



Medicaid Spending Statewide

Social Services Appropriations Committee

January 27, 2025

Summary

This issue brief summarizes FY 2024 statewide spending on Medicaid of \$892,439,700 General Fund and Income Tax Fund (\$5,346,607,500 total funds). Totals represent 27% of all General Fund spending statewide and 15% of all General and Income Tax Fund spending statewide. Other entities provided \$614,782,100 or 41% of the matching funds used to draw down \$3,839,385,700 in federal funds in FY 2024. This brief is for informational purposes only and requires no Legislative action.

Discussion and Analysis

Four State government entities (Department of Health and Human Services, Department of Workforce Services as well as the Office of Inspector General and the Attorney General primarily via its Medicaid Fraud Control Unit) together with the University of Utah Hospitals and Clinics spent \$5,346,607,500 total funds in FY 2024 on Medicaid. The table below details the FY 2024 statewide spending on Medicaid by each entity:

Medicaid Spending by State Entity in FY 2024		
Entity	Money Spent	% of Total
Department of Health and Human Services	\$ 4,466,909,400	84%
University of Utah Hospitals & Clinics	\$ 837,499,600	16%
Department of Workforce Services	\$ 34,448,100	1%
Office of the Inspector General	\$ 4,117,400	0.1%
Medicaid Fraud Control Unit	\$ 3,633,000	0.1%
Total	\$ 5,346,607,500	100%

Of the \$5,346,607,500 total funds spent on Medicaid in FY 2024, 4% or \$189,815,200 went for State administration. The other 96% or \$5,156,792,300 paid for medical services. Included in the 96% for Medicaid services is approximately \$188 million paid in FY 2024 to managed care organizations for their administrative efforts. The federal government provided 72% or \$3,839,385,700 of the total funding (including federal offsets of \$212,668,800 from other revenue sources) with the remaining \$1,507,221,800 or 28% from matching funds.

Of the \$1,507,221,800 in matching funds, the State General Fund and Income Tax Fund provided \$892,439,700 or 59% and other entities provided the remaining \$614,782,100. Generally, these entities are seeding money because those entities are receiving additional federal match. The table on the following page details the purposes and sources of the seed money, the matching provided by other entities as well as the State’s General and Income Tax Funds.

The \$892,439,700 General and Income Tax Fund spent on Medicaid represents 27% of all the \$3,307,016,900 General Fund spending statewide in FY 2024 and 15% of all the \$6,021,243,600 General and Income Tax Fund spending statewide in FY 2024.



Matching Funds	Source	FY 2024	% State Funding	General/Income Tax Fund	% of All
Department of Health and Human Services	State	\$ 803,268,600	100%	\$ 803,268,600	53%
Hospital Assessment	State	\$ 172,898,200	0%	\$ -	11%
Sales Tax 0.15% Add On	State	\$ 133,074,900	0%	\$ -	9%
Pharmacy Rebates	Companies	\$ 63,766,200	0%	\$ -	4%
Mental Health Services	Counties	\$ 65,034,200	72%	\$ 46,986,200	4%
Nursing Facility Upper Payment Limit	Local Gov.	\$ 63,874,200	0%	\$ -	4%
Nursing Home Assessment	Companies	\$ 44,821,300	0%	\$ -	3%
Inpatient Payment Seeds	U Hospital	\$ 32,941,100	0%	\$ -	2%
Physician Enhancement	U Hospital	\$ 29,198,500	0%	\$ -	2%
Outpatient Hospital Upper Payment Limit	U Hospital	\$ 27,842,900	0%	\$ -	2%
School Districts	Schools	\$ 20,375,000	52%	\$ 10,595,000	1%
Department of Workforce Services	State	\$ 17,288,900	96%	\$ 16,597,100	1%
Disproportionate Share Hospital	U Hospital, Counties	\$ 7,713,500	0%	\$ -	1%
Substance Abuse Services	Counties	\$ 6,839,900	68%	\$ 4,624,200	0%
Ambulance Assessment	Companies	\$ 6,621,000	0%	\$ -	0%
Family Health	State	\$ 3,011,100	100%	\$ 3,011,100	0%
Office of Inspector General	State	\$ 1,531,500	100%	\$ 1,531,500	0%
CHIP Allocation	State	\$ 1,323,600	100%	\$ 1,323,600	0%
Corrections	State	\$ 1,300,200	100%	\$ 1,300,200	0%
University of Utah School of Dentistry	State	\$ 1,072,400	41%	\$ 439,700	0%
Utah Schools for the Deaf and Blind	State	\$ 976,100	100%	\$ 976,100	0%
Medicaid Fraud Control Unit	State	\$ 939,800	100%	\$ 939,800	0%
Local Health Departments	Counties	\$ 634,900	100%	\$ 634,900	0%
Tobacco Settlement Account	State	\$ 570,000	0%	\$ -	0%
Data, Systems & Evaluation	State	\$ 163,900	100%	\$ 163,900	0%
Nurse Aid Registry	DATC	\$ 92,100	0%	\$ -	0%
Population Health	State	\$ 47,800	100%	\$ 47,800	0%
Total		\$1,507,221,800	59%	\$892,439,700	100%

Offsets to Medicaid Expenditures

There are six general categories of offsets to Medicaid expenditures, which totaled \$528,443,200 in FY 2024. Most offsets result in the Medicaid program avoiding a payment, but



in some cases the Medicaid program uses the money collected to offset the total expenditures. The list below includes a discussion of each offset.

1. Pharmacy rebates – the State collected \$276,435,000, which includes \$212,668,800 in federal offsets, in rebates from volume discounts which the program used to offset expenditures.
2. Third party liability – Medicaid charged/collected \$207,724,900 from third parties (Medicare, private insurance, or parties causing medical injury to Medicaid clients). The Department of Health and Human Services reports that 24% of Medicaid clients had another medical insurance.
3. Client contributions – Medicaid clients contributed \$22,863,500 to participate in the Medicaid program. The list below includes a discussion of three categories in which client contributions take place:
 - a. Probate – the State recovered \$6,935,900 from estates assigned to the State when an individual began receiving Medicaid benefits. This represents 1.4% of all spending in FY 2024 on nursing homes and Intermediate Care Facilities for Individuals with Intellectual Disabilities.
 - b. Spenddown Income – clients spent down or paid \$15,151,700 of their income to participate in the Medicaid program. This spenddown allows the client to qualify for Medicaid by lowering their income via qualified medical expenses.
 - c. Co-payments – these are reduced from the reimbursement paid to providers and represented \$775,900 or 0.01% of all expenditures in FY 2024. Eighty-two percent of the co-payments came from pharmacy co-payments.
4. Office of Inspector General, Attorney General, and Department of Health and Human Services Collections – these three agencies recovered \$20,686,300 in overpayments to providers.
5. Recovery Audit Contractor – this contractor received \$730,200 in overpayments to providers.
6. Support Payments – the State received \$3,300 in court-ordered support payments for Medicaid clients.

What Roles Does Each State Agency Play in Medicaid?

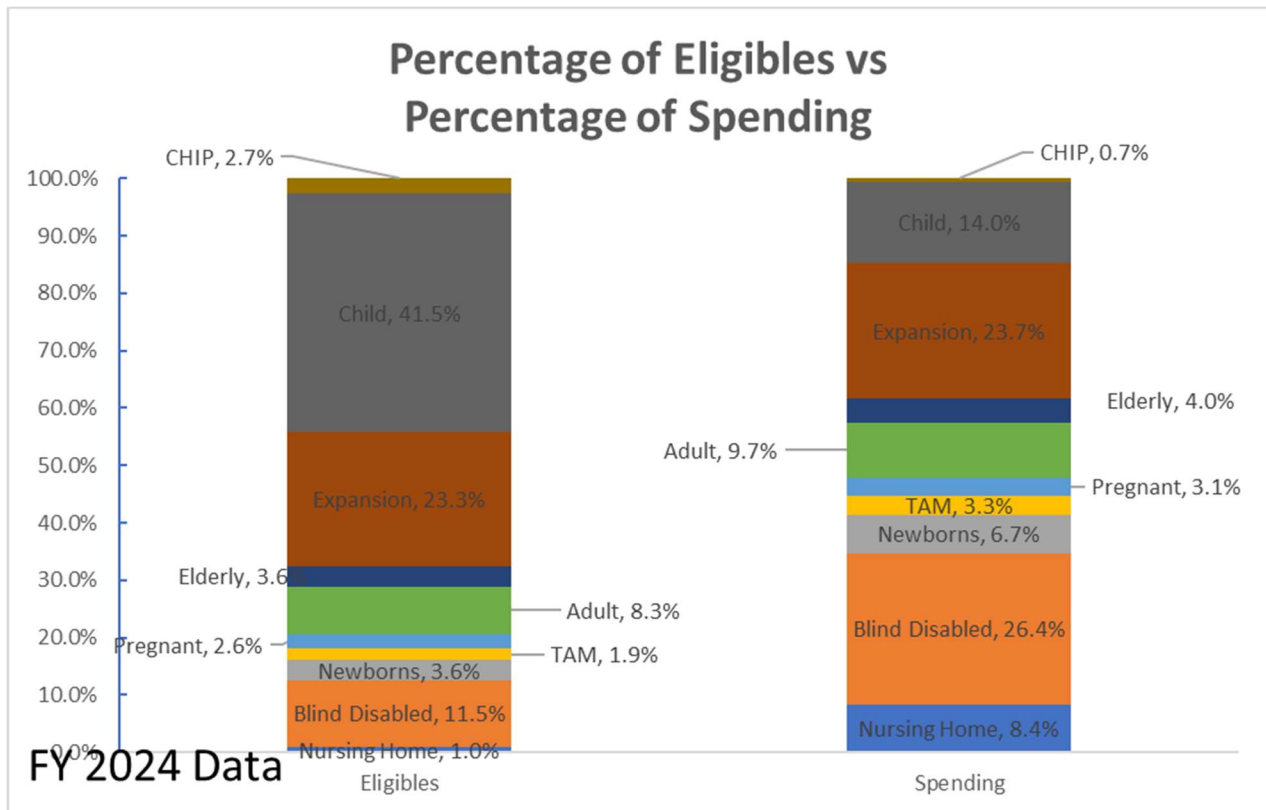
1. Department of Health and Human Services – as per federal regulation all Medicaid money flows through the Department of Health and Human Services and flows out to others via memorandums of understanding/contracts. The Department oversees Medicaid expenditures and reimburses providers for medical services. The Department directly provides or contracts for Medicaid services to persons with disabilities, families in crisis, youth in the criminal justice system, and individuals who have mental health or substance abuse problems.
2. Department of Workforce Services – the Department determines the vast majority of eligibility for Medicaid clients.



3. Office of Inspector General – reviews accuracy of Medicaid billings to identify fraud, waste and abuse within the program and conducts performance audits of Medicaid controls to ensure program efficiency.
4. Attorney General’s Medicaid Fraud Control Unit – this unit investigates and prosecutes provider fraud and abuse in Medicaid. Attorneys in the Department of Health and Human Services provide additional legal support to Medicaid.

The tables below and on the following page have a summary of eligibles vs expenditures in table and graphic form:

<u>Category</u>	<u>Eligibles</u>	<u>Spending</u>	<u>Spending/ Eligibles</u>	<u>Rank Most Expensive</u>
Nursing Home	1.0%	8.4%	8.4	1
Visually Impaired and People with Disabilities	11.5%	26.4%	2.3	2
Newborns	3.6%	6.7%	1.9	3
Targeted Adult Medicaid (TAM)	1.9%	3.3%	1.7	4
Pregnant Women	2.6%	3.1%	1.2	5
Adult (Ages 19-64)	8.3%	9.7%	1.2	6
The Elderly (Ages 65+)	3.6%	4.0%	1.1	7
Expansion	23.3%	23.7%	1.0	8
Children	41.5%	14.0%	0.3	9
CHIP	2.7%	0.7%	0.3	10





If you take the percentage of total spending by each eligibility group divided by the percentage of total number of eligibles for each eligibility group, the following groups are the three most expensive: (1) nursing home, (2) visually impaired and people with disabilities, and (3) newborns.

County Seeded Funds

The two tables show the amount seeded for Medicaid by county mental health provider and substance abuse provider as well as the source of those seeded funds as self-reported by each county. For Medicaid mental health of the \$62,097,100 match money provided in FY 2024 \$17,232,900 or 28% came from county funds with the remaining \$44,864,200 or 72% coming from State funds provided to counties. For Medicaid substance abuse of the \$7,172,200 match money provided in FY 2024 \$2,323,300 or 32% came from county funds with the remaining \$4,848,900 or 68% coming from State funds provided to counties.

Medicaid Mental Health - County(s) or Contracted Providers - FY 2024							
Provider Group	Money Seeded for Services	Money for Admin Fee	% Admin Charged	Total Seeded	State Funds	County Funds	% County Match
Bear River	\$ 3,410,188	\$ 114,395	3.4%	\$ 3,524,600	\$ 2,977,899	\$ 546,701	16%
Central Utah	\$ 1,085,791	\$ 42,630	3.9%	\$ 1,128,400	\$ 809,900	\$ 318,500	28%
Davis County	\$ 5,081,926	\$ 164,927	3.2%	\$ 5,246,900	\$ 3,486,700	\$ 1,760,200	34%
Four Corners	\$ 1,471,986	\$ 54,680	3.7%	\$ 1,526,700	\$ 1,272,250	\$ 254,450	17%
Northeastern/Uintah Basin & San Juan County	\$ 1,746,716	\$ 67,171	3.8%	\$ 1,813,900	\$ 1,594,344	\$ 219,556	12%
Salt Lake County	\$27,536,110	\$ 303,395	1.1%	\$ 27,839,500	\$19,032,164	\$ 8,807,336	32%
Southwest	\$ 4,504,284	\$ 162,113	3.6%	\$ 4,666,400	\$ 3,892,083	\$ 774,317	17%
Summit County	\$ 160,864	\$ 14,622	9.1%	\$ 175,500	\$ -	\$ 175,500	100%
Tooele County	\$ 1,343,166	\$ 54,781	4.1%	\$ 1,397,900	\$ 400,000	\$ 997,900	71%
Wasatch (Utah & Wasatch)	\$ 9,260,722	\$ 293,278	3.2%	\$ 9,554,000	\$ 7,262,700	\$ 2,291,300	24%
Weber County	\$ 5,069,974	\$ 153,321	3.0%	\$ 5,223,300	\$ 4,136,135	\$ 1,087,165	21%
FY 2024 Total	\$ 60,671,700	\$ 1,425,300	2.3%	\$ 62,097,100	\$ 44,864,200	\$ 17,232,900	28%

Medicaid Substance Abuse - County(s) or Contracted Providers - FY 2024							
Provider Group	Money Seeded for Services	Money for Admin Fee	% Admin Charged	Total Seeded	State Funds	County Funds	% County Match
Bear River	\$ 182,390	\$ 14,510	8.0%	\$ 196,900	\$ -	\$ 196,900	100%
Central Utah	\$ 245,158	\$ 21,637	8.8%	\$ 266,800	\$ 157,200	\$ 109,600	41%
Davis County	\$ 428,300	\$ 28,942	6.8%	\$ 457,200	\$ 171,200	\$ 286,000	63%
Four Corners	\$ 166,722	\$ 15,155	9.1%	\$ 181,900	\$ 151,583	\$ 30,317	17%
Northeastern/Uintah Basin	\$ 161,834	\$ 13,580	8.4%	\$ 175,400	\$ 140,320	\$ 35,080	20%
Salt Lake County	\$ 3,620,305	\$ 61,821	1.7%	\$ 3,682,100	\$ 3,095,104	\$ 586,996	16%
Southwest	\$ 387,673	\$ 13,953	3.6%	\$ 401,600	\$ 152,038	\$ 249,562	62%
Summit County	\$ 6,556	\$ 646	9.9%	\$ 7,200	\$ -	\$ 7,200	100%
Tooele County	\$ 91,506	\$ 8,247	9.0%	\$ 99,800	\$ 88,300	\$ 11,500	12%
Wasatch (Utah & Wasatch)	\$ 681,156	\$ 37,320	5.5%	\$ 718,500	\$ 206,914	\$ 511,586	71%
Weber County	\$ 944,476	\$ 40,337	4.3%	\$ 984,800	\$ 686,285	\$ 298,515	30%
FY 2024 Total	\$ 6,916,100	\$ 256,100	3.7%	\$ 7,172,200	\$ 4,848,900	\$ 2,323,300	32%



Matching Funds, What Are the Non-state Sources?

The categories below explain all the matching fund categories sources over \$10,000 in the table on page two that do not come from the General Fund and/or Income Tax Fund:

1. Hospital Assessments - Hospitals pay an assessment on all inpatient visits, which the Department of Health and Human Services uses to pay higher Medicaid reimbursement rates to hospitals. For the Medicaid Expansion population, hospitals pay an additional assessment.
2. Sales Tax 0.15% Add On – Utah voters passed Proposition 3 in 2018 which added a 0.15% sales tax statewide beginning April 2019 to help pay for the costs of Medicaid expansion.
3. Pharmacy Rebates – The Department of Health and Human Services: “negotiates supplemental rebates with manufacturers for increased offsets. In addition, the state receives primary rebates which are negotiated by the federal government.”
4. Capitated Mental Health – the money comes from the counties’ general fund. There is a minimum required match of 20% from the counties for State General Fund received.
5. Nursing Facility Upper Payment Limit – local government owned nursing homes provide seed money to increase their reimbursement rates.
6. Nursing Home Assessment – Nursing homes pay an assessment on all non-Medicare bed days, which the Department of Health and Human Services uses to pay higher Medicaid reimbursement rates to nursing homes.
7. Inpatient Payment Seeds – this is the University of Utah Hospital’s contribution to participate in the Inpatient Upper Payment Limit supplemental payment program.
8. Physician Enhancement - University of Utah Medical Group provides match money to receive reimbursement up to the average commercial rate for its physicians.
9. Outpatient Hospital Upper Payment Limit – Health and Human Services: “Government owned hospitals provide seed money to participate in the Outpatient Upper Payment Limit supplemental payment program.”
10. School Districts - local education agencies providing Medicaid services at school for Medicaid-eligible children.
11. Workforce Services – “certain local governments, hospitals, and school districts provide match money to house an eligibility worker on site to assist clients.”
12. Disproportionate Share Hospital – Government owned hospitals that serve a disproportionate share of Medicaid and uninsured patients provide seed money to receive a supplemental payment. The intent of the payment is to offset some of the hospitals' uncompensated costs in serving these individuals.
13. Substance Abuse - the money comes from the counties’ general fund. There is a minimum required match of 20% from the counties for State General Fund received.
14. Ambulance Assessment - Ambulance service providers pay an assessment on all ground transports, which the department uses to pay higher Medicaid reimbursement rates to ground ambulance service providers.



15. University of Utah School of Dentistry – the School of Dentistry provides match funds which are used to draw down federal funds to serve clients not previously eligible for dental services.
16. Utah Schools for the Deaf and Blind (USDB) – Health and Human Services: “USDB provides early intervention services for Medicaid eligible individuals.”
17. Tobacco Settlement Account – funds from the Master Tobacco Settlement Agreement, please see <https://cobi.utah.gov/fund/1320> for more information.
18. Nurse Aide Registry – Health and Human Services: “The Davis Technical College provides training and competency evaluation programs to individuals who provide nursing or nursing-related services to residents in a nursing facility in accordance with the requirements of Titles 18 and 19 of the Social Security Act.”

For more information about seed money from intergovernmental transfers, please see the annual report from the Department of Health available at <https://le.utah.gov/interim/2024/pdf/00003880.pdf>.

Sources

The financial information for this brief originates primarily from information provided by the Department of Health and Human Services.

Notes

The expenditures in this brief include deposits into the [Medicaid ACA Fund](#).