
Enhanced Medicaid Funding in the American Recovery and Reinvestment Act

Presentation to:
Senate Finance Committee

Presentation Outline

- Enhanced Federal Match for Medicaid***
- Updated Medicaid Forecast Requirements
- Net Funding Effect of the Federal Stimulus
Related to Medicaid

Enhanced Medicaid Match Rate in the American Recovery & Reinvestment Act

- Section 5001 of the federal stimulus legislation provides for a temporary increase in the Medicaid federal medical assistance percentage (FMAP)
 - The Recession Adjustment Period (for which the enhanced FMAP applies) is October 1, 2008 – December 31, 2010

- The FMAP increase consists of three components:
 1. Hold Harmless (no effect for Virginia)
 2. General 6.2 percentage point increase
 3. Additional adjustment based on unemployment rate:
 - Tier 1: unemployment rate up by 1.5 - 2.5 percentage points
 - Tier 2: unemployment rate up by 2.5 - 3.5 percentage points
 - Tier 3: unemployment rate up by >3.5 percentage points

Enhanced Medicaid Match Rate in the American Recovery & Reinvestment Act

(continued)

- Under this provision, DMAS estimates the following FMAPs for the biennium:

State Fiscal Year	Enhanced FMAP (average)
2009	56.85%
2010	60.19%

*Medical match shown; Administrative match rates are enhanced, but vary

- As a result of the enhanced FMAP, the Commonwealth will receive significantly more federal Medicaid revenue
 - However, the enhanced FMAP does not apply to:
 - Disproportionate Share Hospital (DSH) payments
 - The FAMIS program (and any Medicaid programs getting the S-CHIP match)
 - Payments for individuals made eligible through an income-related eligibility expansion

Requirements for Receipt of Enhanced Federal Medicaid Funding

- In order to qualify for the enhanced FMAP, however, certain provisions apply:
 1. **Maintenance of Eligibility Requirements (MOE):**

“a State is not eligible for an increase in its FMAP...if eligibility standards, methodologies, or procedures...are more restrictive than...as in effect on July 1, 2008”
 2. **Requirement related to Local Match (LM):**

“the State is not eligible for an increase in its FMAP...if it requires...political subdivisions pay for...a greater percentage of the non-Federal share...that would have been required...on September 30, 2008”

Requirements for Receipt of Enhanced Federal Medicaid Funding

(continued)

3. Prompt Pay Requirements (PP):

“no State shall be eligible for an increased FMAP...during any period in which that State has failed to pay claims in accordance with...” prompt pay requirements

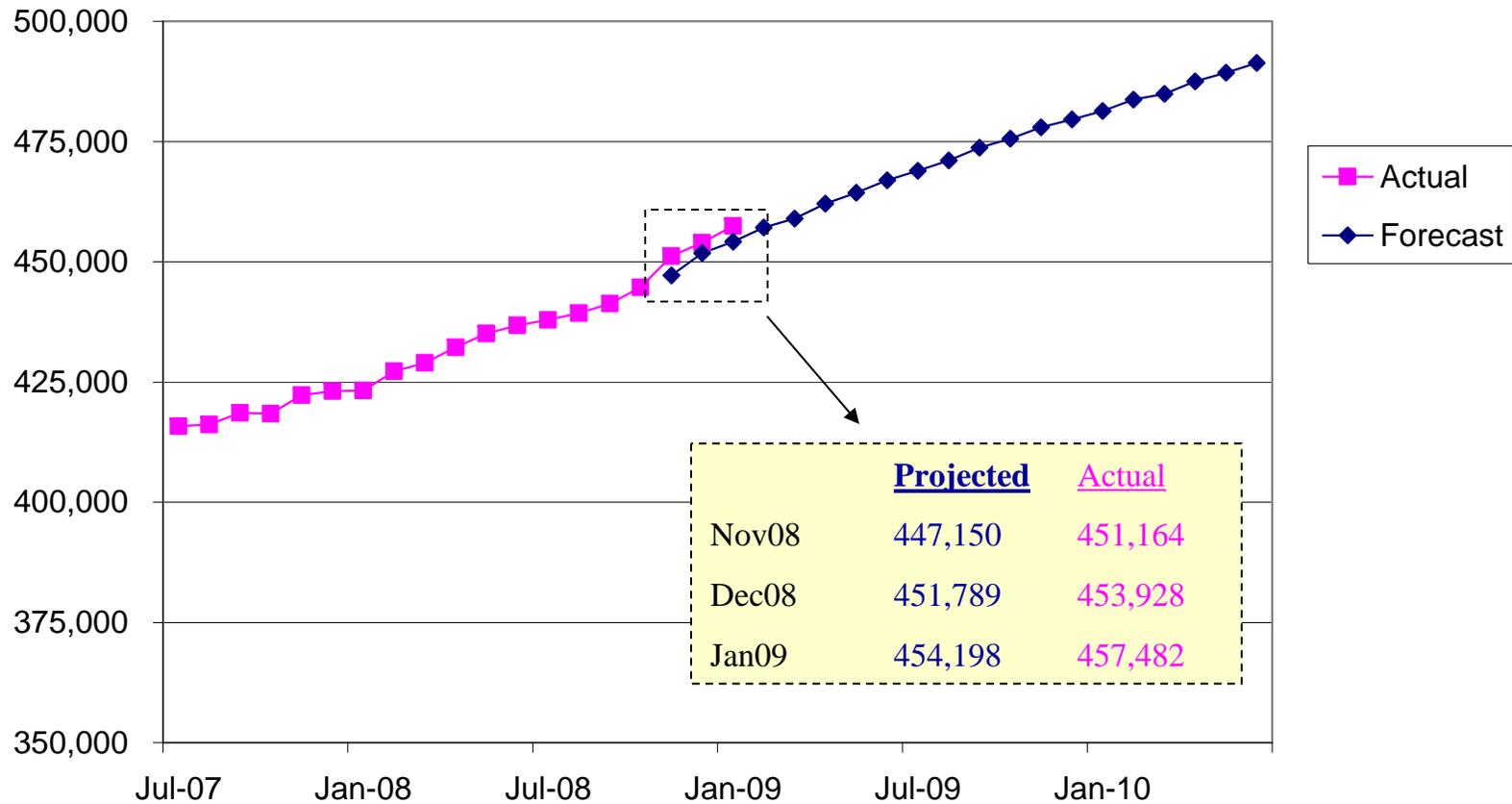
- A select number of recent Medicaid policy changes and proposed budget actions could hamper our ability to qualify for the enhanced FMAP:
 - Proposed Cap on the Elderly/Disabled Waiver (MOE) [Item 306 III]
 - Delay in Funding 200 MR Waiver slots (MOE) [Item 306 C.2]
 - Individual Cost Effectiveness in Waivers (MOE) [Item 306 AAA]
 - Treatment of Life Estates as a Resource (MOE) [Item 306 NN]
 - Administration of School-Based Services (LM) [Item 306 S.2]
 - ICF/MR Provider Tax (LM) [Item 306 CCC]
 - Delayed Provider Payment Cycle (PP) [Item 306 RRR]

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Medicaid Enrollment

November Medicaid Enrollment Forecast
Low-Income Adults & Children



Revised Medicaid Forecast

(numbers in \$millions)

FY 2009	November 2008	February 2009	Difference
Acute Care	\$3,441.5	\$3,531.1	\$89.6
Long-Term Care	\$1,673.6	\$1,692.0	\$18.4
Mental Health	\$431.0	\$467.1	\$36.1
Total Medicaid Forecast	\$5,546.2	\$5,690.2	\$144.0
State Funds*			\$62.1
FY 2010			
Acute Care	\$3,618.8	\$3,828.5	\$209.8
Long-Term Care	\$1,734.9	\$1,790.7	\$55.8
Mental Health	\$486.2	\$524.9	\$38.7
Total Medicaid Forecast	\$5,839.9	\$6,144.1	\$304.3
State Funds*			\$121.1
2008-2010 Biennium			
Total Medicaid Forecast	\$11,386.0	\$11,834.3	\$448.3
State Funds*			\$183.2

*State funds were calculated based on an estimated weighed average FMAP of 0.5685 for SFY 2009 and 0.6019 for SFY 2010.

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Net Funding Effect of the Medicaid Enhanced FMAP

Summary of Medicaid Impact of Federal Stimulus Bill (in millions)			
Item	FY 2009	FY 2010	Biennial Total
Base FMAP Increase	\$266.2	\$395.1	\$661.3
Unemployment FMAP Increase	\$120.6	\$232.3	\$352.9
TOTAL FMAP Increase	\$386.8	\$627.4	\$1,014.2
Enhanced FMAP Concerns			
Elderly/Disabled Waiver Cap	\$0.0	(\$4.7)	(\$4.7)
Delay 200 MR Waiver Slots	\$0.0	(\$4.7)	(\$4.7)
Individual Cost Eff. In Waivers	\$0.0	(\$7.3)	(\$7.3)
Life Estate Policy (language only)	\$0.0	\$0.0	\$0.0
Admin. Of School Based Services	\$0.0	(\$0.4)	(\$0.4)
ICF/MR Provider Tax	\$0.0	(\$5.7)	(\$5.7)
Delayed Payment Cycle (language only)	\$0.0	\$0.0	\$0.0
TOTAL FMAP Concerns	\$0.0	(\$22.8)	(\$22.8)
Increased Enrollment/Utilization	(\$62.1)	(\$121.1)	(\$183.2)
Net Medicaid Funding	\$324.7	\$483.5	\$808.2