



1 and local communities endeavor to rebuild; and

2 WHEREAS, due to the increased economic activity resulting from hurricanes Katrina  
3 and Rita, Louisiana's per capita personal income saw an unusual and extraordinary increase  
4 of forty-two percent from 2005 through 2007; and

5 WHEREAS, the per capita personal income for Louisiana grew by six point eight  
6 percent from 2000 through 2005; and

7 WHEREAS, the bureau of economic analysis of the U.S. Department of Commerce  
8 stated in its 2007 report entitled *State Personal Income*, that "Louisiana grew ten point five  
9 percent in 2007, down from twenty point six percent in 2006," and that "these growth rates  
10 are substantially higher than any other state"; and

11 WHEREAS, the bureau further reported that, "the rental income component of  
12 Louisiana personal income was boosted by five point four billion dollars of Road Home  
13 subsidies from the U.S. Department of Housing and Urban Development," and that much  
14 of the per capita personal income gain in Louisiana "is accounted for by the Road Home  
15 subsidies which average nearly twelve hundred fifty dollars per Louisiana resident"; and

16 WHEREAS, evidence shows that even though the per capita personal income had  
17 grown by forty-two percent from 2005 through 2007, median income has remained stable  
18 which indicates that real personal income has not grown in a sustained way; and

19 WHEREAS, the bureau of economic analysis captures not only the economic activity  
20 generated by the receipt of government disaster relief payments but receipt of insurance  
21 payments that would not have occurred but for the hurricanes - activity which, when  
22 included in the overall calculations of per capita personal income are extremely difficult to  
23 disaggregate for attribution to specific causes as the spending percolates throughout the  
24 economy; and

25 WHEREAS, the increased economic activity in Louisiana in 2006 and 2007 is clearly  
26 a direct result of the rebuilding that occurred in the aftermath of hurricanes Katrina and Rita  
27 and this economic activity led to a corresponding increase in per capita personal income in  
28 Louisiana in 2006 and 2007; and

29 WHEREAS, accurate considerations of per capita personal income are important  
30 because federal law establishes the formula by which the FMAP for each state is determined

1 based on a comparison of each states per capita personal income to the per capita income  
2 personal income of the United States as calculated by the bureau of economic analysis; and

3 WHEREAS, when a state's per capita personal income increases relative to the  
4 average of the United States, the state's FMAP decreases; and

5 WHEREAS, according to the federal formula, the increase in per capita personal  
6 income in Louisiana in 2006 and 2007 will have the unintended consequence of reducing  
7 Louisiana's FMAP for federal fiscal years 2010 and 2011; and

8 WHEREAS, Louisiana's FMAP will decrease to 67.61% in federal fiscal year 2010  
9 and to 63.16% in federal fiscal year 2011, a total decrease of 6.53% over two years, the  
10 largest decline of any state; and

11 WHEREAS, Louisiana's FMAP is temporarily enhanced to eighty percent as a result  
12 of the enactment of the American Recovery and Reinvestment Act of 2009 (ARRA), but that  
13 enhanced FMAP will terminate on December 31, 2010; and

14 WHEREAS, Louisiana's FMAP will drop precipitously from eighty percent to sixty-  
15 three point sixteen percent on January 1, 2011, and this loss in federal match will annualize  
16 to approximately one billion dollars; and

17 WHEREAS, Louisiana has demonstrated a significant commitment to its programs  
18 for providing health care access to the poor by investing in substantial sums of state general  
19 fund dollars through Medicaid, SCHIP and a statewide system of public hospitals, all of  
20 which to combine to provide a safety net for a state with low income and significant provider  
21 access problems, and such a drastic reduction in Louisiana's FMAP will have devastating  
22 impact on the state's infrastructure for caring for the poor; and

23 WHEREAS, the presumed purpose for using the per capita personal income as a  
24 basis for the calculation of FMAP is to ensure resources are directed to states which are more  
25 likely to have low-income populations, and thus, a more significant burden on the Medicaid  
26 program; and

27 WHEREAS, Louisiana's Medicaid program has not seen a decrease in enrollment  
28 after hurricanes Katrina and Rita, but rather an increase, and thus, from an economic  
29 perspective, it is clear the purpose for utilizing per capita personal income as the primary  
30 driver of the state's FMAP cannot be accurately and fairly applied to Louisiana during the

1 period following the temporary increase in economic activity; and

2 WHEREAS, the Louisiana Legislature does not accept that it is the intention of the  
3 United States Department of Health and Human Services or the United States Congress,  
4 through an artifact of the FMAP formula, to financially penalize Louisiana and other states  
5 working to rebuild their communities after major disasters.

6 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana memorializes  
7 the Congress of the United States to enact legislation to adjust the Federal Medical  
8 Assistance Percentage rules to ameliorate the unintended negative impact caused by the  
9 infusion of disaster relief funding, both public and private, into Louisiana's and other state's  
10 economies following major disasters.

11 BE IT FURTHER RESOLVED that a copy of this Resolution shall be transmitted  
12 to the secretary of the United States Senate and the clerk of the United States House of  
13 Representatives and to each member of the Louisiana delegation to the United States  
14 Congress.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Greg Waddell.

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DIGEST

Chaisson

SCR No. 137

Memorializes Congress to enact legislation to adjust the Federal Medical Assistance Percentage rules to ameliorate the unintended negative impact caused by the infusion of disaster relief funding, both public and private, into Louisiana's and other state's economies following major disasters.