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## Medicaid payment erases deficit

### U.S. sends \$60 million for back-dated increase

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When a \$60 million payment from the feds hit the state's bank account Tuesday, the state's current operating budget deficit disappeared.

Once the payment, a product of increased Medicaid funding from the federal stimulus package, gets through the state's red tape, it will be moved into the general fund, where it will compensate for the state's estimated \$56 million shortfall for this fiscal year, which ends June 30.

The payment was wired to the state to cover an increase in Medicaid payments dating back to Oct. 8, said Jay Lynch, spokesman for the state Department of Health and Social Services.

When the stimulus package was finalized three weeks ago, Gov. Jack Markell said the additional Medicaid funds would be enough to eliminate the state's current budget deficit unless the Delaware Economic and Financial Advisory Council lowers estimates again.

DEFAC will meet March 16 to review its previous revenue estimates, and at that time could change the projections to create another deficit.

And even if the \$60 million is enough to erase this year's deficit, it does little to help bridge the estimated \$431 million gap in next year's budget -- another deficit that could get worse when DEFAC meets again. That hole must be filled and the budget finalized by June 30.

The stimulus package authorized an increase in the percentage of Medicaid costs covered by the federal government. The increased match was back-dated to October, so the \$60 million the state received Tuesday is a back-payment to cover expenses prior to this month.

The state will continue to receive larger payments from the federal government for Medicaid services, and that money will lessen the burden on state funds for the medical assistance program. In the 2008 fiscal year, the state spent \$494.2 million on the Medicaid program and expects to spend \$519.8 million for this year.

The federal increase was intended to ensure states were able to continue to fund Medicaid and avert cuts in services.

The Medicaid stimulus money hit Delaware's coffers on the same day President Barack Obama and Vice President Joe Biden announced the release of \$28 billion in stimulus funding for transportation projects nationwide, including \$122 million headed to Delaware.