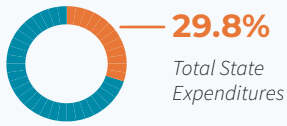
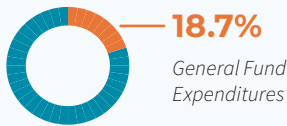


## FISCAL YEAR 2024 AT A GLANCE

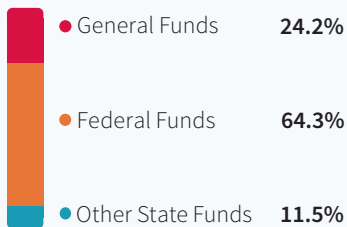


Medicaid is the largest total spending category



Medicaid is the second largest general fund category

### Medicaid by Fund Source, FY 2024



### Medicaid Spending Changes

#### State Funds

2023 **+14.7%** ▲  
2024 **+16.0%** ▲

#### Federal Funds

2023 **+4.9%** ▲  
2024 **+0.2%** ▲

#### Total Funds

2023 **+7.9%** ▲  
2024 **+5.3%** ▲

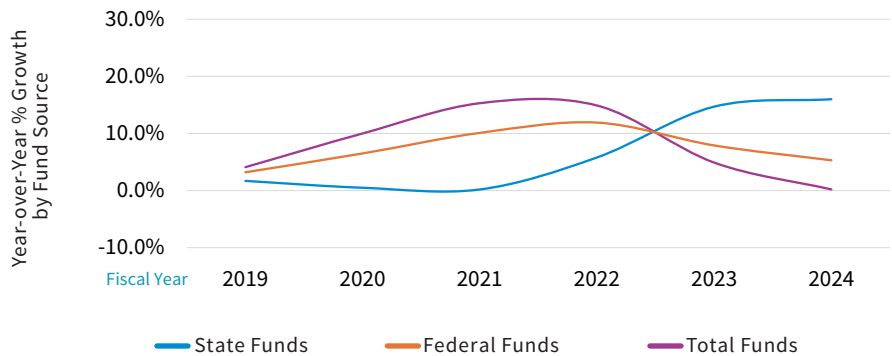
## 2024 STATE EXPENDITURE REPORT | FISCAL YEARS 2022–2024

# MEDICAID

## Trends

Total state spending on Medicaid increased 5.3 percent in fiscal 2024. While federal funds only increased 0.2 percent, state funds increased 16.0 percent. The minimal increase in federal funds is largely attributable to the expiration of enhanced federal funding resulting from the pandemic. In March 2020, Congress passed the Families First Coronavirus Response Act, which provided a 6.2 percentage increase in the Federal Medical Assistance Percentage (FMAP) spending during the COVID-19 public health emergency. The FMAP increase was conditioned on states meeting certain requirements, including maintaining coverage for current enrollees. In December 2022, the Consolidated Appropriations Act was enacted, which ended the continuous eligibility requirement as of March 31, 2023, and phased down the FMAP through the end of calendar year 2023 (halfway through fiscal 2024 for most states). During the same time enhanced federal funding was expiring, Medicaid programs faced numerous budget pressures including provider rate increases and higher health care utilization by remaining enrollees. This combination led to a sharp rise in spending from state funds in fiscal 2024.

### State Funds for Medicaid Increased While Federal Funds Growth Decreased



## Facts About Spending

- Medicaid is a means-tested entitlement program financed by states and the federal government. It provides comprehensive and long-term medical care for low-income individuals. State funds include both state general funds and other state funds. In addition to the general fund, states use a combination of revenue sources including insurance premium taxes, cigarette taxes, pharmaceutical rebates, intergovernmental transfers, provider assessments, and local funds to provide the state match.
- During the pandemic federal funds grew as a share of overall Medicaid spending. While in fiscal 2019 federal funds represented 63 percent, by fiscal 2022 federal funds' share had grown to 69.5 percent. In fiscal 2024, the federal funds share fell back to 64.3 percent.

# MEDICAID

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## Facts About Spending

- Medicaid is the largest category of total state spending, while it represents the second largest category of general fund spending.
- The Centers for Medicare and Medicaid Services (CMS) reports that as of July 2024, over 72 million individuals were enrolled in Medicaid. Between July 2023 and July 2024, Medicaid enrollment decreased by 12.2 million individuals (14 percent). The decline in 2024 followed sharp increases in enrollment from 2021 through 2023 due to the continuous enrollment requirement.
- According to KFF's October 2024 survey of state Medicaid directors, state officials noted they face budget pressure and fiscal uncertainty from a number of factors including increasing per-enrollee costs during unwinding, the implementation of recently enacted federal rules, emerging high-cost prescription drugs, and workforce challenges.
- Also included in Medicaid spending are Medicare Part D “clawback” payments, statutorily known as the phased down state contribution. Beginning in January 2006, prescription drug costs for individuals eligible for both Medicare and Medicaid are included in Medicare Part D. States finance these benefits by providing a payment to the federal Medicare trust fund, commonly known as “clawback” payments.
- Beginning January 1, 2017, states that expanded Medicaid under the *Affordable Care Act* began paying 5 percent of the costs for the newly eligible individuals, with that amount increasing to 6 percent in 2018, 7 percent in 2019, and 10 percent in 2020 and thereafter. To date, 41 states and the District of Columbia have adopted Medicaid expansion.



**Did You Know:** Medicaid comprised over half ( 56%) of all federal funds to states in 2024.