South Dakota’s Nursing Homes are Vulnerable to Closure

What puts a nursing home at risk?

Declining Occupancy

South Dakota’s percentage of occupied beds has fallen by 15% during the COVID-19 pandemic from over 87% in 2019 to 74% in Fall 2021.

Unfunded Mandates

During the COVID-19 pandemic, the federal government has added over 236 new regulations. Each regulation adds costs without funding new costs. Non-compliance results in increased costs through civil monetary penalties.

High Medicaid Percentage

The COVID-19 pandemic has increased reliance on Medicaid as a payer source. Medicaid rates do not cover the cost of care, leaving facilities with a median $42 per bed per day shortfall, or more than $15,000 in unreimbursed cost for one patient over a year.

Workforce Shortage

COVID-19 has added even more financial strain with increased costs due to the high number of contract staff needed to maintain care. Nursing homes already operate on slim margins. More than HALF of South Dakota nursing homes operate on a negative margin.
South Dakota’s Medicaid rates are the **LOWEST** in the region.

Medicaid has a **$41.74** per bed per day shortfall in nursing homes, or a loss of **$15,330** per Medicaid patient per year.

Medicaid Nursing Facility Rate and Cost Shortfall Per Bed Per Day

- **SFY2019 Median Rate vs. 2016 Cost Report**: $140.53, $47.17
- **SFY2020 Median Rate vs. 2017 Cost Report**: $155.75, $42.76
- **SFY2021 Median Rate vs. 2018 Cost Report**: $158.54, $51.95
- **SFY2022 Median Rate vs. 2019 Cost Report**: $175.54, $41.74