



Medicaid Expansion

Department of Social Services

Overview

South Dakota voters approved Constitutional Amendment D, which provides for Medicaid Expansion in South Dakota. As Governor Noem promised, the will of the people will be implemented. Governor Noem's recommended budget includes \$12,693,627 in ongoing general funds to address the costs of Medicaid Expansion.

Project Description

An additional 68.0 FTE are needed in the Department of Social Services to administer the program. Because other states have seen significant cost overruns when implementing Medicaid Expansion, this amount includes additional contingency funding on both healthcare cost and projected enrollment.

Under Constitutional Amendment D, starting July 1, 2023, adults ages 18 to 64 with incomes up to 138% of the federal poverty level (\$38,295 for a family of four) will be eligible to enroll in Medicaid. This is estimated to impact 52,000 South Dakotans.

Funding

90% of the cost of providing healthcare to the Medicaid expansion population will be funded by the federal government (\$512,587,699) and the state is required to pay for the remaining 10% (\$66,385,019). The federal American Rescue Plan Act (ARPA) provides a 5% enhancement to the federal share (FMAP) of Medicaid costs for the state's current Medicaid population for the first two years of Medicaid Expansion. This enhanced FMAP will cover \$53,691,392 of the cost for FY24. This will help offset the cost of Medicaid Expansion and give the state more time to understand the long-term cost.

5% Enhanced FMAP by Agency	
Social Services	29,565,456
Human Services	23,609,140
Veterans' Affairs	270,599
Corrections	195,226
Health	40,059
Education	10,912
Total Savings	\$53,691,392

Medicaid Expansion Cost	
5% Enhanced FMAP Savings	53,691,392
New General Funds Needed	12,693,627
State Cost	66,385,019
Federal Cost	512,587,699
Total Cost	\$578,972,718

