

MEDIA RELEASE

Plaintiffs with Disabilities and Arc Minnesota Settle Medicaid Lawsuit with the Commissioner of the Minnesota Department of Human Services

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Three individuals with disabilities and Arc Minnesota, a statewide advocacy organization, settled their lawsuit against the Commissioner of the Minnesota Department of Human Services (DHS) late Wednesday, ending eighteen months of litigation concerning funding changes to the state's largest Medicaid waiver program, the Mental Retardation/Related Conditions (MR/RC) waiver. The MR/RC waiver allows Minnesota to use Medicaid funding to provide basic care and supports to nearly 15,000 people in their homes and communities, rather than in institutional settings. The federal lawsuit had challenged actions by DHS to limit the amount of money available to counties under the MR/RC waiver. DHS's cost-cutting measures, implemented in early 2003 and termed "rebasings," created serious shortfalls in county waiver budgets. These shortfalls underestimated the basic needs of current waiver recipients and led to proposed cuts to many individual waiver service plans of 50% or more.

To protect the individual plaintiffs, the district court had issued a preliminary injunction in January of this year, determining that the plaintiffs' claims that rebasing violates their rights under the federal Medicaid Act and the Americans with Disabilities Act were legally enforceable and meritorious. The settlement replaces that injunction with a promise to maintain the individual plaintiffs' service levels until April 2006.

In addition, the settlement commits DHS to significant systemwide changes. Having added nearly \$50 million back into the waiver since the rebasing lawsuit was filed, DHS has agreed to increase all county allocations again in 2005 and 2006 over prior year levels, a change designed to adequately account for the increasing needs of current recipients and to ensure stability in the funding for the MR/RC waiver program. New guidelines have been created for counties to follow when creating and changing individuals' budgets in an effort to assure that every individual's health, safety and welfare needs will be properly and consistently provided for in each of the state's counties. The guidelines specifically prohibit across-the-board service cuts

based purely on budgetary concerns. DHS has also agreed to contract with an independent consultant to develop a new funding methodology for the MR/RC waiver, to be fully implemented by January 1, 2007, and to seek input from the plaintiffs' counsel, the Minnesota Disability Law Center (MDLC).

The settlement does not conclude all litigation stemming from DHS's rebasing changes. A related case brought by the Association for Residential Resources in Minnesota (ARRM) raises similar concerns about the ongoing impact that rebasing has had on individuals' access to services and on provider organizations' contracts to provide such services. ARRM's recent motion for a preliminary injunction to prevent proposed changes to provider contracts in Sherburne County was heard today, with the court taking the matter under advisement.