

PALLONE STATEMENT AT HEALTH DISABILITY HEARING

January 16, 2008

"Good morning. Let me begin by welcoming everyone back from our break. Today, we are meeting for the first time in the new year to hold a hearing on 'Helping Families with Needed Care: Medicaid's Critical Role for American's with Disabilities.'

"It goes without saying that today's hearing is long overdue. I know there are many people who are in the audience today who have been calling for this hearing for many months and even years. I want to thank you for all the hard work you do to advocate on behalf of your community. Today's hearing is about you and your families. It is about ensuring you have the services and supports you need to remain independent members of society.

"Over the years, Medicaid has enabled millions of Americans with a wide range of disabilities to live independent lives by providing medical care, as well as specialized supports and services. In spite of Medicaid's success, over the past year, the Bush administration has launched an all out attack on Medicaid, issuing a constant stream of regulations that seek to reduce the scope and breadth of the Medicaid program, thereby restricting its ability to provide for disabled Americans.

"These harmful regulations would, for example, restrict states' ability to provide rehabilitative services, including those designed to enable individuals with disabilities to improve their mental or physical capacities and remain out of an institution; eliminate the ability of schools to provide administrative services, such as enrollment, eligibility counseling and referrals, for Medicaid children; and most recently restrict states' ability to help manage the care and support services that are crucial to helping Medicaid beneficiaries live independently.

"The combined effect of these regulations, should they be implemented, would be a loss of billions of dollars for state Medicaid programs, thereby putting in jeopardy critical services that millions of Medicaid beneficiaries rely upon.

"Fortunately, in the recently passed CHIP extension we were able to put a moratorium on the School-Based Administration and Transportation Services Rule, as well as the Rehabilitation Services Regulation. But that was only a temporary measure to halt the administration's attack. If these rules and regulations are eventually implemented, they will have a disastrous impact on our safety net system's ability to provide services for disabled communities across the nation. I am looking forward to hearing from our witnesses today exactly what the impact of these regulations would be, should they go into effect.

"Today is not only about the administration's misguided policies; we will also be discussing a number of bills today that can have a positive impact on disabled Americans by strengthening Medicaid, and offer alternatives to provide services for disabled Americans so they care remain in their communities. One proposal is legislation I introduced with Chairman Dingell and Senator Kennedy, the Community Living Assistance Services and Supports Act or the CLASS Act.

"Currently there are 10 million Americans in need of long term services and supports, and that number is expected to increase to nearly 15 million by 2020. Most private-sector disability or long-term care insurance plans are constrained in the insurance protection they can offer at an affordable price, and

neither Supplemental Security Insurance (SSI) nor Old, Age, Survivors, and Disability Insurance (OASDI) programs have any benefit differentials related to the extent and character of the disability.

"Because of this, Americans who have, or develop, severe functional impairments can only access coverage for vital services through Medicaid. These services however, including housing modifications, assistive technologies, transportation, and personal assistance services, are critical to their independence.

"This fact creates perverse incentives, forcing many to live in poverty and remain unemployed so that they can qualify for Medicaid. With Medicaid paying 50 percent of the costs, increased expenditures on long term services are expected to add \$44 billion annually to the cost of Medicaid over the next decade.

"And as America continues to age, we are faced with an impending crisis in long term care. With the introduction of the CLASS Act last year, I aimed to offer a new approach that builds upon our existing safety net system and helps our elderly and disabled finance the long term care they need to remain active and productive members of their communities. This bill offers a new, alternative path. It will create a national insurance program to help adults who have or develop functional impairments to remain independent, employed. It will also give individuals added choice and access to supports without requiring them to become impoverished to qualify.

"The CLASS Act is an important step in the evolution of public policy because it is a framework based on the principles of independence, choice, and empowerment. It is the framework needed to help individuals access the services they need to remain in their communities and out of institutions.

"We will also hear today about, the Community Choice Act, introduced by Rep. Davis that aims to redirect the focus of Medicaid services from institutions to home and community settings, giving eligible individuals equal access to community-based services as to institutional supports and enabling people to make their own choices about the care they receive.

"Finally, I also want to recognize my good friend, Lois Capps for the legislation she has introduced, the Direct Support Professionals Fairness and Security Act, which will provide enhanced federal Medicaid funding to those states that agree to match voluntary/private direct support professional wages to the level of pay for comparable state employees.

"I would like to commend my colleagues for their work on these issues and I would like to thank the witnesses for appearing before us today to share their expertise. We look forward to hearing your testimony. I now recognize my colleague from Georgia, Mr. Deal, for five minutes for his opening statement."