



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

August 16, 2010

Dear Governor:

Last week, President Obama signed into law the Education Jobs and Medicaid Assistance Act, which will provide states and territories with an estimated \$16.1 billion to support their Medicaid programs. This new federal funding can stave off the deep cuts to Medicaid that many had feared, and sustain jobs in hospitals, health centers, and communities across the country. They will also support Title IV-E foster care programs. These funds are only available for your state if you request them within 45 days of enactment, or by September 24, 2010. As a former governor and current partner with states in running Medicaid, I urge you to act.

The new law provides states the option of extending additional Medicaid funding through an increase in the Federal Medical Assistance Percentage (FMAP). The FMAP increase was initially authorized by the American Recovery and Reinvestment Act (Recovery Act) and is set to expire this December. Under the new law, states that request these funds will receive a 3.2 percentage point increase in their FMAP from January to March 2011, and a 1.2 percentage point increase from April to June 2011. Additional FMAP increases are available for each calendar quarter during this period for states with high unemployment rates. The Recovery Act policy on FMAP for the U.S. territories is also extended for this time period. The original requirements to receive the Recovery Act increased FMAP continue to apply to receiving the funds during the extension period.

This assistance is essential for states as they support health care services for their residents, and for state budgets more broadly. By reducing the need for budget cuts and layoffs in health, education, public safety, and other vital state services, the additional federal Medicaid assistance will support a variety of public and private economic activities. Analysis by the Council of Economic Advisers of the first few months of the FMAP increase contained in the Recovery Act showed that states that received more dollars had smaller employment losses during the worst of the downturn. In total, the Council of Economic Advisers estimates that the FMAP increase in the Recovery Act will protect or save more than 750,000 jobs.

This FMAP extension also complements the support provided to states and territories through the Affordable Care Act. In the few months since this law was enacted, the Administration has offered nearly a quarter of a billion dollars in grant funding opportunities to states to support activities to make health care more affordable, accessible, and high-quality. This includes grants to enhance current activities for reviewing health insurance premium increases; to educate consumers about their health coverage options; to explore and potentially establish Health Insurance Exchanges – new marketplaces where people can shop for health insurance; and to strengthen state and local public health systems.

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There is no question this is a tough time for states, and governors are being asked to do more with less. I encourage you to take advantage of extended Medicaid support available to you through the Education Jobs and Medicaid Assistance Act. Details on the certification to access these funds will be available at <http://www.cms.gov/>. This new law, along with the Affordable Care Act, will help support jobs and build a health care system with lower costs, more choices, and higher-quality health care for all Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen Sebelius". The signature is fluid and cursive, with the first name "Kathleen" written in a more compact, stylized manner and the last name "Sebelius" written more fully.

Kathleen Sebelius