



The American Jobs, Closing Tax Loopholes and Preventing Outsourcing Act Pass the “Extenders Bill” to Promote Economic Security

BACKGROUND

- The American Workers, State, and Business Relief Act (H.R. 4213) would extend funding for many of the provisions within the American Recovery and Reinvestment Act (ARRA, H.R. 1). Funding for many of these programs is set to expire on or before September 30, 2010.

Programs affected by the “extenders bill” include: Federal Medical Assistance Percentage (FMAP) funding for Medicaid, Unemployment Insurance (UI), COBRA health benefits, Temporary Assistance to Needy Families (TANF) and a Medicare physician payment reimbursement for Medicare. The legislation also covers numerous expired or expiring tax provisions favorable to business.

- Emergency federal funding provided in the “extenders bill” allows states to use the emergency funds before the programs would expire and add new funds for the remainder of 2010.
- The House and Senate have both passed versions of this bill, but now need to reconcile the differences before sending a final bill for President Obama’s signature. Rep. Sandy Levin (MI-15), Chairman of the House Ways and Means Committee, hopes to have a final bill approved before the Memorial Day recess.

COMPONENTS OF THE BILL

Maintain the Federal Medical Assistance Percentage (FMAP) for Medicaid

- ARRA provided a temporary increase in federal matching for Medicaid to states. These funds are designed to support state Medicaid programs, especially during a time when there is an increased demand to these services due to the economy. Funds from ARRA are set to expire on December 31, 2010.
- Medicaid provides critical health care support to low-income workers, families and elders. For elders, Medicaid covers the extensive cost of long-term care services, in the home and in institutions, not covered by Medicare.

- The extenders bill would maintain the temporary increase to FMAP for six months to protect Medicaid programs in states. Without additional federal funding, states may make cuts in services and/or in payments to Medicaid providers.

Extend Federal Unemployment Insurance (UI) Benefits

- ARRA extended UI benefits for workers whose eligibility expires under the regular program administered by their states. ARRA also boosted UI payments by \$25 a week.
- Though the economy seems to be improving, 15.3 million workers remain unemployed. A growing number of them, currently 6.7 million, have been unemployed for more than six months.
- The extenders bill would continue these federally-funded benefits through the end of 2010.

COBRA Health Insurance Benefits

- Under ARRA, the federal government provides a 65% subsidy of the premium for those who lose their jobs in the recession to continue health coverage they previously held through their employers. This provision expires June 2, 2010.
- The extenders bill would continue this federally-funded subsidy through the end of 2010.

Temporary Assistance to Needy Families (TANF) Emergency Fund

- ARRA established a \$5 billion TANF Emergency Fund that reimburses state increases in TANF spending for specified uses including subsidized employment. The fund expires Sept. 30, 2010 unless extended.
- At least 28 states and the District of Columbia submitted applications for creating 120,000 jobs for low income people. More are anticipated before the program expires September 30. Without an extension, previously appropriated funds not yet drawn down will expire.

Reimbursement Rates for Doctors (“Doc Fix”)

- An overhaul in the Medicare payment system for physicians was not included in the overall health care reform bill, so Congress has passed short term patches (“doc fixes”) to prevent cuts in Medicare payments. Without a doc fix, physicians will see a 21.3% decrease in Medicare reimbursements when the latest fix expires on June 1, 2010.
- Without a rate adjustment, physicians may limit or turn away Medicare patients. The extenders bill would create a five year fix to give doctors a 1.2% increase in Medicare reimbursements for the rest of the year with additional increases scheduled.