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Federal Legislative Update

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FMAP Extension and SGR Fix Legislation

Due to significant opposition from the Blue Dog Coalition—a group of 54 conservative and moderate Democrats—the U.S. House of Representatives stripped out an extension of the stimulus bill’s increased federal medical assistance percentage (FMAP) late last night from the *American Workers, State and Business Relief Act of 2010* (HR 4213), a tax “extenders” package.

Originally contained in this legislation was a six-month extension of emergency federal Medicaid funding, which would have provided much-needed fiscal relief to states as they work to recover from the impacts of the recent economic recession. This FMAP extension would have supplemented the \$87 billion provided for state Medicaid programs through the *American Recovery and Reinvestment Act*.

The Senate bill is expected to be taken up during the week of June 7, following the Memorial Day recess. It is hoped that senators include the emergency FMAP extension as part of their version of the legislation.

ACTION NEEDED: AAP is profoundly disappointed with the House’s decision to strip FMAP from HR 4213. Please take the following action:

Request a district meeting with your senators during the Memorial Day recess to urge them to address FMAP in the Senate version of the bill. Tell them:

- 1) We must work to ensure that states can continue providing millions of children and families with access to high-quality, affordable health care through vital public programs.
- 2) As a pediatrician, I see firsthand how valuable these public programs are to the millions of children and families who depend on them for affordable, high-quality care.
- 3) Without this funding, states will be forced to make severe cuts to Medicaid payments, which will unfairly prevent some of the country’s most vulnerable children from receiving access to essential health care services.

Additionally, the House passed separately today on the Sustainable Growth Rate (SGR) provisions of H.R. 4213—which would allocate \$23 billion and would provide an extension for 19 months. The 21 percent Medicare physician payment cut scheduled for 2010 will technically take effect on June 1, before the Senate can act. Therefore, the Centers for Medicare & Medicaid Services issued instructions to its contractors to postpone processing claims for Medicare physician services provided on or after June 1 for

10 days to provide time for Congress to complete its action and overturn the scheduled cut retroactive to June 1. The Senate plans to take up SGR legislation during the week of June 7.

Health Reform Implementation: Medicaid Expansion

This week, the Kaiser Family Foundation's Commission on Medicaid and the Uninsured (KCMU) released a [state-by-state analysis](#) on the cost of the Medicaid expansion within health reform. The Foundation's analysis projects decreases in the number of uninsured Americans and finds that the federal government will cover the majority of the costs associated with the Medicaid expansion under the new health reform law.

The expansion, which is set to begin in 2014, would increase the nationwide eligibility threshold for Medicaid to 133% of the federal poverty level, which is approximately \$29,300 for a family of four. The law states that the federal government will pay 100% of the cost of covering all newly eligible people through 2016 and pay 90% through 2020.

The analysis, performed by John Holahan and Irene Headen of the Urban Institute for KCMU, projects that national Medicaid enrollment will climb by 15.9 million more people by 2019 than it otherwise would have, and that the number of uninsured will decrease by more than 11 million. The cost of the Medicaid expansion between 2014 and 2019 would be jointly financed, with the federal government paying \$443.5 billion (or 95.4% of the total cost) and the states contributing \$21.2 billion. According to the study, overall federal spending on Medicaid will increase by 22% during those years, while state spending on the program will increase by 1.4%. The study also found that states that have previously limited Medicaid enrollment will see substantial increases to their Medicaid population, but that the federal government will cover the vast majority of the cost of these newly eligible residents. Conversely, states that have worked to expand Medicaid in recent years will see even more federal help under the new law.

Health Reform Implementation: Benefits for Young Adults

According to a recently released Commonwealth Fund [report](#), millions of young adults stand to benefit from many of the new health reform law's provisions, including: the ability to enroll in a parent's health plan up to age 26, beginning in September 2010; significant expansion in eligibility for Medicaid, beginning in 2014; and the creation of state or regional health insurance exchanges with subsidized private insurance for people with low and moderate incomes, also beginning in 2014.

The report found that nearly 14 million U.S. residents between ages 19 and 29 were uninsured in 2008, representing 30% of the nation's uninsured population.