

American Recovery and Reinvestment Act – Health Care

Nationally, one of the largest single allocations within the American Recovery and Reinvestment Act (ARRA) is more than \$128 billion provided to states for health care. Massachusetts will receive an estimated \$17.7 billion through ARRA programs, grants, and direct benefits, and more than \$3.5 billion of that will support direct health care benefits, funding for health care providers, funding for community-based health care and public health programs, and funding for health care research.¹

TEMPORARY INCREASE IN FEDERAL MEDICAID ASSISTANCE PERCENTAGE (FMAP)

To provide immediate fiscal relief to states, ARRA allocates \$85.6 billion nationally in the form of an increase in the federal reimbursement rate (Federal Medicaid Assistance Percentage, or “FMAP”) paid to states for their Medicaid spending. The Medicaid program (known as MassHealth in Massachusetts) is jointly funded by the state and federal governments. More than 1 million children, families and elders receive health care in Massachusetts under the state’s MassHealth programs. From Fiscal Year 2009 through FY 2011, Massachusetts will receive an estimated \$2.6 billion in enhanced FMAP reimbursement. This total consists of \$806 million spent in the FY 2009 state budget, \$1.223 billion estimated for the FY 2010 state budget, and \$600 million estimated for the FY 2011 state budget. Since the passage of ARRA, Massachusetts has spent \$1.1 billion of these enhanced FMAP funds to support a wide variety of health and safety net services within the state budget.

OTHER HEALTH CARE ALLOCATIONS

Temporary Increase in DSH (Disproportionate Share Hospital) Allotment. ARRA provides Massachusetts with approximately \$15.1 million to reimburse disproportionate share hospitals (DSH) for a portion of their services. A disproportionate share hospital is one that provides health care to a relatively large share of low-income people. These additional lump-sum payments alleviate some fiscal pressure on certain essential providers within the health care safety net.

Extension of the Qualifying Individual (QI) Program. The Qualifying Individual (QI) program provides federal funding to pay for the Medicare Part B premiums of low-income Medicare beneficiaries with incomes between 120 percent and 135 percent of the Federal poverty level. This program was scheduled to expire on Dec. 31, 2009, but ARRA extends this program until Dec. 31, 2010.

Community Health Center Construction and Expansion. ARRA includes a provision to provide \$2.5 billion nationally in competitive grants over two years to community health centers, in order to expand access to health care for low-income and vulnerable populations. In Massachusetts, 285 community health center sites provide primary care, preventive health care, and dental care, as well as mental health, substance abuse and other community-based services to more than 700,000 residents of the Commonwealth, regardless of their

¹ For a complete discussion of ARRA in Massachusetts, including citations for the numbers included in this brief, see Massachusetts Budget and Policy Center, “The American Recovery and Reinvestment Act of 2009: Federal Stimulus in Massachusetts - October 2009 update,” Oct. 14, 2009. Available at <http://massbudget.org/doc/695>.

