

Federal Health Reform Provides Critical Long-Term Help to States

**Passage of Jobs Bill Needed for Additional
Short-Term Relief**

RECONCILIATION UPDATE

MARCH 24, 2010

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RESIDENTS AND GOVERNMENTS of the 50 states and the District of Columbia will receive \$900.8 billion in new federal funding for health coverage over the next decade under federal health reform legislation that will extend coverage to 32 million Americans who now go uninsured. The legislation consists of two bills: the Patient Protection and Affordable Care Act (H.R. 3590), which was signed into law on March 23, 2010, and the Reconciliation Act of 2010 (H.R. 4872), which is pending final action by Congress.

H.R. 3590 provides \$849.3 billion in federal funds to support coverage purchased through the new insurance exchanges and through expansions in Medicaid coverage. The pending Reconciliation Act will provide an additional \$51.5 billion in federal support for insurance coverage, bringing the total of new federal funding to residents and governments of the 50 states and the District of Columbia to \$900.8 billion over the next decade, according to a new state-by-state modeling analysis by Professor Jonathan Gruber, an economics professor at the Massachusetts Institute of Technology.¹ The surge of new federal support includes \$473 billion to help families purchase private health insurance coverage and \$427 billion for state Medicaid programs. In return, states will be required to provide a modest match for the new federal dollars. Experts estimate the state match will be 2.2 percent of the new federal funds, a fraction of the customary rate under the Medicaid program.

The expanded federal contributions under the Reconciliation Act will benefit persons securing coverage through the exchange and through Medicaid. For persons in the exchange, additional premium and cost-sharing assistance will be provided, particularly for those in households at or below 200 percent of the Federal Poverty Level. No state match is required for federal assistance provided through the exchange. The expanded federal Medicaid commitment means states will be reimbursed for the full cost of extending Medicaid eligibility to new income groups in 2014, 2015,

and 2016. States will be provided a permanent federal match of 90 percent for these newly eligible populations in 2019 and beyond. Some states previously extended Medicaid benefits to adults without dependent children and incomes up to 133 percent of the Federal Poverty Level. The Reconciliation Act will phase in an increase in the federal contribution for the costs of these prior eligibility expansions so these states achieve full federal payment parity by 2018. For states such as New York, Massachusetts, Pennsylvania and Washington, the federal contribution for the pre-reform expansion population will increase from about 50 percent to 90 percent in 2019. For states with pre-reform eligibility expansions, the increased federal match for this population will reduce state expenditures.

Separately, under the American Recovery and Reinvestment Act of 2009² and the pending jobs bill³, the federal government is financing an immediate and substantial reduction in state Medicaid spending. Over the past year, \$53.4 billion has been provided to states and an additional \$34.3 billion will be distributed in 2010. Passage of the pending jobs bill is needed to lock-in an additional \$23.5 billion in federal relief for the states. Experts estimate the combined impact of enacting comprehensive reform, passing the pending jobs bill and completing implementation of the Recovery Act would result in **a net reduction in state Medicaid spending of \$91.2 billion over the 2009 to 2019 period.**

The federal assistance provided through the federal health reform legislation is fully paid for and it reduces the federal deficit by \$143 billion over 10 years and \$1.2 trillion over the subsequent decade.

In the following pages, the net additional federal funding is displayed. On Page 4 is a state-by-state comparison of the Reconciliation Bill's impact on federal funding of health reform. On pages 5 and 6

is a table showing increases in federal funding, by State, under Democratic health reform legislation (H.R. 3590 and H.R. 4872) and from the temporary increase in Medicaid match funding under the Recovery Act and the pending jobs bill. The appendix that follows the tables is the original Feb. 22 report by Health Care for America Now that covers the impact of the Senate bill but not the Reconciliation Bill.

¹Analysis of Senate health reform legislation, H.R. 3590, the Patient Protection and Affordable Care Act, as passed by the House on March 21, 2010, and analysis of the Health Care and Education Reconciliation Act of 2010, H.R. 4872, as passed by the House on March 21, 2010. Figures do not include state-specific special Medicaid provisions.

Jonathan Gruber is under contract with the Obama Administration to provide economic modeling on health insurance reform options.

²American Recovery and Reinvestment Act of 2009. Accessed at <http://thomas.loc.gov/cgi-bin/bdquery/D?d111:4:./temp/~bdq7Xm:@@D&summ2=m&/bss/111search.html>.

³<http://www.speaker.gov/newsroom/legislation?id=0351>.

**Comparison of Federal Funding, by State,
for Senate Health Reform Bill and Reconciliation Bill (in millions)**

State	Federal Spending: Medicaid and Private Health Insurance Subsidies Without Reconciliation	Federal Spending: Medicaid and Private Health Insurance Subsidies Under Reconciliation	Change Under Reconciliation Act
Alabama	\$13,850	\$14,500	\$650
Alaska	\$2,430	\$2,610	\$180
Arizona	\$10,810	\$10,920	\$110
Arkansas	\$9,690	\$9,210	-\$480
California	\$66,320	\$70,130	\$3,810
Colorado	\$11,910	\$13,020	\$1,110
Connecticut	\$7,870	\$8,430	\$560
Delaware	\$2,130	\$2,290	\$160
District of Columbia	\$1,370	\$1,450	\$80
Florida	\$55,940	\$59,710	\$3,770
Georgia	\$32,620	\$34,690	\$2,070
Hawaii	\$2,060	\$2,230	\$170
Idaho	\$5,700	\$5,930	\$230
Illinois	\$30,630	\$33,160	\$2,530
Indiana	\$18,790	\$20,080	\$1,290
Iowa	\$7,840	\$8,250	\$410
Kansas	\$8,700	\$9,270	\$570
Kentucky	\$14,490	\$15,220	\$730
Louisiana	\$16,600	\$17,200	\$600
Maine	\$3,550	\$3,720	\$170
Maryland	\$14,830	\$15,830	\$1,000
Massachusetts	\$17,240	\$20,130	\$2,890
Michigan	\$28,370	\$30,340	\$1,970
Minnesota	\$11,510	\$12,290	\$780
Mississippi	\$7,210	\$7,680	\$470
Missouri	\$14,160	\$15,030	\$870
Montana	\$4,920	\$5,230	\$310
Nebraska	\$7,790	\$8,310	\$520
Nevada	\$8,530	\$9,190	\$660
New Hampshire	\$3,820	\$4,250	\$430
New Jersey	\$24,140	\$26,050	\$1,910
New Mexico	\$6,750	\$6,900	\$150
New York	\$55,740	\$60,530	\$4,790
North Carolina	\$34,920	\$37,370	\$2,450
North Dakota	\$2,530	\$2,690	\$160
Ohio	\$32,490	\$34,150	\$1,660
Oklahoma	\$9,340	\$9,800	\$460
Oregon	\$12,980	\$13,640	\$660
Pennsylvania	\$31,760	\$33,140	\$1,380
Rhode Island	\$3,040	\$3,270	\$230
South Carolina	\$12,110	\$12,900	\$790
South Dakota	\$2,400	\$2,570	\$170
Tennessee	\$21,450	\$22,770	\$1,320
Texas	\$87,410	\$90,140	\$2,730
Utah	\$6,050	\$6,300	\$250
Vermont	\$1,900	\$2,010	\$110
Virginia	\$26,540	\$28,140	\$1,600
Washington	\$13,780	\$14,590	\$810
West Virginia	\$7,100	\$7,190	\$90
Wisconsin	\$13,650	\$14,690	\$1,040
Wyoming	\$1,560	\$1,660	\$100
Totals	\$849,320	\$900,800	\$51,480

Increase in Federal Funding, by State, Under Democratic Health Reform Legislation (H.R. 3590 and H.R. 4872) and from Temporary Increase in the Federal Medical Assistance Percentage (FMAP) Rate Under the Recovery Act (enacted) and Jobs Bill (pending) (in millions)

	2009		2010		2010		2011		2014		2015		2016		2017		2018		2019		Total Federal Dollars			Total Increase in Federal Funding Under Reform (for Medicaid and PHI Subsidies) and from Temporary Increase in FMAP Rate
	Recovery Act (enacted)		Temporary FMAP Increase (remaining to be distributed; estimate)		Jobs Bill (pending)		Temporary FMAP Increase (estimate)+		Increase in Federal Medicaid Funding**	Federal Private Health Insurance Subsidies**	Increase in Federal Medicaid Funding**	Federal Private Health Insurance Subsidies**	Increase in Federal Medicaid Funding**	Federal Private Health Insurance Subsidies**	Increase in Federal Medicaid Funding**	Federal Private Health Insurance Subsidies**	Increase in Federal Medicaid Funding**	Federal Private Health Insurance Subsidies**	Increase in Federal Medicaid Funding**	Federal Private Health Insurance Subsidies**	Increase in Federal Medicaid Funding	Federal PHI Subsidies Under Health Reform		
	Temporary FMAP Increase (distributed to date)*	Temporary FMAP Increase (distributed to date)*	Temporary FMAP Increase (distributed to date)*	Temporary FMAP Increase (distributed to date)*	Temporary FMAP Increase (distributed to date)*	Temporary FMAP Increase (distributed to date)*	Temporary FMAP Increase (distributed to date)*	Temporary FMAP Increase (distributed to date)*																
Alabama	\$354	\$190	\$350	\$240	\$440	\$490	\$810	\$930	\$1120	\$1410	\$1170	\$1790	\$1230	\$1910	\$1280	\$1920	\$1910	\$1910	\$1280	\$1920	\$1134	\$6,050	\$8,450	\$15,924
Alaska	\$63	\$62	\$80	\$55	\$110	\$40	\$230	\$90	\$320	\$150	\$340	\$190	\$360	\$210	\$370	\$200	\$210	\$210	\$200	\$200	\$260	\$1,730	\$880	\$2,910
Arizona	\$797	\$468	\$814	\$557	\$240	\$320	\$470	\$720	\$680	\$1,270	\$700	\$1,580	\$750	\$1,700	\$780	\$1,710	\$1,700	\$1,700	\$1,710	\$1,710	\$2,636	\$3,620	\$7,300	\$13,956
Arkansas	\$240	\$139	\$244	\$167	\$280	\$320	\$540	\$610	\$760	\$870	\$800	\$1,060	\$840	\$1,130	\$870	\$1,130	\$840	\$1,130	\$1,130	\$1,130	\$790	\$4,090	\$5,120	\$10,220
California	\$4,100	\$2,365	\$4,161	\$2,847	\$1,150	\$2,980	\$2,280	\$5,770	\$3,360	\$8,880	\$3,520	\$11,030	\$3,720	\$11,830	\$3,890	\$11,820	\$11,830	\$11,830	\$11,820	\$11,820	\$13,474	\$17,920	\$52,210	\$85,944
Colorado	\$340	\$203	\$350	\$239	\$380	\$460	\$690	\$860	\$960	\$1,270	\$1,000	\$1,690	\$1,050	\$1,810	\$1,090	\$1,760	\$1,810	\$1,810	\$1,760	\$1,760	\$1,132	\$5,170	\$7,850	\$14,492
Connecticut	\$603	\$275	\$500	\$342	\$260	\$210	\$510	\$490	\$710	\$810	\$730	\$1,000	\$770	\$1,070	\$800	\$1,070	\$1,070	\$1,070	\$1,070	\$1,070	\$1,620	\$3,780	\$4,650	\$10,330
Delaware	\$130	\$72	\$130	\$89	\$60	\$50	\$130	\$120	\$190	\$220	\$200	\$290	\$210	\$300	\$220	\$300	\$300	\$300	\$300	\$300	\$420	\$1,010	\$1,280	\$2,790
Dist. of Columbia	\$141	\$95	\$145	\$99	\$60	\$30	\$120	\$60	\$170	\$90	\$180	\$110	\$190	\$120	\$200	\$120	\$120	\$120	\$120	\$120	\$471	\$920	\$530	\$2,091
Florida	\$1,724	\$1,091	\$1,811	\$1,240	\$1,750	\$1,380	\$3,270	\$3,490	\$4,610	\$5,800	\$4,850	\$7,700	\$5,110	\$8,250	\$5,250	\$8,250	\$8,250	\$8,250	\$8,250	\$5,866	\$24,840	\$34,870	\$67,516	
Georgia	\$687	\$357	\$672	\$460	\$1,120	\$600	\$2,110	\$1,830	\$3,030	\$3,090	\$3,180	\$4,180	\$3,350	\$4,480	\$3,490	\$4,230	\$4,480	\$4,480	\$4,230	\$4,230	\$2,176	\$16,280	\$18,410	\$37,886
Hawaii	\$171	\$75	\$158	\$108	\$70	\$60	\$140	\$120	\$210	\$180	\$220	\$250	\$230	\$270	\$230	\$250	\$270	\$270	\$250	\$250	\$513	\$1,100	\$1,130	\$2,853
Idaho	\$115	\$66	\$117	\$80	\$190	\$190	\$350	\$360	\$500	\$560	\$510	\$690	\$540	\$740	\$560	\$740	\$740	\$740	\$740	\$740	\$378	\$2,650	\$3,280	\$6,438
Illinois	\$1,266	\$809	\$1,336	\$914	\$1,370	\$770	\$2,520	\$1,530	\$3,610	\$2,330	\$3,770	\$2,930	\$3,970	\$3,140	\$4,120	\$3,100	\$3,140	\$3,140	\$3,100	\$3,100	\$4,325	\$19,360	\$13,800	\$39,765
Indiana	\$668	\$395	\$684	\$468	\$530	\$630	\$1,010	\$1,370	\$1,420	\$2,120	\$1,460	\$2,690	\$1,540	\$2,910	\$1,610	\$2,790	\$2,910	\$2,910	\$2,790	\$2,790	\$2,214	\$7,570	\$12,510	\$22,884
Iowa	\$196	\$138	\$215	\$147	\$210	\$390	\$420	\$600	\$610	\$830	\$650	\$1,000	\$680	\$1,070	\$710	\$1,080	\$1,070	\$1,070	\$1,080	\$1,080	\$696	\$3,280	\$4,970	\$9,346
Kansas	\$174	\$111	\$183	\$125	\$290	\$340	\$560	\$560	\$790	\$850	\$800	\$1,050	\$850	\$1,130	\$880	\$1,150	\$1,130	\$1,130	\$1,150	\$1,150	\$594	\$4,170	\$5,100	\$10,054
Kentucky	\$420	\$266	\$442	\$302	\$620	\$240	\$1,190	\$620	\$1,680	\$1,040	\$1,770	\$1,360	\$1,860	\$1,450	\$1,950	\$1,440	\$1,450	\$1,450	\$1,440	\$1,440	\$1,430	\$9,070	\$6,150	\$17,380
Louisiana	\$467	\$382	\$546	\$374	\$680	\$360	\$1,240	\$750	\$1,760	\$1,290	\$1,800	\$1,740	\$1,890	\$1,860	\$1,970	\$1,860	\$1,860	\$1,860	\$1,860	\$1,769	\$9,340	\$7,860	\$19,569	
Maine	\$215	\$150	\$235	\$161	\$90	\$120	\$190	\$220	\$330	\$350	\$340	\$430	\$350	\$470	\$370	\$460	\$470	\$470	\$460	\$460	\$761	\$1,670	\$2,050	\$4,581
Maryland	\$638	\$419	\$680	\$465	\$650	\$400	\$1,220	\$700	\$1,770	\$1,050	\$1,860	\$1,330	\$1,970	\$1,400	\$2,060	\$1,420	\$1,400	\$1,400	\$1,420	\$1,420	\$2,202	\$9,530	\$6,300	\$19,372
Massachusetts	\$1,206	\$660	\$1,201	\$822	\$470	\$800	\$940	\$1,450	\$1,330	\$2,160	\$1,420	\$2,690	\$1,500	\$2,880	\$1,560	\$2,930	\$2,880	\$2,880	\$2,930	\$2,930	\$3,868	\$7,220	\$12,910	\$24,688
Michigan	\$990	\$514	\$967	\$662	\$950	\$1,030	\$1,790	\$1,860	\$2,560	\$2,800	\$2,700	\$3,480	\$2,840	\$3,720	\$2,960	\$3,650	\$3,720	\$3,720	\$3,650	\$3,650	\$3,132	\$13,800	\$16,540	\$34,432
Minnesota	\$801	\$439	\$798	\$546	\$380	\$480	\$720	\$760	\$1,030	\$1,130	\$1,120	\$1,350	\$1,180	\$1,470	\$1,210	\$1,460	\$1,470	\$1,470	\$1,460	\$1,460	\$2,583	\$5,640	\$6,650	\$15,963
Mississippi	\$292	\$188	\$309	\$211	\$250	\$260	\$470	\$460	\$670	\$680	\$710	\$850	\$750	\$910	\$780	\$890	\$910	\$910	\$890	\$890	\$1,000	\$3,630	\$4,050	\$8,890
Missouri	\$620	\$334	\$614	\$420	\$380	\$550	\$730	\$1,090	\$1,030	\$1,640	\$1,060	\$2,000	\$1,110	\$2,150	\$1,160	\$2,130	\$2,150	\$2,150	\$2,130	\$2,130	\$1,987	\$5,470	\$9,560	\$17,767
Montana	\$68	\$50	\$76	\$52	\$160	\$190	\$290	\$340	\$410	\$500	\$430	\$630	\$450	\$670	\$470	\$690	\$670	\$670	\$690	\$690	\$246	\$2,210	\$3,020	\$5,606
Nebraska	\$116	\$70	\$120	\$82	\$240	\$360	\$470	\$560	\$680	\$790	\$690	\$950	\$730	\$1,020	\$760	\$1,040	\$1,020	\$1,020	\$1,040	\$1,040	\$388	\$3,570	\$4,740	\$8,988

continued

	2009		2010		2010		2011		2014		2015		2016		2017		2018		2019		Total Federal Dollars			Total Increase in Federal Funding Under Reform (for Medicaid and PHI Subsidies) and from Temporary Increase in FMAP Rate			
	Recovery Act (enacted)		Temporary FMAP Increase (distributed to date)*		Temporary FMAP Increase (remaining to be distributed; estimate)		Jobs Bill (pending)		Increase in Federal Medicaid Funding**		Federal Private Health Insurance Subsidies**		Increase in Federal Medicaid Funding**		Federal Private Health Insurance Subsidies**		Increase in Federal Medicaid Funding**		Federal Private Health Insurance Subsidies**		Increase in Federal FMAP Funding		Increase in Federal Medicaid Funding Under Health Reform		Federal PHI Subsidies Under Health Reform		
	Temporary FMAP Increase (distributed to date)*	\$187	\$102	\$186	\$127	\$350	\$220	\$660	\$470	\$920	\$990	\$980	\$1040	\$980	\$940	\$920	\$990	\$980	\$1040	\$980	\$980	\$602	\$4,900		\$4,290	\$10,202	
Nevada	\$187	\$102	\$186	\$127	\$350	\$220	\$660	\$470	\$920	\$990	\$980	\$1040	\$980	\$940	\$920	\$990	\$980	\$1040	\$980	\$980	\$602	\$4,900	\$4,290	\$10,202			
New Hampshire	\$85	\$67	\$98	\$67	\$150	\$90	\$270	\$220	\$380	\$410	\$520	\$430	\$520	\$390	\$490	\$410	\$520	\$430	\$520	\$520	\$317	\$2,030	\$2,220	\$4,717			
New Jersey	\$857	\$535	\$895	\$613	\$930	\$480	\$1,780	\$1,260	\$2,500	\$2,790	\$2,990	\$2,870	\$2,870	\$2,650	\$2,770	\$2,790	\$2,990	\$2,870	\$2,870	\$2,870	\$2,900	\$13,520	\$12,530	\$30,320			
New Mexico	\$227	\$158	\$248	\$170	\$210	\$200	\$400	\$420	\$570	\$660	\$840	\$680	\$870	\$620	\$780	\$660	\$840	\$680	\$870	\$870	\$804	\$3,140	\$3,760	\$8,194			
New York	\$4,327	\$2,762	\$4,562	\$3,122	\$2,250	\$1,150	\$4,310	\$2,810	\$6,220	\$6,780	\$6,430	\$7,060	\$6,350	\$6,440	\$6,000	\$6,780	\$6,430	\$7,060	\$6,350	\$6,350	\$14,773	\$33,060	\$27,470	\$78,473			
North Carolina	\$827	\$602	\$920	\$629	\$1,340	\$900	\$2,550	\$1,850	\$3,680	\$4,050	\$4,130	\$4,160	\$4,090	\$3,850	\$3,840	\$4,050	\$4,130	\$4,160	\$4,090	\$4,090	\$2,978	\$19,630	\$17,740	\$41,658			
North Dakota	\$39	\$23	\$39	\$27	\$70	\$120	\$130	\$210	\$180	\$190	\$380	\$200	\$380	\$180	\$360	\$190	\$380	\$200	\$380	\$380	\$128	\$950	\$1,740	\$2,858			
Ohio	\$1,188	\$719	\$1,227	\$839	\$1,030	\$720	\$1,940	\$1,760	\$2,880	\$3,240	\$4,550	\$3,370	\$4,260	\$3,070	\$4,260	\$3,240	\$4,550	\$3,370	\$4,260	\$4,260	\$3,972	\$15,530	\$18,620	\$40,152			
Oklahoma	\$340	\$236	\$371	\$254	\$240	\$240	\$470	\$600	\$700	\$780	\$1,410	\$820	\$1,420	\$740	\$1,320	\$780	\$1,410	\$820	\$1,420	\$1,420	\$1,202	\$3,750	\$6,050	\$11,622			
Oregon	\$350	\$203	\$356	\$243	\$540	\$340	\$1,010	\$630	\$1,400	\$1,520	\$1,410	\$1,580	\$1,410	\$1,440	\$1,310	\$1,520	\$1,410	\$1,580	\$1,410	\$1,410	\$1,152	\$7,490	\$6,150	\$16,212			
Pennsylvania	\$1,569	\$927	\$1,606	\$1,099	\$1,030	\$830	\$1,930	\$1,760	\$2,850	\$3,190	\$4,150	\$3,320	\$4,120	\$3,020	\$3,890	\$3,190	\$4,150	\$3,320	\$4,120	\$4,120	\$5,202	\$15,340	\$17,800	\$40,472			
Rhode Island	\$193	\$100	\$188	\$129	\$120	\$90	\$230	\$180	\$330	\$350	\$340	\$370	\$340	\$340	\$320	\$350	\$340	\$370	\$340	\$340	\$610	\$1,740	\$1,530	\$4,120			
South Carolina	\$376	\$178	\$356	\$244	\$420	\$390	\$780	\$760	\$1,100	\$1,220	\$1,580	\$1,270	\$1,590	\$1,150	\$1,480	\$1,220	\$1,580	\$1,270	\$1,590	\$1,590	\$1,153	\$5,940	\$6,960	\$14,463			
South Dakota	\$48	\$30	\$50	\$34	\$70	\$120	\$130	\$180	\$190	\$220	\$330	\$230	\$330	\$210	\$310	\$220	\$330	\$230	\$330	\$330	\$162	\$10,050	\$15,200	\$2,802			
Tennessee	\$658	\$339	\$641	\$439	\$770	\$760	\$1,450	\$1,300	\$2,040	\$2,240	\$2,690	\$2,330	\$2,590	\$2,120	\$2,510	\$2,240	\$2,690	\$2,330	\$2,590	\$2,590	\$2,076	\$10,950	\$11,820	\$25,566			
Texas	\$2,004	\$1,470	\$2,236	\$1,530	\$4,110	\$1,390	\$7,680	\$3,280	\$10,840	\$12,120	\$7,360	\$12,520	\$7,120	\$11,490	\$6,840	\$7,360	\$12,520	\$7,120	\$7,120	\$7,120	\$7,239	\$68,760	\$31,380	\$100,939			
Utah	\$126	\$79	\$132	\$90	\$190	\$180	\$380	\$360	\$570	\$630	\$740	\$660	\$740	\$600	\$690	\$630	\$740	\$660	\$740	\$740	\$426	\$3,030	\$3,270	\$6,966			
Vermont	\$105	\$67	\$111	\$76	\$30	\$80	\$80	\$160	\$120	\$130	\$310	\$140	\$300	\$130	\$290	\$130	\$310	\$140	\$300	\$300	\$359	\$630	\$1,380	\$2,429			
Virginia	\$573	\$362	\$602	\$412	\$1,030	\$590	\$1,870	\$1,500	\$2,620	\$2,830	\$3,300	\$2,940	\$3,280	\$2,680	\$3,080	\$2,830	\$3,300	\$2,940	\$3,280	\$3,280	\$1,950	\$13,970	\$14,170	\$30,980			
Washington	\$763	\$459	\$786	\$538	\$360	\$540	\$780	\$960	\$1,120	\$1,250	\$1,930	\$1,300	\$1,920	\$1,180	\$1,800	\$1,250	\$1,930	\$1,300	\$1,920	\$1,920	\$2,645	\$5,990	\$8,600	\$17,975			
West Virginia	\$181	\$109	\$187	\$128	\$360	\$70	\$670	\$200	\$930	\$1,020	\$540	\$1,060	\$500	\$970	\$510	\$1,020	\$540	\$1,060	\$500	\$500	\$604	\$5,010	\$2,180	\$6,044			
Wisconsin	\$555	\$320	\$563	\$385	\$380	\$460	\$750	\$950	\$1,080	\$1,220	\$2,010	\$1,270	\$2,020	\$1,160	\$1,880	\$1,220	\$2,010	\$1,270	\$2,020	\$2,020	\$1,823	\$5,860	\$6,830	\$17,163			
Wyoming	\$35	\$31	\$43	\$29	\$40	\$40	\$90	\$100	\$130	\$150	\$220	\$150	\$230	\$140	\$210	\$150	\$220	\$150	\$230	\$230	\$138	\$700	\$960	\$1,858			
Total	\$33,110	\$20,250	\$34,340	\$23,500	\$29,400	\$23,950	\$55,750	\$60,280	\$79,650	\$88,000	\$109,210	\$91,370	\$107,820	\$83,490	\$101,900	\$88,000	\$109,210	\$91,370	\$107,820	\$107,820	\$111,200	\$427,660	\$473,140	\$1,049,620			

Sources:

* <http://transparency.cit.nih.gov/RecoveryGrants/grant.cfm?grant=Reinvestment>

**In the President's 2011 budget and in the House Jobs for Main Street Act of 2010 passed by the House of Representatives on Dec. 16, 2009, additional funding is included for extending the temporary FMAP increase for states through June 2011 (\$25.5 billion in Administration budget; \$23.5 billion in H.R. 2847). The allocations shown, by state, are estimates based on the actual distribution of FMAP funds authorized under the Recovery Act through Jan. 8, 2010 (as reported at <http://transparency.cit.nih.gov/RecoveryGrants/grant.cfm?grant=Reinvestment>). Actual distribution of funds may be different.

**Jonathan Gruber, Professor of Economics, Massachusetts Institute of Technology, March 2010. Analysis of Senate health reform legislation, H.R. 3590, the Patient Protection and Affordable Care Act, as passed by the House on March 21, 2010, and analysis of the Health Care and Education Reconciliation Act of 2010, H.R. 4872, as passed by the House on March 21, 2010. Figures do not include state-specific special Medicaid provisions.

Appendix

Federal Health Reform Provides Critical Long-Term Help to States

**Passage of Jobs Bill Needed for Additional
Short-Term Relief**

ASSESSMENT OF SENATE BILL
As of February 22, 2010
(not including Reconciliation Act of 2010)

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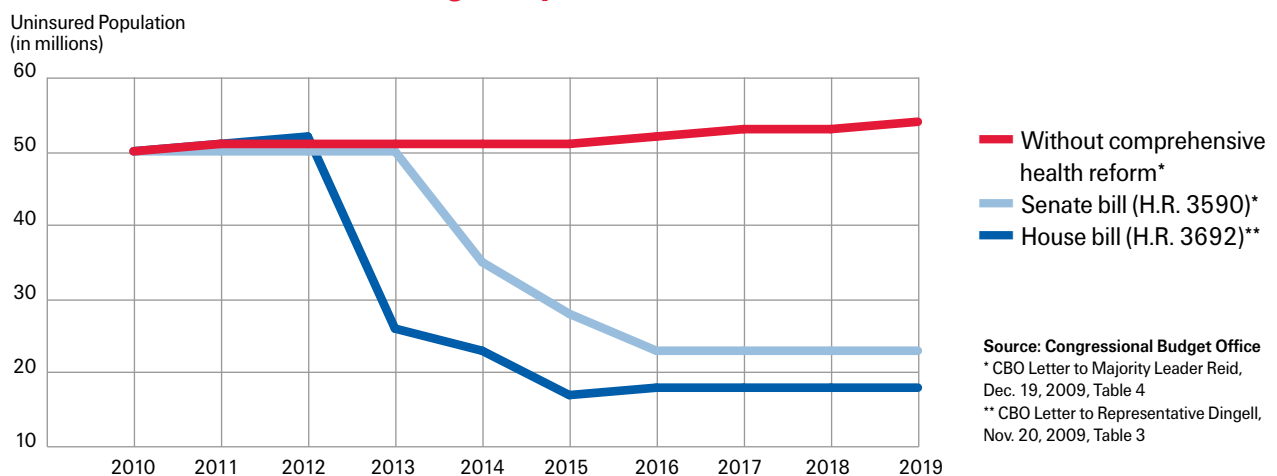
Federal Health Reform Provides Critical Long-Term Help to States

SUMMARY: RESIDENTS AND GOVERNMENTS of the 50 states and the District of Columbia will receive \$849 billion in new federal funding for health coverage over the next decade under proposed federal health reform legislation. This surge of new federal support includes \$460 billion to help families purchase private health insurance coverage and \$389 billion for state Medicaid programs. In return, states will be required to provide a modest match for the new federal dollars. Experts estimate the state match will be 3.1 percent of the new federal funds, a fraction of the customary rate. Separately, under the American Recovery and Reinvestment Act of 2009 and the pending jobs bill, the federal government is financing an immediate and substantial reduction in state Medicaid spending. Experts estimate the combined impact of enacting comprehensive reform, passing the pending jobs bill and completing implementation of the Recovery Act would be a **net reduction in state Medicaid spending of \$85 billion over the 2009 to 2019 period.**

THE COMPREHENSIVE HEALTH REFORM BILLS passed in 2009 by both chambers of Congress would send substantial new federal funds to the states. Each of the bills would provide significant assistance to individuals and state governments, ease long-term pressures on state budgets from the growing uninsured population, and ensure coverage of tens of millions of people who otherwise would look to the states for help.^{1,2} Based on the findings of the Congressional Budget Office, Figure 1 provides projections of growth in the uninsured population without federal health reform and

displays the dramatic decline in the number of uninsured under the House- and Senate-passed bills. The federal funds would be made available directly to individuals in the form of subsidies for the purchase of private health insurance plans and through state governments to extend coverage to eligible individuals through Medicaid. The money would begin to flow in 2013 under the House health reform legislation and in 2014 under the Senate bill. Both the House and Senate health reform bills are fully paid for and help reduce the nation's budget deficit.

Figure 1. Dramatic Reduction in the Number of Uninsured From Enacting Comprehensive Health Reform



Two other pieces of legislation, the American Recovery and Reinvestment Act of 2009,³ enacted in February 2009, and the House-passed Jobs for Main Street Act of 2010⁴ (currently pending in the Senate), are designed to provide immediate and near-term relief to states shouldering the growing financial burden of the uninsured. These bills temporarily reduce the share of Medicaid spending funded by the states, with the federal government increasing its contribution.

The combined impact of enacting comprehensive health reform along with short-term relief from the two jobs bills would be dramatic, injecting \$960 billion in federal dollars into state economies over 10 years (Appendix). Between 31 and 36 million Americans would no longer be uninsured, and millions more would secure more affordable coverage. An estimated 4 million jobs would be created under health reform, according to a recent Harvard study.⁵ The higher share of Medicaid funding covered by the federal government would deliver tremendous relief for hard-pressed state governments struggling with spiraling demands for services in the face of state tax receipts that have plunged at the fastest pace since the Great Depression. And while the assistance for private health insurance coverage would not directly support state governments, the subsidies would indirectly shield states from the growing burden of providing care to the uninsured.

Current Status of Health Reform Legislation

Achieving these results depends upon Congress completing work on comprehensive health reform by enacting a reconciled version of the Senate- and House-passed health reform bills and completing action on the House-passed jobs bill. These efforts will supplement the impact of the Recovery Act, whose \$87.7 billion in relief to the state is already flowing.

Democratic congressional leaders are working to finalize a comprehensive health reform package before the President's Feb. 25 bipartisan summit meeting on health reform legislation. News reports indicate that the revised Democratic reform package will be based on the Senate-passed legislation with

a limited number of revisions required to secure House passage. These changes may include more progressive financing and expanded affordability credits for low- and moderate-income families, which could raise total financial assistance by as much as \$50 billion to \$100 billion more than the \$849 billion included in the Senate bill.⁶

Enormous Increase in Federal Support Matched by Modest State Contribution

The Senate's Patient Protection and Affordable Care Act authorizes \$849 billion in new federal support to the states over 10 years, extending health coverage to 31 million uninsured Americans, according to a new state-by-state modeling analysis by Professor Jonathan Gruber, an economics professor at the Massachusetts Institute of Technology.⁷ This substantial infusion of federal funds will help low- and moderate-income Americans buy private health insurance coverage or obtain Medicaid benefits (Figure 2).

The Senate bill would send the 50 states and the District of Columbia:

- \$389 billion to finance the enrollment of 15 million low-income people into Medicaid programs from 2014 to 2019.
- \$460 billion in direct federal subsidies to enable eligible individuals and families to enroll in private health plans.

Every state and the District of Columbia will experience a significant inflow of new federal funds to expand insurance coverage. The amounts for each state will be determined by how many residents meet the eligibility requirements for Medicaid and the private health insurance subsidies. For example, over the 2009 to 2019 period, the Senate health reform bill would direct \$87.4 billion to Texas, the state with the highest uninsured rate, and \$1.6 billion to Wyoming, the least populous state, according to Dr. Gruber (Figure 2).

Under customary rules, the federal government pays about 57 percent, on average, of Medicaid benefit costs.⁸ The Senate health reform bill calls upon the federal government to pay all costs of newly eligible Medicaid enrollees through 2016.

Figure 2. Increase in Federal Funding for Medicaid and Private Health Insurance (PHI) Subsidies Under Senate Health Reform Legislation, by State (in millions)

	Totals: 2014 – 2019		Total Increase in Federal Funding for Medicaid and PHI Subsidies Under Health Reform
	Increase in Federal Medicaid Funding	Federal Funding for PHI Subsidies	
Alabama	\$5,930	\$7,920	\$13,850
Alaska	\$1,610	\$820	\$2,430
Arizona	\$3,230	\$7,580	\$10,810
Arkansas	\$3,720	\$5,970	\$9,690
California	\$15,770	\$50,550	\$66,320
Colorado	\$4,610	\$7,300	\$11,910
Connecticut	\$3,470	\$4,400	\$7,870
Delaware	\$970	\$1,160	\$2,130
District of Columbia	\$860	\$510	\$1,370
Florida	\$22,210	\$33,730	\$55,940
Georgia	\$15,390	\$17,230	\$32,620
Hawaii	\$960	\$1,100	\$2,060
Idaho	\$2,550	\$3,150	\$5,700
Illinois	\$17,450	\$13,180	\$30,630
Indiana	\$7,190	\$11,600	\$18,790
Iowa	\$3,250	\$4,590	\$7,840
Kansas	\$3,640	\$5,060	\$8,700
Kentucky	\$8,530	\$5,960	\$14,490
Louisiana	\$8,720	\$7,880	\$16,600
Maine	\$1,610	\$1,940	\$3,550
Maryland	\$8,790	\$6,040	\$14,830
Massachusetts	\$5,280	\$11,960	\$17,240
Michigan	\$12,520	\$15,850	\$28,370
Minnesota	\$5,010	\$6,500	\$11,510
Mississippi	\$3,470	\$3,740	\$7,210
Missouri	\$4,840	\$9,320	\$14,160
Montana	\$2,050	\$2,870	\$4,920
Nebraska	\$3,450	\$4,340	\$7,790
Nevada	\$4,340	\$4,190	\$8,530
New Hampshire	\$1,700	\$2,120	\$3,820
New Jersey	\$11,890	\$12,250	\$24,140
New Mexico	\$3,070	\$3,680	\$6,750
New York	\$29,620	\$26,120	\$55,740
North Carolina	\$17,970	\$16,950	\$34,920
North Dakota	\$880	\$1,650	\$2,530
Ohio	\$14,780	\$17,710	\$32,490
Oklahoma	\$3,730	\$5,610	\$9,340
Oregon	\$6,970	\$6,010	\$12,980
Pennsylvania	\$13,170	\$18,590	\$31,760
Rhode Island	\$1,530	\$1,510	\$3,040
South Carolina	\$5,320	\$6,790	\$12,110
South Dakota	\$950	\$1,450	\$2,400
Tennessee	\$10,030	\$11,420	\$21,450
Texas	\$55,230	\$32,180	\$87,410
Utah	\$3,030	\$3,020	\$6,050
Vermont	\$570	\$1,330	\$1,900
Virginia	\$11,530	\$15,010	\$26,540
Washington	\$5,130	\$8,650	\$13,780
West Virginia	\$4,560	\$2,540	\$7,100
Wisconsin	\$5,340	\$8,310	\$13,650
Wyoming	\$620	\$940	\$1,560
Totals	\$389,040	\$460,280	\$849,320

Source: Jonathan Gruber, Professor of Economics, Massachusetts Institute of Technology, February 2010. Modeling analysis of Senate health reform legislation, H.R. 3590, the Patient Protection and Affordable Care Act, as passed by the Senate on Dec. 24, 2009. Figures do not include single-state provisions. The final health reform legislation passed by Congress may include \$50 billion – \$100 billion in additional federal funding for expansions in coverage.

In subsequent years, the federal share of Medicaid spending would vary from year to year but by 2019 would average about 90 percent under the Senate health reform bill. So while the proposed health reform legislation calls on states to meet modest Medicaid match requirements, they do not take effect until 2017. In addition, the \$460 billion in subsidies for private health insurance coverage would consist entirely of federal dollars with no requirement of a match from state governments.

To receive the federal subsidies, states would be required to contribute \$26 billion, according to the Congressional Budget Office (Figure 3). This level of state matching funds represents a modest 3.1 percent of the new federal funds. The combined funds will result in dramatic reductions in the number of uninsured residents and the burden of free care on health care providers. For states that operate 100 percent locally-funded programs directed at uninsured residents, the federal subsidies may provide an opportunity to reduce or eliminate this state spending.

Companion Bills Immediately Reduce State Medicaid Spending

In February 2009, Congress enacted immediate, targeted investments in the health insurance system as part of the American Recovery and Reinvestment Act. The Recovery Act provided a temporary increase in the Federal Medical Assistance Percentage (FMAP) rate, which sets the federal share of Medicaid costs. The Recovery Act authorized the federal government to provide \$87.7 billion in Medicaid relief to the states, of

which \$53.4 billion had been distributed as of Jan. 8, 2010 (Figure 4).⁹ The remainder of the money, \$34.3 billion, is slated to go to states by the end of 2010.¹⁰ States must maintain the same Medicaid program eligibility standards in effect on July 1, 2008, to be eligible to receive the money.

Another piece of legislation, the jobs bill passed by the House and awaiting action in the Senate, would extend the lowered Medicaid match rate for states into early 2011. Known as the Jobs for Main Street Act of 2010, the measure would provide another \$23.5 billion to the states (Figure 5). In combination, the Recovery Act and the proposed jobs bill lower state Medicaid spending by \$111.2 billion from 2009 through 2011, as shown in state-by-state data in Figure 4.

Combined Result Is Net Reduction in State Medicaid Spending

All told, these three measures—comprehensive health reform, the Recovery Act and the proposed jobs bill—will provide states and their residents with many billions of dollars worth of federal support for health insurance coverage while reducing demand for charity care provided by the state and uncompensated care delivered by doctors and hospitals.

Under health reform, states will see a modest \$26 billion increase in state Medicaid spending over the next decade. The added state matching funds are equal to 3.1 percent of the federal funds made available over the 2009-2019 period. But even this relatively small increase in state Medicaid spending

Figure 3: Additional State Medicaid Spending as a Percent of New Federal Funds (in billions)

2009 – 2019	Federal Funds*	State Match Required**
Additional Funding Under Comprehensive Health Reform		
Increase in Medicaid Funding	\$389.0	\$26.0
Funding for Private Health Insurance Subsidies	\$460.2	\$0.0
Total	\$849.2	\$26.0
State Match as a Percent of Federal Funds		3.1%

*Estimate of Senate bill prepared by Massachusetts Institute of Technology Economics Professor Jonathan Gruber

**Estimate of Senate bill prepared by Congressional Budget Office

Figure 4. Increase in Federal Funding for Temporary Increase in Federal Medical Assistance Percentage (FMAP) Rates Under Recovery Act (Enacted) and Jobs Bill (Pending) (in millions)

	Recovery Act (enacted)			Jobs Bill (pending)	Savings to States From Increase in Federal FMAP Funding
	2009	2010	2010	2011	
	Increase in Federal FMAP Funding (Distributed)* +	Increase in Federal FMAP Funding (Distributed)* +	Increase in Federal FMAP Funding (Projected Remaining Distribution)*	Increase in Federal FMAP Funding (Projected)**	
Alabama	\$354	\$190	\$350	\$240	\$1,134
Alaska	\$63	\$62	\$80	\$55	\$260
Arizona	\$797	\$468	\$814	\$557	\$2,636
Arkansas	\$240	\$139	\$244	\$167	\$790
California	\$4,100	\$2,365	\$4,161	\$2,847	\$13,474
Colorado	\$340	\$203	\$350	\$239	\$1,132
Connecticut	\$503	\$275	\$500	\$342	\$1,620
Delaware	\$130	\$72	\$130	\$89	\$420
District of Columbia	\$141	\$85	\$145	\$99	\$471
Florida	\$1,724	\$1,091	\$1,811	\$1,240	\$5,866
Georgia	\$687	\$357	\$672	\$460	\$2,176
Hawaii	\$171	\$75	\$158	\$108	\$513
Idaho	\$115	\$66	\$117	\$80	\$378
Illinois	\$1,266	\$809	\$1,336	\$914	\$4,325
Indiana	\$668	\$395	\$684	\$468	\$2,214
Iowa	\$196	\$138	\$215	\$147	\$696
Kansas	\$174	\$111	\$183	\$125	\$594
Kentucky	\$420	\$266	\$442	\$302	\$1,430
Louisiana	\$467	\$382	\$546	\$374	\$1,769
Maine	\$215	\$150	\$235	\$161	\$761
Maryland	\$638	\$419	\$680	\$465	\$2,202
Massachusetts	\$1,206	\$660	\$1,201	\$822	\$3,888
Michigan	\$990	\$514	\$967	\$662	\$3,132
Minnesota	\$801	\$439	\$798	\$546	\$2,583
Mississippi	\$292	\$188	\$309	\$211	\$1,000
Missouri	\$620	\$334	\$614	\$420	\$1,987
Montana	\$68	\$50	\$76	\$52	\$246
Nebraska	\$116	\$70	\$120	\$82	\$388
Nevada	\$187	\$102	\$186	\$127	\$602
New Hampshire	\$85	\$67	\$98	\$67	\$317
New Jersey	\$857	\$535	\$895	\$613	\$2,900
New Mexico	\$227	\$158	\$248	\$170	\$804
New York	\$4,327	\$2,762	\$4,562	\$3,122	\$14,773
North Carolina	\$827	\$602	\$920	\$629	\$2,978
North Dakota	\$39	\$23	\$39	\$27	\$128
Ohio	\$1,188	\$719	\$1,227	\$839	\$3,972
Oklahoma	\$340	\$236	\$371	\$254	\$1,202
Oregon	\$350	\$203	\$356	\$243	\$1,152
Pennsylvania	\$1,569	\$927	\$1,606	\$1,099	\$5,202
Rhode Island	\$193	\$100	\$188	\$129	\$610
South Carolina	\$376	\$178	\$356	\$244	\$1,153
South Dakota	\$48	\$30	\$50	\$34	\$162
Tennessee	\$658	\$339	\$641	\$439	\$2,076
Texas	\$2,004	\$1,470	\$2,236	\$1,530	\$7,239
Utah	\$126	\$79	\$132	\$90	\$426
Vermont	\$105	\$67	\$111	\$76	\$359
Virginia	\$573	\$362	\$602	\$412	\$1,950
Washington	\$763	\$459	\$786	\$538	\$2,545
West Virginia	\$181	\$109	\$187	\$128	\$604
Wisconsin	\$555	\$320	\$563	\$385	\$1,823
Wyoming	\$35	\$31	\$43	\$29	\$138
Totals	\$33,110	\$20,250	\$34,340	\$23,500	\$111,200

*<http://transparency.cit.nih.gov/RecoveryGrants/grant.cfm?grant=Reinvestment>

+A temporary increase in the FMAP (Federal Medical Assistance Percentage) rate was included in the American Recovery and Reinvestment Act of 2009 providing \$83.4 billion in additional assistance to states through the Medicaid program. (<http://www.cbpp.org/cms/index.cfm?fa=view&id=2498>) Approximately \$4 billion in additional federal funds will flow to states under other federal programs as a result of the temporary increase in the FMAP rate.

**In the President's 2011 budget and in the Jobs for Main Street Act of 2010 passed by the House of Representatives on Dec. 16, 2009, additional funding is included for extending the temporary FMAP increase for states through June 2011 (\$25.5 billion in Administration budget; \$23.5 billion in H.R. 2847). The allocations shown, by state, are estimates based on the actual distribution of FMAP funds authorized under the Recovery Act through Jan. 8, 2010 (as reported at HHS.gov/Recovery). Actual distribution of funds may be different.

projected under health reform will be more than offset by \$111.2 billion in reduced state Medicaid spending provided under the Recovery Act and the pending jobs bill. In fact, states will experience a net reduction in Medicaid spending of \$85.2 billion over the 2009–2019 period (Figure 5) as a result of these combined federal actions.

Passage of comprehensive health reform, as well as enactment of immediate relief through higher federal FMAP rates, would provide an enormous financial boost to state governments. These actions will relieve states of significant budgetary pressures while addressing the rising health care needs of American families.

Figure 5: Impact on State Medicaid Match Expenditures Under Jobs Bills and Health Reform* (in billions)

	2009 – 2019
Reduction in State Medicaid Contribution Required Under Jobs Bills	-\$111.2
Recovery Act (enacted) (\$87.7 billion reduction)	
Jobs for Main Street Act (House-passed) (\$23.5 billion reduction)	
Increase in State Medicaid Contribution Required Under Health Reform	\$26.0
Net Reduction in Required State Medicaid Contribution (Savings)	-\$85.2

* Estimate of Senate bill prepared by Congressional Budget Office

Endnotes

¹Congressional Budget Office, Letter to Rep. John Dingell, Table 3, Nov. 20, 2009. Accessed at <http://www.cbo.gov/ftpdocs/107xx/doc10741/hr3962Revised.pdf>.

²House bill—H.R. 3962. Accessed at: <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR03962:@@D&summ2=m&>; and Senate bill—H.R. 3590. Accessed at <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:h.r.03590>.

³American Recovery and Reinvestment Act of 2009. Accessed at <http://thomas.loc.gov/cgi-bin/bdquery/D?d111:4:./temp/-bdq7Xm:@@D&summ2=m&l/bss/111search.html>.

⁴<http://www.speaker.gov/newsroom/legislation?id=0351>.

⁵David Cutler and Neeraj Sood, New Jobs Through Better Health Care Health Care: Reform Could Boost Employment by 250,000 to 400,000 a Year this Decade, Center for American Progress, January 2010. Accessed at www.americanprogress.org/issues/2010/01/pdf/health_care_jobs.pdf.

⁶Igor Volsky, “Top Pelosi Aide Says Reconciliation Process Is ‘The Only Way’ To Save Health Reform,” Think Progress, Feb. 9, 2010. Accessed at <http://wonkroom.thinkprogress.org/2010/02/09/top-pelosi-aide-says-reconciliation/>; also, “Truth and Reconciliation,” Wall Street Journal, Feb. 13, 2010, accessed at <http://online.wsj.com/article/SB10001424052748703382904575059590466473372.html>.

⁷Jonathan Gruber is under contract with the Obama Administration to provide economic modeling on health insurance reform options.

⁸Congressional Budget Office. Letter to Majority Leader Harry Reid, Dec. 19, 2009, page 7.

⁹A temporary increase in the FMAP rate was included in the American Recovery and Reinvestment Act of 2009 providing \$83 billion in additional assistance to states through the Medicaid program. <http://www.cbpp.org/cms/index.cfm?fa=view&id=2498> <http://www.cbpp.org/cms/index.cfm?fa=view&id=2498>.

¹⁰American Medical Association, Summary of Major Health Care Provisions, American Recovery And Reinvestment Act of 2009. Accessed at http://www.ama-assn.org/ama/pub/advocacy/current-topics-advocacy/hr1-stimulus-summary_print.html.