Preparing for States’ Use of Increased FMAP Funds

Last week, the President signed into law the Families First Coronavirus Response Act (P.L. 116-127). Of importance to states, the law contains a 6.2% increase in Federal Medicaid Assistance Percentage (FMAP) to states. FMAP comprises the federal share of funds for the Medicaid program with states funding the remaining portion. States may use the increased FMAP to address any portion of its State Medicaid. Already, in at least two states, a substantial portion of the funds has been aimed at providing Medicaid coverage for the newly unemployed and, likely, uninsured. States took similar action with the American Recovery and Reinvestment Act of 2009 (ARRA). Click here to view a summary of the ARRA health care provisions.

Like Families First, ARRA offered both fiscal stimulus and health care coverage expansions of the unemployed. The health care component subsidized the greater health care costs that recessions create. It also began to computerize medical records. In brief, the major AARA health care provisions were: Here’s what ARRA spent on health care:

a) $24 billion to subsidize 65% premiums for up to nine months for laid-off workers’
b) $87 billion in matching funds for two years to help states pay for the additional Medicaid needs that occur in a recession;
c) $10 billion to National Institute for Health; and
d) $17 billion to modernize health information technology systems.

States used the vast majority of the $87 billion to expand Medicaid coverage to the uninsured. Also, on March 21, the federal government announced it is considering a special enrollment period for HIX coverage.

Why Does ACA-Related Coverage Matter, Now?

Most states have two types of exchanges: HIX, for individuals purchasing coverage, and a small business health options program (SHOP) exchanges. In a HIX, eligible consumers can compare and purchase non-group insurance for themselves and their families and can apply for premium tax credits and cost-sharing reductions. In a SHOP exchange, small businesses can compare and purchase small-group insurance and can apply for small business health insurance tax credits; in addition, employees of small businesses can enroll in plans offered by their employers on a SHOP exchange. The vast majority of states contract with the federal government for HIX operation which would make operationalizing any special enrollment period occur faster. A small number of states directly operate their HIX. The pattern is true for SHOP exchanges. See Figure 1, on the following page.
In the current COVID crisis, the loss of employer-sponsored health insurance will be material. Additionally, as small businesses are impacted, their ability to participation in SHOP coverage for their employees will be impacted increasing the overall number of the uninsured.

**Suggested Action Steps**

In preparation for state decision making on use of the Families First Medicaid FMAP increase, state affiliates should consider assessing their state’s:

- Projected uninsured rates including potential declines in SHOP coverage;
- Historical decisions about Medicaid coverage and expansion; and
- Operation of the state’s HIX.

As noted above, special enrollment in federally operated exchange might become available sooner than in state operated exchanges and educating state law makers about HIX coverage might influence decision making on how much of the 6.2% to allocate to coverage relative to provider rates.

AHCA/NCAL will keep state affiliates abreast of decisions on the possible special enrollment period. For now, AHCA/NCAL recommends gathering information on the availability of HIX and SHOP coverage to argue those resources should be considered before allocating substantial amounts of Families First Medicaid funds to coverage expansion. For now, consider the following ACA coverage basics:

- The four metal tiers, from the plan that requires the most out-of-pocket expenses to the least, are Bronze, Silver, Gold, and Platinum;
• The tiers aren’t related to the quality of medical care, and all plans cover the same essential benefits; and
• Those who cannot afford a plan in one of the metal tiers have multiple options, such as premium subsidies.

The four tiers of health insurance plans available on the market are named after metals — bronze, silver, gold, platinum — and so they are referred to as the metal tiers (or “metal levels”). The tiers differ based on how the cost of health care services are split between an individual and his/her insurer.

Bronze plans generally have the lowest premiums, but that’s because they require the individual to pay more out of pocket before the insurance starts paying for some of the medical expenses. Platinum plans usually have the highest premiums, but the insurance typically pays for more and may offer coverage for more health care services.

**Figure 2. Metal Levels by Cost Sharing Split**

<table>
<thead>
<tr>
<th>METAL TIER</th>
<th>CONSUMER PAYS</th>
<th>INSURER PAYS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bronze</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Silver</td>
<td>30%</td>
<td>70%</td>
</tr>
<tr>
<td>Gold</td>
<td>20%</td>
<td>80%</td>
</tr>
<tr>
<td>Platinum</td>
<td>10%</td>
<td>90%</td>
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**For More Information**

Contact AHCA/NCAL at COVID19@ahca.org and visit www.ahcancal.org/coronavirus.