

Rural Health Transformation Program



South Dakota Department of Social Services

Rural Health Transformation Overview

- The Big Beautiful Bill Act/HR 1 created a $50 billion fund called the Rural Health Transformation Program.

- It is anticipated that each state that applies may receive a minimum of $100 million dollars each year for a five-year period beginning in federal fiscal year 2026 through 2030. The exact funding amount South Dakota will receive is unknown.

- The application for the program is due November 5, 2026.

Rural Health Transformation Overview

- The Office of the Governor is leading the program and will submit the Rural Health Transformation Plan application on behalf of the State of South Dakota.

- The Department of Health, Office of Rural Health, has been designated as the lead executive branch agency for the program.

- The Department of Social Services is also participating in the workgroup developing the application.
  - Note: Rural Health Transformation funding cannot be used to meet Medicaid state matching requirements. Funding cannot be used to replace or modify payment for clinical services that could be reimbursed by Medicaid. Payments to providers for performance in alterative payment models tied to outcomes do appear to be allowable.

Rural Health Transformation Goals

Strategic goals of the program as described in the notice of funding:

- **Make rural America healthy again**: Support rural health innovations and new access points to promote preventative health and address root causes of diseases
- **Sustainable access**: Help rural providers become long-term access points for care by improving efficiency and sustainability.
- **Workforce development**: Attract and retain a high-skilled health care workforce by strengthening recruitment and retention of healthcare providers in rural communities.
- **Innovative care**: Spark the growth of innovative care models to improve health outcomes, coordinate care, and promote flexible care arrangements.
- **Tech innovation**: Foster use of innovative technologies that promote efficient care delivery, data security, and access to digital health tools by rural facilities, providers, and patients.

Public Comment Opportunities

- The State held a written public comment opportunity was held from August 25 to September 22, 2025.

- The State is also gathering input through the following listening sessions:
  - **Yankton**: October 8
  - **Eagle Butte**: October 14
  - **Rapid City**: October 15
  - **Pierre**: October 20
  - **Aberdeen**: October 22

- A special invitation to tribal leaders was sent for the 10/14 meeting in Eagle Butte.

Public Comments

- Approximately 160 written comments were received.

- Themes from public comments include (non-exhaustive):
  - Addressing workforce challenges
  - Addressing transportation challenges
  - Addressing specialty care gaps such as maternal and behavioral healthcare /delivering services utilizing regional hub and spoke models
  - Telehealth and remote care solutions
  - Addressing financial sustainability challenges for providers
  - Support for care management services and community health worker services
  - Need for solutions to be sustainable/transformative
  - Technology funds, E.H.R. Interoperability

Next Steps

- Finalize and submit application to CMS
- CMS review
- CMS award of funds
- Implementation of Rural Health Transformation plan



Thank You

South Dakota Department of Social Services