

Health Care in Transition:

Impacts of Administration on Health Care Systems and Providers

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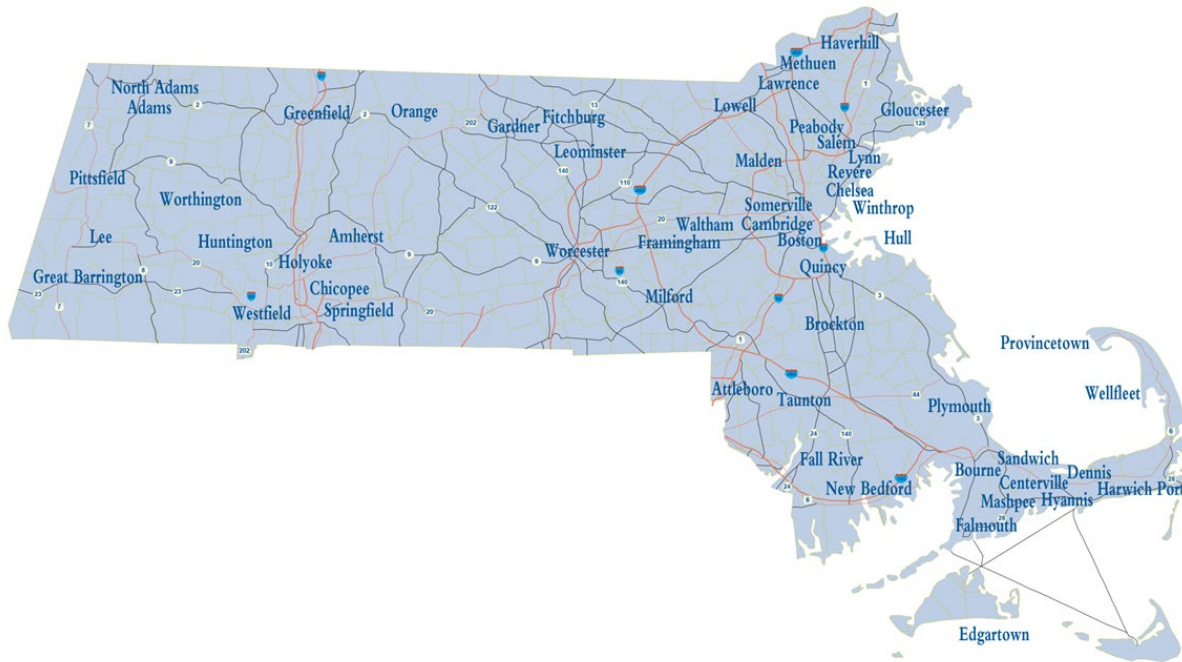
Massachusetts League of Community Health Centers

March 5, 2025

MA Community Health Centers: A History



MA Community Health Centers, 2023



Massachusetts Community Health Centers serve:

- ☆ More than one million patients
- ☆ 285+ MA Communities
- ☆ Patients from 98% of MA zip codes

MA Community Health Centers, 2023

Patients

68% of MA health center patients identify as a **racial or ethnic minority**

44% are **best served in a** language other than English

85% are **low-income**

55% female, 41% male, 3% other/chose not to disclose

72% are **publicly-insured or uninsured**

Source: 2022 Preliminary UDS Reports



The Massachusetts health care ecosystem was already at risk

A System Suffocating:

One by one, a growing set of demands are eroding hospitals' stability, driving caregiver burnout, and increasing costs for all.



NOVEMBER 2024



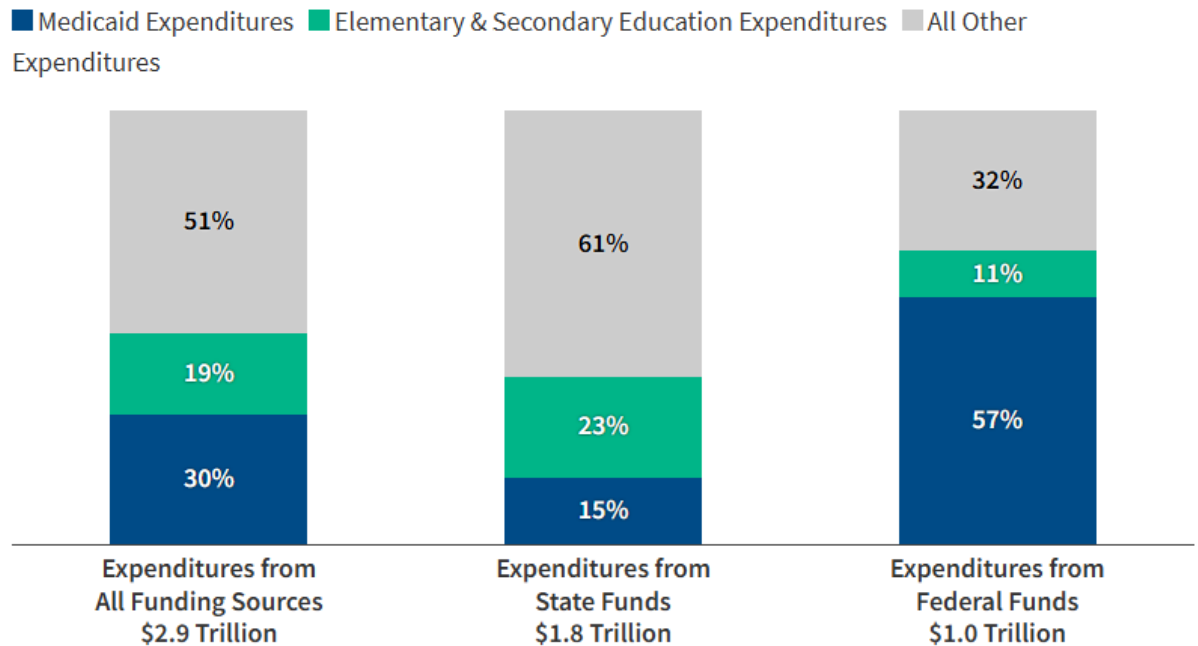
Medicaid Financing and FMAP: the Basics

- Medicaid financing is shared by states and the federal government with a guarantee to states for federal matching payments (FMAP) with no pre-set limit – Medicaid is the largest source of federal funds for states – changes would dramatically impact state budgets
- FMAP for services used by people eligible through traditional Medicaid, which includes individuals who are eligible as children, low-income parents, because of disability, or because of age (65+), is determined by a formula (Massachusetts's FMAP is 50%)
- There are special match rates for the ACA expansion group, administration, and other services – the FMAP for the ACA expansion population is 90%

Figure 7

Medicaid is the Largest Single Source of Federal Funds for States

Distribution of state expenditures by source of funds, SFY 2023



Note: SFY = state fiscal year. Expenditures from state funds include state general funds and other state funds. Expenditures from all funding sources include both expenditures from state funds and federal funds as well as bond funds. Expenditures from state funds and federal funds will not total to expenditures from all funding sources due to the exclusion of bond funds from state and federal funds. For additional information and state-specific notes, see data source.

Source: KFF estimates based on NASBO'S 2024 State Expenditure Report (data for Actual SFY 2023). • [Get the data](#) • [Download PNG](#)

While Congress debates spending, Medicaid is on the chopping block

As of 2/28, the House and Senate are not aligned on how to reach a budget reconciliation deal

- **The House's** budget resolution provides a path for Republicans to enact policies across border security, energy, and tax cuts – in a **single reconciliation effort**.
 - To pay for tax cuts, the House Energy and Commerce Committee (E&C- oversees Medicare/Medicaid) must find **\$880 billion in savings**– which would likely come from Medicaid
- **The Senate** passed a VERY different budget resolution, kicking off the first of **two reconciliation efforts** in the Senate – the first bill would address energy and border security policy, while tax cuts would be punted to later in the year.
 - The Senate's bill authorizes roughly \$340 billion in spending to be offset by spending cuts – **the spending cuts target for the Senate Finance Committee would be \$1 billion.**

What's next: The House and Senate still must pass the same budget resolution to get reconciliation started. so – either the House or Senate must take the other's resolution, or the two sides need to meet in the middle on a third alternative.

Medicaid changes disrupt the system – hurting patients and health centers

In MA, Medicaid (MassHealth) is the best payor for health centers.

47.1%

of MA health center patients are covered by Medicaid*

31.3%

of MA health center revenues are from Medicaid reimbursements*

**2023 UDS survey*

Rollbacks in ACA Medicaid Expansion eligibility and ACA marketplace coverage, or anything else that cuts Medicaid funding restrict coverage and eligibility – would impact health centers and their patients

If ACA Medicaid Expansion Eligibility and ACA marketplace coverage are rolled back.....

109K

Health center ACA Medicaid expansion adult patients are lost over 2 years**

\$618.5M

in annual health center revenues from ACA Medicaid Expansion patients are lost over two years**

Health centers rely on more than just Medicaid

330 Grant Funding : As safety net providers, FQHCs operate on extremely thin margins and rely on federal funds to pay their staff and cover other operational expenses; on average, 330 grant funding is 12.3% of MA health centers’ total revenue - totaling \$5.6B nationwide

Table 3: Section 330 Grant Funding		
	Annual Section 330 Grant Appropriation	Community Health Center Fund
Authority	Discretionary funding; funding amounts determined through the federal appropriations process	Mandatory funding; funding amounts established through authorizing legislation
Duration	Annual	Funding period specified in authorizing legislation; usually longer than one year. Current authorization is for two years.
Allocation	Competitive grants, with specified percentages of total funding allocated to health centers serving certain populations: <ul style="list-style-type: none">• 8.6% for serving migrant/seasonal farmworkers• 8.7% for serving people who are homeless• 1.2% for serving residents of public housing	Competitive grants
Total Funding Amount	\$1.9 Billion	\$3.9 Billion

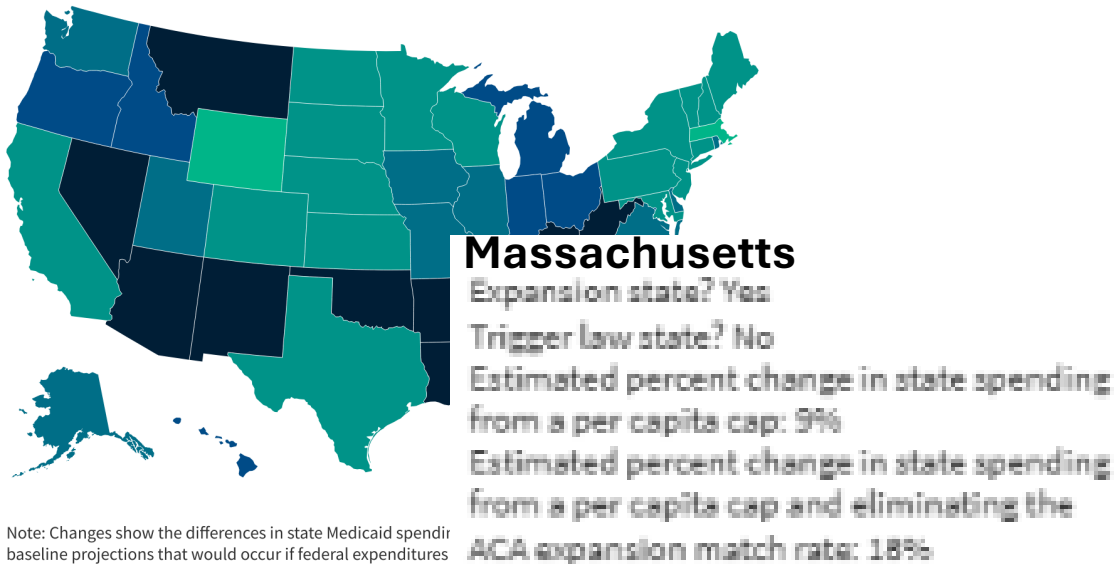
Government shutdowns have implications for health care

- Medicare and Medicaid funding generally continue to pay during government shutdowns
- Previous shutdowns have generally not prevented health centers from utilizing 330 funding, but speedy access to funds is threatened with recent reductions to federal HRSA staffing – every day counts for health centers (and other providers, including hospitals) with tight margins
- A protracted government shutdown creates more uncertainty in a challenging operating environment – especially as mandatory health center funding expires on March 31st

Proposals to reduce Medicaid spending reduce access in every state

All states would be affected by a per capita cap – while state spending would increase (or eligibility/access would be curtailed)

Per capita cap and elimination of ACA expansion match rate



Note: Changes show the differences in state Medicaid spending baseline projections that would occur if federal expenditures medical inflation starting in FY 2027.

Source: KFF analysis of Medicaid enrollment and spending data from various sources. See Methods of "A Medicaid Per Capita Cap: State by State Estimates" for more information about projections and assumptions.

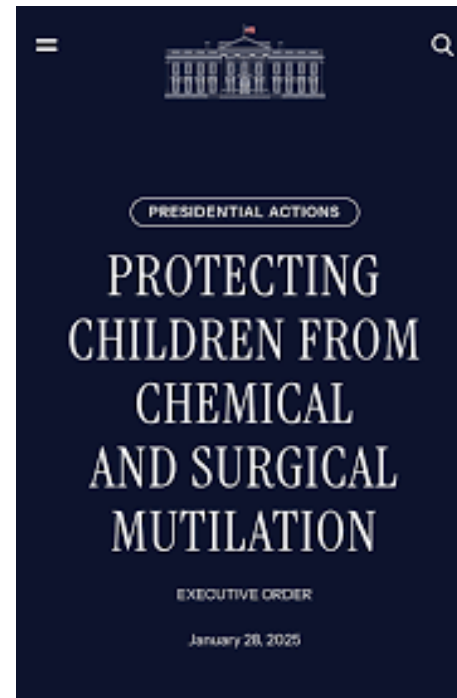
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While work requirements have not materialize expected savings, while reducing coverage and increasing state compliance burdens*

- Most Medicaid adults under age 65 are working already, without a “work requirement.”
- CBO estimates of national work requirements show lower federal spending and an increase in the number of uninsured, but no increase in employment.
- In Arkansas, implementing Medicaid work requirements resulted in more than 18,000 people losing coverage.
- Evidence shows Medicaid work and reporting requirements are confusing to enrollees and complex and costly for states to implement.
- Research shows access to affordable health insurance and care promotes individuals’ ability to obtain and maintain employment.

Gender Affirming Care and LGBTQIA+ health services

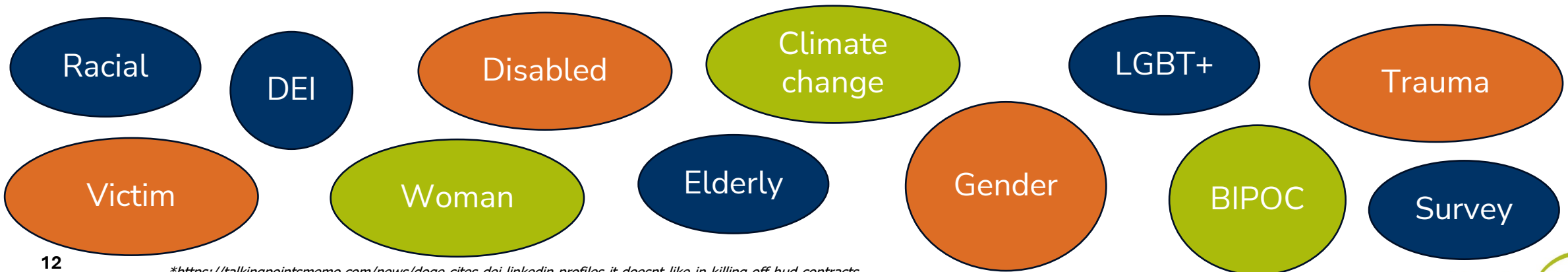
Executive orders limit the definition of gender to “male and female” and curtail gender affirming care for trans youth..



.....but courts have had other thoughts on the constitutionality of these actions

Despite court challenges, DEI and health equity are under scrutiny

- Following various Executive Orders, Federal contractors have lost contracts due to their embrace of DEI initiatives – whether or federal funds were used to support this work*
- Scrutiny is deeper than surface-level words. The goal is to end the work and services not in line with administration priorities
- Federal staffers* have been told not to use certain words, including:



Women's health and abortion services

- Of note: Per the Hyde Amendment, federal funds are not used to pay for elective abortions (and community health centers do not provide abortion services)
- In one of the administration's first major moves on abortion, the Justice Department is **dropping a case** originally filed by the Biden Administration, which will let Idaho enforce its strict abortion ban in the treatment of pregnant women suffering medical emergencies*
- Trump appointed many of the Supreme Court justices who voted to overturn the nationwide right to abortion in 2022.
 - Since then, most Republican-controlled states have started enforcing new bans or restrictions since 2022. Currently, 12 states are enforcing bans on abortion at all stages of pregnancy, with limited exceptions, and four have bans that kick in at or about six weeks into pregnancy -- often before women realize they're pregnant

Workforce Development

- NHSC funding, which supports more than 17,000 primary care medical, dental, and behavioral health providers through scholarships and loan repayment programs, is set to expire on March 31st without Congressional action (
- Loan repayment programs are successful strategies to recruit and retain healthcare workers*
- A recent federal ruling led the Department of Education to halt applications for four income-driven repayment plans and instructed loan servicers to stop accepting student loan forgiveness applications for three months**
 - **Public service loan forgiveness** applicants are generally required to participate in an income-drive plan, creating uncertainty in this area until any freezes are lifted

Where do we go from here?
