

## Issue Brief – FMAP Rate Change

HEALTH – MEDICAL ASSISTANCE

DOH IB 08-11

### SUMMARY

Medicaid is a joint federal and state program to provide medical services for vulnerable populations. The Federal Medical Assistance Percentages (FMAP) represents the federal share of the programmatic costs for Medicaid. The Medicaid Program utilizes a formula to determine the annual percent of medical assistance for each state. The formula is based on each state's average per capita income level compared to the national average.

### OBJECTIVE

For FY 2008, Utah's FMAP rate is projected to increase from 70.30 percent to 71.26 percent based on the state fiscal year. This change will shift \$12,318,600 of General Funds to federal Medicaid and Title IV-E funds for various programs in the State of Utah. The impact on the Department of Health is \$10,135,900.

### DISCUSSION AND ANALYSIS

The FMAP is calculated annually based on the state's per capita income using a rolling three year average. By law the FMAP rate cannot be lower than 50 percent or higher than 83 percent. The projected FMAP rate for FY 2008 is 71.26 percent which represents an increase of 0.96 percent from the FY 2007 FMAP rate (Note: the rates are adjusted to reflect the state fiscal year). Because of the size of the Medicaid budget, even a small percentage decrease can have a significant impact. Changes in population or per capita income can cause a fluctuation in the FMAP rate. The following table shows the impact of the FMAP rate change on the State of Utah for FY 2008.

#### *Base Budget Adjustment*

The net impact of the FMAP rate change on the Department is zero. The General Fund savings of \$10,135,900 has been removed from the Health Department through House Bill 1. The General Fund has been replaced with Federal Funds. The state funds are ongoing General Fund and could be used to address the FY 2007 one-time funding put in the Medical Assistance Program by the 2006 Legislature.

Health FMAP Rate Change	(\$10,135,900)
Human Services FMAP Rate Change	(1,991,700)
Juvenile Justice Services FMAP Rate Change	(191,000)
<b>Total State FMAP Rate Change</b>	<b>(\$12,318,600)</b>

### RECOMMENDATION

The General Fund reduction has been made in House Bill 1. The General Fund is replaced by Federal Funds from the increased match rate. No further action from the Subcommittee is necessary.