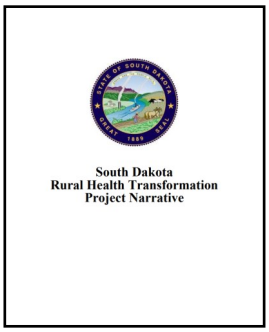
South Dakota Medicaid Provider News

Fall 2025

Rural Health Transformation Application Submitted to CMS

The Governor's office submitted the State's Rural Health Transformation plan to CMS on November 3, 2025. South Dakota requested $1,000,000,000 in funding over a 5 year period. The Department of Health's Office of Rural Health is the lead agency for this initiative. The plan focuses on the following: connecting technology and data, advancing the rural workforce, keeping healthcare local and strong, and transforming systems for sustainability. South Dakota's Rural Health Transformation Project Narrative and Summary are available on the Department of Health's website.



Hospital Reimbursement Reform Update

Medicaid continues to work with stakeholders to update hospital reimbursement methodologies. To allow more time to work through the proposed changes collaboratively with hospitals, the implementation has been delayed until later in 2026. The new methodologies will address multiple concerns with existing methodologies including the following:

Excessive Cost Outlier Payments

- Problem: The current cost outlier methodology results in a disproportionate amount of DRG reimbursement being made through the cost outlier methodology (approximately a third of the DRG hospital reimbursement). This results in low reimbursement for non-cost outlier claims.
- Solution: Implement an industry standard cost outlier methodology that lowers cost outlier payments and invests in higher DRG base payments.

High Out-of-State Cost Coverage

- Problem: Current out-of-state hospital percent of charge methodologies results in out-of-state hospitals generally being paid much higher than in-state hospitals and above cost.
- Solution: Include most out-of-state hospitals in the APR-DRG and APC methodologies and invest in in-state rates.

Low Labor and Delivery Reimbursement

- Problem: The current DRG system provides low reimbursement for hospital labor and delivery services.
- Solution: The proposed methodologies will provide more robust cost coverage for labor and delivery services.

The department looks forward to continuing to work with hospitals to address these and other issues with the current methodologies.

Health Home Rebranding to Care Connect

Effective January 1, 2026, South Dakota Medicaid's Health Home program will be known as Care Connect. The current Health Home name is based on the federal name for the program. Feedback from providers and recipients has indicated that the Health Home name is confusing. Many recipients think the program is home health and that the program involves someone coming into their home, which is inaccurate. The new Care Connect name better aligns with the services and aims of the program.

New Beneficiary Advisory Council and Medicaid Advisory Committee

Recent federal rule changes included requirements for states to create a Beneficiary Advisory Council as well as update their Medicaid Advisory Committee operations. The first official meetings of these advisory groups under new federal regulations occurred on October 23. Medicaid looks forward to working with both groups to enhance and improve the Medicaid program. Information regarding the groups is available on the DSS website at the links above.

Summary of Major Medicaid Changes in H.R. 1

On July 4, 2025, President Trump signed the Federal Reconciliation Bill (H.R.1) into law. This new law requires all states to implement changes to Medicaid. Major changes affecting South Dakota Medicaid include the following:

- **Retroactive Coverage Limits** (Effective January 1, 2027): Requires states to limit retroactive coverage to one month prior to application for coverage for individuals enrolled through Medicaid expansion (ages 19-64), and two months prior to application for coverage for traditional enrollees. Medicaid coverage can currently be backdated up to three months prior to application.
- **Community Engagement** (Effective January 1, 2027): Requires states to condition Medicaid expansion eligibility on working or participating in qualifying activities for at least 80 hours per month or attending school at least half-time. When someone applies for coverage, the state must check that they met these rules for at least one month. For people already on Medicaid expansion, the state must check at least twice a year to make sure they met the rules for at least one month since their last review.
- **More Frequent Eligibility Determinations** (Effective January 1, 2027): Requires states to conduct eligibility redeterminations every 6 months for individuals eligible through Medicaid expansion months instead of every 12 months.
- **Cost Sharing Requirements for Certain Services** (Effective October 1, 2028): Requires states to have cost sharing for select services for Medicaid expansion adults with incomes between 100% and 138% of the Federal Poverty Level with a 5% family income cap on out-of-pocket costs.

More information about these changes is available on our website.

Medicaid Insights

Medicaid Insights is a quarterly educational series for providers and recipients intended to highlight key topic in a quick and easily accessible format. A copy of October's Provider Insights is included here. Medicaid provider and recipient insights are available for download on the Medicaid Provider Communication and Medicaid Recipient Communication pages of the DSS website.

Provider Tools

SD MEDICAID Providers INSIGHTS

Provider Enrollment	The provider enrollment and maintenance site contains guidance on enrollment criteria and instructions for initial enrollment and enrollment record modification.
Medicaid Portal	The provider portal can be used to view recipient eligibility and care management provider information, submit claims, view remittance advice, and submit a request for a claim review.
Provider Manuals	Provider manuals contain information about eligible providers, eligible recipients, covered services, limits, documentation requirements, and claim instructions for various service types.
Provider Fee Schedules	South Dakota Medicaid fee schedules contain procedure codes, descriptions, and maximum allowable reimbursement rates for various service types.
Procedure Code Look-up Tool	The procedure code look-up tool can be used to identify circumstances in which a procedure code is payable by South Dakota Medicaid.
Diagnosis Look-up Tool	Similar to the procedure code look-up tool, the diagnosis code lookup tool can be used to identify circumstances in which diagnosis codes are payable by South Dakota Medicaid.

DSS South Dakota Department of Social Services

To use these tools, visit dss.sd.gov/medicaid/providers

Avoid Common Medicaid Billing Errors

Missing or Incorrect Prior Authorization

Review our website for information about services requiring prior authorization and to access corresponding prior authorization forms. If you received prior authorization, verify the number submitted on the claim is the same prior authorization number on the approval notice.

Timely Filing Issues

Claims must be submitted within 6 months of the date of service. Adjustments or voids must be submitted within 3 months of the original claim payment. Late submission will result in denials.

Incorrect or Incomplete Claim Forms

Missing required fields (e.g., NPI, diagnosis codes, service dates) as well as using procedures codes that have ended, or incorrect modifiers will result in denied claims. Refer to the applicable Claim Instructions Manual.

Provider Not Enrolled

Claims submitted for services rendered by a provider not enrolled with South Dakota Medicaid will be denied. Refer to the Provider Enrollment website for information about enrollment.

Check Your Remittance Advice

The current status of all claims, including adjustments and voids, that have been processed during the past week are shown on the remittance advice. It is the provider's responsibility to reconcile the remittance advice with patient records. Providers can access their remittance advices via the Medicaid Portal. See the Remittance Advice Manual for additional information.

Medicaid and Private Health Insurance

Did you know if Medicaid denies a claim indicating the recipient has private health insurance, providers can access the private health insurance information through the SD Medicaid Portal. To access this information, login to your SD Medicaid Portal, navigate to "Recipient Info" and then "Eligibility". Enter in the recipient details, and search. Providers will be able to view a report that includes current Private Health Insurance information known by South Dakota Medicaid, under the title "Coordination of Benefits" and use this information to bill the primary insurer.

Provider Enrollment Record Updates

As a reminder, provider enrollment records need to be updated following any change of a provider's servicing address or clinic location, even when moving within a single healthcare system. Provider can update their record via the Provider Enrollment Portal.