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**SOUTH DAKOTA STATE MEDICAL ASSOCIATION DISAPPOINTED  
WITH GOVERNOR ROUNDS' MEDICAID PROPOSAL**

SIOUX FALLS, SD – December 8, 2009 – The South Dakota State Medical Association is disappointed with Governor Rounds' freezing of Medicaid reimbursement rates for health care providers in the fiscal 2011 budget year.

Governor Rounds' 2011 budget released today allows for no Medicaid reimbursement inflationary update for health care providers.

"It's a dangerous proposition for our state that threatens Medicaid patients' access to care," said SDSMA President Thomas J. Huber, MD.

At the onset of the 2010 legislative session, the SDSMA argues that lawmakers cannot ignore the health care needs of individuals who need Medicaid services in South Dakota. About one in seven South Dakotans are eligible for Medicaid, and that number continues to grow.

Meanwhile, as health care delivery costs continue to increase, the cost to care for patients on Medicaid is increasing and is becoming a huge burden for many physicians. Medicaid reimbursement needs to keep pace and grow with inflation and utilization increases.

In a June 2009 SDSMA survey of its physician members, 90.8 percent of those surveyed stated that Medicaid does not pay enough to cover their overhead costs. In the same SDSMA survey, 30.3 percent of physicians surveyed indicated that, due to current reimbursement levels, they have stopped accepting new Medicaid patients and only continue to see existing Medicaid patients. An additional 2.5 percent have ceased to accept Medicaid patients altogether.

The bottom line is that an overwhelming majority of physicians lose money on Medicaid patients. This phenomenon ultimately leads physicians into cost-shifting their losses to the private sector, driving up health care costs across the board.

Medicaid is undeniably an integral part of our state's health care system and is used by thousands of South Dakotans who need it most — the disabled, the poor, the elderly and children. The SDSMA advocates that steps be taken to assure adequate funding for the health and wellness of South Dakotans who depend on this program, and the SDSMA looks forward to working with state lawmakers on this issue in the coming legislative session.

"As the national economic downturn lingers, the state must do everything it can to ensure people who need help the most receive medical care," Dr. Huber said. "We're in this business to take care of patients; that's what we're made of. It's not in our DNA to not take care of people."

To view the entire SDSMA Medicaid Reimbursement survey results and full report, please visit [www.sdsma.org](http://www.sdsma.org).

*The SDSMA serves more than 1,900 members, including physicians, members and medical students who are dedicated to the health of South Dakotans. The mission of the SDSMA is to promote the art and science of medicine, to protect and improve the health of the public and provide leadership and advocacy in the field of quality health care.*