

ECONOMIC ANALYSIS

According to representatives of the Hospitals, the amount of federal funds that are “drawn down” are based on a federally calculated matching rate, which is specific to each state, and is updated each federal fiscal year based on the per capita income in that state compared to the federal average. This matching rate is referred to as the FMAP, which stands for Federal Medical Assistance Percentage. This percentage dictates what share of the Medicaid expenditures will be funded via the federal government, and the remaining percentage is what must be funded via a state or local source, such as via an intergovernmental transfer (IGT) from your LPPF.

The US minimum FMAP is 50%, meaning the federal government must at least match the state & local Medicaid expenditures dollar for dollar, but in Florida we actually have a slightly more preferential matching rate. For next year, FFY2025, the FMAP will be 57.17%. This means that for every \$1 of IGT that Alachua County submits using the assessments generated by the LPPF, the federal government will add \$1.33, for a total reimbursement to the local hospitals of \$2.33.

Dependent on the program, there may be an additional administrative cost of 3% or so which is added to the IGT, but generally speaking this FMAP gives you the ratio of assessments to federal match.

The impact of this assessment will be to allow the hospitals to receive more funding than the amount they will be paying into the assessment.