

APPENDIX 1: MEDICAID LEGISLATIVE HISTORY, 1965–2000

This summary outlines the major changes enacted by the Congress since the initiation of Medicaid in 1965. This legislative history is not comprehensive; it includes only the most significant of the changes in Medicaid eligibility, benefits, and financing policy over the past 35 years. It also does not include references to major changes that were debated by Congress but not enacted, such as the Medicaid block grant proposals of 1981 and 1995.

Social Security Amendments of 1965 (P.L. 89-97)

- Enacted Medicaid as an individual entitlement with open-ended federal matching
- Established linkage between Medicaid eligibility and receipt of AFDC cash assistance
- Enacted Medicare program for elderly and disabled

Social Security Amendments of 1967 (P.L. 90-248)

- Enacted Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit
- Permitted Medicaid beneficiaries to use providers of their choice

Act of December 14, 1971 (P.L. 92-223)

- Allowed states to cover services in intermediate care facilities (ICFs)
- Allowed states to cover services in facilities for the mentally retarded (ICFs/MR)

Social Security Amendments of 1972 (P.L. 92-603)

- Enacted Supplemental Security Income (SSI) program for elderly and disabled
- Required states to extend Medicaid to SSI recipients or to elderly and disabled meeting state 1972 eligibility criteria (“209(b)” option)

Departments of Labor and Health, Education, and Welfare Appropriations Act for FY 1977 (P.L. 94-439)

- Enacted the Hyde Amendment, which prohibited federal Medicaid payments for medically necessary abortions except when the life of the mother would be endangered

Omnibus Reconciliation Act of 1980 (OBRA 80) (P.L. 96-4999)

- Enacted the Boren amendment requiring states to pay “reasonable and adequate” rates for nursing home services instead of Medicare reimbursement rates

Omnibus Reconciliation Act of 1981 (OBRA 81) (P.L. 97-35)

- Enacted reduction in federal matching percentages applicable from FY 1982–1984
- Extended Boren amendment payment standard to inpatient hospital services
- Required states to make payment adjustments to hospitals serving a disproportionate share of Medicaid and low-income patients (DSH hospitals)
- Enacted section 1915(c) home and community-based waiver
- Enacted section 1915(b) freedom-of-choice waiver for mandatory managed care

Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) (P.L. 97-248)

- Allowed states to impose nominal cost-sharing on certain Medicaid beneficiaries and services

Deficit Reduction Act of 1984 (DEFRA) (P.L. 98-369)

- Required states to cover children born after September 30, 1983, up to age 5, in families meeting state AFDC income and resource standards
- Required states to cover first-time pregnant women, and pregnant women in 2-parent unemployed families meeting state AFDC income and resource standards

Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) (P.L. 99-272)

- Required states to cover pregnant women in 2-parent families (whether or not unemployed) meeting state AFDC income and resource standards

Omnibus Reconciliation Act of 1986 (OBRA 86) (P.L. 99-509)

- Allowed states to cover pregnant women and young children up to age 5 in families with incomes at or below 100 percent of federal poverty level
- Allowed states to pay for Medicare premiums and cost-sharing for low-income Medicare beneficiaries (QMBs) with incomes at or below 100 percent of federal poverty level

Omnibus Reconciliation Act of 1987 (OBRA 87) (P.L. 100-203)

- Allowed states to cover pregnant women and infants in families with incomes at or below 185 percent of federal poverty level
- Allowed states to cover children up to age 8 in families below 100 percent of poverty
- Enacted nursing home reform provisions that phased out distinction between SNFs and ICFs, upgraded quality of care requirements, and revised monitoring and enforcement

Medicare Catastrophic Coverage Act of 1988 (MCCA) (P.L. 100-360)

- Required states to phase in coverage for pregnant women and infants with incomes below 100 percent of federal poverty level
- Required states to phase in coverage of Medicare premiums and cost-sharing for low-income Medicare beneficiaries (QMBs) with incomes below 100 percent of poverty
- Established minimum income and resource rules for nursing home residents whose spouses remain in the community to prevent “spousal impoverishment”

Family Support Act of 1988 (P.L. 100-485)

- Required states to extend 12 months transitional Medicaid coverage to families leaving AFDC rolls due to earnings from work
- Required states to cover 2-parent unemployed families meeting state AFDC income and resource standards

Omnibus Budget Reconciliation Act of 1989 (OBRA 89) (P.L. 101-239)

- Required states to cover pregnant women and children under age 6 in families with incomes at or below 133 percent of federal poverty level
- Expanded EPSDT benefit for children under 21 to include diagnostic and treatment services not covered under state Medicaid program for adult beneficiaries
- Required states to cover services provided by federally-qualified health centers (FQHCs)

Omnibus Budget Reconciliation Act of 1990 (OBRA 90) (P.L. 101-508)

- Required states to phase in (by 2002) coverage of children ages 6 through 18 in families with incomes at or below 100 percent of federal poverty level
- Required states to phase in coverage of Medicare premiums for low-income Medicare beneficiaries with incomes between 100 and 120 percent of poverty (SLMBs)
- Required manufacturers to give “best price” rebates to states and federal government for outpatient prescription drugs covered under Medicaid program

Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991 (P.L. 101-234)

- Restricted use of provider donations and taxes as state share of Medicaid spending
- Imposed ceiling on Medicaid payment adjustments to DSH hospitals (12 percent of national aggregate Medicaid spending)

Omnibus Budget Reconciliation Act of 1993 (OBRA 93) (P.L. 103-66)

- Established standards for state use of formularies to limit prescription drug coverage
- Imposed facility-specific ceilings on the amount of payment adjustment to DSH hospitals
- Tightened prohibitions against transfers of assets in order to qualify for Medicaid nursing home coverage; required recovery of nursing home payments from beneficiary estates
- Established Vaccines for Children (VFC) program providing federally-purchased vaccines to states

Personal Responsibility and Work Opportunity Act of 1996 (PRWOA) (P.L. 104-193)

- Repealed AFDC program and replaced it with block grant to states (TANF), ending the linkage between eligibility for cash assistance and for Medicaid.
- Established “section 1931” family coverage category requiring states to cover families meeting July 16, 1996 AFDC eligibility criteria and allowing higher eligibility thresholds
- Barred Medicaid coverage for 5 years for legal immigrants who entered the U.S. prior to August 22, 1996; coverage after the five-year ban allowed at state option

Balanced Budget Act of 1997 (BBA 97) (P.L. 105-33)

- Established the State Children’s Health Insurance Program (SCHIP), a block grant to states for coverage of uninsured low-income children ineligible for Medicaid
- Allowed states to cover working disabled individuals with incomes up to 250 percent of federal poverty level who lose their SSI eligibility due to earnings
- Allowed states to require most Medicaid beneficiaries to enroll in managed care organizations (MCOs) without obtaining a section 1915(b) “freedom of choice” waiver
- Repealed the Boren amendment requiring “reasonable and adequate” payment rates for inpatient hospital and nursing home services
- Lowered state-specific ceilings on amount of payment adjustments to DSH hospitals

Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106-170)

- Allowed states to cover working disabled individuals with incomes above 250 percent of federal poverty level and impose income-related premiums on such individuals

Emergency Supplemental Appropriations for FY 1999 (P.L. 106-31)

- Transferred federal share of settlement funds from national tobacco litigation to states

Breast and Cervical Cancer Treatment and Prevention Act of 2000 (P.L. 106-354)

- Allowed states to cover uninsured women found through a Center for Disease Control screening program to need treatment for breast or cervical cancer, regardless of income or resources

Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act (BIPA) (H.R. 5661, as enacted by P.L. 106-554)

- Increased state-specific ceilings on amount of payment adjustments to DSH hospitals
- Directed Secretary to issue regulations closing upper payment limit (UPL) loophole

SOURCES:

Medicaid Source Book: Background and Data Analysis (a 1993 Update), Committee on Energy and Commerce, U.S. House of Representatives, January 1993

1998 Green Book: Background Data and Data on the Programs within the Jurisdiction of the Committee on Ways and Means, Committee on Ways and Means, U.S. House of Representatives, May 1998.

2000 Green Book: Background Data and Data on the Programs within the Jurisdiction of the Committee on Ways and Means, Committee on Ways and Means, U.S. House of Representatives, October 2000.

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