

Rep. Knollenberg offered the following concurrent resolution:

House Concurrent Resolution No. 62.

A concurrent resolution to memorialize Congress to enact legislation to change the computation of state Federal Medical Assistance Percentage (FMAPs) as defined in section 1905(B) of the Social Security Act (43 U.S.C. 1396 (D)) by disregarding employer contributions to prefund retiree health care in calculating Medicaid and the State Children's Health Insurance Program (SCHIP).

Whereas, The Federal Medicaid Assistance Percentage (FMAP) determines the distribution of federal matching funds for medical assistance programs, including Medicaid and SCHIP. The United States Department of Health and Human Services calculates the FMAP annually for each state. The formula for calculating the FMAP is determined by a state's per capita income as calculated by the United States Department of Commerce. In 2003, the state lost about \$160 million in federal Medicaid funds when General Motors made a one-time \$16 billion payment to its underfunded pension plan. This one-time payment was included and skewed the calculation of the state's per capita income; and

Whereas, Recent contract negotiations between three domestic automakers and the UAW will generate large one-time payments beginning in 2010 to a Volunteer Employee Benefits Association (VEBA) trust fund to be administered by the union. These payments will be similar in character to the payment made by General Motors for underfunded pension liabilities that skewed the FMAP calculation of state per capita income in 2003; and

Whereas, State and local governments are encouraged to prefund their retiree health benefits as a result of the Governmental Accounting Standards Board (GASB) 45 reporting requirement. These payments will be similar in character to the General Motors one-time payment for underfunded pension liabilities that skewed the FMAP calculation of state per capita income; and

Whereas, The combined contributions of the automobile companies will result in over \$60 billion that will overstate the state's personal income by billions of dollars. The prefunding of public employee retirement by state and local governments will result in an exponential increase in this overstatement. This would place the state at risk of a decline in its FMAP for the three years that these contributions affect personal income calculations; now, therefore, be it

Resolved by the House of Representatives, (the Senate concurring) That we memorialize Congress to enact legislation to change the computing of state Federal Medical Assistance Percentage by disregarding employer contributions toward retiree health care in calculating Medicaid and State Children's Health Insurance Program (SCHIP) beginning with a state's fiscal year 2006; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.