



## Bill Summary

# AMERICAN RECOVERY AND REINVESTMENT BILL OF 2009 (ARRA) Energy & Commerce Provisions on Health Care, Broadband, and Energy

On February 12, 2009, House and Senate conferees approved the economic recovery package. The following are detailed summaries on the health care, broadband, and energy provisions.

### Provisions on Medicaid and the Unemployed and Health Information Technology

The conference agreement on H.R. 1 includes a number of provisions that will help aid in the nation's economic recovery, provide badly needed protections for people losing health coverage when they lose employment, and provide temporary assistance to states to preserve critical Medicaid coverage for low-income families.

#### Health Insurance Assistance

##### **Premium Subsidies for COBRA Continuation Coverage for Unemployed Workers.**

Recession-related job loss threatens health coverage for many families. To help people maintain coverage, the bill provides a 65% subsidy for COBRA continuation premiums for up to 9 months for workers who have been involuntarily terminated, and for their families. This subsidy also applies to health care continuation coverage if required by states for small employers. With COBRA premiums averaging more than \$1,000 a month, this assistance is vitally important. To qualify for premium assistance, a worker must be involuntarily terminated between September 1, 2008, and December 31, 2009. The subsidy would terminate upon offer of any new employer-sponsored health care coverage or Medicare eligibility. Workers who were involuntarily terminated between September 1, 2008, and enactment, but failed to initially elect COBRA because it was unaffordable, would be given an additional 60 days to elect COBRA and receive the subsidy. To ensure that this assistance is targeted at workers who are most in need, participants must attest that their same year income will not exceed \$125,000 for individuals and \$250,000 for families. The Joint Committee on Taxation estimates that this provision would help 7 million people maintain their health insurance by providing a vital bridge for workers who have been forced out of their jobs in this recession. *This provision is estimated to cost \$24.7 billion.*

**Medicare Payments to Long Term Care Hospitals.** The bill makes technical corrections to the Medicare, Medicaid, and SCHIP Extension Act of 2007 related to Medicare payments for long-term care hospitals. *The estimated cost of these provisions is \$13 million.*

## State Fiscal Relief and Medicaid

**Temporary Federal Medical Assistance Percentage (FMAP) Increase.** The bill increases FMAP funding for a 27-month period beginning October 1, 2008, through December 31, 2010, with an across-the-board increase to all states of 6.2% and a similar increase for territories. A bonus structure (in addition to the across-the-board increase) provides an additional decrease in state financial obligations for Medicaid based on increases in the state's unemployment rate. States will also be required to maintain effort on eligibility. *The estimated cost of these provisions is \$86.6 billion.*

**Temporary Increase in Disproportionate Share Hospital (DSH) Payments.** The bill increases states' FY2009 annual DSH allotments by 2.5%, and increases states' FY 2010 by 2.5% above the new FY2009 DSH allotment. After FY2010, states' annual DSH allotments would return to 100% of the annual DSH allotments as determined under current law. *The estimated cost of this provision is \$460 million.*

**Extension of Moratoria on Medicaid Regulations.** The bill extends moratoria on Medicaid regulations for targeted case management, provider taxes, and school-based administration and transportation services through June 30, 2009. The bill also adds a moratorium on the Medicaid regulation for hospital outpatient services through June 30, 2009. The provision includes a Sense of Congress that the Secretary of HHS should not promulgate regulations concerning payments to public providers, graduate medical education, and rehabilitative services. *These provisions are estimated to cost \$105 million.*

**Extension of Transitional Medical Assistance (TMA).** The bill extends TMA beyond the current expiration date of June 30, 2009, to December 31, 2010. *This provision is estimated to cost \$1.3 billion.*

**Extension of the Qualified Individual Program.** The bill extends the Qualified Individual program, which assists certain low-income individuals with Medicare Part B premiums, through December 31, 2010. *The estimated cost of this provision is \$550 million.*

**Protections for American Indian Health Care.** The bill eliminates cost-sharing for Americans Indians and Alaska Natives in Medicaid, protects Indian Tribal property, and maintains access to Indian health facilities. *These provisions are estimated to cost \$134 million.*

**Prompt Payment Requirements for Nursing Facilities and Hospitals.** The bill temporarily applies Medicaid prompt pay requirements to nursing facilities and hospitals. *This provision is estimated to cost \$680 million.*

## Health Information Technology

**Promoting the Adoption and Use of Health Information Technology.** This bill promotes the use of health information technology (health IT), such as electronic health records, by: requiring the government to take a leadership role to develop standards by 2010 that allow for the nationwide electronic exchange and use of health information to improve

the quality and coordination of care; investing \$19 billion in health information technology infrastructure and Medicare and Medicaid incentives to encourage doctors, hospitals, and other providers to use health IT to electronically exchange patients' health information; and strengthening federal privacy and security law to protect identifiable health information from misuse and abuse as the health care sector increases use of health IT.

If the bill is enacted, approximately 90% of doctors and 70% of hospitals would adopt and use certified electronic health records within the next decade, according to the Congressional Budget Office. In turn, that would save the government more than \$12 billion and generate additional savings throughout the health sector through improvements in quality of care, care coordination, and reductions in medical errors and duplicative care.

### **Provisions on Broadband Infrastructure**

The Conference agreement creates a new Broadband Technology Opportunities Program within the National Telecommunications and Information Administration ("NTIA") of the Department of Commerce. The new grant program will distribute \$4.7 billion to fund the deployment of broadband infrastructure in unserved and underserved areas in the country, and to help facilitate broadband use and adoption. An additional \$2.5 billion in loans and grants will be administered by the Rural Utilities Service.

The Conference agreement combined portions of both the House and Senate bills. The main provisions of the NTIA program include:

- **Grant Recipient Criteria.** Any entity is eligible to apply for a grant, including municipalities, public/private partnerships, and private companies, so long as the entity can comply with the grant conditions. Applicants must put forth 20% of the proposed project's total cost, subject to a financial hardship waiver.

Grant recipients must agree to abide by a set of conditions, including adhering to a build out schedule, to interconnection and non-discrimination requirements as established by NTIA, and to the principles contained in the Federal Communications Commission's Broadband Policy Statement. The Conference agreement does not require that grant recipients meet certain broadband speed thresholds, although the NTIA is expected to consider and support the highest possible broadband speeds in awarding grants.

- **National Broadband Plan.** The Federal Communications Commission is required to develop a national broadband plan within one year.

### **Provisions on Energy**

The energy package will accelerate deployment of smart grid technology, dramatically expand the national effort to weatherize homes, offer support for the nation's governors and mayors to tackle their energy challenges, and establish a new loan guarantee program to keep renewable energy on track during the economic crisis. The provisions

in the bill ensure that existing programs can be scaled up so that funds are invested promptly and effectively.

**Reliable, Efficient Electric Grid:** The legislation will jumpstart smart grid demonstration projects in geographically diverse urban, suburban, tribal, and rural areas. Federal matching grants for smart grid technology will increase from 20% to 50%. Grantees will be required to utilize open protocols and standards when available and lessons learned during demonstration projects will be available to help others to deploy smart grid infrastructure. *The bill provides \$4.5 billion for this effort.*

**Renewable Energy Loan Guarantees:** The legislation creates a temporary program to provide loan guarantees for renewable energy systems, electric power transmission systems that begin construction by September 30, 2011. The bill is making available \$6 billion for use by this program. Up to \$500 million can be used for the development of leading edge biofuels that have been demonstrated and have commercial promise to substantially reduce greenhouse gas emissions.

**Home Weatherization:** Increases the threshold for household eligibility for the Weatherization Assistance Program from 150% to 200% of the federal poverty income levels, and increases the per-home maximum assistance from \$2,500 to \$6,500. Allows the Secretary to encourage states to pursue separate elements of weatherizing eligible homes, such as attic insulation. *The Appropriations bill is providing a landmark \$5 billion for this program.*

**Study of Electric Transmission Congestion:** Requires the Secretary to include an analysis of the transmission issues facing renewable energy in the pending study of electric transmission congestion due to be issued August 2009.

**Encourages Governors to Promote Energy Efficiency:** Includes \$3.1 billion for state energy program funds. In order to promote energy efficiency, conditions the award of this funding upon a notification to the Secretary of Energy by the governor that the governor has obtained the necessary assurances to adopt certain utility regulatory policies to encourage utility-sponsored energy efficiency improvements and updated energy-efficient building codes. In order to take advantage of existing institutional structures, a state is also encouraged to use federal funds for existing energy efficiency and renewable energy programs.