

Analyzing Medicaid's Role in Redistributing Taxpayer Dollars Across States

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The Menges Group

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Introduction

- This edition quantifies the redistribution of funds across states that occurs in financing Medicaid costs.
- Medicaid is a highly “privatized” program, with most states utilizing competitively procured contracts with coordinated care organizations to implement a sophisticated system of coverage and care for the enrollee population.
 - 57% of Medicaid expenditures during Federal Fiscal Year (FFY) 2023 occurred via capitation payments to health plans.
 - There is extensive involvement by the nation’s largest health insurance organizations. For example, five of the Fortune “Top 40” companies have a large Medicaid health plan footprint.
 - Medicaid health plans are typically at full risk for managing Medicaid costs and thus have strong programs to track and facilitate access to front-end preventive care, avoid expensive health crises, minimize fraud/waste/abuse, engage in value-based contracting arrangements with providers, operate enrollee services call centers, provide targeted health education information, etc.

Key Findings

- In FFY2023, Trump-won states (in the 2024 election) collectively realized a \$16.8 billion net gain from Medicaid – based on the difference between their Federal and State tax payments and the Medicaid spending occurring in these states.
- The Trump-won states that have adopted Medicaid expansion experienced the largest net gain (\$477 per resident during FFY2023).
- Conversely, the Trump-won states that didn't adopt Medicaid expansion paid \$256 more per resident into Medicaid than the Medicaid spending that occurred in their state. This is entirely due to these states not participating in Medicaid expansion.
- Residents of Harris-won states – all of which adopted Medicaid expansion – paid \$120 more on average for Medicaid during FFY2023 than the Medicaid spending that occurred in their states.
- The FFY2023 redistribution – away from residents in Harris-won states to the Trump-won states – would have been much larger had all the Trump-won states adopted Medicaid expansion.

Federal Tax and Medicaid Financing Dynamics

- Federal funding is inherently redistributed from Harris-won states to Trump-won states as the former contribute more in federal taxes.
 - In the states won by President Trump in the 2024 election, federal taxes during 2020 averaged \$1,500 per resident.
 - In states won by former Vice President Kamala Harris, these federal tax payments averaged \$2,156 per resident – 44% higher than in the states won by President Trump.
- Medicaid's Federal contribution formula accelerates this underlying redistribution.
 - Across the states won by Trump, the Federal government paid 72.3% of FFY2023 Medicaid costs – versus 65.6% across the Harris-won states.
 - This differential is wider when excluding Medicaid expansion (where the Federal government pays 90% of costs). Across the states won by Trump, the Federal government paid 68.6% of FFY2023 Medicaid's non-Expansion costs – versus 57.2% across the Harris-won states.

The Overall Medicaid Redistribution From “Harris-Won” State Taxpayers to “Trump-Won” States was \$16.8 Billion during FFY2023

The net gain in the Trump-won states is not so much a political outcome as an effort – with support on both sides of the aisle in the policymaking community – to:

- a) steer Medicaid funds toward jurisdictions and communities that are relatively impoverished; and
- b) make investments in Medicaid relatively more affordable to states that have a less robust tax base.

Total Medicaid Expenditures, FFY2023			
State Grouping	Amount Paid Into Medicaid	Amount Received (Medicaid Expenditures)	Net Gain (Loss)
Residents of States Won By Trump (31 states)	\$402,721,990,814	\$419,558,437,951	\$16,836,447,137
Residents of States Won By Harris (19 states + DC)	\$452,800,679,298	\$435,964,232,161	(\$16,836,447,137)
Total	\$855,522,670,112	\$855,522,670,112	\$0

Per Resident Redistribution, Overall Medicaid, FFY2023

Trump-won states experienced a net gain in Medicaid funds, receiving \$88 more per resident than these residents contributed to the program via their Federal and State taxes.

The Harris-won states contributed \$120 more per resident to Medicaid than these states received in terms of their Medicaid expenditures during FFY2023.

Medicaid Expenditures Per Resident, FFY2023				
State Grouping	Amount Paid Into Medicaid	Amount Received (Medicaid Expenditures)	Net Gain (Loss)	Percent Gain or Loss
Residents of States Won By Trump	\$2,108	\$2,197	\$88	4.2%
Residents of States Won By Harris	\$3,224	\$3,104	(\$120)	-3.7%
Total	\$2,581	\$2,581	\$0	



Breaking Out Trump-Won States By Medicaid Expansion Adoption Identifies a Different Redistribution

The Trump-won states that adopted Medicaid Expansion realized a net influx of \$43 billion in Medicaid funds in FFY2023, based on the difference between their tax payments and the Medicaid spending that occurred in their states.

Due to the Federal match formula and state economic differences, the Harris-won states paid \$17 billion more into Medicaid than they received from the program during FFY2023.

Medicaid Expenditures, FFY2023				
State Grouping	Amount Paid Into Medicaid	Amount Received (Medicaid Expenditures)	Net Gain (Loss)	Percent Gain or Loss
Residents of Expansion States Won By Trump	\$197,832,126,090	\$240,619,783,940	\$42,787,657,850	22%
Residents of Expansion States Won By Harris	\$452,800,679,298	\$435,964,232,161	(\$16,836,447,137)	-4%
Residents of Non-Expansion States Won By Trump	\$204,889,864,724	\$178,938,654,011	(\$25,951,210,713)	-13%
Total	\$855,522,670,112	\$855,522,670,112	\$0	

Residents of the Trump-won states that did not adopt Medicaid expansion paid \$26 billion more into Medicaid than they received from the program during FFY2023. This is entirely due to their choice of not implementing Medicaid expansion (otherwise they would have experienced large-scale net gains).



Trump-Won States That Adopted Medicaid Expansion Have Experienced the Largest Net Gains

The Trump-won states that adopted Medicaid Expansion realized a net influx of \$477 in Medicaid funds per resident in FFY2023, based on the difference between their tax payments and their state’s Medicaid expenditures.

The Trump-won states that have not adopted Medicaid expansion are in the opposite position due to helping pay for all the Expansion states’ costs for that program. In these states, a net loss of \$256 per resident occurred. If these states adopt Medicaid Expansion, their residents would “flip” to receiving a net gain (and the net loss for Harris-won state taxpayers would increase).

Medicaid Expenditures Per Resident, FFY2023				
State Grouping	Amount Paid Into Medicaid	Amount Received (Medicaid Expenditures)	Net Gain (Loss)	Percent Gain or Loss
Residents of Expansion States Won By Trump	\$2,204	\$2,681	\$477	22%
Residents of Expansion States Won By Harris	\$3,224	\$3,104	(\$120)	-4%
Residents of Non-Expansion States Won By Trump	\$2,023	\$1,767	(\$256)	-13%
Total	\$2,581	\$2,581	\$0	

Data on the Expansion States won by Trump includes 20 states but excludes North Carolina (which implemented Medicaid Expansion but did so later than FFY2023). Data on the Trump-won non-Expansion states encompass 11 states including North Carolina.



Medicaid Redistribution Excluding Expansion

This table quantifies the redistribution focusing on non-Expansion Medicaid enrollees (which all states cover).

When viewed in this manner, there is a \$34.2 billion transfer of funds from Harris-won state taxpayers into Trump-won states.

The net gain among Trump-won states that expanded Medicaid, versus Trump-won states that have not adopted expansion, were nearly identical.

Medicaid Spending During FFY2023, Excluding Expansion Enrollees and Costs				
State Grouping	Amount Paid Into Medicaid	Amount Received (Medicaid Expenditures)	Net Gain (Loss)	Percent Gain or Loss
Residents of Expansion States Won By Trump	\$151,225,176,765	\$168,803,118,530	\$17,577,941,765	12%
Residents of States Won By Harris	\$352,338,688,737	\$318,181,846,046	(\$34,156,842,691)	-10%
Residents of Non-Expansion States Won By Trump	\$162,359,753,085	\$178,938,654,011	\$16,578,900,926	10%
Total	\$665,923,618,587	\$665,923,618,587	\$0	

Per Resident Redistribution, Focusing on Traditional (Non-Expansion) Enrollees

This table translates the prior slide's data into per resident statistics.

Excluding Medicaid expansion costs, residents of Trump-won states realized a net gain of \$150 - \$200 per resident during FFY2023, based on the difference between their tax payments and the Medicaid spending occurring in their state.

Conversely, residents of the Harris-won states experienced a net "loss" of \$243 per resident for the traditional Medicaid program during 2023.

Medicaid Expenditures Per Resident, Excluding Medicaid Expansion				
State Grouping	Amount Paid Into Medicaid (Excluding Expansion)	Amount Received (Medicaid Expenditures, Excluding Expansion)	Net Gain (Loss)	Percent Gain or Loss
Residents of Expansion States Won By Trump	\$1,685	\$1,881	\$196	12%
Residents of States Won By Harris	\$2,509	\$2,266	(\$243)	-10%
Residents of Non-Expansion States Won By Trump	\$1,603	\$1,767	\$164	10%
Total	\$2,009	\$2,009	\$0	

Data Sources

Data sources drawn upon for our analyses included:

- CMS FMR reports for FFY2023 (showing each state's Medicaid spending for more than 100 line items, including break-outs of federal/state shares of expenditures and identifying Medicaid Expansion expenditures);
- IRS data on tax revenue by state for FFY2020; and
- Bureau of the Census data on each state's overall population

The Menges Group

5 Slide Series Overview

Our 5 Slide Series is typically a monthly publication whereby we briefly discuss a selected topic outside the confines of our client engagements. The Menges Group has developed a variety of datasets that we use to support our 5 Slide Series and client projects.

Please email us (jmenges@themengesgroup.com) with comments and/or if you are interested in collaborating with us to conduct additional analyses.

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