

March 18, 2008

Dear Senator/Representative:

Over the last year the Administration has proposed or issued regulations that will force states to make significant changes to Medicaid. If implemented, the changes will withdraw federal support for important health care services and threaten access to health care for millions of our most vulnerable citizens. By shifting costs to the state and to local governments, the regulations would force difficult choices between critical education, public health, and social services. As a broad cross-section of advocates and health care and social services providers, we strongly urge you to protect our state from these harmful changes by passing legislation to extend existing moratoria on harmful regulations and to delay additional regulations that will go into effect if Congress fails to act. (The attached table provides more detail about the regulations and pending legislation.)

Last year, Congress acted on a bipartisan basis to pass legislation to temporarily delay implementation of regulations that would have significantly restricted federal support for services provided to children in schools, for rehabilitation services provided to children and people with disabilities, and for our health care safety net. These moratoria are scheduled to expire this spring and will be particularly damaging for seniors, children and people with disabilities if the regulations go into effect. Other pending regulations will jeopardize critical case management services and access to other important health care services.

While these regulations are harmful in their own right, they are even more troubling because – if not delayed – they will shift millions of dollars in health care costs to state and local budgets at a time when they are already under pressure due to the slowing economy. Extending the existing moratoria on changes in school-based and rehabilitation services and hospital payments and enacting new moratoria to address other recent Administration actions that endanger healthcare by limiting access to case management services as well as providers' ability to provide other key health care services will help protect Medicaid beneficiaries and the health care providers they rely on.

Please support efforts to protect our most vulnerable citizens, who rely on Medicaid as well as our health care safety net and other critical state services, underway to extend existing moratoria before their expiration this spring and to implement additional moratoria on more recently issued regulations.

Sincerely,

Catholic Caucus Southeast Michigan
Center for Civil Justice
Child & Family Services of Northwestern Michigan
Community Living Network
Community Residence Corporation
Michigan County Social Services Association
Michigan Healthy Mothers Healthy Babies Coalition
Michigan League for Human Services
School Community Health Alliance of Michigan
SHS School-Based Health Center Health, Delivery, Inc.
STARR Commonwealth
Waterford Teen Health Center/Genesys Health System

Support Legislation to Delay Harmful Medicaid Regulations

To date, the following bills have been introduced to extend or enact moratoria to delay various Medicaid regulations. In upcoming weeks, it is likely that a bill will be introduced to delay all of the regulations.

Legislation	Regulations
<p>H.R. 5173 S. 2578 Temporarily delays application of proposed changes to Medicaid payment rules for case management and targeted case management services.</p>	<p>Targeted Case Management: The regulation significantly limits federal Medicaid matching funds for case management services. The Deficit Reduction Act (DRA) made some changes to Medicaid’s case management benefit, but the regulation the Centers for Medicare and Medicaid Services issued to implement these changes goes far beyond what Congress intended and will have a detrimental impact on beneficiaries, especially children in foster care and people with physical or mental disabilities or other chronic health conditions. <u>Status:</u> Interim Final Rule goes into effect March 3rd.</p>
<p>H.R. 4355 Imposes a one-year moratorium on the regulations or other administrative actions to restrict Medicaid coverage or payment for rehabilitation services, or school-based administration, transportation, or medical services.</p>	<p>Administrative Claiming and Transportation Costs for School-based Services: The regulation eliminates federal funds for outreach, enrollment assistance, coordination of health care services, and related activities by school personnel to enroll more eligible poor children in Medicaid. The rule also would reverse current policy that allows federal funds to be used to transport children to school if the children have special health needs and receive health care services at school. <u>Status:</u> Final rule issued; implementation delayed by Congressional action until 6/30/08.</p> <p>Rehabilitation Services: Limits the types of rehabilitative services that states can cover with federal funds, including special instruction and therapy for children and other beneficiaries who have mental illness or developmental disabilities. The prohibits the use of federal Medicaid funds for therapeutic foster care, designed for children with serious mental illness, and significantly limits states’ ability to provide rehabilitative services designed to enable individuals with disabilities to improve their mental or physical capacities and remain out of an institution. <u>Status:</u> Delayed by Congressional action until 6/30/08.</p>
<p>H.R. 3533 Extends by one year the moratorium on implementation of the hospital cost-limit rule and on finalization of the graduate medical education rule.</p> <p>S. 2460 Extends by one year the moratorium on implementation of the hospital cost-limit rule and on finalization of the graduate medical education rule, <i>and</i> includes a moratorium on the finalization of the outpatient Medicaid rule.</p>	<p>Hospital Cost-Limits: Limits payments to hospitals and other institutions operated by state or local governments to the cost of providing services to Medicaid beneficiaries, despite the fact that these hospitals need additional support from Medicaid to help in defraying the costs of providing care to the uninsured, along with the provision of essential services such as trauma care, emergency response, and neonatal intensive care. Also revises the definition of “providers” for purposes of Medicaid financing. <u>Status:</u> Final rule issued; implementation delayed by Congressional action until 5/25/08.</p> <p>Graduate Medical Education: Eliminates federal Medicaid reimbursement for the costs of graduate medical education (GME) provided by teaching hospitals, which many state Medicaid programs have historically reimbursed to help offset the additional costs these facilities incur as a result of their special missions of educating physicians and caring for patients who require more intense, complex care. <u>Status:</u> Delayed by Congressional action until 5/25/08.</p> <p>Outpatient Clinic and Hospital Facility Services: Changes the definition of outpatient hospital services to significantly narrow the types of services states can cover under this benefit category, severely restricting reimbursement rates for such services as hospital-based physician services, routine vision services, annual check-ups, and vaccinations. <u>Status:</u> Proposed rule issued 9/28/07, not subject to any moratorium.</p>