

Viewpoints

ML Strategies Update

The IMPROVE Act Summary

12.12.2018

Yesterday (December 11, 2018), the House passed [H.R. 7217, the Improving Medicaid Programs and Opportunities for Eligible Beneficiaries \(IMPROVE\) Act](#). The Senate is expected to vote on the IMPROVE Act sometime next week. A Congressional Budget Office estimate of the costs and savings of each provision in the bill [can be found here](#).

The following outlines the major provisions of the IMPROVE Act.

Money Follows the Person Extension

The IMPROVE Act renews the Money Follows the Person (MFP) program for three months. The MFP program transitions individuals from nursing home and institutional settings back into the community. The MFP program expired in 2016 and states will run out of remaining grant money by the end of 2018. According to CMS, 12 states have already exhausted their allotted MFP funding and the remaining state. Stakeholders expect additional examinations of the MFP program at the beginning of the new Congress, looking towards a longer term reauthorization.

ACE Kids

The IMPROVE Act provides states the option to provide Medicaid coverage to children with medically complex conditions who enroll in a health home. It provides enhanced federal matching for a limited period of time for care coordination services and planning grants to states. The health home model is intended to improve care delivery.

Medicaid Rebate Misclassification

The IMPROVE Act will allow the government fine drug manufactures up to twice the amount in Medicaid rebates they avoid by misclassifying brand drugs as generics, allow CMS to suspend Medicaid coverage of drugs that companies refuse to reclassify their drugs, and give CMS power to force classification changes. Additionally, the bill specifies that 25% of penalty money will be dedicated to help improve drug data reporting and oversight of drug classification information and compliance. This provision is an offset in the bill and CBO estimates it will save approximately \$52 million over ten years. This provision also comes about year after the drug

manufacture Mylan settled a federal lawsuit for classifying the EpiPen as a generic to avoid paying higher rebates to the Medicaid program.

Spousal Impoverishment

The bill provides a three-month extension (until March 31, 2019) of spousal impoverishment rules to let married couples protect certain assets while seeking Medicaid coverage for home and community-based services.

Reduction of FMAP for States without Asset Verification

Through the IMPROVE Act, beginning on or after January 1, 2021 Federal medical assistance percentage (FMAP) for states that are not operating an asset verification program for determining Medicaid eligibility will be reduced. Each year not in compliance will be an increasing FMAP reduction.

Medicaid Improvement Fund

As an offset in the IMPROVE Act, the Medicaid Improvement Fund will be reduced from \$31 million to \$9 million. The Medicaid Improvement Fund was established to improve the management of the Medicaid program by CMS, to help oversee contracts and evaluate demonstration projects. The Medicaid Improvement Fund was provided \$31 million in the opioid legislation that was signed into law earlier this year.

Ending FFP for Certain Erectile Dysfunction Services

Beginning January 1, 2019, the IMPROVE Act prohibits federal Medicaid funding (FFP) for certain expenditures relating to erectile dysfunction.

Exclusion of Certain Wheelchairs and Accessories from Medicare Competitive Acquisition

Finally, the IMPROVE Act excludes certain wheelchairs and associated accessories from Medicare's competitive acquisition program.

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