

The National Council of Social Security Management Associations, Inc.

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- **Appropriations Update**

Most of the significant obstacles on the appropriations bills were resolved over the weekend so we are expecting that the Omnibus bill may be finished by Wednesday, which will include the Labor-HHS and the VA-HUD bills and five other bills. The largest obstacle to be resolved was the Senate-backed provision blocking the Department of Labor's proposed changes to overtime compensation rules. **It is reported that Senate Labor-HHS Appropriations Committee Chairman Arlen Specter (R-PA) agreed not to stand in the way of the provision being dropped by conference negotiators.** The GOP leadership forced Sen. Specter to back down by threatening to drop the Labor-HHS measure from the omnibus and fund it under a yearlong continuing resolution – translation – a \$4.7 billion cut for agencies covered under the bill.

There is still the pesky issue of a \$4 billion difference between the House and the Senate and they are trying to figure out whether to do an across-the-board cut at this point. It is possible that they will finish the Omnibus by Wednesday but hold it over for final passage until after Thanksgiving since the House has already gone home for the Holiday.

- **Medicare Reforms In Conference Agreement May Impact SSA**

After months of Medicare reform negotiations, Senate and House conferees finally came to a compromise and released the Medicare conference agreement late last Thursday night. During an unusual Saturday pre-dawn session, the House voted 220-215 to pass the conference agreement. Though some Senate Democrats are still voicing strong opposition to the conference agreement and have threatened to filibuster the measure, the Senate is nevertheless expected to pass the Medicare agreement on either Monday or Tuesday before the Thanksgiving holiday. AARP announced its support for the Medicare prescription drug agreement early last week; however, some AARP members expressed their dissent by cutting up their AARP membership cards outside of the AARP national headquarters in Washington, D.C. Other health care advocate groups have also expressed their opposition to the bill, claiming that the benefits provided in the final bill are either too skimpy or too costly.

The conference agreement for the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 contains a section (Sec.1015) that **provides funding** to the Centers for Medicare and Medicaid Services and the **Social Security Administration** for the funding of “start-up administrative costs for Medicare reform.” The following amounts have been specified in the conference agreement: “not to exceed \$1,000,000,000 for the Centers for Medicare & Medicaid Services; and **not to exceed \$500,000,000 for the Social Security Administration.**”

In language found in the Joint Explanatory Statement (a companion document to the conference agreement), SSA or the states (through their Medicaid programs) would engage in making the subsidy determinations. The Joint Explanatory Agreement states, "It is the intent of the conferees that while enrollment at the SSA offices is important, both Medicaid programs and the Social Security Administration should engage in outreach activities to encourage individuals to apply for subsidies under this section." SSA or the state Medicaid plans would reevaluate a person's subsidy eligibility each year.

The conference agreement also authorizes the disclosure of certain return information to employees and contractors of SSA by the IRS. The language is as follows: "Upon written request from the Commissioner of Social Security, the IRS may disclose certain items of return information with respect to a taxpayer whose premium may be subject to adjustment."

What does this all mean??? Because the language contained in the conference agreement is rather open-ended there is a great deal of room for interpretation of the intent of language at this point. It does seem that if the Medicare reform package makes its way to final passage by the Congress and then signature by the President that there will definitely be a role for SSA to play. Details regarding the potential impact on SSA's budget, staffing levels, and the involvement of the field offices remain to be seen at this point.

Other provisions included in the agreement that impact SSA are:

- The Medicare conference agreement contains a section that provides for the creation of a "Beneficiary Outreach Demonstration Program" (Section 924). According to the language in the conference agreement, the Secretary of HHS would establish a Medicare specialists demonstration program in at least six SSA offices nationwide. The Medicare specialists, who would be employed by HHS, would be stationed at SSA offices in order to provide "advice and assistance" to individuals requesting information about the Medicare program and the new prescription drug benefit.
- The Medicare reform conference agreement also provides for the transfer of the administrative law judge Medicare appeals function from SSA to HHS. According to the agreement, the Secretary of HHS and the SSA Commissioner would be expected to work together to formulate a plan for the ALJ function transfer.

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