

Community Support Providers, State and Federal Efficiencies Interim Committee 2025 Final Report



Study Assignment

The Executive Board of the Legislative Research Council established the Community Support Providers, State and Federal Efficiencies Committee to explore and identify potential ways to streamline services across South Dakota's two Medicaid waiver programs—CHOICES and Family Support 360. These programs provide home and community-based services to individuals with intellectual or developmental disabilities through community service providers. The committee was tasked with identifying opportunities to improve efficiency and better match the ongoing reduced funding of the reimbursement methodologies for service providers.

Summary of Meetings

The committee's first meeting was [June 18, 2025](#), in Sioux Falls. The Department of Human services presented an overview of the Division of Developmental Disabilities, the CHOICES and Family Support 360 waiver programs, and federal requirements related to the programs.

The CHOICES waiver currently serves 2,690 adults with higher support and residential needs, with an approximate cost per participant of \$89,647. Services are administered by twenty community support providers, and three conflict-free case management agencies provide case management services to participants and families. The projected Fiscal Year 2025 cost for the CHOICES waiver is \$47.7 million for non-residential supports and \$193.5 million for residential supports.

The Family Support 360 waiver currently serves 1,420 adults and children who prefer to direct their own care and are able to be supported at home. The approximate cost per participant is \$7,521. The program has 198 individuals on a waiting list, with an average wait time of approximately eight months. The projected Fiscal Year 2025 cost for the Family Support 360 waiver is \$10.7 million.

The department also addressed federal requirements that the waiver programs must comply with, including the Centers for Medicare and Medicaid Services (CMS) Home and Community-Based Settings Rule, for which the department has a corrective action plan, and the CMS Access Rule, which goes into effect next year. Both rules present implementation challenges for the state, and community support providers expressed concern about the feasibility and cost of compliance.

The committee received additional presentations from the Association of Community Support Providers of South Dakota and Disability Rights South Dakota. Community support providers offer six main areas of service to participants: residential services, supported employment, day services, support services, assistive technology, and behavioral support. Community support providers face challenges when the state's reimbursement methodology is not fully funded because Medicaid is their primary source of revenue. For Fiscal Year 2026, the state provided 94.9 percent of the reimbursement methodology for providers. Throughout the interim, providers repeatedly emphasized the challenges of delivering comprehensive services and maintaining compliance with state and federal requirements when full reimbursement for their costs is not provided.

Further challenges include overlapping policy and inconsistencies between federal and state rules. The Association of Community Support Providers highlighted three major areas of regulatory redundancies and inefficiencies: state policy reviews and national accreditation; conflict-free case management services; and the fee-for-service payment rate for day services under the CHOICES waiver.

The committee's second meeting was [July 23, 2025](#), in Pierre. Presentations were given by the three conflict-free case management organizations that provide services in South Dakota—LifeScape, Resources for Human Development,

and Benchmark. The committee also heard from the Department of Human Services and Alvarez & Marsal, a national consulting firm contracted to help improve the waiver programs. Alvarez & Marsal provided background information on a list of inefficiencies compiled by the committee and noted several challenges due to the complexity of federal requirements.

As the committee explored opportunities for efficiencies, primary concerns emerged around the case management system. These included cash flow issues for community support providers and overlapping responsibilities between case managers and providers. The committee discussed the potential benefits of a standardized documentation system to help case managers and providers work more synchronously, as well as the department's unsuccessful efforts to establish an in-house system. Additionally, providers noted the burdensome billing system for CHOICES day services and the increased administrative load required by the fee-for-service payment model. The shift from a bundled model to a more detailed tracking system has forced providers to allocate more resources to billing and reimbursement operations. The committee also discussed the dual demands of national accreditation and state policy reviews, and whether redundancies could be reduced given the quality assurances required by CMS.

The committee's third meeting was [September 9, 2025](#), in Aberdeen. The committee received public comment and discussed recommendations for its final report. Throughout its meetings, the committee emphasized the Legislature's oversight role in ensuring accountability for updates and changes to the waiver programs. The committee acknowledged the complexity of the issues discussed and the need for a thorough review of federal requirements. The members commended the department for recent modernization efforts and expressed a desire to see continued progress in improving operations for providers and experiences for families. The committee encouraged the department to continue engaging stakeholders and to keep the Legislature informed of its progress.

Committee Action

The committee recommended that the Department of Human Services:

1. Collaborate with community support providers, case management organizations, families, and other stakeholders to update the guidance document [CHOICES Case Managers & Community Support Providers Roles & Responsibilities](#);
2. Work with community support providers, case management organizations, families, and other stakeholders to address and reduce overlaps and redundancies between state policy reviews and Council of Quality and Leadership accreditation; and
3. Include, either through a waiver amendment or during the next renewal cycle for the CHOICES waiver, a day rate for day services in addition to the current sixty-minute billing rate option.

The committee recommended [Draft 141](#) for introduction. The bill would establish a legislative oversight committee to examine and monitor changes to the waiver programs.

The committee supported sending a letter to South Dakota's Congressional delegation regarding the CMS Access Rule and the Home and Community-Based Settings Rule.

Committee Members

Senator Chris Karr, Co-Chair; and Representative Leslie Heinemann, Co-Chair. Representatives Heather Baxter, Brian Mulder, Nicole Uhre-Balk, and Richard Vasgaard. Senators Liz Larson, Lauren Nelson, and Mykala Voita.

Staff Members

Anna Madsen, Assistant Chief for Research; Mitch Honan, Fiscal Analyst; and DeLaney Lewis, Administrative Specialist.

