

Provisions which are harmful to persons with disabilities in the Federal Budget Reconciliation Conference Report, 12-20-2005:

MEDICAID CHANGES

1. Elimination of co-payment and cost sharing protections for low-income persons with disabilities, even those now mandatorily eligible for Medicaid who receive SSI payments.

While we understand that these increased cost-sharing provisions are at state option, Minnesota has already imposed significant and harmful cost sharing and other changes to our Medical Assistance program. The negative impacts for persons with disabilities include:

a. Essential Care Not Provided.

Medical research has shown in numerous studies that co-payments for low-income persons results in people foregoing essential, needed care which can lead to more costly services in emergency rooms and worsening of disabilities and chronic conditions. *See* attached summary of small study from Hennepin County Medical Center after our state imposed co-payments in 2003.

b. Those In Institutions Protected from Cost Sharing. Community Group Home Residents Not Protected.

Many persons with disabilities in Minnesota live in small group homes in their communities. These individuals have to pay all of their Social Security or other income in order to live in these homes except for \$90 per month to be used as a personal needs allowance for all personal expenses including clothing, personal hygiene and any recreation or entertainment. People living in the community are not protected against cost sharing and could be subjected to higher co-payments for their medication and medical services out of \$90 personal needs allowance per month. Similar persons with disabilities living in nursing homes are protected from cost sharing.

c. Federal Protection Eliminated, Health Care Providers Can Refuse To Provide Care Unless Recipients Pays.

Currently, federal law requires that people who do not have their co-payments can be billed and incur a debt, but they must be provided their medications. This federal protection is eliminated. This means that people who need insulin, asthma inhalers, seizure medication or

medication for mental health conditions, who do not have money to pay the co-payment at the pharmacy counter, can be refused their needed medications. Those living at or near the poverty level are struggling now to cover housing, food, heating and transportation. Adding health care co-payments and premiums means necessary health care will not be provided.

d. Savings Come Primarily From Less Health Care Provided, Not From Co-Payments And Premiums.

The savings from Medicaid co-payments and premiums Congressional Budget Office is mainly due to reduced prescriptions, medical clinic visits and fewer people with coverage.

2. Fewer health care services required.

States will be able to substitute scaled-back benefits for many on Medicaid and eliminate federal standards which assure comprehensive health care coverage. Although persons with disabilities are exempt from losing benefits under this provision, many children and adults with chronic conditions do not qualify as disabled and yet need access to a range of medically necessary services.

3. More complexity for children with disabilities on Medicaid, substantial weakening of Early Periodic Diagnosis Screening and Treatment (EPDST) requirement.

Currently all low-income children are guaranteed access to all medically necessary health services under Medicaid. The Conference Report allows states to offer fewer benefits to children as long as they offer a second tier of coverage to children who may need more services due to disabilities. This provision will lead to fragmented care for children with disabilities who will have to use two different benefit packages to get the services they need.

4. Changes to home and community-based services.

Minnesota now has a lengthy waiting list of persons with disabilities who need community support services. States will now have the option of limiting access to community services within the State Medicaid Plan. Also, states will be allowed to change the rules for people getting community services so that they could lose their care after a year if the state tightens the rules due to budget or other problems.

5.Changes to case management funding for county services.

Minnesota counties have been told to expect up to \$121 million per year in cuts to staff which provide case management for persons who are elderly or disabled and for child protection to avoid abuse and neglect.

6.Change to asset transfer rules for people who need nursing home care.

Rules for people who need nursing home care are substantially tightened. While this maybe reasonable for some, it will hurt elderly individuals and people who become disabled as adults who have inadvertently given away assets such as donations to their church or assisting adult children or grandchildren with college. If a person needing Medicaid for nursing care has given money away during the previous five years, they will not be eligible for Medicaid coverage for the period the donated funds would have paid for nursing home care. There are hardship waivers possible but it is unclear who would qualify.

7.Reduced payments for drugs and Medicare managed care plans from Senate version dropped while House low-income cuts adopted.

Senate provisions with substantial savings in Medicaid and Medicare which avoided hurting low-income beneficiaries were dropped from the final Conference Report:

- a.\$3.9 billion savings in five years on Medicaid prescription drug prices.
- b. \$5.4 billion savings in five years through reduced enticement payments to Medicare managed care plans.

INCREASED TANF WORK REQUIREMENTS

We are also very concerned about the changes in TANF which will have a negative affect on low-income families with disabilities in Minnesota. While Minnesota has been a leader in assisting low-income families to become economically independent, the Conference Report appears to close off innovative state programs by requiring compliance with the federal requirements, not allowing state flexibility. We have worked with a number of families who have children with disabilities who have benefited from Minnesota's innovative programs. We are quite concerned that if parents of children with significant disabilities are forced to increase their work participation, children with disabilities who are excluded from child care and after-school care will be either

neglected or subjected to out-of-home placement, neither option desirable for the children and families nor our state.

Final House vote set for February 1, 2006.

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