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Fast & Factual

Is Virginia's Medicaid Expansion Really in Jeopardy?

Potentially. Congress is currently debating a proposal to reduce the federal match for the Medicaid expansion population (adults up to 138% of the federal poverty line). If passed, Virginia's current budget requires that all expansion enrollees be disenrolled. The Virginia State Senate has included language in their proposed budget that would require a special committee meeting to address policy options before disenrollments begins. No such amendment was proposed in the House.

Background

Last week, the House Republicans in Congress began marking up their budget resolution – which directs the House Energy and Commerce Committee with jurisdiction over Medicaid to cut $880 billion in federal spending. While some of that spend may come from repealing pieces of the Inflation Reduction Act or other Biden Administration initiatives, the majority of spend is in the Medicaid program. One proposed spending cut includes reducing or eliminating the higher federal match rate for individuals eligible for Medicaid expansion. Currently, states receive 90% of the funds required to provide health insurance for these individuals from the federal government, with 10% coming from the state. In Virginia, the state portion is funded through taxes on hospitals, with no general funds used.

What does this mean for Virginia?

Virginia, along with 11 other states, has a "trigger law," which terminates Medicaid expansion in the state if the share of federal funding drops, even by a single percentage. The Virginia General Assembly would have to change the Budget language to prevent immediate disenrollment if US Congress enacts this proposed cut. The State Senate has proposed an amendment that would add language requiring that the Joint Subcommittee for Health and Human Resources Oversight meet to discuss policy options prior to disenrollments. There is no amendment in the House. **The General Assembly is currently set to adjourn on February 22**.

If the General Assembly adjourns without addressing the current budget language, a Special Session could be called by the Governor if Congress enacts a proposal to reduce the federal match.

Who is the Virginia Medicaid Expansion population?

Per the Virginia Department of Medical Assistance Service, 629,242 individuals were enrolled in Medicaid expansion as of February 15. The maximum allowable income is $21,597 for an individual or $36,777 for a family of three. Prior to Virginia expanding coverage in 2019, non-parent adults were not eligible for Medicaid regardless of income. Parents were eligible only if their income was at or below 38% of the federal poverty level (currently $10,127 for a family of three).

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Conclusion

As the Virginia General Assembly session comes to a close this week, one question will be – will the Virginia General Assembly address the "trigger law" that requires automatic Medicaid disenrollments if Congress reduces federal funding for Medicaid Expansion? **If the Virginia budget language is not amended, then current law would require disenrollment of ~600,000 Virginians if Congress chooses to enact the proposed reduction in federal match**. Congressional action on proposed Medicaid spending cuts is expected next month with final bills negotiated by early Summer. Multiple cuts have been proposed, and there is little information on which are most likely to be enacted.

Related resources

- Richmond Times Dispatch. Commentary: In Virginia, Medicaid expansion is in jeopardy. Protect it.
- Virginia Department of Medical Assistance Services. Medicaid Expansion Enrollment Dashboard
- Virginia State Senate Finance Committee. Budget Amendment Item 288 #7s
- KFF. Eliminating the Medicaid Expansion Federal Match Rate: State-by-State Estimates
- Politico. Republicans may find it harder to cut Medicaid than they think
- The Hill. House Republicans unveil blueprint to advance Trump's agenda