

## **Congress to Consider Emergency Medicaid Legislation for Hurricane Victims**

The Senate is scheduled to consider legislation that would assist victims of Hurricane Katrina with Medicaid assistance as early as Monday evening, September 26. The bill could be amended to assist victims of Hurricane Rita as well. Senators Grassley (R-IA) and Baucus (D-MT), the Chairman and Ranking Member of the Senate Finance Committee, have introduced S. 1716, the Emergency Health Care Relief Act.

S. 1716 would provide for the medical needs of residents and evacuees of counties and parishes under the FEMA declaration of hardest hit areas. The legislation would provide 100 percent federal funding for the health care needs of Katrina survivors, whether through traditional Medicaid or the new streamlined Disaster Relief Medicaid (DRM). DRM would be a temporary Medicaid benefit that would last for five months with a possible extension of an additional five months. The five month clock for benefits would begin on the date of enactment, with retroactive coverage of claims incurred by DRM-eligible individuals from August 28, 2005.

DRM would provide streamlined access to temporary Medicaid benefits in either the disaster-affected state or in the host state. A common one-page national application would be created, there would not be a requirement for documentation, a temporary eligibility card would be issued, there would be presumptive eligibility and enrollment would be off-site. Although individuals would self-attest to eligibility for DRM, states would be obligated to make a good faith effort to determine

eligibility and individuals are liable for the full cost of care if they falsely attest.

DRM would cover all populations regardless of categorical, resource, or residence eligibility requirements up to 100 percent of the Federal Poverty Limit (FPL). DRM would cover pregnant women and children regardless of categorical, resource, or residence eligibility requirements up to 200 of the FPL. Pregnant women enrolled in DRM at the end of the eligibility period would continue DRM eligibility at 100 federal funding until 60 days post-partum.

The legislation would also allow states to provide extended mental health benefits under DRM to persons with incomes up to 100 percent of the FPL. The bill would also ensure that people receiving Home and Community Based Services (HCBS) with DRM that those services do not count against host state Medicaid limits or caps.

At the end of the third month of eligibility, the state would be required to provide a notice to individuals of the date their benefits would end under DRM and how to apply for Medicaid under current state eligibility rules. The federal Centers for Medicaid and Medicare Services (CMS) would be required to ensure that the state is complying with the notice requirements for DRM and that new applications for state Medicaid are being processed in a timely and appropriate manner by the states.

Emergency assistance would also be available for providers. The bill creates a Disaster Relief Fund to offset increased Medicaid or uncompensated care costs arising for Medicaid providers (hospitals, skilled nursing facilities, federally qualified health centers, rural health care clinics) as a result of Hurricane Katrina. Providers would qualify for the Disaster Relief Funds based on a significant increase in their percentage of Medicaid covered lives or their percentage of uncompensated care. Providers would be paid directly through the federal government. Hospitals would be fully reimbursed for unpaid Medicare beneficiary co-payments and deductibles for evacuees.

The bill also would ensure that no state would see a decrease in their FMAP, or federal matching rate, in 2006.

Those impacted by the Hurricane that have private health coverage would be able to use Disaster Relief Funds for employee or employee and employer share of private insurance coverage for pre-existing coverage.

### **House of Representatives Passes Reauthorization of Head Start**

On September 22nd, the House passed the “School Readiness Act of 2005” (H.R. 2123) by a vote of 231-184 thereby reauthorizing the Head Start program through 2011. The bill authorizes \$6.8 billion for the program that serves nearly one million children. The bill does not include previous proposals to block grant the Head Start program to states. The sponsors, Congressmen Boehner (R-OH) and Castle (R-DE) included language requiring Head Start operators to align their curricula with state academic standards. The bill also expands access to the program for children of migrant and seasonal farm workers and increases funding for Indian Head Start programs. Increased qualifications for teachers are also included in the bill.

Chairman of the House Education and Workforce Committee, Congressman John Boehner (R-OH), offered an amendment allowing faith-based organizations to hire employees based on their religious beliefs. The amendment passed 220-196. If the provision remains in the final bill, it is unclear if the hiring provision would be challenged in the courts.

The Senate Health, Education, Labor and Pensions Committee passed a similar bill by voice vote on May 25th. The Senate’s Head Start bill (S. 1107) does not include the faith-based hiring language and an amendment would not likely pass in the Senate. It is not clear when the full Senate will vote on their Head Start bill.

### **Katrina Tax Relief Package Passed**

On September 15<sup>th</sup>, both the House and Senate passed legislation (H.R. 3768) to provide tax relief to victims of Hurricane Katrina. Each chamber passed separate tax relief bills but a compromise bill was eventually passed by both the House and Senate. Elements of the final bill would: Allow early distribution from IRAs and pensions for those affected by the Hurricane; extend the Work Opportunity Tax Credit (WOTC) for employers hiring workers who lived in the disaster areas prior to the Hurricane; provide a tax credit to small businesses in the disaster area that retain eligible employees on their payroll; allow full deductibility of personal casualty losses; ensure that families are not taxed on forgiven debt; create a \$500 per person (\$2,000 maximum) tax deduction for individuals providing rent-free housing for at least 60 days to hurricane evacuees; and help low-income persons maintain their Earned Income Tax Credit benefits.

The bi-partisan agreement also includes a series of charitable giving tax incentives to promote charitable aid for Hurricane victims. One of the provisions suspends limitations on tax deductions between August 28 and December 31, 2005 for individuals and corporations so as to encourage cash donations to all charities not just charities related to Hurricane Katrina. The bill also modifies tax treatment to individuals when using a personal vehicle for charitable work and the bill encourages corporations to donate books to public schools and to donate food to those in need.

H.R. 3768 was signed into law by President Bush on September 23, 2005.