Medicaid: The Federal Medical Assistance Percentage (FMAP)

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Summary

Medicaid is a health insurance program jointly funded by the federal government and the states. Generally, eligibility for Medicaid is limited to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of a state's expenditures for most Medicaid services is called the federal medical assistance percentage (FMAP). The remainder is referred to as the nonfederal share, or state share.

Generally determined annually, the FMAP is designed so that the federal government pays a larger portion of Medicaid costs in states with lower per capita income relative to the national average (and vice versa for states with higher per capita incomes). For FY2010, the regular FMAPs—that is, excluding the impact of the temporary FMAP increase included in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5)—range from 50.00% to 75.67%.

In the State Children's Health Insurance Program (CHIP), expenditures are generally reimbursed at the enhanced FMAP (E-FMAP). This is calculated by reducing the state share under the regular FMAP by 30%.

In recent years, the fiscal situation of the states has focused attention on Medicaid expenditures, as well as on changes in the federal share, or FMAP. In the 108th Congress, the Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27) provided temporary fiscal relief for states and local governments through a combination of FMAP increases and direct grants. In the 109th Congress, provisions to exclude certain Hurricane Katrina evacuees and their incomes from FMAP calculations and to prevent Alaska's FY2006-FY2007 FMAPs from decreasing were included in the Deficit Reduction Act of 2005 (P.L. 109-171). In the 110th Congress, a temporary FMAP increase was included in economic stimulus legislation that was debated but not adopted at the end of 2008.

In the 111th Congress, ARRA included a temporary FMAP increase for nine quarters, subject to certain requirements. The Administration estimated that the provision will increase federal payments to states by more than $90 billion. For the first quarter of FY2010, the FMAPs reflecting the ARRA increase ranged from 61.12% (Alaska) to 84.86% (Mississippi). (The ARRA FMAP increase does not affect the CHIP E-FMAP.) The ARRA FMAPs end December 31, 2010.

On March 10, 2010, the Senate passed H.R. 4213 (American Workers, State, and Business Relief Act of 2010), which includes a provision to extend the ARRA FMAPs by two quarters, through June 30, 2011. The House may consider the Senate-passed version or participate in a conference to resolve their bills' differences.

The new health reform law enacted March 23, 2010 (P.L. 111-148, H.R. 3590, the Patient Protection and Affordable Care Act, or PPACA, as amended by P.L. 111-152), did not extend the ARRA FMAPs. PPACA requires that for states to get *any* Medicaid matching funds, they cannot make Medicaid *or* CHIP "eligibility standards, methodologies, or procedures" more restrictive than those in effect on March 23, 2010, PPACA's enactment date. In 2014, the law requires states with Medicaid programs to expand coverage to some currently ineligible low-income parents and childless adults. For these newly eligible individuals, states will have a 100% FMAP for three years and then slightly reduced rates well above regular FMAPs.

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Introduction

Medicaid is a health insurance program jointly funded by the federal government and the states. Although states have considerable flexibility to design and administer their Medicaid programs, certain groups of individuals must be covered for certain categories of services. Generally, eligibility is limited to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. The federal government's share of Medicaid costs for most services is determined by a formula established in statute; states must contribute the remaining portion of costs in order to qualify for federal funds.[1]

The Federal Medical Assistance Percentage

The federal government's share of most Medicaid service costs is determined by the federal medical assistance percentage (FMAP), which varies by state and is determined by a formula set in statute.[2]

An enhanced FMAP (E-FMAP) is provided for both services and administration under the State Children's Health Insurance Program (CHIP), subject to the availability of funds from a state's federal allotment for CHIP. When a state expands its Medicaid program using CHIP funds (rather than Medicaid funds), the enhanced FMAP applies and is paid out of the state's federal allotment. The E-FMAP is calculated by reducing the state share under the regular FMAP by 30%.[3]

Certain Medicaid services receive a higher federal match, including those provided through an Indian Health Service facility (100%),[4] to certain women with breast or cervical cancer (E-FMAP),[5] for family planning (90%),[6] or under the Qualifying Individuals program that pays Medicare Part B premiums on behalf of certain Medicaid beneficiaries (100%).[7] For Medicaid administrative costs, the federal share does not vary by state, and is generally 50%.[8]

How FMAPs Are Calculated

The FMAP formula compares each state's per capita income relative to U.S. per capita income, and provides higher reimbursement to states with lower incomes (with a statutory maximum of 83%) and lower reimbursement to states with higher incomes (with a statutory minimum of 50%). The formula for a given state is:

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[1] For a broader overview of financing issues, see CRS Report RS22849, *Medicaid Financing*.

[2] The FMAP is also used in determining the federal share of certain child support enforcement collections, Temporary Assistance for Needy Families (TANF) contingency funds, a portion of the Child Care and Development Fund (CCDF), and foster care and adoption assistance under Title IV-E of the Social Security Act.

[3] See CRS Report R40444, *State Children's Health Insurance Program (CHIP): A Brief Overview*.

[4] §1905(b) of the Social Security Act (SSA). Hereafter, all section references are to the SSA unless specified otherwise.

[5] Clause (4) of §1905(b)

[6] §1903(a)(5)

[7] §1933(d)(1)

[8] §1903(a)(7). See CRS Report RS22101, *State Medicaid Program Administration: A Brief Overview*.

$FMAP_{state} = 1 - ((\text{Per capita income}_{state})^2/(\text{Per capita income}_{U.S.})^2 * 0.45)$

The use of the 0.45 factor in the formula is designed to ensure that a state with per capita income equal to the U.S. average receives an FMAP of 55% (i.e., state share of 45%). In addition, the formula's squaring of income provides higher FMAPs to states with below-average incomes than they would otherwise receive (and vice versa, subject to the 50% minimum).[9]

The Department of Health and Human Services (HHS) usually publishes FMAPs for an upcoming fiscal year in the *Federal Register* in the preceding November. For example, regular FMAPs for FY2011 (the federal fiscal year that begins on October 1, 2010) were calculated and published November 27, 2009.[10] This time lag between announcement and implementation provides an opportunity for states to adjust to FMAP changes, but it also means that the per capita income amounts used to calculate FMAPs for a given fiscal year are several years old by the time the FMAPs take effect.

Table 1 shows FMAPs for FY2003-FY2010, excluding the temporary ARRA increase (for FY2009 and FY2010). To see the FMAPs reflecting the ARRA increase for FY2009 and the first quarter of FY2010, see **Table 3** and **Table 4**.

Table 1. FY2003-FY2011 FMAPs, by State

State	FY03 first 2 quarters	FY03 last 2 quarters[a]	FY04 first 3 quarters[a]	FY04 last quarter	FY05	FY06[b]	FY07[b]	FY08[b]	FY09[b]	FY10[b]	FY11[b]
Alabama	70.60	73.55	73.70	70.75	70.83	69.51	68.85	67.62	67.98	68.01	68.54
Alaska[c]	58.27	61.22	61.34	58.39	57.58	57.58	57.58	52.48	50.53	51.43	50.00
Arizona	67.25	70.20	70.21	67.26	67.45	66.98	66.47	66.20	65.77	65.75	65.85
Arkansas	74.28	77.23	77.62	74.67	74.75	73.77	73.37	72.94	72.81	72.78	71.37
California	50.00	54.35	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Colorado	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Connecticut	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Delaware	50.00	52.95	52.95	50.00	50.38	50.09	50.00	50.00	50.00	50.21	53.15
DC	70.00	72.95	72.95	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
Florida	58.83	61.78	61.88	58.93	58.90	58.89	58.76	56.83	55.40	54.98	55.45
Georgia	59.60	62.55	62.55	59.58	60.44	60.60	61.97	63.10	64.49	65.10	65.33
Hawaii	58.77	61.72	61.85	58.90	58.47	58.81	57.55	56.50	55.11	54.24	51.79
Idaho	70.96	73.97	73.91	70.46	70.62	69.91	70.36	69.87	69.77	69.40	68.85
Illinois	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.32	50.17	50.20
Indiana	61.97	64.99	65.27	62.32	62.78	62.98	62.61	62.69	64.26	65.93	66.52
Iowa	63.50	66.45	66.88	63.93	63.55	63.61	61.98	61.73	62.62	63.51	62.63
Kansas	60.15	63.15	63.77	60.82	61.01	60.41	60.25	59.43	60.08	60.38	59.05

[9] For example, in state A with an above-average per capita income of $42,000 compared to a U.S. per capita income of $40,000, the FMAP formula produces an FMAP of 50.39%. In state B with a below-average per capita income of $38,000 compared to a U.S. per capita income of $40,000, the FMAP formula produces an FMAP of 59.39%. If the formula did not include a squaring of per capita income, it would instead produce FMAPs of 52.75% for state A (higher than current law) and 57.25% for state B (lower than current law).

[10] 74 *Federal Register* 62315 (November 27, 2009), available at http://aspe.hhs.gov/health/fmap11.pdf.

State	FY03 first 2 quarters	FY03 last 2 quarters[a]	FY04 first 3 quarters[a]	FY04 last quarter	FY05	FY06[b]	FY07[b]	FY08[b]	FY09[b]	FY10[b]	FY11[b]
Kentucky	69.89	72.89	73.04	70.09	69.60	69.26	69.58	69.78	70.13	70.96	71.49
Louisiana	71.28	74.23	74.58	71.63	71.04	69.79	69.69	72.47	71.31	67.61	63.61
Maine	66.22	69.53	69.17	66.01	64.89	62.90	63.27	63.31	64.41	64.99	63.80
Maryland	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Massachusetts	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Michigan	55.42	59.31	58.84	55.89	56.71	56.59	56.38	58.10	60.27	63.19	65.79
Minnesota	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Mississippi	76.62	79.57	80.03	77.08	77.08	76.00	75.89	76.29	75.84	75.67	74.73
Missouri	61.23	64.18	64.42	61.47	61.15	61.93	61.60	62.42	63.19	64.51	63.29
Montana	72.96	75.91	75.91	72.85	71.90	70.54	69.11	68.53	68.04	67.42	66.81
Nebraska	59.52	62.50	62.84	59.89	59.64	59.68	57.93	58.02	59.54	60.56	58.44
Nevada	52.39	55.34	57.88	54.93	55.90	54.76	53.93	52.64	50.00	50.16	51.61
New Hampshire	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
New Jersey	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
New Mexico	74.56	77.51	77.80	74.85	74.30	71.15	71.93	71.04	70.88	71.35	69.78
New York	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
North Carolina	62.56	65.51	65.80	62.85	63.63	63.49	64.52	64.05	64.60	65.13	64.71
North Dakota	68.36	72.82	71.31	68.31	67.49	65.85	64.72	63.75	63.15	63.01	60.35
Ohio	58.83	61.78	62.18	59.23	59.68	59.88	59.66	60.79	62.14	63.42	63.69
Oklahoma	70.56	73.51	73.51	70.24	70.18	67.91	68.14	67.10	65.90	64.43	64.94
Oregon	60.16	63.11	63.76	60.81	61.12	61.57	61.07	60.86	62.45	62.74	62.85
Pennsylvania	54.69	57.64	57.71	54.76	53.84	55.05	54.39	54.08	54.52	54.81	55.64
Rhode Island	55.40	58.35	58.98	56.03	55.38	54.45	52.35	52.51	52.59	52.63	52.97
South Carolina	69.81	72.76	72.81	69.86	69.89	69.32	69.54	69.79	70.07	70.32	70.04
South Dakota	65.29	68.88	68.62	65.67	66.03	65.07	62.92	60.03	62.55	62.72	61.25
Tennessee	64.59	67.54	67.54	64.40	64.81	63.99	63.65	63.71	64.28	65.57	65.85
Texas	59.99	63.12	63.17	60.22	60.87	60.66	60.78	60.56[d]	59.44	58.73	60.56
Utah	71.24	74.19	74.67	71.72	72.14	70.76	70.14	71.63	70.71	71.68	71.13
Vermont	62.41	66.01	65.36	61.34	60.11	58.49	58.93	59.03	59.45	58.73	58.71
Virginia	50.53	54.40	53.48	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Washington	50.00	53.32	52.95	50.00	50.00	50.00	50.12	51.52	50.94	50.12	50.00
West Virginia	75.04	78.22	78.14	75.19	74.65	72.99	72.82	74.25	73.73	74.04	73.24
Wisconsin	58.43	61.52	61.38	58.41	58.32	57.65	57.47	57.62	59.38	60.21	60.16
Wyoming	61.32	64.92	64.27	59.77	57.90	54.23	52.91	50.00	50.00	50.00	50.00
Am. Samoa	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Guam	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
N. Mar. Islands	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Puerto Rico	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Virgin Islands	50.00	52.95	52.95	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Number with decrease from previous year	17	—[a]	—[a]	11[e]	19[f]	28	27	20	17	14	22

Source: Department of Health and Human Services (HHS) notices published in the *Federal Register*.

a. The Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27) temporarily increased Medicaid FMAPs to provide $10 billion in state fiscal relief. States also received $10 billion in direct grants.

b. FY2009 and FY2010 do not reflect temporary increases provided under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5). FY2006 and later years do not reflect increases that may result from a provision excluding certain employer contributions from the calculation of Medicaid FMAPs, included in the Children's Health Insurance Program Reauthorization Act of 2009 (P.L. 111-3). See text for details.

c. Alaska's Medicaid FMAP used an alternative formula for FY2001-FY2005 (P.L. 106-554) and did not decrease in FY2006-FY2007 because of a provision in the Deficit Reduction Act of 2005 (DRA, P.L. 109-171). Prior to DRA, Alaska had reverted to using the same FMAP calculation as other states, providing an FY2006 FMAP of 50.16% and FY2007 FMAP of 51.07%.

d. This FY2008 value of 60.56% was provided by HHS implementation of a DRA provision related to Hurricane Katrina (see discussion under "Statutory Exceptions" in this report). Using the regular FMAP formula, the state's FY2008 value would have been 60.53%.

e. Compared to regular FMAPs that applied in the first two quarters of FY2003.

f. Compared to regular FMAPs that applied in the last quarter of FY2004.

Statutory Exceptions

Although the FMAP is generally determined by a formula set in statute, there are exceptions made for certain states and situations:

- As of FY1998, the District of Columbia's Medicaid FMAP is set at 70%.[11]
- The territories (Puerto Rico, American Samoa, the Northern Mariana Islands, Guam, and the Virgin Islands) have FMAPs set at 50% and, unlike the 50 states and the District of Columbia, are subject to federal spending caps.[12]
- Alaska's Medicaid FMAP was set in statute for FY1998-FY2000, used an alternative formula for FY2001-FY2005, and was held at its FY2005 level for FY2006-FY2007.[13]
- Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27), all states and territories received a temporary increase. Medicaid FMAPs for the last two quarters of FY2003 and the first three quarters of FY2004 were held harmless from annual declines and were increased by an additional 2.95 percentage points.[14]

[11] P.L. 105-33 (Balanced Budget Act of 1997). The 70% FMAP also applies for purposes of computing an enhanced FMAP for CHIP, resulting in a 79% E-FMAP. Without this statutory exception, DC's regular FMAP would be at the statutory minimum of 50%.

[12] For more information, see Government Accountability Office, *U.S. Insular Areas: Multiple Factors Affect Federal Health Care Funding*, GAO-06-75, October 2005, at http://www.gao.gov/new.items/d0675.pdf.

[13] P.L. 105-33 set Alaska's Medicaid FMAPs for FY1998-FY2000 at 59.80%. P.L. 106-554 provided that its FMAPs for FY2001-FY2005 would be calculated using the state's per capita income deflated by 1.05 (thereby increasing the FMAPs). P.L. 109-171 provided that its FMAPs for FY2006-FY2007 would not fall below the state's FY2005 level. These provisions also applied for purposes of computing enhanced FMAPs for CHIP.

[14] Although Medicaid disproportionate share hospital (DSH) payments (i.e., payments to hospitals that serve large numbers of low-income and Medicaid patients and are subject to federal spending caps) are reimbursed using the FMAP, this increase did not apply to DSH. In addition, states had to meet certain requirements in order to receive an increase (e.g., they could not restrict eligibility after a certain date).

- The Deficit Reduction Act of 2005 (P.L. 109-171) provided that in computing Medicaid FMAPs for any year after 2006 for a state that the Secretary of HHS determines has a significant number of Hurricane Katrina evacuees as of October 1, 2005, the Secretary will disregard such evacuees and their incomes.[15]
- A provision excluding certain employer pension and insurance fund contributions from the calculation of Medicaid FMAPs beginning with FY2006 was included in the Children's Health Insurance Program Reauthorization Act of 2009 (P.L. 111-3). It will have the effect of reducing certain states' per capita personal income relative to the national average, which in turn could increase their Medicaid FMAPs. HHS has yet to release guidance or revised FMAPs reflecting this provision.
- Under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5), all states and territories can receive a temporary increase in their FMAP (and/or, for the territories, in their federal spending cap) for nine quarters if specified requirements are met (discussed in greater detail below under "111th Congress"). In general, the law holds all states harmless from any decline in their regular FMAPs, provides all states with an across-the-board increase of 6.2 percentage points, and provides qualifying states with an unemployment-related increase. It allowed each territory to make a one-time choice between an FMAP increase of 6.2 percentage points along with a 15% increase in its spending cap, or its regular FMAP along with a 30% increase in its cap. The territories all chose the latter.
- As noted earlier, the regular FMAP does not apply to certain Medicaid services that receive a higher federal match (e.g., those provided through an Indian Health Service facility).

Data Used to Calculate State FMAPs

As specified in Section 1905(b) of the Social Security Act, the per capita income amounts used in the FMAP formula are equal to the average of the three most recent calendar years of data available from the Department of Commerce. In its FY2011 FMAP calculations, HHS used state per capita personal income data for 2006, 2007, and 2008 that became available from the Department of Commerce's Bureau of Economic Analysis (BEA) in September 2009. The use of a three-year average helps to moderate fluctuations in a state's FMAP over time.

BEA revises its most recent estimates of state per capita personal income on an annual basis to incorporate revised and newly available source data on population and income.[16] It also

[15] The provision also applied for purposes of computing enhanced FMAPs for CHIP. Although it was described as a "hold harmless for Katrina impact" in DRA, the language of the Katrina provision required evacuees to be disregarded even if their inclusion would *increase* a state's FMAP. Due to lags in the availability of data used to calculate FMAPs, FY2008 was the first year to which the provision applied. In 2007, HHS proposed and then finalized an implementation methodology that prevented the lowering of any FY2008 FMAPs and increased the FY2008 FMAP for one state (Texas). The methodology took advantage of a data timing issue that does not apply after FY2008. Although HHS had initially expressed concern that some states could see lower FMAPs in later years as a result of the DRA provision, the final methodology indicates that there is no reliable way to track the number and income of evacuees on an ongoing basis and therefore no basis for adjusting FMAPs after FY2008. See 72 *Federal Register* 3391 (January 25, 2007) and 72 *Federal Register* 44146 (August 7, 2007).

[16] Preliminary estimates of state per capita personal income for the latest available calendar year—as well as revised estimates for the two preceding calendar years—are released in April. Revised estimates for all three years are released (continued...)

undertakes a comprehensive data revision—reflecting methodological and other changes—every few years that may result in upward and downward revisions to each of the component parts of personal income (as defined in BEA's national income and product accounts, or NIPA). These components include

- earnings (wages and salaries, employer contributions for employee pension and insurance funds, and proprietors' income);
- dividends, interest, and rent; and
- personal current transfer receipts (e.g., government social benefits such as Social Security, Medicare, Medicaid, state unemployment insurance, etc.).[17]

As a result of these annual and comprehensive revisions, it is often the case that the value of a state's per capita personal income for a given year will change over time. For example, the 2006 state per capita personal income data published by BEA in September 2008 (used in the calculation of FY2010 FMAPs) differed from the 2006 state per capita personal income data published in September 2009 (used in the calculation of FY2011 FMAPs).

It should be noted that the NIPA definition of personal income used by BEA is not the same as the definition used for personal income tax purposes. Among other differences, NIPA personal income excludes capital gains (or losses) and includes transfer receipts (e.g., government social benefits), while income for tax purposes includes capital gains (or losses) and excludes most of these transfers.

Factors That Affect FMAPs

Several factors affect states' FMAPs. The first is the nature of the state economy and, to the extent possible, a state's ability to respond to economic changes (i.e., downturns or upturns). The impact on a particular state of a national economic downturn or upturn will be related to the structure of the state economy and the business sectors causing the upturn or downturn. For example, a national decline in automobile sales, while having an impact on automobile sales and all state economies, will have a larger impact in states that manufacture automobiles, as production is reduced and workers are laid off.

Second, the FMAP formula relies on per capita personal income to reflect state economies and their response to economic changes *in relation to the U.S. average per capita personal income*. The national economy is basically the sum of all state economies. As a result, the national response to an economic change is the sum of the state responses to economic change. If more states (or larger states) experience an economic decline, the national economy reflects this decline to some extent. However, the national decline will be lower than some states' declines because the total decline has been offset by states with small decreases or even increases (i.e., states with growing economies). The U.S. per capita personal income, because of this balancing of positive and negative, has only a small percentage change each year. Since the FMAP formula compares

(...continued)

in September.

[17] Employer and employee contributions for government social insurance (e.g., Social Security, Medicare, unemployment insurance, etc.) are excluded from personal income, and earnings are counted based on residency (i.e., for individuals who live in one state and work in another, their income is counted in the state where they reside).

state changes in per capita personal income (which can have large changes each year) to the U.S. per capita personal income, this comparison can result in significant state FMAP changes.

In addition to annual revisions of per capita personal income data, comprehensive NIPA revisions undertaken every four to five years may also influence FMAPs (for example, because of changes in the definition of personal income). The impact on FMAPs will depend on whether the changes are broad (affecting all states) or more selective (affecting only certain states or industries).

As noted earlier, statutory changes may also affect FMAPs.

Recent Issues and Legislation

108th Congress

In the 108th Congress, the Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA, P.L. 108-27) provided temporary fiscal relief for states and local governments through a combination of $10 billion in FMAP increases and $10 billion in direct grants. Medicaid FMAPs for the last two quarters of FY2003 and the first three quarters of FY2004 were held harmless from annual declines and were increased by an additional 2.95 percentage points, so long as a state did not restrict eligibility after a specified date (none did) and met certain other requirements.[18] To accommodate the FMAP increase, caps that apply to federal Medicaid spending in the territories were raised by 5.9%. JGTRRA also provided states with an additional $10 billion in direct grants based on population.[19]

109th Congress

In the 109th Congress, the Deficit Reduction Act of 2005 (P.L. 109-171) included provisions to exclude certain Hurricane Katrina evacuees and their incomes from FMAP calculations, prevent Alaska's FY2006-FY2007 FMAPs from falling below the state's FY2005 level, and provide $2 billion to help pay for (among other things) the state share of certain Katrina-related Medicaid and CHIP costs. Other provisions that would have temporarily increased FMAPs for states affected by Hurricane Katrina, limited FY2006 FMAP reductions for all states, and disregarded certain employer contributions toward pensions from the calculation of Medicaid FMAPs were debated but not included in the final bill.

110th Congress

In the 110th Congress, a temporary FMAP increase was included in economic stimulus legislation that was debated but not adopted at the end of 2008.[20] One bill failed a motion to proceed in the Senate (S. 3604), another passed the House (H.R. 7110), and a third was introduced in the Senate

[18] For a discussion, see Department of Health and Human Services, Centers for Medicare and Medicaid Services, State Medicaid Director letter, June 13, 2003, http://www.cms.hhs.gov/smdl/downloads/smd061303.pdf.

[19] See http://www.treas.gov/press/releases/js453.htm.

[20] Additional legislation that would have provided a temporary Medicaid FMAP increase was introduced earlier in 2008 (S. 2586, H.R. 5268, S. 2620, S. 2819).

(S. 3689). Over five years, the bills would have increased federal Medicaid spending by an estimated $19.6 billion,[21] $14.7 billion,[22] and $37.8 billion,[23] respectively.

For FY2009 and the first quarter of FY2010, S. 3604 would have held all states harmless from any decline in their regular Medicaid FMAPs and provided all states and territories with an additional increase of four percentage points. S. 3689 was similar, except that it would have provided an increase of eight percentage points instead of four.

For FY2009 and the first two months of FY2010, H.R. 7110 would have held all states harmless, provided all states and territories with an additional increase of one percentage point, and provided qualifying states with an additional increase of up to three percentage points based on employment, food stamp, and foreclosure data. Separate from the temporary Medicaid FMAP increase, the House bill would have excluded certain employer pension and insurance fund contributions from the calculation of Medicaid FMAPs beginning with FY2006; as noted below, this provision was included in the Children's Health Insurance Program Reauthorization Act of 2009 (P.L. 111-3).

111th Congress

Temporary FMAP Increase in ARRA

In the 111th Congress, a temporary FMAP increase was included in the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5). States are receiving the increase for nine quarters, subject to certain requirements. Although House-passed and Senate-passed versions were broadly similar, one difference was the degree to which funds would be targeted at states experiencing unemployment rate increases. The enacted version reflected a middle ground on this issue.[24] The Administration estimated that the provision will increase federal payments to states by more than $90 billion.[25]

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[21] U.S. Congress, Senate Committee on Appropriations, *Byrd Statement in Support of Economic Recovery and Stimulus Package*, September 26, 2008, at http://appropriations.senate.gov/news.cfm.

[22] Congressional Budget Office, *Estimated Cost of H.R. 7110, The Job Creation and Unemployment Relief Act of 2008, as Introduced on September 26, 2008*, at http://cbo.gov/ftpdocs/98xx/doc9816/hr7110.pdf.

[23] Congressional Budget Office, letter to the Honorable Robert C. Byrd, November 18, 2008, at http://www.cbo.gov/ftpdocs/99xx/doc9918/SenateStimulusInfrastructureByrdLtr.pdf.

[24] According to statements made during a Senate Finance Committee markup on January 27, 2009, it was estimated that the House-passed version would provide about half of its spending via hold harmless and across-the-board increases, and about half via an unemployment-related increase. In contrast, the Senate-passed version was estimated to provide an 80%/20% split. The enacted version reflects a 65%/35% split.

[25] Guidance from the Centers for Medicare and Medicaid Services (CMS) indicated that federal payments would increase by $87 billion (Department of Health and Human Services, Centers for Medicare and Medicaid Services, State Medicaid Director letter #09-005 (ARRA #5), August 19, 2009, http://www.cms.hhs.gov/SMDL/downloads/SMD081909.pdf), as did cost estimates from the Congressional Budget Office (CBO). Since then, CMS altered its interpretation of certain ARRA FMAP provisions so that states will receive an additional $4.3 billion ("Obama Administration Grants Relief to States on Payments to Medicare for Part D Costs," HHS News Release, February 18, 2010, http://www.hhs.gov/news/press/2010pres/02/20100218c.html). In particular, the amount of "clawback" money states are required to pay the federal government for expenditures in Part D (the Medicare prescription drug program) by individuals enrolled in both Medicare and Medicaid ("dual eligibles") is now reduced based on the increased ARRA FMAPs, in spite of prior guidance to the contrary (Question 10 of "Frequently Asked Questions American Recovery & Reinvestment Tax Act of 2009 (ARRA)," CMS, http://www.cms.hhs.gov/recovery/downloads/arrafmapfactsheet.pdf). (continued...)

Details of the ARRA provision are as follows:

- For a "recession adjustment period" that begins with the first quarter of FY2009 (October 1, 2008) and runs through the first quarter of FY2011 (i.e., through December 31, 2010), the provision holds all states harmless from any decline in their regular FMAPs, provides all states with an across-the-board increase of 6.2 percentage points, and provides qualifying states with an unemployment-related increase.[26] It allowed each territory to make a one-time choice between an FMAP increase of 6.2 percentage points along with a 15% increase in its spending cap, or its regular FMAP along with a 30% increase in its cap. The territories all chose the latter.
- The full amount of the temporary ARRA FMAP increase only applies to Medicaid, excluding disproportionate share hospital payments (DSH) and expenditures for individuals who are eligible for Medicaid because of an increase in a state's income eligibility standards above what was in effect on July 1, 2008. A portion of the temporary FMAP increase (hold harmless plus across-the-board) applies to Title IV-E foster care and adoption assistance.
- To receive ARRA FMAPs, states are required to do the following: maintain their Medicaid "eligibility standards, methodologies, and procedures" as in effect on July 1, 2008;[27,28] not receive the temporary FMAP increase if they are not in

(...continued)

The February 18, 2009, news release explained, "States make clawback payments monthly and CMS is currently reprogramming its billing system to calculate the new, reduced payments owed by states. The savings, which are retroactive to October 2008, will be deducted from what they otherwise would have owed going forward."

[26] States are evaluated on a quarterly basis for the unemployment-related FMAP increase, which equals a percentage reduction in the state share. A state is evaluated based on its unemployment rate in the most recent 3-month period for which data are available (except for the first two and last two quarters of the temporary FMAP increase, for which the 3-month period is specified) compared to its lowest unemployment rate in any 3-month period beginning on or after January 1, 2006. The criteria are as follows: unemployment rate increase of at least 1.5 but less than 2.5 percentage points = 5.5% reduction in state share; increase of at least 2.5 but less than 3.5 percentage points = 8.5% reduction; increase of at least 3.5 percentage points = 11.5% reduction. A state's percentage reduction could increase over time as its unemployment rate increases, but it would not be allowed to decrease until the fourth quarter of FY2010 (for most states, this corresponds with the first quarter of SFY2011). The percentage reduction is applied to the state share after the hold harmless increase and after one-half of the 6.2 percentage point increase (i.e., 3.1 percentage points). For example, after applying the across-the-board increase, a state with a regular FMAP of 50% would have an FMAP of 56.20%. If the state share (after the hold harmless and one-half of the across-the-board increase) were further reduced by 5.5%, the state would receive an additional FMAP increase of 2.58 percentage points (46.9 state share * 0.055 reduction in state share = 2.58). The state's total FMAP increase would be 8.78 points (6.2 + 2.58 = 8.78), providing an FMAP of 58.78%.

[27] Prior to the enactment of PPACA, Arizona was slated to "eliminate the KidsCare [CHIP] program effective June 15, 2010." Letter from Arizona Health Care Cost Containment System (AHCCCS) Assistant Director Monica Coury to Moe Gagnon, CMS, March 18, 2010, http://www.azahcccs.gov/shared/Downloads/News/Cover_Letter_KC_Elim.pdf. Because Arizona's CHIP program is entirely separate from Medicaid, this action would not have been relevant to the ARRA maintenance of effort (MOE). Arizona had also planned to "scale back eligibility" for parents and childless adults in Medicaid. However, in order not to violate the ARRA MOE, this will not be effective until January 1, 2011. If the ARRA FMAPs are extended by six months, then Arizona would delayed the scale-back accordingly. Letter from Maria Coury to Steven Rubio, CMS, March 18, http://www.azahcccs.gov/shared/Downloads/News/WaiverNotice_Final.pdf. However, as discussed later in this report, the state may not be taking these actions because of the PPACA MOE provisions.

[28] States that have restricted their "eligibility standards, procedures, or methodologies" can reinstate them in any quarter to begin receiving the temporary FMAP increase. In addition, those that reinstate them prior to July 1, 2009, can receive the increase for the first three quarters of FY2009. According to HHS, "…States will be required to attest they (continued...)

compliance with requirements for prompt payment of health care providers under Medicaid (and report to the HHS Secretary on their compliance);[29] not deposit or credit the additional federal funds paid as a result of the increase to any reserve or rainy day fund; ensure that local governments do not pay a larger percentage of the state's nonfederal Medicaid expenditures than otherwise would have been required on September 30, 2008;[30] and submit a report to the Secretary regarding how the additional federal funds paid as a result of the temporary FMAP increase were expended.[31]

Table 3 and **Table 4** (at the end of this report) show the increased FMAPs for FY2009[32] and for the first quarter of FY2010,[33] respectively, due to ARRA. ARRA FMAPs for the second quarter of FY2010 have not yet been published. **Table 3** also shows the additional federal Medicaid funding provided to states for their increased FY2009 FMAPs. FMAP increases could be larger through the rest of the recession adjustment period (currently defined as through December 31, 2010) for states whose unemployment rates continue to increase (unless the state has a current unemployment rate increase of at least 3.5 percentage points, in which case they would already be receiving the maximum FMAP increase). For the first quarter of FY2010, 41 states and the District of Columbia were in the highest tier for the unemployment adjustment.

FMAP increases reduce the amount of state funding that is required to maintain a given level of Medicaid services. For states that are contemplating cuts in order to slow the growth of or reduce Medicaid spending (e.g., by eliminating coverage of certain benefits, freezing or reducing provider reimbursement rates, increasing cost-sharing or premiums for beneficiaries), increased federal funding could enable them to avoid those cuts. For others, the state savings that result

(...continued)

meet the eligibility requirements to qualify for the new funding. The FMAP increase will be available to the States once the compliance is reviewed." See http://www.hhs.gov/recovery/fmapprocess.html and http://www.hhs.gov/recovery/statefunds.html. HHS indicated that four states (MS, NC, SC, VA) were ineligible when funding estimates were first released on February 23, 2009, but those states have since been cleared to receive the increase. A more recent study found that the "ARRA requirements resulted in 14 states reversing and 5 states abandoning planned restrictions to eligibility" (Kaiser Commission on Medicaid and the Uninsured, *State Fiscal Conditions and Medicaid*, September 2009, at http://www.kff.org/medicaid/upload/7580-05.pdf.). For guidance on the maintenance of effort requirements, see Department of Health and Human Services, Centers for Medicare and Medicaid Services, State Medicaid Director letter #09-005 (ARRA #5), August 19, 2009, http://www.cms.hhs.gov/SMDL/downloads/SMD081909.pdf. For the temporary FMAP increase enacted in 2003, the law referred only to "eligibility" and the HHS interpretation did not include procedural changes (e.g., increasing the frequency of eligibility redeterminations was not considered an eligibility restriction); see http://www.cms.hhs.gov/smdl/downloads/smd061303.pdf. The ARRA language is more stringent.

[29] More specifically, the temporary FMAP increase is not be available for any claim received by the state from a health care practitioner subject to prompt pay requirements for such days during any period in which the state has failed to pay claims in accordance with those requirements.

[30] Some states require local governments to finance part of the nonfederal (i.e., state) share of Medicaid costs. Since a temporary FMAP increase would reduce a state's nonfederal share, a local government whose required contribution is a specified dollar amount (or some other amount that is not a fixed percentage of the nonfederal share) could pay a larger percentage of the nonfederal share than it otherwise would have without the FMAP increase.

[31] For the requirements related to rainy day funds and local governments' share of nonfederal expenditures, the law was written such that states would be denied the across-the-board and unemployment-related FMAP increases (and territories would be denied cap increases) if they are out of compliance; however, they would not be denied the hold harmless FMAP increase. In contrast, for the requirements related to maintenance of eligibility and prompt payment, states would be denied all of the temporary FMAP increases (including hold harmless) if they are out of compliance.

[32] For additional information, see 74 *Federal Register* 64697 (December 8, 2009).

[33] For additional information, see 75 *Federal Register* 5325 (February 2, 2010).

from an FMAP increase could be used for a variety of purposes that are not limited to Medicaid.[34] Many states implemented or planned Medicaid expansions and enhancements in FY2009 and FY2010, while cutbacks in other programs are occurring.[35]

In addition to avoiding cuts to Medicaid, CBO has indicated that providing additional federal aid to states that are facing fiscal pressures will probably stimulate the economy. However, the estimated effects vary.[36] Federal aid to states whose budgets are relatively healthy might provide little stimulus if it is used to build up rainy day funds (a prohibited use of the temporary FMAP increase under ARRA), rather than increase spending or reduce taxes.[37]

The President's FY2011 Budget called for extending ARRA's temporary FMAP increase by six months (through June 30, 2011), at an estimated federal cost of $25.5 billion.[38] On March 10, 2010, the Senate passed such an extension in H.R. 4213, the American Workers, State, and Business Relief Act of 2010. The House may consider the Senate-passed version or may participate in a conference to resolve the bills' differences. Although states typically receive adjusted FMAPs automatically, H.R. 4213 would provide the extended ARRA FMAPs to a state only if, "not later than 45 days after the date of enactment of this paragraph, the chief executive officer of the State certifies that the State will request and use such additional Federal funds."[39]

Exclusion of Certain Employer Contributions from FMAP Calculations

As noted earlier, a provision excluding certain employer pension and insurance fund contributions from the calculation of Medicaid FMAPs beginning with FY2006 was included in the Children's Health Insurance Program Reauthorization Act of 2009 (P.L. 111-3). For purposes of calculating Medicaid FMAPs only, the provision was to have the effect of reducing certain states' per capita personal income relative to the national average, which in turn could increase their Medicaid FMAPs. HHS has yet to release guidance or revised FMAPs reflecting this provision.

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[34] For example, 36 states reported that they used funds from the ARRA FMAP increase to close or reduce their Medicaid budget shortfall; 36 states also reported using the funds to avoid benefit cuts. However, 44 states used the funds to close or reduce state general fund shortfalls. See Kaiser Commission on Medicaid and the Uninsured, *State Fiscal Conditions and Medicaid*, September 2009, at http://www.kff.org/medicaid/upload/7580-05.pdf.

[35] See Kaiser Commission on Medicaid and the Uninsured, *State Fiscal Conditions and Medicaid*, September 2009, at http://www.kff.org/medicaid/upload/7580-05.pdf, as well as the Center on Budget and Policy Priorities, *An Update on State Budget Cuts*, January 28, 2010, at http://www.cbpp.org/files/3-13-08sfp.pdf. Additional information on state fiscal conditions is available from a number of sources, including the National Association of State Budget Officers and the National Governors Association, which jointly publish a variety of publications (http://www.nasbo.org/), and the National Conference of State Legislatures (http://www.ncsl.org/summit/budgetmap.htm). See footnotes 27 and 42.

[36] Congressional Budget Office, letter to the Honorable Charles E. Grassley, March 2, 2009, http://www.cbo.gov/ftpdocs/100xx/doc10008/03-02-Macro_Effects_of_ARRA.pdf.

[37] Statement of Peter R. Orszag, Director, Congressional Budget Office, before the Committee on Finance, U.S. Senate, *Options for Responding to Short-Term Economic Weakness*, January 22, 2008, at http://cbo.gov/ftpdocs/89xx/doc8932/01-22-TestimonyEconStimulus.pdf.

[38] See Department of Health and Human Services, *Budget in Brief: FY2011*, p. 60, available at http://www.hhs.gov/asrt/ob/docbudget/2011budgetinbrief.pdf. The Administration did not provide state-level projections of the impact of the extension. Families USA provided projections of the additional federal Medicaid money states would receive from the six-month extension at "States in Need: Congress Should Extend Temporary Increase in Medicaid Funding," February 2010, p. 8, available at http://www.familiesusa.org/assets/pdfs/states-in-need.pdf.

[39] §232 of Senate-passed H.R. 4213, creating in ARRA a new §5001(g)(3).

FMAP Changes in New Health Reform Law

The new health reform law enacted March 23, 2010, the Patient Protection and Affordable Care Act (PPACA, P.L. 111-148, as amended by P.L. 111-152), did not extend the ARRA recession adjustment period. The ARRA FMAP increases are still scheduled to terminate after December 31, 2010.

Comparing FY2010's first quarter ARRA-adjusted FMAPs to the regular 2011 FMAPs (not ARRA-adjusted) shows that the average FMAP decline among the states and the District of Columbia would be about 11 percentage points—ranging from a 7.5-point decline for Michigan to Louisiana's 17.9-point decline.[40] H.R. 3590 (§2006) calls for additional FMAP above the regular FMAP levels for qualifying "disaster-recovery FMAP adjustment" states once the ARRA adjustment is no longer in effect (January 1, 2011). Such a state must (1) have been declared by the President a major disaster area during the preceding seven fiscal years under Sec. 401 of the Stafford Act for which *every* county or parish was determined to merit federal assistance,[41] and (2) for FY2011, have its regular FMAP be at least three percentage points lower than the state's highest regular FMAP since FY2008 (excluding the ARRA 6.2-point and unemployment adjustments). Only three states meet the latter requirement—Louisiana (8.86 points), Hawaii (4.71 points), and North Dakota (3.40 points). Of those, only Louisiana meets the former requirement. For the portion of FY2011 not in the ARRA recession adjustment period (i.e., after December 31, 2010), PPACA will provide Louisiana with an FMAP of 68.04% (rather than the currently slated 63.61%). The FMAP of 68.04% would be a 13.4-point drop from its latest ARRA FMAP, which would still make it the second-largest drop (behind Hawaii's 15.6-point drop) from the latest ARRA-adjusted FMAPs.

PPACA requires that for states to get *any* Medicaid matching funds, they cannot make Medicaid *or* CHIP "eligibility standards, methodologies, or procedures" more restrictive than those in effect on March 23, 2010, PPACA's enactment date.[42]

Subject to certain restrictions, beginning in 2014, PPACA requires states with Medicaid programs to make eligible for Medicaid qualifying individuals up to 133% of the federal poverty level (FPL)—"newly eligibles"[43]—for whom states will receive 100% FMAP through 2016, as

[40] The second largest decline would be for Hawaii, 15.6 points.

[41] For information about the Stafford Act, see CRS Report RL33053, *Federal Stafford Act Disaster Assistance: Presidential Declarations, Eligible Activities, and Funding*.

[42] §2001(b)(2) of PPACA, adding a new subsection (gg) to §1902 of the Medicaid statute (Title XIX of the Social Security Act), and §2101(b) of PPACA, adding a new paragraph (3) to §2105(d) of the CHIP statute (Title XXI of the Social Security Act). PPACA's MOE for Medicaid for those age 19 and older is in effect through December 31, 2013. PPACA's MOE for Medicaid for those under age 19 and for CHIP is in effect through September 30, 2019. According to the state of Arizona legal staff, the state's planned Medicaid and CHIP changes (see footnote 27) would violate the PPACA MOEs. "[L]egal staff has concluded that as a result of the maintenance of effort requirements (MOE): (a) the State of Arizona has to restore, at a minimum, the KidsCare [CHIP] program with a freeze on no new enrollment; and (b) must maintain the Medicaid program at the current level …" (letter from Arizona Health Care Cost Containment System (AHCCCS) Director Thomas J. Betlach to Governor Janice K. Brewer, March 25, 2010, http://www.azahcccs.gov/reporting/Downloads/HealthCareReform/GovernorBrewerLetter_03-25-10.pdf). PPACA's CHIP MOE does not apply to "any enrollment cap or other numerical limitation on enrollment, any waiting list, any procedures designed to delay the consideration of applications for enrollment, or similar limitation with respect to enrollment" (§2112(b)(7) of the CHIP statute, referred to in PPACA's CHIP MOE).

[43] Adults under age 65 who would *not* have been eligible for Medicaid (i.e., full-benefit coverage or benchmark-related coverage under §1937(b) of the Social Security Act) based on the state's eligibility criteria in place on December 1, 2009.

illustrated in **Table 2**. For newly eligible individuals, the FMAP will then be 95% in 2017, 94% in 2018, 93% in 2019, and 90% afterward.

Beginning in 2014, expansion states (those that as of March 23, 2010, offered statewide Medicaid coverage[44] for parents and childless adults up to at least 100% FPL) will get an increased FMAP for childless adults who were *not* newly eligible (i.e., individuals who would have been *previously* eligible for coverage in the state through a Medicaid Sec. 1115 waiver), rather than receiving the regular FMAP (or no federal funds, in the case of states that used only their own funding for this population[45]). The increase will be a certain percentage[46] of the difference between the state's regular FMAP and the FMAP it receives for newly eligibles, as illustrated in the last row of **Table 2**.

Between January 1, 2014, and December 31, 2015, for those *not* newly eligible, expansion states that did not get *any* additional FMAP (because no individuals qualified as "newly eligible" due to those states' prior Medicaid expansions) and that had not done a Secretary-approved diversion effective in July 2009 of DSH payments toward Medicaid coverage will receive a 2.2 percentage point increase in their regular FMAP. The only state that appears to qualify is Vermont.

States' Medicaid payments for "primary care services … furnished in 2013 and 2014 by a physician with a primary specialty designation of family medicine, general internal medicine or pediatric medicine" must be at least those provided under Medicare Part B.[47] For these additional Medicaid expenditures (compared to payment rates applicable as of July 1, 2009) in 2013 and 2014, states will receive a federal 100% match.[48]

Prior to PPACA, federal CHIP allotments were provided through FY2013, for which states would generally receive the E-FMAP. Under PPACA, for fiscal years 2016 through 2019, the E-FMAP for CHIP expenditures will be increased by 23 percentage points (up to 100%).[49] PPACA also provides new federal CHIP allotments for FY2014 and FY2015.[50] However, no federal CHIP allotments are provided during the period in which the 23-point increase in the E-FMAP is slated to be in effect.

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[44] To be considered an "expansion state," this Medicaid coverage must include inpatient hospital services and could not consist only of the following: premium assistance (or Medicaid coverage otherwise dependent on employer coverage or contribution), hospital-only plans, high-deductible health plans, or Health Opportunity Accounts (§1938).

[45] The following provision may affect states covering childless adults with state-only funding. Beginning April 1, 2010, states can apply for coverage of childless adults through the regular Medicaid State Plan Amendment (SPA) process, rather than relying on the waiver process, per §2001(a)(4)(A) and §10201(a)(3)(b) of PPACA, amending §1902(k) of the Medicaid statute.

[46] 50% in 2014, 60% in 2015, 70% in 2016, 80% in 2017, 90% in 2018, and 100% thereafter.

[47] §1202(a) of P.L. 111-152.

[48] §1202(b) of P.L. 111-152. Payment rates above the Medicare Part B levels will be reimbursed at the regular FMAP.

[49] §2101 of PPACA, amending §2105(b) of the CHIP statute. Currently, E-FMAPs range from the statutory minimum of 65% to 83%. With the PPACA increase, the CHIP matching rate during this period would range from 88% to 100%. If the PPACA CHIP E-FMAP increases were in effect based on the 2011 E-FMAPs, nine states (Alabama, Arkansas, Idaho, Kentucky, Mississippi, New Mexico, South Carolina, Utah, West Virginia) and the District of Columbia would have a CHIP matching rate of 100%.

[50] §10203(d) of PPACA.

Table 2. FMAPs for Required Medicaid Expansions, Beginning 2014

	2014	2015	2016	2017	2018	2019	2020+
All states, for newly eligible adults	100%	100%	100%	95%	94%	93%	90%
Expansion states,[a] for not newly eligible childless adults[b]	75%-90%	80%-92%	85%-94%	86%-92%	90%-92.6%	93%	90%

Source: CRS analysis of PPACA (P.L. 111-148, as amended by P.L. 111-152).

Notes: The second row shows the potential range based on regular FMAPs ranging from the statutory minimum (50%) to 80%. (The highest regular FMAP since 2000 was 77.08%, although FMAPs are permitted statutorily to go to 83%.)

a. "Expansion states" are those that, as of the date of PPACA's enactment (March 23, 2010), had covered parents and childless adults up to 100% FPL. Although HHS would make the official determination of which states are expansion states, one source suggests 11 states and the District of Columbia may meet the definition: Arizona, Delaware, Hawaii, Maine, Massachusetts, Minnesota, New York, Pennsylvania, Vermont, Washington and Wisconsin. However, by December 2009, the source notes that some (e.g., Maine, Pennsylvania, Washington) had closed enrollment in these programs. See Table 2 of "Where are States Today?" Kaiser Family Foundation, #7993, December 2009, http://www.kff.org/medicaid/upload/7993.pdf.

b. "Not newly eligible childless adults" would be individuals who would have been previously eligible for coverage in the state.

Table 3. Increased FMAPs and Federal Medicaid Funding Under the American Recovery and Reinvestment Act (ARRA), FY2009

Dollars in millions

State	Regular FY09 FMAP (excluding ARRA)	1st quarter FY09 FMAP	2nd quarter FY09 FMAP	3rd quarter FY09 FMAP	4th quarter FY09 FMAP	Additional federal Medicaid funding to states, FY09
Alabama	67.98	76.64	76.64	77.51	77.51	$354
Alaska	50.53	58.68	58.68	61.12	61.12	$80
Arizona	65.77	75.01	75.01	75.93	75.93	$760
Arkansas	72.81	79.14	79.14	80.46	80.46	$232
California	50.00	61.59	61.59	61.59	61.59	$3,831
Colorado	50.00	58.78	58.78	61.59	61.59	$309
Connecticut	50.00	60.19	60.19	60.19	61.59	$503
Delaware	50.00	60.19	60.19	61.59	61.59	$130
District of Columbia	70.00	77.68	77.68	79.29	79.29	$127
Florida	55.40	67.64	67.64	67.64	67.64	$1,792
Georgia	64.49	73.44	73.44	74.42	74.42	$669
Hawaii	55.11	66.13	66.13	67.35	67.35	$151
Idaho	69.77	78.37	78.37	79.18	79.18	$114
Illinois	50.32	60.48	60.48	61.88	61.88	$1,214
Indiana	64.26	73.23	73.23	74.21	74.21	$558
Iowa	62.62	68.82	68.82	68.82	70.71	$193

State	Regular FY09 FMAP (excluding ARRA)	1st quarter FY09 FMAP	2nd quarter FY09 FMAP	3rd quarter FY09 FMAP	4th quarter FY09 FMAP	Additional federal Medicaid funding to states, FY09
Kansas	60.08	66.28	66.28	68.31	69.41	$175
Kentucky	70.13	77.80	77.80	79.41	79.41	$427
Louisiana	71.31	80.01	80.01	80.01	80.75	$467
Maine	64.41	72.40	72.40	74.35	74.35	$222
Maryland	50.00	58.78	58.78	60.19	61.59	$615
Massachusetts	50.00	58.78	58.78	60.19	61.59	$1,206
Michigan	60.27	69.58	69.58	70.68	70.68	$990
Minnesota	50.00	60.19	60.19	61.59	61.59	$787
Mississippi	75.84	83.62	83.62	84.24	84.24	$292
Missouri	63.19	71.24	71.24	73.27	73.27	$620
Montana	68.04	76.29	76.29	77.14	77.14	$69
Nebraska	59.54	65.74	65.74	67.79	67.79	$111
Nevada	50.00	63.93	63.93	63.93	63.93	$180
New Hampshire	50.00	56.20	56.20	58.78	60.19	$84
New Jersey	50.00	58.78	58.78	61.59	61.59	$853
New Mexico	70.88	77.24	77.24	78.66	79.44	$229
New York	50.00	58.78	58.78	60.19	61.59	$4,318
North Carolina	64.60	73.55	73.55	74.51	74.51	$947
North Dakota	63.15	69.95	69.95	69.95	69.95	$39
Ohio	62.14	70.25	70.25	72.34	72.34	$1,184
Oklahoma	65.90	74.94	74.94	74.94	75.83	$337
Oregon	62.45	71.58	71.58	72.61	72.61	$339
Pennsylvania	54.52	63.05	63.05	64.32	65.59	$1,537
Rhode Island	52.59	63.89	63.89	63.89	63.89	$195
South Carolina	70.07	78.55	78.55	79.36	79.36	$369
South Dakota	62.55	68.75	68.75	70.64	70.64	$48
Tennessee	64.28	73.25	73.25	74.23	74.23	$623
Texas	59.44	68.76	68.76	68.76	69.85	$1,992
Utah	70.71	77.83	77.83	79.98	79.98	$125
Vermont	59.45	67.71	67.71	69.96	69.96	$106
Virginia	50.00	58.78	58.78	61.59	61.59	$573
Washington	50.94	60.22	60.22	62.94	62.94	$643
West Virginia	73.73	80.45	80.45	81.70	83.05	$172
Wisconsin	59.38	65.58	65.58	68.77	69.89	$614
Wyoming	50.00	56.20	56.20	56.20	58.78	$34
					Total	**$32,540**

Source: Department of Health and Human Services (HHS).

Notes: The 2009 funding numbers above do not reflect the impact of the Administration's altered interpretation of an ARRA FMAP provision yielding $4.3 billion more for states over the entire recession adjustment period ("Obama Administration Grants Relief to States on Payments to Medicare for Part D Costs," HHS News Release, February 18, 2010, http://www.hhs.gov/news/press/2010pres/02/20100218c.html). The news release explained, "The savings, which are retroactive to October 2008, will be deducted from what [states] otherwise would have owed going forward [for clawback payments]."

The territories are not shown. Each territory chose between an FMAP increase of 6.2 percentage points along with a 15% increase in its spending cap, or its regular FMAP along with a 30% increase in its spending cap. They all chose the 30% increase in their spending caps. The increased spending caps resulted in nearly $100 million more federal Medicaid funding to the territories in FY2009, mostly to Puerto Rico ($93.8 million).

Table 4. Increased FMAPs Under ARRA, First Quarter FY2010

State	FY10 original FMAP	Hold harmless: Highest of FY08-FY10 orig FMAPs	Hold Harmless plus 6.2 points	1st quarter FY2010 unemployment calculation					1Q FY10 ARRA-adjusted FMAP
				3-month avg unemployment ending Sept 2009	Lowest unemploy-ment back to 2006	Unemploy-ment difference	Unemploy-ment tier	Unemployment adjustment 1st Quarter FY10	
A	B	C	D=C+6.2	E	F	G=E-F	H	I=(100-C-3.1)xH%	J=D+I
Alabama	68.01	68.01	74.21	10.4	3.3	7.1	11.5	3.32	**77.53**
Alaska	51.43	52.48	58.68	8.2	6.0	2.2	5.5	2.44	**61.12**
Arizona	65.75	66.20	72.40	9.1	3.6	5.5	11.5	3.53	**75.93**
Arkansas	72.78	72.94	79.14	7.2	4.8	2.4	5.5	1.32	**80.46**
California	50.00	50.00	56.20	12.2	4.8	7.4	11.5	5.39	**61.59**
Colorado	50.00	50.00	56.20	7.4	3.6	3.8	11.5	5.39	**61.59**
Connecticut	50.00	50.00	56.20	8.1	4.3	3.8	11.5	5.39	**61.59**
Delaware	50.21	50.21	56.41	8.1	3.3	4.8	11.5	5.37	**61.78**
Dist of Columbia	70.00	70.00	76.20	11.0	5.4	5.6	11.5	3.09	**79.29**
Florida	54.98	56.83	63.03	10.9	3.3	7.6	11.5	4.61	**67.64**
Georgia	65.10	65.10	71.30	10.1	4.3	5.8	11.5	3.66	**74.96**
Hawaii	54.24	56.50	62.70	7.1	2.2	4.9	11.5	4.65	**67.35**
Idaho	69.40	69.87	76.07	8.8	2.8	6.0	11.5	3.11	**79.18**
Illinois	50.17	50.32	56.52	10.3	4.4	5.9	11.5	5.36	**61.88**
Indiana	65.93	65.93	72.13	10.0	4.4	5.6	11.5	3.56	**75.69**
Iowa	63.51	63.51	69.71	6.6	3.7	2.9	8.5	2.84	**72.55**
Kansas	60.38	60.38	66.58	7.2	4.0	3.2	8.5	3.10	**69.68**
Kentucky	70.96	70.96	77.16	11.0	5.4	5.6	11.5	2.98	**80.14**
Louisiana	67.61	72.47	78.67	7.5	3.5	4.0	11.5	2.81	**81.48**
Maine	64.99	64.99	71.19	8.5	4.4	4.1	11.5	3.67	**74.86**
Maryland	50.00	50.00	56.20	7.2	3.4	3.8	11.5	5.39	**61.59**
Massachusetts	50.00	50.00	56.20	9.0	4.4	4.6	11.5	5.39	**61.59**
Michigan	63.19	63.19	69.39	15.2	6.7	8.5	11.5	3.88	**73.27**
Minnesota	50.00	50.00	56.20	7.8	3.9	3.9	11.5	5.39	**61.59**
Mississippi	75.67	76.29	82.49	9.6	6.0	3.6	11.5	2.37	**84.86**
Missouri	64.51	64.51	70.71	9.4	4.7	4.7	11.5	3.72	**74.43**
Montana	67.42	68.53	74.73	6.7	3.2	3.5	11.5	3.26	**77.99**
Nebraska	60.56	60.56	66.76	5.0	2.8	2.2	5.5	2.00	**68.76**

State	FY10 original FMAP	Hold harmless: Highest of FY08-FY10 orig FMAPs	Hold Harmless plus 6.2 points	1st quarter FY2010 unemployment calculation					1Q FY10 ARRA-adjusted FMAP
				3-month avg unemployment ending Sept 2009	Lowest unemploy-ment back to 2006	Unemploy-ment difference	Unemploy-ment tier	Unemployment adjustment 1st Quarter FY10	
A	B	C	D=C+6.2	E	F	G=E-F	H	I=(100-C-3.1)xH%	J=D+I
Nevada	50.16	52.64	58.84	13.0	4.2	8.8	11.5	5.09	**63.93**
New Hampshire	50.00	50.00	56.20	7.0	3.4	3.6	11.5	5.39	**61.59**
New Jersey	50.00	50.00	56.20	9.6	4.2	5.4	11.5	5.39	**61.59**
New Mexico	71.35	71.35	77.55	7.4	3.5	3.9	11.5	2.94	**80.49**
New York	50.00	50.00	56.20	8.8	4.3	4.5	11.5	5.39	**61.59**
North Carolina	65.13	65.13	71.33	10.9	4.5	6.4	11.5	3.65	**74.98**
North Dakota	63.01	63.75	69.95	4.2	3.0	1.2	0[a]	0.00[a]	**69.95**[a]
Ohio	63.42	63.42	69.62	10.7	5.3	5.4	11.5	3.85	**73.47**
Oklahoma	64.43	67.10	73.30	6.7	3.3	3.4	8.5	2.53	**75.83**
Oregon	62.74	62.74	68.94	11.7	5.0	6.7	11.5	3.93	**72.87**
Pennsylvania	54.81	54.81	61.01	8.6	4.3	4.3	11.5	4.84	**65.85**
Rhode Island	52.63	52.63	58.83	12.8	4.8	8.0	11.5	5.09	**63.92**
South Carolina	70.32	70.32	76.52	11.6	5.5	6.1	11.5	3.06	**79.58**
South Dakota	62.72	62.72	68.92	4.9	2.7	2.2	5.5	1.88	**70.80**
Tennessee	65.57	65.57	71.77	10.7	4.5	6.2	11.5	3.60	**75.37**
Texas	58.73	60.56	66.76	8.0	4.4	3.6	11.5	4.18	**70.94**
Utah	71.68	71.68	77.88	6.1	2.5	3.6	11.5	2.90	**80.78**
Vermont	58.73	59.45	65.65	6.8	3.5	3.3	8.5[b]	3.18[b]	**69.96**[b]
Virginia	50.00	50.00	56.20	6.7	2.8	3.9	11.5	5.39	**61.59**
Washington	50.12	51.52	57.72	9.0	4.4	4.6	11.5	5.22	**62.94**
West Virginia	74.04	74.25	80.45	8.9	4.2	4.7	11.5	2.60	**83.05**
Wisconsin	60.21	60.21	66.41	8.7	4.4	4.3	11.5	4.22	**70.63**
Wyoming	50.00	50.00	56.20	6.6	2.8	3.8	11.5	5.39	**61.59**

Source: 75 *Federal Register* 5327 (February 2, 2010)

a. For this quarter's calculation, North Dakota was the only state not to have an unemployment adjustment. That means its 3-month average unemployment rate has yet to exceed by at least 1.5 percentage points its lowest unemployment level since January 1, 2006 (3.0%). (This compares to the first two quarters of FY2009, when 13 states failed to qualify for an unemployment adjustment.) North Dakota has yet to qualify for the unemployment adjustment.

b. A state's unemployment adjustment is also held harmless (through the third quarter of FY2010) so that it is not lower than past ones. Only Vermont was affected by this provision for the first quarter of FY2010. (In the third and fourth quarters of FY2009, Vermont was in the 11.5% unemployment tier, rather than the 8.5% tier shown above.) Without this hold harmless, Vermont's FMAP for the first quarter of FY2010 would have been 68.83%.

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