

Senator Patrick Leahy (D-Vt.) announced Thursday that the final health reform package that is now headed for House and Senate votes will recognize the early investment Vermont has made in its Medicaid program, meaning more than \$100 million in added funding for Vermont's Medicaid programs over the next ten years.

The Medicaid solution for Vermont – one of the last issues to be resolved in final work on the plan -- was chiefly negotiated by Leahy with strong support from Senator Bernie Sanders (I-Vt.) and Representative Peter Welch (D-Vt.). The remedy fixes underfunding for Vermont as an "early leader" state that offers more generous Medicaid programs than much of the country.

Leahy said, "My argument throughout these negotiations was clear. Vermont should not be punished for doing the right thing. It was also a compelling argument because it is widely known that Vermont has been a leader in expanding health insurance coverage over the last 15 years."

Sanders said, "I am pleased that in these very difficult economic times we have managed to prevent the State of Vermont and other forward-thinking states from being discriminated against because we did the right thing in providing health coverage for more low-income people. States that innovate and have addressed the health care crisis should be respected and not penalized. I am glad that we have accomplished that goal."

Welch said, "Vermont is widely recognized as an innovative leader among the states in ensuring access to high quality, affordable health care. It would be more than ironic for our state and its citizens to be penalized because we lead the way. Thanks to the hard work of Senator Leahy, Vermont will now be recognized – not punished -- for its leadership."

As part of the effort to expand coverage to uninsured Americans, health reform proposals in the House and the Senate included expansions of the Medicaid program. The Medicaid expansion will insure more low-income Americans while also addressing variations in eligibility and benefit levels across current state Medicaid programs. To encourage state responsibility for newly eligible Medicaid beneficiaries, an earlier draft of the Senate bill included a formula giving states a 100 percent match for the expanded population for the first three years, and an enhanced match for that population for all other years. That formula unintentionally disadvantaged Vermont, an "early leader" state that would not have had any "newly eligible" enrollees under that Senate definition -- and Vermont therefore would not have seen any added Medicaid funding.

Before the draft Senate bill was finished, Leahy worked to include a bump up of 2.2 percent for Vermont for all Vermont Medicaid beneficiaries for six years. The 2.2 percent increase fixed the

error in the original Senate Medicaid formula that would have given Vermont no additional Medicaid funding.

The new package released Thursday includes a two-year enhanced match rate for all of Vermont's Medicaid beneficiaries from 2014 to 2016. Beginning in 2014, Vermont will receive an additional federal match rate for certain Medicaid beneficiaries, which increases each year until 2020, when Vermont and other early leader states will receive the same federal rate as all other states.

Throughout the health bill negotiations, Leahy's Medicaid fix for Vermont was a top priority of Governor James Douglas (R) and of key leaders of the Vermont Legislature.