MLRI MASSACHUSETTS LAW REFORM INSTITUTE
99 CHAUNCY STREET
SUITE 500
BOSTON, MA 02111
617.357.0700 PHONE
617.357.0777 FAX
WWW.MLRI.ORG

# The Governor's FY 2014 Budget Proposal: Preliminary Analysis of Selected Housing and Homelessness, Cash and Nutrition Assistance, Child Care, Child Welfare, and Health Care Items

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On January 23, 2013, Governor Patrick released his budget proposal for fiscal year 2014 (FY 14), which is referred to as House 1.

House 1 proposes a substantial increase in funds for subsidized child and modest increases to some of the other programs discussed here including the primary state rental voucher program. Most of the other accounts covered in this summary would be level-funded or nearly level-funded. House 1 would also establish a Housing Preservation and Stabilization Trust Fund to supplement affordable housing resources. But House 1 would also continue the Administration's FY 13 policy of denying emergency shelter to many homeless families with children unless and until the children first sleep in a place not meant for human habitation, such as car or an emergency room or outside. This policy is putting families at great risk on a daily basis.

## Homeless Services

1. **Emergency Assistance (items 7004-0101 and 7004-0103) for homeless families with children would be funded at $101.75 million, $34 million less than projected FY 13 spending, and would continue to deny shelter to families with no safe place to go.**

    - The Emergency Assistance (EA) program provides emergency shelter to certain families who are homeless and whom the Department of Children and Families verifies have no other safe and stable place to stay. In FY 13, the Department of Housing and Community Development (DHCD) implemented restrictions on access so that many families with children must be so desperate that they have slept in a place not meant for human habitation before they are eligible for shelter. House 1 would continue these restrictions, in spite of strong demand by medical providers and others working with homeless families to provide shelter to those at "imminent risk of staying in a place not meant for human habitation" so that children do not have to sleep in cars, emergency rooms, or other inappropriate places.

    - **House 1 proposes to fund EA shelter at $101.75 million even though projected FY 13 spending is close to $136 million, including the funding in a pending supplemental budget.** This amount is unlikely to be enough to provide shelter to all eligible families during FY 14.

- **House 1 proposes to eliminate placement of homeless families pending collection of verifications.** For many years, the line item has required DHCD to provide shelter for up to 30 days to homeless families who appear eligible and have nowhere else to go, but need more time to get verifications for a final eligibility determination. The Administration proposed to remove this vital protection last year as well, but that proposal was wisely rejected by the Legislature, given the lack of "placement pending verifications" would leave even more children at grave risk.

- **House 1 also omits language barring eligibility or benefits restrictions except after 60 days advance notice to the Legislature.** This language has been critical in prior years to giving the Legislature time to ensure that access to emergency shelter for children and their families is not unduly restricted. House 1 also proposes to eliminate quarterly reporting requirements to the Legislature about what is happening to families, including those denied shelter under the Administration's new regulations.

2. **HomeBASE (item 7004-0108) would be funded at approximately $58.79 million, a reduction of approximately $24 million, reflecting that many families will reach the end of their 24 months of rental assistance in FY 14.**

- This program was created in FY 12 – at the Administration's urging – and touted as a key to ending family homelessness. As authorized for FY 12, the program primarily provided up to 3 years of rental assistance to families otherwise eligible for emergency assistance. In FY 13, again at the Administration's request, the rental assistance benefit was reduced for current recipients to 24 months and no more rental assistance benefits were issued. New families are eligible only for a maximum of $4,000 of HomeBASE for a full year, even though many HomeBASE providers and families have concluded that this type and amount of assistance is insufficient to enable the vast majority of homeless families to become and remain housed for a full year. *The first families approved for HomeBASE rental assistance will begin losing that assistance in August 2013 and will be at high risk of returning to homelessness.* House 1 would bar these families from receiving any more HomeBASE assistance for 12 months after their current assistance ends due to no fault of their own.

- As with EA, House 1 proposes to eliminate the Administration's obligation to provide the Legislature with 60 days advance notice before new eligibility restrictions or benefits reductions are imposed.

3. **Shelters and services for homeless individuals (item 7004-0102) would be funded at $40.25 million,** a slight decrease from FY 13 funding. Individuals, in contrast to most families with children, would not be barred from accessing shelter. The **Home and Healthy for Good program (item 7004-0104)**, which provides housing for chronically homeless individuals, **would be level-funded at $1.4 million.**

4. **The DHCD homelessness administrative account (item 7004-0100) would be funded at just under $6 million,** an increase of approximately $600,000 as compared to FY 13.

5. **Outside Section 14 would create a Housing Stabilization and Preservation Trust Fund** to be used at DHCD's discretion and without appropriation by the Legislature "only for providing affordable housing for low-income families and individuals in the commonwealth, particularly those most at-risk of becoming homeless." According to Administration sources, the Fund would initially be funded with capital dollars in the amount of $20 million. The Fund would then be supplemented with any unexpended funds at the end of the fiscal year in the homelessness administrative, EA, HomeBASE, MRVP and RAFT accounts. DHCD would be required to submit an annual spending plan for these funds, to be approved by the Secretary of Administration and Finance.

## Housing

1. **Public Housing Operating Subsidies (item 7004-9005),** which help housing authorities meet the expenses of maintaining the state's public housing units, would be **level funded at $64.4 million.** In the FY13 budget, housing authorities were required to offer first preference for elderly public housing to elders receiving MRVP vouchers. This language was not included in House 1. The House 1 line item would instruct DHCD to make every attempt to rehabilitate family public housing units requiring $10,000 or less in repairs. In the FY13 Final Budget the amount was $20,000 or less in repairs.

2. **The Massachusetts Rental Voucher Program (item 7004-9024),** which provides modest long-term rental subsidies to low-income tenants in the private housing market, **would receive a much-needed $4.5 million increase and be funded at $46.5 million.** Income eligibility would be set at 50% of area median income, instead of 200% of the federal poverty limit, which is more sensitive to regional rent and income variations.

   - Last year, the budget provided a maximum administrative fee of $32.50 per voucher per month. This proposed line item does not specify an amount.

   - The proposed line item would direct that not less than $1.16 million will be available for an MRVP supportive housing program to provide a project-based voucher with supportive services to families with a child under age 21.

- New language requires turnover mobile vouchers to be reassigned within 90 days.

- New language gives households with mobile vouchers a priority for project-based MRVP units.

- New language provides that DHCD may assist housing authorities to implement a "homeless prevention program" for MRVP households at risk of displacement by public action. It is unclear what the effect of the provision would be or how many households would be eligible.

3. **The Rental Assistance for Families in Transition (RAFT) program (item 7004-9316) would be level funded at $8.76 million.** As in FY 13, RAFT would provide up to $4,000 in assistance to two categories of families: 1) ninety percent of the funds are for families with incomes not greater than 30% of Area Median Income who are homeless and moving into subsidized housing or at risk of homelessness, and 2) the remaining funds are for households with incomes between 30% and 50% of Area Median Income who are homeless and moving into subsidized housing or are at risk of homelessness because of a change in economic circumstances.

   In the FY 13 budget, there are a number of RAFT reporting requirements to the Legislature and Administration and Finance that are not included in the Governor's FY 14 budget proposal. These include a report on procurement, on the role and funding of community action agency programs in the RAFT program, and a quarterly report to Ways and Means on program data, including the number of families approved for assistance, the income of families receiving RAFT, and amount of assistance awarded.

4. **The Alternative Housing Voucher Program (item 7004-9030) would be level funded at $3.45 million**. This program is for non-elderly, disabled households.

5. **Department of Mental Health Rental Subsidy Program (item 7004-9033) would be level funded at $4 million.**

6. **The Tenancy Preservation Program (TPP) (item 7004-3045),** a housing court-based homeless prevention program which helps preserve tenancies of persons with disabilities, would be **level funded at $350,000.**

   - TPP works with tenants, including families with children with disabilities, facing eviction as a result of behavior related to a disability and functions as a neutral party to the landlord and tenant. In consultation with the Housing Court Department, TPP works with the property owner and tenant to determine whether the disability can be reasonably accommodated and the tenancy preserved.

   - An 18-month study of TPP conducted by UMass Donahue Institute and released in 2011, documented that 1,419 residents were assisted by TPP statewide. Almost half (47.9%) of the cases were households with children.

7. **Housing Services and Counseling (item 7004-3036).** This item which provides grants to

9 regional housing consumer education centers **is decreased by $100,000 to just under $1.4 million.**

8. **The DHCD Administrative account (item 7004-0099) is decreased from $7.29 million to $6.36 million**.

9. **Commonwealth Housing Management (item 7004-93189)** is a new item in the amount of **$5 million** to fund the establishment of the Governor's proposal for six regional public housing authorities to replace the existing 242 housing authority.

10. **Outside Section 13 permits demolition or sale of approximately 75 scattered site or specialized public housing units that are vacant as of November 1. 2012** if the agencies administering those units determine that rehab is not feasible or that the units run by the Department of Developmental Services (DDS) and the Department of Mental Health (DMH) are obsolete and inappropriate for the agencies' clients. DHCD proposes to dedicate any sales proceeds to the capital needs of similar housing. (See also discussion under "Homeless" Section, page 3, concerning **Section 14** and the proposed Housing Stabilization and Preservation Trust Fund).

## Cash Assistance, SNAP and Related Items Administered by DTA

1. **Cash assistance (including TAFDC, EAEDC, SSI state supplement)**

   - **Clothing allowance amount set at $150 per child.** For many years, the TAFDC program provided an annual clothing allowance of $150 in September for each child receiving TAFDC. Two years ago, the Governor proposed eliminating the clothing allowance. The Legislature included the clothing allowance in the FY 12 budget at $40 per child per year and restored it to $150 in a supplemental budget in the fall. Last year the Governor proposed that a clothing allowance "may be paid in September" but did not state a specific amount. This year's House 1 proposal says that the $150 clothing allowance "shall be provided." The FY 13 budget and past budgets have also raised the standard of need when the clothing allowance is paid to allow very low income working families to qualify; House 1 merely says that the standard of need "may" include the clothing allowance but does not commit to including it.

   - **TAFDC (Transitional Aid to Families with Dependent Children, item 4403-2000) would be funded at $313.9 million, $1.5 million less than the FY 13 appropriation.** With the recession ameliorating, the Administration expects that the caseload will start to come down. Advocates have proposed capturing the savings from the declining caseload to increase grants over time (grants have lost nearly half their value to inflation since 1988, making it very difficult for families to remain housed) and to change outdated rules that make it hard for recipients to develop assets. Unfortunately, House 1 makes none of the much needed improvements to the program that are needed to promote asset development, increase family stability and reduce homelessness.

- **The line item does not include language included in final budgets in previous years requiring the Governor to give advance notice to the Legislature before cutting benefits or making changes in eligibility.** It is common for Governors to omit this language and for the Legislature to restore it. The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. And in FY 10 it was critical to giving the Legislature time to work with the Governor to come up with a solution so that children in 9,100 families headed by a severely disabled parent would not lose their TAFDC benefits.

- **The Employment Services Program (ESP, item 4401-1000) would be funded at $7.4 million,** $500,000 less than the original FY 13 budget and $300,000 more than FY 13 funding after the Governor's 9C cuts. This program, funded at $15 million in FY 11, and more than $36 million in FY 02, has been reduced dramatically. The Governor does not specify which programs would receive funding. Currently, the program funds the Young Parents Program; some education and training for TAFDC parents; the DTA Works Program (paid internships at state agencies); no more than $40 a month in transportation assistance for recipients in education, training or job search; GED testing; learning disability assessments; and job search services for parents with limited English proficiency. DTA says that the increase would provide for rate increases for education and training programs and the Young Parents Program and funding to address increased costs for GED testing. DTA does not contemplate any new slots or programs with this funding and no increases for transportation.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $95.1 million.** This is about $4.3 million more than final FY 13 funding because of anticipated caseload increases. As is the case with the TAFDC account, the Governor's proposed budget does not include current and previous year's language requiring advance notice before benefits are cut.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) would be funded at $232.7 million,** an increase of $1.6 million over FY 13 projected spending for this account.

- **The Supplemental Nutrition Program (item 4403-2007), which provides a small state food SNAP supplement to thousands of low income working families who receive federal food SNAP benefits, would be funded at $1.2 million.**

2. **Teen Living Programs (item 4403-2119) would be funded at $8.7 million,** compared with final FY 13 funding of $7.4 million after the Governor's 9C cut, to meet the costs of statutorily mandated rate increases.

3. **DTA administration**

- **The DTA worker account (item 4400-1100) would be increased to $65.4 million,** compared with the FY 13 appropriation of $60.9 million after the Governor's 9C cut. The increase will allow the state to pay required step increases for current workers and fill open positions, but will not provide for a much needed increase in the number of workers. Low income individuals and families currently experience unacceptable problems accessing mandated benefits.

- **DTA central administration (item 4400-1000) would be increased to $65.2 million.** House 1 says that funds from this account could be used for a grant for Project Bread and other programs that currently receive funds for SNAP outreach from item 4400-1001 funded at $3.1 million for FY 13. The proposed central administration account would be $7 million more than the central administration and SNAP outreach accounts in FY 13. DTA says that it would use part of the increase to meet its new obligations to increase use of vendor payments (direct payments to landlords and utilities), to block certain ATMs and vendors from accepting EBT, to monitor requests for EBT replacement cards and impose a replacement fee, and to investigate SNAP trafficking. It is unfortunate that there are no increases to make long overdue improvements to DTA programs, address outdated rules, and improve service.

- **DTA domestic violence workers (item 4400-1025) would receive a small increase to $892,715.**

## Other Nutrition Programs

There is some good news on state funding for nutrition.

1. **The state subsidy for Elder Nutrition Programs (line item 9910-1900) is level funded at $6.3 million.** In FY2013 the Governor had proposed a 24% cut to this line item, which was roundly rejected by the General Court.

2. **The state subsidy for the Women, Infant and Children's (WIC) program (item 4513-1002) is increased to $13 million**, a slight increase over FY 13**.**

3. **The Massachusetts Emergency Food Program (MEFAP, item 2511-0105), which supplements the federal TEFAP funding, is level funded at $13M.** The Department of Agriculture Resources (DAR) now administers both the program and operations funding, some of which formerly was appropriated to the Department of Education (7051-0015). Maintaining the MEFAP funding is a good starting place but still not enough in light of the unrelenting demand for emergency food at all food pantries in the Commonwealth.

## Child Care

1. **The Governor has proposed substantial and long overdue investments in early education and care to begin to address the woeful insufficiency of child care in the Commonwealth. Currently, about 40,000 families are on the child care waitlist, twice as many as last year.**

2. **Five proposed new accounts would add funding to improve child care access and quality.**

- **A proposed Quality Investment line item (3000-4075) would add $30.6 million to increase the rates paid providers for subsidized care and meet new transportation requirements.** The line item says that the increases should be directed to child care workers' salaries, benefits and stipends for professional development.

- **A proposed Pre School Initiative (item 3000-4070) would provide $25.1 million to begin to provide child care to pre-school children on the waitlist.**

- **A proposed Infant and Toddler Initiative (item 3000-4075) would provide $31.6 million to phase-in access to care for infants and toddlers on the waitlist.**

- **A proposed Quality Efforts line item (3000-4080) would provide $30 million to improve the quality of child care and increase access to care, particularly in low income areas and low-performing school districts.**

- **A proposed Kindergarten Assessment line item (3000-4090) would provide $3.2 million to maintain a kindergarten readiness assessment system currently being developed by the department with federal funding.**

3. **Child care for current and recent recipients of TAFDC (item 3000-4050) would be funded at $128.1 million, about $2.5 million more than the FY 13 budget and slightly less than current spending.** The proposed line item does not include a longstanding provision that TAFDC recipients – whose incomes are far below the poverty level – will not be charged fees.

4. **Income Eligible Child Care (item 3000-4060) would be renamed "Child Care Access" and funded at $2.4 million below projected FY 13 spending.** Because of fund transfers from this account in FY 13, projected spending for FY 13 is about $3.5 million less than the FY 13 budget provided.

5. **Supportive Child Care (item 3000-3050) for children referred by the Department of Children and Families would be funded at $80.2 million,** slightly more than the FY 13 appropriation of $77.3 million and projected spending of $77.8 million.

## Child Welfare: Department of Children and Families, Office of the Child Advocate and Other Children's Services Issues

1. **The Governor proposes funding DCF at $789.2 million, an increase of $30.6 million over FY 13 appropriations, and** $35.5 million above FY 13 projected spending. Most of this increase will not be used to provide additional services but instead will cover rate increases mandated by Chapter 257. (Chapter 257 of the Acts of 2012, An Act Relative to Rates for Human and Social Service Programs, requires EOHHS to establish a unified and reasonable rate structure for the providers with which its agencies contract). **This proposal would fund DCF at $47.2 million below its 2009 level.**

2. **The Governor proposes a total of $510.6 million for the department's three services accounts, (items 4800-0038, 4800-0040 and 4800-0041) an increase of $21.1 over the FY 13 appropriations for these accounts.** House 1 also proposes in the Administrative line item (4800-0015) to allow DCF to transfer funds among its the three services accounts and the "lead agency" account (4800-0030). The FY 13 budget does not authorize transfers between the services accounts and the lead agency account.

- The Governor proposes to slightly increase the Family Support and Stabilization account (item 4800-0040) by $837,000 over the FY 13 appropriation, for a total of $45.4 million. Because the Governor cut $558,000 from this account in his December 2012 9C cuts, this appropriation represents $1.4 million over current spending. This increase is to cover the additional costs resulting from Chapter 257 rate increases negotiated in DCF's most recent re-procurement, and will not increase the level of services. House 1 would also eliminate a restriction on the use of funding in this line item which states "no funds shall be used for the compensation of administrative employees and associated administrative costs of the department."

  This account, which was added in FY 11, funds services vitally needed to keep children safely in their homes or return them home safely. Family Support and Stabilization services receive a disproportionately small share of the DCF services budget, most of which covers the costs of out-of-home placement, and this increase would be a step towards righting that imbalance. Although 87% of the children under 18 in DCF's caseload need these family stabilization and support services to remain safely with or return safely to their families, only 9% of DCF's services budget is allocated to these services. Given that DCF estimates it will save $5.2 million from a new federal Title IV-E waiver -- savings which the federal government requires be reinvested in child welfare -- advocates for families argue that the Department can and should allocate $48 million to this account to keep children safely with their families.

- **The Governor would fund the account for Services for Children and Families (item 4800-0038) at $252.3 million, an increase of $4.2 million over the FY 13 appropriation.** This additional funding will cover the Chapter 257 rate increases for intensive foster care and adoption management and will not increase the level of services. It also includes $2 million to raise foster care rates to the 2011 USDA level. The FY 13 budget allowed rates to be raised to the 2010 USDA level.

- **The Group Care Account (item 4000-0041) would be funded at $213 million, a $16 million increase over the FY 13 appropriation**. The Governor had cut this account by $5.2 million in his December, 2012, 9C cuts. He also delayed the start of DCF's new service delivery for services funded by this account ("Caring Together") until May, 2013. The additional $16 million is to cover the Chapter 257 rate increases of a full year of the Caring Together program in FY 14.

3. **DCF's administrative account (item 4800-0015) would be increased by $2 million to $69.3 million.** The Governor had cut $375,000 from this account in his December 2013

9C cuts, and transferred back in $75,000 to cover the costs of an attorney for the Connor B. litigation (a lawsuit brought by the group "Children's Rights" alleging that DCF failed to adequately care for the children in its care). This allocation represents an $8 million decrease since FY 2009.

- **The Governor's proposal would eliminate a requirement in both the FY 12 and the FY 13 budgets that DCF develop a plan to clear up its very large administrative hearings backlog and revise its regulations to make its hearing system more timely, independent and fair. The FY '12 budget required that DCF publish these regulations by October 3, 2011. A**fter 15 months of non-compliance, the Governor proposes to eliminate this requirement. **It would also eliminate a specific allocation of $152,000 to hire two new hearing officers to clear up DCF's administrative hearings backlog. These officers are being hired in the FY 13 budget year, and since the backlog is far from cleared the need for them continues into FY 14.**

- **The Governor's proposed language in the administrative account would strip current and longstanding reporting requirements from DCF's administrative account which the Legislature requires to fulfill its oversight responsibilities.** Among these are requirements that the Department report on the services it provides to: keep children safely in their homes, support kinship families, maximize federal reimbursements available to support kinship guardianships, and report where it refer families when DCF denies their voluntary requests for services to protect their children.

4. **The Governor proposes to level fund the lead agency account (item 4800-0030) at $6 million.** Lead agencies are regional nonprofits that contract for services but do not actually provide services themselves. In addition, the Governor proposes to allow DCF to transfer funds among the three services accounts (4800-0038, 4800-0040 and 4800-0041) and the lead agency account

5. **The Governor proposes to increase funding for social workers (item 4800-1100) from $166.2 million in FY 13 to $172.8 million, an increase of $6.6 million.** Because the Governor cut funding for this account by $470,000 in his December 2012 9C cuts, this allocation is $7.1 million over the current funding level. The increases are to cover collective bargaining and step increases, and to cover the costs of social worker retirements which will occur at a higher rate in this and coming years due to a re-classification of DCF social workers which allows those in dangerous setting to retire earlier.

6. **Services to victims of domestic violence (item 4800-1400) would be funded at $21.6 million,** a slight increase of $152,516 over the FY 13 appropriation. This increase covers Chapter 257 rates and does not increase services. The Governor had cut this account by $433,000 in his December 2012 9C cuts, so this allocation represents an increase of $585,516 over current spending. The proposed amount represents a $1.9 million decrease from 2009. This account provides beds for domestic violence shelter, visitation

services, and supports to victims of domestic violence, and pays for DCF domestic violence staff. These preventive services are not restricted to DCF involved families, but are available to all individuals who are served by these provider programs. Currently, domestic violence shelter beds are almost always full and shelters have to turn away domestic violence survivors who then often turn to the Emergency Assistance program for shelter for themselves and their children.

7. **Funding for the Office of the Child Advocate (item 0411-1005) would be slightly increased from $300,000 to $304,100.** The Office of the Child Advocate was created by Executive Order in March of 2008. The legislature expanded the Child Advocate's responsibilities in G.L. c. 18C, charging her with wide-ranging duties including monitoring, examining and making recommendations to the Governor regarding the provision of services to and the treatment of children in the care or custody of state agencies. This very low funding level severely challenges the Child Advocate – a former Juvenile Court judge – in carrying out the ambitious mission that the Governor established and Legislature expanded.

8. **The Governor proposes to expand upon DCF's Family Resource Centers and similar centers run by the Department of Developmental Services (DDS) to create the Family Access Centers network** that he announced at a press conference on January 23. The Governor describes Family Access Centers as "one-stop center[s] that provide services targeted to the needs of families in their host community." These centers would connect families to community and state services, educational programs and peer support. Families would be able apply from these Centers for TANF, SNAP, WIC, Fuel Assistance and MassHealth. It appears the family access centers are also intended to meet the requirements of the new legislation replacing the former CHINS program for community based services for families in need.

   DCF plans to fund its 12 Family Resource Centers from two accounts: $1.5 million from its child and families services account (item 4800-0038) and $1.0 million from a federal grant (item 4899-0001). The Governor proposes allocating $1,530,000 to the Executive Office of Health and Human Services (item 4000-0051) to expand upon the existing centers to provide the services required for the Family Access Network. It is unclear at this time to what extent DCF will administer this additional funding.

## Selected Health Issues in MassHealth and Commonwealth Care

1. **Restoration of adult dental benefits in January 2014 (Section 23).** The Governor's proposed FY 14 budget includes a mid-year restoration of adult dental benefits. In each year since FY 11 adult dental benefits have been cut in MassHealth and Commonwealth Care. Section 23 sunsets the dental cut on Dec. 31, 2013 and finally restores adult dental. According to a health issue brief accompanying House 1, the budget includes $72 million for the 6-month restoration and will extend to the adults with incomes up to 133% of poverty who are enrolled in the successor program to Commonwealth Care discussed further below.

2. **Funding will implement coverage provisions of the Affordable Care Act in January 2014 (item 4000-0940). Funding for the Affordable Care Act is built into the Governor's FY 14 budget, but the corresponding statutory changes will be in a separate bill that has not yet been filed.** A health brief accompanying the budget explains programmatic changes that will take effect in January 2014 when many key features of the Affordable Care Act (Obamacare) take effect. With the exception of a new line item related to Affordable Care Act Expansion Populations (4000-0940) appropriating almost $461 million, most of the changes described in the brief are assumed in the budget but not reflected in any statutory language.

   - **MassHealth expanded for adults with income up to 133% of poverty in January 2014.** The Affordable Care Act provides enhanced federal funding for states that expand Medicaid to adults under 133% of the poverty level in January 2014. The health issue brief accompanying the budget estimates that 325,000 adults will be eligible in this new coverage group. The new group includes individuals with income under 133% of poverty now enrolled in subsidized coverage through the state's Section 1115 waiver in Commonwealth Care, the Medical Security Program (for people collecting unemployment compensation), and in MassHealth Basic and Essential (for chronically unemployed adults) as well as those now uninsured. The cost of the new group is estimated to be $437 million. However, because much of the cost is a shift in spending from other existing programs with a lower federal matching rate, the expansion will lead to savings of over $155 million.

   - **A "state wrap" of federally subsidized coverage through the Exchange will replace Commonwealth Care.** The Health Connector will become a state-based Exchange in January 2014 and will administer a state wrap to supplement federal tax credits and subsidies through the Exchange in the successor to Commonwealth Care. According to the health issue brief accompanying the budget, the state wrap will be available to individuals with income 133-300% of poverty and to "Aliens with Special Status" or AWSS protected by last year's Supreme Judicial Court decision in Finch v. Connector in order to make their coverage as affordable as it is today in Commonwealth Care. An estimated 150,000 people will qualify for the state wrap at a cost of $118.5 million in FY 14.

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For more information, contact Margaret Monsell, mmonsell@mlri.org.