South Dakota Department of Social Services

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291
PHONE: 605.773.3495
FAX: 605.773.5246
WEB: dss.sd.gov

South Dakota Medicaid
Thursday, January 22, 2026
Medicaid Advisory Committee Meeting Minutes

Medicaid Advisory Council (MAC) Attendees
Dr. David Basel, Population Health Officer, Avera Health; **Mikki Donelson,** Beneficiary Advisory Council; **Dr. Jennifer Haggar**, Pediatrician, Sanford Health; **Dr. Scott Kennedy,** Optometrist, Lifetime Eyecare; **Julie Kopp,** Beneficiary Advisory Council; **Erik Nelson,** Government Relations, AARP of South Dakota**; Jacob Parsons,** Director of Advocacy and Reimbursement, South Dakota Association of Healthcare of Organizations; **Alan Solano**, Vice President of Government Affairs, Monument Health; **Shelly Ten Napel,** CEO, Community Healthcare Association of the Dakotas (CHAD); **Dr. Karli Williams**, Black Hills Pediatric Dentistry; **Jerilyn Church**, Chief Executive Officer, Great Plains Tribal Leader's Health Board; **Darren Crowe**, Chief Executive Officer, Crow/Northern Cheyenne Hospital;

MAC Ex-Officio Attendees
Shawnie Rechtenbaugh, Cabinet Secretary, South Dakota Department of Human Services; **Katelyn Strasser**, Family and Community Health Deputy Division Director, South Dakota Department of Health, **Heather Petermann**, Director, South Dakota Medicaid

Other Attendees
Matthew Ballard, Deputy Director, South Dakota Medicaid; **Dr. Clarissa Barnes**, Chief Medical Officer, South Dakota Medicaid; **Bethany Curtis**; **Renae Hericks,** Policy and Program Manager, South Dakota Medicaid**; Ashley Lauing**, Policy Strategy Manager, South Dakota Medicaid; **Kara Peery**, Medical Program Specialist, South Dakota Medicaid; **Ben May** and **Sharon Chontos**, MAC Coordinators, North Star Solutions; Clea Bell, KFF Research Associate

Welcome and Overview
Ashley Lauing welcomed the MAC members. Heather Petermann wished the MAC members a happy new year. She is enthused for 2026 as there will be exciting changes for Medicaid.

BAC Meeting Overview
The January 2026 minutes can be found on the BAC website.

Ben May, MAC Coordinator, reported the BAC meeting covered the following topics:

- Primary Accountability Care Transformation (PACT)
- Rural Health Transformation
- Case Management Letter Feedback
- Recipient Benefits Feedback
- HR1 Communication Feedback
- HR1 Cost Sharing Requirements

State Plan Amendments
Renae Hericks, Policy and Program Manager for South Dakota Medicaid, updated the MAC team members on the proposed state plan amendments. Handouts can be found on the MAC website.

Comment. Shelly: Community Healthcare Association of the Dakotas has some feedback regarding the change in scope methodology recommended in the report and would be interested in further discussion regarding these items including how the change in scope is calculated.

Q. Dr. Haggar: What is a change in scope?
A. Under today's dentition a change in scope is the addition or deletion of a service by an FQHC or RHC, which triggers an adjustment to their prospective payment system encounter rate. The state plan amendment would expand the definition.
Q. Alan: Is an administrative rule required?
A. No, it is not anticipated that a rules amendment will be needed.

Hospital Reimbursement (Anticipated)
Matthew Ballard reported this state plan amendment for hospital reimbursement will be effective July 2026. As a reminder, this implements changes to inpatient and outpatient hospital reimbursement methodologies for both instate and out-of-state hospitals.

Q. Dr. Williams: When will providers be notified of changes?
A: Information regarding the updates to the reimbursement methodologies was shared with hospitals starting last spring.

Rural Health Transformation
Matthew Ballard reported South Dakota received a RHT award notification for $189.4 million to begin in 2026 through October 30, 2027. The South Dakota Department of Health – Department of Rural Health will manage the overall program.

The DSS initiatives include the a) Medicaid PACT Program; b) Medicaid Rural Health Access and Quality Grants; and c) Certified Community Behavioral Health Clinic (CCBHC) model statewide and growing the Collaborative Care Model in primary care settings.

Initial state government activities include establishing the project governance structure, meeting with CMS officials for additional guidance, and obtaining legislative approval. The state will also secure additional staffing support for project and grant management. Grant opportunities will be released later this spring. Handouts can be found on the MAC website. Information regarding RHTP can be found on the Department of Health website.

Comment. Alan/Jacob. The Legislative Appropriations Committee met and approved the spending for the current and next year's spending. HB 1044 provides the state authority to access federal funding for the Rural Health Transformation Program. It requires a two-thirds majority to pass.

Q. Dr. Basel. South Dakota was awarded approximately $4 million less than what they applied for. Do you know why?

A. Yes, that is correct. There was an algorithm on scoring all the states. The state will have to adjust the budget. CMS did not provide details regarding how states scored.

Q. Erik: When RFPs are released, what will be turnaround time?

A. It will be dependent on the RFP; It may be in the range of 6 – 8 weeks.

Q. Alan: Will CMS, South Dakota DSS and DOH be flexible with the applicants regarding the proposed scope of the projects?

A. There are ten initiatives within the South Dakota application. The projects will be required to fit within those initiatives. However, there is room within each initiative and it is anticipated the state can work with CMS and awardees regarding potentially needed flexibility.

Comment. Alan: The commitment to the outcomes and metrics is good and we should keep that as a North Star. If a strategy is not working to meet those outcomes, we should be able to change directions.

Q. Jerilyn. Are the RFPs over multi-year period or just yearly? Tribes have different capacities. Some may need 1-2 years or more to complete projects.

A. It is anticipated that an applicant could propose a shorter funding period.

Heather asked the MAC members to monitor the RFP landing page on the Department of Health website.

Primary Accountability Care Transformation (PACT)

Dr. Clarissa Barnes updated MAC members on the PACT initiative as part of the RHTP. Handouts can be found on the MAC website.

South Dakota Medicaid will convene operational workgroups to design and guide implementation of the new primary care model. These workgroups will include representatives from health systems, rural, tribal, and FQHC clinics, professional

healthcare organizations, and payors, and are expected to meet at least monthly through 2026 and as needed throughout the program. Input will be incorporated through formal feedback from the BAC and MAC, as well as through Tribal consultation.

Heather emphasized that this is a starting point. It doesn't mean that the program is finalized.

Q. Alan: We have been discussing this at Monument Health. Transportation always comes up as a barrier. Could there be a way for providers to pay for transportation? The long-term funding is the reduction of emergency department visits. Do you envision this will impact the traditional and/or Expansion Medicaid population?

A. Transportation initiatives may qualify for funding through other RHT initiatives. Medicaid will convene operational workgroups to create and guide implementation of this new primary care model.

Q. Dr. Barnes: How many payers are in the value based space?

A. Shelly: Very few payers are value based.

A. Alan: Alan concurred with this assessment.

Q. Shelly: From a federally qualified health center (FQHC) perspective, we have already done some of this. It took about 5 years to implement a population health tool. How do FQHC and providers integrate existing tools. Process changes will require staff training. Statewide care management will not work. I hope we don't have to have a one size fits all solution.

A. The PACT program will not be a one size fits all solution. Shared case management is an option rather than a mandate. RHTP grant funding may be made available for a number of different uses.

Q. Shelly: How do the different RHT initiatives work together?

A. There are 10 different initiatives. The state is considered releasing funding opportunities for several initiatives that have some areas of overlap under one RFP.

HR1 Cost Sharing Requirements

Matthew provided an overview of the HR1 requirement for states to implement cost sharing requirements for a subset of the Medicaid expansion population effective October 1, 2028. Handouts can be found on the MAC website.

Q. Erik: Can you tell us more about the limits? Who will set what the cost sharing rate is? Can you set it at $0

A. The cost sharing cannot be set at $0 per federal guidelines. The Department has not established any limits on services at this time and is seeking feedback from the BAC/MAC.

Q. Dr. Haggar: What does the cost share apply to? This looks like a co-pay. The provider has to collect the fee?

A. Per federal guidelines, some services cannot have a cost share. Typically, providers collect the fee. Providers can waive collection.

Q. Erik: Do you know how many people it will impact?

A. The target population is a sub-set of the Medicaid Expansion. There are 29,000 Medicaid Expansion recipients in South Dakota. It is the subset of this population that has is at 100% FPL or greater. American Indians are also excluded from cost share provisions.

Q. Shelly: When does the Federal Poverty Level (FPL) apply? At enrollment?

A. Yes, FPL percentage is determined at time of enrollment and revalidation.

Comment. Alan: We all appreciated it when the cost share was eliminated. Generally, providers will not collect. Therefore, it just becomes a reduction in reimbursement.

Comment. Ben: The BAC members recognized his may be a barrier to access to care.

Comment. Mikki: If the recipient can bring the paperwork [member materials, bills, etc.] to the doctor to understand the cost share, that would be helpful.

Q. Alan: Could we eliminate some of the services requiring cost share?

A. The Department is currently in the process of determining what services to apply a cost share to and is seeking feedback on services and limits from the BAC/MAC.

Q. Dr. Basel: How much leeway do we have?

A. There has to be cost sharing put in place. As Medicaid is a federal partnership the cost sharing will have to be approved by CMS. Our current understanding is that we can select which services to apply cost sharing to if the services are not on the exempt list.

Q. Matthew: Did providers send Medicaid recipients to collections when cost sharing was previous in place?

A. The group thought this was unlikely and that it likely was limited to charity care.

Q. Matthew: What is your recommendation on services that should have cost share? Higher cost services? Inpatient? Unnecessary ED?

A. Haggar: It is hard to determine unnecessary services. I don’t know how Medicaid would administer.

A. Matthew: Claims currently are coded by billing offices to indicate if the ED services were emergent or not.

Q. Alan. Does South Dakota Medicaid require a duty to attempt collection of any charge? Do we have to try to collect before writing off? Do you have to go through a

process to write it off? If not and recipient cannot pay the hospitals can use their charity programs.

A. There is no SD Medicaid regulation requiring collection. HR1 appears to give states the option of allowing providers to waive collecting the cost share.

Q. Bethany: Is a prior authorization required for services that will have cost sharing?

A. No, some services that require prior authorization may be subject to a cost share; however, having a cost share does not mean that the service will require a prior authorization.

Legislative Session Update

Heather reported that the Department of Social Services budget hearing was held yesterday (1/21/26). Right now, the Governor recommends a similar budget to 2025 without inflationary increases in the rates to providers.

Comment. Jacob. There is a house bill (5002) that tries to put Medicaid Expansion back to voters. There are many collaborators and partners in 2022 that got it passed. As MAC members, we need to advocate to keep Medicaid Expansion. We should oppose this bill due to the significant positive impact of Medicaid Expansion.

Comment. Jerilyn: Oyate and GPTCHB recommended keeping Medicaid Expansion.

Comment. Alan: Same for Monument Health. We found that Medicaid Expansion has a sweet spot for SD. We are well under the projections. There is a potential for permanent impact.

Q. Shelly: Kudos to Medicaid on data and statistics on website. It would be great if information regarding the federal/state split in expenditures was added.

Closing Remarks

Ashley concluded the meeting by thanking the MAC members for attending the meeting and providing valuable feedback. If MAC members have any questions, they are welcome to reach out via email or a phone call to discuss.

Future Meetings:

- 04/23/2026 – Rapid City – One Stop Building
- 07/23/2026 – Sioux Falls – One Stop Building
- 10/22/2026 – Pierre – Kneip Building