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The Governor's Revised FY 2021 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

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Last week Governor Baker released a revised House 2, his budget proposal for fiscal year 2021 (FY 21), which was originally released in January before the COVID-19 pandemic. MLRI offers this preliminary analysis of selected budget topics in that revised proposal affecting low-income residents of the Commonwealth.

Cash Assistance, SNAP, Related Items Administered by DTA and Other Nutrition Items

Account	Description	FY 20 Appropriation	FY 21 Governor's Initial Budget	FY 21 Governor's Revised Budget[1]
4403-2000	TAFDC	$204,455,227, plus $9,600,000 in St. 2020, c. 31	$218,519,830	**$231, 547,007**
4401-1000	Employment Services	$14,107,166	$13,933,553	$13,933,553
4400-1979	Pathways to Self	$1,000,000	$1,000,000	$1,000,000
4408-1000	EAEDC	$76,329,458	$74,059,553	**$85,183,226**
4405-2000	State supplement to SSI	$215,815,853	$207,593,938	$207,593,938
4403-2007	Supplemental Nutritional Program	$300,000	$300,000	$300,000
4400-1020	Secure Jobs Connect	$2,000,000	$2,000,000	$2,000,000
4403-2008	Transportation Benefits for SNAP Work Program Participants	$1,500,000	$500,000	$500,000
4403-2119	Teen Structured Settings	$9,362,938	$9,438,466	$9,438,466
4400-1100	Caseworkers Reserve	$79,260,992	$80,402,615	$80,402,615
4400-1000	DTA Administration and Operation	$66,389,256	$68,784,261	$67,775,511
4400-1025	Domestic Violence	$1,738,420	$1,757,895	$1,757,895
4401-1001	Food Stamp Participation Rate Programs	$3,677,882	$3,766,548	$3,623,548
4400-1004	Healthy Incentives Program (HIP)	$6,500,000 plus $2,000,000 in St. 2020, c. 31	$5,000,000	$5,000,000

1. Cash Assistance (including TAFDC, EAEDC, SSI State Supplement, Nutrition Assistance)

- **The Governor proposes $231.5 million for TAFDC (4403-2000), an increase of about $27 million over the original appropriation for FY 20 and $13 million more than the Governor proposed in January.** A supplemental budget in early March 2020 (before the COVID-19 emergency declarations) added $9.6 million for FY 20. One reason for the funding increase is a jump in the number of children receiving TAFDC as a result of family cap repeal. In November 2018, before family cap repeal, there were 39,094 children receiving TAFDC. In July 2020 there were 52,075 children receiving TAFDC, an increase of 13,000 (34%). The increase in the

[1] For tables in this document, items in **bold** indicate an increase from the Governor's initial budget; items in red indicate a decrease from the Governor's initial budget.

number of children receiving TAFDC is more than double the number of children DTA identified as barred by the family cap when the family cap was repealed in April 2019. The additional funding increase compared with January is primarily because of the jump in the caseload that occurred because of the pandemic.

- **The Governor's revised proposal would keep the annual TAFDC children's clothing allowance at $350 per child paid in September (item 4403-2000), but would eliminate the longstanding provision that increased the standard of need in September by $350 per child when the clothing allowance is paid.** Including the clothing allowance in the standard of need allows some very low income working families to qualify. According to DTA, about 350 families qualified for TAFDC in September 2019 because of the increase in the standard of need. Families eligible for the clothing allowance this year will have already received it before the budget is enacted. But it is still important to reject the Governor's change so that it doesn't lay down a marker for future budgets.

- **The Governor does not include a long overdue grant increase for TAFDC.** The maximum TAFDC benefit for a family of three with no countable income is only $593 a month, well below the level of Deep Poverty or half the federal poverty level. Deep Poverty is currently income below $905 a month for a family of three. TAFDC benefits have lost half their value to inflation since 1988. H.102 and S.36 would increase benefits gradually until they reach half the federal poverty level, and then would increase more slowly as the poverty level increases. The bills have been given a favorable report by the Committee on Children, Families and Persons with Disabilities and are current ready for action by the House and Senate Committees on Ways and Means.

- **The TAFDC line item (4403-2000) does not include language adopted last year removing the reduction in benefits for families in shelter.** However, DTA has not said that it plans to reinstate that benefit reduction.

- **The line item for TAFDC (4403-2000) does not include language barring DTA from changing the way benefits are calculated unless the change would result in a benefit increase.** The Legislature adopted this language to bar the Administration from counting a parent's SSI benefits against the TAFDC grant, which would have caused many children to lose their TAFDC. However, unlike in past years, the Governor does not propose to count parents' SSI benefits.

- **The line item (item 4403-2000) also does not include language requiring the Governor to give advance notice to the Legislature before cutting benefits or making changes in eligibility.** In FY 20 the Legislature required 75 days' advance notice. The advance notice language prevented the Governor from eliminating the clothing allowance in September 2010. In FY 10, the advance notice provision 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 line item also does not include the current requirement of 75 days' advance notice before DTA proposes any changes to the disability standard. However, unlike in past years, it also does not direct DTA to revise the standards. The Governor also eliminates a requirement that DTA tell recipients about their eligibility for child care. The Governor also does not include language inserted by the Legislature for the past three years allowing DTA to make eligibility or benefit changes that lead to an increase in eligibility or benefits.

- **Transitional Support Services specified at $1 million (item 4403-2000).** Currently, these families are eligible for four months of transitional benefits after TAFDC ends, starting at $280 a month and reducing month by month to $70 in the fourth month. The FY 20 budget specifies no less than $1 million for these benefits. The actual cost is projected to be about $1.6 million this year, less than past years because fewer families are leaving TAFDC for employment.

- **The Employment Services Program (ESP, item 4401-1000) would be cut from $14.1 million to $13.9 million and the Pathways to Self Sufficiency line item (4400-1979) would be level-funded at $1 million.** These are the same amounts proposed in House 2 in January. The services are provided through nonprofits which are working hard to provide services remotely during the pandemic. As in past years, the Governor does not propose any earmarks for ESP. Currently, the program funds the Young Parents Program; some education and training for TAFDC parents; the DTA Works Program (paid internships at state agencies); learning disability assessments; and job search services for parents with limited English proficiency. The Governor does not include a current requirement that the Administration report on program outcomes.

- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at $85.2 million, about $11.1million more than the Governor's proposal in January.** The EAEDC caseload has also gone up because of the pandemic and the January proposal was probably too low, even at the current shockingly low benefit amount of $303 a month for a single person with no countable income. EAEDC grants were last raised in the 1980s. The bill to increase TAFDC would also raise EAEDC benefits. EAEDC benefits paid while a recipient is applying for SSI are reimbursed to the state once SSI is approved, so the state would recover the cost of any grant increase for some EAEDC recipients. Like the TAFDC line item, House 2's proposed EAEDC line item does not include language requiring advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility. The line item does specify that homeless persons shall receive the same basic grant as recipients who incur shelter costs.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) would be funded at $207.6 million**, about $2.1 million less than the Governor's projected spending for FY 20, and considerably less than the FY 20 appropriation of $215.8 million. The SSI state supplement caseload may be going down for reasons that are not yet clear.

- **The Supplemental Nutrition Program (item 4403-2007) would be funded at only $300,000,** as in FY 20. This program provides a small state food SNAP supplement to thousands of low income working families who also receive federal SNAP benefits (formerly called Food Stamps). This amount is not enough to provide a meaningful benefit.

- **Secure Jobs Connect (item 4400-1020)** would be level-funded at $2 million. This program provides employment support, job training and job search services for homeless or previously homeless families through community based organizations.

- **Transportation benefits for SNAP Work Program participants (ABAWDs) (item 4403-2008)** would be funded at only $500,000, a third of the FY 20 appropriation of $1.5 million. This account provides transportation assistance to SNAP beneficiaries considered to be "Able Bodied Adults without Dependents" (ABAWDs), who are subject to a work requirement (suspended during the pandemic) and need transportation to participate in a work activity and keep their benefits. The funding was cut in part due to underutilization of the transportation allocation in FY 19. DTA enrolled significantly more SNAP Employment and Training (ET) providers and Career Centers in its SNAP Path to Work program during FY 20, including providers offering community college certificate and other training programs.
- **Increasing participation in SNAP (item 4401-1001).** The Governor proposes $3.6 million for this "Food Stamps Participation Rate Program" line item, $140,000 less than the Governor proposed in House 2 and slightly less than FY 20. The decrease may due to a delay in hiring staff. The line item provides funding for Project Bread's Food Source Hotline and other DTA projects to increase access to SNAP benefits. SNAP outreach activities are 50% federally reimbursable.

2. **Teen Living Programs (item 4403-2119) would be funded at $9.4 million,** very slightly more than the FY 20 appropriation.

3. **DTA Administration**

- **The DTA worker account (item 4400-1100) would be increased from $79.3 million in FY 20 to $80.4 million for FY 21.** The proposed amount is intended to maintain the current workforce, fill open positions, and cover previous wage and benefit increases, but would not allow DTA to hire additional staff. Because of increased calls during the pandemic, DTA's average wait time for SNAP callers in August was 23 minutes -- an eternity for low-income households who have limited cell phone minutes. To make matters worse, more than 1 in 2 callers were automatically disconnected due to high call volume. When local offices are closed due to COVID-19, consistent access by phone to case managers is critical. Additional case managers are needed to reduce wait times and also to help make sure DTA can respond to increased need during the pandemic as well as crises such as hurricanes or widespread winter storm power outages. Additional workers are also necessary to address the "SNAP Gap" -- MassHealth recipients with income below 150% of the federal poverty level who are not receiving the SNAP for which they are likely eligible. In December 2019, the Administration calculated 683,000 such MassHealth recipients who could be but were not enrolled in SNAP. Failure to close the SNAP Gap leaves nearly $1 billion in federal nutrition benefits on the table. The information technology bond bill passed in July, Chapter 151 of the Acts of 2020, gave the Governor authority to spend $5 million for the necessary systems changes to reduce the "SNAP Gap," but so far he has not approved the needed expenditures.

- **DTA administration and operations (item 4400-1000) would be reduced by $1 million compared with the Governor's January proposal.** The proposed line item does not include the FY 20 requirement that DTA submit a monthly report on program savings and revenues, caseloads, and collections, though some of this information is now posted by DTA. The line item also does not include current language providing that an application for TAFDC shall also be treated as an application for MassHealth.

- **DTA domestic violence workers (item 4400-1025)** would be funded at $1.8 million, slightly more than FY 20, likely reflecting increased wage and benefit costs.

4. Additional Nutrition Item Administered by DTA

- **The Healthy Incentives Program (HIP) (item 4400-1004) would be reduced from $8.5 million for FY 20 to $5 million**. The Legislature increased the FY 20 appropriation to $6.5 million in the FY 20 main budget and then added another $2 million in a supplemental budget for a total of $8.5 million. The reduced level of $5 million is the amount Governor Baker proposed in January and also the amount the Governor proposed for FY 20. The Administration's position is that HIP should be a "seasonal" program from May through September, but in fact there are many winter markets that have fresh, locally grown foods throughout the year. HIP is a dollar for dollar match, up to a capped amount, for SNAP recipients who buy fresh fruits and vegetables at EBT/HIP-approved farmers markets, mobile markets, community supported agriculture (CSAs) and farm stands. HIP participation is especially high among low-income older adults, helping them to access locally grown food and decrease social isolation. The appropriation for HIP is not enough for full year funding.

Child Welfare:
Department of Children and Families and Related Items

Account	Description	FY 20 General Appropriation	FY 21 Governor's Initial Budget	FY 21 Governor's Revised Budget
	Department of Children and Families	$1,058,279,339	$1,085,313,750	$1,062,367,134
4800-0015	Clinical Support Services and Operation	$109,847,086	$114,559,680	$112,530,287
4800-0030	Local/Regional Management of Services (Lead Agencies)	$6,672,922	$8,037,425	$8,037,425
4800-0038	Services for Children and Families (Family Foster Care)	$309,239,474	$306,420,811	$299,557,189
4800-0040	Family Support and Stabilization Services	$55,971,223	$67,462,940	$67,066,570
4800-0041	Congregate Care Services	$293,443,452	$296,026,787	$284,459,669
4800-0058	Foster Adoptive and Guardianship Parents Campaign	$750,000	$750,000	$750,000
4800-0091	Child Welfare Training Institute	$2,754,853	$2,827,731	$2,827,731
4800-0200	Family Resource Centers	$16,500,000	$16,012,769	$16,012,769
4800-1100	DCF Social Workers	$255,414,307	$265,309,813	$263,601,450

1. **Revised House 2 proposes $23 million less for the Department of Children and Families' budget than the Governor's January House 2 proposal.**

    - Under House 2 revised, the total funding in DCF's budget would be just over $1 billion ($1,062.4 million).

2. **Funding for out-of-home placements in family foster care (item 4800-0038) and congregate foster (item 4800-0041) care are both reduced below the House 2 levels.**

    - Congregate Care is reduced by $11.6 million to $284.5 million. The explanation given is that decreased funding meets projected need. The number of children and youth in Congregate Care has declined by 153 from December of 2019 to June 2020 (the last publicly available count before House 2 was revised).

    - Family Foster care is reduced by $6.9 million to $299.6 million. The number of children and youth in foster care has also declined, by 68, during the interval between when House 2 was filed and when it was revised.

    - The January House 2 proposal included an increase for services and supports for youth leaving foster care who have not been placed with permanent families ("aging out youth”). This funding has been even more crucial since then because these youth have faced significantly serious unemployment and homelessness during the pandemic.

- Outside sections 65 and 66 would establish and apply the “Reasonable and Prudent Parent Standard” for Congregate Care Providers, in order to comply with the Federal Preventing Sex Trafficking and Strengthening Families Act. This standard is intended to impart normalcy to the experience of youth growing up in foster care.

3. Family Stabilization and Support Services (item 4800-0040) is slightly reduced below House 2 but remains above FY 20 funding.

- Family Stabilization and Support services are the preventive services needed to keep children safely in their homes and out of foster care, and to safely reunify children with their families after they’ve been placed in foster care.

- House 2 reduces funding by $396,370 below House 2 to a funding level of $67 million. This is still $11 million more than the FY 20 allocation for these essential services. It appears though that $7.1 million of the Governor’s proposal would fund services to support the clinical needs of foster parents. Deducting this amount from the total increase, the total proposed increase in funding for services to stabilize children in their own families is $4.4 million.

- Despite the FY 21 increase, Family Stabilization and Support services would continue to receive a disproportionately small share of DCF’s services budget. As of June 2020, 87% of the children in DCF’s caseload remained at home, or were in foster care with a goal of returning home, yet House 2 revised would allocate only 10% of DCF’s total services budget to the family stabilization and support services that these children are supposed to be receiving.

- In February of 2018, Congress enacted the **Family First Prevention Services Act** which requires all states to substantially decrease their reliance on group care, and provides uncapped federal reimbursement to states for family stabilization and support and other prevention services to keep kids safely at home and out of foster care. To be able to draw down federal dollars available under Family First and save foster care costs, MA will need to proactively plan to maximize federal Family First funding to best serve children and families.

4. Social worker funding (item 4800-1100) is reduced by $1.7 million below House 2.

- This would still be an increase of $8.2 million over the FY 20 allocation.

5. Funding for the Bureau of Substance Abuse Services (BSAS) (item 4512-0200) would be reduced by $5.9 million below House 2 to $147.2 million.

- BSAS funds treatment for parents with substance use disorders. This can prevent the occurrence or recurrence of child neglect and enable parents to keep children safe at home. The explanation given is that one-time FY 20 costs have been eliminated.

6. **Funding for the Committee for Public Counsel Services (CPCS) is reduced by $1.2 million for its operations account (0321-1500) and $4.1 million for its private counsel account (0321-1510).**

   - CCPS provides attorneys for indigent litigants in criminal and child welfare court proceedings,

7. **Funding for the Office of the Child Advocate (item 0930-0100), is reduced by $301,290 below the House 2 level, this would bring this account back to the FY 20 funding level.**

   - As in House 2, Outside Sections 12 and 34 would relocate the state child fatality review team from the Office of the Medical Examiner to the Office of the Child Advocate, and modify the composition of the state and local fatality review teams

Homeless Services

Account	Description	FY 20 General Appropriation	FY 21 Governor's Initial Budget	FY 21 Governor's Revised Budget
7004-0101	Emergency Assistance	$178.7 M	$184.4 M	$179.9 M
7004-0108	HomeBASE	$25.8 M	$27.2 M	$24.1 M†
7004-0099	DHCD Administration	$7.4 M	$7.5 M	$7.5 M
7004-0100	Operation of Homeless Programs	$5.6 M	$6.1 M	$6.1 M
7004-0102	Homeless Individual Shelters	$53.4 M	$53.4 M	$53.4 M
7004-0104	Home and Healthy for Good Program	$2.9 M	$2.9 M	$2.9 M
7004-9316	Residential Assistance for Families in Transition (RAFT)	$16.3 M*	$13.6 M**	$16.3 M

* In addition to this appropriation, $4.7M was allocated to RAFT from the Housing Preservation and Stabilization Trust Fund (HPSTF) for FY 20.
** In addition, $2M was allocated for use in FY 21 from the FY 19 closeout supplemental budget. DHCD has also indicated that approximately $7.3 million will be made available from HPSTF for RAFT in FY 21.
† The Governor has indicated that funding was decreased to meet projected need.

In October the Governor announced the Eviction Diversion Initiative, committing additional funding to RAFT, HomeBASE and other programs and establishing Community Mediation and Legal Representation and related resources for evictions due to COVID-19. This funding would bring the RAFT FY 21 line item to $100 M, and the HomeBASE FY 21 line item to $48.7 M.

The Governor has elected not to extend the Moratorium on Evictions and Foreclosures, which expired on October 17, 2020. Although the Eviction Diversion Initiative announces important investments of much-needed resources, these programs are not yet set up and cannot meet the immediate needs brought on by the end of the moratorium. They are also not enough to prevent a humanitarian disaster of displacement, homelessness, and spread of the virus that will follow when evictions resume.

The Governor did not change any line item language in his revision.

Housing

Account	Description	FY 20 General Appropriation	FY 21 Governor's Initial Budget	FY 21 Governor's Revised Budget
7004-9005	Public Housing Operating Subsidies	$72.00M	$72.00M	$72.00M
7004-9007	Public Housing Reform	$1.00M	$1.00M	$1.00M
7004-9024	Massachusetts Rental Voucher Program	$116.00M	$112,167,549	**$113,156.154**
7004-9030	Alternative Housing Voucher Program	$8.00M	$7.40M	$5.6M
7004-3045	Tenancy Preservation Program	$1.30M	$1.30M	$1.30M
7004-9033	Rental Subsidy Program for DMH Clients	$7.55M	$7.55M	$7.55M

On October 12, 2020, five days before the state's eviction moratorium was set to lapse, the Baker Administration declared that it would not extend the moratorium and announced a new Eviction Diversion Initiative that commits $171 million for FY 21. The initiative includes $112 million from federal COVID funding to support new and expanded housing stability programs during the remainder of the fiscal year and up $11.25 for legal representation. While these resources are urgently needed, advocates are deeply concerned that they will not address the true need and that increased capacity to process RAFT applications and provide legal assistance will take time to ramp-up, putting tenants and homeowners at risk of housing instability as we continue to work to keep people safe and housed.

1. **Public Housing Operating Subsidies (item 7004-9005),** which provides operating funds for state public housing, would be funded under House 2 at **$72 million, which is level funded** from last year's FY 20 budget. House 2 also provides, as in the final FY20 budget, that the Department of Housing and Community Development (DHCD) make efforts to rehabilitate local housing authority family units in need of repairs requiring $10,000 or less.
   House 2 did not include language from the final FY 20 budget providing that housing authorities operating elderly public housing "shall offer first preference for elderly public housing units that are vacant on the effective date of this act, and thereafter, to those persons 60 years of age or older … receiving rental assistance from the Massachusetts rental voucher program."

   Public Housing is one of the most critical sources of affordable housing for extremely low-income families, seniors, and people with disabilities. There are approximately 43,660 state public housing units (13,015 units for families, 28,747 units for seniors and people with disabilities, and 1,862 for people with special needs). With over 180,000 households on the state's public housing waiting list, every one of these apartments is critical to maintain through operating subsidies. An increase in operating subsidy is needed to preserve public housing and ensure that units do not remain vacant because they are not up to code.

2. **Public Housing Reform (item 7004-9007)** for costs associated with the implementation of the public housing reform law passed in 2014 would be **level funded at $1 million**. The line item specifically references funds for the creation and implementation a centralized waiting list for public housing applicants, now known as CHAMP and scheduled to launch in February or March.

   Other reforms in the 2014 law in need of continued funding include technical assistance training for resident commissioners and tenant organizations. Over the past two years this line item has contributed to funding a Public Housing Training Program successfully launched by the Mel King Institute at the Massachusetts Association of Community Development Corporations. The trainings help residents participate and engage as leaders in their housing authority contributing to the stronger public housing communities.

3. **Massachusetts Rental Voucher Program (MRVP) (item 7004-9024)** provides long-term rental subsidies to approximately ten thousand low-income households for use in the private housing market. The Governor's original 2021 budget proposed $112.2 million for MRVP. The 2021 revised budget proposes a **small increase to $113,156,154.**

4. **Alternative Housing Voucher Program (AHVP) (item 7004-9030)** provides rental vouchers to non-elderly persons with disabilities. The Governor's FY budget proposes a $5.6 million, a decrease in funding from $8 million in FY 20. The budget stated that this funding was decreased to meet projected need.

5. **Tenancy Preservation Program (TPP) (item 7004-3045)**, a homeless prevention program that helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges, **would be level-funded at $1.3 million**. TPP keeps tenants in permanent housing versus a shelter, motel, or the streets and is increasingly being used to preserve tenants homes "upstream" before they are faced with an eviction in court. In FY 19, approximately 527 cases were closed by TPP and homelessness was prevented in over 94% of these cases. TPP staff also provided consultation services to an additional 2,867 households ineligible or waitlisted for services across the state.

6. **Department of Mental Health Rental Subsidy Program (item 7004-9033)**, which provides rental subsidies to eligible clients of the Department of Mental Health, **would be level-funded at approximately $7.5 million.**

MassHealth and Related Health Issues

Account	Description	FY 20 General Appropriation	FY 21 Governor's Initial Budget	FY 21 Governor's Revised Budget
4000-0030	Integrated Eligibility Systems	$0	$1,000,000	$0
4000-0500	MassHealth Managed Care	$5,602,464,479	$5,500,755,355	**$5,942,777,046**
4000-0601	MassHealth Senior Care	$3,746,483,697	$3,665,313,653	**$3,894,496,052**
4000-0700	MassHealth Fee For Service Payments	$2,874,688,066	$2,886,113,859	**$3,353,845,665**
4000-0940	MassHealth ACA Expansion Populations	$2,334,634,687	$2,491,506,382	**$2,915,195,837**

1. Increased spending for MassHealth to address increased needs related to COVID-19

- In October 2020 House 2 recommends $18.261 billion gross, $6.617 billion net funding for MassHealth, a change of 10.1% gross, 0.1% net versus the FY20 budget. This compares to the January 2020 House 2 proposal of $16.772 billion gross, $6.740 billion net funding for MassHealth, a growth of 0.6% gross (0.5% net) over FY20 spending. The differences reflect both the overall growth in spending to address increased needs related to the pandemic and the increase in available federal revenue to offset the state share of costs.

- The Administration attributes much of the spending increase to the MassHealth caseload rise. In September 2020 the average MassHealth caseload was 1.9 million people compared to a caseload of 1.75 million in December 2019. The increase in the number of people enrolled so far in 2020 is driven by two factors both related to COVID-19: Individuals newly qualifying for coverage, and stabilization of the existing caseload.

- With the steep rise in the unemployment rate since March 2020, people who have lost both income and employer-based coverage have turned to MassHealth and the Health Connector for coverage. While loss of private coverage has not been commensurate with loss of employment, enrollment growth has been highest among non-disabled adults eligible under the Affordable Care Act's Medicaid expansion and for whom the federal matching rate is 90%.

- At the same time, the Families First Coronavirus Response Act (FFCRA) offered states an enhanced 6.2% increase in the federal Medicaid matching rate if state Medicaid programs protected individuals enrolled on March 18, 2020 or later from involuntarily losing coverage for almost any reason. This provision has stabilized the caseload at a time when maintaining access to health care is of paramount importance, and, at least temporarily, interrupted the cycle of eligible individuals churning in and out of coverage.

- The revised House 2 also reflects "critical stabilization funding to support health care providers impacted by and responding to COVID-19" as well as the availability of new federal revenue for this purpose. In addition to the enhanced federal revenue from the increase in the federal matching rate in the FFCRA, the CARES Act also provided increased federal funding for health care spending related to the pandemic.

- Those few MassHealth accounts that show lower amounts than in January's House 2 appear to be more on the order of bookkeeping adjustments than programmatic changes. For example, the notation explaining the reduction in a new line item introduced in House 2 in January 2020 for Integrated Eligibility Systems (4000-0030) states that the funding has been moved off budget.

2. Preserving MassHealth eligibility and benefits

- Both the original and revised House 2 promised no cuts in MassHealth eligibility or benefit levels. There is now added federal protection as well. The enhanced matching rate under the FFCRA is tied to a general maintenance of effort provision prohibiting state Medicaid programs from adopting more restrictive eligibility policies during the national emergency.

3. Reducing the 12% interest rate on MassHealth Estate Recovery (Sections 62)

- Under state law (Chapter 118E, Section 32), MassHealth seeks to recover the costs of medical services it provides to an individual age 55 or older if that person dies leaving a probate estate. While estate recovery for nursing home costs is required by federal Medicaid, Massachusetts has elected to have a far more aggressive policy of estate recovery than federal law requires. One feature of state law imposes a 12% interest rate on MassHealth claims that begins to run shortly after a probate case is filed. Bills now pending would relieve families of some of the harsher aspects of Massachusetts estate recovery law during the pandemic including the 12% interest rate. (S. 2818 and H. 4978 Sen. Comerford and Rep. Barber)
- Section 62 of revised House 2 amends Chapter 118E to reduce the interest rate to 3.25%.
- MassHealth's estate recovery laws have not been re-examined in decades and are overdue for reform. The next year is likely to see more changes coming from the agency and from state legislators as they take a closer look at current policies and practices and reforms such as liberalizing the criteria for hardship waivers of recovery, and limiting recovery to the federally required minimum.

4. Authorizing MassHealth to negotiate more rebate agreements (Section 104)

- Revised House 2 would allow MassHealth to directly negotiate rebate agreements for drugs not subject to the Medicaid Drug Rebate Program and for certain non-drug products such as durable medical equipment. The administration provides little detail about what it has in mind with this proposal. It differs from the provisions in Sections 6 and 46 of Chapter 41 of the Acts of 2019 (the FY20 GAA) which created a process involving the Health Policy Commission to give MassHealth greater leverage to negotiate drug rebates from manufacturers for drugs the Medicaid program is required to offer. MassHealth is generally not required to offer drugs from manufacturers that do not participate in the (federal) Medicaid Drug Rebate Program.

5. Giving DPH more authority to close poor quality nursing homes (Sections 54, 55, 56)

- These sections provide the Department of Public Health with greater statutory authority to license and regulate long-term care facilities, including authorizing the restriction or suspension of a license for cause rather than only when an imminent risk of harm exists. It reflects one of the many recommendations of the Nursing Facility Task Force established by section 91 of the FY20 GAA. The Task Force found both an excess of nursing home beds and a wide variation in the quality of nursing homes. It recommended that DPH have more explicit statutory authority to revoke the licenses of chronic underperformers in quality and occupancy. While the work of the Task Force preceded the pandemic, the high rate of COVID-19 related deaths associated with nursing homes has underscored the importance of this and its many other findings and recommendations.

Legal Services

Account	Description	FY 20 General Appropriation	FY 21 Governor's Initial Budget	FY 21 Governor's Revised Budget
0321-1600	MLAC	$24.00M	$24.00M	$24.00M

1. For the **Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, the Governor's revised budget continues to recommend an appropriation of $24.00 million, the same as the FY 20 appropriation. MLAC is seeking a $5 million increase (to $29 million) to help meet the growing statewide demand for civil legal services.

For more information on our House 2 summary, contact Brian Reichart (breichart@mlri.org) who will direct your question to the appropriate advocate.