Medicaid Budget
September 17, 2026

Presentation to the General Assembly's Commission on Medicaid

Last Year: FY25-26 Overexpenditure (OEX)

- $157.9M GF net OEX is 2.7% of HCPF's FY25-26 appropriations, consistent with other states.
- This is released during the September OSPB forecast each year, which is tomorrow September 18th.
- Forecasts for Medicaid try to be as accurate as possible given the impacts on the budget if we either over- or under-estimate, but a few percentage miss has a big budget impact.

	GF ($M)
Medical Services Premiums	$200.0
Behavioral Health	$9.8
CHP	-$0.6
Other Medical Services	-$27.0
Office of Community Living	-$24.3
TOTAL OEX	**$157.9**

Department	FY26-27 GF Approps ($M)
HCPF	$6,022
Education	$4,587
Higher Ed	$1,654
Human Services	$1,359
Corrections	$1,189
Judicial	$930
Treasury	$482
Early Childhood	$299
Public Safety	$268
Revenue	$149
Public Health & Envt	$131
Legislative	$84
Local Affairs	$60
Natural Resources	$58
Governor	$55
Law	$32
Personnel	$32
Labor & Employ	$32
Agriculture	$18
Military & Vet	$17
Regulatory Agencies	$3
Transportation	$0
State	$0

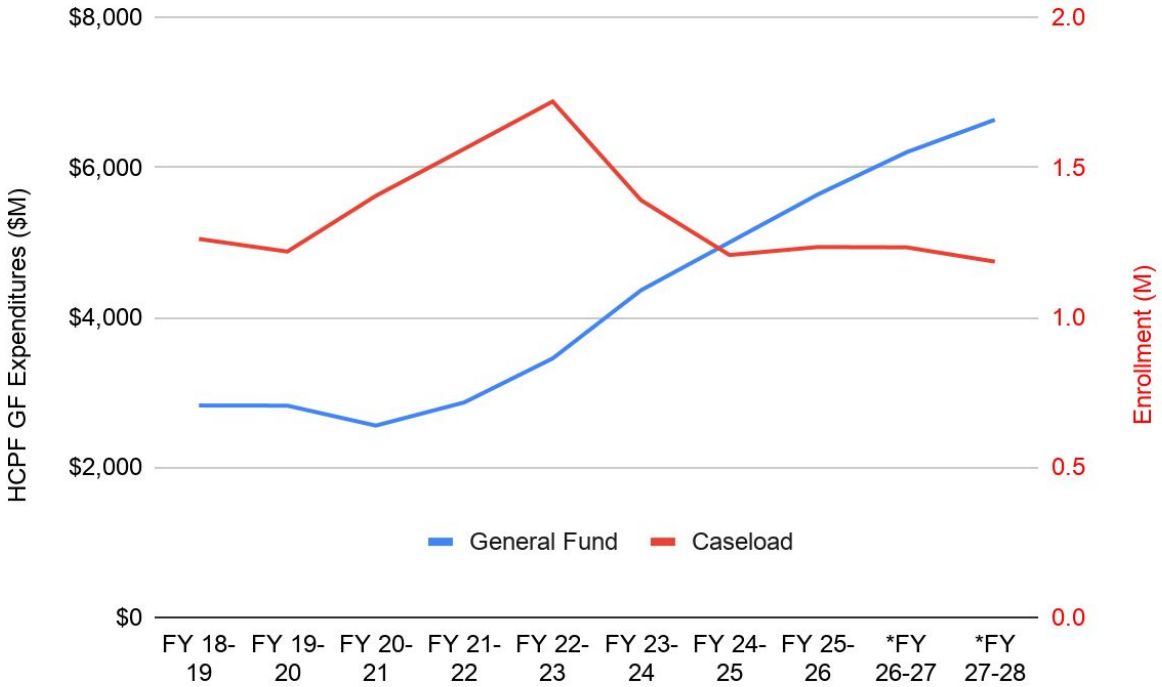
Prelim Forecast for FY26-27 and FY27-28

- Forecast is released with the November 1st budget request, but providing this information early to the Medicaid Commission today to help your work and partnership between Executive and Legislative Branches.
- Preliminary forecast shows significant increases in GF spending.
- Growth in context: In FY26-27, Medicaid spending increased $703M GF (FY25-26 spending authority vs. updated FY26-27 forecast). This amount is more than 4x more than the aggregate increase in the 8 departments that received an increase in FY26-27 ($159M).

	FY25-26		FY26-27		FY27-28
Original Spending Authority	**$5,515 M**	+$260M / +4.7% ⇨	**$5,775 M**	-$58M / -1.0% ⇨	**$5,717 M**
	(OEX) +$159 M ⇩ +2.8%		+$443M ⇩ +7.7%		+$918M ⇩ +16.1%
Revised	**$5,674 M**	+$544M / +9.6% ⇨	**$6,218 M**	+$417 M / 6.7% ⇨	**$6,635 M**

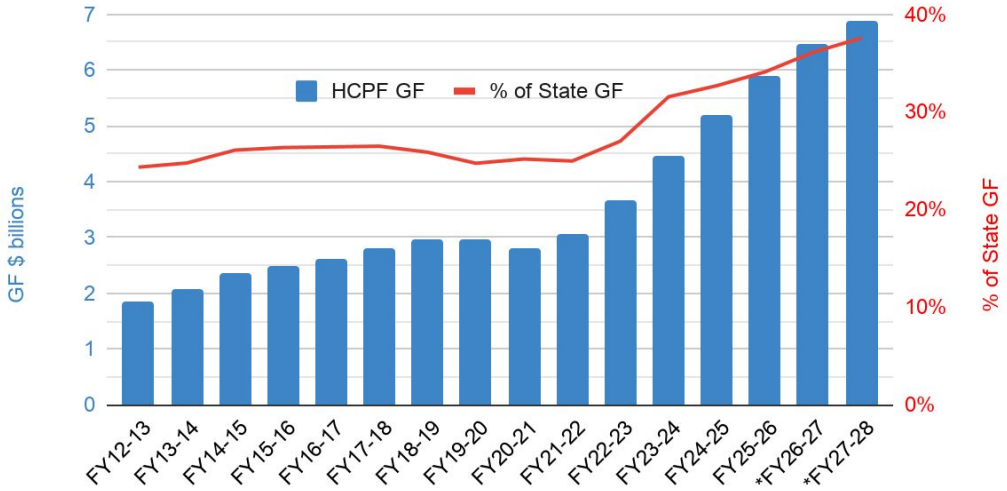
Prelim Forecast for FY26-27 and FY27-28

- The growth driver is utilization, not enrollment



Medicaid Expenditures Have Grown Dramatically Since Pre-Covid

HCPF GF Expenditures (Forecast)



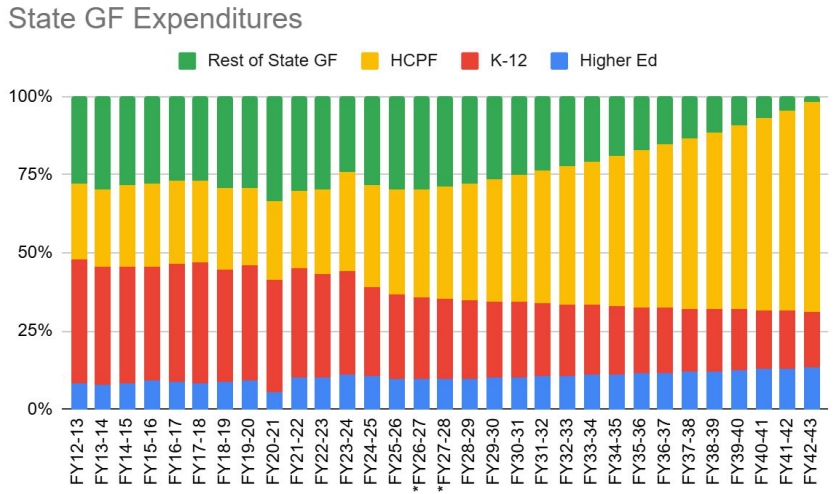
Annual GF growth rates

	HCPF	State
10 years FY17-18 to FY27-28	9.4%	5.6%
Since Covid FY20-21 to FY27-28	13.6%	7.3%

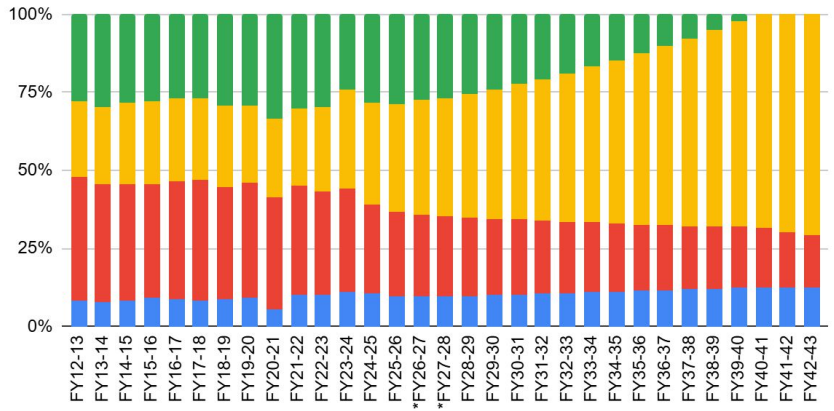
Medicaid Crowds Out Other GF Spending

- Updated forecast and OEX puts the State on a quicker trajectory for Medicaid to crowd out other state spending.
- GF for Rest of State will reach zero three years earlier.
- Rest of State GF will decline 13% every year.

State GF Before OEX and Forecast (last year)



State GF After OEX and Forecast (current)



Growth by Service

- Since pre-Covid, double-digit annual growth rates have occurred for Behavioral Health and Community-Based Long-Term Care (CBLTC).
  At these growth rates, **expenditures will double every 5-6 years.**
- FY 2026-27 Administration costs ($778M TF, $192M GF) are 3.8% of HCPF TF

GF Expenditures ($M)

Fiscal Year	Acute Care	Behavioral Health	Comm-Based Long-Term Care	Long-Term Care & Insurance	Office of Comm Living	Other Medical Services
FY18-19	$1,223	$182	$542	$553	$293	$149
FY19-20	$1,208	$176	$610	$577	$314	$163
FY20-21	$1,289	$176	$659	$560	$282	$154
FY21-22	$1,475	$182	$739	$570	$280	$213
FY22-23	$1,648	$218	$861	$597	$388	$217
FY23-24	$1,739	$260	$1,005	$635	$520	$246
FY24-25	$1,877	$319	$1,271	$715	$660	$263
FY25-26	$2,055	$378	$1,493	$761	$704	$318
*FY26-27	$2,202	$418	$1,713	$840	$695	$331
*FY27-28	$2,378	$496	$1,876	$892	$683	$348
Total growth since FY18-19	$1,154	$314	$1,334	$339	$390	$198
Total growth %	94.4%	173.1%	246.4%	61.3%	133.2%	132.8%
Annual growth rate (CAGR)	7.7%	11.8%	14.8%	5.5%	9.9%	9.8%

Challenge

We Must Work Together to Control Medicaid Growth

This is a problem that requires everyone

If we are not able to then:

- The rest of the state budget will see significant impacts.
- In the next decade we we will need to defund most Departments or bring back a BS Factor
- Increased revenue could help, but won't solve the growth problem given no revenue stream grows at the same pace as the last 5 years of Medicaid growth.

If we are able to then:

- We are able to support access to health care for the broadest population.
- We end the continuous cycle of $1B shortfalls, providing a more predictable budget.
- We are clear to the public and providers what we can afford and ensure more long term stability.