

Medicaid's Impact in Illinois: What We Stand to Lose

March 5, 2025



HFS

Illinois Department of
Healthcare and Family Services

Medicaid Background



Medicaid 101

Illinois is a Managed Care state.

- Managed Care is a method of delivering health care through a system of network providers that offer quality health care and care coordination.
- When a Medicaid customer enrolls in Managed Care, they become a member of a Health Plan. The Health Plan offers the full range of Medicaid benefits while helping to coordinate care.
- In SFY24, the Managed Care Program offered quality healthcare services and enhanced care coordination to 80% of all Medicaid customers.

Health Plan Contact Information for HealthChoice Illinois Members

- Aetna, Blue Cross, Meridian, and Molina cover All Illinois counties, including Cook
- CountyCare covers Cook County only



AETNA BETTER HEALTH® OF ILLINOIS

[Welcome to Aetna Better Health](#)
Member Services: 1-866-329-4701



Blue Cross Community Health Plans™

[Welcome to Blue Cross Community Health Plans](#)
Member Services: 1-877-860-2837

Health Plan Contact Information for HealthChoice Illinois YouthCare Members



[Welcome to YouthCare](#)
Member Services: 844-289-2264

Health Plan Contact Information for the Medicaid Medicare Alignment Initiative Members



AETNA BETTER HEALTH® OF ILLINOIS

[Welcome to Aetna Better Health](#)
Member Services: 1-866-600-2139



[Welcome to Blue Cross Community MMAI-Blue Cross and Blue Shield of Illinois](#)
Member Services: 1-877-723-7702



[Welcome to Humana Health Plan](#)
Member Services: 1-800-787-3311



[Welcome to Meridian Complete](#)
Member Services: 1-855-580-1689



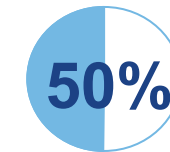
[Welcome to Molina HealthCare](#)
Member Services: 1-877-901-8181



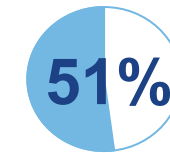
Medicaid 101

Medicaid is a joint federal and state program that provides health coverage for people with limited income and resources.

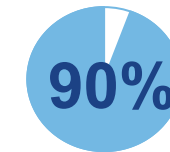
- The federal government pays a specified percentage, called the Federal Medical Assistance Percentage (FMAP), of Illinois' program expenditures.
 - The FMAP is based on the state per capita income, meaning that higher per capita income states get proportionally fewer federal dollars.
 - Current federal law sets the minimum FMAP at 50%. Illinois' FMAP for FFY25 is 51.38%.
 - Some eligibility groups and specialized programs have higher FMAP, such as 90% for ACA expansion adults, 90% for family planning services, and 66% for children enrolled in the Children's Health Insurance Program (CHIP).
- Illinois funds its share of Medicaid expenditures through general revenue, health care related taxes (e.g., hospital assessment, nursing home assessment), and other sources.



Federal FMAP floor



IL FFY25 FMAP



ACA expansion FMAP

Medicaid 101

At the end of SFY24 over 3.4 million Illinoisans were enrolled in Medicaid.

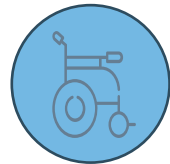
Who are Illinois Medicaid customers?



44% are children

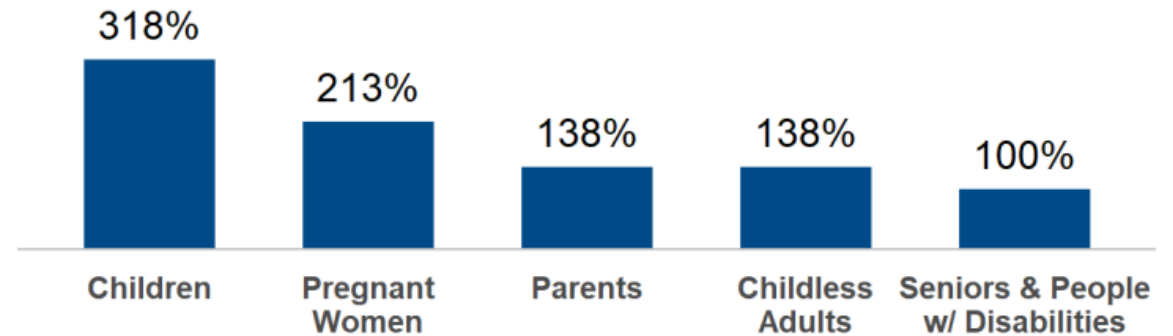


9% are seniors



7% are adults with disabilities

Eligibility Levels
as a % of FPL*



*100% of Federal Poverty Level (FPL): \$25,820 for a family of three; \$15,060 for an individual

Medicaid 101

Who is covered by Medicaid?

- Medicaid provides critical coverage for several special populations. Illinois Medicaid advocacy groups shared the following statistics with HFS:
 - Medicaid covered approximately **68%** of all nursing facility days in Illinois, making Medicaid the largest insurance payer for these services in the state.
 - About **50%** of all births in Illinois are covered by Medicaid.
 - Roughly **80%** of people served by community mental health centers are Medicaid customers.*
 - About **50%** of people living with HIV in Illinois are enrolled in Medicaid. Medicaid the largest payer of HIV care in IL.*
 - Approximately **60%** of community health center patients are Medicaid customers.*

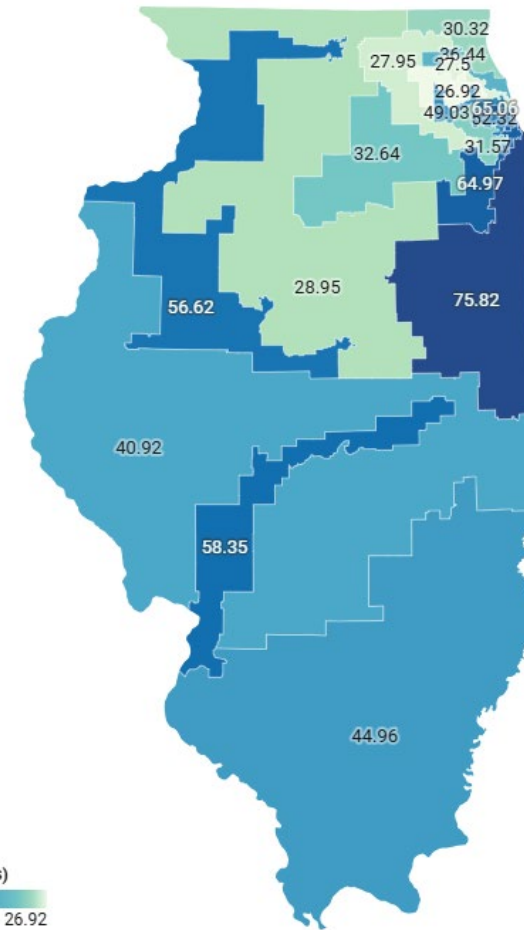
*Sources: Illinois Association of Rehabilitative Facilities (IARF), AIDS Foundation of Chicago (AFC), and the Illinois Primary Health Care Association (IPHCA).



ENROLLMENT BY CONGRESSIONAL DISTRICT

SFY 2024

Congressional District	ACA Newly Eligible Adult	Children	Disabled Adults	Other Adults	Seniors	Partial	Total
01	64,971	91,707	21,180	40,432	21,112	4,164	243,566
02	75,817	133,362	23,774	53,325	22,853	5,176	314,307
03	49,034	109,846	11,717	44,838	23,494	3,565	242,494
04	52,318	131,047	10,897	56,390	23,661	3,843	278,156
05	27,499	49,337	6,246	26,494	16,463	1,994	128,033
06	31,574	58,897	7,256	28,485	12,676	2,094	140,982
07	65,059	89,837	19,199	42,266	24,341	3,704	244,406
08	26,922	77,771	6,196	29,440	16,070	2,146	158,545
09	36,436	63,032	10,099	30,012	23,297	2,373	165,249
10	30,316	76,078	7,619	28,138	13,490	2,181	157,822
11	27,948	70,183	6,672	26,743	12,274	1,815	145,635
12	44,961	80,492	18,409	33,794	15,812	3,054	196,522
13	58,351	99,991	20,912	40,231	15,730	3,610	238,825
14	32,637	78,810	8,588	30,001	10,716	1,872	162,624
15	40,916	77,380	15,197	31,294	13,419	2,710	180,916
16	28,945	64,685	9,972	25,163	8,437	2,272	139,474
17	56,616	114,156	20,717	45,602	16,636	3,802	257,529
Unknown	21,913	20,413	7,548	11,949	5,136	829	67,788
Total	772,233	1,487,024	232,198	624,597	295,617	51,204	3,462,873

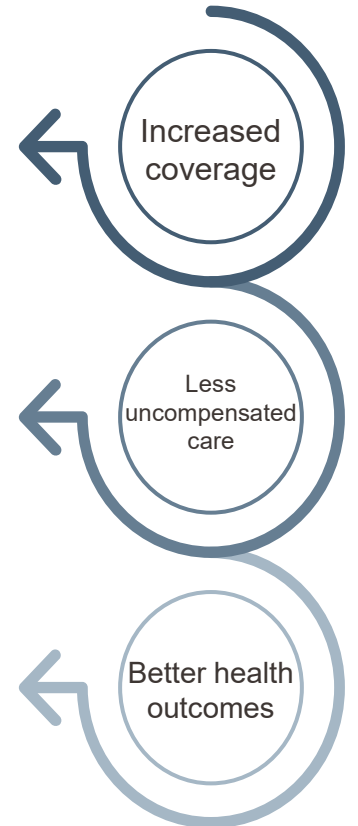


Source: Illinois Department of Healthcare & Family Services - Get the data - Created with Datawrapper



Affordable Care Act (ACA) Medicaid Expansion

- At the end of SFY24, over **770,000** adults were enrolled in Medicaid under the ACA expansion population.
 - The 2010 ACA expansion of health insurance coverage extended Medicaid to single, childless adults with incomes up to 138% of the federal poverty level (FPL) who previously had no option to enroll in Medicaid.
- Illinois implemented Medicaid expansion in January 2014. Between 2013 and 2015:
 - Hospitals saw an approximately **37% reduction** (\$675 million) in uncompensated care costs.
 - The uninsured rate **dropped by about 44%**.
- Research shows gaining Medicaid coverage improves access to preventive and primary health care, particularly in rural areas, and improves health outcomes and reduces financial strain.



Budget Impact

- In SFY24, Illinois received over **\$20 billion** from the federal government for Medicaid spending across the state. That amount made up about 62% of the total funding for Medicaid programs in Illinois.
- In SFY24, the ACA Medicaid expansion alone brought in over \$7 billion to the state in federal revenue.
- Cuts in federal funding will lead to reduced services and enrollment, as the state cannot make up the funding gap.
- For example, Home and Community-based Services, Hospice Care, and Community and Behavioral Health Services, among others, will be at risk.

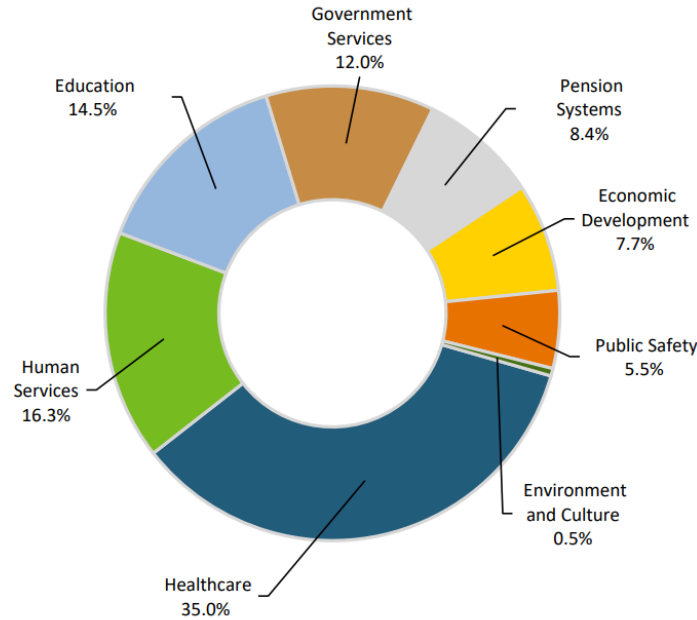




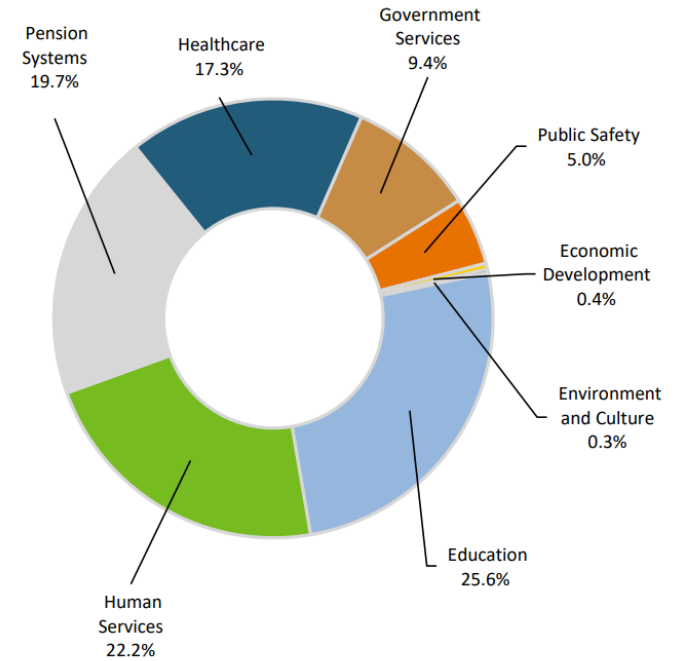
FY26 Proposed Operating Budget

Healthcare Spending in FY26 Budget

All Funds:
\$129.4 Billion



General Funds:
\$53.9 Billion



Medicaid Supports the Health and Human Services Sister Agencies



Medicaid Impacts



Economic Impact

Spending and Jobs



- Data from CY24 shows that Illinois' hospitals and health systems, most of which serve Medicaid enrollees, generate about **\$117.7 billion for the state** every year.
 - This breaks down to approximately \$50.3 billion for payroll, \$61.8 billion for supplies and services, and \$5.6 billion in capital dollars.
 - Every \$1 spent on these categories generates an additional \$1.40 in spending in the state.
- The same 2024 data shows that Illinois' hospitals and health systems supported **445,000 full-time jobs**, comprising about 11% of the state's total employment.
- Estimates from when Congress last attempted to repeal ACA (2017) show that Illinois could lose \$7.5 billion in annual economic activity and between 55,000 to 60,000 jobs statewide if the Medicaid expansion is eliminated.

Economic Impact

Providers

- As of January 2025, there were over 240,000 healthcare providers that relied on timely payments from HFS for care they provided to Illinois Medicaid enrollees.

- In SFY24, Illinois' Medicaid program paid:



- **\$10.8 billion** to hospitals



- **\$3.8 billion** to long-term care facilities



- **\$4.5 billion** to pharmacies



- **\$2.1 billion** to physicians and clinics

According to HFS estimates, if the federal government halted or froze Medicaid funding, as proposed on January 28, 2025:

- Millions in approved Medicaid federal match payments would not be made to providers.
- Annual federal funding would not be passed through to support first responders and schools.
- Community health centers, which serve 1.5 million Illinoisans, would lose over 21,000 jobs.



Economic Impact

Local Governments

- **Federal cuts to Medicaid will leave state and local governments with vast budget shortfalls, compromising successful existing partnerships.**
- The Ground Emergency Medical Transportation (GEMT) Program is a federally funded program that was introduced to Illinois via legislation in 2019. The program allows municipalities to collect an additional Medicaid reimbursement for ambulance services, above and beyond what HFS reimburses for Medicaid claims for Emergency Transportation.
- In SFY24, HFS received **\$235 million** in federal match for emergency transportation services which is passed to providers annually as supplemental reimbursement.
- The financial support has been an important source of revenue that has proven to be desperately needed for municipalities.



Economic Impact

Local Governments

- Nationally, Medicaid is the third-largest funding stream for K-12 public schools.
- In SFY24, the Illinois School-Based Health Services program paid for healthcare services for approximately **244,000** Medicaid-enrolled students.
- For SFY22 Local Education Agencies (LEAs) were reimbursed about **\$267 million** by the Medicaid program.
- Cuts to Medicaid could compromise critical school funding.



Congressional and Administrative Proposals to Cut Medicaid



Congressional Medicaid Reforms at a Glance

Medicaid Reforms	Project 2025	Paragon Health Institute	Rep Study Committee FY25 Budget	House Budget Committee FY25-FY34 Budget
Rescind/Reduce Expansion FMAP	*	*	*	*
Reduce/Eliminate 50% FMAP Floor		*		
Broad FMAP Reform	*		*	
Per Capita Caps or Block Grants	*	*	*	*
Limit Provider Taxes or Provider Tax Reform	*	*	*	
Changes in Program Integrity, Eligibility Checks, PERM	*		*	*
Work/Community Engagement Requirements	*		*	*
DSH Reform	*			

NAMD tracking of potential Medicaid proposals

Every proposal Congress is considering to cut Medicaid costs will result in healthcare coverage losses.



Congressional Proposal: Per Capita Cap

- **Per capita caps** - A fixed amount of money per Medicaid enrollee, essentially capping the federal funding per person in the program.
- Republicans are proposing to replace the current funding structure, where states are paid a specific percentage of the Medicaid program expenditures (FMAP).
- Even as costs of care increase, Illinois would be responsible for all remaining costs within Medicaid.
- Under a per capita cap set at FY25 estimated expenditures, initial projections show that Illinois could lose between **\$24 – \$39 billion** in federal funds from 2026 through 2034.
- A per capita cap ***will force Illinois to limit benefits*** for people with disabilities, seniors, pregnant women, and children.



Congressional Proposal: Rescind/Reduce ACA Expansion FMAP

- The ACA expansion population includes enrollees who are single, childless, nondisabled adults under age 65 with incomes up to 138% of the federal poverty level (or \$21,597 for a household of one).
- The current FMAP for the ACA expansion population is 90% (compared to 51% match for the traditional Medicaid population).
- “Trigger law”: To protect the fiscal health of the state and prevent an automatic increase in liability, Illinois law removes Medicaid eligibility for the ACA expansion population if the federal government reduces the level of federal match to anything under 90%.



Impact of Rescind/Reduce Expansion FMAP

- More than **770,000 Illinois adults**, or roughly 23% of Medicaid recipients, would lose coverage as of the end of SFY24.
- Estimates show every **10% reduction** in the enhanced federal match for the adult expansion population would shift about **\$815 million** in costs to the state.
- The costs for those who remain uninsured will be absorbed by healthcare providers, like hospitals, who will have to shoulder the cost of uncompensated care.
- If enhanced match goes away, the total cost to Illinois would be over **\$3.2 billion** to remain offering healthcare to ACA eligible adults.

Congressional Proposal: Mandatory Work Requirements

- These requirements mandate Medicaid customers prove they work or are involved in eligible activities in order to be eligible for benefits.
 - Likely apply to non-disabled Medicaid customers ages 19 – 64.
- Current estimates show that between **344,000 – 633,000** Medicaid customers would lose coverage in Illinois, mostly due to administrative reasons.
- Two states that have imposed work requirements, Arkansas and Georgia, saw tens of thousands of eligible enrollees lose coverage and high administrative costs.
 - Of those disenrolled in Arkansas, 97% were compliant or had exemptions but still lost coverage. That is, they lost coverage for administrative reasons.



Congressional Proposal: Reforming Provider Taxes

- States have flexibility in how they finance their share of Medicaid costs.
 - Almost all states use provider taxes, in which states can levy taxes and assessments on a wide range of provider types, including hospitals and nursing facilities, to fund the state share and garner federal match to put back into the Medicaid system.
- For example, in Illinois in SFY25:
 - The hospital assessment will bring in approximately **\$2 billion** in revenue.
 - The nursing home assessment will bring in approximately **\$335 million** in revenue.
 - The MCO assessment will bring in approximately **\$1.8 billion** in revenue.
- Congress has floated proposals to restrict states' use of provider taxes.



The Latest in DC

Budget Reconciliation (updated on February 25, 2025): It is widely expected that Congress will consider significant changes to the Medicaid program during 2025 or 2026, but the timing and contents of any specific legislative proposals remain unclear.

- The House passed a budget resolution, which directs the House Energy & Commerce Committee to generate \$880 billion in savings; savings of this scale would likely have to include significant Medicaid policy changes.
- The Senate adopted a budget resolution directing the Senate Finance Committee and House Energy & Commerce Committee to generate a minimum of \$1 billion in deficit reductions with no upper limit.
- The House and Senate must reconcile on a final bill.

Thank you!



HFS
Illinois Department of
Healthcare and Family Services