



United States Government Accountability Office
Washington, DC 20548

February 5, 2009

The Honorable Charles E. Grassley
Ranking Member
Committee on Finance
United States Senate

Subject: *Estimated Adjusted Medicaid Funding Allocations Related to the Proposed American Recovery and Reinvestment Act*

Dear Senator Grassley,

You asked us to estimate the state allocations that would likely occur if an across-the-board percentage point increase in the Federal Medical Assistance Percentage (FMAP) replaced Section 5001 of the proposed American Recovery and Reinvestment Act of 2009, while maintaining the same funding level that the Congressional Budget Office estimated for this section.¹ The following information responds to your request for state-by-state, quarter-by-quarter estimates of the Medicaid funding states would receive with such an across-the-board increase.

To provide you with technical assistance, we developed an estimate of state-by-state Medicaid allocations for the Recession Adjustment Period defined in the proposed legislation. We used Medicaid data from the Centers for Medicare & Medicaid Services (CMS) to estimate states' funding allocations. States submit these data to CMS and they represent states' anticipated Medicaid funding requirements for the current and next fiscal year. These data may or may not correspond to future Medicaid expenditures. See Enclosure 1 for estimates of each state's approximate Medicaid allocation.

We are sending copies of this letter to interested congressional committees. We will also make copies available to others upon request. In addition, the letter will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff has any questions about this letter, please contact Stanley J. Czerwinski, Director, Strategic Issues, who can be reached at (202) 512-6806 or czerwinskis@gao.gov, or Thomas J. McCool, Director, Center for Economics, who can be reached at (202) 512-2700 or mccoolt@gao.gov.

¹CBO, *Congressional Budget Office Cost Estimate, H.R. 1, American Recovery and Reinvestment Act of 2009, An amendment in the nature of a substitute, as introduced by Senators Inouye and Baucus on January 31, 2009* (Washington, D.C.: February 2, 2009).

Sincerely yours,

A handwritten signature in black ink that reads "Stanley J. Czerwinski". The script is fluid and cursive, with the first name "Stanley" being more prominent than the last name.

Stanley J. Czerwinski
Director, Strategic Issues

A handwritten signature in black ink that reads "Thomas J. McCool". The script is fluid and cursive, with the first name "Thomas" being more prominent than the last name.

Thomas J. McCool
Director, Center for Economics

Enclosures

Estimated Medicaid Assistance Projected to be Provided to States by Replacing Section 5001 of the Proposed American Recovery and Reinvestment Act with an Across-the-board FMAP Percentage Point Increase (Dollars in Billions)

States	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	Total for 9 Quarters
Alabama	0.101	0.101	0.101	0.101	0.106	0.106	0.106	0.106	0.106	0.932
Alaska	0.032	0.032	0.032	0.032	0.030	0.030	0.030	0.030	0.030	0.278
Arizona	0.223	0.223	0.223	0.223	0.239	0.239	0.239	0.239	0.239	2.089
Arkansas	0.096	0.096	0.096	0.096	0.105	0.105	0.105	0.105	0.105	0.905
California	1.070	1.070	1.070	1.070	1.097	1.097	1.097	1.097	1.097	9.763
Colorado	0.090	0.090	0.090	0.090	0.092	0.092	0.092	0.092	0.092	0.819
Connecticut	0.132	0.132	0.132	0.132	0.133	0.133	0.133	0.133	0.133	1.194
Delaware	0.031	0.031	0.031	0.031	0.036	0.036	0.036	0.036	0.036	0.304
District of Columbia	0.039	0.039	0.039	0.039	0.040	0.040	0.040	0.040	0.040	0.359
Florida	0.457	0.457	0.457	0.457	0.466	0.466	0.466	0.466	0.466	4.160
Georgia	0.192	0.192	0.192	0.192	0.206	0.206	0.206	0.206	0.206	1.797
Hawaii	0.039	0.039	0.039	0.039	0.040	0.040	0.040	0.040	0.040	0.356
Idaho	0.034	0.034	0.034	0.034	0.039	0.039	0.039	0.039	0.039	0.329
Illinois	0.277	0.277	0.277	0.277	0.298	0.298	0.298	0.298	0.298	2.597
Indiana	0.160	0.160	0.160	0.160	0.172	0.172	0.172	0.172	0.172	1.502
Iowa	0.079	0.079	0.079	0.079	0.084	0.084	0.084	0.084	0.084	0.735
Kansas	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.541
Kentucky	0.132	0.132	0.132	0.132	0.133	0.133	0.133	0.133	0.133	1.193
Louisiana	0.163	0.163	0.163	0.163	0.250	0.250	0.250	0.250	0.250	1.900
Maine	0.058	0.058	0.058	0.058	0.056	0.056	0.056	0.056	0.056	0.513
Maryland	0.169	0.169	0.169	0.169	0.178	0.178	0.178	0.178	0.178	1.565
Massachusetts	0.332	0.332	0.332	0.332	0.312	0.312	0.312	0.312	0.312	2.885
Michigan	0.251	0.251	0.251	0.251	0.258	0.258	0.258	0.258	0.258	2.294

States	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	Total for 9 Quarters
Minnesota	0.194	0.194	0.194	0.194	0.207	0.207	0.207	0.207	0.207	1.813
Mississippi	0.102	0.102	0.102	0.102	0.111	0.111	0.111	0.111	0.111	0.963
Missouri	0.181	0.181	0.181	0.181	0.197	0.197	0.197	0.197	0.197	1.706
Montana	0.023	0.023	0.023	0.023	0.025	0.025	0.025	0.025	0.025	0.214
Nebraska	0.042	0.042	0.042	0.042	0.044	0.044	0.044	0.044	0.044	0.389
Nevada	0.044	0.044	0.044	0.044	0.047	0.047	0.047	0.047	0.047	0.414
New Hampshire	0.030	0.030	0.030	0.030	0.033	0.033	0.033	0.033	0.033	0.282
New Jersey	0.219	0.219	0.219	0.219	0.237	0.237	0.237	0.237	0.237	2.060
New Mexico	0.084	0.084	0.084	0.084	0.089	0.089	0.089	0.089	0.089	0.781
New York	1.273	1.273	1.273	1.273	1.335	1.335	1.335	1.335	1.335	11.768
North Carolina	0.262	0.262	0.262	0.262	0.280	0.280	0.280	0.280	0.280	2.450
North Dakota	0.016	0.016	0.016	0.016	0.017	0.017	0.017	0.017	0.017	0.148
Ohio	0.345	0.345	0.345	0.345	0.359	0.359	0.359	0.359	0.359	3.175
Oklahoma	0.115	0.115	0.115	0.115	0.131	0.131	0.131	0.131	0.131	1.111
Oregon	0.093	0.093	0.093	0.093	0.095	0.095	0.095	0.095	0.095	0.844
Pennsylvania	0.433	0.433	0.433	0.433	0.456	0.456	0.456	0.456	0.456	4.011
Rhode Island	0.046	0.046	0.046	0.046	0.047	0.047	0.047	0.047	0.047	0.417
South Carolina	0.107	0.107	0.107	0.107	0.106	0.106	0.106	0.106	0.106	0.955
South Dakota	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.018	0.158
Tennessee	0.184	0.184	0.184	0.184	0.190	0.190	0.190	0.190	0.190	1.688
Texas	0.633	0.633	0.633	0.633	0.710	0.710	0.710	0.710	0.710	6.080
Utah	0.046	0.046	0.046	0.046	0.045	0.045	0.045	0.045	0.045	0.413
Vermont	0.029	0.029	0.029	0.029	0.033	0.033	0.033	0.033	0.033	0.282
Virginia	0.150	0.150	0.150	0.150	0.161	0.161	0.161	0.161	0.161	1.407
Washington	0.200	0.200	0.200	0.200	0.233	0.233	0.233	0.233	0.233	1.966

States	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	Total for 9 Quarters
West Virginia	0.065	0.065	0.065	0.065	0.066	0.066	0.066	0.066	0.066	0.589
Wisconsin	0.150	0.150	0.150	0.150	0.154	0.154	0.154	0.154	0.154	1.370
Wyoming	0.013	0.013	0.013	0.013	0.015	0.015	0.015	0.015	0.015	0.130
Total	9.311	9.311	9.311	9.311	9.869	9.869	9.869	9.869	9.869	86.593

Source: Data from Centers for Medicare & Medicaid Services (CMS), and GAO analysis.

Note: GAO calculations based on actual Federal Medical Assistance Percentage (FMAP) rates for 2008 through 2010. Years shown are federal fiscal years. Medicaid data are from the CMS Form 37. The CMS Form 37 is used to estimate federal Medicaid allocations. CMS Form 37 data are not available for fiscal year 2011. We used CMS Form 37 data for the fourth quarter of fiscal year 2010 as a proxy for the first quarter of fiscal year 2011. Data for the territories are not included in this analysis. We relied on the methodology outlined in our 2006 report on strategies to help states address increased Medicaid expenditures during economic downturns to guide the development of these estimates. See GAO, *Medicaid: Strategies to Help States Address Increased Expenditures during Economic Downturns*, GAO-07-97 (Washington, D.C.: Oct. 18, 2006).

GAO Contacts and Staff Acknowledgments

For information about this letter, please contact Stanley J. Czerwinski, Director, Strategic Issues, who can be reached at (202) 512-6806 or czerwinskis@gao.gov, or Thomas J. McCool, Director, Center for Economics, at (202) 512-2700 or mccoolt@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this letter.

Individuals making key contributions to this letter and related products include: Robert Dinkelmeyer, Greg Dybalski, Susan J. Irving, Thomas James, Michelle Sager, Max Sawicky, Michael Springer, and Carolyn L. Yocom.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548