

**From:** Landrieu, MaryL (Landrieu)  
**Sent:** Thursday, February 16, 2012 2:33 PM  
**Subject:** \*\*Spread the Word: LA FMAP provision in doc fix/payroll tax bill



February 16, 2012

*Dear Friend,*

*Last November, both my office and Governor Jindal's administration learned that there was a technical problem with the wording of the law I had passed in conjunction with the Affordable Care Act that had allowed Louisiana to receive an additional \$1.7 billion in critical federal disaster Medicaid funding: \$700 million for Fiscal Years 11 and 12, and an expected \$850 million in FY 13 and approximately \$200 million in FY 14. As a result, federal officials are now working to cap our portion of extra federal Medicaid disaster assistance at \$1.7 billion – funds that helped the state avoid devastating cuts to basic health care services at a time when many Louisianians were working to rebuild their lives in the wake of Hurricanes Katrina and Rita.*

*In case you missed today's article in the Times-Picayune, which clearly and succinctly explains what is happening on this issue in Congress, I've copied the story below.*

*As always, if you have any questions or concerns, I want to hear from you. Please don't hesitate to contact my Washington office at 202-224-5824. My Chief of Staff, Jane Campbell, or Health Care Legislative Aide, Peter Gwynn-Sackson, look forward to talking with you.*

*All the best,*

A handwritten signature in blue ink that reads 'Mary Landrieu'.

# The Times-Picayune

February 16, 2012, By Jonathan Tilove

WASHINGTON — Almost \$1 billion in Medicaid money for Louisiana is on the table as congressional conferees Wednesday continued to hammer out an agreement on how to help pay for the extension of a payroll tax holiday.

The money at stake is over and above what Sen. Mary Landrieu, D-La., thought she was getting to help her state when she won inclusion of the “FMAP fix” in the 2009 health care law, a fix that brought Landrieu grief from opponents of the Affordable Care Act.

In fact, in a large dollop of Louisiana lagniappe, the state has already received \$500 million more in the current fiscal year than it would have received had there not been an error in the drafting of the provision, the same error that has put the state on track to receive roughly \$850 million more in Medicaid money in fiscal 2013 than it would have otherwise been entitled to.

But, by correcting the error for fiscal 2014 and 2015, the federal government will save an estimated \$2.5 billion, which under the errant application of the formula was, on paper, headed Louisiana’s way, money that can, with the strike of a red pen, help to pay for extending the reduction in the payroll tax.

Landrieu said she hopes that the conference agreement will continue to send the additional \$850 million or so in 2013 money the state’s way, in addition to about \$200 million in 2014 to help wean the state off the additional Medicaid assistance. The fix was intended to spare the state from the shock of a dramatic loss in Medicaid assistance because of a spike in income with the influx of recovery money in the aftermath of Hurricane Katrina.

“As a result of Sen. Landrieu’s work in 2009, the state of Louisiana received an additional \$700 million from the federal government for its Medicaid program in FY11 and FY12, and is expected to receive an additional \$850 million in FY13, and approximately \$200 million in FY14,” Landrieu spokeswoman Amber McDowell said. “This funding — which the state would not have received without Sen. Landrieu’s leadership — helped the state avoid devastating cuts to basic health care services at a time when many Louisianians were working to rebuild their lives in the wake of Hurricane Katrina. From the beginning, it has been clear to all parties involved that this funding was not permanent — but instead a temporary increase to help the state provide for its citizens in the aftermath of a catastrophic disaster.”

The outcome of the conference committee deliberations is of huge consequence to Medicaid recipients in Louisiana and to the Jindal administration.

“We’re watching the process,” Louisiana Secretary of Health and Hospitals Bruce Greenstein said Wednesday. “At the end of the day, Louisiana is going to have a balanced budget.”

Landrieu’s office said the fate of the additional Medicaid money has been in doubt since Nov. 30, when the federal Department of Health and Human Services, in a posting in the Federal Register, indicated there was a problem with the way that the Louisiana fix had been drafted.

At that time, said McDowell, “both Sen. Landrieu and Gov. Jindal’s administration learned that there was a technical problem with the wording of the law. It is our understanding that the conference committee is attempting to resolve this problem in the payroll bill. Sen. Landrieu looks forward to reviewing the proposal and will have additional comment once the language is finalized.”

Under the plan crafted by Landrieu, any state (Louisiana was the only one that qualified) that suffered a 3 percentage point or greater drop in its Federal Medical Assistance Percentage in the years following a statewide disaster would get an increase in its reimbursement percentage equal to half the difference between its regular percentage and the new, lower percentage resulting from the temporary increase in per capita income following a disaster. The higher a state’s income, the lower its FMAP. In subsequent years, the FMAP could be adjusted to make up 25 percent of the difference.

However, as a staff memo from the conference committee noted, after the first year, because of the drafting error, “Instead of creating a glide path downward, so that the affected state could adjust to its new, lower FMAP, the 25 percent bump is added to the higher, adjusted FMAP of the previous year rather than the lower, base FMAP.”

The result is that the state continued to appear to qualify for continued assistance beyond when it should have, and the state was being led to a fiscal cliff where, when the special help expired, the drop in Medicaid money would have been far more precipitous than it would otherwise have been, exactly the outcome the fix was intended to avoid.

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