



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: New CBO data on impact of Medicaid changes
Da: Tuesday, Jan. 31, 2006

Today, the Congressional Budget Office released new data on the impact of the Medicaid provisions in the Deficit Reduction Act (DRA). According to CBO, 115,000 more disabled children will gain comprehensive coverage under Medicaid because of the Family Opportunity Act in the DRA. This represents one of the largest expansions in coverage for disabled children in the history of the program. Further, this is many times more children gaining coverage under Medicaid than CBO, in its analysis released last week, believes could potentially be affected by the cost-sharing provisions in the bill.

In the additional data released today, CBO also estimates that states will use the authority through the new allowable home and community based service provision to provide additional services to 120,000 individuals, allowing those individuals the comfort and dignity of remaining in their homes and contributing to their communities.

While CBO believes that the cost-sharing and benefit flexibility provisions in the bill will result in fewer children being covered, the governors requested these reforms to strengthen the program and maintain the safety net. Gov. Mark Warner, testifying before the Finance Committee on June 15, 2005, clearly outlined the need to strengthen the safety net with these reforms when he said, "I am interested in Medicaid reform because Medicaid, as it is currently situated, is simply not sustainable for the States over the long term." And on the issue of why states need flexibility, Gov. Mike Huckabee stated, "I want to assure you that the governors approach Medicaid reform not with the idea that we are trying to get out from under the responsibility of making sure that we provide the best, most efficient, and effective coverage to the families that we are there to serve." Gov. Warner said, "We welcome Federal policies that have achieved greater efficiency that provide us, . . . as the CEOs of the largest insurance programs in our State, some additional flexibility [that] can help us provide both greater savings and what we hope will be greater expansion of coverage." Sen. Chuck Grassley, chairman of the Committee on Finance, the Republican Senate author of the Family Opportunity Act, made the following comment on today's CBO analysis.

"The bottom line is, the reforms in the Deficit Reduction Act were proposed from a consensus process by Democrat and Republican governors. They're designed to strengthen Medicaid so it can be better managed and can better serve those who rely on it for their health care coverage. If you wait long enough, the whole story will come out. The additional information released today by the Congressional Budget Office should put to rest, once and for all, any question as to whether

or not this bill is a step forward for the vulnerable and disabled. It's a step forward. When the dust settles, I'm confident that people will see this bill as an important advancement for children, the elderly and the disabled."