



## **NACHSA Economic Recovery Summary February 17, 2009**

The \$787 billion American Recovery and Reinvestment Act of 2009 contains a number of provisions that should temporarily boost federal funding for a number of health and human services programs.

**Medicaid:** \$87 billion is available nationwide in additional federal Medicaid assistance over a period of 27 months ending December 31, 2010. The nine quarters of enhanced payments are calculated as follows: All states receive a 6.2 percentage point increase in their base federal medical assistance percentage (FMAP). Many states will also receive an additional FMAP increase for high unemployment rates. Payments under the provision are effective as of last October 1, 2008.

As a condition of receiving the funding, states are required to maintain the eligibility rules and procedures they had on July 1, 2008. Restrictions on eligibility would include changes that made it more difficult for recipients to meet procedural requirements for enrollment or periodic renewal of their coverage. States that enacted or implemented restrictions have until July 1, 2009 to reverse those actions. The increased match will be available until that time.

To the extent that county governments participate in funding the non-federal share of the program, the law requires states to pass through the commensurate share of the FMAP increase to them.

The FMAP boost is for Medicaid services, not the administration of the program, which will be reimbursed at the normal FMAP rate. The increases will be reflected in the federal reimbursements for the quarterly claims usually made by states.

**Medicaid Regulations:** The Act delays until June 30, 2009 implementation of seven Medicaid regulations that have the effect of restricting or eliminating federal reimbursement for certain services and/or limiting the ability of states and counties to leverage Medicaid funds with state or local revenues.

**Foster Care and Adoption Assistance:** Under the law, all states will receive a 6.2 percentage point increase in the federal match for IV-E from October 1, 2008 to December 31, 2010. There is no state unemployment factor when determining the IV-E increases. The match increase applies to maintenance payments only. As with Medicaid, states must pass through the pro-rata increases in the FMAP boost to counties that are financing part of the non-federal match for the IV-E program.

**Child Support:** The Act provides \$1 billion in funding restoring the child support performance incentive grant cuts. The funding is available based on program performance between October 1, 2008 and September 30, 2010.

**Supplemental Nutrition Assistance Program (SNAP/Food Stamps):** Nearly \$20 billion is available in SNAP benefit increases. Effective April 1, 2009, the increase amounts to 13.6

percent benefit increase. It will remain in effect until the regular annual inflation adjustments to the program overtake the increase in the recovery bill.

The Act appropriates \$290 in additional administrative reimbursement over federal fiscal years 2009 and 2010. USDA is required to release FY 2009 administrative funds within 60 days. The Act also suspends for 18 months the three-month time limit on receipt of benefits for childless adults.

**Temporary Assistance to Needy Families (TANF) Contingency Fund:** The Act appropriates a capped amount of \$5 billion nationally over the next two years. States can access the funds based on increased expenditures in each of three categories: basic assistance, non-recurrent one time payments, and employment subsidies and can spend it on any TANF activity. The federal government will pay 80 percent of those increased costs. To draw down funds for increases in basic assistance, a state must have a TANF/MOE caseload increase relative to the base year, which can be either 2007 or 2008, whichever has the lower assistance caseload.

**TANF Caseload Reduction Credit:** The new law also gives states the option to use fiscal year 2007 or 2008 to determine the caseload reduction credit used to determine the work participation rate. This new benchmark may be used when determining work participation targets for 2009, 2010 or 2011.

**TANF Supplemental Grants and Temporary Medicaid Assistance:** Both provisions were extended until September 30, 2010.

**Child Care:** Two billion dollars additional Child Care and Development Block Grant funding is available. The funds must be obligated within two years and spent within three years. States must supplement their programs with these funds.

**Summer Youth Jobs:** The Act provides \$1.2 billion for summer youth jobs.

**State Fiscal Stabilization Fund:** Strongly supported by the nation's governors, this \$53.6 billion is primarily for education. Of the amount, 81.8% of the overall pot is for funding elementary, secondary, post-secondary education and early childhood education programs and services. The remaining 18.2% may be used for 'other government services' but the focus in the statute appears to be education and public safety.

Under the program, the Governor must apply for the State Fiscal Stabilization Fund grant and outline its proposed uses. The Secretary of Education will determine what should be included in the application. The statute also appears to provide states with some flexibility in meeting the maintenance of effort requirements under this section.

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