States Bet Budgets on Medicaid Match Extension

By Jennifer Burnett [1]  
Wednesday, March 17, 2010 at 12:00 AM

States are counting on Congress passing a six-month extension to the enhanced Medicaid matching rates originally enacted in the federal stimulus package. That increased matching amount—worth around $25 billion to states—is currently set to expire Dec. 31, 2010.

According to a survey [3] by The Council of State Governments, 24 states are betting their budgets on the federal Medicaid match extension even though the measure hasn’t yet passed. This includes New Jersey Gov. Chris Christie's proposed budget announced yesterday.

The original federal stimulus package provided $87 billion for states' Medicaid programs. The states used that money to avoid huge cuts in their state health programs as their revenues shrank and unemployment swelled Medicaid rolls. Even with the additional funds, some states were forced to cut reimbursement rates to providers and eliminate non-mandatory services such as dental and vision care. The increased matching rate was originally due to expire at year’s end and states have clamored for an extension to further stave off new and deeper cuts.

On March 10, the U.S. Senate approved its second jobs bill [2] that includes a six-month extension of the enhanced Medicaid matching formula worth about $25 billion to states. The Senate bill differs from the House version passed in late 2009.

In the 24 states assuming Congress will pass the extension, the states’ recommended budgets depend on that extension for funding into 2011, from Jan. 1, 2011, to June 30, 2011.

Nineteen states took a more fiscally conservative approach and did not assume funding not yet approved by Congress. In 22 states, the governors did not include the assumption in their original budgets, but in three states—Kentucky, Iowa and Washington—the legislatures did count on the six-month enhanced Medicaid match in their revenue projections when the governors did not.

Under the Washington budget calendar, Gov. Christine Gregoire made her recommendations in December before the extension of the enhanced Medicaid match was even being discussed in policy circles and both chambers of the legislature have included the enhanced matching funds.

In New Mexico, the governor’s budget recommendations included the extension, but the original legislative budget did not. The most recent version of the budget sent from the legislature to the governor’s desk, however, placed the extension assumption back into their calculations.
In Kansas, under that state’s budget process, the governor will have an opportunity to offer a budget amendment in May and may include the additional federal Medicaid funds if it’s passed or seems likely to pass.

North Carolina is due to take up 2011 fiscal year budgeting later this year and the governor’s budget proposal is not yet due. Another six states—Indiana, Montana, New Hampshire, North Dakota, Ohio and Texas—have already passed their 2011 fiscal year budgets and at this time the budgeting process has not been reopened.

CSG Resources

- **CSG Survey on States Budgeting for Medicaid Match Extension Map**
- **Is Medicaid Match Extension Included in States’ 2011 Fiscal Year Budgets?**

Tags:

- FMAP
- State eNews
- Policy Area
- Economics and Finance
- Tax and Budget
- American Recovery & Reinvestment Act
- Policy Area
- Health
- Insurance Coverage and Medical Care
- Medicaid

© 2016 The Council of State Governments. All Rights Reserved.