

Table 1. Share of Medicaid Beneficiaries and Expenditures Subject to the Block Grant Option, Selected Years Assuming Nonexpansion States Choose to Expand in FY 2021

	FY 2019				FY 2021			
	Number of block-grant-eligible beneficiaries	Share of Medicaid beneficiaries who are block-grant-eligible	Projected expenditures — block-grant-eligible beneficiaries (\$ millions)	Share of total Medicaid expenditures on block-grant-eligibles	Number of block-grant-eligible beneficiaries	Share of Medicaid beneficiaries who are block-grant-eligible	Projected expenditures — block-grant-eligible beneficiaries (\$ millions)	Share of total Medicaid expenditures on block-grant-eligibles
All states	20,255,559	27.6%	\$118,195	20.0%	26,536,799	33.1%	\$173,910	24.7%
Alabama	6,040	0.6%	\$36	0.6%	267,413	22.5%	\$1,747	22.7%
Alaska	73,557	35.6%	\$800	32.6%	74,406	35.1%	\$894	32.1%
Arizona	695,349	36.4%	\$4,637	36.6%	714,019	36.5%	\$5,259	36.8%
Arkansas	273,066	31.3%	\$1,754	27.7%	277,775	31.5%	\$1,971	27.8%
California	4,799,862	37.9%	\$25,505	28.7%	4,864,131	37.8%	\$28,547	28.6%
Colorado	501,791	40.1%	\$2,215	28.1%	511,445	40.2%	\$2,493	28.1%
Connecticut	404,611	43.0%	\$2,744	32.8%	407,072	43.0%	\$3,050	32.6%
Delaware	91,247	43.2%	\$782	33.2%	92,126	43.1%	\$873	33.1%
District of Columbia	150,630	57.2%	\$740	24.0%	151,900	56.2%	\$824	23.7%
Florida	141,081	3.8%	\$710	3.1%	1,222,572	25.1%	\$6,795	21.4%
Georgia	67,357	3.5%	\$423	3.8%	651,179	26.0%	\$4,513	27.6%
Hawaii	145,813	46.8%	\$868	35.8%	147,933	46.3%	\$973	35.6%
Idaho	6,375	2.2%	\$44	2.4%	116,341	28.7%	\$894	30.1%
Illinois	997,956	37.7%	\$5,140	34.2%	1,008,232	37.7%	\$5,735	34.2%
Indiana	363,902	27.4%	\$2,018	17.7%	367,986	27.5%	\$2,254	17.6%
Iowa	199,027	32.6%	\$848	18.7%	201,929	32.6%	\$950	18.7%
Kansas	14,022	4.0%	\$87	2.7%	135,690	28.3%	\$927	20.9%
Kentucky	468,750	36.5%	\$2,952	30.0%	472,225	36.4%	\$3,285	30.0%
Louisiana	477,769	29.8%	\$3,206	29.6%	488,035	29.9%	\$3,617	29.6%
Maine	47,987	18.4%	\$275	9.9%	86,859	28.7%	\$551	16.4%
Maryland	487,093	40.0%	\$4,051	33.2%	492,486	40.0%	\$4,524	33.1%
Massachusetts	579,984	33.8%	\$3,132	19.0%	587,853	33.7%	\$3,506	18.9%
Michigan	771,127	32.2%	\$5,235	27.8%	775,482	32.2%	\$5,815	27.7%
Minnesota	358,417	33.7%	\$3,013	25.5%	363,107	33.7%	\$3,372	25.4%
Mississippi	3,651	0.5%	\$26	0.5%	173,516	20.9%	\$1,343	18.0%
Missouri	19,835	2.3%	\$149	1.6%	282,709	24.6%	\$2,352	18.4%
Montana	96,918	38.6%	\$820	39.3%	97,353	38.5%	\$910	39.1%
Nebraska	13,780	5.7%	\$100	4.6%	87,547	27.4%	\$702	23.0%
Nevada	226,002	38.3%	\$1,256	33.4%	229,237	38.5%	\$1,407	33.4%
New Hampshire	58,946	32.3%	\$412	22.1%	59,240	32.2%	\$458	21.8%
New Jersey	554,786	34.3%	\$3,140	21.9%	562,340	34.3%	\$3,515	21.8%
New Mexico	271,409	32.7%	\$1,482	30.7%	275,384	32.8%	\$1,661	30.9%
New York	2,819,182	45.9%	\$13,924	16.9%	2,855,667	45.8%	\$15,578	16.8%
North Carolina	39,441	1.9%	\$322	2.3%	520,963	20.5%	\$4,699	23.6%
North Dakota	22,379	25.0%	\$306	23.7%	23,155	24.7%	\$350	23.6%
Ohio	902,248	31.7%	\$5,954	27.0%	911,479	31.8%	\$6,644	27.0%
Oklahoma	25,540	4.0%	\$173	3.5%	234,781	29.4%	\$1,752	25.4%
Oregon	473,480	48.9%	\$2,502	28.3%	480,032	48.9%	\$2,802	28.2%
Pennsylvania	820,902	30.0%	\$5,951	20.3%	828,214	29.9%	\$6,632	20.3%
Rhode Island	102,767	34.4%	\$658	24.7%	104,063	34.3%	\$736	24.6%
South Carolina	78,223	6.2%	\$445	7.4%	334,120	23.0%	\$2,101	25.5%
South Dakota	1,775	1.8%	\$13	1.4%	36,288	27.1%	\$292	22.9%
Tennessee	213,854	13.4%	\$966	10.8%	514,424	26.9%	\$2,566	22.3%
Texas	56,694	1.4%	\$364	1.2%	1,678,413	28.7%	\$11,903	26.1%
Utah	15,390	5.1%	\$108	3.9%	206,343	41.5%	\$1,597	34.5%
Vermont	55,787	32.9%	\$215	13.3%	56,336	32.7%	\$240	13.2%
Virginia	319,167	25.0%	\$2,590	21.4%	446,796	31.5%	\$4,005	27.3%
Washington	569,953	32.8%	\$3,251	27.0%	579,505	32.7%	\$3,651	27.0%
West Virginia	162,305	31.0%	\$956	23.5%	164,304	31.0%	\$1,069	23.5%
Wisconsin	206,384	17.5%	\$881	10.2%	292,470	24.3%	\$1,379	14.0%
Wyoming	1,949	3.5%	\$15	2.4%	23,924	30.7%	\$201	23.0%

Notes: Estimates assume that current Medicaid expansion states elect to implement an aggregate cap, and current nonexpansion states expand Medicaid in 2021 under a per capita cap and transition to an aggregate cap in 2023. In all years, states spend only as much as allowed under their caps.

Data: Manatt Medicaid Financing Model.

Table 2. Change in Total and Federal Medicaid Expenditures Under the Block Grant Option Relative to Current Law, Selected Years (\$ millions)

	2021			2025			2021–2025		
	Total	Federal	% reduction	Total	Federal	% reduction	Total	Federal	% reduction
All states	–\$10,058	–\$8,309	–5.8%	–\$34,632	–\$28,907	–14.6%	–\$110,394	–\$91,990	–10.5%
Alabama	–\$100	–\$90	–5.7%	–\$495	–\$445	–16.5%	–\$1,465	–\$1,315	–11.5%
Alaska	–\$87	–\$68	–9.8%	–\$191	–\$148	–17.1%	–\$687	–\$532	–13.7%
Arizona	–\$430	–\$355	–8.2%	–\$1,202	–\$994	–17.8%	–\$3,998	–\$3,307	–13.4%
Arkansas	–\$73	–\$65	–3.7%	–\$319	–\$286	–12.8%	–\$956	–\$855	–8.6%
California	–\$1,606	–\$1,302	–5.6%	–\$4,905	–\$3,974	–13.7%	–\$15,960	–\$12,931	–10.0%
Colorado	–\$136	–\$109	–5.5%	–\$460	–\$367	–14.6%	–\$1,459	–\$1,163	–10.4%
Connecticut	–\$211	–\$155	–6.9%	–\$512	–\$376	–13.6%	–\$1,778	–\$1,306	–10.5%
Delaware	–\$55	–\$44	–6.3%	–\$153	–\$122	–14.0%	–\$511	–\$407	–10.4%
District of Columbia	–\$49	–\$40	–5.9%	–\$141	–\$116	–13.7%	–\$466	–\$384	–10.1%
Florida	–\$388	–\$340	–5.7%	–\$1,714	–\$1,510	–14.8%	–\$5,253	–\$4,626	–10.7%
Georgia	–\$315	–\$277	–7.0%	–\$1,230	–\$1,088	–16.0%	–\$3,967	–\$3,508	–12.2%
Hawaii	–\$44	–\$36	–4.5%	–\$162	–\$134	–13.2%	–\$502	–\$417	–9.2%
Idaho	–\$52	–\$46	–5.8%	–\$159	–\$142	–14.1%	–\$514	–\$460	–10.2%
Illinois	–\$163	–\$131	–2.8%	–\$765	–\$612	–10.7%	–\$2,264	–\$1,809	–7.0%
Indiana	–\$141	–\$116	–6.3%	–\$394	–\$323	–14.0%	–\$1,314	–\$1,078	–10.4%
Iowa	–\$75	–\$64	–7.9%	–\$191	–\$163	–16.0%	–\$655	–\$557	–12.3%
Kansas	–\$53	–\$46	–5.7%	–\$218	–\$192	–13.9%	–\$685	–\$602	–10.3%
Kentucky	–\$134	–\$119	–4.1%	–\$469	–\$419	–11.5%	–\$1,475	–\$1,319	–8.0%
Louisiana	–\$250	–\$224	–6.9%	–\$759	–\$682	–16.4%	–\$2,470	–\$2,217	–12.0%
Maine	–\$53	–\$41	–9.6%	–\$136	–\$107	–19.8%	–\$464	–\$365	–15.1%
Maryland	–\$273	–\$218	–6.0%	–\$787	–\$627	–13.9%	–\$2,602	–\$2,072	–10.2%
Massachusetts	–\$171	–\$128	–4.9%	–\$647	–\$482	–14.7%	–\$2,000	–\$1,491	–10.1%
Michigan	–\$282	–\$240	–4.9%	–\$854	–\$727	–11.9%	–\$2,788	–\$2,373	–8.6%
Minnesota	–\$163	–\$121	–4.8%	–\$550	–\$407	–13.0%	–\$1,743	–\$1,291	–9.2%
Mississippi	–\$77	–\$69	–5.7%	–\$353	–\$317	–15.1%	–\$1,073	–\$965	–10.8%
Missouri	–\$149	–\$133	–6.4%	–\$573	–\$511	–14.4%	–\$1,865	–\$1,662	–10.9%
Montana	–\$57	–\$51	–6.2%	–\$153	–\$137	–13.5%	–\$515	–\$462	–10.1%
Nebraska	–\$40	–\$34	–5.7%	–\$165	–\$142	–14.2%	–\$517	–\$443	–10.4%
Nevada	–\$86	–\$76	–6.1%	–\$256	–\$226	–14.4%	–\$836	–\$738	–10.6%
New Hampshire	–\$19	–\$16	–4.1%	–\$63	–\$54	–11.1%	–\$199	–\$172	–7.8%
New Jersey	–\$182	–\$162	–5.2%	–\$585	–\$521	–13.3%	–\$1,879	–\$1,673	–9.5%
New Mexico	–\$112	–\$99	–6.7%	–\$320	–\$283	–15.3%	–\$1,058	–\$934	–11.3%
New York	–\$1,011	–\$688	–6.5%	–\$2,861	–\$1,946	–14.6%	–\$9,498	–\$6,461	–10.8%
North Carolina	–\$327	–\$291	–7.0%	–\$1,255	–\$1,121	–15.6%	–\$4,093	–\$3,654	–11.9%
North Dakota	–\$24	–\$20	–6.8%	–\$80	–\$68	–17.6%	–\$253	–\$216	–12.6%
Ohio	–\$230	–\$185	–3.5%	–\$930	–\$749	–11.2%	–\$2,833	–\$2,281	–7.6%
Oklahoma	–\$104	–\$91	–5.9%	–\$846	–\$747	–28.4%	–\$2,181	–\$1,925	–17.2%
Oregon	–\$209	–\$176	–7.5%	–\$560	–\$471	–15.9%	–\$1,888	–\$1,590	–12.0%
Pennsylvania	–\$383	–\$339	–5.8%	–\$1,112	–\$985	–13.4%	–\$3,667	–\$3,250	–9.9%
Rhode Island	–\$39	–\$31	–5.4%	–\$126	–\$100	–13.7%	–\$406	–\$321	–9.8%
South Carolina	–\$136	–\$116	–6.5%	–\$506	–\$439	–14.9%	–\$1,640	–\$1,419	–11.2%
South Dakota	–\$17	–\$14	–5.7%	–\$101	–\$89	–20.6%	–\$280	–\$245	–13.3%
Tennessee	–\$309	–\$247	–12.1%	–\$984	–\$802	–25.0%	–\$3,375	–\$2,746	–19.8%
Texas	–\$682	–\$608	–5.7%	–\$3,150	–\$2,817	–15.1%	–\$9,549	–\$8,537	–10.9%
Utah	–\$91	–\$81	–5.7%	–\$309	–\$274	–15.1%	–\$962	–\$853	–10.6%
Vermont	–\$30	–\$27	–12.6%	–\$101	–\$90	–33.6%	–\$324	–\$291	–24.1%
Virginia	–\$84	–\$72	–2.1%	–\$513	–\$442	–10.2%	–\$1,450	–\$1,247	–6.5%
Washington	–\$210	–\$187	–5.7%	–\$675	–\$601	–14.6%	–\$2,165	–\$1,928	–10.5%
West Virginia	–\$55	–\$49	–5.1%	–\$183	–\$165	–13.6%	–\$581	–\$523	–9.7%
Wisconsin	–\$79	–\$61	–5.7%	–\$366	–\$289	–16.3%	–\$1,094	–\$863	–11.3%
Wyoming	–\$11	–\$10	–5.7%	–\$91	–\$80	–26.8%	–\$236	–\$208	–16.3%

Notes: Medical CPI = Consumer Price Index for Medical Care. Estimates assume that current Medicaid expansion states elect to implement an aggregate cap, and current nonexpansion states expand Medicaid in 2021 under a per capita cap and transition to an aggregate cap in 2023. In all years, states spend only as much as allowed under their caps. Cost growth/trend rate assumptions are in line with the baseline scenario: medical CPI grows at 3.0%, consistent with the average annual growth rate in medical CPI from 2016–2019 as reported by the Bureau of Labor Statistics; enrollment grows in line with state-specific population growth projections developed by AARP, adjusted to align with overall enrollment growth projections from the Congressional Budget Office; per enrollee spending grows in line with national, eligibility group-specific projections from the CMS Office of the Actuary; and CMS considers historical, state-specific growth rates when establishing block grant trend rates (i.e., states will not automatically receive medical CPI or medical CPI plus 0.5 percentage points as their trend rates).

Data: Manatt Medicaid Financing Model.

Table 3. Change in Total and Federal Medicaid Expenditures Under the Block Grant Option Relative to Current Law If CMS Disregards Recent State-Specific Expenditure Trends When Setting Capped Allocations,* Selected Years

	2021			2025			2021–2025		
	Total	Federal	% reduction	Total	Federal	% reduction	Total	Federal	% reduction
All states	−\$9,690	−\$8,002	−5.6%	−\$32,980	−\$27,497	−13.9%	−\$105,332	−\$87,685	−10.1%
Alabama	−\$100	−\$90	−5.7%	−\$416	−\$373	−13.8%	−\$1,309	−\$1,175	−10.2%
Alaska	−\$87	−\$68	−9.8%	−\$191	−\$148	−17.1%	−\$687	−\$532	−13.7%
Arizona	−\$430	−\$355	−8.2%	−\$1,202	−\$994	−17.8%	−\$3,998	−\$3,307	−13.4%
Arkansas	−\$73	−\$65	−3.7%	−\$319	−\$286	−12.8%	−\$956	−\$855	−8.6%
California	−\$1,606	−\$1,302	−5.6%	−\$4,905	−\$3,974	−13.7%	−\$15,960	−\$12,931	−10.0%
Colorado	−\$136	−\$109	−5.5%	−\$460	−\$367	−14.6%	−\$1,459	−\$1,163	−10.4%
Connecticut	−\$211	−\$155	−6.9%	−\$512	−\$376	−13.6%	−\$1,778	−\$1,306	−10.5%
Delaware	−\$55	−\$44	−6.3%	−\$153	−\$122	−14.0%	−\$511	−\$407	−10.4%
District of Columbia	−\$49	−\$40	−5.9%	−\$141	−\$116	−13.7%	−\$466	−\$384	−10.1%
Florida	−\$388	−\$340	−5.7%	−\$1,681	−\$1,481	−14.5%	−\$5,189	−\$4,569	−10.5%
Georgia	−\$258	−\$227	−5.7%	−\$1,099	−\$972	−14.3%	−\$3,412	−\$3,017	−10.5%
Hawaii	−\$44	−\$36	−4.5%	−\$162	−\$134	−13.2%	−\$502	−\$417	−9.2%
Idaho	−\$51	−\$46	−5.7%	−\$158	−\$141	−14.0%	−\$508	−\$454	−10.1%
Illinois	−\$163	−\$131	−2.8%	−\$765	−\$612	−10.7%	−\$2,264	−\$1,809	−7.0%
Indiana	−\$141	−\$116	−6.3%	−\$394	−\$323	−14.0%	−\$1,314	−\$1,078	−10.4%
Iowa	−\$75	−\$64	−7.9%	−\$191	−\$163	−16.0%	−\$655	−\$557	−12.3%
Kansas	−\$53	−\$46	−5.7%	−\$218	−\$192	−13.9%	−\$685	−\$602	−10.3%
Kentucky	−\$134	−\$119	−4.1%	−\$469	−\$419	−11.5%	−\$1,475	−\$1,319	−8.0%
Louisiana	−\$250	−\$224	−6.9%	−\$759	−\$682	−16.4%	−\$2,470	−\$2,217	−12.0%
Maine	−\$48	−\$38	−8.7%	−\$109	−\$85	−15.8%	−\$385	−\$303	−12.5%
Maryland	−\$273	−\$218	−6.0%	−\$787	−\$627	−13.9%	−\$2,602	−\$2,072	−10.2%
Massachusetts	−\$144	−\$108	−4.1%	−\$555	−\$414	−12.6%	−\$1,707	−\$1,273	−8.7%
Michigan	−\$282	−\$240	−4.9%	−\$854	−\$727	−11.9%	−\$2,788	−\$2,373	−8.6%
Minnesota	−\$163	−\$121	−4.8%	−\$550	−\$407	−13.0%	−\$1,743	−\$1,291	−9.2%
Mississippi	−\$77	−\$69	−5.7%	−\$339	−\$305	−14.5%	−\$1,046	−\$940	−10.5%
Missouri	−\$134	−\$120	−5.7%	−\$538	−\$480	−13.5%	−\$1,717	−\$1,531	−10.1%
Montana	−\$57	−\$51	−6.2%	−\$153	−\$137	−13.5%	−\$515	−\$462	−10.1%
Nebraska	−\$40	−\$34	−5.7%	−\$165	−\$142	−14.2%	−\$517	−\$443	−10.4%
Nevada	−\$86	−\$76	−6.1%	−\$256	−\$226	−14.4%	−\$836	−\$738	−10.6%
New Hampshire	−\$19	−\$16	−4.1%	−\$63	−\$54	−11.1%	−\$199	−\$172	−7.8%
New Jersey	−\$182	−\$162	−5.2%	−\$585	−\$521	−13.3%	−\$1,879	−\$1,673	−9.5%
New Mexico	−\$112	−\$99	−6.7%	−\$320	−\$283	−15.3%	−\$1,058	−\$934	−11.3%
New York	−\$1,011	−\$688	−6.5%	−\$2,861	−\$1,946	−14.6%	−\$9,498	−\$6,461	−10.8%
North Carolina	−\$269	−\$239	−5.7%	−\$1,119	−\$999	−13.9%	−\$3,517	−\$3,140	−10.3%
North Dakota	−\$24	−\$20	−6.8%	−\$80	−\$68	−17.6%	−\$253	−\$216	−12.6%
Ohio	−\$230	−\$185	−3.5%	−\$930	−\$749	−11.2%	−\$2,833	−\$2,281	−7.6%
Oklahoma	−\$100	−\$88	−5.7%	−\$432	−\$381	−14.5%	−\$1,334	−\$1,177	−10.5%
Oregon	−\$209	−\$176	−7.5%	−\$560	−\$471	−15.9%	−\$1,888	−\$1,590	−12.0%
Pennsylvania	−\$383	−\$339	−5.8%	−\$1,112	−\$985	−13.4%	−\$3,667	−\$3,250	−9.9%
Rhode Island	−\$39	−\$31	−5.2%	−\$123	−\$98	−13.3%	−\$396	−\$314	−9.6%
South Carolina	−\$120	−\$103	−5.7%	−\$472	−\$408	−13.8%	−\$1,492	−\$1,291	−10.2%
South Dakota	−\$17	−\$14	−5.7%	−\$70	−\$61	−14.2%	−\$219	−\$191	−10.4%
Tennessee	−\$147	−\$117	−5.7%	−\$552	−\$450	−14.0%	−\$1,746	−\$1,421	−10.2%
Texas	−\$681	−\$607	−5.7%	−\$3,147	−\$2,814	−15.1%	−\$9,533	−\$8,523	−10.8%
Utah	−\$91	−\$81	−5.7%	−\$309	−\$274	−15.1%	−\$962	−\$853	−10.6%
Vermont	−\$10	−\$9	−4.1%	−\$36	−\$33	−12.1%	−\$113	−\$101	−8.4%
Virginia	−\$84	−\$72	−2.1%	−\$513	−\$442	−10.2%	−\$1,450	−\$1,247	−6.5%
Washington	−\$210	−\$187	−5.7%	−\$675	−\$601	−14.6%	−\$2,165	−\$1,928	−10.5%
West Virginia	−\$55	−\$49	−5.1%	−\$183	−\$165	−13.6%	−\$581	−\$523	−9.7%
Wisconsin	−\$79	−\$61	−5.7%	−\$291	−\$230	−13.0%	−\$949	−\$748	−9.8%
Wyoming	−\$11	−\$10	−5.7%	−\$46	−\$41	−13.7%	−\$147	−\$130	−10.1%

* All state block grants are trended at the rate of medical CPI or medical CPI plus 0.5 percentage points, regardless of historical growth in state spending.

Notes: CMS = Centers for Medicare and Medicaid Services. Medical CPI = Consumer Price Index for Medical Care. Estimates assume that current Medicaid expansion states elect to implement an aggregate cap, and current nonexpansion states expand Medicaid in 2021 under a per capita cap and transition to an aggregate cap in 2023. In all years, states spend only as much as allowed under their caps. Cost growth trend rate assumptions are in line with the baseline scenario: medical CPI grows at 3.0%, consistent with the average annual growth rate in medical CPI from 2016–2019 as reported by the Bureau of Labor Statistics; enrollment grows in line with state-specific population growth projections developed by AARP, adjusted to align with overall enrollment growth projections from the Congressional Budget Office; per enrollee spending grows in line with national, eligibility group-specific projections from the CMS Office of the Actuary; and CMS disregards historical, state-specific growth rates when establishing block grant trend rates (i.e., states will not automatically receive Medical CPI or Medical CPI plus 0.5 percentage points as their trend rates).

Table 4. Impact of States Spending 80 Percent of Caps and Availability of Federal Savings, FY 2025 (\$ millions)

	Total reductions from baseline	Total reductions from cap	Weighted average match rate for demonstration population	Federal share of reductions from cap	Maximum potential shared savings (assuming 50% savings rate)	Share of total cuts retained by federal government*
All states	-\$73,880	-\$40,901	83%	-\$34,080	-\$17,040	76.9%
Alabama	-\$933	-\$517	90%	-\$464	-\$232	75.1%
Alaska	-\$376	-\$185	77%	-\$143	-\$72	80.9%
Arizona	-\$2,309	-\$1,107	83%	-\$916	-\$458	80.2%
Arkansas	-\$755	-\$435	89%	-\$389	-\$195	74.2%
California	-\$11,083	-\$6,177	81%	-\$5,005	-\$2,502	77.4%
Colorado	-\$1,001	-\$540	80%	-\$431	-\$215	78.5%
Connecticut	-\$1,163	-\$651	73%	-\$478	-\$239	79.4%
Delaware	-\$340	-\$187	80%	-\$149	-\$75	78.0%
District of Columbia	-\$319	-\$178	82%	-\$146	-\$73	77.0%
Florida	-\$3,660	-\$1,979	88%	-\$1,744	-\$872	76.2%
Georgia	-\$2,412	-\$1,313	88%	-\$1,162	-\$581	75.9%
Hawaii	-\$375	-\$213	83%	-\$177	-\$88	76.4%
Idaho	-\$351	-\$194	89%	-\$173	-\$87	75.3%
Illinois	-\$2,043	-\$1,278	80%	-\$1,021	-\$510	75.0%
Indiana	-\$878	-\$484	82%	-\$397	-\$199	77.4%
Iowa	-\$391	-\$201	85%	-\$171	-\$85	78.2%
Kansas	-\$487	-\$269	88%	-\$236	-\$118	75.7%
Kentucky	-\$1,192	-\$723	89%	-\$646	-\$323	72.9%
Louisiana	-\$1,531	-\$772	90%	-\$693	-\$346	77.4%
Maine	-\$224	-\$115	79%	-\$91	-\$45	79.8%
Maryland	-\$1,762	-\$975	80%	-\$776	-\$388	78.0%
Massachusetts	-\$1,326	-\$771	75%	-\$574	-\$287	78.3%
Michigan	-\$2,123	-\$1,269	85%	-\$1,079	-\$540	74.6%
Minnesota	-\$1,286	-\$736	74%	-\$545	-\$272	78.8%
Mississippi	-\$739	-\$400	90%	-\$360	-\$180	75.7%
Missouri	-\$1,229	-\$691	89%	-\$616	-\$308	74.9%
Montana	-\$349	-\$196	90%	-\$175	-\$88	74.8%
Nebraska	-\$366	-\$200	86%	-\$172	-\$86	76.5%
Nevada	-\$559	-\$303	88%	-\$267	-\$134	76.1%
New Hampshire	-\$163	-\$101	87%	-\$87	-\$44	73.3%
New Jersey	-\$1,350	-\$764	89%	-\$681	-\$340	74.8%
New Mexico	-\$675	-\$355	88%	-\$314	-\$157	76.8%
New York	-\$6,201	-\$3,340	68%	-\$2,272	-\$1,136	81.7%
North Carolina	-\$2,503	-\$1,384	89%	-\$1,236	-\$618	75.3%
North Dakota	-\$154	-\$75	86%	-\$64	-\$32	79.3%
Ohio	-\$2,400	-\$1,471	81%	-\$1,184	-\$592	75.3%
Oklahoma	-\$941	-\$510	88%	-\$450	-\$225	76.1%
Oregon	-\$1,154	-\$594	84%	-\$500	-\$250	78.3%
Pennsylvania	-\$2,545	-\$1,433	89%	-\$1,270	-\$635	75.0%
Rhode Island	-\$283	-\$160	79%	-\$127	-\$63	77.6%
South Carolina	-\$1,058	-\$587	87%	-\$508	-\$254	76.0%
South Dakota	-\$155	-\$85	87%	-\$74	-\$37	76.1%
Tennessee	-\$1,230	-\$678	82%	-\$553	-\$276	77.5%
Texas	-\$6,683	-\$3,536	89%	-\$3,162	-\$1,581	76.3%
Utah	-\$657	-\$348	89%	-\$308	-\$154	76.5%
Vermont	-\$89	-\$53	90%	-\$47	-\$24	73.4%
Virginia	-\$1,412	-\$899	86%	-\$773	-\$387	72.6%
Washington	-\$1,464	-\$789	89%	-\$703	-\$351	76.0%
West Virginia	-\$415	-\$232	90%	-\$209	-\$105	74.8%
Wisconsin	-\$682	-\$391	79%	-\$309	-\$154	77.4%
Wyoming	-\$105	-\$59	88%	-\$52	-\$26	75.4%

* Assumes states capture the maximum potential shared savings. "Total cuts" are measured as the difference between baseline expenditures and 80% of the cap.

Notes: Medical CPI = Consumer Price Index for Medical Care. Estimates assume that current Medicaid expansion states elect to implement an aggregate cap, and current nonexpansion states expand Medicaid in 2021 under a per capita cap and transition to an aggregate cap in 2023. We assume states spend 80% of their aggregate cap allotments. For states operating under the per capita cap, we assume these states spend to 100% of their capped allotment. Cost growth/trend rate assumptions are in line with the baseline scenario: medical CPI grows at 3.0%, consistent with the average annual growth rate in medical CPI from 2016–2019 as reported by the Bureau of Labor Statistics; enrollment grows in line with state-specific population growth projections developed by AARP, adjusted to align with overall enrollment growth projections from the Congressional Budget Office; per enrollee spending grows in line with national, eligibility group-specific projections from the CMS Office of the Actuary; and CMS considers historical, state-specific growth rates when establishing block grant trend rates (i.e., states will not automatically receive medical CPI or medical CPI plus 0.5 percentage points as their trend rates).

Data: Manatt Medicaid Financing Model.

Table 5. Change in Total Medicaid Expenditures Under Block Grant Demonstrations, Selected Scenarios, State-by-State Detail, FYs 2021–2025 (\$ millions)

	Baseline scenario		Medical CPI is lower than expected (2.25%)		Per enrollee spending growth is 1 percentage point faster than expected		Enrollment growth equal to historical Medicaid enrollment growth from 1998–2013 (3.6% per year)		States spend 80% of caps	
	\$	%	\$	%	\$	%	\$	%	\$	%
All states	-\$110,394	-10.5%	-\$134,247	-12.8%	-\$152,168	-14.0%	-\$220,568	-18.4%	-\$277,467	-26.5%
Alabama	-\$1,465	-11.5%	-\$1,692	-13.2%	-\$1,988	-14.9%	-\$2,291	-14.9%	-\$2,935	-22.9%
Alaska	-\$687	-13.7%	-\$808	-16.1%	-\$886	-17.0%	-\$1,345	-23.7%	-\$1,551	-31.0%
Arizona	-\$3,998	-13.4%	-\$4,728	-15.8%	-\$5,191	-16.7%	-\$7,457	-22.1%	-\$9,175	-30.7%
Arkansas	-\$956	-8.6%	-\$1,242	-11.2%	-\$1,399	-12.1%	-\$2,253	-18.1%	-\$2,990	-26.9%
California	-\$15,960	-10.0%	-\$20,028	-12.5%	-\$22,341	-13.4%	-\$36,274	-20.1%	-\$44,840	-28.0%
Colorado	-\$1,459	-10.4%	-\$1,815	-12.9%	-\$2,021	-13.8%	-\$3,057	-19.5%	-\$3,986	-28.3%
Connecticut	-\$1,778	-10.5%	-\$2,207	-13.0%	-\$2,453	-13.9%	-\$4,224	-21.7%	-\$4,822	-28.4%
Delaware	-\$511	-10.4%	-\$634	-13.0%	-\$705	-13.9%	-\$1,162	-21.0%	-\$1,387	-28.4%
District of Columbia	-\$466	-10.1%	-\$583	-12.6%	-\$650	-13.5%	-\$1,204	-22.1%	-\$1,297	-28.1%
Florida	-\$5,253	-10.7%	-\$6,465	-13.1%	-\$7,264	-14.2%	-\$8,015	-13.8%	-\$10,981	-22.3%
Georgia	-\$3,967	-12.2%	-\$4,259	-13.0%	-\$5,299	-15.6%	-\$5,897	-15.3%	-\$7,700	-23.6%
Hawaii	-\$502	-9.2%	-\$642	-11.7%	-\$720	-12.6%	-\$1,171	-19.0%	-\$1,498	-27.3%
Idaho	-\$514	-10.2%	-\$636	-12.6%	-\$714	-13.6%	-\$811	-13.5%	-\$1,075	-21.3%
Illinois	-\$2,264	-7.0%	-\$3,105	-9.7%	-\$3,541	-10.6%	-\$6,545	-18.0%	-\$8,237	-25.6%
Indiana	-\$1,314	-10.4%	-\$1,633	-12.9%	-\$1,816	-13.8%	-\$2,973	-20.8%	-\$3,579	-28.3%
Iowa	-\$655	-12.3%	-\$787	-14.7%	-\$867	-15.6%	-\$1,317	-21.9%	-\$1,592	-29.8%
Kansas	-\$685	-10.3%	-\$859	-12.9%	-\$958	-13.8%	-\$1,091	-13.7%	-\$1,466	-22.0%
Kentucky	-\$1,475	-8.0%	-\$1,951	-10.6%	-\$2,205	-11.5%	-\$4,023	-19.2%	-\$4,853	-26.4%
Louisiana	-\$2,470	-12.0%	-\$2,979	-14.5%	-\$3,289	-15.4%	-\$4,662	-20.5%	-\$6,080	-29.6%
Maine	-\$464	-15.1%	-\$464	-15.1%	-\$562	-17.5%	-\$712	-21.2%	-\$987	-32.1%
Maryland	-\$2,602	-10.2%	-\$3,244	-12.8%	-\$3,611	-13.7%	-\$5,914	-20.6%	-\$7,158	-28.2%
Massachusetts	-\$2,000	-10.1%	-\$2,215	-11.2%	-\$2,786	-13.6%	-\$4,460	-20.1%	-\$5,545	-28.1%
Michigan	-\$2,788	-8.6%	-\$3,624	-11.2%	-\$4,077	-12.1%	-\$7,433	-20.0%	-\$8,719	-26.9%
Minnesota	-\$1,743	-9.2%	-\$2,228	-11.8%	-\$2,497	-12.7%	-\$4,146	-19.4%	-\$5,183	-27.4%
Mississippi	-\$1,073	-10.8%	-\$1,304	-13.1%	-\$1,479	-14.3%	-\$1,643	-14.0%	-\$2,228	-22.5%
Missouri	-\$1,865	-10.9%	-\$2,162	-12.7%	-\$2,561	-14.4%	-\$3,003	-14.5%	-\$3,848	-22.5%
Montana	-\$515	-10.1%	-\$644	-12.7%	-\$717	-13.6%	-\$1,236	-21.3%	-\$1,430	-28.1%
Nebraska	-\$517	-10.4%	-\$646	-13.0%	-\$720	-13.9%	-\$810	-13.7%	-\$1,098	-22.0%
Nevada	-\$836	-10.6%	-\$1,036	-13.1%	-\$1,152	-14.0%	-\$1,815	-20.4%	-\$2,253	-28.4%
New Hampshire	-\$199	-7.8%	-\$265	-10.4%	-\$300	-11.3%	-\$567	-19.4%	-\$670	-26.2%
New Jersey	-\$1,879	-9.5%	-\$2,382	-12.1%	-\$2,664	-13.0%	-\$4,375	-19.7%	-\$5,452	-27.6%
New Mexico	-\$1,058	-11.3%	-\$1,292	-13.8%	-\$1,431	-14.7%	-\$2,194	-20.9%	-\$2,719	-29.0%
New York	-\$9,498	-10.8%	-\$11,698	-13.4%	-\$12,984	-14.3%	-\$20,554	-20.8%	-\$25,113	-28.7%
North Carolina	-\$4,093	-11.9%	-\$4,409	-12.9%	-\$5,492	-15.4%	-\$6,289	-15.3%	-\$8,028	-23.4%
North Dakota	-\$253	-12.6%	-\$302	-15.1%	-\$333	-16.0%	-\$421	-19.4%	-\$602	-30.1%
Ohio	-\$2,833	-7.6%	-\$3,802	-10.2%	-\$4,313	-11.1%	-\$7,804	-18.5%	-\$9,708	-26.1%
Oklahoma	-\$2,181	-17.2%	-\$2,354	-18.6%	-\$2,698	-20.5%	-\$3,020	-20.2%	-\$3,492	-27.5%
Oregon	-\$1,888	-12.0%	-\$2,280	-14.4%	-\$2,517	-15.3%	-\$3,828	-21.6%	-\$4,667	-29.6%
Pennsylvania	-\$3,667	-9.9%	-\$4,611	-12.4%	-\$5,145	-13.3%	-\$8,665	-20.6%	-\$10,366	-27.9%
Rhode Island	-\$406	-9.8%	-\$502	-12.1%	-\$570	-13.3%	-\$934	-20.0%	-\$1,152	-27.9%
South Carolina	-\$1,640	-11.2%	-\$1,871	-12.8%	-\$2,235	-14.7%	-\$2,553	-14.6%	-\$3,322	-22.7%
South Dakota	-\$280	-13.3%	-\$317	-15.1%	-\$366	-16.7%	-\$415	-16.5%	-\$514	-24.4%
Tennessee	-\$3,375	-19.8%	-\$3,375	-19.8%	-\$4,065	-22.9%	-\$4,474	-22.2%	-\$5,108	-30.0%
Texas	-\$9,549	-10.9%	-\$11,811	-13.4%	-\$13,150	-14.4%	-\$13,981	-13.7%	-\$19,802	-22.5%
Utah	-\$962	-10.6%	-\$1,191	-13.1%	-\$1,324	-14.0%	-\$1,393	-13.3%	-\$1,970	-21.7%
Vermont	-\$324	-24.1%	-\$324	-24.1%	-\$378	-27.0%	-\$502	-32.9%	-\$528	-39.3%
Virginia	-\$1,450	-6.5%	-\$1,898	-8.4%	-\$2,143	-9.2%	-\$3,658	-14.8%	-\$5,653	-25.2%
Washington	-\$2,165	-10.5%	-\$2,685	-13.0%	-\$2,986	-13.9%	-\$4,587	-19.9%	-\$5,854	-28.4%
West Virginia	-\$581	-9.7%	-\$735	-12.2%	-\$821	-13.1%	-\$1,336	-19.7%	-\$1,668	-27.7%
Wisconsin	-\$1,094	-11.3%	-\$1,266	-13.1%	-\$1,488	-14.8%	-\$1,730	-15.2%	-\$2,199	-22.7%
Wyoming	-\$236	-16.3%	-\$260	-17.9%	-\$295	-19.5%	-\$343	-19.6%	-\$388	-26.8%

Notes: Medical CPI = Consumer Price Index for Medical Care. Estimates assume that current Medicaid expansion states elect to implement an aggregate cap, and current nonexpansion states expand Medicaid in 2021 under a per capita cap and transition to an aggregate cap in 2023. Unless specified otherwise in a given scenario, cost growth/trend rate assumptions are in line with the baseline scenario: medical CPI grows at 3.0%, consistent with the average annual growth rate in medical CPI from 2016–2019 as reported by the Bureau of Labor Statistics; enrollment grows in line with state-specific population growth projections developed by AARP, adjusted to align with overall enrollment growth projections from the Congressional Budget Office; per enrollee spending grows in line with national, eligibility group-specific projections from the CMS Office of the Actuary; and CMS considers historical, state-specific growth rates when establishing block grant trend rates (i.e., states will not automatically receive medical CPI or medical CPI plus 0.5 percentage points as their trend rates).

Data: Manatt Medicaid Financing Model.

APPENDIX. MEDICAID FINANCING MODEL METHODS

OVERVIEW

Using historical Medicaid spending and enrollment data and publicly available projections of Medicaid spending and enrollment, the Manatt Medicaid Financing Model estimates the impact of capped funding arrangements outlined by the Centers for Medicare and Medicaid Services (CMS) in its guidance for the Healthy Adult Opportunity (HAO) demonstration program for FYs 2021 through 2025. The model projects total Medicaid spending and enrollment across all 50 states plus the District of Columbia under current law and compares it to expenditures if each state were to take up the block grant option.

Unless they already have expanded or pair the block grant with a new expansion, there are relatively few optional parents and pregnant women whom states can put into a block grant. Accordingly, the estimates in this analysis, unless otherwise noted, assume that nonexpansion states will adopt the Affordable Care Act (ACA) Medicaid expansion if they take up the block grant. Along with estimating the impact of caps on each state, we also conduct sensitivity analyses to evaluate the impact of the block grant option if health care costs, enrollment pressures, or medical CPI are different than anticipated.

ESTIMATING ENROLLMENT

Enrollment baseline. We estimate baseline Medicaid enrollment for each state using several data sources. We use CMS-64 Quarterly Enrollment reports¹ to establish total enrollment and expansion adult enrollment for FY 2018 and assume a distribution across remaining eligibility groups based on tabulations from the Medicaid and CHIP Payment and Access Commission (MACPAC) of Medicaid Statistical Information System (MSIS) data from FY 2013.² For FY 2019 and beyond, we use a combination of CMS Monthly Medicaid and Children's Health Insurance Program (CHIP) enrollment reports³ and national enrollment growth projections from the Congressional Budget Office, adjusted on a state-by-state basis using population growth estimates prepared by AARP.⁴ In three

states (Maine, Virginia, and Wisconsin), we supplement the model with state-specific data sources because of recent policy changes not otherwise captured in the state-by-state data available from national sources.

Populations subject to the block grant. The guidance allows states to put some or all optional nonaged, nondisabled Medicaid adults into a capped funding demonstration, using either a per capita cap or a block grant. We therefore exclude all enrollees in the aged, disabled, and child eligibility groups from the analysis.⁵ We treat ACA expansion adults as optional and potentially subject to the block grant.⁶ Unless otherwise noted, the baseline block grant estimates also assume that nonexpansion states take up expansion, reflecting that otherwise only approximately 4.5 percent of Medicaid beneficiaries would potentially be eligible for the block grant in nonexpansion states. To estimate expansion enrollment in nonexpansion states, we begin with tabulations of data from the Census Bureau's American Community Survey (ACS) provided by the State Health Access Data Assistance Center⁷ on the number of individuals potentially eligible for the Medicaid expansion in each state; then we apply an expected take-up rate based on the experience of states with recent expansions.⁸ For estimates of the number of other optional beneficiaries who could be subject to the block grant (optional parents and pregnant women), we analyze each state's eligibility thresholds for pregnant women and parents or caretaker relatives to determine state-specific income levels for those who are mandatorily versus optionally enrolled.⁹ We then use the ACS Public Use Microdata Sample to estimate the share of nonexpansion adults who are optionally enrolled in each state.¹⁰

ESTIMATING EXPENDITURES

To estimate baseline expenditures on the block-grant-eligible population in each state, we start with MACPAC tabulations derived from MSIS data of full-year equivalent (FYE) per enrollee Medicaid spending by eligibility group by state for FY 2013.¹¹ Next, we derive aggregate Medicaid

expenditures by state in each year through FY 2017 using total net expenditures as reported by the CMS-64 Financial Management Report (FMR) and applying certain exclusions as instructed by the administration's guidance.¹² We then calibrate per enrollee expenditures such that within each state, spending per enrollee by group multiplied by total enrollment by group matches adjusted total net Medicaid expenditures in FY 2017. To project future per enrollee expenditures by eligibility group, we apply a trend rate derived from national per enrollee spending growth estimates from FYs 2018 through 2025 in the most recent CMS Medicaid Actuarial Report.¹³ Finally, we project aggregate expenditures in each state and year by multiplying projected per enrollee spending by projected enrollment.

ESTIMATING HAO CAPS

While this analysis focuses on the aggregate cap option, the guidance requires that states covering new populations (expansion adults) operate under a per capita cap for the first two demonstration years. Therefore, our model assumes all nonexpansion states will start with a per capita cap for two years before switching to the block grant option in FY 2023. We assume that current expansion states will choose the aggregate cap option for all demonstration years.

To estimate each state's cap under the block grant option, we assume that states will include all optional nondisabled, nonaged adults in their block grant. We then develop a base amount for each state's cap using projected annualized expenditures from FYs 2018 and 2019, per the guidance requirement to use the eight most recent quarters of expenditure data. To set the caps in each year, we then apply to the base amount a trend rate set at the lower of 1) a state's annual spending growth rate between FY 2014 through FY 2019 or 2) medical CPI, as projected by the Medicaid Office of the Actuary, plus 0.5 percentage points (or medical CPI for current nonexpansion states under the per capita cap in 2021 and 2022).¹⁴

ESTIMATING THE IMPACT OF THE HAO CAPS

For each demonstration year in the model (FYs 2021–2025), we compare each state's capped allotment against baseline spending for the demonstration population in each state. This allows us to estimate potential reductions in both total and federal Medicaid spending relative to a current law scenario under which each state has expanded Medicaid. In this baseline block grant scenario, we estimate that states will spend up to, but not above, their block grant caps. We also test the sensitivity of these estimates to modest variations in different inputs relating to medical CPI, per enrollee spending growth, and enrollment growth. Finally, we estimate the impact of states seeking to take full advantage of the shared-savings option by evaluating the effect of each state reducing its expenditures to 80 percent of the cap.

NOTES

1. Medicaid.gov, “[Medicaid Enrollment Data Collected Through MBES](#),” Centers for Medicare and Medicaid Services, n.d.
2. Medicaid and CHIP Payment and Access Commission, “[MACStats, Section 3, Exhibit 15](#),” MACPAC, Dec. 2019.
3. Medicaid.gov, “[Monthly Medicaid & CHIP Application, Eligibility Determination, and Enrollment Reports & Data](#),” Centers for Medicare and Medicaid Services, n.d.
4. Congressional Budget Office, “[Medicaid — CBO’s May 2019 Baseline](#),” CBO, May 2019; and AARP DataExplorer, “[Population Projections by Age, Sex, and Race/Ethnicity](#),” AARP Public Policy Institute, n.d.
5. The guidance does not explicitly rule out that these populations could be subject to HAO caps. However, for purposes of this modeling, we do not assume that states will propose or that CMS will approve putting optional members of these groups into HAOs.
6. The ACA established the new adult group as a mandatory eligibility category. However, the U.S. Supreme Court ruling in *National Federation of Independent Business v. Sebelius* (2012) made coverage of this group voluntary with states. For the purposes of this analysis, we consider the new adult group to be optional.
7. State Health Access Data Assistance Center, “[State Health Compare](#),” SHADAC, n.d.
8. We relied on the experiences of Louisiana and Montana to identify an expected ramp up rate in expansion enrollment.
9. The Omnibus Budget Reconciliation Act of 1989 (OBRA '89) required states, by April 1, 1990, to provide Medicaid coverage to pregnant women with income up to 133 percent of the federal poverty level (or the state’s income threshold at the time of enactment, if higher). Therefore, all individuals enrolled in Medicaid on the basis of a pregnancy with incomes below each state’s OBRA '89 income threshold are considered mandatorily enrolled, while those with incomes above this level but below each state’s current upper income eligibility limit for pregnant women are considered optionally enrolled. Section 1931 of the Social Security Act provides authority for states to provide medical assistance to families (including parents) and requires states to extend Medicaid eligibility to families meeting July 16, 1996, Aid to Families with Dependent Children (AFDC) eligibility criteria. It also provides states the option to lower income standards to the standards effective under each state’s state plan on May 1, 1988. For the purposes of this analysis, we consider the 1988 income threshold to be the “mandatory” threshold for individuals enrolled in Medicaid on the basis of being a parent/caretaker relative. All such individuals below this threshold are considered mandatory, while those with incomes above this level but below each state’s current upper income eligibility limit for parents/caretaker relatives are considered optional.
10. American Community Survey, “[PUMS Data](#),” U.S. Census Bureau, last updated Jan. 21, 2020.
11. Medicaid and CHIP Payment and Access Commission, “[MACStats, Section 3, Exhibit 22](#),” MACPAC, Dec. 2019.
12. Medicaid.gov, “[Expenditure Reports from MBES/CBES](#),” Centers for Medicare and Medicaid Services, n.d.
13. Christian J. Wolfe, Kathryn E. Rennie, and Christopher J. Truffer, *2017 Actuarial Report on the Financial Outlook for Medicaid* (CMS Office of the Actuary, Oct. 2018), Table 22.
14. Wolfe, Rennie, and Truffer, *2017 Actuarial Report*, 2018.