



FEDERAL HEALTH CARE REFORM; MAINTENANCE OF EFFORT REQUIREMENTS

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
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ISSUE BRIEF

SUMMARY

Federal health care reform passed in March 2010 (Patient Protection and Affordable Health Care Act) extended the maintenance of efforts requirements, originally established by the federal stimulus effective for July 1, 2008, for Medicaid eligibility through December 31, 2013. Additionally, now eligibility for the Children’s Health Insurance must also be maintained through September 2019. The only exclusions to the maintenance of efforts requirements might be obtained with federal approval for reductions totaling \$1,776,100 General Fund beginning in FY 2012. This brief is for informational purposes only and no Legislative action is required.

DISCUSSION AND ANALYSIS

What are the Maintenance of Efforts Requirements?

The maintenance of efforts requirements implemented via federal health care reform passed in March 2010 impacts the following two programs:

1. **Medicaid** – the federal *American Reinvestment and Recovery Act* prohibited any reduction in Medicaid eligibility standards beyond what was in place on July 1, 2008. Federal health care extended this provision until December 31, 2013 with few exceptions discussed further below.
2. **Children’s Health Insurance Program** – eligibility standards must be maintained through September 2019. This change as well as others are discussed in more detail in the issue brief entitled “*Federal Health Care Reform; CHIP Changes.*”

What are the Exceptions to the Maintenance of Efforts Requirements?

If Utah can show financial hardship, like a budget deficit, to the federal government, then Utah may be able to reduce services to adults with incomes above 133% of the Federal Poverty Level (\$2,475 monthly for a family of 4) who are not disabled nor pregnant. The only qualifying programs in Utah for what may be partially reduced are the following: Breast and Cervical Cancer, Primary Care Network, and Utah's Premium Partnership for Health Insurance. The table below shows how much was spent on each of these programs in FY 2010:

Medicaid Programs - FY 2010	Current Eligibility	New Eligibility	Average Monthly Clients	Total Fund Spending
Breast and Cervical Cancer	250% FPL*	133% FPL*	400	\$ 8,500,000
Primary Care Network	150% FPL*	133% FPL*	18,300	\$ 22,457,900
Utah's Premium Partnership for Health Insurance	150% FPL*	133% FPL*	808	\$ 417,100
Total			19,508	\$ 31,375,000

*FPL = Federal Poverty Level (<http://aspe.hhs.gov/poverty/11poverty.shtml>)

Based on FY 2010 expenditures, the Analyst estimates that the maximum reductions potentially approved by the federal government would be \$1,776,100 General Fund beginning in FY 2012.

Additional Information About Federal Health Care Reform

- www.healthcare.gov
- www.ncsl.org
- www.kff.org