Idaho's Medicaid Legislative-Approval Requirement (HB 345) and Arizona's Utilization Trigger (HB 2945)

Briefing for the Colorado Commission on Medicaid · November 2026

In Summary, for the Commission's discussion of line 72c

Docket line 72c proposed that legislation be required for approval when a service category grows more than a set percentage in a year. It was cited that Idaho offers a precedent for a gate on new coverage and new state cost, approved bill by bill. It does not offer precedent for a utilization trigger or a hard growth limit. Arizona offers a narrower one. HB 2945 (2025) bars Medicaid waiver changes that would raise use of specific services more than 10% a year unless the Legislature authorizes them in statute, and requires notice to legislative leaders if an allowed change later crosses that line. It applies to new waiver changes only, not to growth in services already covered. The 10% trigger NCSL presented is Arizona's; the docket's citation to Idaho SB 1108 transposed the two states. If the Commission revisits line 72c, the choice is among those models. One structural difference: Colorado's General Assembly is also part-time, but its Joint Budget Committee can act on certain supplementals between sessions – a role Idaho's law gives no interim body. Arizona's design also speaks to the concern that a trigger cannot work out of session: notice can come at any time, and the Legislature has a year to act before an unauthorized change is unwound.

Why the Commission asked

On November 10th, the Commission rejected docket line 72c: legislative approval whenever a Medicaid service category grows more than a set percentage in a year. The docket described the idea as modeled on Idaho, citing SB 1108 by way of NCSL. On the NCSL slide, the 10% trigger is attributed to Arizona HB 2945, and SB 1108 to a report tracking appropriations against actual spending; the two were transposed when the deck was read into the docket.

Two members objected to the rejection. Their view, recorded for the report, is that the fastest-growing part of the budget should face the same hard limits as the rest of it, and that the legislature should learn during the year when spending is running over rather than once a year. One reason raised against the line was that a legislative-approval trigger is not practical when the legislature is out of session.

A member asked for a short summary of how Idaho's cap works and said they might reconsider; the Chair said the Commission can revisit line 72c once it has that. This briefing answers three questions from that exchange: what Idaho requires, how it works when the legislature is not in session, and what has happened since.

Bottom line

HB 345 (2025) requires the Legislature to approve, in statute, any state plan amendment or waiver that would expand coverage or increase net state cost before the Department of Health and Welfare (DHW) can seek or implement it. It is a gate on new policy, not a limit on growth in existing services.

The "legislative approval for a 10% annual increase in service use" is Arizona's, not Idaho's. On the NCSL Summit slide it belongs to Arizona HB 2945 (2025); the deck cites Idaho SB 1108 for a Medicaid report tracking appropriations against actual spending. SB 1108 (2025) is DHW's FY 2026 maintenance appropriation and contains no utilization trigger. The 10% figure in Idaho budget law limits moving money between programs, and the Medicaid appropriation waives it. This bears directly on whether the Commission returns to line 72c.

Arizona HB 2945 is the closer model for line 72c, with one important limit: its trigger applies to new waiver changes, not to growth in services already covered. It is summarized below.

What triggers legislative approval

- **The rule.** Idaho Code 56-2201 bars DHW from seeking or implementing a state plan amendment, 1115 waiver, or 1915 waiver that would expand coverage to any additional individuals or class of individuals, or increase any net cost to the state, without legislative approval.
- **How approval is given.** Only in statute, and the approval must be listed in Title 56, Chapter 22 to be effective. Each approved change gets its own code section: 56-2202 through 56-2207 in HB 345, and 56-2208 added in 2026.
- **What is exempt.** Amendments and waivers previously authorized by statute or already implemented as of July 1, 2025, and any change that neither expands coverage nor increases net state cost.
- **Oversight role.** DHW must update the Medicaid Legislative Review Panel (a bipartisan House–Senate panel created in 2024 and staffed by the Legislative Services Office) on a schedule the co-chairs set, and seek its input on waiver design. The panel advises; it cannot grant approval.
- **History.** HB 345 replaced HB 398 (2024), which set the same gate but covered "any cost to the state" and lacked the "previously authorized by statute" exemption.

What it does not reach. Enrollment growth, utilization, medical inflation, and changes in federal match under the existing plan. Those run through the regular budget process: the Joint Finance-Appropriations Committee (JFAC) sets the budget; provider rate changes require a line-item budget request and legislative approval (56-265); DHW sends a monthly report to the Legislative Services Office and the Division of Financial Management comparing the monthly appropriation to actual spending, with an updated forecast (the kind of report NCSL cites SB 1108 for); and transfers of more than 10% between programs normally require legislative appropriation (67-3511). The Medicaid appropriation, however, lets DHW move benefit funds among its Medicaid plans above 10% without further approval.

How it works when the Legislature is out of session

- **No out-of-session path.** Because approval must be in statute, only an enacted bill works. The law delegates no interim approval to JFAC, the Review Panel, or anyone else. A change that needs approval waits for the next regular session in January unless a special session is called.
- **Special sessions.** The governor can call one. Since a 2022 constitutional amendment, the Legislature can also convene itself on the written request of 60% of the members of each chamber.

- **The 2024 test.** After HB 398 was signed in April 2024, the governor warned it could halt work already in process. DHW listed 26 pending waivers and amendments, including up to $40 million for 149 skilled nursing facilities and $70 million in rate adjustments. The Legislature adjourned without a fix, and DHW asked the Attorney General for an opinion. The sponsor's position was that work already underway was grandfathered; HB 345 later wrote that into law.
- **Separate between-session rules.** Two other Idaho mechanisms operate between sessions, and both cut rather than approve. If federal match for the expansion population falls below 90% while the Legislature is out, DHW must offset the state cost – including by cutting provider rates or optional benefits – until the Legislature convenes (56-267). And the governor can order holdbacks: an August 2025 order for 3% midyear cuts led DHW to cut Medicaid provider rates by 4%.

Results so far

- **The gate is operating as a process.** Cost-increasing amendments now arrive as bills. In 2026 the Legislature passed S 1410, adding 56-2208 to approve a federally required amendment on clinic encounter rates. A bill for federally required services for incarcerated youth (H 578) was introduced and referred to committee.
- **HB 345's directed changes (DHW, February 2026).** Done: value care organizations and the primary care case management program ended January 1, 2026; specified rules repealed; practice-authority protections handled through handbook updates at CMS's request. In progress: eligibility and choice waivers submitted, with open CMS questions on budget neutrality; cost-sharing amendment (copays from $3.65 to $4.00) not yet submitted; comprehensive managed care RFP planned for October 2026, contract awards May 2027, go-live January 2029 (phase 1) and January 2031 (phase 2). Work requirements were overtaken by H.R. 1; a 2026 law (HB 913) directs implementation by December 31, 2026.
- **Savings.** The fiscal note estimated about $15.9 million in the first year and $27.2 million a year after, and the FY 2026 budget was reduced by $15.9 million in anticipation. DHW's February 2026 update reported no achieved savings figure.
- **Spending.** Growth continued through drivers the gate does not reach. The FY 2026 Medicaid budget was about $5.25 billion, up 11.5%, including $376.1 million in forecast adjustments for utilization and lower federal match. By September 2025 DHW needed a $60 million supplemental. Cost control since then has come through the budget: the 3% holdback, the 4% provider rate cut (extended into FY 2027), and a roughly $22 million cut to residential habilitation in the 2026 session.
- **Views.** Supporters argue legislative oversight is essential to responsible Medicaid administration. Critics argue the added approval layer slows needed changes and adds red tape, complexity, and cost.

Arizona's utilization trigger (HB 2945)

HB 2945 (2025) was an emergency supplemental appropriation that closed a roughly $122 million shortfall in the Division of Developmental Disabilities at Arizona's Department of Economic Security (DES). It was signed April 24, 2025, days before the program was expected to run out of money. Alongside the funding, it placed a legislative-approval requirement on waivers sought by AHCCCS, Arizona's Medicaid agency.

- **The rule.** AHCCCS may not submit a new Section 1115 waiver amendment, or add a new provision to a waiver extension, that expands eligibility to populations not authorized in statute as of January 1, 2025; adds new categories of covered services; or will lead to an annual increase in utilization of more than 10% for specific services, above what utilization would have been without the change – unless the Legislature has authorized it in statute.
- **Review before submission.** AHCCCS decides whether a proposed change falls under the rule. If it does, the House and Senate health committees of reference review it and forward a recommendation to both chambers. AHCCCS must also notify the Joint Legislative Budget Committee (JLBC) in writing of any waiver application or amendment.
- **The utilization trigger.** If AHCCCS decides a change falls outside the rule, it must monitor use of the affected services for three years. If use rises more than 10%, it must notify the Senate President, House Speaker, and JLBC Chair. If the Legislature does not enact a statute authorizing the change within one year, AHCCCS must ask CMS to terminate it.
- **Out of session.** Notice can be given at any time, and the one-year window spans at least one regular session, so the Legislature can act before a change is unwound. As in Idaho, no interim body can grant approval; JLBC receives notice but cannot authorize.
- **Other reporting in the bill.** AHCCCS and DES report quarterly to JLBC staff on parents paid as caregivers: growth in enrolled parents and members, emergency department visits and hospitalizations, and approved hours by primary diagnosis. The bill also ordered a special audit of that program and an annual report to JLBC staff on each agency's federal funds. None of these compares appropriations with actual spending.
- **What it does not reach.** Like Idaho's gate, it does not touch enrollment growth, rising use of services already covered, provider rates, or medical inflation. **A Colorado version of line 72c, which would apply to growth in existing service categories, would go further than either Arizona or Idaho.**

Do the Idaho and Arizona Legislatures sit year-round?

No. Idaho has a part-time citizen legislature that convenes in January and usually adjourns in late March or early April. Idaho is one of a small number of states with no limit on session length. The 2026 session ran from January 12 to April 2 – 81 days. Between sessions, interim committees and the Medicaid Legislative Review Panel study issues and take testimony, but they cannot enact law.

Arizona's Legislature is also part-time. It convenes in January, and both chambers have a rule to adjourn by the Saturday after the 100th day of session, usually in late April. Recent sessions have run well past that: none has ended before June since 2015, and the 2026 session ran from January 12 to June 13 – 153 days. The governor can call a special session, and two-thirds of the members of each chamber can require one by petition. Between sessions, the Joint Legislative Budget Committee meets and receives the notices HB 2945 requires, but it cannot authorize a waiver change. Because HB 2945 gives the Legislature a year to act after a utilization notice, at least one regular session always falls inside that window.

Sources

- HB 345 (2025), bill text

- HB 398 (2024), bill text
- SB 1108 (2025), DHW FY 2026 appropriation
- Idaho Code 67-3511, transfer of appropriations
- S 1355 (2024), Medicaid Legislative Review Panel
- DHW, HB 345 and managed care update, February 26, 2026
- Idaho Legislature, 2026 Sine Die report
- Idaho Capital Sun, governor's warning on HB 398 (April 2024)
- Idaho Capital Sun, special-session amendment (2024)
- Idaho Capital Sun, $60 million Medicaid supplemental (September 2025)
- Idaho Capital Sun, JFAC sets FY 2026 Medicaid budget (March 2025)
- Idaho Capital Sun, residential habilitation cuts (March 2026)
- NCSL Summit 2026, "The Medicaid Balancing Act" (July 27, 2026)
- Arizona Senate fact sheet, HB 2945/SB 1734 as enacted (2025)
- Arizona Capitol Times, governor signs DDD funding bill (April 2025)
- Arizona Constitution, art. IV, pt. 2, § 1 (special sessions on petition)
- Arizona Capitol Times, proposal to end sessions by April 30 (February 2026)
- Arizona Association of Counties, 2026 Legislative Enactment Guide