

**Massachusetts Executive Office of Health and Human Services
Summary of the Federal Health Reform Package
March 23, 2010**

Process: On Sunday the US House of Representatives voted to adopt the federal health reform bill passed by the Senate last December and voted to enact a bill comprising changes that House members desire to that bill. Today the President will sign the Senate bill and the Senate will begin consideration of the House's reconciliation bill. A majority of US Senators have pledged to vote for that 2nd reconciliation bill.

Federal health reform will bring significant additional federal revenue to the Commonwealth.

Enhanced FMAP for Medicaid and Commonwealth Care: The reconciliation bill recognizes Massachusetts and other "early leader" states by providing enhanced federal match ("FMAP") for childless adults up to 133% who are already eligible. Massachusetts currently collects 50% federal match on these individuals. Starting in 2014, Massachusetts will get 75% match on these individuals, with increases in the FMAP rate each year, up each year to 93% in 2019 and 90% for 2020 and every year thereafter. This will bring in at least an additional \$1.8 billion to Massachusetts for the years 2014 to 2019 and \$347m for each year thereafter.

Enhanced FMAP for CHIP: Health reform will provide enhanced federal funding for our Children's Health Insurance Program (CHIP), which provides coverage to children in families with low income who do not qualify for Medicaid. This enhanced funding will bring in an additional \$100M per year between 2016 and 2019.

Finally, there are savings anticipated by the opportunity for some individuals to transition in 2014 from Commonwealth Care (where coverage is jointly funded by the state and the federal government) to the Exchange (where they will get fully federally funded subsidies).

Health insurance will be more affordable for more working families in Massachusetts. Massachusetts offers subsidies for individuals and families with incomes of up to 300% of the federal poverty level (or \$66,000 for a family of four). The final health reform package will offer tax credits for people with incomes up to 400% of the federal poverty level (or \$88,200 for a family of four) to purchase insurance through the Insurance Exchange. The reconciliation bill made the subsidies more generous for those with incomes between 250% and 400% of FPL. Reconciliation also reduces cost sharing for individuals and families with incomes between 100% and 250% FPL and restricts growth in credits if premiums are growing faster than CPI. This will allow more Massachusetts families to take advantage of subsidized insurance and, therefore, pay less out of their own pockets.

Helps seniors with prescription drug costs. The reconciliation bill closes the Medicare prescription drug “donut hole” for the approximately 81,000 Massachusetts residents who reach this gap in coverage. It provides a \$250 rebate for all Medicare Part D enrollees who enter the donut hole in 2010. In addition, there will be a savings to the state, because the state provides assistance in the donut hole. Reconciliation also builds on pharmaceutical manufacturers' 50% discount on brand-name drugs beginning in 2011 to completely close the donut hole with 75% discounts on brand-name and generic drugs by 2020.

Builds on the Commonwealth's excellence in health care innovation. The final bills include grant opportunities for states to enhance adult protective services, reduce chronic disease, address health disparities, improve evidence-based disease prevention, develop early childhood visitation programs, and expand outreach and education for some Medicare beneficiaries. Federal health reform will also bolster the Commonwealth's ongoing efforts to reform the health care payment system. This kind of innovation is critical to lowering health care costs over the long term, an area in which Massachusetts is poised to be the national leader once again, and which is vital to maintaining our commitment to universal coverage.

Protects more Massachusetts consumers from insurance industry discrimination. While Massachusetts provides the strongest insurance consumer protections in the country, current federal law prevents state residents who work for employers that self-insure from being protected by those regulations. The federal bill extends the Massachusetts protections nationwide. These new federal protections will ensure that all Massachusetts residents have access to quality, affordable coverage regardless of their medical history or current health status.

Prohibits co-pays for preventive care. This is an important public health provision that was not included in the Massachusetts reform, which will encourage everyone to seek the primary and preventive care they need without having to worry about the cost. In the long run this saves money.

Supports Massachusetts' strong health care and academic industries. Massachusetts is home to some of the nation's finest medical schools, hospitals, research labs, and biotechnology firms. Federal reform will create a host of new federally funded grant opportunities that will further support our medical schools, hospitals, and educational institutions. Grants for training the health care and public health workforces, graduate medical education, education and training in family medicine, internal medicine, geriatrics, pediatrics, mental and behavioral health and nursing will help to support two of Massachusetts' greatest local industries: health care and medical education.