

# Medicaid Rate Setting



Report highlights

March 2022

## The Division of Medicaid does not have the management capacity to successfully conduct a systematic rate review.

Medicaid is one of the largest health plans in Idaho.



**400,000**

covered individuals in July 2021

Medicaid is the largest state program.



**\$4 billion**

FY 2023 appropriation

Medicaid's budget more than doubled in the last ten years.

Medicaid is the primary funder of social supports for seniors and individuals with disabilities.

The four principles of Medicaid payment policy are set in state and federal law: quality, access, economy, and efficiency.



The Legislature should not expect dynamic management from a division with fewer staff than it had in 2009.

For a successful systematic rate review, the division must:

credibly commit to strategic initiatives,  
effectively engage with stakeholders, and  
clearly communicate to participants, providers, the Legislature and other stakeholders.

The Legislature has authority over rate changes but lacks the information to fully understand the impact of their decisions.

The Legislature does not trust division administration and division administration is afraid to ask for what it needs.

Operational needs are filtered through several layers of bureaucracy before reaching the Legislature.



## Recommendations

1. Division administration should assess its most urgent management needs and present a budget request during the 2023 legislative session.
2. The Legislature should consider what it wants to control and what it wants to delegate to the division and invest accordingly. The Legislature could consider options such as additional reporting or establishing an oversight committee.
3. The division should operationalize its measures of access, quality, economy, and efficiency based on Idaho's priorities and embed these measures in the rate-setting process.
4. The division's rate reviews should be regular, public, and incorporate stakeholder input.

View the report: [www.legislature.idaho.gov/ope/](http://www.legislature.idaho.gov/ope/)

