

January 15, 2025

# Medicaid Budget Briefing

Prepared for House Appropriations Committee

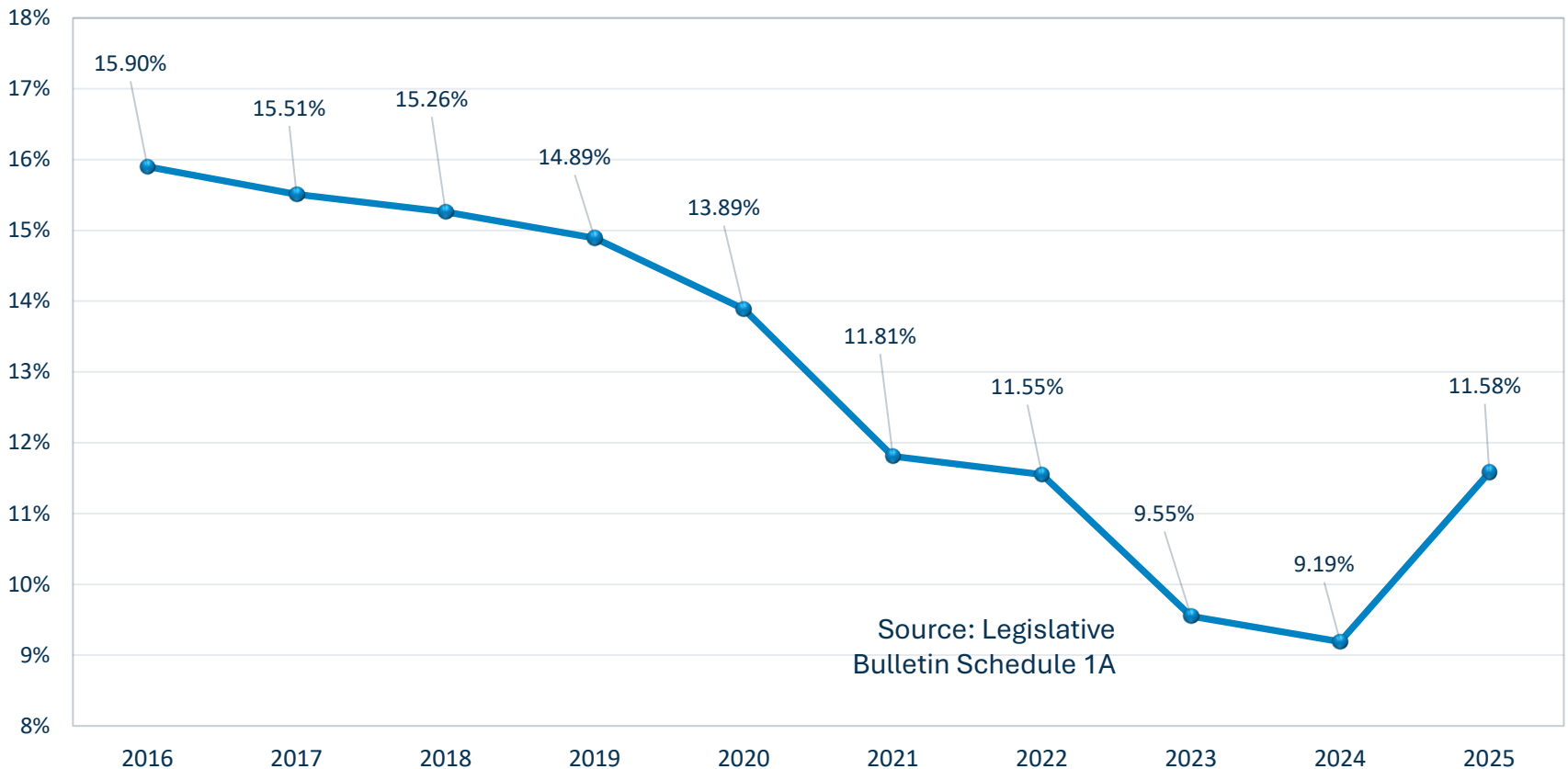


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# Medicaid State Support as % of Total State Support

Medicaid's share of total state support appropriation has declined significantly.

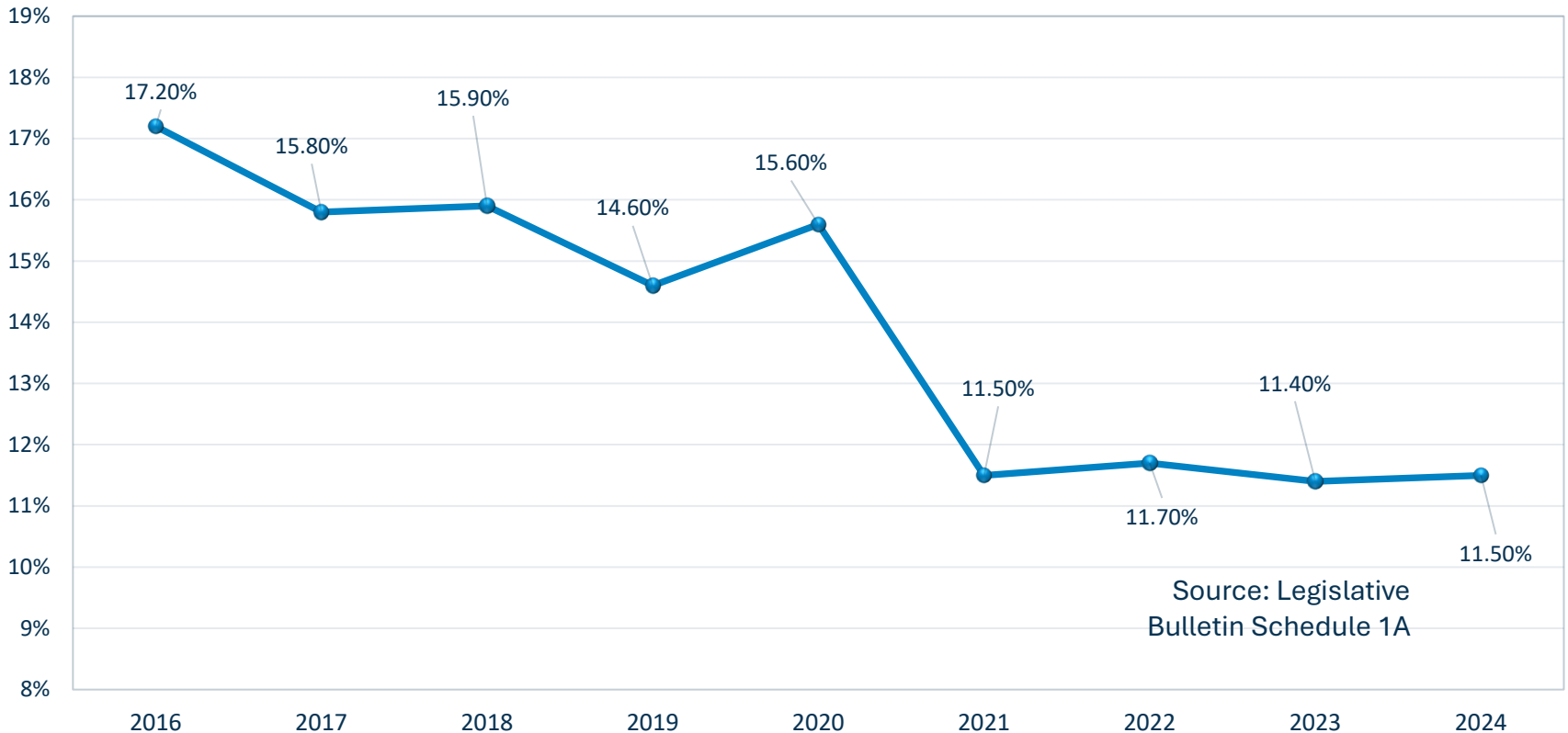
Medicaid state support appropriation as % of total state support appropriation



# Medicaid General Funding as % of General Fund Transfers

Medicaid's general fund appropriation compared to yearly general fund transfers also has dropped significantly.

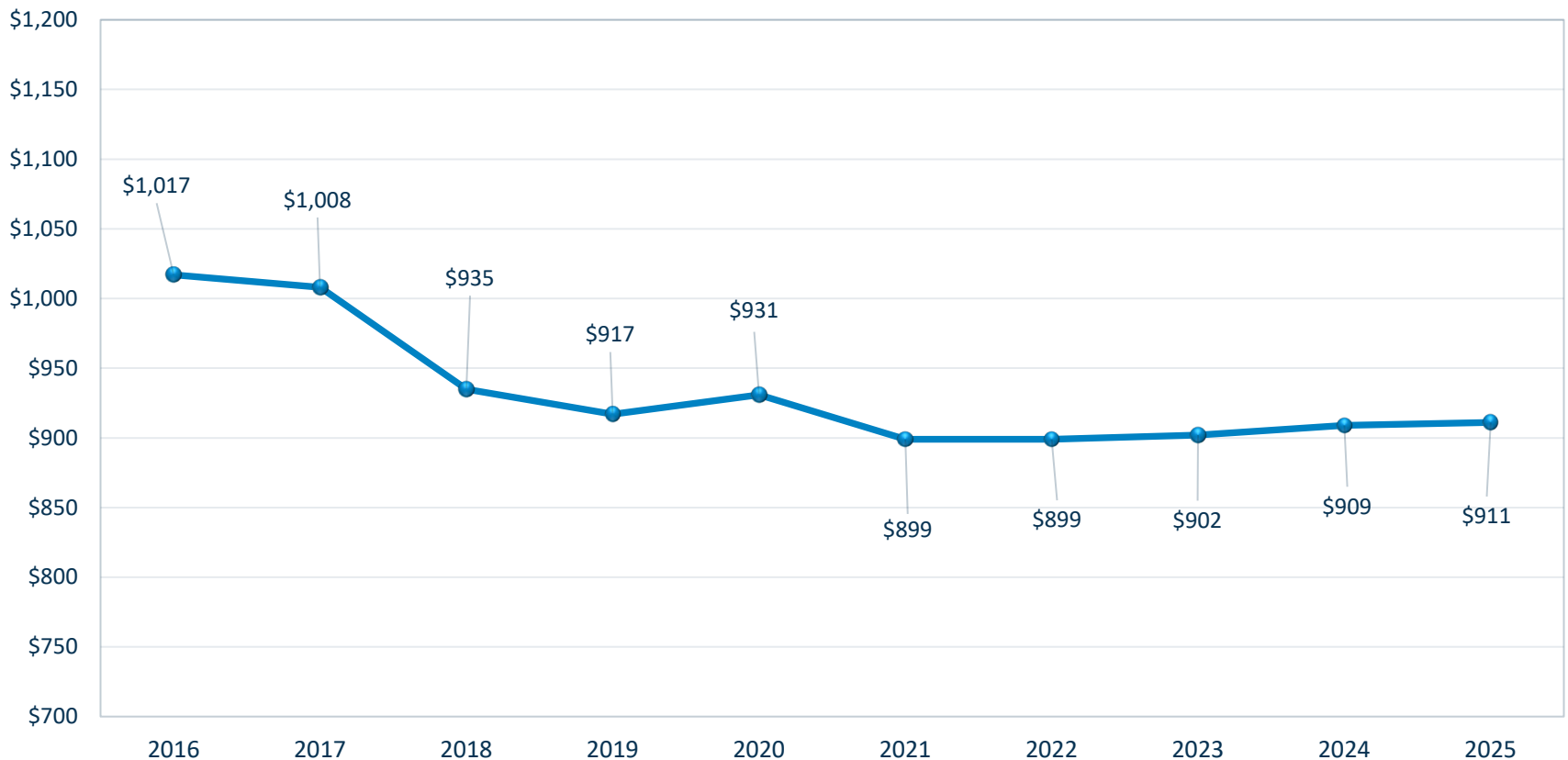
## Medicaid general fund appropriation as % of yearly general fund transfers



# State support appropriations

Medicaid has been an outlier over past 10 years, with decreases in state support appropriations (and state support spending). FY26 state support request is \$1.125 billion.

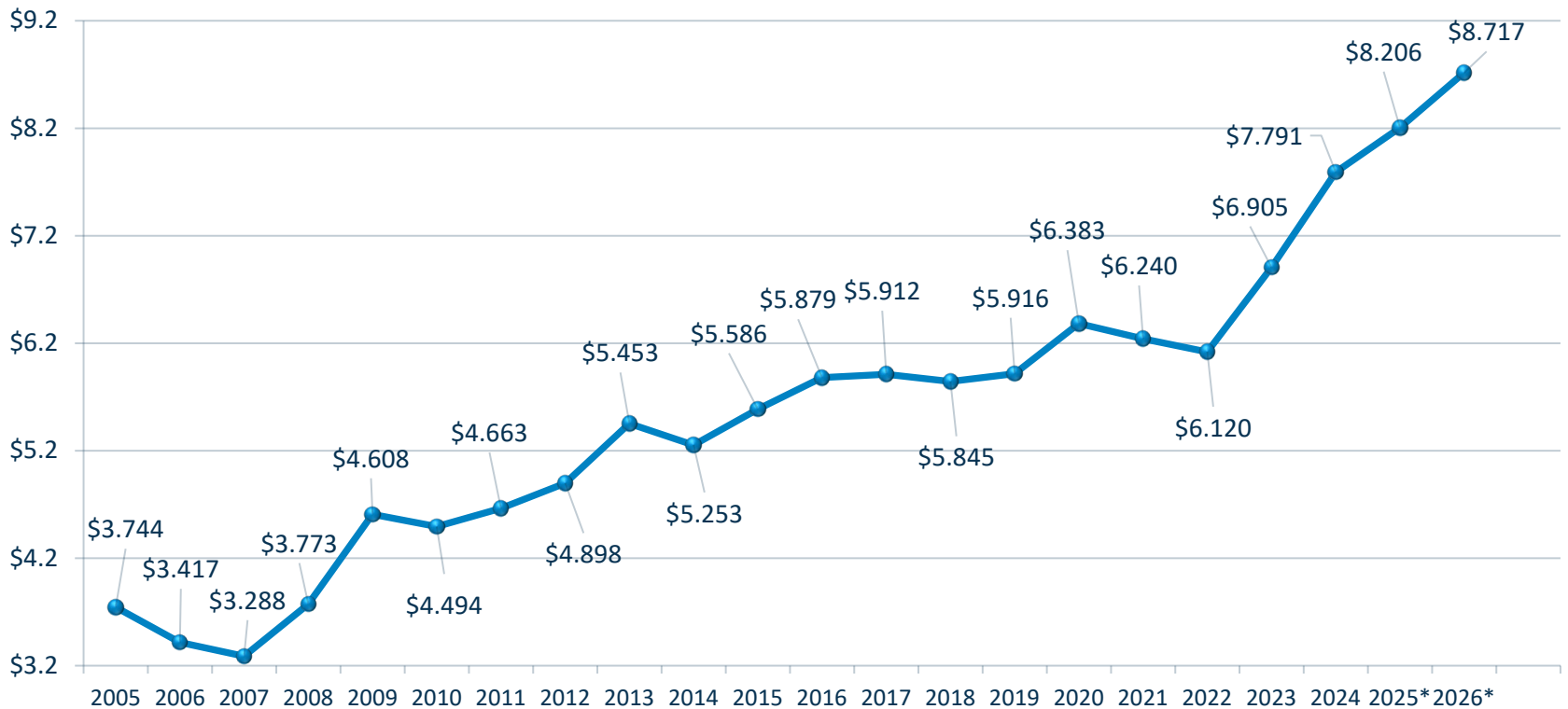
## State support appropriation (in millions), FY15-25



# Total Medicaid Spending

Gross increase in directed and supplemental payments propelled projected total spending to \$8.717 billion in FY26.

Total Medicaid expenditures (in billions) FY2005-2026



\* Projection

## 6.2% expected increase in Medicaid spending in FY 2026

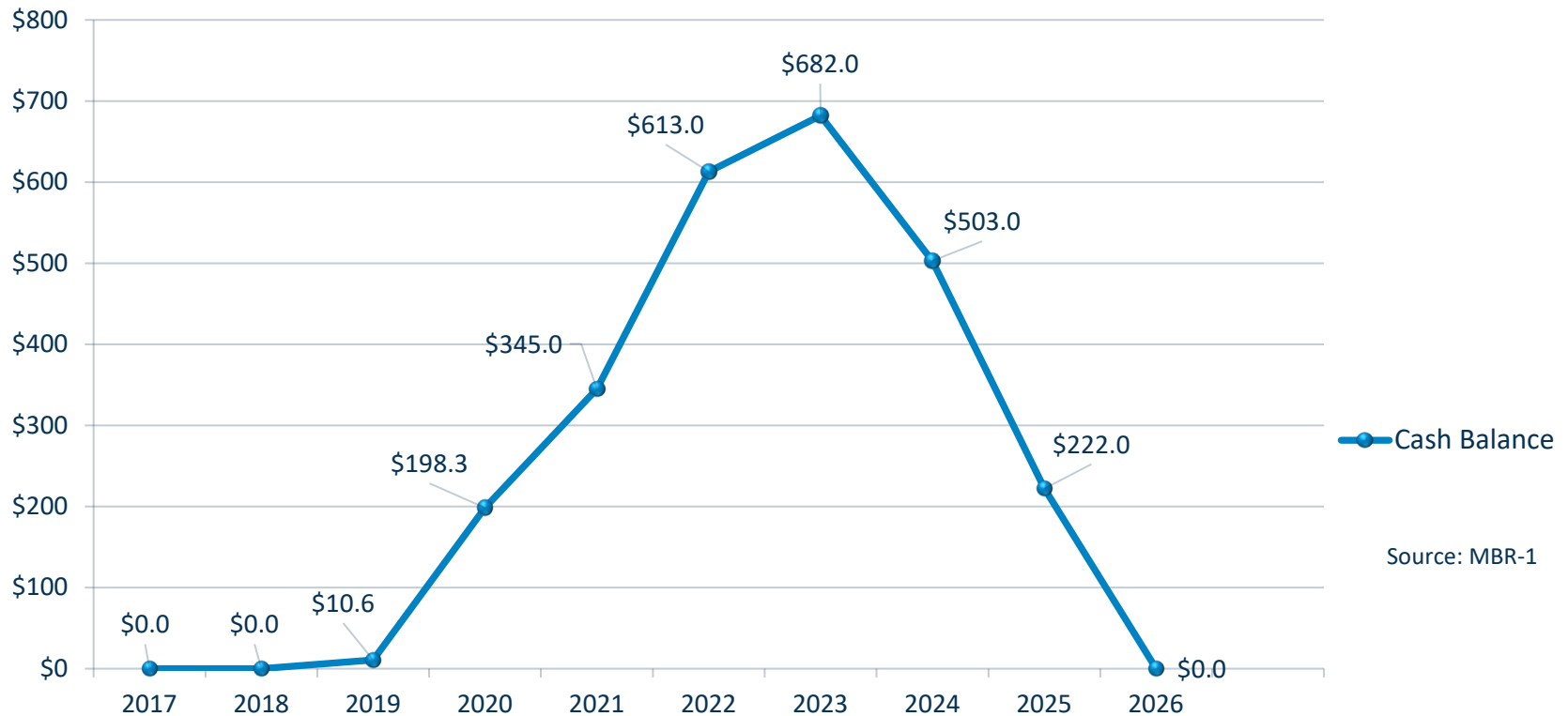
Large increases in FY2023-2024 followed by moderate increases in FY 2025-2026 - 2023 increase included MHAP increase of ~\$70M, new ambulance payments of \$25M, hospital emergency payment of \$137M, NF increase of \$163M, Physician increase of \$50M, \$40M increase in drug costs. 2023-2024 is mostly due to increase to MHAP of about a billion.

SPENDING COMPARISON						
	Total Spend	Federal Total	State Total	Total +/-	Fed +/-	State +/-
<b>FY2020</b>	6,196,066,414	4,941,193,837	1,254,872,578			
<b>FY2021</b>	6,093,674,798	5,060,091,511	1,033,583,286	-1.7%	2.4%	-17.6%
<b>FY2022</b>	6,089,411,233	5,113,645,526	975,765,707	-0.1%	1.1%	-5.6%
<b>FY2023</b>	6,940,601,425	5,747,093,957	1,193,507,468	14.0%	12.4%	22.3%
<b>FY2024</b>	7,786,367,534	6,050,632,770	1,735,734,767	12.2%	5.3%	45.4%
<b>FY2025*</b>	8,205,604,180	6,260,235,189	1,945,368,991	5.4%	3.5%	12.1%
<b>FY2026*</b>	8,716,180,593	6,637,696,903	2,078,483,690	6.2%	6.0%	6.8%
<b>*Projection</b>						

# Spenddown of cash balance delaying budget hike

Using \$503M cash balance in FY25 & FY26 reduces immediate negative impact of FMAP decline and inflationary pressures

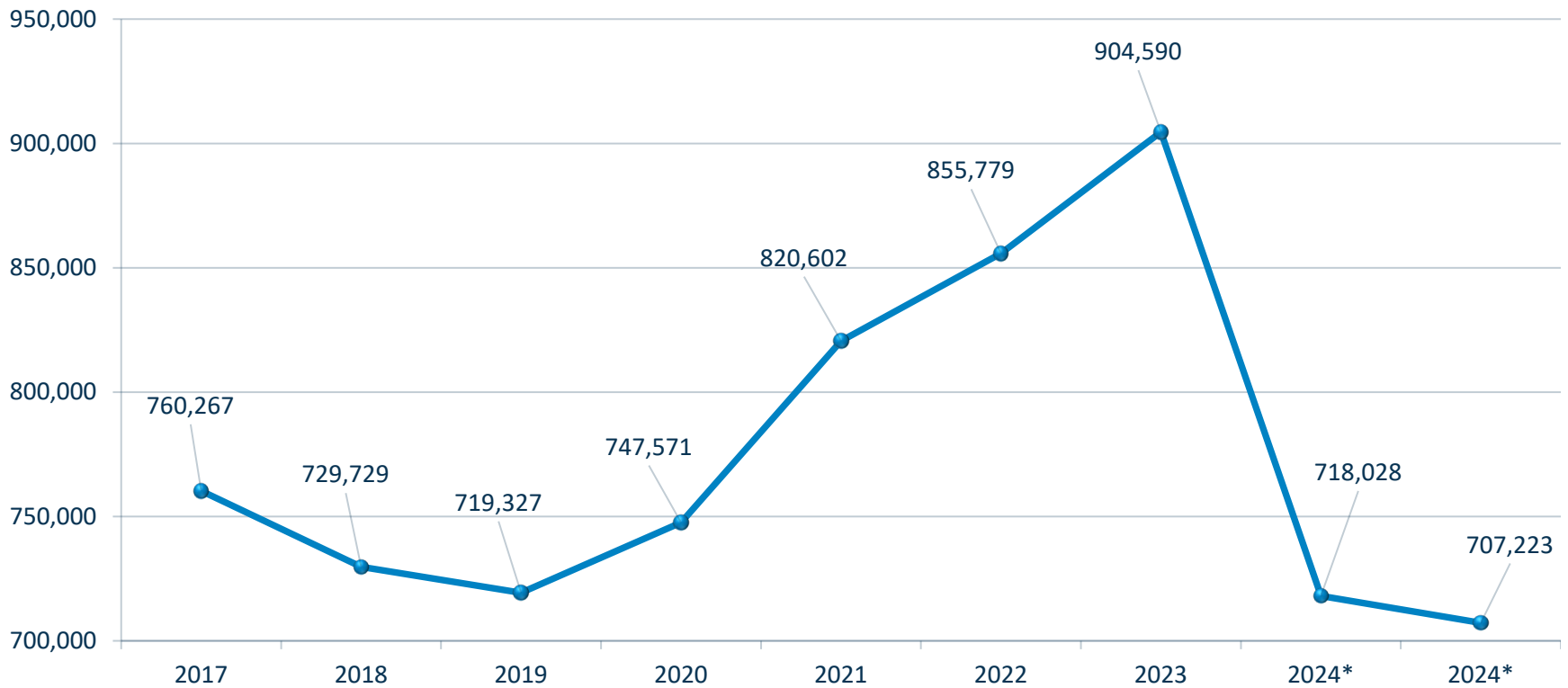
DOM cash balance, June 30 of fiscal year end (in millions)



# Medicaid and CHIP enrollment

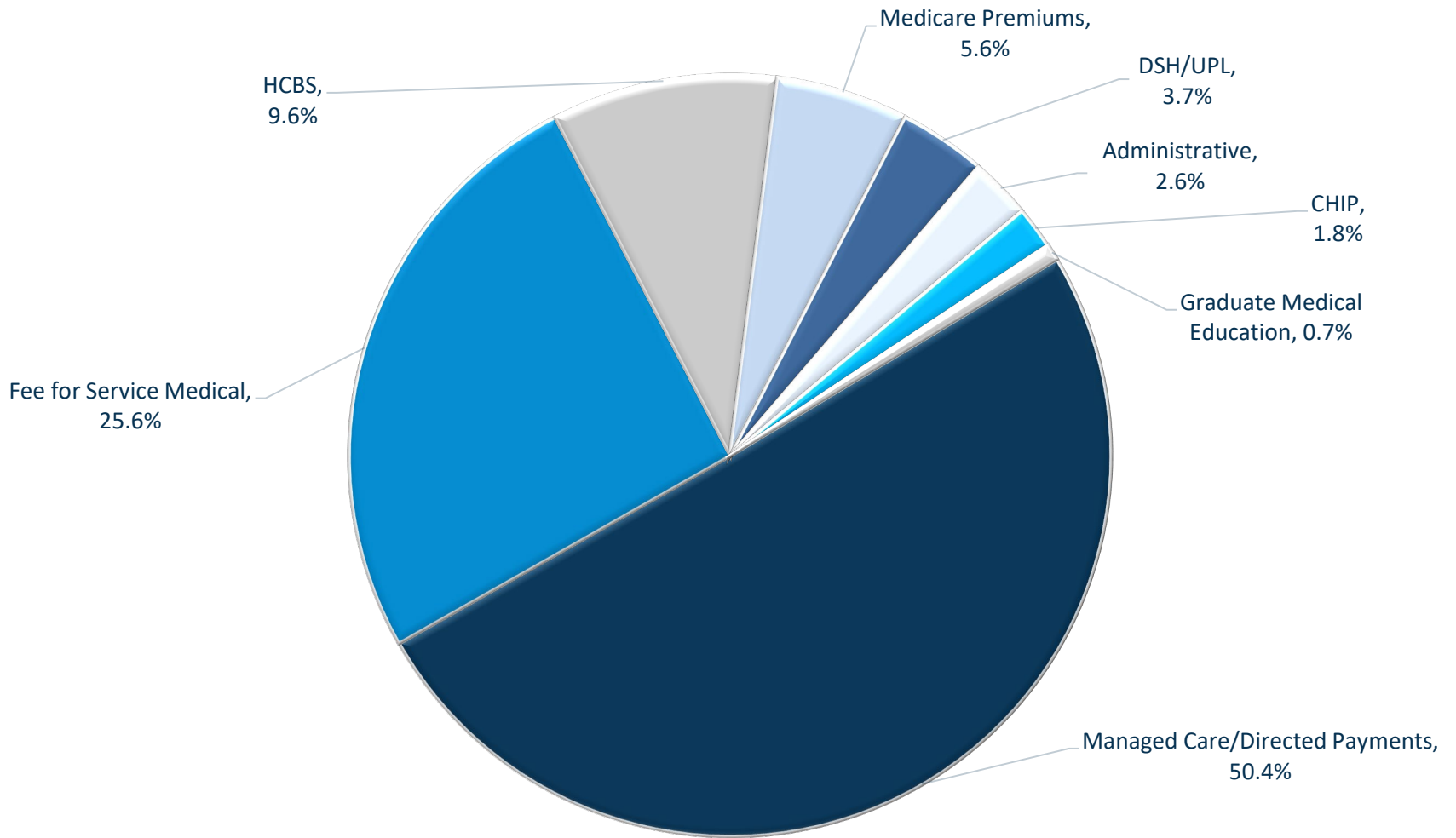
Enrollment peaked at 904K in June 2023. While enrollment is down 200K after unwinding, it is currently slightly below pre-pandemic levels.

Medicaid and CHIP enrollment, June 2017-June 2024; December 2024\*



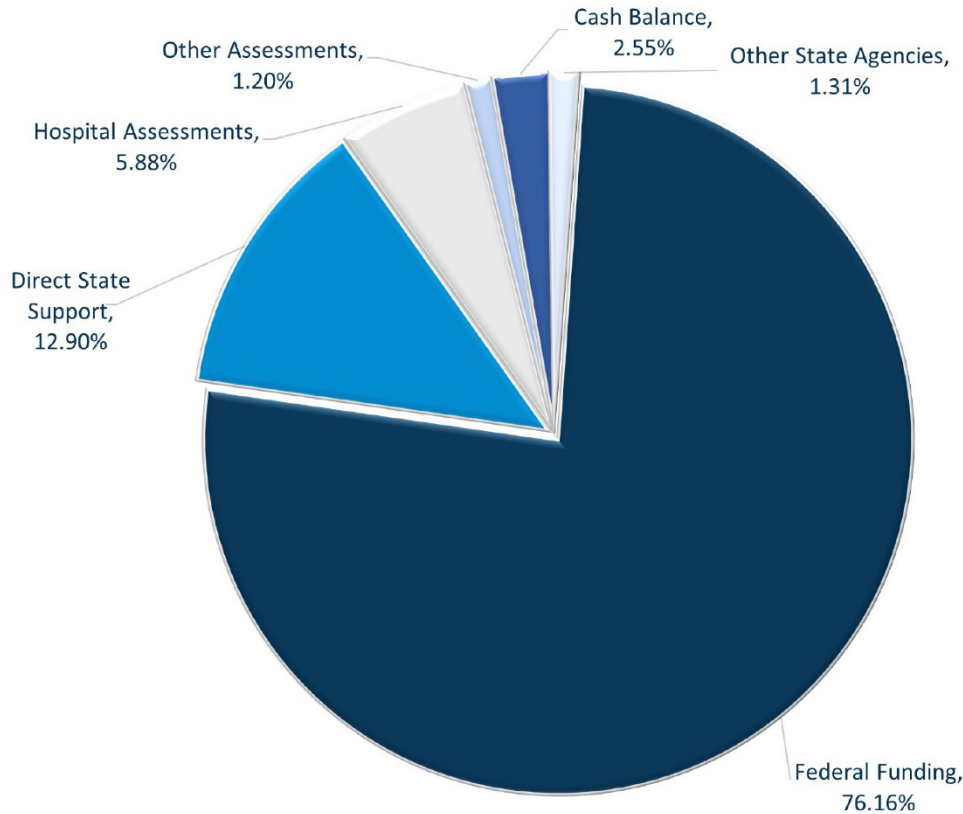


# SFY 2024 Medicaid Spending



# Funding Sources

## Sources of FY 2026 Medicaid Funding



### FY 2026 Funding Sources

> Federal Funding	\$6,637,696,903
> Direct State Support	\$1,124,748,096
> Hospital Assessments	\$512,485,494
> Cash Balance	\$222,173,322
> Other State Agencies - State Portion	\$104,058,690

> Long-Term Care Facility Provider Assessments	\$93,363,348
> MAPS - UMMC	\$7,281,295
> Ambulance Provider Assessment	\$9,985,586
> Long-Term Care Facility UPL IGTs	\$903,423
> Physician UPL IGTs - UMMC	\$2,980,437
> Interest, Misc. Collections	\$504,000

**Total** **\$8,716,180,593**

#### > *Reported as reduction in medical expenditures instead of revenue:*

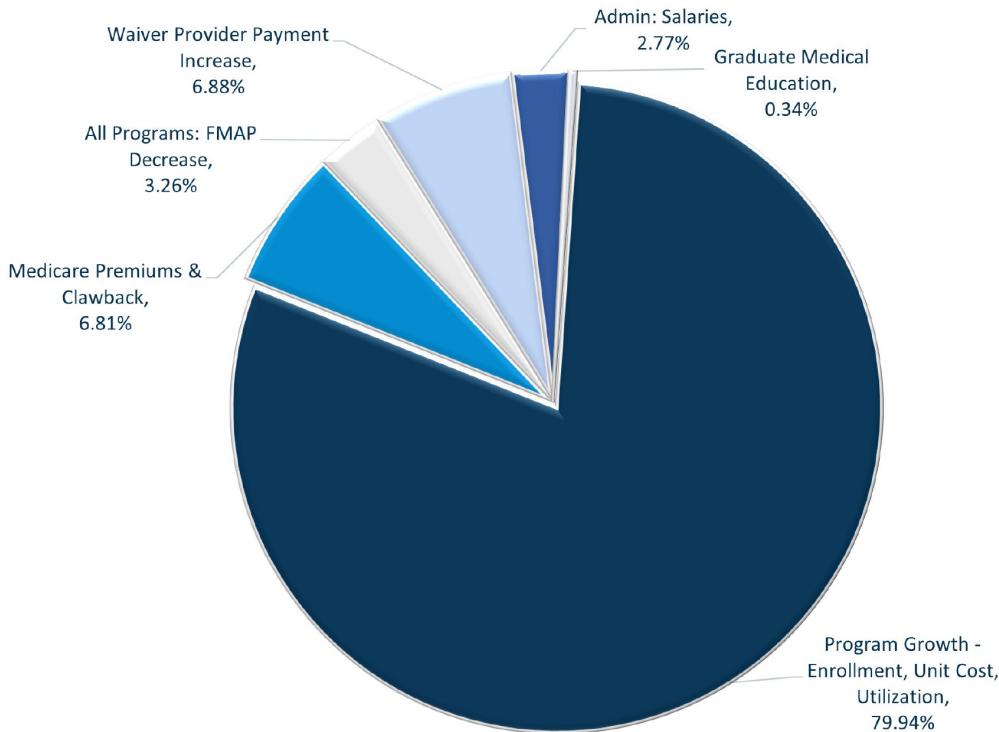
> Drug Rebates	-\$87,549,000
> Provider Refund of Overpayment	-\$3,234,000

> Federal	\$6,637,696,903
> State Share	\$2,078,483,690
> Total Spending	<b>\$8,716,180,593</b>

> Direct State Support	\$1,124,748,096
> Other State Support	\$104,062,690
> Provider Assessments	\$627,499,583
> Cash Balance	\$222,173,322
> <b>Total State Support</b>	<b>\$2,078,483,690</b>

# Cost Factors

## Key Impacts on FY 2026 Request



### FY 2025 Appropriation:

> General Funds	\$847,968,406
> Health Care Expendable Funds	\$63,230,003
<b>FY 2025 Direct State Appropriated Funds</b>	<b>\$911,198,409</b>

### FY 2026 Impacts on State Funds Request:

> All Programs: FMAP Decrease	\$7,032,663
> Medical Services: Program Growth - Medicare Premiums & Clawback	\$14,678,443
> Medical Services: Program Growth - Enrollment, Unit Cost, Utilization	\$137,811,943
> Medical Services: Program Growth - Graduate Medical Education	\$725,096
> Admin: Infrastructure, Systems	(\$1,875,738)
> Admin: Salaries	\$5,958,580
> CHIP: Program Growth - Enrollment, Unit Cost, Utilization	\$985,429
> HCBS: Program Growth - Enrollment, Unit Cost, Utilization	\$33,414,507
> HCBS: Program Growth - Waiver Provider Payment Increase	\$14,818,764

<b>Additional Direct State Funds Requested</b>	<b>\$213,549,687</b>
<b>FY 2026 Direct State Funds Request</b>	<b>\$1,124,748,096</b>