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### **Money for Md. poor at risk**

#### **Lawmakers challenge White House over new Medicaid rules**

By Matthew Hay Brown

Sun Reporter

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WASHINGTON

Lawmakers are headed into a showdown over new Medicaid rules - with tens of millions of dollars for Maryland at stake.

The Bush administration says the funding changes will save the federal government billions of dollars in fraudulent and inappropriate expenditures, securing Medicaid for future generations. But officials in Maryland and other states say new limits on outpatient services, transportation for school-age children and other programs will force them to slash services to poor families that rely on Medicaid funding for their health care.

"It seems like a lot of these rules are simply going to cut back on what traditionally have been federally matched programs, federally approved programs, that we've been running in some cases for 20 years," said John G. Folkemer, a deputy secretary in the Department of Health and Mental Hygiene. "Now all of a sudden we can't do them anymore."

Hardest hit in Maryland, local health officials say, will be the 25,000 pregnant women served by the Healthy Start program. Under one new rule, officials no longer expect to receive the \$3 million federal contribution they had budgeted into the \$6 million program. Local health departments are scrambling for other funding sources.

Anne Arundel County is bracing for a \$200,000 cut to its \$550,000 Healthy Start program. Health Officer Frances B. Phillips anticipates serving 100 fewer families this year.

"This is traditional, shoe-leather public health," she said. "These are very high-risk households - babies that are born prematurely, very fragile, substance-abusing households."

"What we've found is that the home-visiting relationship really does remove risk factors and improve parenting skills and overall outcomes. These are the nurses that go out and save babies' lives."



The Bush administration says the seven new rules will reduce Medicaid spending by \$13 billion over the next five years. But the National Governors Association, which opposes the changes, says the impact on states could be four times as high.

In Maryland, where 650,000 residents are enrolled in Medicaid, officials say costs could reach \$67 million. Among the programs affected are rehabilitation and outpatient care, which face new funding restrictions, and school transportation and graduate medical education, which are no longer covered.

Maryland has joined with Maine, New Jersey and Oklahoma in a lawsuit to challenge the rules.

"At a time when the economy is significantly slowing down, it makes no sense to implement changes that compromise a program serving those families who are most at need," said House Majority Leader Steny H. Hoyer, a Democrat from Southern Maryland.

The rules have met bipartisan opposition from the nation's governors and lawmakers. In the House last week, more than two-thirds of Republicans joined all voting Democrats in a 349-62 vote to impose a one-year moratorium on the changes, which would have the effect of suspending them into the next administration.

But Senate Republicans are threatening to block the measure and, failing that, the White House is preparing a veto. In a letter to lawmakers, Health and Human Services Secretary Michael O. Leavitt said the legislation "puts billions of dollars of federal funds at risk, and may turn back progress that has already been made to stop abusive state practices."

The Office of Management and Budget said in a statement that the new rules close loopholes that "have permitted states to inappropriately enhance their claimed medical expenditures, thereby increasing the federal government's contribution. ... These regulations are designed to ensure that needy individuals who rely on Medicaid for their health coverage will continue to have a financially secure program available for them."

Folkemer agreed that "some limited number of states" have taken advantage of loopholes. But he said the administration has reacted with a "broad-brushed, sledgehammer kind of approach" that exceeds the changes that would have been necessary to address the problem.

Democratic Sen. Barbara A. Mikulski of Maryland called the rules "harsh, punitive and damaging"; Rep. Elijah E. Cummings, a Baltimore Democrat, called them "a backdoor way of trying to slice off Medicaid benefits."

"All of these things are ways of just reducing Medicaid's responsibilities to the very people Medicaid is supposed to serve," Cummings said.

Baltimore stands to lose \$236,000 for the city's maternal and infant nursing program, which serves 500 families. Dr. Joshua M. Sharfstein, the city's health commissioner, said the Health Department is trying to replace at least some of that money from other sources.

A different problem, Sharfstein said, is uncertainty over how the new rules are implemented.

"There are some potential scenarios where we could lose significantly more money," he said. "It gets to a level of confusion about how something gets classified under Medicaid law, and ultimately those things might need to get litigated before you'd ever find out whether the rule is fairly applied or not. The potential impact is bigger depending on what they determine suddenly can't be covered any more."

Howard County's health officer, Dr. Peter L. Beilenson, called cuts to Healthy Start "penny-wise and tens-of-thousands-of-dollars-foolish."

"If you're trying to decrease infant mortality rates, this is the last population in the world you'd want to leave bare," he said. "The Healthy Start folks, by definition, are those most likely to have a bad outcome. The costs of bad outcomes for these kids are going to be borne almost exclusively by taxpayers anyway."

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