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-27-0001

The South Dakota Department of Social Services intends to update the South Dakota Medicaid State Plan to comply with new federal requirements added by Public Law 119-21, also known as the Working Families Tax Cut legislation. The SPA provides assurances that the State is complying with federal law regarding Community Engagement or "Work Requirements" and Frequency of Renewals of Eligibility.

Community Engagement
Section 1902(xx) establishes a community engagement requirement for certain Medicaid Expansion adults ages 19 through 64. Beginning January 1, 2027, affected individuals must demonstrate participation in at least 80 hours per month of qualifying activities, such as employment, job training, education, or community service, unless they qualify for an exclusion.

Frequency of Renewals of Eligibility
Section 1902(e)(14)(L) modifies Medicaid eligibility renewal requirements by increasing the frequency of renewals for Medicaid Expansion enrollees. Effective January 1, 2027, individuals enrolled in Medicaid Expansion will have their eligibility renewed every six months instead of every 12 months, while adults and children in all other Medicaid coverage groups will continue to undergo annual renewals. American Indians and Alaska Natives, including individuals who are eligible for Indian Health Service, are exempt from the six-month renewal requirement.

Additional information about these upcoming Medicaid changes is available on the DSS website at https://dss.sd.gov/medicaid/HR1.aspx.

The Department intends to make this SPA effective January 1, 2027. The SPA adds the "Community Engagement" and "Frequency of Renewals of Eligibility" Medicaid SPA Reviewable Units to the Medicaid state plan.

The Department anticipates these changes will likely result in a reduction in Medicaid member months, which may result in a corresponding reduction in Medicaid expenditures. In SFY 20206, the per member per month (PMPM) Medicaid expenditures for the expansion population was $1,088. Due to the enhanced match for this population, approximately $995 of the PMPM spend was federal funds and $93 of the PMPM was state funds. The Department anticipates the vast majority of individuals in the expansion population will remain enrolled. At this time, it is unclear what the overall reduction in member months will be.

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

PUBLIC NOTICE
South Dakota Medicaid Program

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SD - Submission Package - SD2026MS0004O - (SD-27-0001) - Eligibility

CMS-10434 OMB 0938-1188

Medicaid State Plan Eligibility

General Eligibility Requirements

Frequency of Renewals of Eligibility

MEDICAID | Medicaid State Plan | Eligibility | SD2026MS0004O | SD-27-0001

Package Header

Package ID	SD2026MS0004O	**SPA ID**	SD-27-0001
Submission Type	Official	**Initial Submission Date**	N/A
Approval Date	N/A	**Effective Date**	1/1/2027
Superseded SPA ID	New User-Entered		

The state conducts periodic renewals as specified at 1902(e)(14)(L) of the Social Security Act and 42 C.F.R. § 435.916 as follows (select all that apply):

A. MAGI Renewals

- [x] Renewals of eligibility for individuals whose financial eligibility is based on the applicable modified adjusted gross income standard, except individuals described under section 1902(a)(10)(A)(i)(VIII) of the Act or enrolled in a demonstration under section 1115 of the Act that provides minimum essential coverage to all individuals described under section 1902(a)(10)(A)(i)(VIII) of the Act, are performed once every 12 months.
- [x] Renewals of eligibility for individuals enrolled under section 1902(a)(10)(A)(i)(VIII) of the Act or enrolled in a demonstration under section 1115 of the Act that provides minimum essential coverage to all individuals described under section 1902(a)(10)(A)(i)(VIII) of the Act, are performed once every 6 months, except for:
    - an American Indian or Alaska Native who:
        - is an Indian or an Urban Indian (as defined in paragraphs (13) and (28) of section 4 of the Indian Health Care Improvement Act),
        - is a California Indian (as described in section 809(a) of such Act), or
        - has otherwise been determined eligible as an Indian for the Indian Health Service under HHS regulations.
    - Renewals of eligibility for excepted individuals are performed once every 12 months

B. Renewals on a Basis Other than MAGI

Renewals of eligibility for individuals whose financial eligibility is not based on the MAGI standard are performed as follows (select all that apply):

- [x] a. Once every 12 months
- [ ] b. Once every 6 months
- [ ] c. Other, more frequent than once every 12 months

C. Additional Information (optional)

Medicaid State Plan Eligibility

Community Engagement

Community Engagement for Certain Adults

MEDICAID | Medicaid State Plan | Eligibility | SD2026MS0004O | SD-27-0001

Requirement to demonstrate community engagement as a condition of Medicaid eligibility for certain individuals.

Package Header

Package ID	SD2026MS0004O	**SPA ID**	SD-27-0001
Submission Type	Official	**Initial Submission Date**	N/A
Approval Date	N/A	**Effective Date**	1/1/2027
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The state operates the community engagement requirement in accordance with the following provisions:

A. General Requirements for Community Engagement

1. The state requires as a condition of eligibility that an applicable individual demonstrates (or the state deems the applicable individual to demonstrate) community engagement for the number of months specified by the state during the applicable review period. An applicable individual is an individual who is not a specified excluded individual under Section B. below who is eligible for or enrolled in:

- [x] a. The state plan eligibility group described in 42 CFR § 435.119.
- [ ] b. A demonstration expenditure authority under section 1115(a)(2) of the Act that provides coverage equivalent to minimum essential coverage and who: attained the age of 19 and is under 65 years of age, is not pregnant, is not entitled to, or enrolled for, benefits under Medicare Part A or Part B, and is not otherwise eligible to enroll under the state plan.

2. An applicable individual demonstrates compliance with community engagement for a month if the individual meets one or more of the following:

a. Works not less than 80 hours

b. Completes not less than 80 hours of community service

c. Participates in a work program for not less than 80 hours

d. Enrolled in an educational program at least half-time

e. Any combination of A.2.a. through A.2.d. for a total of not less than 80 hours (except educational program hours may only be combined with other activities if the individual is enrolled less than half-time)

f. Has monthly income that is not less than the federal minimum wage multiplied by 80 hours

g. For a seasonal worker, has average monthly income over the preceding six months that is not less than the federal minimum wage multiplied by 80 hours

3. When monthly income is considered under A.2.f. or g., MAGI-based methodologies are used in calculating household income. Please refer as necessary to MAGI-Based Methodologies, completed by the state.

View approved version of MAGI-Based Methodologies

4. The state verifies an applicable individual meets an exception or demonstrates community engagement, or that an individual is a specified excluded individual, using reliable information available to the state without requiring information from the individual when possible.

5. The state conducts initial and periodic outreach consistent with § 435.561 to notify certain individuals described under § 435.561(a) of the requirement to demonstrate community engagement.

B. Mandatory Exceptions and Exclusions

Exceptions

1. The state deems an applicable individual to demonstrate community engagement for a month during the review period if:

a. For part or all of that month, the individual was: Under age 19; entitled to, or enrolled for, benefits under Medicare Part A or Part B; described in any mandatory eligibility group under section 1902(a)(10)(A)(i)(I) through (VII) of the Act; or a specified excluded individual described in § 435.554.

b. At any point during the 3-month period ending on the first day of that month, the individual was an inmate of a public institution.

Specified Excluded Individuals

2. A specified excluded individual is not an applicable individual and is not subject to the community engagement requirement.

3. The state provides that the following categories of individuals meet the definition of specified excluded individual:

a. Former foster care child described in section 1902(a)(10)(A)(i)(IX) of the Act (as amended by Pub. L. 115-271)

b. American Indian as defined at § 447.51

c. Parent, guardian, caretaker relative, or family caregiver of a dependent child age 13 or under or of a disabled individual, as each of the terms is defined and implemented at § 435.554.

i. Elections on the relationships for a caretaker relative that the state makes on the Parents and Other Caretaker Relatives state plan page apply for the purpose of this category of specified excluded individuals.

View Approved Version of Parents and Other Caretaker Relatives

d. Veteran with a total (100%) service-connected VA disability rating as defined at 38 U.S.C. 1155

e. Medically frail or otherwise has special medical needs, as defined at § 435.554(c)(5)

f. Compliant with a TANF work requirement or a member of a household that receives SNAP benefits and is subject to a SNAP work requirement

g. Participant in a drug addiction or alcoholic treatment and rehabilitation program. States may establish a minimum time commitment for participation in such program, consistent with appropriate clinical guidelines.

h. Inmate of a public institution, as defined at § 435.1010

i. Pregnant woman or entitled to Medicaid during a postpartum period

C. Short-Term Hardship Exception

1. The state deems an applicable individual to demonstrate community engagement for a month during the review period during a short-term hardship event.

○ Yes ◉ No

D. Assessing Compliance with Community Engagement

For Individuals Who File an Application for Medical Assistance

1. The state determines applicants meet an exclusion or are an applicable individual and demonstrate or are deemed to demonstrate community engagement at application.

2. For an applicable individual to be considered compliant with the community engagement requirement at application consistent with § 435.556(a)(1), the state requires demonstration or deemed demonstration of community engagement for:

◉ a. 1 month prior to the month of application.

○ b. 2 consecutive months prior to the month of application.

○ c. 3 consecutive months prior to the month of application.

For Individuals Who Are Enrolled and Receiving Medical Assistance

3. The state determines enrolled beneficiaries meet an exclusion or are an applicable individual and demonstrate or are deemed to demonstrate community engagement during the individual's periodic renewal of eligibility.

4. For an applicable individual to be considered compliant with the community engagement requirement at renewal, the state requires demonstration or deemed demonstration of community engagement for:

◉ a. 1 month during the individual's eligibility period.

○ b. More than 1 month, whether or not consecutive, during the individual's eligibility period.

E. More Frequent Verifications of Community Engagement for Applicable Individuals

1. The state conducts more frequent verifications of the community engagement requirement in between renewals of eligibility for enrolled applicable individuals.

○ Yes ◉ No

F. Notice of Noncompliance and Defining When a State is "Unable to Verify" Compliance with the Community Engagement Requirement

1. The state sends a notice of noncompliance to request information from the individual when it is unable to verify an applicable individual demonstrates or is deemed to demonstrate community engagement at application, renewal, and if elected by the state, during a more frequent verification of community engagement.

2. The state provides an applicable individual 30 days from the date of the notice of noncompliance to make a satisfactory showing of community engagement or that the requirement does not apply.

3. The state elects to consider that it is unable to verify community engagement at renewal:

◉ a. After the state checks reliable information and cannot verify compliance with community engagement without requesting information from the individual. When this occurs the state provides the beneficiary the notice of noncompliance concurrently with a renewal form.

b. After the state is unable to renew eligibility based on information available to the state ('ex parte renewal') and the state provides the individual with a renewal form and the form is not returned or does not include sufficient information needed to demonstrate compliance with community engagement.

G. Additional Information (optional)

PRA Disclosure Statement: Centers for Medicare & Medicaid Services (CMS) collects this mandatory information in accordance with (42 U.S.C. 1396a) and (42 CFR 430.12); which sets forth the authority for the submittal and collection of state plans and plan amendment information in a format defined by CMS for the purpose of improving the state application and federal review processes, improve federal program management of Medicaid programs and Children's Health Insurance Program, and to standardize Medicaid program data which covers basic requirements, and individualized content that reflects the characteristics of the particular state's program. The information will be used to monitor and analyze performance metrics related to the Medicaid and Children's Health Insurance Program in efforts to boost program integrity efforts, improve performance and accountability across the programs. Under the Privacy Act of 1974 any personally identifying information obtained will be kept private to the extent of the law. According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-1188. The time required to complete this information collection is estimated to range from 1 hour to 80 hours per response (see below), including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

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