

American Recovery and Reinvestment Act Frequently Asked Questions

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA)(P.L. 111-5). [Title 5001](#) of the ARRA provides approximately \$87 billion in grant money to help States, the District of Columbia and Territories meet their health care needs during this economic crisis. Below is more information on how the ARRA will impact Arizona, specifically the Medicaid program.

Q: What is the purpose of the ARRA?

A: Certain programs, like Medicaid, are counter-cyclical – that is, as unemployment rises and the economic crisis worsens, Medicaid will experience increased caseloads. Medicaid is a federal-state partnership. With approximately 45 states facing budget deficits, states are not able to fund their portion of rising Medicaid costs. Many states will respond to their budget shortfalls by cutting programs like Medicaid. The ARRA is intended by Congress to provide fiscal relief to states in a period of economic downturn and to protect and maintain state Medicaid programs by helping to avert cuts and prevent constrictions of income eligibility requirements.

Q: Are there any strings attached (maintenance of effort requirements)?

A: In order for states to be eligible to receive the increased FMAP, states must comply with the following maintenance of effort requirements:

- States are ineligible for increased FMAP if eligibility standards, methodologies, or procedures are more restrictive than what was in effect July 1, 2008. There are provisions that allow states to reverse changes made prior to the passage of ARRA and still be able to receive the increased FMAP.
- States must comply with prompt payment requirements to providers and must submit a quarterly report that it is in compliance with this provision.
- States cannot deposit or credit any reserve or rainy day funds with revenue from increased FMAP and will be required to report on how the increased FMAP dollars are spent.
- States are ineligible for the increased FMAP if it requires political subdivisions to pay a greater percentage of the non-federal share for quarters during the recession adjustment period than the percentage that would have been required by the State under such plan on September 2008.

Q: Does AHCCCS currently meet all of the maintenance of effort requirements?

A: AHCCCS is in compliance with prompt payment requirements and the prohibition against depositing FMAP monies into the rainy day fund. AHCCCS continues to work with CMS and will update these Frequently Asked Questions as needed.

Q: Do the maintenance of effort requirements affect Title XXI, known as KidsCare in Arizona?

A: CMS has told AHCCCS that Title XXI is exempt from the maintenance of effort requirements.

Q: Would DRA premiums for Title XIX Medicaid populations violate the maintenance of effort requirements?

A: CMS has told AHCCCS that implementing new DRA premiums for Title XIX would violate maintenance of effort requirements, because paying the premium would be a condition for eligibility. Consequently, that would restrict the eligibility standards for the population subject to the premium.

American Recovery and Reinvestment Act Frequently Asked Questions

Q: How much federal Medicaid money will be available for Arizona?

A: AHCCCS estimates it could receive between \$1.7 to \$1.9 billion in ARRA Medicaid money.

Q: How did the federal government determine how much money states should receive?

The ARRA provides states with fiscal relief through 3 methods: 1) incorporates a hold harmless provision so that state FMAPs would not be lower than what they were in 2008; 2) provides a temporary across the board increase of 6.2% in the federal matching rate for Medicaid; and 3) states with rapidly rising unemployment rates receive additional increases. Currently, Arizona qualifies under Tier 2 for the unemployment-related payments. If Arizona's unemployment rate continues to rise, the State may move to Tier 3.

In Arizona, the federal government normally pays about 66% of the cost, with the State paying the rest. The ARRA raises that temporarily to approximately 75% through December 31, 2010.

Q: How can the \$1.7 to \$1.9 billion in new federal Medicaid money help Arizonans? Will more Arizonans be covered by Medicaid as a result?

A: The ARRA increases the federal government's share of the cost, providing fiscal relief for Arizona by lowering the State's share of the cost for Medicaid. Because of the economic downturn, it is expected that more people will apply for Medicaid as a result of losing their jobs. One of the reasons to increase the FMAP is to assist the States to cover the growing Medicaid caseloads. The ARRA is not necessarily intended to expand Medicaid eligibility. In fact, if a State expands a Medicaid coverage group during the designated time period for ARRA, that expansion population is not eligible for the increased FMAP.

Q: Does the ARRA provide increased federal funding for DSH?

A: Funding for DSH is not included in the federal increased match. However, the ARRA provides for a temporary 2.5% increase in the state DSH allotment for FYs 2009 and 2010.

Q: If I lose my job, will the federal recovery plan help me keep my health insurance?

A: Workers who are terminated from a job with health insurance benefits are able to maintain their insurance coverage for up to 18 months by paying the premiums themselves under the federal provisions contained in the Consolidated Omnibus Budget Reconciliation Act (COBRA). Employers are required to notify workers of their eligibility for COBRA, and then workers have 60 days to elect coverage.

To help people maintain health insurance coverage, the recovery plan provides a federal subsidy of 65% for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated, and for their families. This program is not implemented through AHCCCS and you should contact your previous employer for more information.