



Medicaid Needs to Remain the Hero: A Summary of the HEROES Act

By: [Mara Youdelman](#)

Democrats in the House of Representatives introduced the [HEROES Act](#) (Health and Economic Recovery Omnibus Emergency Solutions Act) to address the continuing economic fallout of the COVID-19 pandemic. Individuals, families, communities, businesses, and states continue to suffer great personal and economic harm from the ravages of the coronavirus and resulting shutdown of the economy. As we continue to fight both the pandemic and its resulting economic consequences, Medicaid needs to remain steadfast, strong, and available to the millions who already rely on the program and the millions more who likely will become eligible as the pandemic continues.

Medicaid has always served as the safety net for low-income and underserved individuals, providing comprehensive, affordable health care. The HEROES Act includes a number of provisions that would help ensure Medicaid remains robust. The following provides a brief summary of the major Medicaid-related provisions in the HEROES Act.

Enhanced Medicaid Funding

The HEROES Act includes an additional increase in federal funding for Medicaid, beyond what Congress has already authorized. Currently, states are eligible to receive an additional 6.2% increase in payments from the federal government for their Medicaid expenses. The HEROES Act increases that bump in the federal share of Medicaid payments to 14% (although it does not apply to costs related to Medicaid expansion populations or administrative expenses). The 14% FMAP would start on July 1, 2020 and continue through June 30, 2021. If the public health emergency continues after June 30, 2021, states would continue to receive the 6.2% FMAP increase. This funding is critical to ensure states can not only continue to provide Medicaid but also to shore up state budgets as states face daunting budget deficits due to the pandemic.

Maintenance of Effort

Previous COVID-related legislation requires states that receive the enhanced federal funding to continue eligibility for all those currently receiving Medicaid through the end of the enhanced

funding. This strong “Maintenance of Effort” (MOE) requirement ensures states do not take more federal funding with one hand but cut Medicaid eligibility with the other.

The HEROES bill includes an exemption to the MOE requirements for New York whose Governor seeks to cut billions of dollars from the state’s Medicaid program, a move that would particularly harm individuals needing home and community-based services. We recognize states’ budgets are under pressure. The increased federal Medicaid funding recognizes the increased need to provide health insurance to both fight the pandemic as well as ensure access to ongoing health care for millions. Not even one state should be given a pass. We recommend this provision be removed.

Home and Community-Based Services

The bill includes enhanced funding to support Medicaid coverage of home and community-based services. Federal funding would increase by 10%, in addition to the increased 14% mentioned above (however, a state could not exceed total federal funding of 95% of its Medicaid costs). The HCBS funding must supplement and not supplant existing HCBS funding. By listing specific uses for the increased funding, the bill would provide direct support for HCBS services, to ensure that states can help individuals with disabilities continue to receive services and remain in their homes.

Unfortunately, the definition of eligible services for the FMAP bump would exclude most community mental health services. This needs to be fixed as the bill moves forward so Congress does not inadvertently limit the definition of HCBS. The provision also includes payment for American Sign Language interpreters but not for other forms of interpreting or communication tools and supports that some individuals may need to overcome communication barriers. We hope this oversight will be fixed.

Medicaid Fiscal Accountability Rule (MFAR)

The bill delays the Administration’s proposed MFAR. MFAR would drastically limit how states can fund their share of Medicaid costs. [Our comments](#) on the proposed rule explained how ill advised the proposed restrictions would be. The changes could cause unintended consequences that ultimately limit coverage and access to needed care for millions of people who rely on Medicaid – children, pregnant women, people with disabilities, older individuals and other underserved populations. Finalizing them in the midst of a health crisis would be even worse.

COVID-19 Treatment and Vaccinations

The bill expands payment for treatment and vaccinations related to COVID-19 in Medicaid and CHIP, with no cost-sharing, if states elect to cover a new eligibility category for the uninsured. The bill also amends the Pediatric Vaccines program to cover a COVID-19 vaccine for all children receiving vaccinations through this program at no cost.

Health Equity

Medicaid serves as a critical program for people of color, people with disabilities, LGBTQ individuals, and others who are often left behind when it comes to health care access. People of color are disproportionately infected and dying from COVID-19 due to a plethora of intersecting factors including longstanding structural racism, resulting underlying health conditions and more likely to be an essential worker who serves the community. Medicaid must remain strong so we do not perpetuate even greater disparities in access and treatment for COVID-19.

The bill includes a number of provisions that would help improve care for people of color. For example, it provides temporary additional funding to provide care to Native Americans; restores Medicaid access to individuals holding status under the Compacts of Free Association (COFA)¹; provides additional funding to Medicaid hospitals serving a disproportionate share of Medicaid and uninsured individuals. It also would allow states to seek reimbursement for costs of health care provided to incarcerated individuals for the 30 days prior to their release (this provision will help individuals access treatment and medications immediately upon release).

A number of provisions throughout the bill address data collection and reporting, critical to identifying health disparities and designing appropriate remedies. Yet a number of the provisions did not include collection/reporting of primary language, disability, age, sexual orientation or gender identity data. We recommend standardizing the data collection provisions to incorporate all relevant demographic data.

Conclusion

In addition to the Medicaid provisions, we support many of the other health and non-health provisions in the HEROES Act. We are in unprecedented times, and we need this unprecedented response. We look forward to working with Congress to enact this important legislation.

¹ The Compact of Free Association (COFA) is an international agreement establishing and governing the relationships of free association between the United States and the three Pacific Island sovereign states of the Federated States of Micronesia (FSM), the Republic of the Marshall Islands (RMI), and Palau. The U.S. gets exclusive military access to the nations' region while their citizens may live and work in the U.S. without a green card or visa. Despite the Compact promising health care coverage for COFA migrants living in the U.S., Congress eliminated Medicaid coverage in 1996. The HEROES Act would restore this eligibility.