

Bill Advances to Suspend Medicaid Cost-Shift Rules

By JANE ZHANG
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WASHINGTON -- Legislation to block Medicaid rules that states said would shift billions of dollars of costs to them began a move through the House.

The House Energy and Commerce Committee's health panel Wednesday unanimously passed the bill, which would put a moratorium on seven rules that, among other things, would end federal payments for physician training and transportation of Medicaid-eligible children to school. Congress put some of the rules on hold last year; that moratorium expires June 30. The new legislation would hold the rules in abeyance until April 1, 2009, when there will be a new president.

"The Bush administration has and will continue to oppose any moratorium on enactment of our pending regulations," said Mary Kahn, a spokeswoman for the Centers for Medicare and Medicaid Services, which manages Medicaid, the federal-state program for the poor and disabled.

Commerce Committee Chairman John Dingell (D., Mich.) offered a version of the legislation that would give the Department of Health and Human Services an additional \$25 million a year to reduce Medicaid fraud and abuse. It was passed on a voice vote. Because the measure emphasizes cracking down on fraud, Rep. Joe Barton (R., Texas) said, "I'm reasonably confident" the administration won't veto it.

Rep. Frank Pallone Jr. (D., N.J.), chairman of the health subcommittee, said lawmakers are considering attaching the moratorium to a spending bill.

The Congressional Budget Office has estimated the rules would save the federal government \$1.65 billion for fiscal 2008 and 2009, an amount lawmakers must offset with savings elsewhere under the pay-as-you-go budget rules. To help reach that number, the bill would require more scrutiny of Medicaid beneficiaries' eligibility, giving states access to enrollees' financial records. The expectation is that some will be disqualified because their assets exceed the program's guidelines.

The push to stop the rules has support from all of the nation's governors, who already face budget crunches because of declining revenue tied to the housing crisis; more than half the states predict budget deficits for next year. Medicaid accounts for 20% or more of state spending, and the number of enrollees, about 50 million people, tends to rise when the economy slows.

After Wednesday's vote, a Medicaid spokesman confirmed that Dennis Smith, director of the Center for Medicaid and State Operations and the architect of the rules, is leaving his job this month.

Last week, Mr. Smith said the rules are needed to keep the program afloat and Medicaid "should not become a limitless account for state and local programs and agencies to draw federal funds for non-Medicaid purposes." He said the federal government will pay \$196 billion of Medicaid's \$345.6 billion cost for this fiscal year.