



Legislative Forums

98th Session of the South
Dakota Legislature

December 2022/January 2023

 **South Dakota**
Association of Healthcare Organizations

South Dakota Association of Healthcare Organizations

- **Our Mission:**

Advancing healthy communities through a unified voice across the health care continuum.

- **Our Vision:**

We envision communities throughout South Dakota where everyone reaches their highest potential for health.

Healthcare in South Dakota

57

Hospitals



96

Skilled Nursing
Facilities



35

Home Health



155

Assisted Living



31,840

People Employed by
Hospitals in South Dakota



\$2.5 Billion

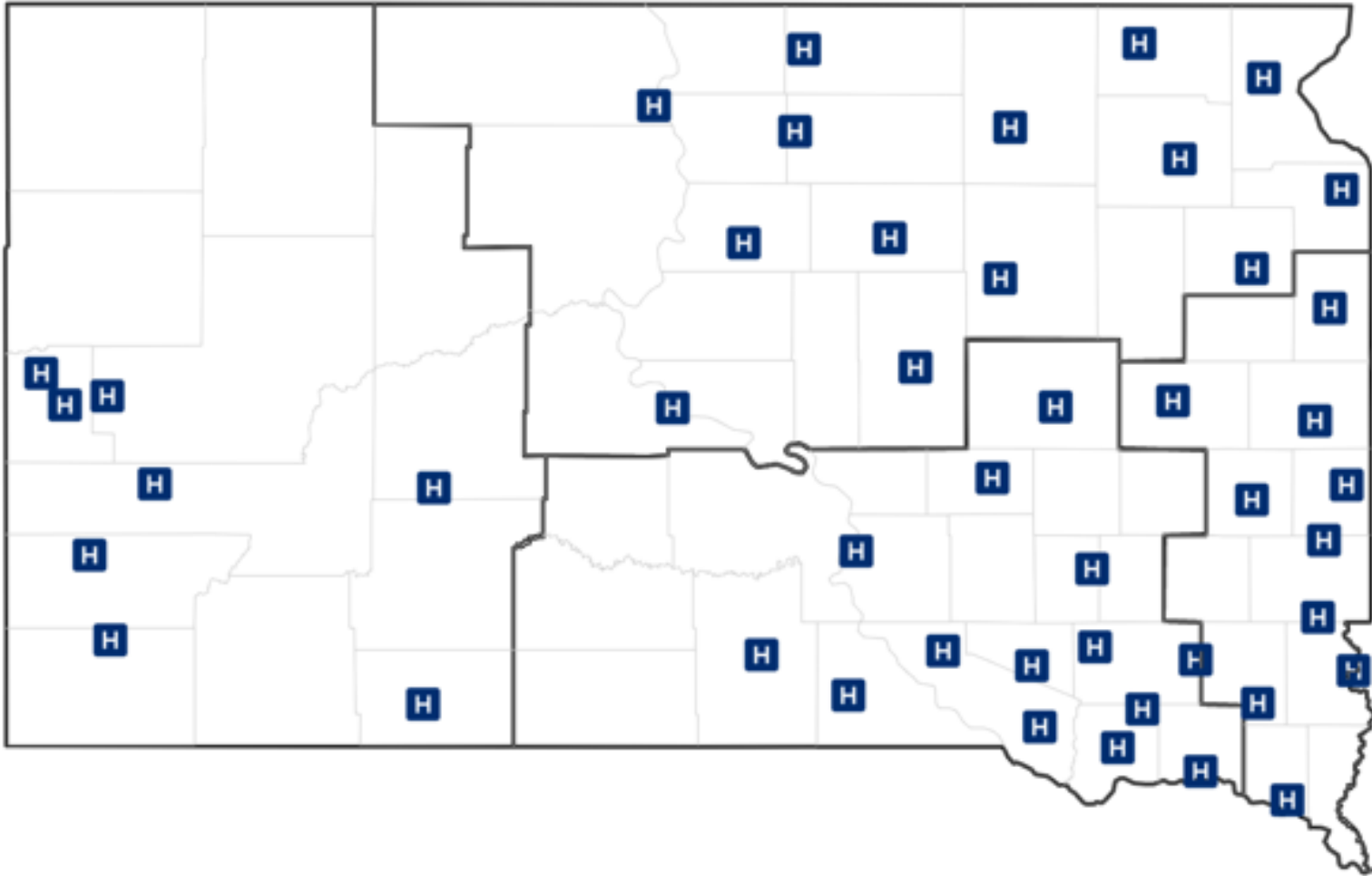
Wages and Benefits Paid
by Hospitals




\$181 Million

Uncompensated Care
Provided *(2020 cost report)*

SDAHO Hospitals



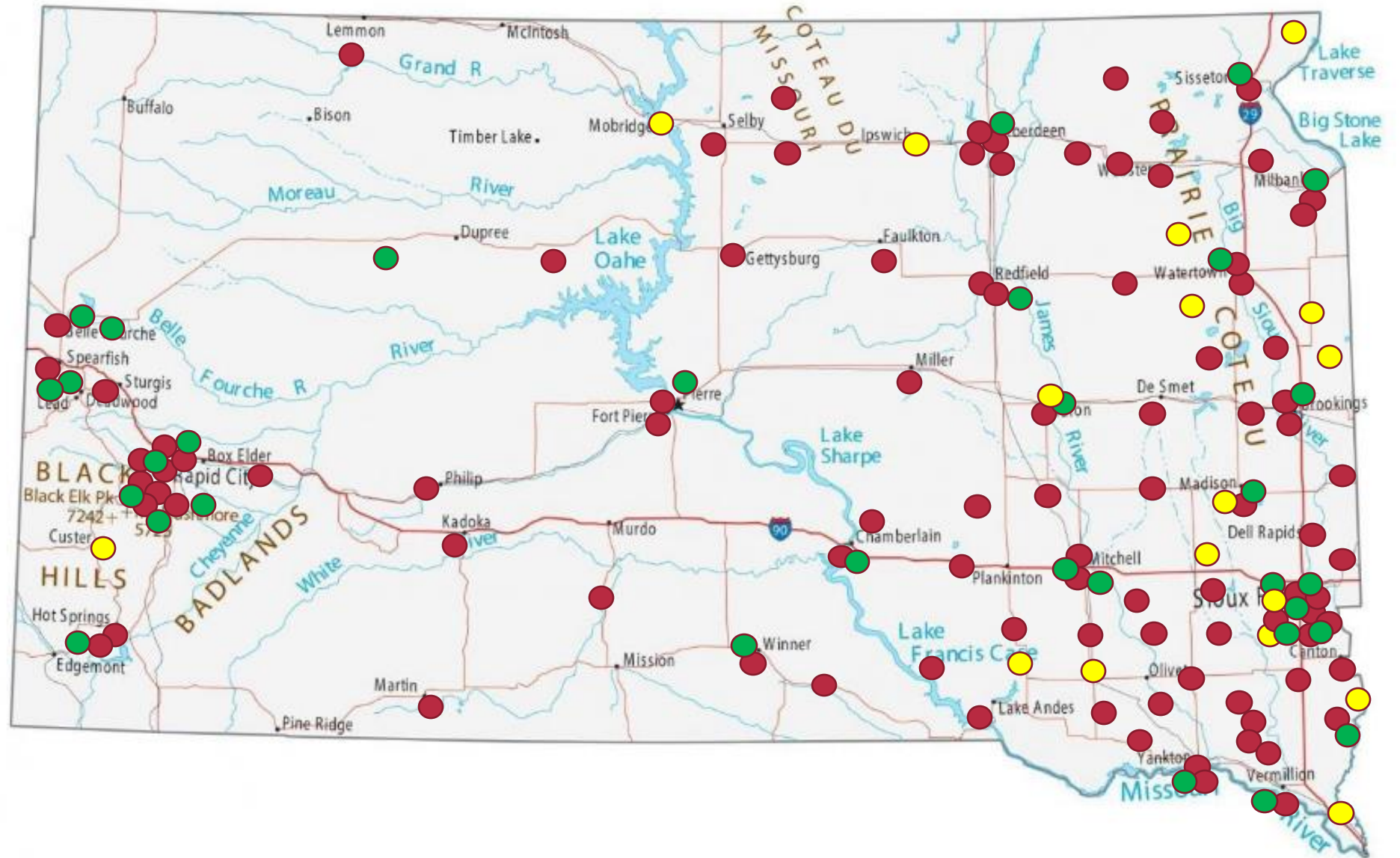
Map Legend
 Hospital

96 SD
Nursing
Facilities ●

35 Home
Health ●

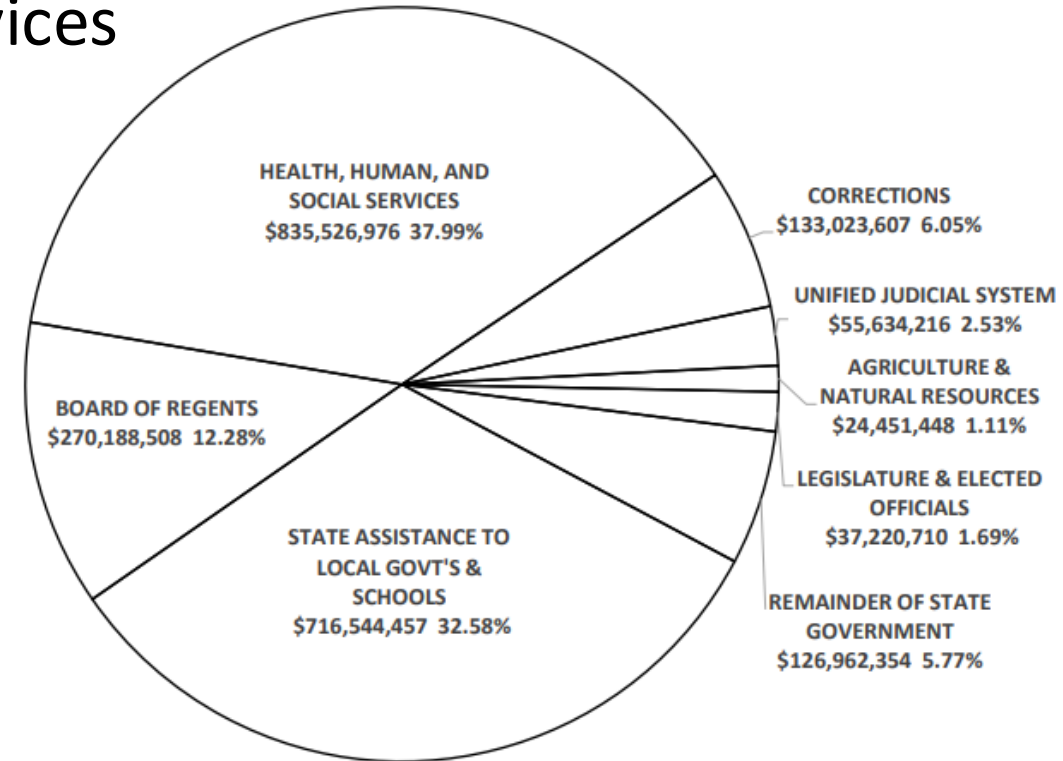
17
Closures ●

(since 2015)



Governor Noem's FY 2024 Recommended Budget

- 5% Inflationary Increase for Medicaid Providers
- \$835.5 million Health, Human and Social Services
 - 21% increase for nursing homes
 - 90% of new rate methodology
- \$12.7 million ongoing for Medicaid Expansion
 - 68 additional FTE
- 100% tuition for National Guard



West River Health Science Center – Thank you

- SB43 allocated \$8 million in general funds to expand the current facility and accommodate growth in nursing program
 - Currently short approximately 1600 nurses in the state
 - Expands current structure to accommodate total of 120 nursing students per semester (currently 72)
 - 1400 K-12 student enrollment increase in 2021-2022 school year
 - Projected to grow until 2026, at least
 - Creates efficiencies in combining nursing programs
 - Allows local students to attend high-quality nursing program on western side of the state

Acute & Post-Acute Care

- Workforce is still the top challenge for healthcare facilities in South Dakota.
 - 25-40% year over year inflationary increases in healthcare.
 - Temporary staffing continues to be a challenge to fill the gap needed to provide care.

Staffing Position	Regular Hourly Rate	Contracted Rate	Difference
RN	\$36.29	\$114.89	\$78.60
LPN	\$27.63	\$86.27	\$58.64
Aides	\$18.87	\$63.03	\$44.16

Nursing Facilities

8 Closures in 2022

12% of nursing homes in the last 5 years

- Most nursing facilities rely on Medicaid for over **half** of residents. (53.71% average)
- Each Medicaid patient loses an average of \$42 per day. A 50-bed facility with 100% Medicaid patients loses \$750,000 a year.
- Current rate only covers 70.47% of the rebased cost.
- More than 70% of nursing homes are over 50 years old
- Unanticipated effects of closures
 - Patients waiting to be transferred to LTC waiting in hospitals.
 - Community impacts.
 - Healthcare employees not returning to healthcare field.

SD Nursing Home Rate Methodology Review

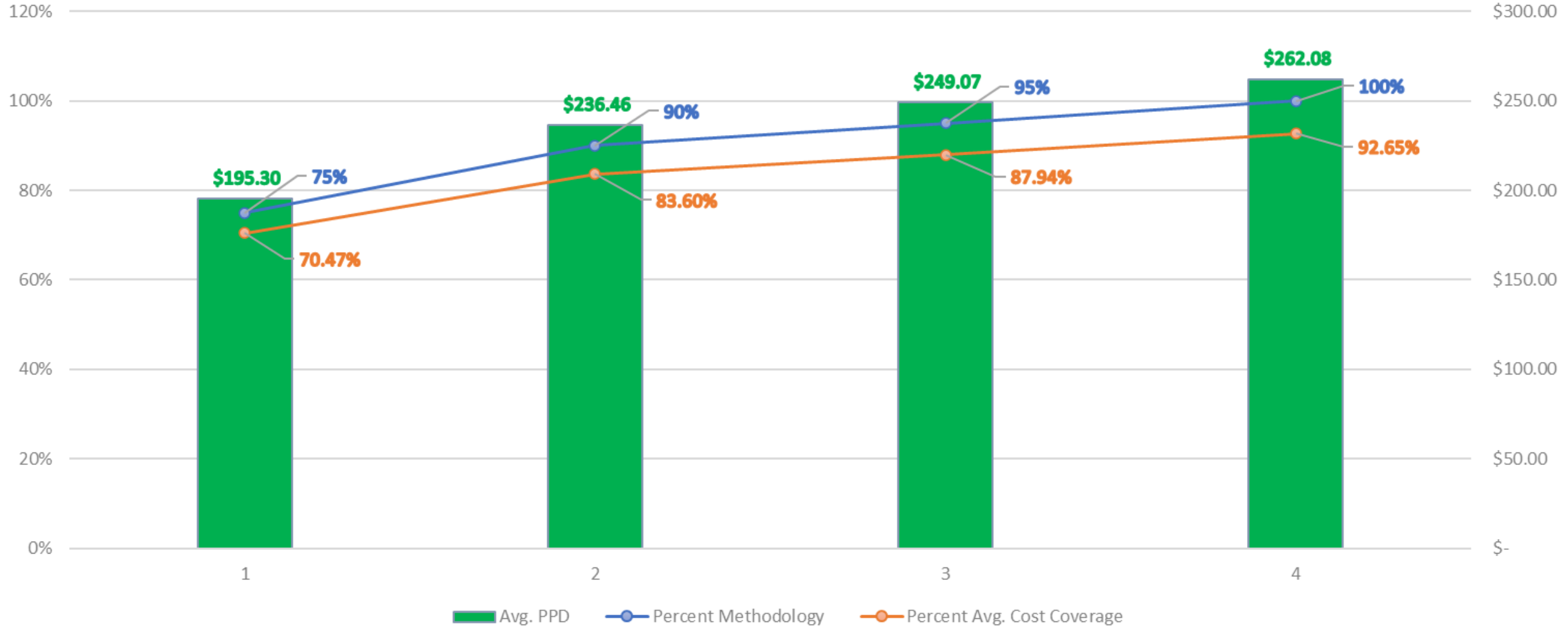
- Methodology: the formula used to calculate the allowable costs for nursing homes. What do we pay for?
- Rebasing: updating the methodology with more recent cost information. How much do we pay?
- Average Cost Coverage: percentage of allowable costs that the rate covers. Less than 100% due to private pay rates and other factors.
- Average Per Patient Day: total dollars divided by the number of days cared for Medicaid patients.

SD Nursing Home Rate Methodology Review

- The group recommendation is to rebase in FY24.
 - 100% of methodology is 92.65% Average Cost Coverage
 - \$262.08 Average per patient day
 - \$62,472,191 total funds
 - \$27,850,103 GF
- Additional Recommendations:
 - Infrastructure reinvestment
 - Value Based Purchasing
 - Eliminating the dual ceiling
- Governor's Proposal
 - \$10,461,272 general fund increase
 - Represents movement to 90% of methodology (\$236.46) and 83.6% Average Cost Coverage
 - 21% total increase, inclusive of the 5% increase for providers

Average PPD vs. Percent Methodology and Cost Coverage

*Note: 90-93% cost coverage is considered the standard nationwide.



Healthcare Recruitment Assistance Programs

- Recruitment Assistance for Healthcare Professionals
 - The Recruitment Assistance Program provides qualifying physicians, dentists, physician assistants, nurse practitioners or nurse midwives an incentive payment in return for three continuous years of practice in an eligible rural community.
 - The Rural Healthcare Facility Recruitment Assistance program provides an incentive payment to dietitians, nurses, occupational therapists, respiratory therapists, laboratory technicians, pharmacists, physical therapists, paramedics, medical technologist, speech therapist and social workers who complete a three-year full-time service commitment.
 - **\$1,472,986 Requested for FY2024 Budget**



Fall River Health Services, Hot Springs, SD

Healthcare Provider Conscience Protections

- South Dakota healthcare providers are already protected from employment discrimination for refusing to participate in services like abortion or euthanasia for which they have a religious or moral objection.
- Current laws require healthcare employers to make reasonable accommodations and have stood for more than 50 years.
- The current process for accommodating provider conscience objections works. Provider complaints for conscience are rare.

Federal and State Conscience Statutes

- Title VII of the Civil Rights Act
- The Church Amendments
- The Coates-Snowe Amendment
- The Weldon Amendment
- Section 1303 and 1553 of the Affordable Care Act
- 42 USC 1395cc
- SDCL 36-11-70
- SDCL 34-23A-13
- SDCL 34-23A-14
- SDCL 34-12D-11
- SDCL 34-12D-12
- SDCL 34-12D-13
- SDCL 34-12D-14

- Vaccines have prevented an estimated 103 million cases of childhood diseases since 1924, and nearly 26 million cases in the past decade alone.
- Mandatory school immunization protect vulnerable individuals who cannot have immunity due to age or medical condition.
- There is a direct relationship between the ease of obtaining an exemption and the risk of resurgence in vaccine-preventable diseases such as pertussis, measles, mumps, and rubella.

Childhood Vaccination



Medicaid Expansion

- Expansion increases coverage to 138% for all adults under age 65.
- Expansion population is paid at a 90/10 split.
 - Utilize LRC estimates
 - \$32.5M in year 1
 - \$34M by year 5
- Expansion offers savings
 - \$11.3M annually (blind, disabled, pregnant women)
 - Additional \$105.7M from ARPA

SDAHO Website: sdaho.org

- Federal and State Advocacy Priorities
- South Dakota District Maps and Stats
- SDAHO South Dakota Bill Tracker
- Briefings and Other Resource Guides

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SDAHO Resources

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