

**Jewish Federation of Metropolitan Chicago  
Washington Mission  
May 15-16, 2007**

**Medicaid**

**Your Message to the Illinois delegation:**

**Ask Congress to enact a two-year moratorium to stop the proposed Medicaid regulations**

*KEY FACTS*

- The Administration's FFY'08 budget contains both legislative and regulatory proposals, which cut Medicaid funding by \$24.7 billion over the next five years and \$60.9 billion over ten years.
- The Administration's regulatory proposals, released on January 18, 2007, will cut the Medicaid program by \$12.7 billion over the next five years.
- One of the Administration's regulatory proposals would limit the amount of Medicaid payments to hospitals, nursing homes, and other institutions that are operated by state or local governments to the cost of furnishing services to Medicaid beneficiaries.
- The proposed cuts will translate to a **\$600 million annual decrease** to the Illinois Medicaid program. A cut this large will not only impact Medicaid providers and recipients, all of our social service programs are at risk of losing state funding.
- Senator Durbin's amendment, which would enact a two-year moratorium on the on any action on the proposed regulations, was included in the Senate supplemental appropriations bill.
- The Illinois delegation has been very supportive of this effort with 15 out of 19 House members and both Senators signing letters opposing the Medicaid cuts.

**Background**

Medicaid is a joint federal-state health care program that provides assistance to more than 60 million low-income children, families, elderly and people with disabilities. Medicaid is the only public program that covers ongoing nursing home care to those who have exhausted their own resources. Nationally, approximately 67 percent of Medicaid spending for the elderly and disabled is devoted to long-term care, including home and community based care.

The Medicaid program plays an essential role in providing health insurance and long-term care to our state's most vulnerable seniors, children, women of childbearing age, working parents and people with disabilities. Many of the Federation's agencies provide services through Medicaid. In fact, Sinai Health System (SHS), the Council for Jewish Elderly, particularly in connection with the Lieberman Geriatric Health Centre, as well as the Jewish Child and Family Services (JCFS), and Jewish Vocational Service (JVS) serve Medicaid recipients and receive

Medicaid reimbursement. As you can see from this chart, cuts to Medicaid will have a direct impact on these programs:

FY'06 Medicaid Services provided by Jewish Federation of Metropolitan Chicago Agencies

Agency	Medicaid Recipients Served	Services Provided	Total Medicaid Revenue
Lieberman Geriatric Healthcare Centre (CJE)	185/year	Long term skilled nursing care	\$5.27 million
JCFS <sup>1</sup>	200-300/year	Group home therapies and services; foster care services; post adoption assistance; life skills training; mental health counseling; case management; system of care services;	\$2.25 million (partial support)
JVS <sup>1</sup>	150-200/year	Mental health case management; rehabilitation stabilization; individual counseling; group therapy; family counseling; psychiatric medication monitoring and training; crisis intervention; mental health assessment and treatment plan development.	\$1.733 million (partial support)
SHS	81,000/year	Preventative, primary, acute, medical sub-specialty, emergency and rehabilitative care	\$145.6 million

<sup>1</sup>NOTE: These agencies receive Medicaid payments indirectly through state agency agreements. These payments are reflected in the Government Funding summary chart found near the end of this report, but are not broken out.

In its new budget, the Administration proposes cuts in federal Medicaid funding that total \$24.7 billion over the next five years and \$60.9 billion over ten years through a combination of legislative changes and regulatory action. The Administration's FFY'08 budget contains both legislative and regulatory proposals affecting Medicaid. The budget proposes legislative changes that would reduce federal spending by \$12 billion over five years, offset somewhat by proposals that would increase federal spending by \$1.2 billion over five years. These proposals would require congressional approval.

The Administration released a proposed rule on January 18, 2007 that would cut Medicaid by \$12.7 billion in regulatory reductions over the next five years. One of these regulatory proposals would limit the amount of Medicaid payments to hospitals, nursing homes, and other institutions

that are operated by state or local governments to the cost of furnishing services to Medicaid beneficiaries. Under this policy, governmental providers would no longer receive Medicaid reimbursement for the costs of serving uninsured low-income patients. Because public hospitals and nursing homes will continue to serve uninsured patients, they will continue to incur costs in furnishing services to these patients; the federal government, however, would no longer participate in those costs through regular federal Medicaid payments. Savings to the federal government are estimated at \$5 billion over five years. On March 15, the Jewish Federation and Sinai Health Systems filed a comment letter opposing these changes to the Medicaid program.

In March, Senator Durbin proposed an amendment to the supplemental appropriations bill that would enact a two-year moratorium on the on any action on the proposed regulations. The amendment passed and was included in the Senate version of the bill. On April 23, 2007, the supplemental appropriations conference committee included a one-year moratorium on any action on the proposed regulations. The House and Senate passed the conference report in late April; however, President Bush has stated he will veto the bill for completely separate reasons.

The Illinois delegation has been very supportive of this effort with 15 out of 19 House members and both Senators. Representatives Hastert, Kirk, Roskam, and Shimkus are the only House members who have not signed letters opposing Medicaid cuts.

Twenty-seven percent of Illinois' total state budget of \$49 billion comes from federal funds; the vast majority for its Medicaid program, and thus, changes in federal funding for Medicaid would have a dramatic effect on the entire Illinois State Budget. Therefore, the Federation was very concerned when the Administration proposed dramatic changes to the Medicaid program that would translate to over \$600 million in annual cuts in Illinois.

It is critical that the federal government maintains these services for those who rely on the Medicaid program for health coverage, including prescription drugs, and essential long-term care. The proposed cuts will translate to a \$600 million annual cut to the Illinois Medicaid program. The impact on Mt. Sinai Hospital will be tremendous. But with a cut this large, all of our programs are at risk of losing state funding.