



**Dave Heineman**  
Governor

# STATE OF NEBRASKA

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February 27, 2009

Senator Lavon Heidemann  
Chair of the Appropriations Committee  
State Capitol, Room 1004  
Lincoln, NE 68509

Dear Senator Heidemann:

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for a temporary increase in Nebraska's federal medical assistance percentage (FMAP) of 6.2% for the time period of October 1, 2008 through December 31, 2010. This temporary enhanced Medicaid match will result in an estimated \$227,718,088 increased federal matching funds for Nebraska's medical assistance program over the 27 month period.

Today the Nebraska Department of Health and Human Services processed the first in a series of federal fund draws of ARRA temporary enhanced FMAP funds, totaling \$37,993,859, representing the amount of enhanced match earned from October 1, 2008 through February 2009. Subsequent to the federal fund draw, a journal entry was processed which, in effect, transferred expenditures from the State general fund to expenditures from federal funds. Accounting procedures are in place to maintain accountability and complete transparency of the funds made available by these accounting transactions.

I recognize that this communication represents very short notice on the receipt and handling of these funds, but both the President and the federal health and human services agency are calling for immediate action. Our timely response and approach preserves both the Governor's and Legislature's role in determining the ultimate use of these budget stabilization funds through the State of Nebraska's normal budget and appropriation processes.

Sincerely,

A handwritten signature in cursive script that reads "Dave Heineman".

Dave Heineman  
Governor

cc: Senator Mike Flood, Speaker  
Senator Tim Gay, Chair of the Health and Human Services Committee

## TEMPORARY INCREASE IN FMAP

Federal Medicaid Assistance Percentage (FMAP) is the federal cost share at which states are reimbursed for most Medicaid service expenditures. It is based on a formula that provides higher reimbursement to states with lower per capital incomes relative to the national average and vice versa. The statutory minimum is 50% and the maximum is 83%.

Currently, Nebraska's Medicaid FMAP is 59.54%. On October 1, 2009, Nebraska's Medicaid FMAP increases to 60.56%.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides all states an across-the board increase temporary increase of 6.2% beginning October 1, 2008 through December 31, 2010.

Nebraska's Medicaid FMAP, under the ARRA, will be 65.74% effective October 1, 2008 and 66.76% effective October 1, 2009.

In order to be eligible for the increased FMAP, states are:

- 1) Required to maintain the Medicaid eligibility standards, methodologies and procedures in effect on July 1, 2008. Nebraska meets this requirement.
- 2) Prohibited from depositing or crediting the additional federal funds paid as a result of the increase to any reserve or rainy day fund.
- 3) Required to ensure that local governments do not pay a larger percentage of the state's nonfederal Medicaid expenditures than what would otherwise have been required on September 30, 2008. This is not an issue for Nebraska as the Nebraska Medicaid program does not require political subdivisions within the State to contribute to the Medicaid Program.
- 4) Required to be in compliance with requirements for prompt payment of health care providers under Medicaid. Nebraska is in compliance with prompt payment standards.

DHHS  
 Estimated Stimulus (ARRA) FMAP Increases  
 October 1, 2008 through December 31, 2010

	<u>Estimated Award</u>	<u>Actual Earning</u>
<b>State Fiscal Year 2009</b>		
FFY 2009 1st Qtr (Actual)	\$ 22,473,769	\$ 22,473,769
FFY 2009 2nd Qtr (Actual through 2-28-09)	\$ 25,369,594	\$ 15,520,090
FFY 2009 3rd Qtr	\$ 23,982,279	\$ -
<b>Total SFY 2009</b>	<u>\$ 71,825,642</u>	<u>\$ 37,993,859</u>
<b>State Fiscal Year 2010</b>		
FFY 2009 4th Qtr	\$ 24,987,814	\$ -
FFY 2010 1st Qtr	\$ 24,987,814	\$ -
FFY 2010 2nd Qtr	\$ 24,987,814	\$ -
FFY 2010 3rd Qtr	\$ 24,987,814	\$ -
<b>Total SFY 2010</b>	<u>\$ 99,951,256</u>	<u>\$ -</u>
<b>State Fiscal Year 2011</b>		
FFY 2010 4th Qtr	\$ 27,970,595	\$ -
FFY 2011 1st Qtr	\$ 27,970,595	\$ -
<b>Total SFY 2011</b>	<u>\$ 55,941,190</u>	<u>\$ -</u>
<b>Total FMAP Stimulus for 27 Months</b>	<u>\$ 227,718,088</u>	<u>\$ 37,993,859</u>