



LOUISIANA ASSOCIATION OF  
NONPROFIT ORGANIZATIONS

*Louisiana's nonprofits –  
a powerful force for good*

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November 9, 2009

The Honorable Mary L. Landrieu  
328 Hart Senate Office Building  
Washington, DC 20510.

The Honorable Rodney Alexander  
316 Cannon House Office Building  
Washington, DC 20515

The Honorable Anh "Joseph" Cao  
2113 Rayburn House Office Building  
Washington, DC 20515

The Honorable John Fleming  
1023 Longworth House Office Building  
Washington, DC 20515

The Honorable Steve Scalise  
429 Cannon House Office Building  
Washington, DC 20515

The Honorable David Vitter  
516 Hart Senate Office Building  
Washington, DC 20510

The Honorable Charles W. Boustany Jr.  
1117 Longworth House Office Building  
Washington, DC 20515

The Honorable Bill Cassidy  
506 Cannon House Office Building  
Washington, DC 20515-1806

The Honorable Charlie Melancon  
404 Cannon House Office Building  
Washington, DC 20515

Dear Louisiana Members of Congress:

On behalf of the Louisiana Association of Nonprofit Organizations (LANO), the Louisiana Budget Project, and LANO's more than 700 member nonprofits serving the citizens of Louisiana, we request your support to help Louisiana avoid a devastating reduction in federal matching funds for its Medicaid program. Time is critical. The state's budget for fiscal year 2011 is being drafted now and will be finalized in February 2010 for presenting to the Legislature in March.

Like all states, the federal stimulus program, the American Recovery and Reinvestment Act of 2009 (ARRA), provided additional funds for Louisiana's Medicaid program that resulted in an increased level of federal match. This program expires at the end of December 2010, resulting in a significant loss of federal Medicaid support at a time when Louisiana's budget, like those in other states, has been decimated by the effects of the worst recession since the Great Depression.

But Louisiana faces a "double whammy." In addition to the expiration of the stimulus program affecting all states, Louisiana's economy has been artificially inflated by the influx of billions of dollars of hurricane relief money from Hurricanes Katrina and Rita. These were desperately needed monies, but they are temporary, one-time funds to help Louisiana recover from the devastating losses caused by the two hurricanes. These hurricane recovery funds are now having the unintended consequence of dramatically decreasing the match rate for Louisiana's federal Medicaid funding (FMAP).

This looming decline in federal Medicaid funding, over and above what other states are facing, is because a state's match rate is determined by its average per capita income



[www.lano.org](http://www.lano.org)

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compared to the national average. The agency responsible for determining the average incomes for states for Medicaid matching purposes, the Bureau of Economic Analysis (BEA) in the Department of Commerce, includes in its calculation of Louisiana's average income these one-time recovery monies. This is neither just nor equitable. Just as a homeowner who has suffered a catastrophic loss for which it receives an insurance reimbursement does not include that insurance recovery in his or her income for income tax purposes, Louisiana's hurricane recovery money should not be included in BEA's calculation of its average income for Medicaid match purposes. To do so creates the illusion that Louisiana is better off economically than it, in fact, is.

If current law is not changed, Louisiana faces the loss of an estimated \$1.3 billion in federal Medicaid funding in state fiscal years 2011 and 2012, with an on-going, annualized deficit of almost \$900 million. The Louisiana Department of Health and Hospitals (DHH) has announced that, if forced to absorb this level of funding reduction, it will have to reduce or eliminate critical programs serving the needs of Louisiana's most vulnerable populations, including Pharmacy Services, Intermediate Care Facilities for Persons with Developmental Disabilities (ICF-DD), Personal Care Services, Program for All Inclusive Care for the Elderly (PACE), and various waiver programs that provide expanded services or reduce the price of services to Louisiana's most vulnerable citizens. In addition, up to 125,000 children from low and moderate-income families could lose their health insurance currently provided under Louisiana's LaCHIP program.

We request your support for relief from these potentially devastating results by encouraging Congress to take the following actions:

1. Have the federal government spread out the lowering of the match rates that were increased under ARRA over a two-year period beginning January 1, 2011.
2. Eliminate from the calculation of Louisiana's average income the effects of the one-time, extraordinary federal hurricane recovery funding.
3. Change the method of calculating the average income for states by using median income rather than the mean income.

On behalf of Louisiana's diverse nonprofit community and the citizens it serves, we thank you for your help and support.

Very truly yours,



Ann Williamson  
President  
Louisiana Association of Nonprofit Organizations



Edward Ashworth  
Director, Louisiana Budget Project