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## LEGISLATIVE BUDGET BOARD

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## MEMORANDUM

**TO:** Representative Jim Dunning, Chair  
House Select Committee on Federal Economic  
Stabilization Funding

**FROM:** Maria Hernandez and Paul Priest

**DATE:** March 9, 2009

**SUBJECT:** Medicaid

This memorandum is in response to questions about Medicaid and the American Recovery and Reinvestment Act (ARRA) raised at the hearing of the Special Committee on Federal Economic Stabilization Funding on March 5, 2009.

- 1. How much additional federal funding would Texas receive under the enhanced FMAP if all exceptional items under Medicaid and Title IV-E, Foster Care and Adoption Assistance were funded?***

In order to fund the HHS agencies Medicaid related exceptional items totaling \$6.3 billion in All Funds in the 2010-11 biennium, an additional \$2.2 billion in General Revenue (based on the stimulus FMAPs) would be needed to match Medicaid federal funds versus the \$2.6 billion (using the General Appropriations Act assumed FMAPs). Texas would draw \$400 million more in federal match on the \$2.2 billion General Revenue.

- 2. If Texas would increase eligibility in the Medicaid program, would the expenditures for these clients be matched at the enhanced rate?***

We do not think the state would receive the enhanced FMAP rate for clients who receive Medicaid as result of any eligibility changes to the Texas Medicaid program. The AARA includes a provision that states that the regular FMAP will apply to any individuals who become eligible as a result of a change in income eligibility standards (expressed as a percentage of the poverty line) that are higher than those that were in effect on July 1, 2008 [Sec. 5001(e)(5)].

Please let me or Paul Priest know if you have any questions or would like more information.

cc: Speaker Joe Straus

Members of the House Select Committee on Federal Economic Stabilization Funding

Leslie Lemon

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