

**FY 2019-2020 Virginia Beach Budget
Response to Council Questions**

Question Number: FY 20 44

Question: If there is no increase in Medicaid funding at the federal level, what is the shortfall not covered by the State?

Date Requested: April 2, 2019

Requested By: Councilmember Moss

Department: Human Services

Response:

Over 10 years, the President's proposed cut to Medicaid is \$1.481 billion (gross amount). According to third party analysis, the net reduction as a result of the President's proposal is approximately \$771 billion. This would be a reduction of 13.91%. For Virginia, this amount could be more or less, as there is no per state block grant allocation included at this time. However, using the 13.91% figure, and applying this reduction to the projected annual Medicaid revenue of \$23 million results in a cut of \$3.2 million per year, or \$31,985,931 over the ten years, with the caveat that the President's budget proposes that year one and two have a lower impact than the out years.

The Department of Human Services estimated \$592,882 in Medicaid Expansion revenue, so if Expansion were to be rescinded, this revenue would not materialize. Therefore, this revenue has been excluded from the \$23 million per year estimate above. Between work requirements and a proposed change in the asset limit for people with disabilities on Medicaid, the City of Virginia Beach would likely see fewer people covered. With less money to distribute, this would also likely result in lower reimbursement rates. This would impact the BHDS division of Human Services, which relies heavily on Medicaid revenue. If there was no other identified source of funding, the Department of Human Services would be forced to close programs.