

South Dakota Medicaid

Provider News

Spring 2026

Provider Revalidation

As you may be aware, CMS required all state Medicaid agencies to submit a comprehensive two-year provider revalidation strategy. Prior to this CMS notification, South Dakota was already taking actions regarding provider revalidation including:

- Compiling a list of providers who have been inactive for 24 months or longer and terminating these providers.
- Screening all providers on a monthly basis against all federally required screening sources to ensure eligibility for continued participation. This includes, but is not limited to, the Office of Inspector General (OIG) List of Excluded Individuals and Entities, SAM (System for Award Management), DEX (Data Exchange) and Licensure boards. Those who no longer meet conditions of participation have their Medicaid enrollment terminated.
- Additional mass screening with more detailed results occurred earlier this year. These results are being reviewed in relation to providers' current data. The team is comparing provider data with Medicare enrollment to deem providers revalidated to the extent possible. If information is needed from providers, the enrollment team will contact you by email first, followed by a phone call if there is no response to the email.

While these activities are ongoing, providers are encouraged to login to the Provider Enrollment Portal and ensure their records are up to date.

In addition, South Dakota Medicaid is working with a vendor to develop a new enrollment system called SD PECS (South Dakota Provider Enrollment and Credentialing System). The official go live date has not been set but is anticipated end of this year or early next. At go live, providers will be required to complete revalidation activities in SD PECS. This new system will ease revalidation activities as enhancements address what has been cumbersome in the past. In the upcoming months, the Medicaid provider enrollment team will be testing this new system. More information regarding trainings will be forthcoming.

Physician Administered Drug Biosimilar Preferred Drug List

Since 2024 South Dakota Medicaid has maintained a limited Preferred Drug List (PDL). A PDL allows Medicaid to prefer the most clinically effective and cost-efficient medications within therapeutic classes, promoting their use to control healthcare spend.

To date, the South Dakota Medicaid PDL has focused on outpatient prescription medications (ex. Drug Store prescriptions). Effective May 15, 2026, the PDL expanded to include a limited number of physician administered drugs (PAD) with available biosimilar products.

Both the pharmacy and physician administered PDLs are reevaluated annually and are therefore subject to change. The majority of PDL changes will occur at the beginning of each calendar year. However, inter-year updates are possible, so it is important to periodically refer to each PDL.

The outpatient pharmacy PDL can be found at [South Dakota Medical \(SDM\)](#). The physician administered drug PDL can be found on our [Physician Administered Drugs, Vaccines, and Immunizations webpage](#).

Hospital Reimbursement Methodology Updates

Medicaid is planning to implement updated hospital reimbursement methodologies effective July 1, 2026. Methodology updates better align in-state and out-of-state hospital methodologies and better ensure equitable reimbursement. Changes are overall budget neutral to the State, but are expected to result in increased reimbursement to South Dakota hospitals due to the alignment of in-state and out-of-state hospital methodologies. Methodology updates also incorporate an additional \$8.6 million in appropriated inflationary increases for State Fiscal Year 2026. The primary methodology change is transitioning inpatient hospital reimbursement from MS-DRG to APR-DRG. Methodology changes are subject to approval of administrative rules by the Interim Rules Review Committee. Changes also require approval by the State's federal partner, the Center for Medicare and Medicaid Services (CMS).

For additional information, refer to the new resources shown below, located on the [provider toolkit webpage](#).

Hospital Reimbursement Updates, Effective July 1, 2026

Resources

- [Hospital Reimbursement Methodology Frequently Asked Questions](#)
- [Inpatient Hospital DRG Payment Calculator](#)

Outpatient Hospital Fee Schedules

- [In-State Hospitals](#)
- [Out-of-State Hospitals](#)

Inpatient Hospital Fee Schedules

- [In-State Hospitals](#)
- [Out-of-State Hospitals](#)
- [APR-DRG Weights](#)

Prior Authorization Appeals

South Dakota Medicaid prior authorizations (PA) generally have two broad categories:

- **Externally Processed:** Outpatient pharmacy (or medications filled at a pharmacy) are processed outside of Medicaid.
- **Internally Processed:** Physician administered drugs (PADs), durable medical equipment (DME), and out of state reviews are handled internally.

Due to the differences in administration, there are different processes for applications and appeals.

Externally Processed

Pharmacy benefit medications that require prior authorization and the associated criteria are determined in conjunction with the Medicaid Pharmacy and Therapeutics (P&T) Committee. The P&T has pharmacist and physician representatives from around the state. South Dakota Medicaid and the P&T strive to streamline the pharmacy PA process. Most PA determinations can be processed electronically. Common reasons PA's require additional input is incomplete diagnosis or medication histories. To minimize prolonged PA determinations please ensure all relevant information is provided with the initial request. Pharmacy appeals can be initiated by contacting OptumRx at 855-401-4262.

Internally Processed

For orders that require additional clinical information such as physician-administered medications (medications given in an office, infusion center, or via home health), durable medical equipment, and other types including out-of-state referrals and private duty nursing, the prior authorization process involves sending information to Medicaid directly for review. Please refer to the [prior authorization webpage](#) for details on services and their corresponding prior authorization request forms. The prior authorization request forms can be submitted with medical records or additional information and emailed to DSSMedicaidPA@state.sd.us or faxed to 605-773-5246.

For the types handled internally, there is a nurse assigned to the request. That nurse may ask for additional information. If there is a denial, you may send additional information, and South Dakota Medicaid can re-review it. There are no limits on the number of times additional information can be submitted and the PA resubmitted. Please note that the most effective additional information comes in the form of supplemental medical records or specific citations of medical literature.

Formal Appeals

For both types of prior authorizations, if you want a formal appeal, that involves requesting a hearing with an Administrative Law Judge (ALJ). Please note that the ALJ process focuses on whether the decision was made according to the administrative rules and criteria and is not the forum to argue that the rules should be different. If you want to request a change of Medicaid's coverage or criteria, please see the process outlined on page four of the [Reconsiderations Reviews, Coverage Requests, and Fair Hearings manual](#).

Contact List

- New information, reconsiderations, or physician level review: DSSMedicaidPA@state.sd.us
- Pharmacy appeals: Must go through OptumRx first at 855.401.4262
- Coverage and Criteria Change Requests: submit through the Medicaid Portal as described in the [Reconsideration Reviews, Coverage Requests, and Fair Hearing provider manual](#).
- Formal administrative hearing: Mail request to the Office of Administrative Hearings at 700 Governors Drive Pierre SD, 57501-6851.

Rural Health Transformation Update



The Department of Social Services and the Department of Health continue to partner to move forward with the implementation of the State's Rural Health Transformation plan. Recent activities have included the formation and initial meetings of a stakeholder group to help inform the development of the Primary Accountable Care Transformation (PACT) initiative. In addition, the State released the Rural Strong Grant opportunity, which includes \$31,750,000 in funding to help strengthen and transform rural health. Applications for this grant opportunity closed May 22 and are currently being evaluated.

Digital Health Modernization and Technology Grant Program

South Dakota Health Link has released a Request for Applications for the Digital Health Modernization and Technology Grant Program. This grant program is for healthcare providers across the state to upgrade their legacy systems, enhance interoperability, expand telehealth capabilities, and boost cybersecurity.

Applications for this grant opportunity are due June 30. Refer to [South Dakota Health Link's website](#) for more information about the opportunity.

Refer to the Department of Health's [Rural Health Transformation Funding Forecast](#) for additional opportunities.

Bill Passed to Create Indian Managed Care Taskforce

During the 2026 legislative session, House Bill 1006 was passed and signed into law establishing an Indian Medicaid Managed Care Model taskforce. The bill is available on the [Legislative Research Council's website](#). The bill outlines the representatives that will serve on the taskforce, which includes, but is not limited to, representatives from each tribe located in South Dakota and the Department of Social Services. The taskforce is required to report findings, recommendations, and any proposed legislation to the Governor on or before December 1, 2028.

Quick Tips to Avoid Common Medicaid Portal Issues

To help streamline your experience with the Provider Portal, here are a few quick reminders about some of the most common questions and stumbling blocks provider's encounter:

- **Clear Your Browser Cache to Prevent Portal Errors**

If you run into unexpected error messages or pages that do not load correctly, the fix may be as simple as clearing your browser cache. Cached data can interfere with updated portal features, so a quick refresh often resolves the issue.

- **"In Process" Claim Status Explained**

Seeing a claim listed as "In Process"? This means it has been saved in the portal but has not been submitted to South Dakota Medicaid. Be sure to complete and send the claim to ensure it moves forward for timely processing.

Program Reminders

New System Phone Reminders

With Medicaid's upgraded phone system, you can choose the option that best fits your needs if waiting to connect with a representative:

- **Virtual Hold:** You may select the virtual hold option, and a South Dakota Medicaid staff member will call you back. Please remember you can only use this option if you are calling from a direct phone number that can receive incoming calls. Extensions are not supported by this option.
- **Voicemail:** You can leave a voicemail, and a Medicaid staff member will return your call the same day. Voicemails left after 4:00 pm Central Time will be returned the following business day.
- **Remain on Hold:** You may choose to stay on hold until a Medicaid staff member is available. If you remain on hold for 15 minutes, your call will be routed to voicemail and the call will end.

Remittance Advice Review Reminder

Please review your weekly remittance advice to determine the reason for any claim denials before resubmitting. South Dakota Medicaid recommends using the Medicaid Portal, as the portal offers more detailed denial information than an electronic remittance. If the reason for denial remains unclear or you need further clarification, contact the Claims Advice and Processing Unit at 1.800.452.7691 for assistance. Following this process will help prevent delays and ensure accurate claim processing.