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FILINGS WITH THE LEGISLATIVE RESEARCH COUNCIL

Notice of Holiday Hours

The Legislative Research Council office will be closed Friday, July 3, 2026, in recognition of the Independence Day holiday. The office reopens for regular business hours at 8:00 a.m. on Monday, July 6, 2026.

Notices

The **Department of Social Services** intends to make changes to the South Dakota Medicaid State Plan to implement the inflationary rate increases for the Care Connect (formerly known as Health Home) program appropriated by the 2026 South Dakota Legislature. The Care Connect quality incentive payment pool and Per Member Per Month (PMPM) payment rates will receive a 1.4 percent inflationary increase. The PMPM payment rates were initially rebased prior to applying the inflationary increase to better align the payments with cost avoidance by tier and to make the tier payments uniform for both Community Mental Health Center and Primary Care Provider Care Connect providers. Effective July 1, 2026, the PMPM tier payments will be:

- Tier 1: \$35.15
- Tier 2: \$58.99
- Tier 3: \$99.54
- Tier 4: \$166.35

The changes in the proposed State Plan Amendment (SPA) represent an increase in the PMPM for Tiers 1, 2, and 3, and a decrease for Tier 4 from current amounts. In the aggregate, the changes are budget neutral prior to the application of the 1.4 percent inflationary increase. The updated fee schedule will be posted on the department's website at <https://dss.sd.gov/medicaid/providers/feeschedules/>.

The estimated expenditures associated with this SPA are solely due to rate increases; no rates are being decreased. The department estimates the fiscal impact will be \$9,122 in state funds and \$9,370 in federal funds, totaling \$18,492 in Federal Fiscal Year 2026; and \$36,488 in state funds and \$37,480 in federal funds, totaling \$73,968 in Federal Fiscal Year 2027. The department intends to make this SPA effective July 1, 2026.

The SPA is available to view on the department's website at <http://dss.sd.gov/medicaid/medicaidstateplan.aspx>. Copies of the proposed SPA pages are also available at the Department of Social Services, Division of Medical Services. Written requests for a copy of these changes, and corresponding comments, may be emailed to MedicaidSPA@state.sd.us or sent to the Division of Medical Services, Department of Social Services, 700 Governors Drive, Pierre, South Dakota 57501-2291. The public comment period will start June 29, 2026, and end July 29, 2026.

The **Department of Social Services** intends to make changes to the South Dakota Medicaid State Plan to implement inflationary rate increases appropriated by the 2026 South Dakota Legislature. Under the proposed State Plan Amendment (SPA), the following services otherwise not subject to a targeted increase or rate rebase are receiving a 1.4 percent inflationary increase, effective July 1, 2026:

Ambulatory Surgical Centers	Community Transportation
Supplies, Orthotics, and Prosthetics with no Medicare rate	Home Health Agencies
Durable Medical Equipment (not including items subject to Section 1903(i)(27) of the Social Security Act)	Independent Mental Health Practitioners Services
Dental Services including Dentures	Physician Services
Early and Periodic Screening, Diagnosis, and Treatment (EPSDT)	Nursing Facility Services
Optometric Services	Physician Administered Drugs with no Medicare rate
Chiropractic Services	Community Health Worker Services
Occupational, Speech, and Physical Therapy	Doula Services
Nutritionists and Dietician Services	Targeted Case Management Services
Clinic Services	Child Private Duty Nursing Services
Eyeglasses	Applied Behavior Analysis Services
Freestanding Birth Centers	Disproportionate Share Hospital Payment Pools
Diabetes Self-Management Training	Graduate Medical Education Payment Pools
Nurse Midwife Services	PCP and Pregnancy Care Management Program Per Member Per Month Payments

All professional service reimbursement rates that were above 100 percent of Medicare or that would exceed 100 percent of Medicare with inflation applied were limited to 100 percent of the Medicare allowable amount. This was applied using the South Dakota Medicare non-qualifying APM conversion factor rate. In addition, rates were capped using both Medicare's non-facility and facility rates.

The following services are receiving a targeted rate increase or are being rebased:

Service	Type	Rate/Method
Air Ambulance	Targeted Increase	Procedure codes were rebased to 80 percent of Medicare
Community and Secure Transportation Services	Targeted Increase	A0100 - \$5.20 A0120 - \$5.20 A0130 - \$43.39 S0209 - \$2.61 S0215 - \$1.04 T2001 - \$2.60 T2005 - \$109.66 T2049 - \$2.61
Physician Services	Targeted Increase	Procedure codes with rates below 96.5 percent of Medicare increased 96.5 percent of Medicare

The SPA also updates the BabyReady program postpartum eligibility from three months to two months based on provider feedback that recipients are generally transitioned to a primary care provider after two months. Savings generated by this

change were reinvested to increase the prenatal care enhanced payment (HCPCS Code G9151) rate for achieving adequate or adequate plus prenatal care. The new rate for G9151 is \$333.30.

The updated fee schedule will be posted on the department's website at <https://dss.sd.gov/medicaid/providers/feeschedules/>. South Dakota Medicaid providers should continue to submit claims and bill South Dakota Medicaid as they did prior to July 1, 2026. Fee schedules are the maximum allowable reimbursement amount; per ARSD 67:16:01:09, payment for services is limited to the provider's usual and customary charge.

The SPA has an effective date of July 1, 2026, and revises Page 45 of Supplement to Attachment 3.1-A; Pages 7, 8, 10a, and 10b of Attachment 4.19-A; Introduction Page 1 of Attachment 4.19-B; and Pages 7, 9, and 10 of Attachment 4.19-D of the South Dakota Medicaid State Plan.

The department estimates the total annual aggregate increase in expenditures by service type will be the following:

- Physician Services including EPSDT Screenings/Treatment, and Professional Services Provided in a Freestanding Birth Center - \$3,652,079
- Dental Services including Orthodontic Services and Dentures - \$639,891
- Optometric Services - \$59,490
- Chiropractic Services - \$34,922
- Disproportionate Share Hospital Payments - \$16,259
- Graduate Medical Education Payments - \$50,462
- Other Medical Services - \$717,733
 - Ambulatory Surgical Center Services; Independent Mental Health Practitioners Services; Nutritionists and Dietician Services; Supplies, Orthotics, and Prosthetics; Durable Medical Equipment; Clinic Services; Physical Therapy; Occupational Therapy; Speech, Hearing, or Language Disorder Services; Prosthetic Devices; Eyeglasses; Diabetes Self-Management Training; Nurse Midwife Services; Community Transportation; Secure Medical Transportation; Air and Ground Ambulance Transportation; Nutrition Items; Home Health Services; Personal Care Services; Child Private Duty Nursing; Community Health Worker Services
- Nursing Facility Services - \$176,151

The department estimates the fiscal impact associated with this SPA will be \$530,783 in state funds and \$805,964 in federal funds, totaling \$1,336,747 in Federal Fiscal Year 2026; and \$2,123,133 in state funds and \$3,223,855 in federal funds, totaling \$5,346,988 in Federal Fiscal Year 2027.

The SPA is available to view on the department's website at <http://dss.sd.gov/medicaid/medicaidstateplan.aspx>. Copies of the proposed SPA pages are also available at the Department of Social Services, Division of Medical Services. Written requests for a copy of these changes, and corresponding comments, may be emailed to MedicaidSPA@state.sd.us or sent to the Division of Medical Services, Department of Social Services, 700 Governors Drive, Pierre, South Dakota 57501-2291. The public comment period will start June 29, 2026, and end July 29, 2026.

SCHEDULED PUBLIC HEARINGS

7-1-2026	<u>South Dakota Housing Development Authority:</u> Adopt and amend rules to establish a clear process for the application, approval, and disbursement of loans for airport infrastructure; and to clarify the distinction between housing infrastructure loans, loans specifically for school construction or expansion, and loans for airport infrastructure that originate from the same South Dakota Housing Infrastructure Financing Fund; 52 SDR 122, June 8, 2026.
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7-9-2026	<u>Department of Game, Fish and Parks:</u> Amend rules to allow transportation of birds prior to tagging and delay tagging of birds until the birds are cleaned to prevent contamination; 52 SDR 128, June 22, 2026.
7-9-2026	<u>Department of Game, Fish and Parks:</u> Amend rules to allow an individual to harvest a velvet antlered deer or elk; remove references to federal property closures; separate PST-22A into county-specific spring turkey hunting units for Day and Codington counties; remove weapon limitations in all units except for Minnehaha County; and align all prairie units for spring turkey and fall turkey; 52 SDR 129, June 22, 2026.
7-14-2026	<u>South Dakota Animal Industry Board (Department of Agriculture and Natural Resources):</u> Amend rules to update definitions to more accurately reflect current terminology; modernize the language of reference material; and add municipal or other permitted solid waste landfills as facilities at which certain animal carcasses may be disposed of, to reflect current practice; 52 SDR 119, June 1, 2026.
7-21-2026	<u>Department of Health:</u> Amend and adopt rules related to updates to the South Dakota Board of Nursing requirements for certified nurse aides (CNAs) and repeal duplicative rules relating to CNAs; 52 SDR 128, June 22, 2026.
7-21-2026	<u>Department of Public Safety:</u> Amend rules to adopt the 2025 edition of the National School Transportation Specifications and Procedures manual; amend school bus rules to reflect the correct referenced page numbers; adopt the 2026 edition of the Commercial Vehicle Safety Alliance handbook; adopt English proficiency requirements; authorize permits and adopt requirements for the use of industrial incinerators; and amend victim services rules; 52 SDR 128, June 22, 2026.
7-29-2026 Hearing was originally scheduled for 5-14-2026	<u>Appraiser Certification Program (Department of Labor and Regulation):</u> Amend rules to make appraisers certified by reciprocity subject to the continuing education requirements; allow for the approval of the eight-hour valuation bias and fair housing course as qualifying education; align course approval terms to the relevant delivery mechanism certification; allow flexibility for approval of seminar-type continuing education courses; clarify what types of discipline owners of appraisal management companies (AMCs) are required to disclose on an AMC application; and clarify change of ownership obligations for AMCs; 52 SDR 101, April 27, 2026.

RULES REVIEW COMMITTEE MEETINGS

The next meeting of the Interim Rules Review Committee for the 2026 Interim is Tuesday, July 14, 2026, at 10:00 a.m. (CT) via electronic conference and in Room 414 of the State Capitol. Future meetings for the 2026 Interim are scheduled for August 18, September 8, and October 14. Notices of future committee meetings will be posted in this publication, on the [LRC website](#), and at the Capitol.

The Drafting Manual for Administrative Rules in South Dakota is available on the [Administrative Rules Manual page](#) of the LRC website and is updated regularly to reflect changes in drafting styles and procedures.