



To: State Medicaid Directors

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Re: Congressional Update

We thought it would be useful to provide you with this Congressional update on key health and human services pieces of the supplemental appropriations bill for federal fiscal year 2007. If you have any questions, please do not hesitate to contact us.

During the past several weeks, House and Senate conference committee met to finalize language for a compromise measure. The President has indicated he will veto the \$124.2 billion conference report due to the Iraq war language. There are insufficient votes to override the President's veto.

Congress is then expected to revisit discussions on the war-related language. The timing for consideration of a revised supplemental spending measure is unclear. Also uncertain is whether and how Congress will address the other urgent spending provisions in the measure currently under consideration, for example the funding to avert federal shortfalls in the State Children's Health Insurance Program (SCHIP) that several states anticipate. Congress may decide to consider standalone spending legislation for SCHIP and include other health and human services related provisions or an alternative strategy may need to be developed.

We will continue to keep you apprised of the status of this and related appropriations measures.

STATUS OF FISCAL YEAR 2007 SUPPLEMENTAL APPROPRIATIONS LEGISLATION

U.S. Troop Readiness, Veterans' Health and Iraq Accountability Act (HR 1591- H Rept 110-107))

STATUS: On April 25, the House approved the supplemental appropriations bill by a vote of 218-208. The Senate passed the measure on April 26, by a vote of 51-46. The President has promised to veto the measure.

- **SCHIP:** The conference committee bill makes available up to \$650 billion for the State Children's Health Insurance Program (SCHIP) for the remainder of fiscal year

2007. The most recent reports from the Congressional Budget Office indicate that fourteen states anticipate a shortfall in federal funding totaling \$624 million. The bill retains the enhanced match rate for all currently covered populations.

- **Medicaid-related Provisions:** The committee bill would delay for one year, rather than the two approved in the original Senate-passed measure, implementation of the CMS proposed Medicaid rule that would limit payment to public providers. The bill language also prohibits any administrative action from being taken on this proposed rule and graduate medical education, as proposed in the President's FY 2008 budget plan earlier this year. The bill clarifies that the moratorium on CMS rulemaking does not undermine CMS authority to enforce other program integrity requirements. The cost of the provision is estimated to be \$160 million.
 - *Offsets:* Congress included a Medicaid provision that would result in \$133 million in savings to pay for the moratorium provision. This provision requires states to have Medicaid-reimbursed providers use tamper-resistant prescription drug pads in their prescribing, starting in FY 2008.
 - The bill also includes language that would allow Wisconsin's SeniorCare prescription drug program to be extended, thereby producing savings of \$27 million.
- **LIHEAP:** \$400 million is provided for the Low-Income Home Energy Assistance Program.
- **SSBG:** The measure allows funds made available to the states through the Social Services Block Grants (SSBG) provided by the emergency supplemental appropriation provisions of the FY 2006 Defense Appropriations Act (PL 109-148) to remain available through FY 2009. The law provided \$550 million for such assistance, which is set to expire on September 30, 2007.
- **Minimum Wage Increase and Extension of the Work Opportunity Tax Credit:** The conference committee bill increases the minimum wage to \$7.25 over two years. The agreement also applies the federal minimum wage to the Northern Mariana Islands and to American Samoa. This increase would occur in three increments of 70 cents each. The bill extends for 44 months, through August 2011, the Work Opportunity Tax Credit (WOTC) provided to businesses that hire certain disadvantaged workers, and it expands the eligibility criteria for certain targeted groups. Under the measure, businesses could qualify for the credit for targeted employees hired after Dec. 31, 2007, and before Sept. 1, 2011.
- **Pandemic Flu** — The bill would provide for \$625 million to the Public Health and Social Services Emergency Fund to support efforts to prepare for and respond to an influenza pandemic.