

Extend Federal Aid to State Medicaid Programs

To help states cope with rising demand for Medicaid services during the economic recession, Congress in 2009 enacted a temporary increase to the Federal Medical Assistance Percentage (FMAP) as part of the American Recovery and Reinvestment Act. The FMAP increase has helped stabilize state and local economies during the economic downturn by providing financial assistance with growing Medicaid enrollment at a time when state revenues are declining. However, **this assistance is set to end on Dec. 31, 2010**, leaving states with fewer resources as they struggle to continue to provide Medicaid services to our nation's most vulnerable populations.

What is the Federal Medical Assistance Percentage?

Medicaid is a joint federal-state program, with Congress and each state contributing a share of the total costs. The Federal Medical Assistance Percentage (FMAP) is the portion of each state's Medicaid program that is paid for by the federal government. FMAP varies from state to state based on a formula that takes into account the strength or weakness of each state's economy.

Extending the FMAP Increase Will Help States Save Jobs, Preserve Services, and Prevent Cuts to Provider Reimbursement

The economic recession has continued longer than expected, and levels of demand for Medicaid services remain high, while state revenues have not risen to meet the need. As both houses of Congress passed separate bills that would have extended the enhanced FMAP rates for 6 months, through June 30, 2011, **most states incorporated the enhanced Medicaid funding into their budgets for the fiscal year that begins July 1**. The FMAP extension cannot be enacted until the House and the Senate both approve the same version of the FMAP bill.

If Congress fails to enact the extension, at least 34 states will be forced to impose job cuts and service reductions in order to close the gap. Cuts to state services not only harm individuals who cannot access vital healthcare benefits – they also reduce overall economic activity and worsen the recession. The Center on Budget and Policy Priorities estimates that **such cuts could cost the economy up to 900,000 jobs** as states are forced to lay off workers, cancel contracts with vendors, and reduce payments to businesses and nonprofits (such as community behavioral health centers) that provide services. These cuts would have a crippling effect on the behavioral health safety net, leaving low-income consumers with reduced access to services. **Congress can avert this crisis by acting swiftly to extend the FMAP increase through June 30, 2010.**



Request

Please enact a 6-month extension of enhanced federal Medicaid assistance to help states pull through the recession

