

## 2026 Legislative Session – Week 8 Report

This week was marked by budget-setting for the Department of Health and Welfare, with the passage of the Medicaid budget out of JFAC on Friday. Surprisingly, the recommendation did not include the governor's proposed \$22 million in Medicaid cuts, instead opting to let the germane committees first set the policy that will dictate these cuts. JFAC rejected two alternative approaches: one that would have split the cuts between residential habilitation and population forecast adjustments, and another that would have lowered the state's claims estimate without directly cutting services. In the end, the Committee adopted a motion that approved roughly \$493 million in Medicaid enhancements, and set the program's FY27 budget at about \$5.54 billion.

Meanwhile, the House considered, but held in committee for a time certain H759, the policy bill designed to authorize \$22 million in cuts to Residential Habilitation services, a home and community-based service (HCBS) in Medicaid. Beyond the cuts, the legislation established annual provider rate studies and audits for most HCBS providers. With H759 held in committee, we are likely to see additional bills aimed at cutting the \$22 million out of the Medicaid budget, almost certainly targeted at Res Hab. In addition, as a result of this bill being held, several bills aimed at repealing or restricting Medicaid expansion are being introduced.

The Senate barely passed the FY26 rescission bill, S1331, on an 18–17 vote, reducing state funding by \$192.7 million overall, including \$131.3 million from the general fund. The House followed on Friday, sending the additional cuts to the Governor. The bill adds an extra 1% across-the-board reduction for most agencies on top of Gov. Brad Little's earlier 3% holdbacks in FY26, and a 2% reduction in FY27. Public school support, Medicaid, Idaho State Police, and the Department of Corrections remained exempt from the added reduction.

JFAC also continued picking budget winners and losers. The committee reversed cuts for community colleges and career-technical education and approved funding for 15 new graduate medical education residencies, but left the additional cuts in place for Idaho's four-year institutions. That left universities bearing a larger share of the ongoing reductions in higher education, while lawmakers also discussed whether federal Rural Health Transformation Funds could be used to backfill parts of the physician training pipeline.

Several additional healthcare-related bills were introduced during the week:

- H807 would require legislative approval before IDHW could expand or significantly modify Medicaid family personal care services. The bill establishes a policy requirement that program changes affecting eligibility or reimbursement for these services be authorized by the Legislature.

- H841 would establish the Idaho Prior Authorization Reform Act to regulate how health insurers administer prior authorization requirements for medical services and prescription drugs. The bill sets timelines for insurer decisions, requires disclosure of clinical review criteria, and mandates electronic prior authorization processes.
- H845 would establish statutory provisions governing hospital presumptive eligibility determinations under the Medicaid program. The bill defines the process by which hospitals may temporarily enroll patients in Medicaid coverage pending a full eligibility determination by IDHW.

This coming week, we should see bills move more quickly through committees as legislators are about a month away from the end of the session. We will also get economic news, with the February revenue numbers published mid-week. While there is some expectation that revenues will exceed forecasts for a third straight month, it's hard to anticipate how slowing job numbers, rising inflation, and \$100-a-barrel oil will affect state tax revenues.

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