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PRESIDENT CLINTON:
ANNOUNCING NEW ACTION TO EXPAND MEDICAID COVERAGE
FOR PEOPLE WITH DISABILITIES
October 27, 2000

Today, at the White House, President Clinton announced a major new action to expand Medicaid eligibility for people with disabilities and promote the use of home and community-based services. The action proposed by the President invests $960 million over 5 years to allow states to expand Medicaid coverage for tens of thousands of people with disabilities, preventing them from having to become impoverished and allowing them to move from institutions into community-based care settings. The President called on Congress to shift its focus away from excessive and unaccountable HMO payment increases and towards investments in coverage expansions for people with disabilities, and new grants to help states expand alternatives to institutionalization.

THE NEED TO IMPROVE ACCESS TO HEALTH INSURANCE FOR PEOPLE WITH DISABILITIES. Thousands of people with disabilities and seniors qualify for Medicaid only if they have very high medical expenses that force their incomes below the poverty level. Since Medicaid is the only available source of health care for many people, they are forced to keep their incomes low in order to qualify. In addition, many families of disabled children are forced into poverty in order to retain Medicaid eligibility for their children. There are also insufficient home- and community-based services and supports for people with disabilities.

EXPANDING MEDICAID ELIGIBILITY FOR PEOPLE WITH DISABILITIES. Today's action would expand Medicaid eligibility for people with disabilities by allowing states to disregard portions of an individual's income when determining their eligibility, such as the amount spent on food or shelter. This action will allowstates to provide Medicaid coverage to people who would not otherwise be eligible, resulting in:

- People moving from institutions into the community because they can retain additional income to pay for food, clothing, and shelter; and
- People continuing or returning to work by ensuring that they will not lose their health insurance coverage if their income increases slightly.

URGING CONGRESS TO ACT NOW ON HEALTH CARE PRIORITIES FOR PEOPLE WITH DISABILITIES. The President called on Congress to act now on critical health care priorities for the disability community by:

- Increasing access to Medicaid for working families with disabled children by passing the bipartisan Grassley-Kennedy-Sessions-Waxman Family Opportunity Act of 2000;
- Enhancing state capacity to provide home- and community-based alternatives to institutionalization;
- Finishing the job on the Work Incentives Improvement Act by providing permanent Medicare coverage to people with disabilities returning to work; and
- Enacting high-priority health care initiatives such as a voluntary Medicare prescription drug benefit; a strong and enforceable Patients' Bill of Rights; a $3,000 long-term care tax credit for people of all ages; and a new $1,000 tax credit to offset employment-related costs incurred by working people with disabilities.

A RECORD OF WORKING ON BEHALF OF AMERICANS WITH DISABILITIES. President Clinton and Vice President Gore have worked hard to achieve equal opportunity, full participation, independent living, and economic self-sufficiency for people with disabilities, including:

- Vigorously defending the Americans with Disabilities Act in court cases across the nation;
- Working to implement the Supreme Court's Olmstead decision, which prohibits unjustified isolation of institutionalized persons with disabilities;
- Helping ensure that 80% of America's public transit buses are now accessible;
- Signing into law and implementing the Ticket to Work and Work Incentives Improvement Act; and
- Developing a comprehensive, coordinated employment agenda through the Task Force on Employment of Adults with Disabilities.

Andrea Kane [redacted]

Record Type: Record

To: Christina S. Ho/OPD/EOP@EOP

cc:
Subject: HHS PRESS RELEASE--EXPANDING MEDICAID COVERAGE

---------- Forwarded by Andrea Kane/OPD/EOP on 10/27/2000 04:54 PM ----------

MARTHA HENNEGHAN <mhennegh@os.dhhs.gov>
10/27/2000 04:33:45 PM

Please respond to mhennegh@os.dhhs.gov

Record Type: Record

To: HHSPRESS@LIST.NIH.GOV

cc:
Subject: HHS PRESS RELEASE--EXPANDING MEDICAID COVERAGE

Date: October 27, 2000
For Release: Immediately
Contact: HCFA Press Office (202) 690-6145

Headline: HHS PROPOSES CHANGES ALLOWING STATES
TO EXPAND MEDICAID COVERAGE

The U.S. Department of Health and Human Services today announced it is proposing new rules to help enable more low-income Americans gain Medicaid coverage.

The change, which would allow states greater flexibility in determining Medicaid eligibility, could potentially benefit tens of thousands of Americans. In particular, it could help the elderly, people with disabilities and families with disabled children to obtain Medicaid coverage while living at home, instead of having to live in nursing care facilities.

The proposed change addresses problems created by existing rules that limit Medicaid eligibility for certain individuals to outdated, extremely low income levels that were used in the old Aid to Families with Dependent Children (AFDC) program, prior to welfare reform. The proposal is aimed at assisting those whose income is slightly above traditional Medicaid income limits, but who are strapped with overwhelming medical bills.

Under current "medically needy" rules, a state can offer Medicaid coverage to such persons once they have spent so much of their income on medical bills that what is left over meets the states' medically needy income standard. In more than 40% of the states, however, that standard is significantly below the poverty level. Under the proposed rule, a state could disregard portions of a person's income, such as the income necessary to pay for food, clothing or housing.

The proposed rule is of special significance for the elderly and people with disabilities. Under current rules, people in institutions can qualify for Medicaid coverage at much higher income levels than if they lived in the community. This "institutional bias" acts as a barrier to living in the community for many persons with disabilities. The proposed change would allow states the flexibility to change their own rules so that elderly or people with a disability would not have to lose their health coverage if they move into a community setting.

"This proposal has important potential to open doors to community living for thousands of Americans who are able to live at home and do not want to be confined in nursing homes," said HHS Secretary Donna E. Shalala. "It can enable people to obtain the services they need to live in their own home despite a chronic illness or disability, and lead fuller lives of their own choosing."

The proposed change could also be used by states to help low-income people who have a disability to participate in the workforce, by allowing states to disregard certain earnings or other sources of income and still retain vital health coverage under Medicaid. For example, a state might disregard income from a savings account used by a worker to save funds for the purchase of a home, automobile, or similar items that promote independence.

The proposed regulation could also allow states to provide health coverage to additional families and children who cannot be covered under existing rules. For example, states would have the flexibility to offer health insurance coverage under Medicaid to young adults ages 19 and 20 who are still in school or just beginning employment.

"This change could permit elderly and others to retain enough income to meet life's basic living expenses and still get help with their catastrophic medical bills," said Mike Hash, acting administrator of HHS' Health Care Financing Administration, which administers the Medicare and Medicaid programs. "We propose this as an important and meaningful change for states that already provide critical health coverage under Medicaid to millions of Americans."

New federal spending under the proposed regulation is estimated at $960 million over five years. States would also spend a similar additional amount over that period.

The proposed regulation will be published in the Federal Register next week.

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Note: For other HHS Press Releases and Fact Sheets pertaining to the subject of this announcement, please visit our Press Release and Fact Sheet search engine at: http://www.hhs.gov/search/press.html.