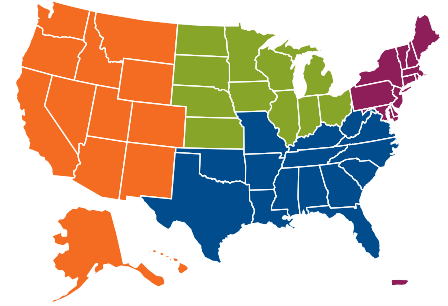


THE BOOK OF THE STATES 2012

Facts & Figures



NATIONAL ANALYSIS: STATES' MEDICAID SPENDING GROWING

States face a huge decision before 2014. In its June 2012 decision on the Affordable Care Act, the U.S. Supreme Court placed in states' hands the decision whether to expand eligibility for Medicaid to 133 percent of the federal poverty level. Currently, states provide Medicaid coverage to some adults with eligible children setting state eligibility at various percentages less than the federal poverty level.

Non-disabled adults without children are not eligible for Medicaid, under current rules. If states decide to expand Medicaid to previously uncovered low-income individuals, the law's matching provisions provide 100 percent federal funding for the first three years. The federal funding gradually decreases through 2020, when the federal match reaches 90 percent. The 90 percent matching provision is more favorable to states than current Medicaid or Children's Health Insurance Program, or CHIP, match rates.

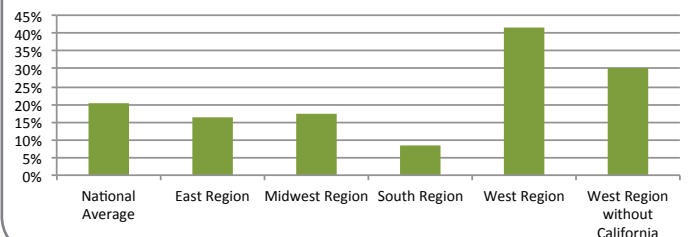
Data show that Medicaid expenditures have grown between 2007 and 2011. Medicaid expenditures by states, as a percentage of overall budget expenditures, also have grown during that time. Medicaid's share of the state budget pie now exceeds that of primary and secondary education, the traditional number one budget priority for states.¹ As state policymakers grapple with the decision regarding Medicaid eligibility expansion, they must consider whether increased Medicaid obligations will displace other budget priorities and whether states can sustain Medicaid budget growth, even with the favorable match rate for the expansion population.

Medicaid Expenditures Grew in the States from 2007 to 2011.

- ▶ Nationally, state Medicaid expenditures grew 20.4 percent between 2007 and 2011.
- ▶ Regionally, Medicaid expenditures grew twice as much in the Western states as the national average, with a 41.7 percent increase in the four-year period. The growth in the West region without California is 30 percent, still considerably higher than the national average.
- ▶ Medicaid spending increases in the Midwest and East were slightly less than the national average, at 17.4 and 16.5 percent respectively. The Southern states posted just an 8.4 percent expenditure increase over the four-year period.

- ▶ Growth in expenditures for Medicaid reflects increased enrollment driven by unemployment during and following the Great Recession.
- ▶ Like overall health care spending, the average annual increase in Medicaid spending has moderated in recent years and, in fact, the average annual growth in Medicaid spending lags behind the growth in all health care spending.²
- ▶ The federal stimulus package provided an enhanced federal Medicaid matching rate to states between 2008 and 2011; that enhanced match rate relieved some of the burden on states to provide increased general funds to Medicaid. This obligation, however, came roaring back to states in July 2011 when the enhanced federal Medicaid matching rates were discontinued.³

MEDICAID EXPENDITURES AS PERCENT OF TOTAL STATE EXPENDITURES, 2007-2011



State Medicaid Expenditures Grew as a Percent of Total State Expenditures.

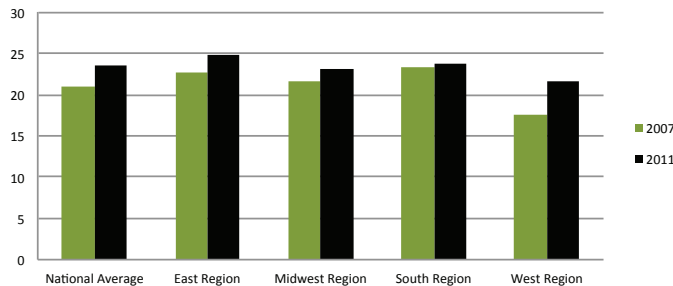
- ▶ According to National Association of State Budget Officers (NASBO) state expenditure data, the share of total state budgets spent on Medicaid has increased from an average of 20.9 percent in 2007 to 23.6 in 2011, a 2.7 percentage point increase.
- ▶ NASBO data also show that every region experienced growth in the proportion of state budget expenditures for Medicaid between 2007 and 2011.

- » The West experienced the greatest growth, a 4.1 percentage point increase, while the South had the smallest growth at 0.5 percentage point.
- » The percentage point increases in the East and Midwest were more similar to the national rate, at 2.1 for the East and 1.4 for the Midwest.
- ▶ In its "2010 State Expenditure Report," NASBO reported Medicaid represented the largest share of state budgets in the 2010 fiscal year due to increased Medicaid enrollment and spending resulting from the economic decline. Medicaid displaced elementary and secondary education as the largest component, a place it had held since the 2009 fiscal year.
- ▶ In the 2011 fiscal year, NASBO found that Medicaid continued to grow as a percentage of total state expenditures, representing 23.6 percent, while K-12 declined to 20.1 percent.

¹National Association of State Budget Officers. "State Expenditures Report: Examining Fiscal 2009-2011 State Spending." <http://www.nasbo.org/sites/default/files/2010%20State%20Expenditure%20Report.pdf>
²The Council of State Governments. "National Analysis: Medicaid Spending." January 2012. http://knowledgecenter.csg.org/drupal/system/files/BOS/medicaid_spending_national.pdf
³Miller, Debra. "States Face Medicaid Match Loss After Recovery Act Expires." The Book of the States 2011. The Council of State Governments. <http://knowledgecenter.csg.org/drupal/content/states-face-medicaid-match-loss-after-recovery-act-expires-0>

Table Notes: (a) Medicaid appropriations are "gross funded" -- federal funds are deposited directly to the state treasuries. (b) Inflation adjustment (1.0849) from Consumer Price Index, U.S. Bureau of Labor Statistics. Calculations by CSG.
Table Sources: National Association of Budget Officers. "State Expenditures Report: Examining Fiscal 2009-2011 State Spending." <http://www.nasbo.org/sites/default/files/2010%20State%20Expenditure%20Report.pdf>; National Association of Budget Officers. "State Expenditures Report: FY 2008 State Spending." <http://www.nasbo.org/sites/default/files/FY08%20State%20Expenditure%20Report.pdf>; CSG calculations

MEDICAID EXPENDITURES AS PERCENT OF TOTAL STATE EXPENDITURES, 2007-2011



► MEDICAID EXPENDITURES BY STATE AND REGION

(In millions of dollars)

THE COUNCIL OF STATE GOVERNMENTS

State or other jurisdiction	Medicaid expenditures as percent of total expenditures (all funds), 2007				Medicaid expenditures as percent of total expenditures (all funds), 2011				Percent difference in spending 2007-2011, adjusted for inflation (b)	Difference in percent of total expenditures 2007-2011 (percentage points)		
	General fund	Federal funds	Other state funds	Total	General fund	Federal funds	Other state funds	Total				
U.S. totals	\$110,228	\$167,930	\$26,966	\$305,124	20.9	\$110,672	\$249,807	\$38,092	\$398,571	23.6	20.4%	2.7
East												
Connecticut	3,152	0	775	3,927	17.2	4,466	0	1,127	5,593	27.2	31.3%	10.0
Delaware	486	490	0	976	12.5	481	777	0	1,258	16.2	18.8%	3.7
Maine	660	1,342	169	2,171	30.2	439	1,694	205	2,338	28.6	-0.7%	-1.6
Maryland	2,559	2,775	115	5,449	18.8	2,005	4,098	558	6,661	21.6	12.7%	2.8
Massachusetts	7,551	0	0	7,551	18.1	10,440	0	0	10,440	20.2	27.4%	2.1
New Hampshire	440	580	157	1,177	25.9	395	831	145	1,371	25.2	7.4%	-0.7
New Jersey	4,380	4,554	129	9,063	20.0	4,111	6,007	136	10,254	21.9	4.3%	1.9
New York	9,017	19,867	3,504	32,388	28.7	6,296	26,060	4,669	37,025	29.1	5.4%	0.4
Pennsylvania	6,418	9,441	1,634	17,493	30.7	5,523	12,188	1,716	19,427	31.1	2.4%	0.4
Rhode Island	796	848	0	1,644	23.8	806	1,234	7	2,047	24.7	14.8%	0.9
Vermont	197	556	188	941	18.3	177	855	253	1,285	26.6	25.9%	8.3
Regional Total	33,097	37,678	6,556	77,331	22.7	35,139	53,744	8,816	97,699	24.8	16.5%	2
Midwest												
Illinois	4,235	5,977	2,336	12,548	27.1	3,341	9,560	3,320	16,221	28.9	19.2%	1.8
Indiana	1,461	3,117	415	4,993	21.9	1,292	4,879	432	6,603	24.4	21.9%	2.5
Iowa	665	1,470	490	2,625	18.0	403	2,331	843	3,577	19.3	25.6%	1.3
Kansas	835	1,310	86	2,231	18.6	790	1,828	125	2,743	18.6	13.3%	0.0
Michigan	2,326	5,227	1,682	9,235	21.7	1,440	8,743	1,821	12,004	24	19.8%	2.3
Minnesota	2,965	3,060	0	6,025	22.2	3,156	4,848	61	8,065	25.1	23.4%	2.9
Nebraska	619	889	20	1,528	18.7	507	1,085	21	1,613	16.5	-2.7%	-2.2
North Dakota	165	326	4	495	14.7	225	501	2	728	14.6	35.6%	-0.1
Ohio	9,251	2,355	1,150	12,756	23.8	10,777	2,590	598	13,965	23.2	0.9%	-0.6
South Dakota	219	420	0	639	20.9	267	611	0	878	23.2	26.6%	2.3
Wisconsin	1,788	2,835	147	4,770	13.9	1,413	5,071	787	7,271	17	40.5%	3.1
Regional Total	24,529	26,986	6,330	57,845	21.6	23,611	42,047	8,010	73,668	23	17.4%	1.4
South												
Alabama	491	3,107	898	4,496	12.3	345	3,851	1,086	5,282	25.3	8.3%	13.0
Arkansas	652	2,297	255	3,204	19.9	635	3,424	119	4,178	20.5	20.2%	0.6
Florida	4,549	8,291	1,500	14,340	21.7	3,978	12,081	3,721	19,780	28	27.1%	6.3
Georgia	2,211	4,472	730	7,413	21.1	1,731	5,793	520	8,044	20.5	0.0%	-0.6
Kentucky	982	3,107	442	4,531	20.3	911	4,537	360	5,808	22.8	18.2%	2.5
Louisiana	752	4,018	413	5,183	19.9	658	5,353	1,088	7,099	23.5	26.2%	3.6
Mississippi	315	2,577	422	3,314	19.9	168	3,395	901	4,464	22.6	24.2%	2.7
Missouri	1,106	4,002	2,360	7,468	35.6	1,531	6,389	1,050	8,970	36.3	10.7%	0.7
North Carolina	2,650	6,152	1,692	10,494	26.6	2,466	7,660	1,172	11,298	22.1	-0.8%	-4.5
Oklahoma	869	2,143	309	3,321	18.1	960	2,675	457	4,092	18.5	13.6%	0.4
South Carolina	754	3,062	659	4,475	22.4	726	3,870	522	5,118	19.9	5.4%	-2.5
Tennessee	2,259	4,567	267	7,093	28.9	2,152	6,252	275	8,679	28.1	12.8%	-0.8
Texas	6,589	12,373	1,634	20,596	16.5	7,887	16,936	58	24,881	26.3	11.4%	9.8
Virginia	2,586	2,456	0	5,042	14.5	2,977	4,197	0	7,174	16.9	31.2%	2.4
West Virginia	409	1,547	201	2,157	11.6	307	2,239	240	2,786	13	19.1%	1.4
Regional Total	29,733	66,946	11,897	108,576	23.2	27,432	88,652	11,569	127,653	23.7	8.4%	0.5
West												
Alaska	374	656	27	1,057	9.2	373	871	14	1,258	9	9.7%	-0.2
Arizona	1,523	4,436	549	6,508	22.5	1,290	5,848	1,044	8,182	28	15.9%	5.5
California	13,403	19,418	643	33,464	19.7	12,573	36,814	5,573	54,960	24.2	51.4%	4.5
Colorado	1,226	1,296	93	2,615	10.9	1,269	2,807	1,435	5,511	19.4	94.3%	8.5
Hawaii	440	616	6	1,062	10.0	606	1,180	0	1,786	15.9	55.0%	5.9
Idaho	321	713	85	1,119	21.7	299	1,311	194	1,804	25.6	48.6%	3.9
Montana	158	510	51	719	17.6	152	741	72	965	15.7	23.7%	-1.9
Nevada	437	700	106	1,243	16.0	487	974	135	1,596	18.7	18.4%	2.7
New Mexico	764	1,941	44	2,749	18.6	539	2,342	115	2,996	20.2	0.5%	1.6
Oregon	901	1,924	395	3,220	15.9	918	3,408	557	4,883	14.6	39.8%	-1.3
Utah	318	984	184	1,486	16.0	258	1,419	238	1,915	14.3	18.8%	-1.7
Washington	2,791	2,887	0	5,678	19.1	3,825	3,943	141	7,909	24.4	28.4%	5.3
Wyoming	213	239	0	452	9.2	226	336	0	562	7	14.6%	-2.2
Regional Total	22,869	36,320	2,183	61,372	17.6	22,815	61,994	9,518	94,327	21.7	41.7%	4.1
Regional Total w/o CA	9,466	16,902	1,540	27,908	16.9	10,242	25,180	3,945	39,367	19	30.0%	2.1

