

INDIAN HEALTH SERVICE FUNDING

Federal Medical Assistance Percentage Funding for Medicaid is shared between the state and the federal government. The federal government's share is called the Federal Medical Assistance Percentage (FMAP). When Medicaid pays for health care using South Dakota's FMAP, the federal government pays 52 cents of every dollar and the State of South Dakota pays the other 48 cents.



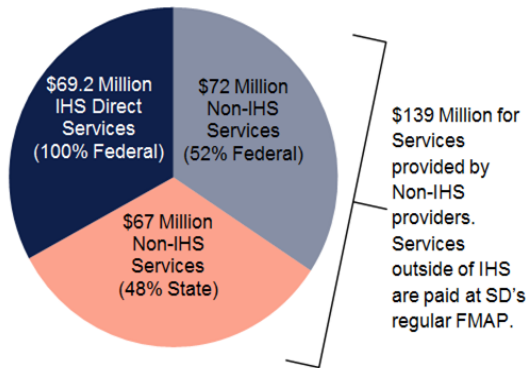
INDIAN HEALTH SERVICE (IHS) AND MEDICAID

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

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 with 100% federal funds.
- When an IHS eligible is also Medicaid eligible and receives care from a non-IHS provider the bill is paid at the state's regular FMAP, which requires South Dakota to pay roughly 48% of the bill.

During State Fiscal Year 2015, South Dakota's Medicaid program expended \$208.2 million for healthcare services for individuals eligible for both IHS and Medicaid.



We are working with the Centers for Medicare and Medicaid Services (CMS) to convert part or all of the \$67 million we spend today at the regular FMAP to 100% federal funding to save at least the \$57 million in state funds needed for Medicaid expansion in 2021.

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. CMS is now reconsidering this policy and will be issuing final policy guidance in the near future. We can then determine if enough state funds could be freed up in the current budget to fund the cost of expansion.

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.



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.

