

Temporary Increase in State FMAP

The economic recovery bill provides a temporary increase in the share of the Medicaid program paid by the federal government (known as the Federal Medical Assistance Percentage or “FMAP”). The provision will take effect immediately and provide states with approximately \$87 billion in assistance over nine calendar quarters (October 1, 2008 through December 31, 2010).

There are three components to the policy. First, each state will be “held harmless” from any drop in its FMAP rate that would otherwise occur under the regular FMAP formula as a result of an increase in its per capita income in years prior to the recession. (States with higher incomes have lower FMAP rates than states with lower incomes.) Second, each state will receive a “base” 6.2-percentage-point FMAP increase. Third, states that are experiencing large increases in their unemployment rates — as most states are — will receive an additional FMAP increase, that would proportionally reduce the states’ share of Medicaid costs by 5.5 percent, 8.5 percent, or 11.5 percent, depending on the size of the increase in unemployment. Each state’s eligibility for this additional FMAP increase would be evaluated each quarter based on the most recent unemployment data, with states qualifying for a greater level of assistance if their economic situation worsens. (No state would lose this higher FMAP rate if its unemployment dropped before July 1, 2010.)

The FMAP increases would apply to the costs of Medicaid benefits and to Title IV-E foster care and adoption assistance (but the increase related to unemployment would not apply to Title IV-E spending). The FMAP increases would not apply to Medicaid Disproportionate Share Hospital (DSH) payments, or to SCHIP and other Title IV programs that have federal matching rates based on the FMAP.

To receive an increased FMAP under this proposal, a state must satisfy two requirements. First, a state may not have Medicaid eligibility levels that are more restrictive than were in effect on July 1, 2008. States whose current eligibility levels do not meet this test would still be eligible to qualify for an increased FMAP if they take action to restore eligibility to July 2008 levels. Second, a state must ensure that it is promptly paying physicians, hospitals, and nursing homes that provide Medicaid services.

For a detailed description of how this provision works, please see Iris J. Lav, Edwin Park, Jason Levitis, and Matthew Broaddus, “Recovery Act Provides Much-Needed, Targeted Medicaid Assistance to States,” CBPP, February 13, 2009. Available at www.cbpp.org/2-13-09sfp.htm.

The tables below provide estimates prepared by the Government Accountability Office for the Senate Finance Committee of the amount of Medicaid assistance that each state would potentially receive, based on projections of state Medicaid spending and future state unemployment rates.

State by State Impact of the American Recovery and Reinvestment Act of 2009

Fiscal Relief for State Medicaid Costs

(Millions of dollars, total over States' FY2009-FY2011)

U.S. Total	Additional Funding
	\$87,144
Alabama	\$850
Alaska	\$220
Arizona	\$1,980
Arkansas	\$730
California	\$11,230
Colorado	\$880
Connecticut	\$1,320
Delaware	\$320
District of Columbia	\$300
Florida	\$4,390
Georgia	\$1,730
Hawaii	\$360
Idaho	\$300
Illinois	\$2,900
Indiana	\$1,440
Iowa	\$550
Kansas	\$450
Kentucky	\$1,030
Louisiana	\$1,660
Maine	\$470
Maryland	\$1,630
Massachusetts	\$3,090
Michigan	\$2,270
Minnesota	\$2,030
Mississippi	\$790
Missouri	\$1,600
Montana	\$180
Nebraska	\$310
Nevada	\$450
New Hampshire	\$250
New Jersey	\$2,220
New Mexico	\$630
New York	\$12,650
North Carolina	\$2,350
North Dakota	\$110
Ohio	\$3,010
Oklahoma	\$960
Oregon	\$830
Pennsylvania	\$4,070
Rhode Island	\$470
South Carolina	\$860
South Dakota	\$120
Tennessee	\$1,620
Texas	\$5,450
Utah	\$320
Vermont	\$280
Virginia	\$1,470
Washington	\$2,060
West Virginia	\$450
Wisconsin	\$1,240
Wyoming	\$110
American Samoa	\$3
Guam	\$4
N. Mariana Islands	\$2
Puerto Rico	\$142
Virgin Islands	\$3