

Testimony
Long-Term Care Committee
Federal Medical Assistance Percentage (FMAP)
May 20, 2008

Chairman Dever, members of the Long-Term Care Committee, I am Brenda Weisz, Chief Financial Officer for the Department of Human Services. I am here to provide information on Federal Medical Assistance Percentage (FMAP) and the estimated impact on the 2009 – 2011 biennium.

BACKGROUND

FMAP is the level of federal funding provided on the dollar for a specified federal fiscal year for Medicaid funded programs as well as the Foster Care Title IV-E program.

FMAP is based on the per capita income for North Dakota in relation to the rest of the nation.

FMAP is issued as a preliminary number in the Spring just over one year before it will go into effect. The rate is finalized in the Fall one year before it will go into effect.

Essentially, there are three federal fiscal years (October 1 – September 30) or portions thereof within each Biennium. This results in the potential of three different FMAP rates to apply to expenditures.

For example, in the current biennium:

Appropriation	Actual
2007 – 64.72% (2 months)	64.72%
2008 – 63.75% (12 months)	63.75%
2009 – 64.08% (10 months)	63.15%
<i>Weighted FMAP – 63.96%</i>	<i>Weighted FMAP – 63.58%</i>

In general terms a 1% change in the FMAP for a twelve month period currently equates to approximately \$5.8 - \$6.0 million based on current spending levels. The 0.93% drop for the last ten months of the current biennium equates to \$4.4 million of additional general fund need within the current budget.

ESTIMATED FMAP FOR THE 2009 – 2011 BIENNIUM AND IMPACT:

As we begin to prepare our budget for the 2009 – 2011 biennium, the Department will be using a weighted FMAP of 63.15%. We have worked with OMB in arriving at this rate as our starting point along with utilizing the information provided by the Bureau of Economic Analysis (BEA) and Economy.com.

The impact to the Department's budget based on a weighted FMAP of 63.15% equates to an increased general fund need of approximately \$9.7 million before considering any changes to costs or utilization. We will continue to utilize the information provided by both BEA and Economy.com as well as working with OMB and adjust the estimated FMAP if appropriate.

This concludes my testimony. I would be happy to address your questions.