South Dakota Department of Social Services

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South Dakota Medicaid
Thursday, October 23, 2025
Medicaid Advisory Committee Meeting Minutes

Medicaid Advisory Council (MAC) Attendees
Dr. David Basel, Population Health Officer, Avera Health; **Mikki Donelson,** Beneficiary Advisory Council; **Dr. Jennifer Haggar**, Pediatrician, Sanford Health; **Dr. Scott Kennedy,** Optometrist, Lifetime Eyecare; **Julie Kopp,** Beneficiary Advisory Council; **Erik Nelson,** Government Relations, AARP of South Dakota**; Jacob Parsons,** Director of Advocacy and Reimbursement, South Dakota Association of Healthcare of Organizations; **Alan Solano**, Vice President of Government Affairs, Monument Health; **Shelly Ten Napel,** CEO, Community Healthcare Association of the Dakotas (CHAD); **Dr. Karli Williams**, Black Hills Pediatric Dentistry; **Shawnie Rechtenbaugh**, Cabinet Secretary, South Dakota Department of Human Services; **Heather Petermann**, Director, South Dakota Medicaid.

Other Attendees
Matthew Ballard, Deputy Director, South Dakota Medicaid; **Dr. Clarissa Barnes**, Chief Medical Officer, South Dakota Medicaid; **Bethany Curtis,** Beneficiary Advisory Council; **Renae Hericks,** Policy and Program Manager, South Dakota Medicaid**; Mary Johnle**, Program Administrator, South Dakota Economic Assistance; **Ashley Lauing**, Policy Strategy Manager, South Dakota Medicaid; **Melissa Magstadt,** Cabinet Secretary, South Dakota Department of Health; **Kara Peery**, Medical Program Specialist, South Dakota Medicaid; **Chris Soukup**, Care Management Program Manager, South Dakota Medicaid; **Ben May** and **Sharon Chontos**, MAC Coordinators, North Star Solutions; **Bill Kopp; Arielle Zionts.**

Welcome and Overview
Ashley Lauing, Policy Strategy Manager, Department of Social Services (DSS), Division of Medical Services (DMS) welcomed the MAC members.

Opening Remarks

Heather Petermann, Director, DSS, DMS, welcomed the MAC members and guests. She encouraged them to provide insights and feedback on their current services and prospective pilot projects. She acknowledged the diversity of their backgrounds and how valuable their perspectives are to South Dakota Medicaid. She thanked them for their service to this committee.

Ashley welcomed the MAC member and introduced the Beneficiary Advisory Council (BAC) members, Mikki Donelson and Julie Kopp, that will also serve on the MAC. She welcomed state officials outside of South Dakota Medicaid attending the meeting, including Cabinet Secretaries Magstadt and Rechtenbaugh.

BAC Meeting Review

Ben May, BAC/MAC Coordinator, reported all seven BAC members attended the BAC meeting earlier in the day. The BAC agenda was the same as the MAC agenda with the exception of reviewing changes in the state plan amendment. They were also assigned one, two, and three year terms. Overall, they were very engaged and provided good feedback for the South Dakota Medicaid team to consider and follow up.

Rural Health Transformation Program (RHTP)

Matthew Ballard, Deputy Director, DSS, DMS provided a brief update on the RHTP. The slides can be found on the MAC website.

Q: Alan: Have the projects proposed in listening sessions and through the RFI been narrowed?

A: Heather noted the application page limit is 60 pages and therefore it cannot be very detailed. The CMS website published frequently asked questions (FAQ) of what would be allowed and not allowed in this funding. For example, Medicaid funding and other sources of known funding cannot be supplanted. They are seeking how one-time investments can make transformational changes. This may include technological solutions and access to care initiatives. The state's application will be published on the state website and through CMS.

Q: Jacob: Did you talk to other states to see what they are doing? For example, is South Dakota competing for the same pool of workforce resources as our neighboring states?

A: South Dakota has participated in forums where states have been able to discuss and ask questions. There is collaboration across states. Each state has one agency that will be submitting their application on behalf of the state.

Q: Alan: Will CMS allow more flexibility due to the short timeframe?

A: Each year's award has to be spent down within two years of the award. If a state is not able to spend down their funding, it may be redistributed to other states with greater needs. She believes there will be an ability to adjust based on need during the five-year grant period.

Q: Alan: Will legislative authority be required to spend the funding?

A: No state match is required and funds are intended to provide transformational impact to rural providers. We are not anticipating issues with obtaining necessary spending authority from the legislature at this time.

Q: Erik: Can you alert the group when the application is published?

A: Yes

Q: Erik: A primary challenge to health care is transportation. Was this addressed in the grant application? Will there be follow-up with established transportation providers?

A: Transportation was discussed at the listening sessions. Transportation is woven throughout the initiatives.

Q: Shelly: Transportation is in the top three barriers for health access. A few years ago, there was an assessment of why people were not utilizing their South Dakota Medicaid benefits. One of the barriers was that there was no public transportation in their local community. Is there any way we can find local transportation solutions? This has also been brought up under the South Dakota Department of Health Maternal Child Health Task Force.

A: Heather thanked Shelly for the suggestion. South Dakota Medicaid will take a look at ways to support transportation within the initiative sub-grants.

Value Based Care in Primary Care

Dr. Clarissa Barnes, Chief Medical Officer, DSS, DMS, explained that Medicaid is exploring a Value-Based Care model for primary care settings that would potentially improve patient outcomes. An example of how this could work would be the primary care providers receiving a monthly payment for every Medicaid recipient in their care. In turn, the primary care providers would use this compensation to pay for a team of professionals, technology, and other resources to ensure the patient is receiving the resources they need to improve their health outcomes. Medicaid is also exploring a shared service model where several rural providers may share case managers and other resources. The current fee-for-service models does not incentivize collaboration or patient outcomes. The BabyReady and Health Home models include some value-based care elements but are primarily fee-for-service. The slides can be found on the MAC website.

Dr. Barnes reminded the MAC that the model has not been fully developed. The benchmarks used to develop the model will be based on South Dakota data. Ideally, the RHT funding would be used to launch this program to set up population health analytics and provider infrastructure.

Comment: Dr. Haggar: Please involve the health care providers in the development of the workflow and the reimbursement models. Case management will be crucial. In addition, data systems and workflow will need to be in place before it is launched.

A: Dr. Barnes acknowledged this change would impact physician behavior and workflow. Some providers may not have enough Medicaid patients to see a change in their practice. Heather reminded the MAC members that this is an initial concept. With every developmental step, South Dakota Medicaid will ask for feedback.

Comment: Shelly: The federally qualified health centers (FQHCs) would be impacted by this model due to high Medicaid patient volume. This model could build on our shared goals. A suggestion would be to use the Health Home framework. Definitions need to be clear for all stakeholders. I would also suggest implementing the model in baby steps. Suggested measures could be avoidable hospital visits, emergency room visits, diabetes, heart disease, and social determinants of health screening.

Q: Alan: Do you have good data on the Health Home program? How do we add and build success? Patient selection will be critical. The providers will lose money on super high-needs patients. How do we get people to change lifestyles, so their health outcomes improve?

A: Heather clarified that the Health Home framework has been beneficial for patients with medically complex issues and data regarding the program is published annually. Medicaid patients have a range of conditions and severity.

Q: Dr. Basel. I am excited about the possibility of value-based care; however, I have great pause until the financial benchmarks are set. From a payer standpoint, you do not want to be taken advantage of. From a provider standpoint, the capitation may not be sufficient to adequately compensate the work. I am very supportive of this initiative. However, I have seen too many times that the benchmark does not make the payments sustainable.

A. Dr. Barnes said this is in the concept phase, so establishment of a benchmark has not occurred yet.

Q: Shelly. Are there performance measures that you are considering?

A: Dr. Barnes said the performance measures will be aligned with existing CMS core set reporting measures.

Comment: Dr. Basel. The data will be a key part of the program including claims assessments and trends. It will require new data systems, another generation of data systems – that includes predictive analytics.

Q: Shelly. How will RHT funds support this effort to providers?

A: RHT may support implementation and provider readiness work including workflow updates, data analysis, and shared case management.

Heather requested that the MAC members connect her and Dr. Barnes with other forums or stakeholder that may have feedback.

One Big Beautiful Bill Act/HR1 Medicaid Provisions

Kara Peery, Medical Program Specialist for South Dakota Medicaid, reported HR1 was part of the One Big Beautiful Bill Act where employment is required for some Medicaid Expansion population. Kara said there is more clarification that is forthcoming. Heather noted that communication with recipients will be important. The slides can be found on the MAC website.

Q: Erik: Do you know when the guidance will be coming?

A: HR 1 says interim final rule must be issued by HHS Secretary no later than June 1, 2026. We understand CMS is actively working to address guidance on various components of the bill.

Q: Mikki: What is the definition of lawful permanent residents?

A: Kara noted they use green card standards. South Dakota Medicaid asks for paperwork they received when they arrived.

Q: Mikki: What if the individual is in the process of applying for a green card?

A: We will need more clarification from CMS.

Comment: Alan: Communication needs to be clear that this new policy may impact ALL Medicaid Expansion eligibility individuals.

Q: Dr. Williams: How will this be rolled out to the general public? A lot of people that have not kept up with Medicaid policies may need additional help to understand. In our practice, we are lucky to have CHWs help our patients.

A: South Dakota Medicaid will notify recipients in advance of rollout in 2026. The communication methods will be multi-faceted.

Q: Jacob: Provider education is important. Currently, when does the renewal notification go out to the recipient?

A: Recipients are notified three months prior to renewal. We are considering using different color paper so recipients can discern quickly general communication versus requests that need action on their part.

Q: Dr. Haggar: How will you be able to validate employment?

A: Heather acknowledged there is a lot of work to be done to prepare for this requirement. We are hoping to find efficiency and automation, so we do not have to add additional staff. We are monitoring what other states are doing. We will have to assess evidence that is supplied by the recipients which may require follow-up.

Comment. Alan: Linking to IRS Form 941 information would provide most of what is needed to verify employment data.

Q: Dr. Haggar. Will waivers be pursued to delay implementation?

A: Heather replied that as of now the State is not planning to pursue a waiver. A waiver is only allowed if state can demonstrate they have made a good faith effort to comply and have been unable to comply.

Q: Erik. How will notifications be sent out?

A: Kara replied that the notifications will be through mail as well as other viable means such as various forms of electronic communication.

Comment: Secretary Rechtenbaugh. The Medicaid Expansion population is a subset of the overall Medicaid population. This will not apply to recipients who have disabilities or are over the age of 65. If they are DHS recipients, they do not need to receive this communication. DHS will help with messaging for their clients.

Q: Alan. One element that will be difficult to administer is the cost share of $35 per service up to 5% income. Who will track that? Medicaid? Or the provider?

A: Heather acknowledged this will be a challenge to implement. This item has a later implementation date and the policy for cost share still needs to be developed.

State Plan Amendments (SPA)

Renae Hericks, Policy and Program Manager, DSS, DMS, explained that part of her position prepares state plan amendments and reviews them with CMS including coverage, reimbursement, and eligibility. She is also responsible for notifying the public through public notice announcements including but not limited to the South Dakota Register and provider listserv. The slides can be found on the MAC website.

SPA SD-25-0015, SUD/IMD Template and School-Based Administrative Claiming:
There are no benefit changes or fiscal impact. CMS is requiring new template pages the SUD/IMD pages. It also clarifies the provider types allowed for random moment time studies for school-based administrative claiming. The public comment period closed on October 29, 2025. The effective date is October 1, 2025.

Q: Mikki: Will this impact residential treatment centers?
A: No

SPA SD-25-0014, Hospital Reimbursement (Anticipated)
The comment period will be in November 2025 and will go into effect January 1, 2026. This implements changes to inpatient and outpatient hospital reimbursement methodologies for both instate and out-of-state hospitals. Heather indicated that the hospital reimbursement implementation and stakeholder process has been very informative. Lessons from this will inform value-based payments work and stakeholder engagement.

Q: Erik: Would it be possible to alert this group when there is a notice? Could you email us with the status of the state plan amendments.
A: Yes, the MAC committee will be included in the email notification. Anyone can also sign up to receive notifications and communication on the listserv.

Public Comments

Q: Arielle Zionts, KFF Health News, asked if the state has been able to integrate the comments from the listening sessions into the RHT grant application.
A: Yes, the RHT application outlines high level initiatives. The specifics will come in 2026.

Travel Discussion
If you are traveling and seeking reimbursement, you will need to bring a completed W-9. Ben provided travel reimbursement forms to the attendees. A calendar invite has been sent out.

Closing Remarks
Heather and Ashley thanked the MAC members for their input. The next meeting will be held virtually in January.

Future Meetings:

- 01/22/2026 – Virtual (A conference room will be made available for those in Pierre for legislative session).
- 04/26/2026 – Rapid City, SD
- 07/23/2026 – Sioux Falls, SD
- 10/22/2026 – Pierre – Kneip Building