

## Enhanced State Medicaid Match Authorized Through June 2011

If you have any questions, please contact the following, or your Vorys relationship attorney:

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On August 10, 2010, President Obama signed a bill extending Medicaid's temporary enhanced Federal Medical Assistance Percentage ("FMAP") for states into law. H.R. 1586, the so-called "Education Jobs and Medicaid Assistance Act," was approved by the House in a special emergency session on Tuesday by a vote of 247-161.

The FMAP enhancement was introduced last year to assist states, who share financial responsibility for the Medicaid program with the federal government, in paying for additional Medicaid coverage authorized under the American Recovery and Reinvestment Act (better known as the federal stimulus package). As a result of the stimulus package, all states are eligible to receive a base increase in their FMAP of 6.2% through December 31, 2010.

Under H.R. 1586, states will be entitled to receive a phased-down enhanced Medicaid match for an additional six month period - 3.2% for the first quarter (January 2011 through March 2011) and 1.2% for the second quarter (April 2011 through June 2011). Those states with high unemployment will continue to receive additional percentage points in Medicaid funding during the six-month extension.

The projected cost of H.R. 1586 is \$26 billion, with \$16 billion allocated to the enhanced FMAP extension. Another \$10 billion is aimed at providing educational assistance to states. The legislation is paid for by provisions that include an earlier sunset of the temporary increase in benefits for the Supplemental Nutrition Assistance Program (food stamps). The Congressional Budget Office said that the bill will ultimately reduce the deficit by \$1.4 billion.

It is estimated that Ohio will receive \$492 million in enhanced FMAP funds and \$361 million in education-related funds as a result of the new law.

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