

MEDICAID EXPANSION REMAINS FISCALLY RESPONSIBLE POLICY CHOICE FOR IDAHO

FACT: INFLATION AND TOTAL GENERAL FUND EXPENDITURES GREW FASTER THAN MEDICAID SPENDING IN IDAHO OVER THE PAST FIVE YEARS

Average year-over-year growth between FY 2019 and FY 2024



Chart: Idaho Center for Fiscal Policy • Source: Legislative Budget Books (2020-2025), Bureau of Labor Statistics • Created with Datawrapper

From FY 2019 to FY 2024, actual state General Fund expenditures for the entire Idaho Division of Medicaid grew at an average of 3.7 percent annually. During this same timeframe, inflation grew by an average of 4.1 percent, and total General Fund expenditure growth averaged higher than inflation at 6.9 percent.

In fact, Idaho’s Medicaid actual expenditures went down by 0.4 percent during this same timeframe when adjusted for inflation.

FACT: IDAHO MEDICAID COSTS ARE GROWING SLOWER THAN OTHER PARTS OF THE STATE BUDGET

Comparing percent growth in General Fund expenditures from FY 2019 to FY 2024 by state agency.

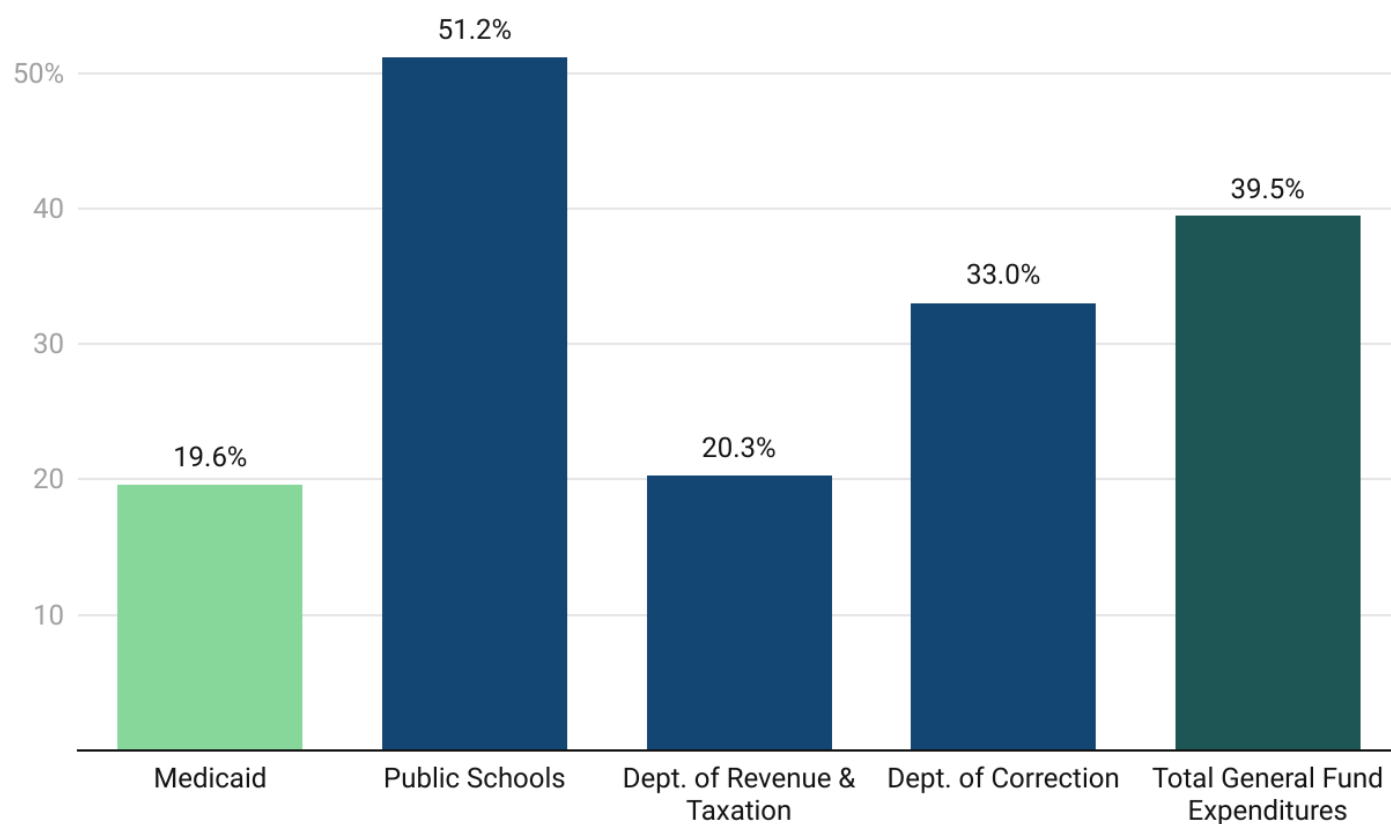


Chart: Idaho Center for Fiscal Policy • Source: Idaho Legislative Services Office • Created with Datawrapper

Rapid population growth, rising costs of living, and inflation have all put upward pressure on the cost of services. Despite these pressures, Medicaid costs have grown slower than other parts of the state budget. Medicaid expenditures grew by a total of 19.6 percent from FY 2019 to FY 2024, while total general fund expenditures grew by 39.5 percent. Medicaid expansion consisted of 1.6 percent of the total General Fund appropriations in FY 2025.

FACT: MEDICAID EXPANSION SAVES MONEY FOR IDAHO'S TAXPAYERS

Medicaid expansion savings exceed state costs for every year a full analysis is available. Medicaid expansion has generated ongoing state savings in corrections, drug courts, behavioral health, county indigent funds, and state catastrophic health programs. In FY 2023, Medicaid expansion generated cost savings equal to approximately \$78 million while state costs were approximately \$73 million.

FACT: MEDICAID EXPANSION REDUCES HEALTHCARE COSTS FOR ALL IDAHOANS, BUSINESSES, AND THE STATE

When an area has high rates of uninsured people, uncompensated care goes up. This drives up the cost of private health insurance for individuals, businesses, and public entities. Medicaid expansion reduces the uninsured rate and reduces uncompensated care, putting downward pressure on the cost of medical care for everyone.

FACT: MEDICAID EXPANSION STIMULATES THE ECONOMY AND GENERATES MORE TAX REVENUE

For every federal dollar invested in Medicaid, Idaho sees an increase of \$1.82 in gross economic activity. A recent economic analysis estimates that Medicaid expansion in Idaho creates 9,362 jobs throughout the state. Additionally, Medicaid expansion generates over \$35 million in general fund revenue⁶ and nearly \$12 million in property tax revenue, for a combined total of nearly \$47 million in tax revenue for the state. These funds can be used to invest in public services for the people of Idaho – such as public schools, roads, and public safety.

THE MEDICAID BUDGET SIMPLIFIED

- 1. Medicaid Serves Idahoans with the Greatest Need:** Medicaid is a health insurance assistance program for qualifying Idahoans with low incomes. Traditional Medicaid covers pregnant women, children, children in foster care, seniors, and people with disabilities. Medicaid expansion covers adults up to 138 percent of the federal poverty limit (Example: \$1,800 earnings per month for a single adult).
- 2. Administrative Costs are Lean:** About 95.5 percent of Medicaid costs go directly to healthcare services. Medicaid's administrative cost of 4.5 percent is significantly lower than the 20 percent administrative cost for Idaho private insurers.
- 3. Medicaid is Financed by State and Federal Dollars:** Idaho currently pays a third of the costs for traditional Medicaid and a tenth of the costs for Medicaid expansion. The remaining costs are paid by the federal Medicaid program, while the federal government covers the remaining two-thirds.
- 4. Medicaid Expansion Enrollees Cost Less to Cover than Other Populations:** In FY 2024, Medicaid expansion comprised 29 percent of total Medicaid participants, but only 8 percent of the total Medicaid general fund expenditures.

For data sources, visit the online version of this factsheet at idahofiscal.org