

## Decline in the Federal Medicaid Match Rate Hits States Hard 36 States Lose at Least \$100 Million Rockefeller-Smith Bill Would Partially Restore Funding

by Elizabeth Pham and Emil Parker  
July 16, 2004

On July 1, 2004, the federal match rate for Medicaid spending dropped, dealing a serious blow to states struggling to emerge from their worst budget crisis in 50 years. The Medicaid match rate is the percentage of total Medicaid spending paid for by the federal government. The remainder is paid for by the states.

- Thirty-six states stand to lose at least \$100 million in federal funding.<sup>1</sup>
- Viewing the impact in a slightly different way, 29 states would each need to put up at least \$100 million in additional non-federal funds to draw down (i.e., receive) the same amount of federal funding at the lower match rate.

Given that many states are still experiencing fiscal difficulties, the need for federal help remains compelling. It is not too late for Congress to take action. Rather than removing a lifeline while states are still fighting to keep their heads above water, Congress should preserve this critical support by swiftly passing the Rockefeller-Smith State Fiscal Relief Act of 2004 (S. 2671), which was introduced on July 15. The bill would restore some of the funding lost, by temporarily increasing the Medicaid match rate, although not to where it stood on June 30. The new temporary rate would be in effect through September 30, 2005. An additional fifteen months of fiscal relief would allow the recovery to take hold in some of the states that continue to face severe budget pressures.

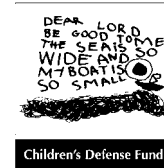
The State Fiscal Relief Act of 2004 would restore at least \$100 million in Medicaid funding to 27 states.<sup>2</sup> More than 25 states have reduced coverage or benefits, or increased cost sharing, for children in Medicaid or the State Children's Health Insurance Program.<sup>3</sup> The legislation would provide between \$10 million and \$300 million to each of these states, which could allow them to reverse some of the cuts.

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<sup>1</sup> Thirty-six states will lose at least \$100 million relative to the amount they would have received had the higher match rate remained in effect.

<sup>2</sup> These estimates do not include each state's share of the \$1.2 billion in funding provided by the bill to alleviate the cost of implementing the new Medicare prescription drug benefit.

<sup>3</sup> In 2003 and/or 2004; see Table 2 for references.



## Background

Last year Congress, recognizing that states are experiencing the worst fiscal crisis of the post-WWII era, made available an estimated \$20 billion in relief as part of the Jobs and Growth Tax Relief Reconciliation Act of 2003. About half of this fiscal relief took the form of a temporary increase in the federal match rate for Medicaid expenditures (the Federal Medical Assistance Percentage, or FMAP), extending from April 1, 2003 through June 30, 2004. Each state received an increase of at least 2.95 percentage points in its FMAP<sup>4</sup>—e.g., for a state with a regular match rate of 50 percent, the enhanced rate was at least 52.95 percent. Only those states that had not reduced Medicaid eligibility (relative to the level as of September 2, 2003) qualified for the enhanced match rate.

States have used the fiscal relief—the additional Medicaid funds and \$10 billion in flexible grants—to stave off even deeper cuts to Medicaid and other essential state services.<sup>5</sup> In 27 states, the enhanced Medicaid funding has been used specifically to avoid, postpone or minimize potential Medicaid benefit cuts or freezes.<sup>6</sup> No state directly reduced Medicaid eligibility during the period in which the higher match rate was in effect.<sup>7</sup>

As noted above, the enhanced Medicaid match rate expired on June 30.

While the overall fiscal situation in states has improved, many are far from out of the woods.<sup>8</sup> As of April 28, 2004, some 33 states were faced with budget gaps totaling \$36 billion for the next state fiscal year (SFY 2005), about half the cumulative budget gap states had to close for SFY 2004, but still a daunting challenge.<sup>9</sup>

Virtually all states made Medicaid cuts in SFY 2004;<sup>10</sup> every state reduced Medicaid services in 2003 as well.<sup>11</sup> Many states are currently implementing Medicaid cuts for a fourth straight year, in part due to the decline in the federal match rate.

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<sup>4</sup> A state's FMAP increase may be greater than 2.95 percentage points due to the "hold harmless" provision, which ensures that the regular FMAP for the first three quarters of federal fiscal year (FFY) 2004 is no lower than the regular FFY 2003 FMAP.

<sup>5</sup> D. Boyd and V. Wachino, "Is the State Fiscal Crisis Over? A 2004 State Budget Update," Kaiser Commission on Medicaid and the Uninsured, January 2004. Retrieved from [www.kff.org](http://www.kff.org).

<sup>6</sup> V. Smith, et al., "States Respond to Fiscal Pressure: A 50-State Update of State Medicaid Spending Growth and Cost Containment Actions," Kaiser Commission on Medicaid and the Uninsured, January 2004. Retrieved from [www.kff.org](http://www.kff.org).

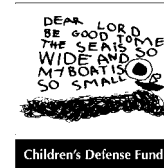
<sup>7</sup> *Ibid.*

<sup>8</sup> Boyd.

<sup>9</sup> "State Budget Gaps Shrink, NCSL Finds," National Conference of State Legislatures, April 28, 2004. Retrieved from [www.ncsl.org/program/press/2004/040428.htm](http://www.ncsl.org/program/press/2004/040428.htm).

<sup>10</sup> Smith.

<sup>11</sup> V. Smith, et al., "States Respond to Fiscal Pressure: State Medicaid Spending Growth and Cost Containment in Fiscal Years 2003 and 2004," Kaiser Commission on Medicaid and the Uninsured,



### Impact of drop in the match rate; funding potentially restored by Rockefeller-Smith bill

The expiration of the enhanced Medicaid match rate coincided with the beginning of SFY 2005 (July 1, 2004 through June 30, 2005, for most states), making it even more difficult for states to close their gaps for this year.

- The estimated reduction in federal Medicaid funding for SFY 2005 ranges from \$10 million in Wyoming to \$90 million in Iowa, \$120 million in Utah, \$650 million in Tennessee, and over \$1 billion in California and New York. Thirty-six states are estimated to lose at least \$100 million in federal Medicaid funding.

To view the impact another way, 29 states would each need to put up at least \$100 million in additional non-federal funds in order to draw down the same amount of federal funding at the lower match rate.

Due to the expiration of fiscal relief and the growth in total Medicaid spending, states with high FMAs may see their state (non-federal) spending on Medicaid increase by 20 percent or more from SFY 2004 to SFY 2005.<sup>12</sup>

Temporarily increasing the Medicaid match rate for another fifteen months (in effect, postponing the full reduction in the match rate) is a simple and effective way for Congress to help states emerge from the fiscal crisis with Medicaid and other essential services intact.

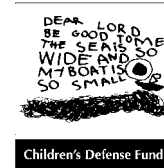
The Rockefeller-Smith bill (S. 2671), which was introduced on July 15, would increase each state's Medicaid match rate by at least 1.26 percentage points, through September 30, 2005. For state fiscal year 2005, the legislation would restore an estimated \$50 million in Medicaid funding to Iowa, \$100 million to Mississippi and \$260 million to Texas, which has made the most drastic cuts to children's health coverage of any state. Tennessee would receive \$260 million in relief, which could alleviate recent reductions in benefits under the state's Medicaid program, TennCare. The bill would restore \$110 million to Missouri, \$130 million to Maine, \$310 million to Ohio and \$430 million to Pennsylvania.<sup>13</sup>

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September 2003. Retrieved from [www.kff.org](http://www.kff.org). We consider reductions in provider payments to be cuts in Medicaid services, due to the resulting impact on access to services.

<sup>12</sup> Smith. An increase in the state share from 30 to 33 percent (corresponding to a drop in the FMAP from 70 to 67 percent) represents a larger percentage increase in state spending than an increase in the state share from 47 to 50 percent.

<sup>13</sup> As noted above, these estimates do not include each state's share of the \$1.2 billion in funding provided by the bill for implementation of the new Medicare prescription drug benefit.



The State Fiscal Relief Act of 2004 would also provide states with \$1.2 billion to alleviate the costs of implementing the new Medicare prescription drug benefit established by the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

### Appendix: Methodology

We reviewed published state budget documents to determine proposed state (i.e., non-federal) spending on Medicaid for SFY 2005. For states with biennial budgets, proposed non-federal Medicaid spending was divided evenly over the two years to arrive at the SFY 2005 figure. The federal fiscal year (FFY) 2005 FMAPs were used to estimate the amount of federal funding states will receive at the regular (lower) match rate. These match rates were increased by 2.95 percentage points each to calculate what the enhanced FFY 2005 match rates would have been. The hypothetical enhanced rates were applied to proposed state spending to estimate what states would have received, for SFY 2005, under the enhanced match rate that expired June 30, 2004.

To estimate the impact of the Rockefeller-Smith bill in SFY 2005, we added 1.26 percentage points to each state's regular 2005 FMAP (or to its FY 2004 FMAP, if higher, consistent with the bill's hold harmless provision).<sup>14</sup>

The figures in Table 1 should be considered rough, upper-bound estimates of the impact of the drop in the Medicaid match rate. Similarly, the figures in Table 2 represent upper-bound estimates of the effect of the match rate increase in the Rockefeller-Smith bill. Total state (non-federal) spending on Medicaid can include spending not eligible for the enhanced Medicaid match rate – e.g., disproportionate share hospital payments -- and other spending, such as expenditures on Medicaid-expansion State Children's Health Insurance Programs, which is ordinarily matched at a higher rate. States generally do not show breakdowns of Medicaid spending by category in their public budget documents.

In addition, a given state might not maintain the same level of non-federal spending at a higher match rate (e.g., the temporary Rockefeller-Smith match rate). A fiscally-strapped state might take advantage of the match rate increase to reduce its non-federal Medicaid spending, in order to restore cuts elsewhere in the budget.

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<sup>14</sup> Any match rate for the first quarter of SFY 2005 -- the fourth quarter of federal fiscal year (FFY) 2004 -- should be calculated using the regular FFY 2004 FMAP, but for simplicity's sake we have used the same match rate for all four quarters of SFY 2005.

**Table 1: Estimates of Federal Funding Lost Due to Expiration of the Enhanced FMAP**

State	Proposed State Spending, SFY 2005 <sup>1,2</sup>	FFY 2005 FMAP <sup>3</sup> (regular)	Federal Matching Funds	FFY 2005 <sup>4,5</sup> Enhanced FMAP	Federal Matching Funds at Enhanced FMAP	Reduction in Federal Matching Funds	Additional State Spending Needed at Regular FMAP
Alabama	\$1,142,029,484	70.8	\$2,773,052,737	73.8	\$3,213,536,817	\$440,000,000	\$180,000,000
Alaska	\$179,036,400	57.6	\$243,020,177	60.5	\$274,564,816	\$30,000,000	\$20,000,000
Arizona	\$1,353,708,200	67.5	\$2,805,149,557	70.4	\$3,219,630,314	\$410,000,000	\$200,000,000
Arkansas	\$551,561,101	74.8	\$1,632,839,299	77.7	\$1,921,807,065	\$290,000,000	\$100,000,000
California <sup>6</sup>	\$11,354,912,970	50.0	\$11,354,912,970	53.0	\$12,778,802,163	\$1,420,000,000	\$1,420,000,000
Colorado	\$976,325,789	50.0	\$976,325,789	53.0	\$1,098,755,590	\$120,000,000	\$120,000,000
Connecticut	\$1,377,400,000	50.0	\$1,377,400,000	53.0	\$1,550,123,911	\$170,000,000	\$170,000,000
Delaware	\$352,581,700	50.4	\$357,981,984	53.3	\$402,896,552	\$40,000,000	\$40,000,000
D.C.	\$420,260,300	70.0	\$980,607,366	73.0	\$1,133,382,213	\$150,000,000	\$70,000,000
Florida	\$3,843,831,073	58.9	\$5,508,555,966	61.9	\$6,231,741,858	\$720,000,000	\$500,000,000
Georgia	\$1,994,170,609	60.4	\$3,046,705,551	63.4	\$3,452,894,698	\$410,000,000	\$270,000,000
Hawaii	\$146,465,528	58.5	\$206,208,510	61.4	\$233,175,550	\$30,000,000	\$20,000,000
Idaho	\$295,778,500	70.6	\$710,955,673	73.6	\$823,322,900	\$110,000,000	\$50,000,000
Illinois	\$3,660,000,000	50.0	\$3,660,000,000	53.0	\$4,118,958,555	\$460,000,000	\$460,000,000
Indiana	\$1,209,600,000	62.8	\$2,040,265,664	65.7	\$2,320,017,741	\$280,000,000	\$170,000,000
Iowa	\$390,829,404	63.6	\$681,404,901	66.5	\$775,825,533	\$90,000,000	\$50,000,000
Kansas	\$1,161,900,000	61.0	\$1,818,094,870	64.0	\$2,062,017,869	\$240,000,000	\$160,000,000
Kentucky	\$779,783,700	69.6	\$1,785,294,261	72.6	\$2,060,958,377	\$280,000,000	\$120,000,000
Louisiana	\$1,067,076,365	71.0	\$2,617,579,591	74.0	\$3,035,485,592	\$420,000,000	\$170,000,000
Maine	\$630,800,000	64.9	\$1,165,839,134	67.8	\$1,330,642,786	\$160,000,000	\$90,000,000
Maryland	\$1,820,674,950	50.0	\$1,820,674,950	53.0	\$2,048,984,880	\$230,000,000	\$230,000,000
Massachusetts	\$3,346,500,000	50.0	\$3,346,500,000	53.0	\$3,766,146,121	\$420,000,000	\$420,000,000
Michigan	\$1,986,529,900	56.7	\$2,602,358,758	59.7	\$2,937,936,882	\$340,000,000	\$260,000,000
Minnesota	\$1,858,558,000	50.0	\$1,858,558,000	53.0	\$2,091,618,408	\$230,000,000	\$230,000,000
Mississippi	\$401,700,000	77.1	\$1,350,917,801	80.0	\$1,609,817,276	\$260,000,000	\$80,000,000
Missouri	\$1,020,166,041	61.2	\$1,605,743,974	64.1	\$1,821,522,095	\$220,000,000	\$140,000,000
Montana	\$67,991,234	71.9	\$173,970,453	74.9	\$202,351,645	\$30,000,000	\$10,000,000
Nebraska	\$471,710,638	59.6	\$697,047,137	62.6	\$789,210,608	\$90,000,000	\$60,000,000
Nevada	\$327,751,058	55.9	\$415,448,620	58.9	\$468,727,819	\$50,000,000	\$40,000,000
New Hampshire	\$276,582,000	50.0	\$276,582,000	53.0	\$311,264,971	\$30,000,000	\$30,000,000
New Jersey	\$2,150,000,000	50.0	\$2,150,000,000	53.0	\$2,419,606,801	\$270,000,000	\$270,000,000
New Mexico	\$473,638,100	74.3	\$1,369,311,705	77.3	\$1,608,287,614	\$240,000,000	\$80,000,000
New York	\$12,810,843,600	50.0	\$12,810,843,600	53.0	\$14,417,304,328	\$1,610,000,000	\$1,610,000,000
North Carolina	\$2,975,639,361	63.6	\$5,205,937,106	66.6	\$5,928,128,924	\$720,000,000	\$410,000,000
North Dakota*	\$145,912,249	67.5	\$302,910,418	70.4	\$347,701,584	\$40,000,000	\$20,000,000

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State	Proposed State Spending, SFY 2005 <sup>1,2</sup>	FFY 2005 FMAP <sup>3</sup> (regular)	Federal Matching Funds	FFY 2005 <sup>4,5</sup> Enhanced FMAP	Federal Matching Funds at Enhanced FMAP	Reduction in Federal Matching Funds	Additional State Spending Needed at Regular FMAP
Ohio	\$3,842,466,000	59.7	\$5,687,459,595	62.6	\$6,439,755,033	<b>\$750,000,000</b>	<b>\$510,000,000</b>
Oklahoma	\$142,249,000	70.2	\$334,776,486	73.1	\$387,148,097	<b>\$50,000,000</b>	<b>\$20,000,000</b>
Oregon*	\$342,000,000	61.1	\$537,629,630	64.1	\$609,850,821	<b>\$70,000,000</b>	<b>\$50,000,000</b>
Pennsylvania	\$4,000,751,000	53.8	\$4,666,387,215	56.8	\$5,258,103,432	<b>\$590,000,000</b>	<b>\$510,000,000</b>
Rhode Island	\$520,172,254	55.4	\$645,610,476	58.3	\$728,141,291	<b>\$80,000,000</b>	<b>\$70,000,000</b>
South Carolina	\$689,514,131	69.9	\$1,600,469,698	72.8	\$1,849,197,692	<b>\$250,000,000</b>	<b>\$110,000,000</b>
South Dakota	\$101,884,715	66.0	\$198,040,852	69.0	\$226,563,754	<b>\$30,000,000</b>	<b>\$10,000,000</b>
Tennessee	\$2,490,045,500	64.8	\$4,585,957,626	67.8	\$5,233,420,691	<b>\$650,000,000</b>	<b>\$350,000,000</b>
Texas	\$3,049,342,640	60.9	\$4,743,508,472	63.8	\$5,378,912,307	<b>\$640,000,000</b>	<b>\$410,000,000</b>
Utah	\$287,452,200	72.1	\$744,321,669	75.1	\$866,510,867	<b>\$120,000,000</b>	<b>\$50,000,000</b>
Vermont	\$227,222,074	60.1	\$342,399,571	63.1	\$387,889,117	<b>\$50,000,000</b>	<b>\$30,000,000</b>
Virginia	\$1,803,510,057	50.0	\$1,803,510,057	53.0	\$2,029,667,535	<b>\$230,000,000</b>	<b>\$230,000,000</b>
Washington	\$1,670,051,000	50.0	\$1,670,051,000	53.0	\$1,879,472,911	<b>\$210,000,000</b>	<b>\$210,000,000</b>
West Virginia	\$252,167,036	74.7	\$742,574,723	77.6	\$873,578,660	<b>\$130,000,000</b>	<b>\$40,000,000</b>
Wisconsin	\$1,684,892,300	58.3	\$2,357,555,637	61.3	\$2,665,462,206	<b>\$310,000,000</b>	<b>\$220,000,000</b>
Wyoming*	\$57,882,011	57.9	\$79,604,951	60.9	\$89,964,760	<b>\$10,000,000</b>	<b>\$10,000,000</b>

<sup>1</sup> Estimates may include spending that is not eligible for the enhanced match rate, such as disproportionate share hospital payments, or spending that is ordinarily matched at a higher rate (e.g., family planning, services to Native Americans).

<sup>2</sup> Estimates may not include all state Medicaid funding that is eligible for the enhanced match rate.

<sup>3</sup> Assistant Secretary for Planning and Evaluation (ASPE), U.S. Department of Health and Human Services; <http://www.aspe.hhs.gov/health/fmap05.htm>

<sup>4</sup> A state does not qualify for the enhanced match rate if it has cut Medicaid eligibility relative to the level as of September 2, 2003.

<sup>5</sup> We calculated the FFY 2005 enhanced FMAP using the FFY 2005 regular FMAP (from ASPE), rather than extending the FFY 2004 enhanced FMAP.

<sup>6</sup> Includes only state spending that, based on a December 29 estimate summary from the Fiscal Forecasting and Data Management Branch, would be matched at the regular FMAP (50 percent for California) under current law.

According to a California State Senate Budget Committee overview of the governor's proposed budget, "the loss of this enhanced federal financial participation results in an increased need of \$655.4 million (General Fund)." This figure suggests that state (non-federal) spending would be lower at the enhanced FMAP and consequently CA would not draw down the full \$1.4 billion in additional funds at the higher rate.

\* Proposed state funding for SFY 2005 estimated by dividing the amount in the biennial budget evenly over the two years.

FMAP - Federal Medical Assistance Percentage, or federal Medicaid match rate

SFY 2005 - State fiscal year 2005 (generally July 1, 2004 through June 30, 2005)

FFY 2005 - Federal fiscal year 2005 (October 1, 2004 through September 30, 2005)

**Table 2: Estimates of Federal Funding Restored by Rockefeller-Smith Fiscal Relief Legislation**

State	Proposed State Spending SFY 2005 <sup>1,2</sup>	FFY 2005 FMAP <sup>3</sup> (regular)	Federal Matching Funds	FFY 2005 <sup>4</sup> Rockefeller-Smith FMAP	Federal Matching Funds at Higher FMAP	Federal Funds <sup>5</sup> Restored by Rockefeller-Smith	Recent Children's Medicaid and SCHIP Cuts <sup>6</sup>
Alabama	\$1,142,029,484	70.8	\$2,773,052,737	72.1	\$2,949,799,552	<b>\$180,000,000</b>	Froze SCHIP enrollment, increased premiums and cost sharing
Alaska	\$179,036,400	57.6	\$243,020,177	59.7	\$264,672,150	<b>\$20,000,000</b>	Reduced SCHIP eligibility from 200% to 175% of the poverty line
Arizona	\$1,353,708,200	67.5	\$2,805,149,557	68.7	\$2,972,620,339	<b>\$170,000,000</b>	Eliminated 12-month CE in Medicaid, increased SCHIP premiums
Arkansas	\$551,561,101	74.8	\$1,632,839,299	76.0	\$1,747,568,124	<b>\$110,000,000</b>	
California <sup>7</sup>	\$11,354,912,970	50.0	\$11,354,912,970	51.3	\$11,941,995,052	<b>\$590,000,000</b>	
Colorado	\$976,325,789	50.0	\$976,325,789	51.3	\$1,026,804,677	<b>\$50,000,000</b>	Froze SCHIP enrollment
Connecticut	\$1,377,400,000	50.0	\$1,377,400,000	51.3	\$1,448,615,593	<b>\$70,000,000</b>	Eliminated 12-month CE in Medicaid, increased SCHIP premiums
Delaware	\$352,581,700	50.4	\$357,981,984	51.6	\$376,495,430	<b>\$20,000,000</b>	
D.C.	\$420,260,300	70.0	\$980,607,366	71.3	\$1,042,023,276	<b>\$60,000,000</b>	
Florida	\$3,843,831,073	58.9	\$5,508,555,966	60.2	\$5,811,609,954	<b>\$300,000,000</b>	Froze SCHIP enrollment, increased SCHIP premiums
Georgia	\$1,994,170,609	60.4	\$3,046,705,551	61.7	\$3,212,541,164	<b>\$170,000,000</b>	Increased SCHIP premiums
Hawaii	\$146,465,528	58.5	\$206,208,510	60.2	\$221,168,829	<b>\$10,000,000</b>	
Idaho	\$295,778,500	70.6	\$710,955,673	71.9	\$756,065,383	<b>\$50,000,000</b>	
Illinois	\$3,660,000,000	50.0	\$3,660,000,000	51.3	\$3,849,232,663	<b>\$190,000,000</b>	
Indiana	\$1,209,600,000	62.8	\$2,040,265,664	64.0	\$2,154,137,486	<b>\$110,000,000</b>	Eliminated 12-month CE in Medicaid
Iowa	\$390,829,404	63.6	\$681,404,901	65.2	\$731,920,967	<b>\$50,000,000</b>	
Kansas	\$1,161,900,000	61.0	\$1,818,094,870	62.3	\$1,917,612,324	<b>\$100,000,000</b>	Increased SCHIP premiums
Kentucky	\$779,783,700	69.6	\$1,785,294,261	71.4	\$1,941,974,415	<b>\$160,000,000</b>	Imposed SCHIP premiums
Louisiana	\$1,067,076,365	71.0	\$2,617,579,591	72.9	\$2,869,022,362	<b>\$250,000,000</b>	
Maine	\$630,800,000	64.9	\$1,165,839,134	67.3	\$1,296,483,837	<b>\$130,000,000</b>	Proposed premiums for some children in Medicaid
Maryland	\$1,820,674,950	50.0	\$1,820,674,950	51.3	\$1,914,809,149	<b>\$90,000,000</b>	Froze SCHIP enrollment for children >200% pov, imposed premiums
Massachusetts	\$3,346,500,000	50.0	\$3,346,500,000	51.3	\$3,519,523,800	<b>\$170,000,000</b>	Made SCHIP renewal more difficult, increased SCHIP premiums
Michigan	\$1,986,529,900	56.7	\$2,602,358,758	58.0	\$2,739,927,154	<b>\$140,000,000</b>	
Minnesota	\$1,858,558,000	50.0	\$1,858,558,000	51.3	\$1,954,650,863	<b>\$100,000,000</b>	Added SCHIP asset test, imposed premiums in Medicaid
Mississippi	\$401,700,000	77.1	\$1,350,917,801	78.3	\$1,452,870,637	<b>\$100,000,000</b>	
Missouri	\$1,020,166,041	61.2	\$1,605,743,974	62.7	\$1,717,065,086	<b>\$110,000,000</b>	
Montana	\$67,991,234	71.9	\$173,970,453	74.1	\$194,624,579	<b>\$20,000,000</b>	Froze SCHIP enrollment
Nebraska	\$471,710,638	59.6	\$697,047,137	61.2	\$742,473,758	<b>\$50,000,000</b>	Eliminated 12-month CE in Medicaid
Nevada	\$327,751,058	55.9	\$415,448,620	57.2	\$437,307,434	<b>\$20,000,000</b>	Increased SCHIP premiums
New Hampshire	\$276,582,000	50.0	\$276,582,000	51.3	\$290,882,095	<b>\$10,000,000</b>	Increased SCHIP premiums and cost sharing
New Jersey	\$2,150,000,000	50.0	\$2,150,000,000	51.3	\$2,261,161,264	<b>\$110,000,000</b>	Increased SCHIP premiums
New Mexico	\$473,638,100	74.3	\$1,369,311,705	76.1	\$1,508,940,803	<b>\$140,000,000</b>	
New York	\$12,810,843,600	50.0	\$12,810,843,600	51.3	\$13,473,201,537	<b>\$660,000,000</b>	
North Carolina	\$2,975,639,361	63.6	\$5,205,937,106	64.9	\$5,499,551,072	<b>\$290,000,000</b>	Increased SCHIP cost sharing
North Dakota*	\$145,912,249	67.5	\$302,910,418	69.6	\$333,589,062	<b>\$30,000,000</b>	
Ohio	\$3,842,466,000	59.7	\$5,687,459,595	60.9	\$5,994,876,550	<b>\$310,000,000</b>	
Oklahoma	\$142,249,000	70.2	\$334,776,486	71.5	\$356,870,298	<b>\$20,000,000</b>	
Oregon*	\$342,000,000	61.1	\$537,629,630	62.4	\$567,090,909	<b>\$30,000,000</b>	
Pennsylvania	\$4,000,751,000	53.8	\$4,666,387,215	56.0	\$5,095,999,796	<b>\$430,000,000</b>	
Rhode Island	\$520,172,254	55.4	\$645,610,476	57.3	\$697,744,520	<b>\$50,000,000</b>	

**Table 2: Estimates of Federal Funding Restored by Rockefeller-Smith Fiscal Relief Legislation**

State	Proposed State Spending SFY 2005 <sup>1,2</sup>	FFY 2005 FMAP <sup>3</sup> (regular)	Federal Matching Funds	FFY 2005 <sup>4</sup> Rockefeller-Smith FMAP	Federal Matching Funds at Higher FMAP	Federal Funds <sup>5</sup> Restored by Rockefeller-Smith	Recent Children's Medicaid and SCHIP Cuts <sup>6</sup>
South Carolina	\$689,514,131	69.9	\$1,600,469,698	71.2	\$1,700,482,857	<b>\$100,000,000</b>	
South Dakota	\$101,884,715	66.0	\$198,040,852	67.3	\$209,594,084	<b>\$10,000,000</b>	
Tennessee	\$2,490,045,500	64.8	\$4,585,957,626	66.1	\$4,848,726,973	<b>\$260,000,000</b>	Froze Medicaid eligibility and reduced benefits
Texas	\$3,049,342,640	60.9	\$4,743,508,472	62.1	\$5,002,790,024	<b>\$260,000,000</b>	Added SCHIP asset test, cut SCHIP benefits and eligibility
Utah	\$287,452,200	72.1	\$744,321,669	73.4	\$793,195,168	<b>\$50,000,000</b>	Froze SCHIP enrollment
Vermont	\$227,222,074	60.1	\$342,399,571	62.6	\$380,323,578	<b>\$40,000,000</b>	Increased SCHIP premiums
Virginia	\$1,803,510,057	50.0	\$1,803,510,057	51.3	\$1,896,756,781	<b>\$90,000,000</b>	
Washington	\$1,670,051,000	50.0	\$1,670,051,000	51.3	\$1,756,397,502	<b>\$90,000,000</b>	Eliminated 12-month CE (Medicaid) + automatic verification (SCHIP)
West Virginia	\$252,167,036	74.7	\$742,574,723	76.5	\$818,605,941	<b>\$80,000,000</b>	
Wisconsin	\$1,684,892,300	58.3	\$2,357,555,637	59.7	\$2,492,871,895	<b>\$140,000,000</b>	Increased SCHIP premiums
Wyoming*	\$57,882,011	57.9	\$79,604,951	61.0	\$90,647,655	<b>\$10,000,000</b>	Reduced SCHIP benefits, imposed cost sharing

<sup>1</sup> Estimates may include spending that is not eligible for the higher Rockefeller-Smith match rate, such as disproportionate share hospital payments, or spending that is ordinarily matched at a higher rate (e.g., family planning, services to Native Americans).

<sup>2</sup> Estimates may not include all state Medicaid funding that is eligible for the Rockefeller-Smith match rate.

<sup>3</sup> Assistant Secretary for Planning and Evaluation (ASPE), U.S. Department of Health and Human Services; <http://www.aspe.hhs.gov/health/fmap05.htm>

<sup>4</sup> A state does not qualify for the higher match rate if it has cut Medicaid eligibility relative to the level as of September 2, 2003.

<sup>5</sup> Does not include the \$1.2 billion provided by the bill to defray the cost, to states, of implementing the new Medicare prescription drug benefit.

<sup>6</sup> Information on recent reductions to children's Medicaid and State Children's Health Insurance programs taken from the following:

I. Hill, et al., "Squeezing SCHIP: States Use Flexibility to Respond to Ongoing Budget Crisis," Urban Institute, June 2004

H.B. Fox and S.J. Limb, "SCHIP Programs More Likely to Increase Children's Cost Sharing Than Reduce Their Eligibility or Benefits to Control Costs," Maternal and Child Health Policy Research Center, April 2004

H.B. Fox, et al., "Children Not the Target of Major Medicaid Cuts but Still Affected by States' Fiscal Decisions," Maternal and Child Health Policy Research Center, June 2004

<sup>7</sup> Includes only state spending that, based on a December 29 estimate summary from the Fiscal Forecasting and Data Management Branch, would be matched at the regular FMAP (50 percent for California) under current law.

According to a California State Senate Budget Committee overview of the governor's proposed budget, "the loss of this enhanced federal financial participation results in an increased need of \$655.4 million (General Fund)." This figure suggests that state (non-federal) spending would be lower at a higher FMAP and consequently CA would not draw down the full \$590 million in additional funds at the Rockefeller-Smith match rate.

\* Proposed state funding for SFY 2005 estimated by dividing the amount in the biennial budget evenly over the two years.

FMAP - Federal Medical Assistance Percentage, or federal Medicaid match rate

SFY 2005 - State fiscal year 2005 (generally July 1, 2004 through June 30, 2005)

FFY 2005 - Federal fiscal year 2005 (October 1, 2004 through September 30, 2005)

SCHIP - State Children's Health Insurance Program

CE - Continuous Eligibility, an option under which coverage is guaranteed regardless of changes in status, including income

Automatic verification - automatic verification/self-declaration of income