SOUTH DAKOTA DEPARTMENT OF HEALTH

Annual Report on the Need for Additional Nursing Facility Beds or Nursing Facilities

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Executive Summary

South Dakota continues to operate under a long-standing moratorium on nursing facility beds, originally established in 1988 to control rising healthcare costs, ensure appropriate levels of care, and support the development of home- and community-based services. Each year, the Department of Health, in coordination with the Department of Human Services, evaluates the need for additional nursing facility beds or new facilities. This evaluation incorporates statewide long-term care needs, current availability and use of beds, occupancy trends, and the capacity of providers to meet demand.

From 2018 through 2025, annual Requests for Proposals (RFPs) were issued statewide on an open and continuous basis to support the redistribution of unused moratorium beds. No proposals were received during this period. An additional RFP was issued in 2026 and remains open through June 30, 2027. Several nursing facilities have closed in recent years, and beds made available through these closures continue to be redistributed in accordance with state law. The State remains committed to ensuring adequate access to nursing facility care while maintaining fiscal responsibility and supporting a balanced continuum of long-term care services.

Purpose of the Report

In 2016, an interim legislative committee was convened to evaluate issues related to the regulation of nursing facility and assisted living beds. This work resulted in Senate Bill 6 (SB 6), which required the Department of Health to produce an annual report to the Senate analyzing whether additional nursing facility beds or new nursing facilities were needed. SB 6 was enacted during the 2017 Legislative Session and codified at SDCL § 34-12-35.11. The law was later repealed in March 2025.

This report fulfilled the requirement of the annual report by presenting the data, analysis, and findings related to long-term care needs, capacity, and bed availability across South Dakota.

Although the requirement to complete this report was repealed, the South Dakota Department of Health continues to compile and post the report for transparency and awareness of the needs for nursing home beds or facilities in South Dakota.

History of the Moratorium

The State of South Dakota enacted a moratorium on nursing facility beds in 1988, the same year the Certificate of Need program was repealed. At that time, the state had one of the highest per-capita ratios of nursing home beds in the nation and relatively few alternatives for long-term care. The moratorium was intended to slow escalating Medicaid and long-term care costs, ensure that individuals could access the most appropriate level of care, and promote the development of community- and home-based services.

The moratorium was extended several times, and in 2005, it was made indefinite. Although the moratorium limits the total number of beds statewide, some facilities do not utilize all the beds authorized to them. Of the 7,181 moratorium-authorized beds, 5,817 are currently licensed and operational, and approximately 85 percent of licensed beds are occupied statewide.

Over time, the Legislature has enacted various exceptions and provisions allowing limited flexibility under the moratorium, including the redistribution of unused beds and the authorization of new facilities under specific conditions.

Summary of Moratorium-Related Legislation

Year	Legislation	Bill #
1988	Moratorium initially enacted for 3 years	HB 1186
1991	Moratorium extended for 2 years	SB 253
1993	Moratorium extended for 2 years	HB 1098
1995	Moratorium extended for 5 years	SB 208
2000	Moratorium extended for 5 years	HB 1040
2003	Exception to Moratorium for Reservations	HB 1210
2005	Moratorium Extended Indefinitely	SB 38
2010	Exception to Moratorium for Pine Ridge	SB 157
2010	Allowing for bed-splitting between two facilities.	SB 69
2010	Allowing for East-River Veterans Home	SB 69
2012	Allowing for redistribution of existing nursing facility beds	SB 196
2016	Allowing White River NH to relocate to Rosebud, SD	SB 138
2016	Allowing 24 additional beds to Michael J. Fitzmaurice Veterans Home	SB 148
2019	Authorizing the beds from an existing nursing facility that ceases operation to be held available for 18 months for use by a licensed nursing facility.	SB 61
2019	Allowing 2 additional beds to Michael J. Fitzmaurice Veterans Home	SB 158
2020	Authorization to construct a new nursing home in Moody County.	SB 160
2022	Authorization to construct a new nursing facility in Lyman County.	SB 147
2025	Repealed DOH and DHS reporting and testimony requirements regarding nursing facilities and long-term care needs.	SB 76

Redistribution of Existing Nursing Facility Beds

Legislation enacted in 2012 allows unused nursing facility beds to be redistributed to areas of identified need through a statutory Request for Proposals (RFP) process. Redistribution may occur so long as the total number of beds statewide does not exceed the number authorized when the moratorium was indefinitely extended in 2005.

Eligible beds come from:

- Nursing facilities that have closed since 2005
- Facilities that voluntarily relinquish unused moratorium beds

To date, 22 nursing facilities have closed since 2005, resulting in 1,325 beds becoming available for redistribution. An additional 54 beds have been voluntarily relinquished.

State law requires annual evaluation of:

- Current number of available beds and nursing facilities;
- Current and projected need for additional beds and facilities and the State's current long-term care needs;
- Number of beds available for redistribution and the number of beds that have already been redistributed;
- Potential impact on existing nursing facilities;
- Additional costs to the state or general public; and
- Other current and projected long term care needs across the state.

If a need is identified, the Department issues an RFP and evaluates proposals based on statutory and administrative criteria.

Consideration of Need for Additional Beds or Facilities

The Department of Health and Department of Human Services (DHS) utilize several data sources to evaluate need, including:

- The 2015 *Evaluation of Long-Term Care Options for South Dakota* (Abt Associates)
- The most recent Occupancy Report
- Information from DHS staff regarding nursing facility placement challenges

These inputs support decisions regarding whether unmet needs exist, where capacity may need to be added, and what scope an RFP should have.

Request for Proposals Summary

2013 RFP

The first RFP issued under the 2012 legislation identified Rapid City as the area of need. Twenty beds were awarded to Golden Living facilities (now operated by Avantara/Legacy Healthcare).

2015 RFP

The second RFP identified Rapid City and Sioux Falls as areas of need and requested applicants to address several special care populations. A total of 54 beds were awarded— 30 in Rapid City and 24 in Sioux Falls. The Rapid City project required construction of a new facility, completed in 2017.

2017 RFP

The third RFP identified Rapid City, Sioux Falls, and other communities statewide as areas of potential need. A total of 55 beds were awarded among four communities: Rapid City (30), Parkston (2), Hot Springs (11), and Philip (12).

2018–2026 RFP

From 2018 through 2025, annual RFPs were issued statewide on an open and continuous basis for each state fiscal year. No proposals were received in response to any RFP issued during this eight-year period.

In 2026, an RFP was issued with statewide scope. It remains open through June 30, 2027, or until all available beds are allocated. As of the date of this report, no proposals have been received.

Senate Bill 61, 2019 Legislative Session and Nursing Facility

Senate Bill 61 requires that when a nursing facility closes, its authorized beds remain available for 18 months for use by another licensed facility.

Closures include:

- Covington Care and Rehabilitation Center (2019) – 109 beds
    - 22 of these beds were redistributed to Avera Prince of Peace and 85 of the beds were redistributed to other Avantara nursing facilities

- Hudson Care and Rehab Center (2019) – 42 beds

- Six facilities closing in 2022
    - Monument Health Custer Care Center (76 beds) announced closure effective February 10, 2022
    - Avantara Ipswich (59 beds) announced closure effective June 1, 2022
        - 59 of these beds were redistributed to Custer Care and Rehab in December of 2023.
    - Good Samaritan Society Lennox (64 beds) announced closure effective July 15, 2022
        - 17 of these beds were redistributed to Custer Care and Rehab in December of 2023.
    - Good Samaritan Society Deuel County (75 beds) announced closure effective July 15, 2022
    - Avantara Salem (63 beds) announced closure effective October 1, 2022
    - Avantara Armour (45 beds) announced closure effective closure October 1, 2022
        - One of these beds was redistributed to Eastern Star Home in January of 2024.

- Three facilities closing in 2023
    - Prairie Estates Care Center Elk Point (50 beds) announced closure effective January 14, 2023
    - Avantara Arlington (52 beds) announced closure effective February 7, 2023
    - Bennett County Nursing Home (48 beds) announced closure effective October 13, 2023
        - Six of these beds were redistributed to Avera Prince of Peace in March of 2025 and seven of the beds were redistributed to Avera Sister James Care Center in April of 2025.

- Good Samaritan Society Corsica (2026) – (62 beds) announced closure effective January 24, 2026
    - One of these beds was redistributed to Avera Bormann Manor and five of the beds were redistributed to Fountain Springs Healthcare

A Notice of Availability of beds was issued at the time of these facilities' closure, and any beds from these closures that were not redistributed during the 18-month redistribution period are now included in the moratorium bed count for RFP.

APPENDIX I

Applicable State Statutes

34-12-35.6. Redistribution of existing nursing facility beds. Notwithstanding the provisions of §§ 34-12-35.4 and 34-12-39.2, the Department of Health may authorize the increase in the number of beds in an existing nursing facility or may authorize the construction of a new nursing facility as defined in § 34-12-1.1, so long as the total number of nursing facility beds statewide does not exceed the total number of beds in existence statewide on July 1, 2005.

Source: SL 2012, ch 178, § 1.

34-12-35.7. Annual consideration of need for additional nursing facility beds or new nursing facilities. The Department of Health, with assistance from the Department of Human Services, shall annually consider the need for additional nursing facility beds or additional new nursing facilities or both in the state. The following factors shall be taken into consideration:

(1) The current number of available nursing facility beds and nursing facilities in the state;
(2) The current and projected future need for additional nursing facility beds and nursing facilities in the state and the current long-term care needs of the population to be served;
(3) The number of nursing facility beds available for redistribution and the number of nursing facility beds redistributed pursuant to this chapter;
(4) The potential impact on existing nursing facilities;
(5) Any additional costs to the state or general public that may result; and
(6) Other current and projected long-term healthcare needs across the state.

Source: SL 2012, ch 178, § 2; SL 2017, ch 151, § 1.

34-12-35.8. Proposals to address identified need for additional nursing facility beds or new nursing facilities – Promulgation of rules. If a need for additional nursing facility beds or additional new nursing facilities or both in a defined area is identified by the Department of Health in accordance with § 34-12-35.7, the department shall solicit and evaluate proposals to address the identified need. In doing so the department shall utilize the process and criteria established in §§ 5-18D-17 to 5-18D-20, inclusive. Additionally, the Department of Health may promulgate rules pursuant to chapter 1-26 to establish additional criteria specific to the identified need. The rules may include criteria pertaining to:

(1) Minimum nursing facility occupancy rates;
(2) Unique characteristics of the area and population to be served;
(3) Proposal viability, including financial business plan information and payor source information;
(4) Local community support for the proposed project;
(5) Benchmarks for quality assurance;
(6) Additional services to be provided; and
(7) Ability to meet workforce needs.

Source: SL 2012, ch 178, § 3.

34-12-35.9. Authorization to increase number of nursing facility beds. Notwithstanding the provisions of § 34-12-35.4, an existing nursing facility as defined in § 34-12-1.1 may increase its number of beds with prior authorization by the Department of Health in accordance with §§ 34-12-35.6 to 34-12-35.8, inclusive. Any existing nursing facility authorized to increase its number of beds in accordance with §§ 34-12-35.6 to 34-12-35.8, inclusive, shall maintain its current Medicaid occupancy rate for the facility's existing beds, and shall maintain an annual minimum Medicaid occupancy rate no less than ten percent below the statewide average at the time rates are established for the newly authorized beds.

Source: SL 2012, ch 178, § 4.

34-12-39.6. Closure of existing nursing facility--Availability of authorized beds. Notwithstanding any other provisions of this chapter, if an existing nursing facility ceases operation, the authorized beds from that existing facility shall be held available by the department for eighteen months from the date the facility closes and shall be available for use by an entity licensed to operate a nursing facility pursuant to this chapter.

Source: SL 2019, ch 143, § 1.

34-12-39.2. Limit on new nursing facilities. No new nursing facility may be constructed, operated, or maintained in this state unless the nursing facility is serving as a replacement for an existing facility and is required in order to:

(1) Eliminate or prevent imminent safety hazards as defined by federal, state, or local fire, building, or life safety codes or regulations;

(2) Comply with state licensure standards;

(3) Comply with accreditation or certification standards which shall be met to receive reimbursement under Title XVIII or XIX of the Social Security Act as amended to December 31, 2004;

(4) Respond to an emergency created by a natural disaster such as tornadoes, floods, fire, or explosions; or

(5) Improve physical conditions which are related to operational or functional deficiencies.

The replacement nursing facility shall be located within fifteen miles of the existing facility, if the existing facility is located in a first-class municipality. If the existing facility is located outside of a first- class municipality, the replacement facility must be located within sixty miles of the existing facility.
Source: SL 2005, ch 180, § 2; SL 2019, ch 143, § 2.

APPENDIX II

Consideration of Need for Additional Nursing Facility Capacity

ALL REGIONS (Statewide Data)

Abt Report

2015 total Bed Need: 6,795
Moratorium Beds/Licensed Beds: 7,147/5,767 (6,892 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): - 352/1,028

Occupancy Report

Occupied Licensed Beds: 4967 (6,134 in 2015)
Percent of Occupied Licensed Beds Statewide: 85%
Unoccupied Licensed Beds: 850 (758 in 2015)
Percent of Unoccupied Licensed Beds Statewide: 15%

REGION 1 (Rapid City/Northern Hills)

Abt Report

2015 total Bed Need: 1,352
Moratorium Beds/Licensed Beds: 911/825 (816 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): 441/527

Occupancy Report

Occupied Licensed Beds: 716 (750 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 14.4%
Unoccupied Licensed Beds: 111 (66 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 13.1%

REGION 2 (Hot Springs/Kadoka)

Abt Report

2015 total Bed Need: 304
Moratorium Beds/Licensed Beds: 245/173 (249 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): 59/131

Occupancy Report

Occupied Licensed Beds: 169 (225 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 3.4%
Unoccupied Licensed Beds: 17 (24 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 2%

REGION 3 (Pierre/Philip/North Central SD)

Abt Report

2015 total Bed Need: 443
Moratorium Beds/Licensed Beds: 484/395 (464 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): -41/48

Occupancy Report

Occupied Licensed Beds: 323 (391 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 6.5%
Unoccupied Licensed Beds: 70 (73 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 8.2%

REGION 4 (Winner/Gregory/Chamberlain/White River)

Abt Report

2015 total Bed Need: 262
Moratorium Beds/Licensed Beds: 214/186 (218 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): 48/76

Occupancy Report

Occupied Licensed Beds: 129 (196 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 2.6%
Unoccupied Licensed Beds: 37 (22 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 4.4%

REGION 5 (Aberdeen/Northeast SD)

Abt Report

2015 total Bed Need: 1,087

Moratorium Beds/Licensed Beds: 1,464/1,135 (1,394 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): -377/-48

Occupancy Report

Occupied Licensed Beds: 953 (1,216 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 19.2%
Unoccupied Licensed Beds: 179 (173 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 21.1%

REGION 6 (Huron/Brookings/Mitchell)

Abt Report

2015 total Bed Need: 1,102
Moratorium Beds/Licensed Beds: 1,432/1,101 (1,383 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): -330/1

Occupancy Report

Occupied Licensed Beds: 948 (1,219 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 19.1%
Unoccupied Licensed Beds: 181 (164 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 21.3%

REGION 7 (Southeast & South Central SD)

Abt Report

2015 total Bed Need: 809
Moratorium Beds/Licensed Beds: 971/838 (1,037 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): -162/-29

Occupancy Report

Occupied Licensed Beds: 723 (947 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 14.6%
Unoccupied Licensed Beds: 125 (90 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 14.7%

REGION 8 (Sioux Falls/Beresford/Dell Rapids/Centerville)

Abt Report

2015 total Bed Need: 1,435
Moratorium Beds/Licensed Beds: 1,426/1,114 (1,331 licensed beds in 2015)
Estimated Bed Need (moratorium/licensed): 9/321

Occupancy Report

Occupied Licensed Beds: 1006 (1,185 in 2015)
Percent of Total Occupied Licensed Beds Statewide: 20.3%
Unoccupied Licensed Beds: 130 (146 in 2015)
Percent of Total Unoccupied Licensed Beds Statewide: 15.3%