Congress of the United States
House of Representatives
Washington, D.C. 20515

February 25, 2008

PROTECT HEALTH COVERAGE IN THE RECESSION

Dear Colleague:

Earlier this month, H.R. 5268 was introduced to provide State fiscal relief through an increase in Federal funding in the Medicaid program. The legislation would help protect access to health coverage during the economic downturn for those who are currently enrolled in the program as well as those that become eligible during the coming months.

This bipartisan legislation would provide targeted fiscal relief to States from April 1, 2008, through June 30, 2009, by:

- Providing a temporary increase of the Federal Medical Assistance Percentage (FMAP) by 2.95 percent;
- Providing a similar temporary increase of the Medicaid FMAP by 5.9 percent for the territories;
- Protecting States against a decline in their Medicaid FMAP; and
- Requiring States to maintain their Medicaid eligibility at current levels in order to receive the 2.95 percentage point temporary increase in the Medicaid FMAP.

Temporarily increasing the Federal matching payments in Medicaid is a *proven strategy* for stimulating the economy. The increase in Federal dollars in States generates business activity, jobs, and wages that States would not otherwise see.

During the last significant economic downturn in 2003, Congress included an identical FMAP increase of 2.95 percentage points in its economic stimulus package. This infusion of additional Federal funding was a vital source of economic support at that time and it can be that again in 2008. According to a 2005 study, investing $1 million of State funds in Medicaid generated $1.23 million in new wages in a year.

Please join in cosponsoring this important legislation. To be added as a cosponsor, please contact Hasan Sarsour with the Committee on Energy and Commerce at ext. 5-2927 or at hasan.sarsour@mail.house.gov.

Sincerely,

Frank Pallone, Jr.
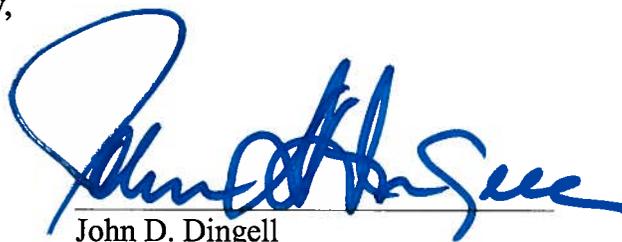
John D. Dingell

Peter T. King

Thomas M. Reynolds