

U.S. Senator

**TOM HARKIN** OF IOWA



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## **HARKIN: ECONOMIC RECOVERY PACKAGE INVESTMENTS WILL TRANSFORM HEALTH CARE SYSTEM**

*“The investments from the economic recovery package that are already beginning to be released into Iowa’s economy will chart a new course for America by investing in our most important natural resource - our people. It begins a new era of transformational change in our economy – one that will give us a true 21<sup>st</sup> century health care system emphasizing information technology as well as prevention and wellness.” – Senator Tom Harkin.*

### Economic Recovery Package Investments Include:

**Community Health Centers:** \$2 billion will be available nationally with \$500 million for new centers, expansion grants, and one-time supplemental operating grants to help health centers deal with the current spikes in uncompensated care. The other \$1.5 billion will be used for construction, renovation and equipment, including health IT systems. These funds will be awarded competitively from the Federal Government.

In addition, \$300 million is dedicated to the National Health Service Corps. These funds will be used to provide loan repayment and scholarship to health professionals who agree to serve for 3-5 years in a shortage area. Community Health Centers qualify as shortage areas.

**Health Care Employment Training:** \$200 million that can be used for scholarship and equipment grants for nurse training programs. Additionally, these funds can also be used to train doctors, dentists and preventive medicine specialists.

**Medicaid Funding for Iowa:** Iowa will receive an additional \$550 million for Medicaid spending with the temporary Federal Medical Assistance Percentage (FMAP) Increase. The bill increases FMAP funding for a 27-month period beginning 10/1/2008 through 12/31/2010. The downturn in the economy has created a growing demand for Medicaid services as a time when state budgets are under tremendous strain. This increase in federal Medicaid assistance will help states meet this demand, and avoid draconian cuts that will leave more low-income families without needed health care coverage.

**Premium Subsidies for COBRA Continuation of Coverage:** COBRA is a federal program that allows individuals who lose or voluntarily leave a job to continue participating in their former health plan, by paying the full cost of the premium. Unfortunately, those premiums can average more than \$1000/month, making them unaffordable for many individuals and families. To address this problem, the Recovery Act 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 will also assist small businesses, if they are required by state law to continue coverage for workers who are laid off. It is estimated 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.