# Deficit Reduction Act May Harm Medicaid Patients

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BALTIMORE — Provisions in the Deficit Reduction Act are likely to profoundly affect health care for Medicaid patients, Cindy Mann said at the annual meeting of the American Society for Law, Medicine, and Ethics.

The Deficit Reduction Act (DRA) of 2005, signed into law last February by President Bush, includes "the most significant statutory changes in the Medicaid program arguably since the late 1980s," said Ms. Mann, who is a research professor at Georgetown University Health Policy Institute in Washington. "It really is also the first time that Congress has legislated some specific cutbacks aimed at beneficiaries."

Many changes deal with Medicaid coverage requirements for states. The law "gives [states] very broad flexibility to move away from what has been a system of mandatory and optional benefits to a system of benchmark benefits," said Ms. Mann, who is also executive director of the Center for Children and Families at Georgetown. "One benchmark [states can use] is any state employee plan—not the one most used in your state, or the one that has the highest enrollment of dependents, it's any state employee plan that's offered."

States could even construct a special plan just to be a benchmark and then offer it to state employees, "and that becomes [the] standard," she said, at the meeting cosponsored by the University of Maryland.

The other way states can formulate an acceptable plan is by getting the approval of the federal Health and Human Services secretary. The two state plan amendments now approved under the DRA—West Virginia and Kentucky—used the secretary-approved coverage option, she noted.

DRA also allows states to change benefit packages for some groups and not others, Ms. Mann said. "[States] could have one benchmark package in a rural area of the state and a different one for urban areas. It opens it up to any slice and dice a state decides it wants to do in terms of how it constructs these benchmark packages and to whom they will apply."

A controversial change imposed by the DRA is a requirement that anyone apply-

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The tool is aimed at meeting the needs of elderly or disabled persons during and after evacuation. To access the tool, go to www.hhs.gov/ocr/hipaa/decisiontool. ■

## INDEX OF ADVERTISERS

ing for Medicaid who says they are a citizen must provide new documentation of their citizenship. "Since 1996 there's been a provision requiring documentation of immigration status, and now there are very strict rules about documentation," she said, adding that federal guidance on how to implement this section of the law is expected shortly.

The law also allows for several demonstration projects. For example, 10 states may start Health Opportunity Accounts, which are "a little like health savings accounts for the Medicaid program," she said. Another measure, championed by Sen. Charles Grassley (R-Iowa), is the Family Opportunity Act, which allows families to buy into Medicaid if they have severely disabled children, even if their family income is above the normal cutoff in their state for Medicaid eligibility.

Ms. Mann added that although the law contains profound changes, "it is often overstated what the changes were. In large part, what the DRA didn't do, Congress decided not to do. There was a debate about the areas of benefit guarantees for kids and there was a debate about the cost sharing. So while Congress did go a certain distance, it didn't go further than that certain distance, and I think that's an important consideration." ■

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