



STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

Olympia, WA 98504-5000

February 13, 2008

Schneider

Medicaid

The Honorable Henry A. Waxman, Chairman
Committee on Oversight and Government Reform
U.S. House of Representatives
2157 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Waxman and Members of the House of Representatives Committee on Oversight and Government Reform:

This is in response to your letter of January 16, 2008, requesting information from the state of Washington on the impact of CMS regulatory actions on Medicaid. We have enclosed our best estimate of the impacts on Medicaid programs and beneficiaries in Washington. The estimate assumes a devastating loss of federal funding if we continue to operate as we do now. The major impact is a direct result of the targeted case management (TCM) interim final regulation (CMS 2237-IFC) and the regulation concerning the coverage of rehabilitative services (CMS 2261-P).

The rules create a more complex system of access to services that is not nearly as efficient as our current system. This will result in decreases in:

- Quality care in home and community based services for older adults and people with disabilities;
- Services to children and to people with developmental disabilities; and
- Coordination of care by local health jurisdictions and school districts.

If the rules go forward, the state will require additional funding for implementation, changes to our labor agreements, changes to our automated assessment and care planning computer system, and state statutory authority to implement the required changes. The implementation of the rules will not benefit Medicaid participants and will, instead, increase the administrative costs of serving these vulnerable populations.

We appreciate your interest in the impact of federal regulatory activity on service delivery systems for older adults, children and people with disabilities. Please contact us if you have questions or need further information.

Sincerely,

Kathy Leitch, Assistant Secretary
Aging and Disability Services Administration

Doug Porter, Assistant Secretary
Health and Recovery Services Administration

Enclosure



WASHINGTON STATE Submission to the Committee on Oversight and Government Reform
 Estimate of impact of regulatory actions on Medicaid
 February 15, 2008

Ref Number	Topic	Fiscal Impact		Beneficiary Impact
<u>CMS 2258-FC</u>	Cost limits for public providers	2008	0	Rule already implemented for inpatient facilities. Effect on other providers expected to be zero, since our rates are generally lower than cost.
		2009	0	
		2010	0	
		2011	0	
		2012	0	
<u>CMS 2279-P</u>	Payment for graduate medical education	2008	\$ 7,296,437	Impact is a reduction in rate per admission. Effects on specific hospitals may cause reduction in access for Medicaid beneficiaries. Hospital payments (Inpatient and Outpatient) reduced in fee-for-service and through managed care rate reduction.
		2009	\$ 7,515,330	
		2010	\$ 7,740,790	
		2011	\$ 7,973,014	
		2012	\$ 8,212,204	
<u>CMS 2213-P</u>	Payment for hospital outpatient services	2008	0	No effect for two reasons. Rule proposes use of Medicare services as definition for Medicaid. Washington has already adopted these definitions. Rule proposes limiting UPL to Medicare's definition of services allowed in outpatient hospital. Washington has already moved to this definition.
		2009	0	
		2010	0	
		2011	0	
		2012	0	
<u>CMS 2275-P</u>	Provider taxes	2008	0	Tax rate reduction from 6.0% to 5.5% July 1, 2008. IMRs converted to Group Home not taxed after July 1, 2008.
		2009	\$541,000	
		2010	\$556,000	
		2011	\$573,000	
		2012	\$590,000	
<u>CMS 2261-P</u>	Coverage of rehabilitative services	2008	\$16,100,000	Children who have experienced child abuse and neglect would no longer receive rehabilitation services for their mental health problems, Clients served: Approximately 1700 children per year.
		2009	\$16,100,000	
		2010	\$16,100,000	
		2011	\$16,100,000	
		2012	\$16,100,000	
<u>CMS 2261-P</u>	Coverage of rehabilitative services	2008	\$11,000,000	Rule prohibits Medicaid paying for services that are an integral part of any other service system. Medical services in schools are provided under an educational requirement, so these funds will be eliminated. Clients: Approx 25,000 per yr.
		2009	\$11,000,000	
		2010	\$11,000,000	
		2011	\$11,000,000	
		2012	\$11,000,000	

Washington State

Impact of regulatory actions on Medical Assistance, Aging, Disability, Developmental Disability and Children's Medicaid programs

WASHINGTON STATE Submission to the Committee on Oversight and Government Reform
 Estimate of impact of regulatory actions on Medicaid
 February 15, 2008

Ref Number	Topic	Fiscal Impact		Beneficiary Impact
<u>CMS 2261-P</u>	Coverage of rehabilitative services	2008	\$6,100,000	State Psychiatric Hospitals – loss of FFP for geriatric patients. Rule specifically ends Medicaid payment for patients in an IMD who are over 65 years old.
		2009	\$6,100,000	
		2010	\$6,100,000	
		2011	\$6,100,000	
		2012	\$6,100,000	
<u>CMS 2287-P</u>	Payment for costs of school administrative and transportation services	2008	\$9,390,000	Reduced outreach and coordination of services for beneficiaries in 116 school districts. Estimates include Targeted Case Management.
		2009	\$9,390,000	
		2010	\$9,390,000	
		2011	\$9,390,000	
		2012	\$9,390,000	
<u>CMS 2237-IFC</u>	Targeted case management	2008	\$14,422,005	Current beneficiaries are children in foster care who are not eligible for Title IVE funding. If the state legislature does not appropriate state funds to offset the loss of Title XIX TCM funds, child welfare staffing will be impacted by this loss. This could directly impact quality and quantity of child welfare services. Clients served: Approximately 11,000 per year.
	Impact on children in foster care	2009	\$14,951,988	
		2010	\$15,501,447	
		2011	\$16,071,097	
		2012	\$16,661,682	
<u>CMS 2237-IFC</u>	Targeted case management	2008	\$4,835,000 (S) \$11,683,000 (L)	Schools (S) and Local Health Jurisdictions (L) lose funding resulting in reduced outreach and coordination of services for beneficiaries. This included 116 school districts and 29 Local health Jurisdictions.
	Impact on schools and local health jurisdictions	2009	\$4,835,000 (S) \$11,683,000 (L)	
		2010	\$4,835,000 (S) \$11,683,000 (L)	
		2011	\$4,835,000(S) \$11,683,000 (L)	
		2012	\$4,835,000 (S) \$11,683,000 (L)	

WASHINGTON STATE Submission to the Committee on Oversight and Government Reform
 Estimate of impact of regulatory actions on Medicaid
 February 15, 2008

Ref Number	Topic	Fiscal Impact		Beneficiary Impact
CMS 2237-IFC	Targeted case management	2008	\$30,039,000	<p>The fiscal impact represents the loss of Medicaid match the State currently receives to operate case management for the Medicaid state plan and home and community based services waiver clients.</p> <p>Implementation would cost a significant additional amount because it would require a major overhaul of the case management system in Washington State none of which can be done by the effective date of the interim final rule. Necessary changes include:</p> <ul style="list-style-type: none"> ➤ Create a duplicate assessment system to determine eligibility for case management prior to assessment for the plan of care ➤ Reprogram the automated assessment and planning tool ➤ Create a new authorization system ➤ Increase the number of case management providers and establish reporting and contract management systems ➤ Create a system to monitor plans of care ➤ Amend the State Plan and eight HCBS waivers to establish case management as a service with accompanying rate methodology, payment and oversight systems ➤ Change the State's long-term care statute governing case management ➤ Change collective bargaining agreements <p>Clients served: 2008: 43,052 2009-2012: 52,420 per year</p>
		2009	\$36,047,000	
		2010	\$36,047,000	
		2011	\$36,047,000	
	Impact on services for older adults and people with developmental or other disabilities	2012	\$36,047,000	