# PUBLIC NOTICE

## South Dakota Medicaid Program

Notice is hereby given that the South Dakota Department of Social Services intends to update the South Dakota Medicaid State Plan regarding the State's ability to utilize supplemental drug rebate agreements. The amendment clarifies the State's ability to utilize supplemental rebates whether negotiated by the Sovereign States Drug Consortium or another entity.

The Department intends to make this SPA effective October 1, 2026. The SPA amends Page 20 of Supplement to Attachment 3.1-A. The Department estimates supplemental drug rebates will result in additional savings for the state and federal government due to rebates from drug manufacturers for drugs utilized by Medicaid recipients. The exact savings in Federal Fiscal Year 2027 and Federal Fiscal Year 2028 are unknown.

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:

DIVISION OF MEDICAL SERVICES
DEPARTMENT OF SOCIAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291

The public comment period will start November 23, 2026, and end December 23, 2026.

South Dakota Department of Social Services

**DEPARTMENT OF SOCIAL SERVICES**
DIVISION OF MEDICAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291
PHONE: 605.773.3495
FAX: 605.773.5246
WEB: dss.sd.gov

November 23, 2026

RE: South Dakota Medicaid State Plan Amendment # SD-26-0014

The South Dakota Department of Social Services intends to update the South Dakota Medicaid State Plan regarding the State's ability to utilize supplemental drug rebate agreements. The amendment clarifies the State's ability to utilize supplemental rebates whether negotiated by the Sovereign States Drug Consortium or another entity.

The Department intends to make this SPA effective October 1, 2026. The SPA amends Page 20 of Supplement to Attachment 3.1-A. The Department estimates supplemental drug rebates will result in additional savings for the state and federal government due to rebates from drug manufacturers for drugs utilized by Medicaid recipients. The exact savings in Federal Fiscal Year 2027 and Federal Fiscal Year 2028 are unknown.

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:

DIVISION OF MEDICAL SERVICES
DEPARTMENT OF SOCIAL SERVICES
700 GOVERNORS DRIVE
PIERRE, SD 57501-2291

The public comment period will start November 23, 2026, and end December 23, 2026.

Sincerely,

Matt Ballard

Matthew Ballard
Deputy Director
Division of Medical Services
South Dakota Department of Social Services

CC: Brenda Tidball-Zeltinger, Interim Cabinet Secretary
Heather Petermann, Director

12a. Prescribed Drugs

Any covered outpatient drug may be subject to prior authorization, and the agency maintains a list of drugs requiring prior authorization. Prescribing physicians, pharmacists, and/or designated representatives may contact the Medicaid Prior Authorization Unit via 1-800 phone or fax lines, mail or encrypted e-mail to request prior authorization. The program will issue responses within 24 hours of the request. Pharmacies may dispense a 72-hour supply of a prior authorized product in the event of an emergency. The program complies with requirements set forth in OBRA 1990 and 1993 pertaining to prior authorization programs.

**Supplemental and Value-Based Rebates**

Pursuant to Section 1927 of the Act, the State has the following policies for Medicaid supplemental rebates:

South Dakota collects supplemental rebates.

South Dakota is a member of the Sovereign States Drug Consortium (SSDC) Medicaid multi-State purchasing pool.

The state retains all options to accept or reject offers. Drugs of manufacturers who do not participate in the supplemental rebate program will still be available to Medicaid recipients.

A model rebate agreement between the state and a drug manufacturer for drugs provided to the Medicaid population, submitted to the Centers for Medicare & Medicaid Services (CMS) with SPA TN # 22-0012, and entitled “SSDC South Dakota Medicaid Supplemental Drug Rebate Agreement” has been authorized by CMS.

CMS has authorized the state of South Dakota to enter into value-based agreements with pharmaceutical manufacturers, on a voluntary basis, for drugs provided to Medicaid beneficiaries using the value-based supplemental rebate agreement beginning April 1, 2024.

Savings recognized from value-based purchasing and supplemental rebate agreements received by the State in excess of those required under the national drug rebate agreement will be shared with the Federal government on the same percentage basis as applied under the national rebate agreement.

All drugs covered by the value-based agreement, irrespective of a prior authorization agreement, will comply with the provisions of the national drug rebate agreement.

Per Section 1927 (b)(3)(D) of the Social Security Act the unit rebate amount is confidential and cannot be disclosed. Funds received from supplemental rebate agreements will be reported to CMS. The state will remit the federal portion of any supplemental rebates collected.

**Over-the-Counter Drugs**

Select over-the-counter (OTC) drugs are covered. The list of covered OTC drugs can be found in the Pharmacy Provider Manual.

**Excluded Items**

The program does not cover the following items:

1. Agents when used for the treatment of sexual or erectile dysfunction;
2. Drugs manufactured by a firm that has not signed a rebate agreement with the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services except for select OTC dietary supplements;
3. Drugs and biologicals which the federal government has determined to be less than effective;
4. Experimental items.

The program does not cover any Medicare Part D drug for full-benefit dual eligible individuals who are entitled to receive Medicare benefits under Part A or Part B. (See **Attachment 3.1-A.1** for specific coverage.)