

The LRHA Policy Corner

ON THE FEDERAL FRONT:

****New Poverty Level Established***

New federal poverty level (FPL) guidelines published January 24, 2006 will affect eligibility levels for many public benefits, including health benefits for older people and people with disabilities

- The new numbers are effective when published, but each program that relies on them may use a different effective date.
- The published poverty levels merely state a dollar figure for different sized family units.
- They do not address issues of what income is included, what deductions from income are allowed, who is included in a family unit or other use issues.
- These questions are addressed by the individual programs relying on the poverty guidelines.
- A complete summary of the new FPL guidelines can be found at - http://lrha.org/leg_updates.htm

****U.S. Senate Clears Legislation Shifting Disaster Funds to Small Business Administration***

The Senate cleared legislation on February 17th that will give the Small Business Administration another \$712 million for its disaster loan program.

- The funds provided through the supplemental spending measure (HR 4745) would not add to the budget deficit, however. The legislation simply redirects funds previously appropriated to the Federal Emergency Management Agency (FEMA).
 - FEMA received \$60 billion in two emergency appropriations supplementals last fall (PL 109-61, PL 109-62) following Hurricane Katrina.
 - The new SBA funds will enable the agency to make an additional \$4.8 billion in disaster relief loans.
 - To date, SBA has approved \$4.4 billion in disaster loans as a result of hurricanes Katrina, Rita and Wilma last summer and fall.
 - It anticipates that a total of \$11 billion to \$12 billion in loans will ultimately be needed.
 - ✓ SBA had recently informed Congress that it would run out of funds Feb. 21 unless action was taken.
 - ✓ According to the supplemental request, the funds would allow SBA to reimburse FEMA for any funds that had been transferred to its disaster loans program.

- ✓ Both FEMA and the SBA would receive additional funding under the supplemental appropriations request that President Bush sent to Congress Feb. 16. - FEMA would receive \$9.4 billion, while SBA would receive \$1.3 billion.

****Medicare Advantage Plans See Big Enrollment Gain***

The Medicare Advantage program - the private health plan side of Medicare has seen a big jump in enrollment since the start of the new drug benefit, according to federal officials.

- Medicare Advantage enrollment has risen by 460,000 to a total of 5 million, owing to the start of the drug benefit January 1, the Centers for Medicare and Medicaid Services have said.
- Many Medicare Advantage plans were providing at least a modest drug benefit before the new prescription drug benefit began.
 - Its start brought more money into Medicare's HMOs and PPOs to cover drugs, in effect allowing more generous drug benefits than beneficiaries can get in the traditional fee-for-service side of Medicare.
- CMS Administrator Mark B. McClellan explained the enrollment gain by noting that the added drug coverage in Medicare Advantage plans saves seniors \$100 a month over other Medicare drug coverage.
 - He also noted that the Medicare overhaul law (PL 108-173) has led to the wider availability of Medicare Advantage plans.
 - Passage of the 2003 Medicare overhaul law (PL 108-173) sharply increased Medicare payments to Medicare Advantage plans.
 - That trend will continue in 2007, according to a preliminary estimate released of next year's payment rates. (Payments will increase 6.9 percent next year, according to the preliminary estimate.)

****Deficit Reduction Act of 2005 - Signed into Law***

On February 8, 2006 President Bush signed the Deficit Reduction Act of 2005 (DRA) into law. A number of DRA's provisions are effective January 1, 2006.

- A fact sheet that summarizes these provisions with respect to Medicare and their implementation can be found at - http://lrha.org/leg_updates.htm

****Hallowed Halls of the U.S. Congress***

Both Chambers will recess starting February 20, 2006 for the President's Day holiday. The House and Senate are to reconvene come 2:00 p.m. on Monday, February 27th.

STATE & LOCAL ACTION:

****Health Officials Make Plan to Spend \$550 million in Federal Aid***

Louisiana's share of \$550 million in federal block grants for social services would be used to shore up mental health services, the charity hospital system and child welfare services under a plan unveiled by state health officials.

- The state is slated to get \$221 million in Social Services Block Grants made available by Congress last month to help hurricane victims, with the rest of the money spread among the other 49 states and the District of Columbia.
- The largest chunk of Louisiana's share, \$80 million, would go to mental health services, which have been strained since hurricanes Katrina and Rita as psychiatric beds have closed and hospital emergency rooms have been forced to pick up the slack.
- Among other things, the money would help alleviate emergency room backlogs by setting up mobile crisis intervention teams.
- Another \$70 million would go to LSU for the charity hospitals and the Health Sciences Center, to make up financial losses since the storms.
 - The recommendation was adopted by a health committee of the Louisiana Recovery Authority and will be taken up by the full board this week.
 - If the board agrees to the recommendation, the Legislature would still have to sign off and federal health authorities would have to approve the state's plan spoken to under the recently passed House Bill 59.

****Special Session Round-Up***

The Legislature wrapped up a 12-day special session Friday, February 17th. This session produced a compromise bill to restructure southeast Louisiana's patchwork system of levee boards, but failed to deliver on Gov. Kathleen Blanco's efforts to downsize New Orleans' government and to form a state trust to distribute federal housing aid.

- In the second special session since the upheaval caused by two major hurricanes, lawmakers passed bills designed to make it easier for displaced New Orleanians to vote in the April 22 city elections.
 - An election bill by Rep. Jalila Jefferson-Bullock, D-New Orleans, to set up 10 satellite voting centers around the state for displaced New Orleans voters failed.
 - A similar piece of legislation, one with more Administration support, was brought out of a House committee and onto the floor, where it ultimately passed.
- The Legislature also reshuffled the state bureaucracy by making the Louisiana Recovery Authority (LRA) a permanent state agency under House Bill 59.
 - The LRA will be comprised of a 15 member staff run by an executive director and a 30 person board of directors.

- Some powerful lawmakers in the House and Senate, refused to go along with the idea of a single levee board, insisting that a separate governing authority be established for the West Bank.
 - They won key victories on the Senate floor and in a House committee, prompting the bill's sponsor, Sen. Walter Boasso, R-Arabi, to pull the measure from consideration.
 - By the final day of session, legislation creating two levee districts and that was committed to staffing the boards with experienced professionals - passed.
 - Public pressure from the business community and citizens groups was key in getting legislators on board, it was rumored that more than 11,000 e-mails had been received during the past several weeks on the subject.
- Governor Blanco called the failure of the housing trust "the biggest disappointment of this session."
 - The administration will be looking for alternative ways the state can speed the process of getting money into people's hands without legislation.
 - The Louisiana Recovery Authority is expected to announce the programs that it wants to make available to individual homeowners.
 - Those programs would be financed through the \$6.2 billion in federal block grants already available to Louisiana and the \$4.2 billion request that President Bush has made to Congress to give Louisiana additional housing aid.
 - ✓ Besides housing, the effort to consolidate New Orleans government promises to play a prominent role in the 85-day regular session that starts March 27.

**The mission of the Louisiana Rural Health Association is to serve as a unified voice for the promotion of rural health care through advocacy, education, and leadership. The information above was provided in part by the National Rural Health Association and gathered from various publicly released documents of news related sources.*