

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 22, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF CITY COUNCIL SUPPORT FOR THE COMMUNITY SERVICES BOARD LETTER TO LEGISLATORS REGARDING PROPOSED CHANGES TO MEDICAID THAT MAY SEVERELY CURTAIL FUNDING FOR CASE MANAGEMENT AND REHABILITATION SERVICES TO CITIZENS WITH MENTAL HEALTH AND MENTAL RETARDATION ISSUES

ISSUE: City Council consideration of support of a letter to alert members of the Senate Finance Committee and other legislators to proposed changes to Medicaid that may severely curtail funding for case management and rehabilitation. The Community Services Board approved the letter at their monthly meeting on September 8, 2005.

RECOMMENDATION: That City Council support the attached letter to oppose proposed changes to the Medicaid system and request the mayor to write a similar letter on behalf of the City to the Senate Finance Committee and the City's Congressional delegation.

BACKGROUND: Congress is considering legislation to severely limit reimbursement for case management and rehabilitation services through Medicaid and to reduce reimbursement specifically for targeted case management. In an attempt to reform some long-standing administrative issues in the program, the unintended consequence of the proposal is that it will effectively eliminate funding for case management and rehabilitation, and shift the costs of providing these services largely to the respective state and local governments.

DISCUSSION: The Alexandria Community Services Board opposes this legislation as it would greatly decrease the funding for services provided to the most vulnerable populations they serve, including those in the Parent-Infant-Education program serving children ages 0-3 and their families, along with individuals with developmental disabilities and mental illness.

Congress has postponed consideration of the legislation as a result of Hurricane Katrina and the pressing need to provide resources to the poor in the Gulf Coast region. However, it is likely that administration officials and legislators will be considering these drastic cuts at a later time.

I recommend that Council support the Community Services Board's letter and also request that the mayor write a similar letter to the Senate Finance Committee and our Congressional delegation on behalf of the City.

FISCAL IMPACT: In FY 2005, the Department of MH/MR/SA received almost \$3 million in Medicaid reimbursements. The amounts that would be affected if this legislation were approved are the almost \$1.3 million received for rehabilitation services to individuals with development disabilities or serious mental illness and the more than \$600,000 received for case management services.

ATTACHMENT: Letter from Mary Riley, Chair of ACSB

STAFF:

L. Michael Gilmore, Ph.D., Director, Mental Health, Mental Retardation and Substance Abuse
Kendel Taylor, Fiscal Officer, Mental Health, Mental Retardation and Substance Abuse

The Honorable [Name of Senator or Representative]
[1234 Senate Office Building]
Washington, D.C. 12345

Dear Senator [Smith]:

I am writing on behalf of the Alexandria, Virginia Community Services Board to urge your opposition to legislation that would have an unprecedented, disastrous effect on the United States public mental health system. Rehabilitation and case management services are core elements of the nation's efforts to help the 25 million Americans with serious mental illnesses live successfully in their communities. These programs are threatened by a recent administration legislative proposal to severely restrict Medicaid funding for these services.

On August 5th, Michael Leavitt, Secretary of the U.S. Department of Health and Human Services, sent Congressional leaders proposed legislation that would result in substantial cuts in the Medicaid program. This proposed legislation is intended to guide Congress as it crafts legislation to achieve \$10 billion in Medicaid cuts as part of the budget reconciliation process that must be completed this fall.

An important part of the administration's approach to achieving Medicaid savings includes severely limiting service definitions for case management and rehabilitation programs. The intent is to discontinue the practice by state Medicaid agencies of billing administrative activities as "services" for federal reimbursement, an inappropriate cost-shifting technique. **But the effect of the proposal's provisions extends far beyond this purpose, effectively eliminating much of the funding for case management and rehabilitation under Medicaid.**

For example, the proposed legislation would end Medicaid funding for services that seem to be duplicated by other state or county agencies. If a local office of mental health provided referrals to community health clinics, and a case management service also provided these referrals, the case management program would not be able to bill these referrals to Medicaid. Providing referrals is central to the functioning of case management programs, many of which have been established as evidence-based practices in achieving improved health outcomes through their intensive and comprehensive approach to assisting people with disabilities. Since the express purpose of case management services under Section 1915(g)(2) of the Social Security Act is to "assist individuals eligible under the plan in gaining access to needed medical, social, educational, and other services," it is clear that this requirement to avoid duplicating services would decimate these programs.

In addition, the proposal contains provisions that would impose extreme and unreasonable requirements on the provision of case management and rehabilitation services. One such provision requires that people with disabilities be dropped from rehabilitation programs once they reach a plateau and cannot reach higher levels of functioning, regardless of any need for services that help maintain their current level of functioning. Another requires intensive evaluation of rehabilitation outcomes for each person served, a requirement that States will find difficult to meet, since limited funds exist to provide for such an expansion of service activities.

No aspect of the administration's proposal affecting Medicaid case management or rehabilitation services should be included in budget reconciliation legislation. The Centers for Medicare and Medicaid Services (CMS) can create the desired firewall between services and state administrative functions by promulgating regulations under its existing statutory authority and effectively enforcing existing regulations.

While I understand that Congress has postponed consideration of this legislation given the repercussion of cutting Medicaid when so many of the nation's poor were disproportionately affected by Hurricane Katrina, I am writing because I understand that administration officials and certain legislators are intent on carrying out these drastic cuts at a later time. Our Board greatly appreciates your consideration of this issue, which is of such vital importance for people with severe mental illnesses.

Sincerely,

Mary Riley
Chair, Alexandria Community Services Board