

AFSCME Facts

Medicaid Improvements and Financial Support In the American Rescue Plan March 24, 2021

The American Rescue Plan Act of 2021, signed into law by President Biden on March 11, 2021, provides substantial additional federal financial support for Medicaid and includes both mandatory and voluntary expansions of coverage and benefits. This fact sheet provides an overview of these changes.

What are the key Medicaid changes in the American Rescue Plan?

Medicaid Change	Who gets what and when?	How do states pay for it?
Mandatory coverage of COVID-19 vaccines and administration and treatment under Medicaid	<p>Vaccines: Provides free COVID-19 vaccines and administration for Medicaid enrollees from March 11, 2021, through the last day of the first calendar quarter that begins at least one year after the public health emergency (PHE) ends. Excludes Medicaid enrollees who are also eligible for Medicare and individuals eligible only for COBRA premium assistance.</p> <p>Treatment: Provides free COVID-19 treatment to enrollees in the COVID-19 uninsured testing group during the PHE and enrollees receiving alternative benefit plans (ABPs) from March 11, 2021, through the last day of the first calendar quarter that begins at least one year after the PHE. ABPs include the Affordable Care Act (ACA) expansion group and other enrollees at the state's option. Covers specialized equipment and preventive therapies, and treatment (if otherwise covered under Medicaid) of a condition that may seriously complicate treatment of COVID-19 for those presumed to have or have been diagnosed with COVID-19.</p>	<p>100% Federal Medical Assistance Percentage (FMAP) for COVID-19 vaccine and administration coverage from April 1, 2021, through the last day of the first quarter beginning at least one year after the PHE ends. States providing COVID-19 treatment services in the ABPs would receive the 90% enhanced FMAP for expansion adults or their regular FMAP for other populations.</p>
Home and Community-Based Services (HCBS) funding increase	<p>Increased funding for HCBS from April 1, 2021 through March 31, 2022. All Medicaid enrollees who meet the required level of care, e.g., seniors and people with disabilities, are eligible for these services. States must use this funding to supplement, expand and enhance HCBS in one or more enumerated ways, and must maintain, not supplant, their level of HCBS spending as of April 1, 2021.</p>	<p>10 percentage-point increase in FMAP.</p>

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Post-partum coverage extension	States have the option to extend Medicaid and CHIP coverage for post-partum women to 12 months, instead of 60 days. Available from April 1, 2022 to March 30, 2027.	States must provide full state plan benefits through the enrollee’s pregnancy and post-partum period in order to receive federal funding for this.
Community-based mobile crisis intervention services	States have the option to cover community-based mobile crisis intervention services for the first 12 fiscal quarters. Services do not have to be statewide (unless offered in a region in the fiscal year before a state elects this option), do not have to be comparable for all enrollees, and can restrict enrollees’ choice of provider. Available April 1, 2022 through March 30, 2027.	85% FMAP , provided that additional federal funds supplement, not supplant, the level of state spending for these services in the fiscal year before the first quarter that a state elects this option. Also authorizes \$15 million for state planning grants for these services.
Medicaid expansion incentive	Individuals in states that take this ACA option will qualify for Medicaid if their household income is below 138% of the federal poverty level. Some Medicaid expansion states have slightly different eligibility rules. Twelve states have not yet opted for Medicaid expansion. Go to this page to determine whether your state has taken this option.	Two-year (after expansion takes effect), five percentage-point increase in FMAP for states that expand Medicaid. This increase is on top of the 6.2 percentage-point FMAP increase in effect for the duration of the PHE. Under the ACA, 90% federal matching funds are available for the expansion population.
Prescription drug rebate cap removal	Starting Jan. 1, 2024, removes the prescription drug rebate cap, and creating a disincentive for drug manufacturers to increase prices each year.	Drug manufacturers will pay the rebates, generating an estimated \$23.5 billion in state and federal prescription drug savings over ten years.
Recalculation of states’ annual disproportionate share hospital (DSH) allotments	Recalculates states’ annual DSH allotments to cover the costs of DSH hospitals that provide care to low-income patients who do not have Medicare, Medicaid, CHIP or other health insurance. Effective retroactive to the enactment of the Families First Coronavirus Response Act (FFCRA) and ends at the beginning of the fiscal year after the PHE has ended.	Federal funding ensures that total payments that a state makes for a fiscal year are equal to the total payments the state could have made without receiving the FFCRA’s 6.2 percentage-point FMAP.

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Extension of 100% FMAP to Urban Indian health organizations and Native Hawaiian health care systems	For two years starting on April 1, 2021, provides funding for services provided by Urban Indian organizations with grants or contracts with the Indian Healthcare Service, Native Hawaiian health centers or Papa Ola Lokahi (Native Hawaiian health care system).	100% FMAP.