American Hospital Association™
Advancing Health in America

Fact Sheet: Hospital Impacts from a Per Capita Cap on the Medicaid Expansion Population

Policymakers are considering different approaches to reduce Medicaid spending. One of the approaches could implement per capita caps, in which the federal government would set a fixed spending amount for each beneficiary and adjust that amount annually based on an inflationary rate that would not account for changes in Medicaid costs. Such a cap could be implemented for the entire Medicaid program or could be applied to certain beneficiary populations, such as the Medicaid expansion population. States could be wholly responsible for any costs per beneficiary that exceed this cap.

A per capita cap on federal Medicaid financing would be a fundamental change to how the program is financed and, specifically, would amount to a substantial cut that would grow over time. Such an approach could put untenable fiscal pressures on state governments, leading to reductions in Medicaid coverage and enrollment, as well as provider reimbursement cuts. The data below demonstrate the potential effects of a Medicaid expansion per capita cap on hospitals, assuming that states would be unable to increase their Medicaid contributions beyond current levels.

These cuts would be felt well beyond the Medicaid program. The reductions could force hospitals to make difficult decisions about reducing staffing and service lines and whether they will be able to remain open and continue to serve Medicaid beneficiaries as well as the wider community.

Hospital Impacts from a Per Capita Cap on the Medicaid Expansion Population

State	1-Year Hospital Impacts	10-Year Hospital Impacts
U.S. Total	-$18.9B	-$199.9B
Alaska	-$46M	-$486M
Arizona	-$797M	-$8.4B
Arkansas	-$181M	-$1.9B
California	-$4.1B	-$43.1B
Colorado	-$196M	-$2.1B
Connecticut	-$233M	-$2.5B
Delaware	-$51M	-$538M
District of Columbia	-$75M	-$795M
Hawaii	-$82M	-$868M
Idaho	-$59M	-$622M
Illinois	-$980M	-$10.4B
Indiana	-$343M	-$3.6B
Iowa	-$222M	-$2.3B
Kentucky	-$720M	-$7.6B
Louisiana	-$888M	-$9.4B
Maine	-$64M	-$677M

State	1-Year Hospital Impacts	10-Year Hospital Impacts
Maryland	-$271M	-$2.9B
Massachusetts	-$324M	-$3.4B
Michigan	-$791M	-$8.4B
Minnesota	-$221M	-$2.3B
Missouri	-$273M	-$2.9B
Montana	-$86M	-$911M
Nebraska	-$53M	-$561M
Nevada	-$301M	-$3.2B
New Hampshire	-$27M	-$285M
New Jersey	-$576M	-$6.1B
New Mexico	-$264M	-$2.8B
New York	-$1.3B	-$14.2B
North Carolina	-$1.1B	-$11.2B
North Dakota	-$20M	-$215M
Ohio	-$603M	-$6.4B
Oklahoma	-$362M	-$3.8B
Oregon	-$548M	-$5.8B
Pennsylvania	-$654M	-$6.9B
Rhode Island	-$59M	-$628M
South Dakota	-$18M	-$188M
Utah	-$98M	-$1B
Vermont	-$20M	-$216M
Virginia	-$1.2B	-$12.3B
Washington	-$655M	-$6.9B
West Virginia	-$99M	-$1B

Note: *The impacts above assume that per capita caps are adjusted annually using CPI-U, and include both federal and state spending. State estimates may not add to total due to rounding. The chart does not include impacts on Alabama, Florida, Georgia, Kansas, Mississippi, South Carolina, Tennessee, Texas, Wisconsin and Wyoming as these states have not expanded their Medicaid program.*