

## **Medicaid and Other Health Care Costs Top Concerns for States in 2005, Study Finds**

### *State Fiscal Experts Polled to Determine Biggest Issues Looming on State Legislatures' Agendas*

State legislatures will face a host of complex issues and fiscal difficulties as they work to resolve budget demands this year, and paying for Medicaid and health care are high on that list, according to the National Conference of State Legislatures (NCSL). The organization recently publicized results from a study, "State Budget Update: November 2004," that sought to determine the top fiscal issues for states at present. Results from the study echo similar observations and warning flags raised by the National Governors Association.

The study asked state's fiscal experts to identify the primary issues their respective states are expected to address in the 2005 legislative sessions. Consistently cropping up among those issues were Medicaid and other health care costs and additional health-related matters, which are anticipated to top legislative agendas in some 30 states.

Most of the concerns focus on Medicaid, e.g., reductions in the Federal Medical Assistance Percentage (or FMAP, the rate at which the federal government matches each state's Medicaid expenditures, as well as rapidly rising costs due to caseload growth, benefit increases, and medical cost inflation. Several states also report that employee health insurance costs will be a key fiscal issue in 2005. Budget overruns in mental health services reportedly must be addressed in some states as well.

Regarding fiscal year 2005 spending overruns, Medicaid is the category most commonly over budget, NCSL notes. Thus far in fiscal 2005, Medicaid spending already is exceeding appropriations in 16 states. NCSL has posted specific information for each state, including budget gaps, spending overruns, revenue performance, and the top three fiscal issues, on its website at [www.ncsl.org](http://www.ncsl.org).