

FEDERAL DOLLARS BOLSTER STATE MEDICAID PROGRAM

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Christine Sexton

TALLAHASSEE --- The cost of Florida's Medicaid program is projected to total nearly \$31.3 billion this fiscal year, and a record 4.36 million people are expected to enroll, according to new estimates drawn up by state economists.

Despite a projected 10 percent increase in costs over last year, economists said the state will have enough money to keep the safety-net health care program funded during the current 2020-2021 fiscal year, in part because of Congress' decision in March to increase the amount of federal funds spent on the program.

But the projected financial stability could be short-lived.

Economists project a near \$554 million shortfall in the amount of state revenue needed in the 2021-2022 fiscal year if Congress doesn't agree to extend the additional matching funds --- through what is known as the Federal Medical Assistance Percentage, or FMAP --- beyond a scheduled Dec. 31 cutoff. The decision in March increased the FMAP by 6.2 percentage points.

"This year we're fine because of the changes in the federal FMAP. Those federal dollars protect us. We just need to get the budget authority (to spend the money) in the right places," Amy Baker, coordinator of the Legislature's Office of Economic and Demographic Research, told The News Service of Florida.

[The estimates](#) were reached by Baker, economists in her office and House and Senate budget staff members who met as the state Social Services Estimating Conference. The spending and enrollment estimates reached by the conference are used as a basis for state budgeting decisions.

As Florida deals with economic fallout from the coronavirus pandemic, the state is expected to bring in \$3.4 billion less in general revenue this year than expected earlier. General revenue, which includes such money as sales taxes and corporate income taxes, play a vital role in funding schools, health care and prisons.

The news that Medicaid doesn't have a projected deficit for the current fiscal year, which started July 1, was welcomed by health-care providers.



Senior's group represents 14 hospital systems that include public, teaching and children's hospitals, and, combined, account for 40 percent of all Medicaid hospital days in the state, according to its website.

"Hopefully, these projections come true, or --- even better --- the state sees an economic turnaround that even improves upon these numbers in the coming months," Senior said. "That would help every part of the state budget."

Lawmakers passed a \$93.2 billion budget for this year in March, as the pandemic was starting to hit the state and wreak havoc on the economy. Gov. Ron DeSantis vetoed \$1 billion from the budget, hoping to bring the state spending plan in line with available revenues and conserve cash.

The governor in July also ordered state agencies to come up with plans to trim 8.5 percent from their current-year budgets, though that does not mean such cuts will be carried out.

Recognizing the national economic problems caused by the pandemic, Congress on March 18 approved increasing the federal Medicaid match for all states by 6.2 percentage points. That increase will pour an additional \$1.6 billion in federal funding into Florida's Medicaid program this fiscal year.

The additional federal money also will have the net effect of lowering by \$141 million the amount of general revenue required for the program.

"We definitely benefited from the federal legislation that gave us additional matching dollars," Baker said.

And the state will suffer financially if the funds aren't continued after Dec. 31.

Despite projections that Medicaid enrollment will slightly dip during the 2021-2022 fiscal year, Florida will face a \$553.7 million general-revenue deficit if the increased federal funding isn't maintained, Social Services Estimating Conference documents show.

"It might help a lot, both this year and next year, if the federal government extended that enhanced match beyond December," Senior said. "Historically the federal government has first extended and then titrated enhanced match rates over time, which could really help in this situation as well."