota's proposal include:

- Recognition that individuals experience greater health and economic well-being when they pursue opportunities to build their technical and professional skills, and earn the income, gain independence and self-sufficiency, and garner a sense of fulfillment through services to others via employment.
- Leverages the SDCareerLink program to offer vocational supports and a reasonable opportunity for adult recipients to seek and secure training or employment. DSS will promote available job and other supports to the Medicaid expansion population.
- Aligns operations with the geographic criteria with SNAP's able-bodied adults without dependents requirements which exempt counties and reservations with unemployment rates of 20% or more above the national average.
- Ensures maintenance of health care coverage for individuals who are pregnant or post-partum; or who are unable to work due to cancer or other serious illnesses; participating in an intensive or residential alcohol or drug addiction treatment program; or are experiencing medical emergencies, or hospitalization.
- Streamlines requirements and uses existing data sources to maximize operational efficiency and minimize risk of disruption for eligible recipients who already meet work or engagement expectations.
- Phases in enforcement of the new requirements by providing 12 months to engage in vocational or qualifying activities before compliance with requirements is reviewed. Work opportunity supports are promoted at time of application, and requirements applied at the time of renewal.

- Individuals are considered meeting the work or community engagement requirements when they are employed; enrolled in a school or a job training program; meet existing requirements of another work program under SNAP, TANF or Reemployment Assistance; are parents or nonparent caretakers of dependent children in the same residence; or are primary caregivers of elderly or disabled individuals in the same residence; or qualify for an exemption.

Of the 30,542 individuals currently in the Medicaid adult expansion group as of April 2025, it is estimated that approximately 80% of the expansion population currently meets the work requirement or a stated exemption.

Section 2. Demonstration Purpose and Goals

South Dakotans believe in the value of work. Through work and service to their family and neighbors, many people find meaning and purpose. The intent of the SDCareerLink program is to improve the health and wellbeing of South Dakota Medicaid recipients by encouraging and empowering them to obtain meaningful work and/or advance their career readiness through higher education or job training. SDCareerLink will make participants aware of training, guidance, and support available that provide a pathway to stable, purposeful employment. It provides an opportunity for personal growth, skill-building, and community engagement.

The State of South Dakota's (herein after, State) goals for SDCareerLink are to:

- Improve participant's health and wellbeing due to employment or education activities; and
- Increase the expansion population's rate of employment.

SDCareerLink is intended to promote work, not paperwork. Administrative simplicity is a key tenant in the design of SDCareerLink. Reporting by enrollees will be limited to at the time of regularly scheduled renewal requirements in 42 CFR 435.916.

The State will leverage data source to attempt to proactively identify individuals that meet requirements or a stated exemption. Individuals with household earned income, including through self-employment will be presumed to be employed. Individuals who have applied for or are enrolled in another program that has disability as a basis for enrollment will be presumed disabled unless determined otherwise by the Social Security Administration (SSA) or DSS' Disability Review Team (DRT). As part of the renewal process individuals can also self-attest to meeting the requirements including an allowable exemption and provide supporting documentation.

Section 3. Demonstration Overview

Section 3.1. Demonstration Eligibility

SDCareerLink participation is required for adult recipients enrolled in the adult group as described in 42 CFR 435.119 who fall within the demonstration area. Individuals are considered to satisfy the participation requirements for SDCareerLink if they meet one or more of the following:

- Are employed;
- Are enrolled in job training, vocational rehabilitation, or school;
- Meet the requirements of another work program such as SNAP, TANF, or unemployment insurance;
- Are a parent and nonparent caretaker of a dependent child in the same residence;
- Are a primary caregiver of an elderly or disabled individual in the same residence; or
- Qualify for a stated exemption.

The following individuals are exempt from participation requirements for SDCareerLink:

- Physically and mentally disabled individuals or individual unable to work due to a medical reason including:
 - Individuals whose eligibility has been determined on the basis of disability or who have been determined blind or disabled by the Social Security Administration;
 - Individuals unable to work due to cancer or other serious or terminal illness as determined by a physician;
 - Individuals participating in an intensive or residential behavioral health treatment program for alcohol or drug addiction; or
 - Individuals experiencing a medical emergency, hospitalization, or who meet a nursing facility level of care.
- Pregnant or postpartum women.
- Individuals residing in an area considered exempt from SNAP's able-bodied adults without dependents (ABAWDs) requirements which have unemployment 20% or more above the national average. Exempted areas are redetermined in the SNAP program every two years.

Upon implementation, DSS' Benefits Eligibility and Enrollment System (BEES) and Economic Assistance Benefits Specialists (EABS) will determine if a recipient is eligible for SDCareerLink based on information gathered and entered by the EABS. EABS will assess new applicants for participation in the program at application. Recipients currently enrolled in South Dakota Medicaid will be assessed for participation at the next annual review.

This demonstration will not affect or modify other components of the State's current Medicaid program other than as described in this application. The demonstration has no effect on the State's CHIP program.

Section 3.1.1. Good Cause

A Medicaid recipient may request a “good cause” exemption for extraordinary circumstances that prevent their ability to comply with the requirements. For example, a recipient may request a good cause exemption for a natural disaster that impedes their ability to work. The circumstance constituting good cause must have occurred within the month of renewal or the three-month lookback period. DSS’ Division of Economic Assistance is responsible for determining whether a “good cause” exemption is granted.

Section 3.1.2. Community Supports

DSS will promote and make participants aware of supports that will help them achieve employment and improve their wellbeing. This includes other supports administered by DSS and Medicaid supports such as care management programs and community health workers. Other resources promoted may include, but are not limited to:

- Job and education supports such as:
 - Department of Labor and Regulation resources
 - Workforce Services for Individuals, including:
 - Adult Education and Literacy Program Providers
 - In-Person and Virtual Hiring Events
 - In-Person Assistance at Job Service Offices
 - SouthDakotaWorks Job Website
 - Department of Human Services Vocational Rehabilitation Services Programs
 - South Dakota’s Technical Colleges
- Community supports and other social service supports such as:
 - Department of Social Services programs
 - Supplemental Nutrition Assistance Program (SNAP)
 - Temporary Assistance for Needy Families (TANF)
 - Child Care Assistance (CCA)
 - Low-Income Energy Assistance Program (LIEAP) & Weatherization Assistance
 - Community Assistance Programs
 - 211 Helpline Center
 - Local community and social support organizations

Section 3.1.3. Non-compliance

Upon implementation recipients in the expansion population who do not meet the requirements or an exemption at the time of renewal would be disenrolled consistent with federal regulatory requirements at 42 CFR 435.917 and 42 CFR 431, subpart E. Recipients are screened for all available coverage groups prior to disenrollment.

If the recipient is found to meet an exemption or participation requirement with ninety (90) days of disenrollment, the recipient may be reinstated back to the first day of the month in which the exemption or the participation requirement applied within that ninety (90) day timeframe.

The recipient may reapply at any time and would be eligible again in the application month or up to three (3) months prior to the application date if they meet all eligibility criteria for a coverage group including satisfying the work requirement component.

Section 4. Demonstration Implementation

Section 4.1. Demonstration Implementation and Timeframe

South Dakota intends to implement SDCareerLink as soon as practicable upon demonstration approval by CMS. It is anticipated that implementation may occur approximately 6 months after approval to allow time for educating recipients about the requirement, training eligibility staff, and completing eligibility and enrollment system updates.

Recipients will be subject to participation requirements at their annual renewal date that occurs on or after that date. South Dakota will first attempt to renew eligibility and verify participation or exemption using the *ex parte* process. If eligibility cannot be renewed through the *ex parte* process, the recipient will be sent a pre-populated renewal form and will only request information needed to renew eligibility. South Dakota will conduct the recipient's redetermination of eligibility in compliance with federal regulatory requirements at 42 CFR 435.916. If the recipient is not meeting participation requirements or is not exempt, the recipient will be disenrolled at the end of their 12-month certification period.

Section 4.2. Hypothesis and Evaluation Plan

South Dakota has developed the below hypotheses that will allow the state to evaluate its success in achieving the overall goals of the demonstration and assist in identifying opportunities for improvement to strengthen the demonstration.

The table below outlines the proposed hypotheses for this demonstration and potential performance measures that would allow the SDCareerLink program to effectively test each of the specific hypotheses.

| # | Hypothesis | Methodology | Data Source and Metrics |
|--|---|---|--|
| Goal 1: Improve participant's health and wellbeing. | | | |
| 1.1 | SDCareerLink participants will experience improved health outcomes compared to the pre-implementation period. | Track and compare various health measures pre-waiver and post-waiver. | MMIS Claims Data <ul style="list-style-type: none">• Rate of participants completing an annual wellness visit.• Controlling High Blood Pressure• Follow up treatment for a behavioral health diagnosis |

| # | Hypothesis | Methodology | Data Source and Metrics |
|--|--|--|---|
| Goal 2: Increase the expansion population's rate of employment. | | | |
| 2.1 | SDCareerLink will encourage participants to obtain meaningful employment or meet other program requirements. | Track participants that obtain employment. Track the number of participants that meet a participation requirement through a route other than employment. | Administrative data: <ul style="list-style-type: none"> • Number and percentage of individuals employed. • Number and percentage of individuals whose income increases to 139% FPL or higher. • Numbers of participants that meet a participation requirement through a route other than employment over the course of the waiver. |

Section 4.3. Projected Eligibility and Enrollment

As of April 2025, 30,542 individuals were enrolled in the Medicaid adult expansion group. The State estimates approximately 30,000 individuals in the expansion eligibility group will be enrolled in SDCareerLink annually. South Dakota estimates that approximately 80% of the South Dakota adult expansion population currently meet the participation requirements or an exemption for SDCareerLink participation. This estimate is based on existing available data sources. Additional individuals that were not identified as part of this estimate may currently meet requirements or an exemption.

Section 4.4. Benefits and Cost Sharing Requirements

The 1115 Demonstration waiver application does not propose to change South Dakota's Alternative Benefit Plan benefits which adult group recipients receive or impose cost-sharing requirements. Enrollees will continue to receive the same benefits provided without the imposition of cost-sharing.

Section 4.5. Delivery System and Payment Rates for Services

The 1115 Demonstration waiver application only impacts eligibility. There is no change to the fee-for-service delivery system, Primary Care Case Management program (also known as the Primary Care Provider program), or payment rates for services.

Section 5. Budget Neutrality

As of April 2025, 30,542 adults were in the Medicaid expansion group. Of the individuals currently in the Medicaid adult expansion group as of April 2025, it is estimated that 80% of the population currently meets the work requirement or a stated exemption.

These calculations do not include additional expenditures in DY0 to make necessary modifications to the SD Benefit Eligibility and Enrollment system (BEES).

Section 5.1. Without Waiver Expenditures

For the figures below an 2% trend in member months was assumed. PMPM costs were trended at 5%.

| Description | DY 00 | DY 1 | DY 2 | DY 3 | DY 4 | DY 5 |
|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Member Months | 375,064 | 382,565 | 390,216 | 398,021 | 405,981 | 414,101 |
| PMPM Cost | \$ 1,020.34 | \$ 1,071.36 | \$ 1,124.92 | \$ 1,181.17 | \$ 1,240.23 | \$ 1,302.24 |
| Expenditures | \$ 382,692,206 | \$ 401,826,816 | \$ 438,963,651 | \$ 470,130,070 | \$ 503,509,305 | \$ 539,258,466 |

Section 5.2. With Waiver Expenditures

The with waiver expenditure assumptions also assume a 2% increase in member months and 5% expenditure increase in PMPM cost from Demonstration Year 00 to Demonstration Year 1. It is anticipated annual enrollment will decrease due to either earned income increasing or due to not meeting the eligibility requirements or an exemption.

While we cannot know for certain how many individuals may no longer be eligible as new requirements are applied at renewal, South Dakota estimates a 5% to 10% decrease in member months in Demonstration Year 1. For purposes of budget neutrality table below, a 5% decrease was used. Enrollment increases of newly eligible in subsequent demonstration years are expected to be offset by the implementation of waiver requirements for a net zero change in year-over-year member months in subsequent years of the waiver.

| Description | DY 00 | DY 1 | DY 2 | DY 3 | DY 4 | DY 5 |
|---------------|----------------|---------------|----------------|----------------|----------------|----------------|
| Member Months | 375,064 | 356,311 | 356,311 | 356,311 | 356,311 | 356,311 |
| PMPM Cost | \$ 1,020.34 | \$ 1,071.36 | \$ 1,124.92 | \$ 1,181.17 | \$ 1,240.23 | \$ 1,302.24 |
| Expenditures | \$ 382,692,206 | \$381,735,476 | \$ 400,822,249 | \$ 420,863,362 | \$ 441,906,529 | \$ 464,001,856 |

Section 5.3. Budget Neutrality

The difference between without waiver and with waiver expenditures is displayed below.

| Description | DY00 | DY 1 | DY 2 | DY 3 | DY 4 | DY 5 |
|---------------|------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Member Months | 0 | -26,254 | -33,906 | -41,710 | -49,670 | -57,790 |
| PMPM Cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Expenditures | \$ - | \$ (20,091,341) | \$ (38,141,401) | \$ (49,266,708) | \$ (61,602,775) | \$ (75,256,609) |

Section 6. List of Proposed Waivers and Expenditure Authorities

Below is a list of proposed waivers necessary to authorize this demonstration.

| Waiver Authority Requested | Requirement | Brief Description |
|---|--|---|
| Section 1902(a)(8) and 1902(a)(10) | Provision of Medical Assistance | To the extent necessary to enable the State to require individuals meet program requirements as a condition of eligibility at renewal and subsequent applications for the Medicaid expansion adult group. |
| Section 1902(a)(l) | Statewideness/Uniformity | To enable South Dakota to restrict the program to certain geographical areas of the state. Specifically, to exclude geographic regions of South Dakota that are excluded in SNAP's able-bodied adults without dependents (ABAWDs) requirements. |
| 1902(a)(17), 42 CFR 435.907, 42 CFR 435.916 | Application Information and Renewal Processing | To the extent necessary to enable the State to obtain information as part of the application process to verify compliance with demonstration program requirements. |

Appendix A. Public Notice and Tribal Consultation

A 30 day comment period will be held from May 19, 2025 through June 18, 2025. The State will also conduct two public hearings at the following times and locations:

May 30, 2025
10:30 AM CST
Department of Social Services
Kneip 1 Conference Room
700 Governors Drive
Pierre, SD 57501-2291

Microsoft Teams [Need help?](#)
Meeting Link: [Click to Join Now](#)
Meeting ID: 283 311 942 692 1
Passcode: LB7QM96p
Ph:605-679-7263 / 241514796#

June 12, 2025
11:00 AM CST
Department of Social Services
1501 S Highline Ave
Sioux Falls, SD 57110

Microsoft Teams [Need help?](#)
Meeting Link: [Click to Join Now](#)
Meeting ID: 212 040 446 239 1
Passcode: Uh6Y2Q9J
Ph: 605-679-7263 / 190017390#

Comments may be emailed to MedicaidSPA@state.sd.us. Please include "SDCareerLink Public Comment" in the subject line. Written comments may also be sent to:

DIVISION OF MEDICAL SERVICES
DEPARTMENT OF SOCIAL SERVICES

700 GOVERNORS DRIVE
PIERRE, SD 57501-2291