

**Implementation of the
American Recovery and Reinvestment Act
Related to Health and Human Services
Agencies**

**Presentation to the House Select Committee
on Federal Economic Stabilization Funding**

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Stimulus Funding Sources

FMAP-Related ARRA Funds

- The American Recovery and Reinvestment Act (ARRA) provided for a temporary increase in the Federal Medical Assistance Percentage (FMAP), which is used in determining the amount of Federal matching funds for the Medicaid program.
 - Medicaid is a jointly funded (state-federal) program that provides health benefits to approximately 1 in 8 individuals in Texas.
 - 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).
- The federal formula used to calculate the increase in FMAP provides a hold harmless (FY 2008 rate); an across-the-board increase of 6.2 percentage points; and adjusts according to the percentage increase in unemployment in the state.

Other ARRA Funds

- The ARRA also allocated stimulus funds through various categorical funding areas. These funds include:
 - Prevention and Wellness Fund
 - Supplemental Nutrition Assistance Program (Administration funds for the program formerly known as Food Stamps)
 - Child Care and Development Block Grant
 - IDEA Part C (Individuals with Disabilities Education Act - early intervention programs for infants and toddlers with disabilities)

ARRA Federal Funds Drawn Year to Date

State Fiscal Year 2009

- *FMAP-related ARRA Funds:*
 - To date, approximately \$1.587 billion has been drawn; by the end of SFY 2009, we project drawing approximately \$1.705 billion.
 - Tier One unemployment adjustment was in effect for SFY 2009.
 - These funds include Department of Family and Protective Services Title IV-E dollars (foster care and adoption subsidies).
- *Other ARRA Funds:*
 - Requesting state approval to draw approximately \$13.8 million in Supplemental Nutrition Assistance Program (SNAP) Administration ARRA Stimulus funds to support eligibility functions.
 - To date, approximately \$6.2 million has been expended for the annual TANF Back-to-School subsidy (additional information on page 9).

ARRA Federal Funds Appropriated and Drawn Year to Date

State Fiscal Year 2010

- *FMAP-related ARRA Funds:*
 - Approximately \$1.967 billion was appropriated in SFY 2010.
 - SB 1 assumed Tier One unemployment adjustment for SFY 2010 Quarters 1-3. No unemployment adjustment Tier was assumed for SFY 2010 Quarter 4
- *Other ARRA Funds:*
 - Approximately \$221.5 million in non-FMAP ARRA funds were appropriated in SFY 2010 as follows:
 - DARS: \$87.6 million for Vocational Rehabilitation, IDEA Part C, and Independent Living Services.
 - DADS: \$6 million for Congregate and Home Delivered Meals
 - DFPS: \$64.4 million for Child Care and Development Block Grant and TANF Supplemental Funds
 - DSHS: \$8.5 million for Immunizations, Prevention and Wellness, Infection Reduction Strategies, and Vernon State Hospital Capacity.
 - HHSC: \$31.7 million for SNAP administration, TANF Emergency Contingency, and Prevention and Wellness Fund.
 - Funds for local Disproportionate Share Hospitals (DSH) total \$23.4 million in FFY 2009; however, these funds cannot be drawn until current year DSH funds have been expended. HHSC anticipates expending the current year DSH funds and the stimulus DSH funds in September 2009, which is in state fiscal year 2010.

ARRA Federal Funds Appropriated and Drawn Year to Date

State Fiscal Year 2011

- *FMAP-related ARRA Funds:*
 - Approximately \$571 million was appropriated for SFY 2011. (The recession adjustment period ends in December 2010 and covers 4 months of SFY 2011).
 - No unemployment adjustment Tier was assumed for FFY 2011 Quarter 1.
- *Other ARRA Funds:*
 - Approximately \$2.8 million in non-FMAP ARRA funds were appropriated in SFY 2011 to DSHS for Prevention and Wellness and Vernon State Hospital capacity expansion.
 - Funds for local Disproportionate Share Hospitals total \$47.4 million in FFY 2010. HHSC anticipates expending the current year DSH funds and the stimulus DSH funds in September 2010, which is in state fiscal year 2011.

FMAP Unemployment Tiers

- States with a quarterly unemployment rate of at least 1.5 percentage points over their lowest three-month average unemployment rate since January 2006 (Base Unemployment Rate) receive bonus increases in FMAP as “high unemployment states.”
 - The Base Unemployment Rate is the state's lowest average monthly unemployment rate for any 3-consecutive-month period preceding the most recent period and beginning on or after January 1, 2006.
 - The base unemployment rate for Texas is 4.4 percent and occurred between June and August 2007.
- The criterion for Texas entering TIER I high unemployment state adjustment is a 3-month average unemployment rate of 5.9 percent.
- The threshold for entering TIER II is an average unemployment rate of 6.9 percent.
- The threshold for entering TIER III is an average unemployment rate of 7.9 percent.

Texas Unemployment Rates

Texas Unemployment Rate - Recession Adjustment Period

Year	Period	Labor Force	Number Employed	Number Unemployed	Unemployment Rate	Quarterly Average		3-Month Moving Avg	
						Average Rate	Difference from 4.4 Base	Average Rate	Difference from 4.4 Base
2008	Oct	11,791,846	11,171,270	620,576	5.3				
2008	Nov	11,823,440	11,184,578	638,862	5.4				
2008	Dec	11,856,650	11,197,975	658,675	5.6	5.4	1.0	5.4	1.0
2009	Jan	11,816,124	11,060,266	755,858	6.4			5.8	1.4
2009	Feb	11,839,609	11,068,084	771,525	6.5			6.2	1.8
2009	Mar	11,861,161	11,064,471	796,690	6.7	6.5	2.1	6.5	2.1
2009	Apr	11,924,810	11,131,845	792,965	6.6			6.6	2.2
2009	May	11,955,424	11,111,976	843,448	7.1			6.8	2.4
2009	Jun	11,972,623	11,072,883	899,740	7.5	7.1	2.7	7.1	2.7

October 2008 to May 2009 are considered complete; June 2009 is considered preliminary.

Bureau of Labor Statistics, July 17, 2009

FMAP Rates 2009-2011

	Appropriated	Actual	Projected	Projected Incremental Fiscal Impact
Federal Fiscal Year 2009				
<i>Quarters 1-4</i>	Tier I	Tier I		
Medicaid	68.76	68.76		
Title IV-E ²	66.73	66.73		
Federal Fiscal Year 2010				
<i>Quarters 1-3</i>	Tier I		Tier II	
Medicaid	68.76		69.85	\$164 Million
Title IV-E ²	66.73	66.73		
Federal Fiscal Year 2010¹				
<i>Quarter 4</i>	No Tier		Tier II	
Medicaid	66.76		69.85	\$155 million
Title IV-E ²	66.73	66.73		
Federal Fiscal Year 2011¹				
<i>Quarter 1</i>	No Tier		Tier II	
Medicaid	66.76		69.85	\$155 million
Title IV-E ²	66.73	66.73		

1 Special Rules apply to last 2 quarters; the unemployment tiers are recalculated.

2 Title IV-E receives only the Hold Harmless (minus .03 due to Title IV-E ineligibility for the special FFY 2008 FMAP adjustment for Katrina) and the Across-the-Board increase; the FMAP Unemployment Bonus is not applied to the Title IV-rate.

TANF Annual Back-to-School Grants

- Every August, HHSC makes an annual back-to-school supplemental payment of \$30 for each child on TANF to assist with back-to-school expenses.
 - Temporary Assistance for Needy Families (TANF) provides cash assistance to needy dependent children and the parents or relatives with whom they are living.
- Provisions in Section 2101 of the American Recovery and Reinvestment Act of 2009 allow the state to temporarily increase the back-to-school payment in FY09 and FY10 to \$105 per child without any additional state expenditure.
 - House Bill 4586, Section 40, Regular Session, 2009, authorizes the Health and Human Services Commission to
“use current unexpended TANF balances for the purpose of funding an additional \$75 one-time grant for a total of \$105 in the state fiscal year ending August 31, 2009, for each TANF child in an effort to maximize funds received by this state under the American Recovery and Reinvestment Act of 2009.”
 - Senate Bill 1, Article XII Section 22, Regular Session, 2009, authorizes HHSC to further utilize ARRA TANF funds issue the \$105 grant in August 2010.
- As of July 2009, there were 58,892 eligible children scheduled to receive the \$105 one-time subsidy, for a total pay out of \$6,183,660. These subsidies were issued August 1-3, 2009, in conjunction with the TANF monthly benefit issuance.
 - Children that apply and are determined eligible for TANF in August will also receive the subsidy. A final count of subsidies will be available once all August applications and renewals are processed.