

Provider Assessments: A Lifeline for ID/DD Care

The Problem

Medicaid does not fully cover the cost of care for individuals with intellectual and developmental disabilities (ID/DD). Access to quality long term services and supports (LTSS) is at risk without adequate funding.

The Solution: Provider Taxes

For over 40 years, provider assessments (also called provider taxes) have helped states stabilize Medicaid funding and maintain care for vulnerable populations.

- 49 states and D.C. use provider taxes to ensure providers can continue serving Medicaid beneficiaries.
- 32 states and D.C. apply these assessments to Intermediate Care Facilities for Individuals with Intellectual and Developmental Disabilities (ICFs/IID).

Why Provider Taxes Matter

- **They Fill Medicaid Gaps** – States use provider taxes to expand services and support higher-quality care. Provider taxes are used to fund reimbursement and any reduction is a cut to providers.
- **They Are Held to Strict Standards** – These programs meet strict federal guidelines and are approved by The Centers for Medicare & Medicaid Services.
- **They Prevent Care Shortages** – States may cut Medicaid services without provider taxes, forcing providers to limit admissions or close facilities.

The Threat

Some federal budget proposals aim to lower the “Safe Harbor” limit from the current 6%, limiting states’ ability to use provider taxes. This misguided approach would:

- Cut Medicaid funding without a replacement solution.
- Reduce access to essential care for ID/DD populations.
- Undermine efforts to recruit and retain much-needed staff in care facilities.

The Bottom Line

Provider taxes are a legitimate tool that states have the right to use to protect the vitality of Medicaid funding for care for individuals with intellectual and developmental disabilities.

AHCA
AMERICAN HEALTH CARE ASSOCIATION

AHCA/NCAL Legislative Staff Contact:
GR@ahca.org

NCAL
NATIONAL CENTER FOR ASSISTED LIVING

IMPROVING LIVES *by* DELIVERING SOLUTIONS *for* QUALITY CARE

Medicaid Provider Taxes in Place, 2025

States	Hospitals	ICF	Nursing Facilities	MCO	Ambulance	Other	Any
Alabama	Yes	No	Yes	No	Yes	Yes	Yes
Alaska	No	No	No	No	No	No	No
Arizona	Yes	No	Yes	No	No	No	Yes
Arkansas	Yes	Yes	Yes	Yes	Yes	No	Yes
California	Yes	Yes	Yes	Yes	Yes	No	Yes
Colorado	Yes	Yes	Yes	No	No	No	Yes
Connecticut	Yes	Yes	Yes	No	No	No	Yes
Delaware	No	No	Yes	No	No	No	Yes
Washington, D.C.	Yes	Yes	Yes	Yes	No	No	Yes
Florida	Yes	Yes	Yes	No	No	No	Yes
Georgia	Yes	No	Yes	No	Yes	No	Yes
Hawaii	Yes	No	Yes	No	No	No	Yes
Idaho	Yes	Yes	Yes	No	No	No	Yes
Illinois	Yes	Yes	Yes	Yes	No	No	Yes
Indiana	Yes	Yes	Yes	No	No	No	Yes
Iowa	Yes	Yes	Yes	Yes	No	No	Yes
Kansas	Yes	No	Yes	Yes	No	No	Yes
Kentucky	Yes	Yes	Yes	No	Yes	Yes	Yes
Louisiana	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Maine	Yes	Yes	Yes	No	No	No	Yes
Maryland	Yes	No	Yes	Yes	No	No	Yes
Massachusetts	Yes	No	Yes	Yes	Yes	No	Yes
Michigan	Yes	No	Yes	Yes	Yes	No	Yes
Minnesota	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mississippi	Yes	Yes	Yes	No	Yes	No	Yes
Missouri	Yes	Yes	Yes	No	Yes	Yes	Yes
Montana	Yes	No	Yes	No	No	No	Yes
Nebraska	Yes	Yes	Yes	No	No	No	Yes
Nevada	Yes	No	Yes	No	No	No	Yes
New Hampshire	Yes	No	Yes	Yes	No	No	Yes
New Jersey	Yes	Yes	Yes	Yes	No	Yes	Yes
New Mexico	Yes	Yes	Yes	No	No	No	Yes
New York	Yes	Yes	Yes	Yes	No	Yes	Yes
North Carolina	Yes	Yes	Yes	No	No	No	Yes
North Dakota	No	Yes	No	No	No	No	Yes
Ohio	Yes	Yes	Yes	Yes	No	No	Yes
Oklahoma	Yes	Yes	Yes	Yes	Yes	No	Yes
Oregon	Yes	No	Yes	Yes	Yes	No	Yes
Pennsylvania	Yes	Yes	Yes	Yes	No	No	Yes
Rhode Island	Yes	No	Yes	Yes	No	No	Yes
South Carolina	Yes	Yes	No	No	Yes	No	Yes
South Dakota	No	Yes	No	No	No	No	Yes
Tennessee	Yes	Yes	Yes	No	Yes	No	Yes
Texas	Yes	No	Yes	Yes	No	Yes	Yes
Utah	Yes	Yes	Yes	No	Yes	No	Yes
Vermont	Yes	No	Yes	No	Yes	No	Yes
Virginia	Yes	Yes	No	No	No	No	Yes
Washington	Yes	No	Yes	Yes	Yes	No	Yes
West Virginia	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Wisconsin	Yes	Yes	Yes	No	No	No	Yes
Wyoming	Yes	No	Yes	No	Yes	Yes	Yes

Source: Hinton, E., Williams, E., Raphael, J., Mudumala, A., Rudowitz, R., Gifford, K., Lashbrook, A., & Knapp, C. (2024, October). *As pandemic-era policies end, Medicaid programs focus on enrollee access and reducing health disparities amid future uncertainties: Results from an annual Medicaid budget survey for state fiscal years 2024 and 2025.* KFF & Health Management Associates. <https://files.kff.org/attachment/Report-Results-from-an-Annual-Medicaid-Budget-Survey-for-State-Fiscal-Years-2024-and-2025.pdf>