



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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April 8, 2009

Federal Guidance on Key Provisions

Federal guidance has been received on some key provisions of the American Recovery and Reinvestment Act (ARRA) that will impact Health and Human Services.

Medicaid

- To access the additional funds associated with the increased FMAP, each State must ensure that the “eligibility standards, methodologies, or procedures” under its Medicaid State Plan, or under its Medicaid Waiver or demonstration programs, are not more restrictive during this period than those in effect on July 1, 2008.
- No amounts attributable (directly or indirectly) to the increased FMAP may be deposited or credited to any reserve or rainy day fund of the State, except to the extent of any increase based on maintenance of the prior year FMAP levels.
- 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.

CMS Requirements to Receive the Increased Medicaid Match

The five attestations as provided by the Centers for Medicare and Medicaid Services (CMS) that are implicit in receiving the Medicaid grant award are as follows:

1. The State is eligible for the increased FMAP because the State is applying Medicaid eligibility standards, methodologies and procedures that are no more restrictive than those in effect under the State plan (or any waiver or demonstration project) on July 1, 2008.
2. The State is eligible for the increased FMAP because no amounts attributable (directly or indirectly) to such increased FMAP are deposited or credited to any reserve or rainy day fund of the State.
3. The State is eligible for the increased FMAP because it does not require political subdivisions within the State to contribute for quarters beginning October 1, 2008 and ending December 2010, a greater percentage of the non-Federal share of such expenditures than the respective percentage that would have been required under the State Medicaid plan on September 30, 2008.
4. The expenditures for which the State draws funds must be eligible expenditures.
5. The expenditures for which the State draws funds are not payments for health care practitioner claims or certain nursing home and hospital claims that were received by the State during periods in which the State is not in compliance with prompt payment standards.

Requirements to Receive the Increased DSH Allotment

Disproportionate Share Hospitals

- ARRA increases allotment to 102.5 percent of the state's 2009 allotment for hospitals serving a disproportionately large number of Medicaid and low-income patients.
- States will have to first exhaust their original FY 2009 federal Medicaid DSH allotments before they can access the increased portion of their federal Medicaid DSH allotments as authorized under ARRA.
- As part of the budget request process from states, HHS/CMS will be asking states to estimate how much of the additional portion of the federal Medicaid DSH allotment they may need.
- Any additional funds requested by states for Medicaid DSH payments will be handled through separate Medicaid grant awards similar to the way the increased FMAP funds were released to states.

ARRA Funds Received to Date

Medicaid

- States that are eligible for the increased FMAP are now able to access the additional funds on an ongoing basis. At the beginning of each quarter, the amount of additional funding for that quarter will be determined by calculating the percentage difference between the increased FMAP under ARRA and the pre-ARRA FMAP, and then multiplying that difference by the estimates of appropriate expenditures submitted by each State.
- For Quarters 1-3, FMAP has been determined to include Tier 1 unemployment, hold harmless (FY 2008 base) and the across-the-board (to all states) adjustment.
- Out of an estimated \$1.6 billion anticipated in FY 2009, \$668.6 million has been drawn as of April 3.

SNAP

- Additional funding provides a 13.6 percent benefit increase for Supplemental Nutrition Assistance Program (SNAP), formerly known as Food Stamps, effective April 1, 2009.

Pending Federal Guidance

Health Information Technology (HIT)

- HIT Title IV of ARRA has the most significant impact to HHSC and Medicaid as it provides for Electronic Health Record (EHR) incentive payments to Medicaid providers of up to \$65,000 over a five-year period.
- HHSC is waiting for initial guidance from Centers for Medicare and Medicaid Services (CMS) in the form of a State Medicaid Director's Letter, which should be available soon. Nationally, approximately \$20.8 billion was appropriated from FY 2009 through FY 2019 (includes savings assumed).
- HIT Title XIII offers the most potential for HHS enterprise agencies; however, until National Coordinator Dr. David Blumenthal's plan is submitted (due by May 17th), we do not have specifics about potential grant opportunities. Nationally, \$2 billion in federal funding was appropriated.

Prevention and Wellness Fund

- DSHS is still awaiting federal guidance on the Prevention and Wellness Fund provisions included in ARRA.
- Nationally, approximately \$1 billion was appropriated. Of the \$300 million designated for immunizations, the amount for Texas is estimated to be approximately \$22 million.