



FY 2027 Budget Recommendation Department of Health and Welfare

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Outline

- Introductory Information
- FY 2026 Supplemental Requests
- FY 2027 Line-Item Enhancement Requests

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Department of Health and Welfare: Mission & Goals

• **Mission:** Dedicated to strengthening the health, safety, and independence of Idahoans.

• **Strategic Goals**

1. Improve Child Welfare Outcomes
2. Establish the Department of Health and Welfare as an employer of choice for current and future employees
3. Protect children, youth and vulnerable adults
4. Help Idahoans become as healthy and self-sufficient as possible
5. Strengthen trust and confidence in DHW

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Department of Health and Welfare: Organization

Director's Office

- Chief of Staff, Office of the
- Financial Services, Division of
- Human Resources
- State Care Facilities, Division of

Child, Youth, and Family Services

- Early Learning & Development, Bureau of
- Family & Community Partnerships, Division of
- Youth Safety & Permanency, Division of

Health & Human Services

- Behavioral Health, Division of
- Public Health, Division of
- Self-Reliance, Division of

Medicaid

- Medicaid, Division of
- Extended Employment Services

Operations

- Information Technology, Division of
- Licensing & Certification, Division of
- Management Services, Division of

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Department of Health and Welfare: Statutory Authority

- Idaho Code
 - [Title 67 Chapter 24 Civil State Departments - Organization](#)
 - [Title 67 Chapter 25 Civil State Departments - Conduct](#)
 - [Title 56 Public Assistance and Welfare](#)
- Additional reference can be found in the departments' performance management reports: [Performance Reports](#)

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FY 2026 Supplemental Requests Overview

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|---------------|---------------|---------------|----------------|------------------|
| State Hospital Fund Adjustment | - | - | -\$6,054,000 | \$6,054,000 | No – 8.11/12.22* |
| Supplemental Population Forecast Adjustment – Medicaid | \$107,244,000 | \$92,592,400 | -\$9,021,300 | \$23,672,900 | Yes |
| Medicaid Provider Rate Adjustment | -\$61,426,800 | -\$17,216,000 | -\$44,210,800 | \$0 | Yes |

*Decision unit number in LBB.

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FY 2026 Supplemental Requests Overview

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|-------------|--------------|----------------|----------------|----------------|
| Hospital Assessment Fund Alignment | - | - | -\$349,701,600 | \$349,701,600 | No-8.13/12.23* |
| Making Rural Idaho Healthy Again | \$3,737,600 | - | \$3,737,600 | - | No |
| Budget Law Exemptions/Other Adjustments – Exemption from Program Transfer Limitations Southwest Idaho Treatment Center and Youth Safety & Permanency | - | - | - | - | No |

*Decision unit number in LBB.

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Supplemental Request: State Hospital Fund Adjustment

| Supplemental Description | Amount | Fund Source | One-Time? |
|--------------------------------|--------|---|--------------|
| State Hospital Fund Adjustment | \$0 | Federal -\$6,054,000 Dedicated \$6,054,000 | No – DU 8.11 |

- This is a net-zero fund shift from the Cooperative Welfare Federal Fund to the Cooperative Welfare Dedicated Fund, as well as an account transfer from Personnel Costs to Operating Expenditures and Trustee/Benefit Payments to align spending authority with an anticipated decrease in collections of federal fund revenue at State Hospital South and State Hospital North. The corresponding recommendation for FY 2027 can be found in DU 8.11.
- With the implementation of the Idaho Behavioral Health Plan (IBHP), patient days at the state hospitals are billed to Magellan, the IBHP contractor, additionally hospitals bill patient stays to private insurance as a third-party payor; this revenue is recorded as dedicated receipts. This request doesn't increase overall spending authority. Future adjustments may be needed, however this request and the corresponding ongoing base adjustment in DU 8.11 is covering estimated revenue and expenditures for FY 2026 and FY 2027
- During the 2025 legislative session a supplemental was requested and approved for SHS, however the ongoing component of this transfer was not included in error. This adjustment is needed to maintain operations for FY 2026 and beyond. State Hospital North was still working to obtain final accreditation during the last budget cycle, making it difficult to determine timing of the billing changes. The hospital is now billing and will need the authority adjusted for FY 2026 to maintain operations.

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Supplemental Request: Population Forecast Adjustment - Medicaid

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|---------------|--|-----------|
| Supplemental Population Forecast Adjustment - Medicaid | \$107,244,000 | General \$92,592,400 Dedicated (MBSF) \$8,507,700 Federal -\$9,021,300 Dedicated/Receipts \$15,165,200 | Yes |
| <ul style="list-style-type: none"> This spending authority will be needed to make the required timely provider payments in FY2026 without which, provider payments will be held until the following fiscal year and this increase will then need to be added in FY2027. This information was not available at the time of the original budget submission therefore requiring an emergency request at this time. Changes in the Medicaid forecast can be attributed to federally required updates to the Transformed Medicaid Statistical Information System (T-MSIS) that supports data transfer to the Centers for Medicare and Medicaid Services (CMS); reconciliation payments to Federally Qualified Health Centers (FQHC); dental managed care risk mitigation payments based on federally required, actuarially sound capitation rates; and increases in patient acuity and utilization. This reflects the department's total projected supplemental need for FY 2026 based on the August 2025 forecast prior to implementing the calculated 3% holdback in accordance with Executive Order 2025-05. The department will provide an updated forecast mid-January. These additional funds will support DHW to help Idahoans become as healthy and self-sufficient as possible through continued payments to providers who render medically necessary services as part of this entitlement program. | | | |

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Supplemental Request: Medicaid Provider Rate Adjustment

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|----------------------|--|-----------|
| Medicaid Provider Rate Adjustment | -\$61,426,800 | General -\$17,216,000 Federal -\$44,210,800 | Yes |
| <ul style="list-style-type: none"> In accordance with Executive Order 2025-05, the division of Medicaid implemented a 4% provider rate cut to further mitigate impact on the state, thereby reducing the total General Fund need to \$75,376,400 for FY 2026. This decision unit identifies the projected savings IDHW anticipates generating from implementing the 4% provider rate reduction in FY 2026 and reflects the Division of Medicaid's portion of the calculated 3% holdback amount for FY 2026. Supports the goals of Executive Order 2025-05, including right-sizing government spending to match the means of Idahoans. The anticipated measurable outcome is a reduction in expenditures for Medicaid services and benefits. | | | |

10

Supplemental Request: Hospital Assessment Fund Alignment

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------|---|-----------|
| Hospital Assessment Fund Alignment IC 56-1403 | \$0 | Federal -\$349,701,600 Dedicated/Receipts -\$3,993,800 Dedicated (HAF) \$353,695,400 | Yes |
| <ul style="list-style-type: none"> • This is a net-zero fund shift of dedicated fund and federal fund spending authority from the Cooperative Welfare Fund to the Hospital Assessment Fund to ensure that all revenue and expenditures related to hospital, skilled nursing facility, and intermediate care facility assessments are recorded in compliance with Idaho Code 56-1403. • These funds will help us to reach our goal of helping Idahoans become as healthy and self-sufficient as possible. • The measurable outcome is compliance with state statutory hospital assessment, Idaho House Bill No. 345 Section 56-1403 (2025), and funding requirements, including federal financial participation. • This will provide transparency by reporting all expenditures and revenues related to the assessments in one fund. Fund details will still exist to track the source funds, i.e., dedicated or federal funds, and projects will track the type of revenue or expenditure, i.e., hospital, skilled nursing, etc. | | | |

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Supplemental Request: RHTP

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-------------|-------------|-----------|
| Making Rural Idaho Healthy Again | \$3,737,600 | Federal | Yes |
| <ul style="list-style-type: none"> • 12.0 limited-service positions and one-time federal fund spending authority to enable the department to access federal funds available through the Rural Health Transformation Program (RHTP), authorized under the federal One Big Beautiful Bill Act (OBBBA). Federal award totaling \$185,974,357.81 annually. • This request reflects immediate spending authority required to avoid delayed project initiation and any potential federal fund reversion impacting rural Idaho communities. The department will use this authority to have staffing in place by July 2026 and secure contracts necessary for planning and implementation. Without this beach head the department will be 6 months behind getting this funding out to rural communities. • Performance measures are included as part of Idaho's approved proposal to federal regulators. Details can be found within the narrative posted on the DHW website: About the Rural Health Transformation Program Grant Idaho Department of Health and Welfare • Regular reporting requirements in place at federal-level to demonstrate progress and compliance. Reporting will be shared with Idaho Legislature and made public. | | | |

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Supplemental Request: Exemption from Transfer Limitation Idaho Code 67-3511(2)

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|--------|-------------|-----------|
| Budget Law Exemptions/Other Adjustments: Exemption from Transfer Limitation Idaho Code 67-3511(2) SWITC | \$0 | All | Yes |
| <ul style="list-style-type: none"> ▪ Request for Youth Safety & Permanency and Southwest Idaho Treatment Center to be exempt from Idaho Code 67-3511(2) that limits transfers to not more than 10% of appropriation. ▪ This exemption will allow the department to cover the cost associated with placing foster youth at the SWITC campus when no other appropriate placement options are available. ▪ Estimated need for FY 2026 based on current SWITC placements is 1.4 million with other transfers this would exceed current authority by \$400,000. Providing exemption will allow the department to utilize funding appropriated for congregant care in Youth Safety & Permanency to care for those placements at SWITC. ▪ This request supports Goal 1, Improve Child Welfare Outcomes, and Goal 3, Protect Children, Youth and Vulnerable Adults. | | | |

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FY 2027 Line-Item Requests Overview – Child Youth & Family Services

| Line-Item Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|---|--------------|--------------|--------------|----------------|----------|
| Idaho Child Care Program | \$16,000,000 | - | \$16,000,000 | - | Partial |
| Kinship Navigation Services | \$180,000 | - | \$180,000 | - | No |
| Idaho Home Visiting Program | \$4,237,200 | - | \$4,237,200 | - | No |
| Population Forecast Adjustment - Court Ordered Evaluations | \$600,000 | \$600,000 | - | - | No |
| Repair, Replacement, or Alteration Costs – Facility Maintenance/Equipment 12.56 | | | | | |
| Ongoing General Fund Reduction EO 2025-05 | -\$1,827,700 | -\$1,827,700 | 0 | 0 | No |

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FY 2027 Line-Item Requests Overview – Child Youth & Family Services

| Line-Item Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|--------|--------------|--------------|----------------|----------|
| Budget Law Exemptions/Other Adjustments - Re-appropriation Authority for FY 2026 Idaho Child Care Program One-time Spending Authority | - | - | - | - | Yes |
| Budget Law Exemptions/Other Adjustments – Exemption from Program Transfer Limitations Southwest Idaho Treatment Center and Youth Safety & Permanency | - | - | - | - | Yes |

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Line-Item Request: Idaho Child Care Program

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------------|-------------|-----------|
| Idaho Child Care Program | \$16,000,000 | Federal | Partial |
| <ul style="list-style-type: none"> • Requesting 5.0 FTP and \$504,000 federal fund spending authority for program integrity staff to support the Idaho Child Care Program (ICCP), Fraud Investigation, and Financial Support teams. • These staff will increase the ability to provide oversight, accountability, and controls within the Idaho Child Care Program. This includes but is not limited to enrollment and eligibility verification, financial transparency in compliance with defend the spend protocols, and inspection protocols (also known as annual 360° reviews). Currently the team is able to complete full audits on 25% of providers annually, this request will provide capacity to audit 100% annually, as well as ensure DHW has adequate staff to review requests and supporting documentation before payments go out. • Additionally, this request includes the second installment of \$15,496,000 one-time federal funding available under the federal Child Care and Development Block Grant (CCDBG) that will be distributed to increase the number of available slots at childcare facilities, drive down the cost of childcare throughout the state and ensure Idaho families remain in the workforce. • This request supports Goal 1 of the 2026-2029 Department of Health and Welfare overall Strategic Goal of improving child welfare outcomes, specifically Objective 2 Plan: Promote early intervention initiatives that help prevent involvement of at-risk youth and families in the child welfare system by June 30, 2026. | | | |

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Line-Item Request: Kinship Navigation Services

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-----------|-------------|-----------|
| Kinship Navigation Services | \$180,000 | Federal | No |
| <ul style="list-style-type: none"> • Kin placements provide for far better outcomes for kids who are removed or may be removed from their homes. This request provides spending authority to use all federal resources available to engage and support kin families. • This request aligns with the Department of Health and Welfare Strategic Plan, Goal 1: Improve child welfare outcomes. This funding request will directly advance the Department’s strategic goals by increasing placement stability and permanency through enhanced support for kinship families, which helps reduce placement disruptions and facilitates quicker, more lasting permanency outcomes for children. • Anticipated measured outcomes include an increase in the number of kinship families served and supported through navigation and resource coordination services, leading to greater placement stability and reduced placement disruptions for children in kinship care. Placements in kinship care reduce the need for additional licensed foster homes and improve outcomes for children placed in care as opposed to traditional foster placements. Additionally, there will be an increase in kinship caregivers completing training and accessing support services, contributing to higher caregiver satisfaction and retention rates. The Department will also track the number of kinship families transitioning to licensed resource families, expanding the qualified caregiver pool. Overall, these outcomes will demonstrate enhanced family-centered support, improved resource access, and more effective use of federal funds to strengthen Idaho’s child welfare system. | | | |

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Line-Item Request: Idaho Home Visiting Program

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|-------------|-------------|-----------|
| Idaho Home Visiting Program | \$4,248,100 | Federal | No |
| <ul style="list-style-type: none"> • This request restores the ongoing federal fund spending authority for the Idaho Home Visiting Program and moves it from the Division of Public to the Early Learning and Development. • Transferring the program to the Division of Early Learning and Development will create a stronger coordination of care between Home Visiting and other Children, Youth, and Family Services programs, allowing the Department to better address the holistic needs of children from early development and ensuring safety and well-being while also streamlining services and reducing redundancy. • The program will continue to support vulnerable families through professional, voluntary, home-based support and contributing to Idaho communities by promoting maternal health and empowering parents to take an active role in their children’s healthy development and education. Extensive data and evaluation have demonstrated the success of voluntary, evidence-based home visiting in improving child and maternal health school readiness, and family economic self-sufficiency. • This request supports Goal 1 of the 2026-2029 Department of Health and Welfare overall Strategic Goal of improving child welfare outcomes, specifically Objective 2 Plan: Promote early intervention initiatives that help prevent involvement of at-risk youth and families in the child welfare system by June 30, 2026. | | | |

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Line-Item Request: Ongoing General Fund Reduction

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------------|-------------|-----------|
| Ongoing General Fund Reduction | -\$1,827,700 | General | No |
| <ul style="list-style-type: none"> • Ongoing General Fund reduction as outlined in Executive Order 2025-05 • Youth Safety & Permanency <ul style="list-style-type: none"> • Reduction or elimination in contracts in Independent Living services for older, and extended foster care youth may increase negative outcomes such as unemployment, homelessness, etc. According to some estimates up to 43% of aging out foster youth are homeless at least once by age 26 and 33% are unemployed. These services are in place to support this transition and while we anticipate shifting this work to existing staff as applicable, this will create higher caseloads and limit resources to address needs. • Foster & Assistance Payments <ul style="list-style-type: none"> • A reduction in targeted recruitment and post adoption training may increase negative outcomes such as longer foster care stays for hard-to-place youth and an increase in unplanned moves from post adopt homes back to foster care. While we anticipate shifting this work to existing staff as applicable, this will create higher caseloads and limit resources to address needs. • Continue on next slide | | | |

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Line-Item Request: Ongoing General Fund Reduction

| | | | |
|--|--|--|--|
| <ul style="list-style-type: none"> • Ongoing General Fund reduction as outlined in Executive Order 2025-05 • The Crisis Prevention and Court Services Team <ul style="list-style-type: none"> • Reduce or eliminate voluntary services provided to citizens in crisis, focusing on court ordered and statutorily required services. • Infant Toddler Program <ul style="list-style-type: none"> • Reduce ability to meet the Federal requirement to enroll children in 45 days. While we anticipate shifting this work to existing staff as applicable, this will create higher caseloads and limit resources and the ability to timely address needs. • The Southwest Idaho Treatment Center <ul style="list-style-type: none"> • Revert General Funds in personnel by moving its residents to newly constructed building with a new funding model where the facility will maximize Medicaid funding. By maximizing Medicaid funding under a new service delivery model (planned for over many years and supported by the legislature), SWITC can reduce the general fund needed to support the program at its current operational capacity. If the Medicaid funding changes, SWITC may need to reduce staffing and, thus, capacity. This will create significant challenges to safely place adults with intellectual and developmental disabilities with the most complex cases. | | | |
|--|--|--|--|

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Line-Item Request: Other Adjustments: Re-appropriation Authority

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------------|-------------|-----------|
| Budget Law Exemptions/Other Adjustments: Re-appropriation Authority | \$14,000,000 | Federal | |
| <ul style="list-style-type: none"> • Reappropriation authority for any unexpended and unencumbered balance appropriated to the Idaho Child Care Program (ICCP) in SB 1206 from the 2025 legislative session, in an amount not to exceed \$14,000,000 in Trustee/Benefit Payments. • These funds are paid on a reimbursement basis and may not be fully expended by fiscal year end, this will allow the department to expend funds when requested and validated. • This request supports Goal 1 of the 2026-2029 Department of Health and Welfare overall Strategic Goal of improving child welfare outcomes, specifically Objective 2 Plan: Promote early intervention initiatives that help prevent involvement of at-risk youth and families in the child welfare system by June 30, 2026. | | | |

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Line-Item Request: Exemption from Transfer Limitation Idaho Code 67-3511(2)

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|--------|-------------|-----------|
| Budget Law Exemptions/Other Adjustments: Exemption from Transfer Limitation Idaho Code 67-3511(2) SWITC | \$0 | All | Yes |
| <ul style="list-style-type: none"> • Request for Youth Safety & Permanency and Southwest Idaho Treatment Center to be exempt from Idaho Code 67-3511(2) that limits transfers to not more than 10% of appropriation. • This exemption will allow the department to cover the cost associated with placing foster youth at the SWITC campus when no other appropriate placement options are available. • Estimated need for FY 2026 based on current SWITC placements is 1.4 million with other transfers this would exceed current authority by \$400,000. Providing exemption will allow the department to utilize funding appropriated for congregant care in Youth Safety & Permanency to care for those placements at SWITC. • This request supports Goal 1, Improve Child Welfare Outcomes, and Goal 3, Protect Children, Youth and Vulnerable Adults. | | | |

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FY 2027 Line-Item Requests Overview - Medicaid

| Line-Item Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|---------------|--------------|--------------|----------------|----------|
| Medicaid Management Information System Procurement | \$102,721,300 | - | \$92,449,200 | 10,272,100 | Yes |
| Estate Recovery System Contractor | \$2,496,600 | - | \$1,248,300 | \$1,248,300 | No |
| Medicaid Program Integrity Contract Expansion | \$935,000 | - | \$467,500 | \$467,500 | No |
| Division of Purchasing – Medicaid Staff | \$198,700 | - | \$198,700 | - | \$3,600 |
| Ongoing General Fund Reduction EO 2025-05 * | -\$1,085,700 | -\$1,085,700 | - | - | No |

*Does not include General Fund reduction for Medicaid Trustee/Benefit Payments. Medicaid ongoing reduction can be found in Decision unit 12.81 & 12.82

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FY 2027 Line-Item Requests Overview - Medicaid

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|---------------|--------------|---------------|----------------|----------|
| Population Forecast Adjustment - Medicaid Caseload Maintenance | \$91,704,600 | \$55,912,400 | \$35,792,200 | - | No |
| Population Forecast Adjustment – Medicaid Cost Based Maintenance | \$34,766,800 | \$25,936,900 | \$8,829,900 | - | No |
| Population Forecast Adjustment – Mandatory Pricing Maintenance | \$3,522,600 | \$1,230,100 | \$2,292,500 | - | No |
| Population Forecast Adjustment - Utilization Maintenance | \$257,128,100 | \$15,004,800 | \$150,517,200 | \$91,606,100* | No |

*\$25,000,000 One-time Millenium Fund

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FY 2027 Line-Item Requests Overview - Medicaid

| Line-Item Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|-----------------------------------|---------------|---------------|---------------|----------------|----------|
| Medicaid Provider Rate Adjustment | -\$84,812,200 | -\$23,017,700 | -\$61,794,500 | - | No |
| Medicaid Reductions | -\$67,000,000 | -\$22,000,000 | -\$45,000,000 | - | No |

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Line-Item Request: Medicaid Management Information System Procurement

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|---------------|--|-----------|
| Medicaid Management Information System Procurement | \$102,721,300 | Dedicated \$10,272,100 Federal \$92,449,200 | Yes |

- The 2023 Legislature approved funding for the phase 1 of the five-year re-procurement by transferring from the General Fund to the MMIS Dedicated Fund. Each year, the department will request the estimated federal and dedicated fund spending authority for procurement activities.
- This funding will continue the process of replacing the Medicaid Management Information System (MMIS). MMIS houses participant and provider data, supports state and federal reporting requirements, facilitates payment of claims for services delivered to Medicaid participants, and supports the program’s pharmacy benefit administration function.
- These funds will help strengthening the trust and confidence in Medicaid and reach our goal of helping Idahoans become as healthy and self-sufficient as possible.
- The anticipated measurable outcome for the MMIS re-procurement is to comply with state procurement law and modernize the system to better administer the program and interact with Medicaid providers.

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Line-Item Request: Estate Recovery System Contractor

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-------------|--|-----------|
| Estate Recovery System Contractor | \$2,496,600 | Dedicated \$1,248,300 Federal \$1,248,300 | No |
| <ul style="list-style-type: none"> • Replace the obsolete Idaho Medicaid Estate Recovery Program's case management system and incorporate contracted staff hours to increase recoveries that offset the General Fund for the federally required Medicaid Estate Recovery Program. • Medicaid Estate Recovery is the process through which each state recovers the costs of medical services it has paid from the estate of the person who received those services. This contract will enable the division to process and recover funds on more cases through a more efficient system and contracted casework support. • These funds will help us to reach our goal of helping Idahoans become as healthy and self-sufficient as possible. • The anticipated measurable outcome is an increase in recovery of funds that are used to offset expenditures reducing impact to the General Fund. <u>Each dollar recovered will offset the General Fund dollar for dollar.</u> | | | |

27

Line-Item Request: Medicaid Program Integrity Contract Expansion

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-----------|--|-----------|
| Medicaid Program Integrity Contract Expansion | \$935,000 | Dedicated \$467,500 Federal \$467,500 | No |
| <ul style="list-style-type: none"> • 5,500 hours of contracted support within the Medicaid Program Integrity Unit to enhance the division's capabilities in conducting fraud, waste, and abuse reviews, as well to enhance recovery of funds where inappropriate payments have been made. • The additional contractor resources will audit areas of high expenditures and areas of high risk for program integrity issues, including but not limited to nursing facilities, hospital billing, pharmacies, and managed care organizations. This contractor will also aid in overall program integrity processes and improvements to continue to strengthen oversight efforts as we navigate towards comprehensive managed care. • These funds will help us to reach our goal of helping Idahoans become as healthy and self-sufficient as possible. • The anticipated measurable outcome is an increase in its annual overpayment recoveries and penalty assessments, and increased cost savings from the reduction in improper billings. The Department's program integrity unit recovered \$3,120,400 in state fiscal year 2025, and we anticipate more than doubling recoveries in state fiscal year 2027 and beyond with procuring contracted help. | | | |

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Line-Item Request: Division of Purchasing - Medicaid Staff

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|-----------|-------------------|------------|
| Division of Purchasing - Medicaid Staff | \$198,700 | Federal \$198,700 | \$3,600 OT |
| <ul style="list-style-type: none"> The Department of Administration’s Division of Purchasing (DOP) is requesting 3.0 FTP that will provide dedicated procurement support for Medicaid contracts that are managed by DOP. This request would allow the Division of Medicaid to leverage federal funds for 50% of the cost for these new staff. DOP will cover the remaining 50% state much from their dedicated fund. The state will transition from 6% of Medicaid participants having most of their services administered through managed care contracts to nearly 100% over the next three years. Procurement and contract management Medicaid is among the most complex in the state and requires a specific knowledge base beyond the standard contract/procurement requirements. Staff must be able to understand, implement, and oversee a constantly changing Federal and State legal landscape related to Medicaid to ensure accuracy, efficiency, oversight, and proper requirements and protocols are built into each contract. | | | |

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Line-Item Request: Ongoing General Fund Reduction EO 2025-05

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------------|----------------------|-----------|
| Ongoing General Fund Reduction EO 2025-05 (Medicaid Admin & Extended Emp. Serv. Only) | -\$1,085,700 | General -\$1,085,700 | No |
| <ul style="list-style-type: none"> This ongoing General Fund reduction reflects a gubernatorial holdback for FY 2027 within the Division of Medicaid’s Administration and Extended Employment Services, in compliance with Executive Order 2025-05. Admin - Reduction based on the elimination of program, interstate, and federal coordination; the external quality review contract expenditures coming in lower than anticipated on the request for proposal, and Trustee/Benefits Payments reduction based on the last several years of reversions due to expenditures being lower than anticipated. EES - The reduction of Trustee/Benefits Payments is related to savings found while completing a program review of available funding to actual expenditures. This program has historically had lower than forecasted utilization and has been reverting funding annually for several years. This will right size this budget to program expenditures while ensuring available funding remains to support current utilization and any possible increase in the coming years. The ongoing General Fund reduction supports the goals of Executive Order 2025-05, including right-sizing government spending to match the means of Idahoans. | | | |

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Line-Item Request: PFA - Medicaid Caseload Maintenance

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|--------------|--|-----------|
| Population Forecast Adjustment (PFA) - Medicaid Caseload Maintenance | \$91,704,600 | General \$55,912,400 Federal \$35,792,200 | No |
| <ul style="list-style-type: none"> • Due to a projected increase in the number of estimated enrolled Idahoans, Medicaid will require additional funding to provide necessary services to all qualified participants. • This additional funding will provide for the anticipated increase in qualified participants. • These funds will help us to reach our goal of helping Idahoans become as healthy and self-sufficient as possible through covering medically necessary services. • The anticipated measurable outcome will be to continue to provide necessary services for Idahoans based on the expected increase in projected enrollment for these Medicaid services. • The department will provide an updated forecast mid-January. | | | |

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Line-Item Request: PFA - Medicaid Cost Based Maintenance

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|--------------|---|-----------|
| Population Forecast Adjustment – Medicaid Cost Based Maintenance | \$34,766,800 | General \$25,936,900 Federal \$8,829,900 | No |
| <ul style="list-style-type: none"> • Medicaid will require additional funding due to a projected increase in cost-based pricing adjustments related to pharmaceuticals. • This additional funding will provide for the anticipated increases for the pharmacy benefit. Pharmaceutical costs are tied to Medicare rates; Average Acquisition Cost; and Wholesale Acquisition Cost. DHW receives updated cost information on a frequent basis. • These funds will help us to reach our goal of helping Idahoans become as healthy and self-sufficient as possible. • The anticipated measurable outcome will be to continue to pay providers based on the expected increase in costs so that they can continue to provide goods and services to Idahoans. • The department will provide an updated forecast mid-January. | | | |

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Line-Item Request: PFA - Mandatory Pricing Maintenance

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|-------------|--|-----------|
| Population Forecast Adjustment – Mandatory Pricing Maintenance | \$3,522,600 | General \$1,230,100 Federal \$2,292,500 | No |
| <ul style="list-style-type: none"> The additional funding is due to a Medicaid requirement to pay for services at a federally designated rate per Section 56-265, Idaho Code. This additional funding will provide for the anticipated increase in the federally designated rate for services. Mandatory pricing relates to a Medicaid requirement to pay for services at a federally designated rate; this includes Federally Qualified Health Centers (FQHC), rural health clinics, tribal health clinics, and Medicare rates. This increase is found in the coordinated Medicaid plan. These funds will help us to reach our goal of helping Idahoans become as healthy and self-sufficient as possible. The anticipated measurable outcome will be to continue to pay providers based on the expected increase in federally designated rates so that they can continue to provide services to Idahoans. The department will provide an updated forecast mid-January. | | | |

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Line-Item Request: PFA - Utilization Maintenance

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|---------------|---|-----------|
| Population Forecast Adjustment - Utilization Maintenance | \$257,128,100 | General \$15,004,800 Federal \$150,517,200 Dedicated \$91,606,100 | No |
| <ul style="list-style-type: none"> Medicaid will require additional funding due to the estimated change for the use of services provided in Medicaid referred to as utilization. This additional funding will provide for the anticipated increase in the utilization of services provided by Medicaid as well as anticipated receipts in connection with drug rebates, cost settlements, and other third-party receipts. Utilization is reviewed through prior-authorization, concurrent and retrospective reviews, and pharmacy preferred drug list and rebate programs. This increase is based on forecasted utilization of current services. These funds will help us to reach our goal of helping Idahoans become as healthy and self-sufficient as possible. The anticipated measurable outcome will be to continue to provide necessary services for Idahoans based on the expected increase in projected utilization for these Medicaid services. The department will provide an updated forecast mid-January. | | | |

34

Line-Item Request: Medicaid Provider Rate Adjustment

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|---------------|--|-----------|
| Medicaid Provider Rate Adjustment | -\$84,812,200 | General -\$23,017,700 Federal -\$61,794,500 | No |
| <ul style="list-style-type: none"> • In accordance with Executive Order 2025-05, the Division of Medicaid implemented a 4% provider rate cut to further mitigate impact on the state, thereby reducing the total General Fund expenditures by -\$23,017,700. • This decision unit identifies the projected savings IDHW anticipates generating from implementing the 4% provider rate reduction in FY 2027 and reflects the Division of Medicaid's portion of the calculated 3% holdback amount for FY 2027. • Supports the goals of Executive Order 2025-05, including right-sizing government spending to match the means of Idahoans. • The anticipated measurable outcome is a reduction in expenditures for Medicaid services and benefits. | | | |

35

Line-Item Request: Medicaid Reductions

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|---------------|--|-----------|
| Medicaid Reductions | -\$67,000,000 | General -\$22,000,000 Federal -\$45,000,000 | No |
| <ul style="list-style-type: none"> • The Division of Medicaid is requesting this reduction to achieve needed savings to stabilize the Medicaid budget. While the 4% provider rate reductions and service cuts were implemented in late 2025, the Division of Medicaid was unable to effectuate all proposed reductions following review from federal regulators. Further, current budget forecasts indicate growth in expenditures for FY 2027, necessitating this reduction to ensure a sustainable Medicaid program ongoing. Without a reduction in services through legislative action, the department will need an additional \$22,000,000 General Fund to sustain current services and utilization in Medicaid. • A selection of proposed service reduction options are available to achieve these savings and sustain projected expenditures for FY 2027. These options include an additional reduction to hospital rates; an additional reduction to residential habilitation rates; removal of administrative costs for managed care contracts; removal of the pharmacy benefit for non-expansion adults on Medicaid; removal of adult dental services; removal of home and community-based services; removal of physical, occupational, and speech therapy services; removal of case management support; removal of hospice services; removal of adult prosthetics and orthotics; removal of adult in-home nursing services; removal of adult chiropractic services; removal of adult audiology services; or removal of adult vision services. | | | |

36

FY 2027 Line-Item Requests Overview – Division of Welfare/Self Reliance

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|---|--------------|--------------|--------------|----------------|----------|
| Supplemental Nutrition Assistance Program - Federal Rate Adjustment | - | \$4,321,200 | -\$4,321,200 | - | No |
| Medicaid Expansion Work Requirements | \$1,868,400 | \$934,200 | \$934,200 | - | No |
| Medicaid Eligibility Determination System Changes | \$1,960,800 | - | \$1,960,800 | - | Yes |
| Ongoing General Fund Reduction EO 2025-05 | -\$1,403,500 | -\$1,403,500 | - | - | No |

37

Line-Item Request: Supplemental Nutrition Assistance Program - Federal Rate Adj.

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------|---|-----------|
| Supplemental Nutrition Assistance Program - Federal Rate Adjustment | \$0 | General \$4,321,200 Federal -\$4,321,200 | No |
| <p>• Net-zero fund shift from the Cooperative Welfare Federal Fund to the General Fund to account for federal changes in the state match rate for Supplemental Nutrition Assistance Program (SNAP) administrative expenses. The federal One Big Beautiful Bill Act (OBBBA) made two significant changes to SNAP, starting October 1, 2026:</p> <ol style="list-style-type: none"> 1. The federal government's share of administrative costs is decreasing from 50% to 25%, requiring all states to cover the remaining 75% ongoing. 2. States will now be subject to additional cost share requirements based on the individual state's SNAP error rate, meaning states with high error rates will receive less federal support. <p>• This shift represents administrative costs for 9 months in FY 2027 due to the federal implementation deadline being October 1, 2026. The total annual adjustment is \$5.8M and the remaining amount will be requested in FY 2028.</p> <p>• The program will know if anticipated outcomes are being met if Idaho continues to maintain <i>one of the nation's lowest SNAP error rates</i> through accurate and timely eligibility determination.</p> | | | |

38

Line-Item Request: Medicaid Expansion Work Requirements

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-------------|--|-----------|
| Medicaid Expansion Work Requirements | \$1,868,400 | General \$934,200 Federal \$934,200 | No |
| <ul style="list-style-type: none"> • Case management software to implement the work requirement provisions enacted in HB 345 from the 2025 legislative session and meet the additional administrative, reporting, and compliance obligations established under the federal One Big Beautiful Bill Act (OBBBA). • In addition to the software, this work will require six self-reliance specialists. The department has identified 6.0 FTP that had been vacant over six months, as well as existing funding, to be re-purposed for this work. These positions are being held open with the intention to fill mid-June 2026. • This request supports the FY 2026-2029 Department of Health and Welfare overall strategic vision of providing leadership for a sustainable, integrated health and human services system by ensuring Idaho’s continued compliance with OBBBA and HB 345. • Measurable outcomes will be determined by continued tracking of quality application in the PMR and measuring and tracking the number of Medicaid participants meeting work participation requirements. | | | |

39

Line-Item Request: Medicaid Eligibility Determination System Changes

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-------------|-------------|-----------|
| Medicaid Eligibility Determination System Changes | \$1,960,800 | Federal | Yes |
| <ul style="list-style-type: none"> • Division of Welfare has been awarded federal funds for system automation changes necessary to comply with new Medicaid eligibility determination requirements established in HB 345 from the 2025 legislative session and the federal One Big Beautiful Bill Act (OBBBA). These funds do not require any state match. • Section 71107 of H.R. 1, OBBBA, Public Law July 4, 2025, effective December 31, 2026, requires Medicaid Expansion eligibility renewal determinations to be completed every six (6) months instead of the current twelve (12) months. In addition, Idaho HB 345 requires removal of system automated Medicaid Expansion renewals; thereby increasing manual staff workload to collect, verify, and process participant information to determine program eligibility. Implementing these changes require eligibility system modifications to track and notice the participant change in renewal frequency and an additional 11 positions to support the work. The department has identified 11 FTP and related funding that had been vacant over 6 months to be re-purposed for this work. These positions are being held open with the intention to fill mid-June 2026. • This request supports the FY 2026-2029 Department of Health and Welfare strategic vision of providing leadership for a sustainable, integrated health and human services system by ensuring Idaho’s continued compliance with OBBBA and HB 345. • Measurable outcomes will be determined by continued tracking of quality application in the PMR and Medicaid Payment Error rate as reported by CMS based on audits will remain low. | | | |

40

Line-Item Request: Ongoing General Fund Reduction

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------------|-------------|-----------|
| Ongoing General Fund Reduction | -\$1,403,500 | General | No |
| <ul style="list-style-type: none"> ▪ Ongoing General Fund reduction as outlined in Executive Order 2025-05 ▪ The Aid for the Aged, Blind, or Disabled (AABD) Program requests a reduction of General Fund Trustee/Benefit Payments. ▪ The AABD program has reverted appropriation annually for several years due to lower utilization and does not anticipate any reduction in services. Program will closely monitor claims for benefits and provide information if the benefits claimed approach the reduced appropriation. | | | |

41

FY 2027 Line-Item Requests Overview – Indirect Support Services

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|---|---------------|--------------|---------------|----------------|----------|
| Background Check Unit - Fund Adjustment | \$0 | - | - | \$0 | No |
| Information Technology Services Modernization - Phase VI | \$524,900 | \$194,800 | \$330,100 | - | No |
| Making Rural Idaho Healthy Again | \$295,405,200 | - | \$295,405,200 | - | Partial |
| Repair, Replacement, or Alteration Costs – Facility Maintenance/Equipment 12.56 | \$772,600 | - | \$90,500 | \$682,100 | Yes |
| Ongoing General Fund Reduction EO 2025-05 | -\$430,300 | -\$430,000 | - | - | No |

42

Line-Item Request: Background Check Unit - Fund Adjustment

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|--------|-------------|-----------|
| Background Check Unit - Fund Adjustment | - | Dedicated | No |
| <ul style="list-style-type: none"> • This is a net-zero fund shift of dedicated fund spending authority from the Cooperative Welfare Fund to the Miscellaneous Revenue Fund to isolate revenue generated by the Background Check Unit (BCU) within the Division of Management Services. • This will increase internal controls, oversight, and transparency within this program clearly identifying the available revenue stream for the program. • DHW Strategic Plan Objective 5: Ensure the availability of resources that directly support department foster care services and implement enhanced safety measures for children in department care • Outcome measure: ability to reconcile revenue and expenses to support forecasting and budget outcomes for this program. | | | |

43

Line-Item Request: Information Technology Services Modernization - Phase VI

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|-----------|--|-----------|
| Information Technology Services Modernization - Phase VI | \$524,900 | General \$194,800 Federal \$200,700 | No |
| <ul style="list-style-type: none"> • Reduces 58.0 FTP and provides an account transfer of General Fund and federal fund spending authority from Personnel Costs to Operating Expenditures to migrate information technology (IT) related positions to the Office of Information Technology Services (OITS) as part of phase VI of the Governor's IT Modernization Initiative. • Centralizing IT support ensures consistent, secure, and efficient IT services across the state. • IT functions not transitioned to ITS will support DHW-centric systems, low code/no code software and applications, and project management. | | | |

44

Line-Item Request: Making Rural Idaho Healthy Again

| Description | Amount | Fund Source | One-Time? |
|--|---------------|-------------|-----------|
| Making Rural Idaho Healthy Again | \$295,405,200 | Federal | Partial |
| <ul style="list-style-type: none"> •12.0 limited-service positions and one-time federal fund spending authority to enable the Department of Health and Welfare (IDHW) to access federal funds available through the Rural Health Transformation Program (RHTP), authorized under the federal One Big Beautiful Bill Act (OBBBA). •Purchases to support statewide rural health system improvements, including workforce stabilization and infrastructure modernization. •Advances Idaho's rural access priorities and improves efficiency in existing health service delivery. •Increased provider capacity, improved infrastructure, and reduced care gaps across rural Idaho. | | | |

45

Line-Item Request: Repair/Replace – Facility Maintenance & Equipment

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-----------|---|-----------|
| Repair, Replacement, or Alteration Costs – Facility Maintenance/Equipment 12.56 | \$772,600 | Federal \$90,500 Dedicated \$682,100 | Yes |
| <ul style="list-style-type: none"> • Replacement/Maintenance item at State Hospital's: <ul style="list-style-type: none"> • State Hospital North: <ul style="list-style-type: none"> • Washing Machine Boosters: Patient Unit • Lighting Upgrade • Kitchen Floor Replacement : Patient Unit • State Hospital West <ul style="list-style-type: none"> • Replace Irrigation Regulation Valve • Strengthening the health, safety, and independence of Idahoans • Increased patient satisfaction, quality of care, and accreditation | | | |

46

Line-Item Request: Ongoing General Fund Reduction

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|------------|--------------|-----------|
| Ongoing General Fund Reduction | -\$430,300 | General Fund | No |
| <ul style="list-style-type: none"> • Ongoing General Fund reduction as outlined in Executive Order 2025-05 • Realized savings from the closure of the Human Development Center building in Pocatello and the elimination of security contracts in Payette, Ponderay, and Twin Falls; reduction of MGT contract for cost allocation and reporting services; reduction of planned network/software upgrades; prioritization of planned upgrades to fit within budget; limiting enterprise network bandwidth expansions; and limit technical training courses and operational expenses to fit into remaining budgets. | | | |

47

FY 2027 Line-Item Requests Overview – Mental Health Services

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|--------------|--------------|--------------|----------------|----------|
| Juvenile Corrections Clinical Support - Funding Transfer | -\$327,000 | -\$327,000 | - | - | No |
| Children's Mental Health Services | \$6,295,700 | \$3,193,400 | \$3,102,300 | - | No |
| Mental Health Services Program Alignment | - | - | - | - | No |
| Ongoing General Fund Reduction EO 2025-05 | -\$1,138,300 | -\$1,138,300 | - | - | No |
| Allumbaugh House – Fund Shift | \$0 | -\$496,300 | - | \$992,600 | No |

48

Line-Item Request: Juvenile Corrections Clinical Support - Funding Transfer

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|------------|--------------|-----------|
| Juvenile Corrections Clinical Support - Funding Transfer | -\$327,000 | General Fund | No |
| <ul style="list-style-type: none"> • The Division of Behavioral Health receives General Fund with a requirement to transfer to the Idaho Department of Juvenile Corrections (IDJC) to support detention center activities. Behavioral Health does not have a role or oversight authority related to the detention centers and only acts as a funding source. • This request will remove the appropriation from the Division of Behavioral Health's base budget and add it to Idaho Department of Juvenile Corrections' base budget. This request is to eliminate the need to transfer these funds and have them appropriated directly to IDJC. • The funding transfer to IDJC began as a partnership between DHW and IDJC to distribute funding to county detention centers to contract/hire detention clinicians. These clinicians screen all detention admissions to determine if they need mental health treatment and if the juveniles are in crisis or suicidal. • This does not tie to a department performance measure as it is pass through funding to IDJC. | | | |

49

Line-Item Request: Children's Mental Health Services

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-------------|--|-----------|
| Children's Mental Health Services | \$6,295,700 | General \$3,193,400 Federal \$3,102,300 | No |
| <ul style="list-style-type: none"> • The requests the restoration of 15.0 FTP, General Fund, and federal fund spending authority in the Division of Behavioral Health to allow the department to maintain staff providing essential services and supports an increase in medically necessary behavioral health services rendered by Idaho community providers and reimbursed through the Idaho Behavioral Health plan operated by Magellan. • In the 2025 legislative session 6.0 FTP were removed and 51.0 FTP and funding were made one-time requiring the division to complete a full review of the workforce needed to render required services and to determine the amount of ongoing funding needed to support the Idaho Behavioral Health Plan. Part of the funding plan for the IBHP was to move Personnel Costs to operating to fund a portion of the plan ongoing. • These staff will perform essential functions to ensure specific behavioral health services are delivered in a high-quality, outcomes-focused, and cost-effective manner, in compliance with the Jeff D. Settlement Agreement. Essential duties include provider monitoring, consultation on best practice, technical assistance, as well as mentoring and coaching of providers. These staff have specific expertise and capabilities to perform these functions as they historically provided these services directly to Idahoans • \$1,830,000 (\$774,900 GF) will support the 15.0 FTP and the remaining \$4,465,700 (\$2,418,500 GF) will support IBHP contractual obligations. | | | |
| *See notes section for performance data | | | |

50

Line-Item Request: Mental Health Services Program Alignment

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|--------|-------------|-----------|
| Mental Health Services Program Alignment | \$0 | All Funds | No |
| <ul style="list-style-type: none"> • This request combines the Adult Mental Health (AMH) and Children’s Mental Health (CMH) programs into one Mental Health Services Program to enhance accountability and coordination across programs by fostering a unified direction, building accountability to universal behavioral health services, while simplifying the financial management of services that overlap. • Encourages integrated treatment as a single budget directly supports models of integrated behavioral healthcare reducing overall healthcare costs. For example, first episode psychosis programming targets youth and early adults experiencing the first signs of schizophrenia and is more efficient to fund from a single budget as well as calculate return on investment of cross over services. • Eliminates duplicative administrative budgeting, tracking, and outcome reporting. Programmatic level reporting (i.e., Children’s mental health vs. Adult mental health) can be managed by the division within a single appropriation unit without comprising transparent and complete reporting . Provides flexibility to address emerging crisis, for example, funds can be quickly reallocated to needed treatments such as crisis response during a disaster. • OBJECTIVE 3: Ensure a complete continuum of care for children by enhancing inter-agency coordination by June 30, 2026: | | | |
| *See performance measure data in the notes | | | |

51

Line-Item Request: Ongoing General Fund Reduction

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------------|-------------|-----------|
| Ongoing General Fund Reduction | -\$1,138,300 | General | No |
| <ul style="list-style-type: none"> • Ongoing General Fund reduction as outlined in Executive Order 2025-05 • Adult Mental Health: Reduces General fund support for the Allumbaugh House by 50% and reverts funding for Behavioral Health Boards, reduces Magellan fee schedule by 4%. • Children’s Mental Health: Reverts funding for Behavioral Health Boards and reduces Magellan fee schedule by 4%. • The 4% Rate reductions in Medicaid will also reduce the amount the department will pay providers for non-Medicaid services provided through the Idaho Behavioral Health plan thereby reducing the payments to Magellan for those services. | | | |

52

Line-Item Request: Allumbaugh House - Fund Shift

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|-----------|--|-----------|
| Allumbaugh House - Fund Shift | \$496,300 | General -\$496,300 Dedicated \$992,600 | No |
| <ul style="list-style-type: none"> • This request is a net-zero fund transfer from the General Fund to dedicated fund spending authority to shift passthrough funding allocated to the Allumbaugh House onto the State-Directed Opioid Settlement Fund. This request is related to the Ongoing General Fund reduction as outlined in Executive Order 2025-05 • This request will hold the Allumbaugh House harmless by replacing the General fund reductions with State-Directed Opioid Settlement Fund to continue the important detox and crisis services to Idahoans. | | | |

53

FY 2027 Line-Item Requests Overview – Psychiatric Hospitalization

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|---|------------|--------------|--------------|----------------|----------|
| Personnel Benefit Shift - State Hospitals | \$0 | - | - | \$0 | No |
| Repair, Replacement, or Alteration Costs – Facility Maintenance/Equipment 12.56 | \$772,600 | - | \$90,500 | \$682,100 | Yes |
| Endowment Fund Adjustments | \$0 | -\$212,900 | - | \$212,900 | No |
| Ongoing General Fund Reduction EO 2025-05 | -\$387,200 | -\$695,900 | - | 308,700 | No |

54

Line-Item Request: Personnel Benefit Shift - State Hospital South

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------|-------------|-----------|
| Personnel Benefit Shift - State Hospital South | \$0 | Dedicated | No |
| <ul style="list-style-type: none"> • This is a net-zero fund shift of dedicated fund spending authority from the Endowment Fund to the Cooperative Welfare Dedicated Fund to cover increases in FY 2027 health benefit costs for existing employees at State Hospital South. • Endowment fund appropriation and funding is set based on distribution and this doesn't change. State Hospital North has available revenue to cover the adjustment using dedicated fund spending authority and State Hospital South will need to shift to General Fund and dedicated fund spending authority to maintain existing staff wages. | | | |

55

Line-Item Request: Repair, Replacement, or Alteration Costs

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|-----------|-------------|-----------|
| Repair, Replacement, or Alteration Costs | \$382,600 | Dedicated | Yes |
| <ul style="list-style-type: none"> • State Hospital North: Replace a riding lawnmower for grounds maintenance and purchase a skid steer for road maintenance. • The department has determined that it would be less expensive to lease a skid steer as needed instead of purchasing. This is estimated to cost approximately \$5000 annually vs the one-time cost of \$71,500. SHN will need this ongoing spending authority in their operating budget to facilitate the lease. • State Hospital South: Replace patient care and safety equipment that is at end of life such as vitals signs monitors, EKG Machines, shower chairs, restraint chair, exam table, patient lift scale, mattresses, tec. Additionally replace kitchen equipment the is no longer repairable and past end of life such as a freezer, fryer, etc. • All replacement item will be replaced using endowment fund revenue or receipt revenue with no impact to the General Fund. | | | |

56

Line-Item Request: Endowment Fund Adjustments

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|--------|--|-----------|
| Endowment Fund Adjustments | \$0 | General -\$219,900 Dedicated \$219,900 | No |
| <ul style="list-style-type: none"> • This is a net-zero fund shift from the General Fund to the Endowment Fund to align spending authority with an anticipated increase in collections of Endowment Fund revenue at State Hospital North. • The Endowment Fund Distribution for SHN has increased annually without an adjustment to the spending authority, this request aligns the ongoing spending authority with the distribution expected for FY 2027 and reduces the General Fund need by the same amount. | | | |

57

Line-Item Request: Ongoing General Fund Reduction

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|---|--|-----------|
| Ongoing General Fund Reduction | -\$387,200 | General -\$695,900 Dedicated \$308,700 | No |
| <ul style="list-style-type: none"> • Ongoing General Fund reduction as outlined in Executive Order 2025-05 • Community Hospitalization: Reduce Magellan fee schedule by 4%. The 4% Rate reductions in Medicaid will also reduce the amount the department will pay providers for non-Medicaid services. • State Hospital North: Reverting 3.0 FTP and funding. Additionally, requesting to move operating expenditures to the dedicated “receipt” fund, this reduces the General Fund impact while allowing the program to cover Operating Expenditures as revenue is received. • State Hospital South: Adjust on-call/ temp pool expenditures from General Fund to Dedicated “receipt” Fund, allowing the hospital to cover additional costs necessary using revenue when received. If additional receipts cannot be obtained to cover the reduction, SHS will reduce paid out provider on-call, reduce the temp pool positions by 2 psych techs, and reduce overtime. • State Hospital West: Revert General Fund due to the projection of having additional receipts to cover 3% for FY27 going forward. This will be accomplished by billing private insurance and Medicaid. | | | |

58

FY 2027 Line-Item Requests Overview – Division of Public Health

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|--------------|--------------|--------------|----------------|----------|
| Immunization Assessment Fund Restoration | \$28,020,000 | - | - | \$28,020,000 | |
| Avian Influenza A (H1N1) - Disaster Planning and Training | \$822,100 | - | \$822,100 | - | Yes |
| Fee for Service Laboratory Testing | \$200,000 | - | -\$78,400 | \$278,400 | No |
| American Rescue Plan Act - Funded Multi-Year Programs | \$6,633,700 | - | \$6,633,700 | - | Yes |
| Human Immunodeficiency Virus Prevention and Surveillance Program | \$478,700 | - | \$478,700 | - | No |
| Hepatitis Prevention and Surveillance Program | \$299,600 | - | \$299,600 | - | No |
| Ongoing General Fund Reduction EO 2025-05 | -\$1,000,000 | -\$1,000,000 | - | - | No |

59

Line-Item Request: Immunization Assessment Fund Restoration

| Line-Item Description | Amount | Fund Source | One-Time? |
|--|--------------|--|-------------|
| Immunization Assessment Fund Restoration | \$28,020,000 | Idaho Immunization Assessment Dedicated Fund | \$2,620,600 |
| <p>* \$25,399,400 ongoing spending authority is required to expend assessment revenues and ensure uninterrupted purchase and distribution of pediatric vaccines statewide. This amount aligns with the amount authorized by the Immunization Assessment Board to be expended in FY 2027.</p> <p>* \$2,620,600 one-time is for vaccine order expenditures that will carry from FY 2026 to FY 2027 because the program doesn't have enough spending authority available in FY 2026 to expend the board authorized amount in FY 2026.</p> <p>* Title 41, Chapter 60, Idaho Code, requires the Department of Insurance to collect funds from insurance carriers in Idaho based on an assessment amount determined and approved by the Idaho Immunization Assessment Board in April each year. The Idaho Immunization Program is responsible for the purchase of pediatric vaccine from the Centers for Disease Control and Prevention (CDC) purchasing contract using assessment funds that are transferred from the Department of Insurance to the Division of Public Health.</p> <p>* This request aligns with the DHW 2026 – 2029 Strategic Plan mission of being dedicated to strengthening the health, safety and independence of Idahoans, by ensuring availability of pediatric vaccines for families who wish to access them through their healthcare provider</p> <p>* The Idaho Immunization Program tracks the number of children's vaccines purchased and distributed daily to monitor the Immunization Program's ability to expended assessment fund by purchasing pediatric vaccine for distribution to clinics throughout Idaho. Results in continued timely purchase and distribution of pediatric vaccines statewide; sustained access without supply delays.</p> | | | |

60

Line-Item Request: Avian Influenza A (H5N1) - Disaster Planning and Training

| Line-Item Description | Amount | Fund Source | One-Time? |
|--|-----------|--------------|-----------|
| Avian Influenza A (H5N1) - Disaster Planning and Training | \$822,100 | Federal Fund | Yes |
| <ul style="list-style-type: none"> • Supports coordinated planning and training across hospitals, EMS, and public health partners required for response to emerging high-consequence infectious disease threats and provides funding for planning activities, training and preparation for a statewide full-scale exercise for Idaho’s three regional healthcare coalitions. • Aligns with the DHW strategic goal 4 to help Idahoans become as healthy and self-sufficient as possible and DHW 2026-2029 Strategic Plan vision to provide leadership for a sustainable, integrated health and human services system by ensuring clear communication and collaboration with local public health districts and healthcare providers during response efforts to treat and transport a patient with a high consequence infectious disease from an Idaho hospital to the Regional Emerging Special Pathogens Treatment Center located at Providence Sacred Heart Medical Center and Children’s Hospital in Spokane, WA. • Results in completion of a statewide full-scale exercise in 2028 evaluating readiness for infectious disease response. As a preparedness best practice, the state will conduct a full-scale exercise to evaluate the success of these planning efforts. Exercise participants include Department of Health and Welfare, healthcare coalition hospitals, EMS agencies, local public health districts, emergency management, the Administration for Strategic Preparedness and Response, and the Centers for Disease Control and Prevention, and the Regional Emerging Special Pathogens Treatment Center. | | | |

61

Line-Item Request: Fee for Service Laboratory Testing

| Line-Item Description | Amount | Fund Source | One-Time? |
|--|-----------|----------------|-----------|
| Fee for Service Laboratory Testing | \$200,000 | Dedicated Fund | No |
| <ul style="list-style-type: none"> • Aligns spending authority with current and anticipated fee-for-service lab testing revenues. This allows the lab to use this dedicated fund revenue to cover expenses, reducing the dependence on federal funding sources. • Supports spending authority for personnel and operating costs for expanded laboratory services. • Aligns with the DHW strategic goal 4 to help Idahoans become as healthy and self-sufficient as possible and his request aligns with DHW 2026-2029 Strategic Plan vision to provide leadership for a sustainable, integrated health and human services system. • The Bureau of Laboratories is viewed as a trusted partner for many state agencies, including the Department of Water Resources, Department of Environmental Quality, and Department of Agriculture. As these agencies expand their environmental monitoring and water conservation programs, the state laboratory must be positioned to grow with their needs. Increasing the ability to expand testing volume for these agencies with ensure them that the state lab can continue to be responsive to their needs. This will help improve the customer experience and bolster the reputation of the department. Resulting in increased laboratory testing volume and improved services capacity for partner agencies. | | | |

62

Line-Item Request: American Rescue Plan Act - Funded Multi-Year Programs

| Supplemental Description | Amount | Fund Source | One-Time? |
|---|-------------|--------------|-----------|
| American Rescue Plan Act - Funded Multi-Year Programs | \$6,633,700 | Federal Fund | Yes |
| <ul style="list-style-type: none"> • Continues five, multi-year programs funded by direct ARPA funds requiring one-time or annual spending authority by the legislature. • Grants are in latter stages of the grant cycle and include public health infrastructure and workforce, data and systems modernization for vital statistics, WIC and other public health data systems. • Aligns with the DHW strategic goal 4 to help Idahoans become as healthy and self-sufficient as possible. • Results in more effective service delivery at the state and local level and better ability to address public health workforce shortages, and more efficient data system operations. | | | |

63

Line-Item Request: Human Immunodeficiency Virus Prevention and Surveillance Program

| Line-Item Description | Amount | Fund Source | One-Time? |
|---|-----------|--------------|-----------|
| Human Immunodeficiency Virus (HIV) Prevention and Surveillance Program | \$478,700 | Federal Fund | No |
| <ul style="list-style-type: none"> • Restores ongoing federal fund spending authority to sustain statewide HIV prevention, testing, and data review to detect and evaluate disease transmission, and outbreak response through the purchase of HIV test kits, connecting people to treatment, partner support, prevention services, local public health district support, and program staffing. • The HIV Prevention Program in the Division of Public Health supports HIV prevention services throughout Idaho to prevent new HIV infections and to reduce the spread of infection among people living with HIV. The largest source of funding for this prevention work is the “High-Impact HIV Prevention and Surveillance Program for Health Department” grant awarded to the division by the Centers for Disease Control and Prevention (CDC). This includes expanding access to HIV testing throughout Idaho by developing and supporting testing partnerships with Idaho’s public health districts, health systems, health centers, clinics, community-based organizations, and pharmacies. • Aligns with the DHW strategic goal 4 to help Idahoans become as healthy and self-sufficient as possible and the DHW 2026 – 2029 Mission of being dedicated to strengthening the health, safety and independence of Idahoans, through the provision of prevention, testing, and referral services to reduce the burden of disease in Idaho. Resulting in increased prevention education, reduced HIV transmission, and timely linkage to treatment. | | | |

64

Line-Item Request: Hepatitis Prevention and Surveillance Program

| Line-Item Description | Amount | Fund Source | One-Time? |
|--|-----------|--------------|-----------|
| Hepatitis Prevention and Surveillance Program | \$299,600 | Federal Fund | No |
| <ul style="list-style-type: none"> • Restores ongoing federal fund spending authority to support hepatitis C prevention, testing, and data review to detect and evaluate risks for infection and prevent transmission through the purchase of hepatitis C test kits, connecting people to treatment, prevention education, and program staffing. • The “Integrated Viral Hepatitis Surveillance and Prevention” grant funds hepatitis C prevention services throughout Idaho to prevent new infections and ultimately work towards statewide elimination of hepatitis C. This is the only source of funding for this prevention work awarded to the division by the Centers for Disease Control and Prevention (CDC). The FY 2026 Labor, Health and Human Services funding bill provides for flat funding for hepatitis programming to states. This work includes expanding access to testing and links to care and treatment throughout Idaho by developing and supporting testing availability through health systems, health centers, clinics, community-based organizations, pharmacies, and public health districts. The program works with 22 statewide organizations to increase activities that include supporting rapid testing, connections to treatment, and education and outreach regarding testing and prevention. The mission of the program is to prevent further viral hepatitis transmission to reduce disability and mortality as well as to improve the quality of health and wellbeing for Idahoans. • Aligns with the DHW strategic goal 4 to help Idahoans become as healthy and self-sufficient as possible. Resulting in reduced hepatitis infections and associated healthcare costs. | | | |

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Line-Item Request: Ongoing General Fund Reduction

| Line-Item Description | Amount | Fund Source | One-Time? |
|---|--------------|--------------|-----------|
| Ongoing General Fund Reduction | -\$1,000,000 | General Fund | No |
| <ul style="list-style-type: none"> • Ongoing General Fund reduction as outlined in Executive Order 2025-05 • Reduces \$1,000,000 ongoing Trustee/Benefit Payments that is passed through to the public health districts for the Idaho Home Visiting Program. Home visiting services are covered through federal grants and Medicaid. This funding is passed through with no restrictions or requirements making it difficult to realize or control any return on investment. The federal portion of the home visiting program was made one-time in FY 2026 and is requested to be restored in the Early Learning and Development Division for FY 2027 and beyond, where the department believes these services are a better fit. • If the program is restored, federal funding will remain to support the Home Visiting Program through the Maternal, Infant, and Early Childhood Home Visiting Grant. \$3,338,000 is distributed annually to the 7 PHDs and one non-profit organization using an approved distribution formula. The federal grant funding has specific requirements and is monitored to ensure compliance with these requirements. • Medicaid reimbursement will also continue to be available. Medicaid reimburses at a flat rate of \$240.12 per home visit and covers the home visit itself, travel to and from the visit, and data entry associated with the visit. DHW is actively exploring use of Families First Prevention Act funding, which is available to the state to fund Home Visiting but has not historically been leveraged. | | | |

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FY 2027 Line-Item Requests Overview

| Supplemental Description | Amount | General Fund | Federal Fund | Dedicated Fund | One-Time |
|--|--------|--------------|--------------|----------------|----------|
| Budget Law Exemptions/Other Adjustments – No additional Restrictions beyond Idaho Code 67-3511 | - | - | - | - | No |

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Line-Item Request: Budget Law Exemptions

| Supplemental Description | Amount | Fund Source | One-Time? |
|--|--------|-------------|-----------|
| Budget Law Exemptions/Other Adjustments – No additional Restrictions beyond Idaho Code 67-3511 | \$0 | All Funds | No |

- Remove all restrictions on transfer limitation beyond those established in Section 67-3511 Idaho code.
- Reduce the need for supplemental requests by allowing the department to respond promptly to evolving personnel and operational needs, ensuring that its programs are adequately funded throughout the fiscal year, avoiding disruptions to the vital services provided by the department to Idahoans.
- Further allows the agency to code expenditures according to fiscal policy without obtaining additional legislative approval. For example, transferring savings from Trustee/Benefits Payments or Personnel Costs to Operating Expenditures to contract for audit and investigation services or to award service contracts providing the same benefits.
- Other examples could include emergency replacement items; temporary staff for unforeseen absences or workload; or ability to use existing resources to cover entitlement program overages before requesting a supplemental; etc.
- Reduce held payments and program pauses for mandatory programs and services.

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FY 2027 Budget Recommendation Department of Health and Welfare

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