

## **FY 2007 Budget for the Office of Medicaid**

On July 8, 2006 the Governor signed the budget for fiscal year 2007 (July 1, 2006 to June 30, 2007). The legislature has until the end of the formal session (July 31, 2006) to override those portions of the budget that the Governor vetoed.

### Overview

The budget appropriates over \$7.4 billion for MassHealth. However, the Governor vetoed \$75 million and eliminated or reduced earmarks for certain health care providers along with striking most of the provisos stipulating rate setting methodologies. Summarized below are selected MassHealth provisions affecting low income, elderly and disabled people.

### Health care reform

4000-0300, the administrative account, directs the Secretary of EOHHS to ensure that all the Medicaid benefit restorations, program expansions and rate increases required by chapter 58 of the Acts of 2006 (the health reform law) are implemented in 2007, and it appears that the budget funds the MassHealth accounts adequately for him to do so. This includes the costs of restoring dental and other benefits to adults, adding a new smoking cessation benefit, raising the income ceiling to 300 percent of poverty for uninsured children and also for adults in the Insurance Partnership program, and raising the enrollment caps high enough to eliminate the waiting list in MassHealth Essential.

Section 101 of the budget also transfers \$597 million from the General Fund to the Commonwealth Care Trust Fund that will finance the new Commonwealth Care Health Insurance Program and other provision of the health reform law. (The Governor reduced the amount of a fund transfer into the Medical Assistance Trust Fund by \$95 million claiming that this was necessary to maintain budget neutrality under the 1115 demonstration waiver that underpins health reform).

### Outreach

4000-0352 includes \$500,000 for outreach and enrollment assistance. This is in addition to the \$3 million for outreach appropriated as part of the health reform bill.

### Home health workers

4000-0625 the Governor let stand an additional \$4 million for the recruitment and retention of home health workers.

### Children's Medical Security Plan (CMSP)

4000-0990 includes language continuing the current schedule for calculating premiums in place of the higher premium schedule still provided for in the general laws.

### Elderly and disabled "special status" immigrants

4000-1405, the MassHealth Essential account, continues to authorize state-funded assistance for elderly and disabled adult legal immigrants who are not eligible for federal

Medicaid. Chapter 58 amended the general laws to codify coverage for this group and it specifies there will be no sponsor deeming.

#### Hold harmless protection for “dual eligibles”

The Governor let stand section 86 which amends chapter 175 of the Acts of 2006, a law designed to protect MassHealth and Prescription Advantage recipients who also had Medicare from any adverse affects during the transition to the Medicare drug benefit. The state law’s provision for a one-time 30-day supply of a prescribed drug if the new Medicare plan failed to pay for the drug was due to expire June 30, 2006, but has now been extended to December 31, 2006. The section also clarifies when the hold harmless protections apply.

#### **The Governor’s vetoes**

##### Protecting MassHealth recipients from losing ground

The Governor vetoed several provisos in the budget that were intended to protect MassHealth recipients from the adverse affects of recent changes in federal law (the Deficit Reduction Act of 2005). Under a new federal law, starting July 1, 2006, US citizens applying for or renewing MassHealth will have to provide documentation of citizenship. A proviso in the MassHealth administrative account (4000-0300) and the account for the bureau of vital statistics (4518-0200) provided that citizens could obtain copies of their birth certificates at no cost for purposes of establishing Medicaid eligibility. Romney struck these provisos along with another proviso in 4000-0300 requiring that EOHHS give the legislature 90 days advance notice before choosing to reduce benefits or increase costs to MassHealth recipients under options created by the same new federal law.

##### Covering youth aging out of foster care

The Governor struck language from 4000-0880 and reduced the appropriation by \$1.5 million that would have provided for foster children leaving the custody of DSS to retain MassHealth until age 20. The current cut off age is 19.

##### Increasing the community spouse resource allowance

When one spouse goes into a nursing home and applies for Medicaid, a certain amount of the couple’s income and resources are recognized as necessary for the support of the spouse who remains at home in the community. In 2003, MassHealth changed the resource allowance for the spouse at home from the federal maximum amount to the federal minimum amount. The Governor vetoed section 58 which restored the community spouse’s resource allowance to the federal maximum.

For more information: [vpulos@mlri.org](mailto:vpulos@mlri.org)