South Dakota's Opioid Settlements

The United States is in the **midst of a crisis** on its streets and in its communities as **overdoses, homelessness, and disorder reach record levels**. Yet settlement proceeds secured by the State of South Dakota present an **unprecedented opportunity for generational investment** in treatment capacity for chronic substance abuse (CSA) and severe mental illness (SMI).

South Dakota is set to receive **more than $100 million** (*$100,686,197.22*) in opioid settlement funds—equal to nearly one-fifth of the state's share of the monumental Tobacco Master Settlement Agreement.[1] With twenty separate settlements and payments spread out over decades, the funds are **at risk of being squandered** through ad-hoc allocations to **diffuse and disorganized efforts**.

The state must ensure that this opportunity for treatment investment is not underutilized. **South Dakota can make targeted investments in treatment capacity** that will **honor those who suffered** in the opioid crisis and **ensure accessible care** for decades to come.

South Dakota reserves 70 percent (*$72,286,649.58*) of funds for use by the state and allocates the remainder to subdivisions.[2] The Department of Social Services is tasked with appropriating fund, with the advice of the 22-person Opioid Abuse Advisory Committee.[3] In the latest report, the Department allocated 21 grants for a total of $700,000, mostly on treatment and prevention initiatives.[4] The grants are somewhat diffuse, and could be better focused to broaden access to a comprehensive treatment network.

The state must rein in the misallocation of these funds and prioritize investments in comprehensive treatment networks. **Three priorities** (Certified Community Behavioral Health Clinics, secure psychiatric beds, and community SMI/CSA response) **will ensure these funds have the largest impact** on South Dakota.

Certified Community Behavioral Health Clinics (CCBHCs)

CCBHCs, designed to ensure access to coordinated comprehensive behavioral health care, have stable funding and are supported by all recent presidential administrations. CCBHCs are a key response to the opioid crisis and can augment other services such as police crisis response teams, homelessness outreach and services, and outpatient psychiatric commitment services.

- **Solution: Fund the development and expansion of CCBHCs.**
    - Expand the CCBHC footprint with an emphasis on a team-based approach to co-occurring disorders.

- Create a stepped approach to SMI/CSA treatment with services provided by the CCBHCs.
- Require CCBHCs to offer specific care pathways to meet the needs of individuals with co-occurring disorders.

State Psychiatric Hospitals

Inpatient beds in secure facilities are critical for serving the highest-acuity psychiatric patients. South Dakota currently has only **4.5 state psychiatric beds** per 100,000 people for civil patients.[5][6] Treatment Advocacy Center recommends a rate of 30-60 beds per 100,000. Even counting non-public secure psychiatric beds, South Dakota still falls short of the minimum.[7] Secure beds are a costly but necessary expenditure to protect patients with severe psychiatric disorders and the public at large.

- **Solution: Fund the expansion of civil psychiatric beds.**
  - Invest in expanding state hospital capacity.
  - Move forensic (criminal) commitments to a jail-based restoration facility.
  - Apply for one of several Section 1115(a) waivers to expand Medicaid reimbursement for institutions for mental diseases (IMDs).

Inpatient Stabilization Centers and Mobile Crisis Teams

Emergency departments (EDs) are supposed to be a last resort for times of true emergencies, but are increasingly used for all types of immediate-need medical care. This is especially true for low- to medium-acuity mental health crises. In order for CCBHCs and state psychiatric bed expansions to have the largest impact, there must be an immediate triage of low-acuity patients from higher-need patients, or else investments in these facilities will be drowned out, overburdened, and underutilized by those that need them most, just like emergency departments.

- **Solution: Fund community-based mental health response resources.**
  - Expand community-based recovery centers, including voluntary short-term respite housing, especially for young adults.
  - Leverage CCBHC resources to develop comprehensive mobile crisis response teams in conjunction with police crisis intervention teams (CIT).
  - Support integration of community resources with crisis networks such as the Lifeline to support those in need or provide guidance for concerned loved ones.

[1] KFF. "Actual Tobacco Settlement Payments Received by the States (in millions)." Accessed 8 September 2025. https://www.kff.org/health-costs/state-indicator/tobacco-settlement-payments.
[2] SDCL § 34-20B-116. https://sdlegislature.gov/Statutes/34-20B-116.
[3] South Dakota Department of Social Services, "Behavioral Health Funding Opportunities and Grant Information." https://dss.sd.gov/behavioralhealth/grantinfo.aspx.
[4] South Dakota Department of Social Services, "FY26 Grant Cycle – Awards Beginning June 1, 2025." https://dss.sd.gov/docs/behavioralhealth/grantinfo/Spring_2025.pdf.
[5] Treatment Advocacy Center, "South Dakota Psychiatric Beds Report." 2023. https://www.tac.org/wp-content/uploads/2023/10/SouthDakotabedsinformation.pdf.
[6] United States Census Bureau, "2023 American Community Survey – Total Population." https://data.census.gov/table/ACSDT1Y2023.B01003?q=population&t=Population+Total&g=010XX00US$0400000.
[7] Silver, Shanti, "Estimating Psychiatric Bed Need in the United States," p. 2-4. Treatment Advocacy Center Office of Research and Public Affairs. January 2024. https://www.tac.org/wp-content/uploads/2024/03/TAC_ORPA_ResearchSummary1.24.pdf.