



**Preliminary Information on
Major Components of the
American Recovery and Reinvestment Act
Related to Health and Human Services
(HHS) Agencies**

**Presentation to the
House Committee on Public Health
February 24, 2009
Albert Hawkins, Executive Commissioner**

Key Provisions

The American Recovery and Reinvestment Act contains several key provisions that will impact health and human services:

- Temporarily increases the federal contribution for the Medicaid program.
 - The federal contribution is referred to as Federal Medical Assistance Percentage (FMAP).
- Increases allotment for hospitals serving a disproportionately large number of Medicaid and low-income patients.
 - These funds are referred to as Disproportionate Share Hospital (DSH) program.
- Increases benefit amounts for the purchase of food items for low-income Texans enrolled in the Supplemental Nutrition Assistance Program (SNAP) i.e., Food Stamp Program.
- Extends TANF Supplemental Grants.
- Extends Moratorium on Federal Regulations.

Medicaid Program Information

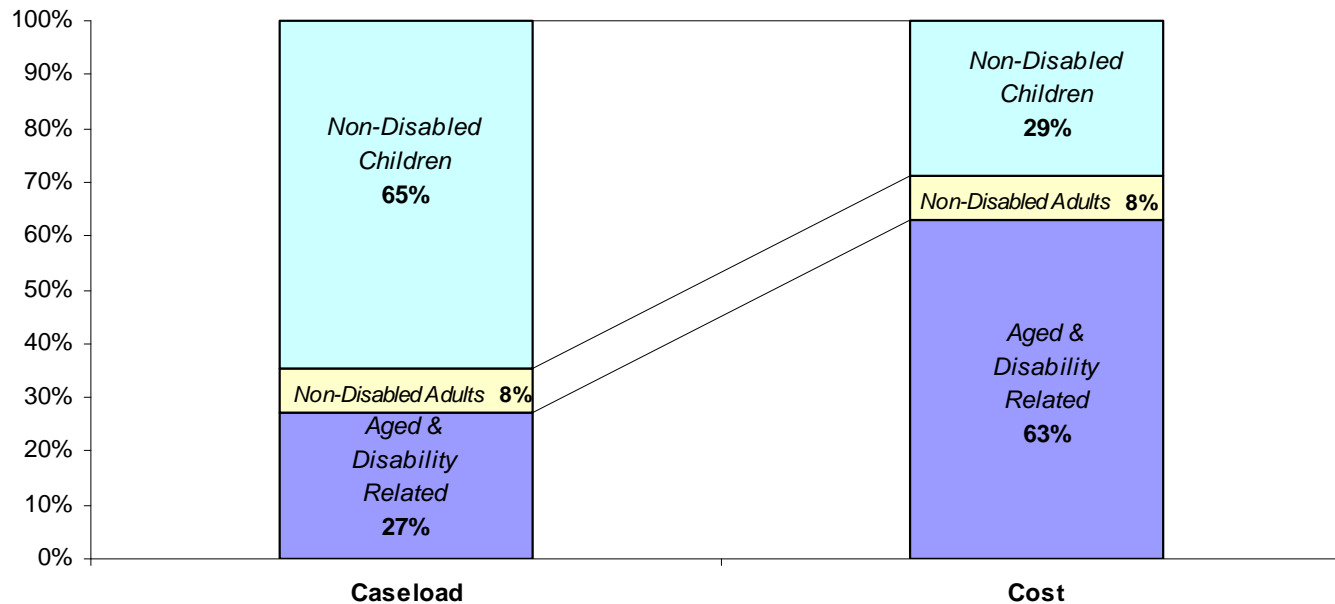
- Medicaid is a jointly funded (state-federal) program that provides health benefits to approximately 3.0 million individuals in Texas.
 - In December 2007, about one in eight Texans relied on Medicaid for health insurance of long-term services and supports.
- Medicaid is an entitlement program.
 - All individuals who meet eligibility requirements are enrolled.
 - Enrollment cannot be capped.
- The Medicaid program is jointly administered by the state and federal government.
 - Prior to the passage of the Recovery and Reinvestment Act, for every dollar spent on Medicaid benefits, the federal government paid almost 60 cents (59.44% FMAP, FFY 2009).

Medicaid Program Information

Medicaid serves primarily low-income:

- Children
- Pregnant women
- Elderly
- People with disabilities

**Texas Medicaid Beneficiaries and Expenditures
State Fiscal Year 2007**



Source: HHSC Financial Services, 2007 Medicaid Expenditures, including Acute Care, Vendor Drug, and Long-Term Care. Caseloads and costs for all Medicaid payments for full beneficiaries and non-full beneficiaries (Women's Health Program, Emergency Services for Non-Citizens, and Medicare payments) are included.

Increased Federal Match for Medicaid

- HHSC estimates indicate that Texas would receive approximately \$4.63 billion in additional federal funding: \$1.61 billion in FY 2009, \$2.18 billion in FY 2010, and \$0.8 billion in FY 2011, compared to SB1 as introduced.
 - Amount of additional federal funding is based on Medicaid caseloads and expenditures. Estimates vary based on the caseload projections used.
- The increase is temporary:
 - Covers October 1, 2008 thru December 31, 2010.
 - The federal formula used to calculate the increase:
 - Maintains the FY 2008 FMAP rate;
 - Provides an Across-the-Board increase of 6.2 percentage points; and
 - Adjusts according to the percentage increase in unemployment in the state.
 - Current HHSC estimates may increase if unemployment rises.
 - Federal formula divides states into three tiers based on unemployment rates.
 - Tier Three provides the greatest adjustment.
 - Based on current projections HHSC estimates the first four quarters of the unemployment adjustment will be at Tier One and the remaining five quarters will be at Tier Two.

Requirements to Receive the Increased Medicaid Match

- Medicaid eligibility standards, methodologies, or procedures cannot be more restrictive than those in effect as of July 1, 2008.
- A state is not eligible for the across-the-board increase (6.2 percentage points) or the additional unemployment adjustment “if any amounts attributable (directly or indirectly) to such increase are deposited into any state reserve or rainy day fund.”
 - “Reserve” and “Rainy Day Fund” are not defined in statute.
- Prompt payment requirements for Medicaid providers must be met.
 - States must ensure that 90 percent of claims submitted that do not require additional information or documentation are paid within 30 days, and 99 percent of such claims within 90 days.
 - Texas is currently exceeding this requirement.
- States must submit a report by September 30, 2011, to the Secretary of Health and Human Services regarding how the funds were spent.
- Requires the Governor to certify that the State will request and use the funds to create jobs and promote economic growth (certification within 45 days of enactment).
 - The Governor submitted a letter to the President on February 18, 2009 certifying that Texas will accept the funds and use them to promote economic growth and to create jobs.

Increased Allotment for Disproportionate Share Hospitals

- Federal law requires state Medicaid programs to make special payments to hospitals that serve significant populations of indigent patients through the **Disproportionate Share Hospital (DSH)** program.
 - Funds are not tied to specific services for Medicaid-eligible patients.
 - Payments are used by hospitals to cover the costs of uncompensated care for indigent or low-income patients.
 - In SFY 2007, 178 Texas hospitals qualified to receive DSH payments.

Increased Allotment for Disproportionate Share Hospitals

The American Recovery and Reinvestment Act increases the allotment to 102.5 percent of the state's 2009 allotment.

- As with other “matching” Medicaid programs, the federal government and the state each pay a share of the total DSH program costs.
 - In Texas, the state share is funded from intergovernmental transfers from nine hospital districts and with state-appropriated funds from state-owned hospitals.
- Texas DSH Hospitals would receive an estimated \$23.4 million in additional federal funding in state fiscal year 2009 and \$47.4 million in state fiscal year 2010 over current fiscal year 2009 levels.
- Texas DSH hospitals current allotment is \$936.7 million, federal.

Nutrition Assistance Program Information

- The Supplemental Nutrition Assistance Program (SNAP), i.e., Food Stamps, provides a monthly benefit to qualified applicants to assist with food purchases.
- SNAP is an entitlement program.
 - All individuals who meet eligibility requirements are enrolled.
 - Enrollment cannot be capped.
- SNAP benefits are 100 percent federally funded.
- Eligibility criteria is federally defined.
 - For a family of three, the maximum gross monthly income is \$2,420.
 - The maximum monthly benefit for a family of three is \$463.

Increased Funding for Nutrition Assistance

- Additional funding provides a 13.6 percent benefit increase for SNAP.
- Changes to SNAP must be implemented not less than 25 days after enactment of the law.
 - Benefit increase will be implemented effective April 2009.
- Lifts restrictions that limit the amount of time individuals without dependents can receive food stamps.
 - Currently, childless adults between the ages of 18 and 50 are limited to 3 months of Food Stamp benefits in a 3-year period in Texas. The benefit period can be longer if the adult works at least 20 hours a week or is in a job or training program.
- Effect on Texas SNAP projections based on January 2009 statistics:

• Number of cases:	1,130,535
• January benefits issued:	\$311,592,465
• Average monthly January benefit per household:	\$276
• Stimulus 13.6 percent average increase:	\$38
• New average monthly benefit:	\$314
• Difference in monthly benefit amount:	\$43,395,525

TANF Supplemental Grants

- Temporary Assistance for Needy Families (TANF) Block grant provides states funding for benefits and services primarily targeted to low-income families and children.
- Seventeen states including Texas currently receive TANF supplemental grant funding as part of the block grant allotment.
 - Provided to states that meet criteria of high rates of population growth and/or low historic benefit levels.
- The supplemental grants were set to expire at the end of FY 2009.
 - The Act extends supplemental grants at the \$319 million annual level (nationally) through fiscal year 2010.
 - Texas will receive an estimated \$52.7 million in FY 2010.

TANF Program Information

- At HHSC, TANF funds are used to provide cash welfare benefits to needy families with children.
 - In January 2009, there were approximately 47,000 TANF cases statewide.
 - The maximum grant for a single parent with two children is currently \$244.
 - Monthly cash payments help pay for food, clothing, housing, utilities, and other basic needs.
- Texas also utilizes the TANF block grant funds to support other programs, including: foster care; dropout and delinquency prevention programs for youth; child care regulation; and job training programs.

- Extends Moratorium on Regulations
 - Extends the moratorium on the following four Centers for Medicare and Medicaid Services (CMS) regulations through June 30, 2009: outpatient hospital services, provider taxes, targeted case management services, and school administration and transportation services.
 - Current moratorium on these regulations expires March 31, 2009.
 - The moratorium is not statutorily extended on these three CMS regulations, however, a Congressional intent statement is provided that CMS should not promulgate rules in these areas: cost limits on public providers, graduate medical education (GME) payments, and rehabilitative services.

Estimated State Funding Impact of Other HHS Components

NOTE: Time frames for expending the appropriations varies by program. Estimates for Texas are still being analyzed.

PROGRAM	FUNDED THROUGH	FUNDING ESTIMATES
Nutrition Services for Older Americans	Department of Aging and Disability Services (DADS)	National: \$100 million; TX: \$8 million*
Vocational Rehabilitation (VR) Services	Department of Assistive and Rehabilitative Services (DARS)	National: \$540 million; Texas: \$44.8 million*
Independent Living Services	DARS and direct to Independent Living Centers	National: \$140 million; Texas: DARS: \$3.3 million**; direct to Independent Living Centers: TBD
IDEA Part C	DARS	National: \$500 million; Texas: \$39.4 million*
Community Health Centers	Undetermined at this time; health center funding would go direct to Federally Qualified Health Centers	National: \$2.5 billion: \$1.5 billion for construction, renovation, IT; \$500 million in grants to community health centers; \$500 million for health professional workforce shortages
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Department of State Health Services (DSHS)	National: \$400 million for the program's contingency reserve; \$100 million for management information systems.
Prevention and Wellness Fund	DSHS and direct to some communities	National: \$1 billion (of the \$300 million designated for immunizations, TX amount is \$12.8 million)*
Health Information Technology (HIT)	A portion to HHSC	National: \$19 billion

Estimates as of 2/18/09: * Federal Funds Information for States (FFIS); **US. Dept. of Education (DoE)