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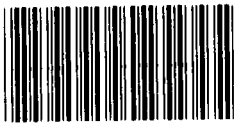
BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Chairman, Subcommittee On Health Committee On Finance United States Senate

Options For Improving Formulas In The Health Care For Unemployed Workers Program

GAO was asked to comment on formulas proposed to distribute Federal aid to States to help finance health care for certain unemployed workers. Specifically, GAO was to determine the adequacy of formulas contained in Senate bill S.951 and three alternative proposals from the standpoint of how each would (1) provide equal program benefits for eligible recipients living in different States (equal benefits) and (2) require States to undertake equal tax burdens in financing the State share of program costs.

In terms of these objectives, GAO found that the formulas described in S.951 produce several inequities. This report presents and analyzes alternative formulas which will provide a more equitable distribution of Federal funds in terms of equalizing program benefits and tax burdens for congressional consideration.



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WASHINGTON, D.C. 20548

GENERAL GOVERNMENT
DIVISION

B-205000

The Honorable Dave Durenberger
Chairman, Subcommittee on Health
Committee on Finance
United States Senate

Dear Mr. Chairman:

This report is in response to your request of August 5, 1983, asking us to comment on the matching and allocation formulas in Senate bill S.951, a program of health care coverage for certain unemployed persons. Specifically, you asked that we evaluate the S.951 formulas and alternative formulas you introduced during the Senate Finance Committee's markup. Our evaluation was to be based on two policy objectives:

(1) providing equal program benefits for eligible recipients living in different States (i.e., benefit equity) and

(2) requiring States to undertake equal tax burdens in financing the State share of program costs (i.e., tax burden equity).

In addition you asked that we comment on an alternative matching formula that would make Federal matching rates decline smoothly in proportion to State Insured Unemployment Rates (I.U.R.'s) based on a linear matching rate formula. This proposal would avoid discrete jumps in matching rates, called "notches," that can lead to large increases in State matching requirements when the State unemployment rate declines slightly.

Finally, on the basis of discussions with your office we agreed to develop and address the adequacy of a compromise allocation and a matching formula which does not involve the use of personal income and to comment on possible future budgetary impacts of these formulas. The four formula options we have agreed to comment on are summarized in table 1. This review was performed in accordance with generally accepted government audit standards.

(019000)

Table 1

Option	Matching Formula	Allocation Formula
#1 (S.951)	discrete matching rates of 95, 80, 65 or 50% based on State IUR's	based on the number of insured unemployed and long-term unemployed
#2 (Durenberger Proposal)	rates vary continuously from 75-95% based on personal income, the number of insured & long-term unemployed	based on the number of insured and long-term unemployed weighted by the State's matching rate.
#3 (Linear Matching Formula)	rates vary from 50-95% based on a straight line formula using State's IUR	same as S.951 option
#4 (GAO Compromise)	rates vary from 75-95% based on the number of insured and long-term unemployed only	same as Durenberger option

On the basis of the policy objectives of providing equal benefits for potentially eligible recipients living in different States and equalizing State tax burdens, the Durenberger option provides the greatest equity. It corrects the "notching" problem, provides equal spending on program benefits per unemployed person by all States and produces the smallest disparities in State tax burdens. In contrast, the S.951 formulas have the notching problem, provide higher spending per unemployed person by States with the lowest unemployment, and produce extreme differences in tax burdens States will have to undertake to finance the State share of program costs.

The linear matching option only corrects the notching problem. This option continues to produce the highest spending per unemployed person by States with the lowest unemployment and also produces extreme differences in State tax burdens. In contrast, the GAO compromise option eliminates the notching problem, provides equal spending per unemployed in all States, and reduces tax burden disparities almost as much as the Durenberger option.

Thus, in terms of the policy objectives outlined on page 1, the Durenberger option would rank as the most equitable followed by the GAO Compromise, the Linear Matching Formula, and the S.951 formulas. These conclusions are summarized in Table 2.

Table 2

Comparison of Four Formula Options for the Health Insurance for Unemployed Workers Program: Senate Bill S.951

Option	Eliminates Notches	Percent Reduction in Interstate Spending Disparities Per Unemployed	Percent Reduction in Interstate Tax Burden Disparities
Durenberger	Yes	100%	85%
GAO Compromise	Yes	100%	80%
Linear Match	Yes	10%	25%
S.951	No	0	0

The Durenberger option achieves a greater degree of tax burden equity because it uses personal income as an indicator of States' revenue raising abilities.[1] The GAO Compromise does not utilize such an indicator and therefore only reduces tax burden disparities to the extent that unemployment is correlated with a States' revenue raising ability. However, this correlation is reasonably strong since the GAO option reduces tax burden disparities almost as much as the Durenberger option even though it does not use personal income.

The matching formula in S.951 will automatically increase State matching requirements and total program spending as unemployment declines. With fewer unemployed this means eligibility requirements and benefits per unemployed person will automatically increase. Consequently, if the program is extended beyond its proposed 2-year authorization, State and/or Federal spending will have to increase to prevent a reduction in future eligibility and/or benefits. This could lead to significant pressure to increase Federal spending in future years.

An individual assessment of each proposed formula is presented on pages 3 through 8, and the impact of the four formula options on State allotments and matching requirements are shown in appendixes I through IV. A comparison of spending per unemployed by State under the four options is shown in appendix V, and a comparison of State tax burdens is shown in appendix VI. Both appendixes rank States from lowest to highest on the basis of the S.951 option to facilitate comparison of each option on the basis of the policy objectives of equalizing spending per unemployed and State tax burdens.

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[1]The Durenberger option would reduce tax burden disparities even more if it used the Representative Tax System in place of personal income (see page 6).

S.951 Formulas Are Inequitable

S.951 contains two formulas. The first is an allocation formula which establishes a fund that States must then match. The second formula establishes the rate at which States must match against their allocation. The matching formula sets the Federal share at 95, 80, 65, or 50 percent of eligible program costs, depending on the State's IUR, based on a 12-month average from July 1982 to June 1983. In addition the matching rate is increased 15 percentage points if a State's IUR is more than 120 percent of its previous year's IUR.

The allocation formula divides the number of potentially eligible recipients into two groups: (1) the number of insured unemployed based on a 12-month average from April 1982 through March 1983 and (2) the number of long-term unemployed based on a 12-month average from April 1982 through March 1983 of the number of people unemployed more than 26 weeks.

There are three inequities in the S.951 formulas. First, the discrete jumps in matching rates could result in a State's matching requirement increasing by more than 350 percent with a relatively modest decline in unemployment. For example, if Montana's IUR fell from 5.15 to 4.99 percent during the first 6 months of the program, its State matching requirement would increase from $113,000 to $536,000, a 373 percent increase. Similarly, if the unemployment rate in Kansas fell from 4.13 to 3.99 percent, the State matching requirement would increase 375 percent during the second 6 months of the program.

Second, the S.951 formulas would result in low unemployment States spending up to twice the amount on program benefits as high unemployment States. For example, South Dakota has the nation's lowest insured unemployment rate, 2.3 percent, and would spend $588 per unemployed person under the S.951 formulas. In contrast, Michigan with an unemployment rate of 6.7 percent would spend $289 per unemployed, less than half South Dakota's spending.

Third, State matching requirements result in extreme differences in State tax burdens. For example, Wyoming's tax burden would be only 11 percent of the national average. At the other extreme, Virginia's tax burden would be more than 400 percent of the national average. In other words, Virginia's tax burden under the S.951 formulas would be 37 times greater than Wyoming's. State allotments, matching requirements, spending per unemployed and tax burdens for all States are shown in appendix I.

The Durenberger Option Provides Greater Equity

In light of inequities in the S.951 formulas, you offered an amendment containing alternative matching and allocation

formulas. Under this amendment, matching rates are determined by two factors: the number of unemployed as measured by S.951[2] and States' resident personal income. Personal income was included to reflect States' tax capacity in order to equalize State tax burdens. The formula for the Federal share is:

$$\text{Federal Share} = 100 - 10\left(\frac{\text{State income per unemployed}}{\text{U.S. income per unemployed}}\right)$$

Under this formula, a State with the U.S. average income and unemployment would have a 90-percent Federal match. States with high incomes and/or low unemployment will pay a larger share of eligible program costs while the Federal Government finances a larger share, up to 95 percent, for States with low incomes and/or high unemployment. This mathematical structure is designed to equalize State tax burdens.

The allocation formula proposed in this option is also designed to enable all States to provide the same spending per unemployed person. This outcome is achieved by weighting the number of unemployed in the allocation formula by the State's Federal share, as calculated from the matching formula described above. Thus the allocation formula is:

$$\text{State Allotment} = \left[\frac{\left(\text{Number of unemployed in the State}\right)\left(\text{Federal share for the State}\right)}{\left(\text{Sum of numerator for all States}\right)}\right] X \left[\$750 \text{ million Federal allotment}\right]$$

The Federal share must appear in the allocation formula in order to produce equal spending in all States. This is because high unemployment States with a low per capita income contribute little to financing program costs and therefore must receive more Federal funds in order to provide the national average spending per unemployed. Similarly, low unemployment States with a high per capita income finance a greater portion of program costs and therefore need less Federal aid to provide the national average spending per unemployed.

The Durenberger option corrects the notching problem and produces a significant improvement in equalizing interstate

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[2]S. 951 divides the number of unemployed into two groups: the insured unemployed and the long-term unemployed. Each group is given equal importance by allocating half the available Federal funds on the basis of each factor. The Durenberger formulas give each group equal importance by weighting the insured unemployed 30 percent and the long-term unemployed 70 percent and distributing all available Federal funds from a single pot. This weighting scheme gives equal importance because approximately 70 percent of the number of unemployed are in the insured group and 30 are percent in the long-term unemployed group.

benefits and tax burdens. The matching formula, based on resident personal income per unemployed, declines smoothly and removes the "notches" in matching rates, thereby eliminating the possibility of major changes in State matching requirements when unemployment declines. The matching and allocation formulas are specifically designed to guarantee all States the same level of spending per unemployed person. Thus, instead of South Dakota and Michigan spending $588 and $289 respectively per unemployed person, they would both spend $302 under the Durenberger option.

Similarly, the use of personal income in the matching formula greatly reduces tax burden disparities. For example, Michigan's tax burden would be just 6 percent above the national average and South Dakota's 7 percent below. Similarly, the highest tax effort State (New York) is only 20 percent above the national average compared to the lowest tax effort State (Alaska) at 49 percent. Overall, this represents approximately an 85 percent improvement in tax burden equity. State allotments, matching requirements, spending per unemployed, and tax burdens for all States are shown in appendix II.

Although the Durenberger option greatly reduces tax burden disparities, other significant disparities remain because of the matching formula's reliance on personal income. Our report on the Medicaid matching formula,[3] states that the Representative Tax System (RTS) is superior to personal income as a measure of States' revenue raising ability. We therefore concluded, that when tax burden equity is desired, the RTS should be used in place of personal income.

Under the Durenberger option, four of the five States with the lowest tax burdens (Alaska, Wyoming, New Mexico and Montana) are States with large energy resources. The fifth State, Nevada, has a large tourist industry because of Reno and Las Vegas. Use of the RTS would increase the State matching requirements in these and the remaining low tax effort States and reduce them for the States required to make above average tax effort.

THE LINEAR MATCHING RATE OPTION WOULD RESULT IN WIDE BENEFIT AND TAX BURDEN DISPARITIES

The third option uses the S.951 allocation formula and only changes the Federal matching formula so that matching rates decline smoothly with States' insured unemployment rates (IUR's). This is achieved by the following formula:

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[3]"Changing Medicaid Formula Can Improve Distribution of Funds to States" (GAO/GGD-83-27, Mar. 9, 1983).

$$\text{Federal Share} = \begin{cases} 50 + 45\ \dfrac{(\text{IUR} - 2)}{3} & \text{if IUR} \leq 5 \\ 95 & \text{if IUR} > 5 \end{cases}$$

Under this formula a State with an IUR of 2 percent would have a 50-percent Federal match that increases to 95 percent when the IUR reaches 5 percent. States with an IUR above 5 percent would receive the maximum Federal match of 95 percent.

Smoothing out the matching rates, which are based on the insured unemployment rate, eliminates the notching problem. However, wide disparities in benefits for recipients living in different States and extreme differences in State tax burdens would persist under this option. For example, under this option spending per unemployed would range from a low of $269 in Arkansas to a high of $536 in South Dakota, only a slight improvement over the notched matching rate formula in S.951. Extreme differences in State tax burdens also persist. Under this option South Dakota's tax burden would be 243 percent of the national average compared to Arkansas at 32 percent. This simply eliminates the notches in the S.951 matching formula will continue to provide very generous benefits in the low unemployment States, reduced benefits in States with high unemployment, and extreme differences in State tax burdens. State allotments, matching requirements, spending per unemployed, and tax burdens for all States are shown in appendix III.

THE GAO COMPROMISE OPTION WOULD EQUALIZE SPENDING PER UNEMPLOYED AND REDUCE TAX BURDEN DISPARITIES

The last option considered represents a compromise between the S.951 and Durenberger options. The S.951 formulas use data on the number of unemployed and State IUR's. The Durenberger option uses data on the number of unemployed and, in addition, uses personal income in the matching formula to reduce disparities in State tax burdens. The compromise option uses the same mathematical structure as the Durenberger formulas in order to equalize spending on a per unemployed basis in all States. However, it does not use personal income in the matching formula and therefore sacrifices some tax burden equity. Under this option the matching formula is:

$$\text{Federal Share} = 100 - 10\left(\frac{\%\ \text{U.S. population unemployed}}{\%\ \text{State population unemployed}}\right)$$

A State with the national average percent of its population unemployed would receive a 90-percent Federal share under this formula. States with a higher percentage unemployed would receive a higher Federal share while low unemployment States would have to finance a higher proportion of program costs from State revenue sources.

As in the Durenberger option, the allocation formula is the number of unemployed weighted by the Federal share. That is,

$$\text{State Allotment} = \left[\frac{\left(\begin{array}{c}\text{Number of} \\ \text{unemployed} \\ \text{in State}\end{array}\right) \left(\begin{array}{c}\text{Federal} \\ \text{share} \\ \text{for State}\end{array}\right)}{(\text{Sum of numerator for all States})} \right] \times \left[\begin{array}{c}\$750 \text{ million} \\ \text{Federal} \\ \text{allocation}\end{array} \right]$$

This option is also similar to the Durenberger option in that it provides the same spending of $302 per unemployed in all States, thus eliminating interstate spending disparities. In addition, it provides a major reduction in tax burden disparities, although not as great as under the Durenberger option. Under this option Alaska has the lowest tax burden, equal to 37 percent of the national average, and Mississippi the highest at 41 percent above the national average. On a scale of 100 the Durenberger option reduces inequities in State tax burdens by approximately 85 percent compared to the inequities in S. 951. The GAO compromise option would reduce them by approximately 80 percent. State allotments, matching requirements, spending per unemployed and tax burdens for all States are shown in appendix IV.

The major policy difference between the Durenberger option and the GAO Compromise is that to a significant extent the Durenberger option would automatically adjust over time to maintain tax burden equity whereas the GAO Compromise is less likely to maintain tax burden equity. Tax burden equity under the GAO Compromise could deteriorate significantly depending on how the interstate distribution of the unemployed changes over time. If the correlation between unemployment and States' revenue raising abilities deteriorates, tax burden inequities will get worse under this option.

THE S.951 FORMULAS COULD SIGNIFICANTLY INCREASE FUTURE OUTLAYS PROPOSED

The formulas contained in S.951 and the linear matching rate formula automatically increase total program outlays as unemployment declines. Under S.951 the Federal Government would spend $750 million per year in each of the next 2 years. In the first year States would be required to match $121 million, bringing total program spending to $871 million or $315 per unemployed. If unemployment declines as expected, the number of unemployed will decline; however, the amount of Federal funds available will remain at $750 million. Under the S.951 matching formula, State matching requirements will automatically increase, causing total program spending to increase as unemployment declines. For example, if the IUR declines by 20 percent, which is not unreasonable given current economic trends, this would increase State matching requirements by 80 percent to $218 million in order to qualify for the $750 million Federal grant. With fewer unemployed, this would put the States in the position

of expanding eligibility and/or providing more comprehensive coverage in order to continue receiving their Federal grant.

If the program is extended beyond its proposed 2-year authorization and unemployment should again rise, State matching requirements would automatically decline. In this case a choice would need to be made among four possible alternatives:

--States would have to reduce eligibility to prevent the cost of the program from rising.

--State spending would have to increase in order to provide benefits for the newly unemployed.

--The Federal Government would have to increase its funding to prevent a major reduction in benefits.

--Some combination of the above alternatives.

Quite likely, there would be significant pressures to increase Federal spending. To continue the previous scenario, a 20-percent decline in unemployment would produce a corresponding increase in program benefits. A return to the previous level of unemployment would increase Federal funding by 40 percent before taking inflation into account if the S.951 matching formula is not changed and benefits are not cut.

The pressure to increase Federal spending in future years would not be as great under the Durenberger option or the GAO Compromise because State matching rates would not increase in the second year. Thus, these options do not provide as great an incentive for States to expand program benefits when unemployment declines. Consequently, the incentive to increase Federal spending would not be as great in future years if unemployment increases again. In agreement with your office we are distributing copies of this report to other interested parties.

Sincerely yours,

W.J. Anderson

William J. Anderson
Director

HEALTH CARE FOR UNEMPLOYED WORKERS: OPTION #1- USE S.951 FORMULAS

STATE NAMES	State Allotment	Federal Match (%)	State Match ($)	Total Spending	Spending Per Unemployed	Tax Burden (US=100)
ALABAMA	$15,956,625	95	$839,822	$16,796,447	$288	58
ALASKA	$1,505,513	95	$79,238	$1,584,751	$327	14
ARIZONA	$6,790,238	95	$357,381	$7,147,619	$292	27
ARKANSAS	$5,735,701	95	$301,879	$6,037,580	$269	31
CALIFORNIA	$84,866,438	95	$4,466,655	$89,333,093	$291	31
COLORADO	$6,173,663	80	$1,543,416	$7,717,079	$348	90
CONNECTICUT	$7,787,138	80	$1,946,785	$9,733,923	$350	107
DELAWARE	$1,542,113	65	$830,369	$2,372,482	$438	238
DISTRICT OF COLUMBIA	$2,380,913	80	$595,228	$2,976,141	$359	159
FLORIDA	$16,776,038	65	$9,033,251	$25,809,289	$406	173
GEORGIA	$11,602,275	80	$2,900,569	$14,502,844	$354	123
HAWAII	$1,816,200	65	$977,954	$2,794,154	$451	183
IDAHO	$2,891,813	95	$152,201	$3,044,014	$282	34
ILLINOIS	$51,006,826	95	$2,684,570	$53,691,396	$277	41
INDIANA	$22,064,101	95	$1,161,268	$23,225,369	$298	43
IOWA	$8,414,138	95	$442,849	$8,856,987	$284	27
KANSAS	$5,570,851	95	$293,203	$5,864,054	$271	21
KENTUCKY	$10,782,000	95	$567,474	$11,349,474	$281	35
LOUISIANA	$10,927,988	95	$575,157	$11,503,145	$289	23
MAINE	$2,805,713	80	$701,428	$3,507,141	$336	148
MARYLAND	$12,435,713	95	$654,511	$13,090,224	$305	30
MASSACHUSETTS	$17,025,825	65	$9,167,752	$26,193,577	$451	317
MICHIGAN	$54,508,688	95	$2,868,878	$57,377,566	$289	59
MINNESOTA	$11,970,188	95	$630,010	$12,600,198	$287	28
MISSISSIPPI	$8,622,150	95	$453,797	$9,075,947	$283	48
MISSOURI	$14,484,638	80	$3,621,160	$18,105,798	$357	149
MONTANA	$2,143,763	95	$112,830	$2,256,593	$305	24
NEBRASKA	$2,776,668	65	$1,495,129	$4,271,797	$409	185
NEVADA	$3,093,151	95	$162,797	$3,255,948	$279	25
NEW HAMPSHIRE	$1,852,426	65	$997,460	$2,849,886	$450	212
NEW JERSEY	$22,660,575	80	$5,665,144	$28,325,719	$351	138
NEW MEXICO	$2,926,200	95	$154,011	$3,080,211	$304	20
NEW YORK	$47,407,126	65	$25,526,914	$72,934,040	$425	308
NORTH CAROLINA	$16,510,688	95	$868,984	$17,379,672	$289	35
NORTH DAKOTA	$1,095,600	80	$273,900	$1,369,500	$354	69
OHIO	$54,291,075	95	$2,857,425	$57,148,500	$282	52
OKLAHOMA	$4,533,600	80	$1,133,400	$5,667,000	$321	59
OREGON	$12,491,063	95	$657,424	$13,148,487	$308	46
PENNSYLVANIA	$55,292,250	95	$2,910,118	$58,202,368	$288	50
PUERTO RICO	$10,447,763	95	$549,882	$10,997,645	-	-
RHODE ISLAND	$3,329,513	95	$175,238	$3,504,751	$303	42
SOUTH CAROLINA	$10,453,313	95	$550,174	$11,003,487	$298	44
SOUTH DAKOTA	$942,150	50	$942,150	$1,884,300	$588	286
TENNESSEE	$14,992,725	80	$3,748,181	$18,740,906	$348	195
TEXAS	$18,905,513	65	$10,179,892	$29,085,405	$418	107
UTAH	$3,316,575	95	$174,557	$3,491,132	$307	26
VERMONT	$1,345,913	95	$70,838	$1,416,751	$300	31
VIRGIN ISLANDS	$293,476	95	$15,446	$308,922	-	-
VIRGINIA	$10,923,938	50	$10,923,938	$21,847,876	$578	409
WASHINGTON	$19,053,938	95	$1,002,839	$20,056,777	$301	45
WEST VIRGINIA	$9,603,451	95	$505,445	$10,108,896	$275	52
WISCONSIN	$22,362,075	95	$1,176,951	$23,539,026	$288	50
WYOMING	$1,074,226	95	$56,538	$1,130,764	$283	11
	$750,562,241		$120,734,408	$871,296,649		

APPENDIX I

APPENDIX II

HEALTH CARE FOR UNEMPLOYED WORKERS: OPTION #2- USE DORENBERGER FORMULAS

STATE NAMES	State Allotment	Federal Match (%)	State Match ($)	Total Spending	Spending Per Unemployed	Tax Burden (US=100)
ALABAMA	$16,514,469	94	$1,106,824	$17,621,293	$302	104
ALASKA	$1,266,708	87	$193,793	$1,460,501	$302	49
ARIZONA	$6,469,446	88	$910,090	$7,379,536	$302	103
ARKANSAS	$6,138,654	91	$636,083	$6,774,737	$302	97
CALIFORNIA	$82,695,954	89	$9,790,759	$92,486,714	$302	99
COLORADO	$5,588,736	83	$1,106,463	$6,695,199	$302	95
CONNECTICUT	$7,027,892	84	$1,372,006	$8,399,898	$302	111
DELAWARE	$1,402,340	86	$230,699	$1,633,039	$302	97
DISTRICT OF COLUMBIA	$2,204,421	88	$293,158	$2,497,580	$302	115
FLORIDA	$15,805,598	82	$3,384,757	$19,190,355	$302	95
GEORGIA	$10,677,844	86	$1,682,257	$12,360,101	$302	104
HAWAII	$1,498,754	80	$369,066	$1,867,820	$302	101
IDAHO	$2,960,32[illegible]	91	$292,001	$3,252,328	$302	97
ILLINOIS	$53,967,985	92	$4,585,959	$58,553,944	$302	103
INDIANA	$21,639,498	92	$1,867,599	$23,507,097	$302	101
IOWA	$8,371,289	89	$1,046,078	$9,417,368	$302	95
KANSAS	$5,635,091	86	$895,950	$6,531,041	$302	96
KENTUCKY	$11,101,699	91	$1,065,070	$12,166,770	$302	95
LOUISIANA	$10,631,492	89	$1,357,381	$11,988,873	$302	80
MAINE	$2,813,418	89	$334,644	$3,148,062	$302	103
MARYLAND	$11,289,251	87	$1,675,131	$12,964,382	$302	111
MASSACHUSETTS	$15,342,599	87	$2,196,233	$17,538,832	$302	111
MICHIGAN	$56,474,590	94	$3,506,047	$59,980,636	$302	106
MINNESOTA	$11,732,992	89	$1,511,516	$13,244,508	$302	100
MISSISSIPPI	$9,040,505	93	$637,963	$9,678,468	$302	100
MISSOURI	$13,630,414	89	$1,666,936	$15,297,351	$302	100
MONTANA	$1,972,015	88	$257,460	$2,229,476	$302	79
NEBRASKA	$2,587,402	82	$562,566	$3,149,968	$302	102
NEVADA	$3,197,016	91	$325,608	$3,522,623	$302	74
NEW HAMPSHIRE	$1,591,882	83	$318,015	$1,909,897	$302	99
NEW JERSEY	$21,271,987	87	$3,056,902	$24,328,889	$302	109
NEW MEXICO	$2,673,771	87	$387,064	$3,060,835	$302	75
NEW YORK	$44,956,292	87	$6,860,393	$51,816,685	$302	121
NORTH CAROLINA	$16,393,248	90	$1,749,866	$18,143,114	$302	103
NORTH DAKOTA	$940,943	81	$225,659	$1,166,602	$302	84
OHIO	$57,248,792	94	$3,877,984	$61,126,776	$302	102
OKLAHOMA	$4,270,942	80	$1,054,378	$5,325,320	$302	81
OREGON	$11,943,830	93	$925,730	$12,869,560	$302	96
PENNSYLVANIA	$56,815,201	93	$4,247,809	$61,063,011	$302	108
PUERTO RICO	$19,946,188	94	$1,238,303	$21,184,491	.	.
RHODE ISLAND	$3,155,275	90	$336,324	$3,491,599	$302	119
SOUTH CAROLINA	$10,289,210	92	$863,491	$11,152,701	$302	102
SOUTH DAKOTA	$757,515	78	$209,800	$967,314	$302	93
TENNESSEE	$14,921,560	92	$1,344,030	$16,265,590	$302	102
TEXAS	$15,773,648	75	$5,201,364	$20,975,012	$302	80
UTAH	$3,006,585	88	$426,089	$3,432,673	$302	92
VERMONT	$1,270,827	89	$152,607	$1,423,434	$302	98
VIRGIN ISLANDS	$609,756	94	$37,860	$647,617	.	.
VIRGINIA	$9,496,748	83	$1,910,238	$11,406,986	$302	105
WASHINGTON	$18,474,589	92	$1,617,250	$20,091,839	$302	107
WEST VIRGINIA	$10,496,769	95	$574,184	$11,070,953	$302	87
WISCONSIN	$23,002,867	93	$1,664,522	$24,667,389	$302	103
WYOMING	$1,013,176	84	$193,372	$1,206,548	$302	56
	$750,000,000		$83,333,333	$833,333,333		

APPENDIX III

HEALTH CARE FOR UNEMPLOYED WORKERS: OPTION #3- USE LINEAR MATCHING RATE FORMULA

STATE NAMES	State Allotment	Federal Match (%)	State Match ($)	Total Spending	Spending Per Unemployed	Tax Burden (US=100)
ALABAMA	$15,956,625	95	$839,822	$16,796,447	$288	56
ALASKA	$1,505,513	95	$79,238	$1,584,751	$327	14
ARIZONA	$6,790,238	83	$1,346,656	$8,136,894	$333	106
ARKANSAS	$5,735,701	95	$301,879	$6,037,580	$269	32
CALIFORNIA	$84,866,438	95	$4,466,655	$89,333,093	$291	32
COLORADO	$6,173,663	71	$2,540,046	$8,713,709	$393	152
CONNECTICUT	$7,787,138	72	$2,976,011	$10,763,149	$387	168
DELAWARE	$1,542,113	76	$480,330	$2,022,443	$374	141
DISTRICT OF COLUMBIA	$2,380,913	69	$1,074,694	$3,455,607	$417	295
FLORIDA	$16,776,038	58	$12,098,382	$28,874,420	$454	238
GEORGIA	$11,602,275	69	$5,273,761	$16,876,036	$412	229
HAWAII	$1,816,200	71	$731,065	$2,547,265	$411	141
IDAHO	$2,891,813	95	$152,201	$3,044,014	$282	35
ILLINOIS	$51,006,826	95	$2,684,570	$53,691,396	$277	42
INDIANA	$22,064,101	91	$2,155,549	$24,219,650	$311	82
IOWA	$8,414,138	87	$1,235,103	$9,649,241	$309	78
KANSAS	$5,570,851	82	$1,227,015	$6,797,866	$314	92
KENTUCKY	$10,782,000	95	$567,474	$11,349,474	$281	35
LOUISIANA	$10,927,988	95	$575,157	$11,503,145	$289	24
MAINE	$2,805,713	91	$263,995	$3,069,708	$294	57
MARYLAND	$12,435,713	84	$2,439,542	$14,875,255	$346	114
MASSACHUSETTS	$17,025,825	78	$4,663,124	$21,688,949	$373	166
MICHIGAN	$54,508,688	95	$2,868,878	$57,377,566	$289	61
MINNESOTA	$11,970,188	81	$2,771,423	$14,741,611	$336	129
MISSISSIPPI	$8,622,150	95	$453,797	$9,075,947	$283	50
MISSOURI	$14,484,638	84	$2,687,428	$17,172,066	$339	114
MONTANA	$2,143,763	95	$112,830	$2,256,593	$305	24
NEBRASKA	$2,776,668	64	$1,544,994	$4,321,662	$414	196
NEVADA	$3,093,151	90	$324,695	$3,417,846	$293	52
NEW HAMPSHIRE	$1,852,426	63	$1,099,647	$2,952,073	$466	240
NEW JERSEY	$22,660,575	88	$3,060,850	$25,721,425	$319	77
NEW MEXICO	$2,926,200	84	$555,299	$3,481,499	$343	75
NEW YORK	$47,407,126	78	$13,566,669	$60,973,795	$355	168
NORTH CAROLINA	$16,510,688	86	$2,788,772	$19,299,460	$321	115
NORTH DAKOTA	$1,095,600	75	$361,315	$1,456,915	$377	94
OHIO	$54,291,075	95	$2,857,425	$57,148,500	$282	53
OKLAHOMA	$4,533,600	74	$1,568,150	$6,101,750	$346	84
OREGON	$12,491,063	95	$657,424	$13,148,487	$308	48
PENNSYLVANIA	$55,292,250	95	$2,910,118	$58,202,368	$288	52
PUERTO RICO	$10,447,763	95	$549,882	$10,997,645	.	.
RHODE ISLAND	$3,329,513	95	$175,238	$3,504,751	$303	43
SOUTH CAROLINA	$10,453,313	95	$550,174	$11,003,487	$298	45
SOUTH DAKOTA	$942,150	55	$777,102	$1,719,252	$536	243
TENNESSEE	$14,992,725	91	$1,546,409	$16,539,134	$307	83
TEXAS	$18,905,513	58	$13,550,303	$32,455,816	$467	146
UTAH	$3,316,575	95	$191,172	$3,507,747	$308	29
VERMONT	$1,345,913	95	$70,838	$1,416,751	$300	32
VIRGIN ISLANDS	$293,476	90	$32,427	$325,903	.	.
VIRGINIA	$10,923,938	55	$8,955,840	$19,879,778	$526	345
WASHINGTON	$19,053,938	95	$1,002,839	$20,056,777	$301	47
WEST VIRGINIA	$9,603,451	95	$505,445	$10,108,896	$275	54
WISCONSIN	$22,362,075	95	$1,176,951	$23,539,026	$288	51
WYOMING	$1,074,226	90	$118,696	$1,192,922	$298	24
	$750,562,241		$117,565,299	$868,127,540		

APPENDIX IV

HEALTH CARE FOR UNEMPLOYED WORKERS: OPTION #4- USE GAO COMPROMISE FORMULAS

STATE NAMES	State Allotment	Federal Match (%)	State Match ($)	Total Spending	Spending Per Unemployed	Tax Burden (US=100)
ALABAMA	$16,218,325	92	$1,402,969	$17,621,293	302	132
ALASKA	$1,312,933	90	$147,568	$1,460,501	302	37
ARIZONA	$6,378,797	86	$1,000,739	$7,379,536	302	113
ARKANSAS	$5,952,368	88	$822,368	$6,774,737	302	125
CALIFORNIA	$83,820,328	91	$8,666,385	$92,486,714	302	87
COLORADO	$5,633,212	84	$1,061,987	$6,695,199	302	91
CONNECTICUT	$7,277,380	87	$1,122,518	$8,399,898	302	90
DELAWARE	$1,416,851	87	$214,188	$1,633,039	302	90
DISTRICT OF COLUMBIA	$2,271,572	91	$226,008	$2,497,580	302	88
FLORIDA	$15,543,066	81	$3,647,289	$19,190,355	302	102
GEORGIA	$10,363,638	84	$1,996,464	$12,360,101	302	124
HAWAII	$1,516,451	81	$351,369	$1,867,820	302	96
IDAHO	$2,908,838	89	$343,489	$3,252,328	302	113
ILLINOIS	$54,448,550	93	$4,105,394	$58,553,944	302	92
INDIANA	$21,548,600	92	$1,958,497	$23,507,097	302	106
IOWA	$8,379,020	89	$1,038,347	$9,417,368	302	94
KANSAS	$5,677,512	87	$853,529	$6,531,041	302	91
KENTUCKY	$10,855,135	89	$1,311,634	$12,166,770	302	117
LOUISIANA	$10,445,859	87	$1,543,015	$11,988,873	302	91
MAINE	$2,742,250	87	$405,811	$3,148,062	302	125
MARYLAND	$11,437,485	88	$1,526,897	$12,964,382	302	101
MASSACHUSETTS	$15,471,092	88	$2,067,740	$17,538,832	302	105
MICHIGAN	$56,684,000	95	$3,296,636	$59,980,636	302	100
MINNESOTA	$11,778,142	89	$1,466,366	$13,244,508	302	97
MISSISSIPPI	$8,771,929	91	$906,539	$9,678,468	302	141
MISSOURI	$13,527,611	88	$1,769,739	$15,297,351	302	106
MONTANA	$1,945,443	87	$284,032	$2,229,476	302	87
NEBRASKA	$2,585,128	82	$564,841	$3,149,968	302	102
NEVADA	$3,219,966	91	$302,657	$3,522,623	302	68
NEW HAMPSHIRE	$1,574,646	82	$335,251	$1,909,897	302	104
NEW JERSEY	$21,676,966	89	$2,651,922	$24,328,889	302	95
NEW MEXICO	$2,585,179	84	$475,655	$3,060,835	302	92
NEW YORK	$45,512,102	88	$6,304,584	$51,816,685	302	111
NORTH CAROLINA	$16,010,903	88	$2,132,212	$18,143,114	302	126
NORTH DAKOTA	$930,923	80	$235,679	$1,166,602	302	87
OHIO	$57,265,299	94	$3,861,477	$61,126,776	302	102
OKLAHOMA	$4,214,979	79	$1,110,340	$5,325,320	302	85
OREGON	$11,920,040	93	$949,520	$12,869,560	302	98
PENNSYLVANIA	$56,811,123	93	$4,251,887	$61,063,011	302	108
PUERTO RICO	$20,020,066	95	$1,164,425	$21,184,491	.	.
RHODE ISLAND	$3,150,259	90	$341,340	$3,491,599	302	120
SOUTH CAROLINA	$10,018,363	90	$1,134,338	$11,152,701	302	133
SOUTH DAKOTA	$721,607	75	$245,708	$967,314	302	109
TENNESSEE	$14,613,690	90	$1,651,900	$16,265,590	302	126
TEXAS	$15,686,210	75	$5,288,802	$20,975,012	302	81
UTAH	$2,888,965	84	$543,709	$3,432,673	302	117
VERMONT	$1,238,616	87	$184,818	$1,423,434	302	118
VIRGIN ISLANDS	$612,014	95	$35,603	$647,617	.	.
VIRGINIA	$9,462,100	83	$1,944,886	$11,406,986	302	107
WASHINGTON	$18,581,418	92	$1,510,421	$20,091,839	302	100
WEST VIRGINIA	$10,371,796	94	$699,156	$11,070,953	302	106
WISCONSIN	$22,968,926	93	$1,698,463	$24,667,389	302	105
WYOMING	$1,030,326	85	$176,222	$1,206,548	302	51
	$750,000,000		$83,333,333	$833,333,333		

APPENDIX V

HEALTH CARE FOR UNEMPLOYED WORKERS: SENATE BILL S.951
COMPARISION OF SPENDING PER UNEMPLOYED UNDER FOUR FORMULA OPTIONS

STATE NAMES	Option #1 S.951	Option #2 DURENBERGER	Option #3 Linear Match Rates	Option #4 GAO Compromise
ARKANSAS	$269	$302	$269	302
KANSAS	$271	$302	$314	302
WEST VIRGINIA	$275	$302	$275	302
ILLINOIS	$277	$302	$277	302
NEVADA	$279	$302	$293	302
KENTUCKY	$281	$302	$281	302
OHIO	$282	$302	$282	302
IDAHO	$282	$302	$282	302
WYOMING	$283	$302	$298	302
MISSISSIPPI	$283	$302	$283	302
IOWA	$284	$302	$309	302
MINNESOTA	$287	$302	$336	302
PENNSYLVANIA	$288	$302	$288	302
ALABAMA	$288	$302	$288	302
WISCONSIN	$288	$302	$288	302
MICHIGAN	$289	$302	$289	302
NORTH CAROLINA	$289	$302	$321	302
LOUISIANA	$289	$302	$289	302
CALIFORNIA	$291	$302	$291	302
ARIZONA	$292	$302	$333	302
SOUTH CAROLINA	$298	$302	$298	302
INDIANA	$298	$302	$311	302
VERMONT	$300	$302	$300	302
WASHINGTON	$301	$302	$301	302
RHODE ISLAND	$303	$302	$303	302
NEW MEXICO	$304	$302	$343	302
MARYLAND	$305	$302	$346	302
MONTANA	$305	$302	$305	302
UTAH	$307	$302	$308	302
OREGON	$308	$302	$308	302
OKLAHOMA	$321	$302	$346	302
ALASKA	$327	$302	$327	302
MAINE	$336	$302	$294	302
TENNESSEE	$348	$302	$307	302
COLORADO	$348	$302	$393	302
CONNECTICUT	$350	$302	$387	302
NEW JERSEY	$351	$302	$319	302
GEORGIA	$354	$302	$412	302
NORTH DAKOTA	$354	$302	$377	302
MISSOURI	$357	$302	$339	302
DISTRICT OF COLUMBIA	$359	$302	$417	302
FLORIDA	$406	$302	$454	302
NEBRASKA	$409	$302	$414	302
TEXAS	$418	$302	$467	302
NEW YORK	$425	$302	$355	302
DELAWARE	$438	$302	$374	302
NEW HAMPSHIRE	$450	$302	$466	302
MASSACHUSETTS	$451	$302	$373	302
HAWAII	$451	$302	$411	302
VIRGINIA	$578	$302	$526	302
SOUTH DAKOTA	$588	$302	$536	302

APPENDIX VI

HEALTH CARE FOR UNEMPLOYED WORKERS: SENATE BILL S.951
COMPARISON OF STATE TAX BURDENS UNDER FOUR ALTERNATIVE FORMULA OPTIONS (US=100)

STATE NAMES	Option #1 S.951	Option #2 DURENBERGER	Option #3 Linear Match Rates	Option #4 GAO Compromise
WYOMING	11	56	24	51
ALASKA	14	49	14	37
NEW MEXICO	20	75	75	92
KANSAS	21	96	92	91
LOUISIANA	23	80	24	91
MONTANA	24	79	24	87
NEVADA	25	74	52	68
UTAH	26	92	29	117
IOWA	27	95	78	94
ARIZONA	27	103	106	113
MINNESOTA	28	100	129	97
MARYLAND	30	111	114	101
CALIFORNIA	31	99	32	87
VERMONT	31	98	32	118
ARKANSAS	31	97	32	125
IDAHO	34	97	35	113
KENTUCKY	35	95	35	117
NORTH CAROLINA	35	103	115	126
ILLINOIS	41	103	42	92
RHODE ISLAND	42	119	43	120
INDIANA	43	101	82	106
SOUTH CAROLINA	44	102	45	133
WASHINGTON	45	107	47	100
OREGON	46	96	48	98
MISSISSIPPI	48	100	50	141
WISCONSIN	50	103	51	105
PENNSYLVANIA	50	108	52	108
OHIO	52	102	53	102
WEST VIRGINIA	52	87	54	106
ALABAMA	54	104	56	132
OKLAHOMA	59	81	84	85
MICHIGAN	59	106	61	100
NORTH DAKOTA	69	84	94	87
COLORADO	90	95	152	91
TEXAS	107	80	146	81
CONNECTICUT	107	111	168	90
GEORGIA	123	104	229	124
NEW JERSEY	138	109	77	95
MAINE	148	103	57	125
MISSOURI	149	100	114	106
DISTRICT OF COLUMBIA	159	115	295	88
FLORIDA	173	95	238	102
HAWAII	183	101	141	96
NEBRASKA	185	102	196	102
TENNESSEE	195	102	83	126
NEW HAMPSHIRE	212	99	240	104
DELAWARE	238	97	141	90
SOUTH DAKOTA	286	93	243	109
NEW YORK	308	121	168	111
MASSACHUSETTS	317	111	166	105
VIRGINIA	409	105	345	107

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