



Cost Sharing – HR1



South Dakota
Department of
Social Services

Federal Requirements

- **What:** The One Big Beautiful Bill Act/HR 1 requires states to implement cost sharing requirements for a subset of the Medicaid expansion population.
 - Cost Sharing is also sometimes referred to by other insurers as a co-pay or co-insurance.
- **When:** Effective Date: October 1, 2028
- **Who:** Medicaid expansion adults with income at or above 100% of the Federal Poverty Level.
 - Excludes American Indians and Alaska Natives, pregnant women, individuals under age 21, hospice patients, and institutionalized individuals.
- **Guidelines:**
 - **Limits:** Cost shares may not exceed \$35 per service. Cost sharing is also limited to 5% of the Medicaid household's income for families.
 - The 5% can be applied as a monthly or quarterly limit as determined by the state

Services Federally Exempt From Cost Sharing

- Primary care
- Preventative services
- Emergency services,
- Mental health services
- Substance use disorder services
- Services provided by a federal qualified health center, behavioral health clinic, or rural health clinic

Services **Not** Exempt from Cost Sharing

- Audiology Services
- Chiropractic Services
- Community Health Worker Services
- Dental Services
- Diabetes Self-Management Training Services
- Dietician and Nutritionist Services
- Durable Medical Equipment, Prosthetics, Orthotics and Supplies
- Health Department Clinics
- Home Health Agency Services
- Home Infusion Therapy Services
- Hysterectomy Services
- Inpatient Hospital Stays
- Justice-Involved Youth Targeted Case Management and Pre-Release Services
- Laboratory and Pathology Services
- Nutritional Therapy Services and Nutrition Supplements
- Optometric and Optical Services
- Personal Care Services
- Pharmacy Services/Prescription Drugs
- Physician Administered Drugs
- Physician Services/Clinic Services[^]
- Podiatry Services
- Private Duty Nursing
- Radiology Services
- Renal Dialysis Services
- School Districts
- Surgical Services
- Telemedicine Services
- Therapy Services
- Transportation Services
 - Ambulance
 - Community Transportation
 - Secure Medical Transportation
- Urgent Care

[^]certain services provided may be considered exempt (e.g., preventative services)

Draft Recommendation

Possible approach:

1. Apply cost share to a limited number of services.
 - Provides administrative simplicity.
 - Easier for providers and recipients to understand
2. Apply to services that are high cost OR not included in major medical.
 - Cost sharing is in higher-cost services or services that for the general public, require an additional insurance policy.

DRAFT

High-Cost Group

- Inpatient Hospital Services:
 - \$20 per claim

Non-Major Medical Group

- Optical supply:
 - \$5 per claim
- Select Dental Services:
 - Limited to filings, crowns, extractions, dentures, and surgical services
 - \$5 per claim

Additional Steps

- System Programming
- Provider and Communication
 - 2028
- State Plan Amendment
 - 2028
- Implementation
 - October 1, 2028



Thank You