South Dakota Medicaid **Provider News**

Summer 2026

Important Medicaid and CHIP Eligibility Changes Coming in 2027

Major eligibility policy changes are coming to Medicaid and CHIP on January 1, 2027. Below is a breakdown of what is changing and how to help your patients prepare.

New Work Requirements for Medicaid Expansion

Currently: There are no community engagement or work requirements for Medicaid Expansion.

Effective January 1, 2027: Some adults enrolled in Medicaid Expansion will need to demonstrate they're completing 80 hours a month of work, job training, community service, educational enrollment, or a combination of those. Medicaid Expansion coverage codes are 92, 93, 94, and 95.

Impacted Individuals: New adult applicants must satisfy community engagement activities in the month prior to their application if only eligible for Medicaid Expansion. Currently enrolled Medicaid Expansion recipients will be subject to this requirement upon their first renewal in 2027. Enrolled recipients will need to demonstrate meeting this requirement for at least one month since their last renewal.

Excluded Individuals: There are people who are excluded from this requirement.

- People who are under age 26 and "aged out" of foster care in any state;
- People who are Native American or Alaska Native, including if they're eligible for Indian Health Services;
- People who a caregiver of a child age 13 or younger or a disabled person of any age (they are not required to be related to or live with the child or disabled person);
- Veterans with total disability ratings;
- People who are medically frail or have special medical needs (like a disability or serious or complex medical condition) that impair their ability to comply with community engagement requirements;
- People who are already required to comply with SNAP or TANF work requirements;
- People who are in drug addiction or alcohol treatment or rehabilitation;
- People who are current or recent inmates of public institutions; and
- People who are pregnant or eligible for postpartum Medicaid.

DSS will be checking against additional data sources in order to identify individuals who are already meeting the community engagement requirements or who are excluded. DSS may already have what it needs to verify a person is excluded or meeting the requirement. If not, DSS will request that information at application (for new applicants who apply on or after January 1, 2027) or at the recipient's first regularly scheduled renewal in 2027.

After January 1, 2027, recipients can identify if they're excluded or meeting the requirement through their notices from DSS or through the BEES Customer Portal. They can contact their local office with any questions.

More Frequent Eligibility Renewals

Currently: Eligibility renewals are scheduled every 12 months.

Effective January 1, 2027: Eligibility renewals will be:

- Every 6 months for Medicaid Expansion enrollees (coverage codes 92, 93, 94, or 95).
- Every 12 months for adults and children enrolled in any other coverage group.

Impacted Individuals: Medicaid Expansion enrollees. American Indians and Alaska Natives (including those eligible for Indian Health Services) are exempt.

Retroactive Coverage or "Backdating"

Currently: Medicaid coverage can be backdated up to 3 months prior to application.

Effective January 1, 2027: Retroactive coverage will be limited to:

- 1 month for adults only eligible for Medicaid Expansion (coverage codes 92, 93, 94, or 95).
- 2 months for adults and children eligible for any other coverage group.

Impacted Individuals: All Medicaid and CHIP applicants.

How Medicaid & CHIP Providers Can Help

Because some patients will have to renew more often and have less retroactive coverage, there is a higher risk of them temporarily losing their insurance.

To help prevent coverage gaps:

- Remind patients to update their contact info: Ask patients to make sure the state Medicaid office has their current address and phone number so they don't miss renewal paperwork.
- Sign up for the Division of Medical Services' Listserv and visit Medicaid Provider Communication.
- Sign up for the Tribal Consultation Listserv and visit Medicaid Tribal Consultation.
- Follow DSS on Facebook and Instagram.
- Encourage quick applications: If a patient is uninsured, encourage them to apply right away to avoid missing the new, shorter backdating windows.
- Verify eligibility at every visit: Since renewal schedules are changing, double-check coverage at check-in.

Stay Informed About Upcoming Town Halls
Additional information including recordings of town halls and answers to frequently asked questions about these Medicaid changes are available on the DSS H.R.1 webpage.

Medical Frailty Meeting
Join Dr. Barnes for an informative webinar designed to help providers navigate the South Dakota Medicaid Community Engagement Work Requirements. Dr. Barnes will guide providers through the process of completing physician attestation forms for medically frail recipients, explain upcoming changes, and provide helpful information to ensure providers are prepared for the new requirements.

Date: November 4, 2026
Time: 12:00pm CST
The webinar link will be posted on the DSS H.R.1 webpage.

Rural Health Transformation Update

SOUTH DAKOTA
RURAL HEALTH TRANSFORMATION

Medicaid to Issue Rural Health Transformation Value Based Payments

South Dakota Medicaid anticipates making $9 million dollars in new value-based payments targeted at awarding and incentivizing quality care. Enhanced payments are being funded through Rural Health Transformation funds. Payment will be issued to qualifying Primary Care Providers and Care Connect providers. Payments are anticipated to be made in September 2026. Health systems and clinics should use the funds for quality improvement activities in preparation for Medicaid's Primary Accountable Care Transformation (PACT) initiative, which is scheduled to go live in January 2028.

Gov. Rhoden Awards Rural Health Transformation Project Grants

Governor Larry Rhoden awarded 28 Rural Strong grants totaling $31.5 million as part of the Rural Health Transformation Program. These grants will strengthen access, quality, and long-term sustainability of rural healthcare across the state.

"South Dakota has a deep commitment to our rural communities. These grants will help guarantee access to high-quality care close to home," said Governor Larry Rhoden. "By investing in sustainable care models, modern technology, and rural workforce, we are strengthening the health systems our communities rely on every day. We are building a foundation for long-term transformation."

Following a highly competitive application process that drew 85 proposals, 79 were deemed eligible, and 28 were recommended for funding. This created a balanced statewide investment portfolio aligned with federal Rural Health Transformation guidance. The grants support projects across 20 health systems and focus on expanding rural care access, modernizing technology, strengthening care coordination and value-based care, supporting the rural workforce, developing regional systems of care, and advancing maternal, Tribal, and priority population initiatives.

Once finalized, all grant contracts will be publicly available on OpenSD, ensuring full transparency in the administration of Rural Strong funding.

Organizations not selected are encouraged to remain engaged with Rural Strong partners, explore collaboration opportunities with funded providers, and prepare for future funding cycles as additional opportunities may become available. The Rural Strong program will continue to share updates with stakeholders and provide support to organizations committed to advancing rural health across South Dakota.

You can find more information about Rural Health Transformation efforts in South Dakota here.

Medicaid Dashboard

The Medicaid dashboard has been updated to include State Fiscal Year 2026 information. Some key statistics you will find include things like:

- Demographic and enrollment information,
- Application and renewal trends,
- Average monthly cost of a Medicaid recipient,
- Care Management enrollment (new look!),
- Cost of services,
- Breakdown of federal vs. state funding (new!), and
- Operational statistics on claims processing and prior authorizations.

To view, please visit our website here and click the box called "Medicaid". The dashboard is updated every month, so make sure to visit regularly to get the most up-to-date data on all things Medicaid.

Don't forget to register!

Our 2nd Annual Case Management Summit is coming up on October 20th, 2026 from 8am-5pm. Recommended audience includes nurse case managers, nurse navigators, social workers, community health workers and anyone that wants to learn more about South Dakota state government resources, and a chance to network with colleagues across the state to share best practices. Find more information and register here. Please reach out to CMSummit@state.sd.us with any questions.

Program Reminders

Medicaid Claims Work Queue

As a reminder, inpatient hospital claims for recipients in a SD Medicaid Care Management program (most recipients) must contain a referral from the recipient's care management provider. Prior approval of an out-of-state hospitalization does not replace this requirement. When billing for an inpatient hospital claim with an urgent or elective admission, the NPI of the referring provider must be included on the claim in locator 78 or 79.

South Dakota Medicaid has a Claims Work Queue to the Medicaid Portal to aid providers in resolving claims which have been pended for failure to include a recipient's referring care management provider. This Claims Work Queue will allow providers to securely transmit and update the referring provider's NPI for an inpatient claim without having to resubmit the claim.

A claim will appear in the Work Queue when the following conditions apply:

- The inpatient claim was submitted electronically;
- Recipient is enrolled in a Managed Care program during the dates of service;
- Admission is Urgent or Elective; and
- The referring provider NPI is absent from the claim.

The portal user will have 30 days to supply the referring NPI if the required referral is present and add any supporting referral documentation.

These claims will also continue to show as "Pended" on provider's remit until a response is received or the claim is over 30 days old.

If no response is received within 30 days the claim will complete processing and be denied for PCP/HH/NPI incorrect.

Please see the Claims Work Queue Guide for additional information.