South Dakota, Feds Work Toward Plan to Expand Health Care Access

By Debra Miller [1]
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South Dakota Gov. Dennis Daugaard may find that the third time is the charm as he negotiates with the federal government to live up to its treaty obligations to provide health services to the state’s Native Americans. Twice before in recent state history, governors have tried and failed to solve the longstanding problem, which results in a massive cost shift to state revenues to pay for health care for many Native Americans.

In his Dec. 8, 2015, budget address in Pierre, S.D., Daugaard proposed that should the federal government fulfill its obligation to provide health services to Native Americans, the state would use the projected $67 million annual savings to the state to finance the cost of Medicaid expansion.

In a Dec. 11, 2015, weekly press column [2] explaining the proposal, Daugaard said while he opposed Medicaid expansion in the past, he never said never to the possibility.

“There may be a way to cover our costs completely,” said Daugaard. “When a Native American who is Medicaid eligible does not seek care through IHS (the Indian Health Service) but instead goes to another provider, part of the cost is shifted to the state. When South Dakota must cover these costs, it is because the federal government is not meeting its treaty obligation.”

The South Dakota Health Care Solutions Coalition has been studying the Medicaid program and IHS services in the state. At its October 2015 meeting [3], the coalition learned that in the 2014 fiscal year, the state expended $204 million to cover health care costs for individuals eligible for Indian Health Services. Of that total, $71.2 million was funded at 100 percent federal match through IHS and the remaining $133 million was funded at the state’s regular Medicaid match rate—48 percent federal, 52 percent state. Native Americans, although eligible for IHS services, do not always have access to those services, especially for specialty care. If these Native Americans meet Medicaid enrollment criteria, their care is paid for by Medicaid.

According to Daugaard, the federal government will only approve a change in how the Indian Health Service reimburses the state if the proceeds are used to fund Medicaid expansion.

The annual net cost of Medicaid expansion for South Dakota is estimated at $30 million to $33 million, taking into account overall economic benefits of expansion, including job creation and increased gross domestic product, the study coalition was told. The state estimates about 48,500 individuals would be newly eligible under Medicaid expansion. About 27 percent—or 13,000—of those additional participants would be Native Americans.
“This is not a done deal,” said South Dakota Sen. Craig Tieszen. “We have been assured we are in the 98th percentile, but there are still a few hurdles to jump yet.”

The tribes must be satisfied that Native Americans would receive better health care services under the proposed plan. Tieszen said hospitals must assure better access for Native Americans.

Getting appropriate health care has been frustrating for Native Americans, according to Tieszen. “They get jerked around,” he said.

Even as the Indian Health Service builds new, modern facilities, as they did recently in Eagle Butte, S.D., a community in the Cheyenne River Reservation, Tieszen says access to care can be very limited. When Tieszen visited the hospital, it had 22 rooms equipped to provide full dental services but only one dentist was on the IHS staff.

The highest hurdle, according to Tieszen, will be to get the legislature’s approval of Medicaid expansion. Daugaard has pledged that he would not support expansion unless the legislature does.

“They are two camps of opposition,” said Tieszen. “One opposes all things Obamacare. The other is very fiscally conservative and opposes any proposal that will increase the federal debt, even if it doesn’t cost the South Dakota government.”

For some, Tieszen said, there is the added reluctance that the federal government should have lived up to its treaty obligation a long time ago.

Sen. Bernie Hunhoff, one of very few Democratic lawmakers in South Dakota, told the Yankton Daily Press & Dakotan he is excited about the governor’s proposal.

“Expanding Medicaid would help our economy as a whole, our Native American neighbors, our community hospitals and low-wage workers who can’t afford insurance,” Hunhoff said. “I appreciate that the governor is willing to set aside ideology and focus on the benefits and how to make it work from an economic standpoint. Hopefully all of us—Democrats and Republicans—can do the same in the legislature.”

Daugaard has called the breakthrough with the federal government on its obligation to finance Native Americans’ health care an opportunity to improve health care for many South Dakotans, both Native Americans and others.

“If we can make the money work, we should seize the opportunity,” Daugaard urged in his weekly column.

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