

KATHY CASTOR  
11TH DISTRICT, FLORIDA

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REGIONAL WHIP



**Congress of the United States**

**House of Representatives**

**Washington, DC 20515-0911**

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November 18, 2009

The Honorable Jeff Atwater  
President  
The Florida Senate  
Suite 409, The Capitol  
404 South Monroe Street  
Tallahassee, FL 32399-1100

RE: Federal Medicaid Matching Funds – Progress for Florida Families

Dear Senator Atwater:

Thank you for your November 10, 2009 correspondence relating to the Federal Medicaid Assistance Percentage (“FMAP”). I also appreciate the interest of the other Senate leaders who signed on, including Senator Nan Rich whom I have been in contact with regarding Florida’s Medicaid issues.

I share your concern regarding the FMAP formula. As you may know, I have been focused on the inequalities facing Florida under our Medicaid match for some time. (Please see attached FMAP correspondence). FMAP is the federal Medicaid share that is calculated using a three-year average of state per capita personal income. Florida’s FMAP has been skewed over the past few years as a result of two active hurricane seasons (Charley, Frances, Ivan and Jeanne in 2004 and Katrina, Rita and Wilma in 2005), which resulted in arbitrarily inflated levels of state employment. Now the FMAP has plummeted at a time when our state faces so many challenges.

I understand that the State of Florida faces proposed budget reductions that could possibly cut into state Medicaid funding. I pledge to work with you to avoid such cuts as Medicaid serves approximately 2.7 million residents in Florida – nearly half of which are children followed by seniors and pregnant women. The severe economic downturn that the state has been experiencing since early 2008 is having a disproportionately harsh impact on children from struggling families, seniors and others who rely on Medicaid.

Fortunately, due to the hard work of Florida’s Congressional delegation, the American Recovery and Reinvestment Act (otherwise known as the emergency stimulus) provided \$4.3 billion directly to the State of Florida for health services for children and others under Medicaid. As a member of the U.S. House Committee on Energy and

Commerce, I fought hard to include such a large boost for Florida. The \$4.3 billion investment and increased federal Medicaid match that Florida received was among the largest increases in the country and was the result of many months of advocacy by President Barack Obama and others.

The Recovery Act also provided substantial aid for the newly unemployed in Florida, including assistance with COBRA premiums. A Families USA report found that unemployment benefits in Florida do not cover the cost of COBRA. However, under the Recovery Act newly unemployed workers are receiving a 65 percent subsidy for COBRA continuation premiums. This investment has offset additional draws on Florida Medicaid funds and was a godsend to families who were hurt by a layoff.

The ongoing infusion of health care dollars provided by the Recovery Act is absolutely vital to Florida families and Florida's economy. Health care investments create and preserve jobs in the state while ensuring that families receive affordable medical care. As you are aware, economists say the infusion of Medicaid dollars is one of the most rapid and effective ways to stimulate the economy.

I am very pleased to report that we have worked diligently to ensure the State of Florida will receive another substantial boost in the FMAP under the recently House passed Affordable Health Care for America Act. In recognition of the economic hardship facing many states, the health reform measure provides substantial aid to states by extending the FMAP increase in the Recovery Act for an additional six months. *Florida stands to receive just short of \$1 billion for health services under Medicaid.* I need your help and support to maintain this provision in the Senate version of the health reform measure. Furthermore, Florida Medicaid will benefit greatly under the very significant pharmaceutical rebates required by the Affordable Health Care for America Act.

In order for us to make the strongest case for a revised FMAP, the State of Florida must demonstrate that it has used previous FMAP increases as intended. I am very concerned about reports that the Florida Legislature may not have directed all of the \$4.3 billion in FMAP that we fought so hard for to health care for children and others under Medicaid. As you can imagine, it might be difficult to maintain that Florida continues to need special dispensation, such as a revision of the FMAP formula, if the state does not use health care dollars for health care. Part of the \$4.3 billion was reportedly used to plug holes in other areas of the state budget. As a result, I have read that Florida must now come up with approximately \$1.5 billion to fill the gap created when the state diverted the critical funding needed for Medicaid to other budget areas.

Any use of the federal Medicaid share outside of health care can put Florida and advocates like me in a very tough position, and could adversely affect federal assistance going forward.

Again, thank you for your interest in the current FMAP formula and its need for improvement. Providing quality health care for Floridians is among my greatest priorities in Congress. I intend to advocate for improvements in the FMAP formula for



Florida. I look forward to working with you to ensure that Florida's health care safety net is not threatened and that families who rely on Medicaid continue to have access to quality, affordable health care.

If you have any questions or comments, please do not hesitate to contact me or my Legislative Director, Courtney Christian in my Washington, D.C. office at 202-225-3376.

Sincerely,



Kathy Castor  
U.S. Representative  
Florida – District 11

Cc: The Honorable Larry Cretul, Speaker, Florida House of Representatives  
The Honorable JD Alexander, Chair, Policy and Steering Committee on Ways and Means  
The Honorable Durrell Peaden, Chair, Health and Human Services Appropriations  
The Honorable Nan Rich, Vice Chair, Health and Human Services Appropriations

KATHY CASTOR  
11TH DISTRICT, FLORIDA

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January 23, 2008

Speaker Nancy Pelosi  
Office of the Speaker  
H-232, US Capitol  
Washington D.C. 20515

Chairman Charles B. Rangel  
Committee on Ways & Means  
1102 Longworth HOB  
Washington, DC 20515

Chairman John D. Dingell  
Committee on Energy and Commerce  
2125 Rayburn HOB  
Washington, D.C. 20515

RE: Strengthen Health Care Safety Net (Medicaid) as Economic Stimulus

Dear Speaker Pelosi, Chairman Rangel, and Chairman Dingell:

I am very encouraged that enhancements to the health care safety net – Medicaid – are being considered as part of the economic stimulus package. Enhanced Medicaid funding spent on vital health services is the most beneficial and effective way to support struggling and hardworking families in the State of Florida and directly invigorate our economy. Medicaid serves approximately 2.2 million in Florida, with over half of those being children.

Florida families and businesses have already been hard hit by the economic downturn. The mortgage and real estate crisis has caused revenue shortfalls and threatens to trigger state-constitutionally mandated budget reductions that likely will result in cuts to health care for our neediest residents under Medicaid. At the same time, Florida's Medicaid Federal Medical Assistance Percentage (FMAP) is set to decrease substantially in future years.

As you know, FMAP is the portion of Medicaid paid by the federal government and is calculated based on a 3-year average of state per capita personal income compared

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1/23/2008

to the national income. Seven hurricanes in two years (Charley, Frances, Ivan, and Jeanne in 2004 and Katrina, Rita and Wilma in 2005) and subsequent reconstruction activity are skewing the Florida FMAP formula. This anomaly has resulted in significant projected reductions in health services to Florida's neediest residents due to the federal match rates for the Florida Medicaid Program in years 2007-2010. Families transitioning from welfare to work, pregnant women, young children and seniors who qualify for Supplemental Security Income (SSI) may soon see reductions in vital health services. Florida will take a \$220 million hit in its FY 09 FMAP allocation alone.

Therefore, I respectfully request that you correct Florida's FMAP allocation in the stimulus package. There is precedent for Congress to address such hardship, help those that need it, and have an immediate positive affect on the economy. In 2003, Congress passed a stimulus package that provided \$10 billion in temporary relief to states through hold harmless provisions that blocked FMAP decreases for the last two quarters of FY 03 and the first three quarters of FY 04, and instead increased the FMAP by 2.95 percentage points. In 2005, Congress increased the FMAP for states ravaged by Hurricane Katrina in an effort to bring economic stability to the devastated region.

Congress must act again to address such hardship and protect the health care safety net for our neediest citizens – seniors, pregnant women, and children. This timely, targeted, and temporary enhancement will ensure direct stimulus Florida's economy.

Sincerely,

  
Kathy Castor  
U.S. Representative  
Florida – District 11

CC: Florida Governor Charlie Crist



KATHY CASTOR  
11TH DISTRICT, FLORIDA

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July 14, 2008

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232  
U.S. Capitol  
Washington, DC 20515

The Honorable David Obey  
Chairman  
House Committee on Appropriations  
H-218  
U.S. Capitol  
Washington, DC 20515

RE: Medicaid Federal Medical Assistance Percentage (FMAP) allocation in Second Economic Stimulus

Dear Speaker Pelosi and Chairman Obey:

I am very encouraged that the Democratic Congress will begin work on a second economic stimulus package that will help get our economy back on track, create jobs and speed assistance to families struggling to make ends meet. As you know, during the consideration of the first stimulus package, I advocated for enhancements in our health care safety net- Medicaid. I understand that an FMAP increase was considered in the first stimulus effort, but was unfortunately not included in the final package.

I would like to again emphasize the critical need for Medicaid enhancements in the second stimulus package and respectfully request your consideration for an FMAP increase in the upcoming package. States like Florida, Texas, Mississippi, Oklahoma, Nevada, Louisiana and others are in danger of losing millions upon millions in federal Medicaid dollars.

In the 2003 economic stimulus package, Congress approved \$10 billion to temporarily enhance FMAP percentages for every state. Enhanced Medicaid funding spent on vital health services is a rapid and effective way to support struggling and hardworking families and to directly stimulate the economy. The unique advantage of a Medicaid FMAP increase is that benefits are felt instantly, increases are implemented immediately and states do not face scheduled budget cuts.

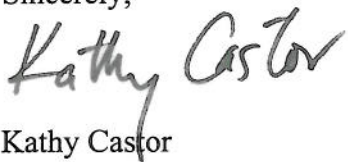
In my home state of Florida, Medicaid serves approximately 2.2 million residents, with over half being children. A recent study found that more than a quarter of Florida's

residents are without any health coverage and shockingly more than six working-age Floridians die each day due to lack of health insurance.

Florida families have already been hard hit by the economic downturn. The foreclosure rate in Florida is among the highest in the country and families in Florida are struggling more than ever to find affordable housing. The series of seven hurricanes (Charley, Frances, Ivan, and Jean in 2004 and Katrina, Rita and Wilma in 2005) over two years hitting Florida and the subsequent reconstruction efforts have skewed the Florida FMAP formula. As a result, Florida is anticipating a \$500 million hit in Medicaid funding. Without an increase in FMAP allocation for Florida and many other states which face similar circumstances and hardship, our families will continue to suffer.

Medicaid is a lifeline for many pregnant women, young children and seniors who qualify for Supplemental Security Income (SSI). An immediate increase in Medicaid FMAP allocation will provide basic and vital health services to families that need the most and is the most beneficial way to directly stimulate our economy.

Sincerely,

A handwritten signature in black ink that reads "Kathy Castor". The signature is written in a cursive, flowing style.

Kathy Castor  
U.S. Representative  
Florida-District 11

KATHY CASTOR  
11TH DISTRICT, FLORIDA

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September 18, 2008

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232  
U.S. Capitol  
Washington, DC 20515

RE: Medicaid Federal Medical Assistance Percentage (FMAP) allocation in Second Economic Stimulus

Dear Speaker Pelosi:

I urge you to expeditiously move a second economic stimulus package to address current economic woes of struggling families during this difficult time. I strongly suggest enhancements in our health care safety net – Medicaid and an FMAP increase.

Families across America, including my home state of Florida are in need of additional Medicaid services. States are facing critical budget shortfalls and are in danger of losing millions in Medicaid funding. Enhanced Medicaid funding spent on vital health services is a rapid and effective way to support struggling, hardworking families and to directly stimulate the economy. The unique advantage of a Medicaid FMAP increase is that benefits are felt instantly, increases are implemented immediately and states do not face scheduled budget cuts.

In my home state of Florida, Medicaid serves approximately 2.2 million residents, with over half being children. A recent study found that more than a quarter of Florida's residents are without health coverage and shockingly more than six working-age Floridians die each day due to lack of health insurance.

Florida families have been hard hit by the economic downturn. Florida has the second highest foreclosure rate in the nation following California. Families are struggling to find affordable housing, jobs and food for their children. In the past year Florida has lost nearly 100,000 jobs and the unemployment rate continues to increase. Additionally, there has been a 21 percent increase in families receiving food stamps in the past year, which is one of the highest increases nationwide. Without an enhancement



in FMAP allocation for Florida and other states facing similar hardships, our families will continue to suffer.

An immediate increase in Medicaid FMAP allocation will provide basic and vital health services to families that need the most and is the most beneficial way to directly stimulate our economy.

Sincerely,

A handwritten signature in black ink that reads "Kathy Castor". The signature is written in a cursive, flowing style.

Kathy Castor  
U.S. Representative  
Florida-District 11

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September 27, 2008

The President  
The White House  
Washington, D.C. 20500

Re: U.S. House Economic Stimulus Package - H.R. 7110 - Job Creation and  
Unemployment Relief Act

Dear Mr. President:

I write to express my sincere disappointment in your threatened veto of H.R. 7110, the Job Creation and Unemployment Relief Act, which passed the U.S. House yesterday by a strong bipartisan vote of 264 to 158. The Job Creation and Unemployment Relief Act provides a \$60 billion direct economic stimulus for families and communities across America through job creation, infrastructure investments and health care for children and seniors.

At the beginning of the week you and the Treasury Secretary asked Congress to provide \$700 billion to rescue the nation's financial system. I note that the Administration did not propose any way to pay for such an enormous outlay of taxpayer funds. So it is particularly troubling that the White House will not approve a modest \$60 billion for the emergency conditions facing hardworking Americans today.

I strongly disagree with your position that the Act "will not provide short term stimulus or long-term growth for the economy." In fact, economists and leaders in my state of Florida, for example, advise that such actions will have an immediate positive impact on the economy, our state budget and, most importantly, my neighbor's ability to deal with the economic downturn.

Under the Job Creation and Unemployment Relief Act, my home state of Florida would receive a 4% increase or approximately \$1 billion in enhanced Medicaid funding. As you know, Medicaid provides health services to children, seniors and pregnant women. Many will go without critical health services and be unable to see a doctor unless we act. In addition, the funds could be used by the Governor to offset cuts in other areas of our state budget as the latest projected shortfall totals \$2 billion.

Economists advise that an increase in Medicaid would be felt instantly. In the 2003 stimulus package, Congress approved an increase of 2.95% - a \$10 billion outlay - to temporarily enhance Federal Medical Assistance Percentage (FMAP) allocations for every state. By 2005, economists estimated the positive economic impact in the private sector and on the state economies from just a 2.95 percentage point increase in the FMAP. Each \$1 million investment in Medicaid at the state level, together with a 2.95 percentage point increase in the FMAP, would generate an average of \$3.854 million in business activity. The rate of return per state dollar invested in Medicaid would range from \$6.22 in Mississippi to \$1.92 in Delaware.

An extension of unemployment insurance benefits is also in the bill. This investment is particularly effective as stimulus: the benefits go to workers who have lost their jobs, so the added income is likely to be invested in the community quickly. As CBO director Peter Orszag recently told the House Budget Committee, "Research has shown that the unemployment insurance system is among the most effective dollar-for-dollar economic stabilizers that we have in terms of counterbalancing periods of economic weakness." The non-partisan Tax Policy Center predicted, "A policy of extending unemployment benefits offers a very high bang for the buck in terms of macroeconomic stimulus."

Furthermore, the infrastructure investments called for under the Job Creation and Unemployment Relief Act provide short term benefit by putting people to work and buying goods and leave behind long term infrastructure improvements that will benefit our communities for years to come. The Act provides \$21 billion for our nation's aging highways and bridges, the nation's water resource infrastructure and crumbling public school repairs and to improve energy efficiency in these public buildings.

For every \$1 billion in new transportation spending, approximately 50,000 jobs are generated and \$5.7 billion in additional economic activity



occurs. The Governor of Florida could begin to “turn the dirt” on numerous construction projects in a very short time, with attendant economic stimulus and job creation mentioned above. Indeed, in August, Florida Governor Charlie Crist charged state agencies to begin identifying infrastructure projects that would be available for new, immediate investment.

The elements of the Job Creation and Unemployment Relief Act provide short term benefits and leave behind long term improvements. In proposing your \$700 billion plan to rescue the nation’s financial system you were honest with the American people - there is no guarantee the bailout will work. In contrast, the Job Creation and Unemployment Relief Act provisions have been recognized by experts, called for by state leaders and appreciated by ordinary Americans as meaningful personal lifelines and economic supports.

Respectfully,



Kathy Castor  
United States Representative  
Florida District 11

cc. The Honorable Nancy Pelosi, Speaker of the House  
The Honorable David Obey, Chairman, House Committee on Appropriations