

# Medicaid Under the Biden Administration: The American Rescue Plan Act

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President Biden recently signed into law a \$1.9 trillion dollar stimulus bill, the [American Rescue Plan Act](#) (ARPA). This historic legislative package provides much needed relief to millions of Americans impacted by the COVID-19 pandemic and essential resources to address the ongoing public health emergency. Among other things, the ARPA allocates funds to the Department of Health and Human Services (HHS) for COVID-19 testing, contact tracing, vaccines, supplies, and other related treatment. To alleviate the strain of the COVID-19 pandemic on America's public health care system, it includes funding for rural health providers, community health centers, and skilled nursing facilities, and makes important modifications to the Medicare and Medicaid programs. This post summarizes the Medicaid provisions contained in the ARPA and their proposed changes to the Medicaid program.

## Coverage of COVID-19 Vaccines and Treatment

The new law includes mandatory coverage of COVID-19 treatment, COVID-19 vaccines, and vaccine administration for all Medicaid enrollees. The [Families First Coronavirus Response Act](#) (FFCRA) previously stated that COVID-19 vaccines were covered under Medicaid, but excluded certain Medicaid enrollees who receive limited benefit packages. ARPA clarifies that COVID-19 vaccine coverage applies to all enrollees, with the exception of enrollees only eligible for Medicare cost-sharing assistance or COBRA premium assistance. The vaccines, and the cost of vaccine administration, are available without cost-sharing, and the law provides for 100% in federal matching funds from April 1, 2021 through the last day of the first quarter that begins at least one year after the public health emergency ends. The FFCRA had also created a special eligibility group to cover COVID-19 testing and related services for uninsured individuals. ARPA adds coverage of COVID-19 treatment to the benefits offered to enrollees in this testing group as well as other enrollees who receive alternative benefit plans. This coverage includes specialized equipment and treatment as well as preventive therapies (if otherwise included in State Plan Medicaid) for a condition that may seriously complicate COVID-19 treatment for those who have been diagnosed or presumed to have COVID-19. Coverage of treatment for the COVID-19 uninsured group will be provided without cost-sharing at 100% federal matching funding, whereas states offering alternative benefit plans will receive an enhanced federal matching rate varying by eligibility group. Finally, the ARPA clarifies that outpatient drugs and biological products used to provide COVID-19 treatment to Medicaid beneficiaries will be included in the Medicaid Drug Rebate Program, and eliminates the rebate cap manufacturers pay to Medicaid for coverage of FDA-approved drugs.

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## Financial Assistance to Medicaid Providers and State Programs

The hefty stimulus package also includes monetary relief for health care providers struggling under the heavy financial burden of COVID-19 response efforts. ARPA provides \$8.5 billion for provider relief fund payments to rural Medicaid, CHIP, and Medicare providers, \$250 million to form state strike teams that will be deployed to nursing facilities to respond to diagnosed or suspected outbreaks of COVID-19, and 100% in federal matching funds for services provided through Urban Indian health care organizations and Native Hawaiian health systems. ARPA also instructs HHS to recalculate states' annual disproportionate share hospital (DSH) allotments to ensure that states do not pay any more than they would have paid prior to receiving the 6.2% increase in federal matching funds provided under the FFCRA.

## Expanding Medicaid Coverage and Benefits

In addition to COVID-19 relief, the ARPA includes monetary incentives and new options to encourage states to expand Medicaid coverage and benefits available under the program. For starters, ARPA offers a temporary 5 percentage point increase in the Federal Medical Assistance Percentage (FMAP) to the fourteen states who have not yet implemented the Affordable Care Act's Medicaid expansion. The new law also gives state Medicaid programs a new opportunity to extend Medicaid coverage for pregnant and post-partum women for one year after giving birth. It offers an option with an enhanced FMAP rate of 85% for states to provide community-based mobile crisis intervention services to Medicaid enrollees who are experiencing a mental health or substance use disorder crisis outside a hospital or other facility setting. Finally, the ARPA also offers a 10 percentage increase in FMAP for home and community-based services to incentivize state Medicaid programs to "enhance, expand, or strengthen" home and community-based services under the State Medicaid program.

## Looking Forward

The ARPA signals President Biden's commitment to his stated goals of expanding Medicaid coverage and the benefits available under the Program by creating new options for state Medicaid programs. We will continue to track the Biden Administration's effort to bolster the Medicaid program as President Biden turns his attention to rescinding Medicaid work requirements.

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