Where the Costs Go:
Cutting Treatment, Raising County Taxes: The Fiscal Impact of Idaho's SPMI Reductions

*Cutting SPMI treatment didn't reduce costs—it shifted them. By eliminating federally matched services, Idaho converted an estimated **$150–$180 million annually** into higher local emergency, jail, hospital, and economic costs, borne disproportionately by service-hub communities and ultimately by homeowners.*

The following information is extrapolated using local level data from:

SPMI PROGRAM CUTS: STATEWIDE FISCAL IMPACT WHITE PAPER — IDAHO 2025

Prepared and published by the Idaho Association of Community Providers and the Idaho ACT Coalition.

Lead

Idaho has reduced or eliminated several high-acuity mental health programs serving people with Serious and Persistent Mental Illness (SPMI). The need for care does not disappear — it shifts into **local crisis-response systems**, including emergency medical care, public safety, and county indigent services.

Prior to the cuts, approximately **70–90 percent of the cost of these SPMI programs was paid with federal Medicaid dollars**, depending on eligibility category. Eliminating the programs does not produce meaningful state tax savings; instead, it forces counties to absorb the full cost locally.

Background and Context

In 2024–2025, Idaho reduced or eliminated six high-acuity mental health programs serving individuals with Serious and Persistent Mental Illness (SPMI). These programs had provided intensive, ongoing services to people with the highest clinical needs and greatest risk of psychiatric crisis, hospitalization, or incarceration.

The affected funding was overwhelmingly tied to direct Medicaid treatment services eligible for federal financial participation (FMAP), not administrative match. As a result, when services were reduced or eliminated, the associated federal matching funds were forfeited entirely rather than partially reduced.

The programs were designed to stabilize individuals who would otherwise cycle through **emergency medical, public safety, and county indigent systems**. Following the reductions, individuals previously served by these programs continued to experience psychiatric crises, but without access to the same level of structured community-based care.

This paper examines the fiscal implications of these program changes.

Executive Summary

Idaho's reductions to high-acuity mental health programs serving people with Serious and Persistent Mental Illness (SPMI) did not reduce total system cost — they **reassigned it**. The programs that were reduced or eliminated were financed primarily with federal Medicaid dollars, with the federal government covering approximately **70–90 percent of total costs**, depending on eligibility category.

When these programs were cut, the state did not eliminate the underlying need for care — it eliminated **federal participation in paying for it**. The same individuals and crises reappeared in **local crisis-response systems**, which must be funded entirely with local dollars.

Although Idaho's combined state share across the six programs totaled roughly **$20 million annually**, that contribution unlocked substantially larger federal funding. Eliminating the programs discarded that federal share and replaced a shared financing structure with **more expensive, fully local responses**. As a result, communities that operate crisis and stabilization infrastructure absorb a disproportionate share of the resulting costs.

This paper translates those downstream impacts into household-scale fiscal pressure, showing how costs concentrate geographically and why homeowners in service-hub regions experience substantially higher local fiscal exposure. These figures are not tax rates or levy forecasts. They represent order-of-magnitude fiscal pressure and reflect the channels through which costs surface when federally matched services are withdrawn, including county budgets, hospital cost shifting, EMS districts, indigent care, and deferred public investment.

The central finding is straightforward: the SPMI cuts did not create savings — they converted federally matched treatment costs into higher local costs borne by fewer taxpayers. From a fiscal perspective, this represents cost escalation through inefficiency, not budget reduction.

Purpose and Scope

This paper addresses three practical questions:

1. Which Idaho communities absorb the largest downstream costs when SPMI mental health programs are cut?
2. How does that pressure differ between hub and non-hub regions?
3. What does that pressure look like at the household level?

The purpose is not to predict precise levy changes, but to show relative exposure and magnitude.

Why Costs Shift — and Why They Grow

High-acuity mental health programs are designed to prevent repeated use of **local crisis-response systems**. When those programs are reduced or eliminated, the need for care does not disappear — it reappears elsewhere, almost immediately.

These crisis-response systems are more expensive per episode, less effective clinically, and poorly suited to long-term stabilization. The fiscal impact is magnified by the loss of federal Medicaid matching funds (FMAP). Prior to the SPMI cuts, most high-acuity services were funded through Medicaid, with **70–90 percent of costs paid by the federal government**,

depending on eligibility category. When programs are cut, the federal match is not reduced — it is eliminated entirely.

As a result:

- A partially federally funded service is replaced by a **100% locally funded response**
- Costs move from shared state-federal systems into **city and county budgets**
- The same population generates higher total costs, paid by far fewer taxpayers

This combination — loss of federal match plus reliance on crisis-response systems — explains why local fiscal pressure increases sharply when SPMI services are cut.

Methodology Overview

Regional Grouping by System Function

Regions are grouped by structural role, not geography alone.

Four categories are modeled:

1. **Primary Tertiary Hub** – Greater Boise (Region 3)
2. **State-Hospital Hub Regions**
    - Region 2: Lewiston–Moscow (State Hospital North)
    - Region 6: Pocatello–Bannock
    - Region 7: Idaho Falls–Bonneville (State Hospital South)
3. **Secondary Regional Hub** – Twin Falls / Magic Valley (Region 5)
4. **Non-Hub Counties** – Export-dependent remainder of the state

These categories reflect how costs actually flow through Idaho's behavioral health, public safety, and medical systems.

The $150–$180 million annual cost-shift estimate referenced in this paper is drawn directly from the previously published *SPMI Program Cuts: Statewide Fiscal Impact White Paper — Idaho 2025*. That estimate reflects predictable downstream utilization increases when high-acuity SPMI services are removed, including emergency department use, inpatient hospitalization, county jail medical costs, law enforcement response, EMS transport, and county indigent care.

Unit cost assumptions and utilization changes were applied conservatively and reflect marginal increases attributable to service removal, not total system growth. This paper does not generate new cost estimates. It translates the budget-relevant portion of already-documented downstream impacts into household-scale fiscal pressure for clarity and comparison, using conservative assumptions to avoid double counting across systems.

How Idaho's State Share—and Federal Match—Were Replaced by Higher Local Costs

Prior to the SPMI service cuts, Idaho contributed approximately **$20 million annually as its combined state share across all six high-acuity mental health programs** affected by these changes. That state contribution represented only a **minority of total program cost** and leveraged **substantial federal Medicaid matching funds**, meaning the majority of funding for these services was paid with federal dollars. In addition, this state spending generated partial tax return through payroll, provider activity, and local economic effects, further reducing the effective net cost to the state.

When these six SPMI programs were cut, the underlying clinical need and associated costs did not disappear. Instead, Idaho **voluntarily forfeited the federal Medicaid matching funds tied to those services**. The state did not eliminate the expense; it eliminated the federal participation in paying for it. The same individuals and crises reappeared in **local crisis-response systems**—including emergency medical care, public safety, and county indigent services—settings that receive no federal match and must be funded entirely with local dollars.

In effect, Idaho replaced a relatively small, shared state investment that unlocked substantial federal funding with **larger, more expensive, fully local costs**, spread across far fewer taxpayers. What appeared as a reduction in a state budget line item functioned in practice as a **cost escalation**, shifting previously shared expenses into local systems that are more expensive, less efficient, and borne primarily by counties and homeowners.

This paper does not introduce new cost estimates. It translates the **already-documented downstream cost impacts** from the SPMI Program Cuts White Paper and associated regional assessments into **household-scale fiscal pressure**, illustrating how the loss of federal matching funds magnifies local financial exposure when high-acuity services are withdrawn.

Estimated Household-Scale Fiscal Pressure by Region

How to Read the Tables

The tables below show annual household-scale fiscal pressure equivalents, expressed per $100,000 of assessed home value.

They are not tax rates and not levy forecasts. They assume partial recovery of downstream costs through local revenue, with the remainder absorbed through hospital write-offs, service reductions, deferred infrastructure spending, fees, or staffing impacts.

What this table shows:

These figures show how the cost of cutting SPMI (high-acuity mental illness) services shows up at the household level, depending on where you live. The amounts are **annual cost pressure**, not guaranteed tax increases. They translate the **already-documented cost shifts from the SPMI White Paper** into dollars per $100,000 of home value.

Because emergency rooms, jails, hospitals, and crisis services are concentrated in certain communities, those areas absorb more of the cost when treatment is cut. As a result, homeowners in Boise and other service-hub regions bear **disproportionately higher local cost pressure** than areas that export people in crisis to those hubs

Service-hub counties absorb higher fiscal pressure because crisis infrastructure, inpatient capacity, jails, and emergency response systems are physically located and billed in those regions. Costs are incurred where services are delivered—not where individuals reside—causing hub communities to retain a disproportionate share of downstream expense when high-acuity treatment is withdrawn.

Annual Transferred Costs of SPMI Cuts

Expressed as Household-Scale Fiscal Pressure

(Derived from SPMI Program Cuts White Paper cost-shift estimates)

Assessed Home Value	Greater Boise Region ($80 / $100k)	State-Hospital Hub Regions (Greater Lewiston, Idaho Falls, Pocatello) ($62 / $100k)	Twin Falls Region Valley ($50 / $100k)	Non-Hub Counties ($30 / $100k)
$100,000	$80	$62	$50	$30
$200,000	$160	$124	$100	$60
$300,000	$240	$186	$150	$90
$400,000	$320	$248	$200	$120
$500,000	$400	$310	$250	$150
$600,000	$480	$372	$300	$180
$700,000	$560	$434	$350	$210
$800,000	$640	$496	$400	$240
$900,000	$720	$558	$450	$270
$1,000,000	$800	$620	$500	$300
$1,100,000	$880	$682	$550	$330
$1,200,000	$960	$744	$600	$360

Table Notes

- Values represent **annual household-scale fiscal pressure equivalents**, not adopted tax rates.
- Figures reflect **translation of documented SPMI cost-shift impacts** into dollars per $100,000 of assessed home value.
- Actual local responses may include a mix of levy changes, service reductions, hospital write-offs, fees, staffing impacts, or deferred maintenance.

Conclusion

Behavioral health cuts do not save money. They **reassign responsibility** — from federally matched, efficient treatment systems to locally funded emergency and carceral systems.

This paper demonstrates that statewide investment supported by federal matching is cheaper, more efficient, and less regressive than local cost shifting, and that failing to account for where costs land produces a misleading picture of fiscal impact.

What is presented as a budget reduction functions in practice as a localized tax increase — paid where the crisis infrastructure exists, not where the decision was made.

Appendix A. Working: How the Table Values Were Calculated

The purpose of this section is to show the arithmetic clearly enough that readers can reproduce the results themselves using the same inputs.

The cost figures used in this section are drawn directly from the previously published SPMI Program Cuts White Paper and associated regional impact assessments. This paper does not introduce new cost estimates; it translates existing, documented downstream cost impacts into household-scale fiscal pressure equivalents.

The annual household pressure tables express cost shifting as **dollars per $100,000 of assessed home value**, by region type. These figures are not arbitrary. They are derived through a consistent conversion process:

Step 1 — Start with the projected annual downstream cost shift (statewide)

Let:

- $\mathbf{C_s}$ = total projected annual downstream cost created by the SPMI service cuts (statewide), expressed in dollars/year.

This is the "cost that does not disappear" and instead reappears in emergency departments, inpatient care, law enforcement, jails, EMS, and indigent systems.

Step 2 — Allocate that statewide cost to region types (capture shares)

Because crisis infrastructure is concentrated unevenly, downstream costs are not evenly distributed. We allocate $\mathbf{C_s}$ to four region types using capture shares:

- $\mathbf{p^B}$ = share absorbed by Greater Boise (primary tertiary hub)
- $\mathbf{p^{sH}}$ = share absorbed by state-hospital hub regions (Regions 2, 6, 7)
- $\mathbf{p^{Tf}}$ = share absorbed by Twin Falls / Magic Valley (secondary hub)
- $\mathbf{p^{NH}}$ = share absorbed by non-hub counties (export-dependent remainder)

Where:

$$p^B + p^{SH} + p^{TF} + p^{NH} = 1$$

Then each category's annual cost is:

$$C_B = C_s \times p^B$$
$$C_{SH} = C_s \times p^{SH}$$

$$C_{TF} = C_s \times p^{TF}$$
$$C_{NH} = C_s \times p^{NH}$$

Step 3 — Convert each category's cost into a property-value equivalent

Let:

- $\mathbf{V^B}$ = total residential assessed value in Greater Boise
- $\mathbf{V^{sH}}$ = total residential assessed value in state-hospital hub regions
- $\mathbf{V^{Tf}}$ = total residential assessed value in Twin Falls / Magic Valley
- $\mathbf{V^{NH}}$ = total residential assessed value in non-hub counties (combined)

The **annual cost per $1 of assessed value** in each category is:

$$r_B = \frac{C_B}{V_B} r_{SH} = \frac{C_{SH}}{V_{SH}} r_{TF} = \frac{C_{TF}}{V_{TF}} r_{NH} = \frac{C_{NH}}{V_{NH}}$$

Step 4 — Express as dollars per $100,000 of assessed value

The tables report:

$$\$ \text{ per } \$100{,}000 = r \times 100{,}000$$

So the published table rates are:

- **Greater Boise:** $\frac{C_B}{V_B} \times 100{,}000$
- **State-hospital hubs:** $\frac{C_{SH}}{V_{SH}} \times 100{,}000$
- **Twin Falls / Magic Valley:** $\frac{C_{TF}}{V_{TF}} \times 100{,}000$
- **Non-hub remainder:** $\frac{C_{NH}}{V_{NH}} \times 100{,}000$

This is the complete calculation path from **projected cost shift** to **$ per $100k**.

Worked Example

If a region type absorbs **$40,000,000/year** in downstream costs and has **$50,000,000,000** in residential assessed value:

$$\frac{40{,}000{,}000}{50{,}000{,}000{,}000} \times 100{,}000 = 80$$

That yields **$80 per $100,000 of assessed value per year**.

Important Notes

These calculations show **fiscal pressure equivalents**, not adopted tax rates. Actual local responses may include a mix of levy adjustments, service reductions, hospital write-offs, fees, staffing impacts, or deferred maintenance.

1. The approach is intentionally conservative: it avoids claiming that 100% of costs become property taxes and avoids over-precision at the county level.
2. Differences between region types are driven by: (a) infrastructure concentration, (b) case retention vs. export, and (c) tax-base dilution.

Appendix B

Estimated Annual Household-Scale Fiscal Pressure by County

County	$100k	$200k	$300k	$400k	$500k	$600k	$800k	$1.0M	$1.3M	$1.5M	Region Type
Ada	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Canyon	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Bannock	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Bonneville	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Jefferson	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Madison	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Twin Falls	50	100	150	200	250	300	400	500	650	750	Twin Falls / Magic
Jerome	50	100	150	200	250	300	400	500	650	750	Twin Falls / Magic
Blaine	30	60	90	120	150	180	240	300	390	450	Non-Hub
Kootenai	30	60	90	120	150	180	240	300	390	450	Non-Hub
Bonner	30	60	90	120	150	180	240	300	390	450	Non-Hub
Boundary	30	60	90	120	150	180	240	300	390	450	Non-Hub
Benewah	30	60	90	120	150	180	240	300	390	450	Non-Hub
Shoshone	30	60	90	120	150	180	240	300	390	450	Non-Hub
Latah	30	60	90	120	150	180	240	300	390	450	Non-Hub
Nez Perce	30	60	90	120	150	180	240	300	390	450	Non-Hub
Lewis	30	60	90	120	150	180	240	300	390	450	Non-Hub
Clearwater	30	60	90	120	150	180	240	300	390	450	Non-Hub
Idaho	30	60	90	120	150	180	240	300	390	450	Non-Hub
Adams	30	60	90	120	150	180	240	300	390	450	Non-Hub
Valley	30	60	90	120	150	180	240	300	390	450	Non-Hub
Washington	30	60	90	120	150	180	240	300	390	450	Non-Hub
Payette	30	60	90	120	150	180	240	300	390	450	Non-Hub
Gem	30	60	90	120	150	180	240	300	390	450	Non-Hub
Elmore	30	60	90	120	150	180	240	300	390	450	Non-Hub
Owyhee	30	60	90	120	150	180	240	300	390	450	Non-Hub
Power	30	60	90	120	150	180	240	300	390	450	Non-Hub
Cassia	30	60	90	120	150	180	240	300	390	450	Non-Hub
Minidoka	30	60	90	120	150	180	240	300	390	450	Non-Hub
Lincoln	30	60	90	120	150	180	240	300	390	450	Non-Hub
Gooding	30	60	90	120	150	180	240	300	390	450	Non-Hub
Camas	30	60	90	120	150	180	240	300	390	450	Non-Hub
Bear Lake	30	60	90	120	150	180	240	300	390	450	Non-Hub
Franklin	30	60	90	120	150	180	240	300	390	450	Non-Hub
Oneida	30	60	90	120	150	180	240	300	390	450	Non-Hub
Caribou	30	60	90	120	150	180	240	300	390	450	Non-Hub
Butte	30	60	90	120	150	180	240	300	390	450	Non-Hub
Clark	30	60	90	120	150	180	240	300	390	450	Non-Hub
Custer	30	60	90	120	150	180	240	300	390	450	Non-Hub
Lemhi	30	60	90	120	150	180	240	300	390	450	Non-Hub
Teton	30	60	90	120	150	180	240	300	390	450	Non-Hub

Estimated Annual Household-Scale Fiscal Pressure by City

City	$100k	$200k	$300k	$400k	$500k	$600k	$800k	$1.0M	$1.3M	$1.5M	Region Type
Ammon	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Blackfoot	30	60	90	120	150	180	240	300	390	450	Non-Hub
Boise	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Bonners Ferry	30	60	90	120	150	180	240	300	390	450	Non-Hub
Burley	30	60	90	120	150	180	240	300	390	450	Non-Hub
Caldwell	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Chubbuck	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Clarkston	30	60	90	120	150	180	240	300	390	450	Non-Hub
Coeur d'Alene	30	60	90	120	150	180	240	300	390	450	Non-Hub
Eagle	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Emmett	30	60	90	120	150	180	240	300	390	450	Non-Hub
Fruitland	30	60	90	120	150	180	240	300	390	450	Non-Hub
Garden City	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Gooding	30	60	90	120	150	180	240	300	390	450	Non-Hub
Hailey	30	60	90	120	150	180	240	300	390	450	Non-Hub
Hayden	30	60	90	120	150	180	240	300	390	450	Non-Hub
Heyburn	30	60	90	120	150	180	240	300	390	450	Non-Hub
Homedale	30	60	90	120	150	180	240	300	390	450	Non-Hub
Idaho Falls	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Jerome	50	100	150	200	250	300	400	500	650	750	Twin Falls / Magic
Ketchum	30	60	90	120	150	180	240	300	390	450	Non-Hub
Kuna	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Lewiston	30	60	90	120	150	180	240	300	390	450	Non-Hub
McCall	30	60	90	120	150	180	240	300	390	450	Non-Hub
Meridian	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Middleton	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Moscow	30	60	90	120	150	180	240	300	390	450	Non-Hub
Mtn Home	30	60	90	120	150	180	240	300	390	450	Non-Hub
Nampa	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Payette	30	60	90	120	150	180	240	300	390	450	Non-Hub
Pocatello	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Post Falls	30	60	90	120	150	180	240	300	390	450	Non-Hub
Preston	30	60	90	120	150	180	240	300	390	450	Non-Hub
Rexburg	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Rigby	62	124	186	248	310	372	496	620	806	930	State-Hospital Hub
Rupert	30	60	90	120	150	180	240	300	390	450	Non-Hub
Sandpoint	30	60	90	120	150	180	240	300	390	450	Non-Hub
Shelley	30	60	90	120	150	180	240	300	390	450	Non-Hub
Star	80	160	240	320	400	480	640	800	1040	1200	Greater Boise
Twin Falls	50	100	150	200	250	300	400	500	650	750	Twin Falls / Magic
Weiser	30	60	90	120	150	180	240	300	390	450	Non-Hub

MAJOR CITIES ONLY

City	County	$250k	$350k	$500k	$750k	Region Type
Boise	Ada	200	280	400	600	Greater Boise
Meridian	Ada	200	280	400	600	Greater Boise
Nampa	Canyon	200	280	400	600	Greater Boise
Caldwell	Canyon	200	280	400	600	Greater Boise
Eagle	Ada	200	280	400	600	Greater Boise
Pocatello	Bannock	155	217	310	465	State-Hospital Hub
Idaho Falls	Bonneville	155	217	310	465	State-Hospital Hub
Rexburg	Madison	155	217	310	465	State-Hospital Hub
Twin Falls	Twin Falls	125	175	250	375	Twin Falls / Magic Valley
Coeur d'Alene	Kootenai	75	105	150	225	Non-Hub
Post Falls	Kootenai	75	105	150	225	Non-Hub
Lewiston	Nez Perce	75	105	150	225	Non-Hub
Moscow	Latah	75	105	150	225	Non-Hub
Sandpoint	Bonner	75	105	150	225	Non-Hub
Hailey	Blaine	75	105	150	225	Non-Hub