



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
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June 23, 2025

RE: South Dakota Medicaid and CHIP State Plan Amendments #SD-25-0012 and #SD-25-0014

The South Dakota Department of Social Services intends to make changes to the South Dakota Medicaid State Plan to implement inflationary rate increases appropriated by the state legislature during the 2025 legislative session effective July 1, 2025, and coverage and reimbursement for Rural Emergency Hospitals under the Clinic Services benefit.

The South Dakota Department of Social Services also intends to make changes to the South Dakota CHIP State Plan to clarify that certain services covered under the Medicaid state plan are also covered under the CHIP state plan. This includes pregnancy-related doula services including prenatal, labor and delivery, and postpartum supports, community health worker (CHW) services, and peer support services to align with benefits under the Medicaid State Plan.

Medicaid State Plan

The following services otherwise not subject to a targeted increase or rate rebase are receiving a 1.25% inflationary increase:

- Instate DRG Inpatient Hospital Services, Instate DRG Exempt Inpatient Hospitals/Hospital Units, and Instate APC Outpatient Hospital Services
- Ambulatory Surgical Center Services
- Supplies, Orthotics and Prosthetics with no Medicare rate
- Durable Medical Equipment (Not including items subject to Section 1903(i)(27)) of the Social Security Act)
- Dental Services
- Optometric Services
- Chiropractic Services
- Occupational, Speech, and Physical Therapy
- Nutritionists and Dietician Services
- Clinic Services
- Eyeglasses
- Free Standing Birth Centers
- Diabetes Self-Management Training
- Nurse Midwife Services
- Community Transportation
- Secure Medical Transportation
- Air and Ground Ambulance Transportation
- Home Health Agencies
- Independent Mental Health Practitioners Services
- Nutrition Items
- Physician Services
- Physician Administered Drugs with no Medicare rate
- Community Health Worker Services
- Doula Services
- Child Private Duty Nursing Services

- Applied Behavior Analysis Services
- Disproportionate Share Hospital Payment Pools
- PCP and Pregnancy Care Management Program Per Member Per Month Payments

All professional service reimbursement rates that were above 100% of Medicare or that would exceed 100% of Medicare with inflation applied were limited to 100% of the Medicare allowable amount.

The following services are receiving a targeted rate increase or are being rebased:

Service	Type	Rate/Method
Transportation Services	Targeted Increase	<ul style="list-style-type: none"> • Code A0100 - \$5.00 • Code A0120 - \$5.00 • Code A0130 - \$41.72 • Code A0425 - \$8.32 • Code A0430 - \$2,460.84 • Code A0431 - \$2,861.09 • Code A0436 - \$18.63 • Code S0215 - \$1.00 • Code T2001 - \$2.50 • Code T2005 - \$105.44
Physician Services	Targeted Increase	<ul style="list-style-type: none"> • Procedure codes with rates below 90% of Medicare increased 90% of Medicare
Physician Administered Drugs	Rebased	<ul style="list-style-type: none"> • Procedure codes with no Medicare rate set at the Wholesale Acquisition Cost

The updated fee schedules will be posted on the department's website at:

<http://dss.sd.gov/medicaid/providers/feeschedules/dss/>. South Dakota Medicaid providers should continue to submit claims and bill South Dakota Medicaid as they did prior to July 1, 2025. Fee schedules are the maximum allowable reimbursement amount; per ARSD 67:16:01:09 payment for services is limited to the provider's usual and customary charge.

The proposed SPA revises Page 15b of Supplement to Attachment 3.1-A, Pages 1, 5, 7, 8, and 10b of Attachment 4.19-A, Introduction Page 1, Page 1a and 15 of Attachment 4.19-B, and page 7, 9, and 10 of Attachment 4.19-D of the South Dakota Medicaid State Plan. The Department intends to make this SPA effective July 1, 2025.

The department estimates the total annual aggregate increase in expenditures by service type will be the following:

- Inpatient Hospital Services - \$2,146,012
- Outpatient Hospital Services - \$1,591,744
- Physician Services including EPSDT Screenings/Treatment, and Professional Services Provided in a Freestanding Birth Center - \$713,575.67
- Dental Services including Orthodontic Services and Dentures - \$464,645
- Optometric - \$44,157
- Chiropractic Services - \$20,588
- Disproportionate Share Hospital Payments - \$14,339
- Other Medical Services - \$2,766,762
 - Ambulatory Surgical Center Services
 - Independent Mental Health Practitioners Services
 - Nutritionists and Dietician Services
 - Supplies, Orthotics and Prosthetics

- Durable Medical Equipment
- Clinic Services
- Physical Therapy
- Occupational Therapy
- Speech, Hearing, or Language, Disorder Services
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- Community Transportation
- Secure Medical Transportation
- Air and Ground Ambulance Transportation
- Nutrition Items
- Home Health Services
- Personal Care Services
- Child Private Duty Nursing
- Community Health Worker Services
- Nursing Facility Services –\$155,336

Professional service rates that were limited to 100% of Medicare's rates are estimated to result in a reduction of \$1,716,755 in expenditures.

Rural Emergency Hospitals will continue to be reimbursed for outpatient services as if they were a critical access hospital.

The total fiscal impact for the combined services associated with the Medicaid SPA is \$751,334 in State funds and \$798,767 in Federal funds, totaling \$1,550,101 in Federal Fiscal Year 2025 (July 1, 2025, to September 30, 2025) and \$3,005,336 in State funds and \$3,195,068 in Federal funds, totaling \$6,200,404 in Federal Fiscal Year 2026 (October 1, 2025, to September 30, 2026).

CHIP State Plan

The proposed SPA revises pages amends pages 5-6, 72-73, 77, and 104 of the South Dakota CHIP State Plan. The proposed State Plan Amendment (SPA) will have an effective date of January 1, 2025.

The department estimates the fiscal impact associated with this SPA to be \$80,629 in State funds and \$164,818 in Federal funds, totaling \$245,447 in Federal Fiscal Year 2025 (January 1, 2025 – September 30, 2025) and \$112,219 in State funds and \$215,045 in Federal funds, totaling \$327,263 in Federal Fiscal Year 2026 (October 1, 2025 – September 30, 2026).

The SPA is available to view on the department's website at <http://dss.sd.gov/medicaid/medicaidstateplan.aspx>. Copies of the proposed SPA pages are also available at the Department of Social Services, Division of Medical Services. Written requests for a copy of these changes, and corresponding comments, may be emailed to MedicaidSPA@state.sd.us or sent to:

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DEPARTMENT OF SOCIAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291

The public comment period will start June 23, 2025, and end July 23, 2025.

Sincerely,

Matt Ballard

Matthew Ballard
Deputy Director
Division of Medical Services
South Dakota Department of Social Services

CC: Matt Althoff, Cabinet Secretary
Heather Petermann, Director

CHIP State Plan Amendment Proposal

Transmittal Number: SD-25-0014

Effective Date: 01/1/2025

Brief Description: Clarifies that pregnancy-related doula services including prenatal, labor and delivery, and postpartum supports, community health worker (CHW) services, and peer support services are covered under the CHIP State Plan to align with benefits under the Medicaid State Plan.

Area of State Plan Affected: Pages 5-6, 72-73, 77, and 104 of the South CHIP Medicaid State Plan.

Page(s) of State Plan Affected: Pages 5-6, 72-73, 77, and 104 of the South CHIP Medicaid State Plan.

Estimate of Fiscal Impact, if Any: FFY25: \$245,447
 FFY26: \$327,263

Reason for Amendment: Implements coverage doula, community health worker (CHW), and peer support services to align with the Medicaid State Plan.

Anticipated Impact to Tribes: Enhances services available for CHIP recipients.

Comment Period: June 23, 2025 to July 23, 2025

PUBLIC NOTICE

South Dakota Medicaid and CHIP Program

Notice is hereby given that the South Dakota Department of Social Services intends to make changes to the South Dakota Medicaid State Plan to implement inflationary rate increases appropriated by the state legislature during the 2025 legislative session effective July 1, 2025, and coverage and reimbursement for Rural Emergency Hospitals under the Clinic Services benefit.

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South Dakota Children's Health Insurance Program State Plan

Effective Date: July 1, 2016

SPA# SD-16-0006: This state plan amendment provides proposed program specifics to the state's CHIP state plan for unborn children from conception to birth.

Effective Date: July 1, 2016

SPA# SD-16-0007: This state plan amendment updates the state's exemptions from its waiting period to include coverage for unborn children.

Effective Date: July 1, 2016

SPA# SD-17-0009: This state plan amendment clarifies that the Mental Health Parity and Addiction Equity Act requirements are satisfied through the EPSDT benefit.

Effective Date: October 1, 2017

SPA# SD-20-0004: This state plan amendment provides assurances that the state is in compliance with section 5022 of the SUPPORT Act, which made behavioral health services a required benefit for CHIP.

Effective Date: October 24, 2019

SPA# SD-22-0003: The purpose of this SPA is to demonstrate compliance with the American Rescue Plan Act provisions that require states to cover treatment (including treatment of a condition that may seriously complicate COVID-19 treatment), testing, and vaccinations for COVID-19 without cost sharing in CHIP.

Effective Date: March 11, 2021

SPA# SD-23-0020: The State is assuring that it covers age-appropriate vaccines and their administration, without cost sharing.

Effective: October 1, 2023.

SPA# SD-25-0004: This amendment establishes targeted case management services for eligible juveniles up to 19 years of age to improve health care transitions upon reentry to the community from a carceral setting as required by Section 5121 of the Consolidated Appropriations Act, 2023.

Effective: January 1, 2025

SPA# SD-25-0014: This amendment establishes coverage of doula, community health worker, and peer support services.

Effective: January 1, 2025

1.4-TC SPA# SD-22-0003: The State conducted Tribal Consultation beginning with notification on July 18, 2022. Notification was sent via email to the Tribal Consultation Listserv with a 30-day comment period.
Effective Date: March 11, 2021

South Dakota Children's Health Insurance Program State Plan

SPA# SD-23-0020: The State conducted Tribal Consultation beginning with notification on November 6, 2023. Notification was sent via email to the Tribal Consultation Listserv with a 30-day comment period.
Effective Date: October 1, 2023.

SPA# SD-25-0004: The State conducted Tribal Consultation beginning with notification on December 2, 2024. Notification was sent via email to the Tribal Consultation Listserv with a 30-day comment period.
Effective Date: January 1, 2025.

SPA# SD-25-0014: The State conducted Tribal Consultation beginning with notification on June 23, 2025. Notification was sent via email to the Tribal Consultation Listserv with a 30-day comment period.
Effective Date: January 1, 2025.

correct or ameliorate defects and physical and mental illnesses and conditions discovered by the screening services whether or not such services are covered under this State plan. Medically necessary services not specifically covered under the state plan can be accessed by requesting coverage of the service and receiving prior authorization from the department.

Payment will also be allowed under EPSDT for the following medically necessary services:

- 1. Nutrition items, prior authorization required for total parenteral nutrition.*
- 2. Orthodontic services, prior authorization required.*
- 3. Private duty nursing services, prior authorization required.*

Payment will also be made for any medically necessary services provided to children less than 21 years of age in excess of service limitations applicable to adult Medicaid recipients.

6.2.22.1 ☒ The state assures that any limitations applied to the amount, duration, and scope of benefits described in Sections 6.2 and 6.3- BH of the CHIP state plan can be exceeded as medically necessary.

- 6.2.23. ☒ Any other medical, diagnostic, screening, preventive, restorative, remedial, therapeutic, or rehabilitative services. (See instructions) (Section 2110(a)(24))

Other medical services included in the plan are Chiropractic Services, Podiatry Services, Nutritional Services, Nursing Facility Services, Diabetes Self-management training programs, Vaccination Services, certain Organ Transplant Services, Doula Services, and Community Health Worker Services.

Chiropractic services are limited to examinations and manual manipulations required to correct a subluxation of the spine. Services are outside of the PCCM program and limited to no more than one visit per day and thirty visits in a twelve-month period.

Podiatry services include the surgical and non-surgical diagnosis and treatment of conditions of the feet and lower extremities, excluding routine foot care. Services are outside of the PCCM program. There is no limit on the number of services provided.

Nutritional services are covered for children not able to obtain

South Dakota Children's Health Insurance Program State Plan

necessary nutrition through oral means. Enteral and perenteral nutrition are covered services. Perenteral nutrition services are prior authorized. Nutritional supplements are covered when physician ordered for conditions that exceed normal nutritional requirements.

Nursing Facility services are covered when medically necessary and individuals meet level of care and financial eligibility criteria for long term care. Nursing facility services are prior authorized.

Immunization services include all recommended vaccinations and are covered under Section 6.2.6, prescription drugs.

Organ transplant services include Kidney, Cornea, Bone Marrow, Liver and Heart Transplants. All transplant services are covered only when all other medical and surgical treatments have been exhausted, patients are free from adverse factors and there is likelihood of success or survival. Transplants are limited to the transplantation of human organs. With the exception of kidney and cornea transplants, transplant procedures are prior authorized.

Doula services are covered throughout the prenatal and postpartum periods. Doula services are limited to \$1,800 per pregnancy. This limit may be exceeded if additional hours/units are prior authorized

Community Health Worker Services are limited to 104 units of services in a plan year. Services limits may be exceeded with prior authorization.

6.2.24. ☐ Premiums for private health care insurance coverage (Section 2110(a)(25))

6.2.25. ☒ Medical transportation (Section 2110(a)(26))

Medical transportation includes medically necessary air ambulance, ground ambulance, wheelchair transportation and other medical transportation. Ambulance services are necessary when other forms of transportation may endanger a person's life or health. Ground ambulance includes advanced life support and basic life support services and attendants. Air ambulance includes fixed wing emergency transportation, rotary emergency transportation, and medical air transportation. Air ambulance must be medically necessary because of time, distance and emergency. Wheelchair transportation includes transportation services to persons that are confined to wheelchairs or stretchers to and from medical services.

Other transportation services are available to assist persons obtain

South Dakota Children's Health Insurance Program State Plan

6.3.2.4- BH ☒ Peer Support
Provided for: ☒ Mental Health ☒ Substance Use Disorder

6.3.2.5- BH ☐ Caregiver Support
Provided for: ☐ Mental Health ☐ Substance Use Disorder

6.3.2.6- BH ☐ Respite Care
Provided for: ☐ Mental Health ☐ Substance Use Disorder

6.3.2.7- BH ☒ Intensive in-home services
Provided for: ☒ Mental Health ☐ Substance Use Disorder

Substance use disorder intensive outpatient treatment services can be provided in-home. South Dakota does not consider this a unique service based on the location the services are rendered.

6.3.2.8- BH ☒ Intensive outpatient
Provided for: ☒ Mental Health ☒ Substance Use Disorder

6.3.2.9- BH ☒ Psychosocial rehabilitation
Provided for: ☒ Mental Health ☐ Substance Use Disorder

6.3.3- BH ☒ Day Treatment
Provided for: ☐ Mental Health ☒ Substance Use Disorder

6.3.3.1- BH ☐ Partial Hospitalization
Provided for: ☐ Mental Health ☐ Substance Use Disorder

6.3.4- BH ☒ Inpatient services, including services furnished in a state-operated mental hospital and including residential or other 24-hour therapeutically planned structural services (Sections 2110(a)(10) and 2110(a)(18))
Provided for: ☒ Mental Health ☒ Substance Use Disorder

6.3.4.1- BH ☒ Residential Treatment
Provided for: ☒ Mental Health ☒ Substance Use Disorder

6.3.4.2- BH ☒ Detoxification
Provided for: ☒ Substance Use Disorder

6.3.5- BH ☒ Emergency services
Provided for: ☒ Mental Health ☒ Substance Use Disorder

6.3.5.1- BH ☒ Crisis Intervention and Stabilization
Provided for: ☒ Mental Health ☒ Substance Use Disorder

South Dakota Children's Health Insurance Program State Plan

impermissible provider taxes or donations, and that the State is in compliance with Section 1903 (w) of the Social Security Act.

Through State Plan Amendment 25-0004, Targeted Case Management services were amended. The total CHIP (CHIP-NM, S-CHIP, and M-SCHIP) budget for targeted case management services is \$17,901 in Federal Fiscal Year 2025 and \$23,868 in Federal Fiscal Year 2026.

CHIP Budget

STATE:	FFY25 Budget	FFY26 Budget
Federal Fiscal Year		
State's enhanced FMAP rate	67.15%	65.71%
Benefit Costs		
Insurance payments		
Managed care	\$295,000	\$339,250
<u>per member/per month rate</u>		
Fee for Service	\$55,994,660	\$64,397,140
Total Benefit Costs	\$56,289,660	\$64,736,390
(Offsetting beneficiary cost sharing payments)		
Net Benefit Costs		
Cost of Proposed SPA Changes – Benefit	\$17,901	\$23,868
Administration Costs		
Personnel		
General administration		
Contractors/Brokers	\$286,802	\$387,183
Claims Processing		
Outreach/marketing costs		
Health Services Initiatives		
Other	\$336,852	\$454,750
Total Administration Costs	\$623,654	\$841,933
10% Administrative Cap		
Cost of Proposed SPA Changes - Administration		
Federal Share	\$38,382,108	\$43,306,561
State Share	\$18,776,653	\$22,599,025
Total Costs of Approved CHIP Plan	\$57,157,761	\$65,905,586

NOTE: Include the costs associated with the current SPA.