

# **PALLONE STATEMENT AT HEALTH HEARING ON THE "PROTECTING THE MEDICAID SAFETY NET ACT OF 2008"**

April 3, 2008

"Good morning. We are here today to discuss H.R. 5613, the Protecting Medicaid Safety Net Act of 2008. I am a proud co-sponsor of this legislation that was introduced by Chairman Dingell and Rep. Murphy in order to protect Medicaid beneficiaries from an onslaught of harmful regulations issued by the Bush administration.

"Medicaid has been a reliable source of medical care as well as specialized supports and services for our most vulnerable populations. Medicaid has also assisted millions of American children in receiving the health care services necessary to allow them to grow into productive and active members of society. Thanks to the Medicaid program, children have access to services such as early screenings for medical and developmental problems, dental care, vision services, and physical, speech and occupational therapy; all of which enable children who formerly would have been incapable of attending schools to participate in the public education system and receive a good education.

"In spite of these successes, the Bush administration has launched an all out attack on Medicaid, issuing a constant stream of regulations that seek to reduce the scope and breadth of this vital program. I believe that the goals of these regulations are entirely at odds with the mission of the Medicaid program. While these regulations may provide instant gratification in CMS estimated cost-savings of \$15 billion over five years, in the long-run, states will be forced to bear the burden of an even larger health care crisis. As the House Committee on Government Reform and Oversight estimates, this is on the order of nearly \$50 billion over five years.

"For example, I cannot understand the logic in limiting hospital outpatient services. The cost of re-hospitalization is exponentially more expensive than the cost of providing preventive outpatient care. Yet through this regulation the Bush administration would in effect force people to forgo vital preventive services and they would end up in the hospital sicker than they were before.

"The regulation pertaining to targeted case management services is particularly infuriating to me, as it misuses Congressional intent under the guise of improving the Medicaid program. This rule goes far beyond the authority afforded to CMS, and, in my state of New Jersey alone would result in a reduction of payments of nearly \$100 million over five years. More individuals will be forced to remain in institutions without vital case management support to assist them in tasks such as finding jobs and managing numerous chronic diseases and the medical complexities that are associated with chronic conditions. This regulation will undoubtedly lower the overall quality and quantity of services case managers can provide.

"Narrowing the definition of rehabilitation services is another obvious step backwards, by limiting access to services necessary to remain out of institutional living. In 2004, some 1.5 million people received rehabilitative services through Medicaid and it is estimated that three-fourths of these people suffer from mental illness. Under this regulation, states would be restricted from providing these individuals with rehabilitative services, leading to potentially explosive numbers of re-institutionalized individuals.

"Another harmful regulation seeks to eliminate funding for administrative activities performed by schools to assist children with disabilities in accessing the specialized transportation they need to get to

school and receive specialized medical services including occupational therapy, physical therapy, and speech and language therapy -- all of which are absolutely crucial in helping these children become active, working members of society.

"Last month, this Subcommittee invited five governors to talk about their State Child Health Insurance Programs, and each of them made a point of voicing their concerns on the damaging effects of these regulations on each of their States. In particular, limitations to Graduate Medical Education (GME) dollars were of grave concern. GME funding is essential for the operation of teaching hospitals, which not only serve many Medicaid recipients but which also are vital players in the training future professionals.

"By slashing billions of dollars from state Medicaid programs, shifting costs to the states -- many of which are strapped for cash as is -- these regulations could seriously jeopardize the health care of millions of low-income and disabled Americans. In fact, I along with my colleagues Mr. Dingell, Mr. King, and Mr. Reynolds introduced a bill to temporarily increase the FMAP funds to States during this time of recession so that States may continue to offer critical services, instead of being forced to cut them as the Bush administration is proposing.

"It gives me hope that we will be able to successfully stop this attack on our nation's Safety Net as just a few days ago, all 50 state governors have signed a letter of support for this bill. I would like to thank each of our witnesses for being here today to talk about the ways in which these regulations will affect your communities. I look forward to hearing stories not just about the individuals that would be affected by these regulations, but also the success stories that speak to the power of the Medicaid program to keep citizens active and productive in our society.

"I now recognize Mr. Deal for his opening statement."