

## MEDICAID EXPANSION ENROLLMENT SHIFTS

**Background:**

Montana’s Medicaid expansion program is currently slated to sunset on June 30, 2025. This document describes the impact of a potential sunset on enrollment and the budget associated with Montana’s broader Medicaid program.

**Enrollment and Cost Shifts:**

The Department estimates that of the current 76,619 Medicaid expansion enrollees, approximately 7,500 to 10,000 would transition to Traditional Medicaid in the event of a Medicaid expansion sunset. This estimated range considers some variability as Medicaid enrollment continues to stabilize following completion of the Public Health Emergency eligibility redetermination process. The state share for those who would likely transition to Traditional coverage may cost more than the current state share for expansion. The current estimate for the state share of the Traditional coverage for this subset is \$42.8 million per year, while the state share for expansion coverage for the entire population is \$11.3 million.

The estimated breakdown by eligibility category is as follows:

**Table 1: ESTIMATED EXPANSION INDIVIDUALS MOVING TO TRADITIONAL MEDICAID BY CATEGORY**

Eligibility Category	Est. Individuals to Move to Traditional Medicaid
Breast and Cervical Cancer	95
Medically Needy	2,388
Expansion Family	2,826
SDMI (HIFA Waiver)	2,520
Pregnant	607
<b>Est. Total</b>	<b>8,436</b>

Table 2 below shows the estimated SFY26 costs for these individuals, along with the associated state fund impact associated with Medicaid expansion and Traditional Medicaid.

**Table 2: ESTIMATED STATE SHARE FOR TRADITIONAL MEDICAID-ELIGIBLE EXPANSION ENROLLEES, UNDER EXPANSION AND TRADITIONAL MEDICAID FMAP**



Eligibility Category	Total Projected Funds (SFY26)	State Share with Expansion (SFY26)	State Share with Trad Med (SFY26)
Breast and Cervical Cancer	\$4,250,885	\$377,691	\$1,012,590
Medically Needy	\$31,395,114	\$2,789,456	\$10,708,721
Expansion Family	\$19,304,861	\$1,715,237	\$6,584,794
SDMI (HIFA Waiver)	\$60,741,002	\$5,396,838	\$20,718,461
Pregnant	\$11,022,857	\$979,381	\$3,759,843
<b>Estimated Total</b>	<b>\$126,714,719</b>	<b>\$11,258,603</b>	<b>\$42,784,410</b>

The Department’s SFY25 budget appropriation for Medicaid expansion is approximately \$1.09 billion. This is largely made up of State Special (5.22%) and federal funding (90.95%). The state funds portion is \$41.6 million (3.83%).

**Key Points:**

The Governor’s proposed budget requests \$35,053,849 for Medicaid expansion benefits from the state general fund in SFY26. This assumes Medicaid expansion program operates in the same manner as today.

**Table 3: GOVERNOR’S PROPOSED BUDGET FOR STATE SHARE OF MEDICAID EXPANSION EXPENDITURES**

Eligibility Category	SFY 26 Budget Request
All Medicaid Expansion	<b>\$35,053,849</b>

If, instead, Medicaid expansion sunsets, Table 4 below projects the total state general fund expenditures for those individuals who are anticipated to transition from Medicaid expansion to traditional Medicaid (\$43.3 million).

**Table 4: STATE SHARE OF MEDICAID EXPENDITURES FOR SELECT EXPANSION INDIVIDUALS IF MOVED TO TRADITIONAL MEDICAID**

Eligibility Category	State Share with Trad Med (SFY26 Projection)
Breast and Cervical Cancer	\$1,012,590
Medically Needy	\$10,708,721
Expansion Family	\$6,584,794
SDMI (HIFA Waiver)	\$20,718,461
Pregnant	\$3,759,843
<b>Estimated Total</b>	<b>\$42,784,410</b>

Based on Tables 3 and 4 above, the Department is currently estimating additional state funds may be required should Medicaid expansion not be reauthorized, including the effects of eligibility groups noted above being transitioned to Traditional Medicaid at a lower Federal Medical Assistance Percentage (FMAP).



These estimates do not encapsulate other impacts to the state funds that may result from a sunset of the Medicaid expansion program. For example, the Department of Corrections (DOC) would also be impacted. Medicaid covers inpatient hospital stays for inmates who are Medicaid eligible. With fewer inmates eligible for Medicaid as a result of a Medicaid expansion sunset, DOC will see an increase in state fund obligations as fewer DOC inpatient claims covered by Medicaid.