



Federal Medical Assistance Percentages

Federal Medical Assistance Percentages (FMAP) – Background

Temporary FMAP increases were initially included under the American Recovery & Reinvestment Act (ARRA) to address the difficult budget situations many states faced in the midst of the economic downturn. This temporary enhancement of the federal Medicaid match is scheduled to sunset at the end of this year. The good news is that for Wisconsin these increases have been working exactly as planned and have allowed the State to continue providing safety net coverage to vulnerable populations. **The over \$1 billion in FMAP dollars Wisconsin received to date helped to stabilize the state's budget and protect against Medicaid reductions; however, the state and its budget are still fragile, making a temporary 6-month FMAP extension essential for Wisconsin's continued recovery.**

As a state, Wisconsin's Medicaid program now covers 1.2 million individuals, including BadgerCare. This coverage continues through the recession aided by the important FMAP increases. While these dollars are slated to sunset in December, the economy has yet to fully stabilize, making the future for Wisconsin's Medicaid budget shaky without this enhancement.

According to the Center on Budget & Policy Priorities, states face a cumulative \$140 billion budget gap in fiscal 2011. The U.S. Labor Department is also showing a reduction of 125,000 jobs in June and a 9.5% jobless rate across the nation, several percentage points higher than when the original FMAP increase was instituted. Obviously, the numbers show an economy in a slow recovery. The nation will certainly see the positive trajectory decline if FMAP is allowed to sunset prematurely. Already numerous Governors have indicated they will be forced to cut jobs and/or reduce Medicaid programs to compensate.

According to the Doyle Administration, impacts on Wisconsin from the lower FMAP could include jobs losses and reductions to nursing homes and medical facilities. With Wisconsin's Medicaid program seeing a reported 26 percent increase, losing FMAP dollars will have a direct and significant impact on the state. Wisconsin has already made some \$600 million in Medicaid cuts and will have to find substantially more if FMAP dollars sunset in December 2010. The failure of Congress to extend FMAP another 6 months would put enormous pressure on Wisconsin's budget and our health care safety net.

Medicaid programs across the country are facing historic challenges, and states need federal support to continue to stabilize once again. The FMAP extension has broad support in Wisconsin and nationally, including WHA and its member hospitals. During a time when the Medicaid program will continue to see an influx of individuals, this type of investment preserves the health care safety net for millions of Americans. **WHA strongly support a 6-month temporary FMAP extension—without a phase-down provision—and asks you to do everything you can to ensure this is passed by Congress this year.**

Key Points

- Wisconsin is committed to providing safety net care to Medicaid populations. Some 1.2 million individuals receive health care through our BadgerCare programs. The temporary FMAP increases will assist in assuring these populations can continue to receive care.
- **Without the FMAP extension, Wisconsin will have a \$300 million (\$1 billion all funds) budget hole.**
- According to the Doyle Administration, losing these dollars could result in jobs losses and cuts to nursing homes and medical facilities in Wisconsin.

(OVER)

- Wisconsin already made over \$600 million in Medicaid cuts. Significantly more reductions will be necessary without the FMAP extension.
- Due to the recession, hospitals have seen an increase in the number of Medicaid patients they treat and the Wisconsin Medicaid program has seen a 26 percent rise in enrollment.
- During the last significant economic downturn back in 2003, Congress also included an FMAP increase in its economic stimulus package. That enhanced FMAP of 2.95% lasted for 15 months and the infusion of additional federal funding was a vital source of economic support at that time.
- Increasing the federal investment in state Medicaid programs is needed to prevent cuts in the next budget. It is also an important step to strengthen the State's economy over the long run.

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