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Waiver may cut share of stimulus

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PROVIDENCE — Thousands of unemployed Rhode Islanders would qualify for free health insurance coverage if the federal stimulus package moving through Congress becomes law.

But a recent deal between the state and federal governments may jeopardize Rhode Island's ability to cover its residents, according to the state's representatives in Congress and others.

Despite repeated statements to the contrary, the Carcieri administration's Medicaid overhaul — dubbed the “global Medicaid waiver” — has complicated access to that piece of the \$819-billion stimulus package. And the state's congressional delegation is scrambling to protect Rhode Island's interests.

U.S. Rep. James R. Langevin is “very concerned,” according to spokeswoman Joy Fox. “I think it's something we need to figure out quickly to make sure Rhode Island gets what it deserves in this stimulus package.”

Just two weeks into a five-year Medicaid agreement with the federal government, the Carcieri administration acknowledged yesterday that it may have to renegotiate pieces of the deal. And Rhode Island could terminate the agreement if absolutely necessary to gain access to the stimulus money, according to Gary Alexander, director of the Department of Human Services.

“I never like to comment on hypotheticals; the Senate is still debating this issue. ... But there are two ways to get out of the agreement if we had to,” Alexander said, adding that a renegotiation is preferred if any action is needed. “Seeing as we just negotiated the cap, it probably wouldn't be that big a deal to go back down there. ... It can be done.”

At issue is the most controversial aspect of the first-of-its-kind Medicaid agreement, which officially took effect Jan. 16. In exchange for broad flexibility to restructure health-insurance programs, Rhode Island government agreed to a strict limit on Medicaid spending every year for the next five years.

The spending caps — the result of a series of closed-door negotiations between the governor's staff and the federal Centers for Medicare & Medicaid Services — took into account a souring economy and annual increases in the cost of health care for those 180,000 Rhode Islanders served by Medicaid programs. But they did not anticipate the health-care expansion outlined in the package approved by the U.S. House of Representatives last night.

“We've never had a situation where Medicaid said, ‘Here's a boatload of money, cover ’” said Alexander, a key negotiator of the anyone who lost their job, global waiver.

Under the plan before Congress, all unemployment recipients would qualify for free health-care coverage through 2010. The federal government would funnel \$11 billion to states to pay for the expansion.

But because Rhode Island cannot exceed its new spending limits, it might find itself in the unusual position of having to turn down federal money, denying health insurance coverage to Rhode Islanders offered to citizens in other states.

A host of critics had warned state leaders against becoming the first state in the nation to cap Medicaid spending. In other states, the state and federal government share the cost — with no limit — of health-related coverage for qualified elderly, poor and low-income residents.

“That’s the problem with having a cap at all. You can’t predict things like this,” said Linda Katz, policy director at Rhode Island College’s Poverty Institute. “This is what we warned of. We’re on the brink of a new administration with clearly some federal fiscal relief coming to the states. Why would we want to tie our hands at this point?”

But there is debate over whether the federal stimulus aid — Rhode Island’s cut is unclear — would fall under the cap at all. If not, Rhode Island could freely use the stimulus funds just like other states.

Alexander says he is optimistic, although he has no written assurance from federal Medicaid officials.

“In our preliminary conversations with CMS they have said they don’t think it’s a cap issue, they think it would be outside the cap,” Alexander said. “It wouldn’t be written anywhere. This is not a normal Medicaid issue.”

But Rep. Patrick J. Kennedy’s office, which has been following the federal stimulus and global waiver closely, disagrees with Alexander’s assessment.

“The congressman is concerned that these funds — funds desperately needed by states right now — would apply against the new state cap,” said Kennedy spokeswoman Kerrie Bennett. “This renews one of the congressman’s original primary concerns — that the cap did not factor in the state’s rising unemployment rate.”

Rhode Island’s congressional delegation issued a letter earlier in the month urging against the global waiver. At the time, the General Assembly could have voted to block the deal.

The decision not to oppose it was based in part on repeated assurances from the governor that the deal wouldn’t jeopardize federal aid, according to Rep. Eileen S. Naughton, D-Warwick.

“Here we are just a few weeks after they assured us this was no problem, and we’re having a test to see in fact what will happen,” she said. “I told them repeatedly about the unemployment numbers and that forecasting they were using wasn’t based on reliable data for the situation we were in.”

House Finance Committee Chairman Steven M. Costantino said state leaders would renegotiate the global waiver if necessary, but he urged calm.

“I’m not going to predict what comes out of Washington on a bill that has not even passed,” he said.

— Journal Washington Bureau chief John E. Mulligan contributed to this report

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