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MEMORANDUM

TO: All Members

FROM: Patrick Cucinelli, Senior Financial Policy Analyst

DATE: February 12, 2009

SUBJECT: **Federal Economic Stimulus Package**

ROUTE TO: Administrator, Program Directors, CFO

ABSTRACT: Federal economic stimulus package is good news for long-term care providers.

Introduction

The Senate and House of Representatives have reached agreement on a joint version of the [*American Recovery and Reinvestment Act of 2009 \("ARRA"\)*](#), which is expected to pass both Houses and be signed by the President by early next week. In general, it appears that the ARRA contains some very good news for our members, and NYAHS will be keeping members informed as more details emerge.

FMAP Increase

Probably the single most important provision of the ARRA is the temporary increase in the Federal Medical Assistance Percentage (FMAP). The package contains \$87 billion in additional Medicaid funding to be distributed in the form of a temporary increase in the percentage of federal matching funds over a 27-month period. For New York, this represents approximately \$12.65 billion in relief to our Medicaid system over this period. The following chart demonstrates the break down of payments over 9 federal fiscal year quarters beginning October 1, 2008:

Estimated Medicaid Assistance Projected to be Provided to NY based on February 11, 2009 FMAP Draft (Dollars in Billions)									
2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	TOTAL
\$1.11	\$1.11	\$1.29	\$1.46	\$1.54	\$1.54	\$1.54	\$1.54	\$1.54	\$12.65

As we have stated in previous member communications, this piece is critical in terms of alleviating the governor's proposed budget cuts. We will make the case that these added monies should take Medicaid off the table in terms of contributing to the state's current budget shortfall, as Medicaid now becomes a source of economic stimulus dollars for New York. Although New York is only one out of fifty states, thanks to our Medicaid program we are benefiting with almost 15 percent of these economic stimulus dollars. These are critical issues to raise with state lawmakers as we continue to battle against any additional Medicaid cuts.

Housing

Initial indications are that ARRA includes approximately \$2.25 billion for the Energy Retrofit program, which we believe is roughly allocated as \$2.1 billion for project-based Section 8 and \$118 million for directed energy retrofit funds. There is also \$2 billion allocated for tax credit funds via the HOME program; \$25 million for regular (non-tax credit directed) HOME funds to the states; and \$1 billion for Community Development Block Grants.

Based on initial information coming out of Washington, we also believe that there is provision for a Low-Income Housing Tax Credit federal buy-back provision, which would allow the federal government to buy credits as an investor for 85 cents on the dollar. Unfortunately, it appears that the Low-Income Housing Tax Credit accelerator funds that allowed investors to take higher tax credit percentages in the first 3 years was not funded.

There are several other provisions important to housing providers that we are awaiting additional word of, and will advise members as the information becomes available.

Home and Community-Based Services

The initial word on home and community-based services is that Congress has included \$100 million for senior nutrition programs and \$500 million for federal workforce development programs. Initial indications are, however, that there is no increase for Social Services Block Grants or low-income energy assistance.

Conclusion

Again, this analysis is based on preliminary information coming out of Washington. NYAHS is continuing to carefully monitor the situation and will provide members with ongoing updates as more details become available. Overall, this is good news and we want to thank members who supported NYAHS and AAHS in our federal lobbying efforts. Please contact me with any questions at pcucinelli@nyahsa.org or call 518-449-2707 ext. 145.