
VOR is the only national organization advocating for a full range of residential and support options for people with mental retardation, including Medicaid-certified Intermediate Care Facilities for the Mentally Retarded (ICFs/MR) and home and community-based care. VOR supports choice.

VOR Weekly E-Mail Update September 22, 2006

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 4. JOIN OR CONTRIBUTE TO VOR TODAY PLEASE!! See Membership/Contribution/Referral Form at end of Update.

Coming Up: Election News

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VOTE!!!!

1. Federal Legislation Update

With only 7 days left before the scheduled September 29 recess, not much in the way of disability- related legislation is expected to be considered. The bills we are watching may come up during the "lame duck" session after the elections, including -

(A) Line item veto legislation - there is no word yet on whether or not this will be considered.

(B) Sunset Commission legislation -- there is no word yet on whether or not this will be considered.

(C) Appropriations, including Labor, Health and Human Services, and Education - this WILL be taken up after the elections. Appropriations set, of course, the federal budget for the coming year, so we will be watching for any attempts to further erode Medicaid. See e.g., the article below, "Planned Medicaid Cuts Cause Rift With States," and <http://www.aamc.org/advocacy/063006.pdf> for a letter from a bipartisan group of 44 Senators urging HHS Secretary Mike Leavitt to not act on Administrative proposal that would reduce Medicaid payments for providers.

(D) Social Security Reform -- the President is eager to revisit this issue and may reopen the debate soon after the elections.

According to the Washington Post, the President "remains eager to cut entitlement spending."

"The Bush administration has begun sounding out lawmakers and other key figures about mounting a new bipartisan effort to rein in the costs of Medicare, Medicaid and Social Security after the midterm elections, according to officials in the administration and on Capitol Hill.

"No specific plan has been advanced, and administration officials are proceeding gingerly given the political debacle that beset the White House last year when President Bush promoted a plan to create private accounts in the Social Security program. But they have been sending strong signals in recent weeks that they want to try something again after the elections in November." (Washington Post, August 11, 2006)

VOR members will receive regular updates and Action Alerts, as appropriate.

2. Senate Bill Would Eliminate Part D Cost-Sharing for Medicaid HCBS Recipients

Summary: In its comments on the proposed regulations to Part D, VOR argued that Home and Community Based Services Recipients should be entitled to the same cost sharing exemptions as ICF/MR residents, based on the premise that eligibility for HCBS waivers is the same as eligibility for ICFs/MR.

Perspectives NASDDDS August 2000

[Perspectives is published monthly by the National Association of State Directors of Developmental Disabilities Services (NASDDDS). A subscription to Perspectives is \$95/year and can be ordered by visiting <http://www.nasddds.org>, or calling 703-683-4202].

Senator Gordon Smith (R-OR) has introduced a bill designed to extend to extend the Part D cost-sharing projections enjoyed by dual eligibles living in nursing facilities to dual eligible beneficiaries who receive Home and Community Based Services (HCBS) in a home setting through an 1115 or 1915(c) waiver, as well as those residing in a home setting or in assisted living, residential care facilities, or other licensed facilities such as group homes for people with mental retardation and developmental disabilities, psychiatric health facilities, and mental health rehabilitation centers. The bill, The Home and Community Services Co-Payment Equity Act of 2006 (S. 2409), would exempt waiver participants from paying copayments for their Part D drugs.

In the Medicare Modernization Act (MMA), Congress exempted dual eligibles living in nursing facilities and ICFs/MR from any cost sharing for Part D prescription drugs, but did not extend this protection to dual eligibles living in the community and receiving services through Medicaid waivers. The National Center for Assisted Living (NCAL) and the American Health Care Association (AHCA) have organized a coalition of more than 30 groups, including NASDDDS, in support of the legislation, arguing that the affected population typically has demonstrated a need for an institutional level of care and has similar needs, incomes, and

vulnerabilities as those living in nursing homes and ICFs/MR. The groups signed a letter delivered to Senator Smith's office encouraging passage of his legislation.

3. Planned Medicaid Cuts Cause Rift With States

The New York Times August 13, 2006 By Robert Pear

The White House is clashing with governors of both parties over a plan to cut Medicaid payments to hospitals and nursing homes that care for millions of low-income people.

The White House says the changes are needed to ensure the fiscal integrity of Medicaid and to curb excessive payments to health care providers.

But the plan faces growing opposition. The National Governors Association said it would impose a huge financial burden on states, already struggling with explosive growth in health costs.

More than 330 members of Congress, including 103 Republicans, have objected to the plan. A letter signed by 82 House Republicans says it would seriously disrupt financing of Medicaid programs around the country. A bipartisan group of 50 senators recently urged President Bush to scrap the proposed rules, which were set forth in his 2007 budget and could be issued before the end of this year.

Medicaid finances health care for more than 50 million low-income people, with money provided by the federal government and the states.

Under the White House plan, the federal government would reduce Medicaid payments to many public hospitals and nursing homes by redefining allowable costs. It would also limit the states ability to finance their share of Medicaid by imposing taxes on health care providers. About two-thirds of the states have such taxes.

The federal government pays at least 50 percent of Medicaid costs in each state and more than 70 percent in the poorest states.

Bush administration officials say states have used creative bookkeeping and accounting gimmicks to obtain large amounts of federal Medicaid money without paying their share. Moreover, they contend, some states have improperly recycled federal money to claim additional federal Medicaid money.

States have managed to draw down more federal Medicaid dollars with fewer state dollars, said Dennis G. Smith, director of the federal Center for Medicaid and State Operations.

State and local officials, members of Congress, hospitals, nursing homes and advocates for poor people make several arguments. First, they say, Mr. Bush is doing by regulation what he unsuccessfully asked Congress to do by legislation in the last two years. Second, they say,

prior administrations and the Bush administration itself approved many of the state taxes that would be deemed improper under the new rules.

Gov. Arnold Schwarzenegger of California, a Republican, said, The administration is attempting to reverse decades of federal Medicaid policy through the regulatory process, less than a year after Congress rejected these misguided cuts.

In Missouri, Gov. Matt Blunt, a Republican, said the change could mean a loss of more than \$84.9 million for his state. That, he said, would jeopardize the continuity of care for Medicaid recipients and set back efforts to improve care in nursing homes.

Gov. M. Jodi Rell of Connecticut, a Republican, protested the White House plan in a letter to Mr. Bush. She said the effects would be disastrous in states like Connecticut, which relies on fees collected from nursing homes to help pay its share of Medicaid costs.

Democratic governors, including Janet Napolitano of Arizona, Edward G. Rendell of Pennsylvania and Kathleen Sebelius of Kansas, also denounced the White House plan. Ms. Sebelius said the cuts would make it much more difficult for health care providers like the University of Kansas Hospital to serve Medicaid recipients and people without insurance.

The cuts contemplated by the White House would not reduce the cost of care. But state officials said the changes would put pressure on states to reduce Medicaid benefits, restrict eligibility or lower payments to health care providers.

Medicaid is one of the largest, fastest-growing items in state budgets. To pay their share of the costs, states often rely on general revenue from sales and income taxes. But many also levy special taxes on hospitals, nursing homes and other health care providers. In many cases, providers willingly pay such taxes because the revenue shores up Medicaid and can be used by states to obtain federal matching payments.

Under current rules, a state can impose a tax equal to 6 percent of the revenue of a hospital or nursing home. The administration wants to lower the allowable tax rate to 3 percent. The federal government would reduce its Medicaid payment to any state that levied taxes above that.

Michael O. Leavitt, the secretary of health and human services, said this change would remove incentives for states to shift the responsibility to fund their share of the Medicaid program to health care providers. Hospitals and nursing homes, he said, should welcome the change because it would reduce their taxes.

But Thomas P. Nickels, senior vice president of the American Hospital Association, and Bruce A. Yarwood, president of the American Health Care Association, a trade group for nursing homes, said the plan was simply a way to cut Medicaid.

If provider taxes are cut, the Medicaid program will be reduced, and that will harm beneficiaries, Mr. Nickels said. We do not see a political will, at the federal or state level, to supplant provider taxes with other types of revenue.

In February, Mr. Bush signed a bill that gave states power to revamp Medicaid by altering eligibility and benefits. That measure is expected to cut the growth of federal Medicaid spending by \$4.9 billion over five years. The White House estimates that the new rules will save the federal government even more: \$12.2 billion over five years.

The administration said it needed to impose stricter limits on Medicaid payments to public hospitals and nursing homes because such payments far exceeded the actual cost of services in many states.

The changes may seem technical. But Marvin R. OQuinn, president of Jackson Health System in Miami, said they would directly and adversely affect patients.

Dr. Bruce A. Chernof, director of the Los Angeles County Department of Health Services, said the cuts would reduce access to services in a county where 33 percent of residents are uninsured. The county's five public hospitals operate trauma centers and burn treatment units for all patients, not just Medicaid recipients, he said.

The effects are magnified by the way Medicaid is financed. For each dollar that a state loses in provider tax revenue, the federal government will reduce its contributions by \$1 in California and Connecticut, and by \$3 in a poor state like Mississippi.

The White House said Mr. Bush would also adopt stricter policies on Medicaid payments for rehabilitation and school-based health services.

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REFERRAL/MEMBERSHIP/CONTRIBUTION FORM

THREE EASY WAYS TO SUPPORT VOR > REFER, CONTRIBUTE OR JOIN

THANK YOU FOR YOUR SUPPORT!

TO JOIN OR CONTRIBUTE: \$25 per individual, \$150 per family organization, or \$200 per provider/professional organization. Extra donations are welcome! You may pay by credit card or check.

TO REFER SOMEONE TO VOR: Use the form below, including the additional sections for referrals.

Mail the completed form (if joining or contributing) with payment to: Voice of the Retarded
5005 Newport Drive, Suite 108 Rolling Meadows, IL 60008 847-253-6054 fax (for referrals or
credit card payments) vor@compuserve.com (for referrals or credit card payments)

FOR REFERRALS: The contact information provided is for someone I think would
consider membership with VOR.

FOR REFERRALS: You may use my name in any correspondence with this individual.

My name is _____.

Name

Address (if paying by credit card, use billing address). All forms must include complete address
including zip code)

City St Zip

Phone Fax

E-Mail

Family/Professional Organization Affiliation (if applicable)

VOR now accepts Master Card and Visa. If paying by credit card, please provide the following
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Amount to charge to card: \$1,000 \$500 \$250 \$150 \$50 \$25
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Master Card Visa

Card Number: _____

Expiration Date: _____