

Department of Human Services

*Joint Committee on Appropriations
Fiscal Year 2026 Budget Hearing
January 21, 2025*



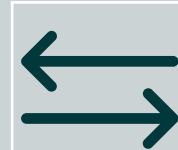
AGENDA



**DEPARTMENT
OVERVIEW**



**FY2026 RECOMMENDED
BUDGET**



**FY2025
BUDGET
AMENDMENTS**

Department Acronyms

ACL – Administration for Community Living
ADLS – Assistive Daily Living Services
ARSD – Administrative Rules of South Dakota
AWC – Agency With Choice
CHOICES – Community, Hope, Opportunity, Independence, Careers, Empowerment, Success
CMS – Centers for Medicare and Medicaid Services
CSP – Community Support Provider
CTS – Community Transition Services
DDD – Division of Developmental Disabilities
DDS – Disability Determination Services
DHS – Department of Human Services
DRS – Division of Rehabilitation Services
FS360 – Family Support 360
FTE – Full-Time Equivalent
HCBS – Home & Community Based Services
HOPE – Home and Community-Based Options and Person Centered Excellence

I/DD – Intellectual and Developmental Disabilities
ICF/IID – Intermediate Care Facility for Individuals with Intellectual Disabilities
IL – Independent Living
LTSS – Division of Long Term Services and Supports
OIB – Older Individuals who are Blind
RSA – Rehabilitation Services Administration
SBVI – Division of Service to the Blind and Visually Impaired
SHIINE – Senior Health Information & Insurance Education
SSI – Supplemental Security Income
SDDC – South Dakota Developmental Center
SDRC – South Dakota Rehabilitation Center for the Blind
SSA – Social Security Administration
SSDI – Social Security Disability Insurance
TRS – Telecommunication Relay Services
VR – Vocational Rehabilitation
WIOA – Workforce Innovation and Opportunity Act



Brief Department Overview

To enhance the quality of life
of older adults and people
with disabilities, in partnership
with our stakeholders.

Department Mission

Services Provided

Developmental Disabilities

Family Support 360

CHOICES

Intermediate Care Facility (Children)

South Dakota Developmental Center

Residential Living

Life Skills

Vocational Services

Health Services

Long Term Services and Supports

Community Supports

In-Home Services

Assisted Living

Nursing Homes

Adult Protection

Rehabilitation Services

Assistive Daily Living Services (Quadriplegia)

Disability Determination Services

Vocational Rehabilitation

Service to the Blind and Visually Impaired

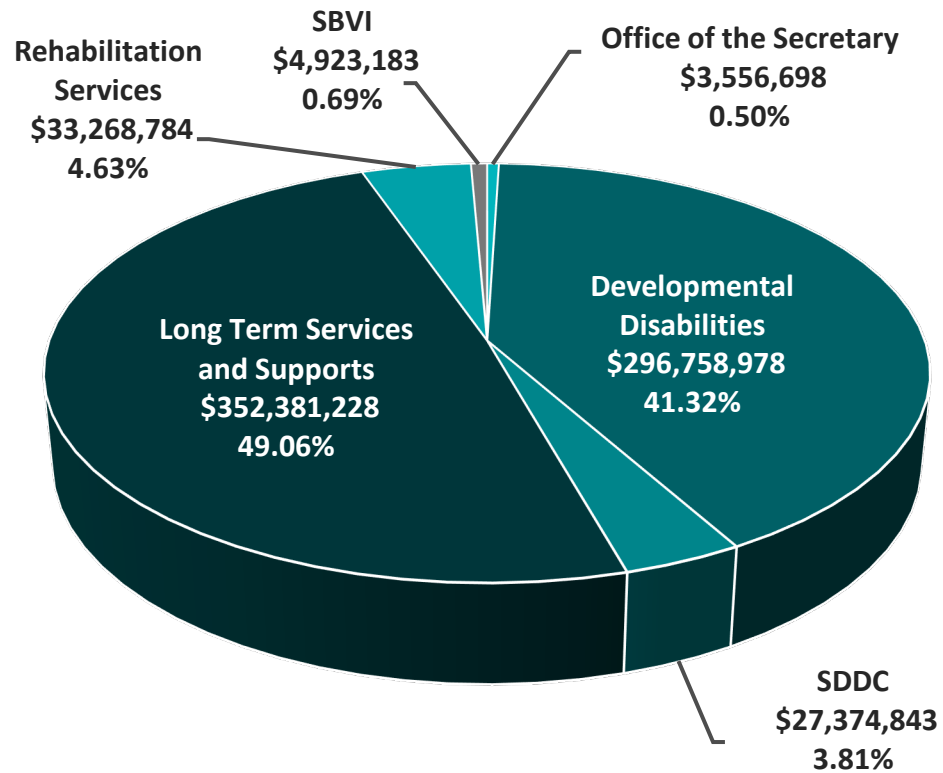
Rehabilitation Center for the Blind

Vocational Rehabilitation

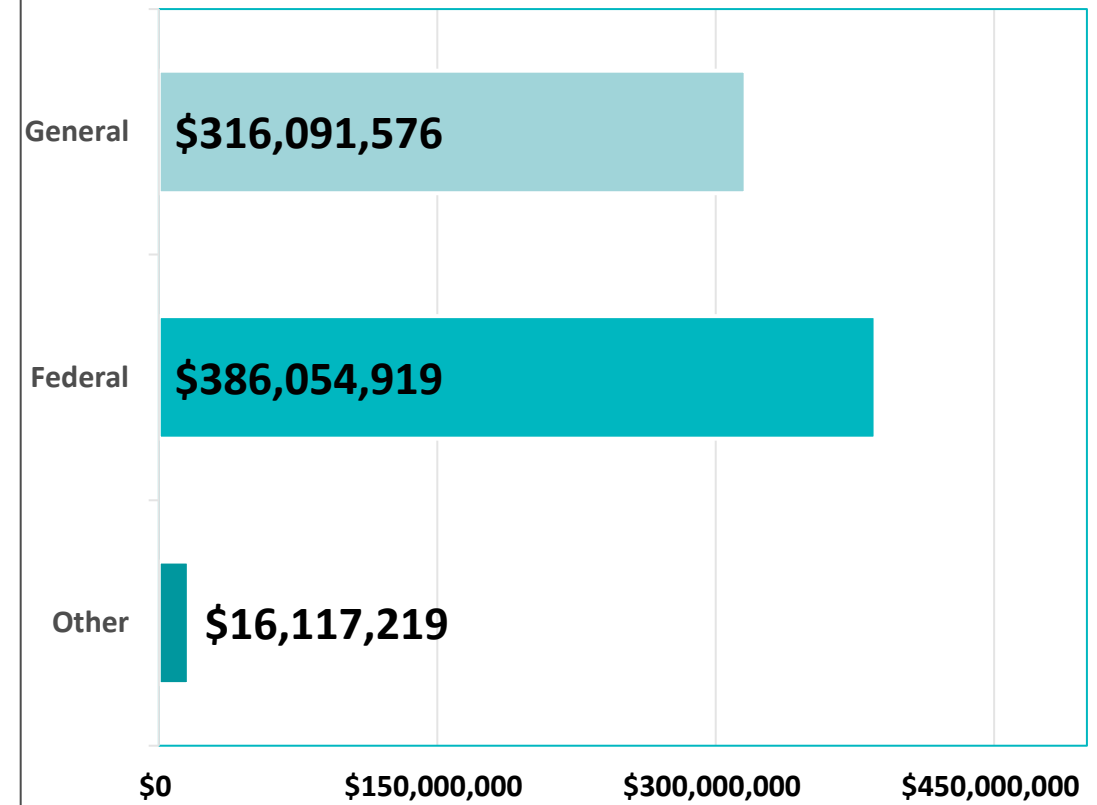
Independent Living

Fiscal Year 2026 Recommended Budget

Total Recommended Budget – \$718,263,714



Funding Breakout



Workforce Statistics

Turnover Rate

FY23: 10%

FY24: 10%

Eligible to Retire

Current: 17%

In 5 Years: 27%

In 10 Years: 40%

557.9
Full-Time
Equivalent's

Overtime Usage

FY23: \$842,944

FY24: \$1,186,562

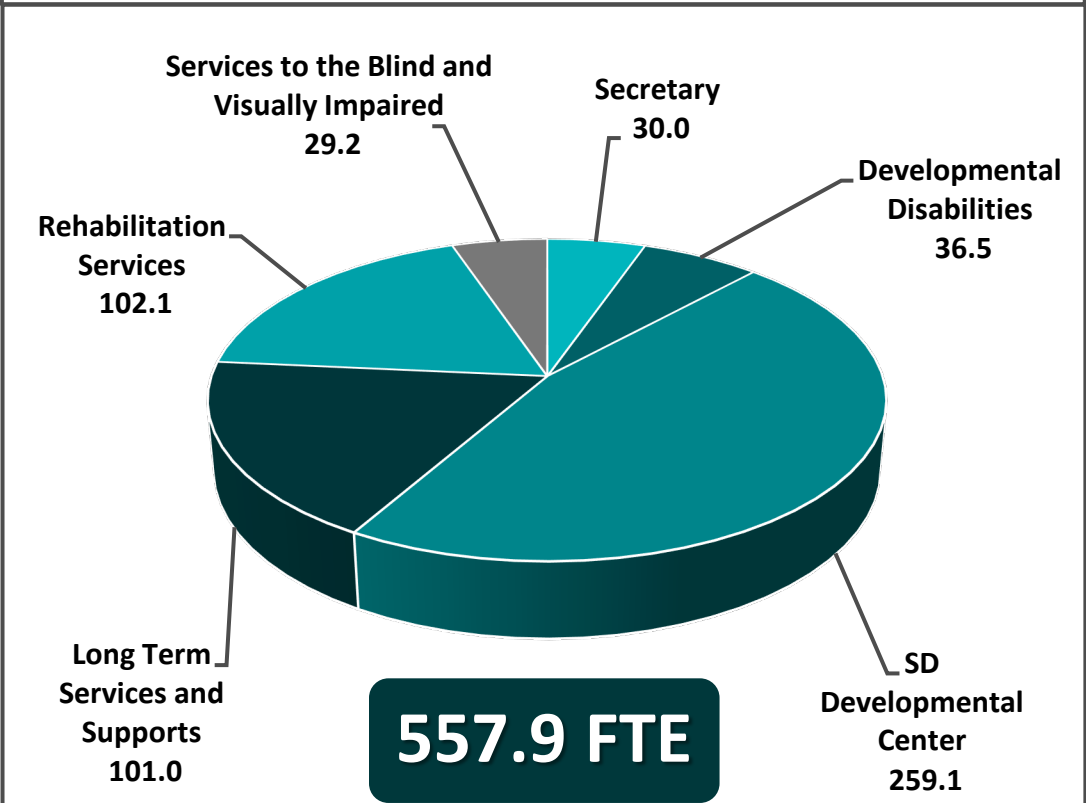
Vacant Positions

Current: 22

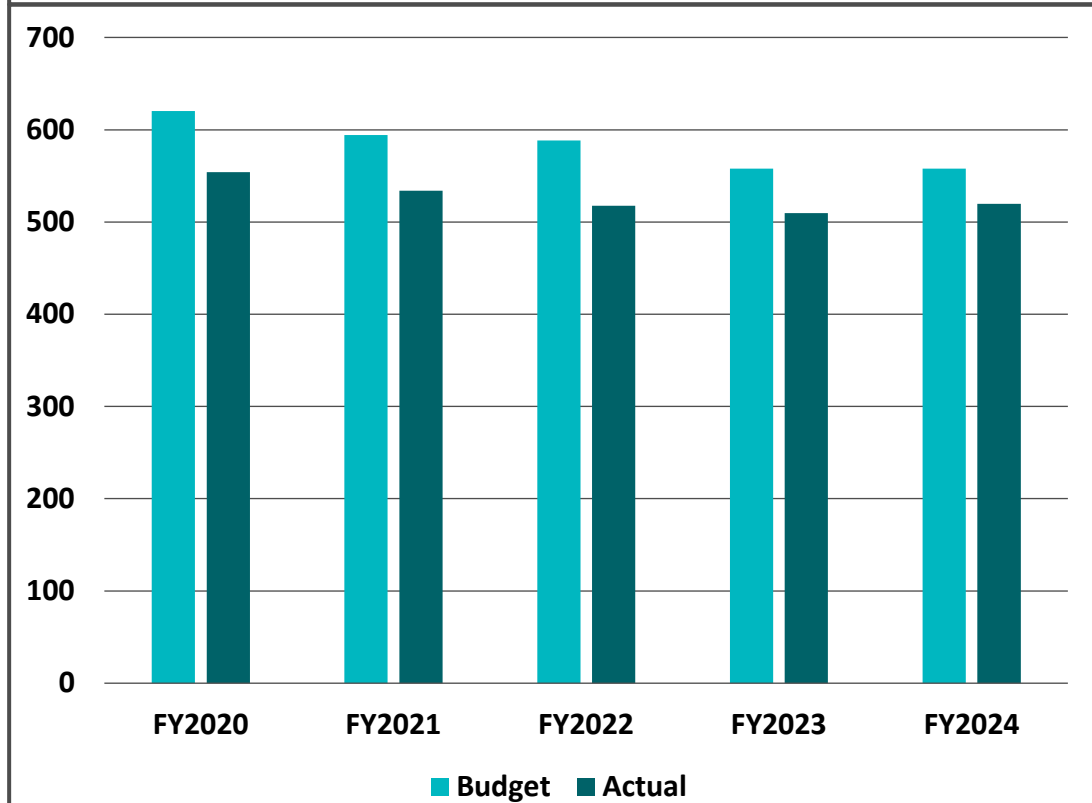
Over 180 Days: 5

Full-Time Equivalent (FTE)

FTE By Division



Historical FTE Utilization





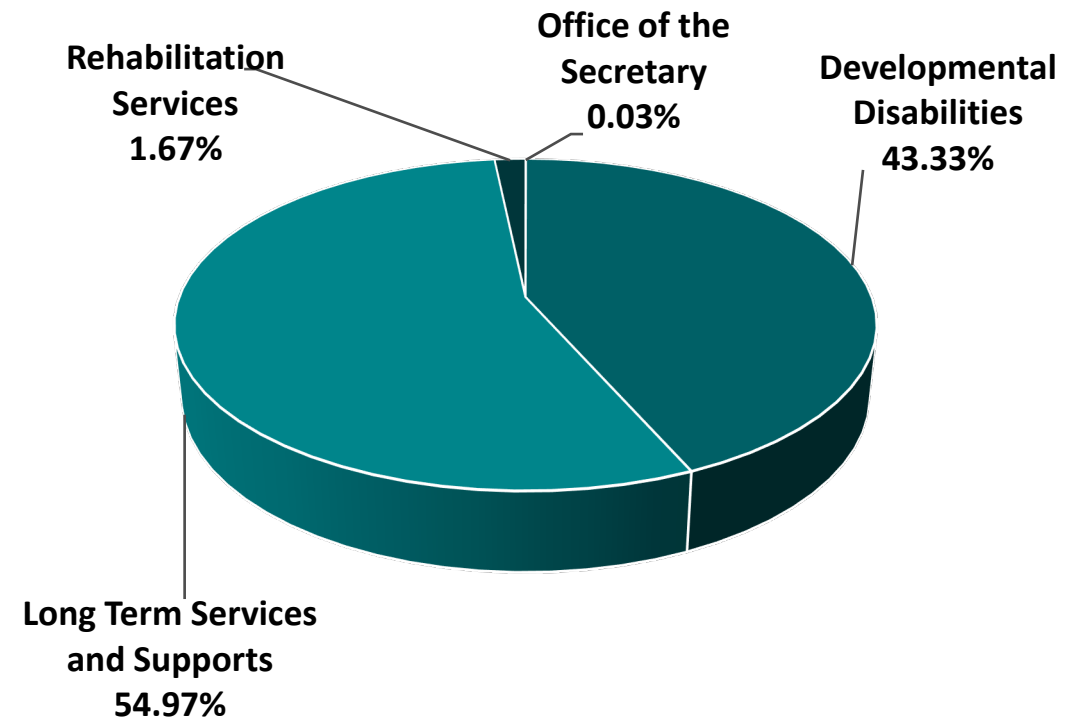
FY2026 Budget Recommendation

Fiscal Year 2026 Recommended Budget

Budget	FTE	General	Federal	Other	Total
FY2025 Base Budget	557.9	289,713,375	425,622,557	14,525,217	729,861,149
FY2026 Recommended Budget	<u>557.9</u>	<u>316,091,576</u>	<u>386,054,919</u>	<u>16,117,219</u>	<u>718,263,714</u>
Total Budget Change	0.0	\$26,378,201	\$(39,567,638)	\$1,592,002	\$(11,597,435)
Recommended Budget Changes	FTE	General	Federal	Other	Total
Provider Inflation		4,105,523	4,377,703	129,605	8,612,831
Federal Medical Assistance Percentage		12,649,415	(13,063,484)	414,069	0
Enhanced 5% Federal Medical Assistance Percentage		31,338,573	(32,363,495)	1,024,922	0
SD Developmental Center Operations		25,895	27,532	0	53,427
Family Support 360: Agency with Choice		1,489,615	1,553,308	0	3,042,923
Sioux Falls One Stop		176,780	224,993		401,773
Utilization Adjustments		(22,314,082)	(324,195)	23,406	(22,614,871)
Subsidized Assisted Living		<u>(1,093,518)</u>	<u>0</u>	<u>0</u>	<u>(1,093,518)</u>
Total Recommended Budget Changes	0.0	\$26,378,201	\$(39,567,638)	\$1,592,002	\$(11,597,435)

Provider Inflation

- \$8,612,831 in total funds
 - ✓ \$4,105,523 in general funds
 - ✓ \$4,377,703 in federal funds
 - ✓ \$129,605 in other funds
- 1.25% inflation



2024 Annual Provider Reimbursement Report

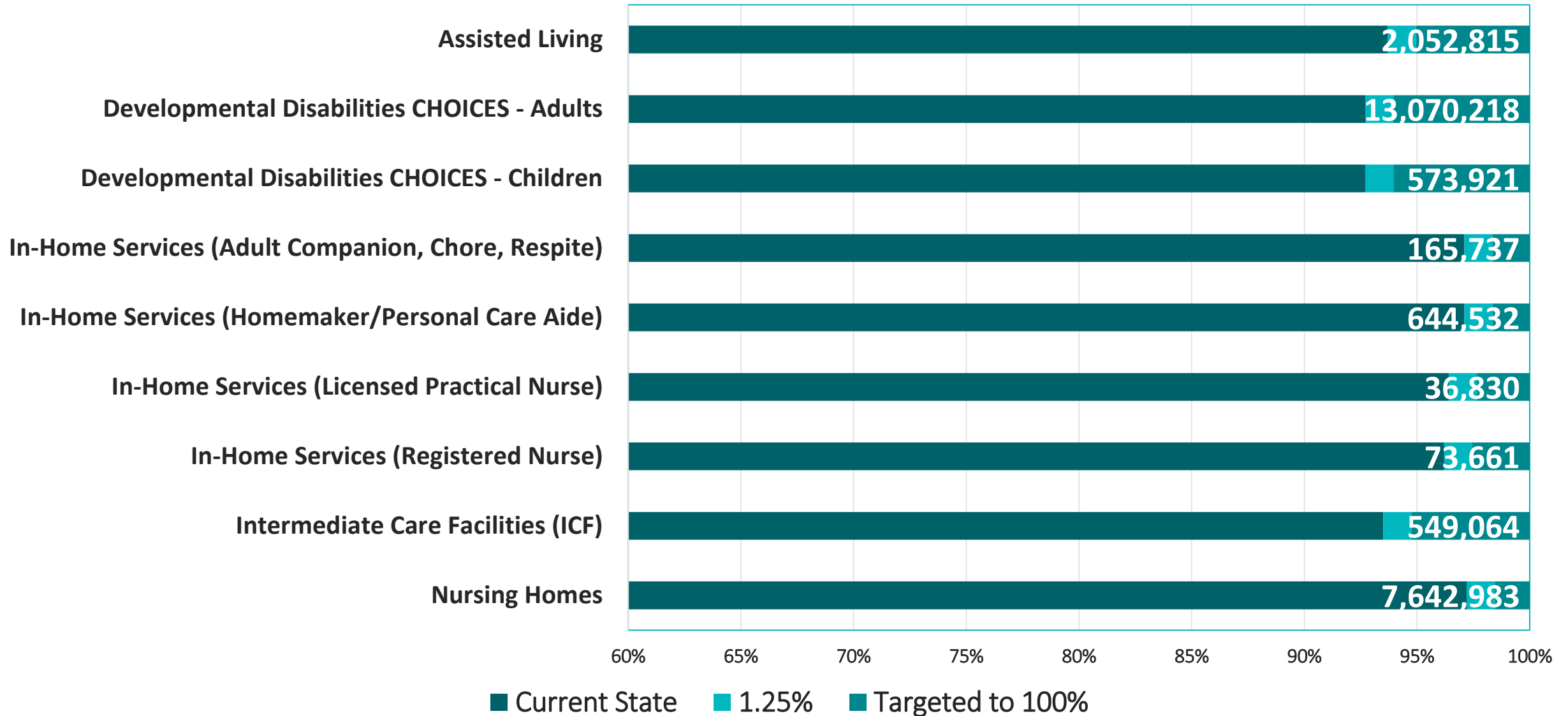
For the complete report,
please visit dhs.sd.gov

2024 Annual Report: Provider Reimbursement Rate Methodology Review

Pursuant to SDCL 28-22

Scheduled Year of Review	Dept	Service	SFY25 Rates	SY25 Budget (Total Funds)	Rate Calculation	Total Cost to Reach 100% Methodology	General Fund Cost to Reach Methodology	Percent of Methodology Currently Paid
SFY2023	DHS	In Home Services (Nursing/ Homemaker)	Nursing \$22.60/15 min LPN \$18.83/15 min Homemaker \$10.88/15 min Adult Companion \$10.53/15 min	\$ 39,904,787	Nursing \$23.49/15 min LPN \$19.54/15 min Homemaker \$11.21/15 min Adult Companion \$10.84/15 min	\$ 1,319,809	\$ 732,852	96.2% 96.4% 97.1% 97.1%
	DSS	In Home Services (Nursing)	Nursing \$22.60/15 min LPN \$18.83/15 min	\$ 10,896,406	Nursing \$23.49/15 min LPN \$19.54/15 min	\$ 360,671	\$ 174,817	96.2% 96.4%
	DSS	Group Care	Group \$284.39/day	\$ 6,740,803	Group \$293.80/day	\$ 223,121	\$ 223,121	96.8%
	DOC	Group Care	Group \$284.39/day	\$ 5,577,981	Group \$293.80/day	\$ 184,631	\$ 184,631	96.8%
	DSS	Independent Living	IL \$138.23/day	\$ 685,936	IL \$142.81 / day	\$ 22,704	\$ 22,704	96.8%
	DOC	Independent Living	IL \$138.23/day	\$ 311,331	IL \$142.81 / day	\$ 10,305	\$ 10,305	96.8%
	DSS	Psychiatric Residential Treatment / Intensive Residential Treatment	PRTF \$408.43/day IRT \$546.31/day	\$ 54,559,129	PRTF \$421.95/day IRT \$564.39/day	\$ 1,805,907	\$ 875,323	96.8%
	DOC	Psychiatric Residential Treatment / Intensive Residential Treatment	PRTF \$408.43/day IRT \$546.31/day	\$ 4,122,622	PRTF \$421.95/day IRT \$564.39/day	\$ 136,459	\$ 66,142	96.8%
	DSS	Therapeutic Foster Care / Family Treatment Foster Care	Therapeutic \$115.92/day Family Treatment \$214.36/day	\$ 8,519,281	Therapeutic \$119.76/day Family Treatment \$221.46/day	\$ 281,988	\$ 249,713	96.8%
	DHS	Nursing Homes	NH \$278.17/avg per day	\$ 290,618,282	NH \$286.10/avg per day	\$ 10,547,166	\$ 5,112,211	97.2%
SFY2024	DHS	Community Support Providers (CSPs) - CHOICES	Career Exploration \$16.20/hr Day Services \$18.65/hr Behavioral Support \$36.57/hr Supported Employment \$32.77/hr RH Group Home \$454.56/day RH Supervised Living \$216.38/day RH Supported Living \$66.80/hr Shared Living \$230.55/day	\$ 263,449,943	Career Exploration \$17.47/hr Day Services \$20.12/hr Behavioral Support \$39.44/hr Supported Employment \$35.35/hr RH Group Home \$502.19/day RH Supervised Living \$239.09/day RH Supported Living \$72.04/hr Shared Living \$230.55/day	\$ 16,167,398	\$ 7,836,338	92.7% 92.7% 92.7% 92.7% 90.5% 90.5% 92.7% 100.0%
	DSS	Behavioral Health- Substance Use Disorder (SUD)	Outpx Counseling Ind \$31.04/15min Outpx Counseling Grp \$8.75/15min Low-Intensity Residential \$93.99/day Low-Intensity PW \$189.92/day Inpatient Tx \$295.57/day PRTF \$411.37/day Detox \$81.10/12 hour	\$ 56,585,011	Outpx Counseling Ind \$32.07/15min Outpx Counseling Grp \$9.04/15min Low-Intensity Residential \$97.10/day Low-Intensity PW \$196.21/day Inpatient Tx \$305.35/day PRTF \$424.99/day Detox \$83.78/12 hour	\$ 1,872,965	\$ 1,362,965	96.8% 96.8% 96.8% 96.8% 96.8% 96.8% 96.8%
	DHS	Assisted Living	Base \$79.95/day Tier I \$90.72/day Tier II \$105.79/day	\$ 27,404,773	Base \$85.30/day Tier I \$96.79/day Tier II \$112.87/day	\$ 2,326,863	\$ 1,152,843	93.7% 93.7% 93.7%
	DHS	ICF/IID	ICF/IID Avg: \$902.88/day	\$ 18,346,146	ICF/IID \$948.68/day	\$ 732,525	\$ 101,110	95.2%
	DSS	Behavioral Health - Mental Health (MH)	IMPACT \$115.59/day CARE \$107.32/day SED \$43.68/15 min Indiv SED \$24.00/15 min group Psychiatry \$127.35/15 min CNP/PA \$114.62/15 min Room & Board \$112.65/day Outpatient \$43.68/15 min	\$ 59,858,464	IMPACT \$119.42/day CARE \$110.87/day SED \$45.13/15 min Indiv SED \$24.79/15 min group Psychiatry \$131.57/15 min CNP/PA \$118.41/15 min Room & Board \$116.38/day Outpatient \$45.13/15 min	\$ 1,981,317	\$ 1,295,615	96.8% 96.8% 96.8% 96.8% 96.8% 96.8% 96.8% 96.8%
SFY2025 (Reviewed in SFY2024)								

FY 2026 Targeted Provider Rates Cost To Fund At 100%



Federal Medical Assistance Percentage (FMAP)

- The FMAP determines how much the state and federal government pay for their share of Medicaid expenditures
- FMAP is calculated by the federal government each year and is based on the median income for each state
- FMAP: \$0 in total funds
 - ✓ \$43,987,988 in general funds
 - ✓ (\$45,426,979) in federal funds
 - ✓ \$1,438,991 in other funds

Fiscal Year	State	Federal
2020	42.61%	57.39%
2021	41.88%	58.12%
2022	41.41%	58.59%
2023	42.77%	57.23%
2024	39.58%	60.42%
2025	41.45%	58.55%
2026	48.47%	51.53%

FMAP 2.02% Adjustment			
General	Federal	Other	Total
\$ 12,649,415	\$ (13,063,484)	\$ 414,069	\$ -

FMAP 5% Enhancement			
General	Federal	Other	Total
\$ 31,338,573	\$ (32,363,495)	\$ 1,024,922	\$ -

South Dakota Developmental Center Operations

Food Service

- \$8,863 in general funds
- \$9,424 in federal funds
- Due to meal rate increase for new contract

Utilities

- \$17,032 in general funds
- \$18,108 in federal funds
- Based on EnergyCap projections

Agency With Choice

Regulatory Changes

- Five CSPs announced they will cease AWC supports between August 31, 2024, and May 31, 2025, due to regulatory changes.
- Employee Retirement Income Security Act (ERISA)
 - Requires part-time employees (1,000 hours/year) to access employer retirement plans.
 - To avoid this requirement, providers limited employees to 20 hours/week
- SECURE Act 2.0
 - Mandates retirement plan access for long-term part-time employees (500 hours for two consecutive years).

Budget Impact - \$3,042,923

- Fiscal Management Services: (Consumer Direct Care Network) - \$961,460
- 20 Hour Cap Removal - \$1,823,446
- Employee Related Expenses - \$258,017

Sioux Falls One Stop

Budget Impact - \$401,773

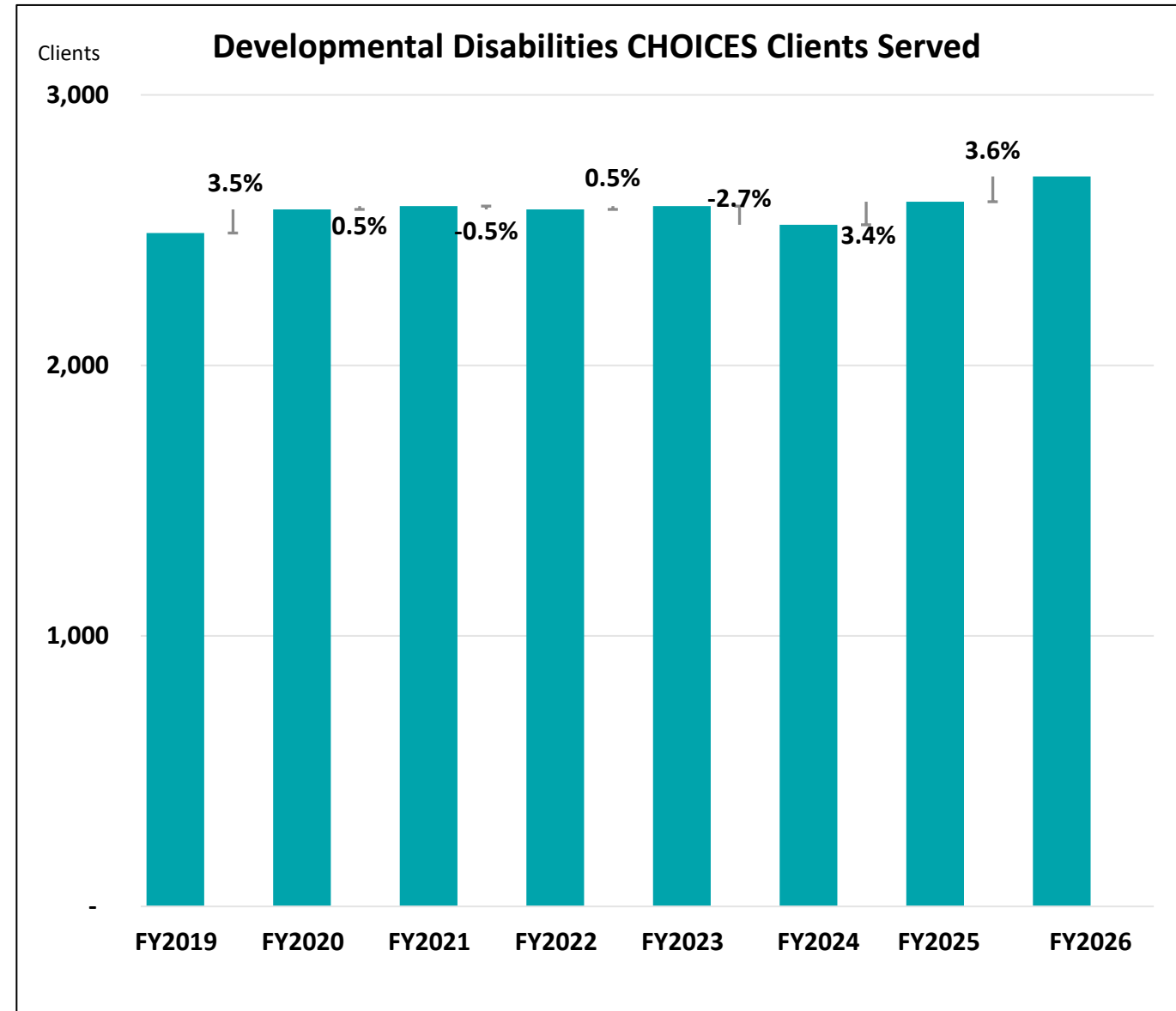
- Requesting increases for rent, utilities, and janitorial costs
 - Developmental Disabilities - \$80,818
 - Long Term Services and Supports - \$215,352
 - Rehabilitation Services - \$85,561
 - Services to the Blind & Visually Impaired - \$20,042

Fiscal Year 2026 Utilization Adjustments

Recommendation	FTE	General	Federal	Other	Total
CHOICES		(7,546,086)	(8,359,135)		(15,905,221)
In Home		703,891	587,781	23,406	1,315,078
Nursing Homes		(10,523,277)	(11,187,631)		(21,710,908)
638 Facilities (IHS/Tribal entities)			22,616,167		22,616,167
Assisted Living		(4,948,610)	(3,981,377)		(8,929,987)
Total Amendments	0.0	(\$22,314,082)	(\$324,195)	\$23,406	(\$22,614,871)

Developmental Disabilities - CHOICES

- (\$15,905,221) in total funds
 - ✓ (\$7,546,086) in general funds
 - ✓ (\$8,359,135) in federal funds
- Continuing to work through new methodology billing patterns with providers to determine future ongoing impact

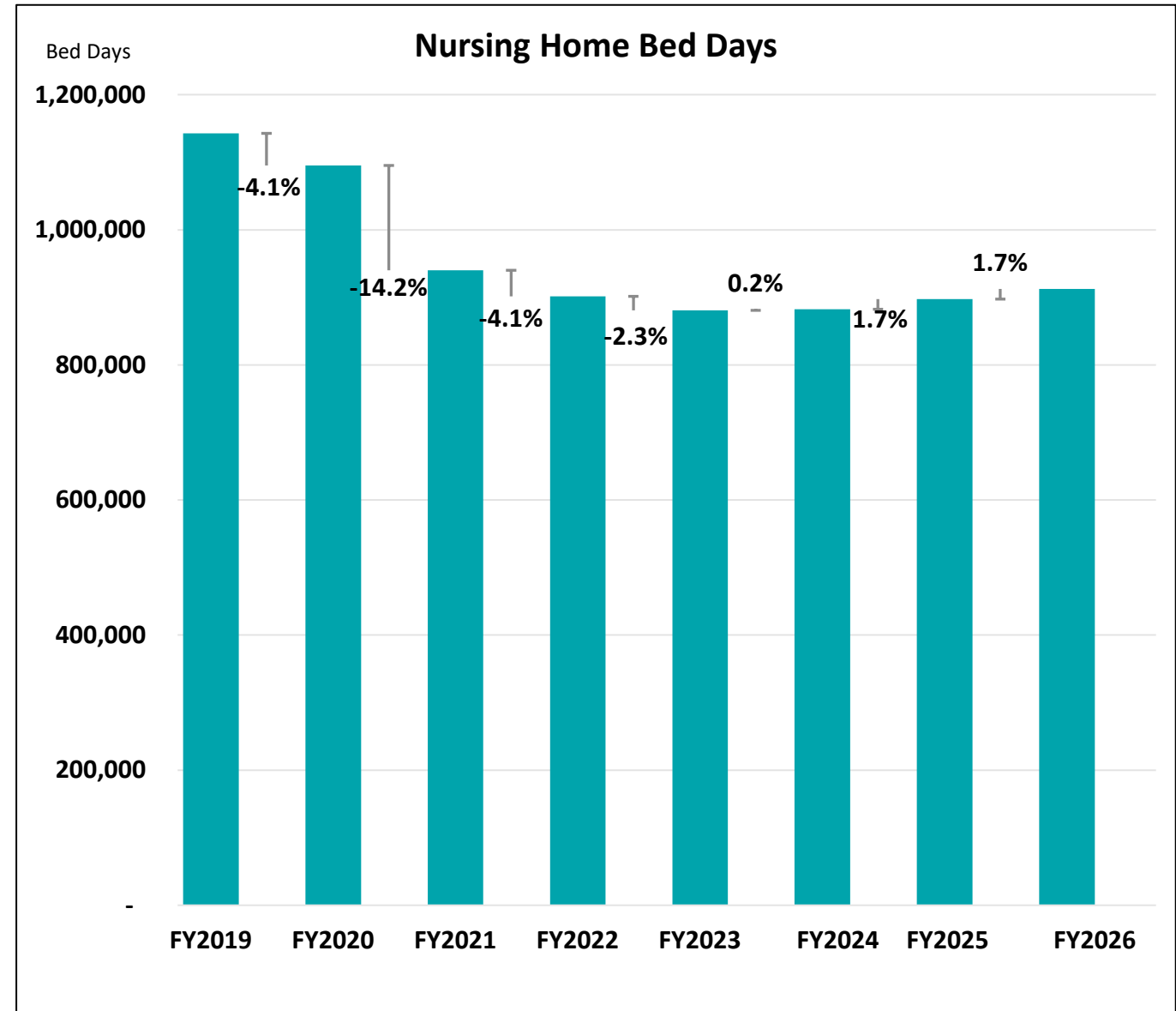


CHOICES Clients and Daily Cost

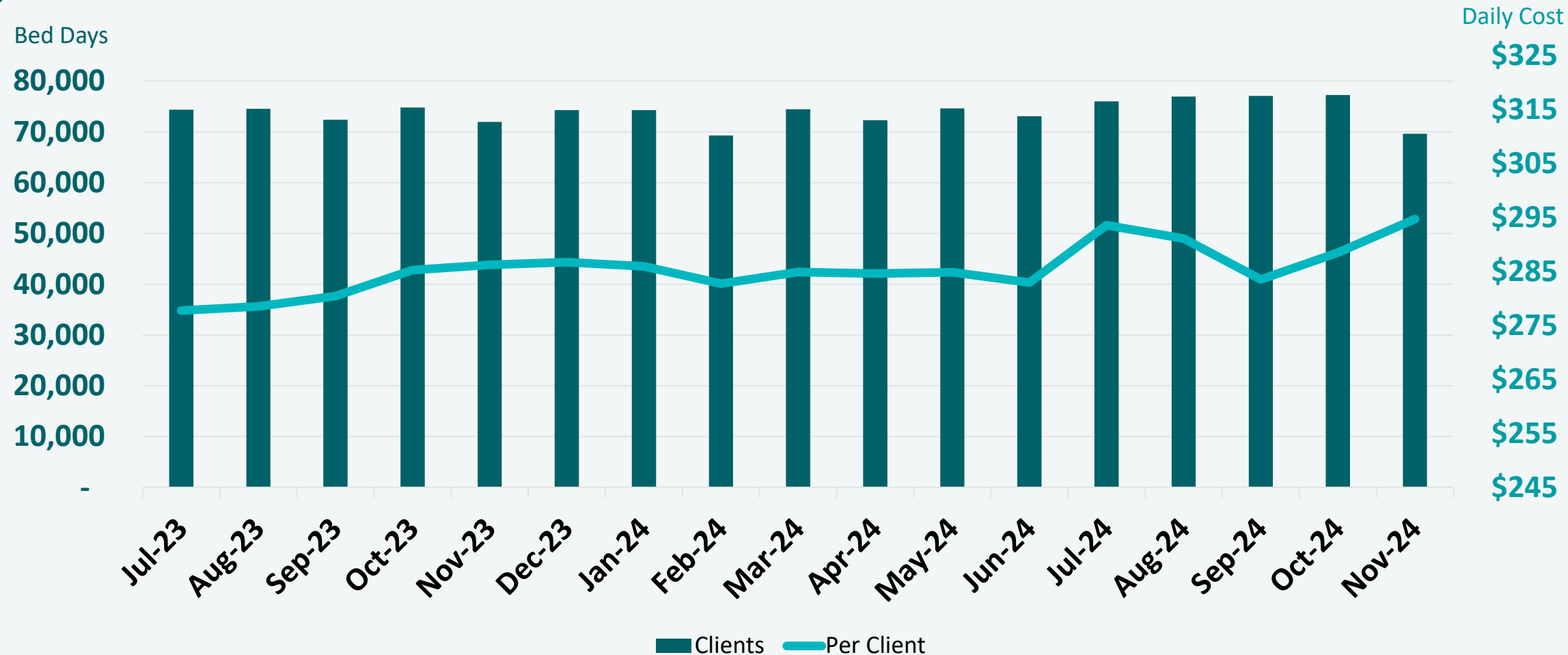


Long Term Care – Nursing Homes

- \$905,259 in total funds
 - ✓ (\$10,523,277) in general funds
 - ✓ \$11,428,536 in federal funds
- Statewide nursing facility occupancy is at 83%, however, providers are having difficulty recruiting staff to care for additional clients
- The FY2024 reimbursement rate increases was expected to allow facilities to recruit more staff and fill more beds

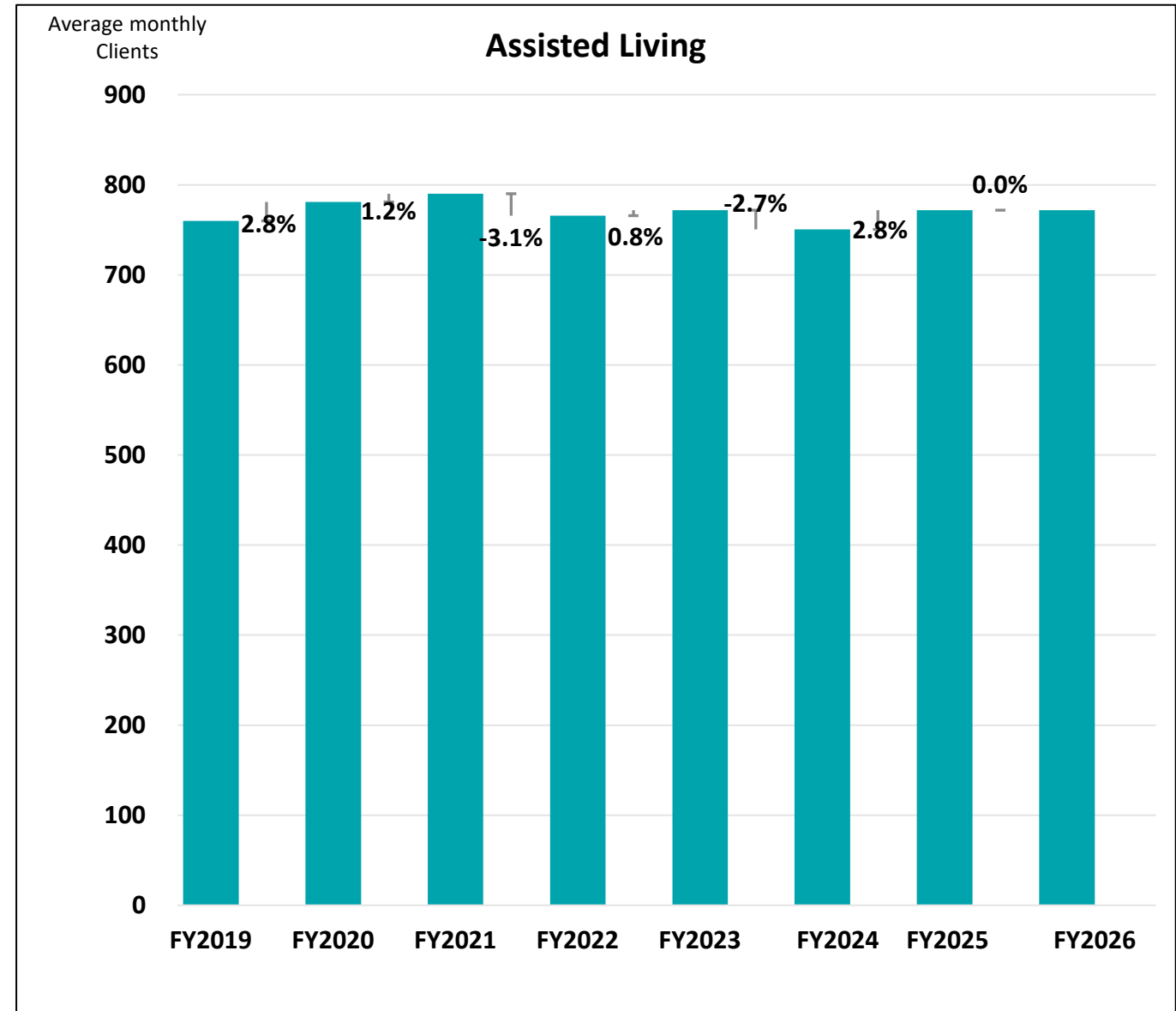


Nursing Home Clients and Daily Cost



Long Term Care – Assisted Living

- (\$8,929,987) in total funds
 - ✓ (\$4,948,610) in general funds
 - ✓ (\$3,981,377) in federal funds



Subsidized Assisted Living

HOPE Waiver Subsidized Assisted Living Program

- Optional program funded by 100% state general funds
- Provides room and board subsidies for individuals eligible for the HOPE Waiver who cannot afford their room and board
- Budget Impact - \$(1,093,518)



Fiscal Year 2025 Budget Amendments

Fiscal Year 2025 Budget Amendments

Recommendation	FTE	General	Federal	Other	Total
SDDC Utilities		9,929	14,027		23,956
Sioux Falls One Stop		62,944	70,980		133,924
Utilization Adj. – CHOICES		(7,015,844)	(9,881,131)		(16,896,975)
Utilization Adj. - In Home		1,164,366	1,166,264	42,237	2,372,867
Utilization Adj. - Nursing Homes		(12,015,394)	(16,972,287)		(28,987,681)
Utilization Adj. - 638 Facilities			25,768,127		25,768,127
Utilization Adj. - Assisted Living		(4,948,611)	(3,981,377)		(8,929,988)
Total Amendments	0.0	(\$22,742,610)	(\$3,815,397)	\$42,237	(\$26,515,770)



Operational Initiatives



IT Projects

- Contract Management System
- Case Management System



Organizational changes and aligning workforce to better meet the mission

Department of Human Services

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