

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Tom Dermody, Eric Kurtz, Amanda Bickel, Andrew Forbes, JBC Staff
DATE March 20, 2020
SUBJECT Federal Coronavirus Relief: H.R. 6201 – Families First Coronavirus Response Act

The federal Families First Coronavirus Response Act (H.R. 6201) became law on March 18, 2020. This bill responds to the coronavirus outbreak by providing paid sick leave and free coronavirus testing, expanding food assistance and unemployment benefits, and requiring employers to provide additional protections for health care workers. The bill temporarily increases states' federal medical assistance percentage for the duration of the current public health emergency, requiring states to maintain eligibility standards that are no less restrictive than those in place on the date of enactment.

TESTING

The bill provides funding for testing for COVID-19 for anyone who is uninsured through a 100 percent federal match to Medicaid for this population and service. In addition, the bill appropriates \$64.0 million to the Indian Health Service to cover the costs of COVID-19 diagnostic testing for Native Americans receiving care through the Indian Health Service or through an Urban Indian Health Organization.

DEPARTMENT OF HUMAN SERVICES – OLDER AMERICANS ACT

The Families First Coronavirus Response Act (FFCRA) increases the federal appropriation for the Senior Nutrition Program in the Administration for Community Living by \$250.0 million nationwide. This appropriation is split as follows:

- \$160 million for Home-Delivered Nutrition Services
- \$80 million for Congregate Nutrition Services
- \$10 million for Nutrition Services for Native Americans

Based in the funding ratio for Federal Fiscal Year (FFY) 2020, Colorado anticipates receiving \$2.4 million for Home-Delivered Nutrition Services and \$1.2 million for Congregate Nutrition services. The FFCRA waives the state matching requirement for the emergency funding only. This funding supplements but does not supplant current funding for Older Americans Act programs. This funding runs through the end of FFY 2021.

DEPARTMENT OF HUMAN SERVICES – SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM

The law appropriates an additional \$400 million nationally to assist local food banks to meet increased demand for low-income Americans during the emergency. Of the total, \$300 million is for the purchase of nutritious foods and \$100 million is to support the storage and distribution of the food. **Staff is working with the Department of Human Services to obtain an estimate of Colorado's share of the total.**

The legislation includes a general provision that allows the U.S. Department of Agriculture (USDA) to approve state plans to provide emergency Electronic Benefit Transfer (EBT) food assistance to households with children who would otherwise receive free or reduced-price meals if not for their

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schools being closed due to the COVID-19 emergency. The law provides additional Supplemental Nutritional Assistance Program (SNAP) aid to children and families when a child's school is closed for at least five days due to the COVID-19 public health emergency. Children who are eligible for free or reduced school lunch meals will be eligible for additional benefits that would be the equal value of the school lunch meals.

SNAP benefits are an entitlement and the funds are deposited directly from the federal government onto clients' Electronic Benefit Transfer (EBT) cards; the state does not receive or manage these funds. The Department anticipates SNAP benefits will increase among all households who are eligible and enrolled. Additionally, states are still getting guidance on P-EBT, which serves families who are not receiving national school lunch or breakfast while schools are closed. FNS has not indicated any changes in administrative dollars for states. However, the Department anticipates system changes will need to be made to accommodate various benefits changes. The Department assumes that the system changes driven by the increase in benefits will be accomplished within existing resource. The anticipated changes to P-EBT carry substantial costs and will require significant changes in CBMS.

The law also waives current federal work requirements for SNAP eligibility and further allows states that have made an emergency declaration to request emergency funding for food aid and support to expand SNAP participation. This will not increase the amount a family or individual can receive in a month but allows for more individuals and families to be provided SNAP benefits. The legislation allows the USDA to waive certain requirements for additional food programs to ensure meals and supplies are being provided safely to combat spreading COVID-19.

Colorado requested a waiver on March 23, 2020 to issue a supplement to all active households, bringing the household up to the max benefits allotment for the household size. Pending final approval from USDA's Food and Nutrition Service (FNS), this waiver will be implemented statewide. The Department has also requested additional waivers from FNS for the following purposes:

- waive initial and recertification interviews for 90 days;
- grant a temporary, three-month extension of certification beyond 24-months for any SNAP households that are subject to recertification during this period;
- allow students enrolled in an institution of higher education who are impacted by COVID-19 to qualify for SNAP without a student exemption; and
- suspend all collections of active recoupment of SNAP overpayments and delay the collection actions on new recoupments to allow SNAP recipients to temporarily receive their full benefit amount for a period of 90 days.

HEALTH CARE POLICY AND FINANCE - MEDICAID

The Families First Coronavirus Response Act temporarily increases the federal match rate for Medicaid by 6.2 percent. The increase in the federal match rate is effective retroactively to January 1, 2020, and continues for each calendar quarter a federal emergency is declared. It is probably reasonable to assume Colorado will receive the enhanced match for the remainder of FY 2019-20, but the outlook for FY 2020-21 is less clear.

The enhanced match reduces Colorado's projected General Fund obligation for Medicaid by approximately \$87.8 million per quarter. **For FY 2019-20 it will save the General Fund \$175.6**

million. The potential savings for FY 2020-21 ranges from \$0 to \$351.2 million, depending on how long a federal emergency declaration remains in effect.

To receive the enhanced federal match a state may not reduce Medicaid eligibility or increase premiums and may not charge copays for any testing or treatment related to COVID-19. States must also provide continuous eligibility for people currently on Medicaid through the last month a federal emergency is declared.

DEPARTMENT OF LABOR AND EMPLOYMENT - EMERGENCY PAID SICK LEAVE, FAMILY AND MEDICAL LEAVE, AND TAX CREDITS

Through December 2020, the FFCRA requires employers to provide paid sick leave and family and medical leave for up to 12 weeks for anyone exhibiting symptoms of COVID-19, required or advised to quarantine, caring for an individual in this situation, or caring for a son or daughter whose school or child-care facility is closed due to Coronavirus precautions. For the first two weeks of leave, the employee is eligible for full wage replacement up to \$511 per day for his or her own illness or up to \$200 per day to care for a family member. In subsequent weeks, the employee is eligible to receive 67.0 percent of normal pay, up to \$200 per day. For part-time workers, the benefit is based on the amount the employee typically earns. Coverage for the first two weeks applies to all employees. Coverage for the remaining 10 weeks applies to those employed at least 30 days.

The law's provisions apply only to employers with fewer than 500 employees and government employers. The Secretary of Labor may waive the requirement for a business with fewer than 50 employees if the leave would "jeopardize the viability of the business" and may exclude certain health care providers and emergency responders by allowing their employers to opt out. Businesses' costs for providing this leave, up to the capped amounts specified in the law (\$511 per day for an employee's two-weeks of sick leave and \$200 per day for family and extended leave), are recouped by the businesses through tax credits against the employer's share of social security wages otherwise due. The provisions allow the business to be refunded by the federal government for any amounts exceeding the credit. Self-employed individuals are also eligible for these tax credits, providing them access to the paid sick and family leave benefits. The tax credits do not apply to government employers.

DEPARTMENT OF LABOR AND EMPLOYMENT - UNEMPLOYMENT INSURANCE STABILIZATION

The FFCRA appropriates \$1.0 billion nationally for unemployment insurance (UI) administration, to be allocated among the states based on a formula based on each state's share of the federal unemployment insurance taxable wage base. **Staff is working with the Department of Labor and Employment to obtain an estimate of Colorado's share of the total.**

Within 60 days, 50.0 percent of the total funding available will be transferred. The balance would be transferred based on certain conditions (e.g., that the state's unemployment rate increased by at least 10 percent). It seems possible that all states will meet these conditions. To be eligible, states must ease unemployment insurance eligibility requirements, including waiving a mandatory week wait, waiving work search requirements, and not levying certain charges on employers impacted by COVID-19. They must also provide basic assurances related to accepting applications, notifying applicants, and UI system maintenance.

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States may receive no interest loans from the federal government to provide UI benefits through December 31, 2020. The federal government will pay extended UI benefits, without a required state match, through December 31, 2020; such benefits would be accessed after an employee has exceeded their 26-week state maximum.

DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT – SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS AND CHILDREN (WIC)

The Families First Coronavirus Response Act appropriates an additional \$500 million nationwide to provide access to nutritious foods for families whose income would now qualify them for the program due to the COVID-19 emergency. In 2019, 82,000 individuals across the state participated in the program. To qualify for the WIC program an individual must:

- be a resident of Colorado;
- meet defined income criteria (\$47,638 for a family of four, for example); and
- be pregnant, postpartum, or breastfeeding with children up to the age of five (5).

The law gives the Secretary of Agriculture the authority to grant waivers to allow participants to be verified for WIC without being physically present at the WIC clinic. It also gives the Secretary the authority to waive administrative requirements that are barriers to services for WIC participants during the current health emergency. **Staff is working with the Department of Public Health and Environment to obtain an estimate of Colorado's share of the total appropriated for this purpose.**