Implications of Reduced Federal Medicaid Funds: How Could States Fill the Funding Gap?

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Executive Summary

The Congress is currently debating the American Health Care Act (AHCA), which would not only repeal and replace the Affordable Care Act (ACA) but also make far-reaching changes to the structure and financing of Medicaid. The AHCA would use a per capita cap policy or block grants to cap federal funds to states for Medicaid. Facing reductions in federal Medicaid funding, states could offset lost federal dollars by raising taxes or reducing other state spending (like K-12 education), or states could reduce spending in Medicaid by finding savings or (more likely) by restricting eligibility, benefits, or payments to providers. However, many efficiencies were adopted by state Medicaid programs during the last two major recessions when revenues dropped and budgets were constrained leaving states with few options for easy ways to trim additional spending in the future. On March 13, 2017 the Congressional Budget Office (CBO) estimated that the AHCA would reduce federal Medicaid spending by $880 billion over the 2017-2026 period. By 2026, Medicaid spending would be about 25% less than what CBO projects under current law.

In this analysis, we examine the fiscal implications of state actions to offset the loss of federal Medicaid funding to maintain rather than cut Medicaid programs. This analysis is intended to be illustrative and not predictive of actual state outcomes. In contrast, the CBO estimate of a 25% reduction in federal Medicaid funding by 2026 reflects projections and accounts for federal changes in policy, state responses to the policy change, and reductions in coverage.

What does this analysis do? In this analysis, we present three scenarios of reductions in federal Medicaid spending and examine fiscal implications if all reductions had been in full effect in FFY 2015 (the most recent year for which Medicaid spending data is available). In these scenarios, we assume states fill the gaps caused by federal funding reductions by increasing state spending for Medicaid. To achieve those increases, we examine potential implications for state taxes and education spending by state and by groups of states including expansion status, political party, region and poverty quartile and highlight the groups that could experience the largest effects. These results are illustrative: each state would likely make different policy choices, and states could implement a combination of approaches, or choose not to completely offset the federal reduction.
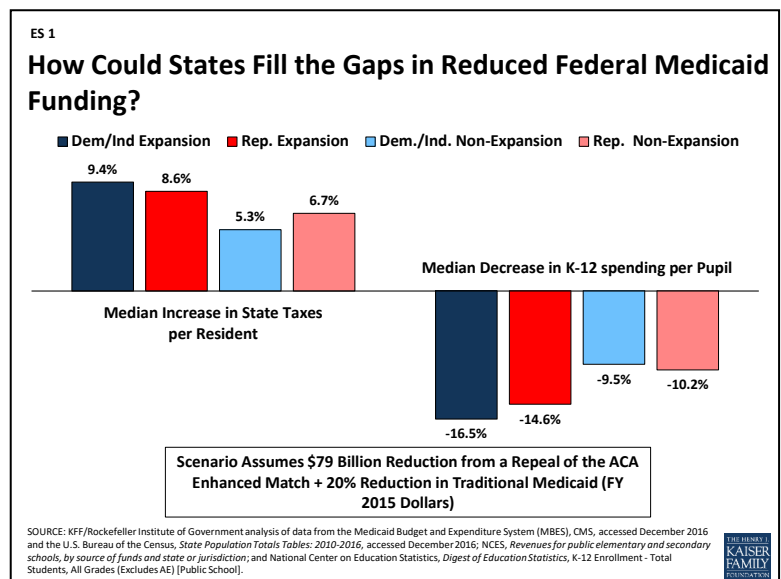
What does this analysis not do? Unlike the CBO estimates, this analysis does not make projections or anticipate changes to state Medicaid programs through reducing eligibility levels, benefits, or reimbursement rates. If states do undertake these changes to their Medicaid programs, federal reductions would likely be

larger. This analysis of the impact in FFY 2015 does not assume that states will drop coverage and does not account for states that may have adopted the expansion in the future.

What were the estimated reductions in federal spending in three scenarios? This analysis estimated reductions in federal Medicaid spending under three scenarios: (1) repeal of the ACA enhanced match rate for expansion adults ($27 billion), (2) repeal of the ACA plus a 10% reduction in federal Medicaid spending for the non-expansion population ($53 billion), and (3) repeal of the ACA plus a 20% reduction in federal Medicaid spending for the non-expansion population ($79 billion). All estimates assume that the full effect of the reductions are experienced in FFY 2015. Beyond the repeal of the ACA enhanced matching funds, the reductions are not based on specific policy changes but rather are based on illustrative potential federal Medicaid spending reductions. If states were to maintain Medicaid services, these reductions would require increases in state Medicaid funding to fill in the gaps in federal funding. Median state Medicaid spending per resident was $534 in FFY 2015. Under the three scenarios, the reduction in federal Medicaid funds would result in a median increase of state Medicaid spending per resident ranging from 17.2% to 40.3%.
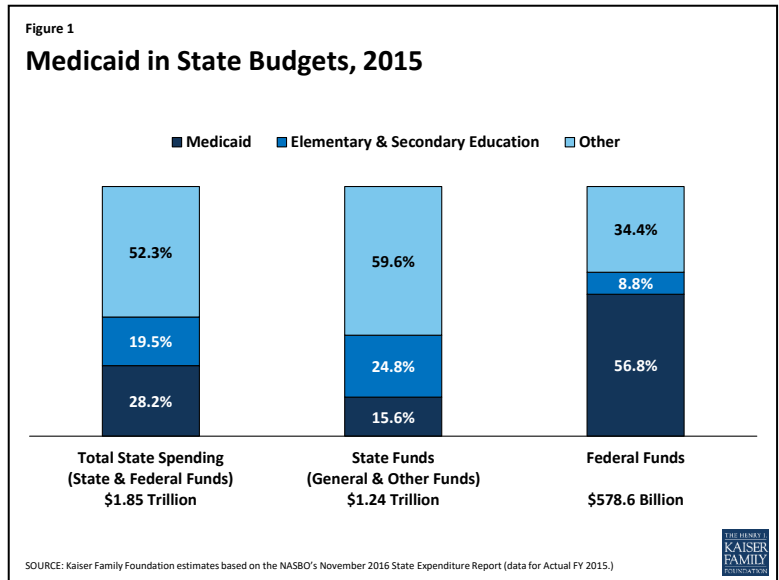
What are the potential implications for state taxes and education? States could choose to respond in many ways. For example, they could raise taxes or reduce education spending to fill in gaps in federal funding for Medicaid. Median state tax per resident was $2,715 in 2015. If states opt to raise taxes, the median increase in state taxes per resident would range from 3.5% to 8.1% under the three scenarios; if states increased the largest state tax, the median would range from 8.4% to 18.1%. For most states (29 states), the income tax is the largest state tax followed by sales tax (15 states). Median total spending per pupil for education was $10,961 in 2015. If states opted to fill the gap by reducing state government spending for education, states could face median reductions in state funding for K-12 education per pupil of 10.9% to 24.1% and total funding for K-12 education spending per pupil of 5.5% to 13.7%.

How are different groups of states affected by reductions? Due to the changes in the enhanced match rate, states that have adopted the Medicaid expansion will experience larger federal funding reductions; this outcome is true across states with Republican and Democratic governors. For example, in the scenario that would repeal the ACA enhanced match rate and reduce traditional Medicaid spending by 20%, expansion states would face higher median tax increases and larger reductions in education to fill the federal funding gaps compared to non-expansion states (ES 1). This increased budget pressure could make it difficult for states to maintain the Medicaid expansion. Funding reductions that go beyond eliminating the enhanced match for the ACA Medicaid expansion and entail cuts to the traditional Medicaid program could have a disproportionate effect on states with high poverty. Even though these poorer states spend less per resident on Medicaid, their federal reimbursement rate is relatively high, and so the impact of federal cuts is large.

ES 1

How Could States Fill the Gaps in Reduced Federal Medicaid Funding?

■ Dem/Ind Expansion ■ Rep. Expansion □ Dem./Ind. Non-Expansion ■ Rep. Non-Expansion

Median Increase in State Taxes per Resident
9.4% 8.6% 5.3% 6.7%

Median Decrease in K-12 spending per Pupil
-16.5% -14.6% -9.5% -10.2%

Scenario Assumes $79 Billion Reduction from a Repeal of the ACA Enhanced Match + 20% Reduction in Traditional Medicaid (FY 2015 Dollars)

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016 and the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016; NCES, *Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction*; and National Center on Education Statistics, *Digest of Education Statistics*, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School].

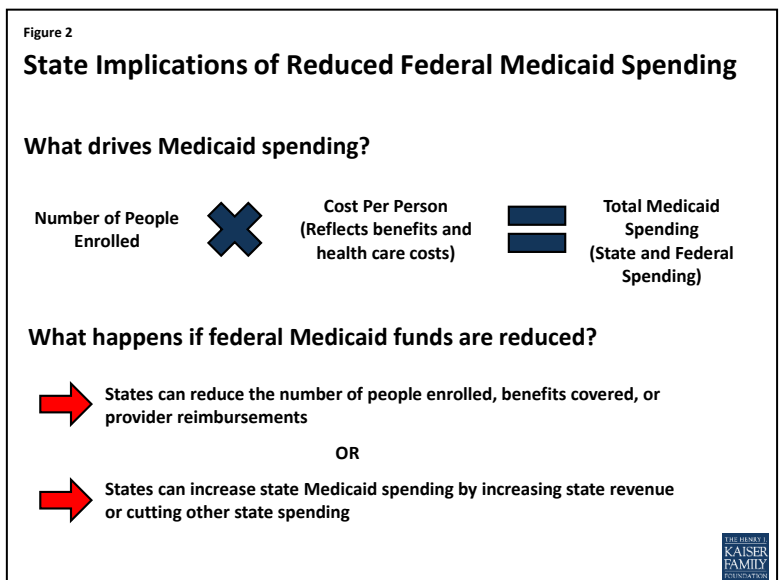THE HENRY J. KAISER FAMILY FOUNDATION

Introduction

Medicaid has a unique role in state budgets. As a result of the federal matching structure, Medicaid is a spending item but also the largest source of federal revenues for state budgets. In FY 2015, Medicaid accounted for 28.2% (or $523 billion) of total state spending (including state and federal funding) for all items in the state budget, but 15.6% (or $193 billion) of all state spending (from general fund and other state funds), a far second to spending on K-12 education (24.8%, or $307 billion). Medicaid is the largest single source of federal funds for states, accounting for more than half (56.8%, or $329 billion) of all federally supported spending by states in SFY 2015, according to data from the National Association of State Budget Officers (Figure 1). Due to the

federal match rate, as state Medicaid spending increases during economic downturns, so does federal funding. The match rate also gives states support and flexibility to address health care emergencies, needs and state health priorities without a pre-set limit on federal funds. States must balance their budgets annually. Since states pay for more than 40% of total Medicaid on average, states have incentives to constrain Medicaid spending by restricting provider payment rates, controlling prescription drug costs and implementing payment and delivery system reforms.

Figure 1

Medicaid in State Budgets, 2015

SOURCE: Kaiser Family Foundation estimates based on the NASBO's November 2016 State Expenditure Report (data for Actual FY 2015.)

Congress is debating the AHCA, which includes reductions to federal financing combined with fundamental restructuring of Medicaid financing. On March 13, 2017 the Congressional Budget Office (CBO) estimated that the AHCA would reduce federal Medicaid spending by $880 billion over the 2017-2026 period. By 2026, Medicaid spending would be about 25% less than what CBO projects under current law. The CBO estimate reflects projections and accounts for federal changes in policy, state responses to the policy change, and reductions in coverage.

In this analysis, we present three scenarios of reductions in federal Medicaid spending and examine fiscal implications if states fill these financing gaps to maintain their programs and if all reductions are assumed to be in full effect in FFY 2015 (the most recent year for which Medicaid spending data is available). To fill these gaps in financing and maintain current Medicaid programs, we assume states will increase state spending for Medicaid by increasing state taxes or reducing education spending. This analysis is unlike the CBO estimate, which makes projections and accounts for changes in policy, state responses to make changes to Medicaid programs, and reductions in coverage (Figure 2).

Figure 2

State Implications of Reduced Federal Medicaid Spending

What drives Medicaid spending?

Number of People Enrolled ✕ Cost Per Person (Reflects benefits and health care costs) = Total Medicaid Spending (State and Federal Spending)

What happens if federal Medicaid funds are reduced?

➡ States can reduce the number of people enrolled, benefits covered, or provider reimbursements

OR

➡ States can increase state Medicaid spending by increasing state revenue or cutting other state spending

Study Design

This brief explores three scenarios of federal Medicaid spending reductions and the potential fiscal implications of different state responses to offset such losses. The analysis was conducted by the Kaiser Program on Medicaid and the Uninsured and the Rockefeller Institute of Government. We assumed that policies were fully effective in FFY 2015 (the most recent year for which Medicaid spending data is available). As noted earlier, unlike the CBO estimate, this analysis does not make projections and does not assume that states make changes to Medicaid programs or reduce coverage.

SCENARIOS

This analysis examined three scenarios of reductions in federal Medicaid spending. The magnitude of the reductions was calculated by adjusting the match rate for the expansion population from an estimated 90% when fully implemented to a state's traditional match rate. We used estimated spending for the expansion group for FFY 2015 (spending data for states that expanded mid-year in FFY 2015 or in FFY 2016 were adjusted to account for increases in enrollment and spending for the expansion population). Beyond the repeal of the ACA enhanced matching funds, the reductions are not based on specific policy changes but rather based on estimates of potential federal Medicaid spending reductions. The total amount of federal Medicaid reductions in each scenario is displayed in Figure 3 and described below:

(1) Repeal ACA enhanced matching funds. Assumes states would get the traditional match rate for the expansion population and only includes states that have expanded Medicaid, since there would be no effect on states that did not expand. Total federal cut: $26.7 billion.

(2) Repeal ACA enhanced matching funds + 10% cut in Medicaid for non-expansion populations. Total federal cut: $52.8 billion.

(3) Repeal ACA enhanced matching funds + 20% cut in Medicaid for non-expansion populations. Total federal cut: $78.9 billion.

Figure 3

Estimated Reduction in Federal Medicaid Funds for Each Scenario

Dollars in Billions

FY 2015 Federal Medicaid Spending: $329 Billion

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016.
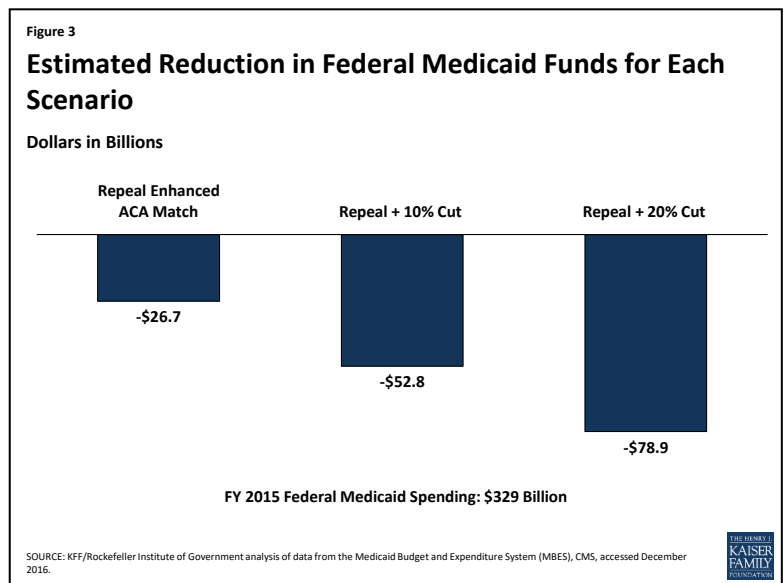
For each of these scenarios, we examined the outcomes (increased state-financed Medicaid spending per resident) and responses (increased state taxes or decreased K-12 education spending) by state and by groups of states including state expansion status, by political party of the governor (or mayor, for DC), by region and poverty rate. (See Table 1 for more information on state groupings). See Table 1 for median reductions by group and Appendix Table 2 for reductions by state in each of these scenarios. As noted above, the first scenario calculates medians across groups for only expansion states since non-expansion states are not affected.

OUTCOME AND POTENTIAL RESPONSES

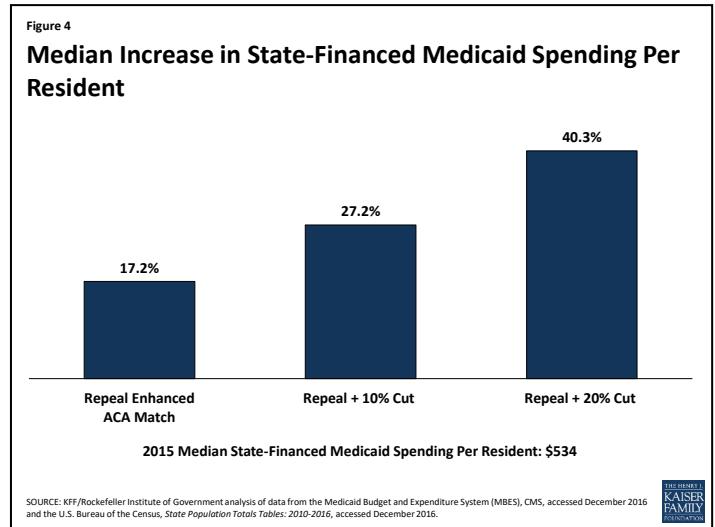To fill the gaps created by reductions, states would need to increase state-financed Medicaid spending per resident (outcome). To achieve those increases, states could opt to increase state taxes or reduce education spending (potential responses). These outcomes and responses are illustrative. In reality, faced with reductions in federal Medicaid funding, each state would make different policy choices and states could implement a combination of approaches, or not completely offset the federal reduction. For more details on the methods and data sources, see the Appendix.

Table 1. Median Federal Medicaid Cuts by State Characteristics, FFY 2015			
	Repeal Enhanced ACA Match	**Repeal + 10% Cut**	**Repeal + 20% Cut**
All States	**$26,676,000,000**	**$52,805,000,000**	**$78,933,000,000**
By Expansion Status			
Expansion	$26,676,000,000	$43,608,000,000	$60,540,000,000
Non-expansion	N/A	$9,197,000,000	$18,393,000,000
By Political Party of the Governor			
Democratic	$17,994,000,000	$29,037,000,000	$40,081,000,000
Republican	$8,589,000,000	$23,583,000,000	$38,576,000,000
Independent	$93,000,000	$185,000,000	$277,000,000
By Region			
Northeast	$8,363,000,000	$14,066,000,000	$19,768,000,000
South	$2,296,000,000	$11,674,000,000	$21,052,000,000
Midwest	$4,581,000,000	$9,920,000,000	$15,259,000,000
West	$11,436,000,000	$17,145,000,000	$22,854,000,000
By Poverty Quartile			
Low Poverty	$3,801,000,000	$6,700,000,000	$9,600,000,000
Low-Mid Poverty	$5,642,000,000	$10,720,000,000	$15,798,000,000
Mid-Upper Poverty	$15,012,000,000	$28,575,000,000	$42,139,000,000
High Poverty	$2,222,000,000	$6,809,000,000	$11,397,000,000
By Expansion Status and Political Party of the Governor			
Expansion - Dem/Ind	$17,994,000,000	$27,788,000,000	$37,581,000,000
Expansion - Rep	$8,589,000,000	$15,636,000,000	$22,682,000,000
Non-expansion - Dem/Ind	N/A	$1,250,000,000	$2,499,000,000
Non-expansion - Rep	N/A	$7,947,000,000	$15,894,000,000
NOTE: Data are rounded to the nearest million.			
SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016.			

Key Findings

OUTCOME: IMPLICATIONS FOR STATE–FINANCED MEDICAID SPENDING PER RESIDENT

Median state-financed Medicaid spending per resident was $534 in FFY 2015. To fill gaps in federal Medicaid funding assumed in the three scenarios, states would need to increase in state-financed Medicaid spending. Median increases in state-financed spending per resident would range from 17.2% if the enhanced match were repealed up to 40.3% to offset reductions from both the repeal of the matching funds and a 20% reduction of federal funds (Figure 4). These increases for the largest reduction scenario would range from a 20.5% increase in state per resident spending in Virginia to an 68.2% increase in Kentucky.

Figure 4

Median Increase in State-Financed Medicaid Spending Per Resident

2015 Median State-Financed Medicaid Spending Per Resident: $534

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016 and the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016.

The federal cuts under all of the scenarios would result in larger state spending increases per resident in expansion states compared to non-expansion states (across states with Republican and Democratic governors). High poverty states, where median state Medicaid spending per resident is the lowest ($458) compared to low-poverty states ($655), would experience the largest percent increase, particularly under the largest reduction scenario (Figures 5 and 6).

For median results by group for each scenario, see Table 2. For state-by-state results of changes in state Medicaid spending per resident, see Figure 7 and Appendix Table 3.

Figure 5

Median Increase in State-Financed Medicaid Spending Per Resident, by Expansion Status and Political Party of Governor

2015 Median State-Financed Medicaid Spending Per Resident
Dem/Ind Expansion: $780   Rep Expansion: $557
Dem/Ind Non-Expansion: $451   Rep Non-Expansion: $450

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016 and the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016.

Figure 6

Median Increase in State-Financed Medicaid Spending Per Resident, by Poverty Quartile

2015 Median State-Financed Medicaid Spending Per Resident
Low poverty: $655   Mid-low poverty: $569   Mid-upper poverty: $478   High poverty: $458

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016 and the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016.

Table 2. Median Increase in State Medicaid Spending per Resident by State Characteristics, 2015				
	State Medicaid Spending Per Resident, FFY 2015	**Repeal Enhanced ACA Match**	**Repeal + 10% Cut**	**Repeal + 20% Cut**
		Increase in State Medicaid Spending per Resident	Increase in State Medicaid Spending per Resident	Increase in State Medicaid Spending per Resident
All States	**$534**	**17.2%**	**27.2%**	**40.3%**
By Expansion Status				
Expansion	$571	17.2%	31.3%	43.2%
Non-expansion	$450	N/A	17.4%	34.8%
By Political Party of the Governor				
Democratic	$656	17.1%	28.3%	42.6%
Republican	$472	17.7%	25.2%	39.9%
Independent	$889	14.2%	28.2%	42.2%
By Region				
Northeast	$917	15.9%	26.3%	36.1%
South	$474	17.4%	24.6%	42.6%
Midwest	$554	15.8%	26.0%	36.9%
West	$529	23.9%	36.0%	50.0%
By Poverty Quartile				
Low Poverty	$655	16.5%	26.3%	36.2%
Low-Mid Poverty	$569	17.9%	27.4%	38.2%
Mid-Upper Poverty	$478	17.1%	27.2%	39.2%
High Poverty	$458	18.5%	30.4%	55.9%
By Expansion Status and Political Party of the Governor				
Expansion - Dem/Ind	$780	16.9%	30.0%	43.2%
Expansion - Rep	$557	17.7%	31.3%	44.4%
Non-expansion - Dem/Ind	$451	N/A	14.9%	29.8%
Non-expansion - Rep	$450	N/A	17.4%	34.8%

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016 and the U.S. Bureau of the Census, State Population Totals Tables: 2010-2016, accessed December 2016.

Figure 7

Increase in State-Financed Medicaid Spending per Resident Under Repeal of the ACA Enhanced Match + 20% Cut

US Median in 2015: 40.3%

Kentucky 68.2%
Oregon 66.7%
New Mexico 66.6%
Arkansas 64.8%
Arizona 61.7%
Nevada 61.2%
West Virginia 60.7%
Montana 57.7%
Mississippi 57.4%
District of Columbia 54.3%
Michigan 53.1%
Indiana 51.4%
Idaho 51.2%
Washington 50.0%
South Carolina 49.2%
Utah 48.8%
Ohio 47.5%
Hawaii 46.3%
Alabama 45.7%
Louisiana 44.2%
California 43.8%
Delaware 42.6%
Alaska 42.2%
Georgia 41.8%
North Dakota 41.3%
New Jersey 40.3%
Iowa 39.9%
Vermont 39.6%
North Carolina 39.2%
Illinois 38.2%
Tennessee 37.6%
Colorado 37.4%
New York 37.4%
Maryland 37.0%
Connecticut 36.2%
Rhode Island 36.1%
Missouri 35.6%
New Hampshire 35.0%
Oklahoma 34.8%
Minnesota 34.3%
Maine 33.4%
Pennsylvania 33.2%
Florida 30.5%
Massachusetts 30.5%
Wisconsin 28.7%
Texas 28.5%
Kansas 26.5%
South Dakota 25.6%
Nebraska 23.2%
Wyoming 20.9%
Virginia 20.5%

Expansion State
Non-Expansion State

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016 and the U.S. Bureau of the Census, State Population Totals Tables: 2010-2016, accessed December 2016.

POTENTIAL STATE RESPONSES

FILL THE FUNDING GAP WITH INCREASES IN STATE GOVERNMENT TAXES

One potential state response to offset the loss of federal Medicaid funds is to increase state taxes. We examine the percent increase in state government taxes that would be required if states were to raise taxes to offset the entire federal Medicaid spending reduction—measured by the Medicaid cut as a percentage of state tax revenue. We also examined the percent increase that would be required in a state's largest state-government tax, if the state raised that tax to offset Medicaid cuts—measured by the Medicaid cut as a percentage of the state's largest tax revenue.

Figure 8
Median Increase in State Government Taxes Per Resident

■ Change in % State Tax   ■ Change in % Largest State Tax

- Repeal Enhanced ACA Match: 3.5%, 8.4%
- Repeal + 10% Cut: 5.2%, 11.5%
- Repeal + 20% Cut: 8.1%, 18.1%

2015 Median State Tax Per Resident
State tax: $2,715   Largest state tax: $1,144

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016; and U.S. Bureau of the Census, *2015 Annual Survey of State Government Tax Collections*, accessed December 2016.

Median state tax per resident was $2,715 in 2015. The analysis shows that the median state would need to increase taxes per resident by 3.5% to 8.1% to offset reductions in federal Medicaid funding under the three scenarios, with increases ranging from 2.4% in Wyoming to 32.1% in Alaska for the largest reduction scenario (Figure 8). When only looking at the largest state tax, the median state tax per resident was $1,144 in 2015 and the median increase would be 8.4% to 18.1%. Under the largest reduction scenario, the increase in the largest state tax would range from 6.3% in Wyoming to 121.6% in Alaska. For most states, the income tax is the largest state tax (29 states), followed by sales tax (15 states), corporate taxes (AK), property taxes (DC and VT), and severance taxes (in ND and WY).

All of the scenarios would result in larger increases in state taxes in expansion states compared to non-expansion states (across states with Republican and Democratic governors). High poverty states could experience the highest median percentage increase in state taxes to offset federal reductions in federal Medicaid funding under the largest reduction scenario (Figures 9 and 10).

For median results by group for each scenario, see Table 3. For state-by-state results of changes in state taxes per resident, see Figure 11 and Appendix Table 4.

Figure 9
Median Increase in Percent State Government Tax Per Resident, by Expansion Status and Political Party of Governor

■ Dem/Ind Expansion   ■ Rep. Expansion   ■ Dem./Ind. Non-Expansion   ■ Rep. Non-Expansion

- Repeal Enhanced ACA Match: 4.0%, 3.2%, N/A, N/A
- Repeal + 10% Cut: 6.5%, 5.7%, 2.7%, 3.4%
- Repeal + 20% Cut: 9.4%, 8.6%, 5.3%, 6.7%

2015 Median State Tax Per Resident
Dem/Ind Expansion: $3,026   Rep Expansion: $2,916
Dem/Ind Non-Expansion: $2,476   Rep Non-Expansion: $2,241

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016; and U.S. Bureau of the Census, *2015 Annual Survey of State Government Tax Collections*, accessed December 2016.

Figure 10
Median Increase in Percent State Government Tax Per Resident, by Poverty Quartile

■ Low poverty   ■ Mid-low poverty   ■ Mid-upper poverty   □ High poverty

- Repeal Enhanced ACA Match: 3.5%, 3.3%, 3.4%, 3.5%
- Repeal + 10% Cut: 5.3%, 5.2%, 5.0%, 5.5%
- Repeal + 20% Cut: 7.3%, 8.1%, 9.0%, 9.6%

2015 Median State Tax Per Resident
Low poverty: $3,311   Mid-low poverty: $2,883   Mid-upper poverty: $2,612   High poverty: $2,514

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016; and U.S. Bureau of the Census, *2015 Annual Survey of State Government Tax Collections*, accessed December 2016.
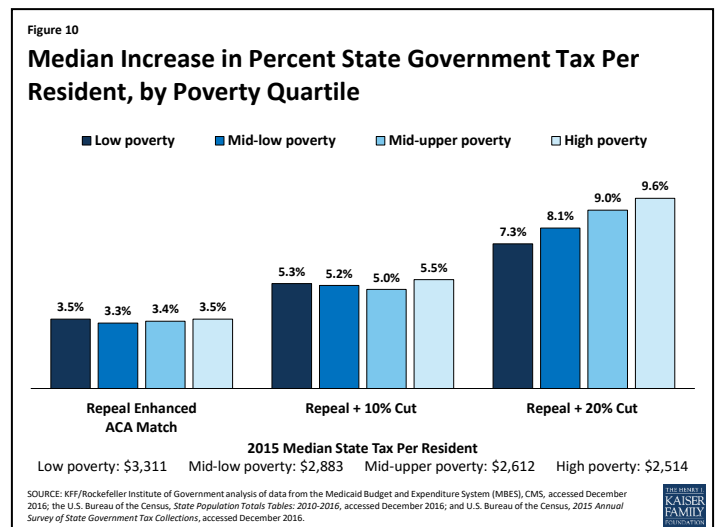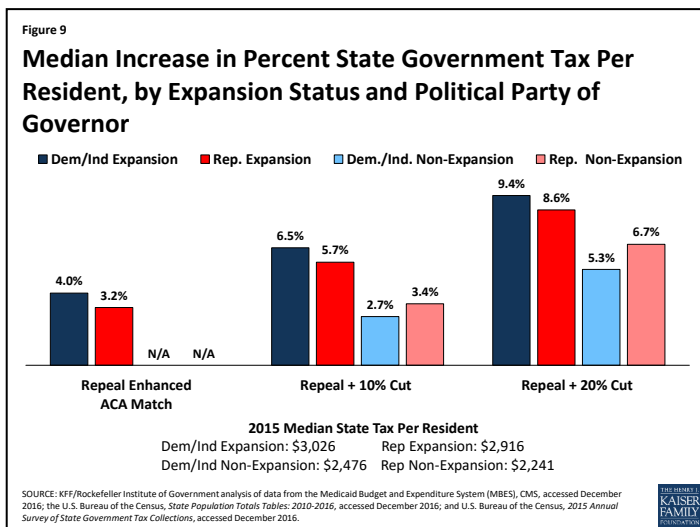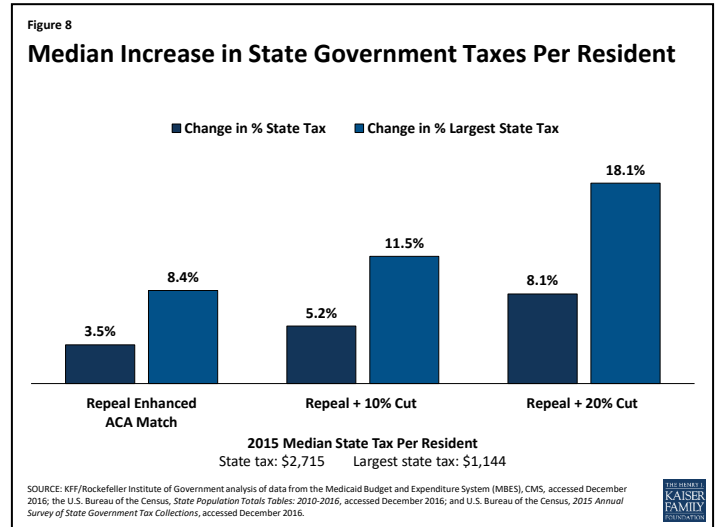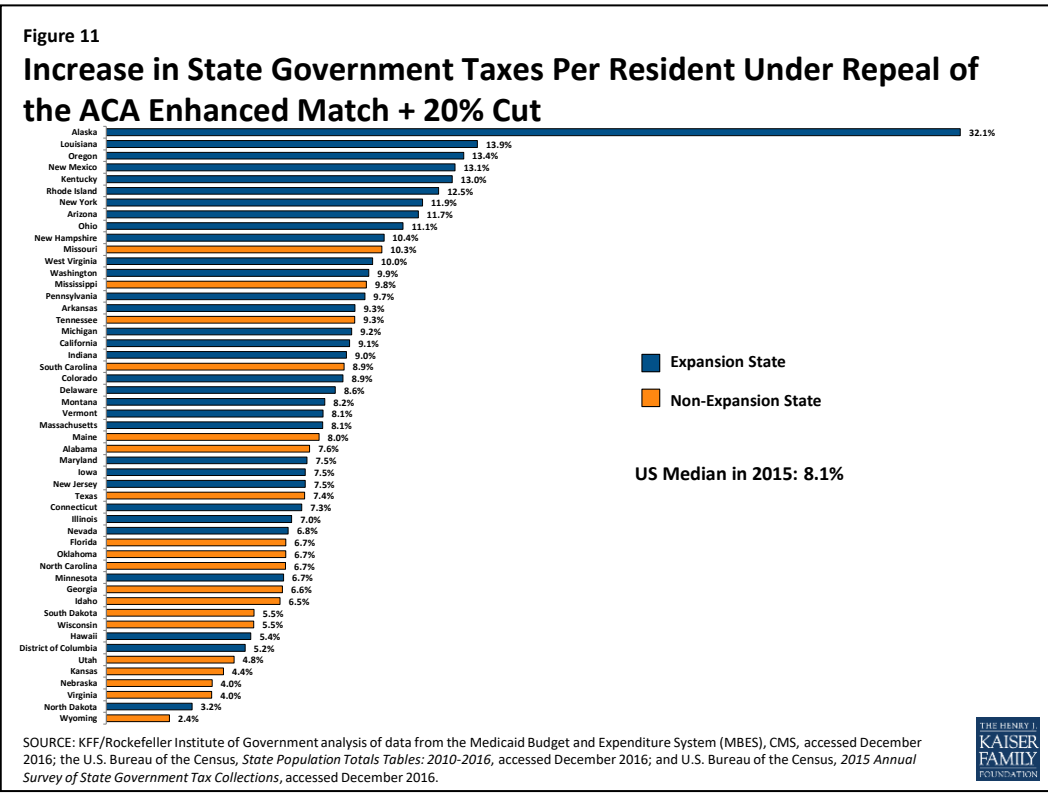
Table 3. Median Increase in State Taxes per Resident by State Characteristics, 2015			Repeal Enhanced ACA		Repeal + 10% Cut		Repeal + 20% Cut	
	Total State Tax Revenue per Resident, 2015	Revenue from the Largest Tax per resident, 2015	Increase in Total State Taxes per Resident	Increase in the Largest State Tax per Resident	Increase in Total State Taxes per Resident	Increase in the Largest State Tax per Resident	Increase in Total State Taxes per Resident	Increase in the Largest State Tax per Resident
All States	**$2,715**	**$1,144**	**3.5%**	**8.4%**	**5.2%**	**11.5%**	**8.1%**	**18.1%**
By Expansion Status								
Expansion	$2,983	$1,205	3.5%	8.4%	6.1%	14.3%	9.1%	20.5%
Non-expansion	$2,405	$1,077	N/A	N/A	3.4%	6.7%	6.7%	13.5%
By Political Party of the Governor								
Democratic	$3,023	$1,423	3.9%	9.5%	6.4%	13.2%	8.9%	17.9%
Republican	$2,631	$1,084	3.2%	8.2%	4.9%	10.6%	7.5%	18.1%
Independent	$1,171	$309	10.8%	40.9%	21.4%	81.2%	32.1%	121.6%
By Region								
Northeast	$3,533	$1,483	3.6%	9.3%	5.6%	15.5%	8.1%	21.2%
South	$2,454	$1,069	3.5%	8.4%	4.5%	11.2%	7.6%	19.5%
Midwest	$2,715	$1,122	2.9%	7.4%	4.9%	10.9%	6.8%	16.4%
West	$2,628	$1,170	4.4%	8.9%	6.5%	13.1%	8.9%	17.7%
By Poverty Quartile								
Low Poverty	$3,311	$1,423	3.5%	8.9%	5.3%	11.2%	7.3%	15.7%
Low-Mid Poverty	$2,883	$1,170	3.3%	8.1%	5.2%	12.6%	8.1%	17.5%
Mid-Upper Poverty	$2,612	$1,132	3.4%	8.6%	5.0%	10.6%	9.0%	18.1%
High Poverty	$2,514	$949	3.5%	8.3%	5.5%	14.0%	9.6%	24.3%
By Expansion Status and Political Party of the Governor								
Expansion - Dem/Ind	$3,026	$1,513	4.0%	9.6%	6.5%	14.1%	9.4%	19.6%
Expansion - Rep	$2,916	$1,106	3.2%	8.2%	5.7%	15.3%	8.6%	22.7%
Non-expansion - Dem/Ind	$2,476	$1,269	N/A	N/A	2.7%	5.5%	5.3%	10.9%
Non-expansion - Rep	$2,241	$1,056	N/A	N/A	3.4%	6.7%	6.7%	13.5%

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; the U.S. Bureau of the Census, State Population Totals Tables: 2010-2016, accessed December 2016; and U.S. Bureau of the Census, 2015 Annual Survey of State Government Tax Collections, accessed December 2016.

Figure 11

Increase in State Government Taxes Per Resident Under Repeal of the ACA Enhanced Match + 20% Cut

State	Value
Alaska	32.1%
Louisiana	13.9%
Oregon	13.4%
New Mexico	13.1%
Kentucky	13.0%
Rhode Island	12.5%
New York	11.9%
Arizona	11.7%
Ohio	11.1%
New Hampshire	10.4%
Missouri	10.3%
West Virginia	10.0%
Washington	9.9%
Mississippi	9.8%
Pennsylvania	9.7%
Arkansas	9.3%
Tennessee	9.3%
Michigan	9.2%
California	9.1%
Indiana	9.0%
South Carolina	8.9%
Colorado	8.9%
Delaware	8.6%
Montana	8.2%
Vermont	8.1%
Massachusetts	8.1%
Maine	8.0%
Alabama	7.6%
Maryland	7.5%
Iowa	7.5%
New Jersey	7.5%
Texas	7.4%
Connecticut	7.3%
Illinois	7.0%
Nevada	6.8%
Florida	6.7%
Oklahoma	6.7%
North Carolina	6.7%
Minnesota	6.7%
Georgia	6.6%
Idaho	6.5%
South Dakota	5.5%
Wisconsin	5.5%
Hawaii	5.4%
District of Columbia	5.2%
Utah	4.8%
Kansas	4.4%
Nebraska	4.0%
Virginia	4.0%
North Dakota	3.2%
Wyoming	2.4%

■ Expansion State
■ Non-Expansion State

US Median in 2015: 8.1%

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; the U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, accessed December 2016; and U.S. Bureau of the Census, *2015 Annual Survey of State Government Tax Collections*, accessed December 2016.

THE HENRY J. KAISER FAMILY FOUNDATION

FILL THE FUNDING GAP WITH DECREASES IN EDUCATION SPENDING

Another potential state response to decreased federal Medicaid funds is to shift state dollars from other spending, such as education spending. This analysis assesses the percentage cut in state spending for K-12 education per pupil that would be required if state governments were to reduce spending on education (essentially school aid) to offset Medicaid cuts. Median state funding for education per pupil was $5,961 in 2015. The analysis shows that states could experience median decreases in per pupil state funding for K-12 of 10.9% to 24.1% to offset federal Medicaid reductions under the three scenarios (Figure 12).

Figure 12

Median Decrease in K-12 Education Spending Per Pupil

2015 Median K-12 Spending Per Pupil
State Aid for K-12: $5,961   Total K-12 Spending: $10,961

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; NCES, *Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction* and National Center on Education Statistics, *Digest of Education Statistics*, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School].

Total spending for education is primarily from state and local governments, with a small share financed by the federal government. Reductions in state government spending for K-12 education would have a direct impact on total spending per-pupil. Median total spending per pupil was $10,961 in 2015. For total spending on K-12 education per pupil, states could face reductions in spending of 5.4% to 13.7% (Figure 12). Reductions would vary significantly across states.

All of the scenarios would result in larger decreases in total K-12 per pupil spending for expansion states compared to non-expansion states (across states with Republican and Democratic governors). Mid- to high poverty states, could experience the largest reductions in per pupil spending to offset federal reductions in Medicaid. Figures 13 and 14 show estimated reductions in total spending for education to fill gaps in federal Medicaid funding.

For median results by group for each scenario, see Table 4. For state-by-state results of changes in K-12 education spending per pupil, see Figure 15 and Appendix Table 5.
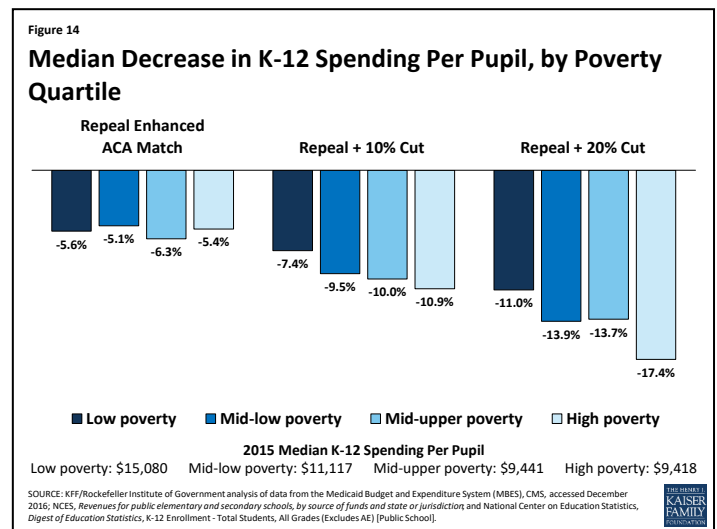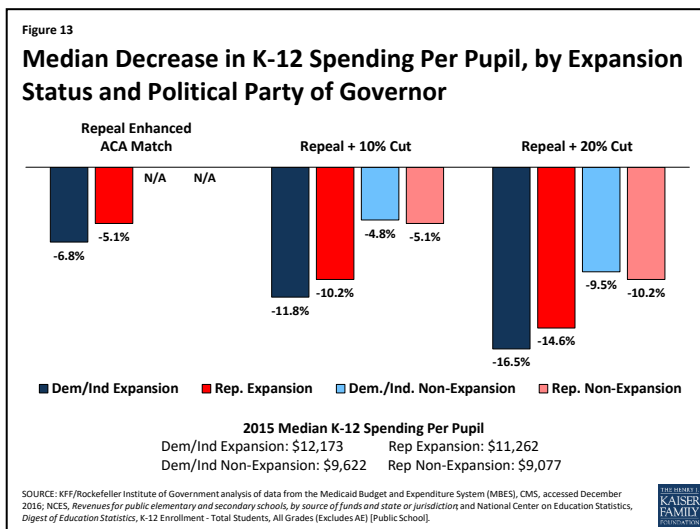

Figure 13

Median Decrease in K-12 Spending Per Pupil, by Expansion Status and Political Party of Governor

2015 Median K-12 Spending Per Pupil
Dem/Ind Expansion: $12,173   Rep Expansion: $11,262
Dem/Ind Non-Expansion: $9,622   Rep Non-Expansion: $9,077

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; NCES, *Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction* and National Center on Education Statistics, *Digest of Education Statistics*, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School].

Figure 14

Median Decrease in K-12 Spending Per Pupil, by Poverty Quartile

2015 Median K-12 Spending Per Pupil
Low poverty: $15,080   Mid-low poverty: $11,117   Mid-upper poverty: $9,441   High poverty: $9,418

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; NCES, *Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction* and National Center on Education Statistics, *Digest of Education Statistics*, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School].

Table 4. Median Decrease in Spending for K-12 Education per Pupil by State Characteristics, 2015								
	State Aid for K-12 per pupil, 2015	Total K-12 Spending Per Pupil, 2015	Repeal Enhanced ACA		Repeal + 10% Cut		Repeal + 20% Cut	
			Decrease in State Aid for K-12 Per Pupil	Decrease in Total K-12 Spending Per Pupil	Decrease in State Aid for K-12 Per Pupil	Decrease in Total K-12 Spending Per Pupil	Decrease in State Aid for K-12 Per Pupil	Decrease in Total K-12 Spending Per Pupil
All States	**$5,961**	**$10,961**	**-10.9%**	**-5.5%**	**-15.4%**	**-9.4%**	**-24.1%**	**-13.7%**
By Expansion Status								
Expansion	$6,987	$11,510	-10.9%	-5.5%	-19.4%	-10.5%	-27.0%	-15.5%
Non-expansion	$4,555	$9,077	N/A	N/A	-9.4%	-5.1%	-18.8%	-10.2%
By Political Party of the Governor								
Democratic	$6,948	$11,475	-12.0%	-7.1%	-19.1%	-11.7%	-26.5%	-16.4%
Republican	$5,476	$9,968	-10.6%	-5.1%	-13.8%	-6.7%	-22.0%	-12.5%
Independent	$14,650	$19,132	-4.8%	-3.7%	-9.6%	-7.4%	-14.4%	-11.0%
By Region								
Northeast	$7,026	$16,159	-11.6%	-5.2%	-19.1%	-9.5%	-30.7%	-14.1%
South	$5,309	$9,406	-10.1%	-5.4%	-13.2%	-6.7%	-23.3%	-13.3%
Midwest	$6,380	$11,243	-8.4%	-4.9%	-13.9%	-7.9%	-21.0%	-13.0%
West	$6,127	$9,842	-12.4%	-7.4%	-20.2%	-10.3%	-27.6%	-14.5%
By Poverty Quartile								
Low Poverty	$8,209	$15,080	-10.5%	-5.6%	-11.5%	-7.4%	-15.8%	-11.0%
Low-Mid Poverty	$6,079	$11,117	-12.0%	-5.1%	-18.4%	-9.5%	-25.5%	-13.9%
Mid-Upper Poverty	$5,961	$9,441	-14.7%	-6.3%	-14.5%	-10.0%	-26.7%	-13.7%
High Poverty	$5,429	$9,418	-10.1%	-5.4%	-16.9%	-10.9%	-28.1%	-17.4%
By Expansion Status and Political Party of the Governor								
Expansion - Dem/Ind	$7,467	$12,173	-12.0%	-6.8%	-19.7%	-11.8%	-27.0%	-16.5%
Expansion - Rep	$6,879	$11,262	-10.6%	-5.1%	-19.2%	-10.2%	-27.8%	-14.6%
Non-expansion - Dem/Ind	$4,952	$9,622	N/A	N/A	-8.6%	-4.8%	-17.3%	-9.5%
Non-expansion - Rep	$4,535	$9,077	N/A	N/A	-9.4%	-5.1%	-18.8%	-10.2%

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; NCES, Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction; and National Center on Education Statistics, Digest of Education Statistics, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School].

Figure 15

Decrease in Total K-12 Spending Per Pupil Under Repeal of the ACA Enhanced Match + 20% Cut
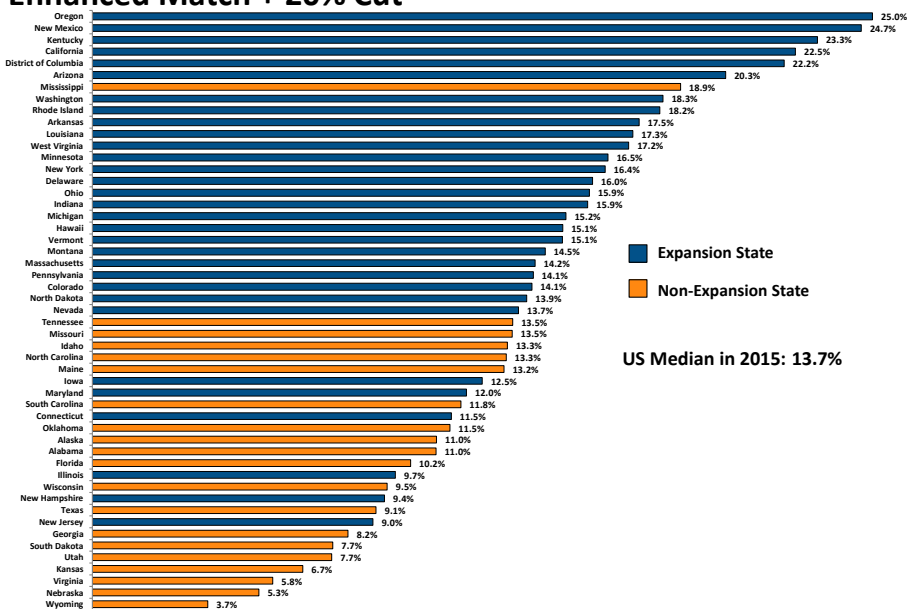
SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; NCES, *Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction*, and National Center on Education Statistics, *Digest of Education Statistics*, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School].

Conclusion

The Congress is currently debating the [American Health Care Act (AHCA),](#) which would not only repeal and replace the Affordable Care Act (ACA) but also make far reaching changes to the structure and financing of Medicaid. The AHCA would use a per capita cap policy or block grants to cap federal funds to states for Medicaid. These reductions in federal Medicaid funding, could have implications for other areas of the state budget if states chose to offset the decreases in federal spending with state funds by raising taxes or reducing other state spending (like K-12 education). States could also reduce spending in Medicaid by finding savings but more likely by restricting eligibility or benefits.

This analysis found that under various scenarios of reductions in federal Medicaid funding in FFY 2015, states would have to increase their per resident state Medicaid spending by a median of 17.2% to 40.3% to maintain total Medicaid spending. To pay for these increases, states could increase total state tax revenue per resident by a median of 3.5% to 8.1% or decrease K-12 education funding per pupil by a median of 10.9% to 24.1%. Because states have different starting points for taxes and education spending, the effects could vary by state and by groups of states. However, due to assumptions about changes in the ACA enhanced match rate, states that have adopted the Medicaid expansion will experience larger implications from the federal Medicaid funding reductions; this is true across states with Republican and Democratic governors. This increased budget pressure could make it difficult for states to maintain the Medicaid expansion. Federal funding reductions could have a disproportionate effect on states that spend less per resident on Medicaid and education, and have lower tax revenues, typically high poverty states. The responses presented in the report are illustrative. In reality, each state would make different policy choices and states could implement a combination of approaches, or not completely offset the federal reductions. However, the results show that depending on the size of the gap to fill, the responses could be significant.

Appendix

METHODOLOGY

The following details the methods and data used to examine the outcomes for reductions in federal Medicaid spending.

- **Estimated Reductions in federal Medicaid spending.** FY 2015 spending for each state was obtained from the Medicaid Budget and Expenditure System (MBES). Adjustments were made for states that expanded mid-year in FY 2015 or in FY 2016. Since Indiana and Pennsylvania expanded early in FY 2015, spending for the expansion population was adjusted to represent a full year of spending. Enrollment data for Alaska (as of April 2017), Louisiana (as of February 2017), and Montana (as of October 2016) were obtained from state resources. The latest enrollment data for these three states were multiplied by the federal per enrollee spending across all Medicaid enrollees in the state to estimate spending for the expansion population.

  Using the adjusted FY 2015 spending for the expansion group, we assumed a 90% match rate (the rate when the ACA is in full effect) and then took the difference between that match rate and spending assuming a state's traditional match rate. For the other effects, we estimated a 10% and a 20% reduction in federal funding off of FY 2015 spending for the traditional Medicaid population. We did not estimate the specifics of per capita cap or block grant proposals.

  (KFF analysis of Centers for Medicare and Medicaid Services, *Expenditure Reports from MBES*, https://www.medicaid.gov/medicaid/financing-and-reimbursement/state-expenditure-reporting/expenditure-reports/index.html; Centers for Medicare and Medicaid Services, Quarterly Medicaid Enrollment Report, https://www.medicaid.gov/medicaid/program-information/medicaid-and-chip-enrollment-data/enrollment-mbes/index.html; Alaska Department of Health and Social Services, Medicaid in Alaska Dashboard, accessed May 23, 2017, http://dhss.alaska.gov/HealthyAlaska/Pages/dashboard.aspx; Louisiana Department of Health, Medicaid Dashboard, accessed March 3, 2017, http://ldh.la.gov/healthyladashboard/; Montana Department of Public Health and Human Services, Monthly enrollments, accessed March 3, 2017, http://dphhs.mt.gov/StatisticalInformation.)

- **Change in Medicaid spending per state resident:** Medicaid cut divided by state population as of July 1, 2015. (U.S. Bureau of the Census, *State Population Totals Tables: 2010-2016*, https://www2.census.gov/programs-surveys/popest/tables/2010-2016/state/totals/nst-est2016-01.xlsx.)

- **Change in state government taxes:** The percentage increase in state government taxes that would be required if states were to raise taxes to offset Medicaid cuts. The calculation is the Medicaid cut as a percentage of state taxes, based upon state fiscal year 2015 state government tax collections. For the District of Columbia, which does not have a state government, we used District tax collections. (U.S. Bureau of the Census, *2015 Annual Survey of State Government Tax Collections*, https://www.census.gov/govs/statetax/.)

- **Change in largest state government tax:** The percentage increase that would be required in a state's largest state-government tax, if the state raised that tax to offset Medicaid cuts. The calculation is the Medicaid cut as a percentage of the state's largest tax, where the largest tax is determined based upon detailed item-code data for state fiscal year 2015. For the District of Columbia, which does not have a state government, we used the largest District tax. (U.S. Bureau of the Census, *2015 Annual Survey of State Government Tax Collections*, https://www.census.gov/govs/statetax/.)

- **Change in state aid for K-12 education:** The percentage cut in state aid for K-12 education that would be required if states were to cut this aid to offset Medicaid cuts. The calculation is the Medicaid cut as a percentage of state aid for K-12 education. Revenue of public schools from state governments is used as a proxy for state aid because data that explicitly measure state aid and that are both timely and comparable across states are not available. (Revenue from the state government may differ from what states show in their budgets for state aid. For example, Hawaii operates all of its schools, rather than providing aid to school districts. This approach treats revenue from the state of Hawaii as state aid.) For the District of Columbia, which does not have a state government, we used District revenue used to support schools. The latest available data for revenue of public schools is for 2014, from the National Center for Education Statistics NCES. (NCES, *Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction*, https://nces.ed.gov/programs/digest/d16/tables/dt16_235.20.asp.) We estimated values for 2015 by adding one year of estimated growth to each state's value for 2014, based on the compound annual growth rate for the prior five years (2009 to 2014).

- **Change in K-12 education per-pupil spending:** The cut that would be required in K-12 education spending per pupil if the entire Medicaid cut were offset by cuts in spending by school districts. The per-pupil cut is calculated as the Medicaid cut divided by the number of public school pupils in the state in the 2014-15 school year, excluding adult education enrollment. (National Center on Education Statistics, *Digest of Education Statistics*, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School], http://nces.ed.gov/ccd/elsi.) To provide context for these numbers, we then compute this cut as a percentage of total public school expenditures per pupil (excluding adult education enrollment). The latest available data for revenue of public schools is for 2014, from the National Center for Education Statistics NCES. We estimated values for 2015 by adding one year of estimated growth to each state's value for 2014, based on the compound annual growth rate for the prior five years (2009 to 2014).

GROUPING STATES BY CHARACTERISTICS

- **Medicaid expansion status:** ACA Medicaid expansion status, as of January 2017. http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/?currentTimeframe=0&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

- **Political party:** Political party of the state governor or mayor, as of January 25, 2017 (in the case of the District of Columbia). https://www.nga.org/files/live/sites/NGA/files/pdf/GOVLIST.PDF

- **Region:** Major geographic divisions of the United States as defined by the Bureau of the Census http://www2.census.gov/geo/docs/maps-data/maps/reg_div.txt

- **Poverty quartile:** The poverty-rate quartile that each state is based upon the 2013-2015 three-year-average CPS poverty-rate. (U.S. Bureau of the Census, Historical Poverty Tables: People and Families - 1959 to 2015, Table 19. Percent of Persons in Poverty, by State, https://www2.census.gov/programs-surveys/cps/tables/time-series/historical-poverty-people/hstpov19.xls.)

STATE TABLES

Appendix Table 1. State Characteristics, as of January 2017				
State	**Expansion Status**	**Governor's Party**	**Region**	**Poverty Quartile**
California	Expansion	Democratic	West	Mid-Upper Poverty
Colorado	Expansion	Democratic	West	Low-Mid Poverty
Connecticut	Expansion	Democratic	Northeast	Low Poverty
Delaware	Expansion	Democratic	South	Low-Mid Poverty
District of Columbia	Expansion	Democratic	South	High Poverty
Hawaii	Expansion	Democratic	West	Low Poverty
Louisiana	Expansion	Democratic	South	High Poverty
Minnesota	Expansion	Democratic	Midwest	Low Poverty
Montana	Expansion	Democratic	West	Low-Mid Poverty
New York	Expansion	Democratic	Northeast	Mid-Upper Poverty
Oregon	Expansion	Democratic	West	Mid-Upper Poverty
Pennsylvania	Expansion	Democratic	Northeast	Low-Mid Poverty
Rhode Island	Expansion	Democratic	Northeast	Low Poverty
Washington	Expansion	Democratic	West	Low-Mid Poverty
West Virginia	Expansion	Democratic	South	High Poverty
Alaska	Expansion	Independent	West	Low Poverty
Arizona	Expansion	Republican	West	High Poverty
Arkansas	Expansion	Republican	South	High Poverty
Illinois	Expansion	Republican	Midwest	Low-Mid Poverty
Indiana	Expansion	Republican	Midwest	Mid-Upper Poverty
Iowa	Expansion	Republican	Midwest	Low-Mid Poverty
Kentucky	Expansion	Republican	South	High Poverty
Maryland	Expansion	Republican	South	Low Poverty
Massachusetts	Expansion	Republican	Northeast	Low-Mid Poverty
Michigan	Expansion	Republican	Midwest	Mid-Upper Poverty
Nevada	Expansion	Republican	West	Mid-Upper Poverty
New Hampshire	Expansion	Republican	Northeast	Low Poverty
New Jersey	Expansion	Republican	Northeast	Low Poverty
New Mexico	Expansion	Republican	West	High Poverty
North Dakota	Expansion	Republican	Midwest	Low-Mid Poverty
Ohio	Expansion	Republican	Midwest	Mid-Upper Poverty
Vermont	Expansion	Republican	Northeast	Low Poverty
North Carolina	Non-expansion	Democratic	South	Mid-Upper Poverty
Virginia	Non-expansion	Democratic	South	Low Poverty
Alabama	Non-expansion	Republican	South	High Poverty
Florida	Non-expansion	Republican	South	Mid-Upper Poverty
Georgia	Non-expansion	Republican	South	High Poverty
Idaho	Non-expansion	Republican	West	Low-Mid Poverty
Kansas	Non-expansion	Republican	Midwest	Low-Mid Poverty
Maine	Non-expansion	Republican	Northeast	Mid-Upper Poverty
Mississippi	Non-expansion	Republican	South	High Poverty
Missouri	Non-expansion	Republican	Midwest	Low-Mid Poverty
Nebraska	Non-expansion	Republican	Midwest	Low Poverty
Oklahoma	Non-expansion	Republican	South	High Poverty
South Carolina	Non-expansion	Republican	South	High Poverty
South Dakota	Non-expansion	Republican	Midwest	Mid-Upper Poverty
Tennessee	Non-expansion	Republican	South	Mid-Upper Poverty
Texas	Non-expansion	Republican	South	Mid-Upper Poverty
Utah	Non-expansion	Republican	West	Low Poverty
Wisconsin	Non-expansion	Republican	Midwest	Low-Mid Poverty
Wyoming	Non-expansion	Republican	West	Low Poverty
SOURCES: Kaiser Family Foundation's State health Facts, Status of State Action on the Medicaid Expansion Decision, as of January 1, 2017. National Governors Association, Governors Roster 2017, as of January 25, 2017. U.S. Census Bureau, Regions and Divisions with State FIPS Codes, 2017. U.S. Bureau of the Census, Historical Poverty Tables: People and Families - 1959 to 2015, Table 19. Percent of Persons in Poverty, by State.				

Appendix Table 2. Federal Medicaid Cuts by State, FFY 2015			
	Repeal Enhanced ACA Match	Repeal + 10% Cut	Repeal + 20% Cut
United States	**$26,676,000,000**	**$52,805,000,000**	**$78,933,000,000**
Alabama	N/A	$372,000,000	$745,000,000
Alaska	$93,000,000	$185,000,000	$277,000,000
Arizona	$496,000,000	$1,073,000,000	$1,650,000,000
Arkansas	$264,000,000	$561,000,000	$858,000,000
California	$7,590,000,000	$10,700,000,000	$13,810,000,000
Colorado	$527,000,000	$833,000,000	$1,139,000,000
Connecticut	$542,000,000	$866,000,000	$1,191,000,000
Delaware	$148,000,000	$225,000,000	$302,000,000
District of Columbia	$69,000,000	$219,000,000	$369,000,000
Florida	N/A	$1,254,000,000	$2,509,000,000
Georgia	N/A	$652,000,000	$1,304,000,000
Hawaii	$195,000,000	$274,000,000	$352,000,000
Idaho	N/A	$130,000,000	$259,000,000
Illinois	$1,282,000,000	$2,007,000,000	$2,733,000,000
Indiana	$482,000,000	$1,026,000,000	$1,569,000,000
Iowa	$258,000,000	$472,000,000	$687,000,000
Kansas	N/A	$173,000,000	$347,000,000
Kentucky	$597,000,000	$1,052,000,000	$1,506,000,000
Louisiana	$383,000,000	$869,000,000	$1,354,000,000
Maine	N/A	$162,000,000	$325,000,000
Maryland	$703,000,000	$1,100,000,000	$1,496,000,000
Massachusetts	$744,000,000	$1,469,000,000	$2,194,000,000
Michigan	$797,000,000	$1,640,000,000	$2,484,000,000
Minnesota	$698,000,000	$1,162,000,000	$1,627,000,000
Mississippi	N/A	$386,000,000	$772,000,000
Missouri	N/A	$619,000,000	$1,237,000,000
Montana	$78,000,000	$155,000,000	$233,000,000
Nebraska	N/A	$101,000,000	$202,000,000
Nevada	$235,000,000	$375,000,000	$515,000,000
New Hampshire	$114,000,000	$187,000,000	$259,000,000
New Jersey	$1,179,000,000	$1,769,000,000	$2,358,000,000
New Mexico	$281,000,000	$534,000,000	$787,000,000
New York	$4,250,000,000	$6,769,000,000	$9,289,000,000
North Carolina	N/A	$843,000,000	$1,687,000,000
North Dakota	$97,000,000	$141,000,000	$185,000,000
Ohio	$967,000,000	$2,060,000,000	$3,154,000,000
Oklahoma	N/A	$317,000,000	$634,000,000
Oregon	$691,000,000	$1,055,000,000	$1,419,000,000
Pennsylvania	$1,258,000,000	$2,382,000,000	$3,505,000,000
Rhode Island	$184,000,000	$292,000,000	$399,000,000
South Carolina	N/A	$430,000,000	$860,000,000
South Dakota	N/A	$46,000,000	$93,000,000
Tennessee	N/A	$592,000,000	$1,184,000,000
Texas	N/A	$2,051,000,000	$4,102,000,000
Utah	N/A	$161,000,000	$322,000,000
Vermont	$93,000,000	$170,000,000	$248,000,000
Virginia	N/A	$406,000,000	$813,000,000
Washington	$1,250,000,000	$1,642,000,000	$2,035,000,000
West Virginia	$133,000,000	$345,000,000	$557,000,000
Wisconsin	N/A	$471,000,000	$942,000,000
Wyoming	N/A	$28,000,000	$56,000,000

NOTE: Adjustments were made for the five states that expanded mid-year in FY15 or in FY16 (AK, IN, LA, MT, PA). Data are rounded to the nearest million and may not sum to the US total.
SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016.

Appendix Table 3. Increase in State Medicaid Spending per Resident by State, 2015		Repeal Enhanced ACA Match	Repeal + 10% Cut	Repeal + 20% Cut
	State Medicaid Spending Per Resident, FFY 2015	Increase in State Medicaid Spending per	Increase in State Medicaid Spending per	Increase in State Medicaid Spending per
United States	**$619**	**13.4%**	**26.6%**	**39.8%**
Alabama	$336	N/A	22.8%	45.7%
Alaska	$889	14.2%	28.2%	42.2%
Arizona	$392	18.5%	40.1%	61.7%
Arkansas	$445	19.9%	42.4%	64.8%
California	$809	24.0%	33.9%	43.8%
Colorado	$559	17.3%	27.4%	37.4%
Connecticut	$917	16.5%	26.3%	36.2%
Delaware	$751	20.8%	31.7%	42.6%
District of Columbia	$1,015	10.1%	32.2%	54.3%
Florida	$407	N/A	15.2%	30.5%
Georgia	$306	N/A	20.9%	41.8%
Hawaii	$534	25.6%	36.0%	46.3%
Idaho	$306	N/A	25.6%	51.2%
Illinois	$558	17.9%	28.0%	38.2%
Indiana	$462	15.8%	33.6%	51.4%
Iowa	$551	15.0%	27.5%	39.9%
Kansas	$450	N/A	13.3%	26.5%
Kentucky	$499	27.0%	47.6%	68.2%
Louisiana	$656	12.5%	28.3%	44.2%
Maine	$732	N/A	16.7%	33.4%
Maryland	$674	17.4%	27.2%	37.0%
Massachusetts	$1,061	10.3%	20.4%	30.5%
Michigan	$472	17.0%	35.1%	53.1%
Minnesota	$865	14.7%	24.5%	34.3%
Mississippi	$450	N/A	28.7%	57.4%
Missouri	$571	N/A	17.8%	35.6%
Montana	$392	19.2%	38.4%	57.7%
Nebraska	$461	N/A	11.6%	23.2%
Nevada	$291	28.0%	44.6%	61.2%
New Hampshire	$556	15.4%	25.2%	35.0%
New Jersey	$655	20.1%	30.2%	40.3%
New Mexico	$568	23.8%	45.2%	66.6%
New York	$1,259	17.1%	27.2%	37.4%
North Carolina	$429	N/A	19.6%	39.2%
North Dakota	$592	21.7%	31.5%	41.3%
Ohio	$572	14.6%	31.0%	47.5%
Oklahoma	$466	N/A	17.4%	34.8%
Oregon	$529	32.5%	49.6%	66.7%
Pennsylvania	$825	11.9%	22.6%	33.2%
Rhode Island	$1,048	16.6%	26.4%	36.1%
South Carolina	$358	N/A	24.6%	49.2%
South Dakota	$423	N/A	12.8%	25.6%
Tennessee	$478	N/A	18.8%	37.6%
Texas	$524	N/A	14.3%	28.5%
Utah	$221	N/A	24.4%	48.8%
Vermont	$999	14.8%	27.2%	39.6%
Virginia	$474	N/A	10.2%	20.5%
Washington	$569	30.7%	40.3%	50.0%
West Virginia	$498	14.5%	37.6%	60.7%
Wisconsin	$570	N/A	14.3%	28.6%
Wyoming	$456	N/A	10.4%	20.9%

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016 and the U.S. Bureau of the Census, State Population Totals Tables: 2010-2016, accessed December 2016.

	Total State Tax Revenue per Resident, 2015	Largest tax, 2015	Revenue from the Largest Tax per Resident, 2015	Repeal Enhanced ACA Match		Repeal + 10% Cut		Repeal + 20% Cut	
				Increase in Total State Taxes per Resident	Increase in the Largest State Tax per Resident	Increase in Total State Taxes per Resident	Increase in the Largest State Tax per Resident	Increase in Total State Taxes per Resident	Increase in the Largest State Tax per Resident
United States	$2,840	Individual Income	$1,050	2.9%	7.9%	5.8%	15.7%	8.7%	23.5%
Alabama	$2,010	Individual Income	$687	N/A	N/A	3.8%	11.2%	7.6%	22.3%
Alaska	$1,171	Corporation Net Income	$309	10.8%	40.9%	21.4%	81.2%	32.1%	121.6%
Arizona	$2,066	General Sales and Gross Receipts	$948	3.5%	7.7%	7.6%	16.6%	11.7%	25.5%
Arkansas	$3,086	General Sales and Gross Receipts	$1,069	2.9%	8.3%	6.1%	17.6%	9.3%	27.0%
California	$3,877	Individual Income	$1,999	5.0%	9.7%	7.1%	13.7%	9.1%	17.7%
Colorado	$2,351	Individual Income	$1,170	4.1%	8.3%	6.5%	13.1%	8.9%	17.9%
Connecticut	$4,528	Individual Income	$2,282	3.3%	6.6%	5.3%	10.6%	7.3%	14.6%
Delaware	$3,722	Corporations in General License	$1,278	4.2%	12.2%	6.4%	18.6%	8.6%	25.0%
District of Columbia	$10,572	Property	$3,359	1.0%	3.0%	3.1%	9.7%	5.2%	16.4%
Florida	$1,838	General Sales and Gross Receipts	$1,077	N/A	N/A	3.4%	5.8%	6.7%	11.5%
Georgia	$1,934	Individual Income	$949	N/A	N/A	3.3%	6.7%	6.6%	13.5%
Hawaii	$4,551	General Sales and Gross Receipts	$2,100	3.0%	6.5%	4.2%	9.1%	5.4%	11.8%
Idaho	$2,405	Individual Income	$894	N/A	N/A	3.3%	8.8%	6.5%	17.5%
Illinois	$3,060	Individual Income	$1,239	3.3%	8.1%	5.1%	12.6%	7.0%	17.2%
Indiana	$2,631	General Sales and Gross Receipts	$1,101	2.8%	6.6%	5.9%	14.1%	9.0%	21.6%
Iowa	$2,943	Individual Income	$1,112	2.8%	7.4%	5.1%	13.6%	7.5%	19.8%
Kansas	$2,712	General Sales and Gross Receipts	$1,050	N/A	N/A	2.2%	5.7%	4.4%	11.4%
Kentucky	$2,621	Individual Income	$920	5.1%	14.7%	9.1%	25.8%	13.0%	37.0%
Louisiana	$2,082	Individual Income	$639	3.9%	12.8%	8.9%	29.1%	13.9%	45.4%
Maine	$3,057	Individual Income	$1,153	N/A	N/A	4.0%	10.6%	8.0%	21.2%
Maryland	$3,311	Individual Income	$1,392	3.5%	8.4%	5.5%	13.2%	7.5%	17.9%
Massachusetts	$3,982	Individual Income	$2,136	2.8%	5.1%	5.4%	10.1%	8.1%	15.1%
Michigan	$2,718	General Sales and Gross Receipts	$929	3.0%	8.6%	6.1%	17.8%	9.2%	27.0%
Minnesota	$4,458	Individual Income	$1,892	2.9%	6.7%	4.8%	11.2%	6.7%	15.7%
Mississippi	$2,645	General Sales and Gross Receipts	$1,145	N/A	N/A	4.9%	11.3%	9.8%	22.6%
Missouri	$1,968	Individual Income	$964	N/A	N/A	5.2%	10.6%	10.3%	21.1%
Montana	$2,755	Individual Income	$1,144	2.7%	6.6%	5.5%	13.2%	8.2%	19.8%
Nebraska	$2,686	Individual Income	$1,183	N/A	N/A	2.0%	4.5%	4.0%	9.0%
Nevada	$2,612	General Sales and Gross Receipts	$1,415	3.1%	5.8%	5.0%	9.2%	6.8%	12.6%
New Hampshire	$1,870	Corporation Net Income	$434	4.6%	19.7%	7.5%	32.4%	10.4%	45.0%
New Jersey	$3,533	Individual Income	$1,483	3.7%	8.9%	5.6%	13.3%	7.5%	17.8%
New Mexico	$2,889	General Sales and Gross Receipts	$1,084	4.7%	12.5%	8.9%	23.7%	13.1%	34.9%
New York	$3,962	Individual Income	$2,214	5.4%	9.7%	8.7%	15.5%	11.9%	21.2%
North Carolina	$2,497	Individual Income	$1,116	N/A	N/A	3.4%	7.5%	6.7%	15.1%
North Dakota	$7,584	Severance	$3,765	1.7%	3.4%	2.5%	5.0%	3.2%	6.5%
Ohio	$2,438	General Sales and Gross Receipts	$1,025	3.4%	8.1%	7.3%	17.3%	11.1%	26.5%
Oklahoma	$2,408	Individual Income	$832	N/A	N/A	3.4%	9.7%	6.7%	19.5%
Oregon	$2,628	Individual Income	$1,816	6.5%	9.5%	10.0%	14.4%	13.4%	19.4%
Pennsylvania	$2,823	Individual Income	$898	3.5%	11.0%	6.6%	20.7%	9.7%	30.5%
Rhode Island	$3,028	Individual Income	$1,151	5.8%	15.1%	9.1%	24.0%	12.5%	32.8%
South Carolina	$1,968	Individual Income	$764	N/A	N/A	4.5%	11.5%	8.9%	23.0%
South Dakota	$1,951	General Sales and Gross Receipts	$1,132	N/A	N/A	2.8%	4.8%	5.5%	9.6%
Tennessee	$1,925	General Sales and Gross Receipts	$993	N/A	N/A	4.7%	9.0%	9.3%	18.1%
Texas	$2,008	General Sales and Gross Receipts	$1,227	N/A	N/A	3.7%	6.1%	7.4%	12.2%
Utah	$2,241	Individual Income	$1,056	N/A	N/A	2.4%	5.1%	4.8%	10.2%
Vermont	$4,861	Property	$1,654	3.1%	9.0%	5.6%	16.4%	8.1%	23.9%
Virginia	$2,454	Individual Income	$1,423	N/A	N/A	2.0%	3.4%	4.0%	6.8%
Washington	$2,883	General Sales and Gross Receipts	$1,748	6.1%	10.0%	8.0%	13.1%	9.9%	16.3%
West Virginia	$3,023	Individual Income	$1,050	2.4%	6.9%	6.2%	17.8%	10.0%	28.8%
Wisconsin	$2,951	Individual Income	$1,226	N/A	N/A	2.8%	6.7%	5.5%	13.3%
Wyoming	$4,017	Severance	$1,507	N/A	N/A	1.2%	3.2%	2.4%	6.3%

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; the U.S. Bureau of the Census, State Population Totals Tables: 2010-2016, accessed December 2016; and U.S. Bureau of the Census, 2015 Annual Survey of State Government Tax Collections, accessed December 2016.

Appendix Table 5. Decrease in Spending for K-12 Education per Pupil by State, 2015

	State Aid for K-12 per Pupil, 2015	Total K-12 Spending Per Pupil, 2015	Repeal Enhanced ACA		Repeal + 10% Cut		Repeal + 20% Cut	
			Decrease in State Aid for K-12 Per Pupil	Decrease in Total K-12 Spending Per Pupil	Decrease in State Aid for K-12 Per Pupil	Decrease in Total K-12 Spending Per Pupil	Decrease in State Aid for K-12 Per Pupil	Decrease in Total K-12 Spending Per Pupil
United States	**$5,867**	**$11,233**	**-9.2%**	**-4.8%**	**-18.2%**	**-9.4%**	**-27.1%**	**-14.1%**
Alabama	$5,437	$9,077	N/A	N/A	-9.2%	-5.5%	-18.4%	-11.0%
Alaska	$14,650	$19,132	-4.8%	-3.7%	-9.6%	-7.4%	-14.4%	-11.0%
Arizona	$3,730	$7,320	-12.0%	-6.1%	-25.9%	-13.2%	-39.9%	-20.3%
Arkansas	$5,422	$9,968	-9.9%	-5.4%	-21.1%	-11.5%	-32.2%	-17.5%
California	$6,273	$9,842	-19.4%	-12.4%	-27.4%	-17.5%	-35.4%	-22.5%
Colorado	$4,617	$9,090	-12.8%	-6.5%	-20.3%	-10.3%	-27.8%	-14.1%
Connecticut	$8,374	$19,061	-11.9%	-5.2%	-19.1%	-8.4%	-26.2%	-11.5%
Delaware	$8,850	$14,066	-12.5%	-7.8%	-19.0%	-11.9%	-25.5%	-16.0%
District of Columbia	$25,660	$20,563	-6.0%	-4.1%	-13.2%	-13.2%	-20.5%	-22.2%
Florida	$3,906	$8,914	N/A	N/A	-11.6%	-5.1%	-23.3%	-10.2%
Georgia	$4,555	$9,121	N/A	N/A	-8.2%	-4.1%	-16.4%	-8.2%
Hawaii	$13,081	$12,804	-8.2%	-8.3%	-11.5%	-11.7%	-14.8%	-15.1%
Idaho	$4,732	$6,698	N/A	N/A	-9.4%	-6.7%	-18.8%	-13.3%
Illinois	$3,449	$13,773	-18.2%	-4.6%	-28.5%	-7.1%	-38.8%	-9.7%
Indiana	$6,881	$9,441	-6.7%	-4.9%	-14.3%	-10.4%	-21.8%	-15.9%
Iowa	$6,876	$11,047	-7.6%	-4.7%	-13.8%	-8.6%	-20.1%	-12.5%
Kansas	$6,710	$10,473	N/A	N/A	-5.3%	-3.4%	-10.5%	-6.7%
Kentucky	$5,665	$9,406	-15.3%	-9.2%	-27.0%	-16.2%	-38.6%	-23.3%
Louisiana	$5,309	$10,901	-10.1%	-4.9%	-22.8%	-11.1%	-35.6%	-17.3%
Maine	$5,961	$13,874	N/A	N/A	-15.4%	-6.6%	-30.7%	-13.2%
Maryland	$7,085	$14,253	-11.4%	-5.6%	-17.7%	-8.8%	-24.1%	-12.0%
Massachusetts	$7,026	$16,159	-11.1%	-4.8%	-21.9%	-9.5%	-32.7%	-14.2%
Michigan	$7,557	$10,961	-7.1%	-4.9%	-14.5%	-10.0%	-22.0%	-15.2%
Minnesota	$9,741	$11,475	-8.4%	-7.1%	-13.9%	-11.8%	-19.5%	-16.5%
Mississippi	$4,535	$8,336	N/A	N/A	-17.3%	-9.4%	-34.7%	-18.9%
Missouri	$3,705	$10,006	N/A	N/A	-18.2%	-6.7%	-36.4%	-13.5%
Montana	$5,845	$11,117	-9.2%	-4.8%	-18.4%	-9.7%	-27.6%	-14.5%
Nebraska	$4,151	$12,116	N/A	N/A	-7.8%	-2.7%	-15.6%	-5.3%
Nevada	$3,492	$8,201	-14.7%	-6.3%	-23.4%	-10.0%	-32.1%	-13.7%
New Hampshire	$5,476	$15,080	-11.3%	-4.1%	-18.6%	-6.7%	-25.8%	-9.4%
New Jersey	$8,209	$19,151	-10.5%	-4.5%	-15.7%	-6.7%	-21.0%	-9.0%
New Mexico	$7,801	$9,430	-10.7%	-8.8%	-20.2%	-16.7%	-29.8%	-24.7%
New York	$9,134	$20,760	-17.1%	-7.5%	-27.2%	-12.0%	-37.4%	-16.4%
North Carolina	$5,279	$8,273	N/A	N/A	-10.4%	-6.6%	-20.8%	-13.3%
North Dakota	$9,765	$12,476	-9.4%	-7.3%	-13.6%	-10.6%	-17.8%	-13.9%
Ohio	$6,051	$11,477	-9.3%	-4.9%	-19.8%	-10.4%	-30.2%	-15.9%
Oklahoma	$4,358	$8,029	N/A	N/A	-10.6%	-5.7%	-21.1%	-11.5%
Oregon	$6,127	$10,068	-20.0%	-12.2%	-30.6%	-18.6%	-41.1%	-25.0%
Pennsylvania	$6,079	$14,381	-12.0%	-5.1%	-22.7%	-9.6%	-33.5%	-14.1%
Rhode Island	$6,948	$15,615	-18.9%	-8.4%	-29.9%	-13.3%	-40.9%	-18.2%
South Carolina	$5,527	$9,618	N/A	N/A	-10.3%	-5.9%	-20.6%	-11.8%
South Dakota	$3,170	$9,076	N/A	N/A	-11.0%	-3.9%	-22.1%	-7.7%
Tennessee	$4,451	$8,824	N/A	N/A	-13.4%	-6.7%	-26.7%	-13.5%
Texas	$4,315	$8,617	N/A	N/A	-9.1%	-4.5%	-18.2%	-9.1%
Utah	$4,302	$6,595	N/A	N/A	-5.9%	-3.8%	-11.8%	-7.7%
Vermont	$18,623	$19,454	-5.9%	-5.7%	-10.8%	-10.4%	-15.8%	-15.1%
Virginia	$4,626	$10,971	N/A	N/A	-6.9%	-2.9%	-13.7%	-5.8%
Washington	$7,431	$10,355	-15.7%	-11.2%	-20.6%	-14.8%	-25.5%	-18.3%
West Virginia	$7,503	$11,543	-6.3%	-4.1%	-16.4%	-10.7%	-26.5%	-17.2%
Wisconsin	$5,758	$11,439	N/A	N/A	-9.4%	-4.7%	-18.8%	-9.5%
Wyoming	$10,303	$16,050	N/A	N/A	-2.9%	-1.9%	-5.8%	-3.7%

SOURCE: KFF/Rockefeller Institute of Government analysis of data from the Medicaid Budget and Expenditure System (MBES), CMS, accessed December 2016; NCES, Revenues for public elementary and secondary schools, by source of funds and state or jurisdiction; and National Center on Education Statistics, Digest of Education Statistics, K-12 Enrollment - Total Students, All Grades (Excludes AE) [Public School].