

House Ways and Means FY 2020 Budget Proposal: Preliminary Analysis of Key Issues Affecting Low-Income Massachusetts Residents

April 11, 2019

Yesterday the House Committee on Ways and Means released its budget proposal for fiscal year 2020 (FY 20), House 3800. MLRI offers this preliminary analysis of selected budget topics affecting low-income residents of the Commonwealth.

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

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget	FY 20 HWM
4403-2000	TAFDC	\$201.58M	\$184.88M	\$204.46M
4401-1000	Employment Services Program	\$14.34M	\$13.67M	\$13.67M
4400-1979	Pathways to Self Sufficiency	\$1.00M	\$1.00M	\$1/00M
4408-1000	EAEDC	\$76.26M	\$75.13M	\$76.33M
4405-2000	State supplement to SSI	\$220.47M	\$213.02M	\$215.82M
4403-2007	Supplemental Nutritional Program	\$300,000	\$300,000	\$300,000
4400-1020	Secure Jobs Connect	\$1.00M	\$1.00M	\$1.00M
4403-2008	Transportation Benefits for SNAP Work Program Participants	\$1.50M	\$1.50M	\$1.50M
4403-2119	Teen Structured Settings Program	\$8.81M	\$9.36M	\$9.36M
4400-1100	Caseworkers Reserve	\$72.81M	\$79.26M	\$79.26M
4400-1000	DTA Administration and Operation	\$62.69M	\$66.39M	\$65.66M
4400-1025	Domestic Violence Specialists	\$1.61M	\$1.74M	\$1.74M
4400-1001	Food Stamp/SNAP Participation Rate Programs	\$8.26M	\$8.57M	\$3.53M
4400-1004	Healthy Incentives Program	Included in 4400-1001	Included in 4400-1001	\$4.00M
2511-0105	MDAR - Emergency Food Assistance Program (MEFAP)	\$18.4M	\$18.0M	\$18.8M
4513-1002	DPH - Women, Infants and Children (WIC) Nutrition Services	\$11.87M	\$11.87M	\$11.87M
4513-1012	DPH - WIC Program Manufacturer Rebates Retained Revenue	\$26.20M	\$28.40M	\$28.40M
9110-1900	EOEA - Elder Nutrition Program	\$7.69M	\$9.7M	\$8.96M
9110-9002	EOEA - Grants to Councils on Aging	\$17.7M	\$16.52M	\$16.52M

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

- House Ways and Means proposes \$204.5 million for TAFDC (item 4403-2000), the basic financial assistance program for families, about \$20 million more than the Governor and about \$3 million more than the FY 19 appropriation of \$201.6 million. This is enough to cover a full year of benefits for the 8,700 children currently excluded by the TAFDC family cap rule.** The House (in a vote of 154-1) overrode the Governor's veto of family cap repeal on April 10, the same day the House Ways and Means Committee released its budget. The Senate is expected to take up its override vote the week of April 22. The family cap repeal bill requires the

Department of Transitional Assistance (DTA) to implement repeal by September 1, 2019 retroactive to January 1, 2019.

- **House Ways and Means includes language in line item 4403-2000 expressly barring the Governor from counting parents' SSI benefits in determining children's TAFDC eligibility.** The Governor proposed counting SSI benefits in his FY 17 and FY 18 budgets, in his amendment returning family cap repeal in July 2018, in his message accompanying his veto of family cap repeal in August 2018, in his FY 20 budget proposal, and in his message accompanying his veto of family cap repeal in April 2019. The Legislature has repeatedly and unequivocally rejected the Governor's proposal, which would cause 5,100 children to lose all of their TAFDC and would severely cut benefits for another 2,100 children. House Ways and Means rejects the Governor's proposal yet again.
- **House Ways and Means would keep the annual TAFDC children's clothing allowance at \$350 (item 4403-2000),** the same as FY 19. This small payment helps low-income families provide winter clothes for their children. The children's clothing allowance is paid in September for each child receiving TAFDC. Like current and past years' line items, HWM also increases the standard of need in September when the clothing allowance is paid to allow very low income working families to qualify. The Governor did not include the clothing allowance in the standard of need.
- **House Ways and Means includes line item language (item 4403-2000) expressly eliminating the reduction in TAFDC grants for families in emergency shelter.** Currently, DTA reduces TAFDC grants for families in shelter by \$148.50 a month (or \$129.90 a month for families who pay for a phone), making it harder for families to meet their expenses and still save enough to get out of shelter. The Administration said its proposal included funding to stop reducing shelter families' grants beginning October 1, 2019, but unlike HWM, House 1 did not include language. The House Ways and Means proposal expressly stops reducing shelter families' grants effective July 1, 2019.
- **The line item (item 4403-2000) also includes language, omitted by the Governor, requiring DTA to give 75 days' advance notice to the Legislature before cutting benefits or making changes in eligibility.** 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. In FY 11, the advance notice language prevented the Governor from eliminating the clothing allowance. The line item also includes the current requirement of 75 days' advance notice before DTA proposes any changes to the disability standard, a requirement that DTA tell recipients about their eligibility for child care, and a provision allowing DTA to make eligibility or benefit changes that lead to an increase in eligibility or benefits. House 1 omitted these provisions.
- **House Ways and Means does not include language specifying Transitional Support Services for TAFDC recipients whose cases close due to earnings.**

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. House 1, like the FY 19 budget, provided \$1 million for these benefits, though the actual cost is about \$3.4 million. The HWM proposed appropriation of \$204.5 million is enough to cover the \$3.4 million cost.

- **One vehicle not counted effective July 1, 2019 (section 34).** The Governor proposed not counting one vehicle effective October 1, 2019. Not counting a vehicle is a good step forward as was the Administration’s initiative last year to raise the limit for countable assets from \$2,500 to \$5,000. The state should consider eliminating the asset test altogether. Applicants for and recipients of TAFDC rarely have substantial assets so the asset test adds to administrative burdens without reducing program costs. States that dropped the asset limit for their cash assistance programs did not see increases in their caseloads. A [policy brief from the PEW Charitable Trusts](#) concludes that “[A]sset limits return no advantage to the states that use them and expend resources to administer them.” Not counting one vehicle starting July 1, 2019 would cost about \$180,000 – less than one-tenth of one percent of the line item – because very few families with income low enough to qualify for TAFDC have a car that exceeds the current asset limit.
- **Like the Governor, House Ways and Means would cut the Employment Services Program (ESP, item 4401-1000) from \$14.3 million to \$13.7 million and would level-fund the Pathways to Self Sufficiency line item (4400-1979) at \$1 million.** Projected ESP spending for FY 19 is somewhat more than the FY 19 appropriation so the cut for this chronically underfunded program appears to be particularly unwarranted. HWM proposes earmarks of at least level funding for the Young Parents Program and the very limited education and training programs for TAFDC parents. HWM also proposes \$1 million for job search services for parents with limited English proficiency. HWM does not include earmarks for the DTA Works Program (paid internships at state agencies); transportation assistance for recipients who are working or in education, training or job search; or learning disability assessments. As in past years, the Governor did not propose any earmarks for ESP. Neither the Governor nor HWM includes FY 19 language requiring the Administration to report on program outcomes.
- **EAEDC (Emergency Aid to Elders, Disabled and Children, item 4408-1000) would be funded at \$76.3 million,** about the same as the FY 19 appropriation and \$1.2 million more than the Governor. The proposed line item includes language adopted for FY 19 providing the basic grant of \$303 a month to individuals who are homeless (previously, homeless EAEDC recipients were only eligible for \$90 a month). The basic grant of \$303 is even lower than the TAFDC grant for 1 person. EAEDC grants were last raised in the 1980s. 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. House Ways and Means, unlike House 1, includes language requiring 75 days’ advance notice to the legislature before the Administration cuts benefits or makes changes in eligibility.

- **The state supplement for SSI (Supplemental Security Income, item 4405-2000) would be funded at \$215.8 million**, about the same as the Governor’s projected spending for FY 19 and about \$2.8 million more than the Governor’s FY 20 proposal.
 - **The Supplemental Nutrition Program (item 4403-2007) would be funded at only \$300,000**, as in FY 19, the same as House 1. 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 \$1 million, the same as the Governor. 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 (item 4403-2008)** would be funded at \$1.5 million, the same as FY 19, and the same as the Governor. Federal SNAP law imposes a work requirement on beneficiaries considered to be “Able Bodied Adults without Dependents.” An estimated 20,000 MA SNAP recipients lost their nutrition assistance because of this law in 2016 and 2017. Proposed USDA rule changes would put another 35,000 vulnerable adults at risk of losing their SNAP benefits. DTA has expanded its work activity programs for these individuals, but since many of them have no income at all, lack of transportation to get to a work activity has been a barrier. Providing transportation assistance will help. Unfortunately, an even greater investment would be needed to connect a substantial percentage of the at-risk SNAP recipients with a work activity. The difficulty of providing SNAP beneficiaries with a work activity that will allow them to retain critical nutrition benefits should be a cautionary tale to states that are considering imposing work requirements in their Medicaid programs.
2. **Teen Living Programs (item 4403-2119) would be funded at \$9.4 million, the same as the Governor, compared with \$8.8 million in FY 19.**
- According to EOHHS, the reduction last year was because of savings from the declining caseload in the teen parenting program. Projected spending in FY 19 is \$9 million so apparently the caseload has not dropped quite as far as was expected.

3. **DTA Administration**

- **The DTA worker account (item 4400-1100) would be funded at \$79.3 million**, an increased from \$72.8 million in FY 19 and the same as the Governor. Projected spending for FY 19 is \$76.2 million. According to the Administration, the proposed amount would be enough to maintain the current workforce, fill open positions, and cover previous wage and benefit increases, but would not allow for additional staff. Additional workers are necessary to close the “SNAP Gap” (Low income MassHealth recipients likely eligible for but not receiving SNAP).

- **DTA central administration (item 4400-1000) would be increased to \$65.7 million**, slightly less than the Governor’s proposal of \$66.4 million but more than the \$62.7 million appropriated for FY 19. The HWM proposed line item includes the FY 19 requirement that DTA produce a monthly report on program savings and revenues, caseloads, and collections. The Governor omitted this requirement, perhaps because DTA now posts some of this information on line. The HWM line item also includes current language – omitted by the Governor – providing that an application for TAFDC shall also be treated as an application for MassHealth. There is no additional funding for the costs of IT needed to close the “SNAP Gap.”
- **DTA domestic violence workers (item 4400-1025) would be funded at \$1.7 million**, slightly more than FY 19 and the same as the Governor, likely reflecting increased wage and benefit costs.

4. Other Nutrition Items Administered by DTA

- **House Ways and Means proposes separate line items for SNAP Participation Rate Programs (item 4400-1001) and the Healthy Incentives (HIP) Program (item 4400-1004).** The proposed Participation Rate line item of \$3.5 million would fund Project Bread’s Food Source Hotline and other DTA projects to increase access to nutrition benefits. The HIP proposal of \$4 million would pay for a dollar for dollar match, up to a capped amount, for SNAP recipients who make fresh fruit and vegetable purchases at EBT/HIP-approved farmers markets, mobile markets, community supported agriculture (CSAs) and farm stands. The Governor proposed \$8.6 million for both programs, with the expectation that \$5.04 million would fund HIP and the balance would fund Participation Rate programs. Neither the HWM proposal of \$4 million for HIP nor the Governor’s plan to spend just over \$5 million would be enough to cover HIP costs for a full year.

5. Additional Non-DTA Nutrition Items

- **The Massachusetts Emergency Food Program (MEFAP) (item 2511-0105) would receive an increase of \$800,000 over House 1.** This program, which supplements federal TEFAP funding, is distributed by the Mass Department of Agriculture Resources (MDAR) to the regional food banks in Greater Boston, Western Mass, Merrimack Valley and Worcester County. The four Food Banks stepped up to the plate in February and March to address the chaos created by the federal shutdown, including by setting up emergency food pantries at U.S. Coast Guard stations and assisting the families of furloughed workers who did not receive their paychecks during the shutdown.
- **The state subsidy for the Women, Infant and Children’s (WIC) Program (item 4513-1002) is level- funded at \$11.87 million** and the WIC Manufacture Rebates Retained Revenue is projected to remain at \$28.4 million.
- **The state subsidy for Elder Nutrition Programs (item 9110-1900) is lower than recommended by the Governor in House 1, by nearly \$740,000.** Meanwhile, the

Executive Office of Elder Affairs (EOEA) appropriation for Councils on Aging (COAs) is the funded at the same level as House, but a drop of \$1.2 million from the FY19 General Appropriation. Increasingly more COAs are joining DTA's SNAP Outreach plan to help older adults sign up for SNAP; this application assistance qualifies the COAs for nearly 50% federal reimbursement through the SNAP Outreach Plan.

- **HIP, the Healthy Incentives Program (item 4400-1004)**, as discussed above, is funded at just \$4 million, less than the \$5.04 million included in House 1 and substantially less than what is needed in FY 20 to help low-income households afford produce at HIP participating farmers markets, CSA, and farm stands.

Child Welfare: Department of Children and Families and Related Items

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget	FY 20 HWM
	Department of Children and Families	\$1,007.23M	\$1,050.28M	\$1,046.11M
4800-0015	Clinical Support Services and Operation	\$102.78M	\$109.85M	\$109.85M
4800-0030	Local/Regional Management of Services (Lead Agencies)	\$6.67M	\$6.67M	\$0
4800-0038	Services for Children and Families (Family Foster Care)	\$298.82M	\$307.74M	\$307.74M
4800-0040	Family Support and Stabilization Services	\$50.50M	\$50.97M	\$53.47M
4800-0041	Congregate Care Services	\$285.76M	\$293.44M	\$293.44M
4800-0058	Foster Adoptive and Guardianship Parents Campaign	\$750,000	\$750,000	\$750,000
4800-0091	Child Welfare Training Institute	\$2.69M	\$2.75M	\$2.75M
4800-0200	Family Resource Centers	\$15.05M	\$15.00M	\$15.00M
4800-1100	DCF Social Workers	\$236.81M	\$255.41M	\$255.41M

1. House Ways and Means would fund DCF at slightly over \$1 billion.

- This is an increase of \$38.9 million over the FY 19 allocation and \$4.2 million less than the Governor proposed. Of this increase, \$16.6 million would cover the additional costs of out-of-home care for children being removed from their homes (items 4800-0038 and 0041). This is consistent with the Governor's budget, and continues a longstanding trend of investing heavily in placing children in the Commonwealth's foster care system, despite a substantial movement at the national level towards investing in services to keep children safely at home and out of foster care whenever possible.
- It is worth noting, however, that HWM would also increase funding for much needed family stabilization and support services (4800-0040) by \$3 million. This modest increase in spending to keep children safely at home and out of foster care would be the largest increase for that crucial service since FY 13.
- The reduction from the Governor's proposal is mostly HWM's elimination of \$6.7 million in funding for lead agencies (item 4800-0030) (*see explanation in item 7 below*).
- After three years of cuts in FY 10 through FY 12, DCF funding began to increase in the FY 13 budget. This year's HWM budget would represent an increase of \$329.7 million in DCF's budget since FY 12, a 46% increase since the FY 12 low mark.

2. **The increases in DCF’s budget primarily cover the costs of out-of-home placements for the still large number of children being removed from their homes.**

- Since December 13, 2013, following a series of child tragedies, the number of children placed out of their homes has increased by 20% (from 7677 children in 2013 to 9183 children in December of 2018). This steep increase in out-of-home placements is due in part to increased vigilance at DCF, in part to the impact of the opioid crisis on families and children, and in part to the fact that funding for prevention of child neglect (substance use, mental health, domestic violence, family homelessness services) as well as funding for family stabilization and support services to prevent the recurrence of child neglect, has not kept pace with the need.
- Out-of-home placements (family-based care and congregate care combined) would be funded at \$601.2 million (line items 4800-0038 and 0041). HWM and the Governor would both fund family-based foster care (item 4800-0038) at \$307.7 million. This is \$8.9 million above the current allocation. HWM and the Governor would both fund congregate care at \$293.4 million, which is \$7.7 million more than the current allocation.
- HWM and the Governor would also invest \$750,000 in a foster care recruitment campaign (item 4800-0058).

3. **Family Stabilization and Support Services (item 4800-0040) would be increased by \$3 million for total funding of \$53.5 million. The Governor had proposed only a \$400,000 increase to this crucial account.**

- These are the preventive services needed to keep children safely in their homes and to safely reunify children with their families after they’ve been placed in foster care. They help avoid the trauma of family disruption when possible as well as the financial costs to the state of placement in foster or group residential care. In the approximately 75% of all DCF cases in which the Department is involved because of neglect and not abuse, many children can remain safely at home with the appropriate services. Family Stabilization and Support services are less expensive than out-of-home placements, and greater investment in these services to keep and return more children safely at home reduces the need for out-of-home placements.
- When the family stabilization and support line item was first created in FY 11, it was funded at \$41 million. Gradual increases in this line item since then, up to and including HWM’s proposed increase for FY 20, total \$12.5 million. These have been important. At the same time, these increases must also be measured in comparison to the huge increases in foster care funding which a more robust investment in prevention could have reduced the need for. During the same period, investments in foster care funding have increased by \$152.2million.
- Despite the fact that the HWM increase for Family Stabilization and Support is the largest increase proposed to this line item since FY 13, under the HWM budget, Family Stabilization and Support services would continue to receive a disproportionately small share of DCF’s services budget. **As of December 2018,**

87% of the children in DCF's caseload remained at home, or were in foster care with a goal of returning home, yet HWM would still allocate less than 9% of DCF's total services budget to the family stabilization and support services that these children are supposed to be receiving.

- **Beginning in October of 2019, Federal Title IV-E funds will be available under the landmark federal Family First Prevention Services Act to reimburse states for the costs of services that keep children safely at home and out of foster care. Massachusetts is not expected to take advantage of this option in 2019. Once it does begin to draw down federal matching funds for these services, MA will be able to more robustly fund family stabilization and support services to keep children safely at home.**

4. HWM would fund Family Resource Centers at \$15 million.

- This is a \$50,000 reduction below current funding, but an increase of \$2.7 million over FY 19 projected spending. The Commonwealth was not able to use funds that had been allocated for FY 19 to convert "micro," or limited service family resource centers, to full service family resource centers. The Governor proposed to carry over the FY 19 unused funds into FY 20 and HWM apparently has supported that proposal. With this funding, there would be a total of 17 full service Family Resource Centers and 5 micro centers throughout the state.
- Family Resource Centers provide one of the few means by which families in crisis can voluntarily receive services to prevent neglect of their children. They connect families to voluntary community based services, educational programs and peer support. They also provide a mechanism for the juvenile court to refer families to community-based services in order to fulfill the requirements of the Children Requiring Assistance (the "CRA" law) which replaced the former CHINS program with a system of community-based services for families in need.

5. The social workers' account would be increased by \$18.6 million to \$255.4 million; the Training Institute would get a \$73,619 increase to \$2.75 million. Both of these match the Governor's proposals.

- According to its most recent publicly available reports, DCF increased its social worker workforce by 375 social workers from February of 2016 to March of 2017 and by an additional 87 workers by May of 2018. It is unclear how many more workers DCF needs at this time. Social workers need a sufficiently low caseload so they have time to adequately monitor families, intensively manage those that present risk factors, and make sound decisions about whether a child can remain safely at home or needs to be removed.
- The funding increase will be needed to train not only the many new DCF hires, but also all DCF employees on the many new policies DCF is currently implementing.

6. **DCF's administrative account (item 4800-0015) would be increased by \$7 million to \$109.8 million, as the Governor proposed.**
7. **All funding for lead agencies is eliminated in HWM.**
 - Lead agencies are regional nonprofits that contract for services but do not directly provide services themselves. They are currently funded at \$6.7 million. The Senate generally includes lead agency funding, and it has been included in the budget each year.
8. **HWM would fund the domestic violence line item, formerly in DCF's budget and now in DPH's budget, at \$37.8 million.**
 - This is an increase of \$513,865 million over the current allocation.
 - The costs of DCF's domestic violence specialists and some shelter costs that were covered by DCF's domestic violence line item are now covered under other DCF line items.
 - Domestic violence services include beds for domestic violence shelter, supervised visitation, and supports to victims of domestic violence, and pay for DCF domestic violence staff. **These services help prevent abuse and neglect, and can help keep children safely with a parent and out of foster care.** Often, the domestic violence shelter system is full and must turn away many domestic violence survivors who then turn to the Emergency Assistance program for shelter for themselves and their children.
9. **Funding for the Bureau of Substance Abuse Services (BSAS) would be increased by \$2 million over the FY 2019 allocation to \$143.9 million (item 4512-0200).**
 - 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.**
10. **The Office of the Child Advocate (item 0411-1005), would be increased by \$237,000 to \$1.4 million, as the Governor also proposed.**
 - This is a major increase for the Child Advocate's office which has a broad and growing set of responsibilities to oversee the Commonwealth's services to and protection of its children.
11. **A proposed outside section on child welfare data reported developed by the legislatively established Task Force on Child Welfare Data Reporting was not included in the HWM budget, but will be proposed by amendment.**

Health Issues in MassHealth and ConnectorCare

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget	FY 20 HWM
4000-0500	MassHealth Managed Care	\$5,759,010,341	\$5,602,463,479	\$5,602,463,479
4000-0601	MassHealth Senior Care	\$3,587,516,725	\$3,746,483,697	\$3,746,483,697
4000-0641	Nursing home supplemental rates	\$365,400,000	\$365,400,000	\$395,400,000
4000-0700	MassHealth Fee For Service Payments	\$2,646,228,033	\$2,874,688,066	\$2,874,688,066
4000-0940	MassHealth ACA Expansion Populations	\$2,138,679,253	\$2,334,634,687	\$2,334,634,687
4000-0990	Children's Medical Security Program (CMSP)	\$12,096,978	\$14,700,000	\$14,700,000
1595-5819	Commonwealth Care Trust Fund	\$45,772,939	\$0	\$0

1. HWM includes the Governor's proposal to expand Medicare Savings Programs for 40,000 low-income seniors (sections 30 and 45).

- House Ways and Means follows the Governor's lead in proposing to expand the financial eligibility criteria for three existing Medicaid-paid Medicare Savings Programs that help Medicare recipients with their Medicare premiums and cost sharing. The expansion will help up to 40,000 low income seniors: 25,000 will be newly eligible for Medicaid to pay their Medicare Part B premiums (\$135.50 per month in 2019). An additional 15,000 now receiving help with Part B premiums would additionally be relieved from the costs of Medicare deductibles and other cost sharing. Seniors who qualify for the Medicare Savings Programs are automatically eligible for the entirely federal-funded low income subsidy to lower the costs of Medicare drug coverage.
- The three Medicare Savings Programs (MSP) currently assist Medicare recipients with income up to 100% of the federal poverty level (FPL), 120% FPL, or 135% FPL and countable assets less than \$7,730 for an individual or \$11,600 for a couple (2019). Section 30 would use a method permitted under federal law to increase the minimum income limit by disregarding an amount equivalent to 30% FPL effectively increasing the three income upper limits to 130%, 150% and 165% FPL, and by disregarding the amount of the current asset maximum effectively doubling the amount of countable assets allowed.
- According to the HWM executive summary, the cost of the expansion is \$30 million. However, section 45 authorizes fund transfers from the Prescription Advantage program and the Health Safety Net Trust Fund should the Secretary certify savings related to the Medicare Savings Program expansion. Currently, hospitals can bill the Health Safety Net (HSN) for the Medicare cost-sharing of low and moderate income

Medicare beneficiaries and seniors accounted for 24% of HSN volume in 2018. Prescription Advantage is a program operated by Elder Affairs that help seniors and disabled adults with drug costs.

- Currently, 1 in 3 low income seniors in Massachusetts spend more than 20% of their incomes on health care. Legislation has been introduced this session to eliminate the asset test entirely –a step that other states have taken --and raise the income limit by 65% FPL over three years to provide more relief for seniors. S 699 (Sen. Lewis) and H 1199 (Rep. Ultrino). The HWM proposal is a welcome step in the right direction for year one.

2. HWM would give EOHHS more tools to negotiate supplemental drug rebates for MassHealth but alters some features of the Governor’s proposal (sections 5 and 29)

- House Ways and Means includes similar provisions to those proposed by the Governor in House 1 to enable MassHealth to better negotiate supplemental rebate agreements directly with drug manufacturers. Section 29 authorizes MassHealth to more easily negotiate supplemental rebate agreements. If negotiations for very high cost drugs stall, after a public hearing and determination of the value of the drug, EOHHS can refer the drug manufacturer to the Health Policy Commission (HPC). Section 5 authorizes the HPC to require drug manufacturers to disclose records related to drug pricing. If the Commission determines the pricing is potentially unreasonable or excessive, it may require the manufacturer to appear and testify at a public hearing to provide further information. Failure of the manufacturer to comply with requests for information or to provide complete and truthful information may subject it to financial penalties. Following the hearing the Commission makes a determination concerning the reasonableness of the drug pricing. Up to this point, the HWM and Governor’s proposal are largely the same.
- However, the Governor’s proposal authorizes the HPC to refer the manufacturer to the Attorney General for further action to the extent unreasonable drug pricing violates consumer protection statutes or other laws. HWM does not authorize this step. Instead, in Section 29, HWM states the Secretary may subject the drug to actions authorized by its drug management program such as prior authorization, step therapy, quantity limits and maximum allowable costs. Section 29 does not authorize the ultimate restriction of a closed drug formulary. However, it is troubling that it replaces the Attorney General’s action directed against the manufacturer –the source of the problem--with utilization controls that make it harder for MassHealth beneficiaries to obtain high cost drugs. Restricting access to such drugs is particularly problematic because it is generally the lack of comparable alternative drugs that emboldens the manufacturers to charge such sky high prices in the first place.

3. The MassHealth Dental Program would include periodontal services in FY 20. (Section 37)

- **Section 37** maintains the scope of dental services for adults in MassHealth at the same level in place as of June 30, 2019. This is significant because the 4000-0700

line item in FY 19 GAA required restoration of adult periodontal services by June 1, 2019. MassHealth recently announced that these services will in fact be available April 22, 2019. Section 37 would continue that coverage into FY 20. With the restoration of periodontal services, the adult dental program has regained almost all of the coverage lost in 2010 thanks to the persistence of oral health advocates within and without the legislature.

4. HWM directs the Secretary to convene an emergency task force on nursing homes (Section 55 and Line 4000-0641)

- House Ways and Means addresses growing problems in the nursing home industry by directing the Secretary to convene an emergency task force to review the financial stability of nursing homes in the commonwealth to ensure quality resident care and quality jobs (Section 55). It also makes one of its very few changes in MassHealth line items by increasing the amount of the Nursing Home Supplemental Rates in 4000-0641 by \$30 million over the 2019 GAA and the Governor's proposal for FY 20. The nursing home industry reports that 35 nursing homes could close by the end of the year unless MassHealth increases its payment rate. There is also a dangerous decline in the quality of nursing home care for the patients who make up some of the Commonwealth's frailest and most isolated residents. Just last month the Attorney General announced settlements against seven nursing facilities for broad and systemic failures leading to death and injury. The problem-plagued Synergy Health Centers have been in receivership for fiscal mismanagement and fined for patient deaths and injuries. The task force is charged with an in-depth look at not just MassHealth payment rates but at many of the complex underlying issues. One or more representatives of nursing home patient advocacy organizations would add an important perspective on the Task Force. There are currently about 40,000 patients in nursing homes.

5. No cuts to MassHealth eligibility or services.

- The HWM Executive Summary states that it proposes to fund MassHealth at \$16.57 billion for 1.86 million lives in 2020. Nothing in the line item amounts, provisos, or outside sections indicates any reduction in eligibility or services planned for FY 20.
- In 4000-0300, the MassHealth administrative account, HWM includes a proviso directing MassHealth to establish a direct phone number for court employees in the specialty courts regarding enrollment and benefits' issues concerning people appearing before those courts.
- In 4000-0700, HWM requires MassHealth to submit a detailed report on the March 2018 change in its managed care delivery system to include Accountable Care Organizations including how they are addressing social determinants of health. The requirement of a similarly detailed report was included in the FY 19 GAA and should have been submitted to the House and Senate Committees on Ways and Means last month. In this item HWM also includes a new \$750,000 earmark for medical residency programs at Community Health Centers in Worcester, Lawrence and South

Boston and \$13 million for acute hospitals with more than 63% of gross patient revenue from government payers. Expect many more such earmarks during the amendment process.

6. Increase in CMSP spending but no relief from benefit limits (4000-0990)

- The Children’s Medical Security Program (CMSP) provides a basic package of primary care services to over 40,000 children and youth under 19 who do not qualify for MassHealth either due to immigration status or family income. HWM increases the CMSP appropriation by 22% over FY 19 GAA and FY19 spending. However, nothing in the line item overrides the outdated dollar limitations of the program including a \$200 a year cap for prescription drugs and a 20 visit maximum on mental health visits. These and other benefit limitations are in the statute at GL c. 118E, sec. 10F. Legislation has been introduced this session to provide more comprehensive coverage for children regardless of immigration status. H 162 (Rep. Rogers) and S 677 (Sen. DiDomenico).

7. No transfer needed for the Commonwealth Care Trust Fund (1595-5819)

- **1595-5819** does not appear in the HWM budget; it was also absent from House 1. This line item is for the Commonwealth Care Trust Fund (CCTF) which provides supplemental state funding for the ConnectorCare program which currently insures over 200,000 people. The fund is not projected to require an appropriation from the General Fund in FY 20.

Homeless Services

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget	FY 20 HWM
7004-0101	Emergency Assistance	\$171.79M*	\$177.93M	\$165.75M
7004-0108	HomeBASE	\$32.00M	\$25.83M	\$25.83M
7004-0099	DHCD Administration	\$7.68M	\$7.12M	\$7.22M
7004-0100	Operation of Homeless Programs	\$5.37M	\$5.85M	\$5.85M
7004-0102	Homeless Individual Shelters	\$48.18M	\$48.36M	\$53.36M
7004-0104	Home and Healthy for Good Program	\$2.39M	\$2.39M	\$2.39M
7004-9316	Residential Assistance for Families in Transition (RAFT)	\$20.00M*	\$15.27M	\$20M**

* These appropriations were augmented later in FY 19, either by supplemental budgets or some other means.

** HWM provides \$15.27M of direct appropriation and would authorize an additional \$4.73M from the Housing Preservation and Stabilization Trust Fund (HPSTF), M.G.L. c. 121B § 60.

1. Emergency Assistance (7004-0101) would be funded approximately \$12 million dollars below the Governor's proposal. The Emergency Assistance (EA) program provides emergency shelter to certain families with children who are experiencing homelessness and have no safe place to stay.

- HWM continues restrictions on access to EA shelter which force many families and children to prove they slept in a place not meant for human habitation before they can be eligible. Advocates continue to push for a more humane policy so that children must not first sleep in cars, emergency rooms, or other inappropriate places before they are eligible for shelter.
- HWM continues to ensure that families are not terminated from EA shelter for exceeding the income limit (115% of the federal poverty level) but institutes a cap on the income amount, providing that families not be terminated unless and until the income exceeds 200% of the federal poverty level for a “sustained and consecutive period of 90 days.” HWM maintains the 6-month grace period for exiting shelter.
- HWM includes new language requiring DHCD to expend no less than \$4M to contract no fewer than 60 new handicapped accessible shelter units. Advocates will continue to evaluate the type and location of new handicapped accessible units to ensure that families’ needs are accommodated.
- HWM removes language allowing DHCD to use other entities to conduct “health and safety” risk assessments; only the Department of Children and Families (DCF) would be authorized to conduct the assessments.
- HWM includes language requiring DHCD to provide the Legislature with 90 days advance notice before imposing any new eligibility or benefits restrictions. In previous years this language has been critical to giving the Legislature time to ensure that access to EA for children and families is not unduly restricted.

- HWM includes language requiring DHCD to provide quarterly reports to the Legislature with data about what is happening to families, including numbers of applications, diversions, and those denied shelter.
- HWM retains language first proposed by the Governor specifying that funds be used for “homelessness prevention, diversion and strategic re-housing, and contracted family shelters.” It is unclear how these terms are defined or why they were inserted, but it raises concerns about EA funds potentially being shifted towards non-EA shelter services.
- HWM maintains language requiring DHCD to expend funds for hotels when contracted shelter beds are unavailable, instead of making such use of funds optional as proposed by the Governor.

2. **HomeBASE (7004-0108) would be decreased by approximately \$7 million below FY 19.** HomeBASE provides short-term rental assistance, instead of shelter, to families experiencing homelessness.

- HWM maintains the current maximum assistance level of \$10,000 in a 12-month period. Advocates have called for HomeBASE to be made available for an extended period for eligible families, and that the amount be increased to better reflect housing costs and increase families’ chances at self-sufficiency.
- HWM maintains current language providing that families not be deemed ineligible for a single violation of a self-sufficiency plan. HWM removes language that families headed by elder or disabled individuals not be denied HomeBASE assistance, and also removes language requiring DHCD to use funds to rapidly transition families into permanent or sustainable housing.
- HWM maintains language requiring DHCD to provide the Legislature with 90 days advance notice before imposing new eligibility restrictions or benefits reductions. HWM also maintains language requiring DHCD to provide timely reports to the Legislature.
- HWM maintains language providing that assistance funds be advanced monthly based on the prior month’s expenditures.
- HWM continues to allow DHCD to expend up to \$300,000 on HomeBASE for eligible families in domestic violence and residential treatment programs (4512-0200 and 4513-1130), including sober living programs, as originally proposed in an FY 17 pilot program. Only families in these shelters who meet all the EA eligibility requirements could receive assistance, and DHCD would develop guidance to clarify how this program will operate.

3. **DHCD Administrative line item (7004-0099) would be reduced from current levels.**

- HWM restores the requirement that DHCD promulgate and enforce regulations, by September 2, 2019, to clarify that recipients of HomeBASE housing assistance should remain eligible for a homelessness priority or preference in state subsidized housing. This language has been included in budgets for the past several years.
- HWM maintains the requirement that DHCD accept in-person applications in the 10 cities and towns where DHCD had staff on January 1, 2018, and requires DHCD to provide a report to the Legislature on its plans for in-person and telephonic intakes, but removes a requirement that DHCD staff receive annual trainings.

4. **Residential Assistance for Families in Transition (RAFT) (7004-9316) would be level funded to current spending.** RAFT is a homelessness prevention program for families with children.

- As in prior years RAFT would provide up to a maximum of \$4,000 in assistance, but no family could receive combined assistance from HomeBASE and RAFT above a maximum of \$10,000.
- HWM would provide no less than \$3M to serve households who meet a broader definition of “family” including unaccompanied youth, elders, persons with disabilities, and other households.
- HWM maintains previous budget language obligating DHCD to provide quarterly data reports to the Legislature.
- Advocates have called for a \$7M pilot program to provide upstream homelessness prevention resources to households behind on rent or mortgage payments, but for whom eviction or foreclosure has not yet been commenced.

Housing

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget	FY 20 HWM
7004-9005	Public Housing Operating Subsidies	\$65.65M	\$65.50M	\$72.00 M
7004-9007	Public Housing Reform	\$1.00M	\$1.00M	\$1.00 M
7004-9024	Massachusetts Rental Voucher Program	\$100.00M	\$100.00M	\$110.00M
7004-9030	Alternative Housing Voucher Program	\$6.15M	\$6.15M	\$7.15M
7004-3045	Tenancy Preservation Program	\$1.30M	\$1.30M	\$1.30M
7004-9033	Rental Subsidy Program for DMH Clients	\$6.54M	\$6.54M	\$7.05M
0336-0003	Housing Court Expansion	\$2.6M	Consolidated into existing line-item 0336-0002 for Housing Court Department (\$10.16M)	Consolidated into existing line-item 0336-0002 for Housing Court Department (\$10.16M)

1. **Public Housing Operating Subsidies** (item 7004-9005): HWM would **provide \$72 million in funding for public housing operating expenses, a \$6.5 million increase from FY 19 budget** of \$65.5 million. This long-needed increase is in line with the amount that public housing tenants and housing advocates have requested which is \$72 million.

- There are approximately 45,600 state public housing units in Massachusetts: 30,250 units for seniors and people with disabilities, 13,450 units for families, and 1,900 for people with special needs. We are one of the few states to fund state public housing.
- Public Housing is a critical source of housing for very poor people and very poor working families. Data shows that 81% of the households in state public housing are extremely-low-income with incomes of less than 30% of area median income.
- While there is currently an estimated \$2 billion in repairs needed for state public housing (which must be funded with capital bond funds), an increase in public housing operating funds will be very important to help maintain properties for the long-term.
- HWM continues to provide that DHCD should make efforts to rehabilitate local housing authority family units in need of repairs requiring \$10,000 or less. With 160,000 households on the state's new waiting list for state public housing, it is critical to rehabilitate public housing and bring apartments back on line.
- HWM includes language that would require housing authorities to offer first preference for elderly public housing to elders receiving MRVP vouchers. This language was not included in the Governor's FY 20 budget but was included in the final FY 19 budget.

2. **Public Housing Reform** (item 7004-9007): HWM would **level-fund the public housing reform line item at \$1 million**. The line item funds costs associated with the implementation of the public housing reform law passed in 2014 (Chapter 235 of the Acts of 2014). It specifically references funds for “the creation and implementation of an information technology platform for state-aided public housing,” which is a centralized waiting list for public housing applicants.

On April 10, 2019 DHCD inaugurated the application portal for state public housing as required by the 2014 public housing reform law. The new application system, years in the making, is called CHAMP (Common Housing Application for Massachusetts Public Housing). There are over 240 housing authorities. Now instead of having to apply separately to each housing authority, applicants will be able to apply on line (or by paper if they choose) once and send their applications to multiple housing authorities with one key stroke. More on CHAMP can be found at www.mass.gov/applyforpublichousing

Other reforms in the 2014 law in need of continued funding include technical assistance training for resident commissioners and tenant organizations. Last year a Public Housing Training Program was successfully launched by the Mel King Institute, based at the Massachusetts Association of Community Development Corporations and accomplished in partnership with the Department of Housing and Community Development, Mass Housing Partnership, Massachusetts Union of Public Housing Tenants, MassNAHRO, and Massachusetts Law Reform Institute. The training helps 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 low-income tenants in the private housing market. HWM would **increase MRVP funding from \$100 million in the FY 19 budget** (and the Governor’s FY 20 budget) to \$110 million. Advocates welcome the proposed \$10 million increase and will also continue to press for \$130 million for additional vouchers and to improve the usefulness of the program. MRVP voucher holders often are not successful in many areas of the state because the subsidy and the maximum rents are too low to allow them to find housing or landlords that will accept the vouchers. The HWM budget, like previous budgets, does not address these programmatic shortcomings. However, bills filed in this session of the legislature (S 797 and H 1305) would improve the program including: codifying the MRVP program, increasing allowable rents and payment standards, and requiring inspections.
 - HWM continues the provisions from recent years setting MRVP income limits at 80% of area median (low-income) and *allowing* DHCD to require administering agencies to target up to 75% of the vouchers to extremely low-income households (incomes not more than 30% of area median). MRVP advocates support S 797 and H1305 which would require rather than allows DHCD to income target to ELI households.
 - HWM continues the policy in previous budgets requiring tenants to pay not less than 30%, and not more than 40% of income for rent. There is some debate within the advocacy community about the wisdom of capping tenant rent share at 40% of income given the high contract rents in Massachusetts and the scarcity of available

MRVP units. Some advocates say it is best to let the MRVP household decide about rent burden similar to the federal Housing Choice Voucher program which caps tenant rent at 40% of income at initial occupancy only. Others disagree pointing out that an “affordable” voucher program shouldn’t allow tenants to be so heavily rent burdened.

- The HWM budget, unlike the Governor’s budget, continues to require DHCD to report to the legislature on MRVP utilization including the number and average value of rental vouchers distributed in the Commonwealth.
4. **Alternative Housing Voucher Program (AHVP)** (item 7004-9030): HWM would **increase this line to \$7.15 million up from \$6.15 million in the FY 19 budget** (and the Governor’s FY 20 budget). Advocacy organizations are requesting \$8 million to grow and improve this essential rental assistance program for non-elderly, disabled households. Unlike the Governor’s FY 20 budget, HWM includes the requirement that DHCD must submit an annual report to the Secretary of Administration and Finance and the Legislature on the number of outstanding vouchers and the number of types of units leased.
 5. **Tenancy Preservation Program (TPP)** (item 7004-3045): HWM **would level-fund TPP at \$1.3 million**. TPP is a homeless prevention program based in Housing Court which helps preserve tenancies of people with disabilities, age impairments, substance abuse, and other mental health challenges. Over the past year, TPP has undergone a parallel expansion along with statewide Housing Court expansion. Advocates are requesting level funding in the amount of \$1.3 million to meet the need.
 - TPP, which is coordinated by MassHousing, is supported by both landlords and tenants. Landlords like the program because they retain tenants, recoup rent arrearages, and do not have to pay the costs associated with evictions.
 - For FY 18, the cost per TPP case (total statewide budget/total number of households directly assisted) was \$2,388.
 - The most recent data from FY 18 shows that 90% of TPP cases closed statewide resulted in homelessness being prevented - 529 cases were closed and homelessness was prevented in 478 of those cases; 44% of the households who were directly assisted were families with minor children.
 - 76% of the households directly assisted by TPP were households living in public and privately owned subsidized housing, this includes tenants with vouchers. If these households lose their housing it could be years before they could replace such assistance, and depending upon the reason for the eviction they could also be barred from Emergency Assistance shelter. Their options become streets, cars, and couches.
 - 36% of households were directly assisted by TPP before the landlord filed a case in court. Pre-court or “upstream” resolution of disputes enables landlords and tenants to resolve matters before they become legal adversaries, before landlords incur court costs, and before tenants are branded with a public eviction record that can hurt their chances to find new housing.

6. **Department of Mental Health Rental Subsidy Program** (item 7004-9033): HWM would **increase this line item by \$500,000 from \$6.54 in the final FY 19 budget to \$7 million.** This line item provides rental subsidies to eligible clients of the Department of Mental Health.

7. **Housing Court Expansion** (item 0336-0003): HWM would, like the Governor's FY 20 budget, consolidate funds for statewide housing court expansion into Housing Court Department's existing operating budget. Both the Governor and HWM propose \$10.16 million.

Legal Services

Account	Description	FY 19 General Appropriation	FY 20 Governor's Budget	FY 20 HWM
0321-1600	MLAC	\$21.04M	\$21.00M	\$22.50M

1. **For the Massachusetts Legal Assistance Corporation (item 0321-1600)**, which supports grants for civil legal aid programs for low-income residents of Massachusetts, HWM is recommending an appropriation of \$22.5 million, a seven percent increase from FY 19. MLAC is seeking a \$5 million increase (to \$26 million) to help meet the growing statewide demand for civil legal services.

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