FOCUS on Health Reform

THE HENRY J. KAISER FAMILY FOUNDATION

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Federal Funding Under the Affordable Care Act

The Patient Protection and Affordable Care Act (ACA) made sweeping changes to our health care system and provides significant funding to help achieve those changes. This new funding, available through the direct financing of new programs, the extension of existing grant programs, new tax credit options and rebates to consumers is intended to provide state and local governments, employers, providers, consumers, and other entities with the resources to implement the many provisions in the law. The ACA appropriates an estimated $100 billion over a ten-year period (federal fiscal years 2010-2019) in mandatory funding, and authorizes another $100 billion over the same time period in discretionary funding, which will be subject to the annual appropriations process.[1] The amount of ACA funding available in any year will depend on many factors, including requests made by entities eligible for funding, changes to the law and funding amounts, and decisions by Congress regarding appropriations of discretionary funding.

The Kaiser Family Foundation has been tracking and analyzing the flow of federal ACA funds to states as reported in the Department of Health and Human Services (HHS) grant database (TAGGS) as well as periodic reports from HHS and the Internal Revenue Service. We have included in our tracking efforts as much of the ACA funding awarded to date as possible; however, we are unable to capture all of the federal funding, either because the funding levels are not detailed state by state or because we are unable to separate ACA funds from federal dollars spent on the regular operation of a program, a particular issue for the Medicare and Medicaid programs. Some important sources not included are the tax credits for small businesses offering health coverage to their workers and funding for the early Medicaid coverage expansions.

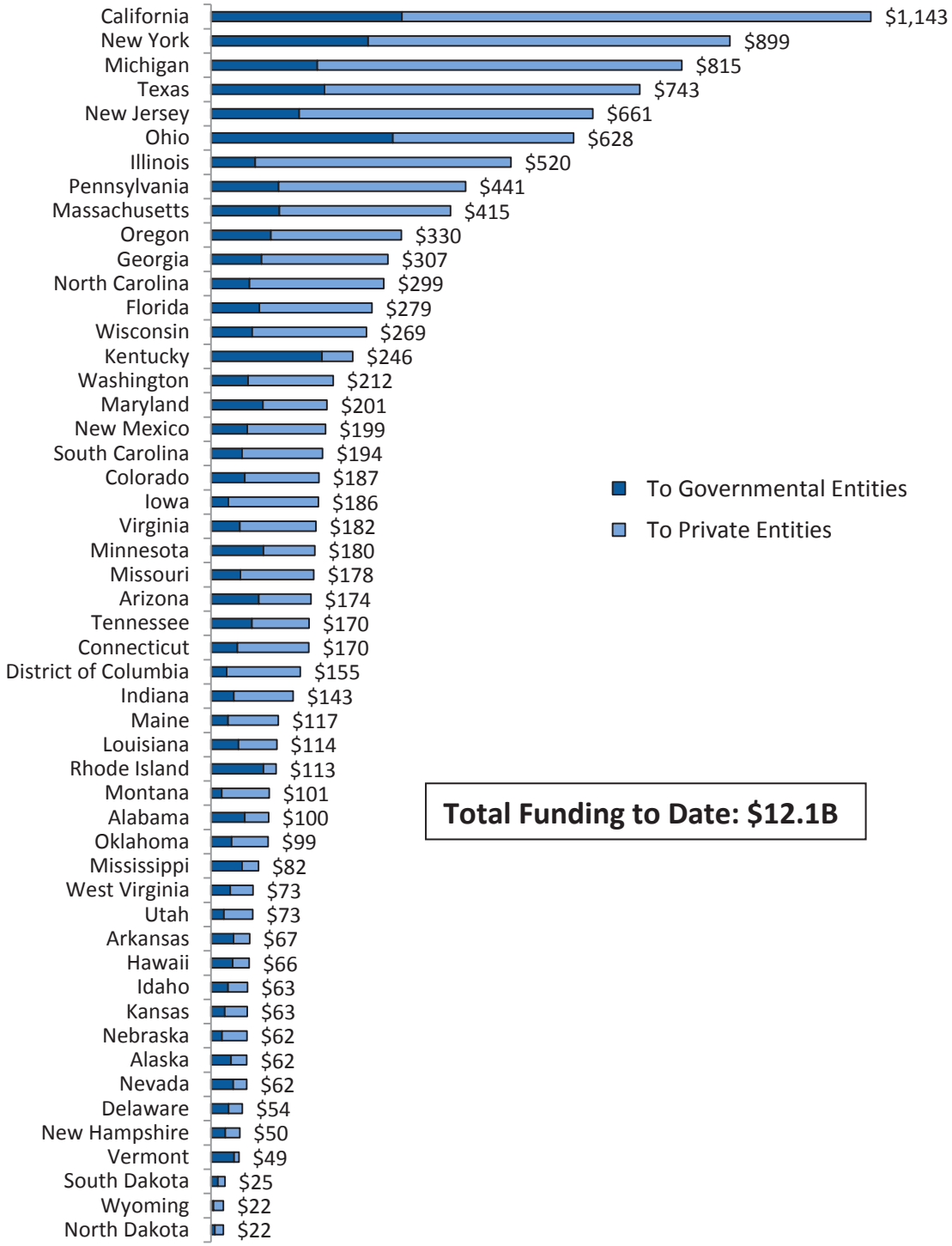
We have created an interactive online tool, the ACA Federal Funds Tracker, that allows users to examine the funding in a number of ways, including by total funding and by funding category. Users can also examine funding for a particular state and compare that state to the U.S. median or another state. In the online tool and this analysis, we distinguish between funds awarded to state and local governments (including state and local health departments and school districts) and private entities (including private employers, consumers, health centers, universities, and other community-based organizations). This factsheet provides some national highlights from this data source.

[1] Discretionary funding is dependent on decisions by Congress through the annual appropriations process while mandatory funding is by and large set unless Congress acts to amend the legislation. Redhead, CS "Appropriations and Fund Transfers in the Patient Protection and Affordable Care Act (ACA)" Congressional Research Service, October 28, 2010; "Potential Effects on Discretionary Spending, May 11, 2010" and "Further Information About Potential Effects on Discretionary Spending, May 12, 2010," *Selected CBO Publications Related to Health Care Legislation, 2009-2010.* Congressional Budget Office, December 2010. http://www.cbo.gov/doc.cfm?index=12033

Figure 1

Federal ACA Funding by State

($Millions)

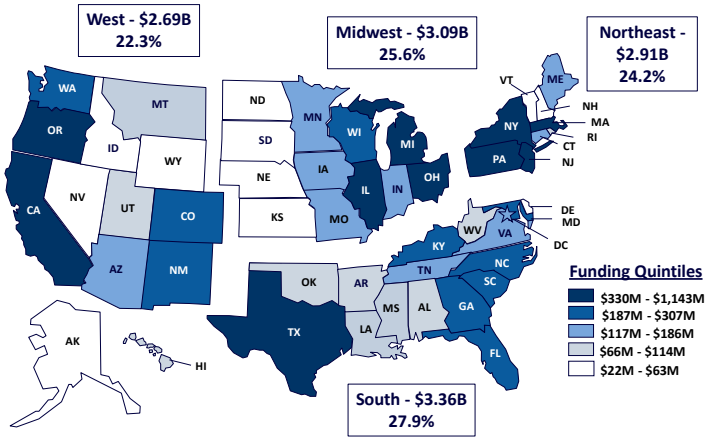


Source: Kaiser Family Foundation Analysis of ACA Funding, April 2, 2012.

Total Funds by State. As of April 2, 2012, nearly $12.1 billion had been awarded across the states through ACA programs since the law's passage in March 2010. There is wide variation in the distribution of funds across states (Figure 1). Over $1.14 billion, or 10% of all funds, has been awarded to entities in California, followed by New York and Michigan. On the other hand, the amount awarded to entities in North Dakota totaled $22 million or under 0.2%. The amount awarded to entities in ten states (California, New York, Michigan, Texas, New Jersey, Ohio, Illinois, Pennsylvania, Massachusetts, and Oregon) represents 55% of total funds. When viewed by Census region, ACA funding is split fairly evenly, ranging from 22.3% of funds going to entities in the West up to 27.9% of funds going to entities in the South (Figure 2).

Figure 2

Federal ACA Funding by Census Region



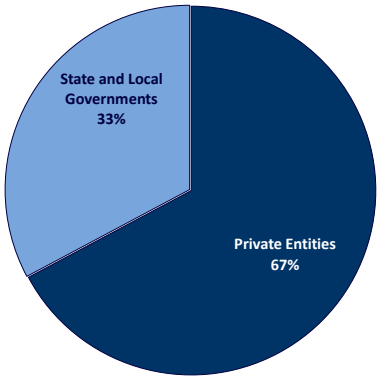
SOURCE: KFF Analysis of ACA Funding, April 2, 2012.

Per Capita Funding. Another useful way to examine the funding going to states is funding per resident. As expected, total funding per capita yields a different ranking of states from total funding. The District of Columbia (D.C.) ranks highest at $257.39 in funding per resident followed by Rhode Island at $108.90 per resident. The difference in per capita funding for D.C. compared to other states may be explained by the presence of many national organizations located in D.C. that have accessed ACA funding and the relatively small population of D.C. compared to other states. At the other end of the distribution, Florida ranks last in per capita funding at $15.14 per state resident. Among the top ten states in terms of total funding, several fall considerably when ranked by per capita funding, indicating that while these states have received some of the largest amounts of ACA funding, those funds are spread thinly across residents. (Figure 3, next page)

Private vs. State and Local Governments. Of the nearly $12.1 billion in ACA funding, $8.1 billion or 67% has gone to private entities[2] while $4 billion or 33% has been awarded to state and local governments (Figure 4). However, the split within each state between private and government entities differs; in Illinois, 85% of funding has gone to private entities versus 17% in Vermont. Almost $3 billion or 36% of ACA funding going to private entities has come from the Early Retiree Reinsurance Program (ERRP), a new ACA program enacted to aid employers to provide early retiree coverage.

Figure 4

Share of ACA Funds Flowing to Private Entities vs. State and Local Governments



Total: $12.1 Billion

NOTE: Private entities includes businesses, community-based organizations, health care providers, universities, and consumers among others.
SOURCE: KFF Analysis of ACA Funding, April 2, 2012.

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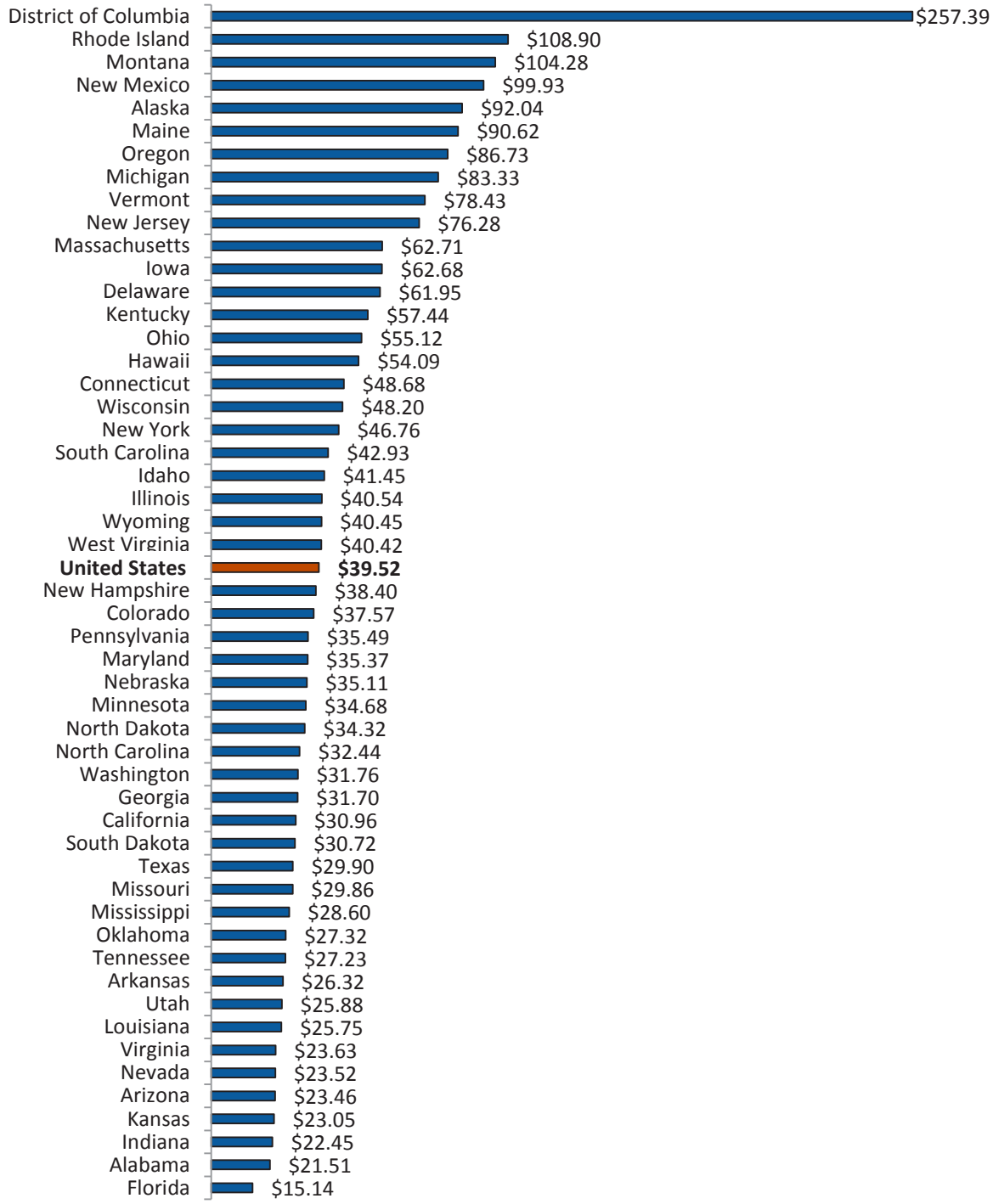
Figure 3

Federal ACA Funding Per Capita

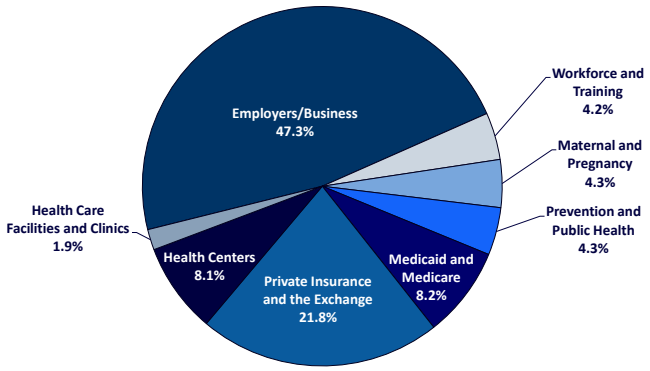


Source: Kaiser Family Foundation Analysis of ACA Funding, April 2, 2012. Per Capita calculations were completed using US Residents per State - Urban Institute and Kaiser Commission on Medicaid and the Uninsured estimates based on the Census Bureau's March 2010 and 2011 Current Population Survey (Annual Social and Economic Supplements). http://www.statehealthfacts.org/comparemaptable.jsp?ind=1&cat=1.

Sources of Funding. There are a number of funding streams operating under the ACA. In this analysis, these funding streams have been grouped into one of eight categories based on the purpose of the funding. These categories include: employers and businesses; health care facilities and clinics; health centers[3]; maternal and pregnancy; special projects for Medicare and Medicaid; prevention and public health; private insurance and exchanges; workforce and training.[4] Over 47% of the funding has been awarded through programs or tax credits for employers (Figure 5). Of this funding, nearly 83% comes from the ERRP, which has disbursed over $4.7 billion to public and private employers in every state.[5] The second largest category, private insurance and exchanges, captures grants to plan for and establish health insurance exchanges as well as grants to review health insurance premium increases, develop consumer assistance programs, operate and administer the pre-existing condition insurance pools, and loans to set up consumer oriented and operated health insurance plans. Over $2.6 billion has been awarded under this category across all states.

Figure 5

Federal ACA Funding by Program Category



Total: $12.1 Billion

SOURCE: KFF Analysis of ACA Funding, April 2, 2012.

The third largest funding category is funding for special projects in Medicaid and Medicare with over $984 million awarded to programs and consumers in each state. Funding in this category is comprised of select discrete grants for Medicaid programs and aging and disability resource centers to aid with outreach and enrollment, to implement innovative approaches to care for more complex populations as well as rebates to Medicare consumers who reach the Part D coverage gap, commonly referred to as the donut hole; funding for the normal operations of these programs or funding obtained through a state's federal matching percentage is not included in this tool.

Another important category of ACA funding is the prevention and public health category. This category consists of funding to support initiatives aimed at reducing the prevalence of chronic conditions and improving population health. Nearly $517 million has been awarded to programs in all states, from $1.6 million in North Dakota to $58.6 million in California.[6]

To use the ACA Federal Funds Tracker, go to: http://healthreform.kff.org/federal-funds-tracker.aspx. This tool will be updated at least quarterly as more grants and funding are awarded and information becomes available.

This factsheet was prepared by Laura Snyder and Jennifer Tolbert of the Kaiser Family Foundation for the Kaiser Initiative on State Health Reform.

[3] This refers to federally-designated non-profit organizations providing primary care to high-need communities.
[4] For information on the specific funding streams included in each category, see http://healthreform.kff.org/grant-category-listing.aspx.
[5] This program was appropriated $5 billion; the program stopped accepting claims incurred after December 31, 2011. Reimbursement requests which exceed the program's $5 billion are now being held in the order of receipt, pending available funding. www.errp.gov
[6] Many of these programs are funded through the Prevention and Public Health Fund. The recent payroll tax agreement legislation included a $6.25 billion reduction in overall funding for the Prevention and Public Health Fund. For more information: Tomsic, Trinity. *ACA Prevention and Public Health Fund: Uses and Recent Reductions: Issue Brief 12-13.* Federal Funds Information for States, March 13, 2012. www.ffis.org

This publication (#8301) is available on the Kaiser Family Foundation's website at www.kff.org.

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