

# MYTHS & FACTS: MEDICAID EXPANSION IN SOUTH DAKOTA

**MYTH:** Medicaid Expansion will increase the federal deficit.

**FACT:** The federal government already subsidizes health insurance for low income people who get insurance through the federal health insurance exchange. For the majority of South Dakotans eligible for expansion, it would cost the federal government less to cover them on Medicaid.

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**MYTH:** Medicaid expansion will take away money from other state departments like education and transportation.

**FACT:** Governor Daugaard's plan to expand Medicaid will save state funds already in the Medicaid budget to pay for the state costs. It will not shift state funds from other programs.

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**MYTH:** South Dakota can use federal policy changes to save state funds without expanding Medicaid.

**FACT:** The state cannot force providers to make changes needed to implement the federal policy change. Medicaid expansion gives providers an incentive to improve access to quality care by implementing the federal policy change.

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**MYTH:** South Dakota is letting Indian Health Service (IHS) off the hook.

**FACT:** IHS is still responsible to provide health care to American Indians. The new federal policy changes how payments for services to Medicaid eligibles receiving treatment through IHS are made. IHS can then stretch its budget further because more IHS enrollees will be covered by federal Medicaid funds.

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**MYTH:** The Affordable Care Act will be repealed by the next president or congress and South Dakota will then bear all the costs.

**FACT:** South Dakota will implement a legislative trigger to repeal expansion automatically if federal funding for Medicaid expansion decreases in the future. The Governor will only recommend a plan that holds the federal government accountable.

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**MYTH:** Other states have underestimated expansion costs and so will South Dakota.

**FACT:** The plan to pay for expansion is fiscally conservative. South Dakota's projections are far more cautious than other states. The plan includes over \$30 million in contingency funding from existing Medicaid state funds to ensure the costs of expansion are covered. That is \$30 million more than the federal estimate for the cost of expansion in South Dakota.

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**MYTH:** Medicaid is an inefficient program that should not be expanded.

**FACT:** South Dakota spends less per Medicaid enrollee than most states. Projected costs for the expansion population are less than private insurance plans offered through the federal marketplace.

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**MYTH:** People without insurance still get health care so they don't need Medicaid.

**FACT:** People without insurance get costly care at emergency rooms and the costs of that care are passed on to everyone else with insurance coverage. People with insurance coverage, including Medicaid, are more likely to get preventive care leading to lower costs and avoiding high cost emergency room care.

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**MYTH:** Expansion just rewards lazy people.

**FACT:** Expansion helps the working poor. 60% of people eligible for expansion are already working. Those not working will be referred to get help finding a job.

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