

LEADERSHIP COUNCIL
of
AGING ORGANIZATIONS
James P. Firman, Ed.D., Chair

July 17, 2002

Dear Senator:

The undersigned members of the Leadership Council of Aging Organizations (LCAO) are writing to urge you to support legislation that temporarily increases the Federal Medical Assistance Percentage (FMAP). S. 2570, introduced by Senators Susan Collins (R-ME) and Ben Nelson (D-NE), and S. 2221, introduced by Senators John Rockefeller IV (D-WVA) and Gordon Smith (R-OR), would temporarily increase the federal Medicaid matching rate, which is commonly referred to as FMAP. These proposals would provide immediate and effective fiscal relief to states and would help strengthen the Medicaid program.

As a result of this year's economic downturn, state revenues are declining while the demand for health and social services is increasing as people are losing their jobs. States may not be able to meet all of these evolving needs and, with the mandate to balance their budgets, may have no option but to cut some of their programs. Medicaid, the health care entitlement program for more than 40 million low-income children, families, the elderly and the disabled, is already facing a significant jump in its numbers of enrollees.

Medicaid is the only public program that covers ongoing nursing home care to those who have exhausted their own resources, by financing care for over two-thirds of the nation's 1.5 million nursing home residents and pays for nearly half of nursing home costs. An increasing percentage of Medicaid long term care dollars are being spent on Home and Community-Based (HCBS) Waivers, which enable states and localities to offer some Medicaid recipients who are nursing home eligible services in the preferred setting of the home and community. Approximately 73% of Medicaid spending on the elderly is devoted to long term care.

Although Medicaid is administered by the states, the federal government matches state dollars to serve the most vulnerable populations. The FMAP match is based on the relationship between each state's per capita personal income and the national average per capita personal income over three calendar years. The National Governors Association projects state budget deficits totaling \$50 billion in the current year. Federal Medicaid funding is already scheduled to decline in 29 states in FY02 (totaling approximately \$565 million), which is based on outdated per capita income data collected from 1997-1999, a period when state economies were growing.

A temporary increase in the FMAP would benefit all states. State fiscal relief is one of the best ways to help avert state budget cuts and tax increases, and to ensure that vulnerable people continue to receive needed assistance. This is a time when states desperately need assistance. Particularly helpful in this regard would be temporary federal relief for the Medicaid program. Therefore, we urge you to support S. 2570 and S. 2221, legislation that temporarily increases the FMAP for states.

Sincerely,

AFL-CIO
AFSCME Retiree Program
Alzheimer's Association
American Association of Homes and Services for the Aging
American Society of Consultant Pharmacists
Alliance for Retired Americans
B'nai B'rith International
Catholic Health Association of the United States
Families USA
National Association for Home Care
National Association of Area Agencies on Aging
National Association of Elder Law Attorneys
National Association of Nutrition and Aging Services Programs
National Association of Retired Federal Employees
National Association of State Long-Term Care Ombudsman Programs
National Association of State Units on Aging
National Committee to Preserve Social Security and Medicare
National Council on the Aging
National Osteoporosis Foundation
National Senior Citizens Law Center
United Jewish Communities