

July 7, 2003

## Report Criticizes Federal Oversight of State Medicaid

By ROBERT PEAR

**W**ASHINGTON, July 6 — The Bush administration has allowed states to make vast changes in Medicaid but has not held them accountable for the quality of care they provide to poor elderly and disabled people, Congressional investigators said today.

The administration often boasts that it has approved record numbers of Medicaid waivers, which exempt states from some federal regulations and give them broad discretion to decide who gets what services.

But the investigators, from the General Accounting Office, said the secretary of health and human services, Tommy G. Thompson, had "not fully complied with the statutory and regulatory requirements" to monitor the quality of care under such waivers.

The accounting office examined 15 of the largest waivers, covering services to 266,700 elderly people in 15 states and found problems with the quality of care in 11 of the programs. In many cases, Medicaid beneficiaries simply did not receive the services they were supposed to receive.

The Medicaid beneficiaries were all eligible for nursing-home care but chose to stay in the community with friends and relatives. Rather than pay the high cost of institutional care, the states promised to provide a wide range of social and medical services known as home and community-based care.

The General Accounting Office said, however, that the states often failed to provide those services and that the federal Department of Health and Human Services took no action to protect patients.

The federal government and the states spent more than \$258 billion on Medicaid last year, with the federal share accounting for 57 percent.

Thomas A. Scully, administrator of the federal Centers for Medicare and Medicaid Services, said in an interview that he was "not aware of the extent of the problem."

In written comments included in the report, Mr. Scully said states were responsible for "quality assurance." For the federal government to review the quality of care provided under every waiver, he said, would require a new investment of millions of dollars and hundreds of additional federal employees. In any event, he said, federal inspectors should not be marching through private homes to evaluate care.

The study was requested by Senators Charles E. Grassley, Republican of Iowa, and John B. Breaux, Democrat of Louisiana. They favor home and community care as an option under Medicaid, but expressed alarm at the findings in the report.

"These waivers should be put on hold until the department gets a handle on the quality of care going to older and disabled Americans," said Mr. Grassley, the chairman of the Senate Finance Committee. "Right now there's no accountability, and that's wrong."

In a letter to Secretary Thompson, the senators asked the Bush administration to submit a detailed plan for corrective action by July 28.

The effect of a waiver is to exempt a state from certain provisions of federal law and regulations. Waivers allow states to provide services in selected geographic areas or to specific populations and to limit the number of people served or the total spent, actions not usually allowed under the Medicaid statute.

For years, Medicaid favored institutional care. Congress authorized home and community care as an alternative in 1981.

Since 1992, the number of Medicaid beneficiaries receiving such care under federal waivers has tripled, to 800,000, and it is expected to continue growing. With waivers, states can tailor services to individual patients, including those with Alzheimer's disease, traumatic brain injuries, mental retardation and AIDS.

More than half the people receiving home and community care under Medicaid waivers are 65 or older. They receive all sorts of therapy, as well as assistance with bathing, dressing, shopping and other essential activities they cannot perform themselves. In some states, the patients direct their own care, by hiring and training their own workers.

Medicaid spending on such care soared to \$15 billion last year, from less than \$2 billion in 1992.

As former governors, President Bush and Mr. Thompson have repeatedly said they want to give states more control over Medicaid by speeding the approval of federal waivers.

Sara Rosenbaum, a professor of health law and policy at George Washington University, said: "States prepare good plans of care for Medicaid recipients, but there's no follow-through to see if people get the care. States assume that home and community care will save money, without realizing that it takes real money to monitor the quality of care."

The Congressional investigators found "medical and physical neglect" of some Medicaid recipients. But they said the full extent of such problems was unknown, because no one was enforcing basic safety and hygiene standards or systematically reviewing patients' records.

More than a dozen state waiver programs covering tens of thousands of people have gone more than a decade without any federal review of the quality of care, the accounting office said. These programs were in Hawaii, Idaho, Iowa, Louisiana, Missouri, New Mexico, Oklahoma and Texas.

A waiver is normally approved for three years and can be extended, at a state's request, for five years at a time if the state shows that it has safeguards to protect the health and welfare of Medicaid beneficiaries. But the accounting office said federal officials had renewed many waivers without confirming that states had such safeguards.

Many states sign contracts with social service agencies to manage care for Medicaid recipients, but never review the quality of care or verify that services were actually provided, the report said. In

Oklahoma, it said, 27 percent of Medicaid recipients received none of their authorized personal care services, and 49 percent received only half of the authorized services.

Maureen Booth, a health policy expert at the University of Southern Maine, said the strengths of home and community care also complicated the task of guaranteeing its quality.

"The beauty of home and community care is that it's flexible, it responds to the needs of individual patients with a cadre of support workers," Ms. Booth said. "But to improve quality, you have to reach a whole myriad of workers employed by multiple agencies."

[Copyright 2003 The New York Times Company](#) | [Home](#) | [Privacy Policy](#) | [Search](#) | [Corrections](#) | [Help](#) | [Back to Top](#)