

INDIAN HEALTH SERVICE FUNDING



50% Federal

50% State

Funding for Medicaid is shared between the state and the federal government. When South Dakota Medicaid pays for health care, the federal government pays roughly half of every dollar and the State of South Dakota pays the other half.

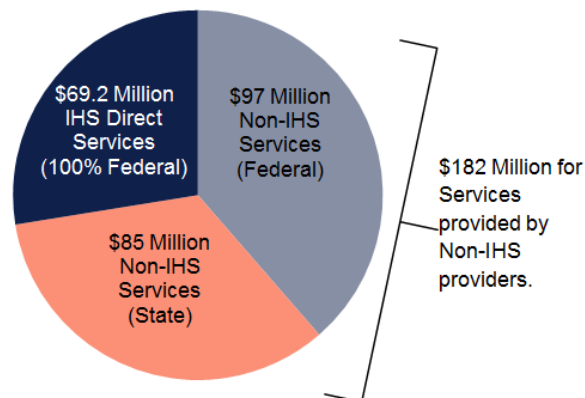
INDIAN HEALTH SERVICE (IHS) AND MEDICAID

The United States Government has a treaty obligation to provide health care to American Indians. That obligation is supposed to be met through Indian Health Services. American Indian eligibles comprise approximately 35% of South Dakota's Medicaid population. This has significant financial implications as services provided directly by IHS or Tribal programs are eligible for 100% federal funds.

American Indians can be eligible for Indian Health Services and Medicaid:

- When an IHS-eligible is also Medicaid eligible and receives care directly from IHS or a Tribal facility, the bill is paid at 100% federal funds.
- When an IHS eligible is also Medicaid eligible and receives care from a non-IHS provider, the bill is paid with roughly half federal funds and half state funds.¹

During State Fiscal Year (SFY) 2015, South Dakota's Medicaid program expended \$251 million for health care services for individuals eligible for both IHS and Medicaid.



CMS POLICY CHANGE

South Dakota has long argued that services for individuals eligible for both Medicaid and IHS should be eligible for 100% federal funding whether provided directly through IHS or by non-IHS providers. The Centers for Medicare and Medicaid Services (CMS) issued final guidance in February 2016 that allows states to claim 100% federal funds for care referred by IHS that is provided by non-IHS providers and meets certain care coordination criteria. Medicaid expansion gives providers an incentive to implement the federal policy change.

Working with (CMS) and health care providers in South Dakota, we will convert at least 2/3 of the money we spend today for services provided outside of IHS to 100% federal funding to save at least \$57 million in state funds needed for Medicaid expansion in 2021.

EXAMPLE 1: A 10-year-old Tribal member visits the doctor at an IHS facility. IHS bills SD Medicaid. The federal government pays the entire bill.



100% Federal

EXAMPLE 2: A 10-year-old Tribal member is examined at an IHS facility. Her condition requires special treatment, so IHS refers her to Rapid City Regional Hospital. The hospital bills SD Medicaid. The federal government pays roughly half the bill. The State pays the other half of the bill.



50% Federal

50% State

¹ South Dakota FFY2017 Federal Medical Assistance Percentage; 80 Federal Register 73779: <https://federalregister.gov/a/2015-30050>