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State of Indiana

## ***Indiana Family and Social Services Administration***

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The Monthly Medicaid Financial Report for August 2025 was released today.

### **Note to Readers**

The forecasted monthly Medicaid expenditures, enrollment and funding are based on the April 2025 Medicaid forecast, which considered data through January 2025. Information on the latest forecast is available [here](#).

State Fiscal Year 2026 began on July 1, 2025, and ends on June 30, 2026.

### **Results and Commentary**

#### ***Enrollment***

- As of August 2025, Medicaid enrollment across all programs and delivery systems totaled 1,770,571 individuals, which is 276,841 (13.5%) below the forecasted amount. Compared to the actual enrollment in August 2024 of 1,965,254, enrollment is down 194,683. Year-to-date average monthly enrollment is 216,407 (17%) below the average monthly enrollment year-to-date in August 2024. Average monthly enrollment year-to-date (YTD) for SFY 2024 through August was 2,020,614.

#### ***Expenditures***

- Medicaid expenditures YTD through August totaled \$3B, which is \$174M (5.4%) below the estimated amount in the April 2025 Medicaid forecast and \$18.8M (0.6%) above expenditures YTD in August 2024.
- Managed care expenditures are based on capitated per-member-per-month (PMPM) payments to managed care entities (MCEs), as opposed to utilization experience or actual claims paid by MCEs. As a result, enrollment is the primary driver of managed care variances. Overall managed care expenditures are \$51.1M (2.2%) below the estimated amount in the April 2025 Medicaid forecast.
- SFY 2026 managed care expenditures YTD are \$141.4M (6.6%) above expenditures YTD in August 2024, driven primarily by MCO performance payments that were paid in July 2025 and projected to be paid in June 2025, risk corridor payments not received in July 25 and retro capitation payments



paid in July 2025 for Health Indiana Plan (HIP) and Hoosier Healthwise (HHW).

- The favorable variance to forecast in SFY 2026 YTD for the Healthy Indiana Plan (HIP), and PathWays is due to lower than forecasted enrollment while the unfavorable variance to forecast in Hoosier Care Connect and Hoosier Healthwise is being driven by the timing of both risk corridor and MCO performance payments. The HIP program is predominately funded through an increased federal medical assistance percentage (FMAP), a portion of state cigarette tax revenue, and hospital assessment fees. As a result, these expenditures do not impact the State's general fund.
- Fee-for-service (FFS) expenditures reflect a favorable YTD variance to forecast of \$55.2M. Primary drivers include positive variances being seen in Home and Community Bases Waiver Services and State Plan service expenditures. HCBS Waiver services overall have a favorable variance to forecast of \$115M largely driven by the lower than forecasted expenditures under the Health and Wellness (H&W) and Community Integration and Habilitation (CIH) waivers.
- State Plan Services expenditures reflect a favorable variance to the forecast of \$34.3M with the main drivers being lower than forecasted high-cost drugs and certified community behavioral health clinic costs.
- Manual expenditures include supplemental payments paid to providers throughout the year but have minimal impact on the State's general fund as the state share of these costs are paid through Intergovernmental Transfers (IGTs) or assessment fees. Lower than forecasted provider supplemental payments for DSH supplemental payments are the primary driver of the SFY2026 positive variance to forecasted expenditures.
- A negative variance to forecast in the Other Expenditures category is primarily driven by pharmacy rebate collections being lower than forecasted, which provides an offset for the cost of drugs provided to Medicaid recipients along with Part D Clawback payments.
- Children Health Insurance Plan (CHIP) and Money Follows the Person (MFP) expenditures are not paid through the Medicaid Assistance fund and therefore are removed from the total expenditures reported.
- Overall, increased SFY 2026 YTD expenditures compared to prior year expenditures are mainly driven by higher Managed Care expenditures and lower pharmacy rebate collections, while offset partially by decreased HCBS Waiver and State Plan services expenditures.

## ***Funding***

- General fund usage year-to-date through August 2025 totaled \$1.1BM, which represents approximately 34.7% of the overall funding for Medicaid Assistance expenditures while 65.3% comes from federal funds and 0% comes from Intergovernmental transfers and provider taxes.
- Through August 2025, the current SFY funding deficit is estimated at \$251.6M. This deficit is expected to fluctuate throughout the year based on the timing of funding and expenditures, particularly as it pertains to non-federal and non-state funds such as IGTs and assessment fees. Month-to-month changes are to be interpreted within the full fiscal year forecast.