

## AGENCY BILL ANALYSIS - 2026 REGULAR SESSION

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### **SECTION I: GENERAL INFORMATION**

*{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}*

**Date Prepared:** 1/21/2026 **Check all that apply:**  
**Bill Number:** SB9 **Original**  **Correction**   
**Amendment**  **Substitute**

<b>Sponsor:</b> <u>Stefanics, Sharer, Campos, Lopez</u>	<b>Agency Name and Code Number:</b>	<u>337 – State Investment Council</u>
<b>Short Title:</b> <u>Medicaid Trust Fund</u>	<b>Person Writing</b>	<u>McBurney/Iglesias</u>
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### **SECTION II: FISCAL IMPACT**

#### **APPROPRIATION (dollars in thousands)**

<b>Appropriation</b>		<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
<b>FY26</b>	<b>FY27</b>		
-	<u>\$(1,000,000)</u>	Nonrecurring	General Fund
-	<u>\$1,000,000</u>	Nonrecurring	Medicaid Trust Fund

#### **REVENUE (dollars in thousands)**

<b>Revenue Type</b>	<b>Estimated Revenue</b>					<b>Recurring or Nonrecurring</b>	<b>Fund Affected</b>
	<b>FY26</b>	<b>FY27</b>	<b>FY28</b>	<b>FY29</b>	<b>FY30</b>		
Investment Gains	--	<u>\$64,600</u>	<u>\$67,700</u>	<u>\$71,000</u>	<u>\$72,400</u>	Recurring	Medicaid Trust Fund
MTF Distributions	--	--	--	--	<u>\$64,000</u>	Recurring	State-Supported Medicaid Fund

(Parenthesis ( ) indicate revenue decreases)

### **SECTION III: NARRATIVE**

#### **BILL SUMMARY**

##### Synopsis:

SB9 Medicaid Trust Fund appropriates \$1 billion from the General Fund to the Medicaid Trust Fund in FY27.

## FISCAL IMPLICATIONS

The Medicaid Trust Fund (MTF) was valued at \$43,066,477 as of 12/31/2025.

Under current law, distributions are set to begin in FY30 (July 1, 2029), provided that the trust fund has a minimum balance of \$500 million. Statute allows the trust fund to receive two types of revenue: 1) annual agency budget reversions in excess of \$110 million, and 2) 50% of federal royalty payments that would otherwise flow to the early childhood education and care fund (ECECF) from FY26-FY28.

Based on expected inflows into the trust fund according to the December 2025 consensus revenue estimate, SIC staff estimate the trust fund will not reach the minimum \$500 million balance until 2040, although this date could come sooner if deposits into the trust fund are higher than the consensus group's estimations.

The \$1 billion appropriation in this bill significantly accelerates the fund's growth, enabling earlier, larger distributions to the State-Supported Medicaid Fund. This infusion ensures the fund meets the statutory threshold sooner than anticipated under current law and results in a sustainable stream of additional support for Medicaid beginning in FY30.

For this analysis, SIC staff assume the full \$1 billion would be transferred to the trust fund in July 2026 and begin earning interest. Staff estimate this additional infusion would increase investment earnings by about \$65 million per year starting in FY27, with the impact growing each year due to compounding. The analysis assumes the expected compound annual return of 6.36% for the Medicaid Trust Fund, as estimated in our general consultant RVK's 2025 asset allocation study.

Staff estimate the bill would raise initial payouts to the State-Supported Medicaid Fund to around \$64 million in FY30, with potential to grow to about \$90 million by FY50, as shown in the table.

MTF Distribution to State-Supported Medicaid Fund (\$MM)			
Fiscal Year	Current Law	Proposed	Diff
FY25	\$0.0	\$0.0	\$0.0
FY26	\$0.0	\$0.0	\$0.0
FY27	\$0.0	\$0.0	\$0.0
FY28	\$0.0	\$0.0	\$0.0
FY29	\$0.0	\$0.0	\$0.0
FY30	\$0.0	\$64.0	\$64.0
FY31	\$0.0	\$68.5	\$68.5
FY32	\$0.0	\$71.8	\$71.8
FY33	\$0.0	\$72.8	\$72.8
FY34	\$0.0	\$73.8	\$73.8
FY35	\$0.0	\$74.7	\$74.7
FY36	\$0.0	\$75.7	\$75.7
FY37	\$0.0	\$76.6	\$76.6
FY38	\$0.0	\$77.6	\$77.6
FY39	\$0.0	\$78.6	\$78.6
FY40	\$0.0	\$79.6	\$79.6
FY41	\$0.0	\$80.6	\$80.6
FY42	\$24.2	\$81.6	\$57.4
FY43	\$25.3	\$82.6	\$57.3
FY44	\$26.1	\$83.7	\$57.6
FY45	\$26.4	\$84.8	\$58.3
FY46	\$26.8	\$85.8	\$59.0
FY47	\$27.1	\$86.9	\$59.8
FY48	\$27.5	\$88.0	\$60.5
FY49	\$27.8	\$89.1	\$61.3
FY50	\$28.2	\$90.3	\$62.1
Cumulative Total			\$1,427

Under these assumptions, the \$1 billion appropriation to the Medicaid Trust Fund could result in cumulative *additional* distributions to the State-Supported Medicaid Fund of over \$1.4 billion by 2050.

## PERFORMANCE IMPLICATIONS

The Medicaid Trust Fund, which received its first cash infusion in December 2025, is too new to have any meaningful historical performance data.