

Coronavirus Medicaid Response Act (S. 4108)

Sponsored by: Senator Bob Casey (D-PA)

For over fifty years, the Medicaid program has played a vital role in providing health coverage to low-income Americans. Medicaid is also designed to respond to economic crisis, serving as a critical safety-net for people who lose coverage due to job loss.

As the country experienced during the 2001-2003 economic downturn and the Great Recession, and as states are experiencing now, during the COVID-19 pandemic, as more people turn to Medicaid for coverage, more pressure is placed on already strained state budgets. This has forced Congress to take emergency action, yet economists ([here](#) and [here](#)) and the [GAO agree](#) that action to support the financing of Medicaid should be independent of Congress, and instead, tied to economic indicators.

The *Coronavirus Medicaid Response Act* would create a quicker and more responsive process for supporting state Medicaid programs. Specifically, the bill would automatically connect the Medicaid Federal Medical Assistance Percentage (FMAP) to state unemployment levels, so that federal aid would ebb and flow with a state's economy. In order to ensure accuracy, a state's FMAP would be calculated based on Local Area Unemployment Statistics collected by the Bureau of Labor Statistics and modified based on prospective and retrospective analysis.

Under current law, states rely on Congress, and political motivations, to obtain an FMAP increase. This bill removes that requirement and allows decisions to be made solely on the economic needs of a state. Any increases a state would receive would be in addition to previously enacted FMAP increases relating to COVID-19, but no state's FMAP can be greater than 95 percent.

Several experts have offered testimonials as to the importance of this legislation.

“The Coronavirus Medicaid Response Act would not just protect American workers and communities against damage from the COVID crisis, it would permanently reduce the severity of recessions, improve healthcare, and protect jobs. There is broad agreement among economists that such a step would be beneficial, and in fact the International Monetary Fund (IMF) is recommending similar policies to countries around the world. I applaud the effort to use the current moment to undertake these types of structural reforms that would permanently address some of the fragilities of the American economy revealed by the COVID crisis.” – **Jason Furman, Professor at Harvard University's John F. Kennedy School of Government and a Senior Fellow at the Peterson Institute for International Economics**

“The Coronavirus Medicaid Response Act would protect vulnerable people from losing health coverage, protect safety net providers from cuts that could threaten access to care, and help shore up state budgets, preventing cuts to education and other crucial services. And it would do this not just in the current recession, but in future recessions, by ensuring automatic, timely, and adequate increases in federal Medicaid funding when state unemployment rates spike.” - **Andy Slavitt, Former Acting Administrator of CMS**

“State and local governments see costs rise and revenues fall in recessions. It is crucial that the federal government provide the support so budget cuts don’t further derail the economy. In particular, Medicaid is a big expense for states and it’s one that typically goes up in recessions as more people rely on Medicaid for their health care. A proposal like this is a very sensible way to help states financially and make sure they have the resources to spend on Medicaid.” - **Jay Schambaugh, Professor of Economics, George Washington University**

State and local government budgets are facing massive shortfalls, and mounting layoffs and cuts to essential services will worsen the impact of the coronavirus recession. The macroeconomic evidence is clear: Federal aid to budget-constrained state and local governments is one of the most effective ways to reduce the economic damage from a recession. To deliver this aid quickly and effectively, and to ensure families have continued access to life-saving health care, Congress must increase the federal share of Medicaid costs. It must also ensure this aid triggers on automatically at the early signs of a recession and does not stop flowing until the economy has recovered.

This essential, evidence-based policy, championed by Senators Bob Casey, Catherine Cortez-Masto, Michael Bennet, and Sherrod Brown in their Coronavirus Medicaid Response Act, would be a vast improvement over today’s ad-hoc process, which often delivers aid to vulnerable workers and families both too little in quantity and too long after their suffering begins.” – **Heather Boushey, President and CEO and co-founder of the Washington Center for Equitable Growth**

For more information or to cosponsor or endorse this bill, please contact:

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Cosponsors: Senators Cortez-Masto (D-NV), Brown (D-OH), Bennet (D-CO), Wyden (D-OR), Rosen (D-NV), Smith (D-MN), Merkley (D-OR), Tester (D-MT), Stabenow (D-MI), Shaheen (D-NH), Booker (D-NJ), Klobuchar (D-MN), Van Hollen (D-MD), Whitehouse (D-RI), Peters (D-MI) and Menendez (D-NJ).

Supporters: More than **30 national and state organizations** representing older adults,, workers and health care providers, among others, support the bill, including:

1. America's Essential Hospitals
2. American Academy of Pediatrics
3. American Academy of Family Physicians
4. American Federation of State, County and Municipal Employees
5. American Health Care Association
6. America's Health Insurance Plans
7. American Kidney Fund
8. American Physical Therapy Association
9. Association for Community Affiliated Plans
10. Association of Asian Pacific Community Health Organizations
11. Blue Cross Blue Shield Association
12. Center for American Progress
13. Center on Budget and Policy Priorities
14. Children's Health Fund
15. Children's Hospital Association
16. Children's Hospital of Philadelphia
17. Christopher and Dana Reeve Foundation
18. Community Catalyst
19. Einstein Healthcare Network
20. Families USA
21. MomsRising
22. Leading Age
23. National Association of Community Health Centers
24. National Committee to Preserve Social Security and Medicare
25. National Council on Aging
26. SEIU
27. SNP Alliance
28. Pennsylvania Association of Community Health Centers
29. Pennsylvania Health Access Network
30. Planned Parenthood Federation of America
31. Protect Our Care
32. The Catholic Health Association of the United States
33. The Hospital and Healthsystem Association of Pennsylvania
34. University of Pittsburgh Medical Center
35. Youth Villages