



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

October 31, 2008

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

WASHINGTON, D.C. UPDATE

Medicaid Outpatient Hospital Services Rule

On October 29, 2008, the Office of Management and Budget cleared a final rule which would define the scope of outpatient hospital services reimbursable under Medicaid. A final rule, therefore, is expected to be issued soon. Under the proposed outpatient hospital services rule, published in the Federal Register on September 28, 2007, the definition of such services would be narrowed to the more limited Medicare scope of covered services, which would result in lower Federal Medicaid payments, including disproportionate share hospital (DSH) payments. If the final rule is similar to the proposed rule, as expected, the County's Medicaid revenue would be reduced although the exact fiscal impact cannot be determined. The Federal Fiscal Year 2008 supplemental appropriations bill, which was enacted on June 30, 2008, imposes a moratorium on the implementation of six pending Medicaid rules, but not the proposed outpatient rule, until April 1, 2009.

Economic Stimulus Package in Lame Duck Session

Congressional Democratic leaders plan to reconvene Congress for a lame duck session beginning on November 17, 2008, to work on a new economic stimulus package. Such a package could serve a legislative vehicle for a moratorium on implementation of a Medicaid outpatient rule. A new stimulus package also might include a Federal Medicaid match rate increase, extended unemployment insurance benefits, increased Food Stamp benefits, infrastructure project funding, and job training funding, similar to

"To Enrich Lives Through Effective And Caring Service"

*Please Conserve Paper -- This Document and Copies are Two-Sided
Intra-County Correspondence Sent Electronically Only*

Each Supervisor
October 31, 2008
Page 2

H.R. 7110, a \$60.8 billion stimulus bill, which was passed by the House on September 26, 2008. On that same day, Republican Senators, however, blocked Senate floor consideration of a \$56.2 billion Senate Democratic stimulus package, which included a Medicaid match rate increase. President Bush also threatened to veto both stimulus packages. It, therefore, is questionable that the President would agree to sign any new stimulus bill, including one which would block his Administration's Medicaid outpatient rule.

We will continue to keep you advised.

WTF:GK
MAL:MT:sb

c: All Department Heads
Legislative Strategist