

Medicaid

# Medicaid Expansion in South Dakota: Health Insurance for Working Individuals and Families



The Affordable Care Act gives South Dakota the option to extend affordable health insurance to more low-income adults by expanding the state's Medicaid program.

Expanding Medicaid would give more than 38,000 uninsured South Dakotans access to affordable health insurance.<sup>1</sup> For many of these residents, Medicaid is their only opportunity to get health coverage.<sup>2</sup>

By expanding Medicaid, South Dakota could cover residents with incomes up to 138 percent of the federal poverty level, which is \$27,720 for a family of three in 2015. The state's current Medicaid program covers only parents with very low-incomes: Their family income must be no more than 53 percent of poverty, which is roughly \$10,650 for a family of three in 2015. South Dakota does not provide any coverage to adults without dependent children.

South Dakota can take up the Medicaid expansion at any time but has not yet chosen to do so. If South Dakota does expand Medicaid, the federal government will pay virtually all costs of the expansion.<sup>3</sup>

## Nearly Two-Thirds of Those Who Would Be Helped by a Medicaid Expansion Are Working

Nearly two-thirds of the uninsured South Dakotans who would benefit from Medicaid expansion work. In fact, 63 percent—more than 24,000—

of these South Dakotans are currently working or have worked within the last year. Of the 37 percent who are not working, a majority (21 percent of South Dakotans who could gain coverage under a Medicaid expansion) are classified as “not in the workforce.” They include people with disabilities, students, non-working spouses, and people who have left the workforce. The remaining 16 percent of South Dakotans who could be helped are unemployed.

These uninsured South Dakotans work in occupations that most people encounter and rely on every day. These workers are in industries that are critical to the state's economy: They are cooks, cashiers, clerks, and construction workers. They work in industries that range from food service and transportation to production and sales.

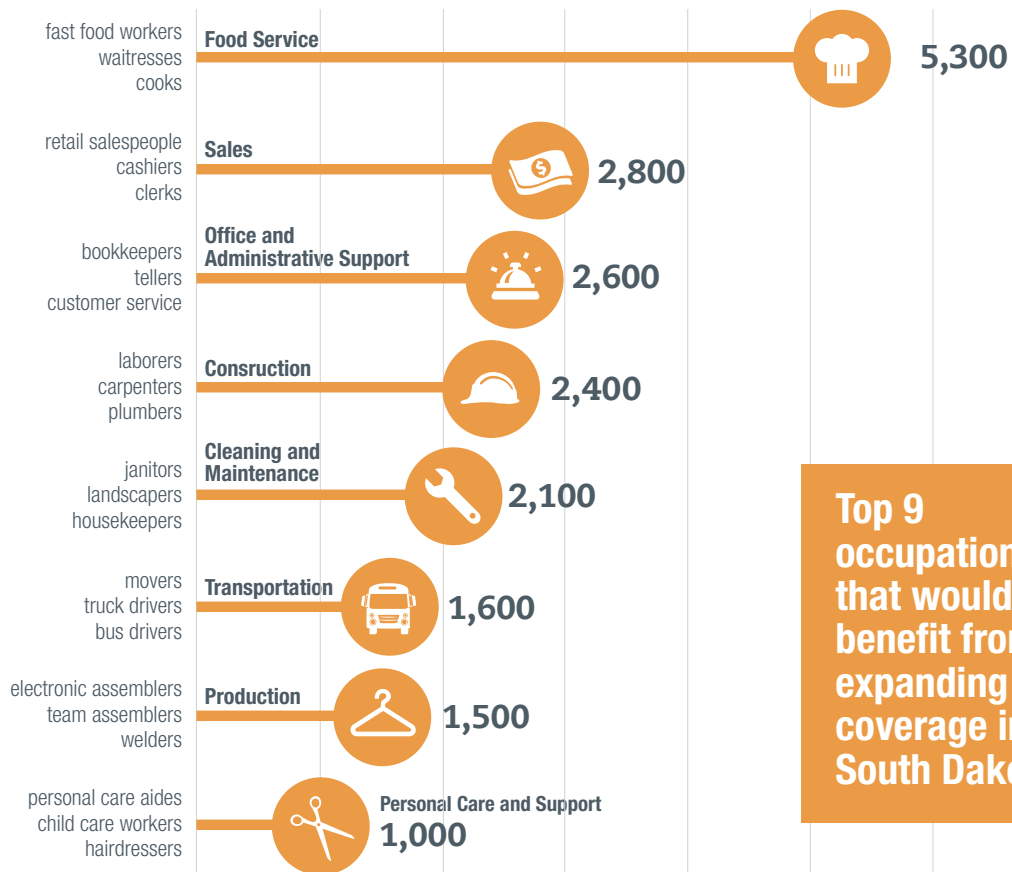
## Expanding Medicaid Is an Investment in South Dakota's Workforce and Its Economy

While Governor Dugaard has resisted expanding Medicaid, he has made economic and workforce development a top priority.<sup>4</sup> In his first State of the State Address, he stated that the goal for his tenure in office is to create “...a state with more jobs, more wealth, and more opportunities for our young people.”<sup>5</sup>

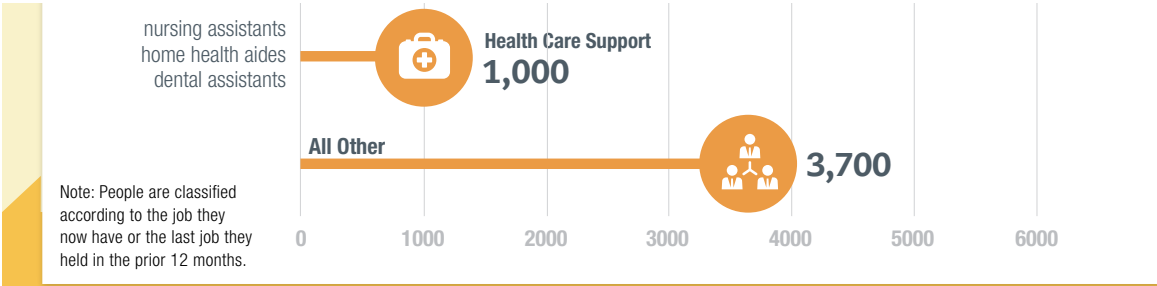
## Top 9 occupations of the employed but uninsured in South Dakota who would benefit from expanding health coverage



Most of those who would benefit if South Dakota expanded health coverage are working adults. Fully 63 percent of those who could benefit work in occupations that South Dakota residents rely on, supporting industries that are the foundation of the state's economy.



Top 9 occupations that would benefit from expanding coverage in South Dakota



## Expanding coverage is a sound investment for South Dakota, creating a healthier workforce and strengthening the state's economy.

Our calculations define South Dakota adults with incomes under 138% of poverty who are employed but lack health insurance and who are currently working or who have worked in the last 12 months. This population is equal to 63 percent of the 38,000 uninsured adults who could benefit if the state expanded health coverage. It excludes the following: people who have never worked or who have been out of the workforce for 5 years or more (21% of the 38,000 uninsured adults), and those we define as "unemployed," who had not worked in 1-5 years (16% of the 38,000 uninsured adults).

Source: These data are based on information from the American Community Survey, which is conducted by the U.S. Census Bureau. Data are based on an analysis of uninsured South Dakota residents ages 18-64 with family incomes up to 138% of poverty (\$27,720 for a family of three in 2015).

The governor has the right idea. However, perhaps no action represents a smarter investment in South Dakota's economy than ensuring that its workers are prospering and healthy. Expanding Medicaid would give tens of thousands of working South Dakotans access to affordable health insurance. That will create a healthier, more productive workforce that would benefit South Dakota's employers.<sup>6,7</sup>

But expanding health care will do more than provide many South Dakotans with health insurance—it will provide much-needed economic stimulus to the entire state. The federal government pays for roughly 52 percent of the current Medicaid program, and the state pays the rest. For the expansion, federal funding will be much more generous: The federal government will pay all of the costs of the expansion through 2016. The federal share will then gradually decline to 90 percent in 2020, where it will stay.

If South Dakota opts to take up the Medicaid expansion, substantial new federal funds will come into the state over the next several years.

This influx of new dollars will have a significant impact on the state's economy. If South Dakota had taken up this option when it was first available in January 2014, the new federal funds flowing into the state would have supported more than 500 new jobs and increased the gross state product by \$70 million in 2016.<sup>8</sup>

## It Is Time to Move Forward

Governor Daugaard is right to prioritize building a strong economy. South Dakota can choose to have a healthier workforce and more jobs at any time. It can expand Medicaid rather than leave its workers behind—and walk away from federal dollars on the table. The decision is in the hands of state leaders.

For a complete list of citations and the methodology for this publication, visit:  
[www.familiesusa.org/product/expanding-health-coverage-working-individuals-and-families](http://www.familiesusa.org/product/expanding-health-coverage-working-individuals-and-families)

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