

Community Health Centers

Making South Dakota Healthier One Community at a Time
2026 Federal Policy Priorities



Horizon Health, Huron

Federally qualified health centers (FQHCs) are non-profit, community-driven clinics that provide high-quality primary and preventive care to all individuals, regardless of their insurance status or ability to pay. These health centers are located in underserved and low-income urban and rural areas across South Dakota, providing access to affordable, quality health care for **over 126,600 South Dakotans in 31 communities**. In 2024, health centers in South Dakota helped **generate over 1,500 jobs** and had an **economic impact of \$236,056,583**. South Dakota health centers seek continued collaboration with Congress to address the following priorities.



Support Health Center Funding

Community health centers serve 1 in 3 rural Americans and 1 in 7 (or 14%) of Americans, yet account for only 1% of total U.S. health care spending, saving Medicaid and Medicare billions annually by reducing costly emergency, inpatient, and specialty care. Despite their value, CHCs continue to face mounting challenges - including rising inflation, primary care workforce shortages, reduced 340B savings, and increased uncompensated care costs each year.

We applaud the passage of the Consolidated Appropriations Act and its bipartisan commitment to strengthening primary care nationwide. The bill's \$4.6 billion for community health centers in FY26 will help ensure continued access to affordable, comprehensive care for patients in rural areas and with limited access to health care across South Dakota. In addition, we look forward to strong collaboration with state officials to support successful outcomes from the historic Rural Health Transformation Program (RHTP).

As we look to the future, continued investments will be needed to meet the demand for care. Health centers receive federal funding through two pathways – the annual discretionary funding (approximately 30%) and the multi-year base funding from the Community Health Center Fund (roughly 70%).

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- **Thank you for supporting an extension of the Community Health Fund to December 2026 along with increased resources. Long-term funding that includes base grant increases remains a priority for South Dakota's health centers.**
- **Support robust appropriations for community health centers in fiscal year 2027 and beyond.**
- **Ensure access to comprehensive health care services for seniors by updating CHC Medicare reimbursement.** Based on a study recently conducted by the South Dakota Department of Social Services, the current Medicare rate covers just 61% of costs.



Expand the Primary Care Workforce

Workforce shortages are a significant barrier faced by health centers in South Dakota. Severe workforce shortages and growing salary gaps make it difficult for health centers to recruit and retain an integrated, multi-disciplinary workforce to provide high-quality care. We appreciate the workforce priorities within the RHTP and are actively working with state officials and other partners to identify opportunities to strengthen the primary care workforce at health centers and beyond. We also celebrate the increased funding to the National Health Service Corps (NHSC) and Teaching Health Center Graduate Medical Education program through the Consolidated Appropriations Act. The NHSC has been vital to recruitment and retention at South Dakota health centers.

- **Support robust funding of the National Health Service Corps (NHSC) in FY27 and beyond.**



Protect Telehealth Access

All health centers in the Dakotas utilize telehealth to meet patients' needs. Because health centers are required to offer comprehensive services in areas of high need, including sparsely populated rural areas, they are pioneering the use of telehealth to expand access to quality health care services, especially behavioral health services. We appreciate the extension of Medicare FQHC telehealth provisions through 12/31/27 and urge Congress to make these telehealth flexibilities permanent.

- **Support permanent telehealth policies that extend Medicare flexibilities on patient and provider location.**
- **Provide Medicare payment parity for telehealth services.**



Increase Pharmacy Access for Underserved Patients

Providing access to a full range of affordable, comprehensive services, including pharmacy services, is a key component of the community health center model. The 340B program enables us to offer affordable medications to uninsured and underinsured patients. In addition, many health centers report that due to their slim operating margins, without the savings from the 340B program, they would be severely limited in their ability to support many of their core services. With over 90% of health center patients at or below 200% of the Federal Poverty Level, there is no question that health centers exemplify the type of safety net program the 340B program was intended to support.

- **Support HR 7391, a bipartisan bill to exempt health centers from 340B rebate programs or pilots.**
- **Protect and strengthen the 340B drug pricing program.**



Protect Access to Affordable Health Insurance

Nearly 1 in every 4 community health center patients in South Dakota are covered by Medicaid. Preserving Medicaid as a coverage option for South Dakotans is critical for preserving the viability of health centers and sustaining access to care in our rural and frontier communities.

While there are many ways Medicaid can be improved and modernized, we know that low-income families and local communities cannot absorb the cost of health care investments currently being made by the federal government. We look forward to working with you and your staff as conversation develops this year related to Medicaid.

- **Protect Medicaid for the patients who need it most and the health centers that provide affordable care.**
- **Provide a permanent fix to ACA Marketplace advanced premium tax credits.**



WANT MORE INFORMATION?

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