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Fed stimulus could slash amount Idaho must match for Medicaid expenditures

Money saved would help state's general fund

BOISE - The latest stimulus bombshell: An increase in the federal Medicaid match could free up as much as \$125 million in state general fund revenue, helping offset some of the projected cuts in the 2010 budget.

Legislative budget analyst Amy Castro discussed the health and welfare portions of the federal stimulus bill with the Legislature's joint budget committee Thursday. As with education funding, the bill includes several pools of money that could be used for various health and welfare needs. Castro said much of the money will be allocated through current formulas.

Idaho, for example, could receive an additional \$98 million for food stamps, home weatherization for low-income residents, supplemental nutrition for women and infants, and other existing programs. Millions more would be available for health center grants, prevention and wellness programs, low-income child care and other services.

The increase in the federal Medicaid match, however, has the greatest implications for the overall state budget. Medicaid expenditures currently require a significant state match, on average about 30 percent, but Castro said the stimulus bill reduced that to about 24 percent in fiscal 2009 and 21 percent in 2010.

That will free up an estimated \$52 million in 2009 and \$73 million in 2010, she said. In addition, the higher match plugs an estimated \$120 million hole in the 2010 Medicaid budget, but it doesn't eliminate the need for the rules and statutory changes proposed earlier this session.

The \$52 million would be available to cover any additional revenue shortfalls in fiscal 2009, Castro said. Otherwise, the money will carry over to 2010. All of it, as well as the \$73 million, is general fund revenue that could be used to prop up almost any agency budget.

To put that in perspective, prior to passage of the stimulus bill, the fiscal 2010 general fund budget was expected to be about \$317 million below the original 2009 budget.

However, updated revenue projections expected next week could widen that gap. The budget committee is also keeping an eye on the 2011 budget, which some members think could be even worse than 2010. Rather than use the \$125 million to avoid budget cuts, the committee may want to bank any savings in case the recession extends beyond this year.