Medicaid: The Federal Medical Assistance Percentage (FMAP)

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Summary

Medicaid is a means-tested entitlement program that finances the delivery of primary and acute medical services as well as long-term care. Medicaid is jointly funded by the federal government and the states. The federal government's share of a state's expenditures is called the federal medical assistance percentage (FMAP) rate. The remainder is referred to as the nonfederal share, or state share.

Generally determined annually, the FMAP formula is designed so that the federal government pays a larger portion of Medicaid costs in states with lower per capita incomes relative to the national average (and vice versa for states with higher per capita incomes). For FY2013, regular FMAP rates range from 50.00% to 74.43%. The FMAP rate is used to reimburse states for the federal share of most Medicaid expenditures, but exceptions to the regular FMAP rate have been made for certain states, situations, populations, providers, and services.

Some recent issues related to FMAP include state fiscal conditions, the disaster-related FMAP adjustment, and the exclusion of certain employer contributions from the FMAP calculation. While the fiscal environment for states is improving, states continue to face fiscal challenges, which makes it difficult for states to finance the state share of Medicaid expenditures. The Patient Protection and Affordable Care Act (ACA, P.L. 111-148 as amended) included a provision providing a disaster-recovery FMAP adjustment for states that have experienced a major, statewide disaster. The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA, P.L. 111-3) included a provision allowing a state's FMAP rate to be adjusted if the state had significantly disproportionate employer pension and insurance fund contributions in any calendar year since 2003.

Legislation was enacted during the 111th Congress that impacts the FMAP rate. First, the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) provided assistance to states through a temporary FMAP rate increase that was later extended by P.L. 111-226. Also, ACA contains a number of provisions affecting FMAP rates. Most notably, ACA provides initial FMAP rates of up to 100% for certain "newly eligible" individuals.

During the 112th Congress, there has been a focus on reducing the federal deficit; controlling federal Medicaid spending is often discussed as a means to reduce federal expenditures. For this reason, the FY2012 House budget resolution proposed restructuring Medicaid from an entitlement program to a block grant, and most federal deficit reduction proposals include Medicaid provisions.

This report describes the FMAP calculation used to reimburse states for most Medicaid expenditures, and it lists the statutory exceptions to the regular FMAP rate. In addition, this report discusses other FMAP-related issues, including state fiscal conditions, the temporary FMAP rate increase, the exclusion of certain employer contributions, FMAP changes in ACA, the Medicaid proposal included in the House budget resolution, and other federal deficit reduction proposals.

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Introduction

Medicaid is a means-tested entitlement program that finances the delivery of primary and acute medical services as well as long-term care.[1] Medicaid is jointly funded by the federal government and the states. Participation in Medicaid is voluntary for states, though all states, the District of Columbia, and the territories choose to participate. Each state designs and administers its own version of Medicaid under broad federal rules. While states that choose to participate in Medicaid must comply with all federal mandated requirements, state variability is the rule rather than the exception in terms of eligibility levels, covered services, and how those services are reimbursed and delivered. Historically, eligibility was generally limited to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities; however, recent changes will soon require coverage for individuals under the age of 65 with income up to 133% of the federal poverty level.[2] The federal government pays a share of each state's Medicaid costs; states must contribute the remaining portion in order to qualify for federal funds.[3]

This report describes the federal medical assistance percentage (FMAP) calculation used to reimburse states for most Medicaid expenditures, and it lists the statutory exceptions to the regular FMAP rate. In addition, this report discusses other FMAP-related issues, including state fiscal conditions, the temporary FMAP rate increase, the exclusion of certain employer contributions, FMAP changes in the Patient Protection and Affordable Care Act (ACA, P.L. 111-148 as amended), the Medicaid proposal included in the House budget resolution, and other federal deficit reduction proposals.

The Federal Medical Assistance Percentage

The federal government's share of most Medicaid service costs is determined by the FMAP rate, which varies by state and is determined by a formula set in statute. The FMAP rate is used to reimburse states for the federal share of most Medicaid expenditures, but exceptions to the regular FMAP rate have been made for certain states, situations, populations, providers, and services.[4]

An enhanced FMAP (E-FMAP) rate 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 rate applies and is paid out of the state's

[1] For more information about the Medicaid program, see CRS Report RL33202, *Medicaid: A Primer*.

[2] The Patient Protection and Affordable Care Act (ACA, P.L. 111-148 as amended) establishes 133% of federal poverty level (FPL) based on modified adjusted gross income (MAGI) as the new mandatory minimum Medicaid income eligibility level. The law also specifies that an income disregard in the amount of 5% FPL will be deducted from an individual's income when determining Medicaid eligibility based on MAGI, thus the effective upper income eligibility threshold for such individuals in this new eligibility group will be 138% FPL. On November 21, 2011, President Obama signed into law P.L. 112-56, which will change the definition of income to include non-taxable Social Security in the definition of MAGI.

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

[4] More detail about the exceptions to the regular FMAP rate is provided under the heading "Exceptions."

federal allotment. The E-FMAP rate is calculated by reducing the state share under the regular FMAP rate by 30%.[5]

The FMAP rate is also used in determining the phased-down state contribution ("clawback") for Medicare Part D, 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.

How FMAP Rates Are Calculated

The FMAP formula compares each state's per capita income relative to U.S. per capita income. The formula 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[6] for a given state is:

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

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 rate of 55% (i.e., state share of 45%). In addition, the formula's squaring of income provides higher FMAP rates to states with below-average incomes than they would otherwise receive (and vice versa, subject to the 50% minimum).[7]

The Department of Health & Human Services (HHS) usually publishes FMAP rates for an upcoming fiscal year in the *Federal Register* during the preceding November. This time lag between announcement and implementation provides an opportunity for states to adjust to FMAP rate changes, but it also means that the per capita income amounts used to calculate FMAP rates for a given fiscal year are several years old by the time the FMAP rates take effect.

In the **Appendix** to this report, **Table A-1** shows regular FMAP rates for each of the 50 states and the District of Columbia from FY2005-FY2013.

Data Used to Calculate State FMAP Rates

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 FY2013 FMAP calculations, HHS used state per capita personal income data for 2008, 2009, and 2010 that became available from the Department of Commerce's Bureau of Economic Analysis (BEA) in September 2011. The use of a three-year average helps to moderate fluctuations in a state's FMAP rate over time.

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

[6] Section 1905(b) of the Social Security Act.

[7] For example, assume that U.S. per capita income is $40,000. In state A with an *above-average* per capita income of $42,000, the FMAP formula produces an FMAP rate of 50.39%; if the formula did not include a squaring of per capita income, it would instead produce a higher FMAP rate of 52.75%. In state B with a *below-average* per capita income of $38,000, the FMAP formula produces an FMAP rate of 59.39%; if the formula did not include a squaring of per capita income, it would instead produce a lower FMAP rate of 57.25%.

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.[8] It also 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).[9]

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 2008 state per capita personal income data published by BEA in September 2010 (used in the calculation of FY2012 FMAP rates) differed from the 2008 state per capita personal income data published in September 2011 (used in the calculation of FY2013 FMAP rates).

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 FMAP Rates

Several factors affect states' FMAP rates. 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 its business sectors. For example, a national decline in automobile sales, while having an impact on 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 *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,

[8] 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 in September.

[9] Employer and employee contributions for government social insurance (e.g., Social Security, Medicare, unemployment insurance) 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).

because of this balancing of positive and negative, has only a small percentage change each year. Since the FMAP formula compares 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 rate changes.

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

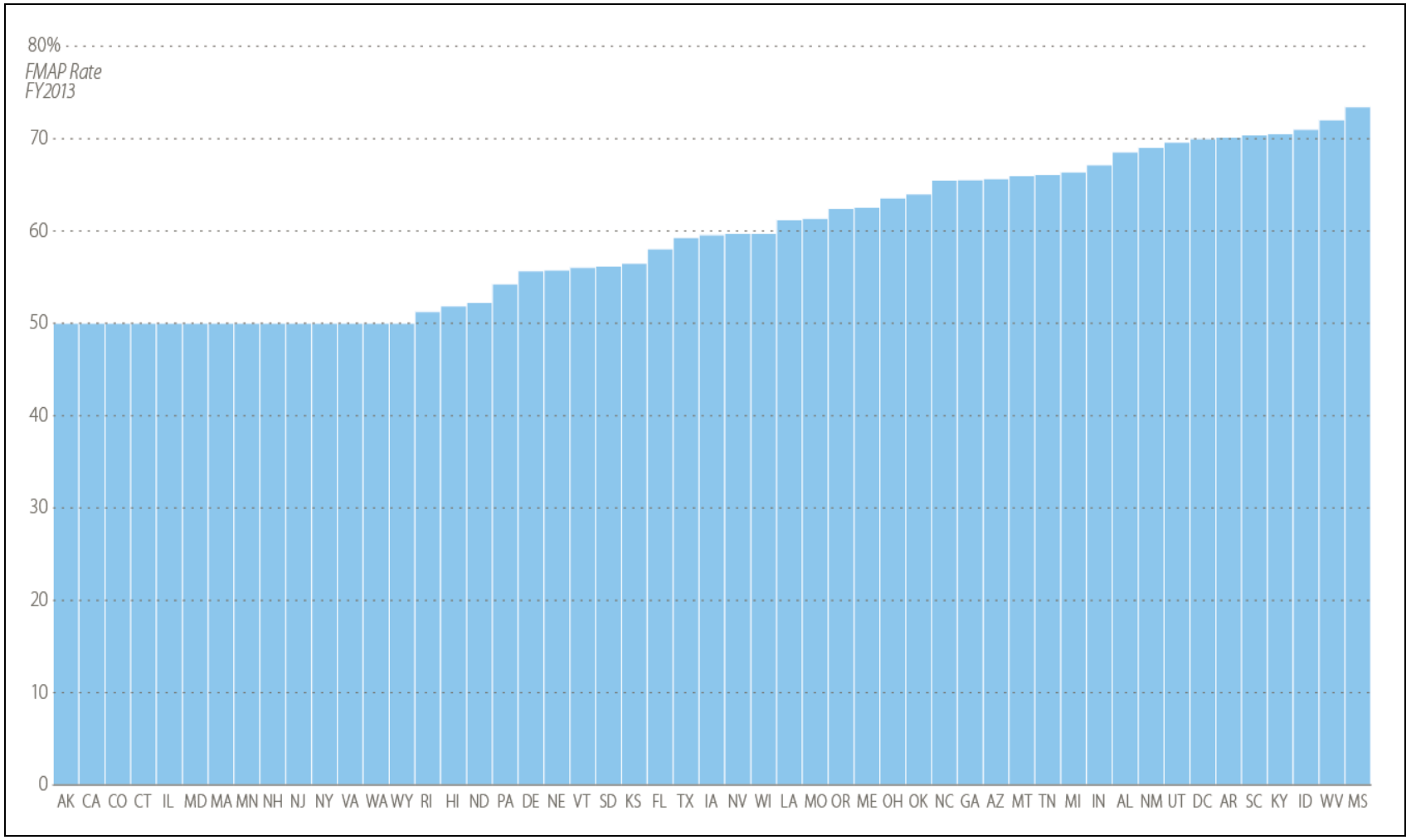
FY2013 Regular FMAP Rates

Regular FMAP rates for FY2013 (the federal fiscal year that begins on October 1, 2012) were calculated and published November 30, 2011, in the Federal Register.[10] In the **Appendix** to this report, **Table A-1** shows FY2013 regular FMAP rates for each of the 50 states and the District of Columbia. **Figure 1** shows the state distribution of regular FMAP rates for FY2013. Fourteen states will have the statutory minimum FMAP rate of 50%, and Mississippi will have the highest FMAP rate of 74.43%.

[10] *Federal Register* Vol. 76, No. 230 / Wednesday, November 30, 2011 / Notices, 47061, available at http://www.gpo.gov/fdsys/pkg/FR-2011-11-30/pdf/2011-30860.pdf.

Figure 1. State Distribution of FMAP Rates

FY2013

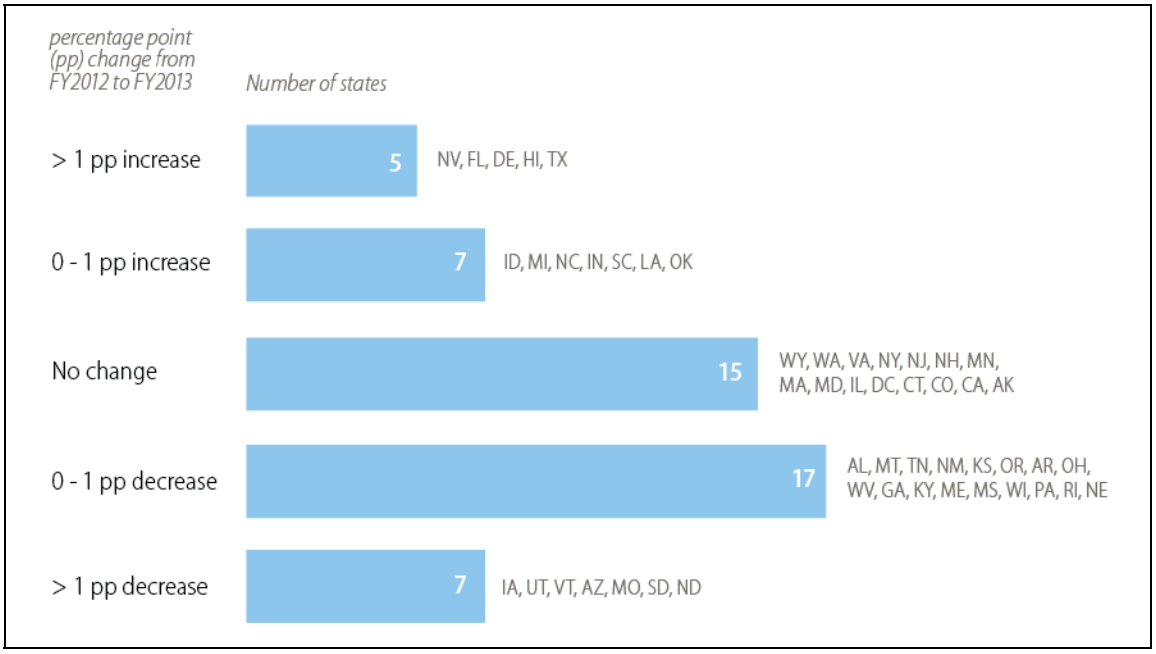


Source: Prepared by CRS using FY2013 regular FMAP rates.

Notes: State-by-state FY2013 regular FMAP rates are listed in **Table A-1**.

As shown in **Figure 2**, from FY2012 to FY2013, the regular FMAP rates for 36 states will change, while the regular FMAP rates for the remaining 15 states (including the District of Columbia) will remain the same.[11]

Figure 2. FMAP Rate Changes for States from FY2012 to FY2013



Source: Prepared by CRS using FY2012 and FY2013 regular FMAP rates.

Notes: Specific FMAP rate changes for each state are listed in **Table A-1**.

For most of the states experiencing an FMAP rate change from FY2012 to FY2013, the change will be less than one percentage point. The regular FMAP rate for seven states will increase by less than one percentage point, and the FMAP rate for 17 states will decrease by less than one percentage point.

For states that will experience an FMAP rate change greater than one percentage point from FY2012 to FY2013, five states will experience an FMAP rate increase of greater than one percentage point, and seven states will experience an FMAP rate decrease of greater than one percentage point. Nevada will have the largest FMAP rate increase with a 3.54 percentage point increase, and North Dakota will have the largest FMAP rate decrease with a 3.13 percentage point decrease.

Two states will have FY2013 FMAP rates that are not calculated according to the regular FMAP formula: the District of Columbia and Louisiana. The FMAP rate for the District of Columbia has been set in statute at 70% since 1998, and Louisiana will receive a disaster-recovery adjustment (discussed in further detail below) increase over its FY2013 regular FMAP rate.

[11] All the states with no change to their regular FMAP rates from FY2012 to FY2013 receive the statutory minimum FMAP rate of 50%, and the regular FMAP rate for the District of Columbia is statutorily set at 70%.

Exceptions

Although FMAP rates are generally determined by the formula described above, **Table 1** lists exceptions that have been added to the Medicaid statute over the years. **Table 1** identifies whether the exception is a current (i.e., the exception current applies), future (i.e., the exception will apply beginning at the specified date), or past (i.e., the exception no longer applies) FMAP rate exception.

Table 1. Exceptions to the Regular FMAP Rates for Medicaid

Exception	Description	Citations	Past, Current, or Future Exception
Territories and Certain States			
Territories	As of July 1, 2011, FMAP rates for the territories (Puerto Rico, American Samoa, the Northern Mariana Islands, Guam, and the Virgin Islands) were increased from 50% to 55%. Unlike the 50 states and the District of Columbia, the territories are subject to federal spending caps. The 55% also applies for purposes of computing the enhanced FMAP rate for CHIP.	Most recently P.L. 111-148, as amended by P.L. 111-152; SSA §1905(b), 1108(f) and (g)	Current
District of Columbia	As of FY1998, the District of Columbia's FMAP rate is set at 70% (without this exception, it would be at the statutory minimum of 50%). The 70% also applies for purposes of computing the enhanced FMAP rate for CHIP.	P.L. 105-33; SSA §1905(b)	Current
Alaska	Alaska's FMAP rate was set in statute for FY1998-FY2000 at 59.80%; used an alternative formula for FY2001-FY2005 that reduced the state's per capita income by 5% (thereby increasing its FMAP rate); and was held at its FY2005 level for FY2006-FY2007. These provisions also applied for purposes of computing the enhanced FMAP rate for CHIP.	P.L. 105-33 §4725(a); P.L. 106-554 Appendix F §706; P.L. 109-171 §6053(a)	Past
Special Situations			
Adjustment for disaster recovery	Beginning in CY2011, a disaster-recovery FMAP adjustment is available for states in which (1) during one of the preceding seven years, the President declared a major disaster under the Stafford Act and every county in the state warranted at least public assistance under that act and (2) the regular FMAP rate declines by a specified amount. To trigger the adjustment, a state's regular FMAP rate must be at least three percentage points less than such state's last year's regular FMAP rate plus (if applicable) any hold harmless increase under P.L. 111-5; the adjustment is an FMAP rate increase equal to 50% of the difference between the two. To continue receiving the adjustment, the state's regular FMAP rate must be at least three percentage points less than last year's adjusted FMAP rate; the adjustment is an FMAP rate increase equal to 25% of the difference between the two. (Discussed in further detail in the text.)	P.L. 111-148, as amended by P.L. 111-152; SSA §1905(aa); 75 Federal Register 80501 (December 22, 2010)	Current

Exception	Description	Citations	Past, Current, or Future Exception
Adjustment for certain employer contributions	As of FY2006, significantly disproportionate employer pension and insurance fund contributions will be excluded from the calculation of Medicaid FMAP rates. This will have the effect of reducing certain states' per capita personal income relative to the national average, which in turn could increase their Medicaid FMAP rates. Any identifiable employer contributions towards pensions or other employee insurance funds are considered to be significantly disproportionate if the increase in the amount of employer contributions accrued to residents of a state exceeds 25% of the total increase in personal income in that state for the year involved. To date, no state has qualified for this adjustment. (Discussed in further detail in the text.)	P.L. 111-3 §614; 75 Federal Register 63482 (October 15, 2010)	Current
State fiscal relief, FY2009-FY2011	FMAP rates were increased from the first quarter of FY2009 through the third quarter of FY2011, providing states with more than $100 billion (about $84 billion for the original provision and $16 billion for a six-month extension) in additional funds. All states received a hold harmless to prevent any decline in regular FMAP rates and an across-the-board increase of 6.2 percentage points until the last two quarters of the period, at which point the across-the-board percentage point increase phased down to 3.2 and then 1.2; qualifying states received an additional unemployment-related increase. Each territory could choose between an FMAP increase of 6.2 percentage points along with a 15% increase in its spending cap, or its regular FMAP rate along with a 30% increase in its cap; all chose the latter. States were required to meet certain requirements in order to receive the increase (see text for details).	P.L. 111-5 §5001, as amended by P.L. 111-226 §201	Past
Adjustment for Hurricane Katrina	In computing FMAP rates 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 must disregard such evacuees and their incomes. Although it was labeled as a "hold harmless for Katrina impact," the provision language required evacuees to be disregarded even if their inclusion would increase a state's FMAP rate. Due to lags in the availability of data used to calculate FMAP rates, FY2008 was the first year to which the provision applied. HHS proposed and finalized a methodology that prevented the lowering of any FY2008 FMAP rates and increased the FY2008 FMAP rate for one state (Texas). The methodology took advantage of a data timing issue that does not apply after FY2008. HHS had initially expressed concern that some states could see lower FMAP rates in later years as a result of the provision, but the final methodology indicated that there is no reliable way to track the number and income of evacuees on an ongoing basis and therefore no basis for adjusting FMAP rates after FY2008. The provision also applied for purposes of computing the enhanced FMAP rate for CHIP.	P.L. 109-171 §6053(b); 72 Federal Register 3391 (January 25, 2007) and 44146 (August 7, 2007)	Past

Exception	Description	Citations	Past, Current, or Future Exception
State fiscal relief, FY2003-FY2004	FMAP rates for the last two quarters of FY2003 and the first three quarters of FY2004 were not allowed to decline (i.e., were held harmless) and were increased by an additional 2.95 percentage points, providing states with about $10 billion in additional funds (they also received $10 billion in direct grants). Although Medicaid disproportionate share hospital (DSH) payments are reimbursed using the FMAP rate, the increase did not apply to DSH. States had to meet certain requirements in order to receive an increase (e.g., they could not restrict eligibility after a specified date).	P.L. 108-27 §401(a)	Past
Certain Populations			
"Newly eligible" individuals enrolled in new eligibility group through 133% FPL	Historically, Medicaid eligibility generally has been limited to low-income individuals who fall into specified categories (typically children, parents, pregnant women, disabled, and elderly). As of CY2014, states will be required to cover individuals under a new eligibility group for nonelderly, nonpregnant adults at or below 133% FPL. The law specifies an income disregard in the amount of 5% FPL will be deducted from an individual's income when determining Medicaid eligibility based on MAGI, thus the effective upper income eligibility threshold for such individuals in this new eligibility group will be 138% FPL. An increased FMAP rate will be provided for services rendered to "newly eligible" individuals in this group. The "newly eligible" are defined as those who would not have been eligible for Medicaid in the state as of 12/1/2009 or were eligible under a waiver but not enrolled because of limits or caps on waiver enrollment. The FMAP rates for "newly eligible" individuals will equal: CY2014-CY2016 = 100%; CY2017 = 95%; CY2018 = 94%; CY2019 = 93%; CY2020+ = 90%.	P.L. 111-148, as amended by P.L. 111-152; SSA §1905(y)	Future
"Expansion state" individuals enrolled in new eligibility group through 133% FPL	Although Medicaid eligibility has generally been limited to certain categories of individuals, some states provide health coverage for all low-income individuals using Medicaid waivers and/or state-only funds. As a result, they have few or no individuals who will qualify for the "newly eligible" FMAP rate beginning in CY2014. To address this issue, as of CY2014, an increased FMAP rate will be provided for individuals in "expansion states" who are enrolled in the new eligibility group for nonelderly, nonpregnant adults at or below 133% FPL. "Expansion states" are defined as those that, as of 3/23/2010 (P.L. 111-148's enactment date), offered health benefits coverage meeting certain criteria statewide to parents and nonpregnant childless adults at least through 100% FPL. The formula used to calculate "expansion state" FMAP rates is [regular FMAP + (newly eligible FMAP – regular FMAP) * transition percentage equal to 50% in CY2014, 60% in CY2015, 70% in CY2016, 80% in CY2017, 90% in CY2018, and 100% in CY2019+] will lead the "expansion state" FMAP rates to vary based on a state's regular FMAP rate until CY2019, at which point they will equal "newly eligible" FMAP rates: CY2014 = at least 75%; CY2015 = at least 80%; CY2016 = at least 85%; CY2017 = at least 86%; CY2018 = at least 90%; CY2019 = 93%; CY2020+ = 90%.	P.L. 111-148, as amended by P.L. 111-152; SSA §1905(z)(2)	Future

Exception	Description	Citations	Past, Current, or Future Exception
Other "expansion state" individuals	During CY2014 and CY2015, an FMAP rate increase of 2.2 percentage points is available for "expansion states" that (1) the Secretary of HHS determines will not receive any FMAP rate increase for "newly eligible" individuals and (2) have not been approved to divert Medicaid disproportionate share hospital funds to pay for the cost of health coverage under a waiver in effect as of July 2009. The FMAP rate increase applies to those who are *not* "newly eligible" individuals as described in relation to the new eligibility group for nonelderly, nonpregnant adults at or below 133% FPL. It appears that Vermont meets the criteria for this increase.	P.L. 111-148, as amended by P.L. 111-152; SSA §1905(z)(1)	Future
Certain women with breast or cervical cancer	For states that opt to cover certain women with breast or cervical cancer who do not qualify for Medicaid under a mandatory eligibility pathway and are otherwise uninsured, expenditures for these women are reimbursed using the enhanced FMAP rate that applies to CHIP.	P.L. 106-354, as amended by P.L. 107-121; SSA §1905(b)	Current
Qualifying Individuals program	States are required to pay Medicare Part B premiums for Medicare beneficiaries with income between 120% and 135% FPL and limited assets (referred to as "qualifying individuals"), up to a specified dollar allotment. They receive 100% federal reimbursement for these costs, which are financed at the federal level by a transfer of funds from Medicare to Medicaid. This provision has been extended numerous times and is currently funded through February 29, 2012.	P.L. 105-33, most recently extended via P.L. 111-309; SSA §1933(d)	Current
Certain Providers			
Primary care payment rates	During CY2013 and CY2014, states are required to provide Medicaid payments that are at or above Medicare rates for primary care services (defined as evaluation and management and certain administration of immunizations) furnished by a physician with a primary specialty designation of family, general internal, or pediatric medicine. States will receive 100% federal reimbursement for expenditures attributable to the amount by which Medicare exceeds their Medicaid payment rates in effect on 7/1/2009.	P.L. 111-148, as amended by P.L. 111-152; SSA §1902(a)(13)(C)	Future
Indian Health Service facility	States receive 100% federal reimbursement for services provided through an Indian Health Service facility.	P.L. 94-437; SSA §1905(b)	Current
Certain Services			
Certain preventive services and immunizations	As of CY2013, states that opt to cover—with no cost sharing—clinical preventive services recommended with a grade of A or B by the United States Preventive Services Task Force (USPSTF) and adult immunizations recommended by the Advisory Committee on Immunization Practices (ACIP) will receive a one percentage point increase in their FMAP rate for those services. It is unclear whether the increase will apply to preventive services that may already be coverable under the mandatory Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) benefit for individuals under age 21.	P.L. 111-148, as amended by P.L. 111-152; SSA §1905(b)	Future
Smoking cessation for pregnant women	As of CY2013, states that opt to cover USPSTF preventive services and ACIP adult immunizations as noted above will also receive a one percentage point increase in their FMAP rate for smoking cessation services that are mandatory for pregnant women.	P.L. 111-148, as amended by P.L. 111-152; SSA §1905(b)	Future

Exception	Description	Citations	Past, Current, or Future Exception
Family planning	States receive 90% federal reimbursement for family planning services and supplies.	P.L. 92-603; SSA §1903(a)(5)	Current
Health homes	As of CY2011, states have a new option for providing a "health home" and associated services to certain individuals with chronic conditions. They will receive 90% federal reimbursement for these services for the first eight quarters that the health home option is in effect in the state.	P.L. 111-148, as amended by P.L. 111-152; SSA §1945(c)(1)	Current
Home and community-based attendant services and supports	As of FY2011, states have a new option for providing home and community-based attendant services and supports for certain individuals at or below 150% FPL, or a higher income level applicable to those who require an institutional level of care. They will receive a six percentage point increase in their regular FMAP rate for these services.	P.L. 111-148, as amended by P.L. 111-152; SSA §1915(k)(2)	Current
State balancing incentive payments	During FY2011-FY2015, state balancing incentive payments are available under certain conditions for states in which less than 50% of Medicaid expenditures for long-term services and supports (LTSS) are non-institutional. Qualifying states with less than 25% non-institutional LTSS must plan to achieve a 25% target and can receive a five percentage point increase in their FMAP rate for non-institutional LTSS; those with less than 50% must plan to achieve a 50% target and can receive a two percentage point increase. Federal spending on these increased FMAP rates is limited to $3 billion during the period.	P.L. 111-148, as amended by P.L. 111-152, §10202	Current
Administrative Activities			
Training of Medical Personnel	States receive a 75% FMAP rate for costs attributable to compensation or training of skilled professional medical personnel, and staff directly supporting such personnel.	SSA §1903(a)(2)(A)&(B)	Current
Immigration Verification System	States receive 100% federal reimbursement for costs attributable to the cost of implementation and operation of an immigration status verification system.	SSA §1903(a)(4)	Current
Fraud Control Unit	States receive 75% FMAP rate for state expenditures related to the operation of a state Medicaid fraud control unit.	SSA §1903(a)(6)	Current
Preadmission Screening	State expenditures attributable to preadmission screening and resident review for individuals with mental illness or mental retardation who are admitted to a nursing facility receive 75% FMAP rate.	SSA §1903(a)(2)(C)	Current
Survey and Certification	States receive 75% FMAP rate for state expenditures related to survey and certification of nursing facilities.	SSA §1903(a)(2)(D)	Current
Managed Care Review Activities	States receive 75% FMAP rate for state expenditures related to performance of medical and utilization review activities or external independent review of managed care activities.	SSA §1903(a)(3)(C)	Current

Exception	Description	Citations	Past, Current, or Future Exception
Claims and Eligibility Systems	States receive 90% FMAP rate for the design, development, or installation of mechanized claims systems and 75% FMAP rate for operating mechanized claims systems. Both federal reimbursement percentages are subject to certain criteria set by the Secretary of HHS, which includes whether the activity is likely to provide more efficient, economical, and effective administration of claims processing. CMS published a final rule to amend the definition of Mechanized Claims Processing and Information Retrieval systems to include systems used for eligibility determination, enrollment, and eligibility reporting activities thereby making the 90% FMAP rate available for the design, development and installation or enhancement of eligibility determination systems until December 31, 2015, and 75% FMAP rate for maintenance and operations available for such systems beyond that date as long as certain requirements are met.	SSA §1903(a)(3)(A) and (B); 76 *Federal Register* 21950 (April 19, 2011)	Current
Translation or Interpretation Services	Administrative expenditures for translation or interpretation services in connection with the "enrollment of, retention of, and use of services" under Medicaid receive 75% FMAP rate. For CHIP, the increased match is 75%, or the state's enhanced FMAP rate plus 5 percentage points, whichever is higher, and the CHIP increased match is subject to the 10% cap on administrative expenditures. The increased FMAP rate for translation or interpretation services is only available for eligible expenditures claimed as administrative and not expenditures claimed as medical assistance-related (which receive each state's regular FMAP rate).	P.L. 111-3; SSA §1903(a)(2)(E); State Medicaid Director Letter, State Health Official 10-007, CHIPRA 18, July 1, 2010.	Current
General Administration	Remaining state expenditures found necessary for the proper and efficient administration of the state plan receive a 50% FMAP rate.	SSA §1903(a)(7)	Current

Source: Congressional Research Service, based on sources noted in the table.

Notes: Unless noted, exceptions do not apply for purposes of computing the enhanced FMAP rate for CHIP. SSA = Social Security Act; FPL = federal poverty level; CHIPRA = Children's Health Insurance Program Reauthorization Act.

Recent Issues

State Fiscal Conditions

During periods of economic downturn, state Medicaid programs face dual pressures. First, program enrollment increases at a faster rate than otherwise anticipated, when job and income losses lead more people to become eligible. Second, it can be more difficult to finance the nonfederal (i.e., state) share of Medicaid costs, when state revenues fall below expected levels.

Regarding enrollment, researchers have estimated that for every 1% increase in national unemployment, Medicaid enrollment increases by 1 million individuals.[12] During the 2007 national recession period (i.e., December 2007 through June of 2009),[13] the Bureau of Labor Statistics reported the seasonally adjusted national unemployment rate rose from 5.0% in December of 2007 to 9.5% in June of 2009, peaking at 10.1% in October 2010 (four months after the official end of the national recession).[14] Over roughly the same period, the estimated number of individuals ever enrolled in Medicaid increased by 8.7%, from 58.8 million in FY2008 to an estimated 67.7 million in FY2010.[15] On the revenue side, it is estimated that total state tax revenues declined by 10.2% from the fourth quarter of 2007 to the fourth quarter of 2009 due to the 2007 recession.[16] To help mitigate state fiscal conditions, the American Recovery and Reinvestment Act of 2009 (ARRA, P.L. 111-5) included a temporary increase to FMAP rates to help states maintain their Medicaid programs and free up funds that states would have otherwise used for Medicaid to address other state budgetary needs.

When viewed nationally, the growth in Medicaid expenditures has caused Medicaid to become the largest or second-largest item in state budgets depending on how it is measured. Medicaid accounted for 22.3% of *total* state budgets (i.e., includes funds from all state and federal sources) in state fiscal year (SFY) 2010. To date, most of the increase in Medicaid expenditures has been absorbed by the federal government through the temporary increase to FMAP rates. While total Medicaid expenditures grew as a proportion of total state budgets, state Medicaid expenditures as a percent of state general fund spending (i.e., the portion that states must finance on their own through taxes and other means) fell from 16.9% in SFY2008 to 15.8% in SFY2010.[17]

Even with the temporary increase to FMAP rates moderating the impact of Medicaid expenditure growth on the state-funded portion of state budgets, many states faced budget deficits. A recent study from the Government Accountability Office (GAO) notes that while these fiscal tensions exist universally across all states during an economic downturn, any given state's capacity to finance the state share of Medicaid costs to support new program enrollment may differ based on variables such as the state's economic condition, revenue structure, Medicaid program design, etc. Moreover, among states, economic downturns vary widely in their onset, depth and duration, and generally do not coincide exactly with national recessions.[18]

Even though the national recession has officially ended and state tax revenues have shown continued consecutive quarters of growth, state revenues have not fully rebounded. State tax revenues at the national level were still 5.5% lower in the first quarter of 2011 than in the same

[12] J. Hollahan and A. Garrett, "Rising Unemployment, Medicaid and the Uninsured," Kaiser Commission on Medicaid and the Uninsured, Washington, D.C., January 2009.

[13] Recession dates are designated by the National Bureau of Economic Research (NBER).

[14] Available at http://data.bls.gov/pdq/SurveyOutputServlet?data_tool=latest_numbers&series_id=LNS14000000.

[15] MACPAC, *March 2011 Report to the Congress on Medicaid and CHIP*, Table 2, March 2011. Federal fiscal year 2008 ran from October 1, 2007, through September 30, 2008, and federal fiscal year 2010 ran from October 1, 2009, through September 30, 2010.

[16] GAO, *Medicaid: Improving Responsiveness to Federal Assistance to States During Economic Downturns,* GAO-11-395 (Washington, D.C.: March 2011).

[17] SFY2010 data based on 50-state preliminary actual survey data presented in the following report: *The Fiscal Survey of the States: Examining Fiscal 2009-2011 State Spending*, National Governors Association and National Association of State Budget Officers, Fall 2011.

[18] GAO, *Medicaid: Improving Responsiveness to Federal Assistance to States During Economic Downturns,* GAO-11-395 (Washington, D.C.: March 2011).

quarter of 2008.[19] As a result, nearly every state implemented at least one new Medicaid cost containment policy in SFY2010, SFY2011, and SFY2012.[20] Because states are prohibited from curbing the cost of Medicaid through restricting eligibility standards due to the maintenance of effort (MOE) requirements initially enacted under ARRA and later expanded and extended under ACA,[21] over the past few years, states have focused cost containment strategies on reducing provider rates, making changes to their benefit packages, or implementing limitations on the use of benefits.[22]

In compiling their SFY2012 budgets, states faced difficult decisions with respect to the Medicaid program because the temporary FMAP rate increase ended on June 30, 2011 (the last day of SFY2011 for most states). States had to make up for the loss of the enhanced federal Medicaid funding before state revenues have rebounded. Further, because of Medicaid's federal-state financing structure, for states to generate $1 of savings in the state share of Medicaid spending, they will be required to reduce their overall Medicaid spending by $2 to almost $4, depending on each state's regular FMAP rate. For example, in a state with a FMAP rate of 50%, to obtain state-share savings in the amount of $20 million would require total federal and state Medicaid spending to be reduced by approximately $40 million. In a state with a FMAP rate of 65%, to obtain state-share savings in the amount of $20 million would require total federal and state share Medicaid spending to be reduced by approximately $57 million. The degree to which a state is willing to cut the nonfederal share of its Medicaid spending might depend in part on the loss of federal dollars it would also face as a result of these deductions.

Historically, it has taken three to five years from the onset of a recession for state revenues to recover, and there is evidence that states' recovery from the most recent recession will take longer than other recent recessions.[23] Thus, while the fiscal environment for states is improving, states continue to face fiscal challenges.

Disaster-Recovery Adjusted FMAP Rate

The Patient Protection and Affordable Care Act (ACA, P.L. 111-148 as amended) added a disaster-recovery FMAP adjustment for states that have experienced a major, statewide disaster. This adjustment was available to states beginning the fourth quarter of FY2011.[24]

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[19] L. Dadayan and R.B. Ward, PIT, Overall Tax Revenues Show Strong Growth in Second Quarter: Local Property Taxes Declined for the Third Consecutive Quarter, State Revenue Report Number 85, The Nelson A. Rockefeller Institute of Government, Albany, New York, October 2011.

[20] Vernon K. Smith, Ph.D., Kathleen Gifford, and Eileen Ellis (Health Management Associates), et al., Moving Ahead Amid Fiscal Challenges: A Look at Medicaid Spending, Coverage and Policy Trends, Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2011 and 2012, Kaiser Commission on Medicaid and the Uninsured, Washington, DC, October 2011.

[21] The MOE requirements are discussed in further detail in the "FMAP Changes in the ACA "section of this report.

[22] Vernon K. Smith, Ph.D., Kathleen Gifford, and Eileen Ellis (Health Management Associates), et al., Moving Ahead Amid Fiscal Challenges: A Look at Medicaid Spending, Coverage and Policy Trends, Results from a 50-State Medicaid Budget Survey for State Fiscal Years 2011 and 2012, Kaiser Commission on Medicaid and the Uninsured, Washington, DC, October 2011.

[23] Donald J. Boyd, *The State of State Budgets*, The Nelson A. Rockefeller Institute of Government, National Conference of State Legislatures Fiscal Leaders Seminar, San Diego, CA, December 9, 2009.

[24] Initially, the disaster-recovery FMAP adjustment was suppose to be available beginning January 1, 2011. However, the disaster-recovery adjusted FMAP rate was not available until the fourth quarter of FY2011 due to the six month extension of the temporary FMAP rate increases.

There are two criteria for states to qualify for the disaster-recovery FMAP adjustment. First, during the preceding seven years, the President must have declared a major disaster in the state where every county in the state was eligible for public assistance. Second, the state's regular FMAP rate must have declined at least three percentage points from the prior year's FMAP rate.[25]

In the first year a state qualifies for the disaster-recovery adjusted FMAP rate, the FMAP rate shall be equal to the regular FMAP rate as determined for the fiscal year, plus 50% of the difference between the current year's regular FMAP rate and the preceding year's FMAP rate. For the second and subsequent years a state qualifies for the adjustment, the FMAP rate shall be equal to the FMAP rate as determined for the preceding fiscal year, including any disaster-recovery adjustment for that year, plus 25% of the difference between the current year's regular FMAP rate and the preceding year's disaster-recovery adjusted FMAP rate.

The formula for the disaster-recovery FMAP adjustment causes the state's FMAP rate to increase, rather than phase down, each year a state qualifies for the adjustment. As a result, the assistance provided to states will be higher than initially projected.[26]

Louisiana was the only state that meets both requirements in FY2011, FY2012, and FY2013. **Table 2** shows the calculation for Louisiana's disaster-recovery adjusted FMAP rate for each of those years.

Table 2. Calculation for Louisiana's Disaster-Recovery Adjusted FMAP Rate

FY2011 to FY2013

First Year

	Regular FMAP Rate	Prior Year FMAP Rate[a]	Difference in FMAP Rate	Disaster-Recovery Adjustment Increase	Disaster-Recovery Adjusted FMAP Rate
	A	B	C = B - A	D = 50% × C	E = A + D
FY2011[b]	63.61	72.47	8.86	4.43	68.04

Second and Subsequent Years

	Regular FMAP Rate	Prior Year Disaster-Recovery Adjusted FMAP Rate	Difference in FMAP Rate	Disaster-Recovery Adjustment Increase	Disaster-Recovery Adjusted FMAP Rate
	A	B	C = B - A	D = 25% × C	E = B + D
FY2012	61.09	68.04	6.95	1.74	69.78
FY2013	61.24	69.78	8.54	2.14	71.92

[25] To meet this criteria in the first year, a state's regular FMAP rate must have declined at least three percentage points relative to their regular FMAP rate from the preceding year. To meet his criteria in the second and subsequent years, a state's regular FMAP rate must have declined at least three percentage points relative to the preceding year's disaster-recovery adjusted FMAP rate.

[26] Federal Register. (November 30, 2011). *Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children's Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2011 Through September 30, 2013*. Vol. 76, No. 230.

Source: Office of the Secretary, Department of Health and Human Services, "Federal Financial Participation in State Assistance Expenditures; Federal Matching Shares for Medicaid, the Children's Health Insurance Program, and Aid to Needy Aged, Blind, or Disabled Persons for October 1, 2012 Through September 30, 2013," 76 *Federal Register* 74061, November 30, 2011. Office of the Secretary, Department of Health and Human Services, "Adjustments for Disaster-Recovery States to the Fourth Quarter of Fiscal Year 2011 and Fiscal Year 2012 Federal Medical Assistance Percentage (FMAP) Rates for Federal Matching Shares for Medicaid and Title IV–E Foster Care, Adoption Assistance and Guardianship Assistance Programs," 75 *Federal Register* 80501, December 22, 2010.

a. For FY2011, the preceding fiscal year's regular FMAP rate includes the application of the "hold harmless" provision under the ARRA temporary FMAP rate increase.

b. Initially, the disaster-recovery FMAP adjustment was to go into effective on January 1, 2011. However, due to the extension of the ARRA FMAP adjustments, which extended the recession adjustment period to June 30, 2011 (the end of the third quarter of FY2011), no state qualified for the disaster-recovery adjustment until the fourth quarter of FY2011.

In the fourth quarter of FY2011, Louisiana met the Stafford Act criteria (due to Hurricane Katrina and Hurricane Gustav),[27] and its regular FY2011 FMAP rate (63.61%) was at least three percentage points less than its regular FY2010 FMAP rate plus hold harmless from the ARRA temporary FMAP rate increase (72.47%). As shown in **Table 2**, Louisiana's regular FMAP rate was adjusted 4.43 percentage points for a total FMAP rate of 68.04% for the fourth quarter of FY2011.

For FY2012, Louisiana meets the Stafford Act criteria (due to Hurricane Katrina and Hurricane Gustav), and its regular FY2012 FMAP rate (61.09%) is at least three percentage points less than its FY2011 disaster-recovery adjusted FMAP rate (68.04%). As shown in **Table 2**, Louisiana's FY2012 disaster-recovery FMAP adjustment is 3.48 percentage points for a total FMAP rate of 69.78%.

For FY2013, Louisiana will meet the Stafford Act criteria (due to Hurricane Gustav), and Louisiana's regular FMAP rate for FY2013 (61.24%) is more than three percentage points lower than Louisiana's disaster-recovery adjusted FMAP rate for FY2012 (69.78%). As shown in **Table 2**, Louisiana's FY2013 disaster-recovery FMAP adjustment will be 2.14 percentage points for a total FMAP rate of 71.92%.

Exclusion of Certain Employer Contributions from FMAP Rate Calculations

The Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA, P.L. 111-3) included a provision that may adjust certain states' regular FMAP rates starting in FY2006 (the provision can be applied retroactively). This provision was included in CHIPRA to reflect the annual updates of each year's state per capita personal income data conducted by BEA to incorporate revised and newly available population and income data. Due to the annual and comprehensive revisions, the value of a state's per capita personal income for a given year will often change over time.

In 2004, BEA released revised estimates of state personal income for 2002 and 2003 that contained upward revisions in employer contributions to privately administered pension and

[27] Hurricane Katrina was declared a major disaster under the Stafford Act on August 29, 2005, and Hurricane Gustav was declared a statewide disaster on September 2, 2008.

welfare funds in every state.[28] These revisions reflected the incorporation of more complete data.[29] The data for 2003 also reflected an increase in employer contributions for the auto manufacturing industry.[30]

To accommodate these sometimes significant revisions to states' per capita personal income data, Section 614 of CHIPRA allows for a state's regular FMAP rate to be adjusted if it had a significantly disproportionate employer pension and insurance fund contribution in any calendar year since 2003. Any identifiable employer contributions towards pensions or other employee insurance funds are considered to be significantly disproportionate if the increase in the amount of employer contributions accrued to residents of a state exceeds 25% of the total increase in personal income in that state for the year involved.

The final Federal Register notice regarding the calculation for making the FMAP adjustments for states that have an increase in personal income was published in October 2010.[31] The final notice explains that states have until the end of FY2011 to submit data on significantly disproportionate employer contributions made between 2003 and 2008. The deadline to submit data for 2009 and beyond will be the end of the second fiscal year following the employer's year end annual financial statement that includes the disproportionate share contribution. After a state submits data, HHS will verify whether the employer contribution is significantly disproportionate and adjust the state's FMAP rate. However, if HHS is unable to verify the data submitted by the state, then no FMAP adjustment will be made.

To adjust a state's FMAP rate, HHS will recalculate the state's regular FMAP rate disregarding any significantly disproportionate employer pension and insurance fund contributions in the computation of the state's per capita income, but not in the computation for the U.S. per capita income. This disregard will have the effect of reducing a state's per capita personal income relative to the national average, which in turn will increase the state's FMAP rate. A hold harmless provision was included in CHIPRA so that no state shall have its FMAP rate reduced as a result of this disregard.

For states that have a decrease in personal income, Section 614(b)(3) of CHIPRA specifies that an employer pension and insurance fund contribution shall be disregarded to the extent that the contribution exceeds 125% of the amount of employer contribution in the previous calendar year. The methodology to implement this special adjustment will be addressed in a future *Federal Register* notice.

The significantly disproportionate employer pension and insurance fund contribution disregard is not expected to impact many states. In fact, Michigan is thought to be the only state with a

[28] David G. Lenze, "State Personal Income: Second Quarter of 2004 and Revised Estimates for 2001-2004:I," Survey of Current Business 84, no. 10 (October 2004): 116-118, available at http://www.bea.gov/scb/pdf/2004/10October/1004SPI.pdf.

[29] Eugene P. Seskin and Shelly Smith, "Annual Revision of the National Income and Product Accounts: Annual Estimates, 2001-2003 and Quarterly Estimates, 2001:1-2004:1," Survey of Current Business 84, no. 8 (August 2004): 21 and 27, available at http://www.bea.gov/scb/pdf/2004/08August/0804niparev.pdf.

[30] Personal communication with David Lenze, BEA, July 17, 2008. The increase in total earnings for that industry (including employer contributions for employee pension and insurance funds) can be seen under "Earnings by industry" in Table 5 of Lenze, "State Personal Income."

[31] 75 *Federal Register* 63480 (October 15, 2010), available at http://federalregister.gov/a/2010-25977.

significantly disproportionate employer contribution in 2003, and HHS does not think it is likely that other states will qualify for years 2003 through 2008.[32]

Legislation During the 111th Congress

Temporary FMAP Rate Increase in ARRA and Six-Month Extension

During the 111th Congress, a temporary FMAP rate increase was provided to states through ARRA and later extended by P.L. 111-226. ARRA provided states with a FMAP rate increase for nine quarters starting October 2008, and CBO estimates federal payments to states increased by $84 billion due to the ARRA FMAP rate increase.[33] After a number of legislative attempts,[34] the House and Senate agreed to extend the temporary FMAP rate increase for six months as part of P.L. 111-226. CBO estimated that the six month extension would provide states with an additional $16 billion in federal Medicaid payments.[35] In total, the temporary FMAP rate increase ran for 11 quarters, from the first quarter of FY2009 through the third quarter of FY2011 (i.e., October 2008 through June 2011), subject to certain requirements.

Details of the ARRA provision, as amended by P.L. 111-226, are as follows:

- For a "recession adjustment period" that began with the first quarter of FY2009 and ran through the third quarter of FY2011 (i.e., October 2008 through June 2011), the provision held all states harmless from any decline in their regular FMAP rates; provided all states with an across-the-board increase of 6.2 percentage points until the last two quarters of the period, at which point the across-the-board percentage point increase phased down to 3.2 and then 1.2; and provided qualifying states with an unemployment-related increase.[36] It allowed each territory to make a one-time choice between an FMAP rate increase of 6.2

[32] 75 *Federal Register* 63480 (October 15, 2010), available at http://federalregister.gov/a/2010-25977.

[33] Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2011 to 2021*, January 2011, p. 13, available at http://www.cbo.gov/ftpdocs/120xx/doc12039/01-26_FY2011Outlook.pdf.

[34] Three bills (H.R. 4213, H.R. 3962, and H.R. 2847) had previously contained six-month extension provisions at some point.

[35] Congressional Budget Office, *Budgetary Effects of Senate Amendment 4575*, August 4, 2010.

[36] States were evaluated on a quarterly basis for the unemployment-related FMAP rate increase, which equaled a percentage reduction in the state share. A state was evaluated based on its unemployment rate in the most recent three-month period for which data were available (except for the first two and last two quarters of the temporary FMAP rate increase, for which the three-month period differs) compared to its lowest unemployment rate in any three-month period beginning on or after January 1, 2006. The criteria were 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 increased, but was not allowed to decrease until the second quarter of FY2011. The percentage reduction was applied to the state share after the hold harmless increase and after one-half of the across-the-board increase. For example, after applying the across-the-board increase of 6.2 percentage points that applies for most of the recession adjustment period, a state with a regular FMAP rate of 50% would have an FMAP rate 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 rate increase of 2.58 percentage points (46.9 state share * 0.055 reduction in state share = 2.58). The state's total FMAP rate increase would be 8.78 points (6.2 + 2.58 = 8.78), providing an FMAP rate of 58.78%.

percentage points along with a 15% increase in its spending cap, or its regular FMAP rate along with a 30% increase in its cap; all chose the latter.

- The full amount of the temporary ARRA FMAP rate increase applied only to Medicaid, excluding disproportionate share hospital payments and most expenditures for individuals who were eligible for Medicaid because of an increase in a state's income eligibility standards above what was in effect on July 1, 2008. There was an exception to the July 1, 2008, rule for certain childless adults.[37] A portion of the temporary FMAP rate increase (hold harmless plus across-the-board) applied to Title IV-E foster care and adoption assistance.
- To receive ARRA FMAP rate increases, states were required to do the following: certify that they would request and use the funds;[38] maintain their Medicaid "eligibility standards, methodologies, and procedures" as in effect on July 1, 2008,[39]comply with requirements for prompt payment of health care providers under Medicaid (and report to the HHS Secretary on their compliance),[40] 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 did not pay a larger percentage of the state's nonfederal Medicaid expenditures than otherwise would have been required on September 30, 2008,[41] and submit a report to the Secretary

[37] Under the Children's Health Insurance Program Reauthorization Act of 2009, a number of states were required to move their childless adult populations out of CHIP by December 31, 2009, and could apply to have them enrolled under a Medicaid waiver. However, ARRA FMAP rates were not originally available for these childless adults because they had not been eligible for Medicaid on July 1, 2008. Under P.L. 111-226, states were able to receive ARRA FMAP rates for nonpregnant childless adults in Medicaid who would have been eligible for CHIP based on standards in effect on December 31, 2009. It appears that Idaho, Michigan, and New Mexico were affected by this provision.

[38] Section 1607 of ARRA required a state governor or legislature to certify that the state would request and use funds provided by the act. However, the state legislature option appears to have gone unused; for ARRA letters from each governor, see the "Certification" link on each state's page at http://www.recovery.gov/Transparency/RecipientReportedData/Pages/Landing.aspx. The six-month extension in P.L. 111-226 required certification from a state's chief executive officer and did not include the state legislature option; see Centers for Medicare & Medicaid Services, *FMAP Extension Guidance*, August 18, 2010.

[39] States that restricted their "eligibility standards, procedures, or methodologies" were able to reinstate them in any quarter to begin receiving the temporary FMAP rate increase. In addition, those states that reinstated them prior to July 1, 2009, received the increase for the first three quarters of FY2009. HHS indicated that four states (Mississippi, North Carolina, South Carolina, and Virginia) were ineligible when funding estimates were first released on February 23, 2009, but those states were ultimately cleared to receive the increase. A study found that the ARRA requirements resulted in 14 states reversing and 5 states abandoning planned restrictions to eligibility; see Kaiser Commission on Medicaid and the Uninsured, *State Fiscal Conditions and Medicaid*, September 2009. For more information about the maintenance of effort requirements, see CRS Report R41835, *Medicaid and CHIP Maintenance of Effort (MOE): Requirements and Responses*, by Evelyne P. Baumrucker.

[40] More specifically, the temporary FMAP rate increase was not 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.

[41] Some states require local governments to finance part of the nonfederal (i.e., state) share of Medicaid costs. Since a temporary FMAP rate 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 rate increase. The Patient Protection and Affordable Care Act clarified that *voluntary* local contributions would not lead a state to run afoul of this requirement. See Department of Health and Human Services, Centers for Medicare & Medicaid Services, State Medicaid Director letter #10-010 (ARRA #7), June 21, 2010.

regarding how the additional federal funds paid as a result of the temporary FMAP increase were expended.[42]

In the **Appendix** to this report, **Table A-2** shows the state-by-state temporary increased FMAP rates for each quarter in FY2009, FY2010, and FY2011 provided under ARRA, and extended by P.L. 111-226. Also, **Table A-3** shows the calculations for each state's temporary increased FMAP rates for the third quarter of FY2011, which was the last quarter the temporary FMAP rate increase was available to states.[43]

FMAP rate increases reduced the amount of state funding required to maintain a given level of Medicaid services. For states that contemplated 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 enabled them to avoid those cuts. For others, the state savings that resulted from an FMAP rate increase were used for a variety of purposes that were not limited to Medicaid.[44]

In addition to avoiding cuts to Medicaid, CBO has indicated that providing additional federal aid to states that are facing fiscal pressures would probably stimulate the economy. However, the estimated effects vary.[45] Federal aid to states whose budgets were relatively healthy might have provided little stimulus if it was used to build up rainy day funds (a prohibited use of the ARRA FMAP rate increase), rather than increase spending or reduce taxes.[46]

FMAP Changes in the ACA

The Medicaid provisions in ACA represent the most considerable reform to Medicaid since its enactment in 1965. The most noteworthy change begins in 2014, or sooner at state option, when states are required to expand Medicaid eligibility to adults under age 65 with income up to 133% of the federal poverty level (FPL) (effectively 138% FPL with the Modified Adjusted Gross Income or MAGI 5% FPL income disregard).[47]

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[42] 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 rate increases (and territories would be denied cap increases) if they were out of compliance; however, they would not be denied the hold harmless FMAP rate increase. In contrast, for the requirements related to maintenance of eligibility and prompt payment, states would be denied all of the temporary FMAP rate increases (including hold harmless) if they were out of compliance.

[43] In total, the temporary increase in FMAP rates provided states and the District of Columbia with an additional $32.5 billion in FY2009 and $42.2 billion in FY2010. (Department of Health and Human Services (HHS), *State and Territories Medicaid Program Awards*, http://transparency.cit.nih.gov/RecoveryGrants/grant.cfm?grant=Reinvestment.) Also, it is estimated that states received an additional $28 billion in federal funds through the temporary increase in FMAP rates for FY2011. (Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2011 to 2021*, January 2011; Congressional Budget Office*, Budgetary Effects of Senate Amendment 4575*, August 4, 2010.)

[44] For example, 36 states reported that they used funds from the ARRA FMAP rate increase to close or reduce their Medicaid budget shortfall; 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.

[45] Congressional Budget Office, letter to the Honorable Charles E. Grassley, March 2, 2009.

[46] 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.

[47] Historically, Medicaid eligibility was generally limited to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities. For more information about the ACA changes to (continued...)

CBO estimates the Medicaid expansion will increase Medicaid enrollment by 9 million in FY2014, which is more than a 20% increase over the Medicaid enrollment estimated for FY2013.[48] As a result, the expansion will significantly increase Medicaid expenditures, and the federal government will cover a vast majority of the costs for individuals who are "newly eligible" due to ACA.[49]

ACA contains a number of provisions that affect FMAP rates, such as "newly eligible" beneficiary FMAP rates, "expansion state" FMAP rates, and other FMAP rate changes discussed below.

"Newly Eligible" Beneficiary FMAP Rates. An increased FMAP rate will be provided for "newly eligible" individuals who will gain Medicaid eligibility due to the ACA Medicaid expansion. The "newly eligible" are defined as nonelderly, nonpregnant adults with family income below 133% FPL who would not have been eligible for Medicaid in the state as of December 1, 2009, or were eligible under a waiver but not enrolled because of limits or caps on waiver enrollment. States will receive 100% FMAP rate for the cost of providing benchmark or benchmark-equivalent coverage[50] to "newly eligible" individuals, from 2014 through 2016. For "newly eligible" individuals, the FMAP rate will phase down to 95% in 2017, 94% in 2018, 93% in 2019, and 90% afterward (See **Table 3**).

Table 3. FMAP Rates for ACA Medicaid Expansion

	2014	2015	2016	2017	2018	2019	2020+
"Newly eligible" adults in all states	100%	100%	100%	95%	94%	93%	90%
"Expansion states"	75%-92%	80%-93%	85%-95%	86%-93%	90%-93%	93%	90%

Source: Prepared by CRS.

Note: For the calculation of the "expansion state" FMAP rates, the lower bound is a state with a regular FMAP rate of 50% (which is the statutory minimum), and the upper bound is a state with a regular FMAP rate of 83% (which is the statutory maximum).

(...continued)

Medicaid, see CRS Report R41210, *Medicaid and the State Children's Health Insurance Program (CHIP) Provisions in ACA: Summary and Timeline*, by Evelyne P. Baumrucker et al. When determining Medicaid eligibility for this group (and others) beginning in CY2014, states will be required to disregard a dollar amount of income equal to 5% FPL. The disregard will allow individuals at or below 138% FPL to enroll in the new eligibility group by reducing their countable income to 133% FPL or less.

[48] Congressional Budget Office, *CBO's March 2011 Estimate of the Effects of the Insurance Coverage Provisions Contained in the Patient Protection and Affordable Care Act (P.L. 111-148) and the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152)*, March 18, 2011.

[49] Richard S. Foster, *Estimated Financial Effects of the "Patient Protection and Affordable Care Act," as Amended,* the Centers for Medicare & Medicaid Services, April 22, 2010; John Holahan and Irene Headen, Medicaid Coverage and Spending in Health Reform: National and State-by-State Results for Adults at or Below 133% FPL, Kaiser Family Foundation, Publication #8076, May 2010.

[50] In general, benchmark benefit packages may cover fewer benefits than traditional Medicaid, but there are some requirements, such as coverage of EPSDT services and transportation to and from medical providers, that might make them more generous than private insurance. For more information about benchmark coverage, see CRS Report RL33202, *Medicaid: A Primer*, by Elicia J. Herz.

"Expansion State" FMAP Rates. Although Medicaid eligibility has generally been limited to certain categories of individuals, some states provide health coverage for all low-income individuals using Medicaid waivers and/or state-only funds. As a result, they have few or no individuals who will qualify for the "newly eligible" FMAP rate. As of CY2014, an increased FMAP rate will be provided for individuals in "expansion states" who are enrolled in the new eligibility group for nonelderly, nonpregnant adults at or below 133% FPL. "Expansion states" are defined as those that, as of March 23, 2010 (ACA's enactment date), offered health benefits coverage meeting certain criteria[51] statewide to parents and nonpregnant childless adults at least through 100% FPL. The formula[52] used to calculate the "expansion state" FMAP rates is based on a state's regular FMAP rate, so the "expansion state" FMAP rates will vary from state to state until CY2019, at which point the "newly eligible" FMAP rates and the "expansion state" FMAP rates will both equal 90% (see **Table 3**).

Although HHS will make the official determination, one source suggests that 11 states (Arizona, Delaware, Hawaii, Maine, Massachusetts, Minnesota, New York, Pennsylvania, Vermont, Washington, Wisconsin) and the District of Columbia might meet the definition of an "expansion state."[53]

During CY2014 and CY2015, an FMAP rate increase of 2.2 percentage points is available for "expansion states" that (1) the Secretary of HHS determines will not receive any FMAP rate increase for "newly eligible" individuals and (2) have not been approved to divert Medicaid disproportionate share hospital funds to pay for the cost of health coverage under a waiver in effect as of July 2009. The FMAP rate increase applies to those who are *not* "newly eligible" individuals as described in relation to the new eligibility group for nonelderly, nonpregnant adults at or below 133% FPL. It appears that Vermont meets the criteria for this increase.

Additional Medicaid Changes. As noted in **Table 1**, ACA also provides—subject to various requirements—an increased FMAP rate for certain disaster-affected states, primary care payment rate increases, specified preventive services and immunizations, smoking cessation services for pregnant women, specified home and community-based services, and health home services for certain people with chronic conditions.

CHIP. Prior to ACA, federal CHIP allotments were provided through FY2013 and states received reimbursement for CHIP expenditures based on the E-FMAP rate described at the beginning of this report. Under ACA, the E-FMAP rate for CHIP expenditures in FY2016-FY2019 will be increased by 23 percentage points, up to 100%.[54] ACA also provides new federal CHIP allotments

[51] The coverage must include inpatient hospital services and cannot 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 under Section 1938 of the Social Security Act.

[52] Expansion state FMAP formula = [regular FMAP + (newly eligible FMAP – regular FMAP) * transition percentage equal to 50% in CY2014, 60% in CY2015, 70% in CY2016, 80% in CY2017, 90% in CY2018, and 100% in CY2019+].

[53] However, by December 2009, the source notes that some (e.g., Maine, Pennsylvania, Washington) had closed enrollment in these programs. See Table 2 in Kaiser Commission on Medicaid and the Uninsured, *Where are States Today?*, December 2009.

[54] Currently, E-FMAP rates can range from 65% to a maximum of 85%. If the ACA increase applied in FY2011, 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%.

for FY2014 and FY2015. However, no federal CHIP allotments are provided during the period in which the 23 percentage point increase in the E-FMAP rate is slated to be in effect.

Legislation During the 112th Congress

House Budget Resolution Proposed Block Grant

On April 5, 2011,[55] House Budget Committee Chairman Paul Ryan released the chairman's mark[56] of the FY2012 House budget resolution together with his report entitled *The Path to Prosperity: Restoring America's Promise*,[57] which outlines his budgetary objectives. The House Budget Committee considered and amended the chairman's mark on April 6, 2011, and voted to report the budget resolution to the full House.[58] H.Con.Res. 34 was introduced in the House April 11, 2011, and was accompanied by the committee report (H.Rept. 112-58).[59] On April 15, 2011, the House passed H.Con.Res. 34 by a vote of 235-193.

The committee report includes illustrative examples to achieve budget savings, such as a change in the structure of the Medicare and Medicaid programs and the repeal of many of the provisions in ACA. One of the proposals would restructure the Medicaid program from an individual entitlement[60] to a block grant,[61] starting in FY2013.[62] According to CBO's long-term analysis of the proposal, when compared to long-term estimates of current law, federal spending for Medicaid would be 35% lower in FY2022 and 49% lower in FY2030.[63]

Proponents of the block grant model suggest that this design would make federal Medicaid spending more predictable and provide states with stronger incentives to control the cost of their Medicaid programs. Additionally, this design could relieve some of the cost burden to states by removing certain federal Medicaid requirements. However, this proposal would shift the responsibility for the growth in Medicaid spending over the federal block grant amount to states.

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[55] The Obama Administration released its FY2012 budget on February 14, 2011; it may be found at http://www.whitehouse.gov/omb/budget.

[56] The Chairman's mark may be found at http://budget.house.gov/UploadedFiles/chairmansmark.pdf.

[57] This report may be found at http://budget.house.gov/UploadedFiles/PathToProsperityFY2012.pdf.

[58] An amendment in the nature of a substitute, that incorporates changes made during the mark-up, was made available April 9, 2011, http://budget.house.gov/UploadedFiles/managersamendment04082010.pdf.

[59] The accompanying House report, H.Rept. 112-58, may be found at http://www.gpo.gov/fdsys/pkg/CRPT-112hrpt58/pdf/CRPT-112hrpt58.pdf.

[60] Individual entitlement means that individuals who meet state eligibility requirements, which must also meet federal minimum requirements, are entitled to Medicaid.

[61] Historically, the term block grant has been used to mean programs for which the federal government provides state governments with a fixed amount of federal funds generally for administering and providing certain services to targeted groups of individuals.

[62] For more information on these proposals, see CRS Report R41767, *Overview of Health Care Changes in the FY2012 Budget Offered by House Budget Committee Chairman Ryan*.

[63] CBO April 5, 2011, Letter to Rep. Paul Ryan, "Long-Term Analysis of a Budget Proposal by Chairman Ryan," http://cbo.gov/ftpdocs/121xx/doc12128/04-05-Ryan_Letter.pdf. CBO issued a supplementary document on April 8, 2011, in response to frequently asked questions, "Additional Information on CBO's Long-Term Analysis of a Budget Proposal by Chairman Ryan," available at http://cbo.gov/ftpdocs/121xx/doc12128/Responding_to_questions_about_estimate_for_Ryan.pdf.

According to CBO, the magnitude of the federal Medicaid spending reductions under this proposal would make it difficult for states to maintain their current Medicaid programs. As a result, states would have to weigh the impact of maintaining current Medicaid service levels against other state priorities for spending. They could choose to constrain Medicaid expenditures by reducing provider reimbursement rates, limiting benefit packages, or restricting eligibility. These types of programmatic changes could also impact access to and the quality of medical care for Medicaid enrollees.

Federal Deficit Reduction

In a typical year, the federal government funds roughly 57% of the total cost for Medicaid,[64] and federal Medicaid expenditures account for almost 8% of all federal spending.[65] In FY2012, federal Medicaid payments to states are estimated to amount to $260 billion.[66] Federal Medicaid payments are anticipated to grow significantly beginning in FY2014 due to the expansion of Medicaid eligibility provided in the ACA.[67] As a percentage of gross domestic product (GDP), federal Medicaid expenditures are expected to increase from about 1.9% of GDP in FY2011 to 2.5% of GDP in FY2021.[68] As a result, controlling federal Medicaid spending has been a focus of federal deficit reduction proposals, such as the President's deficit reduction plan, the House Budget Resolution (discussed above), and the National Commission on Fiscal Reform.

In September 2011, the White House released the President's deficit reduction plan, which included a number of Medicaid provisions that were estimated to reduce federal Medicaid expenditures by $65.5 billion over the next 10 years.[69] The Medicaid provisions include limiting states' ability to utilize provider taxes[70] in financing the state share of Medicaid expenditures; replacing the current federal Medicaid financing structure with a blended FMAP rate;[71] limiting Medicaid reimbursement of durable medical equipment; strengthening third-party liability for Medicaid beneficiary claims; re-basing Medicaid disproportion share hospital (DSH) payments; amending modified adjusted gross income to include Social Security;[72] and reducing waste, fraud, and abuse.

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[64] Office of the Actuary, *2010 Actuarial Report on the Financial Outlook for Medicaid*, Centers for Medicare and Medicaid Services, December 2010.

[65] Office of Management and Budget, *Historical Tables: Budget of the U.S. Government, Fiscal Year 2012*.

[66] Congressional Budget Office, *Spending and Enrollment Detail for CBO's March 2011 Baseline: Medicaid*, March 18, 2011.

[67] Historically, Medicaid eligibility was generally limited to low-income children, pregnant women, parents of dependent children, the elderly, and people with disabilities; however, ACA requires Medicaid coverage for individuals under the age of 65 with income up to 133% of the federal poverty level. For more information about the ACA changes to Medicaid, CRS Report R41210, *Medicaid and the State Children's Health Insurance Program (CHIP) Provisions in ACA: Summary and Timeline*, by Evelyne P. Baumrucker et al.

[68] Congressional Budget Office, *The Budget and Economic Outlook, FY2011 to FY2021*, January 2011.

[69] Office of Management and Budget, *Living Within Our Means and Investing in the Future: The President's Plan for Economic Growth and Deficit Reduction*, September 2011.

[70] For more information about Medicaid provider taxes, see CRS Report RS22843, *Medicaid Provider Taxes*, by Alison Mitchell.

[71] Details regarding the White House's proposed blended FMAP rate are not available, but essentially the blended rate would replace the current patchwork of federal matching rates with a single federal matching rate for all Medicaid expenditures. Since the blended rate was proposed in the context of federal deficit actions, it is expected that the proposed blended rate would provide budgetary savings to the federal government.

[72] This provision became law on November 21, 2011 (P.L. 112-56). Specifically, the law changed the definition of (continued...)

The National Commission on Fiscal Reform final report included savings from Medicaid totaling $58 billion over 10 years. The savings came from eliminating states' ability to fund Medicaid through provider taxes, covering dual-eligibles under managed care arrangements, and giving states additional fiscal responsibility for administrative costs.[73]

To the extent federal Medicaid expenditures are reduced, in most cases, states would need to increase the state share of Medicaid to maintain their current Medicaid programs. This will be difficult for states that are already struggling to fund their current share of Medicaid expenditures, due to the adverse impacts of the recession on state budgets. Faced with this situation, states would have to weigh the impact of maintaining current Medicaid service levels against other state spending priorities.

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income to include non-taxable Social Security in the definition of modified adjusted gross income.

[73] National Commission on Fiscal Reform,*The Moment of Truth: Report of the National Commission on Fiscal Responsibility and Reform*, December 1, 2010, http://www.fiscalcommission.gov/sites/fiscalcommission.gov/files/documents/TheMomentofTruth12_1_2010.pdf.

Appendix. Regular and Temporary Increased FMAP Rates for Medicaid, by State

This appendix includes three tables showing the state-by-state regular and temporary increase FMAP rates for various fiscal years. **Table A-1** shows regular FY2005-FY2013 FMAP rates calculated according to the formula described in the text of the report (see "How FMAP Rates Are Calculated"). **Table A-2** and **Table A-3** show the temporary FMAP rate increase provided under ARRA, and extended by P.L. 111-226, for FY2009, FY2010, and the first three quarters of FY2011. The temporary FMAP rate increased ended June 30, 2011, so the third quarter of FY2011 was the last quarter the temporary FMAP rate increase was available to states.

Table A-1 shows regular FMAP rates for FY2013 which range from 50% (14 states) to 73% (Mississippi). From FY2012 to FY2013, regular FMAP rates will decrease for 24 states,[74] increase for 12 states,[75] and remain the same for 14 states[76] and the District of Columbia. All of the 14 states for which the FMAP rates do not change have the statutory minimum FMAP rate of 50%, and the FMAP rate for the District of Columbia is statutorily set at 70%.

The quarterly temporary FMAP rate increases for FY2009, FY2010, and FY2011 are shown in **Table A-2**. In FY2009, the lowest FMAP rate any state or the District of Columbia received in any quarter was 56.20% and the highest FMAP rate was 84.24%.[77] Then, in FY2010, the lowest FMAP rate any state or the District of Columbia received in any quarter was 61.12% and the highest FMAP rate was 84.86%.[78] In total, the temporary increase in FMAP rates provided states and the District of Columbia with an additional $32.5 billion in FY2009 and $42.2 billion in FY2010.[79]

In FY2011, the temporary FMAP rate increase phased down each quarter from the original ARRA levels in the first quarter to regular FMAP rates in the fourth quarter of FY2011 (the temporary FMAP rate increase ended on June 30, 2011). Mississippi received the highest FMAP rate in all four quarters of FY2011, with 84.86% in the first quarter, 82.03% in the second quarter, 80.15% in the third quarter, and 74.73% in the fourth quarter. Eleven states[80] received the lowest FMAP

[74] The 24 states with regular FMAP rates decreasing from FY2012 to FY2013 are Alabama, Arizona, Arkansas, Georgia, Iowa, Kansas, Kentucky, Maine, Mississippi, Missouri, Montana, Nebraska, New Mexico, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Utah, Vermont, West Virginia, and Wisconsin.

[75] The 12 states with regular FMAP rates increasing from FY2012 to FY2013 are Delaware, Florida, Hawaii, Idaho, Indiana, Louisiana, Michigan, Nevada, North Carolina, Oklahoma, South Carolina, and Texas.

[76] The 14 states with regular FMAP rates remaining the same from FY2012 to FY2013 are Alaska, California, Colorado, Connecticut, Illinois, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, Virginia, Washington, and Wyoming.

[77] In FY2009, Wyoming received an ARRA FMAP rate of 56.20% for the first three quarters, and New Hampshire received an ARRA FMAP rate of 56.20% for the first two quarters. Mississippi received an ARRA FMAP rate of 84.24% for the last two quarters of FY2009.

[78] In FY2010, Alaska received an ARRA FMAP rate of 61.12% for the first quarter, and Mississippi received an ARRA FMAP rate of 84.86% for all four quarters.

[79] Department of Health and Human Services (HHS), *State and Territories Medicaid Program Awards*, http://www.hhs.gov/recovery/statefundsfmap-text.html.

[80] The 11 states that had the lowest FMAP rate for all four quarters in FY2011 were California, Colorado, Connecticut, Maryland, Massachusetts, Minnesota, New Jersey, New Hampshire, New York, Virginia, and Wyoming.

rates for all four quarters of FY2011, with 61.59% in the first quarter, 58.77% in the second quarter, 56.88% in the third quarter, and 50.00% in the fourth quarter.[81]

As shown in **Table A-3**, in FY2011, 27 states[82] are held harmless from any decline in their regular FMAP rates. Also shown in the table, for the third quarter of FY2011, 43 states[83] and the District of Columbia were in the highest tier for the unemployment adjustment. North Dakota was the only state that did not receive an unemployment adjustment because its unemployment rate did not exceed its lowest unemployment rate (for any three month period since January 1, 2006) by at least 1.5 percentage points.

Table A-1. Regular FMAP Rates by State, FY2005-FY2013

State	FY05	FY06	FY07	FY08	FY09[a]	FY10[a]	FY11[a]	FY12	FY13	Change FY12 to FY13
Alabama	70.83	69.51	68.85	67.62	67.98	68.01	68.54	68.62	68.53	-0.09
Alaska[b]	57.58	57.58	57.58	52.48	50.53	51.43	50.00	50.00	50.00	0.00
Arizona	67.45	66.98	66.47	66.20	65.77	65.75	65.85	67.30	65.68	-1.62
Arkansas	74.75	73.77	73.37	72.94	72.81	72.78	71.37	70.71	70.17	-0.54
California	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Colorado	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Connecticut	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Delaware	50.38	50.09	50.00	50.00	50.00	50.21	53.15	54.17	55.67	1.50
District of Columbia[c]	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00	0.00
Florida	58.90	58.89	58.76	56.83	55.40	54.98	55.45	56.04	58.08	2.04
Georgia	60.44	60.60	61.97	63.10	64.49	65.10	65.33	66.16	65.56	-0.60
Hawaii	58.47	58.81	57.55	56.50	55.11	54.24	51.79	50.48	51.86	1.38
Idaho	70.62	69.91	70.36	69.87	69.77	69.40	68.85	70.23	71.00	0.77
Illinois	50.00	50.00	50.00	50.00	50.32	50.17	50.20	50.00	50.00	0.00
Indiana	62.78	62.98	62.61	62.69	64.26	65.93	66.52	66.96	67.16	0.20
Iowa	63.55	63.61	61.98	61.73	62.62	63.51	62.63	60.71	59.59	-1.12
Kansas	61.01	60.41	60.25	59.43	60.08	60.38	59.05	56.91	56.51	-0.40

[81] Washington and Alaska also received a 50% FMAP rate in the fourth quarter of FY2011.

[82] In FY2011, the following 27 states were held harmless from any decline in their regular FMAP rates: Alaska, Arizona, Arkansas, Florida, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Utah, Vermont, Washington, West Virginia, and Wisconsin.

[83] For the third quarter of FY2011, the following 43 states were in the highest tier (see footnote 38) of the unemployment adjustment: Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

State	FY05	FY06	FY07	FY08	FY09[a]	FY10[a]	FY11[a]	FY12	FY13	Change FY12 to FY13
Kentucky	69.60	69.26	69.58	69.78	70.13	70.96	71.49	71.18	70.55	-0.63
Louisiana	71.04	69.79	69.69	72.47	71.31	67.61	63.61[d]	61.09[d]	61.24[d]	0.15
Maine	64.89	62.90	63.27	63.31	64.41	64.99	63.80	63.27	62.57	-0.70
Maryland	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Massachusetts	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Michigan	56.71	56.59	56.38	58.10	60.27	63.19	65.79	66.14	66.39	0.25
Minnesota	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Mississippi	77.08	76.00	75.89	76.29	75.84	75.67	74.73	74.18	73.43	-0.75
Missouri	61.15	61.93	61.60	62.42	63.19	64.51	63.29	63.45	61.37	-2.08
Montana	71.90	70.54	69.11	68.53	68.04	67.42	66.81	66.11	66.00	-0.11
Nebraska	59.64	59.68	57.93	58.02	59.54	60.56	58.44	56.64	55.76	-0.88
Nevada	55.90	54.76	53.93	52.64	50.00	50.16	51.61	56.20	59.74	3.54
New Hampshire	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
New Jersey	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
New Mexico	74.30	71.15	71.93	71.04	70.88	71.35	69.78	69.36	69.07	-0.29
New York	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
North Carolina	63.63	63.49	64.52	64.05	64.60	65.13	64.71	65.28	65.51	0.23
North Dakota	67.49	65.85	64.72	63.75	63.15	63.01	60.35	55.40	52.27	-3.13
Ohio	59.68	59.88	59.66	60.79	62.14	63.42	63.69	64.15	63.58	-0.57
Oklahoma	70.18	67.91	68.14	67.10	65.90	64.43	64.94	63.88	64.00	0.12
Oregon	61.12	61.57	61.07	60.86	62.45	62.74	62.85	62.91	62.44	-0.47
Pennsylvania	53.84	55.05	54.39	54.08	54.52	54.81	55.64	55.07	54.28	-0.79
Rhode Island	55.38	54.45	52.35	52.51	52.59	52.63	52.97	52.12	51.26	-0.86
South Carolina	69.89	69.32	69.54	69.79	70.07	70.32	70.04	70.24	70.43	0.19
South Dakota	66.03	65.07	62.92	60.03	62.55	62.72	61.25	59.13	56.19	-2.94
Tennessee	64.81	63.99	63.65	63.71	64.28	65.57	65.85	66.36	66.13	-0.23
Texas	60.87	60.66	60.78	60.56[e]	59.44	58.73	60.56	58.22	59.30	1.08
Utah	72.14	70.76	70.14	71.63	70.71	71.68	71.13	70.99	69.61	-1.38
Vermont	60.11	58.49	58.93	59.03	59.45	58.73	58.71	57.58	56.04	-1.54
Virginia	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Washington	50.00	50.00	50.12	51.52	50.94	50.12	50.00	50.00	50.00	0.00
West Virginia	74.65	72.99	72.82	74.25	73.73	74.04	73.24	72.62	72.04	-0.58
Wisconsin	58.32	57.65	57.47	57.62	59.38	60.21	60.16	60.53	59.74	-0.79
Wyoming	57.90	54.23	52.91	50.00	50.00	50.00	50.00	50.00	50.00	0.00
Number with decrease from previous year	19[f]	28	27	20	17	14	22	21	24	

Source: Department of Health and Human Services (HHS). 75 *Federal Register* 69082 (November 10, 2010), available at http://federalregister.gov/a/2010-28319.

Notes: Reflects FMAP rates calculated using the regular FMAP formula, with exceptions noted below.

a. FY2009-FY2011 FMAP rates do not reflect temporary increases provided under the American Recovery and Reinvestment Act of 2009 (P.L. 111-5) as amended by P.L. 111-226. In total, states received the temporary FMAP increase ran for 11 quarters, from the first quarter of FY2009 through the third quarter of FY2011 (i.e., October 2008 through June 2011).

b. Alaska's Medicaid FMAP rate 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 rate of 50.16% and FY2007 FMAP rate of 51.07%.

c. Section 4725(b) of the Balanced Budget Act of 1997 amended section 1905(b) to provide that the FMAP rate for the District of Columbia shall be set at 70% for purposes of titles XIX and XXI and for capitation payments and DSH allotments under those titles. For other purposes, the percentage for the District of Columbia is 50%, unless otherwise specified by law.

d. Louisiana's FMAP rate was higher than the regular FMAP rate for this year due to the disaster-recovery adjustment. Louisiana's adjusted FMAP rate was 68.04% for the fourth quarter of FY2011, 69.78% for FY2012, and 71.92% for FY2013. The disaster-recovery FMAP adjustment is discussed in the text.

e. This FY2008 value of 60.56% was provided by HHS implementation of a DRA provision related to Hurricane Katrina. Using the regular FMAP formula, the state's FY2008 value would have been 60.53%.

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

Table A-2. Temporary FMAP Rate Increase Under ARRA and Extended by P.L. 111-226

FY2009 1st Quarter to FY2011 3rd Quarter

State	FY2009 1st quarter	FY2009 2nd quarter	FY2009 3rd quarter	FY2009 4th quarter	FY2010 1st quarter	FY2010 2nd quarter	FY2010 3rd quarter	FY2010 4th quarter	FY2011 1st quarter	FY2011 2nd quarter	FY2011 3rd quarter
Alabama	76.64	76.64	77.51	77.51	77.53	77.53	77.53	77.53	78.00	75.17	73.29
Alaska	58.68	58.68	61.12	61.12	61.12	62.46	62.46	62.46	62.46	59.58	57.67
Arizona	75.01	75.01	75.93	75.93	75.93	75.93	75.93	75.93	75.93	73.10	71.22
Arkansas	79.14	79.14	80.46	80.46	80.46	81.18	81.18	81.18	81.18	78.30	76.39
California	61.59	61.59	61.59	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88
Colorado	58.78	58.78	61.59	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88
Connecticut	60.19	60.19	60.19	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88
Delaware	60.19	60.19	61.59	61.59	61.78	61.78	61.78	61.78	64.38	61.55	59.67
Dis. of Columbia	77.68	77.68	79.29	79.29	79.29	79.29	79.29	79.29	79.29	76.47	74.58
Florida	67.64	67.64	67.64	67.64	67.64	67.64	67.64	67.64	67.64	64.81	62.93
Georgia	73.44	73.44	74.42	74.42	74.96	74.96	74.96	74.96	75.16	72.33	70.45
Hawaii	66.13	66.13	67.35	67.35	67.35	67.35	67.35	67.35	67.35	64.52	62.63
Idaho	78.37	78.37	79.18	79.18	79.18	79.18	79.18	79.18	79.18	76.35	74.47
Illinois	60.48	60.48	61.88	61.88	61.88	61.88	61.88	61.88	61.88	59.05	57.16
Indiana	73.23	73.23	74.21	74.21	75.69	75.69	75.69	75.69	76.21	73.39	71.50
Iowa	68.82	68.82	68.82	70.71	72.55	72.55	72.55	72.55	72.55	69.68	67.76
Kansas	66.28	66.28	68.31	69.41	69.68	69.68	69.68	69.68	69.68	66.81	64.90
Kentucky	77.80	77.80	79.41	79.41	80.14	80.14	80.14	80.14	80.61	77.78	75.90
Louisiana	80.01	80.01	80.01	80.75	81.48	81.48	81.48	81.48	81.48	78.65	76.77
Maine	72.40	72.40	74.35	74.35	74.86	74.86	74.86	74.86	74.86	72.03	70.15
Maryland	58.78	58.78	60.19	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88
Massachusetts	58.78	58.78	60.19	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88

State	FY2009 1st quarter	FY2009 2nd quarter	FY2009 3rd quarter	FY2009 4th quarter	FY2010 1st quarter	FY2010 2nd quarter	FY2010 3rd quarter	FY2010 4th quarter	FY2011 1st quarter	FY2011 2nd quarter	FY2011 3rd quarter
Michigan	69.58	69.58	70.68	70.68	73.27	73.27	73.27	73.27	75.57	72.74	70.86
Minnesota	60.19	60.19	61.59	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88
Mississippi	83.62	83.62	84.24	84.24	84.86	84.86	84.86	84.86	84.86	82.03	80.15
Missouri	71.24	71.24	73.27	73.27	74.43	74.43	74.43	74.43	74.43	71.61	69.72
Montana	76.29	76.29	77.14	77.14	77.99	77.99	77.99	77.99	77.99	75.17	73.28
Nebraska	65.74	65.74	67.79	67.79	68.76	68.76	68.76	68.76	68.76	65.84	63.90
Nevada	63.93	63.93	63.93	63.93	63.93	63.93	63.93	63.93	63.93	61.10	59.22
New Hampshire	56.20	56.20	58.78	60.19	61.59	61.59	61.59	61.59	61.59	58.77	56.88
New Jersey	58.78	58.78	61.59	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88
New Mexico	77.24	77.24	78.66	79.44	80.49	80.49	80.49	80.49	80.49	77.66	75.78
New York	58.78	58.78	60.19	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88
North Carolina	73.55	73.55	74.51	74.51	74.98	74.98	74.98	74.98	74.98	72.16	70.27
North Dakota	69.95	69.95	69.95	69.95	69.95	69.95	69.95	69.95	69.95	66.95	64.95
Ohio	70.25	70.25	72.34	72.34	73.47	73.47	73.47	73.47	73.71	70.88	69.00
Oklahoma	74.94	74.94	74.94	75.83	75.83	76.73	76.73	76.73	76.73	73.90	72.01
Oregon	71.58	71.58	72.61	72.61	72.87	72.87	72.87	72.87	72.97	70.14	68.25
Pennsylvania	63.05	63.05	64.32	65.59	65.85	65.85	65.85	65.85	66.58	63.76	61.87
Rhode Island	63.89	63.89	63.89	63.89	63.92	63.92	63.92	63.92	64.22	61.39	59.51
South Carolina	78.55	78.55	79.36	79.36	79.58	79.58	79.58	79.58	79.58	76.75	74.86
South Dakota	68.75	68.75	70.64	70.64	70.80	70.80	70.80	70.80	70.80	68.95	67.04
Tennessee	73.25	73.25	74.23	74.23	75.37	75.37	75.37	75.37	75.62	72.79	70.91
Texas	68.76	68.76	68.76	69.85	70.94	70.94	70.94	70.94	70.94	68.11	66.23
Utah	77.83	77.83	79.98	79.98	80.78	80.78	80.78	80.78	80.78	77.95	76.07
Vermont	67.71	67.71	69.96	69.96	69.96	69.96	69.96	69.96	69.96	67.13	65.24
Virginia	58.78	58.78	61.59	61.59	61.59	61.59	61.59	61.59	61.59	58.77	56.88

State	FY2009 1st quarter	FY2009 2nd quarter	FY2009 3rd quarter	FY2009 4th quarter	FY2010 1st quarter	FY2010 2nd quarter	FY2010 3rd quarter	FY2010 4th quarter	FY2011 1st quarter	FY2011 2nd quarter	FY2011 3rd quarter
Washington	60.22	60.22	62.94	62.94	62.94	62.94	62.94	62.94	62.94	60.11	58.23
West Virginia	80.45	80.45	81.70	83.05	83.05	83.05	83.05	83.05	83.05	80.23	78.34
Wisconsin	65.58	65.58	68.77	69.89	70.63	70.63	70.63	70.63	70.63	67.80	65.92
Wyoming	56.20	56.20	56.20	58.78	61.59	61.59	61.59	61.59	61.59	58.77	56.88

Source: 74 *Federal Register* 18235, (April 21, 2009), available at http://federalregister.gov/a/E9-9095; 74 *Federal Register* 64697, (December 8, 2009), available at http://federalregister.gov/a/E9-29248; 75 *Federal Register* 66763 (October 29, 2010) available at http://federalregister.gov/a/2010-27412; 75 *Federal Register* 22807 (April 30, 2010) available at http://federalregister.gov/a/2010-10055; 75 *Federal Register* 52530 (August 26, 2010) available at http://federalregister.gov/a/2010-21235; 75 FR 66763, (October 9, 2010), available at http://federalregister.gov/a/2010-27412; 76 *Federal Register* 5811 (February 2, 2011), available at http://federalregister.gov/a/2011-2283; 76 FR 32204, (June 3, 2011), available at http://federalregister.gov/a/2011-13783.

Table A-3. Calculation of Temporary FMAP Rate Increase by State, 3rd Quarter FY2011

State	Regular FMAP Rate FY11	ARRA FMAP Rate 2nd quarter FY11	Hold harmless: highest of FY08-FY10 regular FMAP Rates	Hold harmless plus 1.2 percentage points[a]	3-month average unemployment ending March 2011	Lowest 3-month average unemployment since Jan. 2006	Unemployment difference	Unemployment tier	Unemployment adjustment	ARRA FMAP Rate 3rd quarter FY11
			A	B=A+6.2	C	D	E=C-D	F	G=(100-A-0.6)F%[b]	H=B+G
Alabama	68.54	75.17	68.54	69.74	9.3	3.3	6.0	11.5	3.55	73.29
Alaska	50.00	59.58	52.48	53.68	7.5	5.9	1.6	8.5	3.99	57.67
Arizona	65.85	73.10	66.20	67.40	9.6	3.7	5.9	11.5	3.82	71.22
Arkansas	71.37	78.30	72.94	74.14	7.8	4.8	3.0	8.5	2.25	76.39
California	50.00	58.77	50.00	51.20	12.1	4.8	7.3	11.5	5.68	56.88
Colorado	50.00	58.77	50.00	51.20	9.2	3.6	5.6	11.5	5.68	56.88
Connecticut	50.00	58.77	50.00	51.20	9.0	4.3	4.7	11.5	5.68	56.88
Delaware	53.15	61.55	53.15	54.35	8.4	3.4	5.0	11.5	5.32	59.67
District of Columbia	50.00	76.47	70.00	71.20	9.5	5.4	4.1	11.5	3.38	74.58
Florida	55.45	64.81	56.83	58.03	11.5	3.3	8.2	11.5	4.90	62.93
Georgia	65.33	72.33	65.33	66.53	10.1	4.4	5.7	11.5	3.92	70.45
Hawaii	51.79	64.52	56.50	57.70	6.3	2.3	4.0	11.5	4.93	62.63
Idaho	68.85	76.35	69.87	71.07	9.7	2.7	7.0	11.5	3.40	74.47
Illinois	50.20	59.05	50.32	51.52	8.9	4.4	4.5	11.5	5.64	57.16
Indiana	66.52	73.39	66.52	67.72	8.8	4.5	4.3	11.5	3.78	71.50
Iowa	62.63	69.68	63.51	64.71	6.1	3.6	2.5	8.5	3.05	67.76
Kansas	59.05	66.81	60.38	61.58	6.8	3.9	2.9	8.5	3.32	64.90
Kentucky	71.49	77.78	71.49	72.69	10.3	5.5	4.8	11.5	3.21	75.90
Louisiana	63.61	78.65	72.47	73.67	7.9	3.7	4.2	11.5	3.10	76.77
Maine	63.80	72.03	64.99	66.19	7.5	4.5	3.0	11.5	3.96	70.15

State	Regular FMAP Rate FY11	ARRA FMAP Rate 2nd quarter FY11	Hold harmless: highest of FY08-FY10 regular FMAP Rates	Hold harmless plus 1.2 percentage points[a]	3-month average unemployment ending March 2011	Lowest 3-month average unemployment since Jan. 2006	Unemployment difference	Unemployment tier	Unemployment adjustment	ARRA FMAP Rate 3rd quarter FY11
			A	B=A+6.2	C	D	E=C-D	F	G=(100-A-0.6)F%[b]	H=B+G
Maryland	50.00	58.77	50.00	51.20	7.1	3.5	3.6	11.5	5.68	56.88
Massachusetts	50.00	58.77	50.00	51.20	8.2	4.4	3.8	11.5	5.68	56.88
Michigan	65.79	72.74	65.79	66.99	10.5	6.7	3.8	11.5	3.87	70.86
Minnesota	50.00	58.77	50.00	51.20	6.7	3.9	2.8	11.5	5.68	56.88
Mississippi	74.73	82.03	76.29	77.49	10.2	6.1	4.1	11.5	2.66	80.15
Missouri	63.29	71.61	64.51	65.71	9.3	4.7	4.6	11.5	4.01	69.72
Montana	66.81	75.17	68.53	69.73	7.4	3.2	4.2	11.5	3.55	73.28
Nebraska	58.44	65.84	60.56	61.76	4.3	2.8	1.5	5.5	2.14	63.90
Nevada	51.61	61.10	52.64	53.84	13.7	4.2	9.5	11.5	5.38	59.22
New Hampshire	50.00	58.77	50.00	51.20	5.4	3.4	2.0	11.5	5.68	56.88
New Jersey	50.00	58.77	50.00	51.20	9.2	4.1	5.1	11.5	5.68	56.88
New Mexico	69.78	77.66	71.35	72.55	8.5	3.4	5.1	11.5	3.23	75.78
New York	50.00	58.77	50.00	51.20	8.5	4.3	4.2	11.5	5.68	56.88
North Carolina	64.71	72.16	65.13	66.33	9.8	4.5	5.3	11.5	3.94	70.27
North Dakota	60.35	66.95	63.75	64.95	3.7	2.9	0.8	0.0	0.00	64.95
Ohio	63.69	70.88	63.69	64.89	9.1	5.3	3.8	11.5	4.11	69.00
Oklahoma	64.94	73.90	67.10	68.30	6.4	3.2	3.2	11.5	3.71	72.01
Oregon	62.85	70.14	62.85	64.05	10.2	5.0	5.2	11.5	4.20	68.25
Pennsylvania	55.64	63.76	55.64	56.84	8.0	4.2	3.8	11.5	5.03	61.87
Rhode Island	52.97	61.39	52.97	54.17	11.2	4.9	6.3	11.5	5.34	59.51
South Carolina	70.04	76.75	70.32	71.52	10.2	5.5	4.7	11.5	3.34	74.86

State	Regular FMAP Rate FY11	ARRA FMAP Rate 2nd quarter FY11	Hold harmless: highest of FY08-FY10 regular FMAP Rates	Hold harmless plus 1.2 percentage points[a]	3-month average unemployment ending March 2011	Lowest 3-month average unemployment since Jan. 2006	Unemployment difference	Unemployment tier	Unemployment adjustment	ARRA FMAP Rate 3rd quarter FY11
			A	B=A+6.2	C	D	E=C-D	F	G=(100-A-0.6)F%[b]	H=B+G
South Dakota	61.25	68.95	62.72	63.92	4.8	2.7	2.1	8.5	3.12	67.04
Tennessee	65.85	72.79	65.85	67.05	9.5	4.6	4.9	11.5	3.86	70.91
Texas	60.56	68.11	60.56	61.76	8.2	4.3	3.9	11.5	4.47	66.23
Utah	71.13	77.95	71.68	72.88	7.6	2.5	5.1	11.5	3.19	76.07
Vermont	58.71	67.13	59.45	60.65	5.6	3.6	2.0	11.5	4.59	65.24
Virginia	50.00	58.77	50.00	51.20	6.4	2.8	3.6	11.5	5.68	56.88
Washington	50.00	60.11	51.52	52.72	9.2	4.4	4.8	11.5	5.51	58.23
West Virginia	73.24	80.23	74.25	75.45	9.4	3.9	5.5	11.5	2.89	78.34
Wisconsin	60.16	67.80	60.21	61.41	7.4	4.3	3.1	11.5	4.51	65.92
Wyoming	50.00	58.77	50.00	51.20	6.2	2.7	3.5	11.5	5.68	56.88

Source: 74 *Federal Register* 62315 (November 27, 2009), available at http://federalregister.gov/a/E9-28438; 76 FR 32204, (June 3, 2011), available at http://federalregister.gov/a/2011-13783; Bureau of Labor Statistics, Regional and State Employment and Unemployment - April 2011, May 20, 2011, available at http://www.bls.gov/news.release/archives/laus_05202011.pdf; Bureau of Labor Statistics, Regional and State Employment and Unemployment - March 2011, April 19, 2011, available at http://www.bls.gov/news.release/archives/laus_04192011.pdf.

Notes: The territories are not shown. Each territory could chose between an FMAP rate increase of 6.2 percentage points along with a 15% increase in its spending cap, or its regular FMAP rate along with a 30% increase in its spending cap; all chose the latter. The increased spending caps resulted in about $75 million more federal Medicaid funding to the territories in FY2011, mostly to Puerto Rico.

a. The across-the-board increase was 6.2 percentage points from the first quarter of FY2009 through the first quarter of FY2011. In the second quarter of FY2011, the across-the-board increase was reduced to 3.2 percentage points, and the across-the-board increase dropped to 1.2 percentage points in the third quarter of FY2011.

b. This calculation was G=(100-A-3.2)*F% from the first quarter of FY2009 through the first quarter of FY2011. With the phased down of the temporary FMAP rate increase, the calculation changed to G=(100-A-1.6)*F% for the second quarter of FY2011 and to G=(100-A-0.6)*F% for the third quarter of FY2011.

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