



The January 2013 Budget Deal: The American Taxpayer Relief Act and Medicaid

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On January 1, 2013, Congress passed, and the President signed, the *American Taxpayer Relief Act of 2012*. As a result, the United States avoided—at least, temporarily—the so-called “fiscal cliff,” a series of automatic spending cuts and tax increases that had been scheduled to take effect the first of the year. The automatic spending cuts were delayed until March 2013. Taxes on the wealthiest were allowed to increase; but for most Americans, income taxes did not go up.

The Taxpayer Relief Act did not include any Medicaid cuts, although cuts in Medicaid are likely to be debated soon. (See Families USA's *The 2013 New Year's Budget Deal and Medicaid: The Next Cliff* for a discussion of what is likely to happen next for Medicaid in the budget debates.) The law does, however, include several provisions that specifically affect low-income individuals, Medicaid, and providers that serve a large number of Medicaid enrollees. Here are a few of those provisions.

For More Information

The American Taxpayer Relief Act of 2012
<http://www.gpo.gov/fdsys/pkg/BILLS-112hr8eas/pdf/BILLS-112hr8eas.pdf>

The 2013 New Year's Budget Deal and Medicaid: The Next Cliff
<http://www.familiesusa2.org/assets/pdfs/medicaid/2013-Budget-Deal-and-Medicaid.pdf>

- **Extending the Qualifying Individual (QI) program through 2013.** The Qualifying Individual (QI) program allows Medicaid to pay the Medicare Part B premiums for low-income Medicare beneficiaries with incomes between 120 percent and 135 percent of poverty (from \$13,404 to \$15,070 for an individual in 2012) who are not enrolled in Medicaid. The program was scheduled to expire on December 31, 2012. The law extended it until December 31, 2013.
- **Extending Transitional Medical Assistance (TMA) through 2013.** The Transitional Medical Assistance program allows low-income families to keep Medicaid coverage for a limited time after they find a job, even though their earnings make them ineligible for regular Medicaid. It is designed to ease the transition out of Medicaid. It was scheduled to expire at the end of 2012 and is now extended until the end of 2013.
- **Extending Medicaid and CHIP Express Lane Eligibility until 2014.** Express lane eligibility allows states to determine eligibility for children in Medicaid or CHIP by using certain information from other public assistance programs that enroll children, such as school lunch programs. The authority for states to use Express Lane Eligibility was scheduled to expire on September 30, 2013. The Taxpayer Relief Act extended this option until September 30, 2014.

- **Extending Family-to-Family Information Centers until the end of 2013.** Family-to-Family Health Information Centers help connect families of children or youths with special health care needs to health care services and coverage sources like CHIP or Medicaid. Funding for these centers was scheduled to expire in 2012. The law extended funding until the end of 2013.
- **Reduction in the Disproportionate Share Hospital (DSH) Allotment.** The federal government provides states with an annual allotment to help hospitals that treat a disproportionate number of low-income patients who are not covered by Medicare, Medicaid, CHIP, or other insurance programs. The allotment is calculated using a statutory formula. The Affordable Care Act modified the payment formula to reduce payments from 2014 through 2021 to account for the fact that more individuals will gain insurance coverage when the Affordable Care Act is fully implemented. The Taxpayer Relief Act extends lower payments for another year. After 2021, allotments will again be determined using the current methodology, but they will be based on this lower level.

Moving forward, as Congress begins debates on the automatic spending cuts now scheduled to take effect in March and on the debt ceiling, which will need to be raised in late February or early March, Medicaid is certain to be a target for reductions. Advocates should urge their members of Congress to protect Medicaid. This vital program doesn't have "fat" to cut.

See Families USA's Medicaid Defense Center at <http://www.familiesusa.org/issues/medicaid/defense-center/> for talking points and more information to defend Medicaid from federal budget cuts.

