



AFSCME Facts

Critical Issues to be Addressed in COVID 4 April 2, 2020

1. The first priority for the next COVID response bill must be to provide \$200 billion in additional direct, unrestricted funds for state and local governments (along with a clear requirement for money to be allocated to localities). Further, Congress should repeal the CARES Act rule that limits use of the \$150 billion Coronavirus Relief Fund to unbudgeted response to COVID. This restriction blocks states from addressing the substantial revenue losses governments are experiencing at a time when there is a sharp increase in the demand for services. While the CARES Act provides \$500 billion that can be loaned to eligible businesses as well as states and municipalities, it is not a substitute for grants. Many states and local governments have limited ability to borrow funds for normal operating expenses and almost all of them face statutory or constitutional debt limits. Bridge loans from the Fed for liquidity can be helpful, especially if the Muni market remains chaotic, but longer-term loans are not the solution.
2. CARES provided almost \$31 billion in k-12 and higher ed funding (split roughly evenly). We are working with allies to assess the appropriate level of additional support that is necessary.
3. CARES fails to address FMAP (federal Medicaid funding) although the second COVID bill, the Families First Coronavirus Response Act, had done so by increasing FMAP by 6.2 percentage points. The House proposed an unemployment rate-based formula so FMAP would permanently provide countercyclical assistance to states. Barring that, we think another 15 percentage point increase in FMAP, on top of the 6.2% provided in COVID 2, is necessary and the higher rates should be retroactive to January 1, 2020 and extended to December 31, 2021. The 6.2% bump was retroactive to January 1 and expires December 31, 2020. An FMAP increase is necessary to ensure states can fund rising Medicaid caseloads without diverting resources from other critical services.
4. There are dire projections about the effect of the cost of COVID treatment on health plans. This will affect plans under the ACA as well as self-insured and fully insured employer sponsored plans. A spike in insurance rates immediately prior to the election will create political and economic consequences. We are suggesting that the federal government backstop COVID claims by assuming inpatient hospital and post-hospitalization costs after the first \$5,000. In addition, inpatient cost sharing and co-payments should be assumed by the federal government for COVID treatments. The uncertain long term impact of occupational exposure to the virus must also be addressed.
5. A robust infrastructure plan will create jobs to facilitate economic recovery and address substantial needs. The plan must ensure that publicly financed infrastructure is publicly owned.
6. In light of the Trump Administration's refusal to protect workers, Congress must statutorily create an infectious disease standard. The standard should cover all workers, including public workers in states that have not opted into OSHA coverage.
7. COVID 2, which created leave programs, provided discretion to the US Department of Labor to implement the program and to exclude workers. Secretary Scalia has abused that discretion by being overly broad in his application of exclusions. Congress must address this and other shortcomings in the next bill.