



Medicaid Continuous Coverage Requirement

Department of Social Services

Overview

Governor Noem's budget proposal includes roughly \$66,500,000 in total funds for the current fiscal year and approximately \$25,000,000 in total funds next fiscal year to meet federal requirements for Medicaid and the Children's Health Insurance Program (CHIP). This funding will help maintain coverage during and after the end of the public health emergency for people relying on these programs. The Families First Coronavirus Response Act of 2020 (FFCRA) authorized a 6.2% increase to the federal match rate during the public health emergency. This was in conjunction with a requirement that states must provide continuous coverage for Medicaid and CHIP eligibles enrolled on or after March 18, 2020 until the end of the federal public health emergency. The federal requirements prohibit the Department of Social Services from ending Medicaid and CHIP coverage for individuals that would typically transition off the Medicaid program due to changes in age, income, pregnancy, or disability status. This is resulting in unprecedented growth in the number of individuals that use South Dakota Medicaid as a payer for healthcare. Medicaid average monthly enrollment grew by over 12,000 individuals or 10% during Fiscal Year 2021 and are projected to exceed 140,000 this year. The longer individuals are on the Medicaid program, the more likely they are to utilize Medicaid for healthcare services, especially services deferred during the pandemic.

Although the end of the federal public health emergency is still uncertain, the Biden Administration has released their plan for states to end coverage for those that are no longer Medicaid eligible when the public health emergency ends. It will not allow states to immediately end coverage, even if individuals no longer qualify for the program. The House of Representatives passed the Build Back Better Act (H.R. 5376) on November 19, 2021 which will only allow states to remove 1/12 of individuals that are no longer eligible each month. In addition, states would only be allowed to end coverage for individuals after they have had Medicaid coverage for a full year, resulting in the need for one-time spending in the Medicaid program to meet the proposed federal continuous coverage requirements.

Funding

Total projected funding to meet federal requirements for maintaining coverage after the end of the Public Health Emergency is roughly \$66,500,000 in total funds for the current fiscal year and \$25,000,000 in total funds next fiscal year.