COVID-19 FMAP INCREASE: FREQUENTLY Asked Questions for Essential Hospitals

On March 19, President Trump signed the Families First Coronavirus Response Act (H.R. 6201), which increases the Medicaid Federal Medical Assistance Percentage (FMAP) to states by 6.2 percentage points. This increase is retroactive to January 1, 2020, and effective through the end of the quarter in which the COVID-19 emergency ends. The Centers for Medicare & Medicaid Services (CMS) details this change in a frequently asked questions (FAQ) document, excerpts of which we provide here.

Does My State Qualify for the Increased FMAP?
All states and U.S. territories qualify, as long as they do not:

• enact eligibility standards, methodologies, or procedures more restrictive than those in place on January 1, 2020;

• impose premiums higher than those as of January 1, 2020;

• impose cost-sharing for COVID-19 testing and treatment (e.g., vaccines, specialized equipment, and therapies); or

• terminate coverage for beneficiaries enrolled at the beginning of or during the emergency period.

To comply with these maintenance of effort provisions, states must continually cover all Medicaid beneficiaries enrolled as of March 18 through the end of the month when the emergency period ends. In addition, states must cover testing and treatment for COVID-19 for every quarter the increased FMAP is available and claimed.

Does the FMAP Increase Apply to the Adult ACA Expansion Population?
No, the FMAP increase excludes expenditures for the adult Affordable Care Act (ACA) expansion population.

What About CHIP?
In the FAQ document, CMS states the FMAP increase indirectly applies to the Children’s Health Insurance Program (CHIP). The CHIP matching rate is calculated using the regular FMAP rate—a “base” rate. If the base rate increases, then the CHIP matching rate will increase as well, but not by the same 6.2 percentage points.

Does This Change Increase Medicaid DSH Payments?
Yes, it applies to Medicaid disproportionate share hospital (DSH) payments. This provision is intended to inject much-needed financial support to states.

What About Medicaid Section 1115 Waivers?
The increase will apply if the Section 1115 demonstration waiver expenditures currently are matched at the regular FMAP rate. For waivers used to expand coverage to the adult ACA expansion population, any associated waiver payments would not be subject to the increase.

When Will States See increased Federal Funds?
CMS calculated the additional funding for the January 1 to March 31 period and made the additional funds available to states at the end of March. With the quarter beginning April 1, CMS will provide additional funds on or close to April 1 based on state budget estimates. CMS will work with states to reconcile claimed and allowable expenditures when quarterly CMS-64 reports are filed.

Do Essential Hospitals Need to Take Action to Receive This Funding?
CMS is ensuring the additional funds associated with the FMAP increase are available to states as soon as possible, and states will take action on their own.

Please note that providers that contribute to the nonfederal share of Medicaid payments through intergovernmental transfers, certified public expenditures, or provider taxes could see an added benefit. Since the state’s nonfederal share obligation will be reduced during the emergency period, the need for the provider contributions should similarly be reduced. Essential hospitals should work with their state to ensure their contributions to the nonfederal share are adjusted during this period.