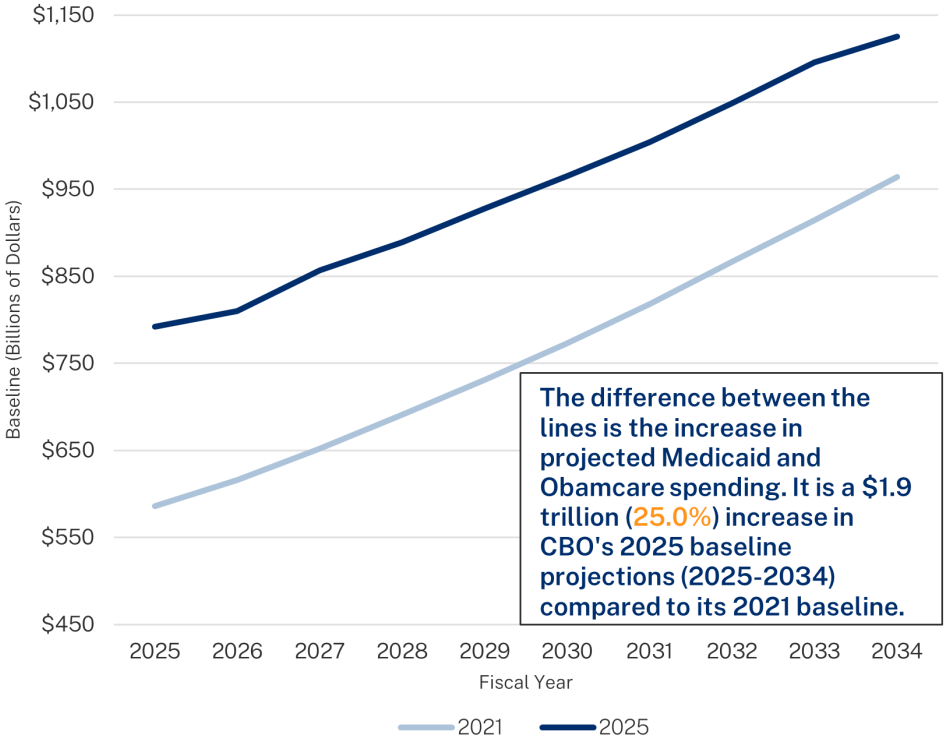
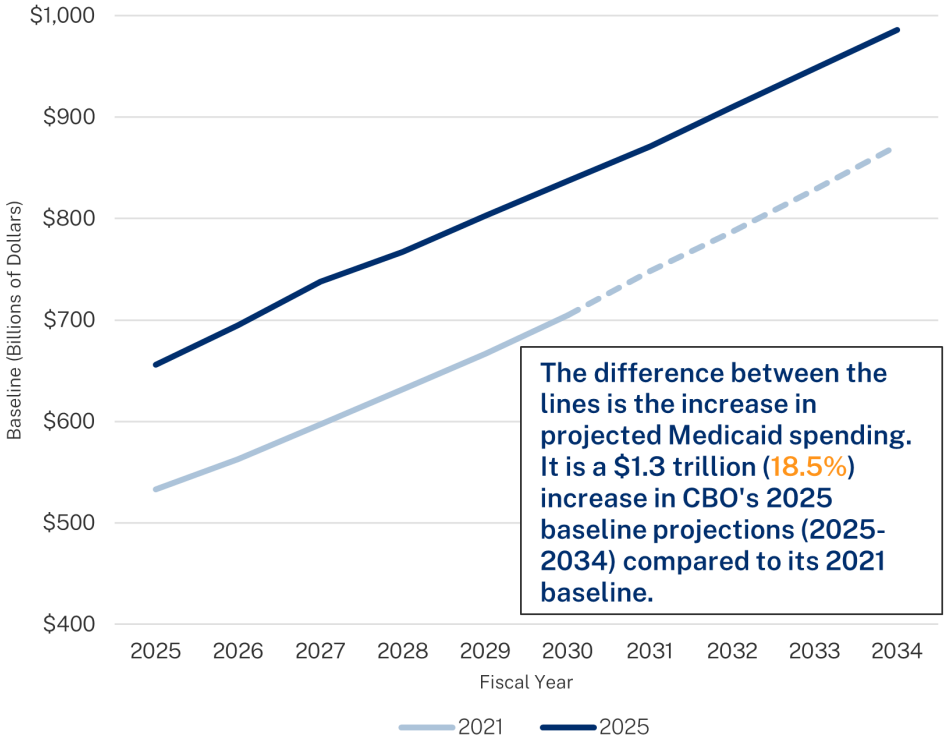
Figure 1: CBO's Federal Medicaid and Obamacare Spending Baseline Increased $1.9 Trillion During the Biden Administration



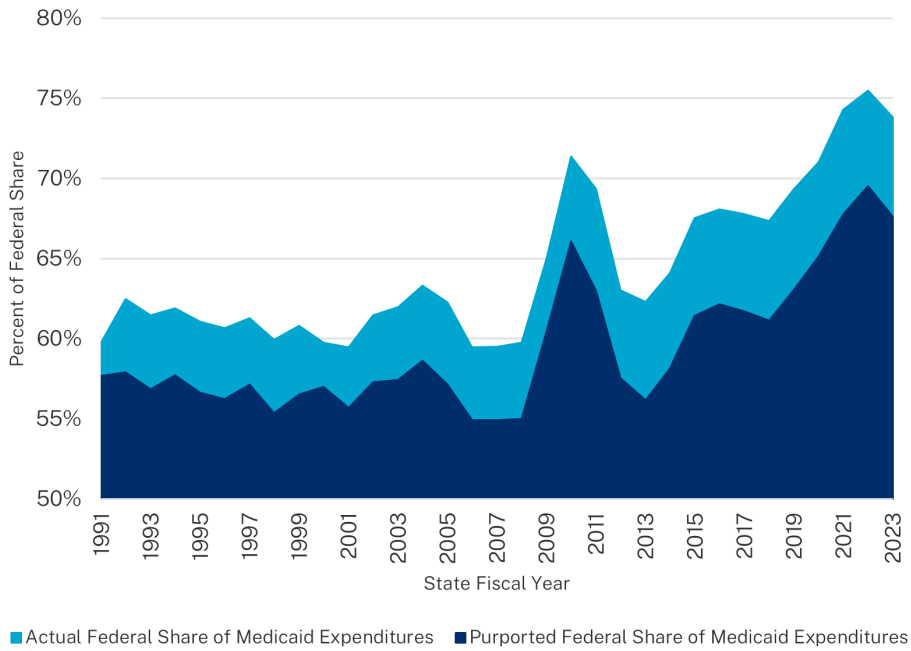
Source: Analysis of CBO Medicaid Baseline Projections (2024)

Figure 2: CBO's Federal Medicaid Spending Baseline Increased $1.3 Trillion During the Biden Administration



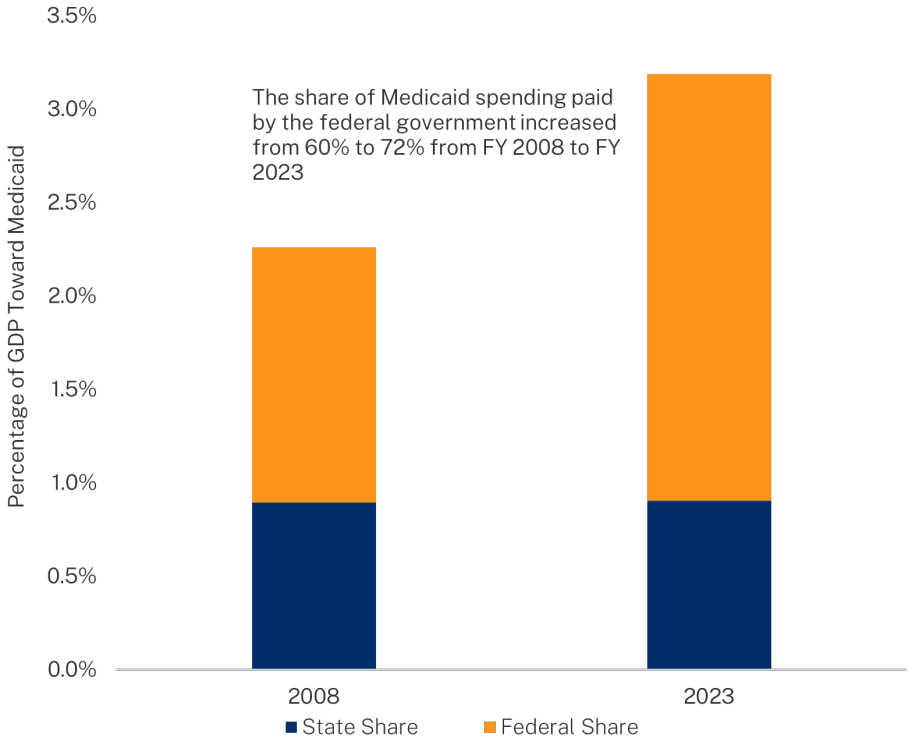
Source: Analysis of CBO Medicaid Baseline Projections (2024)

Figure 3: Significant Increase in the Purported and Actual Federal Share of Medicaid Over Time



Source: NASBO State Expenditure Report, 1991 - 2024.
Notes: The purported federal share of Medicaid expenditures is the percentage of federal funds relative to total Medicaid spending. The actual federal share is the percentage of federal funding relative to total Medicaid spending, less provider taxes and intergovernmental transfers (which represent money-laundered funds). Based on a report from the GAO, we assume 87.5 percent of "other funds" reported by NASBO are from provider taxes and IGTs. We use the following formulas to calculate the purported and actual federal shares:
Purported Federal Share = (Total Federal Medicaid Spending) / (Total Medicaid Spending) * 100%
Actual Federal Share = (Total Federal Medicaid Spending) / [Total Medicaid Spending - (Other State Spending * 0.875)] * 100%

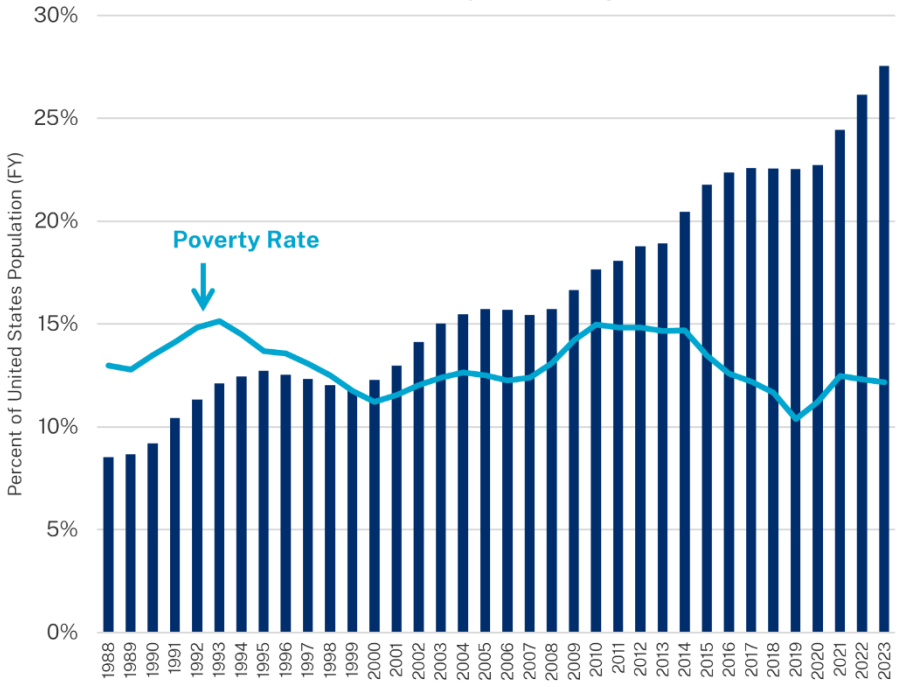
Figure 4: Medicaid Costs Soared for the Federal Government from 2008 to 2023, While Costs Were Flat for States



Source: Centers for Medicare and Medicaid Services, the Federal Reserve, Kaiser Family Foundation, and Committee for a Responsible Federal Budget.

Figure 5: Medicaid is No Longer for the Poor

Enrollment Has Tripled over Last Three Decades as Enrollees Now Double People in Poverty



Source: MACStats - Medicaid and CHIP Databook 2024 Edition, Census Bureau, Centers for Medicare & Medicaid Services

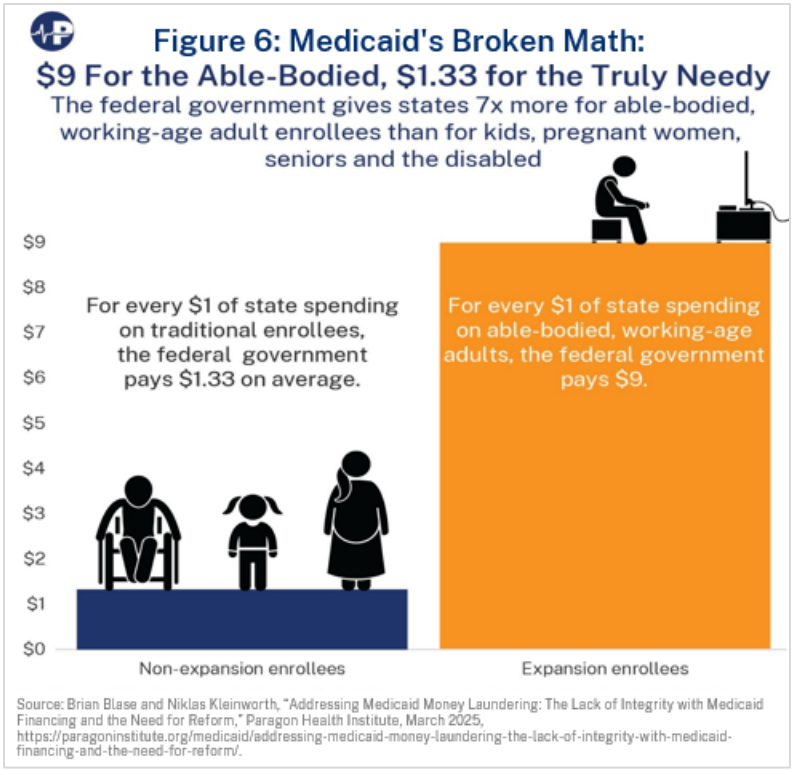
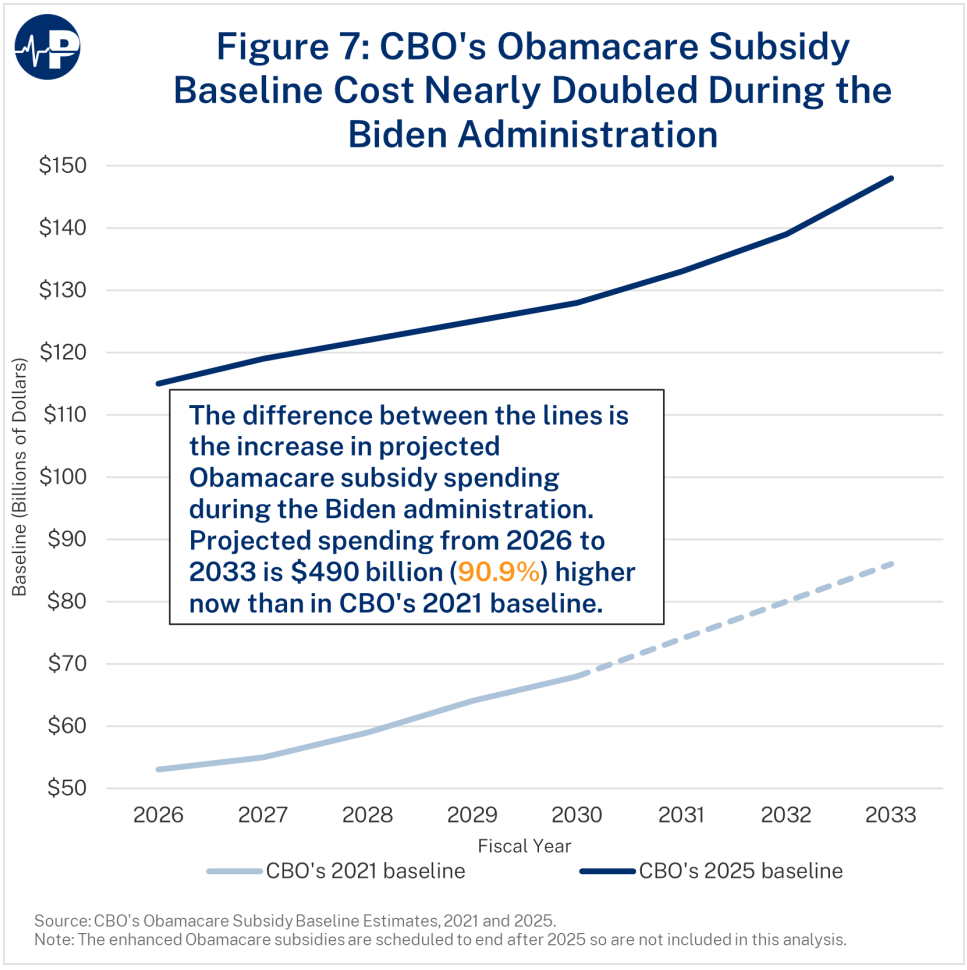
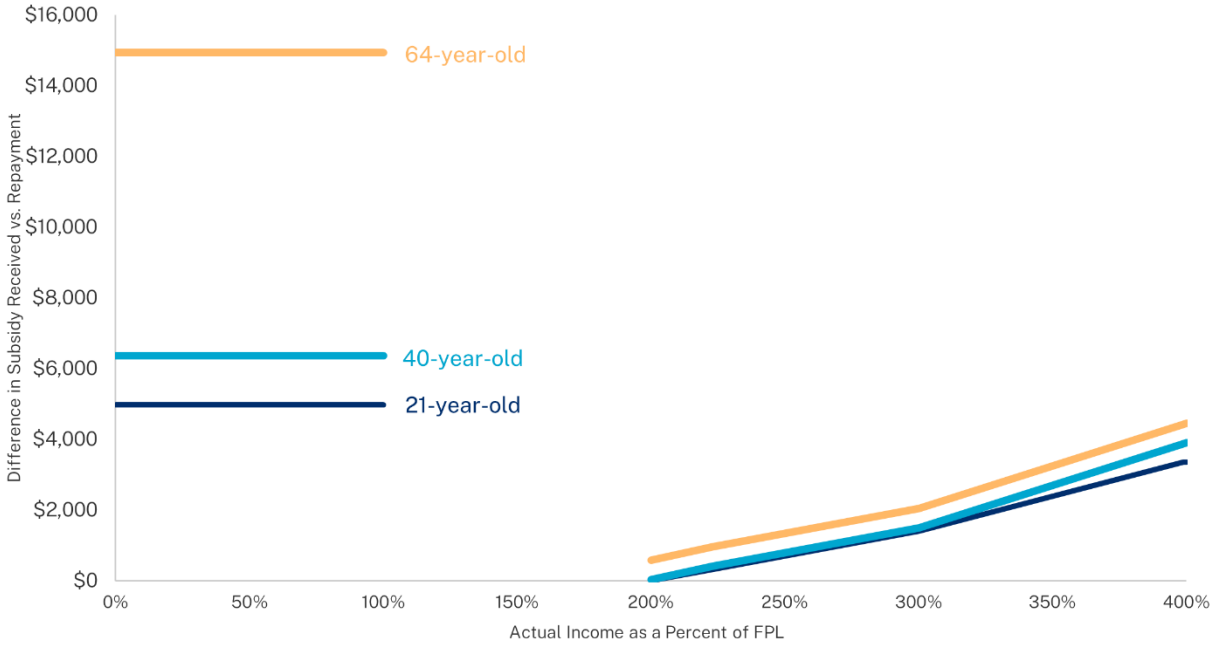


Figure 6: Medicaid's Broken Math:
$9 For the Able-Bodied, $1.33 for the Truly Needy
The federal government gives states 7x more for able-bodied, working-age adult enrollees than for kids, pregnant women, seniors and the disabled
$9
$8
$7
$6
$5
$4
$3
$2
$1
$0
For every $1 of state spending on traditional enrollees, the federal government pays $1.33 on average.
For every $1 of state spending on able-bodied, working-age adults, the federal government pays $9.
Non-expansion enrollees
Expansion enrollees
Source: Brian Blase and Niklas Kleinworth, "Addressing Medicaid Money Laundering: The Lack of Integrity with Medicaid Financing and the Need for Reform," Paragon Health Institute, March 2025, https://paragoninstitute.org/medicaid/addressing-medicaid-money-laundering-the-lack-of-integrity-with-medicaid-financing-and-the-need-for-reform/.



Source: CBO's Obamacare Subsidy Baseline Estimates, 2021 and 2025.
Note: The enhanced Obamacare subsidies are scheduled to end after 2025 so are not included in this analysis.

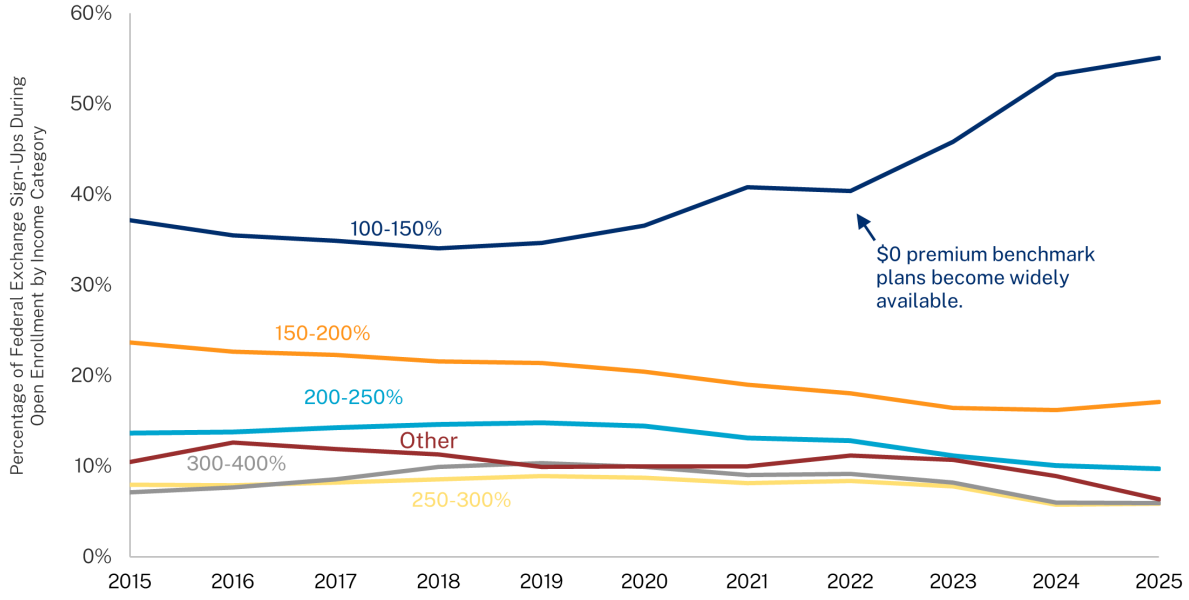
Figure 8: Incentive to Cheat: Benefit of Reporting Income Between 100% and 150% FPL Based on Actual Income



Sources: KFF Marketplace Subsidy Calculator and IRS.
Note: For those under 100% FPL, incentives for older populations increase, because the cost of a benchmark plan increases by age. Those between 100% and 150% FPL are correctly reporting income and so gain no benefit. There are minimal effects for people 150%-200% FPL. Enrollees over 200% FPL have an incentive to underestimate income, and the differences in the lines account for a greater benefit that older enrollees receive from the 94% actuarial value plan through the CSR program.

Figure 9: Fully Subsidized Plans Driving More Cheating

55% of Federal Exchange Enrollees Reported Income Between 100-150% in 2025



Source: Compiled from CMS Marketplace Open Enrollment Period Public Use Files.
Note: The lines represent percentages of the federal poverty level (FPL). The other category includes people with income below 100% FPL, those above 400% FPL, and those with uncertain income.

Table 1: Top 15 States with Fraudulent Exchange Enrollment Between 100 - 150% FPL in 2025

State	Platform	Expansion Status	Exchange Sign-Ups 2025	Eligible Enrollees 2025	Sign-Ups as % of Eligible Enrollees 2025	Fraudulent Enrollees 2025	Increase in Fraudulent Enrollees '24 to '25
Florida	HC.gov	Not Adopted	3,089,787	633,387	487.8%	2,456,400	358,865
Texas	HC.gov	Not Adopted	2,441,643	1,074,086	227.3%	1,367,557	290,130
Georgia	HC.gov	Not Adopted	876,562	332,920	263.3%	543,642	39,118
North Carolina	HC.gov	Adopted	446,367	143,366	311.3%	303,001	-62,707
Tennessee	HC.gov	Not Adopted	372,108	184,607	201.6%	187,501	59,382
South Carolina	HC.gov	Not Adopted	340,834	161,264	211.4%	179,570	36,668
Mississippi	HC.gov	Not Adopted	256,825	110,053	233.4%	146,772	46,221
Ohio	HC.gov	Adopted	239,945	98,367	243.9%	141,578	72,956
Alabama	HC.gov	Not Adopted	302,329	163,577	184.8%	138,752	72,449
Utah	HC.gov	Adopted	156,721	38,627	405.7%	118,094	23,036
Missouri	HC.gov	Adopted	193,072	80,308	240.4%	112,764	38,320
Michigan	HC.gov	Adopted	194,581	86,403	225.2%	108,178	71,839
Louisiana	HC.gov	Adopted	152,929	48,745	313.7%	104,184	59,240
Indiana	HC.gov	Adopted	157,474	66,400	237.2%	91,074	45,024
Oklahoma	HC.gov	Adopted	148,640	63,086	235.6%	85,554	28,120

Sources: CMS, 2025 Marketplace Open Enrollment Period Public Use Files; CMS, 2024 Marketplace Open Enrollment Period Public Use Files; U.S. Census Bureau, ACS 1-Year Estimates Public Use Microdata Sample (2023); U.S. Census Bureau, Annual Estimates of the Resident Population for the United States, Regions, States, District of Columbia, and Puerto Rico: April 1, 2020, to July 1, 2024.

Notes: SBE denotes a state-based exchange. The eligible population is represented by ACS data as the total population between 100% and 150% FPL without Medicare or Medicaid, older than 18, and younger than 65. NY, MN, OR, and DC are excluded from this analysis. The ACS data is adjusted to account for population growth, but this adjustment might not fully account for changes in distribution by FPL by state. For expansion states, the total eligible population was halved to account for those between 100% and 138% FPL who are eligible for Medicaid in expansion states, whether they are enrolled or not, and therefore would not qualify for exchange plans. Non-expansion states did not receive this adjustment. The overall number of exchange sign-ups does not equal the sum of eligible enrollees and fraudulent enrollees to account for the states where eligible enrollees exceed the number of sign-ups. Georgia transitioned to state-based exchanges in 2025. Georgia is maintained as a HealthCare.gov state for the purposes of this paper so as not to bias the results with Georgia's substantial levels of fraud in 2025 as well as to maintain consistency with the 2024 report. NY, MN, and OR all have Basic Health Programs and do not provide detailed income information. DC is omitted because the majority share of plan selections in DC do not report income information.