

Preserving Medicaid Benefits for Ohio Seniors and People with Disabilities

Cutting provider taxes means cutting Medicaid benefits

- Like many states, Ohio relies on provider taxes as a key funding source for Medicaid benefits, relieving the burden on other taxpayers and helping states like Ohio cut income and property taxes.
- Revenue from provider taxes and federal match on the tax receipts supports all Medicaid benefits, including funding care for seniors and people with disabilities.
- Ohio Medicaid will receive nearly *\$11.5 billion per year* in funding from provider taxes in the biennium beginning July 1, 2025.

Taxpayer	State tax revenue	Federal match	Total Medicaid funding impact
SNFs	\$451,000,000	\$837,571,429	\$1,288,571,429
ICFs/IID	\$60,100,000	\$111,614,286	\$171,714,286
Hospitals	\$2,632,211,017	\$4,888,391,889	\$7,520,602,906
Managed care	\$879,876,850	\$1,634,057,007	\$2,513,933,857
Total	\$4,023,187,867	\$7,471,634,610	\$11,494,822,477

- Provider taxes are not fraud, waste, or abuse. They are legitimate levies that are necessary to support Medicaid benefits for Ohioans who have nowhere else to turn.
- Every state except Alaska utilizes provider taxes. For more than 30 years, federal law has recognized them as a legitimate source of state Medicaid matching funds, subject to limitations spelled out in statute, including a maximum tax of 6% of patient revenue.

Provider tax rates under One Big Beautiful Bill Act (HR 1)

- HR 1 freezes provider tax rates and grandfathers in tax rate increases a state enacts or adopts before the federal legislation is enacted.
- We ask Congress to reject any effort to lower the maximum tax rate, which would jeopardize benefits for Ohio seniors and people with disabilities.
- The grandfather clause in HR 1 is critical to Ohio. Our pending budget bill (HB 96) will significantly increase the state's hospital tax, generating more than \$3 billion per year to support Medicaid benefits. Without the grandfather clause, a huge hole would open in the state budget.

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