



Mike Braun, Governor
State of Indiana

Indiana Family and Social Services Administration

402 W. WASHINGTON ST., ROOM W451, MS27
INDIANAPOLIS, IN 46204-2744

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The Monthly Medicaid Financial Report for March 2026 was released today.

Note to Readers

The forecasted monthly Medicaid expenditures, enrollment and funding are based on the December 2025 Medicaid forecast, which considered data through September 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 March 2026, Medicaid enrollment across all programs and delivery systems totaled 1,591,414 individuals, which is 188,756 (10.6%) below the forecasted amount. Compared to the actual enrollment in March 2025 of 1,971,840, enrollment is down 380,426. Year-to-date average monthly enrollment is 274,152 (13.6%) below the average monthly enrollment year-to-date in March 2025. Average monthly enrollment year-to-date (YTD) for SFY 2025 through March was 2,015,599.

Expenditures

- Medicaid expenditures YTD through March totaled \$14.1B, which is \$645.4M (4.4%) below the estimated amount in the December 2025 Medicaid forecast and \$926.1M (6.1%) below expenditures YTD in March 2025.
- 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 YTD are \$427.6M (4.1%) below the estimated amount in the December 2025 Medicaid forecast.
- SFY 2026 managed care expenditures YTD are \$869.6M (8%) below expenditures YTD in March 2025, driven primarily by lower enrollment in Healthy Indiana Plan (HIP), Hoosier Healthwise (HHW) and PathWays (PW) and partially offset by higher than forecasted retro rate adjustments, MCO



performance payments and Certified Community Behavioral Health Clinics (CCBHC).

- The favorable variance to forecast in SFY 2026 YTD for the Healthy Indiana Plan (HIP), PathWays and Hoosier Healthwise is due to lower than forecasted enrollment. 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 \$40.9M. Primary drivers include negative variances being seen in State Plan service expenditures. HCBS Waiver services overall have a favorable variance to forecast of \$29.8M largely driven by the lower than forecasted expenditures under Health and Wellness Waiver, Community Integration and Habilitation Waiver and Money Follows the Person (MFP).
- State Plan Services expenditures reflect an unfavorable variance to the forecast of \$7.1M with the main drivers being higher than forecasted pharmacy, physician services and DME and medical supplies and offset partially by lower than forecast amounts in hospital services, home health services and mental health rehabilitation services.
- 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 Nursing Facility UPL payments are the primary driver of the SFY2026 positive variance to forecasted expenditures offset partially by higher than forecasted amounts in DSH payments.
- 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.
- 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, decreased SFY 2026 YTD expenditures compared to prior year expenditures are mainly driven by lower Managed Care, Long-Term Institutional Care and HCBS Waivers while offset partially with lower Pharmacy Rebates and higher DSH Supplemental Payments.

Funding

- General fund usage year-to-date through March 2026 totaled \$3.4B, which represents approximately 24% of the overall funding for Medicaid Assistance expenditures while 68% comes from federal funds and 8% comes from Intergovernmental transfers and provider taxes.
- Through March 2026, the current SFY funding surplus is estimated at \$257M. This surplus 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.