MINUTES

JOINT FINANCE-APPROPRIATIONS COMMITTEE

DATE:	Thursday, January 22, 2026
TIME:	8:00 A.M.
PLACE:	Room C310
MEMBERS PRESENT:	Senators Co-Chairman Grow, Woodward, Cook, Bjerke, Hart, Carlson, Zuiderveld, Galloway, Ward-Engelking, Wintrow Representatives Co-Chairman Tanner (14), Miller, Furniss, Petzke, Manwaring, Mitchell, Price, Bruce, Harris, Green
ABSENT/ EXCUSED:	Representative(s) Petzke
CONVENED:	**Co-Chairman Grow** called the meeting of the Joint Finance-Appropriations Committee (Committee) to order at **8:00 a.m.** with a quorum present.
LSO STAFF PRESENTATION:	**Division of Medicaid- Department of Health and Welfare (DHW), LBB 2-0041– Alex Williamson, Senior Analyst, Budget & Policy Analysis Division, Legislative Services Office (LSO)**

Ms. Williamson presented the Department of Health & Welfare Division of Medicaid Base Review before the Committee (see, attachment 1). The Division of Medicaid is responsible for administering plans to finance and deliver health services for people at risk due to low income and other factors such as youth, old age, pregnancy or disability. These services are provided pursuant to state and federal Medicaid requirements.

The division is organized into the following budgeted programs: Medicaid Administration & Medical Management, Coordinated Medicaid Plan, Enhanced Medicaid Plan, Basic Medicaid Plan, Expansion Medicaid Plan, and Extended Employment Services (EES). Medicaid Administration and Medical Management serves as the administrative arm, handling functions such as managing provider payments and overseeing contracts. The Coordinated Medicaid Plan serves participants age 65 and older, often referred to as the dually eligible population because they qualified for both Medicaid and Medicare. The Enhanced Medicaid Plan serves children and adults with disabilities, including the foster care population. Basic Medicaid covered pregnant women and children, family Medicaid, and Idaho's CHIP program; these populations are assumed to be in average health with average levels of disease. The Expansion Medicaid Plan serves adults with incomes below 138% of the federal poverty level and is also assumed to cover populations with average health and disease levels. The division also includes Extended Employment Services (EES), a program designed to support adults with intellectual and developmental disabilities in obtaining or maintaining competitive employment. Ms. Williamson referenced the federal poverty limit to explain eligibility for the expansion population, noting, for example, that a single-person household qualified with an annual income of $22,024.80 or less, equivalent to about $10.59 per hour for full-time work.

The Division of Medicaid is currently authorized 305.5 full time personnel (FTP). Ms. Williamson provided a five-year historic look back at division appropriation versus expenditures for FY 2022 – FY 2026. The budget has grown over the last five years from $3.8 billion in FY 2022 to $5.25 billion in FY 2026.

Ms. Williamson provided expenditures by Medicaid plan for FY 2020 – FY 2025 broken out by the budgeted programs of Basic, Coordinated, Enhanced, and Expansion, and provided a General Fund trend line related to that data. She next provided a pie chart showing the FY 2025 participants broken out by Medicaid Plan, which provided context behind what populations are driving expenses. For example, the basic adult and basic child together make slightly more than half of the Medicaid population for the state, but if you look at the chart on the right, they only account for about a quarter of the expenditures. In comparison, the coordinated and enhanced populations only make up about 21% of the population, but they account for about 52% of cost.

In reviewing the Medicaid division five-year base snapshot, Ms. Williamson emphasized there were many variables impacting the numbers, including the federal public health emergency, various provider rate increases authorized by the legislature, and changes to the way that the upper payment limit supplemental payment is calculated for hospital reimbursements. She also provided detail for FY 2025 and FY 2026 budget enhancements.

Ms. Williamson then outlined the FY 2027 Budget request and the Governor's recommendation included three supplemental items. One aligns existing federal appropriations with the hospital assessment fund as required by House Bill 345, moving $349.7 million with no net fiscal impact. The remaining supplementals address updated claims and population forecasts for fiscal year 2026. Under the Governor's recommendation, a $107 million forecast-driven increase is partially offset by $61 million in savings from a 4% provider rate adjustment, resulting in a net supplemental request of $45.8 million. Supporting tables showed how the increases and reductions are distributed by plan and fund type, with growth in traditional Medicaid plans partially offset by decreases in the expansion plan.

She then reviewed the FY 27 budget enhancements, beginning with a onetime enhancement of $102.7 million recommended by the Governor. This enhancement supports the Medicaid Management Information System (MMIS) procurement, with $10.3 million from dedicated funds and $92.4 million from the federal match. She then reviewed the FY 27 ongoing enhancements including: Budget Law Exemption, Hospital Assessment Fund Align- H345, Estate Recovery System Contractor, Medicaid Program Integrity Unit, Div. of Purchasing — Medicaid Staff, Population Forecast Adjustments, and Gov. Initiative-Provider Rate Adjustment.

DISCUSSION: In response to a question from Co-Chairman Grow, **Ms. Williamson** stated the total Medicaid division ongoing enhancements change from FY 25 of $108,843,900 to FY 26 of $556,992,200 reflects enhancements that were approved by the legislature including some provider rate adjustments, population forecast adjustments, intermediate care facility adjustments, and approval from the legislature for 24 new division staff positions. **Co-Chairman Grow** emphasized that these expenses were not onetime, but reflect a big base increase that will be automatically built into the maintenance budget.

In response to questions from Committee members, **Ms. Williamson** provided additional detail related to FY 27 supplemental requests, FMAP (federal medical assistance percentage) rates, population forecast adjustments, and the FY 27 MMIS onetime enhancement, and reductions in funding amounts for the Medicaid expansion program. Ms. Williamson stated the Medicaid expansion population has decreased from 100,000 participant to 89,000 participants, likely due to the end of the public health emergency. She also answered questions related to the Medicaid program integrity unit, as well as estate recovery funds.

Sasha O'Connell, Deputy Director at the Department of Health and Welfare and State Medicaid Administrator stood to answer questions from the Committee related to division software procurement, dedicated receipt authority, federally required estate recovery of Medicaid funds, external employment services, program sustainability, expansion population poverty threshold, and the breakout of General Fund dollars versus federal dollars for Medicaid.

Ms. O'Connell stated that large cost drivers include pharmaceuticals, developmental disability services, and hospital services. In regards to how those costs have changed over time, she stated that recently it has not been driven by expansion, it has been driven by the traditional population. One of the reasons for that is the significant investments that the legislature has made in home and community-based services over the last several years, with rate changes to increase rates for personal care services, residential assisted living facilities and others. There are also increases in the behavioral health space, with higher drivers in inpatient psychiatric hospital stays. She stated residential care costs also increased over the last couple of years as more children are accessing care for serious emotional disturbances. Other cost drivers included dental services, long-term services and supports for nursing facilities, and other home and community-based supports. She stated that changing the Medicaid Expansion poverty threshold could risk losing federal funding match for that population which has federally required set poverty rate.

Ms. O'Connell stated the Division of Medicaid and the Department of Health and Welfare is committed to pursuing cost containment in daily program administration. They implemented measures such as prior authorizations for certain services, using clinicians to ensure medical necessity, and recently updated these processes to align with practices in other states. They also addressed cost control through efforts to prevent fraud, waste, and abuse.

In response to questions from Committee, Ms. O'Connell answered questions related to Medicaid expansion costs, Medicaid work requirements from H.R.1 The One Big Beautiful Bill, combatting Medicaid fraud, the Hospital Assessment fund, provider rate reductions, funding for federally qualified health centers, assertive community treatment, and upper payment limits changing to state directed payments with implementation of comprehensive managed care.

ADJOURNED: There being no further business before the Committee, **Co-Chair Grow** adjourned the meeting at **10:49 a.m.**

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Senator Grow
Chair

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Linsy Heiner
Secretary