

This is one of a series of periodic reports from NHeLP's Washington office, reporting briefly on recent and forthcoming developments relating to federal policy of interest to NHeLP advocates and friends. We would appreciate your feedback. Please email Glenda Booth at booth@healthlaw.org with your comments.

SUBJECTS COVERED

- * Medicare Prescription Drugs Bill
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- * SCHIP and Pregnant Women
- * Statistical Snapshot

MEDICARE PRESCRIPTION DRUGS BILL & MEDICAID IMPLICATIONS

The U. S. Senate this week is considering legislation providing prescription drug coverage for Medicare beneficiaries, work that is expected to extend into next week or longer. The bill has implications for Medicaid, and several Medicaid amendments could be considered during the debate and added to the bill if sufficient support exists among Senators.

* Medicaid Implications of the Medicare Drug Bill: The National Governors' Association has estimated that states could save up to \$45 billion over ten years by a Medicare prescription drug benefit. State spending on Medicaid increased 13 percent last year and now is about 20 percent of total state spending, according to the National Governors Association. Medicaid spending for drugs is increasing at a rate of 18 percent per year. Seven million elderly people are eligible for both Medicare and Medicaid. While an estimate of their prescription drug costs is unavailable, their expenses account for 35 percent of the cost of Medicaid, says the NGA.

* Increasing the Federal Matching Rate: Senators John D. Rockefeller IV (D-WVa), Susan Collins (R-ME) and Ben Nelson (D-NE) have prepared an amendment to increase Medicaid's federal matching (FMAP) rate for 18 months (April 2002 and to September 2003). There are two components: (1) any state whose FMAP is lower than its FMAP for the prior fiscal year would be able to retain the higher rate; and (2) all states' FMAP would be increased by 1.43 percentage points. This provision would provide \$6 billion to states. A second part of the amendment would authorize \$3 billion in grants through the existing Social Services Block Grant (Title XX) that could be used for a range of social services programs, through September 30, 2004. This amendment will be considered early in the week of July 22, so anyone wishing to support these provisions would need to contact the relevant Senators by then.

* There is no comparable House provision.

* Medicaid Commission: The House of Representatives included creation of a Medicaid Commission in its Medicare prescription drug bill which would, among other tasks, evaluate issues such as the long-term financial condition of the program, incentives for enhanced efficiencies, and using more private enterprise models to contain program cost growth. As envisioned by the House, such a commission would not appear to offer much in the way of promise for current and future beneficiaries.

At this point, it is not expected that a Medicaid Commission will be included in the Senate bill. However, if a bill is passed by the Senate, a Conference Committee may consider such a Commission. In addition to the House approach, another approach rumored for Senate consideration is creation of a body similar to the Medical Payment Advisory Commission or MedPAC. MedPAC is an independent entity created to advise the U.S. Congress on a broad spectrum of issues affecting the Medicare program, including payment mechanisms and access to and quality of care.

On the Medicare prescription drug issue, there are three approaches under negotiation in the Senate: (1) S. 2625 (Graham-Miller-Kennedy), which adds a new Medicare benefit covering prescription drugs; (2) the provision in the House-passed bill, H. R. 4954, providing coverage through private insurance plans; and (3) the Senate "tripartisan" bill, that also provides assistance for purchasing private prescription drug insurance.

MEDICAID AND DISABLED CHILDREN

The Senate Finance Committee on July 11 approved a bill (S. 321, the Family Opportunity Act) to give states the flexibility to provide Medicaid coverage, starting October 1, 2004, to disabled children whose families have incomes up to 250 percent of the federal poverty level. This is \$37,500 for a family of three and \$45,000 for a family of four. Eligible beneficiaries would buy into Medicaid and pay on a sliding-fee scale. Current income eligibility limits are 133 percent of the poverty level for children under age six and 100 percent of the poverty level for children ages 6 to 18. States could change those limits for disabled children. Under the expansion, at least 200,000 disabled children could be eligible. There is no date set yet for full Senate or House consideration.

SCHIP AND PREGANT WOMEN

The Senate Finance Committee approved S. 724 on July 11, a bill allowing states to extend Medicaid and SCHIP to more low-income pregnant women. Under this bill, Medicaid programs that expand coverage to women with incomes above 185 percent of poverty would receive the enhanced federal payment now available under SCHIP. States that choose this option would have to cover pregnant women in low-income families before, or in addition to, pregnant women from higher-income families. There is no date set yet for full Senate or House consideration.

U.S. SURGEON GENERAL

The Senate Health, Education, Labor and Pensions Committee approved the nomination of Dr. Richard Carmona, an Arizona trauma surgeon, as U.S. Surgeon General. In his confirmation hearings, Dr. Carmona expressed support for greater emphasis on preventive health and for discouraging tobacco use by children.

RESOURCES

Nearly half of all single mothers receiving welfare benefits are disabled or have a child who is disabled, but only a small percentage receive government help, according to a new study from the Institute for Women's Policy Research (www.iwpr.org). The study found that nearly 40

percent of mothers have a disability, conditions which limit their ability to work. These findings have serious implications for the work requirements of the 1996 federal welfare bill, Temporary Assistance to Needy Families (TANF).

Nearly one in five children in the United States lives with at least one parent who was born outside the country, and these children are much more likely to be poor and have other risk factors for poor health and poor educational development, according to America's Children: Key National Indicators of Well-Being 2002. This is the conclusion of a report from the Federal Interagency Forum on Child and Family Statistics, and the U.S. Census Bureau. One third of these children have a parent who has not completed high school, three times the rate of children with U.S.-born parents, and this can adversely affect a child's chance for good health and educational success. On a related matter, eight Republican members of the U.S. House of Representatives, led by Congressman Mark Foley (FL), on July 8 asked the U.S. General Accounting Office to study the financial impact of illegal immigrants on U. S. hospitals. GAO is the investigative and auditing arm of the U.S. Congress.

A U.S. General Accounting Office study of three states (Mississippi, Washington and Ohio) has found that the quality of nursing home care is related more to staffing than to spending levels (GAO-02-431R) (www.gao.gov). Over 1.6 million elderly and disabled people are in nursing homes. Nursing home expenditures per person vary across the states. The study found that homes providing more nursing hours for patients were less likely to have quality problems than homes providing fewer nursing hours. "We found no clear relationship between a nursing home's total spending and the frequency of quality of care deficiencies identified on state surveys, or between spending on nursing and quality of care deficiencies," said the GAO. GAO cites other studies also finding a positive correlation between staffing and quality of care.

STATISTICAL SNAPSHOT

HIV infections are disproportionately affecting African Americans, particularly heterosexual black women and gay black men, according to the U.S. Centers for Disease Control (www.cdc.gov). African Americans account for 54 percent of all new HIV infections and 75 percent of new HIV infections among heterosexuals, though they are only 12 percent of the U.S. population. And while Latinos are less than 13 percent of the U.S. population, they account for 19 percent of the country's new HIV infections. Another study found that black and Hispanic patients with the HIV virus are less likely than whites to participate in clinical trials of new treatments or to receive experimental drugs, reported Allen L. Gifford, in the "New England Journal of Medicine" on May 2, 2002.

The U.S. House of Representatives is scheduled to start the summer recess on July 26 and return on September 4. The U.S. Senate is expected to recess on August 1 and resume on September 3.