

EXHIBIT 6
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Steinbeck, Lois

From: humserv-l-request@ncsl.org on behalf of Joy Wilson [joy.wilson@ncsl.org]
Sent: Wednesday, February 02, 2005 10:10 AM
To: NALFO; medicaid-l@ncsl.org; humserv-l@ncsl.org; Healthpolicy-l
Subject: FY 2006 Medicaid Reform Preview
Importance: High

2/2/05

Friends:

Thought you might be interested.

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FY 2006 Medicaid Reform Preview

Secretary Leavitt gave a speech yesterday during which he outlined some of the Administration's FY 2006 budget proposals for Medicaid. The Administration proposes to reduce federal Medicaid expenditures by at least \$60 billion over 10 years. This would be accomplished by:

- Prohibiting/reducing the use of "financial loopholes," such as intergovernmental transfers (\$40 billion in savings over 10 years);
- Changing the basis for drug purchases under Medicaid from "average wholesale price" to "average sale price." (\$15 billion in savings over 10 years)
- Addressing the "transfer of assets" issue where individuals divest income and assets to qualify for Medicaid, typically for nursing home care. (\$4.5 billion in savings over 10 years).

Secretary Leavitt said the Administration would not propose a block grant or cap spending for mandatory Medicaid beneficiaries. He suggested that the Administration is interested in looking at modifying the Medicaid benefit package for optional eligibility groups. He also talked about strong support for home and community-based care and efforts and initiatives to improve access to these services, with an emphasis on consumer-directed care. The Administration is particularly interested in covering more children and there was some mention of making SCHIP-like benefits available to more children.

The President's budget will be submitted to Congress on Monday, February 7, 2005. Additional details