

# Medicaid Financing and Navigating the Great Unwind

Kathryn Costanza  
Program Principal  
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# Agenda



Refresher on Medicaid Financing



Medicaid Trends and Pressures in 2023



State Perspectives





# Refresher on Medicaid Financing





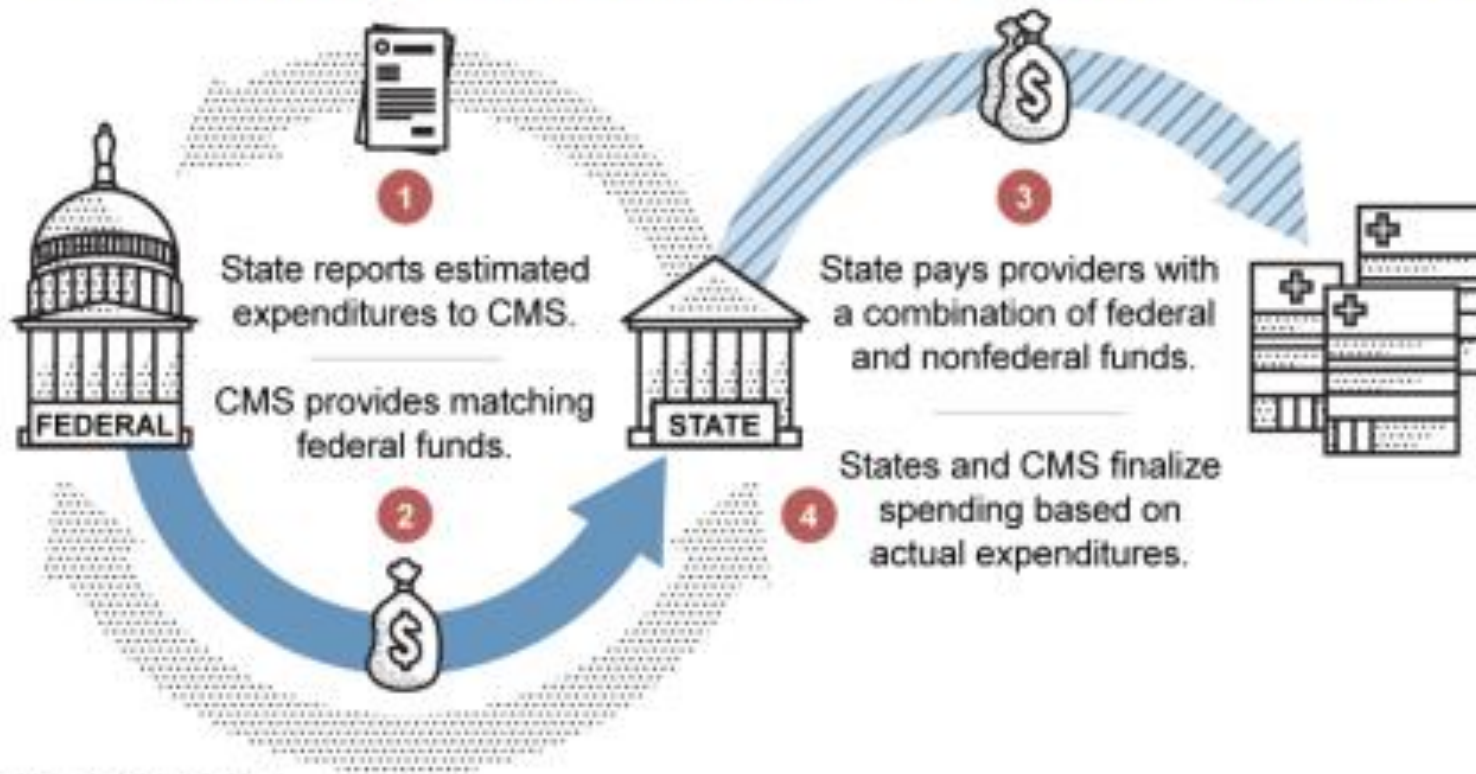
# Rate Your Understanding: Medicaid Financing

1. Medicaid and Medicare aren't the same thing?
2. I've heard some terms, but its foggy.
3. I understand the basics.
4. I have expertise in my state on Medicaid financing.
5. I'm a former Medicaid finance officer – step aside NCSL lady,  
I'm going to teach!



Medicaid is *jointly funded* by both feds and states / territories.

Figure 1: Federal Review and Matching of Estimated State Medicaid Expenditures



Source: GAO. | GAO-20-571R

Source: [Medicaid: Primer on Financing Arrangements](#), GAO (2020)

The ***Federal Medical Assistance Percentage (FMAP)*** rate determines the percentage of the federal and state share for each state or territory.

- ❖ Base FMAP rate for states is adjusted annually based on ***a state's relative per capita income***
- ❖ FMAP for ***states*** varies by
  - Service
  - Population
  - Activity



Raise your hand if you know your state's base FMAP rate.



***Multiple mechanisms*** to finance the state or territorial share

## State Share

- General Fund
- Health Care-Related Taxes / Provider Taxes
- Certified Public Expenditures
- Intergovernmental Transfers

## Territorial Share

- General Fund
- Certified Public Expenditures



- ❖ Medicaid is a *countercyclical program*
- ❖ Medicaid costs *fluctuate with actual expenditures* (services, enrollment, administrative costs).



# Medicaid Trends and Pressures in 2023

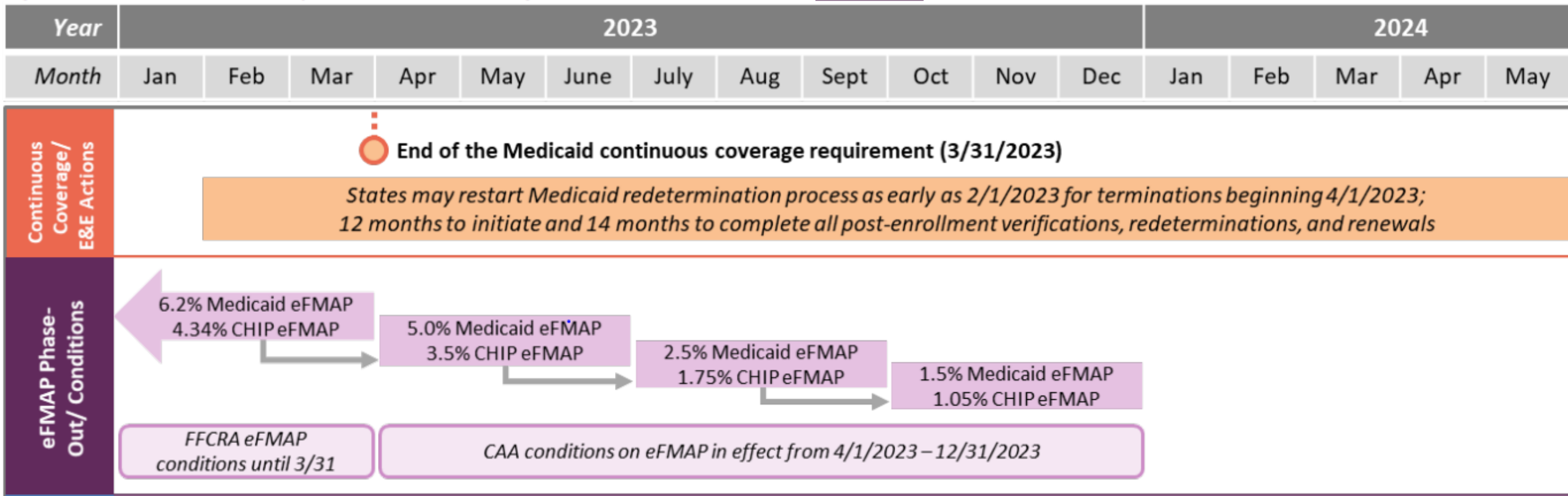


# Medicaid Trends and Pressures - Unwinding



## End of enhanced FMAP for continuous coverage

Figure 1: CAA Timeline of Key Medicaid Unwinding Provisions Included in the CAA, 2023<sup>1</sup>



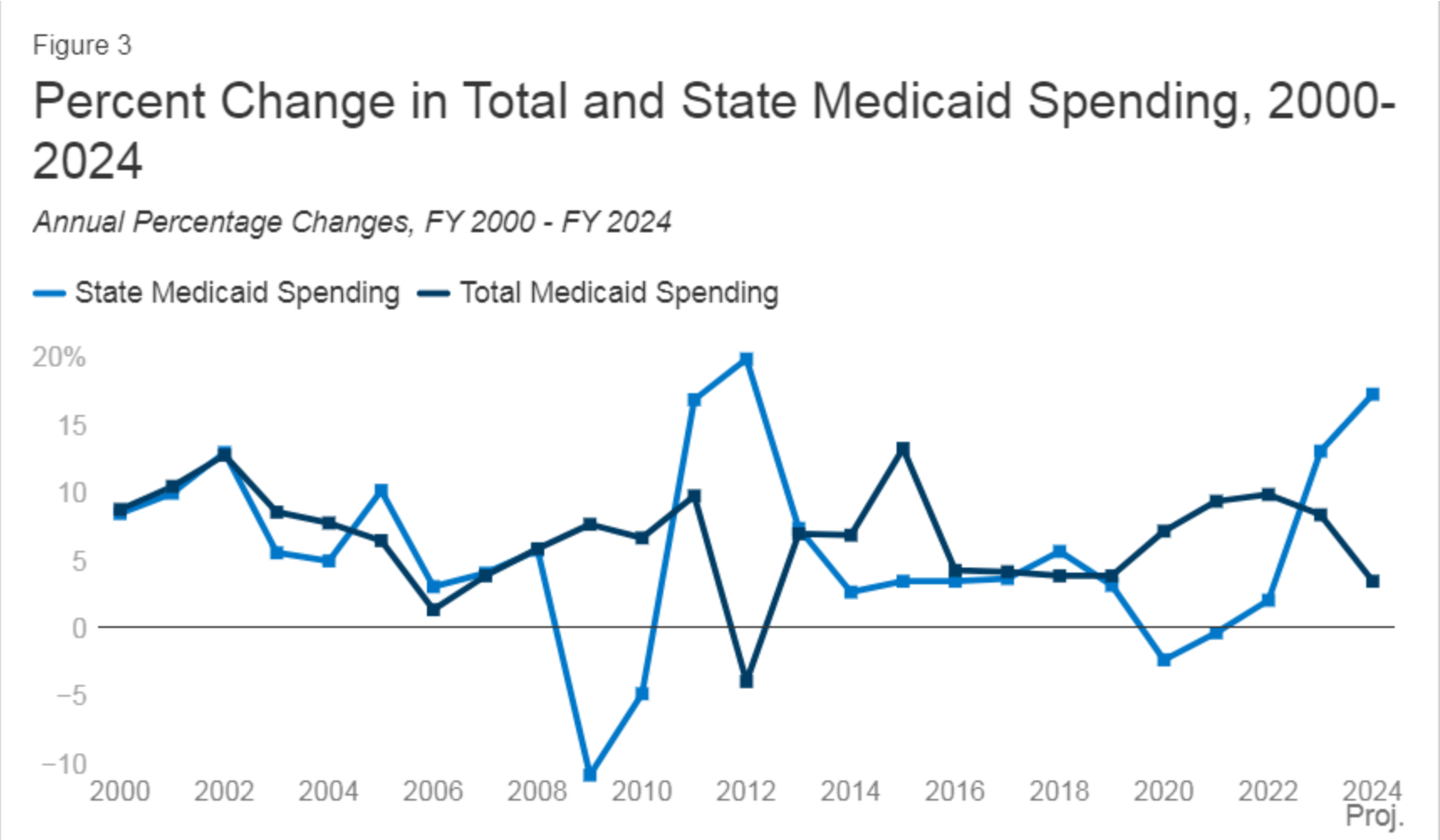
## *End of enhanced FMAP for continuous coverage*

- ❖ Enrollment estimates v. actual enrollment
- ❖ Administrative costs – workforce, systems, compliance

# Medicaid Trends and Pressures - Unwinding



## Increased *state share* of total Medicaid spending



Source: [Annual Medicaid Budget Survey for State Fiscal Years 2023 and 2024](#), KFF (2022)

# Medicaid Trends and Pressures - Other

Figure 17

Beyond Unwinding the Continuous Enrollment Provision, States Reported Other Key Challenges and Priorities



SOURCE: Annual KFF survey of state Medicaid officials conducted by Health Management Associates, November 2023

- ❖ Health ***workforce shortages*** driving provider payment increases
- ❖ ARPA Home and Community-Based Services (HCBS) funding – ***spent by March 2025.***
- ❖ Changes to per enrollee costs, ***benefit and coverage expansions***



# State Perspectives





**Gabe Petek**

Legislative Analyst  
California



**CALIFORNIA REPUBLIC**

**Jonathan Ball**

Legislative Fiscal Analyst  
Utah





*Questions?*



# Resources

- [Annual Medicaid Budget Survey for SFY 2023 and 2024, KFF](#)
- [Medicaid Toolkit, NCSL](#)
- [Health Care Workforce Resources, NCSL](#)
- [Health Costs, Coverage and Delivery State Legislation, NCSL Database](#)
- [Medicaid Unwinding, NCSL Webinar](#)
- [Leveraging ARPA Funds to Improve Care in the Home and Community, NCSL Webinar](#)



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## **NCSL FORECAST '24**

PREPARING FOR LEGISLATIVE SESSIONS

Dec. 4-6, 2023

Reach out anytime!

**Kathryn Costanza**  
**Program Principal**

Email: [Kathryn.Costanza@ncsl.org](mailto:Kathryn.Costanza@ncsl.org)

Phone: (303)856-1388





*Thank you!*





## Federal

- Minimum requirements
- Funds

## State

- Funds
- Operates program
- Tests innovations

## Constituents

- Receive services
- Provide services
- Contract with the state
- Paid by state

