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# Protect the Medicaid Rehabilitative Services Option

## Proposed CMS Rule Would Limit Use of Rehabilitative Services Option

On August 13, 2007, CMS issued a proposed rule on the Medicaid rehabilitative services option. Among the provisions of this proposed rule that raise concern: implementation of the intrinsic element standard; a new definition of restorative services; new requirements for a written rehabilitation plan; and the exclusion of habilitative services. This proposed rule would reduce rehabilitative services option spending by \$2.2 billion over 5 years

## What Are Rehabilitative Services?

Rehabilitative services are designed to assist in the recovery of children and adults with serious mental illness and addiction disorders. These services, which help people with mental illness or addiction disorders improve or maintain their functioning, are key to reducing dependence on inpatient services and emphasize clients' recovery. Behavioral healthcare providers tailor rehabilitative services to the individual needs of each client with the goal of helping them to eliminate or compensate for the barriers to independent life in the community that their mental illness or addiction disorder creates.

## How Would This Rule Impact Services?

Medicaid is the single largest source of funding for America's public mental health system. It is estimated that rehabilitative services and Targeted Case Management (TCM) combine to produce more than 50 percent of all federal funding for community-based services for people with mental illnesses and other disabilities. CMS' proposed rule would restrict community providers' ability to use and be reimbursed under this important service option.

## Congressional Action

During consideration of the Deficit Reduction Act (DRA) of 2005, Congress specifically rejected a new statutory definition of the Medicaid rehabilitation option, which would have prohibited states from claiming Medicaid reimbursement for rehabilitative services if there was another federal, state or local program that funded such services for other non-Medicaid populations.

On December 29, 2007, President Bush signed legislation (S. 2499) containing a six-month moratorium on rulemaking related to the Medicaid Rehabilitation and School-Based Services regulations. The moratorium expires on June 30, 2008. On April 23, 2008 the full House of Representatives passed legislation (HR 5613) to delay implementation of rulemaking related to the Medicaid Rehabilitation and School-Based Services regulations - along with six other recently released Medicaid regulations - for one year, by a vote of 349-62 - a margin large enough to defeat a presidential veto. In the Senate, legislation to delay these Medicaid regulations is most likely to be attached to the next supplemental appropriations bill.

**REQUEST: The National Council urges Congress to enact legislation to delay implementation of rulemaking related to the Medicaid Rehabilitation and School-Based Services regulations, along with the six other Medicaid regulations included in HR 5613, for one year.**

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