



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Administrator
Washington, DC 20201

JAN 22 2003

The Honorable Charles E. Grassley
Chairman
The Finance Committee
United States Senate
Washington, DC 20510

~~Mr. Chairman~~
Dear ~~Chairman Grassley~~:

In response to a request by state officials, CMS sent the December 20, 2002, letter to make sure states understood that managed care plans could only place the same restrictions on beneficiaries for coverage of emergency services as those on beneficiaries in fee for service programs in the state. Five states have established limits on emergency services in their Medicaid fee-for-service programs, to encourage patients not to use the emergency room as their doctor's office but instead to use appropriate primary care providers. The December 20 policy is intended to assist states in the important policy goal of providing primary and preventive services to individuals in the most appropriate health care setting.

We heard concerns expressed yesterday that the policy, while well-intentioned, may have some unintended consequences and could potentially result in some restriction of payment for true emergency care for Medicaid beneficiaries. To date, none of the five states has exercised the options permitted in the December 20 letter. Due to the concerns we heard from you and others, CMS will be notifying the states that we are rescinding the December 20 letter and that the previous guidance is to be followed.

I am happy to work with you on policies to discourage the inappropriate use of emergency room care and welcome any ideas you have to achieve this. Please do not hesitate to contact me on this or any other issue affecting the Medicaid program. I am sending an identical letter to Senator Baucus.

Sincerely,

Tom Scully
Thomas A. Scully
Administrator