SUMMARY OF WELFARE REFORM BILL

AFDC, WORK, & CHILD CARE

Medicaid Guarantee	Assures that all categories of people now eligible for Medicaid will be eligible for health care in the future and there will be no loss of coverage, regardless of state welfare changes. At President's insistence, Republicans restored the Medicaid guarantee for welfare recipients and abandoned efforts to block grant Medicaid.
Child Care	Increases child care spending by $4.5 billion above current law -- $4 billion more than the bill the President vetoed. Preserves federal child care health and safety standards, which would have been repealed under the vetoed bill.
Work	Provides $1 billion performance bonus to reward states for placing welfare recipients in jobs. Requires 50% of adults on welfare to be working by the year 2002.
State Funding	Requires states to continue their investment in welfare reform by maintaining 80% of their current spending.
Time Limits	Imposes five year lifetime limit on welfare, but allows states to exempt 20% of caseload from the limit.
Vouchers	Allows states to use federal Social Services Block Grant funds to provide vouchers for children whose parents reach the time limit.
Contingency Fund	Creates a $2 billion Contingency Fund for states experiencing economic downturn and growing number of children in need.
Family Cap	Allows states to decide for themselves whether to deny assistance to children born to a family on welfare. Under the vetoed bill, states would have had to vote to exempt themselves from a mandatory family cap nationwide.

States can set shorter time limits

FOOD STAMPS & CHILD NUTRITION

Food Stamp Program	Maintains national nutritional safety net. Does not allow states to block grant Food Stamps and does not impose a national cap on Food Stamp spending.
	Caps the excess shelter deduction, which was set to expire next year, at near its current level until FY2001. The President wants Congress to fix this provision because over time it will hurt working families.
	Limits food stamp eligibility for childless 18- to 50-year-olds to 3 months every 3 years, with a 3-month extension for laid-off workers.
School Lunch Program	Maintains the current national school lunch program. Drops the school lunch block grant that was in the vetoed bill.

LEGAL IMMIGRANTS

Bans	Over the Administration's objections, imposes 5-year ban on SSI, AFDC and Food Stamps for most legal immigrants, with some exceptions.
Medicaid	Over the Administration's objections, prohibits future immigrants from receiving Medicaid for 5 years. Drops the retroactive ban on current Medicaid recipients, which was included in the House bill.
	The President has said that immigrant children and the disabled should be able to get medical care and the help they need, and is determined to get Congress to fix these provisions.

Prospective as of date of enactment = date of entry to U.S., not Medicaid eligible

OTHER PROGRAMS FOR CHILDREN

Child Welfare	Retains current law child protection entitlement programs and services. Drops the child welfare block grant that had been included in the vetoed bill.
Disabled Children	Provides full SSI benefits for children who will receive SSI under stricter eligibility rules. Drops the two-tiered eligibility system in the vetoed bill that would have cut benefits by 25% for more than half of the disabled children coming on the rolls.

Did away with IFA -- so 300,000 will lose coverage

My child seems to refuse to perform.

Personal Responsibility and Work Opportunity Reconciliation Act of 1996

Draft analysis prepared by the
American Public Welfare Association
National Governors' Association
National Conference of State Legislatures

Block Grants for Temporary Assistance for Needy Families

Purpose: To provide assistance to needy families with children so they can be cared for in their own home and to reduce dependency by promoting job preparation, work and marriage. States may also use funds on efforts to prevent out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families.

Effective Dates: With certain exceptions, the effective date for the TANF block grant is July 1, 1997. States may opt to begin implementing the block grant immediately and no state will receive more than their block grant allocation in FY 1997. Most penalties against states, and the new data collection requirements "shall not take effect with respect to a State until, and shall apply only with respect to conduct that occurs on or after", the later of July 1, 1997 or 6 months from the date that the Secretary of HHS receives a state's plan.

Grants to States: The bill provides for a total of $16.38 billion annually for states in the form of block grants for each of fiscal years 1997 to 2001. States receive funding based upon federal expenditures in the state on AFDC benefits and administration, Emergency Assistance(EA), and JOBS. States would receive the greater of:

-- the average of FY 92-94 expenditures; or

-- FY 94 expenditures plus 85 percent of the State's emergency assistance (EA) for FY 95 that exceeds the total amount of EA paid to a state for FY 94, if during FY 94 HHS approved the use of EA funds for family preservation; or

-- four-thirds of the total amount to be paid to the state under section 403 for the first three quarters of FY 95 expenditures, plus the total amount required to be paid to the state for FY 95 under JOBS.

A state may not draw down more than 20% of the state's total block grant in a fiscal year. In any month, a state may draw down only 1/12 per month of the 20%. States may continue to draw down from the fund for 1 month after it no longer meets a trigger

Rainy Day Loan Fund: Provides a $1.7 billion federal revolving loan fund. Eligible states may not have incurred any penalties under cash block grant. Maximum loan is 10% of state's grant, for up to 3 years.

Supplemental Grant Amount: The bill provides $800 million for FY 98 to FY 2001 for states with high population growth and/or low grant amounts per poor person. Eligible states must have qualified for the fund in FY 97; have an average level of welfare spending per poor person less than the national average; and an estimated rate of state growth by the Census Bureau that is greater than the national average. Those who qualify will receive a 2.5% increase in funding in their TANF block grant per year.

Fair and Equitable Treatment: A state must certify that it will set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the state will provide opportunities for recipients who have been adversely affected to be heard in a state administrative or appeal process.

Performance Bonus: Provides $1 billion over five years for cash bonuses to "high performing states" that meet the goals of the program. The Secretary of HHS, with NGA and APWA, will develop a formula to be used in measuring state performance and making the award.

Illegitimacy Reduction Bonus Fund: Includes bonuses to states that reduce out-of-wedlock births without increasing abortions.

Work Requirements: States must achieve the following minimum participation rates with respect to all families that include an adult or minor child head of household.

Work Participation Rates for All Families:

FY 1997 -- 25%	FY 2000 -- 40%
FY 1998 -- 30%	FY 2001 -- 45%
FY 1999 -- 35%	FY 2002 and beyond -- 50%

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Minimum Work Hours Per Week

FY 1997 -1998	20 Hours
FY 1999	25 Hours
FY 2000 and beyond	30 Hours

A single parent with a child under age six will be counted toward meeting the work requirement if the parent is engaged in work for an average of 20 hours per week.

A teen parent/head of household and under age 20 will be deemed to be engaged in work for a month if the recipient maintains a satisfactory attendance at secondary school or the equivalent during the month; or participates in education directly related to employment for at least the minimum average number of hours per week specified above.

For Two-Parent Families a minimum of 35 hours a week spent in allowable activities. If a two-parent family receives federally-funded child care then both parents must work with an exception for parents of severely disabled children or parents who are themselves disabled..

Calculation of Participation Rates

Monthly Participation Rate-(all families) The number of families receiving TANF assistance that include an adult engaged in work; divided by the number of families receiving such assistance subtracting out the number of families that have been penalized in the month but have not been subject to such penalty for more than three months within the preceding 12-month period (whether or not consecutive). Those who leave welfare for work may not be counted toward a state's participation rate.

Two-Parent Families -- Uses same formula as above, but substitutes 2-parent families for "all families."

State Options

1. To include families receiving assistance under a tribal family assistance plan.

2. To not require an individual who is a single, custodial parent with a child under one year to engage in work. A state may disregard the individual when

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their own funds to provide assistance after 5 years. For American Indians months in which a recipient spent on a reservation on which at least 50% of all adults are unemployed do not count towards this time limit.

Hardship Exemption: A state may exempt up to 20% of its caseload from the lifetime limit by reason of hardship, or if the family includes a member who has been battered or subject to extreme cruelty.

Teen Parents: Unmarried teen parents of a minor child at least 12 weeks of age must attend school, participate in activities target to achieving a high school diploma, or GED, or participate in an alternative education or training program approved by the State to receive assistance. States must also deny assistance if the teen is not living at home or in an approved, adult-supervised setting.

Medical Services: No part of a state's TANF grant may be used for medical services.

Paternity Establishment -- Individuals who fail to cooperate in establishing paternity must have grants reduced by 25%

Person convicted of drug-related felony: States must deny all Title IV-A cash assistance and food stamp benefits to individuals convicted of felony drug possession, use, or distribution. Other members of the family could continue to receive benefits. States may opt out or modify this provision.

States Currently Operating under Existing Waivers

-- States may terminate existing waivers and be held harmless for any accrued federal cost liabilities.

-- States must make the decision to terminate within 90 days after the adjournment of the first regular session of the state legislature after the bill's enactment.

-- States may continue their waivers but will only receive their block grant funding in future years.

-- To the extent the amendments made by the Act are inconsistent with the waiver, then the amendments will not apply.

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CHILD CARE

The bill consolidates existing IV-A child care funding (AFDC/JOBS, at-risk, and Transitional child care)

Total Funding: Authorizes a total of $13.9 billion in mandatory funding for FY 1997-2002 and $7 billion in discretionary funding (or $ 1 billion a year) for FY 1997-2002.

Basic Allocation: States would receive approximately $1.2 billion of the mandatory funds each year as a capped entitlement. A state's base allocation will be based on the greater of the federal share of IV-A child care expenditures in the state for FY 1992-1994, FY 1994 or FY 1995

Matching funds: The remainder would be available for state match (at the Medicaid rate) and each state's share would be determined based on its share of the population age 13 and under. The bill requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down (at 1995 Medicaid rate) the matching mandatory funds. Total matching funds to states will be $729 million in FY 1997, $827 million in FY 1998, $924 million in FY 1999, $1.121 billion in FY 2000, $1.317 billion in FY 2001 and $1.464 million FY 20002.

Use of Funds: States must use at least 70% of the total amount of mandatory funds to provide child care assistance to welfare recipients, to those in work programs and attempting to leave welfare, and those at-risk of going on welfare.

A 4% set-aside applies for activities designed to provide comprehensive consumer education to parents and the public; activities that increase parental choice; and activities that improve the quality and availability of child care, such as resource and referral.

A 5% cap on administrative costs, which excludes direct services, applies to all mandatory and discretionary funding. Requirements of the CCDBG as amended apply to all child care funds.

Current law health and safety protections are maintained.

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Medicaid Program

Eligibility: Under current law, persons eligible for assistance under Title IV-A (AFDC) are automatically entitled to coverage under the state's Medicaid program. The conference report severs this automatic link. It amends Title XIX to say that any reference in Title XIX to eligibility under Title IV-A shall mean the state's AFDC state plan as it existed on July 16, 1996. A state can modify those "frozen" plans in three ways: (1) it can lower its income standards, but not below the level applicable under its AFDC state plan as of May 1, 1988; (2) it may increase income or resource standards, and medically needy income levels, by an amount not to exceed the CPI; and (3) it may use income and resource methodologies that are less restrictive than the methodologies used under the State plan as of July 16, 1996.

Existing Medicaid law regarding transition assistance to persons losing eligibility due to increased child support or earnings are continued, and the transition assistance provisions, due to sunset in 1998, are extended to 2001. States will have the option to terminate medical assistance for persons denied cash assistance because of refusal to work; pregnant women and minor children are, however, protected. A state with a waiver of certain Title IV-A provisions in place or approved by the Secretary on or before July 1, 1997, will have the option to continue to operate under that waiver with regard to eligibility for medical assistance. The bill also allows the Secretary to increase the federal share of administrative costs associated with the implementation of the new eligibility rules, up to a total federal expenditure, over four years, of $500 million.

These changes have the same effective date as the Title IV-A provisions, that is, not later than July 1, 1997, and earlier at state option.

Services for aliens. A state will have the option, as of January 1, 1997, of denying Medicaid coverage to persons who are legal residents but not citizens. New immigrants will be automatically barred for five years after entry. After that, the state may offer Medicaid coverage, but will have to apply deeming provisions. There are certain exceptions for persons who have worked for forty quarters in covered employment, or served in the military. No state may deny coverage of emergency medical services to either illegal or legal aliens.

SSI for children. Language in current law permitting determination of disability for children under the "Individual Functional Assessment" process is repealed. These children will have to be evaluated using the traditional list of disabilities.

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allowed the optional block grant, but the Senate passed a floor amendment Sen. Kent Conrad (D-N. D.) by a 53-45 vote deleting the block grant from its final bill. The conference agreement followed suit and dropped the option. Some governors had promoted the block grant as necessary for the flexibility and compatibility they said were needed to successfully implement welfare reform in their states, but the Clinton Administration had strongly opposed the option as a threat to the program's safety net features and to the nutritional well-being of children.

New work requirement: The bill imposes a new food stamp work requirement under which able-bodied recipients age 18-50 with no dependents are ineligible unless they work for certain amounts of time. The Senate bill would have required work for eight months out of each 12; the House would have required work during the recipient's entire 18-50 "work lifetime" except for the first three months of benefit receipt. The conference agreement specifies that recipients may receive benefits only three months out of each three years, and must work the remaining 30 months. However, if the working recipient loses his or her job, an additional three months' benefits are allowed once in the three year period. "Work" also includes participating in a work program or workfare 20 hours or more a week, averaged monthly. Qualifying work programs include programs under JTPA or the Trade Adjustment Assistance Act, state or local programs approved by the Governor (including a food stamp E&T program), and workfare, but not job search or job search training programs. States can exempt up to 10% of those covered by the requirements for hardship situations; the Senate passed an amendment to raise that figure to 20%, which the conferees rejected.

EBT and Reg E: The conference agreement exempts food stamp EBT systems from Reg E (but not other needs-tested programs). Report language is included expressing Congressional intent that regulations regarding benefit replacement and loss liability may be no more restrictive than those in place for the paper coupon program. Food EBT benefit programs administered by state or local governments. States are required to implement food stamp EBT by October 1, 2002, unless waived. Systems must be cost-neutral over their life. States are required within two years of implementation to fund the cost of retailer scanning devices to differentiate allowable and non-allowable food items. States may charge for replacement cards and may require photos on EBT cards. EBT vendors may not condition their contracts on states buying additional point-of-sale service from them or an affiliate.

Waiver Authority: Mark-ups of both bills included broad new waiver authority that would allow states to request waivers for welfare reform, work, or multi-program conformity projects, with some restrictions. The conference agreement

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Other administrative simplifications and changes: A set of changes in expedited service rules supported by states was dropped from the Senate bill because of the Byrd rule, but the conferees reinstated two elements of the provision. One extends the expedited service timetable from five to seven days, and the second ends expedited service for homeless households. Expedited service will still have to be provided to households whose shelter costs exceed their income and resources.

An option for states to adjust the caretaker exemption to as low as age one was also dropped in the Senate; a modified version of the option was restored in conference. States may lower the age to three without restriction. A state may lower the age to as low as one only if it had requested a waiver to do so, and had the waiver denied, as of August 1, 1996.

The agreement provides other administrative reforms including: allowing 12 month certification periods (24 months for elderly and disabled households) with one contact per year; requiring that later recertification benefits be prorated (rather than issued as a full month); allowing states to combine the first and second months' allotments for expedited households applying after the 15th; and prohibiting food stamp increases to make up for penalties in other assistance programs.

Retention rates: The conferees retained a Senate amendment by Sen. Larry Pressler (R-S. D.) to revise the percentage of over issuance collections that states may retain. The agreement changes the retention rates to 35% for fraud over issuance collections and 20% for non-fraud collections. The mark-up bills had changed current law (50/25) to 25/25.

Deductions and benefit levels: The agreement caps the excess shelter deduction at current-law levels through December 31, 1996 ($247 for the 48 contiguous states and D. C.), then allows the cap to rise in increments to $300 by FY 2001. The cap on the deduction had been scheduled for removal on January 1, 1997, under current law. President Clinton cited the excess shelter cap as one of his specific objections to the conference bill, and indicated he will seek to uncap the deduction through legislation next year.

The conference agreement also freezes the standard deduction at present levels; freezes the homeless shelter allowance at current levels; disallows the earned income deduction for any income not reported timely; and sets maximum food

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from October 1, 1996 to July 1, 1997, or 6 months from the date that the Secretary of HHS receives a state's plan.

Other child-support related provisions in Title I, some of which simply repeat current law repealed under Title I, include the following:

Requirements on noncustodial non supporting minor parents: A sense of Congress is included urging states to require noncustodial non supporting minor parents under 18 to fulfill community work obligations and attend appropriate parenting or money management classes after school;

Cooperation: If an individual fails to cooperate in establishing paternity or modifying or enforcing a child support order *and does not qualify for good cause or another exception established by the state, the state must deduct a minimum of 25 percent from a family's cash assistance grant* or may deny the entire amount of cash assistance to the family; and

Penalties on states for failure to enforce cooperation: Congress included penalty language requiring the HHS Secretary to reduce the state's IV-A grant for the next fiscal year by up to five percent if states do not enforce child support penalties for non cooperation.

- **Distribution of Child Support Collections (Sec. 302)** - Congress adopted Senate language that adds a provision stipulating that in the case of a family receiving assistance from an Indian tribe, the state must distribute support in accord with any cooperative agreement between the state and the tribe (see Sec. 375 below, Child Support and Indian Tribes).

- **State Centralized Collection and Disbursement (Sec. 312)** - Congress added language recommended by APWA that clarifies that "the state disbursement unit shall not be required to convert and maintain in automated form records of payments kept pursuant to section 466(a)(8)(B)(iii), regarding state laws on income withholding, before the effective date of this section," which is October 1, 1996.

Congress dropped the Sense of Congress offered by Rep. Camp that would have allowed states to choose the method of compliance that "best met the needs of parents, employers, and children" when determining whether to comply with establishing a single, centralized disbursement unit.

The final bill continues to allow states that currently process child support payments through local courts an extra year (until September 30, 1999) to

In the provision addressing the "Calculation of Paternity Establishment Percentage" (for the Audit), the final language allows states to use one of two options to calculate the rate; states may choose to use as the paternity establishment percentage (PEP) either the IV-D PEP or the statewide paternity establishment percentage, *Sec. 341(c) and other subsequent references*.

- **Automated Data Processing Requirements (Sec. 344)** - The final bill contains the extension of the 90% enhanced match for computer systems required under the Family Support Act of 1988, based on the amount approved in the state's advanced planning document (APD) submitted on or before September 30, 1995 (earlier versions included a date of May 1, 1995) and rejected the Senate language that would have required a one-year delay for claiming this federal financial payment.

  Additionally, the final bill included another systems-related date change recommended by APWA: the date for implementing new computer systems requirements was changed from October 1, 1999 to October 1, 2000, except that this date will be extended by one day for every day regulations are issued late. The regulations are due two years after the enactment of the Act, or on October 1, 1998.

- **Technical Assistance (Sec. 345)** - Congress adopted the House's effective date of October 1, 1996, as opposed to the Senate's one-year delay, for HHS to use the 1% of the federal share of child support collections to provide technical assistance to states.

- **House Amendment Requiring a 10% Penalty on Arrears (Sec. 4347)** - Congress rejected the House provision that would have required states to assess a yearly 10% penalty on arrears.

- **Simplified Process for Review and Adjustment (Sec. 351)** - Congress adopted the House language incorporating (and going beyond) an APWA recommendation that state reviews of both public assistance and non-public assistance child support cases are optional unless they are requested by the parents.

- **Work Requirements for Parents Owing Past-Due Child Support (Sec. 365)** - The final bill continues to include language clarifying that administrative processes may be used to issue orders to pay past-due support according to a plan or for participating in work activities.

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(2) National Directory of New Hires: This provision must be implemented by Oct. 1, 1997, the same date as for the state New Hire Directory, instead of by the prior date of Oct. 1, 1996, *Sec. 316*;
(3) Use of Forms in Interstate Cases: The Secretary, after consulting with state IV-D directors, must issue forms for states to use for collecting child support through income withholding, imposing liens, and issuing administrative subpoenas by Oct. 1, 1996 instead of by June 1, 1996; states must begin using the forms by March 1, 1997, instead of by the prior date of Oct. 1, 1996, *Sec. 324*;
(4) Secretary's Funding Report to Congress: In consultation with IV-D directors, the HHS Secretary must develop a new revenue-neutral, performance-based incentive system to replace the current IV-D incentive system for funding by March 1, 1996, *Sec. 341*;
(5) Incentive Adjustments Formula: The effective date for implementing the new incentive adjustments formula is October 1, 1999, *Sec. 341*;
(6) Automated Data Processing Requirements: The 90% enhanced match for computer systems required under the Family Support Act of 1988 is available October 1, 1996. The date for implementing new computer systems requirements was changed from October 1, 1999 to October 1, 2000, except that this date will be extended by one day for every day regulations are issued late. The regulations are due two years after the enactment of the Act, or on October 1, 1998. *Sec. 344*;
(7) Technical Assistance: Congress adopted the House's effective date of October 1, 1996, as opposed to the Senate's one-year delay, for HHS to use the 1% of the federal share of child support collections to provide technical assistance to states, *Sec. 345*;
(8) Reports and Data Collection: The effective date of changes required to reports and data collection for the annual report to Congress is 1997, *Sec. 346*;
(9) Denial of Passports: The effective date for implementing the provision regarding denial of passports is Oct. 1, 1997, *Sec. 370*;
(10) ERISA: The date for plan amendments for ERISA is Jan. 1, 1997, *Sec. 376*; and
(11) Grants for Access and Visitation: The first year in which grants for access and visitation projects are allowed is FY 1997, *Sec. 381*.

- **State Centralized Collection and Disbursement (Sec. 312) and Income Withholding (Sec. 314)** - Changes the word "wages" to "income," adopting the House language.

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Child Welfare Information Systems: In an important achievement for states, the conference bill extends the deadline for enhanced funding (75 percent FFP) for Statewide Automated Child Welfare Information Systems (SACWIS) for one year, from October 1, 1996 to October 1, 1997. With no changes to current law for child abuse and child protection programs, there are, of course, no changes to data reporting requirements under the Adoption and Foster Care Analysis and Reporting System (AFCARS) and the National Child Abuse and Neglect Data System (NCANDS). H.R. 4 had replaced these data reporting requirements with entirely new requirements.

For Profit Providers: The conference bill amends current law (Section 472(c)(2)) to allow states to use Title IV-E dollars for for-profit providers to care for children in foster care.

Kinship Care: The conference bill may retain the Senate provision (a floor amendment by Senator Dan Coats (R-Ind.)), adding a new element under the Title IV-E Foster Care and Adoption Assistance State Plan as follows: "provides that the State shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards." the status of this provision is unclear as the conference bill language shows it to be in the legislation and the conference report narrative shows it to be out.

National Random Sample Study of Child Welfare: The conference bill retains the provision of the House bill authorizing the Secretary to conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by states to have been abused or neglected, and such other research as may be necessary. Under the House bill, the study was funded at $6 million for each of the fiscal years 1996 to 2002.

Social Services Block Grant

The conference agreement makes a 15 percent reduction in Title XX funding from the FY 1995 authorized level of $2.8 billion. For fiscal year 1996, funding is $2.381 billion. For fiscal years, 1997 through 2002, funding is $2.38 billion. For fiscal year, 2003 and thereafter, funding reverts to $2.8 billion. It clarifies that Title XX funding can be used for vouchers for families ineligible for or denied cash assistance under Title IV-A.

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-- Refugees, asylees, alien whose deportation has been withheld are eligible for first 5 years.
-- Lawful permanent residence with 40 qualifying quarters of work (spouses/minor children can be credited)
-- Veterans, active duty military, spouses and dependents.

The effective date for current recipients is January 1, 1997.

State authority to limit eligibility of qualified aliens: States may determine eligibility for state public benefits of qualified aliens, non immigrants, or parolees during their first year in the U.S. Except these aliens shall be eligible: refugees, asylees, and alien whose deportation withheld for 5 years after entry; lawful immigrants who have worked 40 qualifying quarters and did not receive federal means-tested public benefits; veterans, active duty and their spouses and dependents; transition for current recipients until January 1, 1997.

Ineligible immigrants: Aliens who are not a qualified alien; a non immigrant; or a parolee for less than 1 year; are not eligible for state or local public benefit.

States may provide public benefit to illegal immigrants only through enacting state law after this bill is enacted.

Programs Restricted by Deeming

(Note: deeming means sponsor's income and resources are considered, or "deemed", available to immigrant when determining program eligibility.)

To determine the eligibility and amount of benefits for ANY federal means-tested public benefits program, income and resources of the alien shall include the income and resources of any person (and his/her spouse) who executed an affidavit of support. Deeming applies until citizenship or 40 qualifying quarters of work with no receipt of federal means-tested public assistance.

Effective date for programs that deem is the date of enactment; for programs that do not currently deem the effective date is 180 days after enactment.

State option to deem (except for emergency health, disaster, school lunch/child nutrition; immunizations and testing/treatment of symptoms of communicable diseases; foster care/adoption assistance; Attorney General. discretion programs (soup kitchens)

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The Attorney General with the Secretary of HHS must issue regulations within 180 days requiring verification that alien applying for public benefits is a qualified alien and eligible for such benefit. States administering federal public benefits must comply with the verification system within 24 months. Authorizes "such sums as may be necessary: to carry out this section.

No state or local government entity may be prohibited or restricted from communicating information to the INS about the immigration status of an alien in the U.S.

Definitions: Federal means-tested public benefit programs: Cash, medical, housing, food assistance, and social services of the federal government in which eligibility of individual, household, or family eligibility is based on income, resources, or financial need.

Exceptions:

-- emergency medical assistance;
-- short-term, non-cash, in-kind emergency disaster relief;
-- National School Lunch;
-- Child Nutrition;
-- public health assistance for immunizations and testing and treatment of symptoms of communicable diseases;
-- foster care and adoption assistance (unless parent is qualified alien subject to 5-year bar);
-- programs specified by the Attorney General (in-kind, etc.);
higher education;
-- means-tested programs under ESEA;
-- Head start;
-- JTPA
-- State or local means-tested programs: any grant, contract, loan, professional license; any retirement, welfare, health, disability, public or assisted housing, post secondary education, food assistance, unemployment benefit, or similar benefit provided to an individual, household, or family.

A "qualified alien is defined as a lawful permanent residents, refugees, asylees, parolees after 1 year; those whose deportation is withheld.

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MEMORANDUM

TO: Peter Knight
FR: Irwin Redlener, MD
(212) 535-9707
DT: 7/29/96

RE: **SIGNING WELFARE REFORM: STRATEGIC RECOMMENDATIONS**

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The President's response to the current welfare reform proposal is likely to be one the most challenging policy/political decisions of this term. The scenarios associated with accepting or rejecting the proposal are complex and multidimensional.

On one side, there is a case to be made for rejecting the current version because of perceived dangers to children which would be potential consequences of central elements of the bill. If the President decides to veto, I have suggested that we assemble a literal *army of child health and welfare experts from every state, from every relevant discipline, to surround the President as he rejects the bill to safeguard the nation's children ---and simultaneously offers back a modified version which he sees as better.*

or,

In the more likely scenario that the **President signs the bill**---because he strongly supported welfare reform in the last campaign and throughout this term, and because the current welfare system is, in many respects, terrible for many families in the long term---there needs to be a pre-emptive strategy to bolster his decision to sign this particular bill into law.

I suggest the following outline of an approach to this challenge of signing the bill and still maintaining a strong pro-family, pro-child perception for the President and the Administration:

A. The bill is signed, accompanied by a major Presidential statement on children and welfare reform where he articulates

- that the country needs welfare reform and also needs to nurture and protect children for the long-term good and security of the nation, as well as for moral reasons;

- that when he said that the country needs welfare reform, he did not mean for this to be on the backs of children;

B. As the bill is signed, the **President calls upon every governor**, state legislature, local official to fully grasp the enormity of their responsibility to do the right thing for the country's children and families --- they will have more authority for the well-being of families (and that can be a good thing), and moral responsibility to let no child be hungry, homeless, without health

Page 2 - Reform Memo

care, etc. The point is that the **President assumes the moral leadership for the nation --on behalf of children.**

C. The President insists on a clear **guarantee that the health care safety net** for poor children, Medicaid, be preserved and improved.

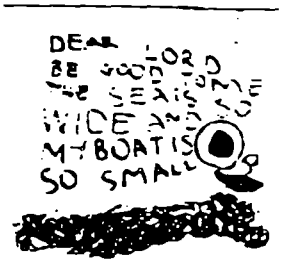
D. The President appoints a powerful **private/public commission to monitor the consequences** of welfare reform on children and families in poverty, the results of initiatives put in place by states, the on-going status of children with respect to poverty, access to health care, educational goals, etc. This commission reports directly and regularly to the President and senior administration officials.

E. We assemble a group of highly respected child health and welfare experts who affirm (1) how bad the current system is; (2) why we need to something creative; and (3) how the President's concern for children is genuine and his desire to monitor the impact of this bill is genuine.

F. We create a special surrogate team to help talk this through across the country.

These are a few ideas. I am happy to help in any aspect of this or related scenarios. As you know, I am already working closely with Steve Gleason on related issues and have spoken with him about these suggestions. Let me know how to proceed

cc: Steve Gleason



Children's Defense Fund

FOR IMMEDIATE RELEASE
July 31, 1996

Contact: Sarah Howe, 202-662-3609 or
Lisa McDougal, 202-662-3615

EDELMAN DECRIES PRESIDENT'S BETRAYAL OF PROMISE "NOT TO HURT CHILDREN"

CALLS SPURIOUS WELFARE LEGISLATION A MORAL BLOT ON NATION

WASHINGTON, D.C. -- Children's Defense Fund President Marian Wright Edelman expressed deep sadness, disappointment, and outrage at President Clinton's decision to sign welfare legislation that will hurt and impoverish millions of children and abolish the 61-year-old national income safety net for children -- even when their families play by the rules and try to find work.

"President Clinton's signature on pending `welfare reform' legislation makes a mockery of his pledge not to hurt children. It will leave a moral blot on his presidency and on our nation that will never be forgotten," Edelman said.

"This legislation is the biggest betrayal of children and the poor since the Children's Defense Fund began. It takes no political courage to stand up to two-month-old babies or to play election year games of political chicken at pre-schoolers' expense," she said.

-more-

25 E Street NW
Washington, DC 20001

By announcing that he would sign a bill that is virtually the same as the two he previously vetoed, the President has signaled support for a conference bill that is worse for children than the Senate bill in crucial ways. "Let every parent, grandparent, child advocate, religious and community leader and citizen use this moment of tragic disregard for children as a spur to fight back with all our might," Edelman said.

"Let us stand up, together and determined, and build a movement so powerful for our children that no politician will ever again feel free to politically abuse them."

-30-

REPORTED 1996 WELFARE MAJOR PROVISIONS

	1996 House Bill	1996 Senate Bill	1996 Conference bill
MEDICAID	Requires Medicaid Coverage for all families that meet current law AFDC eligibility requirements.	Requires Medicaid Coverage for all families that meet current law AFDC eligibility requirements. Standards as of July 1, 1996 or current law.	States may return to 1988 standards as allowed under current law (~~no categorical protection as required under Breaux/Chafee~~)
	• 1 year transitional Medicaid coverage for families moving from welfare to work if income below poverty	• 1 year transitional Medicaid coverage for families moving from welfare to work if income below 185% of poverty	• 1 year transitional coverage for families moving from welfare to work if income below 185% of poverty; ? on scope Thru 2002
	• bans Medicaid for all legal immigrants; current recipients made ineligible within 1 year	• 5 year ban on Medicaid for future legal immigrants (state option for current recipients)	• 5 year ban on Medicaid for future legal immigrants (state option for current recipients)
	• no Medicaid if penalty applied	• Medicaid coverage even if penalty applied	• no Medicaid if severe penalty applied (termination of benefits, not just sanction)
Food Stamps	Optional state block grant	No optional state block grant	No optional state block grant
	Kasich amdt restricting food stamp receipt to 3 months in 30 years for those individuals age 18-50	Food stamp receipt restricted to 6 months in 1 year for those individuals age 18-50 (includes 2 months of job search)	Food stamp receipt restricted to 4 months every 2 years with waiver for areas of unemployment exceeding 10%. Some job search allowed.
	Shelter deduction capped at $247 for families with kids	Shelter deduction capped at $342 for families with kids	Shelter deduction capped at $300 for families with kids, indexed but not clear how.
	$25.3 billion in food stamp cuts	$24 billion in food stamp cuts	$23 billion
Vouchers	No vouchers for children of families reaching time limit	No vouchers for children of families reaching time limit	Optional vouchers through Title XX
Child Care	House Opportunities provision retaining child care health & safety standards and retaining quality set-aside	Retains child care health & safety standards and retains quality set-aside	Retains child care health & safety standards and retains quality set-aside
	No penalty for mothers with children under 11 who can't find or afford child care	No penalty for mothers with children under 11 who can't find or afford child care	No penalty for mothers with children under 6 who can't find or afford child care

1996 WELFARE MAJOR PROVISIONS

	1996 House Bill	1996 Senate Bill	1996 Conference bill
Family Cap	Mandated family cap	Byrd rule strike	Byrd rule?
Child Abuse	Block grants child abuse $	No block grant of child abuse funds	No block grant of child abuse funds
Performance Bonus	$500 million	$700 million	$700 million
Individual responsibility plans	Mandatory assessment, optional plan	Mandatory individual responsibility plan	Mandatory assessment, optional plan
Immigrant Children	No school lunch or child nutrition programs	Provides access to school lunch and child nutrition	Illegal children banned, but no certification process and no penalty.
Transferability of $	Allows 30% of basic block grant to be transferred, with 10% restriction on funds to title XX	Allows 30% of basic block grant to be transferred to child care only	Allows 30% of basic block grant to be transferred, with 10% restriction on funds to title XX -- for vouchers
Community service	No requirement until 24 months	Community service required after 2 months	Community service required after 2 months, but state opt out by request to Sec.
Corrective action plan	No requirement	Corrective action plan required for states with an increase in child poverty	Corrective action plan required, but Sec has no authority to alter state plan to attempt to reduce child poverty
Title XX - the Social Services Block Grant	10% Cut	20% cut	15% cut

to the appropriate committees of Congress a legislative proposal proposing such technical and conforming amendments as are necessary to bring the law into conformity with the policy embodied in this title.

SEC. 114. ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.

(a) IN GENERAL.—Title XIX is amended—

(1) by redesignating section 1931 as section 1932; and

(2) by inserting after section 1930 the following new section:

"ASSURING COVERAGE FOR CERTAIN LOW-INCOME FAMILIES

"SEC. 1931. (a) REFERENCES TO TITLE IV-A.—

"(1) TREATMENT AS REFERENCES TO PRE-WELFARE-REFORM PROVISIONS.—Unless a State elects the option described in paragraph (2), subject to the succeeding provisions of this section, with respect to the State any reference in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan) shall be considered a reference to such a provision or plan as in effect as of July 16, 1996, with respect to the State.

"(2) STATE ELECTION TO APPLY SINGLE ELIGIBILITY SYSTEM FOR CASH ASSISTANCE AND MEDICAID.—

"(A) IN GENERAL.—A State may elect to treat, subject to the succeeding provisions of this section, references in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan), including income and resource standards and income and resource methodologies under such part or plan, as references to the State TANF program (or a comparable provision of such a program).

"(B) LINKAGE ONLY TO RECEIPT OF CASH ASSISTANCE.—In the case of such an election, any reference

to receipt of aid or assistance in relation to such part or program is deemed a reference only to receipt of cash assistance under the State TANF program.

"(C) RETENTION OF MINIMUM STANDARDS AND METHODOLOGIES.—A State may make the election under this paragraph only if the State certifies that, for the period in which the election is in effect—

"(i) the income and resource eligibility standards for the receipt of cash assistance under the State TANF program will not be lower than the income and resource standards for aid and assistance under the State AFDC plan (or, at the option of the State, such plan as in effect on May 1, 1988),

"(ii) the income and resource methodologies under such program will not be more restrictive than the income and resource methodologies used under the State AFDC plan, and

"(iii) the payment levels under such program will not be less than the payment levels in effect under the State AFDC plan on May 1, 1988.

"(D) NO APPLICATION OF TANF DURATIONAL LIMITS ON MEDICAID ELIGIBILITY.—In the case of such an election, an individual is deemed for purposes of this title to be a recipient of cash assistance under a State TANF program if the individual would be a recipient of such assistance but for a provision of such program (including section 408(a)(7)) that imposes a limitation on the maximum duration of receipt of assistance under the program.

"(b) ELIGIBILITY CRITERIA—

"(1) APPLICATION OF PRE-WELFARE-REFORM ELIGIBILITY CRITERIA FOR NONELECTING STATES.—For purposes of this title, subject to paragraphs (2) and (3), in determining eligibility for medical assistance in the case of a nonelecting State—

"(A) an individual shall be treated as receiving aid or assistance under a State AFDC plan only if the individual meets—

"(i) the income and resource standards for determining eligibility under such plan, and

"(ii) the eligibility requirements of such plan under subsections (a) through (c) of section 406 and section 407(a),

as in effect as of July 16, 1996;

"(B) an individual shall be treated as meeting the income and resource standards under such part only if the individual meets the income and resource standards for determining eligibility under such plan, as in effect as of July 16, 1996; and

"(C) the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(2) STATE OPTION.—For purposes of applying this section, a nonelecting State—

"(A) may lower its income standards applicable with respect to the State AFDC plan, but not below the income standards applicable under such plan on May 1, 1988;

"(B) may increase income or resource standard under the State AFDC plan over a period (beginning after July 16, 1996) by a percentage that does not exceed the percentage increase in the consumer price index for all urban consumers (all items; U.S. city average) over such period; and

"(C) may use income and resource methodologies that are less restrictive than the methodologies used under the State AFDC plan as of July 16, 1996.

"(3) TERMINATION OF MEDICAL ASSISTANCE FOR FAILURE TO MEET TANF WORK REQUIREMENT IN ELECTING STATES.—

"(A) IN GENERAL.—In the case of an electing State, an individual who is eligible for medical assistance under this title on a basis related to receipt of cash assistance under a State TANF program and who has the assistance under such program terminated pursuant to section 407(e)(1)(B) (as in effect on or after the welfare reform effective date) because of refusing to work, the individual's eligibility for medical assistance under this title is terminated until such time as there no longer is a basis for such termination because of such refusal.

"(B) EXCEPTION FOR CHILDREN.—Subparagraph (A) shall not be construed as permitting a State to terminate medical assistance for a minor child who is not the head of a household receiving assistance under a State TANF program.

"(e) TREATMENT FOR PURPOSES OF TRANSITIONAL COVERAGE PROVISIONS.—

"(1) TRANSITION IN THE CASE OF CHILD SUPPORT COLLECTIONS.—

"(A) NONELECTING STATES.—In the case of a nonelecting State, the provisions of section 406(h) (as in effect on July 16, 1996) shall apply, in relation to this title, with respect to individuals (and families composed of individuals) who are described in subsection (b)(1)(A) (in the case of a nonelecting State) or individuals (and families composed of individuals) receiving cash assistance under a State TANF program (in the case of an electing State), in the same manner as they applied before such date with respect to individuals who became ineligible for aid to families with dependent children as a result (wholly or partly) of the collection of child or spousal support under part D of title IV.

"(B) ELECTING STATES.—In the case of an electing State, for an individual or family that is receiving cash assistance under the State TANF program and

becomes ineligible to receive such cash assistance under such program as a result (wholly or partly) of the collection of child or spousal support under part D of title IV, having received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the individual or family shall remain eligible for medical assistance under this title for an additional four calendar months beginning with the month in which such ineligibility begins.

"(2) TRANSITION IN THE CASE OF EARNINGS.—The provisions of sections 1925 and 1902(e)(1) provide for continued medical assistance in the case of—

"(A) individuals (and families composed of individuals) described in subsection (b)(1)(A), in the case of a nonelecting State, and

"(B) individuals (and families composed of individuals) receiving cash assistance under a State TANF program, in the case of an electing State,

who would otherwise become ineligible for assistance because of hours or income from employment.

"(d) WAIVERS.—In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 16, 1996, or which is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and approved by the Secretary on or before July 1, 1997, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may (but need not) continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire.

"(e) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this section, or part A of title IV, shall be construed as preventing a State from providing for the same application form for assistance under a State TANF program and for medical assistance under this title.

"(f) ADDITIONAL RULES OF CONSTRUCTION.—

"(1) With respect to the reference in section 1902(a)(5) to a State AFDC plan, a nonelecting State may treat such reference as a reference either to a State TANF program or to the State plan under this title.

"(2) For all States, any reference in section 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State TANF program.

"(3) For electing States, in applying section 1902(e)(10), a reference to 'section 402(a)(43)' is deemed a reference to a corresponding rule (if any) established under a State TANF program with respect to individuals eligible for medical assistance on the basis of receipt of cash assistance under such program.

"(4) In applying section 1903(f), the applicable income limitation otherwise determined shall—

"(A) subject to subparagraph (B), be determined for all States as though any reference to plan of a State approved under part A of title IV were a reference to such a plan as in effect on July 16, 1996, and

"(B) be subject to increase in the same manner as income or resource standards of a nonelecting State may be increased under subsection (b)(2)(A)(ii).

"(5) In applying subdivision (ii) of section 1905(a) in the case of an electing State, the relatives referred to in such subdivision shall be deemed a reference to such relatives (comparable to those described in such subdivision) as may be made eligible for cash assistance under the State TANF program.

"(g) RELATION TO OTHER PROVISIONS.—The provisions of this section shall apply notwithstanding any other provision of this Act.

"(h) DEFINITIONS.—For purposes of this section—

"(1) ELECTING STATE.—The term 'electing State' means a State that has an election in effect under subsection (a)(2).

"(2) NONELECTING STATE.—The term 'nonelecting State' means a State that does not have an election in effect under subsection (a)(2).

"(3) STATE AFDC PLAN.—The term 'State AFDC plan' means a State plan approved under part A of title IV (as in effect as of July 16, 1996).

"(4) STATE TANF PROGRAM.—The term 'State TANF program' means a State program funded under part A of title IV (as in effect on and after the welfare reform effective date).

"(5) WELFARE REFORM EFFECTIVE DATE.—The term 'welfare reform effective date' means the effective date, with respect to a State, of title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as specified in section 116 of such Act).".

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking "and" at the end of paragraph (61),

(2) by striking the period at the end of paragraph (62) and inserting "; and", and

(3) by inserting after paragraph (62) the following new paragraph:

"(63) provide for administration and determinations of eligibility with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.".

July 26, 1996

The President
The White House
Washington, DC 20500

Dear Mr. President:

We have closely followed the Congressional debate over Medicaid and welfare reform, as well as your public comments regarding what must be included in a welfare reform bill that you will sign. Despite modest efforts to accommodate some of your suggestions, both welfare proposals passed by the House and the Senate move the nation in the wrong direction. Both proposals would weaken American families, both proposals would make children poorer, and both proposals would add fuel to the HIV epidemic in the United States. Notwithstanding the political pressure you face, the HIV/AIDS community strongly urges you to veto any conferenced version of the welfare proposals that have passed both houses of Congress.

Since the last Congressional election, people living with HIV disease have faced an onslaught of hostile legislative proposals that would seek to deny them of fundamental assistance necessary to stay alive. Thankfully, your Administration has successfully countered the most sweepingly regressive measures. Indeed, it has been due to your strong leadership that Medicaid has not been block granted. We are grateful for your consistent moral commitment to protecting health care for America's most vulnerable people. We also applaud your proposed FY 1997 budget calling for increases in all titles of the Ryan White CARE Act, CDC HIV prevention, NIH AIDS research and your recent proposal to increase support for AIDS drug assistance programs beyond your initial request.

Unfortunately, your solid record on health care is not enough to protect people living with HIV and other vulnerable people. It may not seem politically expedient to protect the poorest and most vulnerable residents of this country from sweeping and extreme measures that will deny them the assistance they need, but it is the right thing to do. Minor tinkering cannot fix this badly flawed approach to welfare reform. In negotiating with the Congress, we encourage you to insist that any welfare legislation:

Protect Medicaid eligibility for all categories of currently eligible beneficiaries
We appreciate your efforts to separate Medicaid reform from welfare reform. We urge you to not sign any legislation that materially alters Medicaid eligibility for any category of currently eligible beneficiaries. This means that Congress must not retreat from the Chafee-Breaux Amendment in the Senate bill. Medicaid eligibility also must be protected for all disabled children, for all currently eligible persons despite any record of drug-related activity, and for all currently eligible persons without consideration of their immigration status. If the Congress sends you legislation that does any less, then we urge you to stay true to your longstanding commitment to protecting Medicaid by vetoing this bill.

Not create added fiscal burdens on states and local service providers
People living with HIV/AIDS are horrified at the implications of the Gramm amendment that was included in the Senate legislation that would prevent any person convicted of a drug-related crime in federal or state court from receiving any federal means-tested benefit. Adoption of this amendment will make the HIV epidemic noticibly worse in this country. This amendment would translate into a public health disaster. It would deny access to essential health, income and other support services to persons with histories of substance use. As you know, many of our social problems are exacerbated by the lack of available drug treatment opportunities and an insufficient commitment to the rehabilitation of persons with substance use histories. The

Gramm Amendment is extreme not only because it would affect eligibility for a broad range of federal programs, but also because it would bar many people from accessing the services they need in order to live healthy and productive lives. Under this measure, young people caught smoking marijuana could find themselves ineligible for Medicaid, Food Stamps, AIDS Drug Assistance Programs, and a whole range of other services several years later. Even more appalling, a person convicted of selling drugs who has been in recovery for many years would be barred from these programs for life. This measure is also discriminatory in that it does not apply to persons with all types of criminal history, and singles out persons with only one type of criminal record. Simple human decency demands that you not support any legislation which includes such a draconian provision.

Another compelling reason why this amendment alone should cause you to reject this legislation is the harmful impact that this provision would have on states and local service providers. We have been engaged in a debate for more than a year of which a central element has been a desire to lighten many of the pressing financial burdens from the states for providing health care for low-income residents. Because the millions of people currently receiving federal mean-tested support services will not go away, this amendment is simply an enormous cost-shift to the states. This amendment will create catastrophic financial and administrative burdens for states, local governments, public and private hospitals and local service providers, who are already struggling to meet the growing need for HIV and other services in communities throughout the nation.

Not bow to racism and xenophobia by denying legal immigrants access to our nation's social support programs

The provisions in the welfare legislation that would deny access to virtually all social services to legal resident aliens in the United States show the dark side of this country and this Congress. It would be ironic that as the United States is hosting the centennial olympiad and visitors from around the nation are in Atlanta, the federal government may enact legislation that is blatantly racist, xenophobic and discriminatory to persons from other nations. Legal resident aliens live by our country's laws, they contribute immensely to this nation, they pay taxes and they deserve the same social supports that we provide to citizens.

The provisions barring access to health and social services for legal immigrants also would stymie our national HIV prevention and other communicable disease control efforts. As you are well aware, the nation is facing a growing crisis of multiple drug resistant tuberculosis (TB). This is because persons who need therapy and medications cannot always receive it. This TB epidemic will worsen if this measure is passed. Additionally, the only way our nation will ever be successful at eliminating new HIV infections is if all people have access to a range of comprehensive services. While this provision does make exceptions for the control of communicable disease, this amendment would have a chilling effect on the infrastructure of clinics and social service agencies necessary to effectively respond to a public health crisis. Furthermore, it would create a huge barrier to accessing services to prevent or treat HIV, TB or other communicable diseases if these were the limited circumstances under which a person could access health care and other services. This measure alone should require you to veto this legislation.

Not bar children with disabilities from accessing services by eliminating individualized functional assessments of disability

Over the past decade, this nation has made great strides in the treatment of people with disabilities. Today, we celebrate the sixth anniversary of the Americans with Disabilities Act. This and other ground breaking changes have allowed people with disabilities to live more independently than ever before and it has allowed them to be more closely integrated into the lives of their communities. Proposed changes in the definition of disability for children in the

supplemental security income (SSI) program, included in this welfare legislation, would bar roughly 300,000 children from benefitting from improved protections for people with disabilities and more open attitudes from society. This is especially unfortunate because support for this change appears to be based on perceptions of abuse that studies by the General Accounting Office and other independent panels have found to be unsubstantiated.

More than 90% of children living with HIV disease receive their health care from Medicaid. While it is possible that many of these persons would continue to be eligible for Medicaid based on income criteria, this change in disability definition may still have catastrophic results for some individuals. SSI assistance is an essential source of income for many families struggling to meet the seemingly never-ending needs of children who are living with HIV. Furthermore, many children living with HIV receive income assistance through AFDC, which also makes them eligible for Medicaid. With a diminished federal role in operating AFDC, we must strengthen the SSI program as a federal assurance that all children with disabilities will receive the health care and supportive services they need. For this reason, we urge you to insist that the Congress retain the individualized functional assessment as a means of determining SSI eligibility for children with disabilities. Inclusion of this measure in the conferenced bill should call for your veto of this legislation.

As organizations representing people living with HIV disease, we recognize that we need a great deal from you and what we ask is not easy. Every day, however, we are also keenly aware that people living with HIV/AIDS struggle to stay alive. While you may see the decision to support or oppose the Congress' flawed work on welfare reform as a political decision, we view this as a moral decision. We urgently appeal to your instinctive desire to help our community and we strongly urge you to veto the welfare reform legislation now awaiting a House and Senate conference.

Sincerely,

AIDS Policy Center for Children, Youth and Families

American Psychological Association

Cities Advocating for Emergency AIDS Relief

Gay Men's Health Crisis

Housing Works

Human Rights Campaign

National Association of People with AIDS

National Minority AIDS Council

Project Inform

San Francisco AIDS Foundation

Texas AIDS Network

Correspondence with the Coalition for Emergency Action on Medicaid Funding may be directed to: Jeffrey Crowley; NAPWA; 1413 K Street, N.W., Seventh Floor; Washington, DC 20005; 202.898.0414

THE CONSUMER VOICE
FOR HEALTH CARE

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FAX NUMBER: 456-2878

FROM: NAME: Judy Waxman

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COMMENTS: _____

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Telephone (202) 628-3030 ✦ Fax (202) 347-2417 ✦ E-mail: info@familiesusa.org

SEC. 114. ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.

(a) IN GENERAL.—Title XIX is amended—

(1) by redesignating section 1931 as section 1932; and

(2) by inserting after section 1930 the following new section:

"ASSURING COVERAGE FOR CERTAIN LOW-INCOME FAMILIES

"SEC. 1931. (a) REFERENCES TO TITLE IV–A.—

"(1) TREATMENT AS REFERENCES TO PRE-WELFARE-REFORM PROVISIONS.—Unless a State elects the option described in paragraph (2), subject to the succeeding provisions of this section, with respect to the State any reference in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan) shall be considered a reference to such a provision or plan as in effect as of July 16, 1996, with respect to the State.

"(2) STATE ELECTION TO APPLY SINGLE ELIGIBILITY SYSTEM FOR CASH ASSISTANCE AND MEDICAID.—

"(A) IN GENERAL.—A State may elect to treat, subject to the succeeding provisions of

this section, references in this title (or any other provision of law in relation to the operation of this title) to a provision of part A of title IV, or a State plan under such part (or a provision of such a plan), including income and resource standards and income and resource methodologies under such part or plan, as references to the State TANF program (or a comparable provision of such a program).

"(B) LINKAGE ONLY TO RECEIPT OF CASH ASSISTANCE.—In the case of such an election, any reference to receipt of aid or assistance in relation to such part or program is deemed a reference only to receipt of cash assistance under the State TANF program.

[new.] "(C) BENEFICIARY PROTECTIONS.—A State may make the election under this paragraph only if the State demonstrates to the satisfaction of the Secretary that—

"(i) except as provided in subsection (b)(3)(A), no individual would be denied eligibility for medical assistance if the individual would be eligible for such assistance if the State were a nonelecting State; and

"(ii) the procedural rights and protection to which an individual would be entitled if the State were an nonelecting State will apply for the purpose of determining the individual's eligibility and coverage for medical assistance under this title.

"(D) NO APPLICATION OF TANF DURATIONAL LIMITS ON MEDICAID ELIGIBILITY.—In the case of such an election, as provided in subparagraph (C)(i), an individual who was the recipient of cash assistance under a State TANF program and who is denied such assistance because of a provision of such program (including section 408(a)(7)) that imposes a limitation on the maximum duration of receipt of assistance under the program may not be denied medical assistance because of the limitation on such cash assistance.

"(b) ELIGIBILITY CRITERIA.—

"(1) APPLICATION OF PRE-WELFARE-REFORM ELIGIBILITY CRITERIA FOR NONELECTING STATES.—For purposes of this title, subject to paragraphs (2) and (3), in determining eligibility for medical assistance in the case of a nonelecting State—

"(A) an individual shall be treated as receiving aid or assistance under a State AFDC plan only if the individual meets—

"(i) the income and resource standards for determining eligibility under such plan, and

"(ii) the eligibility requirements of such plan under subsections (a) through (c) of section 406 and section 407(a),

as in effect as of July 16, 1996;

"(B) an individual shall be treated as meeting the income and resource standards under such part only if the individual meets the income and resource standards for determining eligibility under such plan, as in effect as of July 16, 1996; and

"(C) the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(2) STATE OPTION.—For purposes of applying this section, a nonelecting State—

"(A) may lower its income standards applicable with respect to the State AFDC plan, but

not below the income standards applicable under such plan on May 1, 1988;

"(B) may increase income or resource standards under the State AFDC plan over a period (beginning after July 16, 1996) by a percentage that does not exceed the percentage increase in the consumer price index for all urban consumers (all items; U.S. city average) over such period; and

"(C) may use income and resource methodologies that are less restrictive than the methodologies used under the State AFDC plan as of July 16, 1996.

"(3) TERMINATION OF MEDICAL ASSISTANCE FOR FAILURE TO MEET TANF WORK REQUIREMENT IN ELECTING STATES.—

"(A) IN GENERAL.—In the case of an electing State, in the case of an individual who is eligible for medical assistance under this title only on the basis of receipt of cash assistance under a State TANF program and who has the assistance under such program terminated pursuant to section 407(e)(1)(B) (as in effect on or after the welfare reform effective date) because of refusing to work, the State may terminate

such individual's eligibility for medical assistance under this title until such time as there no longer is a basis for the termination of such cash assistance because of such refusal.

"(B) EXCEPTION FOR CHILDREN.—Subparagraph (A) shall not be construed as permitting a State to terminate medical assistance for a minor child who is not the head of a household receiving assistance under a State TANF program.

"(c) TREATMENT FOR PURPOSES OF TRANSITIONAL COVERAGE PROVISIONS.—

"(1) TRANSITION IN THE CASE OF CHILD SUPPORT COLLECTIONS.—

"(A) NONELECTING STATES.—In the case of a nonelecting State, the provisions of section 406(h) (as in effect on July 16, 1996) shall apply, in relation to this title, with respect to individuals (and families composed of individuals) who are described in subsection (b)(1)(A), in the same manner as they applied before such date with respect to individuals who became ineligible for aid to families with dependent children as a result (wholly or partly) of the collec-

tion of child or spousal support under part D of title IV.

"(B) ELECTING STATES.—In the case of an electing State, for an individual or family that is receiving cash assistance under the State TANF program and becomes ineligible to receive such cash assistance under such program as a result (wholly or partly) of the collection of child or spousal support under part D of title IV, having received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the individual or family shall remain eligible for medical assistance under this title for an additional four calendar months beginning with the month in which such ineligibility begins.

"(2) TRANSITION IN THE CASE OF EARNINGS.—The provisions of sections 1925 and 1902(e)(1) provide for continued medical assistance in the case of—

"(A) individuals (and families composed of individuals) described in subsection (b)(1)(A), in the case of a nonelecting State, and

"(B) individuals (and families composed of individuals) receiving cash assistance under a

State TANF program, in the case of an electing State,

who would otherwise become ineligible because of hours or income from employment.

"(d) WAIVERS.—In the case of a waiver of a provision of part A of title IV in effect with respect to a State as of July 16, 1996, or which is submitted to the Secretary before the date of the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 and approved by the Secretary on or before July 1, 1997, if the waiver affects eligibility of individuals for medical assistance under this title, such waiver may (but need not) continue to be applied, at the option of the State, in relation to this title after the date the waiver would otherwise expire.

"(e) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this section, or part A of title IV, shall be construed as preventing a State from providing for the same application form for assistance under a State TANF program and for medical assistance under this title.

"(f) ADDITIONAL RULES OF CONSTRUCTION.—

"(1) With respect to the reference in section 1902(a)(5) to a State AFDC plan, a nonelecting State may treat such reference as a reference either

to a State TANF program or to the State plan under this title.

"(2) For all States, any reference in section 1902(a)(55) to a State plan approved under part A of title IV shall be deemed a reference to a State TANF program.

"(3) For electing States, in applying section 1902(e)(10), a reference to 'section 402(a)(43)' is deemed a reference to a corresponding rule (if any) established under a State TANF program with respect to individuals eligible for medical assistance on the basis of receipt of cash assistance under such program.

"(4) In applying section 1903(f), the applicable income limitation otherwise determined shall—

"(A) subject to subparagraph (B), be determined for all States as though any reference to plan of a State approved under part A of title IV were a reference to such a plan as in effect on July 16, 1996, and

"(B) be subject to increase in the same manner as income or resource standards of a nonelecting State may be increased under subsection (b)(2)(B).

"(5) In applying subdivision (ii) of section 1905(a) in the case of an electing State, the relatives referred to in such subdivision shall be deemed a reference to such relatives (comparable to those described in such subdivision) as may be made eligible for cash assistance under the State TANF program.

"(g) RELATION TO OTHER PROVISIONS.—The provisions of this section shall apply notwithstanding any other provision of this Act.

"(h) DEFINITIONS.—For purposes of this section—

"(1) ELECTING STATE.—The term 'electing State' means a State that has an election in effect under subsection (a)(2).

"(2) NONELECTING STATE.—The term 'nonelecting State' means a State that does not have an election in effect under subsection (a)(2).

"(3) STATE AFDC PLAN.—The term 'State AFDC plan' means a State plan approved under part A of title IV (as in effect as of July 16, 1996).

"(4) STATE TANF PROGRAM.—The term 'State TANF program' means a State program funded under part A of title IV (as in effect on and after the welfare reform effective date).

"(5) WELFARE REFORM EFFECTIVE DATE.—The term 'welfare reform effective date' means the effective date, with respect to a State, of title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (as specified in section 116 of such Act).".

(b) PLAN AMENDMENT.—Section 1902(a) (42 U.S.C. 1396a(a)) is amended—

(1) by striking "and" at the end of paragraph (61),

(2) by striking the period at the end of paragraph (62) and inserting "; and", and

(3) by inserting after paragraph (62) the following new paragraph:

"(63) provide for administration and determinations of eligibility with respect to individuals who are (or seek to be) eligible for medical assistance based on the application of section 1931.".

(c) EXTENSION OF WORK TRANSITION PROVISIONS.—Sections 1902(e)(1)(B) and 1925(f) (42 U.S.C. 1396a(e)(1)(B), 1396r–6(f)) are each amended by striking "1998" and inserting "2001".

(d) ELIMINATION OF REQUIREMENT OF MINIMUM AFDC PAYMENT LEVELS.—(1) Section 1902(c) (42 U.S.C. 1396a(c)) is amended by striking "if—" and all

that follows and inserting the following: "if the State requires individuals described in subsection (l)(1) to apply for assistance under the State program funded under part A of title IV as a condition of applying for or receiving medical assistance under this title.".

(2) Section 1903(i) (42 U.S.C. 1396b(i)) is amended by striking paragraph (9).

Castle - Tanner
(H.R. 3266)

Bipartisan, Bicameral

Real Welfare Reform That Will Work

Key Issues to Resolve to Reach a Bipartisan Welfare Reform Agreement

Our goal in developing Castle-Tanner was to establish a centrist position between the original proposals of both parties where the debate could end up. We are confident that the provisions of our bill goes far in defining the middle ground necessary for a bipartisan agreement on welfare reform. The President indicated in his radio address on Saturday that Castle-Tanner provides the framework for a bipartisan agreement that he can sign. All members who are committed to enacting a bipartisan welfare reform bill -- particularly the 92 Republicans who urged their leadership to separate Medicaid and welfare reform to remove that obstacle to an agreement -- should support the Castle-Tanner alternative.

The legislation reported by the Ways and Means Committee addresses several concerns that we had with previous proposals. The bill provides additional funds for child care assistance and provides an additional $1 billion for the contingency fund and makes other improvements in the bill. Most importantly, the Republican leadership has followed the advice of the 92 Republicans who urged that welfare reform be considered separately from Medicaid legislation. Removing the Medicaid block grant from the bill greatly increases the ability to reach a bipartisan agreement.

Despite these improvements, there are several concerns that must be addressed in order to reach a bipartisan agreement on welfare reform. There are several areas in which Castle-Tanner provides greater resources to ensure that welfare reform will succeed, improves state flexibility and protects innocent children. In order to receive bipartisan support, a welfare reform bill must address six key issues. It is possible to make all of the improvements outlined above and still achieve the $53 billion in welfare reform savings called for in the budget resolution.

Providing support necessary for welfare recipients to make the transition to work

President Clinton has said he will sign a bill eliminating the federal guarantee of benefits if the bill provides the support necessary to move welfare recipients to work. It is critical that any welfare reform bill provide sufficient funding for work programs and child care costs estimated by CBO to meet the work requirements of the bill. Rhetoric about tough work requirements is either an empty promise or the greatest unfunded mandate yet if is not backed up with the funding to allow states to meet the work requirements. Welfare reform will fail to meet the goal of ending the cycle of dependency and moving welfare recipients to work, if states do not have sufficient resources to operate work programs.

The National Governors Association adopted a resolution today expressing *"concerns about restrictions on states flexibility and unfunded costs"* in the work requirements of the Republican bill. The Republican bill rejects the NGA recommendations for state flexibility in developing work programs appropriate for local communities and does not provide any additional funds for states to meet the increased work requirements. CBO has estimated that the Republican bill would fall $12.9 billion short of the funding for work programs necessary to meet the work requirements in the bill, and $800 million short of the costs of providing child care assistance to individuals required to work. The CBO report accompanying the Republican bill states *"CBO...concludes that most states would fail to meet these (work) requirements."* The CBO report assumes that most states would choose to accept penalties for failures to meet work requirements instead of trying to meet the costs of work programs.

Castle-Tanner ensures that states would be able to meet the work requirements in the bill by providing $3 billion in additional mandatory funds that states can access in order to meet the costs of moving welfare recipients to work. In addition, Castle-Tanner adopts the recommendations of the National Governors Association regarding state flexibility in meeting work requirements. Castle-Tanner is the only bill that provides the resources for states to successfully move welfare recipients to work.

Providing support necessary for recipients to make the transition to work

Democrats have stressed that it is critical that any welfare reform bill provide sufficient funding for work programs and child care costs so that states can provide individuals with the support necessary to make the transition to work. Tanner-Castle provides the support necessary for work requirements to succeed.

- Provides $3 billion in additional mandatory funds that states can access in order to provide welfare recipients with the support necessary to make the transition to work.
- Contains sufficient child care funding to provide child care assistance for mothers required to participate in work programs or who are making the transition to private sector employment and provide an additional $2 billion in child care assistance for working poor families in jeopardy of losing employment if child care assistance is not provided.

State accountability

Democrats have insisted that states be held accountable for the operation of welfare programs within the context of greater state flexibility.

- Ensures that states will maintain their commitment to welfare programs by establishing a 85% maintenance of effort and linking the state maintenance of effort to the success of the state program. States that demonstrate success in moving welfare recipients into private sector employment would have a lower maintenance of effort requirement, while states that fail to meet the work requirements in the bill would have their maintenance of effort increased.
- Requires the Secretary of HHS to approve state plans, and allows the Secretary to sanction states for failing to meet the requirements in the statute or not following through on provisions in the state plan.
- Requires state plans to certify that the state is not imposing unfunded mandates on local governments and that local officials are able to design and implement programs operating in their communities.

Tanner-Castle Welfare Reform Protects Democratic Priorities

Protection for children.

Protecting children was a centerpiece of the Democratic welfare alternative in 1995. Tanner-Castle contains several provisions protecting children under welfare reform.

- Requires states to provide vouchers for the needs of the child for families removed from welfare rolls as a result of a time limit of less than five years, and gives states the option of providing vouchers for families cut off as a result of the five year time limit.
- Continues Medicaid coverage for families that lose Medicaid as a result of a time limit.
- Retains the excess shelter deduction for families with children in high cost areas.
- Exempts immigrant children from food stamp and SSI bans. Provides food assistance to over 300,000 immigrant children who would be denied assistance under the Republican bill.

Protections for recipients

The 1995 Democratic substitute retained the requirement that states provide assistance to all families that meet state eligibility criteria. Although Tanner-Castle does not contain a federal entitlement, it builds in many of the individual protections in current law into the block grant approach.

- Requires that states have objective and equitable standards for determining eligibility and treat all families of similar needs and circumstances similarly.
- Requires states to allow due process appeals for individuals denied assistance.
- Gives the Secretary of HHS the authority to enforce these provisions.

Responsiveness to economic downturns

The Democratic substitute retained the automatic stabilizers in current law that provided additional funds to states based on increases in state caseload. The Tanner-Castle bill provides a safety net for economic downturns within the context of an AFDC block grant through several provisions:

- Establishes an uncapped contingency fund that states can access in the event of a national recession or a severe regional recession. This provision provides an important safety net for states and local governments in the event of a severe recession without affecting the scoring of the bill. Most importantly, the contingency fund in the Tanner-Castle bill ensures that states will have the resources to provide assistance to families that are in need during economic downturns.
- Preserves the national food stamp safety net and does not allow the optional food stamp block grant contained in the Republican bill, which provides frozen funding and no eligibility standards.

Ensuring that states invest sufficient resources for welfare reform to succeed

The Republican bill would allow states to reduce their spending on welfare programs by 25% without losing any federal funds, whether or not the state is successful in moving welfare recipients into private employment. This will dramatically shift the costs of welfare programs to the federal government and make it less likely that state invest resources for work programs to move welfare recipients to work.

Castle-Tanner ensures that states will maintain their commitment to successful welfare reform by establishing a 85% maintenance of effort and linking the state maintenance of effort to the success of the state program. States that demonstrate success in moving welfare recipients into private sector employment would have a lower maintenance of effort requirement, while states that fail to meet the work requirements in the bill would have their maintenance of effort increased.

Responsiveness to economic downturns

Although the additional $2 billion contingency fund in the Republican bill is an improvement over previous bills, the contingency fund would be inadequate if there is a national economic downturn. For example, he recession earlier this decade resulted in an increase of $6 billion in welfare spending, three times the amount of funds in the contingency fund. The Republican bill also places greater restrictions on the ability of states to access the contingency fund than the governors recommended.

Castle-Tanner provides a safety net for states and individuals during economic downturns. It establishes an uncapped contingency fund that states can access in the event of a national recession or a severe regional recession. This provision provides an important safety net for states and local governments in the event of a severe recession. Most importantly, the contingency fund in Castle-Tanner ensures that states will have the resources to provide assistance to families that are in need during economic downturns.

Protections for children

The Republican bill explicitly prohibits states from providing any assistance, including vouchers or emergency assistance, for children, in families cut off because of a time limit. Castle-Tanner requires states to provide vouchers for the needs of the child for families removed from welfare rolls as a result of a time limit of less than five years, and gives states the option of providing vouchers for families cut off as a result of the five year time limit.

The Republican bill reported by the Ways and Means Committee could result in lost Medicaid coverage for families who lose welfare assistance in the transition to a welfare block grant or because of a time limit. Castle-Tanner ensures that no family loses health care coverage as a result of welfare reform.

Preserving the Food Stamp Safety Net

The Republican bill contains an optional food stamp block grant which provides frozen funding and no eligibility standards. Castle-Tanner preserves the national food stamp safety net and does not allow food stamps to be converted into a block grant.

The Republican bill eliminates the excess shelter deduction for families with children with high housing costs. The excess shelter deduction is an important provision in reducing childhood poverty by providing additional food stamps to offset high housing costs. Castle-Tanner preserves the excess shelter deduction.

Protecting children and health care providers from immigration provisions

The Republican bill denies all means-tested benefits to legal immigrants until citizenship. We are concerned about the burdens that these provisions will place on state and local governments and the impact they will have on children. More than 300,000 immigrant children will be denied food assistance. The bill will also increase the amount of uncompensated care that the health care system must absorb by denying Medicaid to non-citizens.

Castle-Tanner adopts the general rule of denying benefits to non-citizens (compared to the deeming provisions in the administration proposal), but moderates the impact of these provisions by replacing the Medicaid ban with deeming for Medicaid and exempting children from the food stamp ban and exempting disabled children from the SSI ban.1

DAVIS-BACON AND SCHOOL INFRASTRUCTURE
Q's AND A's

Question:

Will the Davis-Bacon Act apply to this federal subsidy for local school construction? What is the rationale for applying the Davis-Bacon Act?

Answer:

- Yes, the Davis-Bacon Act will apply to construction projects that use the federal assistance through the interest subsidy.

- There are similar programs where the Davis-Bacon prevailing wage provisions currently apply. In the early 1970's, Davis-Bacon provisions were applicable to the Federal program providing interest subsidy grants for construction of postsecondary education facilities. Under this program, the Office of Education paid the difference between 3 percent and the commercial lending rate on privately secured loans.

- Other examples include the Clean Water Act in which a specific provision was added to apply Davis-Bacon prevailing wages to the Act's state revolving funds that support construction of clean water facilities with Federal dollars. Similarly, the network of "State Infrastructure Banks" (SIBs) being developed in an effort to give jurisdictions flexibility to leverage resources for infrastructure priorities will apply Davis-Bacon prevailing wages.

Question:

In a time of tight budgets when private construction costs are less expensive than Federal construction, isn't Davis-Bacon too expensive? Won't it place additional burdens on localities already trapped under a morass of Federal guidelines?

Answer:

- There is a long-standing disagreement on the cost implications of the application of the Davis-Bacon Act to federally-assisted construction projects. The net effect of the Davis-Bacon Act is marginal when considering productivity and quality improvements that many argue result from paying higher wages. Whatever the impact, this Administration recognizes that for more than 60 years the Davis-Bacon Act has provided important benefits that raise worker's wages and ensure quality work in return for federal dollars.

- In answer to your question about added burden on localities, my answer is no. If there is an effect it would be marginal. The application of Federal Davis-Bacon prevailing wages will not have a significant impact on local construction since thirty states currently enforce State Davis-Bacon laws that provide prevailing wages for construction work funded by the State.

MEMORANDUM

TO: Democratic Co-Sponsors of Chafee Medicaid Amendment
FROM: Cynthia Rice (Sen. Breaux) (4-9741)
DATE: July 21, 1996
SUBJECT: Update & Request for Assistance

Procedure

On Friday, Senator Chafee offered his amendment (#4931). Senator Roth then offered a 2nd degree substitute amendment (#4932). Because the Roth amendment was drafted as a substitute, he left an opportunity for Chafee to offer a 2nd degree perfecting amendment (#4933). Chafee offered his perfecting amendment to make sure that his policy would be voted on first (see attached page from Riddick's illustrating the amendment tree).

This means that on Tuesday the Senate will vote in the following order:

1. Chafee #4933
2. Roth #4932
3. Chafee #4931 (probably no roll call vote will occur because the vote would be on #4931 as amended by #4932 or #4933 and would be unnecessary unless minds had been changed.)

It is critical that Senators vote BOTH for Chafee AND against Roth. Why? Because if Roth wins after Chafee wins, then the Roth amendment language will be substituted for Chafee's and will thus prevail. That is, voting for Roth after voting for Chafee will be a vote to narrow the provisions of the Chafee amendment -- i.e., to limit the categories of people who would be guaranteed Medicaid in the future.

Please have your boss in the well during the vote, explaining why a vote BOTH for Chafee AND against Roth is necessary. Only 51 votes are needed for passage, so every vote counts. The Chafee and Roth votes will be third and fourth votes of the day on Tuesday, putting them at approximately 10:15 a.m.

Policy

Attached are copies of the amendments, a summary of their differences, and a "section by section" of the original Chafee amendment (#4931). Broadly speaking, the Chafee amendment assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, irregardless of state welfare changes. The Roth amendment, by contrast, merely grandfathers certain individuals, continuing Medicaid coverage for those actually receiving it on the date of enactment but allowing states to deny Medicaid in the future to families in the exact same financial situation. In addition, the Roth provision will be more difficult for states to administer, and it will allow changes in Medicaid eligibility for non-welfare populations by letting states redefine what income and assets count in determining eligibility (see attached for more).

Vote FOR Chafee #4933
AND AGAINST Roth #4932

The Chafee amendment assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, irregardless of state welfare changes.

The Roth amendment, by contrast, merely grandfathers certain individuals, continuing Medicaid coverage for those actually receiving it on the date of enactment but allowing states to deny Medicaid in the future to families in the exact same financial situation. In addition, the Roth provision will be more difficult for states to administer, and it will allow changes in Medicaid eligibility for non-welfare populations by letting states redefine what income and assets count in determining eligibility (see attached for more).

On Tuesday, July 23rd, the Senate will vote

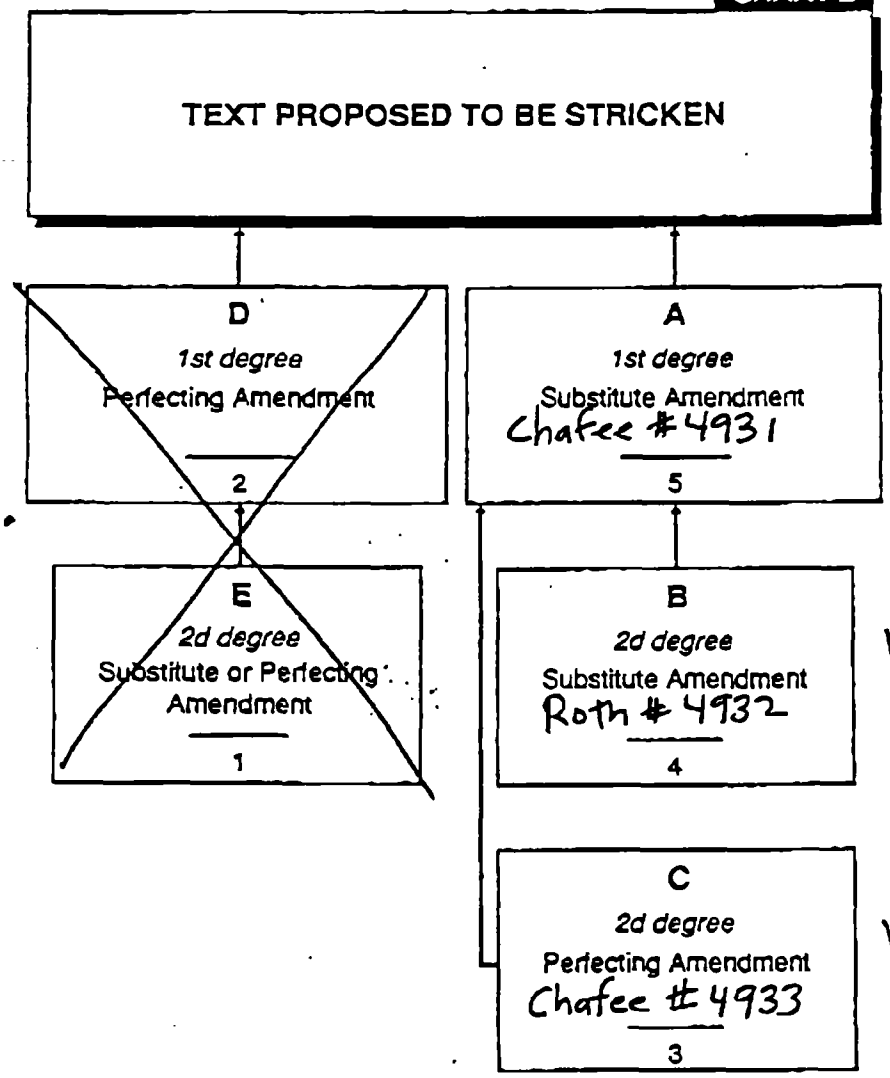
1st on Chafee #4933
2nd on Roth #4932; and
Possibly 3rd on Chafee #4931
(there will most likely be no third roll call vote, since the vote would be on #4931 as amended by #4932 or #4933 and would therefore be unnecessary)

It is critical for Senators who support the Chafee amendment to vote BOTH for Chafee AND against Roth. If Roth were to pass after Chafee does, the Roth amendment would prevail. Roll call votes are likely to occur around 10:15 a.m.

The Chafee amendment is co-sponsored by Senators Breaux, Cohen, Graham, Jeffords, Kerrey, Hatfield, Murray, Snowe, Lieberman, Reid, and Rockefeller and requires only 51 votes to pass. For more information, contact Laurie Rubiner or Katherine Hayes in Sen. Chafee's office (4-2921) or Cynthia Rice in Senator Breaux's office (4-9741)

AMENDMENT TO STRIKE

CHART 2



VOTE #3
(roll call unlikely)
(Vote would be on #4931 as amended by #4932 or #4933 and would thus be unnecessary)

VOTE #2
(If Roth passes after Chafee passes, Roth replaces Chafee)

VOTE #1

A through E = order of offering to get all of the above amendments before the Senate

1 through 5 = order of voting

Medicaid Eligibility Protections — A Comparison of the Chafee-Breaux Amendment with the Roth Substitute

	Chafee-Breaux amendment	Roth substitute
Assures health care coverage for children and parents who qualify for Medicaid based on current AFDC eligibility rules.	Yes — By maintaining current standards of eligibility for Medicaid, the amendment assures that no one will lose Medicaid coverage as a result of federal or state welfare changes.	No — Only those children and parents who receive welfare and Medicaid on the day the welfare bill is enacted would be eligible for continued coverage (and their continued eligibility would be subject to all of the federal welfare block grant restrictions and penalties). Poor children over age 13 and parents who need Medicaid in the future would lose their health care guarantee.
Children and parents in similar situations would be treated similarly	Yes — The Chafee-Breaux amendment would assure that children and parents would qualify for Medicaid eligibility under current standards no matter when they might apply for coverage. Current standards and criteria for Medicaid would apply to all families, assuring fair treatment.	No — A child or parent's access to health care coverage would depend on when they happened to apply for welfare. A 15-year old uninsured child whose parent loses her job next year might not qualify for Medicaid because the family did not receive welfare on the day the welfare bill is enacted into law.
Assures that children and parents who become ineligible for welfare due to a time limit can continue to receive Medicaid	Yes, if they meet Medicaid eligibility standards and criteria.	No — Even the grandfathered group of children and adults would lose Medicaid if they reached the welfare time limit.

	Chafee-Breaux amendment	Roth substitute
Assures continued Medicaid coverage for children and parents if a state lowers its welfare eligibility standards	Yes — Since Medicaid eligibility would not be linked to eligibility under the welfare block grant, changes in welfare rules would not affect Medicaid coverage.	No, unless they happened to be receiving welfare on the day the welfare bill is enacted into law (and do not lose coverage because of welfare restrictions and penalties).
Assures continued Medicaid coverage for children and parents if a state restricts welfare coverage because of higher costs due an economic downturn or natural disaster	Yes — Medicaid eligibility would not be linked to the welfare block grant. Restrictions on welfare that result from block grant financing would not cause otherwise eligible children and parents to lose health care coverage.	No, unless they happened to be receiving welfare on the day the welfare bill is enacted into law (and do not lose coverage because of welfare restrictions and penalties).
Protects Medicaid coverage for poor children and pregnant women whose eligibility for Medicaid is *not* linked to AFDC.	Yes — Current Medicaid rules for determining financial eligibility for all poor children and pregnant women (not just those receiving AFDC) are based on rules set forth in current welfare law. The Chafee-Breaux amendment would keep the current rules on how income and assets are counted for purposes of determining Medicaid eligibility.	No — Federal rules governing how income and assets are counted under the Medicaid program for all poor children and pregnant women would be repealed. States would set the rules and could thereby restrict Medicaid eligibility. For example, a state could count gross rather than net income, disallowing deductions for work-related child care expenses. This would have the effect of lowering the Medicaid eligibility standard.
Extends Medicaid coverage beyond current law	No — The Chafee-Breaux amendment maintains coverage assured under current law. It does not expand coverage.	No — The Roth substitute could have the effect of restricting coverage assured under current law. It does not expand coverage.

	Chafee-Breaux amendment	Roth substitute
Allows back-door cuts in the Medicaid program that could increase the number of uninsured children and women.	No — The Chafee-Breaux amendment maintains the status quo in Medicaid despite changes in AFDC. No one would lose Medicaid coverage as a result of the AFDC changes.	Yes — Welfare restrictions imposed by the bill or by states anytime in the future could have the affect of also restricting Medicaid for very low-income older children and parents. The loss of federal income and asset budgeting rules also could result in Medicaid cutbacks for younger poor children and pregnant women.

Administrative Requirements – A Comparison of the Chafee-Breaux amendment with the Roth substitute

	Chafee-Breaux amendment	Roth substitute
Would current AFDC income and asset standards continue to apply?	Yes — To assure that all children over age 12 and parents who qualify for Medicaid based on their eligibility for AFDC will continue to receive Medicaid, AFDC income and resource standards would continue to apply for purposes of determining Medicaid eligibility. Under the amendment, older children and parents whose family income is below state AFDC income and resource standards as of July 1, 1996 could qualify for Medicaid. States could raise their standards, or lower them, but not below May, 1988 levels, as under current law.	Yes and No — The current standards would apply to the "grandfathered" group of people covered under the Roth substitute-- children and parents who are receiving welfare and Medicaid on the day the welfare bill is enacted into law. There would be no minimum eligibility standards for older children and parents who apply after that day, putting the health care coverage of these children and parents at risk.
Would there be uniform Medicaid rules for how income and resources are counted?	Yes — The current rules are based on current welfare law. They are used in the Medicaid program to determine financial eligibility for *all* children, pregnant women and families applying for Medicaid, not just for AFDC applicants. The Chafee-Breanx amendment would continue to apply these income and resource counting rules to the Medicaid program.	No — The rules would not be uniformly applied to all Medicaid applicants. They would continue to apply to the "grandfathered" group of children and parents, but the rules would not have to be applied to other children or parents applying for Medicaid. Without federal standards for how income and assets are counted, states could restrict Medicaid eligibility for families applying for welfare and Medicaid in the future as well as for all other poor children and pregnant women.

	Chafee-Breaux amendment	Roth substitute
Would other AFDC rules continue to apply?	Yes, but limited to the rules on family composition — In order to maintain status quo and avoid expanding Medicaid beyond current law, current rules that largely limit coverage to single- parent families with children would continue to apply. However, states have to determine family composition to determine family income and to pursue child support, so carrying over these rules would not impose new burdens on states. Other AFDC rules, such as those relating to eligibility recertification and verification, monthly reporting, grandparent stepparent and alien-sponsor deeming, and the JOBS program would *not* be carried over to Medicaid under the amendment.	Yes and No — Under the Roth substitute, states would have to prepare a master list of all people receiving aid on the day of enactment and regularly recertify eligibility applying July 1, 1996 AFDC rules. All of the AFDC rules, including those relating to family composition, eligibility recertification and verification, monthly reporting, grandparent, stepparent and alien-sponsor deeming, and the JOBS programs would have to be applied for an indefinite period of time. For new applicants, there would be no minimum federal eligibility standards, allowing states to restrict Medicaid eligibility for older children and parents without limitation.

	Chafee-Breaux amendment	Roth substitute
Could states make their Medicaid rules consistent with their new welfare rules?	Yes, with limitations to protect Medicaid eligibility — Under the Chafee-Breaux amendment, states would have the option to make Medicaid financial eligibility rules pertaining to people who receive aid under the welfare block grant consistent with their welfare rules as long as the new Medicaid rules were not more restrictive than current Medicaid standards.	Yes, without limitations to protect Medicaid eligibility — Older children and parents who apply for welfare and Medicaid anytime after enactment of the welfare bill would be eligible for Medicaid only if they met the new welfare eligibility rules. Welfare and Medicaid eligibility rules would be consistent, even if this meant that children and parents who are eligible for Medicaid under current law are made ineligible for Medicaid. In addition, states could change their Medicaid rules governing how income and resources are counted to be consistent with their welfare block grant rules. They could apply these new rules to younger children and pregnant women who are not applying for welfare, even if the effect was to restrict Medicaid eligibility for all poor children, families and pregnant women.
Would Medicaid rules interfere with state flexibility under the welfare block grant?	No — By delinking Medicaid eligibility from eligibility for aid under the welfare block grant, the Chafee-Breaux amendment allows states to use welfare block grant funds in innovative ways. A dollar of block grant funds would not carry with it the obligation to provide full title XIX Medicaid coverage.	Yes — States would be constrained in how they use their welfare block grant funds since states would have to provide all persons receiving aid funded under the welfare block grant full Medicaid coverage.

Summary of Chafee Perfecting Amendment (#4933)
(July 19, 1996)

Maintaining Current Law Eligibility for Medicaid

Women and Children Receiving AFDC. As under current law, in determining eligibility for Medicaid, a State would have to use the income and resource standards (and the methodologies for counting income and resources) in effect under its AFDC program as of July 1, 1996. This would apply to both current AFDC recipients and low-income women and children seeking Medicaid coverage in the future. (As under current law, States could lower their income eligibility standards to those in effect under their AFDC programs as of May 1, 1988).

Poverty-Related Pregnant Women and Children. As under current law, States would have to use the same methodologies for counting income in determining Medicaid eligibility for pregnant women and children as it uses under its AFDC program as of July 1, 1996.

Maintaining Current Law Transitional Medicaid Coverage

Welfare to Work. As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of earnings from work, would be eligible for an additional 12 months of Medicaid coverage, so long as they continued to work and report earnings and their income did not exceed 185 percent of poverty. The amendment would not alter the current sunset of this transitional coverage (9/30/98).

Child Support. As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of child support payments, would be eligible for an additional 4 months of Medicaid coverage.

State Coverage Option. Unlike the base Chafee-Breaux amendment (#4931), this amendment would not give States the option of extending Medicaid coverage to all individuals (or reasonable classifications of individuals) receiving assistance under the welfare block grant. States would be able to use Medicaid income and resource standards and methodologies less restrictive than those in effect on July 1, 1996.

State Administrative and Waiver Options. States would be allowed to use either their Medicaid or their welfare block grant agencies to make Medicaid eligibility determinations, and they would be able to use one application form for determining both welfare block grant and Medicaid eligibility. States with welfare waivers in effect as of July 1, 1996, could, at their option, continue to apply those portions of their waivers that affect eligibility for Medicaid even after the expiration of the waivers.

Summary of Roth Substitute Amendment (#4932)
(July 19, 1996)

Restrictions on Eligibility for Medicaid

Women and Children Receiving AFDC: Grandfather of Current Eligibles Only, Subject to New Grounds for Denial of Eligibility. States would be required to continue to provide Medicaid coverage to women and children who, *on the date of enactment*, were eligible for Medicaid because they were receiving AFDC benefits, so long as they continue to meet the eligibility standards under the State's AFDC program as in effect on July 1, 1996. In contrast to the base bill, Medicaid eligibility under this amendment would not be limited to one year. Instead, it would continue for so long as the family meets the July 1, 1996, AFDC eligibility standards (without interruption due to income fluctuations), and so long as the family was not disqualified under the one of the 13 additional grounds for denial of eligibility.

Under the amendment, as under the base bill, individuals who, as of enactment, were receiving AFDC and therefore Medicaid, would be subject to termination of their Medicaid coverage for any of 13 different reasons, including the following new grounds: (1) having received AFDC or welfare block grant assistance for more than 5 years; (2) having a child while receiving welfare block grant assistance; (3) being an unmarried minor parent and not attending high school or not living with a parent or adult relative; (4) refusing to enage in required work; and (5) being subject to a financial sanction under the current AFDC program. In these circumstances, States would have no discretion to continue Medicaid eligibility; termination would be mandatory.

Poverty-Related Pregnant Women and Children. The amendment is silent as to whether States would have to continue to use current methodologies for counting income in determining Medicaid eligibility for pregnant women and children not receiving cash assistance. Since the base bill would repeal the current AFDC methodologies, States would no longer have to use them in their Medicaid programs; instead, States could use more restrictive methodologies that would disqualify pregnant women and children from Medicaid coverage (for example, no longer deducting from income child care expenses paid out in order to maintain employment).

Transitional Medicaid Coverage

Welfare to work and child support collection: new restrictions on eligibility. Individuals losing eligibility for welfare block grant assistance and Medicaid due to (1) increased earnings from employment or (2) the collection of child or spousal support would be eligible for an additional 12 months of Medicaid coverage, but only so long as family income (excluding EITC refunds or advance payments) is less than the poverty line. In addition, the new grounds for denial of Medicaid eligibility described above with respect to grandfathered AFDC recipients would also apply to those receiving Medicaid transitional coverage either on the basis of increased child support or earnings.

Summary of Chafee-Breaux Amendment (#4931)
(July 19, 1996)

Maintaining Current Law Eligibility for Medicaid

Women and Children Receiving AFDC. As under current law, in determining eligibility for Medicaid, a State would have to use the income and resource standards (and the methodologies for counting income and resources) in effect under its AFDC program as of July 1, 1996. This would apply to both current AFDC recipients and low-income women and children seeking Medicaid coverage in the future. (As under current law, States could lower their income eligibility standards to those in effect under their AFDC programs as of May 1, 1988).

Poverty-Related Pregnant Women and Children. As under current law, States would have to use the same methodologies for counting income in determining Medicaid eligibility for pregnant women and children as it uses under its AFDC program as of July 1, 1996.

Maintaining Current Law Transitional Medicaid Coverage

Welfare to Work. As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of earnings from work, would be eligible for an additional 12 months of Medicaid coverage, so long as they continued to work and report earnings and their income did not exceed 185 percent of poverty. The amendment would not alter the current law sunset of this transitional benefit, which expires on September 30, 1998.

Child Support. As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of child support payments, would be eligible for an additional 4 months of Medicaid coverage.

State Coverage Option. States would have the option of extending Medicaid coverage to all individuals (or reasonable classifications of individuals) receiving assistance under the welfare block grant who are not automatically eligible for Medicaid under previous provisions of this amendment because they do not meet the eligibility standards in effect under the State's AFDC program as of July 1, 1996.

State Administrative and Waiver Options. States would be allowed to use either their Medicaid or their welfare block grant agencies to make Medicaid eligibility determinations, and they would be able to use one application form for determining both welfare block grant and Medicaid eligibility. States with welfare waivers in effect as of July 1, 1996, could, at their option, continue to apply those portions of their waivers that affect eligibility for Medicaid even after the expiration of the waivers.

Summary of Medicaid Provisions in Senate Republican Welfare bill, S. 1956 (other than provisions relating to aliens or SSI)
(July 19, 1996)

Restrictions on Eligibility for Medicaid

Women and Children Receiving AFDC: 1-Year Grandfather of Current Eligibles Only, Subject to New Grounds for Denial of Eligibility. States would be required to continue to provide Medicaid coverage to women and children who become ineligible for cash assistance because a State alters its welfare eligibility standards under the new welfare block grant for one year after the effective date of the State's new welfare block grant, so long as the family's income (excluding an EITC refund or advance payment) is less than the poverty line, and so long as no member of the family is subject to disqualification under the one of the new grounds for denial of eligibility described below.

Poverty-Related Pregnant Women and Children. The bill is silent as to whether States would have to continue to use current methodologies for counting income in determining Medicaid eligibility for pregnant women and children not receiving cash assistance. Since the base bill would repeal the current AFDC methodologies, the presumption is that States would no longer have to use them in their Medicaid programs, but could use more restrictive methodologies that would disqualify pregnant women and children from Medicaid coverage.

Transitional Medicaid Coverage

Welfare to work and child support collection: new restrictions on eligibility. Individuals losing eligibility for welfare block grant assistance due to (1) increased earnings from employment or (2) the collection of child or spousal support (or a combination of (1) and (2)) would be eligible for an additional 12 months of Medicaid coverage, but only so long as family income (excluding EITC refunds or advance payments) is less than the poverty line, and only so long as one of the new grounds for denial of Medicaid described below does not apply to any member of the family.

New Grounds for Denial of Medicaid Eligibility. The bill specifies 13 different reasons for the denial of Medicaid eligibility, including the following new grounds: (1) having received welfare block grant assistance for more than 5 years; (2) having a child while receiving welfare block grant assistance; (3) being an unmarried minor parent and not attending high school or not living with a parent or adult relative; (4) refusing to enage in required work; and (5) being subject to a financial sanction under the current AFDC program. In these circumstances, States would have no discretion to continue Medicaid eligibility; termination would be mandatory. The 13 grounds for denial of Medicaid apply only to those individuals covered under the 1-year grandfather or transition provisions described above.

Welfare and Medicaid: Current Law
(June 19, 1996)

Basic Welfare-Medicaid Linkage. States that elect to participate in Medicaid and receive Federal Medicaid matching funds must comply with certain requirements, including the coverage of certain "mandatory" groups. Since the enactment of the program in 1965, participating States have been required to extend Medicaid coverage to members of families receiving cash assistance under the Aid to Families with Dependent Children (AFDC) program. Of the 36.8 million Americans eligible for Medicaid in FY 1996, 8.8 million are children up to age 18 in households receiving AFDC benefits, and 4.2 million are mothers or other adults in families receiving AFDC benefits. (According to CBO, a total of 18.6 million children and 7.8 million non-disabled adults are eligible for Medicaid in FY 1996).

In order to qualify for AFDC cash assistance, and therefore Medicaid, a family must, with some exceptions, be a single-parent family or a two-parent family in which the principal earner is unemployed. (Childless couples and single individuals, no matter how poor, cannot qualify). In addition, the income and resources of a family must fall below certain levels. The family's income may not exceed an amount determined by each State; on average, as of June, 1996, the maximum welfare benefit that a family of 3 with no income could receive was $337 per month, or 31 percent of the poverty level. The family's resources (such as savings, but not including a home or a car with an equity value of more than $1,500) may not exceed $1,000, or a lower amount set by the State.

Transitional Coverage. A family that receives income above the level established by the State under its AFDC program will lose cash assistance, and therefore Medicaid eligibility, except in the following two circumstances:

- **Collection of Child Support.** In the case of a family whose income increases as a result of the receipt of child or spousal support payments, Medicaid coverage must be continued for 4 months after the loss of cash assistance.

- **Welfare to Work.** In the case of a family whose income increases as a result of earnings (because the mother goes to work or increases her hours of work or receives a raise), Medicaid coverage must be continued for up to 12 months after the loss of cash assistance, so long as the mother continues to report earnings and so long as the family's income (after deducting child care expenses) does not exceed 185 percent of the poverty level. This 12-month "welfare to work" transitional coverage benefit sunsets on September 30, 1988 (the 4-month "child support" transitional coverage benefit does not sunset).

(Some members of families with incomes above AFDC eligibility levels may also qualify for Medicaid as members of poverty-related groups described below)

Poverty-related Groups. Women and children receiving cash assistance under the AFDC program are not the only women and children to whom States electing to participate in Medicaid must extend coverage. There are three groups who do not receive cash assistance whom participating States are required to cover:

- pregnant women with incomes at or below 133 percent of the poverty level;
- children under 6 in families with incomes at or below 133 percent of the poverty level; and
- children under 19 in families with incomes at or below 100 percent of the poverty level (Medicaid eligibility for this category is being phased in on a year-by-year basis; as of 9/30/96, all poor children under 13 will be covered).

In all three cases, use of a resource test is optional with the State.

Use of AFDC methodologies. These "poverty-related" pregnant women and children do not need to qualify for AFDC cash assistance in order to qualify for Medicaid coverage; their Medicaid eligibility is de-linked from welfare eligibility. However, the manner in which States count income (and, at their option, resources) in determining whether a pregnant woman or child is eligible for Medicaid coverage on this "poverty-related" basis is linked to the AFDC program.

Specifically, in determining whether family income falls below the applicable poverty threshhold, a State must use the same methodology it uses under its AFDC program (for example, it must disregard certain earned income and child care expenses to the same extent as it does in determining AFDC eligibility). Similarly, if a State imposes a resource test on these groups, it may not use a metholodogy for counting resources that is more restrictive than the methodology used under its AFDC program.

AMENDMENT NO. ____ Calendar No. ____

Purpose: To maintain current eligibility standards for medicaid and provide additional State flexibility.

IN THE S

AMENDMENT Nº 4933 esg.

By Chafee — Others

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(6 Pages)

GPO : 1 84-476 (mac)

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Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Senators Chafee, Breaux, Cohen, Graham, Jeffords, Kerrey, Hatfield, Murray Snowe, Leiberman, Reid, Rockefeller

Viz:

Beginning with page 256, line 20, strike all through page 259, line 4, and insert the following. — strike all after the first word and insert the following

"(12) ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, subject to the succeeding provisions of this paragraph, with respect to a State any reference in title XIX (or other provision of law in relation to the operation of such title) to a provision of this part,

or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(B) CONSTRUCTIONS.—

"(i) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under this part (as in effect on or after October 1, 1996).

"(ii) The provisions of former section 406(h) (as in effect on July 1, 1996) shall apply, in relation to title XIX, with respect to individuals who receive assistance under a State program funded under this part (as in effect on or after October 1, 1996) and are eligible for medical assistance under title XIX or who are described in subparagraph (C)(i) in the same manner as they apply as of July 1, 1996, with re-

spect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

"(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

"(C) ELIGIBILITY CRITERIA.—

"(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determining eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

"(I) the income and resource standards for determining eligibility under such plan; and

"(II) the eligibility requirements of such plan under subsections (a) through (c) of former section 406 and former section 407(a),

as in effect as of July 1, 1996. Subject to clause (ii)(II), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(ii) STATE OPTION.—For purposes of applying this paragraph, a State may—

"(I) lower its income standards applicable with respect to this part, but not below the income standards applicable under its State plan under this part on May 1, 1988; and

"(II) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under this part as of July 1, 1996.

"(iii) ADDITIONAL STATE OPTION WITH RESPECT TO TANF RECIPIENTS.—

For purposes of applying this paragraph to title XIX, a State may, subject to clause (iv), treat all individuals (or reasonable categories of individuals) receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) as individuals who are receiving aid or assistance under a State plan approved under this part (and thereby eligible for medical assistance under title XIX).

"(iv) TRANSITIONAL COVERAGE.—For purposes of section 1925, an individual who is receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) and is eligible for medical assistance under title XIX shall be treated as an individual receiving aid or assistance pursuant to a State plan approved under this part (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section 1925).

"(D) WAIVERS.—In the case of a waiver of a provision of this part in effect with respect to

a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under title XIX, such waiver may (but need not) continue to be applied, at the option of the State, in relation to such title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subparagraphs (A), (B), and (C) shall be applied as if any provisions so waived had not been waived.

"(E) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this paragraph, this part, or title XIX, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under this part (on or after October 1, 1996) and for medical assistance under title XIX.

"(F) REQUIREMENT FOR RECEIPT OF FUNDS.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that the provisions of this paragraph are carried out

provided that the State is otherwise participating in title XIX of this Act

AMENDMENT NO. ____ Calendar No. ____

Purpose: To maintain the eligibility for medicaid for any individual who is receiving medicaid based on their receipt of AFDC, foster care or adoption assistance, and to provide transitional medicaid for families moving from welfare to work.

IN THE ... AMENDMENT Nº 4932 ... Sess.

By Roth

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5 Pages

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AMENDMENT intended to be proposed by Roth to the amendment (No. 4931) proposed by Chafee

Viz:

In lieu of the matter proposed to be inserted, insert the following:

"(12) CONTINUATION OF MEDICAID FOR CERTAIN LOW-INCOME INDIVIDUALS.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, a State to which a grant is made under section 403 shall take such action as may be necessary to ensure that—

"(i) any individual who, as of the date of the enactment of the Personal Responsibility and Work Opportunity Act of 1996, is receiving medical assistance under title XIX as a result of such individual's receipt of aid or assistance under a State plan approved under this part (as in effect on July 1, 1996), or under a State plan approved under part E (as so in effect)—

"(I) shall be eligible for medical assistance under the State's plan approved under title XIX, so long as such individual continues to meet the eligibility requirements applicable to such individual under the State's plan approved under this part (as in effect on July 1, 1996); and

"(II) with respect to such individual, any reference in—

"(aa) title XIX;

"(bb) any other provision of law in relation to the operation of such title;

"(cc) the State plan under such title of the State in which such individual resides; or

"(dd) any other provision of State law in relation to the operation of such State plan under such title,

to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996; and

"(ii) except as provided in subparagraph (B), if any family becomes ineligible to receive assistance under the State program funded under this part as a result of—

"(I) increased earnings from employment;

"(II) the collection or increased collection of child or spousal support; or

"(III) a combination of the matters described in subclauses (I) and (II),

and such family received such assistance in at least 3 of the 6 months immediately preceding the month in which such ineligibility begins, the family shall be eligible for medical assistance under the State's plan approved under title XIX during the immediately succeeding 12-month period for so long as family income (as defined by the State), excluding any refund of Federal income taxes made by reason of section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made by an employer under section 3507 of such Code (relating to advance payment of earned income credit), is less than the poverty line, and that the family will be appropriately notified of such eligibility.

"(B) EXCEPTION.—No medical assistance may be provided under subparagraph (A) to any family that contains an individual who has had all or part of any assistance provided under

this part (as in effect on July 1, 1996, or as in effect, with respect to a State, on and after the effective date of chapter 1 of subtitle A of title II of the Personal Responsibility and Work Opportunity Act of 1996) terminated as a result of the application of—

"(i) a preceding paragraph of this subsection;

"(ii) section 407(e)(1); or

"(iii) in the case of a family that includes an individual described in clause (i) of subparagraph (A), a sanction imposed under the State plan under this part (as in effect on July 1, 1996).

AMENDMENT NO. ____ Calendar No. ____

Purpose: To maintain current eligibility standards for medicaid and provide additional State flexibility.

IN THE S AMENDMENT Nº 4931 ess.

By Chafee - Others

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Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Senators Chafee, Breaux, Cohen, Graham, Jeffords, Kerrey, Hatfield, Murray Snowe, Leiberman, Reid, Rockefeller
Viz:

Beginning with page 256, line 20, strike all through page 259, line 4, and insert the following:

"(12) ASSURING MEDICAID COVERAGE FOR LOW-INCOME FAMILIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of this Act, subject to the succeeding provisions of this paragraph, with respect to a State any reference in title XIX (or other provision of law in relation to the operation of such title) to a provision of this part,

or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996, with respect to the State.

"(B) CONSTRUCTIONS.—

"(i) In applying section 1925(a)(1), the reference to 'section 402(a)(8)(B)(ii)(II)' is deemed a reference to a corresponding earning disregard rule (if any) established under a State program funded under this part (as in effect on or after October 1, 1996).

"(ii) The provisions of former section 406(h) (as in effect on July 1, 1996) shall apply, in relation to title XIX, with respect to individuals who receive assistance under a State program funded under this part (as in effect on or after October 1, 1996) and are eligible for medical assistance under title XIX or who are described in subparagraph (C)(i) in the same manner as they apply as of July 1, 1996, with re-

spect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

"(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

"(C) ELIGIBILITY CRITERIA.—

"(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determining eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

"(I) the income and resource standards for determining eligibility under such plan; and

"(II) the eligibility requirements of such plan under subsections (a) through (c) of former section 406 and former section 407(a),

as in effect as of July 1, 1996. Subject to clause (ii)(II), the income and resource methodologies under such plan as of such date shall be used in the determination of whether any individual meets income and resource standards under such plan.

"(ii) STATE OPTION.—For purposes of applying this paragraph, a State may—

"(I) lower its income standards applicable with respect to this part, but not below the income standards applicable under its State plan under this part on May 1, 1988; and

"(II) use income and resource standards or methodologies that are less restrictive than the standards or methodologies used under the State plan under this part as of July 1, 1996.

"(iii) ADDITIONAL STATE OPTION WITH RESPECT TO TANF RECIPIENTS.—

For purposes of applying this paragraph to title XIX, a State may, subject to clause (iv), treat all individuals (or reasonable categories of individuals) receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) as individuals who are receiving aid or assistance under a State plan approved under this part (and thereby eligible for medical assistance under title XIX).

"(iv) TRANSITIONAL COVERAGE.—For purposes of section 1925, an individual who is receiving assistance under the State program funded under this part (as in effect on or after October 1, 1996) and is eligible for medical assistance under title XIX shall be treated as an individual receiving aid or assistance pursuant to a State plan approved under this part (as in effect as of July 1, 1996) (and thereby eligible for continuation of medical assistance under such section 1925).

"(D) WAIVERS.—In the case of a waiver of a provision of this part in effect with respect to

a State as of July 1, 1996, if the waiver affects eligibility of individuals for medical assistance under title XIX, such waiver may (but need not) continue to be applied, at the option of the State, in relation to such title after the date the waiver would otherwise expire. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subparagraphs (A), (B), and (C) shall be applied as if any provisions so waived had not been waived.

"(E) STATE OPTION TO USE 1 APPLICATION FORM.—Nothing in this paragraph, this part, or title XIX, shall be construed as preventing a State from providing for the same application form for assistance under a State program funded under this part (on or after October 1, 1996) and for medical assistance under title XIX.

"(F) REQUIREMENT FOR RECEIPT OF FUNDS.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that the provisions of this paragraph are carried out* provided that the State is otherwise participating in title XIX of this Act