

MINUTES  
**SENATE HEALTH & WELFARE COMMITTEE**

**DATE:** Thursday, January 29, 2026

**TIME:** 3:00 P.M.

**PLACE:** Room WW54

**MEMBERS PRESENT:** Chair VanOrden, Vice Chair Bjerke, Senators Zuiderveld, Shippy, Blaylock, and Wintrow

**ABSENT/ EXCUSED:** Senators Harris, Lenney, and Keyser

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chair VanOrden** called the meeting of the Senate Health and Welfare Committee (Committee) to order at 3:01 p.m

**PRESENTATION: JFAC Budget Process.**

**Senator Grow**, Co-chair of the Joint Finance-Appropriation Committee (JFAC), explained the budgeting process and how JFAC determined the budget by assessing revenue projections. Impacts of tax conformity were not included in initial projections. The forecasted loss in revenue from individual taxes was \$155 million. If Idaho chose not to conform for 2025, Idaho residents would not receive 25 percent (one year) of the total benefits or deductions. The projected revenue increased by \$153 million; however, the additional \$155 million from tax conformity would result in the same financial standing as before. JFAC was working to address income uncertainty and the challenge of balancing the budget.

**Alex Williamson**, Senior Budget and Policy Analyst, Legislative Services Office (LSO), presented the Idaho Department of Health and Welfare (IDHW) Medicaid Budget and budget cut options recommended by the Governor (Attachment 1).

**Ms. Williamson** explained the overall forecasted increase for Medicaid was \$235 million and outlined the budget requests for the five programs under the Division of Medicaid. She highlighted that the Basic Plan included a \$25 million recommendation for one-time use of Millennium Income Funds as part of the \$62 million dedicated funds.

**Ms. Williamson** stated all of the potential saving options would require legislative action to implement and highlighted the following options.

- Additional reductions to hospital rates beyond 4 percent.
- Reduction to residential habilitation provider rates.
- Evaluate administrative costs for existing managed care organizations (MCO) and the MCO contracts.
- Removal of some services currently in Idaho Code.

**PRESENTATION:** **Keith Bybee**, Budget and Policy Analysis Division Manager, LSO, presented the FY 2026 and FY 2027 Budget Update (Attachment 2). **Mr. Bybee** stated this presentation was a broader view of Idaho's financial standing. He highlighted the following points:

- The budgeting goal was to work toward structural balance over a three-year business cycle.
- Actual expenditures from 2013 to 2025 showed an average annual growth of 5.7 percent.
- The revenue forecast in 2025 was \$419 million, however, the actual unobligated cash balance was short over \$100 million at \$313 million.
- Although there was strong population and personal income growth, sales tax collections were low.
- There was some uncertainty surrounding the revenue forecast.
- The new conformity bill would have a larger projected impact in FY 2027.
- Medicaid program spending had almost doubled from 2017 to 2026.
- During its high point the Catastrophic Health Care Fund was approximately \$40 million.
- Budget growth was driven primarily by legislative policy changes.

**DISCUSSION:** **Chair VanOrden** asked if transportation was included in the policy-driven budget growth. **Mr. Bybee** explained transportation was not included as its budget was a dedicated fund and this presentation was focused on the General Fund.

**Vice Chair Bjerke** asked how the Catastrophic Health Care Fund previously functioned. **Mr. Bybee** explained medical inflation was at a 10 percent growth rate. The Catastrophic Health Care Fund was difficult to forecast as it was dependent on the number of severe emergency room cases and the quantity of uncompensated care.

**PRESENTATION:** **Mr. Bybee** explained the following information related to cash balances:

- In 2026 the balance improved with 30 percent of cash in reserve compared to 22 percent in 2009.
- Policy decisions reduced the portion of sales tax collections allocated to the General Fund from 86 percent in 2008 to 64 percent in 2026.

**Mr. Bybee** explained the Legislature could either take the Governor's recommendation to balance the budget with one-time funds or make significant budget changes to achieve long term structural balance.

**DISCUSSION:** **Senator Wintrow** asked how much reserve fund money could be used to bridge the budget gap and decrease the need for more program budget cuts. **Mr. Bybee** explained \$22 million in budget reductions were needed, if the budget was increased it would reduce the estimated ending balance further from \$140 million to \$118 million. JFAC was addressing the options of making additional cuts for budget stabilization or adding money to have a comfortable ending balance.

**Senator Wintrow** asked to review the chart that accounted for Medicaid spending growth adjusted for inflation. **Mr. Bybee** explained the chart showed General Fund appropriations adjusted on a per capita basis and adjusted the historic budget on the basis of inflation. With adjustments accounted for it showed 9 percent of real growth over 21 years.

**Senator Zuiderveld** asked what guidelines were in Idaho Code for utilizing the Budget Stabilization Fund. **Mr. Bybee** stated Idaho Code §§ 57-814 and 57-814A covered the use of the Budget Stabilization Fund. Idaho Code § 57-814 does not describe a specific situation or scenario when the fund could be used. However, if used, only half of the balance can be used in one fiscal year and would require a legislative action.

**Senator Grow** stated the chairs of germane committees were invited to present to JFAC every year. He explained policy from the germane committees informed budget decisions.

**Chair VanOrden** stated she planned to present to JFAC and wanted the Committee's feedback on the budget. She asked for comments, concerns, and solutions from the Committee.

**Senator Zuiderveld** stated this situation was difficult and suggested public involvement in creating solutions for how to cut spending without cutting programs. If all programs could find areas to cut back Idaho would get through this challenging time.

**Senator Wintrow** asserted the Legislature manufactured the financial crisis by passing tax cuts and it should restore some revenue or use reserves until revenue stabilized.

**ADJOURNED:** There being no further business at this time, **Chair VanOrden** adjourned the meeting at 3:55 p.m.

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Senator VanOrden  
Chair

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Madyson Crea  
Secretary