



**DEPARTMENT OF SOCIAL SERVICES**

DIVISION OF MEDICAL

SERVICES

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July 7, 2025

**Attention: Providers and Billing Professionals**

**From: South Dakota Medicaid**

**RE: Medicaid Reimbursement and Care Management Referral Updates**

**Reimbursement Updates**

South Dakota Medicaid is implementing inflationary rate increases effective July 1, 2025 for services provided in State Fiscal Year 2026. Updated fee schedules are available online at

<https://dss.sd.gov/medicaid/providers/feeschedules/>.

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"> <li>• Code A0100 - \$5.00</li> <li>• Code A0120 - \$5.00</li> <li>• Code A0130 - \$41.72</li> <li>• Code A0425 - \$8.32</li> <li>• Code A0430 - \$2,460.84</li> <li>• Code A0431 - \$2,861.09</li> <li>• Code A0436 - \$18.63</li> <li>• Code S0215 - \$1.00</li> <li>• Code T2001 - \$2.50</li> <li>• Code T2005 - \$105.44</li> </ul> <p>The updated secure transportation base rates are inclusive of oxygen/supplies and oxygen should not be billed separately for dates of services of July 1, 2025 or later.</p>
Physician Services	Targeted Increase	<ul style="list-style-type: none"> <li>• Procedure codes with rates below 90% of Medicare increased to 90% of Medicare</li> </ul>
Physician Administered Drugs	Rebased	<ul style="list-style-type: none"> <li>• Procedure codes with no Medicare rate set at the Wholesale Acquisition Cost</li> </ul>
Anesthesia Conversion Factor	Rebased	<ul style="list-style-type: none"> <li>• \$19.50</li> </ul>

As a reminder fee schedules list the maximum allowable reimbursement amount; per ARSD 67:16:01:09 payment for services is limited to the lesser of the provider's usual and customary charge or the fee schedule amount. South Dakota Medicaid providers should continue to submit claims and bill South Dakota Medicaid as they did prior to July 1, 2025.

### Referrals for Outpatient Mental Health Services

Effective for dates of service of June 1, 2025, care management referrals (Primary Care Provider, Health Home, and BabyReady programs) are no longer required for outpatient mental health services

provided by community mental health centers, independent mental health practitioners, and psychiatrists. The change is intended to remove a potential barrier to accessing mental health services. Community mental health center services for individuals with serious emotional disturbance or serious mental illness as well as substance use disorder treatment agency services were already exempt from care management referrals and continue to be exempt. Care management providers should continue to help Medicaid recipients on their caseload locate and coordinate behavioral health services as needed. However, claims for these services will no longer require a referral from the care management provider in order to pay.

If you have any questions, please contact the Division of Medical Services at 1-800-452-7691 or [DSS.Medicaid@state.sd.gov](mailto:DSS.Medicaid@state.sd.gov).

Sincerely,

South Dakota Medicaid