

Partnership for Medicaid Partnership for Medicaid

November 21, 2005

The Honorable Charles E. Grassley
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Max Baucus
Ranking Minority Member
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Joe Barton
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

The Honorable John D. Dingell
Ranking Minority Member
Committee on Energy and Commerce
U.S. House of Representatives
Washington, D.C. 20515

Dear Committee Chairmen and Ranking Members:

We, the below-signed members of the Partnership for Medicaid, a group of safety net providers and other key organizations dedicated to preserving and improving the Medicaid program, write to convey our views on some of the key Medicaid provisions of the House and Senate-passed budget reconciliation packages, as House and Senate conferees prepare to develop a conference agreement on the respective bills.

As providers of care to Medicaid and other low-income populations, we recognize that the Medicaid program is far from perfect and that we clearly can do better to deliver improved health care to America's neediest children and families while lowering the program's out-year costs. To do this successfully, however, we believe we must first protect those covered by Medicaid and the safety net providers who deliver their care. With this in mind, we call your attention to the following issues:

First, safety net providers disproportionately serve vulnerable populations such as children, pregnant women, and people with disabilities. Many of these vulnerable individuals would be especially at risk if states were to impose new cost-sharing on Medicaid recipients, make premiums and co-payments enforceable or provide reduced benefits to them. These provisions could eliminate coverage for certain beneficiaries, increase uncompensated care for safety net providers and ultimately jeopardize the ability of patients to receive the full scope of needed services. We strongly recommend that the conference committee accept the Senate position, which retains current federal Medicaid policy on cost-sharing and benefits.

Moreover, we encourage conferees to reject the House position, which would give states the option to impose additional cost-sharing and benefit limitations on individuals who are eligible for Medicaid. While the House position would retain the current nominal co-payment limits for beneficiaries earning below the poverty line, it would allow states to index co-payments to medical inflation. This indexation will cause co-payments to increase at a higher rate than either regular inflation or wages.

Second, provisions in the House and Senate-passed bills appear to shift the cost of targeted case management to cash-strapped state and county governments. These services are critical to sustaining persons with disabilities and children with special health need needs in the community. Therefore, we encourage the conference committee to adopt clarifying language reiterating current Medicaid law regarding third party liability for financing targeted case management services.

Third, the Senate-passed bill closes legal loopholes that allow individuals to shelter or transfer personal financial assets in order to qualify for Medicaid long term care. The House-passed bill, however, goes further to create an unfair burden on long term providers. Therefore, we support the Senate position in this regard and urge conferees to adopt it in the final conference report.

Fourth, we are pleased that both the Senate and House-passed bills begin to address some of the health care needs for areas devastated by Hurricane Katrina. While neither package fully addresses the health care needs in the Katrina-impacted areas, we believe the House position (which would provide \$2.5 billion in relief to the affected areas) is more favorable than that of the Senate. We therefore encourage the conference committee to adhere to the House position.

There are other important provisions in the House and Senate bills that we support. The Partnership for Medicaid worked for nearly a year to develop consensus positions on reducing inappropriate emergency room use by linking Medicaid beneficiaries to a regular source of care, and expanding Long Term-Care Partnerships and the Program of All-Inclusive Care for the Elderly (PACE). These recommendations essentially are included in both bills and we strongly encourage the conferees to adopt these positions.

We also are pleased that the Senate bill includes the Family Opportunity Act and provisions to protect States from harmful decreases in their Federal matching rates and extend the Medicaid drug rebate to managed care plans. We support these positions and urge the conference committee to include them in the final conference report.

Thank you for your consideration of our views. We look forward to working with you on behalf of this important program, the more than 50 million recipients who rely on Medicaid for vital coverage, and the providers who serve them.

Should you have any questions about these or other issues please feel free to contact any of our organizations or call Licy Do Canto at (202) 296-1721.

Sincerely,

AMERICAN ACADEMY OF FAMILY PHYSICIANS

AMERICAN ACADEMY OF PEDIATRICS

AMERICAN COLLEGE OF OBSTETRICIANS AND GYNECOLOGISTS

AMERICAN HEALTH CARE ASSOCIATION

ASSOCIATION OF CLINICIANS FOR THE UNDERSERVED

ASSOCIATION FOR COMMUNITY AFFILIATED PLANS

NATIONAL ASSOCIATION OF CHILDREN'S HOSPITALS

NATIONAL ASSOCIATION OF COMMUNITY HEALTH CENTERS

NATIONAL ASSOCIATION OF COUNTIES

NATIONAL ASSOCIATION OF PUBLIC HOSPITALS & HEALTH SYSTEMS

NATIONAL COUNCIL FOR COMMUNITY BEHAVIORAL HEALTHCARE

NATIONAL HISPANIC MEDICAL ASSOCIATION

NATIONAL RURAL HEALTH ASSOCIATION

AFL-CIO