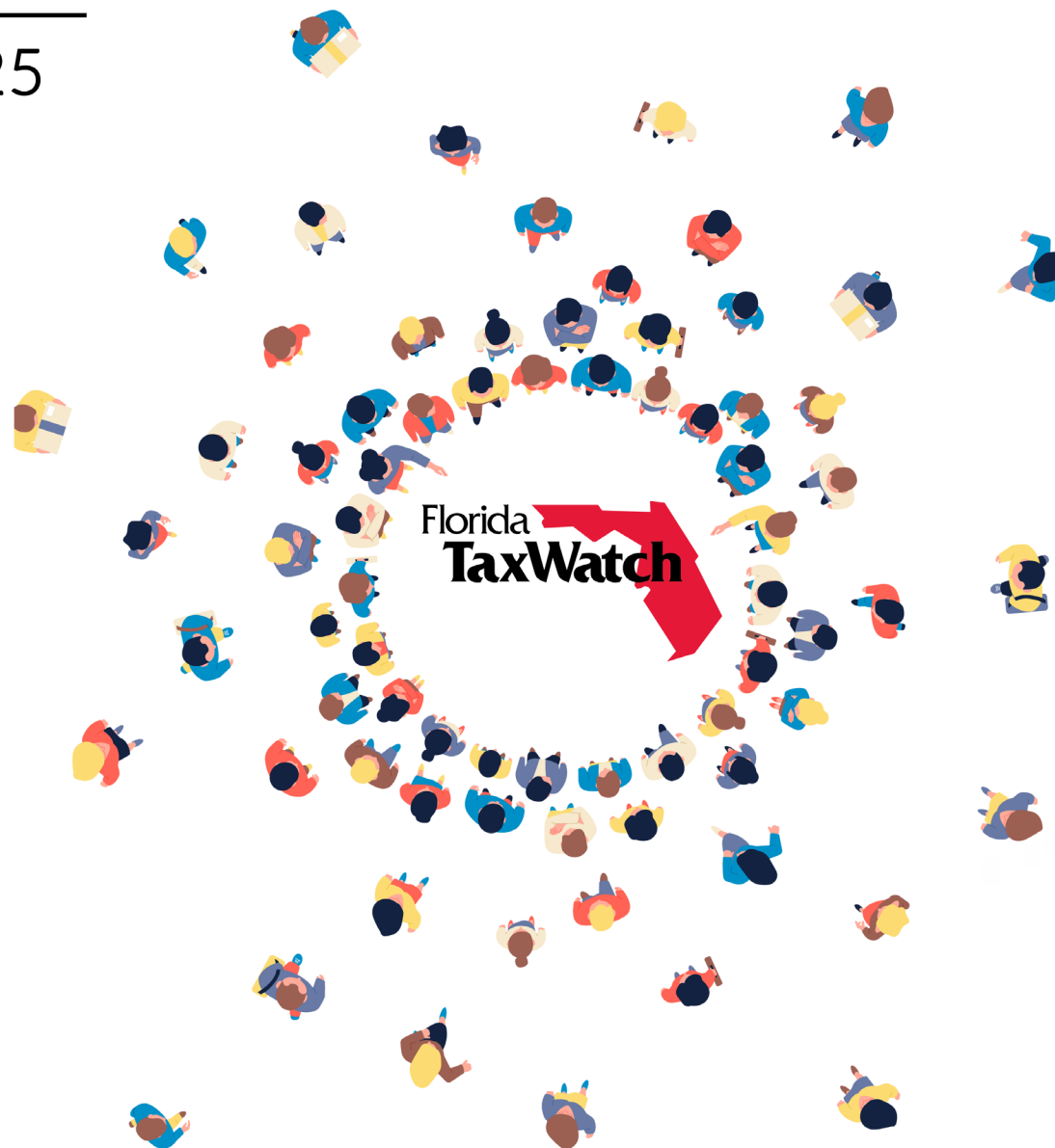


THE CONSEQUENCES OF A CENSUS UNDERCOUNT ON FLORIDA'S HEALTHCARE FUNDING

February 2025



“As a large non-profit health system, Lee Health utilizes demographic and census data every single day. The amount of dollars states receive for programs like Medicaid, Children’s Health Insurance Program (CHIP), Medicare, and the Supplemental Nutrition Assistance Program (SNAP) is impacted by the US Census. Demographic data is used to determine if building new programs, facilities, or services is necessary & prudent. Prices in healthcare are set by government payers and costs are often fixed based on regulatory requirements. The result of these market pressures is that we must have exceedingly clear data to operate a large healthcare delivery system that employs 16,000 individuals and treats nearly 3 million patient contacts each year.”

— Michael Nachev, VP of Government Relations
Lee Health

INTRODUCTION

During the 2020 Census, Florida failed to count an estimated 750,000 people (-3.48 percent).¹ Although it is tempting to call 2020 an exceptional year due to the COVID-19 pandemic, Florida was one of only six states with a statistically significant undercount.² Moreover, this is not the first time the state failed to accurately count its entire population.

Miscounting a population causes a ripple of consequences. As the basis of the American Community Survey (ACS),³ the final census count provides key population insights used by businesses, community leaders, and policymakers to make decisions throughout the decade. A complete census count also secures Florida taxpayers' fair share of federal representation and funding. In 2020, Florida's census undercount cost the state one, potentially two, congressional seats and resulted in a loss of federal funding that will range from \$11 billion to \$21 billion by the end of the decade.⁴

Although a census undercount impacts the state at large—as described in the Florida TaxWatch economic commentary “[Looking Back at Census 2020: What Florida's Business and Community Leaders Need to Know](#)”—**the consequences felt by the healthcare industry are some of the most severe**, limiting the accuracy of critical data used in planning services and determining funding allocations for large federal programs.

OBSCURED DATA AFFECT HEALTHCARE POLICY AND BUSINESS DECISIONS

The census count helps government officials and business leaders provide data to inform decision making primarily through its contribution to the ACS. The ACS collects socio-economic characteristics, some of which can: (1) help project the growing need for healthcare services, such as age; (2) provide insight into the population's ability to pay for services, such as insurance coverage and income level; and (3) inform the ways services are delivered, such as language spoken at home or internet access.⁵

These data points are used by government officials to make policy decisions, whether by identifying problems or providing statistics with which to monitor performance. For example, in 2023, Florida considered a bill to increase eligibility for the Kidcare Program, the state's implementation of the federal Children's Health Insurance Program. The bill analysis uses census data to identify its problem: 327,200 children were uninsured in Florida.⁶ The bill, which ultimately passed, extended eligibility to children in families earning up to 300 percent of the federal poverty line.

For many decisions, the state of Florida uses population projections created by the Florida Legislature's Office of Economic and Demographic Research (EDR) and the Bureau of Economic and Business Research (BEBR) at the University of Florida. Their projections are based on residential permit data, electric bills, and homestead exemptions, all of which assume a change of population since the 2020 Census and adopt the same occupancy rates as the 2020 Census.⁷

Due to its root in the 2020 Census, there are minor discrepancies in what is actually known, which can impact the implementation of healthcare policies. For example, Florida requires a Certificate of Need (CON) to establish certain healthcare providers, such as hospice providers. The

1 See, Florida TaxWatch, *Looking Back at Census 2020: What Florida's Business and Community Leaders Need to Know*, July 2022.

2 “Statistically significant” means that the observed effect is likely caused by something more than chance and the range of error is negative, lacking overlap with the true value.

3 The American Community Survey samples millions of residents each month to determine a variety of demographic and economic characteristics, including but not limited to age, race, income, and living conditions. The sample is applied to the Census count to calculate yearly and five-year estimates for counties, states, and the nation at large.

4 Florida TaxWatch, “Looking Back at Census 2020: What Florida's Business and Community Leaders Need to Know,” July 2022.

5 United States Census Bureau, American Community Survey Data.

6 Florida House of Representatives Staff Analysis, House Bill 121 Florida Kidcare Program Eligibility, March 2023.

7 Bureau of Economic and Business Research, Florida Estimates of Population 2023.

state is divided into 27 service areas that use population projections to determine the number of providers allowed in a service area. If the census count were more accurate, so too could the projections that determine Florida’s CON program.⁸

Similarly, healthcare providers use census data to identify areas with growing demands. Amid an undercount, projected populations may be larger than anticipated, resulting in expensive expansions or new constructions that cannot keep pace with growth. Service gaps can emerge, especially if certain populations—such as childbearing aged women or elderly populations—are not properly identified.

FLORIDA LOSES BILLIONS IN MEDICAID AND CHIP FUNDING

The census count is used to determine the allocation of funding for more than 300 federal programs. It is important to acknowledge that a census undercount does not directly correlate with available funding; although Florida missed 3.48 percent of its population, there is not a decrease of 3.48 percent of federal funding. Rather, these programs use census data in a variety of different ways, including the selection or restriction of recipients, distributions of awards, allocations of funds, and the monitoring and assessment of program performance.

In 2022, Florida TaxWatch used per capita grant spending to estimate that, collectively, census-derived programs will miss out on at least \$11 billion through the end of the decade. If the state undergoes extenuating circumstances that result in emergency federal funding—such as pandemics and natural disasters (which in fact has been the case)—the loss of dollars will be closer to \$21 billion.⁹ The per capita estimate serves as a good benchmark in the absence of socio-economic data for the uncounted populations and does not require reinterpreted formulas of each federal funding program; however, the estimate does not take into account that some funding programs fluctuate dramatically with population changes.

⁸ See, Florida TaxWatch, Florida’s Certificate of Need Program Delivers High-Quality Hospice Care, May 2023.

⁹ Florida TaxWatch, Looking Back at Census 2020: What Florida’s Business and Community Leaders Need to Know, July 2022. Per capita grants and loans were used to estimate potential loss of dollars.

¹⁰ Grant years operate from October to September.

¹¹ Florida Legislative Office of Economic and Demographic Research, Medicaid Federal Share of Matching Funds revised by EDR, based on Preliminary FMAP for FFY 2024, January 2024.

¹² Recalculating the Federal Medical Assistance Percentage to estimate the effect of a census undercount is inspired by Andrew Reamer, *Counting for Dollars 2020*, George Washington Institution of Public Policy, March 2018.

¹³ Florida Legislative Office of Economic and Demographic Research, Social Services Estimating Conference, January 2024. Note, the ratio of state to federal spending does not completely align with the FMAP because some costs are not eligible for matching funds and Florida fiscal years do not align with the federal grant year. Additionally, FMAP values can adjust during and after grant years, due to appropriated emergency funds.

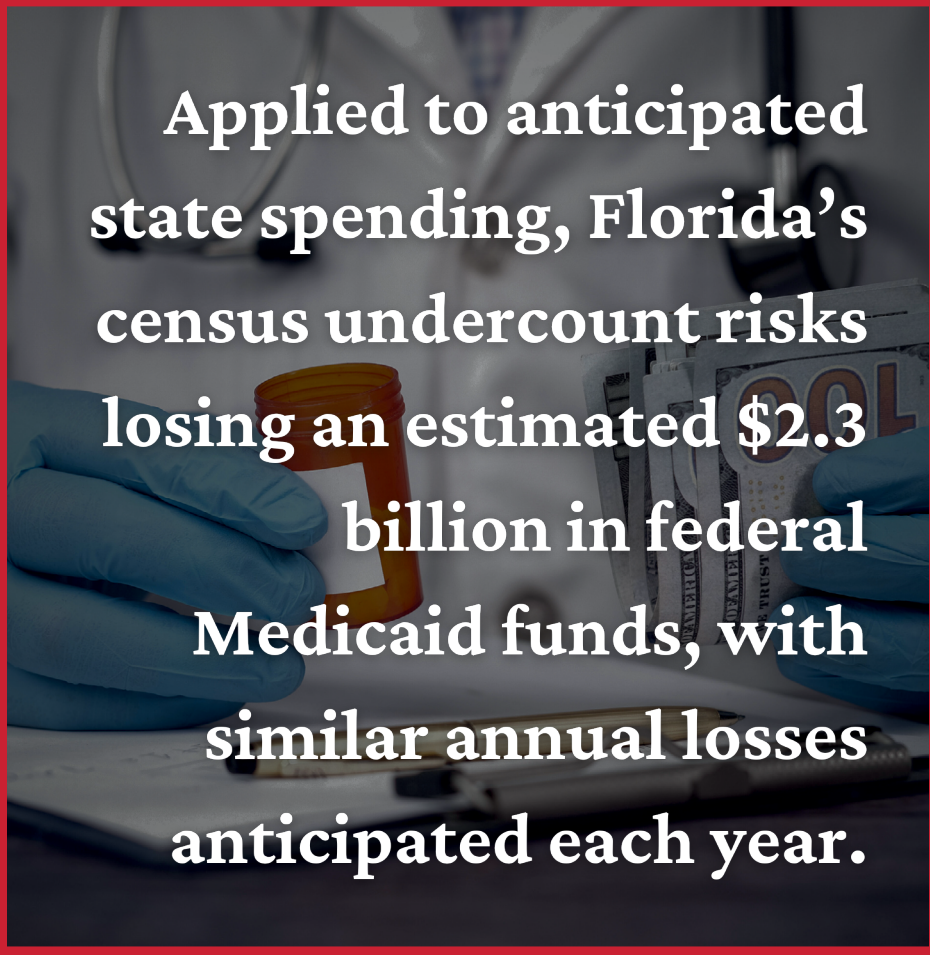
Among all federal programs, Medicaid is most vulnerable to a census undercount. Matching dollars for Medicaid are set at a rate based upon population count. The program has no funding cap, meaning a more favorable rate could result in more dollars returned to a state. As the costliest program in the state budget, the smallest discrepancies in the census count can cost Florida taxpayers millions of dollars.

Medicaid funding is determined by the Federal Medical Assistance Percentage (FMAP), a percentage expressing the federal government’s share of funding for a particular program. In Grant Year 2024,¹⁰ Florida’s FMAP is 57.17 percent.¹¹ This means the federal government is responsible for 57.17 percent of eligible costs. To maintain its share, the federal government provides the state of Florida with \$1.33 for every state dollar spent.

The main factor in calculating a state’s FMAP is the state’s per capita income (PCI). For FY2024, the formula relies upon the three-year average per capita incomes from FY2020, FY2021, and FY2022. This raises an intriguing question—“*What if the per capita income was based on the wrong population size?*”

Florida TaxWatch reviewed data from the Florida Legislature’s Office of Economic and Demographic Research (EDR) to calculate what would occur to Florida’s FMAP if the population size in 2020 was increased by 3.48 percent, accounting for the census undercount (see Appendix - *Methodology*).¹² The new FMAP would be 59.78 percent, resulting in \$1.47 for every state dollar spent on eligible programs.

Although a difference of 15 cents seems small, the dollars lost quickly accumulate when the FMAP is applied to billions of dollars’ worth of spending. For Grant Year 2024-25, EDR estimates that Florida will spend \$15.6 billion of state funds on Medicaid and receive \$19.7 billion from the federal government. This amounts to \$35.3 billion in the state’s budget.¹³



Applied to anticipated state spending, Florida's census undercount risks losing an estimated \$2.3 billion in federal Medicaid funds, with similar annual losses anticipated each year.

The estimated loss of matching Medicaid dollars is only the tip of the spear. Other health-related programs are also affected, but without socio-economic data, it is hard to estimate the full extent. For examples:

- The Children's Health Insurance Program (CHIP) determines maximum allotment of funds based on a state's share of children under 19—derived from the census count—and uses an enhanced FMAP to determine the rate with which the state can draw funds;
- The Medicare Disproportionate Share Hospital (DSH) payments are in part based on the percent change of percent of individuals under the age of 65 who are uninsured, which is a statistic provided from the ACS; and
- The Supplemental Nutrition Assistance Program's (SNAP) uses the participation rates to evaluate local programs and award bonuses to communities, which is also a statistic informed by the ACS.

LOOKING AHEAD: 2030 CENSUS

In 2030, Florida needs a complete and accurate census count to effectively maintain the delivery of healthcare services. An accurate statewide count is important to securing the state's deserved share of federal funding and compiling accurate data with which to plan for the health needs of Floridians. As the next census count quickly approaches, **Floridians should take actions that will prepare residents for full participation in the 2030 Census:**

1) Stay up-to-date on census-related issues. The Florida TaxWatch Census Institute provides a resource hub and engagement opportunities to help you stay current on census related issues and connect with organizations that can help your business promote a complete census count.

2) Act as a trusted messenger. Encourage friends, families, colleagues, employees, or customers to spread awareness about the importance of decennial censuses. All information is private and cannot be seen by other government agencies.

3) Lend your voice. Use your voice to encourage involvement by businesses and government officials. Awareness campaigns and increased governmental funding for grassroots efforts bring the state closer to a complete census count. Consider amplifying your voice by joining or creating a Complete Count Committee.

4) Invest in your community. Whether directly or through philanthropic organizations, invest in grassroots efforts that help residents complete their census surveys. Even with 2030 a few years away, an early investment in grassroots efforts allows time to organize and develop effective plans to support a complete census count.

APPENDIX - METHODOLOGY

I. ESTIMATING ADJUSTED FEDERAL MEDICAL ASSISTANCE PERCENTAGE (FMAP).

Each state has its own FMAP. An FMAP represents the federal government’s share of funding for grant programs as a ratio of the state’s share. The FMAP for each state is calculated with the following formula:

$$1 - [0.45 \times (3\text{-year Florida per capita income squared}) \div (3\text{-year average U.S. per capita personal income squared})]$$

As illustrated by the FMAP formula above, the main variable in an FMAP formula is the per capita income (PCI). The PCI is calculated by dividing total personal income by population size. The Bureau of Economic Analysis (BEA), within the U.S. Department of Commerce, calculates the PCI used in FMAP formulas. BEA uses census population estimates as the population size within its PCI calculations, causing the accuracy of the PCI to be vulnerable to census undercounts.

The FMAP for FY2024-25 is based on the average PCI from FY2020, FY2021, and FY2022. Using data from the Florida Legislature Office of Economic and Demographic Research’s (EDR’s) Social Services Estimating Conference (January 2024), Florida TaxWatch calculated how the PCI would change if the 750,000 Floridians that were not counted during the 2020 Census were included in Florida (Table A) and the United States’ population estimates (Table B).

TABLE A.
FLORIDA’S PER CAPITA INCOME ADJUSTED FOR THE CENSUS UNDERCOUNT (750,000 RESIDENTS).

Year	Population Formula (BEA Population + Missed Population)	Population Adjusted for Undercount (Millions)	BEA Personal Income (Millions \$)	Per Capita Income Formula	Adjusted Per Capita Income
2020	21.590 + 0.75	22.340	\$1,221,122	\$1,221,122 ÷ 22.340	\$54,661
2021	21.828 + 0.75	22.578	\$1,376,880	\$1,376,880 ÷ 22.578	\$60,983
2022	22.245 + 0.75	22.995	\$1,441,599	\$1,441,599 ÷ 22.995	\$62,692
Florida’s Adjusted 3-Year Average Per Capita Income					\$59,445

TABLE B.
U.S. PER CAPITA INCOME ADJUSTED FOR THE CENSUS UNDERCOUNT (750,000 RESIDENTS).

Year	Population Formula (BEA Population + Missed Population)	Population Adjusted for Undercount (Millions)	BEA Personal Income (Millions \$)	Per Capita Income Formula	Adjusted Per Capita Income
2020	= 331.512 + 0.75	332.262	\$19,609,985	= \$19,609,985 ÷ 332.262	\$59,020
2021	= 332.032 + 0.75	332.782	\$21,392,812	= \$21,392,812 ÷ 332.782	\$64,285
2022	= 333.288 + 0.75	334.038	\$21,820,248	= \$21,820,248 ÷ 334.038	\$65,323
United States’ Adjusted 3-Year Average Per Capita Income					\$62,876

Using the adjusted PCI calculated within Table A and Table B, Florida TaxWatch calculated an FMAP adjusted to accommodate the census undercount:

$$1 - [0.45 \times (\$59,445^2) \div (\$62,876^2)] = \mathbf{0.5978}$$

To receive matching funds from the federal government, the state must first commit its own money to the relevant matching grant program. Federal spending is determined by the amount of state dollars committed to the grant program. The following formula is used to convert a state's FMAP to a multiplier that can be used to determine how much money a state receives in return for each dollar spent:

$$[1 \div (1 - \text{FMAP})] \times \text{FMAP}$$

When the actual FMAP and adjusted FMAP are inserted to the formula, the dollar returns are \$1.33 and \$1.48, respectively. Taking the difference of the two, **the adjusted FMAP would return an extra 15 cents to Florida per dollar spent.**

Assumptions and Limitations

- The estimated number of uncounted Floridians is based on the Post-Enumeration Survey published by the U.S. Census Bureau. The estimated net coverage error was -3.48 percent, but the standard error creates a range of -4.39 percent to -2.57 percent.
- The calculations assume the U.S. Census Bureau's population estimates do not account for the population missed during the 2030 Census. The U.S. Census Bureau's population estimates are based on records of births, deaths, and immigration. This calculation does not take into account if the census miscount affects estimated growth rates.
- The adjusted PCI for the United States does not take into account estimated census errors from other states.

II. FUNDING FOR MEDICAID

The largest program to qualify for federal matching funds is Medicaid. Medicaid does not have a matching cap, which means if the state spent the same amount of dollars regardless of available FMAP, the state would lose matching dollars due to the census undercount.

To determine the dollars lost for Medicaid, Florida TaxWatch first identified the estimated federal contribution for Medicaid in FY2024-25. Using the EDR's Social Services Estimating Conference (January 2024), the federal matching funds were anticipated to be \$20,289,100,000 in FY2024-25. By dividing the funds by the FMAP multiplier (\$1.33, see Methodology I), Florida TaxWatch calculated the number of spent state dollars that were eligible for a matching fund.

$$\$20,289,100,000 \div \$1.33 = \$15,254,887,218$$

The estimated number of state dollars eligible for a federal match that would be spent (\$15,254,887,218) is multiplied by the actual FY2024-25 FMAP multiplier (\$1.33) and the FMAP adjusted for the census undercount (\$1.48, see Methodology I). The difference of the two products is the estimated federal dollars lost by the undercount.

$$\begin{aligned} &(\$15,254,887,218 \times \$1.33) - (\$15,254,887,218 \times \$1.48) \\ &\$20,288,999,999.94 - \$22,577,233,082.71 \\ &\mathbf{-\$2,288,133,082.71} \end{aligned}$$

Florida's census undercount risks losing \$2.3 billion of federal funding for Medicaid needs FY2024-25, with similar annual losses recurring each year.

Assumptions and Limitations

- It is assumed the federal matching funds for FY2024-25 are only based on the current year's FMAP.
- Florida's fiscal year and the federal grant year do not align, so eligible state spending may be different within the grant year than anticipated for the fiscal year.
- It is assumed the state would conduct the same level of funding regardless of a change in FMAP. Medicaid federal matching funds do not have a cap, but state spending could change if they anticipate heavier returns of federal dollars.
- It is assumed that dividing the federal funding by Florida's FMAP equals the amount of state spending that was eligible for federal matching (\$14.8 billion). A better value would be an exact amount of state spending eligible for federal matching funds.
- Federal matching funds typically do not match state spending in a way that reflects the FMAP, in part because certain costs, such as administrative costs, are not eligible for matching funds or the addition of emergency funding.
- Florida's 2020 Census Count was 21.54 million, but EDR uses 21.59 million for their estimate. The difference in 50,000 people is not used to adjust undercount estimate. EDR's population estimates are based on what is used by BEBR, which considers census data as well as electric bills, homestead exemptions, and residential building permits to create estimates.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves since 1979.

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The findings in this Report are based on the data and sources referenced. Florida TaxWatch research is conducted with every reasonable attempt to verify the accuracy and reliability of the data, and the calculations and assumptions made herein. Please contact us if you believe that this paper contains any factual inaccuracies.

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The Florida TaxWatch Census Institute delivers data-driven analysis of the 2020 Census undercount to help ensure every Floridian is accurately counted and represented in 2030. Our mission is to present the challenges and opportunities inherent in census data collection to business and community leaders. Accurate census data is vital for fair representation, proper allocation of federal dollars, economic growth, and infrastructure planning. It takes all Floridians to secure a complete count in 2030.

As the lead author of this report, **Meg Cannan—Senior Research Analyst & Director of the Florida TaxWatch Census Institute—**invites inquiries and engagement from government officials, community leaders, academics, and concerned citizens. For additional information or to discuss our findings further, please email Meg Cannan at mcannan@floridataxwatch.org.

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