

**Testimony Of**

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**Ohio House Medicaid Committee  
Governor DeWine's Executive Budget Proposal  
Fiscal Years 2026 and 2027**

**February 11, 2025**

Chair Gross, Vice Chair Barhorst, Ranking Member Baker, and members of the House Medicaid Committee, as the Director of the Office of Budget and Management, it is my privilege to join you this afternoon to discuss how Medicaid fits into the structure of the state of Ohio's two-year budget plan for the upcoming FY 2026-2027 biennium.

When we discuss the state biennial budget, we frequently focus on the state General Revenue Fund, or GRF, the largest and most flexible of the funds in our budget. The GRF receives the majority of the state's general-purpose tax revenues – including state sales, income, and commercial activity taxes. But the GRF is just one of the 729 funds that make up the state budget. Especially when discussing Medicaid, it is important to begin by looking at the entire "All Funds" budget.

The all-funds budget totals \$108.6 billion in FY 2026 and \$110.7 billion in FY 2027. As Figure 1 below shows, Medicaid makes up 45.2 percent of the state’s all-funds budget, with a two-year allocation totaling \$99.2 billion (\$48.1 billion in FY 2026 and \$51.1 billion in FY 2027).

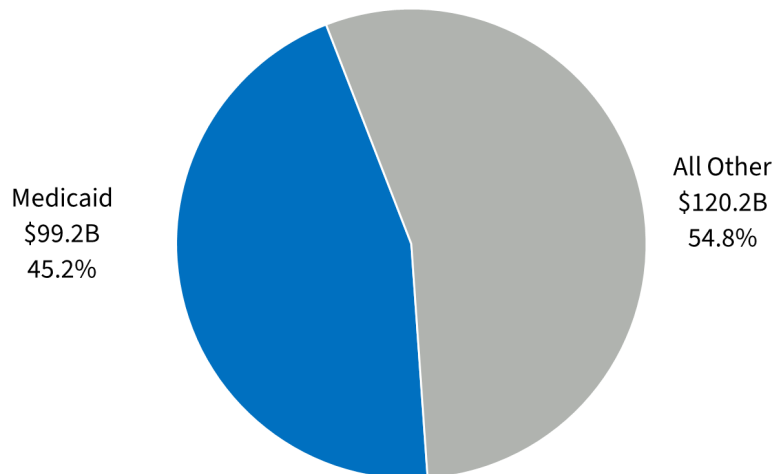
Medicaid is the largest category in the all-funds budget, followed by General Government purposes, and K-12 Education.

**Table 1**

Function	FY 2025 Estimate	FY 2026 Executive	% Change	FY 2027 Executive	% Change	Total
Medicaid	\$43,873	\$48,088	9.6%	\$51,066	6.2%	\$99,154
General Government	\$19,317	\$17,715	-8.3%	\$15,555	-12.2%	\$33,270
Primary and Secondary Education	\$15,341	\$14,862	-3.1%	\$15,082	1.5%	\$29,945
State Revenue Distributions	\$10,320	\$10,959	6.2%	\$11,109	1.4%	\$22,069
Health and Human Services	\$8,226	\$8,245	0.2%	\$9,006	9.2%	\$17,251
Justice and Public Protection	\$4,890	\$5,121	4.7%	\$5,403	5.5%	\$10,524
Higher Education	\$3,065	\$3,162	3.2%	\$3,044	-3.8%	\$6,206
Other Education	\$573	\$465	-18.9%	\$437	-6.1%	\$901
<b>Total</b>	<b>\$105,604</b>	<b>\$108,618</b>	<b>2.9%</b>	<b>\$110,701</b>	<b>1.9%</b>	<b>\$219,319</b>

**Figure 1**

**FY 2026 = \$108.6B, FY 2027 = \$110.7B**



As the chart below, Figure 2, illustrates, this 45.2 percent is made up of four budget fund groups: the Medicaid State portion of the GRF, the Medicaid Federal portion of the GRF, Medicaid Dedicated Purpose funds, and Medicaid Federal funds.

**Medicaid State GRF** is the portion that is paid with state general tax dollars. The two-year total is \$16.1 billion – \$7.8 billion in FY 2026 and \$8.3 billion in FY 2027.

**Medicaid Federal GRF** consists of reimbursements paid by the federal government for state GRF Medicaid payments. These are federally-reimbursed Medicaid funds that we deposit into our GRF. The two-year total is \$30.4 billion – \$14.6 billion in FY 2026 and \$15.8 billion in FY 2027.

**Medicaid Dedicated Purpose funds** include drug rebates received by the state, hospital franchise fees, other state directed payments received, and dedicated funds that have been held in reserve specifically for the Medicaid program. The two-year total is \$14 billion – \$6.9 billion in FY 2026 and \$7.1 billion in FY 2027.

**Medicaid Federal** funding is the portion made up of reimbursements paid by the federal government for Medicaid expenditures made from the Medicaid Dedicated Purpose funds. The two-year total is \$38.6 billion – \$18.8 billion in FY 2026 and \$19.8 billion in FY 2027.

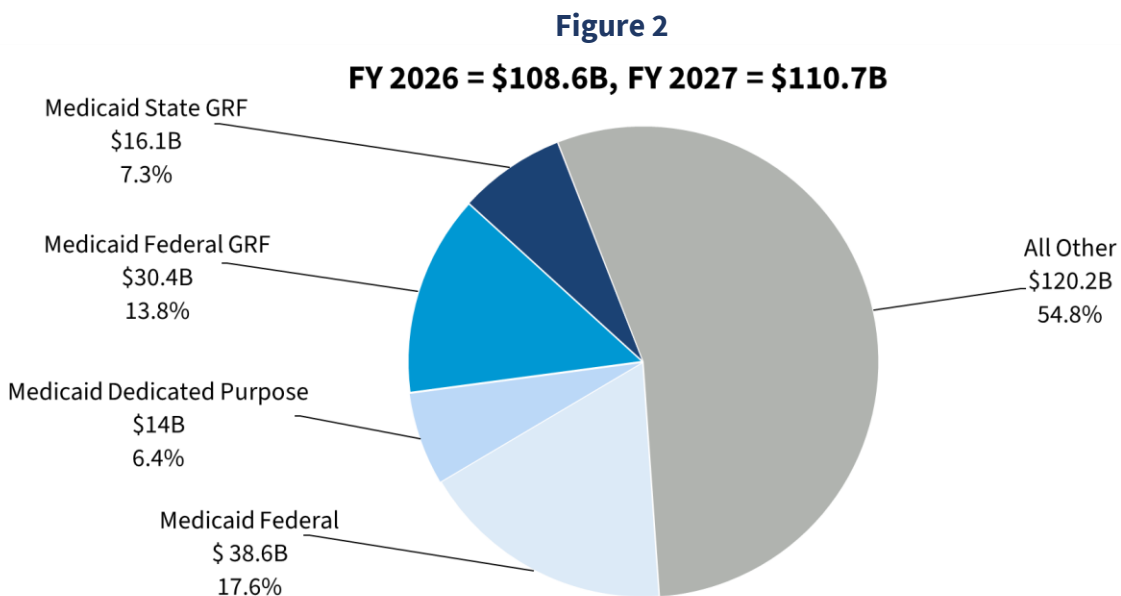
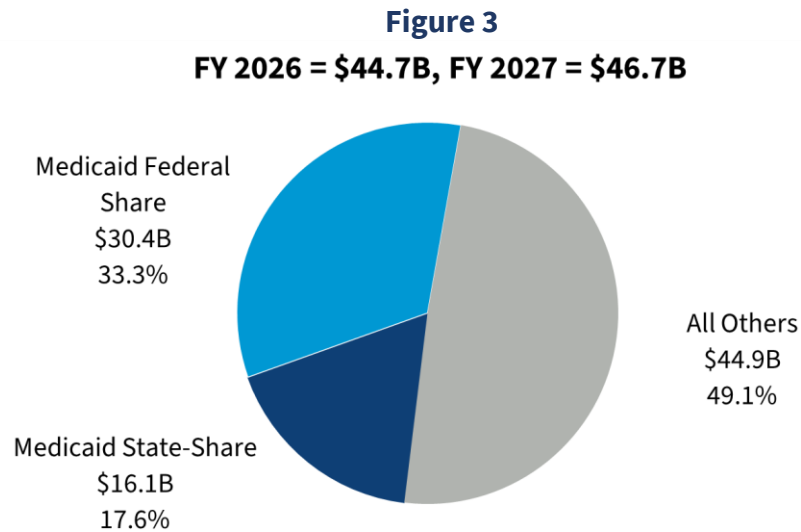
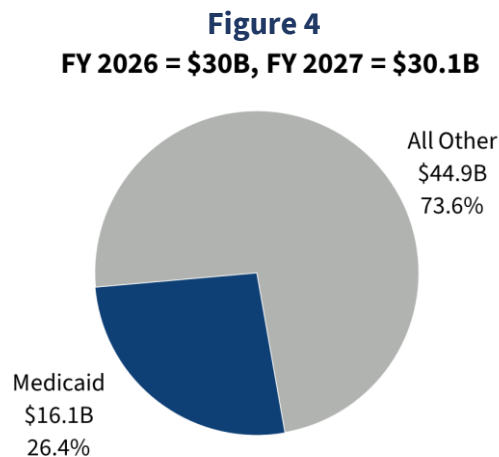


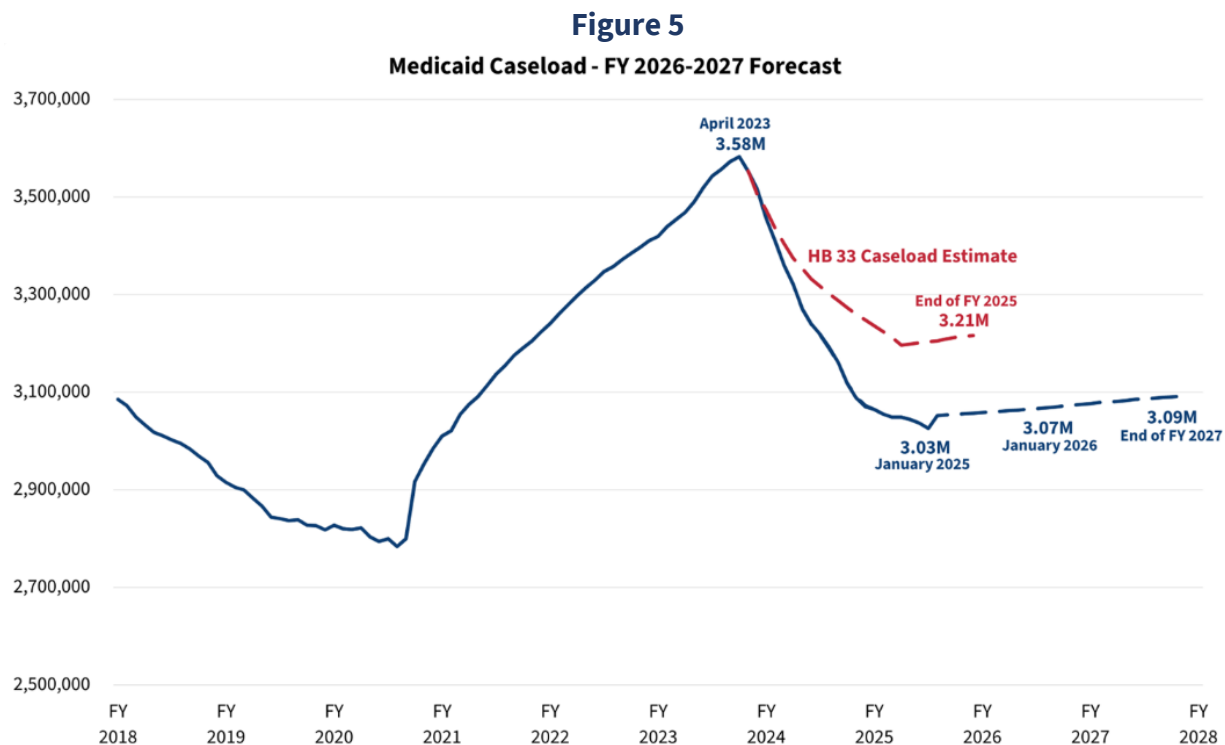
Figure 3 below depicts **Total GRF** appropriations. The total GRF recommendation, which includes federal Medicaid reimbursements deposited to the GRF, is \$44.7 billion in FY 2026 and \$46.7 billion in FY 2027. At this point, we have zoomed-in from the entire budget, removing dedicated purpose and most federal funding, to look only at the GRF. If we add together the Medicaid-State Share and the Medicaid Federal Share, again that portion of Medicaid reimbursements that are deposited into the GRF, Medicaid totals 50.9 percent of the total GRF.



Finally, the next chart, Figure 4, shows **state-only GRF appropriations for Medicaid**. This removes the Medicaid Federal Share, focusing-in on the GRF state share. As you can see, when all other funds are removed and we are looking only at state-revenue supported GRF – again that portion of the budget largely supported by our state income, sales, and commercial activity taxes, Medicaid appropriations account for 26.4 percent of the recommended appropriations.



Because Medicaid is a publicly funded insurance program, enrollment is a primary cost-driver. Medicaid enrollment is generally counter-cyclical to economic growth – meaning that as the economy grows and jobs are available, total state Medicaid enrollment generally declines. Ohio Medicaid offers health insurance programs for children, pregnant women, and families with limited income. As the following chart, Figure 5, shows, Ohio Medicaid enrollment was steadily declining prior to the final quarter of state fiscal year 2020, in alignment with Ohio’s growing economy. However, that changed at the onset of the pandemic when federal law prohibited states from removing coverage for income eligibility reasons.



The federal government allowed Ohio and other states to begin redetermining eligibility in April 2023. Ohio’s total Medicaid caseload peaked at 3.58 million enrolled and has steadily declined since. In fact, the post-pandemic enrollment declined more quickly and to a lower level than was forecast two years ago when we were planning the FY 2024-2025 state budget, House Bill 33 (see the red line in the chart above). As of January 2025, Ohio’s total Medicaid enrollment is 3.03 million. In the upcoming two years, we forecast enrollment to generally be flat, with slight growth as Ohio’s population ages.

The table below shows current Ohio Medicaid enrollment by major eligibility category today, and the forecast for the end of the upcoming biennium, as of June 2027.

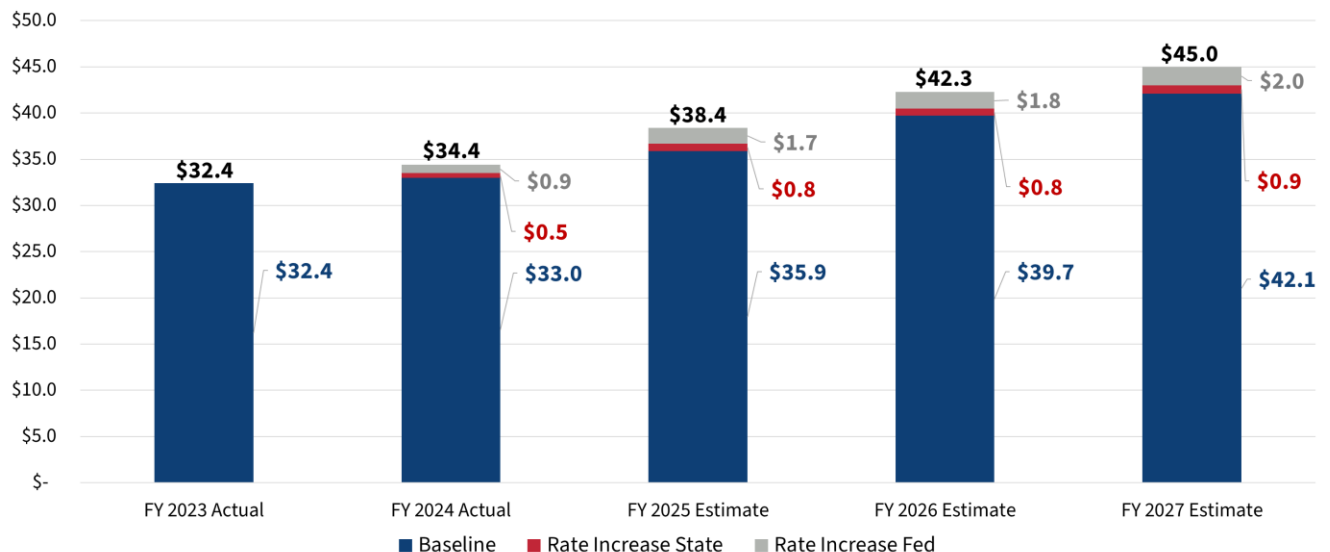
**Table 2**

Eligibility Group	January 2025	June 2027
Covered Families and Children	1,579,533	1,609,455
Expansion Group 8	770,793	767,061
Aged, Blind, and Disabled	497,501	528,765
Medicare Premium Assistance Program	137,872	147,163
Adoption and Foster Care	34,861	35,002
Presumptive/Alien/Refugee	5,286	5,115
<b>Grand Total</b>	<b>3,025,846</b>	<b>3,092,561</b>

The final chart, Figure 6, depicts the impact of the provider rate increases in the Department of Medicaid’s budget adopted by the General Assembly in House Bill 33, the FY 2024-2025 state budget. As you can see, the rate increases resulted in \$1.4 billion in additional expenditures in FY 2024 and are estimated to cost an additional \$2.5 billion in current FY 2025, compared to the baseline had the rates not been increased. Going forward, the rates are estimated to cost an additional \$2.6 billion in FY 2026 (\$1.8 billion federal and \$800 million state share) and \$2.9 billion in FY 2027 (\$2 billion federal and \$900 million state share).

**Figure 6**

**Department of Medicaid Spending With Rate Increases**  
 Rates Increased by \$1.4B in in FY 2024 and \$2.5B in FY 2025 (\$ in Billions)



Chair Gross, members of the Medicaid Committee, thank you for your time today as I provided a high-level overview of how the Medicaid program fits into the framework of the state biennial budget. I have also added an Appendix to my testimony with Medicaid spending by major program categories.

I appreciate your commitment to reviewing the complexities of the Medicaid program, and the state and federal program priorities and provisions. I know that Director Corcoran and her team at the Ohio Department of Medicaid will be spending a great deal of time in the upcoming weeks providing detailed information as we work together on the budget for the upcoming FY 2026-2027 biennium. I am happy to answer any questions that you have today, and I am committed to providing the Committee with additional information as we work in partnership on the budget.

**Appendix: Medicaid Spending by Category**

<b>Medicaid Categories</b>	<b>FY 2023 Actual</b>	<b>FY 2024 Actual</b>	<b>FY 2025 Estimate</b>	<b>FY 2026 Estimate</b>	<b>FY 2027 Estimate</b>
<b>Fee for Service</b>	\$ 5,068	\$ 5,459	\$ 6,421	\$ 7,083	\$ 7,777
<b>Managed Care - Aged, Blind, and Disabled + MyCare</b>	\$ 6,109	\$ 6,247	\$ 6,829	\$ 7,782	\$ 8,278
<b>Managed Care - Covered Families and Children</b>	\$ 7,300	\$ 6,793	\$ 7,966	\$ 7,651	\$ 8,221
<b>Managed Care - Expansion Group VIII</b>	\$ 6,752	\$ 6,091	\$ 6,163	\$ 6,662	\$ 6,927
<b>Managed Care - OhioRISE</b>	\$ 256	\$ 484	\$ 753	\$ 1,158	\$ 1,313
<b>Managed Care - Single Pharmacy Benefit Manager</b>	\$ 3,835	\$ 5,339	\$ 5,758	\$ 6,000	\$ 6,731
<b>Managed Care - Quality Withholding Release</b>	\$ 378	\$ 740	\$ 564	\$ 582	\$ 623
<b>Hospital Care Assurance Program (HCAP)</b>	\$ 684	\$ 750	\$ 1,000	\$ 913	\$ 479
<b>Medicare Buy-In &amp; Part D</b>	\$ 1,319	\$ 1,661	\$ 1,664	\$ 1,775	\$ 1,955
<b>Administrative Costs</b>	\$ 741	\$ 826	\$ 1,283	\$ 1,042	\$ 1,047
<b>Policy Changes</b>	\$ -	\$ -	\$ -	\$ 1,616	\$ 1,648
<b>Grand Total</b>	<b>\$ 32,442</b>	<b>\$ 34,388</b>	<b>\$ 38,400</b>	<b>\$ 42,266</b>	<b>\$ 45,000</b>

*\*Administrative costs include partner agency pass through funding totaling \$265 million in FY 2026 and FY 2027.*