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Healey proposes new Health Care Stabilization Fund

Includes measure in \$2.24 billion budget bill filed as federal healthcare changes are phasing in

Alison Kuznitz, Sam Drysdale
Sep 23, 2026



Gov. Maura Healey speaks to reporters at the State House on Thursday Aug. 13, 2026.

Katie Castellani / SHNS

STATE HOUSE, BOSTON, Sept. 23, 2026.....Gov. Maura Healey filed a \$2.24 billion supplemental budget Wednesday that would pump more money into the workforce that supports SNAP benefit recipients and establish a new healthcare fund as the state prepares for federal funding cuts.

The state's existing Health Safety Net Trust Fund, which covers the cost of care for uninsured and underinsured residents, is poised to see a ballooning deficit as residents lose their MassHealth coverage due to policy changes incorporated in the federal One Big Beautiful Bill Act.

The governor's package calls for the creation of a Health Care Stabilization Fund, which Healey in her filing letter said would "support emerging health care needs, including new costs born from recent federal policy changes."

"This fund will allow us to house surplus resources to support MassHealth, the Connector, and the Health Safety Net," Healey wrote.

The bill envisions a funding mechanism for the healthcare account that diverts some excess capital gains that otherwise would go into the rainy day fund. Healey asked lawmakers to enact the bill "promptly" to close the fiscal 2026 books.

The state surtax on high earners has been consistently generating surplus funds that must be spent on education and transportation, according to a constitutional amendment approved in 2022. Non-surtax taxes have experienced less robust growth and fiscal experts over the years have warned against heavy spending of volatile capital gains revenues.

The governor's bill would steer \$41.5 million to the Department of Transitional Assistance, the agency that administers SNAP benefits and is also under acute strain due to the federal law. That amount includes \$26.6 million to support DTA caseworkers, which Healey's office said will enable Massachusetts to retain the 78 new employees hired this year and hire 10 more. It also encompasses about \$15 million "to support technology improvements and additional staff support to improve payment accuracy and help the department meet new federal requirements," Healey's office said.

Massachusetts is at risk of losing substantial federal revenue if it fails to reduce its error rate for SNAP benefits.

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HOUSE No.



MAURA T. HEALEY
GOVERNOR

OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
STATE HOUSE · BOSTON, MA 02133
(617) 725-4000

KIMBERLEY DRISCOLL
LIEUTENANT GOVERNOR

September 23, 2026

To the Honorable Senate and House of Representatives,

I am filing for your consideration a bill entitled “An Act Making Appropriations for Fiscal Year 2026 to Provide for Supplementing Certain Existing Appropriations and for Certain Other Activities and Projects.”

This legislation is necessary to meet critical spending needs, pay bills, build reserves and close Massachusetts’s Fiscal Year 2026 (FY26) in balance. In total, this bill proposes to appropriate \$2.24 billion gross/\$1.46 billion net to meet our obligations and added targeted resources to priority areas of our budget, including support for first responders and maternal health.

This bill also presents an opportunity for us to act together to make life more affordable in Massachusetts. While the President continues to drive up costs with his war and tariffs, we have an opportunity to deliver relief for residents and businesses alike.

That is why I am proposing here to suspend Massachusetts’ gas tax for two months, providing immediate relief for residents and truck drivers as President Trump continues to wage war in Iran with no end in sight. Today in Massachusetts, the average cost of a gallon of gas is \$4.40 and the cost of a gallon of diesel is \$6.38, up from \$2.90 for regular and \$4.20 for diesel in February 2026 before the war started. This has disrupted major shipping routes and energy infrastructure in the Middle East and has resulted in families and businesses across the country paying more for gas, diesel and the goods they rely on every day.

While we cannot control the price of gas, we can control how much we tax it.

Repurposing a pitch from her energy affordability bill, Healey is again proposing overhauling how utility companies purchase electricity for customers on basic service. As Healey faces a reelection challenge this November with affordability on the ballot, the maneuver is expected to save ratepayers \$610 million.

Other policy highlights of the bill involve suspending the state's gas tax for two months in response to higher prices stemming from the ongoing war in Iran and capping the resale price of concert tickets at 110% of the face value of the original ticket. As she detailed last week, Healey also wants to invest \$2 million into a home visiting program for parents of newborns and \$250,000 to the Massachusetts Child Psychiatry Access Program for Moms.

The bill allocates \$1.8 billion in gross funding to MassHealth, which Healey says will shake out to a net cost of \$1.03 billion after federal reimbursements. The package includes \$134 million for a sheriffs' reserve account, as well as nearly \$6 million to support the Cannabis Control Commission's work to implement a law overhauling the marijuana industry.

Spending allocated in the \$63.4 billion state budget rose by about 3.9% over fiscal year 2026, according to the Massachusetts Taxpayers Foundation. Healey and the Legislature have added to the fiscal 2026 bottom line through supplemental spending bills.

Healey has so far signed two spending bills in fiscal 2026: \$300 million for increasing health insurance costs for public workers and a supplemental income surtax spending bill topping \$1.4 billion.

Lawmakers adopted a new rule this session permitting them to return to Beacon Hill for election season and lame duck formal sessions on a limited range of matters, including appropriations bills filed after July 31. That means legislators will eventually have an opportunity to debate and amend a House Ways and Means version of Healey's bill.

[Katie Castellani contributed reporting]

Alison Kuznitz and Sam Drysdale are reporters for State House News Service and State Affairs Pro Massachusetts. Reach them at akuznitz@stateaffairs.com and sdrysdale@statehousenews.com.

Alison Kuznitz

Sam Drysdale