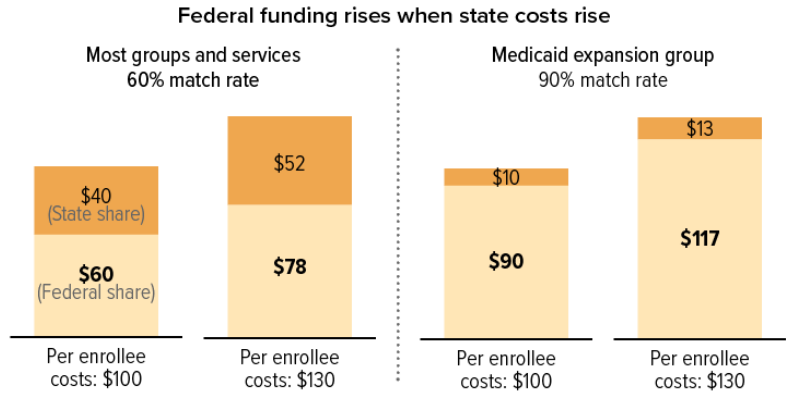


Medicaid Per Capita Cap Would Shift Costs to States

Current Law

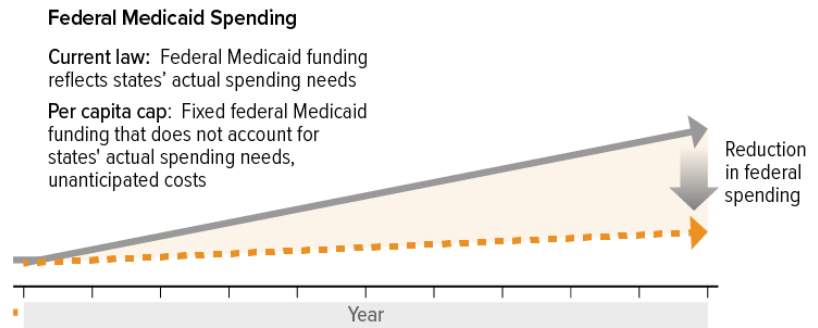
The federal government picks up a fixed share of states' Medicaid costs, averaging about 60 percent across the states.¹ Each state's share is based on its residents' average incomes, relative to the nation's, though certain population groups and services receive higher matching rates. For Medicaid enrollees who enrolled under the Affordable Care Act's Medicaid expansion, the federal share is 90 percent.

If a state's costs go up, federal Medicaid spending automatically increases to cover part of those added costs.



Per Capita Cap Would Reduce Federal Medicaid Spending

A per capita cap would set an annual cap on federal Medicaid funding per enrollee for each state — a cap that would grow more slowly than expected growth in per-enrollee costs. Federal funding would not rise above that capped amount. Slowing the rate of Medicaid growth is equivalent to cutting Medicaid.



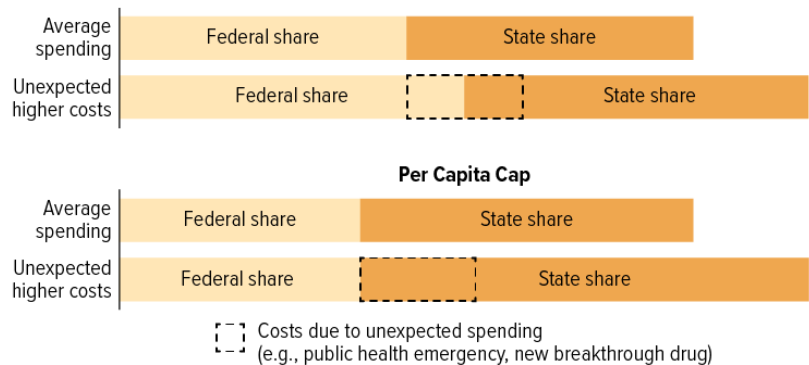
Per Capita Cap Would Squeeze State Budgets

Current Law

Federal government pays fixed share of Medicaid spending to cover both expected and unexpected costs.

Per Capita Cap

The federal government would pay fixed amount of Medicaid spending, so states facing federal funding shortfalls due to the cap would have to boost their own funding or cut eligibility, benefits, or provider payments. If per capita Medicaid costs rose due to a public health emergency or new breakthrough drug, the state would have to shoulder these added costs or further cut Medicaid.



Updated February 7, 2023

¹ Based on the median Federal Medicaid Assistance Percentage across states for fiscal year 2023, not including the temporary 6.2 percentage point increase made available through the Families First Coronavirus Response Act.