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Senate Health Bill Would Lower the Medicaid Per Capita Cap Rate, Causing Greater State Budget Shortfalls.

This post was updated on June 22, 2017 to reflect the release of [the Senate's health care bill](#).

The Senate's health care bill reduces the growth rate for Medicaid per capita caps from the rate used in the American Health Care Act (AHCA) passed by the House last month.

The Senate bill lowers the growth rate to the Consumer Price Index for All Urban Consumers (CPI-U) beginning in 2025, rather than the medical Consumer Price Index (m-CPI). This change would ensure a shortfall between federal Medicaid payments and projected Medicaid costs that will grow over time.

Why? The m-CPI is projected to grow at about 3.7 percent over the next decade, but the CPI-U would only grow at about 2.4 percent.

States will have to fill this shortfall by raising taxes, cutting enrollment, reducing benefits, or reducing provider reimbursement—all of which are difficult choices.

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