



UTAH
LEGISLATURE



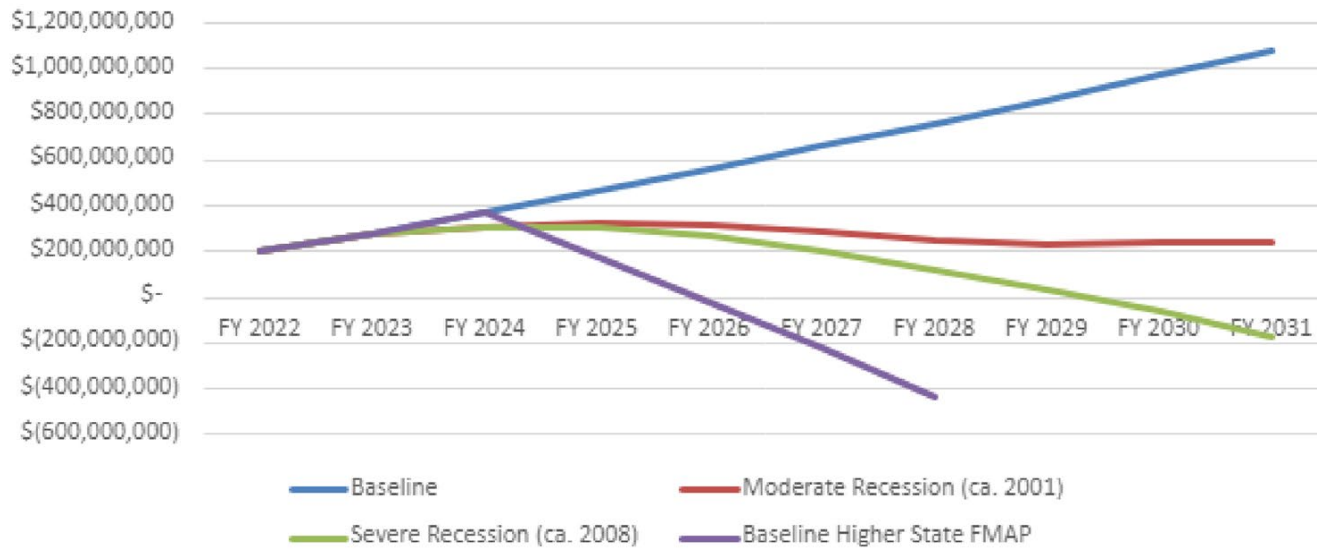
Medicaid Funding & Stress Testing

Rep. Robert Spendlove

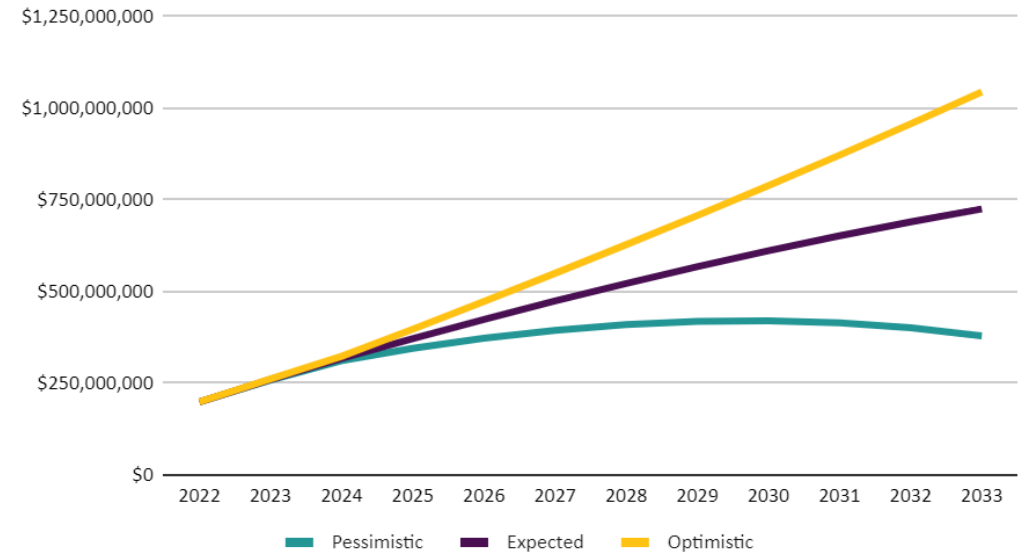
November 15, 2023

Where it started...

Medicaid Expansion Fund Balance



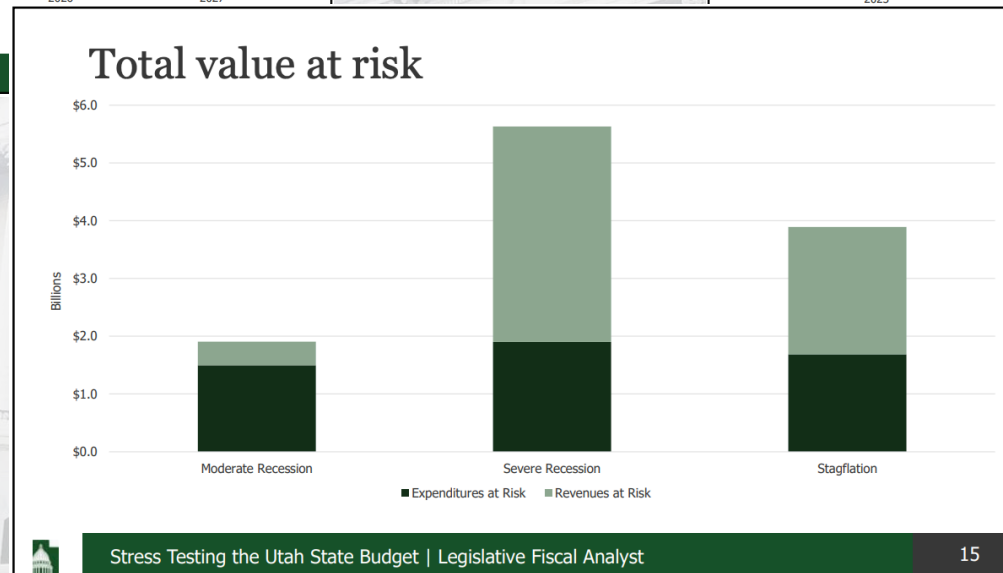
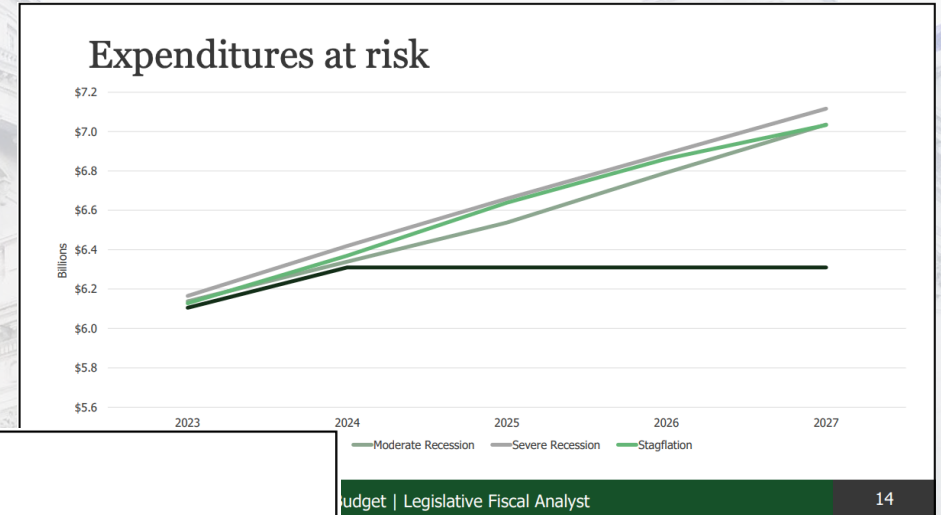
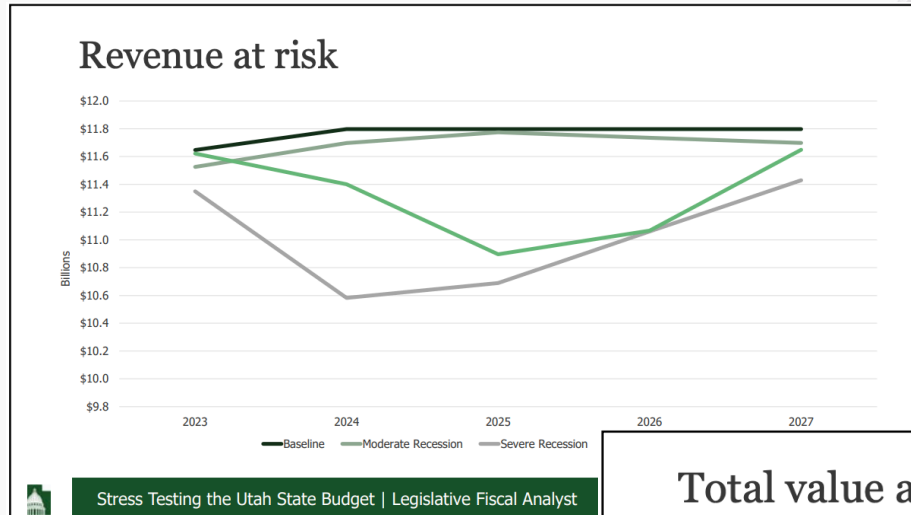
Projected End of SFY Surplus



L/FA

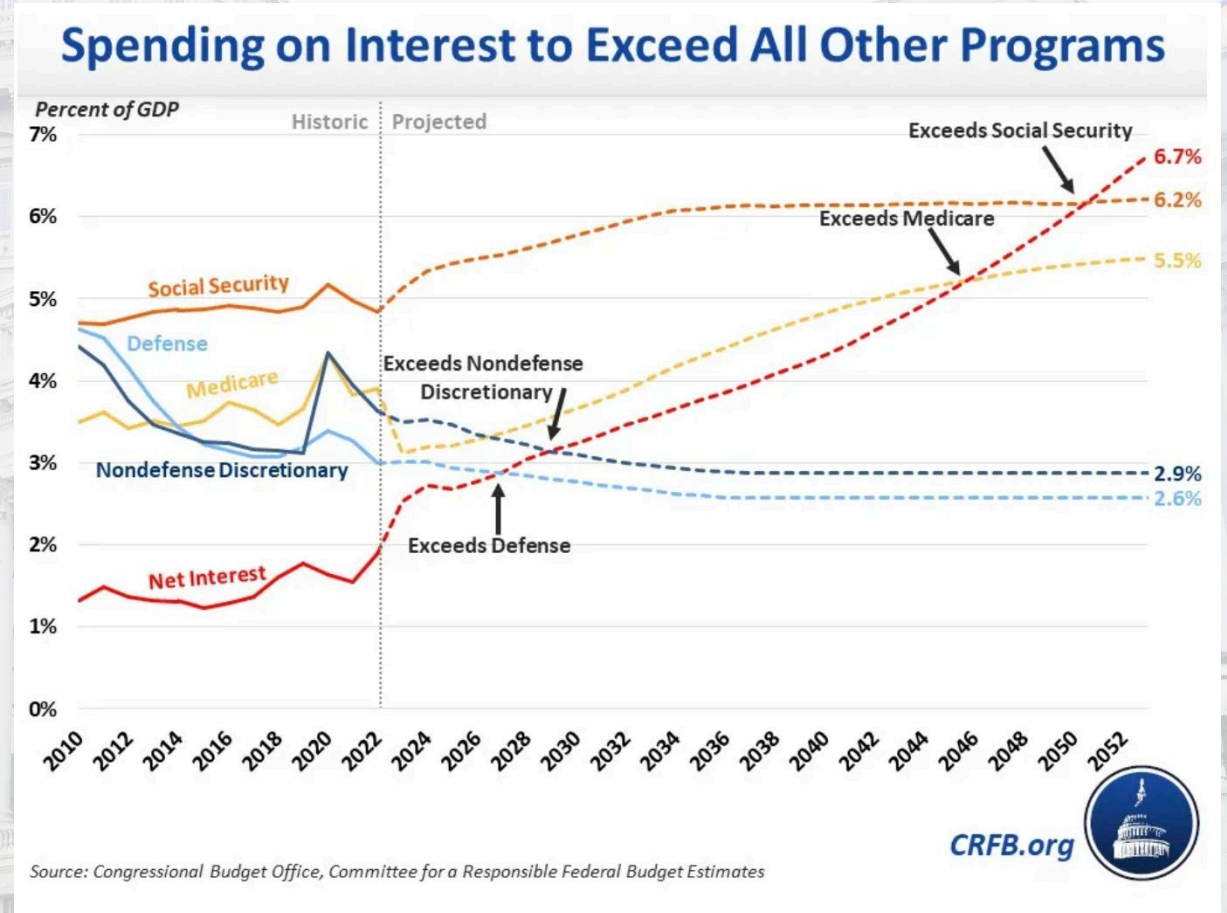
DHHS

Part 1: Medicaid Stress Testing



Rising Federal Debt Payments

Increasing debt service cost and political dynamics in Washington may reduce federal assistance to states



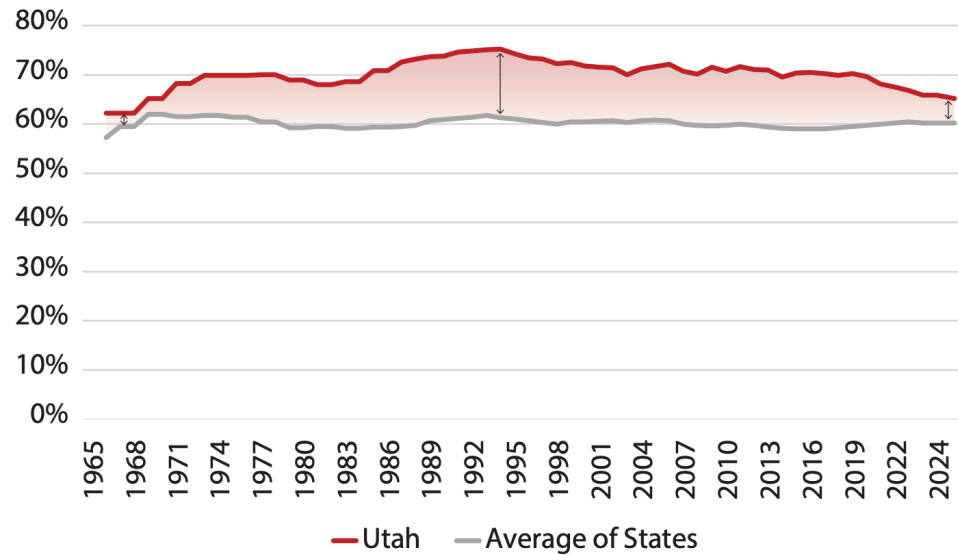
Possible Stress Test Scenarios

- Moderate economic recession with no enhanced FMAP
- Severe economic recession with no enhanced FMAP
- Change in 90/10 FMAP for Medicaid expansion population
- Decline in Utah's traditional Medicaid FMAP
- Change in provider assessments
- Persistent high healthcare inflation
- Ultra high-cost drugs



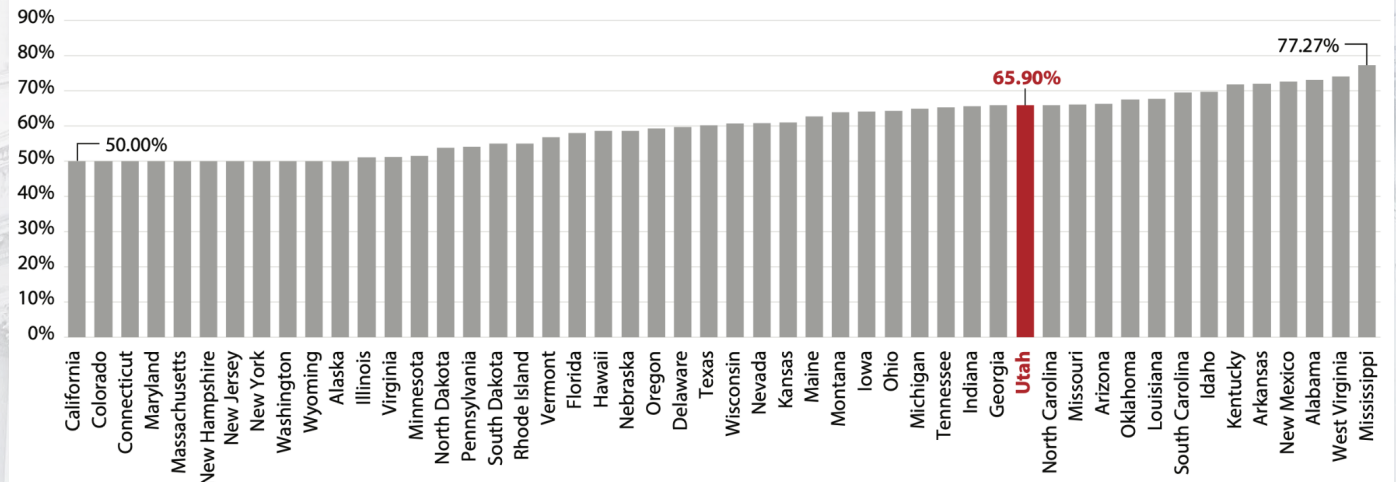
Example Scenario: FMAP Decline

Figure 1: Utah and State Average FMAPs, FY 1965-2024



Source: U.S. Department of Health and Human Services

Figure 3: Traditional Federal Medical Assistance Percentage (FMAP) by State, FY 2024



Source: U.S. Department of Health and Human Services



Medicaid Buffers

 **Medicaid Expansion Fund:** 2019 expansion population

 **Medicaid Restricted Account:** Short-term buffer

 **Medicaid Growth Reduction and Budget Stabilization Account:** Rainy day fund

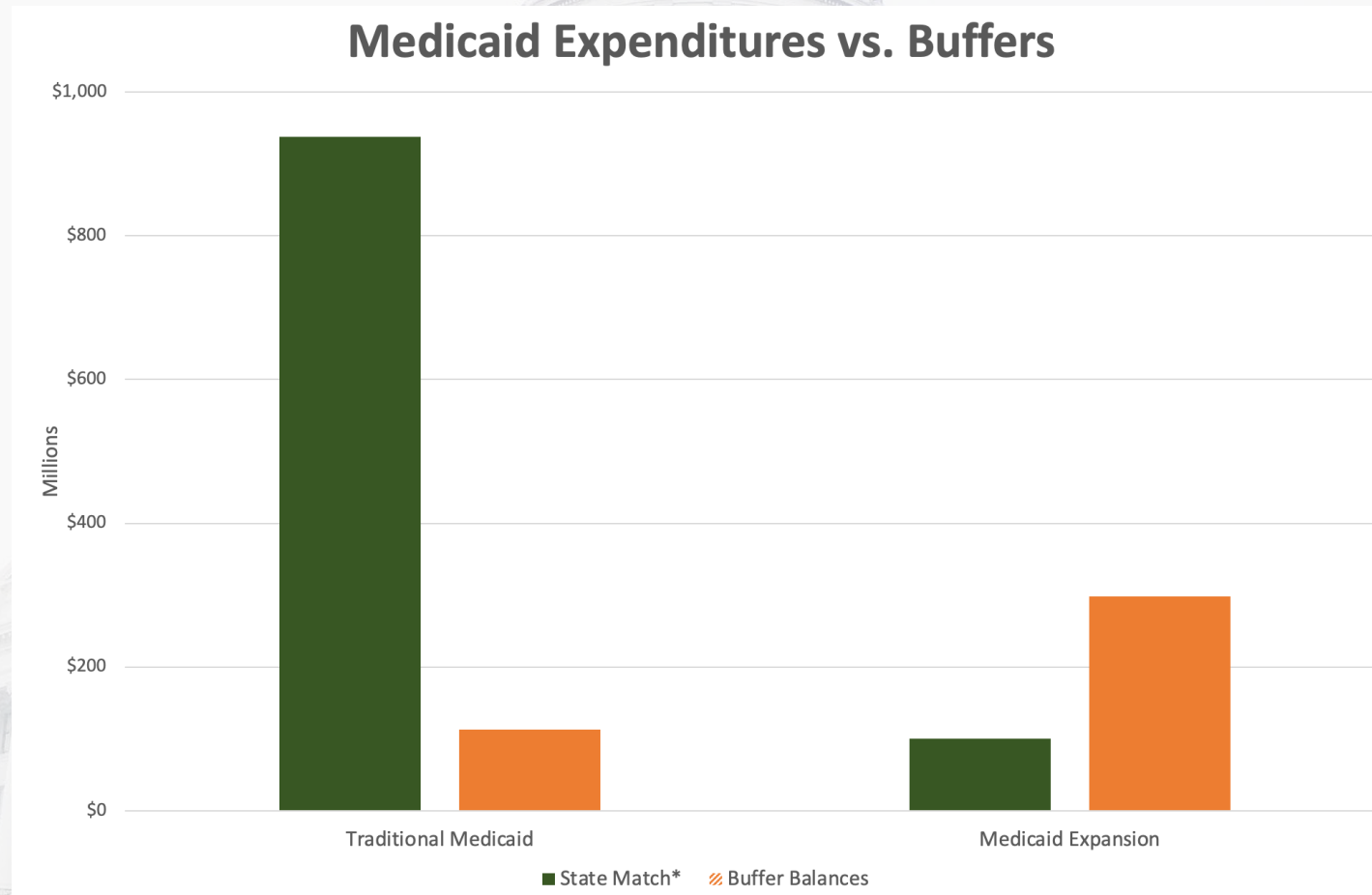


Part 2: Rename Medicaid Expansion Fund

- Medicaid Expansion Fund → “Medicaid ACA Fund”
- Not just sales tax earmark
- \$59 million ongoing appropriation to ensure adequate balance for contingencies.



Buffers Mismatch



Note: FY 2022. Other non-State entities provided \$373,387,800 of State Match for Medicaid.



Part 3: Consolidate Medicaid Buffers

 **Medicaid Expansion Fund:** 2019 expansion population

 **Medicaid Restricted Account:** Short-term buffer

+

 **Medicaid Growth Reduction and Budget Stabilization Account:** Rainy day fund



UTAH
LEGISLATURE



Questions?