

Health Law PA News

NEWSLETTER OF THE PENNSYLVANIA HEALTH LAW PROJECT

HARRISBURG ❖ PHILADELPHIA ❖ PITTSBURGH

STATEWIDE HELP LINE: 1-800-274-3258

ON THE INTERNET: WWW.PHLP.ORG

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Medicaid Block Grant Proposal Would Jeopardize Coverage & Services for Vulnerable Elders, Adults and Children

On January 31, 2003, Health and Human Services Secretary, Tommy Thompson, announced the Bush administration's plan to reform Medicaid. So far, the only information on the Bush Plan that we have is from the January 31st press release and news conference about the plan. The details of the plan have not yet been released so what we describe here is only what we have been able to determine so far.

Overview:

The reforms are promoted as a way to give states more money and flexibility to shape their Medicaid programs. Consumer advocates oppose the proposal saying that "we should not be *flexible* about ensuring reliable health care to our grandparents, our neighbors who have been hardest hit by these economic times, and our most vulnerable children." The National Governor's Association (NGA) in a meeting last week rejected the block grant proposal. The NGA said that the Federal Government should commit more resources to paying for federally required programs, and endorsed a plan to work with the Bush administration to limit Medicaid spending growth.

Background:

Pennsylvania and the Nation face the worst budget deficit in 25 years. The deficit in Pennsylvania is estimated at about 2 billion dollars. The primary reason for our economic trouble is not the growth in Medicaid spending. It is the slowing economy, and a dramatic decline in tax revenues.

The Medicaid program provides health care to low-income children and their families, elders and people with disabilities. Medicaid (called Medical Assistance (MA) in Pennsylvania) makes up 17% of Pennsylvania's General Fund spending and provides health care coverage for 1.5 million Pennsylvanians.



The Federal government matches every dollar that Pennsylvania spends on MA with \$1.21 of federal revenue. This makes every dollar Pennsylvania spends on MA go twice as far as it would otherwise.

Federal law says that MA must cover certain "mandatory" people

(Medicaid Overhaul, Continued on page 3)

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Save the Date!

Come to the Information Session on the
Medicaid Block Grant Proposal &
Governor Rendell's Proposed Budget



Sponsored by:
Hands off Health Care Coalition
Pennsylvania Council on Independent Living

Talk with Advocates and People who would be
Affected by the Proposed Changes

Statewide Meeting
Wednesday March 19, 2003
9:30 a.m. to 11:30 a.m.

Philadelphia: Philadelphia Bar Association
1101 Market St., 11th Floor
Philadelphia, PA 19107-2911

Harrisburg: Pennsylvania Council on Independent Living
101 South Second St., Suite 4
Harrisburg, PA 17101

Pittsburgh: The Allegheny County Bar Assn.
400 Koppers Building
436 Seventh Ave.
Pittsburgh, PA 15219

*All three sites will be teleconferenced
on the 19th.*

Write to HOHCC@hotmail.com or call PHLP at
(800)-274-3258 For more details, and to RSVP .





and services. But states have the option to cover other people and services as well. (See the charts on page 5 to see which services and people are mandatory and which are optional.)

Between 1995 and 1997 the annual growth of Medicaid costs nationally was 3.2%. In 2002 as the economy faltered and health care costs rose, the annual Medicaid cost growth was higher but still lower than the cost of private or commercial insurance.

Government Short Changes Medicare

In recent years, some of the highest costs in the Medicaid program have resulted from the fact that Medicare short-changes recipients on health care coverage like prescription drugs and nursing home or other long-term care. Children and their parents make up 75% of the MA population and account for 25% of MA spending, while people who are eligible for Medicare or will be within two years (older Pennsylvanians and individuals with disabilities) make up 25% of the MA population and account for 75% of MA spending according to the Kaiser Family Foundation.

“we should not be ‘flexible’ about ensuring reliable health care to our grandparents, our neighbors who have been hardest hit by these economic times, and our most vulnerable children”

In these difficult financial times, states are looking to the Federal Government for help covering the rising cost of health care for low-income people, to ensure that these residents don't lose health care coverage. The Bush Administration has instead proposed a \$600 billion dollar tax cut, and is offering states two options.



What is the President's Proposal?

The Bush Administration gives states two choices. One choice is for states to go ahead with the Medicaid program as it is now with no changes and no extra money during this economic crisis.

The second choice is to allow states to trade in their entitlement to federal matching funds under Medicaid, for ten-year capped block grants.

- **What are block grants anyway?** Instead of getting a financial match for every dollar spent on Medicaid, states would get a set amount of money each year to cover Medicaid and any other health care the state wants to provide including CHIP.



- **What do states get?** States that accept the block grants will split between them an extra \$12.7 billion dollars over the first seven years of the plan.

- **So what is the problem?** The Bush plan says that it will be “budget neutral” over the ten-year period. That means that in last three years of the plan, the federal block grants to states would be smaller in order to pay back the extra money that they got from the federal government in years 1 through 7.

- **What is so flexible about that?** The Bush plan would change how the states can treat the “optional” Medicaid people and services. For example, this means that if states decide to cover a group of elderly people whose income is only a hundred dollars over the MA income limit, these elders will have no right to coverage and no particular benefits would have to be provided. States could also charge higher co-payments for services, change eligibility criteria, cut benefits entirely, create waiting lists, or only provide services in some parts of the state.

- **Would the states still have to cover some folks?** Under the Bush plan states would have to continue covering the mandatory Medicaid population and provide a comprehensive package of services to these recipients. If the cost of covering these people goes up (especially in years 8-10), states will have to reduce or eliminate coverage for other needy people. If the cost of covering people on Medicaid goes up either because of increased need or increased medical costs, the state will have to pay more of the cost itself, or it will have to cut benefits, cut covered groups, or charge recipients more.



How might the Bush plan work?

According to Secretary Thompson the plan would take the four federal funding streams that states now get for health care and convert them to two block grants, one for long-term care and the other for acute care (meaning for everything else)

States will have to pay for all Medicaid, CHIP, Disproportionate Share Hospital (DSH) payments, and program management costs out of these two block grants.

States would be allowed to use 15% of the money for administration of the programs and would be able to shift 10% of the money from one category to another (acute to long-term or the reverse).

The block grant for each state would be calculated based on their Medicaid, CHIP and DSH spending in 2002. This amount would increase each year based on a formula that has not yet been released. According to Secretary Thompson there would be a projected growth of 9% in Medicaid spending over the next ten years and the block grant amount is expected to increase between 2 and 3% each year.

States that opt into the Bush Plan would share \$3.25 billion dollars in extra funding in 2004 and

total of \$12.7 billion over 7 years.

The plan is attractive to desperate states in the short run because it offers extra money in the first years. But, in years 8-10 when states have to return the extra money they got in the first seven years, states would have to cut costs, or raise taxes.

States would have to continue providing the mandatory benefits to the mandatory recipients. If the cost of covering that population should be more than the block grant amount, the state would get no federal matching funds to help cover the costs.

The plan shifts the burden of covering new costs onto the states. It also leaves states to make the unpopular cuts in services that would be required in years 8-10.

Who Else is Vulnerable under the Bush Proposal?

- Safety net providers such as hospitals and health centers, which would be expected to provide care to populations that lose health care coverage.
- Nursing homes.
- The economy generally.

What are some Alternatives?

- Some support proposals to just give states an increase in Federal Medicaid money for a few years without overhauling Medicaid. In order to do this Congress would have to reduce the President's proposed tax or make budget cuts somewhere else.
- Provide a real prescription drug benefit for Medicare beneficiaries, to take the burden off of Medicaid.
- Have the Federal Government pay for the long-term care costs of dual eligible (Medicare and Medicaid) recipients.

Medicaid

<u>Mandatory Population</u>	<u>Optional Population</u>
<ul style="list-style-type: none"> • Children ages 0 to 5 with family income at or below 133% of the poverty level. • Children ages 6 to 19 with family income at or below 100% of the poverty level. • Section 1931 children (permits state to calculate family income and resources more liberally) • Children in Welfare-to-work families getting 12 months of transitional MA • Title IV-E “special needs” foster care and adoption assistance children • Pregnant women with family income at or below 133% of the poverty level. • Adults in families with children that meet Section 1931 minimum income criteria or are getting transitional medical assistance for 12 months as they transition from welfare to work. • Disabled and Elderly SSI Beneficiaries • Medicare Buy-In Groups (QMB, SLMB, QI-1, QI-2) 	<ul style="list-style-type: none"> • Children up to age one who have income between 133% and 185% of the poverty level. • Children age 1-5 who have income over 133% of the poverty level. • Children 6 to 19 who have income over 100% of the poverty level. • Pregnant women who have family income between 133% and 185% of the poverty level. Adults in families with children that are above Section 1931 minimum income criteria. • Elders and persons with disabilities in the community with income over the poverty level who “spend down to the SSI level for Medicaid eligibility. • Elderly persons with disabilities in home and community based care waivers. • Elderly and persons with disabilities in nursing homes with income above 300% of the federal poverty level. • Medical Assistance for Workers with Disabilities (MAWD) recipients • Others who have to spend-down to qualify for federal categories of Medicaid. • Breast and Cervical Cancer Prevention and Treatment recipients • “Loophole” Kids

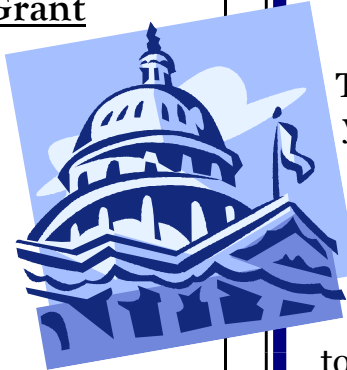
Services Covered by Medicaid

<u>Mandatory Services</u>	<u>Optional Services</u>
<p>Acute Care</p> <ul style="list-style-type: none"> • Physician Services • Laboratory and X-ray • Inpatient hospital services • Outpatient hospital services • Early and periodic screening, diagnostic, and treatment (EPSDT) services – including all medically necessary services for children under age 21 • Family planning services and supplies • Federally qualified health center services • Rural health clinic services • Certified nurse practitioner services 	<ul style="list-style-type: none"> • Prescription drugs • Eyeglasses and optometrist services • Dental care and dentures • Podiatrist services • Diagnostic screening and preventive services • Prosthetic devices and medical equipment • Rehabilitative and physical therapy • Home and community based care • Hospice care • Personal care Transportation to Medical Care
<p>Long-term Care:</p> <ul style="list-style-type: none"> • Home health care services for individuals entitled to nursing home care • Nursing facility services for adults 	<ul style="list-style-type: none"> • Intermediate care facility with mental retardation services • Inpatient and nursing facility services for people 65 or over in an institution for mental diseases • Inpatient psychiatric hospital services for children • Home Health Care services • Case Management services • Respiratory care services for vent-dependant people • Personal Care services • Hospice care • Private duty nursing services • PACE program services • Home and Community-Based Waiver Services

Source: “Kaiser commission on Medicaid and the Uninsured, “The Medicaid Resource Book,” July 2002.

National Governor's Association
Rejects Medicaid Block Grant
Proposal

At its annual meeting last week the National Governor's Association (NGA) rejected Mr. Bush's Medicaid proposal. Instead the NGA supported a policy that mandates the Federal government to provide more money to states to deal with requirements imposed by federal law. The NGA has also decided to negotiate with the administration to see how they can slow the growth of Medicaid spending. The Governors recommend that the federal government, through Medicare, should pay for the entire cost of health care for low-income Medicaid/Medicare dual eligibles, including prescription coverage and long-term care.



Want to contact your Elected Representatives?

To find the contact information for your Senators and Representative in Congress go to these websites:

www.senate.gov &

www.house.gov

To contact Governor Rendell go to his website at:

www.governor.state.pa.us

Here are some websites that publish information about healthcare issues that affect consumers:

Kaiser Family Foundation:

<http://www.kff.org/content/2003/20030131/>

NHeLP – The National Health Law Program:

www.nhelp.org

The Commonwealth of Pennsylvania: www.state.pa.us

Families USA Press Statement:

<http://www.familiesusa.org>

News Coverage:

<http://www.washingtonpost.com/wp-dyn/articles/A45601-2003Feb8.html>

PHLP: www.phlp.org

Health Law PA News

Health Law PA News is published by the Pennsylvania Health Law Project approximately every other month for Medical Assistance, CHIP, Medicare, and uninsured consumers and their advocates. The PA Health Law Project is a non-profit, statewide legal advocacy organization dedicated to empowering low-income Pennsylvanians to access healthcare. PHLP has three offices:

Pittsburgh

650 Smithfield St., Ste 2130
Pittsburgh, PA 15222
412-434-5779

Harrisburg

101 S. Second St., Ste. 5
Harrisburg, PA 17101
717-236-6310

Philadelphia

924 Cherry St., Ste 300
Philadelphia, PA 19107
215-625-3663

PHLP also runs a statewide toll-free help line available to consumers on Medical Assistance, CHIP, and adultBasic, or who are uninsured at 1-800-274-3258.



Consumer and Advocate Education

Invite us to talk to your consumers or staff!

Here are just a few topics that PHLP is available to discuss:

- Accessing services under HealthChoices and Fee-for-Service Medical Assistance (including prescription medications, mental health and drug and alcohol treatment; durable medical equipment, and home health services)
- Patient's rights under Act 68
- The Medicaid HMO appeal process
- Eligibility and the application process for Medicaid, CHIP, adultBasic and other programs for Pennsylvanians who are low-income, elderly or have a disability.
- New Medicaid Programs like Medical Assistance for Workers with Disabilities (MAWD) and the Breast and Cervical Cancer Prevention Treatment Program.



Call (800) 274-3258 to schedule.

Some Upcoming Trainings include:

- Training on MAWD and PHLP on March 18, 11 a.m. at Western Region Drop-in Center Coalition in New Stanton
- MAWD training at NAMI conference - April 12 -1:15-2:45- Wyndham Pittsburgh Airport
- Strategies for Educating the Community, Families, Educators, Advocacy Groups and Physicians about Drug and Alcohol Treatment March 5, 10:30-12:00 at the IRETA Opiate Conference in State College, PA
- Workshop on public health program options for those who are uninsured or underinsured at the Epilepsy Foundation of Western Pa's Conference in Pittsburgh on April 26th
- MA & managed care at the Spina Bifida Conference, Marriott Harrisburg- April, 12 time tba.
- Update on DPW programs serving children & adults with autism, SAFE autism Conf., Ramada Wilkes Barre- May 1 at 2:50-5.
- MA for children who are deaf or hard of hearing, Deaf & Hard of Hearing conference-State College. August 7th, Time and site tba.

**Do you value this newsletter?
Do you find our other free resources helpful?**

Now there are two ways you can show your support for PHLP!



You can mail your tax-deductible donation - check or money order - to:

**The Pennsylvania Health Law Project
924 Cherry Street, Suite 300
Philadelphia, PA 19107**

You can also make donations to PHLP through The **United Way Donor's Choice Program**. If your employer participates in this program, please ask for an application form and enter the PHLP number, **10277**. The amount you choose to designate will be deducted from your paycheck. *Some employers provide matching gifts.*

If you are outside of the Southeast Pennsylvania Region, please check with your local United Way on how to donate to PHLP through Donor's Choice. To locate your local chapter of **The United Way**, and to find out more about this program, please visit the new donations page on our website at:

<http://www.phlp.org/Donations.html>

If you would like a letter acknowledging your donation for tax purposes, we will be happy to furnish one upon your request. The official registration and financial information of PHLP may be obtained from the Pennsylvania Department of State by calling toll free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement.

PHLP Staff Update

PHLP Executive Director, Ann Torregrossa Is Taking a Leave of Absence to Join Governor's Policy Office



As of March 1 2003, our Executive Director, **Ann Torregrossa** will be taking a leave of absence from PHLP to work in Governor Rendell's Policy Office. She will also be working with Rosemarie Greco in the Office of Health Care Reform (OCHR). The work of this newly created office will be aimed at improving health care access, affordability and quality by transforming the Pennsylvania state government's approach to health care. We are certain that Ann will continue to be a strong advocate for health care consumers in her new role and wish her all the best! **Michael Campbell** will assume the role of Executive Director in Ann's absence. Mike has been with PHLP since its inception in the early 80's. He has been Managing Attorney in our Philadelphia office since 1993. Replacing Mike as Managing Attorney will be **Alissa Halperin**. Alissa started with PHLP in 1999 as an Independence Foundation Public Interest Law Fellow.

Visit www.phlp.org for our new **Job Announcements!**

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