



SOUTH DAKOTA
RURAL HEALTH TRANSFORMATION

Rural Health Transformation Program

*By South Dakota Department of Health
Secretary Melissa Magstadt*

October 13, 2026

ruralhealthtransformation.sd.gov

Today's Focus

- **Continue to tell the story of South Dakota's Rural Health Transformation Program**
- **Report to Committee latest updates and information**
 - **Requests for information from the July meeting:**
 - **Plans for Sustainability**
 - **Outside Vendors for Administrative Support**
 - **Where is the money going?**
 - **Peer Support and Community Health Worker Initiative**
 - **Handout provided.**



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A Few Reminders



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Federal Allocation and Funding Authority

- Total funding: **\$50 billion** over 5 fiscal years (FY 2026–2030).
- **SD award for FY 2026:** approximately \$189.4M.
- **SD award for FY 2027:** pending federal approval.
 - **Notice of Award to come:** October 15, 2026
- Multi-year investment.
- Once in a generation funding.



Eligible Uses & Strategy Areas

Federal Directive for States to Select from at least 3 program domains:

- Preventive and chronic disease interventions
- Innovative provider payment models
- Technology and telehealth expansion
- Workforce recruitment and retention
- Health IT and cybersecurity upgrades
- Behavioral health expansion
- Innovative, community-centered care models



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Governance Structure in Place

- **Transformation Action Group or TAG**
 - Meets weekly (at minimum), 26 team members from DOH and DSS
 - Executive Level + Middle Management team members
 - Includes multiple project managers on contract
- **Governance Team**
 - Meets weekly – team of 3 DOH staffers and 3 ESI contractors
 - Provides direction on the entire Rural Health Transformation Program
- **Executive Leadership Team**
 - Meets every month – or more as needed
 - Cabinet Secretaries, Gov's Office, Executive Level Leadership
- **Federal CMS Team**
 - Meets every other week – emails daily/weekly

Sustainability



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Sustainability Planning

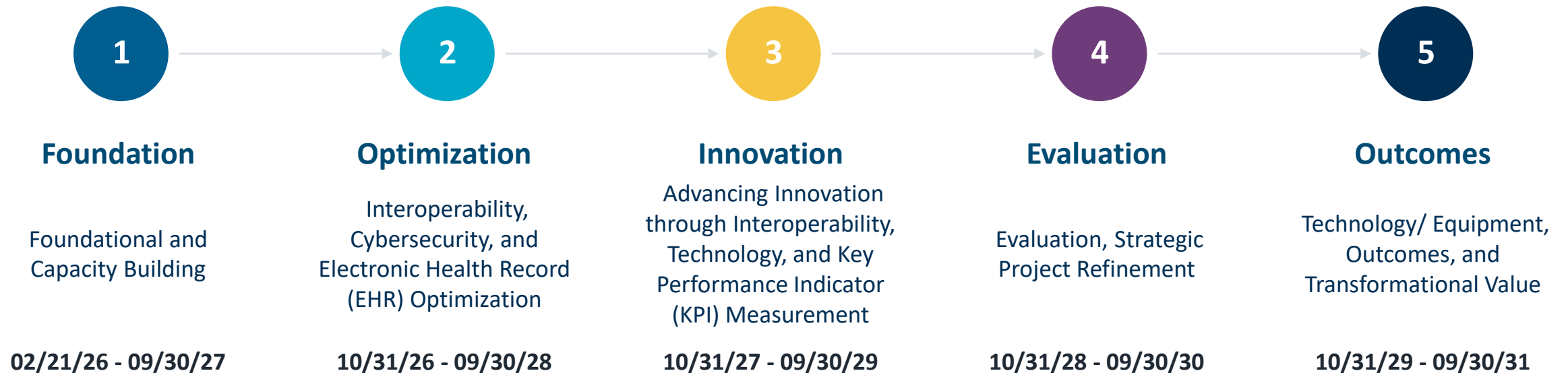
- Integrated behavioral health models (Collaborative Care, CCBHC approaches)
- Regional EMS system improvements, including data sharing and workforce training
- Support for long-term financial and operational sustainability across rural systems
- Primary care transformation through alternative payment models



Examples of Sustainability

- **Digital Health Modernization and Technology | Regional Innovation Centers**
- **Transforming Rural Care Through Community Health Workers**
- **Rural Strong Grants | Frontier Pediatric Dental Surgical Readiness Project**
- **Rural Strong Grants | Avera CURE Project**

Snapshot of Tech and Data Sustainability





Sustainability for Rural Workforce

- Recruitment incentives for clinicians and support staff
- Workforce retention strategies
- Expanding and strengthening the rural workforce
- Rural Health Forward Training Hub to coordinate education and support



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Designing for Sustainability

Build for Year 6

Prioritize investments that continue to add value after the grant term.

Sustain Locally

Require applicants to explain how each request will continue beyond funding.

Strengthen Systems

Expand Health Link, upgrade tech and data infrastructure, improve interoperability, enhance CHW workforce, recruit and retain rural healthcare workforce, modernize EMS system, and more.

Main risk: rural needs are large, so foundational capacity must grow before transformation can take hold.

Where is the Money Going?



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Expenditures & Obligations through 9/30/26

Expenses by Category	Expended
Personal Services	\$ 358,629
Travel	\$ 3,990
Contractual	\$ 799,113
Supplies	\$ 43
Grants	\$ 9,013,377
Computer Equipment	\$ 3,644
Total Expended	\$ 10,178,795

Grant and Contract Obligations per CMS - **\$137,830,858**

Administrative Costs and Cap

RHTP Administrative Cap:

- Administrative costs are often categorized as management costs or non-programmatic overhead and are tracked internally for compliance to the cap.
- A maximum of 10% of the total grant award can be spent on running and managing the Rural Health Transformation Program.
- The cap encompasses both direct administrative costs (e.g. salary, project and grants management) and indirect costs (general costs necessary to support operation e.g. administrative and/or financial operating and personnel costs, and facilities).
- Compliance, data collection, and independent project evaluation must also be counted within this limit.
- This threshold applies downstream to subrecipients as well.

Project & Grants Management

MAIN CONTRACTORS:

1. North Star Solutions – tech and data
2. Black Hills Special Services Coop – EMS & workforce
3. Black Hills Special Services Coop – Chronic disease
4. Foundation for Medical Care – EMS
5. Guidehouse, Inc – maternal and infant health
6. Engineering Solutions, Inc – grant and administrative support
7. CHW-SD – community health worker
8. Business Concepts and Applications – DSS initiatives



Funding Opportunities and Resources

- **State Central Bid Exchange** under the Office of Procurement Management: sd.gov/bhra.
 - Opportunities funded by the Rural Health Transformation Project will have "RHT" in the RFP or RFA number.
- **Funding Forecast:** <https://doh.sd.gov/media/yeajycsi/rht-funding-forecast.pdf>
- **NEW: GIS Map – Where Investment Meets Impact**
- **COMING in Year 2: Financial Dashboard**



What's Next

Budget Period 2 NOA

- **Application Submitted:** August 31, 2026
- **Year 2 Priorities:**
 - Workforce expansion & training
 - EMS regionalization framework development
 - Chronic disease prevention scaling
 - Digital health modernization Phase 2 – interoperability and cybersecurity
- **Anticipated Award Date:** October 15, 2026

Quarterly Report

- **Deadline:** November 30, 2026
- **What's in the report:**
 - Progress achieved this quarter
 - Milestones/checkpoints completed
 - Evidence supporting each completed checkpoint
 - Performance metrics
 - Baseline/target comparison
 - Work-plan/timeline status
 - Delays, risks, barriers, or material changes
 - Corrective actions/next steps
 - Funds obligated and spent with supporting financial documentation
 - Any required post-program/sustainability information

Closing Comments



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What We Are Hearing

“The Rural Health Transformation Program represents an important investment in the future of rural health care in South Dakota. Our stakeholders are on the front lines of delivering care in rural communities every day, navigating unique challenges while remaining deeply committed to the people and communities they serve. This investment creates opportunities to strengthen rural health care, support innovation and build sustainable solutions that help communities and providers continue the deliver access to high-quality care close to home. The collaboration taking place across our state is unmatched and we look forward to building on this work in the years ahead.”



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