Medicaid savings from kicking disabled kids off SSI

17-Jul-96		1996	1997	1998	1999	2000	2001	2002	2003	sum
Proposal:	House Ways & Means/Senate Finance									
Kids cut from SSI (Kathy's estimate)										
Via IFA repeal		--	-23	-204	-259	-278	-297	-315	-332	
Via CDRs		na	na	na	na	na	na	na	na	
Subtotal		--	-23	-204	-259	-278	-297	-315	-332	
Via 2-tier system		na	na	na	na	na	na	na	na	
Total		--	-23	-204	-259	-278	-297	-315	-332	
Of the first group (kids, mostly poor, who aren't "disabled enough" under new criteria).....										
Cut from SSI		--	23	204	259	278	297	315	332	
Retain Medicaid through AFDC	60%	--	14	122	155	167	178	189	199	
(Of remainder) retain Medicaid via poverty*	62%	--	6	51	64	69	74	78	82	
Resulting %/no. who keep Medicaid	85%	--	20	173	220	236	252	267	282	
Resulting %/no. who lose Medicaid	15%	--	3	31	39	42	45	48	50	
Assumed per capita (federal share)		$820	$880	$960	$1,020	$1,090	$1,170	$1,270	NA	
% growth		NA	7.3%	9.1%	6.3%	6.9%	7.3%	8.5%	NA	
Total Medicaid savings ($ millions)		--	-$3	-$30	-$40	-$46	-$53	-$61	NA	
Rounded		--	-$5	-$30	-$40	-$45	-$55	-$60	NA	-$235
Of the second group (children meeting disability criteria but whose parent's income would be too high for the two-tier system)--										
Cut from SSI		--	--	--	--	--	--	--	--	
Keep Medicaid	25%	--	--	--	--	--	--	--	--	
Lose Medicaid	75%	--	--	--	--	--	--	--	--	
Assumed per capita (federal share)		$820	$880	$960	$1,020	$1,090	$1,170	$1,270	NA	
Total Medicaid savings ($ millions)		--	--	--	--	--	--	--	NA	
Rounded		--	--	--	--	--	--	--	NA	--

NACo National Association of Counties **NEWS RELEASE**

440 First St., N.W., Washington, D.C 20001-2080 202/393-6226 fax 202/393-2630

For Release: July 24, 1996 **Contact: Shawn Bullard 202/942 4212**

Counties urge Clinton to veto welfare bill

Washington, D.C. - County officials are warning the President that if he does not veto the welfare reform bill he will leave them with only two options: they will have to cut essential services, such as law enforcement and fire protection, or they will have to raise local taxes. County officials are waging the national campaign with letters and phone calls to the President in hopes that they can convince him to veto it.

"Unfortunately, the American people are being misled," said National Association of Counties (NACo) President Michael Hightower. "Be assured, we can develop more efficient welfare programs at the county government level, but there is no way we can absorb the federal government's costs all at once."

As the level of government closest to the people, county officials argue that by capping the fiscal responsibility of the federal government and reducing a state's match, counties will be ultimately responsible for services not covered adequately by the states. County leaders expect the bill (H.R. 3734) to shift billions of dollars of costs to local taxpayers

Counties are most concerned with bill language that would end the entitlement of Aid to Families with Dependent Children (AFDC), thereby dismantling the safety net for children; denying of Supplemental Security Income (SSI) and Food Stamps to legal immigrants; and authorizing unrealistic increased work participation rates with increased penalties, without recognizing that work programs initially increase administrative costs.

One state that is expected to be particularly hard hit is California. The California State Association of Counties estimates that the loss of federal assistance to legal immigrants may cost California counties over $10 billion over six years. In a letter to the President dated July 22, California county officials warned that reducing federal payments for legal immigrants in the bill would be a financial disaster for Los Angeles County.

OVER

"In California, counties are responsible for 100 percent of the general assistance costs, which is a state mandate, so any loss in federal coverage is a direct shift to counties," said Los Angeles County Supervisor Yvonne Burke.

Los Angeles County estimates that denying SSI and Food Stamps to most legal immigrants would shift $236 million a year of federal responsibility to the county, without the federal dollars to pay for it. County officials add that the House provision denying Medicaid to most legal immigrants would exacerbate the cost shift to counties.

Most counties also are concerned that the bill lacks sufficient funds to operate welfare to work programs efficiently.

"It is a fact that Minnesota counties estimate that it will cost us over $44 million to meet the FY 1997 work requirements," said Randy Johnson, NACo president-elect and Hennepin County, Minn., Commissioner.

"We agree with the bill's intent that able-bodied people should be expected to work their way off welfare, but we know from experience that properly run welfare work programs initially cost more money and counties can't be expected to pick up the full costs," Johnson said.

Of these costs, Minnesota county officials expect about $15 million would be in additional child care costs. Since work participation requirements increase every year, Johnson said the cost will rise every year.

***

Check out NACo's Web page! http://www.NACo.org

Randy Johnson	612-348-7885
Yvonne Burke	213-955-6067
Michael Hightower	404-730-4259

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.

[[Page S8379]]

''(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.

CONRAD (AND OTHERS) AMENDMENT NO. 4934

Mr. CONRAD (for himself, Mr. Jeffords, Mr. Kerrey, Mr. Leahy, Mrs. Murray, and Mr. Reid) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 3, line 24, strike ''for fiscal year 1996'' and insert ''for the period beginning October 1, 1995, and ending November 30, 1996''.

On page 9, strike lines 1 through 5 and insert the following:

''(ii) for the period beginning December 1, 1996, and ending September 30, 2001, $120, $206, $170, $242, and $106, respectively;

''(iii) for the period beginning October 1, 2001, and ending August 31, 2002, $113, $193, $159, $227, and $100 respectively; and

''(iv) for the period beginning September 1, 2002, and ending September 30, 2002, $120, $206, $170, $242, and $106, respectively.

Beginning on page 94, strike line 14 and all that follows through page 111, line 6.

GRAMM AMENDMENT NO. 4935 1889 4 25

Mr. SANTORUM (for Mr. Gramm) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 364, between lines 14 and 15, insert the following new section:

SEC. . DENIAL OF BENEFITS FOR CERTAIN DRUG RELATED CONVICTIONS.

(a) In General.--An individual convicted (under Federal or State law) of any crime relating to the illegal possession, use, or distribution of a drug shall not be eligible for any Federal means-tested public benefit, as defined in Section 2403(c)(1) of this Act.

(b) Family Members Exempt.--The prohibition contained under subsection (a) shall not apply to the family members or dependants of the convicted individual in a manner that would make such family members or dependants ineligible for welfare benefits that they would otherwise be eligible for. Any benefits provided to family members or dependents of a person described in subsection (a) shall be reduced by the amount which would have otherwise been made available to the convicted individual.

(c) Period of Prohibition.--The prohibition under subsection (a) shall apply--

5481

Medicaid/welfare RS

Talking Points, Children's SSI
Senate Floor

o In FY 1995, children's SSI program served over 950,000 qualifying low-income children with severe disabilities. Children with mental retardation were largest single group (about 42% of enrollment) followed by those with physical disabilities (33%) and mental disorders (25%).

o Strong public policy reasons support cash assistance program to enable families to raise children with severe disabilities at home and to stay together. These families face higher expenses and often have less income because of the need to remain unemployed or underemployed to provide proper care.

o Proposed program changes will save $8.2 billion and reduce enrollment by 315,000 children over six years. CBO estimates 15% of those who lose or are denied access to SSI will also lose eligibility for Medicaid.

o Biggest proposed program change would eliminate Individualized Functional Assessment (IFA). IFA, which resulted from US Supreme Court decision known as Zebley, allows disability examiners to decide if impairment significantly interferes with child's ability to do everyday things most children same age can do.

o Without IFA, children would only qualify under SSA's more restrictive medical listings of impairments. SSA data shows broad range of children with severe impairments may no longer qualify. Among children who now qualify through IFA are: 38% of eligible children with pulmonary tuberculosis; 33% of those with mental retardation; 29% of those with developmental disabilities, including autism; 29% of those with burns; 22% of those with schizophrenia and 22% of those with arthritis.

o Much of controversy about program are allegations that parents coach children to fake mental disorders to qualify for benefits. These persistent allegations prompted several examinations by SSA, HHS Inspector General and GAO. None could substantiate allegations of widespread fraud. Irresponsible media attention to what turned out to be isolated instances of abuse eroded public confidence in a program that is vitally important to families who receive this assistance.

o Families whose children lose SSI will face tremendous uncertainty, especially if they also lose health coverage through Medicaid. Many may not have resources to care for their children with severe disabilities at home. They will turn to state and local governments for more assistance. Some families may be forced to surrender custody to guarantee proper care for their children either through foster care or in state institutions -- with resulting higher costs for taxpayers.

o Allowance rate for children applying for SSI benefits has declined to a rate lower than it was before major changes were made in program eligibility several years ago. Data from SSA shows 1995 allowance rate was 32.13% and first four months 1996, only 30.75%. Contrast this with pre-Zebley allowance rate of 42.8%.

July 19, 1995

Dear Senator:

The undersigned organizations write to express our concern that millions of older children and parents will lose guaranteed Medicaid eligibility if S. 1795, the pending welfare reform legislation, becomes law.

If S. 1795 is passed, any family that loses AFDC eligibility as a result of either federally mandated time limits or discretionary state actions would lose Medicaid automatically even if Medicaid law is unchanged. More than 4 million parents--most of whom are women--and 1.3 million children over the age of 13 would no longer be guaranteed Medicaid coverage.

Additionally, provisions in this bill will force hundreds of thousands of legal immigrants off Medicaid and cause many children to lose their Medicaid eligibility because of their loss of SSI.

At a time when private, employer-based health coverage is eroding, we do not believe that Congress should add to the growing numbers of uninsured. Recent Census Bureau data indicated that over 61 million Americans were uninsured during a one-week period in March of 1995.

We urge you to take action to prevent this drastic loss of health coverage to America's poorest families. Effective "Medicaid hold harmless" provisions must be added to the welfare bill to avoid devastating cuts in guaranteed health coverage for millions of low-income people. .

Sincerely,

ACORN
AIDS Action Council
American Academy of Pediatrics
American Association of University Women
American Civil Liberties Union
American Nurses Association
American Public Health Association
American Psychological Association
Asian and Pacific Islander American Health Forum
Bazelon Center for Mental Health Law
Catholic Health Association
Center on Disability and Health
Citizen Action
Coalition for American Trauma Care
Coalition on Human Needs
Consumers Union
Council of Jewish Federations
InterHealth
Families USA
Family Service America
Legal Action Center

National Association of Area Agencies on Aging
National Association of Child Advocates
National Association of Children's Hospitals
National Association of Counties
National Association of Developmental Disabilities Councils
National Association of Homes and Services for Children
National Association of Social Workers
National Citizen's Coalition for Nursing Home Reform
National Council of Senior Citizens
National Community Mental Healthcare Council

National Family Planning and Reproductive Health Association
National Health Care for the Homeless Council
National Health Law Program
National Hispanic Council on Aging
National Women's Law Center
Neighbor To Neighbor
Older Women's League
Planned Parenthood Federation of America
San Francisco AIDS Foundation
Service Employees International Union
United Church of Christ, Office for Church in Society
United Methodist Church, General Board of Church and Society, Ministry of God's Human Community
Women's Legal Defense Fund

July 17, 1996

Dear Senator:

The pending welfare bill threatens to eliminate health care coverage for millions of poor women and older children, even if Medicaid legislation is not enacted. We are writing to urge you to reject any welfare bill that fails to preserve Medicaid coverage for poor families.

Approximately 4 million parents and grandparents, almost all women, and 1.3 million children over 13 currently are eligible for Medicaid **only** because their families are eligible for AFDC.[1] Their health care coverage is in serious jeopardy because under the proposed welfare block grant, many poor families would lose welfare assistance -- and parents and older children in those families would lose health care coverage as well.

Under the welfare block grant, no family will be assured of welfare assistance even if it meets all eligibility requirements. States will be required to restrict eligibility through time limits and other requirements, and will be free to impose additional restrictions, including shorter time limits and categorical ineligibility for certain vulnerable groups, such as teen mothers. Reductions in funding under the welfare block grant will limit the number of families that can be served. For poor women and older children, all of these cutbacks and restrictions in welfare assistance will mean the loss of health care coverage as well; few of the women denied welfare assistance will find jobs that provide health insurance benefits for themselves and their families.

Adding millions of women and children to the ranks of the uninsured is dangerous health policy. The loss of Medicaid for poor women and older children means the loss of access to crucial health care services. It means the loss of access to preventive and primary care and early treatment -- and a return to reliance on costly emergency room care. It means providers will find it more difficult to continue to offer services -- and more cost-shifting to those with insurance.

---

[1] Some low-income pregnant women will continue to be eligible for pregnancy-related care, and poor children 13 and under will continue to be eligible for general Medicaid coverage, whether or not they receive welfare assistance. The phase-in of coverage for children over 13 will continue; however, until 2002, when all poor children through 18 will be covered, Medicaid coverage for some older children will be jeopardized by changes to welfare. Moreover, since under current law the Medicaid statute references AFDC income and assets rules, coverage for younger children and pregnant women could be substantially reduced if Congress repeals AFDC but fails to amend the welfare bill to establish rules for determining income and assets for purposes of determining Medicaid eligibility.

Eliminating health care coverage for millions of women and children is **not** welfare reform, as both parties have recognized. Welfare legislation passed by the House and Senate last year would have preserved Medicaid coverage for children and parents who would have qualified for AFDC under 1995 eligibility rules. The welfare bill now being considered by the Senate does not provide this protection.

An amendment is needed to guarantee Medicaid coverage for families who would qualify under current state AFDC income, resource and deprivation rules. Such an amendment would maintain Medicaid coverage for poor families at current levels. By basing Medicaid eligibility on AFDC income standards, rather than on receipt of assistance under the welfare block grant, the guarantee of coverage for the poorest families will be maintained. States will be able to develop welfare policy without causing unintended consequences for Medicaid coverage. And this approach will not require states to create a "dual system"; to determine the eligibility of younger children and pregnant women for Medicaid, state Medicaid programs will have to calculate a family's income and assets.

We urge you to reject any welfare bill that fails to preserve the health care safety net.

Sincerely,

Women's Legal Defense Fund

American Association of University Women
American College of Nurse-Midwives
American Medical Women's Association
American Nurses Association
American Psychological Association
American Public Health Association
American Speech-Language-Hearing Association
Catholics for a Free Choice
Center for Women Policy Studies
Children's Defense Fund
Feminist Majority
Judge David C. Bazelon Center for Mental Health and Law
National Abortion and Reproductive Rights Action League
National Association of Child Advocates
National Association of Developmental Disabilities Councils
National Association of Homes and Services for Children
National Council of Jewish Women
National Perinatal Association
National Council of Jewish Women
National Organization for Women
National Women's Law Center
NOW Legal Defense and Education Fund
Planned Parenthood Federation of America
The Center for Advancement of Public Policy
United Cerebral Palsy Associations
Women Work!

JUDGE DAVID L. BAZELON CENTER FOR MENTAL HEALTH LAW
Civil Rights and Human Dignity

ACTION ALERT

1101 Fifteenth Street NW, #1212, Washington DC 20005-5002. (202) 467-5730, TDD (202) 467-4232, Fax (202) 223-0409

House and Senate Welfare Bills Would End SSI Cash Benefits to More than 300,000 Children with Severe Disabilities

VOTE IMMINENT; ACTION NEEDED IMMEDIATELY

July 11, 1996—More than 300,000 children with severe disabilities will lose the cash assistance they now receive from the Supplemental Security Income (SSI) program if the welfare-reform bills proposed by the Republican leadership (HR 3507 and S 1795) become law.

The first floor vote in the House may take place as early as next week. Advocates and families need to act *IMMEDIATELY* to keep one third of all children who now receive SSI from losing this critical assistance.

Families Losing Children's SSI Would Have to Seek States' Assistance

If the welfare bills are enacted with the current SSI language and signed by the President, causing many eligible children to lose their SSI cash benefits, many families say they will simply not have the resources to care for their children at home. They will turn to state and local governments for more assistance. Some, to guarantee proper care for their children, will be forced to place their children in state institutions—at enormous cost to taxpayers.

Legislation on a Fast Track

Until now, the congressional proposals to overhaul the welfare and Medicaid programs have been combined in the same bill. However, Congressional leaders recently announced that they will separate these issues and take up the welfare part first because it has greater bipartisan support.

After the House and Senate vote, the two houses will have to resolve differences between their bills to send the President a single welfare bill for signature. The House Republican leadership has expressed hopes that Congress will pass its welfare bill before the early August recess.

How Bills Would Cut Children's SSI

Both bills would deny SSI assistance to 315,000 low-income children with severe disabilities over the next six years by eliminating the individualized functional assessment (IFA). The IFA allows disability examiners to decide if the impairment significantly interferes with the child's ability to do everyday things most children the same age can do.

The IFA has become controversial because critics claim it allows children to "fake" disabilities—especially emotional and behavioral problems—to qualify for benefits. However, none of the various studies undertaken has found evidence to support allegations of widespread abuse.

These changes will have a significant impact on children with mental and emotional disorders and

Over, please.

on children with more than one impairment (a physical disability and a mental disorder, for example). However, the children who will lose benefits have many different disabilities. Social Security Administration data show that a broad range of children with severe impairments will no longer be eligible if the IFA is eliminated. Eligible children who now qualify for benefits through the IFA are:

- 49% of the children who receive SSI because they have mood disorders;
- 38% of those with pulmonary tuberculosis;
- 33% of those with mental retardation;
- 29% of those with developmental disabilities, including autism;
- 29% of those with burns;
- 22% of those with schizophrenia
- 25% of those with intercranial injuries; and
- 22% of those with arthritis.

The SSI program makes it possible for the low-income families of these children to stay together.

Program Problems Could Be Fixed Without Harming So Many Children

Irresponsible media attention to what turned out to be isolated instances of abuse eroded public confidence in a program that is a lifeline for one third of the 969,000 children with severe disabilities who qualify for SSI. But the current proposal to tighten children's SSI eligibility rules goes far beyond what disability and children's advocates believe is necessary to restore public confidence in the program.

Throughout the debate about the children's SSI program, Congress heard suggestions about more modest ways to address criticisms about SSI and save taxpayers money without harming so many families. Unfortunately, these alternatives were rejected. What remains today are extreme proposals to reduce spending on the children's SSI program by over $8 billion over the next six years.

WHAT YOU CAN DO

1. Call or to e-mail your members of Congress IMMEDIATELY at 202/224-3121. Especially call your Senators, because that's where prospects are better. Urge them to vote against S 1795/HR 3507 because:

♦ It will cause more than 300,000 children with serious disabilities to lose access to benefits.

♦ Congress could restore public confidence by enacting more moderate reforms to reduce any fraud or abuse.

If you use e-mail, you can reach your Senators and Representatives through *E-mail Congress* at http://www.infi.net/%7Ebartlett/email.htm.

2. Call or e-mail to President Clinton at 202-456-1111.

♦ Urge him to VETO the welfare bill because it makes massive and unnecessary cuts in the children's SSI program.

For e-mail, you can use forms for the President on http://www.whitehouse.gov or send directly to president@whitehouse.gov.

Spread the Word!

Please copy and distribute this Action Alert and encourage others to call the President and their Senators. Families and advocates have a very limited time to make their voices heard.

THE TIME TO ACT IS NOW!

For more information, Rhoda Schulzinger at the Bazelon Center, 1101 15th Street NW, #1212, Washington DC 20005; 202-467-5730; fax 202-223-0409; e-mail HN1660@handsnet.org; website: http://www.bazelon.org/bazelon

Medicaid / Welfare File

AMERICAN
PSYCHOLOGICAL
ASSOCIATION

Welfare Bill Eliminates Benefits to Families of 300,000 Disabled Children

The Congressional welfare bill would end benefits for the families of over 300,000 children with serious disabilities who now receive supplemental security income (SSI).

Congress has ignored the facts and moved blindly ahead to cut SSI funding. The drive to cut children's SSI has been fueled by widely disseminated media reports of fraud and abuse. However, studies by the General Accounting Office and a blue-ribbon panel commissioned by Congress have failed to substantiate such charges.

Arguments that SSI only cuts off payments to children with "less severe" disabilities are false. In fact, many children with severe impairments whose families now receive SSI will no longer be eligible, including:

38% of those with pulmonary tuberculosis
33% of those with mental retardation
29% of those with burns
24% of those with intercranial injuries
22% of those with schizophrenia
22% of those with arthritis

Such conditions are extremely hard to fake.

The welfare bill denies benefits to over 300,000 children with disabilities by eliminating individualized functional assessments (IFAs). Individualized functional assessments allow disability examiners to decide if an impairment significantly interferes with a child's ability to do everyday things most children the same age can do.

A self-described pro-family Congress has cynically alleged that current assessment procedures encourage parents to coach their children to fake disabilities. Again, as the list above shows, eliminating the IFA will cut benefits to children with serious, hard-to-fake disabilities. And, again, independent reports have failed to substantiated such allegations of parent coaching.

750 First Street, NE
Washington, DC 20002-4242
(202) 336-5500
(202) 336-6123 TDD

Dup

FAX FROM OFFICE OF SENATOR JOHN BREAUX
224-4623
URGENT

MEMORANDUM

TO: Bruce Lesley/Graham
Karen Davenport or Sheila Nix/Kerrey
Greg Williamson/Murray
Ned McCulloch/Lieberman
Sue Mabry/Reid
Barbara Pryor/Rockefeller
Grace Reef/Daschle
Laird Burnett/Finance
Chris Jennings/White House
Rich Tarplin/HHS

FROM: Cynthia Rice (Sen. Breaux) (224-9741)
DATE: July 21, 1996
SUBJECT: Chafee Dear Colleague and Talking Points

Attached is Senator Chafee's Dear Colleague and some talking points for the Chafee amendment and against the Roth amendment. Feel free to share.

Also, the current lineup would have the Chafee vote as #6 of the day and the Roth vote as #7. Votes start at 9:30.

Total pages including this one: 4

Talking Points for Chafee Amendment

* We have voted to take Medicaid off the table by dropping the Medicaid provisions of this bill. My amendment is necessary to maintain current law Medicaid coverage because of the link between the Medicaid and Welfare programs.

* My amendment seeks to maintain current law by stating that any **category of individuals** (mothers and children) who meet the income and resource standards for cash assistance, will continue to be eligible for Medicaid if the states choose to lower their income and resource standards for cash assistance.

* Thus, those who are **currently** enrolled in the Medicaid program and those who **will meet the income and resource standards in the future** will qualify for Medicaid, provided they are a dependent child or a single parent.

* My amendment also keeps the standard for calculating what is included as income for **all** women and children under Medicaid. The underlying bill lets states count anything they want as income including, food stamps, school lunches, and even federal disaster relief.

Talking Points Against the Roth Amendment

* The Roth amendment allows the states to drastically reduce Medicaid coverage for all groups of women and children.

* First, it grandfathers individuals who are enrolled in Medicaid at time of enactment. There are no protections for those who meet the same standard after the bill is enacted. Thus if a single mother loses her job after enactment, even though she meets to old standards, she and her older children may not be able to qualify for insurance coverage under the Medicaid program.

* Second, it strikes the provisions in my amendment that reinstates the standards for calculating income. Thus a 7-year-old child with a family income below the current federal poverty standards will not qualify for Medicaid coverage if the state adopts a more restrictive income test and includes things such as school lunches or food stamps.

* Imposes administrative burdens on states by requiring them to keep a master list of all old AFDC beneficiaries and update periodically.

RHODE ISLAND

CHAIRMAN, COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

COMMITTEE ON FINANCE

JOINT COMMITTEE ON TAXATION

SENATE ARMS CONTROL OBSERVER GROUP

United States Senate

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TOLL FREE NUMBER
IN RHODE ISLAND
1-800-662-6188

INTERNET ADDRESS:
senator_chafee@chafee.senate.gov

July 22, 1996

Dear Colleague:

Last week the Senate voted to remove the Medicaid provisions from the pending reconciliation bill -- postponing that debate for another day. Yet, without a conforming amendment to the welfare reform bill, low-income mothers and children will, in fact, lose their guarantee to Medicaid coverage.

On Tuesday, the Senate will consider two amendments intended to resolve this problem -- a Chafee amendment and a Roth amendment.

Senators should be aware that only my amendment makes good on our commitment to hold harmless current-law Medicaid eligibility standards until the broader question of Medicaid reform can be addressed in subsequent legislation.

By contrast, the Roth amendment would revise eligibility standards for certain categories of low-income mothers and children age 13 to 18, leaving future beneficiaries without the coverage they are guaranteed under current law. The Roth amendment also fails to apply current rules governing the calculation of income for pregnant women and children of all ages. Without the current income methodology, a state could count such things as food stamps, school lunch and breakfast programs, and federal disaster relief funding in calculating a family's income as it pertains to their eligibility for Medicaid.

In addition, the Roth amendment imposes a tremendous administrative burden on the states. Under the Roth proposal, states would have to keep a master list of families who were eligible for AFDC and Medicaid as of the date of enactment, and update to eliminate families that become ineligible because of increases in income.

In summary, my amendment preserves current Medicaid law. The Roth amendment reforms Medicaid through the back door by allowing states to remove Medicaid coverage to not only those families who meet current income and resource standards for cash assistance, but also by repealing current-law standards for calculating income for pregnant women and children of all ages.

I urge you to vote for the Chafee amendment and against the Roth amendment.

Sincerely,

John H. Chafee

John H. Chafee

UPDATE ON MEDICAID PROVISIONS IN WELFARE REFORM

House Update: The House-passed welfare reform bill included provisions from the Castle-Tanner welfare compromise that assured that the vast majority of currently eligible Medicaid populations would not lose coverage as a result of changes in the welfare system. The provisions, which delink the cash payment time limits from eligibility to Medicaid and assure that states could not reduce coverage by significantly modifying income and asset criteria. These criteria represent a significant victory for the advocates of the Medicaid program.

The one remaining shortcoming of the House-passed bill's Medicaid provisions relate to how the immigration provisions affect Medicaid coverage. Since the House-passed eligibility ban on immigrants also applies to the Medicaid program, hundreds of thousands of immigrants -- including 300,000 children -- would lose Medicaid coverage. As a result, health care providers who now serve these patients would either have an added uncompensated care burden or would ask state and local governments to help pick up these costs.

Senate Update: The Senate will amend their version of welfare reform on Tuesday. It is expected that amendments that mirror the Medicaid coverage protections included in the House will be supported by the majority of the Senate. Even if this occurs, the problematic immigration provisions will remain untouched. This is despite the fact that Medicaid patient advocates and health care providers (who fear they will lose literally billions of dollars in Medicaid reimbursement) will be working to support an amendment that is likely to be offered by Senator Kennedy This amendment will delay the Medicaid eligibility ban for two years.

Should the immigration amendment fail, state, county, and local governments (particularly in border states) will likely face a huge financial liability related to significantly increasing amounts of uncompensated health care. If they don't find a way to finance it, hospitals and other health care providers will simply have to absorb costs that may threaten their financial viability.

Updated July 19, 1996

(1) With respect to an individual convicted of a misdemeanor, during the 5 year period beginning on the date of the conviction or the 5-year period beginning on January 1, 1997, whichever is later; and

(2) with respect to an individual convicted of a felony, for the duration of the life of that individual.

(d) Exceptions.--Subsection (a) shall not apply with respect to the following Federal benefits:

(1) Emergency medical services under title XV or XIX of the Social Security Act.

(2) Short-term, non-cash, in-kind emergency disaster relief.

(3)(A) Public health assistance for immunizations.

(B) Public health assistance for testing and treatment of communicable diseases if the Secretary of Health and Human Services determines that it is necessary to prevent the spread of such disease.

(e) Effective Date.--The denial of Federal benefits set forth in this section shall take effect for convictions occurring after the date of enactment.

(f) Regulations.--Not later than December 31, 1996, the Attorney General shall promulgate regulations detailing the means by which Federal and State agencies, courts, and law enforcement agencies will exchange and share the data and information necessary to implement and enforce the withholding of Federal benefits.

GRAHAM (AND BUMPERS) AMENDMENT NO. 4936

Mr. GRAHAM (for himself and Mr. Bumpers) proposed an amendment to the bill, S. 1956, supra; as follows:

On page 196, strike line 16 and insert the following:

Defined.--Except as provided in subparagraph (C), as used in this part, the term

On page 198, between lines 9 and 10, insert the following:

``(C) Rules for fiscal years 1997, 1998, 1999, 2000, and 2001.--

``(i) In general.--Notwithstanding subparagraph (A), in the case of fiscal years 1997, 1998, 1999, 2000, and 2001, the State family assistance grant for a State for a fiscal year shall be an amount equal to the sum of--

``(I) the applicable percentage for such fiscal year of the State family assistance grant for such fiscal year, as determined under subparagraph (B), and

``(II) an amount equal to the State child poverty allocation determined under clause (iii) for such fiscal year.

``(ii) Applicable percentage.--For purposes of this subparagraph, the applicable percentage for a fiscal year is as follows:

``If the fiscal year is:	The applicable percentage is
1997	80
1998	60
1999	40
2000	20
2001	0

``(iii) State child poverty allocation.--For purposes of this subparagraph, the State child poverty allocation for a State for a fiscal year is an amount equal to the poverty percentage of the greater of--

``(I) the product of the aggregate amount appropriated for

104th, 2nd, Vote 217
July 23, 1996, 11:03 a.m.

BILL NO.: S.1956

SUBJECT: Roth 2nd degree to the Chafee amendment re: medicaid eligibility

RESULT: Amendment Rejected

YEAS (31)

REPUBLICANS (31)	DEMOCRATS (0)
Ashcroft	
Bennett	
Brown	
Burns	
Coverdell	
Craig	
Domenici	
Faircloth	
Frahm	
Gorton	
Gramm	
Grams	
Grassley	
Gregg	
Hatch	
Helms	
Hutchison	
Inhofe	
Kempthorne	
Lott	
Mack	
McConnell	
Murkowski	
Nickles	
Roth	
Santorum	
Shelby	
Smith	
Stevens	
Thomas	
Thurmond	

NAYS (68)

REPUBLICANS (21)	DEMOCRATS (47)
Abraham	Akaka
Bond	Baucus
Campbell	Biden
Chafee	Bingaman
Coats	Boxer
Cochran	Bradley
Cohen	Breaux
D'Amato	Bryan
DeWine	Bumpers
Frist	Byrd
Hatfield	Conrad
Jeffords	Daschle
Kyl	Dodd
Lugar	Dorgan
McCain	Exon
Pressler	Feingold
Simpson	Feinstein
Snowe	Ford
Specter	Glenn
Thompson	Graham
Warner	Harkin
	Heflin
	Hollings
	Inouye
	Johnston
	Kennedy
	Kerrey
	Kerry
	Kohl
	Lautenberg
	Leahy
	Levin
	Lieberman
	Mikulski
	Moseley-Braun
	Moynihan
	Murray
	Nunn
	Pell
	Pryor
	Reid
	Robb
	Rockefeller
	Sarbanes
	Simon
	Wellstone
	Wyden

Not Voting - Kassebaum

NATIONAL ASSOCIATION OF PUBLIC HOSPITALS & HEALTH SYSTEMS

July 17, 1996

MEMORANDUM

TO. Leon Panetta
Harold Ickes
Bruce Vladeck
Ken Apfel
Nancy Ann Minn
Christopher Jennings
Marilyn Yager
Rich Tarpelin
Elena Kagan

FROM: Larry Gage LG

RE: Welfare Reform Legislation

While we are pleased that the Medicaid reform legislation will not be enacted this year, we are very concerned about provisions in the welfare reform legislation that will result in the loss of Medicaid coverage for significant numbers of low income families. Attached is a letter sent to members of Congress from a coalition of hospital and community health center providers outlining our concerns with the stand-alone welfare legislation.

We appreciate the strong stand that the Administration has taken over the last two years to ensure that no individuals lose the guarantee to Medicaid coverage. However, we urge that any welfare reform legislation signed by the President not result in the loss of health insurance coverage to low income U.S. citizens and legal immigrants.

If you have any questions about the letter, please contact Lynne Fagnani at 414-0101.

NAPH
1212 NEW YORK AVENUE, NW
SUITE 800
WASHINGTON, DC 20005
202-408-0223
FAX 202-408-0275
naph@naph.org

American Association of Eye and Ear Hospitals
American Hospital Association
Association of American Medical Colleges
American Osteopathic Healthcare Association
Federation of American Health Systems
InterHealth
National Association of Children's Hospitals
National Association of Community Health Centers
National Association of Psychiatric Health Systems
National Association of Public Hospitals & Health Systems
Premier, Inc.
The Catholic Health Association of the United States

July 17, 1996

Dear Senator:

As health care providers caring for millions of Americans in rural and urban areas, we are writing to express our concern about certain provisions in the welfare reform legislation that the House and Senate are scheduled to consider this week. The provisions concerning legal immigrants, coupled with more restrictive state welfare eligibility rules that could affect Medicaid eligibility, may potentially result in millions of U.S. citizens and legal immigrants losing Medicaid coverage.

1. ***Millions of Children and Parents On AFDC Could Lose Their Medicaid Coverage***

Under current law, low income families which receive welfare are automatically eligible for Medicaid. The proposed welfare reform legislation would give states two options for reducing Medicaid coverage:

(1) by limiting Medicaid to only those individuals eligible for the state's new block grant program (for which eligibility criteria is likely to be more restrictive than the current AFDC program); and

(2) for those states with AFDC income limits which are above the national average as of March 1, 1996 (the national average AFDC income limit for a family of three is just 39 percent of the federal poverty level), by requiring Medicaid eligibility only for those individuals meeting the national average income and resource criteria.

Up to 1.5 million children and four million parents could lose their Medicaid coverage.

Lack of health insurance coverage is a barrier to moving low income individuals from welfare to work. Studies show that 75 to 80 percent of the low wage jobs likely to be held by individuals on welfare do not provide health insurance. During the welfare reform debate this past Fall, members of Congress stated that they did not want people to lose health insurance as a result of welfare reform. ***We urge Congress to include a streamlined hold harmless provision which would require states to continue Medicaid eligibility for individuals who would have qualified for AFDC under the eligibility rules in effect in 1995.***

2. *Legal Immigrant Provisions Are an Unfunded Mandate on Providers and Could Harm U.S. Citizens*

The legal immigrant provisions in both the House and Senate bills would bar legal immigrants from eligibility for Medicaid for five years. After five years, the legislation would require deeming until citizenship. If a low income legal immigrant is barred from Medicaid or deemed out of the program, he or she may have no other means to pay for health care. Most low income immigrants cannot afford private health insurance. ***This is a cost shift from the federal government to state and local entities and providers of care,*** because providers will still treat legal immigrants, but in most cases may receive no reimbursement from the sponsor or Medicaid reimbursement. And this cost shift will disproportionately fall on providers in states with large numbers of legal immigrants--states such as California, Texas, Florida, New York, New Jersey, Massachusetts, Pennsylvania, and Illinois.

These provisions will force hundreds of thousands of legal immigrants off of Medicaid, creating a new population of uninsured low income patients. Furthermore, the loss of Medicaid coverage means that the amount of preventive care provided to legal immigrants will be drastically reduced, thereby exposing entire communities to communicable diseases while increasing the overall cost of providing necessary care.

The dramatic financial impact of the legal immigrant provisions has yet to be evaluated by the Congress. For instance, providers could be forced to cut back essential services or close units that serve their entire communities--both U.S. citizens and legal immigrants. Immigrants constitute 30 to 60 percent of the patient population of some providers. Therefore, ***we urge the Congress to delay implementation of the five year bar for two years after the bill is enacted, and direct the General Accounting Office to study and report on the impact of these provisions on local governments and health care providers.***

* * *

In conclusion, these provisions would potentially add millions of people to the ranks of the 40 million uninsured Americans, which is why we strongly oppose including them in the welfare reform legislation. We urge the Congress to modify the legislation to avoid eliminating Medicaid coverage for many U.S. citizens and legal immigrants, and substantially increasing the burden of uncompensated care we provide.

Sincerely,

The Above-Signed Organizations

A Stand-alone Welfare Bill Could Deny Medicaid to Children, Pregnant Women and Parents

The Republican leadership now proposes a stand-alone welfare bill as part of budget reconciliation, claiming the bill would make no changes to Medicaid. In fact, *their welfare bill could take away guarantees of Medicaid coverage from many children and women, including those in working families*. For this truly to be a welfare bill alone and not to endanger Medicaid, "hold harmless" provisions must be added like those in the original stand-alone welfare bill when it first passed the House and Senate.

- **Children and parents now receiving AFDC would no longer be guaranteed Medicaid.** The Republican welfare proposal would require states to end welfare for certain families but permit states to deny welfare to any family. For example, while the proposal requires states to cut families off welfare after five years, it permits states to enact policies like those proposed by Governor Weld of Massachusetts to end AFDC after only 90 days.

Any family that loses AFDC eligibility as a result of either federally mandated time limits or discretionary state actions would lose Medicaid automatically even if Medicaid law is unchanged. The only large group guaranteed Medicaid on other grounds would be poor children born after September 30, 1983; they are now 13 or younger. A total of 1.3 million other children over age 13 who today receive AFDC could be denied both Medicaid and welfare under the welfare bills. More than 4 million parents and grandparents who now receive AFDC--90% of whom are women--likewise would no longer be guaranteed Medicaid coverage. These are some of America's poorest families, commonly with incomes below 50% of the federal poverty line.

Such families are unlikely to find health coverage even if they find work, as low-wage jobs rarely offer health benefits. A study of New Jersey's welfare reform program found that 78% of families leaving welfare got jobs without health coverage. Similarly, a study of California's GAIN program found that only 28% of those who worked received any health benefits from their most recent employer.

- **In addition, Medicaid guarantees would be threatened for many other children, pregnant women, and parents, including those in low-wage working families.** Under current Medicaid law, AFDC provides the basic rules that determine how the income and assets of any Medicaid applicant (except a senior or person with disabilities) are treated. For example, since the AFDC statute currently disregards certain child support payments, they also must be disregarded in deciding Medicaid eligibility for children, pregnant women and parents.

Under the welfare bill, states would receive nearly unlimited power to change these AFDC technical rules and thereby deny health coverage to children and families who now are guaranteed Medicaid. Such changes in AFDC rules could significantly change the Medicaid eligibility rules for over 26 million Medicaid beneficiaries who are neither elderly

nor disabled. 18 million of these beneficiaries are children, 62% of whom have working parents, according to the GAO.

• **The original welfare bill held Medicaid harmless. A similar approach is needed now.** HR 4, as passed by the House and Senate before Conference, was a stand-alone welfare bill that avoided Medicaid cuts. Under that version of HR 4, all AFDC rules from 1995 would continue to be used by states in determining Medicaid eligibility. This was consistent with promises made by the bill's proponents that, even if welfare were taken away from mothers and children, health care would not be affected.

Some state officials claimed this was a clumsy approach that might be difficult to administer. However, under a more streamlined version of this approach that adds no state administrative costs, Medicaid still could remain guaranteed to children and parents with income low enough to receive AFDC under their state's old standards. Moreover, under the Republicans' own Medicaid proposals recently passed by the Commerce and Finance Committees, states would use AFDC rules from May 1996 in evaluating the income and assets of Medicaid applicants. Only if effective "Medicaid hold harmless" provisions are added to the welfare bill would it avoid cuts in guaranteed health coverage for families and children.

Failure to include these Medicaid protections will mean that the Republican leadership has effectively done through the "back door" what the President barred them from doing directly--they will have wiped out the Medicaid guarantee for millions of children and low-income parents and guardians.

MEDICAID POLICY IN THE CONTEXT OF WELFARE REFORM

- First and foremost we will maintain the methodology for determining income and assets. Under current law the Medicaid rules for determining income and assets (what is counted, whose income and assets are counted, what deductions and exemptions are allowed) are found in Title IV-A. This policy would now place these standards in the Medicaid statute so that changes in the welfare statute won't effect Medicaid eligibility.

- What this means is that for determining income for any child (under 6) or pregnant woman even under 133% of poverty or other children over 6 or non-pregnant women that there will be an income standard in place that is the same as under current law.

- This provision was also in the House passed Republican bill.

- Second, once these income and asset standards are again in place for determining eligibility for the "categorically" eligible which include the children up to age 6 and pregnant women under 133 percent of poverty, we can now apply these same standards to the "non-categorically" eligible older children (as they are phased-in) and parents.

- We will say that a for determining these non-categorically eligible people that if their income, as now as been determined for the family because the children are say eligible for Medicaid, is less that the AFDC standard which the state had in place as of May 1, 1988, then these people will also continue to receive Medicaid.

- The States can now raise their previous AFDC income standard and make people eligible for Medicaid if they want to and they can also lower the AFDC income standard as long as it is not below the May 1, 1988 level. This is exactly the same flexibility they have under current law with regard to Medicaid.

- We have also kept the one year welfare to work transition as well as the 5 year cut off protections so that people won't loose Medicaid because of going back to work or because they can't find a job in 5 years.

- The link from welfare has been severed. The States will now be able to do whatever they want with welfare (within the context of the welfare bill) and not necessarily have to provide Medicaid coverage. However, the big key here is that they can't take Medicaid away from any person who would've been eligible for Medicaid, but for the change in Welfare.

standard - current law, can go up, can go down to 1988.

methodology - current law, can go up.

July 16, 1996

TO: Chris Jennings
Nancy-Ann Min

FROM: Jack Ebeler

SUBJECT: Medicaid Eligibility Under Welfare Reform

I have attached the latest draft HHS suggestions for legislative changes, and yesterday's version of Senate language which may change today. When I get a copy of the language being worked on by Bridgett Taylor (I expect to get it this morning), I'll send you a copy.

DRAFT HHS

MEDICAID ELIGIBILITY UNDER WELFARE REFORM

o **OPTION 1--The "freeze" option.**

The first option (based on Levin language) carries over all current AFDC eligibility rules -- definitions of income and assets, dollar thresholds, absence of time limits and other kinds of limits – to Medicaid. Of the two, it is the preferred option as it offers the most comprehensive protection of eligibility.

As originally drafted, (now noted as subparagraph (a) on the attachment), a state's Medicaid rules for families with children would be locked into its AFDC plan that was in effect June 5, 1996. States would be limited to provisions that were contained in its plan at that point. To correct this problem, a new subparagraph (b) has been added to give states some flexibility to change standards or methods provided the change is "less restrictive." Implementing regulations would define "less restrictive." This additional language is based on a proposal from the Center on Budget and Policy Priorities.

o **OPTION 2--The "but-for" option:**

The "but-for" option (based on Stark language) is less desirable because its protection is less comprehensive.

Protects people who lose Medicaid only because of time limits.

As originally drafted, this option protected Medicaid only for persons losing cash assistance because of time limits. Those losing cash for other reasons, especially non-pregnant adults, could have still lost Medicaid along with it. In addition, Medicaid eligibility methods and standards for families with children, including the poverty-level groups, would have been linked to whatever new methods and standards the state devised for its new cash program. This is less desirable than OPTION-1 because these new standards or methods could be more restrictive than current standards and methods.

The attached language aims to broaden the "but-for" approach to other circumstances under which individuals might lose cash benefits. The language also protects those who might fail to qualify because of limits on teen mothers, family caps, or failure to comply with various new behavioral requirements.

DRAFT HHS

OPTION 1 – "Freeze" Amendment

Add to section 408(a):

"(##)(a) CONTINUED ELIGIBILITY FOR CERTAIN ASSISTANCE. -- A State to which a grant is made under section 403 shall assure that persons who would have been eligible for aid in that State under the plan in effect pursuant to part A of title IV as of June 5, 1996 shall be eligible for medical assistance under the State's plan approved under title XIX.

(b) In applying subparagraph (a), a State may lower its income standards so long as its standards are not less than the levels in effect under the State's plan on May 1, 1988, and a State may use income and resource standards and methodologies that are less restrictive than the standards or methodologies used under the State plan referred to under subparagraph (a)."

OPTION 2 – "But For" Amendment

Add to section 408(a):

"(##) CONTINUED ELIGIBILITY FOR CERTAIN ASSISTANCE. -- A State to which a grant is made under section 403 shall assure that --

(a) Any family that is denied cash assistance because of the prohibitions described in section 407(e), in paragraphs 2 through 8 of this subsection, or subsection (b) or (d) of section 482 shall be eligible for medical assistance under the State's plan approved under title XIX.

(b) Any family that becomes ineligible to receive aid under this part because of hours of or income from employment of the parent, having received such aid in at least 3 of the 6 months preceding the month in which such eligibility begins, shall remain eligible for medical assistance under the State's plan approved under title XIX for an extended period or periods of time as provided under title XIX.

© If a State limits the number of months for which a two-parent family may receive cash assistance, the State shall provide medical assistance to all members of the family under the State's plan approved under title XIX, without time limitation.

(d) Any family who becomes ineligible for cash assistance as a result (wholly or partly) of the collection of child or spousal support under part D, and who has received such aid in at least three of the six months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of aid under this part for purposes of title XIX for an additional four calendar months beginning with the month in which such ineligibility begins."

Fax Cover Sheet
for the
UNITED STATES SENATE
Committee on the Budget
Minority Staff

Date: 7-15 Time:

TO: Rich Turplin

Office:

Fax Number: 690-7380

FROM: ***Joan Huffer***

Phone Number: 202/224-7436

Fax Number: 202/228-3898

Page(s) to follow, including cover sheet: 8

Description of Document / Comments:

Draft Medicaid language

O:\ERN\ERN96.351 S.L.C.

AMENDMENT NO. ____ Calendar No. ____

Purpose: To continue the eligibility of current recipients of AFDC for medicaid.

IN THE SENATE OF THE UNITED STATES—104th Cong., 2d Sess.

(no.) _____

(title) _____

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by _____

Viz:

At the end of chapter 1 of subtitle A, add the following:

SEC. 2117. CONTINUED APPLICATION OF CURRENT STANDARDS UNDER MEDICAID PROGRAM.

(a) IN GENERAL.—Title XIX of the Social Security Act is amended—

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

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

"CONTINUED APPLICATION OF CERTAIN METHODOLOGY AND STANDARDS

"SEC. 1931. (a) APPLICATION TO THIS TITLE.—

"(1) IN GENERAL.—For purposes of applying this title on and after October 1, 1996, notwithstanding any other provision of this Act but subject to subsection (b), with respect to a State—

"(A) except as provided in subparagraphs (B) and (C), 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, shall be considered a reference to such provision or plan as in effect as of May 1, 1996;

"(B) individuals shall be deemed to be receiving aid or assistance under a State plan approved under part A of title IV if they meet—

"(i) the income and resource standards, and the methodology for determining eligibility for assistance applicable under such plan, as of May 1, 1996; and

"(ii) the eligibility requirements of such State plan that correspond to the requirements of subsections (a), (b), and (c)

of section 406, section 402(a)(42), and section 407 of part A of title IV, as such sections were in effect as of May 1, 1996; and

"(C) any reference in section 1902(a)(5) or 1925 to a State plan approved under part A of title IV shall be deemed to be a reference to a State program funded under such part, as in effect on and after October 1, 1996.

"(2) STATE OPTION FOR LOWER STANDARDS.—In applying clause (i) of paragraph (1)(B), a State may lower the income and resource standards applicable under the State plan under part A of title IV so long as such standards are not less than the standards in effect under the State plan under such part of such title on May 1, 1988. A State may elect to use less restrictive income and resource standards or methodologies under such State plan.

"(3) STATE OPTION REGARDING SEPARATE MEDICAID APPLICATION FOR TEA RECIPIENTS.—In the case of an individual who is determined to be eligible for temporary employment assistance under a State plan under part A of title IV, as in effect on and after October 1, 1996, a State may, at its option, use such individual's application for temporary

employment assistance to determine such individual's eligibility for medical assistance under the State plan under this title, so long as the eligibility rules, income and resource standards, and the methodology for determining eligibility for temporary employment assistance under a State plan under part A of title IV (as so in effect) are not less restrictive than the eligibility rules, income and resource standards, and the methodology for determining eligibility for such assistance, that are described in paragraph (1)(B).

"(b) APPLICATION TO 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 May 1, 1996, 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. If a State elects not to continue to apply such a waiver, then, after the date of the expiration of the waiver, subsection (a) shall be applied as if any provisions so waived had not been waived.

"(c) BUDGET NEUTRALITY.—The provisions of subsection (a)(3) shall not apply with respect to a State plan under this title if the Secretary determines that the appli-

cation of such subsection would result in an increase in the amount of Federal outlays under this title that would, in the absence of such subsection, have been expended.".

(b) PLAN AMENDMENT.—Section 1902(a) of such Act (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) REPEAL OF SUNSET ON TRANSITIONAL WORK PROVISIONS.—Subsection (f) of section 1925 of such Act (42 U.S.C. 1396r–6(f)) is repealed.

(d) CONFORMING AMENDMENT.—Section 408 of the Social Security Act, as added by section 2103(a)(1), is amended by striking paragraph (12) and inserting the following:

"(12) MEDICAL ASSISTANCE REQUIRED TO BE PROVIDED FOR 1 YEAR FOR FAMILIES BECOMING INELIGIBLE FOR ASSISTANCE UNDER THIS PART DUE

TO INCREASED EARNINGS FROM EMPLOYMENT OR COLLECTION OF CHILD SUPPORT.—

"(A) IN GENERAL.—A State to which a grant is made under section 403 shall take such action as may be necessary to ensure that, 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 clauses (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 (or, if applicable, title XV) 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 in-

come 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 withheld, deducted, or denied as a result of the application of—

"(i) a preceding paragraph of this subsection; or

"(ii) section 407(e)(1).".

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by subsections (a), (b), and (c) shall apply to medical assistance furnished for calendar quarters beginning on or after October 1, 1996.

(2) CONFORMING AMENDMENT.—The amendment made by subsection (d) shall take effect on the date of the enactment of this Act.

faxed

THE WHITE HOUSE
WASHINGTON

OFFICE OF THE FIRST LADY

TO Chris

FROM Jen

FAX # 6-5542

PHONE #

 # OF PAGES (including cover)

COMMENTS Just wanted to be sure you had this. I think the arguments for "longer-track" work. I leave the fate of Wisconsin's Medicaid beneficiaries in your hands. - - .

Wisconsin: Medicaid Background & Issues

BACKGROUND:
The Wisconsin Waiver creates a new health program called "W-2 Health Plan". It ends the Medicaid eligibility for:

- AFDC recipients;
- Pregnant women below 185% of poverty;
- Children less than 6 below 185% of poverty, and children 6-12 below 100% of poverty.

W-2 ELIGIBILITY: It has three groups of participants:

1. **Families in W-2 welfare (former AFDC):** Families must participate, unless in an unsubsidized job

2. **Pregnant women and children less than 6 (former poverty-related eligibles):** Families with incomes below 165% of poverty, including an assets test but with some spend-down.

3. **Poor families:** Families with incomes below 165% of poverty, including an assets test Excludes:
   - Individuals with access to employer-sponsored insurance with at least a 50 percent premium contribution in any of the previous 18 months;
   - Individuals with a current job that offers employer-sponsored insurance with at least a 50 percent premium contribution;
   - Individuals in a current job for more than 12 months that offers insurance but has no employer contribution.

- **No entitlement**: There is explicitly "no entitlement or categorical eligibility" for W-2 Health Plan. Eligibility for W-2 and its Health Plan is enforceable neither at the Federal nor the State level. "There is no appeal or review process for the W-2 Health Plan".

W-2 BENEFITS:

- **Required premiums**: All participants must pay premiums, including those formerly eligible for Medicaid. For W-2 participants, premiums are deducted from job wages or W-2 benefits. For families with income less than 160% of poverty, the premium is $20 per month; it is increased for families with higher incomes up to 200% of poverty.

- **Scaled-back benefits**: "Similar to that offered State employees". Excludes: "T" or treatment for Early and Periodic Screening, Diagnosis and Treatment (EPSDT). Limits home health, nursing facility, over-the-counter drug, and substance abuse benefits.

W-2 FINANCING: The Waiver application states, "The fiscal underpinning of W-2 is the flexibility to reallocate funds. Under W-2, it will be necessary to allocate AFDC and Medicaid funds to supportive services". This implies that Medicaid money will be used for non-Medicaid purposes.

ISSUES:

Problems: There are basically four major problems with the waiver:

1. **No entitlement:** This is more radical than even the Republicans' Medicaid bill. It would set a precedent for all future Medicaid waivers and national Medicaid reform proposals.

2. **Loss of coverage for poor children and pregnant women:** Wisconsin itself assumes that only 40% of the poor children and pregnant women who formerly received Medicaid will participate in W-2 given the premium. Additionally, those pregnant women and children between 165% and 185% of poverty immediately lose coverage unless eligible through a spenddown. ***The State itself anticipates that 60% of poor children and women will lose coverage [am getting the numbers].***

3. **Premiums:** Because they have proven a significant barrier to participation, Medicaid has prohibited state from imposing premiums on poor recipients. HCFA did approve Oregon's imposing premiums on newly eligible participants in its Oregon demonstration, but Medicaid-eligible participants were protected.

4. **EPSDT**: The repeal of the "T" in this waiver would suggest that it should be repealed nationwide.

Problems with Negotiation:

There are two ways that these problems can be addressed:

1. **Short-track Medicaid negotiation.** Tell the state that we will consider Medicaid reforms as presented in the welfare waiver on a slower track than welfare, but only if entitlement stays and it's budget neutral. The standard waiver approval period is 120 days — the negotiations will have to be settled before the election.

2. **Longer-track Medicaid negotiation.** Approve the welfare waiver with no Medicaid changes, but commit to reviewing a real Medicaid waiver when the State submits it. This would probably push the final action until after the election.

Problems with short-track:

- **Still linked with the welfare reform:** Since the State cannot begin the welfare demonstration until the Medicaid piece is resolved, there will be pressure and attention on Medicaid. Its resolution will have to happen before the election.

- **Like beginning with a new title:** Because there are several bottom lines, not just one, it would be like beginning with a new title and having to build back in all of the protections that we lose when we abandon Medicaid. Since we will require lots of changes, the President may be accused of agreeing on the Republican concept but disagreeing on the details.

- **Consequences of concessions:** Whenever we approve this waiver (pre- or post-election), we will make major concessions. There will be more concessions if Medicaid remains

linked to the welfare waiver. The more concessions, the more at risk we put the entire Medicaid program since there will be Medicaid reform next year anyway, and this will set precedents.

The alternative is that Wisconsin is told that this is a "welfare" waiver, not a "Medicaid" waiver. Medicaid does not have to be linked to welfare and thus the welfare recipients should receive current law Medicaid. If the State is interested in reforming Medicaid, it should submit an application with all of the appropriate information and HCFA would be happy to review it.

The advantages of this approach are:

- **Linking to Medicaid rather than W-2 is consistent with "assurances that workers get health care".** It is straightforward to say that we all agree that W-2 recipients should receive health care. But that health care has to be Medicaid — with a real guarantee and coverage of poor kids — until Wisconsin can come through with a real Medicaid demonstration. At that time, we are happy to review it.

- **Why not W-2? It ends guarantees.** It reduces coverage for poor kids and pregnant women and repeals the real guarantee to a meaningful benefits package. We are willing to hear an innovative approach, but not one that goes against the President's principles.

- **Can happen tomorrow:** If Wisconsin agrees, they can begin their welfare demonstration tomorrow. It disconnects the welfare reform and puts us in a better position for negotiating on Medicaid since it is no longer linked to a plan the President has supported.

I guess it all depends on how many concessions you think that the State will make. If they will make the several changes that we want, then we can move on the shorter track. However, if there is any doubt, it puts the President at risk of either appearing to be an obstructionist (by trying to negotiating our issues) or accepting a bad proposal that goes back on his principle of Medicaid guarantees. Given the great position that Wisconsin is in right now, and given Tommy Thompson's involvment, they are not likely going to want to give up anything.

Possible talking points.

- **CONTRADICTS PRESIDENT'S POSITION TO PROTECT MEDICAID**

  - **Reduces Health Care Coverage of Poor Children and Pregnant Women:** The Wisconsin "welfare waiver" denies Medicaid's guaranteed coverage to poor children and pregnant women — even though they do not receive welfare. They would be obliged to pay premiums, and even the State thinks that only 40% of them will do it. This means that x Wisconsin women and children will lose coverage.

  - **No Guaranteed Coverage**: The Wisconsin Waiver absolves both the Federal and State governments' legal responsibility to ensure that families receive health care.

    - Even when Wisconsin families are eligible, the State has no legal obligation to provide them with health care — making this fundamentally different than Medicaid.

  - **Block Grants Spending:** The Wisconsin Waiver claims that it needs Medicaid funding to cover supportive services.

    - Medicaid is tax-payer supported program for health care for low-income families — not a revenue source for States to pursue unrelated programs.

- **MORE RADICAL THAN THE CONGRESSIONAL REPUBLICANS' BILL:** The W-2 Health Plan is more extreme than even the Republican Medicaid bill that was recently marked up by the Commerce Committee.

  - Republicans included a State right of action — the Wisconsin Waiver does not.

  - Republicans prohibit States from imposing premiums on guaranteed populations — the Wisconsin Waiver does not.

- **WELFARE AND MEDICAID REFORM DO NOT NEED TO BE LINKED:**

  - The President and the Democratic Governors have strongly opposed Republican attempts to overhaul Medicaid in the name of Welfare reform. On May 29, Governors Miller, Carper, Chiles and Romer wrote: "Let us be clear, however, that although we agree that welfare and Medicaid are inextricably linked in practice, we cannot agree to a legislative strategy that insists that they be united."

  - The President has approved 38 welfare reform waivers — none of which found it necessary to end Medicaid guarantees in order to fix welfare.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

TO Lew	Take necessary action	☐
Apfel	Approval or signature	☐
Barry White	Comment	☐
Fontenot	Prepare reply	☐
Abramowitz	Discuss with me	☐
Pennifer Klein	For your information	☑
	See remarks below	☐
FROM Koontzpes	DATE 6/18/96	

REMARKS

Chris Jennings
Konigsberg

F41 - some 60 members (names not released) signed on to this. Growing pressure to delink from medicaid

*U.S. Government Printing Office: 1991 — 288-539

Congress of the United States

Washington, DC 20515

June 13, 1996

The Honorable Newt Gingrich
Speaker of the House
U.S. House of Representatives
The Capitol
Washington, DC 20515

The Honorable Trent Lott
Senate Majority Leader
United States Senate
The Capitol
Washington, DC 20510

Dear Speaker Gingrich and Majority Leader Lott:

As the House begins to move forward in our promise to balance the federal budget and contain the escalating costs of entitlement programs, we strongly believe it is in the best interest of the American people to send the Welfare Reform bill to the President separate from any other legislation, including Medicaid reform.

Republicans and Democrats, governors and legislators have overwhelmingly agreed on the immediate need to pass welfare reform into law so that people can begin to lift themselves out of a cycle of perpetual dependency and into the workforce. This reform is critical to saving the children being raised in the welfare state and to bringing relief to hard-working Americans whose tax dollars fund this dependency.

Welfare Reform is just too important to risk defeat due to its connection with other legislation that may not be as overwhelmingly supported. For those who do not support real Welfare Reform, there should be nowhere to run to and nowhere to hide.

We stand ready to work with you to ensure that the President is given the chance to sign or veto a separate Welfare Reform bill.

Sincerely,

John Ensign

Dave Camp