South Dakota Department of Social Services

INTERIM JOINT COMMITTEE ON APPROPRIATIONS
May 2024
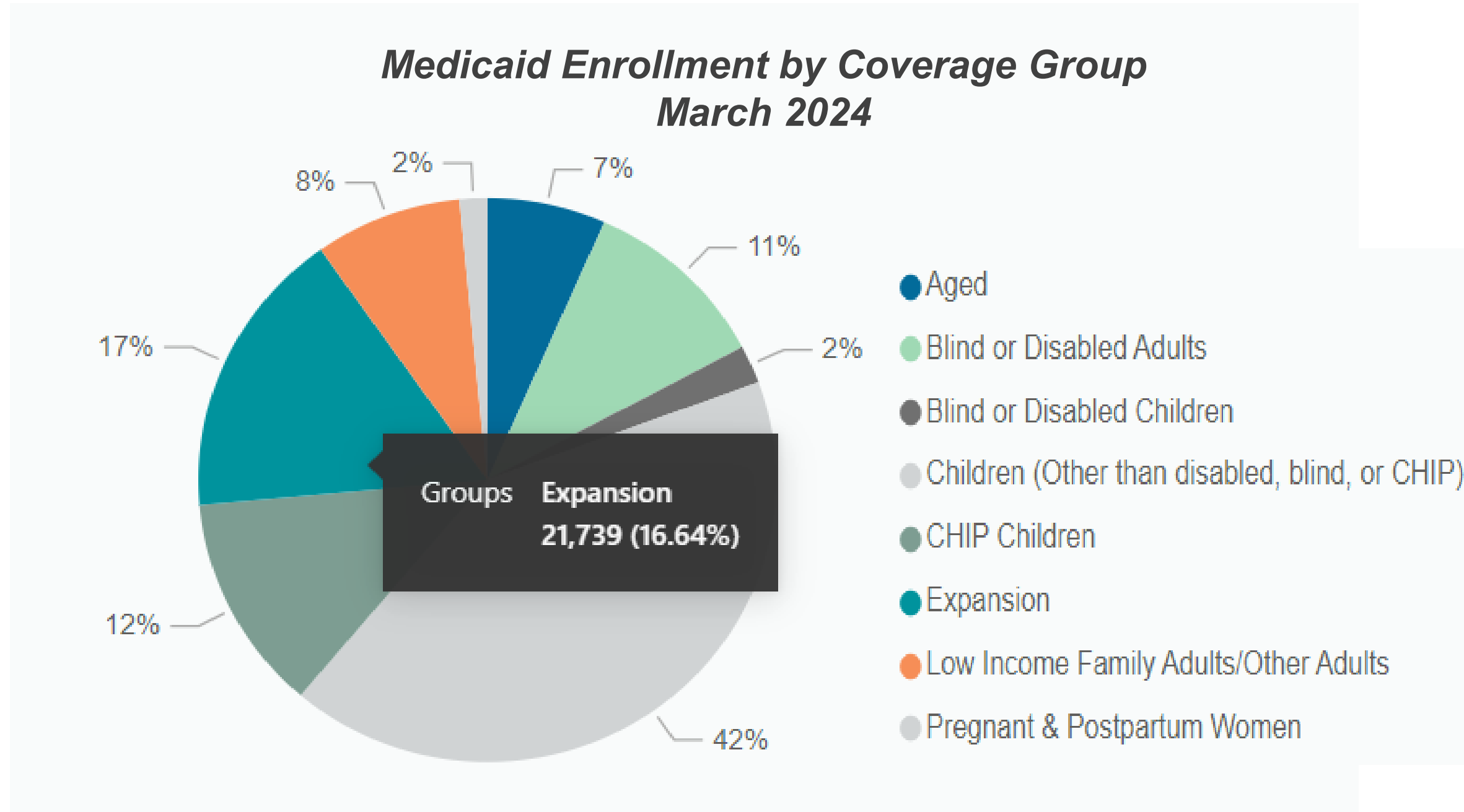
DSS.SD.GOV

MEDICAID EXPANSION

Recipient Data

Significant Facts: Enrolled Population

- 22,624 actively enrolled[1]
- 26,326 recipients ever enrolled[2]
- 64% newly enrolled[3]
- 6% aged 19 or 20
- 94% aged 21 through 64
- 16% age 55+
- 30% are parents
- 55% are female
- 55% also receive SNAP benefits
- 28% are employed, 49% have income

Expansion Aid Category	% of Expansion
Single Adults	61%
Single under 21	8%
Parents	30%
Parents under 21	<1%

Medicaid Enrollment by Coverage Group March 2024

Groups Expansion
21,739 (16.64%)

Legend:
- Aged
- Blind or Disabled Adults
- Blind or Disabled Children
- Children (Other than disabled, blind, or CHIP)
- CHIP Children
- Expansion
- Low Income Family Adults/Other Adults
- Pregnant & Postpartum Women

[1] As of May 9, 2024
[2] As of April 23, 2024 – includes recipients enrolled for one or more months and disenrolled
[3] Newly enrolled for the purposes of this presentation defined as individuals who did not have Medicaid/CHIP enrollment in the twelve (12) months prior to enrollment in Medicaid Expansion

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Monthly Enrollment

| Month	July 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24
Total Enrollment in the Month	4,419	7,703	10,365	12,859	15,299	17,767	20,169	21,814	22,116	22,607
Percentage Increase from Prior Month	-	74.0%	34.6%	24.1%	19.0%	16.1%	13.5%	8.2%	1.4%	2.2%
Medicaid Applications Received in the Month	6,546	5,504	4,813	4,920	6,537	5,428	5,693	3,918	3,449	3,433
Average Application Processing Time (in days)	12	16	16	16	14	16	19	18	14	16

Impacts on Monthly Enrollment

- Health Insurance Marketplace Open Enrollment November 1, 2023, though January 16, 2024 (↑)

- Medicaid Unwinding from February 2023 through March 31, 2024 (↑)

- Benefits Eligibility & Enrollment System (BEES) Launch March 4, 2024 (↓)

  - All Medical Eligibility Staff Training February 12 through 16, 2024

  - Legacy Mainframe System to BEES Conversion

South Dakota Department of Social Services

Utilization (Claims) Expansion Population

Statistics as of May 2, 2024

- 1,003,476 claims processed
- 780,910 claims paid
- $144,407,969 in total funds paid

Expansion Claim Payments by Week
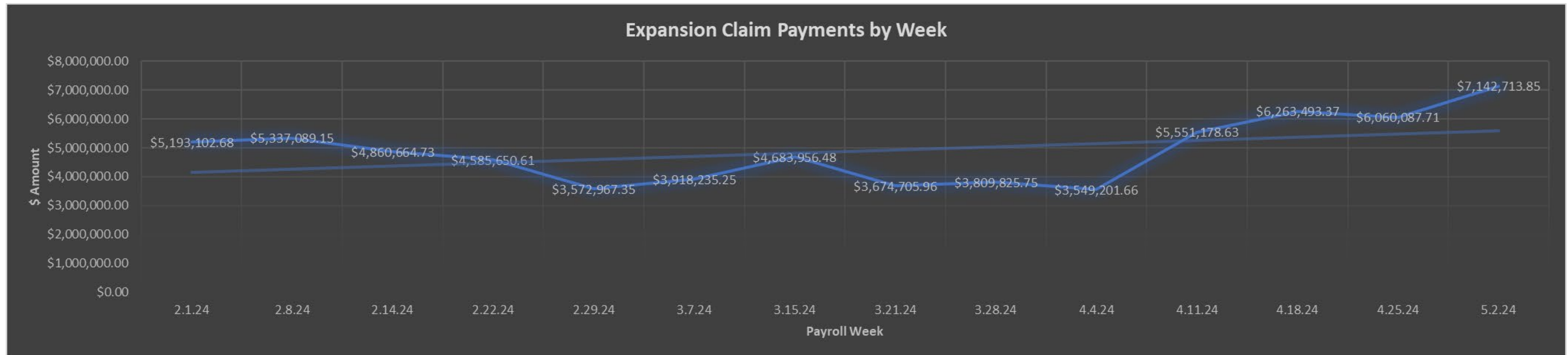
Claims by Service Category

	Paid to date in SFY24	Percent of total paid	Average per member*
1 - Inpatient	$35,878,197	25%	$1,607
3 - Outpatient	$31,333,380	22%	$1,403
4 – Physician/Chiropractic/EPSDT	$18,173,025	13%	$814
5 - Clinic	$14,148,001	10%	$634
6 - Home Health	$86,015	0%	$4
7 - Vision	$1,213,717	1%	$54
8 - Transportation	$2,928,136	2%	$131
9 - DME	$796,826	1%	$36
10 - Dental	$2,976,179	2%	$133
11 - Pharmacy	$36,485,658	25%	$1,634
14 - Primary Care Case Mgmt	$311,295	0%	$14
15 - Health Home	$77,438	0%	$3
	$144,407,867.73		$ 6,467

- 95% of Medicaid Expansion enrollees have had at least one paid claim

- Pharmacy services among most frequently utilized

Paid claim information as of 5/3/2024
*Service Category cost divided by total members

South Dakota Department of Social Services

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Enrollment Trends

- Projecting continued gradual increases reaching 40,000 average monthly enrolled in FY25

- Continued gradual growth into FY26 per actuarial report to estimated 52,700 in FY28

**Medicaid Expansion
Average Monthly Enrollees**

22,600
April 2024
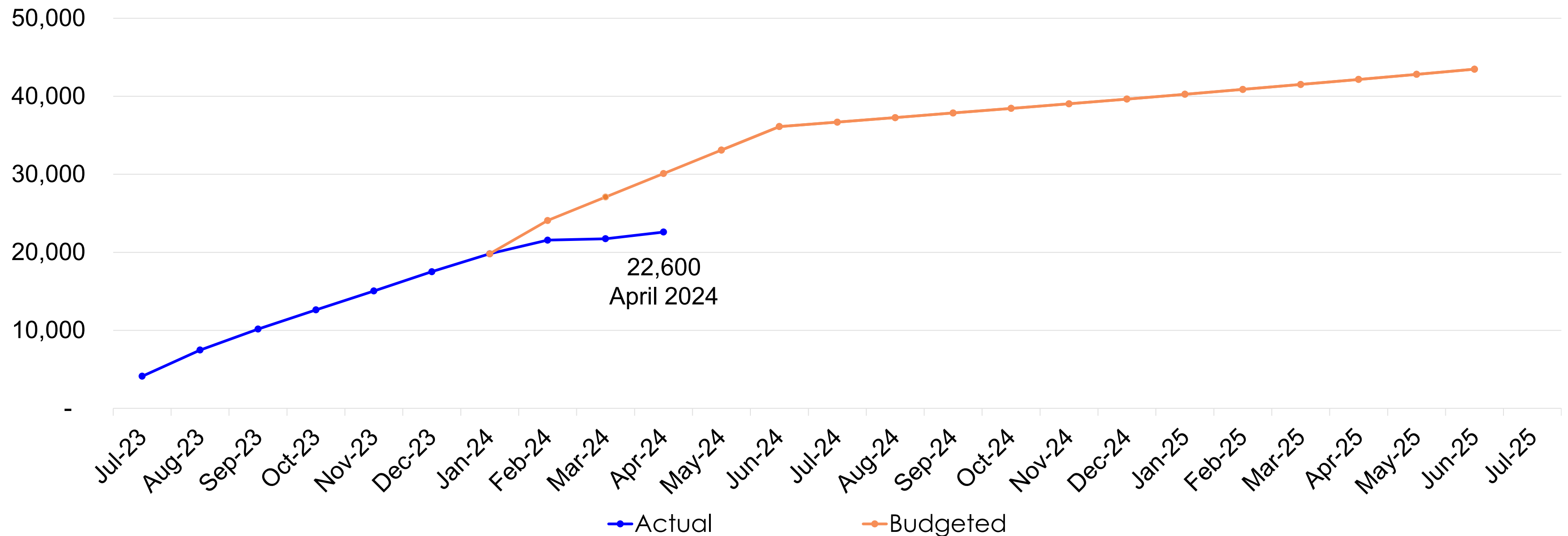
CHILD CARE GRANTS

CHILD CARE: ONGOING GRANTS

- Federal Child Care and Development Fund (CCDF) Block Grant
  - $32,048,899 for Federal Fiscal Year 2024
  - Majority of these funds are used for the Child Care Assistance program
  - Assistance with child care costs for low-income families working or attending post secondary education

- About $400,000 of DSS's annual CCDF Block Grant is required to be spent on initiatives related to quality and priority populations
  - Health and Safety Grants
  - Infant and Toddler Grants

South Dakota Department of **Social Services**

COVID START UP/EXPANSION GRANTS

- COVID federal funding (ARPA) created a one-time opportunity to provide grants DSS has not historically provided

- $20.3 million in one-time federal funding awarded for the purpose of expanding access to child care
  - Funds must be expended by September 30, 2024
  - Federal fund authority authorized by Legislature in FY22-FY25 appropriations

- Grants awarded in summer 2023 and fall/spring 2024

South Dakota Department of **Social Services**

COVID START UP/EXPANSION GRANTS

- Goal: Expand access to child care

- Eligibility:
  - Providers currently licensed and/or in process of becoming licensed
    - New or existing
    - For profit/non-profit
    - Municipalities
    - Before and After School Programs (YMCA, Boys and Girls Clubs)
  - Providers with a plan to expand their operations or to begin operations anew

  - Funding has been made available to support both planning and implementation efforts
    - Grants for community-based partnerships administered through GOED

- Eligible expenses include:
  - Funds for planning efforts
  - Funds for operating costs
    - Health and safety related items necessary to meet licensure requirements
    - Equipment and supplies needed to open/expand
    - Payroll/benefit costs
    - Other operating expenses (rent, utilities, etc.)

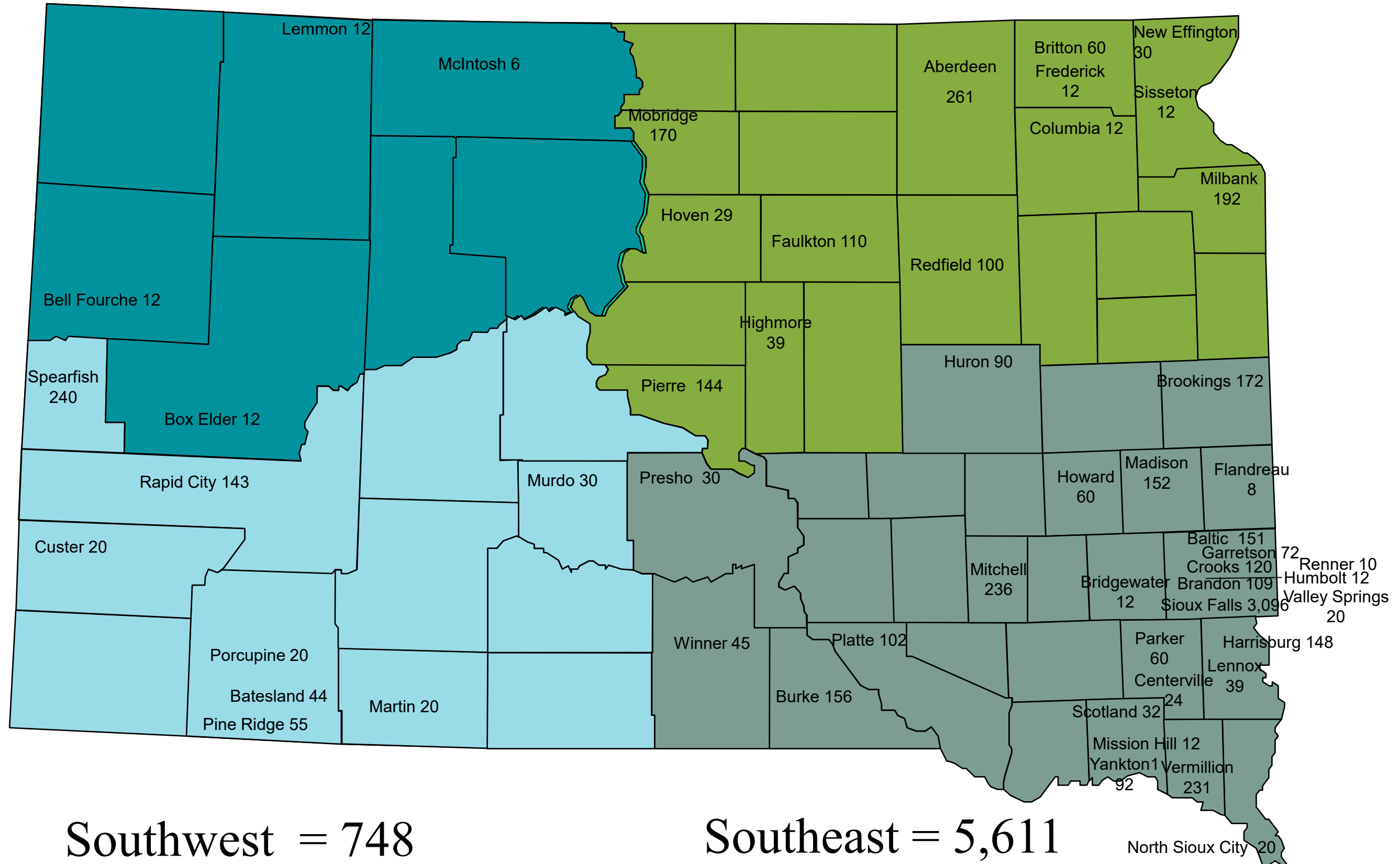South Dakota Department of Social Services

GRANTS

- **Start-Up & Expansion Grants**
  - Awarded in the Summer of 2023
  - $15.3 million in grants awarded to 119 programs in 48 different communities
    - Competitive application process
    - Providers/entities with developed plans (ready to start up or expand an existing operation) given priority in evaluation

- **Effect of Grants**
  - Led to the creation of new projected capacity, serving 5,111 children
    - 53 Family Day Care
    - 40 Child Care Centers
    - 26 Before and After School Programs

South Dakota Department of Social Services

GRANTS

- **Community Based Child Care Grants**
  - DSS partnership with GOED
  - November 2023 through March 2024
  - Awarded $5.0 million in grants to 29 different community partnerships
    - Competitive application process
    - Required to demonstrate community partnership
    - Broader effort targeted to help communities leverage partnerships to support both planning and implementation

- **Effect of Grants**
  - Projected that grants will add capacity for 2,461 children in care
    - 28 Planning Grants
    - 13 Implementation Grants

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Increased Capacity: 7,572

Northwest = 42

Northeast = 1,171

Lemmon 12

McIntosh 6

Mobridge 170

Bell Fourche 12

Spearfish 240

Box Elder 12

Aberdeen 261

Britton 60
Frederick 12

New Effington 30

Sisseton 12

Columbia 12

Milbank 192

Hoven 29

Faulkton 110

Redfield 100

Highmore 39

Huron 90

Pierre 144

Brookings 172

Rapid City 143

Murdo 30

Presho 30

Howard 60

Madison 152

Flandreau 8

Custer 20

Mitchell 236

Baltic 151
Garretson 72
Crooks 120
Brandon 109
Sioux Falls 3,096

Renner 10

Humbolt 12

Valley Springs 20

Porcupine 20

Winner 45

Platte 102

Bridgewater 12

Parker 60

Harrisburg 148

Batesland 44

Martin 20

Burke 156

Centerville 24

Lennox 39

Pine Ridge 55

Scotland 32

Mission Hill 12
Yankton1 92

Vermillion 231

Southwest = 748

Southeast = 5,611

North Sioux City 20

GRANTS

Success Stories: Jamie Owsley
Family Day Care, Sioux Falls

- After working in the childcare industry for many years, Jamie had a dream to establish her own day care.
- The start-up grant provided her with financial assistance to establish her in-home day care and buy equipment.
- The equipment purchased promotes development of the milestone key points.
- Daycare parents have expressed gratitude to Jamie for providing quality childcare.

South Dakota Department of **Social Services**

GRANTS

Success Stories: Tiger Kids After School Program
Mobridge, SD

- Mobridge is considered a child care desert due to limited availability of options.
- The Mobridge-Pollock school district received funding to offer before and after school care from a 21st Century grant until 2017 when the funding ended.
- The Tiger Kids After School program received a start-up grant that allowed the program to reopen.
- Since reopening, the program has formed a partnership with the Mobridge Community Development Corporation (MCDC) to ensure continued financial sustainability and success.
- MCDC was awarded a GOED grant and are developing solutions to continue to increase childcare availability in the community.
- In addition to the Tiger Kids program, OST and Rivers Edge Childcare, another provider in the Mobridge area, will work closely with MCDC to ensure continued availability.

GRANTS

Success Stories: Two Child Care Centers/One Family Daycare
Oglala Lakota County
Sarah Clifford, Director

- Three locations in Oglala Lakota County received a Startup/Expansion Grant:
  - Makhosica Ptehincala Okholdakichiy (Rockyford) in Porcupine
  - Wanbli Cincala Tawahohpe (Little Eagles Nest) in Batesland
  - Tatanka Cincala Ta'Wahohope (Lakota Tech) in Pine Ridge
- Funds were used to create safe spaces for play and learning.
- The Director identified the following benefits:
  - "Families know their children are receiving the best care in the best spaces, children are learning and growing and will be ready for school, and more individuals are able to work because they have adequate daycare."
- The daycares are also providing jobs for the communities.

South Dakota Department of Social Services

CHILD CARE STUDIES

Child Care Market Rate Survey

Survey Overview

- The study will examine fees that childcare providers charge and parents pay per unit of care in the priced childcare market.

- The objective is to understand what providers can charge and what the general population pays for childcare so that Child Care Assistance (CCA) reimbursement rates are aligned with these rates.

- The CCA program's goal is equal access for eligible families.

Methodology

- Survey of all 778 registered/licensed childcare programs, including childcare centers, group family day care, family day care, and school-age centers.

- An enrollment-based rate structure will allow DSS to establish reimbursement rates more reflective of providers' rates in the private market.

- Collects data on current childcare rates using methods that will allow the results to be comparable to the results from prior studies but also to inform rate-setting under the new enrollment-based rate structure.

- It replicates the analytical methods used in prior South Dakota market rate surveys and also develops new methods related to geographic regions, conversion formulas, age ranges, etc.

Survey Responses Rates

- Out of 772 providers surveyed, 73% or 563 providers completed the survey.

Overall Survey Response

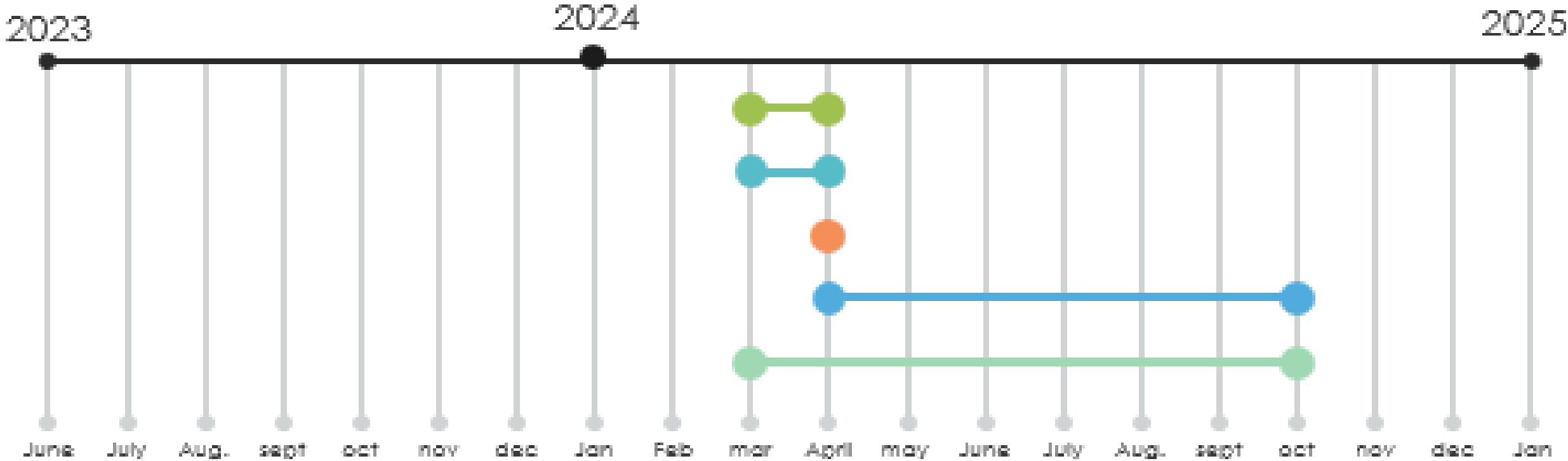|	Number of Providers	Percentage of Providers
Completed survey	563	72.93%
Reported no longer providing care	12	1.55%
No survey completed	197	25.52%

Response by Provider Type

Provider Type	Total Surveyed	Completed Surveys	Reported No Longer Providing Care	No Survey Completed	Response Rate
Family Day Care	351	239	7	105	68.09%
Licensed Child Care Programs	299	225	2	72	75.25%
Before and After School Care	122	99	3	20	81.15%
Total	772	563	12	197	72.93%

Market Rate Survey: **Timeframe**

- Conduct survey of child care providers – March-April 2024
- Prepare market rate survey analyses – March-April 2024
- Prepare market rate survey report – April 2024
- Support DSS in developing new methods to use for future studies – April-October 2024
- Support DSS in developing and using enhanced budgeting models – March-October 2024

2023   2024   2025

June July Aug. sept oct nov dec Jan Feb mar April may June July Aug. sept oct nov dec Jan

Child Care Cost of Care Study

Overview

- The cost analysis, also referred to as a cost of care study, analyzes the cost providers incur when providing care in two areas:

    A) costs associated with providers' implementation of health, safety, quality, and staffing requirements; and

   B) costs stemming from the delivery of higher-quality care.

Methodology

- Relies on the Provider Cost of Quality Calculator, which is recommended by the U.S. Office of Child Care and the leading cost modeling tool used for conducting child care cost studies.

- Will create adaptable models to examine cost variations by type of child care program, age of children served, geographic regions, and quality level.

- Leverages data from multiple sources to inform the assumptions for wages, benefits, and non-personnel costs and revenues. Data sources include workforce surveys, market rate surveys, federal data sets, commercial data sets, and provider interviews.

- Sample of SD providers of all types interviewed; input inform assumptions used in the analyses.

Child Care Cost Analysis: **Timeframe**

- 🟢 Gather inputs for cost model analysis – December 2023-April 2024
- 🔵 Plan and conduct provider interviews – March-April 2024
- 🟠 Prepare cost model analysis – March-June 2024
- 🔵 Prepare cost model analysis report – June-August 2024
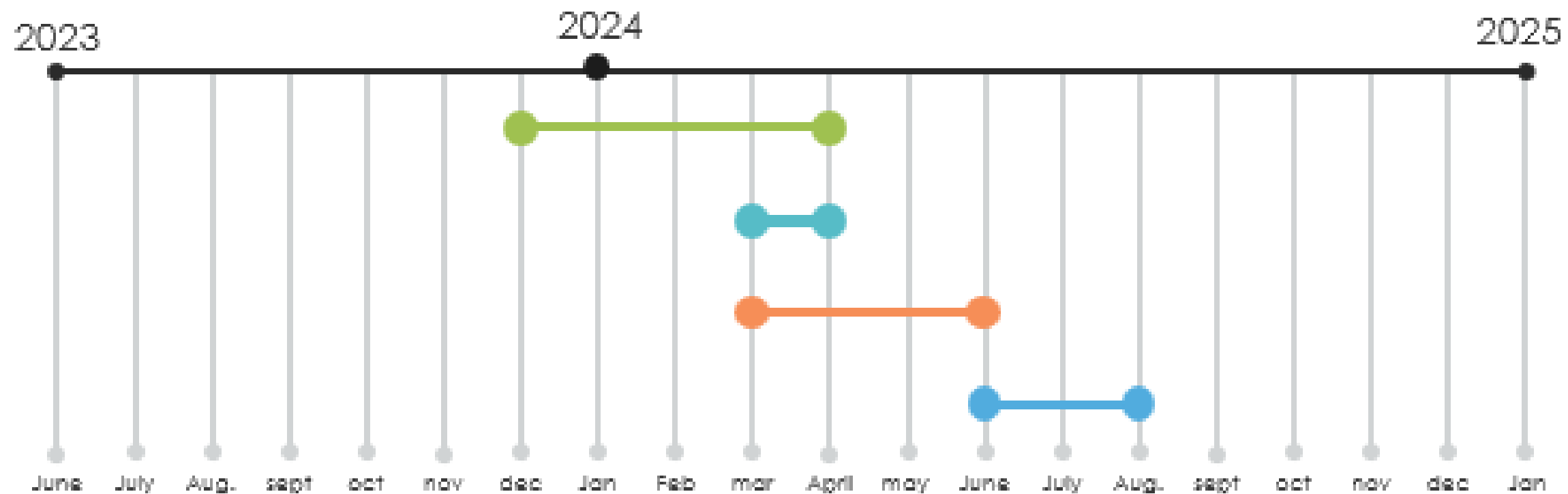
Child Care Workforce Study

Overview

- The objective is to assist South Dakota in gaining a deeper understanding of the challenges it faces presently and prospectively with its childcare workforce.

- The firm engaged to perform the study has also been asked to pinpoint data-driven strategies that businesses and communities can implement to support recruitment and retention efforts to bolster the childcare workforce.

- Through utilizing a mixed methodology leveraging interviews, surveys, and consults with childcare program employees, we hope to:
    - Discover new and effective methods and support systems that would have a beneficial effect on the workforce of the childcare industry.
    - Gain deeper insights into the scale of challenges faced and unique attributes of the childcare workforce in South Dakota.
    - Acquire a more comprehensive knowledge of the practical and cost-efficient approaches employed by communities in South Dakota and other states, which various communities and businesses could widely adopt.

Methodology

- Survey of 4,000+ South Dakota childcare center directors; childcare center employees (e.g., teachers, aides, etc.); and family daycare providers.

    - Collaborate with local governments and community organizations to reach family day care providers who are not regulated by DSS.

- Conduct interviews and focus groups with key stakeholders.

- Analyze data from multiple sources (e.g., survey of providers, secondary data).

- Develop case studies of practical, replicable strategies that communities in South Dakota can implement to recruit and retain childcare providers across the state.

Child Care Workforce Study: **Timeframe**

- 🟢 Review background research – October 2023-February 2024
- 🔵 Survey child care providers – April-May 2024
- 🟠 Conduct interviews and focus groups with key stakeholders – February-May 2024
- 🔵 Conduct economic analysis – November 2023-July 2024
- 🟢 Develop case studies of promising strategies – October 2023-July 2024
- 🔴 Draft final report – June-September 2024
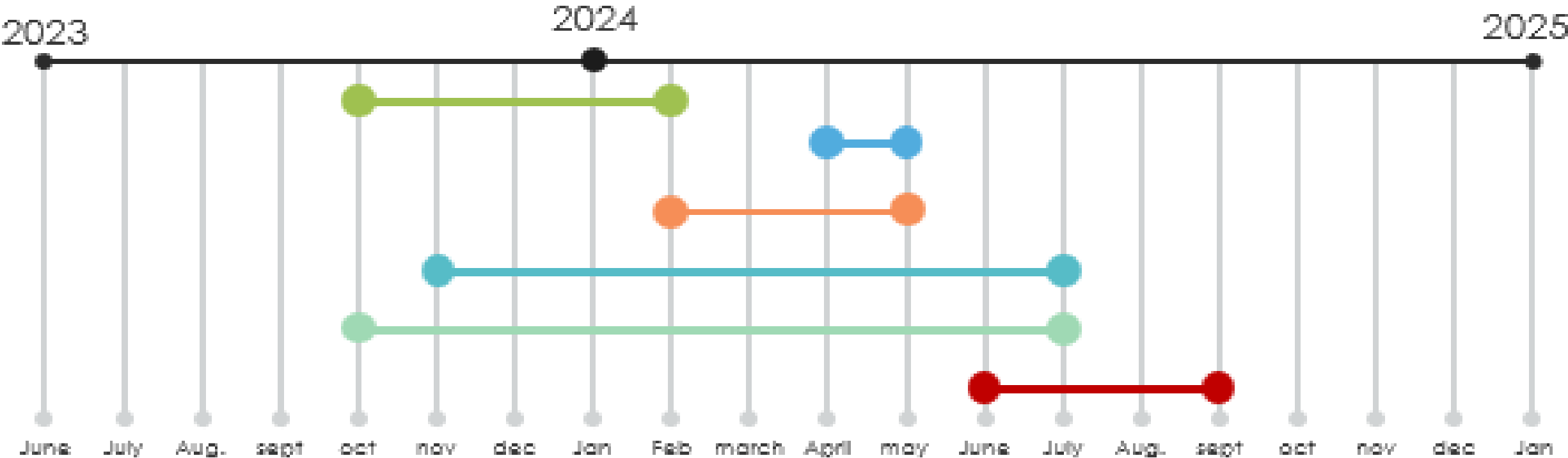
QUALITY RECOGNITION AND INFORMATION SYSTEM

Overview

- The main purpose is to design and implement an early childhood Quality Recognition and Information System (QRIS) pilot program in South Dakota.

- The goal is also to develop common quality benchmarks that will enable childcare providers to identify their programs' strengths and areas for growth.

- The QRIS pilot, in conjunction with the state's Early Childhood Enrichment System, will create a QRIS framework for each type of childcare: family daycare, childcare centers, and school-age programs.

- The QRIS pilot has recruited childcare and school-age programs to voluntarily participate in the almost year-long pilot.

Outcomes

- The QRIS pilot will help with increasing the quality of care and parental understanding of quality.

- The pilot's long-term objective is to enhance children's care quality.

- The results will also inform the future statewide implementation of the QRIS program, which will impact not only childcare providers and the children under their charge but also parents, caregivers, and the larger community.

Timeline

- The Quality Recognition and Information System (QRIS) pilot will end in September 2024.

- The results of the pilot are expected in September of 2024.

- Statewide implementation of QRIS is slated to begin in October 2024.

MARKETING PROJECT

Marketing Project – Child Care Profession Campaign

Overview

- DSS Communications, in partnership with our child care teams, is working on a media campaign to promote the child care profession.
- This is a result of a recommendation by Governor Noem, who heard from many in the child care industry that a campaign was needed to attract additional individuals to careers in the child care industry.
- Insight, a marketing firm out of Sioux Falls, has been hired for the project.
- Budget: $415,000
- Funding Source: Federal ARPA Discretionary funding

CHILD CARE ASSITANCE RULE CHANGES

Child Care Rules Changes

Child Care Federal Final Rule Overview

Title: Improving Child Care Access, Affordability, and Stability in the Child Care and Development Fund

Final Rule Published: 3.1.2024

Effective Date: 4.30.2024

Child Care Rules Changes

Lower Child Care Costs for Families

Prohibits Family Co-payments Above 7% of Family Income

- *No Impact in SD*: Current copayments are less than 2% of household income.

Allows States to Eliminate Co-payments for More Families

- *No impact in SD:* Current copayments are waived for families under 170% FPL due to South Dakota utilizing the flexibility to waive copayment for "other factors determined by the lead agency."

Increases Consumer Education

- *No impact in SD:* The sliding fee scale and the Child Care Assistance policy manual are posted on the DSS website.

Child Care Rules Changes

Improves Payments to Child Care Providers

Enrollment Based-Payments

- *No impact in SD*: Effective January 2024 payment policy changes were implemented to allow providers to bill the full authorized child care assistance amount regardless of temporarily fluctuations in attendance. The current Child Care State Plan was amended, and approved, to reflect this change to enrollment-based payments.

Prospective Payments

- *Impact in SD*: Currently, Child Care Assistance payments are reimbursement-based.
- In the future, payments will be prospective; meaning, the child care provider is paid prior to care of the child.
- This will be achieved upon implementation of BEES Child Care module (est. September 2025).

Pay Established Subsidy Rate

- *Impact in SD*: Currently, Child Care Assistance caps payment at the child care provider's declared public rate.
- In the future, payments will not be capped; meaning, child care providers will be paid at the state's rate (established by the Market Rate Survey).
- This will be achieved upon implementation of BEES Child Care module (est. September 2025).

Child Care Rules Changes

Improves Payments to Child Care Providers

Ensure Providers are not Negatively Impacted by Family Co-Payments
- *No impact in SD*: Total payment to a provider (subsidy payment amount and family co-payment) is not impacted by the cost-sharing policies.

Build Supply with Grants and Contracts
- *Impact in SD*: Anticipate an impact, but still to early to determine extent.
- Currently, Child Care Assistance utilizes contracted slots for families receiving TANF, which ensures the parent is able to participate in the required TANF activity.
- Requires some grants/contracts for infants and toddlers, children with disabilities, and children in underserved geographic areas.

Child Care Rules Changes

Make Family Enrollment Easier and Faster

Encourages Faster Eligibility through Presumptive Eligibility
- *No impact in SD*: 30 days of presumptive eligibility allowed for applicants identifying as homeless.

Clarifies Eligibility for Additional Siblings
- *Impact in SD*: If an additional sibling is added to the home, they receive a full 12-months of eligibility. The federal recommendation is to extend eligibility for the original children to align with a full 12 months for the newly added child. Extensions are allowable, but no child may receive less that 12-month eligibility.
- This will be achieved upon implementation of BEES Child Care module (est. September 2025).

Simplifies Verifications
- *No impact in SD*: Already use verifications from other programs, such as TANF, to determine eligibility for Child Care Assistance program.

Minimize Disruption to Families
- *No impact in SD*: Online application is currently in place. BEES will further improve connections with families through electronic notices and access to the customer portal.

Thank You

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