



The Budget Bill Is Bad for South Dakota

The “One Big Beautiful Bill Act” will terminate health coverage, drive up costs and cut care across the country — eliminating health coverage for nearly 16 million people¹ and resulting in over 51,000 preventable deaths nationwide.² **If Congress charges ahead with either the Senate or House version of the bill, at least 20,000 South Dakotans will lose health coverage,³ and South Dakota’s uninsured rate will increase by nearly 30%.⁴**

The budget bill threatens the health and financial security of South Dakotans in every community:

- **Makes the largest cut to Medicaid in history**, gutting a whopping **\$859 billion** from Medicaid⁵ and the low-income families, workers, veterans and people with disabilities who rely on it for their care, including 144,000 children and adults in South Dakota.⁶
- **Drains \$349 billion from Marketplace coverage,⁷** jeopardizing small businesses and entrepreneurs in South Dakota.
- **Forces another \$500 billion in mandatory cuts to Medicare** by triggering federal spending laws — on top of the Medicaid cuts that will already impact seniors and people with disabilities who are also covered by Medicare (dual-eligibles).

The budget bill will wreak havoc on South Dakota’s health system and economy

South Dakota will be forced to offset budget holes caused by this bill by terminating coverage for families, eliminating essential health services, and cutting provider rates so drastically that doctors and hospitals will be forced to close their doors — particularly in rural communities. **Hospitals like Sanford Aberdeen Medical Center and Winner Regional Health will be at greater financial risk of closing due to Medicaid cuts in the bill.⁸**

Congress should reject these harmful cuts and instead take steps to protect health coverage programs that serve as lifelines for South Dakotans.

The budget bill will roll back the last decade of improvements to South Dakota health coverage and care

South Dakota Medicaid will face major cuts, forcing the state to make tough decisions about rolling back the services it provides — including dental care, prescription drugs and mental health care. The bill would also raise costs for South Dakota's low-income seniors and people with disabilities who have Medicare coverage but also rely on Medicaid to help pay for out-of-pocket costs and access services not covered by Medicare. These cuts undermine the core financial backbone of South Dakota's health care system, as Medicaid pays for a significant portion of care and services at local clinics and hospitals and serves as a critical engine for the state's economy.

South Dakota Medicaid covers 144,000 children and adults:⁹



1 in 6 South Dakota residents.¹⁰



82,000 children — 38% of all children in South Dakota.¹¹



25,000 seniors and **people with disabilities** in South Dakota.¹²

The Marketplace will be undermined in its mission to provide access to health care for South Dakotans who do not qualify for Medicaid and do not have affordable coverage through their employers. The bill would make it harder for South Dakotans to buy their own health coverage through the Marketplace without preexisting condition exclusions. Marketplace coverage provides comprehensive health benefits, including cancer screenings and treatment for diabetes and high blood pressure. The bill was also written with the assumption that Congress will allow enhanced premium tax credits to expire, which will make coverage even more unaffordable for South Dakotans.

The Marketplace provides:



Coverage for **54,000 South Dakota residents.**¹³



Coverage for **4,600 small-business owners** in South Dakota and **9,700 self-employed** South Dakota residents.¹⁴



Premium tax credits to help **96% of South Dakota enrollees** pay their premiums.¹⁵

The budget bill will harm South Dakota families, workers and small businesses by wrapping health coverage and care in red tape, undermining critical consumer protections, and making health care unaffordable

✓ **Making public and private coverage more expensive, harder to get and keep**

The bill will impose higher out-of-pocket costs and cumbersome verification procedures for both Medicaid and the Marketplace. It will also eliminate automatic enrollment and shorten the annual open enrollment period for the Marketplace, threatening coverage for the **15,000 people in South Dakota who will no longer be able to automatically reenroll** in their Marketplace plans from year to year.¹⁶ Around 8,000 additional South Dakotans will become uninsured if Congress fails to renew enhanced premium tax credits that help them afford plans offered through the Marketplace.¹⁷

✓ **Kicking working people off coverage by creating bureaucratic barriers**

The act will attack South Dakota's successful Medicaid expansion, which covers 24,000 South Dakotans.¹⁸ In 2022, South Dakota voted to expand Medicaid coverage to residents who earn less than \$21,597 per year.¹⁹ The act will make it hard for these South Dakotans to keep their coverage, requiring them to reverify they are eligible every six months.

The act also will impose **the most onerous work reporting requirements ever attempted**, requiring workers to prove that they have one or more jobs that meet the hourly minimum or that they are exempted. Based on the experience of states that previously — and unsuccessfully — tried to implement work reporting requirements, an estimated 11,000 people are at risk of losing their coverage in South Dakota,²⁰ including seasonal farm and hospitality workers, caregivers, students, and people with disabilities. **An estimated 35 avoidable deaths will occur in South Dakota each year when adults lose coverage because of work reporting requirements.**²¹

✓ **Rolling back consumer protections for children**

For children enrolled in the Children's Health Insurance Program (CHIP), the act will eliminate current bans on annual and lifetime caps, enrollment waiting periods, and lockout periods for families who miss a premium payment because they cannot keep up with the cost of coverage.

✓ **Raising costs for the poorest and most vulnerable South Dakotans covered by Medicare**

Medicaid helps about 20,000 seniors and people with disabilities afford their Medicare expenses,²² including premiums and out-of-pocket costs when they see a doctor or need a hospital stay. The act will eliminate commonsense approaches like automatic data verification and streamlining applications, which will make it harder for these South Dakotans to get the help they need to pay for their health care.



SOUTH DAKOTA'S HEALTH CARE SYSTEM WILL LOSE AN ESTIMATED

\$116 MILLION

PER YEAR IN FEDERAL FUNDING

The budget bill will create a crisis for South Dakota's health system and state budget

With at least 20,000 South Dakotans set to lose access to their Medicaid and Marketplace coverage, **South Dakota's health care system will lose an estimated \$116 million per year in federal funding**, making it nearly impossible for the state to maintain current levels of coverage, benefits and payments to providers.²³ South Dakota taxpayers will have to spend at least that much each year to cover additional uncompensated care costs at hospitals and clinics that provide health care services to newly uninsured residents who lack the ability to pay. **The loss of federal funding will cause at least 1,700 total job losses (including jobs outside the health care sector) and \$282 million in reduced economic output in the state.**²⁴

The act will eliminate South Dakota's flexibility to fund South Dakota Medicaid in a way that works best for the state by freezing taxes on health care providers at current rates. This will leave South Dakota with few options to address budget shortfalls and meet future demands resulting from hardships caused by storms, public health emergencies and economic downturns.

- Under both the House and Senate version of the bill, if South Dakota has a future Medicaid budget shortfall and needs to raise revenue, it would not have the option to turn to new provider taxes as a funding source and would have to consider income, sales and other taxes.
- South Dakota has no provider taxes on hospitals or nursing homes. Under the House version of the bill, South Dakota would be at a disadvantage compared with those states that would have their provider taxes frozen at higher rates.²⁵

Cuts will make it much harder for South Dakota to fund:

- 1 in 4 births for South Dakota mothers.²⁶
- 1 in 2 South Dakota nursing home residents.²⁷
- Hospital services at 54 South Dakota hospitals.²⁸ For example, Medicaid pays for 22% of all hospital services at Sanford Chamberlain Medical Center and 10% of all hospital services at Monument Health Rapid City Hospital.²⁹

The Senate should reject this ill-conceived proposal and instead vote to protect access to Medicaid, the Marketplace and Medicare so that:

CHILDREN IN S. DAKOTA

Have access to newborn care, checkups, care for diabetes and asthma, and more.

Stay healthy and ready to learn, miss fewer school days, are more likely to graduate, and earn more as adults.³⁰



FAMILIES IN S. DAKOTA

Have access to cancer screenings, mental health and substance use disorder treatment, and diabetes and blood pressure medications.

Have less risk of medical debt and eviction and can better afford to buy groceries or pay rent.³¹



SENIORS IN S. DAKOTA

Have access to nursing home care, transportation to medical appointments, and home health services.

Stay healthy and receive needed care in their homes and communities.



The bill's proposed cuts to Medicaid, the Marketplace and Medicare are direct attacks on the health and financial security of South Dakota residents and run counter to the will of the vast majority of voters from across political parties.³²

- 88% of South Dakota voters want a “strong, sustainable Medicaid program.”³³
- 72% of South Dakota voters oppose cutting funding for Medicaid.³⁴
- 82% of adults nationwide — including 67% of Republicans — want Congress to maintain or increase Medicaid spending.³⁵

Congress has the responsibility to stand with families in South Dakota and across the country by rejecting these cuts.

Endnotes

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