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August 26, 2026

Chair, Michael Rodrigues
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Chair, Aaron Michlewitz
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Chair, Cindy Friedman
Senate Chair, Joint Committee on Health Care Financing
State House, Room 313
Boston, MA 02133

Chair, John Lawn, Jr.
House Chair, Joint Committee on Health Care Financing
State House, Room 236
Boston, MA 02133

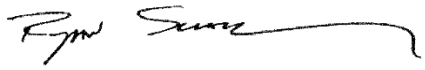
Dear Chairs Rodrigues, Michlewitz, Friedman, and Lawn,

Section 65 of M.G.L. Chapter 118E as established by Section 131 of Chapter 224 of the Acts of 2012 requires the Executive Office of Health and Human Services (EOHHS) to provide an annual report evaluating the processes used to determine eligibility for Health Safety Net reimbursable health services.

Specifically, Section 65 calls for: an analysis of the effectiveness of these processes in enforcing eligibility requirements for publicly-funded health programs and in enrolling uninsured residents into programs of health insurance offered by public and private sources; an assessment of the impact of these processes on the level of reimbursable health services by providers; and recommendations for ongoing improvements that will enhance the performance of eligibility determination systems and reduce hospital administrative costs. Please find attached a report which provides the required evaluation and illustrates service utilization trends.

I hope you find this report useful and informative. If you have any questions, please feel free to contact Sarah Nordberg-Dunlea at Sarah.Nordberg@mass.gov.

Sincerely,



Ryan Schwarz, MD, MBA
cc: Kiame Mahaniah, MD, MBA

I. Background

The Health Safety Net (HSN) was established pursuant to *Chapter 58 of the Acts of 2006* as the successor to the Uncompensated Care Pool (UCP). The HSN reimburses Acute Care Hospitals and Community Health Centers (CHCs) for eligible health services provided to uninsured and underinsured residents of the Commonwealth of Massachusetts. The program plays a critical role in maintaining access to necessary health care for low-income individuals while supporting the financial stability of the Commonwealth's safety net providers.

II. Eligibility Overview

All individuals eligible for the Health Safety Net must be uninsured or underinsured. Upon determination of eligibility, covered services are reimbursed through either HSN Primary or HSN Secondary, depending on the individual's existing coverage. Certain individuals may also be subject to income-based cost-sharing under HSN Partial eligibility.

A. Categories of Coverage

1. HSN Primary – For patients without any health insurance coverage. The HSN serves as the primary payer for reimbursable health services.
2. HSN Secondary – For patients with existing health insurance coverage. The HSN reimburses providers for reimbursable health services not covered by the patient's primary insurer.
3. HSN Primary Partial / Secondary Partial – For uninsured or underinsured individuals with incomes between 150% and 300% of the Federal Poverty Level (FPL). These individuals are responsible for an income-based deductible.

B. Income-Based Eligibility

- Individuals with incomes up to 150% of the FPL may qualify for HSN Primary or HSN Secondary without a deductible.
- Individuals with incomes between 150% and 300% of the FPL may qualify for HSN Partial, which includes an income-based deductible.

C. Temporary and Specialized Coverage

- ConnectorCare Transition Coverage: The HSN provides temporary medical and dental reimbursement for individuals determined eligible for ConnectorCare coverage, for the period beginning on the Patient's Medical Coverage Date and ending 100 days after the Patient's Medical Coverage Date.
- ConnectorCare Dental Coverage: Following the transition period, HSN Secondary continues to reimburse for allowable dental services not covered by the individual's health plan.
- Qualified Health Plans (QHPs): The HSN may reimburse for reimbursable health services provided to individuals enrolled in Connector QHPs, provided the services are not covered by the primary plan and the member meets HSN eligibility criteria.
- MassHealth Limited Enrollees: For individuals enrolled in MassHealth Limited (which covers emergency services only), the HSN reimburses for reimbursable health services not covered under their MassHealth plan.

D. Bad Debt and Hardship Provisions

- Bad Debt Reimbursement: The HSN reimburses HSN participating hospitals and CHCs for emergency or urgent care bad debt when providers cannot collect payment from an uninsured patient after reasonable collection efforts. Bad debt reimbursement is applicable only when the individual was uninsured and not HSN-eligible at the time of service.
- Medical Hardship Program: This program reimburses allowable medical expenses for eligible individuals whose medical bills exceed a specified percentage of their income. Eligibility may be granted retroactively for services rendered up to 12 months prior to the application date, with a maximum of two applications permitted within a 12-month period. A patient contribution may be required based on income level.

E. Confidential and Temporary Eligibility

- HSN Confidential Program: Provides reimbursement for confidential services to minors seeking care for sexually transmitted infections and/or family planning, as well as survivors of domestic violence who fear disclosure. Providers may only submit confidential claims when no alternative confidential funding is available. Eligibility must be renewed annually with provider assistance.
- Temporary HSN Eligibility: Providers may submit a temporary HSN application on behalf of uninsured patients unable to complete a full application at the time of service. Temporary eligibility remains effective until the end of the month following the temporary eligibility determination date or until a full application is processed, whichever occurs first. Individuals may receive temporary eligibility only once per year.

III. Enforcement of Eligibility Requirements

A. Eligibility Determination Process

The HSN utilizes the same application and determination systems as MassHealth, with the exception of emergency or urgent care bad debt and other specialized coverage types. Each application is verified for income, residency, insurance status, and identity at the time of submission.

Applicants whose information cannot be verified electronically are required to submit documentation within 90 days. Eligibility is re-determined annually to ensure continued compliance with program requirements.

B. Verification of Income and Eligibility

Income verification occurs through federal and state data matches. When reported income does not reasonably align with available data, applicants must provide verification within 90 days. Individuals who submit satisfactory documentation within this timeframe receive an eligibility start date up to 10 days prior to their application date.

MassHealth performs regular data matches with the Department of Revenue (DOR) and other data sources to verify wage information.

Each claim submitted to the HSN is verified for eligibility prior to payment to ensure program integrity and prevent duplication.

C. Claims Processing and Adjudication

All HSN claims, except bad debt claims, must correspond to an individual with verified HSN eligibility. The claims adjudication system crossmatches each claim with eligibility data before payment. HSN processes and adjudicates claims to determine funding distribution but does not make direct claims payments.

- Medical Claims: Processed through the Medicaid Management Information System (MMIS). MMIS performs standard edits for duplicate claims, medical necessity, and coding accuracy. Certain HSN-specific edits and pricing functions occur outside MMIS due to differences from MassHealth methodologies.
- Pharmacy Claims: Processed and priced through the Pharmacy Online Processing System (POPS) using MassHealth's established reimbursement rates. However, HSN is permitted to use a different drug formulary from MassHealth.
- Dental Claims: Processed and priced by the MassHealth Dental Third-Party Administrator (TPA), utilizing MassHealth's existing edits and pricing logic.

D. Identification of Other Insurance Coverage

The HSN serves as the payer of last resort for reimbursable health services. It does not make payments when another payment source is available. Program integrity measures include:

- A unified application and eligibility system shared with MassHealth and the Health Connector.
- Vendor review of paid claims to identify alternate payers and recover inappropriate payments.
- Standardized claims reporting for HSN Secondary claims to ensure accurate primary payer information from providers.

E. Grievance Process

The HSN maintains a formal grievance process for individuals contesting eligibility determinations or program actions. HSN staff review and resolve most grievances promptly. Complex cases may require coordination with other state agencies, and individuals are kept informed of progress until a resolution is reached.

IV. Encouraging Enrollment in Comprehensive Coverage

Pursuant to Section 65 of M.G.L. Chapter 118E, the HSN is required to develop programs and guidelines to encourage uninsured individuals receiving HSN reimbursable health services to enroll in available public or private health insurance coverage.

Since implementation of this mandate in 2006, the HSN has undertaken multiple initiatives to promote enrollment. The implementation of the Affordable Care Act (ACA) significantly expanded access to comprehensive coverage, reducing reliance on the HSN. In March 2020, the HSN awarded grant funding to six community organizations to support outreach and enrollment efforts among low-income residents, particularly targeting eligible individuals for MassHealth and Health Connector coverage options.

A. Impact of the One Big Beautiful Bill Act
EOHHS expects that additional Massachusetts residents may lose comprehensive health coverage due to eligibility changes in the federal *One Big Beautiful Bill Act* (OBBBA). In that case, these residents may rely on HSN, further straining the HSN funding shortfall.

One of these OBBBA eligibility changes, effective January 1, 2026, is the discontinuation of the MA Health Connector's ConnectorCare Plan Type 1 as a coverage option. Due to this change, subsidized health plans will no longer be available for some people with incomes below 100% of the federal poverty level. Many individuals previously covered via ConnectorCare Plan Type 1 will transition to MassHealth Limited for emergency services and may rely on HSN for non-emergency services.

As MassHealth and Health Connector eligibility changes progress, EOHHS is committed to engaging with stakeholders to support access to medically necessary services for uninsured and underinsured residents as feasible and in a fiscally sustainable manner.

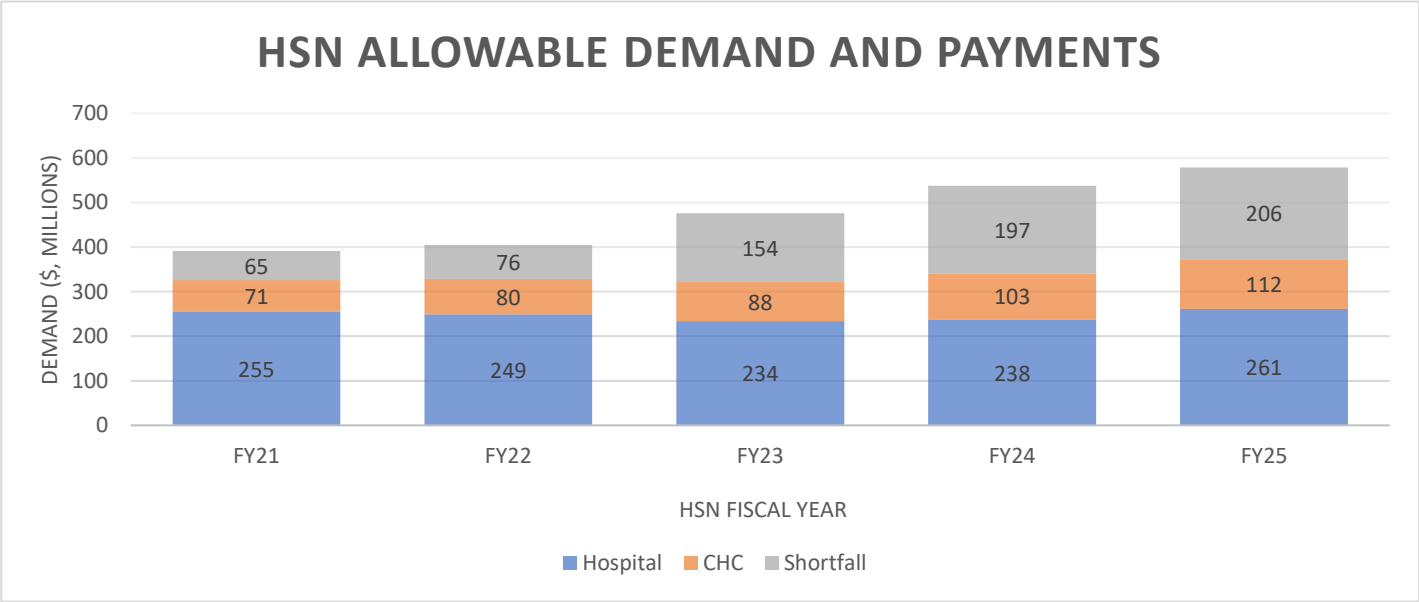
B. Ongoing Collaboration
The HSN continues to collaborate with MassHealth, the Health Connector, and community-based organizations to promote and sustain enrollment in comprehensive coverage programs, consistent with the Commonwealth's commitment to universal access to affordable health care.

V. Impact of HSN Eligibility Policies on the Level of Total HSN Demand from Providers

The effects of HSN eligibility requirements and other changes related to health care reform are reflected in HSN payment and demand statistics. Demand represents the amount that providers would have been paid in the absence of a funding shortfall. Demand from hospitals and Community Health Centers (CHCs) reflects the overall utilization of HSN reimbursable health services for HSN-eligible recipients.

HSN demand returned to pre-pandemic levels during Fiscal Years 2021–2022. In Fiscal Years 2023–2024, however, demand increased due to several contributing factors, including a higher number of recipients utilizing the fund, escalating pharmacy costs, an increase in the number of disproportionate share hospitals (which receive an HSN outpatient service rate add-on), and mandated provider rate adjustments. These factors have collectively resulted in a significant increase in the program's financial shortfall.

HSN Total Allowable Demand and Payments



Notes: The HSN Fiscal Year runs from October 1 through September 30. Data reflect payment and projected demand levels as of the end of each fiscal year and exclude adjustments made after the end of the fiscal year. Final reconciliation for HSN FY23, FY24, and FY25 are not complete at the time of this publication. Total Allowable Demand does not include hospital offset demand of up to $20M for BMC and up to $50M for CHA. The totals listed are subject to change as long as the fiscal year remains open to account for claim reconciliations, payment adjustments, etc. HSN FY25 includes a $77M payment from "An Act making appropriations for fiscal year 2025 to provide for supplementing certain other activities and projects" to the Health Safety Net Trust Fund.

VI. Recommendations for Ongoing Improvement

The Health Safety Net continues to work collaboratively with other units within MassHealth, the Connector, and other state agencies to streamline eligibility systems and determination processes to ensure program integrity. The Health Safety Net will continue to collaborate with state agencies on enhancements to the eligibility system and determination processes. The HSN plans to prioritize the following improvements:

- Simplify deductible calculations and improve deductible tracking for patients and providers.
- Enhance claims processing systems to improve overall HSN claims processing and program integrity, ensure accurate payments are made to providers in a timely fashion and reduce hospital administrative burden.
- Shift to a largely generic drug formulary for reimbursable pharmacy services, to maintain access to care in a more cost-effective manner to improve the long-term sustainability of HSN.

VII. Conclusion

The Health Safety Net continues to fulfill a critical role in Massachusetts' health care system by ensuring access to medically necessary services for uninsured and underinsured residents. Through coordinated eligibility verification, robust claims oversight, and active promotion of comprehensive insurance coverage, the HSN upholds program integrity while supporting the Commonwealth's broader goal of achieving universal, equitable access to health care.