

WHAT ARE THE INCENTIVES FOR MEDICAID EXPANSION?

Implementing the policy changes necessary to receive 100% federal funds for Medicaid services requires action from IHS, health care providers, and the state. Providers can't be forced to implement the policy changes. Medicaid expansion is the incentive to work together so the state can free up existing state funds. Without Medicaid expansion, South Dakota will not realize the full value of IHS rule changes and SD taxpayers will be forced to fund what should be federal obligations.

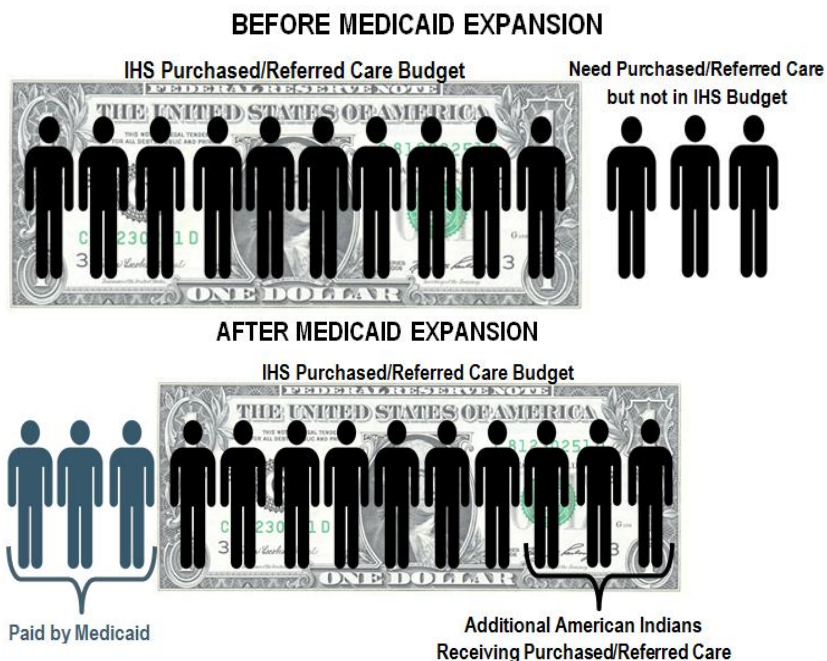
INDIAN HEALTH SERVICE

MEDICAID EXPANSION WILL MAKE THE IHS BUDGET GO FARTHER

IHS is responsible for providing health care to American Indians, including payment for care provided outside of IHS. IHS's budget for purchased/referred care is limited.

Some who need health care outside IHS do not receive it because IHS must prioritize which care is paid by their limited budget.

Medicaid expansion will make the IHS budget go farther because more IHS enrollees will be covered by federal Medicaid funds.



HEALTH CARE PROVIDERS

MEDICAID EXPANSION WILL REDUCE UNCOMPENSATED CARE

Federal rules require hospitals to provide emergency care to uninsured individuals, even if they cannot afford it. Uncompensated care costs are either absorbed by the provider or shifted to other payers. South Dakota hospitals had \$123 million in uncompensated care in 2014.¹

OPPORTUNITY FOR RATE ENHANCEMENTS

The State currently pays 50% for individuals who should be paid for entirely by IHS. Implementing the policy changes under the Governor's plan will allow the State to save that 50%, totaling an amount that not only pays for Medicaid expansion, but would allow extra savings to be used to enhance rates for Medicaid providers.

STATE OF SOUTH DAKOTA

NO INCREASE IN STATE GENERAL FUNDS

The governor's plan for Medicaid expansion would cover approximately 50,000 people and does not require an increase in state general funds. Medicaid expansion makes sense for South Dakota as an opportunity to improve healthcare for American Indians, save money for providers, and potentially save millions in state dollars.

Medicaid expansion is the only incentive for IHS, tribes, providers, and the state to work together to implement the changes for 100% federal funding.

¹ "SD Uncompensated Care Costs - \$123M," South Dakota Association of Healthcare Organizations: https://www.sdaho.org/index.php?option=com_content&task=view&id=5039&Itemid=638, Retrieved on August 19, 2016.