

## Temporary Medicaid Disaster Relief Act of 2005

Hurricane Katrina has created a health as well as a humanitarian crisis. Survivors have been injured and weakened; they are homeless and jobless. Injuries need treatment, health conditions need care, and public health threats need to be contained. Yet, the health providers in Louisiana, Mississippi, and Alabama are themselves in crisis. And, those States across the Nation that have welcomed Hurricane Katrina survivors may not be able to afford those additional healthcare costs. A quick and effective response is needed.

### Summary

The bill would create temporary Medicaid disaster relief to:

- **Provide Katrina survivors with health coverage through Medicaid wherever they are now located.** A simplified eligibility and enrollment process would be created for people from Federal disaster counties in Mississippi and Alabama and Federal disaster parishes in Louisiana. This coverage would also extend to people who live in the affected States and have lost their jobs as a result of Hurricane Katrina.
- **Make it easy for healthcare providers to care for Katrina survivors.** Once enrolled, Katrina survivors who are relocated in other States would receive Medicaid as though they were Medicaid enrollees in that State. Medicaid would also provide temporary assistance with the out-of-pocket costs for those people who have access to their private insurance. This means no new systems or rules for healthcare providers or States.
- **Guarantee Federal funding for health care for Katrina survivors.** The Federal Government would pay all of the cost of providing Medicaid to Katrina survivors in any State in which they are enrolled. This would continue for one year until September 30, 2006.
- **Ensure a smooth transition to the Medicare drug benefit for Katrina survivors.** In addition, parts of the implementation of the drug benefit would be delayed in States directly affected by the hurricane, along with their neighbors. Specifically, the transition of “dual eligibles” from Medicaid to Medicare (and the “clawback” payments States must pay to the Federal Government for Medicare drug coverage for low-income individuals) would be temporarily suspended to prevent survivors from losing drug coverage. The documentation requirements for the low-income drug benefit assistance would be modified to account for survivors’ difficulties in accessing necessary paperwork. And the penalties for not immediately enrolling in Medicare and its drug program upon eligibility would be temporarily suspended, as well.

## **Background and Need**

The bill's approach of this bill would be the most effective and efficient way to ensure that Katrina survivors have access to health care. Capped grants to States, as proposed by the Administration, can help with other needs, including rebuilding the healthcare infrastructure, but they cannot effectively ensure that Katrina survivors receive the health care they need. The advantages over a State grant program, earmarked FEMA funding, or a 4- or 6-month Medicaid waiver option include:

- **This approach is modeled after the effective response in New York after 9/11.** Medicaid is the quickest, most efficient option to respond to disasters, as proven in the New York Disaster Relief Program that protected not only the health of individuals but also the public health after 9/11.
- **Medicaid has an existing infrastructure in every State, permitting it to deliver coverage immediately to Katrina survivors wherever they may be.** Enrollment systems exist, and health providers are already linked to the system.
- **Fixed funding to States for healthcare costs associated with Katrina would inevitably miss the mark.** It is impossible to know how many Katrina survivors will move, where they will go, and how long they will be away from their home State. Federal Medicaid funding that follows Katrina survivors through the Medicaid program -- no matter where they go -- will ensure that care gets delivered and paid for.
- **The healthcare needs of Katrina survivors are uncertain.** The physical and mental stress of this disaster could lead to unexpected costs. Fixed funding through FEMA or similar capped grant approaches cannot be responsive to costs, while Medicaid coverage automatically adjusts based on need. And, ultimately we do not know where the survivors will settle for the short term. A Medicaid approach allows the funding for healthcare needs to follow the survivor, wherever he or she may land.
- **Waivers put hurdles between rapid assistance and the States and survivors.** A waiver from the HHS Secretary would be a huge implementation barrier. Waiver negotiations can stretch out for months and years. States would not be guaranteed all their costs associated with providing Medicaid assistance would be funded. Waivers include budget caps that would mean inadequate funding in some States given the unknown number of evacuees and their unknown health needs. Waivers also could include enrollment caps, which would mean no guarantee of assistance for those who survived the hurricane. Waivers are negotiated on a State-by-State basis and results may vary. Congress should decide who gets assistance, where the assistance goes, or when it is received.
- **Louisiana, Mississippi, and Alabama face a double challenge: greater need and fewer resources.** The economic impact on the Gulf States is likely to be enormous, causing revenues in these States to plummet. As such, they will not be able to meet their normal fiscal obligations, let alone the new demands on their health programs created by the hurricane. Until they can resume their pre-hurricane activities, they should not be expected to generate

the revenue needed to pay for critical care for their elderly, disabled, and low-income families. A waiver approach would not meet this need.