



Impact of federal proposals on Medicaid in Washington State

April 2025

Medicaid in Washington State



▶ Medicaid provides:

- ▶ Access to medical, dental, vision, and behavioral health services to people who qualify.
- ▶ Supports to older adults and individuals with disabilities.

▶ Medicaid includes:

- ▶ Classic Medicaid coverage for individuals ages 65 and older or who have blindness or a disability
- ▶ Modified Adjusted Gross Income (MAGI) coverage for individual adults, parents/caretakers, children, and pregnant individuals.

▶ **Total covered population: 1,950,826** enrollees (June 2024)

Who administers Medicaid



▶ In Washington State, Medicaid is called Apple Health, an umbrella term or “brand name” used to refer to many free or low-cost health care programs.

- ▶ The Washington State Health Care Authority (HCA) is the single state Medicaid agency. It administers Apple Health, and oversees Apple Health policies, program development, and eligibility.
- ▶ Other state agencies, including the Department of Social and Health Services (DSHS), also manage Apple Health programs.

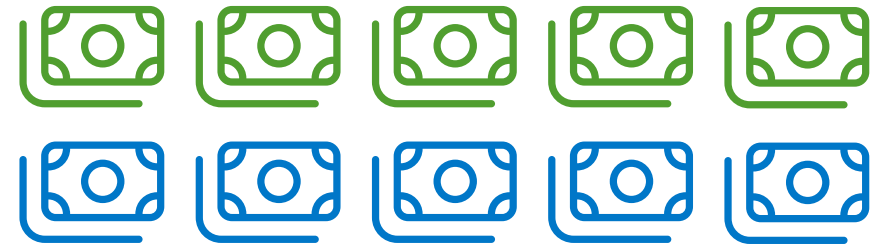


Who pays for Medicaid services



- ▶ Medicaid programs and services are **state and federally funded**, depending on the program.
- ▶ Overarching rules are set by Centers for Medicare & Medicaid Services (CMS). States have discretion within those parameters on what populations to cover and what services to offer.
- ▶ Federal Medical Assistance Percentage (FMAP) defines the share of costs that the federal government pays. FMAP varies by state, client, and service type.

Federal funds pay roughly 50% of most traditional Medicaid programs.



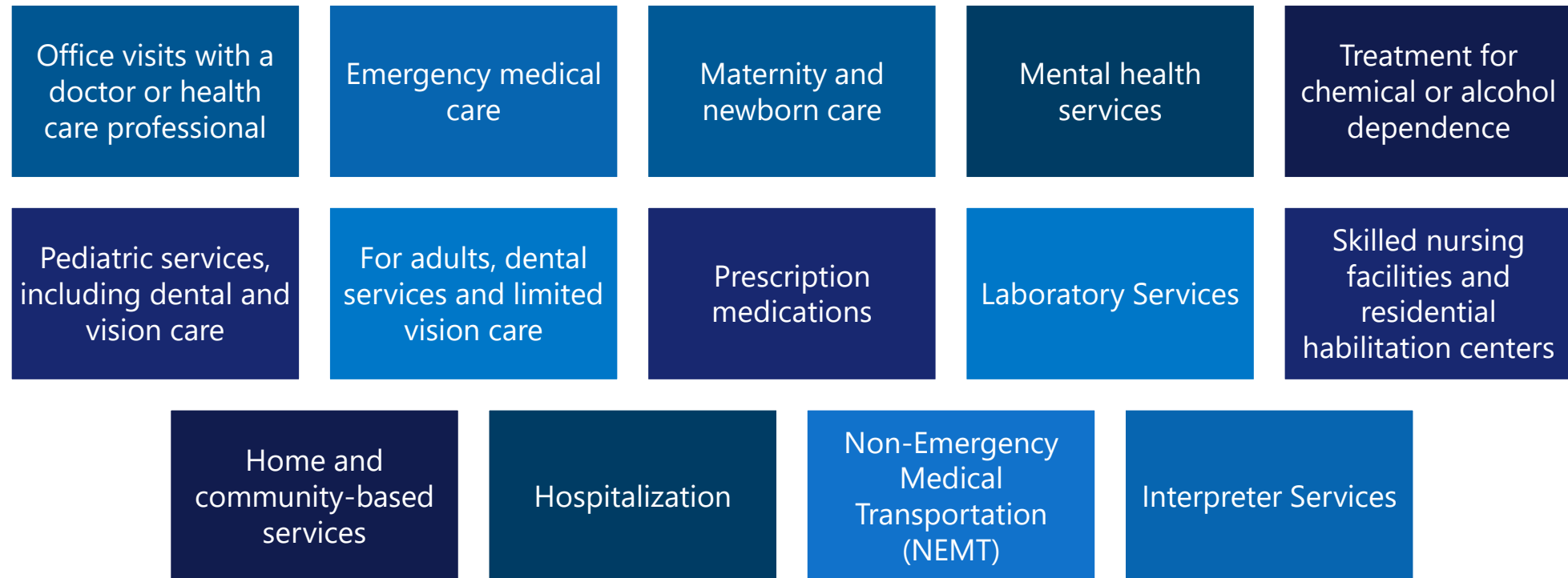
Federal funds pay 90% of Medicaid expansion under the Affordable Care Act (ACA).



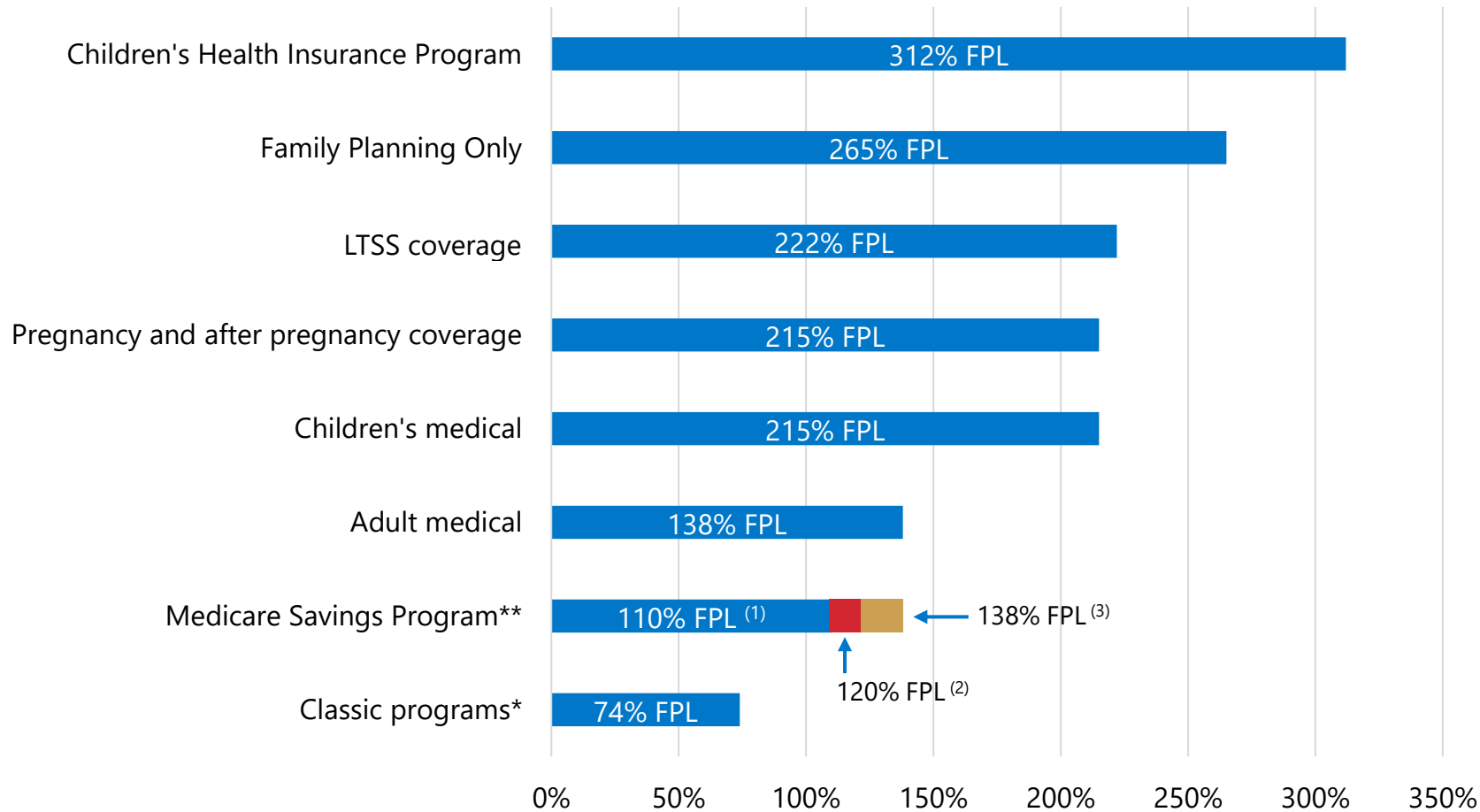
Medicaid benefits and services



Medicaid offers complete physical and behavioral health coverage for eligible individuals. For most Medicaid programs, clients have no out-of-pocket costs.



Income limits as a percent of Federal Poverty Level (FPL)



Program eligibility in Washington State

*Eligibility for long-term services and support (LTSS) coverage and Classic programs are based on the Federal Benefit Rate and not the Federal Poverty Level; we present the FPL equivalent here for comparison. Additional LTSS coverage is available when cost of care exceeds certain Special Income Levels (up to 890% equivalent FPL). For more information on additional Apple Health programs and eligibility standards, visit: hca.wa.gov/assets/free-or-low-cost/income-standards.pdf

**Medicare Savings Program has three distinct categories with different eligibility requirements: (1) Qualified Medicare Beneficiary (QMB) 110% FPL, (2) Specified Low-Income Medicare Beneficiary (SLMB) 120% FPL, and (3) Qualifying Individual (QI) 138% FPL

Income eligibility in context



- ▶ The Medicaid income limit for Adult Medical coverage (the expansion population under the Affordable Care Act) is 138% of the federal poverty level
 - ▶ \$1,800 monthly for a single person
 - ▶ \$3,700 monthly for a four-person family

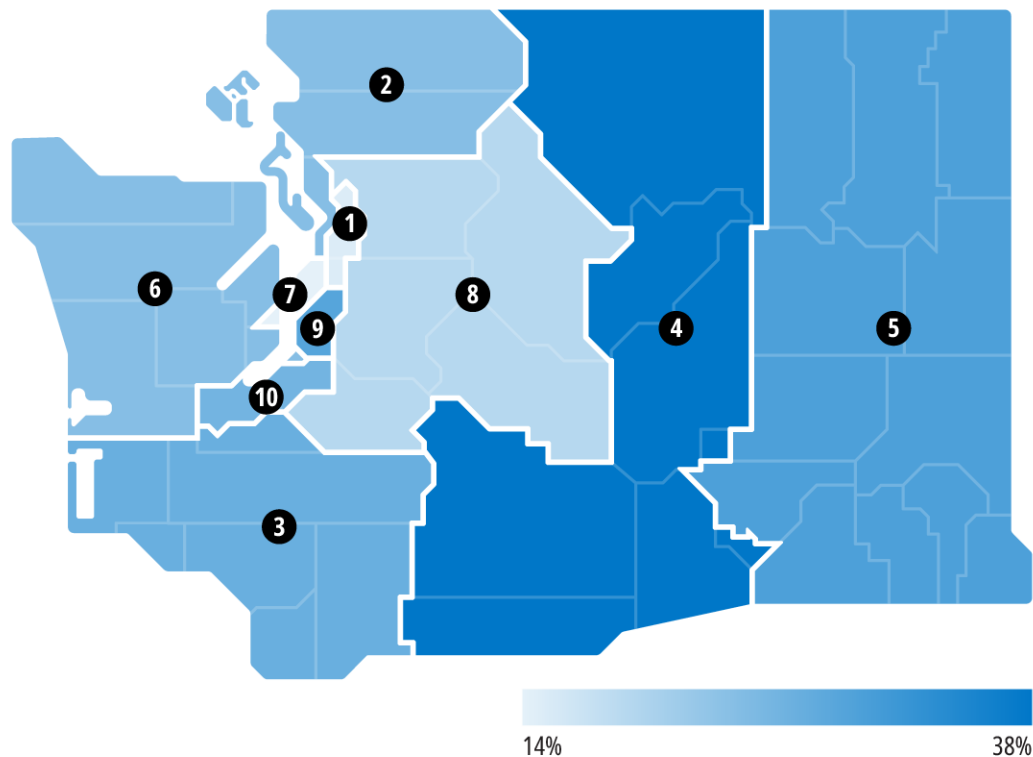


- ▶ To put in context, the average monthly rent for a one-bedroom apartment is:
 - ▶ ~\$1,050 in Spokane
 - ▶ ~\$1,500 in Tacoma
 - ▶ ~\$2,000 in Seattle

Total Medicaid enrollment (June 2024)



Percent of district enrolled in Medicaid (%)

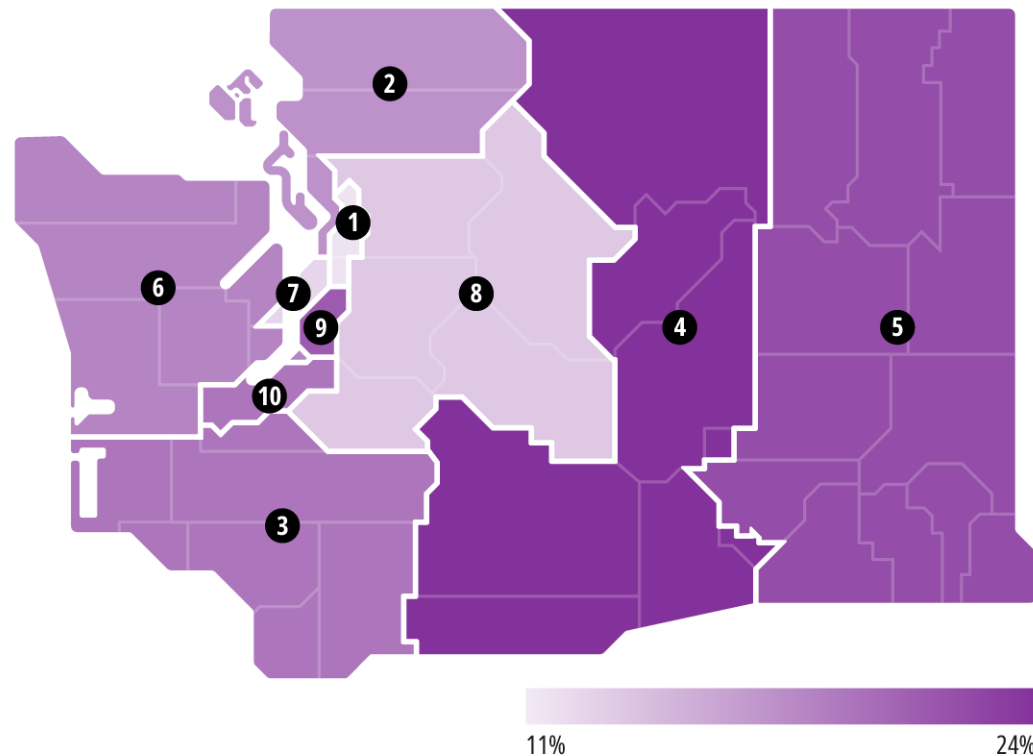


District	Total people enrolled in Medicaid	Percentage of district enrolled in Medicaid
1	122,612	15%
2	189,625	24%
3	213,699	27%
4	300,511	38%
5	237,567	30%
6	189,261	24%
7	115,792	14%
8	147,493	19%
9	229,070	29%
10	205,196	26%
State total	1,950,826	25%

Adult Medicaid enrollment (June 2024)



Percent of district adults enrolled in Medicaid (%)

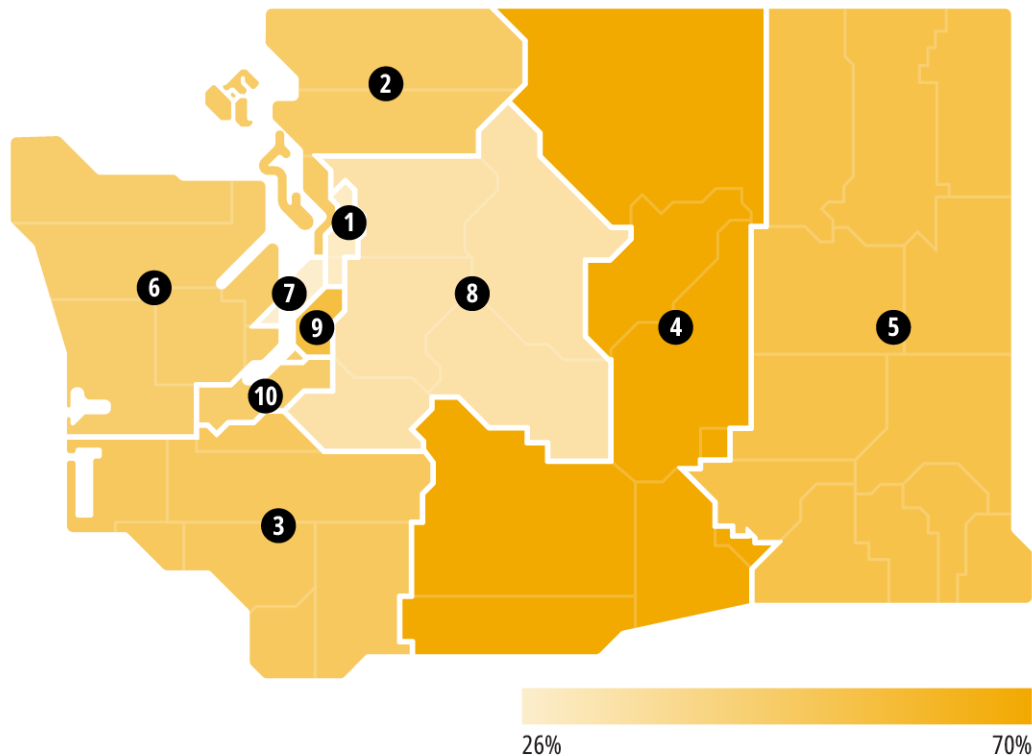


District	Adults (ages 20+) enrolled in Medicaid	Percentage of district adults enrolled in Medicaid
1	66,537	11%
2	106,465	17%
3	115,786	19%
4	135,436	24%
5	134,763	22%
6	112,781	18%
7	80,132	12%
8	76,081	13%
9	125,029	21%
10	110,909	19%
State total	1,063,919	18%

Child Medicaid enrollment (June 2024)



Percent of district children in Medicaid (%)

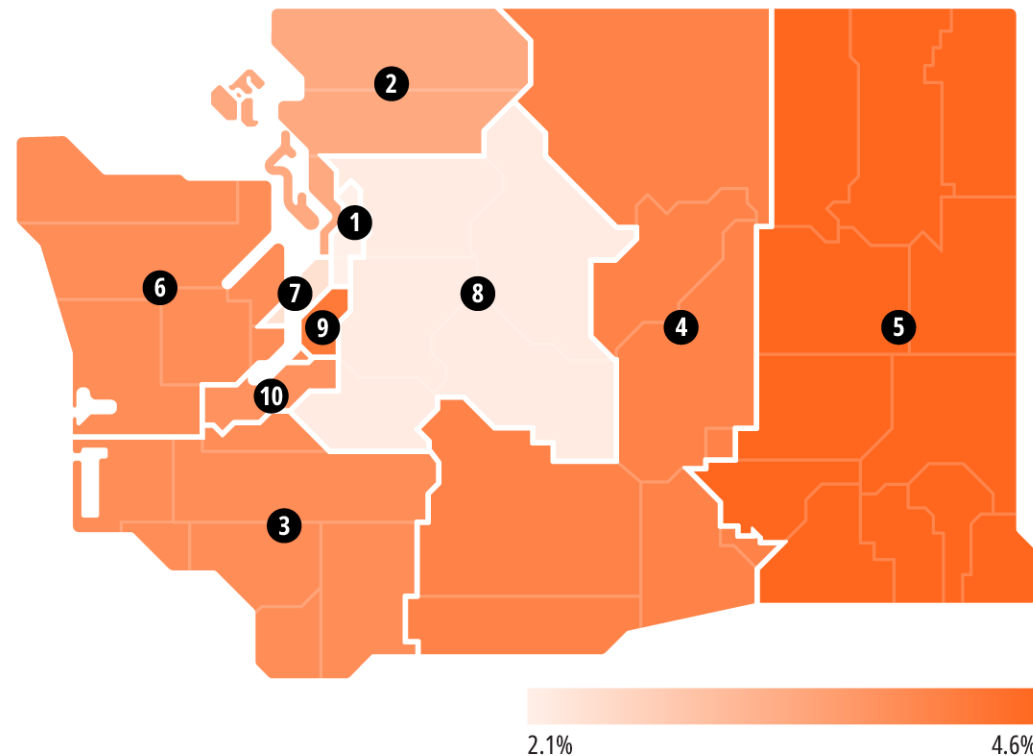


District	Children (ages 0-19) enrolled in Medicaid	Percentage of district children enrolled in Medicaid
1	56,075	28%
2	83,160	48%
3	97,913	50%
4	165,075	70%
5	102,804	54%
6	76,480	47%
7	35,660	26%
8	71,412	34%
9	104,041	56%
10	94,287	47%
State total	886,907	47%

Aged and Disabled Medicaid enrollment (SFY 2024)



Percentage of district population who are Medicaid aged/disabled



District	Aged and disabled enrolled in Medicaid*	Percentage of district that are Medicaid Aged/Disabled enrollees
1	17,236	2.1%
2	27,002	3.4%
3	30,940	3.9%
4	32,287	4.1%
5	36,088	4.6%
6	30,626	3.9%
7	19,499	2.4%
8	17,356	2.2%
9	34,252	4.3%
10	29,920	3.8%
State total	276,603	3.5%

Medicaid policies under consideration



Impose work requirements as a Medicaid-eligibility criteria

Reduce the federal match rate for services and administration

Reduce the use of state directed payments and provider taxes

Implement a per capita cap on federal Medicaid funding

Impacts of federal work requirements



- ▶ A work requirement would add a new condition of Medicaid eligibility for adults, making coverage contingent on working.
- ▶ Work requirements used in other states have added cost and did not improve rates of employment.



Medicaid enrollees work

Most Apple Health clients work (or are the dependents of a working adult).¹



Adults will lose coverage

More than 600,000 adults would be at risk to lose or delay coverage due to administrative red tape. Assuming similar experience from other states, an estimated 138,000 Washington adults will lose Medicaid coverage.²



Work requirements are ineffective

States that experimented with work requirements spent more money on implementing and enforcing requirements than they saved, and employment levels did not increase.³

Impact of reductions in federal match rates



	Scenario 1	Scenario 2
Description	Eliminate the FMAP floor for Medicaid and CHIP	Decrease the enhanced (90%) FMAP for Expansion Adults
Assumed FMAP rates	Medicaid: 40% CHIP: 58% Expansion adults: 90%	Medicaid: 50% CHIP: 65% Expansion adults: 50%
Total annual impact to the state	\$1.2 B	\$2.75 B

Current FMAP rates: Medicaid: 50%, CHIP: 65%, and ACA Expansion Adult: 90%.

Source: [Center for Budget and Policy Priorities](#) estimates using data from the Medicaid Budget Expenditure System (MBES), Department of Health and Human Services federal match rates for 2025, and June 2024 Congressional Budget Office baseline projections.

Impact of reductions in federal match for administrative services



- ▶ Washington state spends less than 6% of all Medicaid funds on administrative expenses¹
- ▶ FMAP rates vary for administrative expenses (general services 50%, technology 75%, select technologies and salaries 90%)
- ▶ Total estimated cost impact to state if FMAP rates reduced to 40% for administrative services²: **\$171.6 million**

Agency	Total annual impact to state
Washington State Health Care Authority	\$88.3 M
Department of Social and Health Services	\$82.1 M
Department of Children, Youth, and Families	\$1.07 M
Total	\$171.6 M

Sources: (1) MACPAC, MACStats Medicaid and CHIP Data Book, December 2024.
(2) HCA estimates using the 2024 CMS-64 Financial Management Report

Impact of state directed payments and provider taxes



- ▶ State directed payments allow states to direct Medicaid managed care plan expenditures to advance local health system needs
- ▶ Certain provider taxes can be used to return revenue to providers in the form of higher reimbursement rates
- ▶ State directed payments and provider taxes account for **\$2.36 billion** in annual federal investments in the state's delivery system, including:



Safety net
and rural
hospitals



Emergency
transport



Primary
care



Mental and
behavioral
health



Maternity
services and
birthing centers



Skilled
nursing
facilities



Home
health

Impact of federal per capita cap



- ▶ A per capita limit on federal Medicaid funding would force Washington to:



Increase state spending by
\$2 billion per year
to maintain coverage and services

OR



Reduce services
Reduce Medicaid enrollment

Source: [KFF analysis](#) of Medicaid enrollment and spending data. Analysis assumes a decrease to the enhanced FMAP for adult expansion population.

Hospital care



Hospitals include emergency medical care, inpatient and outpatient services, maternity and newborn care, and more



\$3.36 B in Medicaid payments for Washingtonian hospital care (SFY 2024)

68%

Share of hospital Medicaid payments paid by federal government

District	No. of facilities	Federal share (%)	Total paid (SFY 2024)
1	9	75%	\$125 M
2	10	71%	\$224 M
3	10	71%	\$191 M
4	24	66%	\$318 M
5	29	67%	\$352 M
6	18	66%	\$487 M
7	12	61%	\$686 M
8	10	70%	\$113 M
9	9	77%	\$545 M
10	10	72%	\$202 M
Total*	141	68%	\$3.36 B

Community health centers



Community health centers (CHC) provide comprehensive primary care, dental care, and support services to underserved populations



\$666 M in Medicaid payments to CHCs, plus **\$450 million** in enhancements (SFY 2024)

67%

Share of Medicaid payments paid by federal government

27

Washington CHCs, half of whom serve rural communities

District	No. of CHCs	Federal share	Total paid (SFY 2024)
1	5	65%	\$19.9 M
2	3	66%	\$71.6 M
3	4	69%	\$34.8 M
4	10	61%	\$147 M
5	7	72%	\$123 M
6	4	71%	\$365 M
7	7	69%	\$42.5 M
8	5	67%	\$17.4 M
9	7	66%	\$129 M
10	4	66%	\$41.1 M
Out of state	5*	71%	\$3.7 M
Total	27**	67%	\$666.5 M

* 5 CHCs in bordering states provide services to Washington Medicaid enrollees.

** Due to CHCs having multiple locations, the total number of CHCs is not a sum of the number CHCs per district.

School-based health services



Medicaid school-based health services program reimburses for special education health-related services (evaluations, nursing, counseling, speech-language therapy, and more)



\$14.8 M in Medicaid payments (SFY 2024)

51%

Share of SBHS Medicaid program costs paid by federal government

District	School districts that offered health services	Total paid (SFY 2024)
1	8	\$0.89 M
2	15	\$1.7 M
3	29	\$2.3 M
4	21	\$1.9 M
5	16	\$2.7 M
6	11	\$0.80 M
7	5	\$1.03 M
8	15	\$0.73 M
9	4	\$0.78 M
10	11	\$1.9 M
Total	135	\$14.8 M

Rural health care

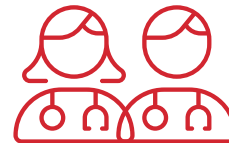


- ▶ The majority of Washington state is a Health Professional Shortage Area (HPSA) for primary care, mental health care, and/or dental care
- ▶ Rural health care providers offer critical access in these communities



39 Critical Access Hospitals
2 Sole Community Hospitals

\$346 M Medicaid payments*
69% federal share



136 Rural Health Clinic
locations

\$110 M Medicaid payments*
64% federal share

Tribal health care



- ▶ Washington has 29 federally recognized tribes
- ▶ Tribal health care facilities deliver essential, culturally-attuned health care services to all Medicaid enrollees—particularly to American Indian/Alaska Native (AI/AN) persons
- ▶ The FMAP for AI/AN enrollees is 100%



\$387 million

Total Medicaid payments
for services provided at
Tribal facilities

87%

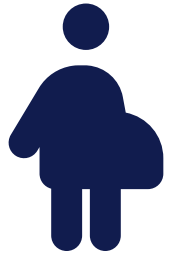
The federal
government's
share of payments



\$237 million

Medicaid payments for substance
use disorder treatment at Tribal
facilities (83% federal share)

Births in Washington State



Medicaid paid for 35,400 deliveries (SFY 2024)



Medicaid paid for 45%+ of all babies born in Washington (2018-2023)

Medicaid is essential to treating Opioid Use Disorder (OUD)



73,104 Washington Medicaid enrollees had an opioid use disorder (OUD)



38.6% received medications for OUD (MOUD), the gold standard of evidence-based treatment*

45,753 (62.5%) enrollees with OUD are eligible adults under ACA Medicaid expansion (**90% federal match**)



43.1% received MOUD

- ▶ Medicaid is the largest payer for opioid use disorder treatment, and the federal government pays a significant portion of those Medicaid costs
- ▶ Reductions in federal Medicaid funds jeopardize access to OUD treatment and the progress gained against the opioid crisis
- ▶ Loss of coverage for persons with untreated OUD will increase uncompensated care costs for hospitals and emergency rooms, jeopardizing the financial livelihood of treatment providers

*Client count and treatment rate from Quarter 2 (April-June) 2024.

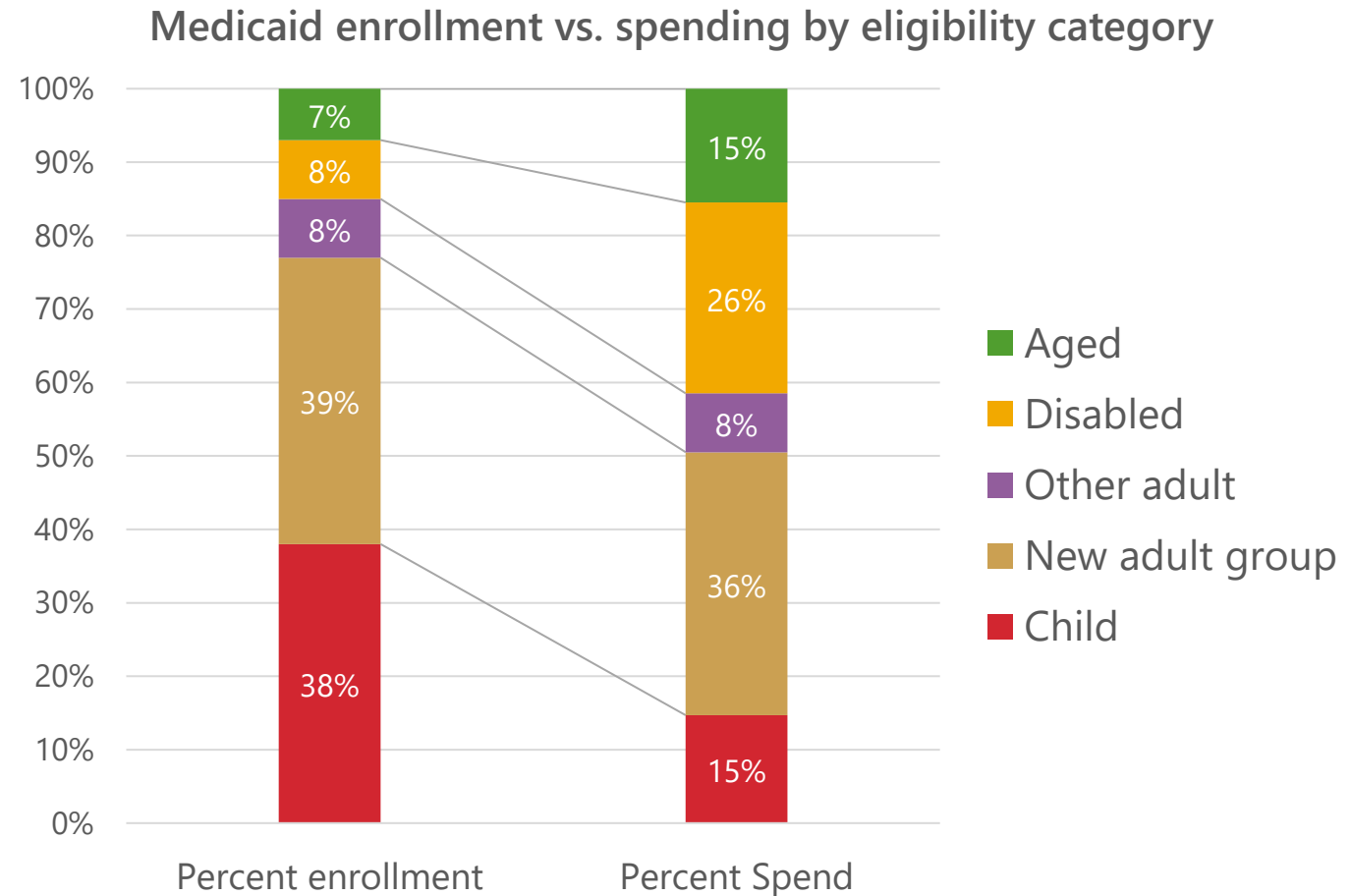
Sources: [Medications for Opioid Use Disorder \(MOUD\) Treatment in Apple Health Clients Dashboard](#)

<https://www.brookings.edu/articles/the-role-of-medicaid-in-addressing-the-opioid-epidemic/>

Long-term care



- ▶ Medicaid covers long-term care services and supports for persons with physical, cognitive, or developmental disabilities
- ▶ Services can be provided in institutional, home, and community-based settings
- ▶ Aged and disabled Medicaid persons account for 15% of total Medicaid enrollment, but 41% of Medicaid spending (FY 2022)*



*MACPAC, [MACStats Medicaid and CHIP Data Book, December 2024](#). MACPAC analyzed T-MSIS data as of February 2024, and CMS-64 financial management report net expenditure data as of June 2023.

Home-based long-term services and supports



Personal and respite care provided in the client's own home by Individual Providers and Agency Providers; includes supported living and State Operated Living Alternatives



\$4.66 B in Medicaid expenditures for Washingtonians in SFY 2024

55%

Share of home-based Medicaid LTSS payments paid by federal government

District	Medicaid clients*	Total paid (SFY 2024)
1	8,498	\$329 M
2	10,167	\$425 M
3	11,580	\$501 M
4	11,426	\$502 M
5	11,572	\$620 M
6	10,461	\$438 M
7	8,025	\$323 M
8	7,523	\$272 M
9	15,529	\$675 M
10	10,919	\$536 M
Total	105,700	\$4.66 B

*Annual clients served

Facility-based long-term services and supports



Primarily adult family home and assisted living community settings; includes nursing homes, enhanced service facilities (focused on behavioral health needs), and residential habilitation centers



\$2.3B in Medicaid expenditures for Washingtonians in SFY 2024

55%

Share of facility-based Medicaid LTSS payments paid by federal government

District	No. of facilities*	Medicaid clients**	Total paid (SFY 2024)
1	720	2,723	\$142 M
2	656	4,270	\$229 M
3	646	4,173	\$184 M
4	253	3,327	\$199 M
5	669	5,874	\$354 M
6	303	4,113	\$217 M
7	327	2,165	\$211 M
8	347	2,246	\$151 M
9	1,092	5,280	\$314 M
10	1,010	5,410	\$287 M
Total	6,023	39,581	\$2.29 B

*All licensed LTSS facilities

**Annual clients served

Medicaid and the ACA marketplace



- ▶ The Washington Health Benefit Exchange manages the eligibility and enrollment for Medicaid MAGI coverage and ACA marketplace health plans (qualified health plans).
- ▶ Today, Washingtonians can easily continue coverage when their income changes.
- ▶ When transitioning from Medicaid to qualified health plans, enhanced premium tax credits and state premium assistance help drive affordability and keep people covered.



1.7M

enrollees in Medicaid
MAGI coverage



309,000

enrollees in qualified
health plans

Continuity of coverage



- ▶ Impact of enhanced premium tax credits in Washington state:

219,000

Number of qualified health plan enrollees who are eligible for enhanced premium tax credits.

\$1,300

Average yearly decrease in premium costs with enhanced premium tax credits.

- ▶ But enhanced premium tax credits will expire at the end of 2025

- ▶ Anticipated impact in Washington state if Congress does not act:

72%

Amount **net premiums will increase** for enhanced premium tax credits recipients.

\$275 M

Amount of **lost federal funds** from enhanced premium tax credits.

80,000

Number of enhanced premium tax credits recipients who **will forgo coverage**.



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