UTAH HEALTH POLICY PROJECT

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## *NEWS RELEASE*

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# THANKS TO FEDERAL ECONOMIC STIMULUS PACKAGE, UTAH CAN PROTECT MEDICAID—DESPITE DEEPER REVENUE SHORTFALLS: UHPP *NAVIGATOR* SHOWS THE WAY

**Salt Lake City, UT –** New economic estimates presented today to the Utah Legislature report an additional $171 million shortfall for this fiscal year and a $235 million increase in the shortfall forecast for next fiscal year. Despite the grim news and calls for harsh austerity measures in the current legislative session, the federal economic stimulus package (the "American Recovery and Reinvestment Act," which was signed into law today) can fully mitigate the fallout from the current economic meltdown with respect to Medicaid.

"The key will be for policymakers to maximize the economic recovery monies set aside for Medicaid: for Utah this is quite significant, up to $320 million over the 9 calendar quarters of fiscal relief," says Judi Hilman, UHPP Executive Director. To qualify for this funding, however, Legislators must maintain eligibility levels and standards at levels in place in July, 2008.

To help make sense of the current economic stimulus package, the Utah Health Policy Project has released a new *Medicaid Cost Management and Economic Stimulus Navigator* to help policymakers maximize Federal resources for Medicaid in the face of deepening revenue shortfalls. This document will be distributed to members of the House and Senate. An introduction to the *Navigator* can be found here:

http://www.healthpolicyproject.org/Publications_files/Medicaid/MedicaidCostEconStimulusNavigatorIntro2-17-09.pdf

The *Navigator* itself is posted here:

http://www.healthpolicyproject.org/Publications_files/Medicaid/NavigatorWithDescripFINAL2-17-09.pdf

Excerpt from the *Navigator* Introduction…

## Utah Medicaid and the Federal Economic Stimulus

Signed into law today, the American Recovery and Reinvestment Act (ARRA) sets aside an estimated $320 million in economic recovery money for Utah Medicaid. To maximize the state's portion of these funds, policymakers must do 3 things: First, in order to meet the ARRA's maintenance of effort (MOE) requirement, Utah must maintain Medicaid eligibility and eligibility standards as they stood in July 2008. **Failure to do so will disqualify Utah for *all* of the $320 million available.** Unfortunately, Utah has made a number of base budget reductions for FY 2010 that will cause the state to fail this basic test. To satisfy the MOE requirement, the Legislature must do these things:

1. Restore eligibility for the Medically Needy Program to 100% (from 44%) of the poverty level (FPL);
2. Restore Age, Blind, Disabled eligibility to 100% from 75% FPL;
3. Restore presumptive eligibility for pregnant women;
4. Restore the Foster Care Independent Living Program (HB 288, by Rep. Hogue in 2006);
5. Lower the asset limit for pregnant women back to $3,000 (from $5000).

Second, the state must maintain its current state funding contribution to Medicaid. The Medicaid economic recovery money is delivered to the state through a temporary increase in the Federal Medical Assistance Percentage (FMAP) rate lasting nine fiscal quarters (October 1, 2008 through December 31, 2010). This means that Utah's FMAP will increase by 7.12% to 77.83% for FY 2009. For FY2010, Utah's FMAP will likely increase an additional 1.55% to 79.83%; this increase could be even higher if the state's unemployment rate increases dramatically. Third, the state must demonstrate prompt payment to providers.

All told, for every dollar the state cuts from Medicaid, Utah will now be giving up nearly $4 in Federal match! These losses are magnified even further if we consider the full economic impact of Medicaid spending. For example, $56 million in proposed state Medicaid spending supports 3,123 Utah jobs paying 116,840,755 in wages. These jobs and wages are associated in turn with an estimated $324,874,293 in economic activity.

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