

Rural Health Transformation

Building a Stronger, Healthier Rural South Dakota



Year 1 Funding: \$189.4m

Background

The Rural Health Transformation Program is a new, one-time federal initiative created under the One Big Beautiful Bill Act. It authorizes Centers for Medicare & Medicaid Services (CMS) to provide \$50 billion nationwide over five years (FY 2026–2030) to support state-designed and state-led efforts to strengthen rural health care.

South Dakota Award

CMS awarded South Dakota \$189.4M in Year 1 funding under the Rural Health Transformation Program. South Dakota's approach focuses on ten initiatives that strategically invest in building capacity and resilience within our rural healthcare systems, ensuring access to quality care that will be sustained beyond the 5-year grant period.

Initiatives & Goals

1 Connecting Technology and Data: Modernize healthcare delivery statewide through direct funding to providers for strategic technology investments. Investments must improve patient care, expand access, enhance operational capacity, or strengthen care coordination. Key opportunities for providers include:

- Implementing or expanding certified Electronic Health Record (EHR) systems
- Integrating with the statewide Health Information Exchange
- Investing in telehealth equipment and cybersecurity enhancements

This initiative will also support the launch a Rural Health Data Atlas to support data-driven decision-making for providers and communities.

2 Advancing the Rural Workforce: Build and sustain a rural health workforce by:

- Providing incentives to recruit and retain healthcare providers
- Expanding Community Health Worker workforce
- Creating the Rural Health Forward training and resource hub for continuing education

3 Keeping Healthcare Local and Strong: Preserve access to healthcare in rural communities by:

- Developing alternative Medicaid payment models to support primary care providers
- Providing direct funding to providers to support coordination and sustainability
- Strengthening chronic disease management
- Improving access to maternal and infant care

4 Transforming Systems for Sustainability: Create coordinated, regional systems for emergency medical services and behavioral health by:

- Implementing Certified Community Behavioral Health Clinics (CCBHCs statewide)
- Expanding collaborative care to integrate behavioral health into primary care
- Incentivizing regional Emergency Medical Services (EMS) hubs

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Stakeholder Engagement

Our plan was developed with extensive stakeholder engagement, including meetings with the South Dakota Association of Healthcare Organizations, the state's three major hospital systems, the Great Plains Tribal Leaders Health Board, provider associations, and rural communities statewide.

Legislators were invited to participate in community listening sessions, ensuring their perspective was included alongside patients, caregivers, and local providers. Input was also gathered through a formal Request for Information.

Engagement will continue throughout the five-year initiative, coordinated by the Department of Health's Office of Rural Health, with initiative leads and consultants supporting progress reviews, structured feedback, and ongoing adjustments to strengthen rural health systems.

Next Steps

HB 1044 provides the state authority to access federal funding for the Rural Health Transformation Program. We ask for your support of this legislation to ensure South Dakota can fully leverage these resources.

Initial RFPs for administrative support will be released soon, positioning South Dakota to be competitive in securing the expertise needed to successfully implement Year 1 initiatives and strengthen rural health systems.

Year 2 awards begin October 31, 2026. Our Year 2 funding allocation will be dependent on the progress and outcomes accomplished during Year 1.



For more information, please visit
ruralhealthtransformation.sd.gov