

# States Use FMAP To Fill Gaps

## Stimulus Funds Diverted Away From Medicaid

**A** congressional analysis shows that additional federal funds sent to states to help with Medicaid costs might not be used as Congress and President Obama intended.

The American Recovery and Reinvestment Act of 2009 contained a temporary \$87.2 billion increase to states' federal medical assistance percentage (FMAP) to help them meet their Medicaid needs, but some states want to divert the money to use for state services unrelated to health care, according to a report compiled by Rep. Darrell Issa (R-Calif.), the top Republican on the House Oversight and Government Reform Committee.

A closer look at how New York, Michigan, Virginia, West Virginia, Kansas, Indiana, Florida, and Nevada may use the stimulus funds shows that beneficiaries and health care workers

would be affected by the recategorizing of the FMAP funds, according to the report, "De-Targeting the Stimulus: States Diverting Medicaid Funds Away from Helping Poor, Protecting Health Care Jobs."

The report notes that the law stipulates a state could not get the FMAP increase if it deposited or credited it to a reserve fund, or "rainy day," account, but nothing in the law specifically says a state cannot reduce its current Medicaid commitment and use the federal match to fill in other budget gaps.

"In some states, the net Medicaid funding may remain relatively stable despite the \$87 billion investment by the federal government because states are renegeing on their commitment to Medicaid," the report says. "In those instances, this provision simply serves as a way to cost-shift from the state to

the federal government without necessarily shoring up the Medicaid program during the recession."

For example, Michigan is set to receive \$2.27 billion in additional FMAP funds, but Gov. Jennifer Granholm wants to use \$1 billion from Medicaid and education stimulus funds to balance the state budget. The state would use the federal money to replace general fund money allocated for Medicaid and then use those general dollars elsewhere in the budget, the report says.

Florida is supposed to receive \$4 billion in additional FMAP funds, but the state legislature is considering using about \$800 million of this to offset other budget items, the report says, based on media reports following the state legislature's debate.

The report says that to prevent states from using the FMAP increase "as a replacement to state Medicaid funding," federal action should take place to protect the FMAP funds.

"States should be required to track and be accountable for not just the expenditure of enhanced FMAP, but also state Medicaid spending that may be now diverted to other budget areas," the report says. "Full accountability and transparency will provide understanding of the true impact of the \$87 billion in federal Medicaid funds."

The American Health Care Association (AHCA) agrees. "Congressman Issa has raised a monumentally important issue of concern to the provider community and seniors under our care, and ensuring there is maximum accountability in regard to how Medicaid resources contained in the stimulus bill are actually spent once they reach state capitols is critical," said Bruce Yarwood, AHCA president and chief executive officer.

—Suzanne Struglinski

## Assisted Living Franchises Planned For Texas

**C**ountry Place Living, an Irving, Texas-based assisted living provider and franchise operator, recently closed a development deal with Lone Star Companies of Dallas, a real estate development company, for the construction and development of assisted living residences throughout Texas.

Lone Star will open five Country Place assisted living franchise locations, with the first planned for Canton, Texas.

"This is the beginning of a development campaign that will bring our residences and our senior care services to locations throughout Texas where

we know a need exists," said Cynthia Gartman, president and chief operating officer of Country Place.

The announcement marks a total of nine franchised residences open or being developed in the United States for Country Place's assisted living concept.

"As the newest franchisee, we plan to duplicate that success, bringing Country Place residences to towns all over Texas," said Shayne Whitehead, vice president and chief operating officer of Lone Star.

Country Place plans to expand to more than 400 locations nationwide.

—Meg LaPorte

