The Urban Institute released an analysis of the state-by-state impact of the AHCA, 2019 to 2028. The Urban Institute looked at the impact of the proposal on state funding (see Table 5). If states made up for the loss of federal funds with state funds, it would require a 16.1 percent increase in all states’ Medicaid spending over the ten year period.

In poorer states that expanded eligibility, the required increase in spending is substantial. New Mexico would face the greatest increase in its state spending for Medicaid -- 54.6 percent -- to maintain its current Medicaid funding (and presumably benefit) levels. Kentucky would face the next greatest increase -- 52.3 percent. The three big states that did not expand eligibility would still need to find additional state funds to make up for federal fund losses over ten years -- requiring state Medicaid funds to increase 5.1 percent in Florida ($151 billion), 7.6 percent in North Carolina ($85 billion) and 6.4 percent in Texas ($244 billion).

The Urban Institute also looks at a second scenario for states (see Table 6), one that assumes that states will just down the full but decreased amount of federal funds under the proposed per capita cap formulas and allocate only the state funds required for their matching portion. National Medicaid spending would decrease 9.8 percent, from $2,832 billion under the ACA to $2,555 over the ten year period, 2019-2028.

States facing the largest potential decrease in Medicaid spending under this scenario are Colorado and New Hampshire, whose 10 year Medicaid spending would decrease by 20.1 percent and 20.6 percent respectively. In 11 states decreases would be less than 4 percent compared to projected ACA spending. However, the dollar losses over ten years are significant: Alabama, $21 billion; Florida, $138 billion; Kansas, $19 billion; Maine, $14 billion; Mississippi, $18 billion; Missouri, $51 billion; Nebraska, $14 billion; South Carolina, $25 billion; Virginia, $59 billion; Wisconsin, $44 billion; and Wyoming, $5 billion.

In either scenario that the Urban Institute examines, states are faced with difficult decisions. While the AHCA is projected to reduce federal Medicaid spending and decrease the federal deficit, state finances will be placed between the proverbial rock and a hard place. If state leaders want to make up for some or all the loss in federal funding, it will put pressure on all parts of a state budget in order to find sufficient revenues. Even as states use new flexibility to find efficiencies and reduce waste, it also may be necessary to reduce enrollment, limit services and/or cut provider reimbursement payments.

The House vote on the AHCA, originally scheduled for March 23, has been postponed. Various media outlets reported that Congressional leaders did not have sufficient votes to pass the measure. As more amendments are made to the proposal, funding formulas and state impacts are likely to change.