

MEDICAID & SCHIP

AARP ISSUE BRIEF

BACKGROUND

SCHIP: AARP supports strengthening the State Children's Health Insurance Program (SCHIP) because we are committed to working to ensure all Americans have access to affordable, quality health care. SCHIP provides essential help to many grandparents who are raising grandchildren, offers low-cost coverage of children, and is an important building block in the effort to reform our overall health care system.

Medicaid: AARP believes strengthening Medicaid is a vital priority because it is an essential foundation of the nation's health care system, serving 55 million or one in six of the nation's most vulnerable citizens. It is also the largest payer for long-term care and is critical for redirecting care to the often more cost-effective home- and community-based settings that older Americans prefer. In addition, Medicaid provides essential assistance to more than 6 million "dual eligible" low-income Medicare beneficiaries who tend to have greater health care needs.

LEGISLATIVE AND REGULATORY ACTION

Congress must reauthorize SCHIP by March 31, 2009, providing an early opportunity to advance a critical building block of health care reform legislation in the new Congress. AARP supported significant bipartisan efforts to strengthen the program in the last Congress, and we expect to support similar efforts again.

More specifically, AARP is calling on Congress to enact legislation that would:

- Expand Medicaid coverage for all low-income people, including childless adults, which is especially important for people age 50-64 who are now the fastest growing segment among the uninsured and generally unable to access Medicaid outside of special "waiver" programs;
- Revise Medicaid matching formulas to provide automatic "counter-cyclical" increases in funding to states during economic downturns;
- Improve Medicaid-based Medicare Savings Programs that help pay Medicare Part B costs for low-income beneficiaries;
- Require meaningful public openness and accountability when states seek waivers or otherwise change program eligibility and coverage rules;
- Require that savings to Medicare be taken into account when Medicaid waivers are evaluated for budget neutrality; and
- Revise or repeal Deficit Reduction Act (DRA) provisions that deny care to people who cannot pay cost-sharing obligations, limit eligibility for people who have transferred assets for legitimate purposes and not to game the eligibility system, or who have home equity above \$500,000.

On the regulatory front, the new Administration must revise or rescind six harmful Medicaid regulations that Congress put under a moratorium until April 1, 2009. Two regulations are of greatest concern to AARP.

The first is a regulation on case management that would impede efforts to get older Americans out of institutions and into home- and community-based services.

The second would bar coverage of important rehabilitative services that are necessary to prevent worsening of individuals' conditions.

All six regulations address areas where there has been abuse, but as drafted undermine the goals of the Medicaid program and instead shift costs for legitimate services to states and individuals.

Other regulatory priorities include revisions to DRA rules for:

- Citizenship documentation requirements that are preventing legal citizens from obtaining coverage;
- State benefit packages that do not ensure that all medically necessary services are covered;
- Asset transfers so people who were not trying to cheat the system are not penalized for helping families and charities; and
- Home equity so people can get the long-term care that they need.

THE COST OF DOING NOTHING

Failure to make the necessary legislative changes to Medicaid and rescind harmful regulations would drive up the total cost of health care in the long term because untreated preventable conditions and complications will require more intensive late-stage treatments. Not acting would also undermine efforts to ensure that all Americans have access to affordable health care coverage, and would be most acutely felt by those least able to afford such coverage on their own.

Inaction could particularly threaten Medicare solvency by increasing the cost of caring for those who are uninsured prior to becoming eligible for Medicare. Research shows that people who are uninsured before coming into Medicare have higher costs as a result of untreated conditions that have gotten worse and require more costly treatments as a result, which is much less common in people who were previously insured when they come into Medicare. By having Medicaid cover more of the uninsured, there would be fewer people coming into Medicare with untreated conditions and thus fewer costly end-stage and emergency treatment paid for by Medicare.