

Veterans' Benefits Act of 1992, P.L. 102-568

Sec. 312 GI Bill Payments for Nurse Aide Training

Effective October 29, 1992, section 312 expanded the list of educational programs for which GI benefits would be available to include payment to veterans for costs of completing nurse aide training and competency evaluation (NAT/CEPs) programs that States approve as meeting Medicare and Medicaid requirements. Veterans could receive direct payment of GI benefits upon certifying their enrollment in approved NAT/CEPs.

If veterans who claim GI benefits for the costs of NAT/CEP can be identified, Medicare and Medicaid would realize negligible savings. CBO estimates that the Department of Veterans' Affairs (VA) costs for this provision would be less than \$500,000 per year. The corresponding Medicare and Medicaid reduction would be less because VA costs include, in addition to the educational costs, subsistence payments that Medicare and Medicaid would not cover.

Sec. 601 Continuation and Expansion of VA Pension Reduction and Protection from the Costs of Care in Medicaid Nursing Facilities

Section 601 contained a provision, effective October 1, 1992, that:

- o Extended for 5 years, through 1997, an OBRA 90 provision that reduced pensions received by certain veterans in Medicaid nursing facilities and then protected the VA pension amount received by these veterans from the cost of Medicaid nursing facility care; and
- o Expanded the coverage of the VA pension reduction and protection to include certain spouses of veterans. The targeted surviving spouses are those without children.

While DVA experiences Federal savings generated by reducing VA pensions, HHS incurs a Federal Medicaid expenditure increase. In addition, States incur an absolute cost increase due to higher State Medicaid expenditures.

MEDICAID DRUG REBATE AND PRICING PROGRAM

Under a provision of OBRA 90, effective January 1, 1991, manufacturers of prescription drugs must sign national agreements with the Secretary of HHS to make rebates to States for Medicaid drugs or lose Federal Medicaid payment for their drugs. Rebates

are based on a percentage of the drugs' selling prices. States must cover all drugs of any manufacturer with such an agreement, except that they may restrict or exclude certain statutorily specified drugs.

Rebate amounts are determined by complex formulas specified in statute. An important element in the formulas for each drug is the manufacturer's "best price" -- the lowest price at which the manufacturer sells the drug. Drug manufacturers must report price information for each covered drug to the Secretary. The Secretary has rebate agreements with 447 manufacturers covering 51,000 drugs.