

DC Update

February 19, 2009

After passing an economic recovery package, Congress recessed this week for the Presidents' Day holiday. Upon their return, Fiscal Year 2009 appropriations will need to be completed as the continuing resolution (CR) will expire March 6, 2009. FY 2010 will soon follow and a blueprint from the Administration may be available in late February. We also wait for a number of appointments within the Department of Health and Human Services, including the Secretary post after nominee Tom Daschle withdrew his name for consideration. In addition, positions in CMS and SAMHSA also await nominees.

Earlier this week President Obama signed the American Recovery and Reinvestment Act of 2009 (ARRA). A number of provisions included in the legislation will bring relief to states and localities with a combination of tax cuts and spending measures. The following items are provisions that may be of interest to NACBHDD members.

Health, Human Services, Education and Justice Provisions in ARRA:

Federal Medical Assistance Percentage (FMAP) in the Medicaid Program

- \$87 billion is allocated to provide a temporary FMAP increase.
- All states will receive a base percent increase of 6.2% and additional assistance for high unemployment rates.
- This will be effective from October 1, 2008 through December 31, 2010. States that require local government match will not be allowed to increase the county share.
- To qualify for assistance all states must maintain income eligibility levels for Medicaid that were in place on July 1, 2008. States have until July 1, 2009 to undo any changes.
- A "hold harmless" provision is included in the legislation. This provision protects states from scheduled decreases in their FMAP rates that would be implemented from October 1, 2008 through December 31, 2010. Therefore, states will receive their higher FMAP rate.
- Additional assistance is available to states based on high unemployment rates. The formula will compare each state's unemployment rate in three month, quarterly, increments with the quarter in which the state had its lowest average unemployment rate after January 1, 2006 (known as its base quarter). If the rate has increased by 1.5% over the base quarter, the state is eligible to receive additional increase in federal match. Increased amounts of assistance are linked to the increased unemployment percent.

Moratoria on Medicaid Regulations

- Moratoria on targeted case management, provider taxes and school based administration and transportation regulations are extended until June 30, 2009.
- Moratorium included for the hospital outpatient services regulation until June 30, 2009
- The law includes a non-binding “Sense of Congress” to the Secretary of the Department of Health and Human Services (HHS) that he or she should not promulgate final regulations regarding rehabilitative services, public provider or Graduate Medical Education (GME).
- These actions allow the Obama Administration to review and revise or rescind any of the regulations.

Other Health Related Provisions

- Provides \$19 billion for health information technology;
 - \$2 billion for infrastructure, training dissemination of best practices, telemedicine, inclusion of health information technology in clinical education, and state grants to promote HIT.
 - \$17 billion for incentive payments to Medicaid and Medicare providers. Critical access hospitals, federally qualified health centers, rural health clinics, children’s hospitals and others are listed as eligible recipients.
 - Codifies the Office of the National Coordinator for Health Information Technology (ONCHIT). Standards, led by the National Coordinator are to be developed by 2010.
- \$1 billion for a Prevention and Wellness Fund. \$650 million, of the total, will be allocated for evidence based clinical and community based prevention and wellness strategies addressing chronic illnesses.
- Community health centers will receive \$500 million for care of uninsured and underserved rural and urban areas.

Social Security and Supplemental Security Income Beneficiaries

- Beneficiaries will receive a one time payment of \$250. SSA expects all payments to be delivered by late May 2009.
- More information about these one-time payments can be found at www.socialsecurity.gov.

Funding for Justice Programs

- The law provides approximately \$4 billion for criminal justice programs
- \$2 billion for the Department of Justice’s Edward Byrne Memorial Justice Assistance Grant (JAG) Program.
- \$225 million for competitive grants to state and locals law enforcement.
- \$1 billion for the Department of Justices’ Community Oriented Policing Services (COPS) Program.
- Additional funding is also available for Violence Against Women Prevention and Prosecution Programs, rural law enforcement, Indian Tribes, crime victims

programs, Internet crimes against children and drug crime along the Southern border.

State Fiscal Stabilization Fund

- \$53.6 billion to states and localities to prevent cuts in education and other services. Most of this funding is dedicated to education and may be used for the Individuals with Disabilities Education Act (IDEA).

Community and Education Programs

- Community Services Block Grant will receive \$1 billion made available immediately.
- Community Development Block Grant will receive \$1 billion over 2 years.
- \$50 million for new grant program to non-profit organizations that would expand delivery of social services.
- Neighborhood Stabilization Program will receive \$2 billion.
- HOME program will receive \$2.25 billion for distribution by its formula.
- \$3.95 billion for the Workforce Investment Act.
- IDEA will receive \$12.2 billion, most of the funding is for K-12 special education.
- Vocational Rehabilitation State Grants will receive \$540 million, including \$140 million for Independent Living Programs.
- TANF received \$5 billion for an emergency contingency fund allocated over the next two years.