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HHS RESCINDS MEDICAID REGULATIONS

Department of Health and Human Services (HHS) Secretary Kathleen Sebelius today announced that the administration will rescind all or part of three Medicaid regulations that were previously issued and delay the enforcement of a fourth regulation. Each of these rules, in whole or in part, had been subject to Congressional moratoria set to expire on July 1, 2009.

“These regulations, if left in place would have potentially adverse consequences for Medicaid beneficiaries, some of our nation’s most vulnerable people,” said Secretary Sebelius. “By rescinding these rules, we can expect that children will continue receiving services through their schools, beneficiaries will be able to access all available case management resources to help them better manage their health care, and outpatient hospital and clinic services can continue to be covered in the most efficient manner.”

“The actions we are taking today are necessary to ensure that the states have the flexibility they need to fully serve Medicaid-eligible individuals,” said Secretary Sebelius.

The Centers for Medicare & Medicaid Services (CMS) and HHS today are:

- Rescinding a final rule, published December 28, 2007, that would have eliminated reimbursement for school-based administrative costs and costs of transportation to and from schools. The rescission reflects concern that the rule could limit the Medicaid administrative outreach activities of schools, and that the overall budgetary impact on schools could potentially impact their ability to offer Medicaid services to students.
- Rescinding a rule, published November 7, 2008, that would have limited the outpatient hospital and clinic service benefit for Medicaid beneficiaries to the scope of services recognized as an outpatient hospital service under Medicare. This rule was rescinded because CMS became aware that coverage beyond that scope could not be easily moved to other benefit categories, resulting in great impact than previously anticipated.
- Rescinding provisions of an interim final rule published December 4, 2007, which would have restricted beneficiary access to case management services. These provisions appeared to, in practice, restrict beneficiary access to needed covered case management services, and limit state flexibility in determining efficient and effective delivery systems for case management services.
- Delaying until June 30, 2010, the enforcement of portions of a regulation that clarified limitations on health care related tax programs so that CMS could determine whether states need additional clarification or guidance. CMS may also further review the potential impact of the regulation, and give additional consideration to alternative approaches.

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