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## White House Provides \$4.3B to Help States with Drug Costs

*Joe Cantlupe, for HealthLeaders Media, February 19, 2010*

Acknowledging a tough economy, HHS Secretary Kathleen Sebelius said Thursday the government plans to grant \$4.3 billion to states to reduce their prescription drug costs.

Sebelius said the government's action "will help states as they struggle to maintain Medicaid and other budget priorities in these difficult economic times."

"This relief will help states continue to provide critical healthcare services to the nearly 60 million beneficiaries who depend on it," Sebelius said in a prepared statement after calling the states about the federal plan.

Under the plan, HHS will apply the financial boost through the American Recovery and Reinvestment Act of 2009. The law granted a "significant, yet temporary" increase in the amount that states receive from the government to help pay for their Medicaid programs, Sebelius said. The federal share of Medicaid costs is known as the federal medical assistance percentage payments (FMAP) and refers to so-called clawback payments of the states.

The clawback payment is the amount states pay to the federal government as required by the Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA). It is intended to offset some of the added expense of assuming Medicare Part D drug costs for residents dually eligible for Medicare and Medicaid. The Obama administration has asked Congress to extend the increased FMAP in his 2011 budget proposal, Sebelius said.

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