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U.S. State Medicaid Transition: Stable Condition Near Term, With Outyears Demanding Care - S&P

Key Takeaways

- U.S. states' credit quality has held steady after Medicaid and Children's Health Insurance Program (CHIP) reimbursement rates returned to unenhanced levels following the Jan. 1, 2024, stepdown of the pandemic-related eFMAP.
- States' compressed 12- to 18-month timeline to work through the backlog of eligibility redeterminations could complicate financial forecasting and budgeting for the state-share of Medicaid costs in fiscal 2025 and beyond.
- Medicaid could consume a larger share of state budgets, which could have credit implications if they are compounded by other operating pressures.
- Supplemental federal government support could wane in the future, necessitating proactive program management and making long-term planning integral to states' financial stability and credit quality.

Continue reading.

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