

# Health Care for the Homeless Mobilizer

The National Health Care for the Homeless Council

P.O. Box 60427

Nashville, TN 37206-0427

Vol. XIII No. 4

E-mail: [council@nhchc.org](mailto:council@nhchc.org)

Website: [www.nhchc.org](http://www.nhchc.org)

Telephone 615/226-2292

Fax 615/226-1656

5/11/08

## Protect and Preserve the Medicaid Program *New Federal Rules Limit Coverage for HCH Clients*

Approximately 22% of individuals seen at Health Care for the Homeless projects nationally are enrolled in Medicaid, and many safety-net providers depend upon the federal/state program in order to serve their clients. New federal regulations, however, could jeopardize access to services and disrupt this critical source of health care funding. Through the recent enactment of the Deficit Reduction Act (DRA) and the Medicaid Modernization Act, the Administration has moved forward with changes to the Medicaid program that analysts predict will have a negative impact upon states, hospitals, beneficiaries, and safety net facilities such as HCH projects. The National Council calls upon *Mobilizer* readers to support Congressional efforts preserve the Medicaid program for vulnerable Americans.

### Reduction in Federal Contributions Certain to Rock the Boat

Medicaid provides health care services to over 44 million low-income families and nearly 14 million elderly and disabled people through a state-federal financial partnership (even as 47 million Americans go without health insurance). For every dollar a state spends, the federal government contributes matching funds. While hardly enough to fully address pressing unmet health care needs, this reasonably stable federal support helps states cover a significant portion of low-income residents. As Medicaid rolls are forecast to grow nationwide, any reduction in federal spending places additional financial burden upon already struggling states – which have few options but to restrict coverage.

The Administration's seven new regulations ostensibly are designed to "protect the fiscal integrity of the Medicaid program and ensure that taxpayers are receiving the full value of their dollars spent through Medicaid." The new regulations — some of which have been subject to a moratorium enacted by Congress at the end of 2007 — collectively promote greater federal oversight by limiting state flexibility and restricting certain services that are crucial to HCH clients, such as rehabilitation services, outpatient services, and targeted case management. Without question, the changes pose the greatest threat to Medicaid beneficiaries — particularly children and people with disabilities — by limiting, and in some cases eliminating, the scope and types of health care coverage.<sup>1</sup>

Experts project that the new regulations could result in a federal cost-savings of \$15 billion to \$50 billion over the next five years; however, advocates fear the reduction of federal spending portends far more harm than good, as it simply shifts costs to already financially-burdened states. For

---

<sup>1</sup> Orris, A and Solomon, J. *Administration's Medicaid Regulations will Weaken Coverage, Harm States, and Strain Health Care Systems*. Center for Budget and Policy Priorities, February 13, 2008.

example, Tennessee — home to the National Council — would lose approximately \$303.5 million in federal funding during the first year of implementation and a total of \$1.5 billion over five years.<sup>2</sup> The withdrawal of federal support during an economic downturn only further reduces state revenues, threatens health care coverage, and results in job losses, decreased business activity, and lower wages.

## **Targeted Case Management & Rehab Targeted**

Perhaps the most alarming regulation for HCH projects is the new case management rule. Targeted Case Management, by federal definition, is an optional Medicaid benefit to provide additional services to sub-populations such as people with disabilities. The benefit often funds outreach and enrollment efforts to help disadvantaged individuals access medical care, education, employment, and social services. The new case management rule, which was not subject to a moratorium, limits the availability of services by more narrowly defining case management as a one-on-one activity, restricting individuals to a single case manager, and limiting state flexibility to determine payment methodologies by imposing a payment structure based upon 15-minute increments. The rule also prohibits the use of TCM to help move individuals from “excluded settings,” like prisons or jails, back into the community where Medicaid coverage will resume. This rule alone will reduce federal Medicaid spending by a projected \$1.3 billion over 5 years<sup>3</sup> while also threatening the coverage of vulnerable populations who require case management services in order to retain benefits.

The Medicaid regulations place new restrictions on the types of services allowable under the Medicaid Rehab option, which has been an important source of financing in some states for services provided to residents of permanent supportive housing. Even before the regulations were released, CMS had been using audits or other guidance to states limiting state payment flexibility — including efforts to disallow “bundled rates” (e.g., case rates or per diem payments). Mental health service providers in particular often prefer such “bundled” payment strategies to fee-for-service payments tied to discrete time units of service, which are difficult to use effectively when operating Assertive Community Treatment (ACT) and other evidence-based practices that use flexible, interdisciplinary team-based approaches.

## **Medicaid Proponents Strike Back**

The Administration’s Medicaid regulations have raised widespread concern among states, services providers, and Members of Congress, who claim rightly that the regulations are inconsistent with Congressional intent. Though Congress has imposed moratoriums on four of the seven rules, the moratoriums are slated to expire at the end of May and June. On April 23, the House passed the “Protecting the Medicaid Safety Net Act of 2008” (H.R. 5613) by a veto-proof margin. The legislation would put a hold on all seven regulations until Congress achieves a better understanding of the full impact upon states and beneficiaries. Now it is up to Senate to pass a similar measure (S. 2819). *Mobilizer* readers are encouraged to act.

### **ACTION:**

- **Call your Senators and ask them to preserve access to Medicaid by supporting S. 2819.** Explain how critical it is, particularly during an economic downturn, to protect Medicaid

---

<sup>2</sup> Families USA. *Bad Medicine: The President’s Medicaid Regulations Will Weaken Tennessee’s Economy*, April 2008. *Estimated impact on other states is available at: <http://www.familiesusa.org/resources/publications/reports/bad-medicine.html>*

<sup>3</sup> Kaiser Commission on Medicaid and the Uninsured. *Medicaid: Overview and Impact of New Regulations*, January 2008.

and maintain comprehensive health coverage for low-income and disabled individuals. Find your Senators at [www.senate.gov](http://www.senate.gov) or call the Capitol Switch Board at 1-800-224-3121.

- **Refer to the National Council's website** ([www.nhchc.org](http://www.nhchc.org)) to review a detailed report of the *CMS Targeted Case Management Rule* under the "Policy and Advocacy" section and read the 2008 policy statement on Medicaid & SCHIP at <http://www.nhchc.org/Advocacy/PolicyPapers/Medicaid2007.pdf>
- **For more information**, contact the Council's Health Policy Organizer, Adrienne Breidenstine, at [abreidenstine@hchmd.org](mailto:abreidenstine@hchmd.org) or 443-703-1337.

**SUBSCRIBE TO THE HEALTH CARE FOR THE HOMELESS MOBILIZER**

Free by e-mail; request subscription at [council@nhchc.org](mailto:council@nhchc.org)

Please pass this on to your colleagues, clients, and Board of Directors.