

# Medicaid Forecast

The state Medicaid forecasting group estimates there will be a surplus in Medicaid funds of \$70 million for fiscal year 2009, and a surplus of \$53 million for fiscal year 2010. The Medicaid forecasting group is made up of staff members from the Department of Management, the Department of Human Services, and the non-partisan Legislative Services Agency.

It is estimated that Iowa will receive, from the federal stimulus money, a 6.2% increase in the federal match over 27 months. This money is

to be used to provide Medicaid services to low income, disabled, and elderly Iowans.

For the current fiscal year, FY 2009, the group estimates that the one-time federal stimulus money Iowa will receive will offset state money to fully fund Medicaid and provide a surplus in the range of \$63 million to \$77 million. Even though the Governor's 1.5% across-the-board cut reduced Medicaid funding, the federal funding not only makes up for that reduction in funding but will provide additional money.

For FY 2010, the group estimates that the Medicaid surplus will be in the range of \$36 million to \$70 million. This estimate also covers the 6.5% reduction the Governor made to balance the budget, as well as the 6.2% increase in state money needed to meet the federal match requirement.

The Legislature is looking closely on how to best use this temporary influx of money. Starting in FY 2012, Iowa may have to look at filling the temporary federal funds with state only funds.