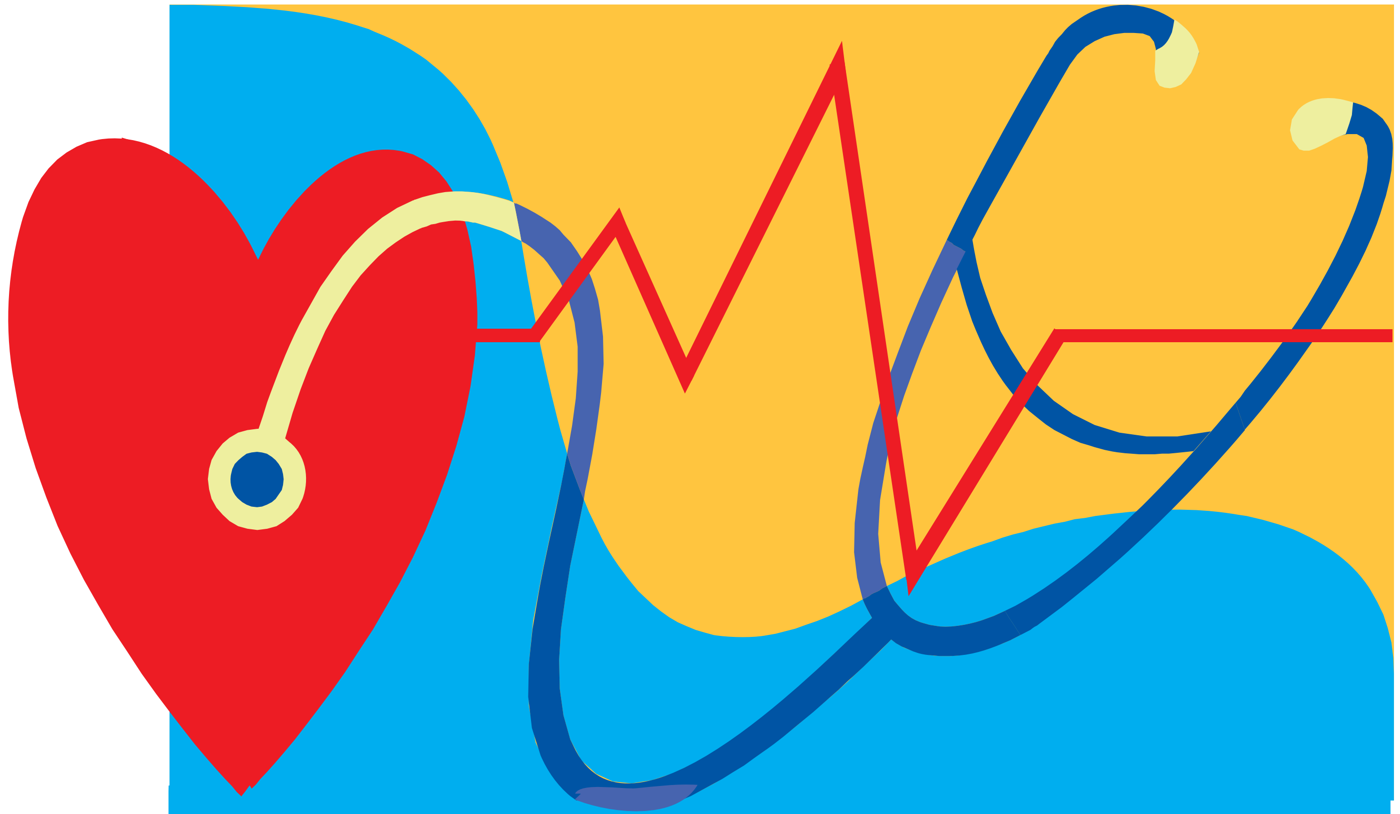

Critical Care:

The Economic Recovery Package And Medicaid

Families USA
January 2009

Critical Care:
The Economic Recovery Package and Medicaid

© 2009 by Families USA Foundation

Families USA
1201 New York Avenue NW, Suite 1100
Washington, DC 20005
Phone: 202-628-3030
Fax: 202-347-2417
E-mail: info@familiesusa.org

This publication is available online at www.familiesusa.org.

Cover Design: Nancy Magill, Families USA

INTRODUCTION

In response to the continuing and deepening economic recession, Congress is expected to vote soon on legislation that will help spur economic recovery. The House of Representatives has announced that, as part of its American Recovery and Reinvestment Act of 2009 (H.R. 1), it will provide approximately $87 billion to bolster state Medicaid programs. These funds will help states in two ways: First, they will help states continue to provide high-quality health coverage to people who have no other way to pay for health care. Second, they will help revitalize state economies by preventing the loss of jobs, wages, and business activity.

The national unemployment rate is now above 7 percent for the first time since 1993, and it is expected to remain at high levels for some time to come. As more and more Americans lose their jobs, they also face the loss of health coverage. Many people, especially adults, will become uninsured. But many children and parents will qualify for Medicaid or the State Children's Health Insurance Program (CHIP), our nation's health care safety net programs for low-income families, seniors, and people with disabilities. For every 1 percent increase in the national unemployment rate, an estimated 1 million people become eligible for Medicaid or CHIP. The unemployment rate in December 2008 was 2.3 percentage points higher than in December 2007 (when the recession began), which has caused a precipitous increase in demand for Medicaid and CHIP.

Unfortunately, at the same time, states are experiencing sharp declines in general revenues and are reporting larger and larger budget shortfalls. As of January 2009, 45 states plus the District of Columbia are reporting budget shortfalls totaling more than $350 billion over the next two-and-a-half years.[1] Consequently, just when Medicaid costs are increasing, states have less money to pay for these added costs. And as states prepare for their 2009 legislative sessions, governors and state legislators are announcing new proposals to further cut Medicaid expenditures.

The financial assistance that is proposed in the American Recovery and Reinvestment Act of 2009 will help states afford the new costs associated with this increased demand for Medicaid. This will help them avoid making significant Medicaid cuts that would reduce access to health care for families who are struggling to make ends meet. Avoiding these cuts will also help state economies, because the additional federal Medicaid funds will flow through state economies, creating business activity that will prevent the loss of jobs and wages.

In this report, Families USA examines the latest state-level accounts of newly enacted or proposed cuts to Medicaid and CHIP. In addition, using a model developed by the U.S. Department of Commerce, we estimate the economic impact of the proposed temporary increase in federal Medicaid funding contained in the House American Recovery and Reinvestment Act of 2009.

DISCUSSION

Record State Budget Deficits Lead to Medicaid Cuts

As of January 2009, the majority of states—45 states plus the District of Columbia—face budget shortfalls totaling more than $350 billion over the next two-and-a-half years.[2] Despite these staggering numbers, most states must balance their budgets annually. To do so, many are considering Medicaid and CHIP cuts that could be devastating to those who rely on these programs.

Medicaid and CHIP provide health coverage to tens of millions of low-income Americans, giving them access to critical health care services and providing a safety net for people who have no other way to get health care. Such coverage is even more important during an economic downturn, when people lose employer-based health coverage because they lose their jobs or because coverage becomes too expensive. For every 1 percent increase in the national unemployment rate, an estimated 1 million people (400,000 adults and 600,000 children) become eligible for Medicaid or CHIP.[3] In December 2008, the unemployment rate was 2.3 percentage points higher than it was in December 2007 as more than 3.5 million people lost their jobs, which has caused a steep increase in demand for Medicaid and CHIP.[4] In fact, a recent *New York Times* survey of 40 states found that Medicaid enrollment has been increasing at record-breaking rates: Florida saw a 10.4 percent increase in enrollment between November 2007 and November 2008, and Utah is projecting a 13 percent jump in Medicaid enrollment this year.[5] Such sharp enrollment increases, coupled with massive state budget deficits, are pushing a growing number of states to make significant Medicaid cuts.

In December 2008, Families USA published an analysis of the enacted and proposed Medicaid and CHIP budget cuts for state fiscal years (FY) 2009 and 2010 (see A *Painful Recession: States Cut Health Care Safety Net Programs*). Since that time, states have enacted some of those proposals and have proposed new program reductions to combat mounting budget shortfalls. Table 1 on page 4 shows the states with proposed or enacted Medicaid and/or CHIP cuts for FY 2009 and/or FY 2010, as of January 15, 2009.

- Half of the states (25 states plus the District of Columbia) have enacted or proposed Medicaid and/or CHIP cuts for FY 2009 and/or FY 2010.
  - Twenty, plus the District of Columbia, enacted Medicaid and/or CHIP cuts in their FY 2009 budgets.
  - Ten states are already considering additional Medicaid and/or CHIP cuts in their FY 2009 and/or FY 2010 budgets.
- These cuts include 1) actions that will make it harder for new families to get coverage and for those who are currently enrolled to keep their coverage (cuts in eligibility and enrollment), and 2) actions that will prevent currently enrolled families from getting health care (cuts in provider reimbursement, cuts in benefits, and increases in cost-sharing).

What Are States Cutting?

Cuts in Eligibility and Enrollment

Twelve states have enacted or are considering making cuts to eligibility or enrollment. Those states are Arizona, California, Connecticut, Florida, Minnesota, Nevada, Oregon, Rhode Island, South Carolina, Tennessee, Utah, and Washington. Of these 12 states, six have enacted or proposed cuts since December 1, 2008. These states are California, Connecticut, Oregon, Rhode Island, South Carolina, and Washington. Some of the newly enacted or proposed cuts include the following:

- **California's** Governor Schwarzenegger is again proposing to cut the income eligibility limit for parents in Medi-Cal (California's Medicaid program) from 100 percent of the federal poverty level to 72 percent of poverty (from $17,600 to $12,600 per year for a family of three in 2008), which would result in a loss of coverage for approximately 430,000 parents by 2011.[6] He has also proposed to make parents who work more than 100 hours per month ineligible for Medi-Cal, no matter how little they earn.[7]
- **Oregon's** Governor Kulongoski has proposed to reduce the income eligibility level in the Oregon Health Plan (Oregon's Medicaid Program) for certain senior citizens and people with disabilities from $1,991 per month to $1,300 per month.[8]

Cuts in Benefits

As of January 2009, 20 states plus the District of Columbia have enacted or are considering making reductions in the benefits that are covered by Medicaid or CHIP. Those states are California, Florida, Georgia, Idaho, Kansas, Louisiana, Maine, Massachusetts, Minnesota, Nebraska, Nevada, New York, Oregon, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia, and Washington. Of these, 13 have enacted or proposed benefit cuts since December 1, 2008, as follows: California, Florida, Georgia, Idaho, Kansas, Louisiana, Minnesota, Nebraska, Oregon, South Carolina, Vermont, Virginia, and Washington. Some examples of the benefit cuts that states have recently enacted or proposed include the following:

- **Louisiana** reduced the number of prescriptions for most adults in Medicaid from eight to five per month and delayed implementation of several new programs that provide services to certain seniors and people with disabilities who are receiving home- and community-based long-term care services.[9]
- **Oregon's** Governor Kulongoski has proposed in his FY 2009-2011 budget[10] to eliminate dental and vision services in the Oregon Health Plan (Medicaid) for adults other than pregnant women and to eliminate in-home services for those needing less than 80 hours per month of care.[11]
- **Vermont** eliminated chiropractic services for adults in Medicaid for FY 2009.[12]

Table 1.

Medicaid and CHIP Cuts, Fiscal Years 2009 and 2010[a]

○ Cuts Proposed ◐ Cuts Enacted ● Cuts Enacted, Additional Cuts Proposed

	Enrollment & Eligibility Cuts[b]	Benefit Cuts[c]	Increased Cost-Sharing[d]	Provider Rate Cuts[e]	Other Cuts[f]
Arizona	◐				
California	●	●	●	●	○
Connecticut	◐				◐
District of Columbia		◐		◐	
Florida	●	●		●	
Georgia		●		●	
Idaho		○		○	
Illinois				◐	
Kansas		●		○	
Louisana		◐		◐	
Maine		●	◐	○	
Maryland				◐	
Massachusetts		◐		◐	
Minnesota	◐	◐		◐	◐
Nebraska		○	○		○
Nevada	○	●		●	
New Hampshire				◐	
New York		○	○	●	○
Oregon	○	○		○	
Rhode Island	●	◐	●		◐
South Carolina	●	●	●	◐	
Tennessee	○	◐[g]			
Utah	○	◐	○	●	
Vermont		◐	◐		
Virginia		○		○	
Washington	○	○		○	
Total: 26	12	21	8	20	6

Table Notes

Source: Families USA tracking based on conversations with state Medicaid and CHIP directors, as well as data from state health care experts, state budget documents, and news reports.

[a] Oregon and Washington have biennial budgets that include FY 2010-2011 as well as FY 2009-2010.

[b] Includes eliminating benefits, as well as limiting or placing caps on services.

[c] Includes reducing eligibility levels, decreasing the length of the enrollment period, placing limits on enrollment, and requiring additional enrollment paperwork and fees.

[d] Includes increasing premiums, co-insurance, and copayments.

[e] Includes reducing reimbursement rates and delaying or eliminating enacted rate enhancements.

[f] Includes diminishing program growth rates, administrative reductions, and states implementing mandatory managed care.

[g] On December 23, 2008, a Tennessee court ordered a preliminary injunction against this cut. It is unclear whether the state will ultimately implement it.

Increases in Cost-Sharing

The following eight states have enacted or are considering increasing the out-of-pocket costs that low-income people must pay for health care in Medicaid or CHIP: California, Maine, Nebraska, New York, Rhode Island, South Carolina, Utah, and Vermont. Six of these states have enacted or proposed increases in cost-sharing since December 1, 2008. These states are California, Nebraska, New York, Rhode Island, South Carolina, and Utah. The following are examples of recent cost-sharing actions in those states:

- **California's** Governor Schwarzenegger is again proposing to require new cost-sharing for aged, blind, and disabled Medi-Cal (Medicaid) enrollees whose annual incomes are between $10,400 and $13,200 (between 100 percent and 127 percent of poverty). This cost-sharing would be in effect for the remainder of FY 2009 and for FY 2010.[13]
- **Nebraska's** Department of Health and Human Services is recommending increased premiums for families whose income exceeds 185 percent of poverty ($32,560 for a family of three). This will primarily affect children with severe disabilities who receive care at home rather than in institutions.[14]
- **Rhode Island's** Governor Carcieri has proposed increasing cost-sharing for certain children with severe disabilities who receive care at home rather than in institutions.[15]

Cuts in Payments to Providers

Another very common type of Medicaid and CHIP cut that states have made is reducing how much providers who participate in the programs are paid for their services. Cutting provider reimbursement rates could mean that people who are enrolled in Medicaid and CHIP will have a harder time finding a health care provider to treat them. The following 19 states plus the District of Columbia have enacted or are considering reducing the rates that providers in Medicaid or CHIP are paid: California, Florida, Georgia, Idaho, Illinois, Kansas, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Hampshire, New York, Oregon, South Carolina, Utah, Virginia, and Washington. Eleven of these states have enacted or proposed cuts since December 1, 2008. These states are California, Florida, Idaho, Kansas, Louisiana, Minnesota, New York, Oregon, South Carolina, Virginia, and Washington. Examples of these recent cuts or proposals include the following:

- **Florida's** legislature is proposing to reduce reimbursements to a variety of providers, including pharmacists, hospitals, nursing homes, managed care companies and PSNs (provider service networks), and county health departments, to further pare back its FY 2009 budget.[16]
- **Louisiana** reduced payments to hospitals, nursing homes, certain facilities for the developmentally disabled, hospice providers, and certain providers of durable medical equipment (such as wheelchairs and oxygen tanks); payments for hemodialysis, laboratory, and mental health rehabilitation services; and payments to providers of long-term personal care services.[17]
- **Washington's** Governor Gregoire proposed in her FY 2009-2011 budget[18] to delay a planned 2.5 percent increase in managed care rates and to sustain a 1 percent reduction from FY 2009, reduce inpatient and outpatient hospital rates by 4 percent, cut nursing home payment rates by 5 percent, and reduce payments for pediatric office and well-child visits by 7 percent.[19]

Governor Sanford Rejects Federal Relief: South Carolina Instead Makes Drastic Cuts to Medicaid and CHIP

Despite the prospect of an $804 million budget shortfall for FY 2009,[1] South Carolina Governor Mark Sanford has urged Congress *not* to pass an economic recovery package that would provide fiscal relief to the states. Instead, the state has elected to make draconian cuts to its Medicaid program. These cuts, already enacted for FY 2009 and proposed for FY 2010, will mean that fewer South Carolinians will be able to enroll in Medicaid and that those who do enroll will get less of the health care they need. South Carolina's cuts are some of the most far-reaching Medicaid cuts seen so far in this recession. They will have devastating effects on the vulnerable South Carolinians who rely on the program. Without additional federal assistance, South Carolina may be forced to make even deeper Medicaid cuts in the future, and many other states will find themselves in similar straits.

The following is a summary of the enacted and proposed cuts—so far—in South Carolina:

- **Cuts in Eligibility or Enrollment**
  - Reduced the duration of Transitional Medical Assistance (which provides Medicaid coverage to low-income families who have rejoined the workforce and who are no longer eligible for welfare payments but who cannot afford health coverage) from 24 months to 12 months for 5,600 people who earn less than the federal poverty level ($17,600 for a family of three in 2008).[2]
  - Eliminated coverage for at least 3,700 aged, blind, or disabled individuals by reducing the monthly income eligibility limit by $30.[3]
  - Limited eligibility for the Breast and Cervical Cancer Program to women aged 40-64.[4]
  - For FY 2010, proposed placing an enrollment cap on CHIP beginning on July 1, 2009.[5]
- **Cuts in Benefits**
  - Placed a 31-day limit on prescription drugs and refill quantities for all children and adults in Medicaid, and limited the ability of adults to receive medically necessary prescriptions above this cap for FY 2009.
  - Capped its Community Choices waiver, which provides home and personal care services to the elderly and people with disabilities.[6]
  - Froze enrollment in the HIV/AIDS waiver, which provides home- and community-based services for those with HIV/AIDS.

- There is a long list of additional benefits cuts, including new limits on chiropractic visits, psychological counseling sessions, home health visits, durable medical equipment, hospice services, speech therapy, and some lab and radiology services. In addition, the following services were eliminated in FY 2009: occupational and physical therapy; certain dental services for children; and dental, podiatry, and vision services for adults.

- **Increases in Cost-Sharing**
  - Increased copayments for Medicaid beneficiaries in FY2009; the governor proposes to do the same in his FY 2010 budget.[7]

- **Cuts in Payments to Providers**
  - Cut FY 2009 payment rates to providers, including nursing homes, by approximately $12 million.[8]
  - Eliminated the enhanced reimbursement rate that some providers receive to provide after-hours care, and billing for specific procedure codes may be limited or eliminated.[9]

---

[1] Elizabeth McNichol and Iris J. Lav, *State Budget Troubles Worsen* (Washington: Center on Budget and Policy Priorities, updated January 14, 2009), available online at http://www.cbpp.org/9-8-08sfp.htm.

[2] Jill Coley, "Poor and Disabled Face Cuts," *The Post and Courier*, December 13, 2008, available online at http://www.charleston.net/news/2008/dec/13/poor_disabled_face_cuts64976/; conversations with Sue Berkowitz, South Carolina Appleseed Legal Justice Center, December 2008.

[3] South Carolina Department of Health and Human Services, *Medicaid Bulletin* (Columbia: South Carolina Department of Health and Human Services, September 10, 2008), available online at http://www.dhhs.state.sc.us/internet/pdf/Medicaid%20Rate%20Changes%20and%20Other%20Adjustments.pdf.

[4] South Carolina Department of Health and Human Services, *Medicaid Bulletin: Breast and Cervical Cancer Program Changes* (Columbia: South Carolina Department of Health and Human Services, December 17, 2008).

[5] Office of Governor Mark Sanford, *State of South Carolina Executive Budget Fiscal Year 2009-2010* (Columbia: Office of Governor Mark Sanford, January 9, 2009), available online at http://www.scgovernor.com/NR/rdonlyres/106EF056-F2AB-4EC6-A754-45C43AAF3EFC/0/ExecutiveBudgetFiscalYear20092010.pdf.

[6] South Carolina Department of Health and Human Services, *Medicaid Bulletin*, September 10, 2008, op. cit.

[7] Conversation with Jeff Strensland, spokesperson for the South Carolina Department of Health and Human Services, December 18, 2008; Office of Governor Mark Sanford, op. cit.

[8] South Carolina Department of Health and Human Services, *Medicaid Bulletin*, September 10, 2008, op. cit.

[9] South Carolina Department of Health and Human Services, *Medicaid Bulletin* (Columbia: South Carolina Department of Health and Human Services, January 1, 2009); South Carolina Department of Health and Human Services e-mail sent to Medicaid providers entitled, "Clarification of Important Medicaid Changes," December 18, 2008.

The Economic Recovery Package Provides Essential Relief

The House American Recovery and Reinvestment Act of 2009 (H.R. 1) would provide much-needed relief to the states by ensuring that every state receives a significant increase in its federal Medicaid matching rate (federal medical assistance percentage, or FMAP) from October 2008 through the end of calendar year 2010. Under the bill, each state receives at least a 4.9 percent increase in its FMAP. But because the recession is affecting states differently, the bill also allows states with relatively higher unemployment rates to qualify for additional increases in their FMAP.[20] The bill provides a total of $87 billion to fund the FMAP increases over a period of 27 months (October 2008-December 2010). Some of the assistance will be provided to states retroactively.

In order to qualify for the additional federal funding, states must agree to maintain their Medicaid eligibility levels and enrollment policies as they were in effect on July 1, 2008. In other words, while states would still maintain the ability to increase cost-sharing, cut benefits or provider payment rates, or make other cuts, they would not be permitted to reduce the income thresholds for Medicaid eligibility or make it harder to enroll in the program by requiring more frequent recertification, establishing additional asset tests, or instituting other enrollment barriers. States that have reduced eligibility or erected enrollment barriers since July 1, 2008, could qualify for the increased FMAP as soon as they reverted to whatever policies were in place as of that date.[21] This "maintenance of effort" requirement will ensure that the Medicaid safety net will remain available to all who are currently enrolled in the program, as well as to those who may become newly eligible in the coming months due to the recession.

The House bill also contains $8.6 billion to create a new, temporary category of Medicaid eligibility to help low-income workers who have lost their jobs and who are uninsured and ineligible for existing Medicaid or CHIP coverage. The new category is a state option and would cease to exist after the end of December 2010. However, this category is fully federally funded; unlike existing Medicaid coverage, which is funded by both state and federal dollars, the federal government would pick up the full cost of covering people in this temporary category.

Medicaid's Role as an Economic Engine

While Medicaid's role in providing critical health care services is clear, what is often overlooked is the unique role that Medicaid plays in stimulating state business activity and state economies. Every dollar a state spends on Medicaid draws down new federal dollars that would not otherwise flow into the state. These new dollars pass from one person to another in successive rounds of spending. For example, health care employees spend part of their salaries on groceries, which adds to the income of grocery store employees, enabling them to

spend part of their salaries on new shoes, which enables shoe store employees to spend additional money on home improvements, and so on. The new dollars pass from one person to another in successive rounds of spending, generating additional business activity, jobs, and wages that would not otherwise be produced. Economists call this the "multiplier effect."

The magnitude of Medicaid's unique economic multiplier impact varies from state to state based on both the size of the state's federal matching rate and the economic conditions within the state. In order to measure and quantify this state-level impact, Families USA used the U.S. Department of Commerce RIMS II economic input-output model, which was first developed in the 1970s and is regularly updated by the Bureau of Economic Analysis. The RIMS II model is built on Department of Commerce data that show the relationships among hundreds of industries in the economy. These relationships are adjusted and updated regularly to reflect a state economy's current industrial structure; trading patterns; and wage, salary, and personal income data. The respected RIMS II model is widely used to analyze the economic impact on states of projects and events such as hospital expansions, military base closings, airport construction, tourism, and a range of policy changes and regulatory effects.

Using existing estimates of how much additional federal funding each state will receive from the increased FMAP (see Table 2 on page 11), Families USA has calculated the economic benefit to states in terms of business activity, jobs, and associated wages (see Table 3 on page 12). It is not possible at this time to estimate how much each state will receive of the $8.6 billion in additional federal funding for temporary Medicaid coverage to unemployed workers. Still, like the increased FMAP, this influx of new federal funding will have a positive effect on state economies.

Given that so many states have already enacted or are considering making significant Medicaid cuts, the additional federal funding for FMAP may, in effect, prevent economic losses rather than cause net economic growth. The additional funding will help states avoid Medicaid cuts that could have resulted in loss of business activity, jobs, and associated wages. It is impossible to determine just how much of the economic effect of the increased FMAP will be generating new activity as opposed to preventing losses in activity. Nonetheless, this provision of the economic recovery package will stimulate state economies and help them pull out of the recession while at the same time ensuring that the lowest-income, most vulnerable Americans continue to receive the health coverage they need.

America's Priorities

A recent survey conducted by the Kaiser Family Foundation and the Harvard School of Public Health found that health care is among the American public's top three priorities for President Obama and Congress.[22] Even more telling, when asked what the President

and Congress's economic priorities should be, the top three responses were helping businesses keep or create jobs (45 percent of respondents), helping those who are newly unemployed afford health insurance (33 percent), and providing states with more federal support for health care for low-income residents (31 percent). The Medicaid provisions in the House bill will directly address each of these three priorities and, therefore, should be enacted expeditiously.

Table 2.

Increased Federal Support for Medicaid in the House Economic Recovery Package (H.R. 1), October 2008 - December 2010 (Dollars in Millions)

State	Additional Federal Support for Medicaid	State	Additional Federal Support for Medicaid
Alabama	$783.3	Montana	$174.1
Alaska	$246.3	Nebraska	$243.8
Arizona	$1,879.8	Nevada	$440.9
Arkansas	$614.9	New Hampshire	$231.7
California	$11,069.2	New Jersey	$2,135.1
Colorado	$855.6	New Mexico	$528.5
Connecticut	$1,207.2	New York	$12,452.0
Delaware	$314.1	North Carolina	$2,267.0
Florida	$4,255.1	North Dakota	$90.5
Georgia	$1,637.4	Ohio	$2,826.9
Hawaii	$340.2	Oklahoma	$860.0
Idaho	$276.9	Oregon	$802.6
Illinois	$2,879.0	Pennsylvania	$3,974.9
Indiana	$1,201.6	Rhode Island	$454.1
Iowa	$441.5	South Carolina	$732.5
Kansas	$388.5	South Dakota	$96.7
Kentucky	$922.2	Tennessee	$1,480.5
Louisiana	$1,552.1	Texas	$5,115.2
Maine	$434.4	Utah	$293.5
Maryland	$1,406.5	Vermont	$254.1
Massachusetts	$2,636.6	Virginia	$1,423.2
Michigan	$2,229.3	Washington	$1,985.6
Minnesota	$1,892.2	West Virginia	$382.3
Mississippi	$697.5	Wisconsin	$1,093.4
Missouri	$1,494.6	Wyoming	$102.3

Source: Iris J. Lav, Edwin Park, Jason Levitis, and Matthew Broaddus, *Preliminary Analysis of Medicaid Assistance for States in the House Economic Recovery Package* (Washington: Center on Budget and Policy Priorities, January 22, 2009).

Table 3.

Economic Impact of the House Economic Recovery Package (H.R. 1) on States in the First Year of Implementation (Dollars in Millions)

State	Additional Business Activity	Additional Jobs	Additional Wages
Alabama	$640.3	6,800	$233.1
Alaska	$167.4	1,600	$61.2
Arizona	$1,670.6	15,300	$628.4
Arkansas	$417.1	4,600	$152.8
California	$12,050.0	105,000	$4,283.0
Colorado	$801.9	7,500	$284.0
Connecticut	$991.4	8,700	$356.7
Delaware	$221.8	1,700	$71.2
Florida	$4,143.1	42,100	$1,547.4
Georgia	$1,681.5	15,400	$590.4
Hawaii	$284.0	2,800	$105.6
Idaho	$229.6	2,700	$85.7
Illinois	$3,021.4	26,700	$1,038.0
Indiana	$1,018.3	10,100	$360.1
Iowa	$330.2	3,700	$119.2
Kansas	$279.1	2,800	$94.8
Kentucky	$741.8	7,300	$256.2
Louisiana	$1,133.8	12,800	$411.3
Maine	$353.9	4,000	$133.9
Maryland	$1,193.3	10,200	$410.6
Massachusetts	$1,953.2	16,700	$692.8
Michigan	$2,021.6	20,100	$753.9
Minnesota	$1,600.8	14,900	$588.3
Mississippi	$496.4	5,600	$178.9
Missouri	$1,281.3	12,000	$419.8
Montana	$131.2	1,500	$49.0
Nebraska	$181.7	2,000	$65.3
Nevada	$368.9	3,400	$134.9
New Hampshire	$161.3	1,400	$55.1
New Jersey	$1,912.9	15,400	$636.7
New Mexico	$391.1	4,200	$144.3
New York	$10,119.5	84,500	$3,504.5
North Carolina	$2,100.4	21,800	$768.2
North Dakota	$64.2	700	$22.5
Ohio	$2,503.5	24,800	$893.8
Oklahoma	$675.1	7,700	$244.9
Oregon	$716.9	7,000	$256.9
Pennsylvania	$3,615.6	32,300	$1,240.5
Rhode Island	$399.5	3,600	$136.7
South Carolina	$663.0	7,200	$237.2
South Dakota	$69.5	800	$25.7
Tennessee	$1,317.6	11,700	$460.6
Texas	$4,323.6	41,100	$1,524.5
Utah	$262.9	2,800	$94.7
Vermont	$171.6	1,700	$63.4
Virginia	$1,120.2	10,200	$384.7
Washington	$1,666.0	15,400	$594.0
West Virginia	$258.0	2,600	$90.2
Wisconsin	$789.6	8,000	$291.1
Wyoming	$55.2	600	$20.9

Source: Families USA calculations based on the Bureau of Economic Analysis Regional Input-Output Modeling System (RIMS II), using estimates of additional federal support for Medicaid from an analysis of the House economic recovery package (H.R. 1) by the Center on Budget and Policy Priorities.

Endnotes

[1] Elizabeth McNichol and Iris J. Lav, *State Budget Troubles Worsen* (Washington: Center on Budget and Policy Priorities, updated January 14, 2009), available online at http://www.cbpp.org/9-8-08sfp.htm.

[2] Ibid.

[3] Stan Dorn, Bowen Garrett, John Holahan, and Aimee Williams, *Medicaid, SCHIP and Economic Downturn: Policy Challenges and Policy Responses* (Washington: Kaiser Commission on Medicaid and the Uninsured, April 2008), available online at http://www.kff.org/medicaid/upload/7770.pdf.

[4] Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey* (Washington: Bureau of Labor Statistics, January 2009), available online at http://data.bls.gov/PDQ/servlet/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000.

[5] Kevin Sack and Katie Zezima, "Growing Need for Medicaid Strains States." *The New York Times*, January 22, 2009, available online at http://www.nytimes.com/2009/01/22/us/22medicaid.html?ref=health.

[6] Office of Governor Arnold Schwarzenegger, *2009-10 Governor's Budget General Fund Proposals* (Sacramento: Office of Governor Arnold Schwarzenegger, December 31, 2008), available online at http://www.dof.ca.gov/budget/historical/2009-10/documents/GB%20GF%20Proposals.pdf; California Budget Project, *Happy New Year? Governor Releases 2009-10 Budget Proposals Early* (Sacramento: California Budget Project, January 6, 2009), available online at http://www.cbp.org/documents/01022009budgetrelease.pdf.

[7] Ibid.

[8] Office of Governor Ted Kulongoski, *2009-2011 Governor's Recommended Budget* (Salem: Office of Governor Ted Kulongoski, December 1, 2008), available online at http://www.oregon.gov/DAS/BAM/GRB0911intro.shtml.

[9] Office of Governor Bobby Jindal, *Governor Jindal Releases Detailed Cost-Savings Plan for $341 Million in FY 09 Budget Savings* (Baton Rouge: Office of Governor Bobby Jindal, December 30, 2008), available online at http://www.gov.state.la.us/index.cfm?md=newsroom&tmp=detail&articleID=870; conversation with Jolie Adams, Department of Health and Hospitals, January 2009.

[10] Oregon has a biennial budget; the cuts in this report are from the FY 2009-2011 budget cycle.

[11] Office of Governor Ted Kulongoski, op. cit.

[12] Vermont Department of Finance and Management, *FY 2009 Rescission Plan #2 – Impact Narrative* (Montpelier: Department of Finance and Management, December 15, 2008), available online at http://finance.vermont.gov/sites/finance/files/pdf/state%20budget/FY_2009_Rescission_Plan__2_Narrative.pdf; Office of Vermont Health Access, *Bulletin No: 09-05: Eliminating Adult Chiropractic Coverage in Medicaid and the Vermont Health Access Plan (VHAP)* (Montpelier: Office of Vermont Health Access, January 15, 2008), available online at http://ovha.vermont.gov/budget-legislative/bulletin-09-05-for-web.pdf.

[13] Office of Governor Arnold Schwarzenegger, op. cit.; California Budget Project, op. cit.

[14] "Officials Propose Medicaid Cutbacks," *Omaha World-Herald*, December 15, 2008, available online at http://www.omaha.com/index.php?u_page=2798&u_sid=10514471; Nebraska Department of Health and Human Services, Letter to the Governor, Legislature and Medicaid Reform Advisory Council, December 1, 2008, available online at http://www.hhs.state.ne.us/med/reform/docs/letter12108.pdf.

[15] Rhode Island Kids Count, *FY09 Supplemental Budget Proposal: Implications for Children and Families Enrolled in Medicaid Programs in Rhode Island* (Providence: Rhode Island Kids Count, January 12, 2009), available online at http://www.rikidscount.org/matriarch/documents/Supp09Budget-ChildrensMedicaid-1-12-09%282%29.pdf.

[16] The Florida Senate, *Conference Report on Senate Bill 2-A* (Tallahassee: Florida Senate, January 2009), and conversation with Greg Mellow, Florida CHAIN, January 16, 2009.

[17] Office of Governor Bobby Jindal, op. cit.

[18] Washington has a biennial budget; the cuts in this report are from the FY 2009-2011 budget cycle.

[19] Office of Governor Chris Gregoire, *Proposed 2009–2011 Budget Highlights & Policy* (Olympia: Office of Governor Chris Gregoire, December 2008), available online at http://www.ofm.wa.gov/budget09/highlights/highlights.pdf.

[20] States that experience unemployment rate increases of 1.5 percentage points or more are considered "high unemployment states" and qualify for additional increases in their FMAP according to how severe the unemployment situation is in their state. There are three tiers of higher FMAPs available for these states, all based on higher rates of unemployment.

[21] According to the House bill, states have until July 1, 2009, to comply with this requirement.

[22] Kaiser Family Foundation and the Harvard School of Public Health, *The Public's Health Care Agenda for the New President and Congress* (Washington: Kaiser Family Foundation, January 2009), available online at http://www.kff.org/kaiserpolls/posr011509pkg.cfm.

Credits

This report was written by:

Jennifer Sullivan,
Senior Health Policy Analyst
Families USA

and

Rebecca Bruno,
Health Policy Analyst
Families USA

The following Families USA staff contributed to the preparation of this report:

Ron Pollack, Executive Director

Kathleen Stoll, Deputy Executive Director,
Director, Health Policy

Rachel Klein, Deputy Director of Health Policy

Laura Parisi, Villers Fellow

Peggy Denker, Director of Publications

Ingrid VanTuinen, Senior Editor

Tara Bostock, Editorial Associate

Nancy Magill, Senior Graphic Designer

For a complete list of Families USA publications,
go to www.familiesusa.org/resources/publications.

1201 New York Avenue NW, Suite 1100 • Washington, DC 20005
Phone: 202-628-3030 • Fax: 202-347-2417 • E-mail: info@familiesusa.org
www.familiesusa.org