

Medicaid Budget Stabilization Fund

What is it?

[House Bill 209](#) creates a reserve fund to help ensure the Medicaid budget remains sustainable over time. Currently, Idaho's Medicaid program does not have the authority to save any surplus dollars or carry them over to future budget year spending. Instead, unused Medicaid dollars have to be reverted to the state General Fund at the end of every fiscal year. The legislature is not required to reappropriate the unused dollars back to the Medicaid program, leaving the Medicaid budget vulnerable to future budget fluctuations. The new 'Medicaid Budget Stabilization Fund' will be an interest bearing account that allows Medicaid surplus moneys to be retained only for future Medicaid expenses.

Why is it needed?

Over the last year, the federal government – through congressional and executive actions – has provided significant financial relief to assist states with the increased health care needs and costs due to the COVID-19 pandemic. As a result of this federal Medicaid relief, Idaho is receiving approximately \$10 to \$12 million more per month than originally budgeted. For SFY2021, the additional relief will result in an estimated \$55 million Medicaid budget surplus. The federal government is expected to continue providing states with the pandemic Medicaid relief through at least the 2021 calendar year. Preserving Idaho's Medicaid surplus in a budget stabilization fund will allow the federal relief intended for Medicaid to cover Medicaid costs.

Budget stabilization funds are a common budgeting tool used in Idaho. These funds have successfully protected the state General Fund from unexpected budget fluctuations year to year. Similarly, House Bill 209 will benefit the General Fund and create stability for the Medicaid program in two ways:

- (1) when a surplus exists for Division of Medicaid appropriations at the end of a fiscal year, the surplus moneys will transfer to the Medicaid Budget Stabilization Fund instead of being reverted back to the General Fund.
- (2) when a deficit exists for Division of Medicaid trustee and benefit appropriations at the end of a fiscal year, funds from the Medicaid Budget Stabilization Fund may be used, reducing or eliminating the need to General Funds to address the deficit.

House Bill 209 Talking points:

Stabilization Funds Protect Tax Payer Dollars: The creation of a Medicaid Budget Stabilization Fund is a smart fiscal step to protect our state budget.

- Should the Medicaid budget ever exceed projected costs, funds from the Medicaid Budget Stabilization Fund will be used, and the need for general funds to address the deficit will be reduced or eliminated.

- By preserving Medicaid funding, we can ensure Medicaid stays strong to help Idahoans through tough times without using extra tax payer dollars.

Stabilization Funds are Smart Budgeting: It is common practice for state budgets to adopt stabilization funds.

- Idaho agencies that have taken this approach to smart budgeting have alleviated strain on Idaho's economy and protected programs and services during difficult economic times.
- Medicaid is a critical first responder when public health and economic crises strike. A Medicaid Budget Stabilization fund would provide Idaho with a more measured budget-balancing approach that protects Medicaid funding during crises and lays the groundwork for a stronger economic recovery.

Stabilization Funds Support Planning for the Future: The COVID-19 pandemic clearly illustrates how important it is to ensure Idaho's budget can meet health care needs of Idahoans in an unpredictable future.

- Idaho's Medicaid program works over-time to provide essential health coverage for eligible Idahoans.
- A stabilization fund will allow state leaders to ensure Idaho's budget protects Medicaid and the ability for hardworking Idahoans and their families to access health care. The Medicaid stabilization fund will provide the additional support needed to provide necessary health services without negatively impacting Idaho's budget.

Protects Consistent Access to Health Services and Ensures Continuity of Care: When Medicaid faces budget cuts, it puts access to services and coverage at risk for Idahoans most at risk.

- A stabilization fund would create stability for the Medicaid program ensuring Idaho's kids, seniors and people with disabilities are able to access the health care they need to stay healthy.
- Ensuring continuity of care provides a peace of mind for Idaho families. By protecting Medicaid funding, Idahoans will not have to live in fear of having health coverage taken away when they need it most.