Compliments of
SENATE PRESIDENT PRO TEMPORE BILL LOCKYER
10th District

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☑ ***For Your Information***
☐ ***As You Requested***

APR 9 1996

BILL LOCKYER
PRESIDENT PRO TEMPORE
OF THE SENATE

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814

RICHARD KATZ
ASSEMBLY
DEMOCRATIC LEADER

March 27, 1996

The Honorable Bill Clinton
The White House
Washington, D.C. 20500

Dear President Clinton:

During the last few months, we or other members of the Legislature have communicated with you regarding major concerns raised by proposed social services reform legislation. The purpose of this letter is to provide recommendations for staff-level negotiations regarding the details of this legislation. If there is to be an agreement, we ask that these primarily technical issues be addressed in ways that will make implementation easier in California (and other states) as well as protect the health and welfare of children.

In this letter we address nine issues in a variety of areas: child welfare, Supplemental Security Income (SSI), child care, AFDC-work participation rates, benefits eligibility, and implementation dates.

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While we commend maintaining the entitlement to Adoptions Assistance and Foster Care Maintenance payments, we think it is critical to maintain the entitlement for administration and training as well. "Administration" dollars support caseworkers essential to providing emergency response and other services necessary to place and maintain children safely in foster care and adoptive homes. We must, at a minimum, assure meaningful protection for children from abuse and neglect during welfare restructuring. Title IV-E "administration" is actually part and parcel of the foster care and adoption assistance network; together they provide child welfare services.

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The funds provided for child care are inadequate to meet the needs of parents entering the work force while on aid and leaving aid as their earnings increase. For California to meet required participation rates, about 400,000 parents would have to enter the work force and an additional 100,000 would have to increase their hours of work. Even if only 15 percent of these parents need a paid, formal child care arrangement, we will need nearly $300 million per year in additional child care funds. Funding provided in section 802 of the Conference Report should increase in FFY 1998 and each year thereafter.

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California has years of experience utilizing a range of child care options. The more flexibility states have to design high-quality, cost-effective options, the more families can be served and the better will be children's child care experience. While the Conference Report makes state flexibility the first goal of the Child Care title (see section 802), it leaves limits and strictures in current federal law that stand in the way of such flexibility. Section 658D(c)(2)(A) of the Child Care and Development Block Grant of 1990 should direct states to provide parental choice between a certificate and a space in a contract

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Valuing Part-Time Work for Parents:

Congress and the President can strike an important blow for children and single parents by recognizing that part-time work is often the best way for a parent to mix family responsibilities and earnings. Recognizing the value of part-time work also decreases the need for child care funds -- either from a parent's earnings or from government subsidies. In this spirit, any single parent who has a child 15 years of age or younger should be credited with being in the work force and meeting a state's participation rates if he or she is working 20 hours per week or more. This change should also assist parents to keep their young adolescents safe from high-risk behavior that can lead to crime, drug and alcohol use, and teen pregnancy. Such a change would also recognize the reality of today's economy -- in which California and other states have more new part-time jobs than full-time jobs.

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Thank you for your consideration of these concerns. If your staff have any questions about these issues, they can contact Tim Gage, at (916) 324-0341.

Sincerely,

BILL LOCKYER
President Pro Tempore
California Senate

RICHARD KATZ
Democratic Floor Leader
California Assembly

California Legislature
Senate Rules Committee
ROOM 500, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814

BILL LOCKYER
Chairman

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** 04-03-96 SF OA 941

White House
Office of Domestic Policy
Washington, D.C. 20502

Attention: Carol Rasco

EXECUTIVE OFFICE OF THE PRESIDENT

29-Apr-1996 05:53pm

TO: Elizabeth E. Drye

FROM: Diana M. Fortuna
Domestic Policy Council

CC: Carol H. Rasco
CC: Bruce N. Reed

SUBJECT: california welfare and medicaid waivers

Possible issues that could come up at the state legislator briefing tomorrow:

1. California has had 2 welfare waivers pending for something like 2 years that cut benefits. In addition, a new benefit cut waiver request arrived last month. All of these have had bipartisan support in the state legislature.

One of the two old ones was finally approved recently -- the one that reinstated the Bush welfare cuts that were vacated under the Beno decision. The other old one is still pending, but HHS isn't sure whether the state means for the new request to replace the old one -- and they are afraid to ask.

The new request is to cut benefits by 4.9% across the board now, and give them blanket authority for future reductions. The old one had graduated benefit cuts of 15% and 25%, with a time limit.

Although HHS granted the Beno reinstatement, they have a technical argument that they did not approve any benefit cuts -- that the Bush administration really did it.

If asked, what Carol can basically say is that we worked out one of these waivers recently, and we are continuing to slog away....

2. There is the longstanding family cap waiver request pending (since November 1994). The difference of opinion is over an exception for first time minor mothers, which all other states have agreed to. In February we offered them an approval with this one change, and they rejected it. We have been at a standoff since then.

If asked, Carol can say that we have approved family cap waivers in something like 12 states, and HHS would approve this waiver immediately if the state would agree to HHS's provision on minor mothers.

On the Medicaid side, here is background on 2 issues that probably won't come up, but you never know.

1. We approved a major Medicaid managed care waiver called the "2-plan waiver" that will ultimately offer at least one public and one private managed care plan in each region. Advocates for public facilities are concerned that the private plans are getting a head start on enrollment.

2. When we were doing the LA County waiver, the state legislature passed a law that allowed any county with an interest to apply to the state to be added to the waiver. 28 counties have applied. The state is now trying to figure out how to proceed. HHS is considering laying out for the state some guidelines for what we would consider, to endeavor to limit it in some way. They have kept Emerson and me up to speed.

CALIFORNIA STATE LEGISLATORS' WHITE HOUSE BRIEFING
Indian Treaty Room, Old Executive Office Building
Tuesday, April 30, 1996, Roosevelt Room

I. *Mr. John Emerson, Deputy Assistant to the President and Deputy Director of Intergovernmental Affairs*

II. *The Honorable Carol Rasco, Assistant to the President for Domestic Policy*

III. *The Honorable Robert Reich, the Department of Labor*

IV. *Miss Dorothy Robyn, Special Assistant to the President for Economic Policy*

V. *Mr. Kent Marcus, Counselor to the Attorney General for Youth Violence*

CALIFORNIA STATE LEGISLATORS' WHITE HOUSE BRIEFING
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Senators

Senator Alfred Alquist (D)

Senator Bob Beverly (R)

Senator Jim Costa (D)

Senator Charles Calderon (D)

Senator Tom Hayden (D)

Senator Lucy Killea (I)

Senator John Lewis (R)

Senator Bill Lockyer (D)
President Pro Tem

Senator Ken Maddy (R)

Senator Jack O'Connell (D)

Senator Richard Polanco (D)

Senator Herschel Rosenthal (D)

Senator Hilda Solis (D)

Senator Mike Thompson (D)

Senator Diane Watson (D)

Assemblymembers

Assemblywoman Barbara Alby (R)

Assemblyman Joe Baca (D)

Assemblyman Jim Battin (R)

Assemblywoman Paula Boland (R)

Assemblyman Tom Bordonaro, Jr. (R)

Assemblywoman Marilyn Brewer (R)

Assemblywoman Valerie Brown (D)

Assemblyman Jim Brulte (R)

Assemblyman Cruz Bustamante (D)

Assemblyman Louis Caldera (D)

Assemblyman Sal Cannella (D)

Assemblywoman Susan Davis (D)

Assemblywoman Denise Ducheny (D)

Assemblyman Peter Frusetta (R)

Assemblyman Martin Gallegos (D)

Assemblyman Trice Harvey (R)

Assemblyman Phil Hawkins (R)

Assemblyman Howard Kaloogian (R)

Assemblyman Richard Katz (D)
Minority Leader

Assemblyman David Knowles (R)

Assemblywoman Barbara Lee (D)

Assemblywoman Michael Machado (D)

Assemblyman Bob Margett (R)

Assemblywoman Diane Martinez (D)

Assemblywoman Kerry Mazzoni (D)

Assemblyman Gary Miller (R)

Assemblyman Kevin Murray (D)

Assemblywoman Grace Napolitano (D)

Assemblyman Keith Olberg (R)

Assemblyman Curt Pringle (R)
Speaker of the Assembly

Assemblyman James Rogan (R)
Majority Leader

Assemblyman Nao Takasugi (R)

Assemblyman Bruce Thompson (R)

Assemblyman Antonio Villaraigosa (D)

Assemblyman Ted Weggeland (R)

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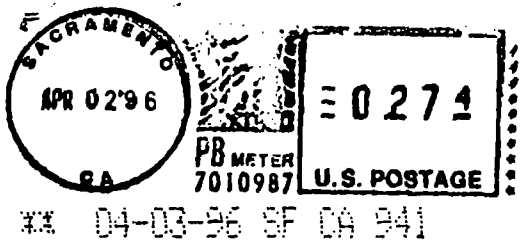


** 04-03-96 SF CA 941

White House
Office of Domestic Policy
Washington, D.C. 20502

Attention: Carol Rasco

Welfare Reform Talking Points

"I say to those who are on welfare -- and especially to those who have been trapped on welfare for a long time -- for too long our welfare system has undermined the values of family and work instead of supporting them. The Congress and I are near agreement on sweeping welfare reform. We agree on time limits, tough work requirements, and the toughest possible child support enforcement. But I believe we must also provide child care so that mothers who are required to go to work can do so without worrying about what is happening to their children."
State of the Union Address, 1/23/96

We want real reform. President Clinton has repeatedly called for a bipartisan welfare reform bill that's tough on work and responsibility, not tough on children. In his balanced budget plan, the President has proposed a sweeping welfare reform proposal that includes tough work requirements, time-limited assistance, more funding for child care, incentives to reward states for placing people in jobs, tough child support enforcement, and protections for children -- while saving $40 billion over seven years. The President is determined to enact real, bipartisan welfare reform that is motivated by the urgency of reform rather than an extremist agenda that could hurt children.

A bipartisan step forward. President Clinton vetoed the legislation drafted by the Congressional majority because it lacked adequate child care to enable single parents to work, a performance bonus to reward success, and an adequate contingency fund to protect states -- and because it n de deep cuts in help for abused, disabled, and hungry children. By making specific recommendations to improve the bill, the nation's 50 governors have stated, in effect, that the President was right to veto this flawed legislation. The NGA's actions have increased the possibility that Republican and Democrats in Congress will produce a bipartisan bill that gets the job done. However, while we applaud the NGA's contributions, we do have concerns about achieving our common national objectives and maintaining the federal-state partnership necessary to reach them.

The fundamental elements of reform. The President has consistently said that welfare reform is first and foremost about work. That means providing adequate child care to enable recipients to leave welfare for work; rewarding states for placing people in jobs; guaranteeing health care coverage for poor families; requiring states to continue to invest funds in a work-oriented welfare system; and protecting states' and families in the event of economic downturn or population growth. It does not mean using welfare reform as a cover for budget cutting at the expense of our poorest children.

Continuing to work with Congress. The President remains committed to working with Congress and the NGA leadership to enact real welfare reform. There is bipartisan consensus around the country on the fundamental elements of real welfare reform, and it would be a tragedy if this Congress missed the opportunity to achieve it. The Senate's original legislation had strong bipartisan support, and the NGA welfare proposal was another important bipartisan step forward, ecially in the areas of child care, the performance bonus, and the contingency fund for states. Congress should build on this bipartisan progress and pass a bill that gets the job done.

We'll still get the job done. Since taking office, the Clinton Administration has given a record 37 states freedom from red tape to reform their own welfare systems -- granting more waivers than the two previous administrations combined. These welfare-to-work programs are making work and responsibility a way of life for more than 10 million people. The President has repeatedly called for bipartisan welfare reform legislation this year. But if Congress fails to send him a bill that gets the priorities right, President Clinton will continue his commitment to ending welfare as we know it -- in each and every state.

MEDICAID

"I vetoed the Republican budget plan that was sent to me by Congress . . . because [it included] the most massive cuts in Medicare and Medicaid in history, a tax increase on working people, and deep, deep cuts in education and the environment. . . . My seven year balanced budget plan reflects our values and protects our investments in the future. . . . At stake is far more than just numbers and abstract programs and proposals, and far more than the normal political debates in Washington. This debate is about people, the lives they lead, the hopes they have, the desires they have for a better life."

President Clinton
Radio Address
December 9, 1995

Overview. For 30 years, Medicaid has provided a guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children, and older Americans -- particularly those in need of nursing home care. President Clinton is committed to giving states flexibility to manage the program more efficiently, while retaining the Medicaid guarantee and refusing to go backwards on health care coverage for Americans.

Accomplishments.

- **Flexibility and Coverage Expansions.** Section 1115 of the Social Security Act gives the Secretary of Health and Human Services broad discretion to waive certain Medicaid requirements in order to set up experimental or demonstration projects. Through this authority, the Clinton Administration has worked with states to test new and innovative approaches to benefits and services, eligibility requirements and processes, payment and service delivery. These waivers are often aimed at saving money to allow states to extend Medicaid coverage to additional low-income and uninsured people. Since January 1, 1993, comprehensive health care reform demonstration waivers have been approved for 12 states and ten have already been implemented.
- **Improving Quality in Managed Care.** The Clinton Administration has also granted 1915(b) "freedom of choice" waivers that permit states to require beneficiaries to enroll in managed care plans. States often use these waivers to establish primary care case management programs and other forms of managed care. As the number of Medicaid beneficiaries enrolled in managed care has increased, the Clinton Administration has been working closely with states, insurers, health care professionals and consumers to assure the quality of care provided in managed care plans. For example, Medicaid HEDIS (Health Plan Employer Data Information Set), which was released in February 1996, will help monitor and improve quality in managed care plans and educate Medicaid beneficiaries about plan performance.

- **Simplifying and Streamlining Medicaid.** As part of its regulatory reform efforts, the Department of Health and Human Services has simplified the process of obtaining Medicaid home and community-based waivers and changed duplicative nursing home regulation while maintaining strong Federal quality standards.
- **Cracking Down on Fraud and Abuse.** Last year, the President announced a two-year partnership of Federal and state agencies to prevent and detect health care fraud in specific industries. Operation Restore Trust targets five states which together account for about 40 percent of the nation's Medicare and Medicaid beneficiaries.

Statistical Backup.

- Over 650,000 people have received health care coverage under Medicaid because of implemented state demonstrations. When all 12 are implemented, 2.2 million previously uninsured individuals are expected to receive health coverage.
- Regulatory reform efforts across the Department of Health and Human Services will result in an almost 25 percent reduction in total pages of Department regulations.

Agenda.

- The President will not accept the Republican budget proposal to end the Medicaid guarantee to meaningful health benefits for millions of people with disabilities, pregnant women, poor children and older Americans -- particularly those in need of nursing home care.
- Instead, he has put forward a balanced budget proposal that maintains the guarantee while giving states unprecedented flexibility to manage the program. Key elements of the President's Medicaid proposal are:
    - Maintains guarantee of coverage.
    - Constrains Federal spending through a per capita cap that protects states in times of economic downturns, inflation, or other situations that cause enrollment to grow.
    - Gives states flexibility by repealing the Boren Amendment (so that states can determine payment rates without interference) and allowing states to implement managed care without waivers.
    - Maintains federal nursing home quality standards and enforcement.
    - Retains financial protections for families, including protections against impoverishment for spouses of nursing home residents.

Contact: Jennifer Klein or Chris Jennings
Last Update: March 10, 1996

MEDICAID BACKGROUND

Attached are two recent memos outlining our concerns about the National Governors' Association (NGA) Medicaid agreement and possible acceptable alternatives. The February 20th memo outlines our fall-back position and the March 19th memo outlines where the Breaux/Chafee coalition now stands on Medicaid. (The good news about Breaux/Chafee is that their current -- as yet unreleased -- provisions have addressed ALL of our major concerns about the NGA proposal). See attached letter from Governors to Senators Breaux and Chafee embracing their proposal.

In short, the concerns we have about the Governors' proposal can be classified into four broad categories: (1) Eligibility; (2) Benefits; (3) Enforcement; and (4) Financing. These categories also can be used to help describe the make up of the Medicaid "guarantee" (it is best not to use the word entitlement) that the President seeks to protect.

(1) **Eligibility: Who gets the guarantee?** Under the Governor's proposal, 2.5 million kids ages 13-18 and an untold number of people with disabilities (because states will now be allowed to define disability) will no longer be guaranteed coverage. (The Breaux/Chafee plan retains current law with regard to these populations.)

(2) **Benefits: What benefits are guaranteed?** While the Governors maintain the current required benefit package, it does not retain the standards to make certain these benefits are real. For example, it does not require that these benefits are provided statewide and could allow states to define benefits in a discriminatory way for different populations.

(3) **Enforcement: How is the guarantee legally enforced?** The NGA proposal eliminates the right of action within the Federal court system for those recipients who feel they have not been provided the services with which they are guaranteed. Instead, it proposes to have 50 different state courts enforce this guarantee, thus virtually ensuring that there will be multiple definitions of the national Medicaid guarantee of eligibility and benefits. As far as we know, this would be the first Federal statute that eliminates this right for eligibility disputes.

(4) **Financing: How is the financing guaranteed?** The NGA proposal improved on the Republican block grant in that it ensured that states will automatically get increased federal support should enrollment unexpectedly increase (such as in an economic downturn.) However, their provision to allow states to lower their state matching dollars and still collect the same amount of Federal dollars, combined with their expansion in the use of provider taxes to access Federal funds, will either significantly increase Federal costs or, if the Federal match is capped, will effectively be a block grant. Neither outcome is acceptable.

Current Administration Position Vis a Vis Medicaid

We are now talking to the Democratic Governors about finding a way for them to exit from the NGA discussions. It is becoming more and more clear that the Republicans on the Hill are simply using the Governors for cover to cut and block grant Medicaid. The latest rumors indicate that the Republicans are even rejecting the most positive element of the NGA agreement, i.e., their provision to ensure that Federal dollars will follow enrollment increases. (They may release their new "vision" of the NGA agreement as early as next week.)

If the Republicans go back to capping (block-granting) the Medicaid program, the Democratic Governors will use this as an excuse to break free from the NGA process. They will say that the only way to get an acceptable agreement that can be enacted is to conduct Medicaid reform discussions on the Hill in a bipartisan manner. They will likely cite the Breaux/Chafee coalition as a good example of this. We will also be asking the Democratic Governors to publicly state that welfare reform should not be held hostage to ongoing (and yet to be concluded) discussions on Medicaid.

THE WHITE HOUSE

WASHINGTON

March 7, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: John Hilley

SUBJECT: Current Status of Breaux/Chafee Medicaid Alternative

cc: Carol Rasco, Alice Rivlin and Laura Tyson

During the last two days, the Members of the Breaux/Chafee balanced budget group have been meeting on the Medicaid provisions of their balanced budget proposal. If the tentative decisions they have made hold, the cuts and structural reforms in their package will virtually mirror your current proposal or, at minimum, be consistent with some of the compromises you have indicated would be acceptable. This memo, which Chris Jennings helped me draft, provides a quick summary of their current proposal and a sense of the politics and timing surrounding it.

Background on Current Breaux/Chafee Medicaid Policy

We have always evaluated any Medicaid proposal on the degree to which it provides for needed, new flexibility to the Governors and how well it ensures the financing, eligibility, benefits, and enforcement provisions that we believe are essential elements of the Medicaid "guarantee." The current Breaux/Chafee Medicaid proposal has either adequately addressed our previously stated concerns about the NGA resolution or, as is the case with the enforcement issue, has yet to make a final call on a problematic provision. Specifically:

- **Flexibility:** They incorporate all of your major new state flexibility provisions, including the repeal of Boren, the repeal of the cost-based reimbursement requirement for community health centers, and the elimination of the waiver process for states implementing managed care or attempting to expand coverage. They also change the status of community health center services to an optional, rather than a mandatory service.

- **Financing:** They build off the NGA financing formula, but eliminate the reduced state matching and the new provider tax provisions that the Governors advocated. Like your per capita cap, the structure seems to assure that federal dollars increase with enrollment. Also as in your financing proposal, they assume DSH cuts, with a portion of the savings being dedicated to set-asides for undocumented aliens (as was the case in the Republican bill as well) and community and rural health centers.

- **Eligibility:** They reinstate the children 13–18 phase–in provision and they keep a federal definition of disability, but amend it as in the welfare agreement. (As you may recall, this makes coverage optional for alcoholics, chemical and substance abusers, and some functionally–impaired SSI children.)

- **Benefits:** They appear to keep current law and standards for both mandatory and optional benefits, with the exception of giving the HHS Secretary the authority to narrow the definition of treatment services under EPSDT. (Their benefits recommendations are, therefore, more "liberal" than the fall–back position that we have discussed with you.)

- **Enforcement:** Although they reportedly are sympathetic to maintaining a federal right of action of individuals, they have not made a final decision on this issue. It is clear, however, that they are looking at options that you have supported previously, including the requirement that recipients go through the entire administrative appeals process prior to being able to file a case against the state.

- **Miscellaneous:** They are retaining current federal nursing home standards and enforcement provisions. They are very sympathetic to keeping Medicaid in Title XIX, but they have not made a final decision on this issue.

Process

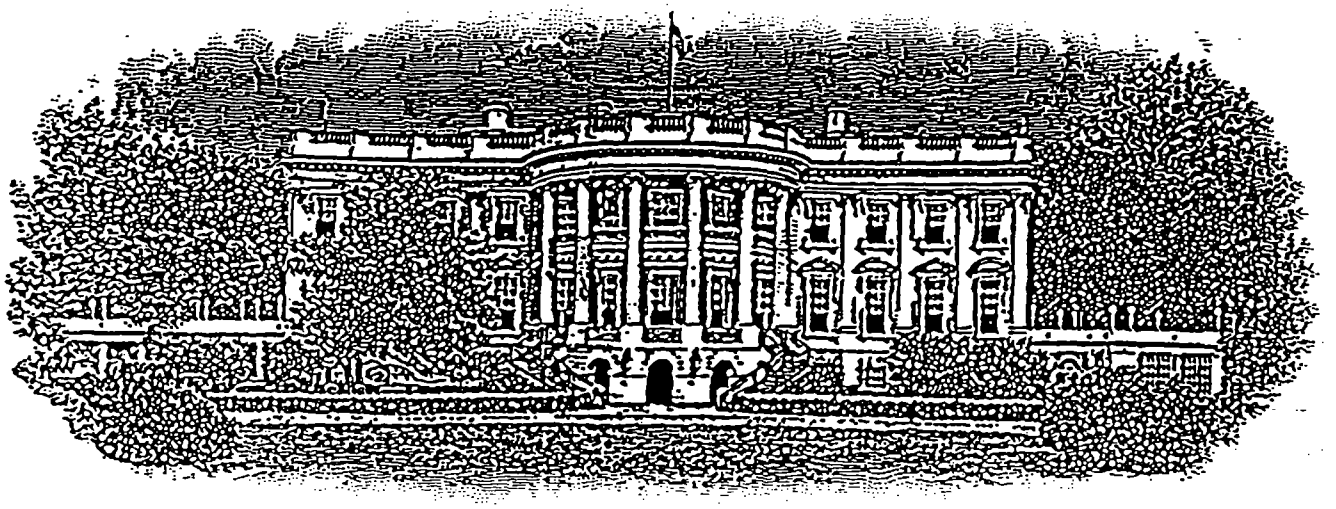
While developments surrounding the Breaux/Chafee Medicaid package are extremely encouraging, they cannot be viewed as "real" until and unless they are publicly released. The most important, and as yet unanswered, question is how Senator Dole will react to the package. Since the Republican Governors will not find this compromise to their liking, Senator Dole may come to a similar conclusion and pressure the moderate Republicans to backtrack. Even if they don't backtrack, it would be conceivable to see Republicans take the position that they support this package ONLY in the context of a balanced budget. They might say that they took a more moderate Medicaid approach only because they were "winning" on some of the other Republican entitlement priorities. For example, they might (internally) cite their 31 percent Medicare Part B premium provision that is assumed in the Breaux/Chafee package. If they take this "only in the context of a balanced budget" position, we may find any Republican–supported Medicaid/Welfare amendment on a debt limit to be a much more harsh and unacceptable Medicaid proposal than the one outlined above.

Timing

It is uncertain when the Breaux/Chafee group will go public with their new Medicaid and balanced budget proposal. They want to get it scored by CBO before they do, but they also understand that each passing day makes it more unlikely any package will have sufficient momentum to pass the Congress. It seems likely, however, that it will take at least another week before they will be able to release their package.

We will continue to keep a close watch on the Breaux/Chafee group. However, our best strategy seems to stay a step away from their work. If we are associated with it, the Republicans (and even some Democrats) may feel obliged to move to a more conservative position. We will keep you posted on developments.

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Julie / Carol

FAX NUMBER:

TELEPHONE NUMBER:

FROM: Elizabeth

TELEPHONE NUMBER:

PAGES (INCLUDING COVER):

COMMENTS: More materials for CA legislators.

6-2878

161780

State Capitol
Sacramento, CA 95814

4.18.96

California Legislature

Eliz Just saw this, FYI In case it's useful for CR's meeting. Diana

April 10, 1996

President William J. Clinton
The White House
1600 Pennsylvania Ave.
Washington D.C. 20500

Dear Mr. President:

The undersigned, State Legislators concerned with children and families in California, urge you to exercise the full authority of your office to reject the welfare proposal endorsed by the National Governors' Association meeting in early February.

The Governors' proposal retains many of the same problems that marked the Congressional conference committee plan that you vetoed earlier. Both require states to maintain only 75 percent of their 1994 efforts. According to the Center on Budget and Policy Priorities, this would permit states to withdraw at least $28 billion from income support, work, and child care programs.

In one key respect, the Governors' plan is far worse than the conference proposal. Both the conference plan and the U.S. Senate plan restricted contingency funds to states that maintain 100 percent of their 1994 state funding for income support, child care, and work programs. This provided an incentive -- the last remaining incentive in these bills -- for states to maintain their prior levels of support. The Governors' plan removes that incentive by permitting contingency funds for states that fail to maintain their 1994 state efforts.

Combined, these provisions will propel states to "race to the bottom" -- to cut their state contribution to levels lower than their neighbors. Consequently, exceptional injury would be visited upon vulnerable children and families.

That injury would be compounded by cuts to the food stamp program totaling $26 billion over the seven year period of the measure. This amount exceeds the cuts required in both the Senate bill and the conference bill. Those measures were totally unacceptable on this score -- the Governors' plan is even worse.

In addition, by permitting states to choose a food stamp block grant, the Governors' measure will undermine a key feature of the food stamp program -- the assurance of a floor of support for poor children and their families to guard against malnutrition and starvation.

We further oppose, and urge you to reject, the following:

- Provisions in the Governors' plan that substantially cut into nutrition programs, including especially deep cuts in the child and adult care food program.

- Provisions that allow states to convert child protection programs, including foster care and adoption assistance, into a block grant. Federal law simply must not permit states to fail to provide immediate assistance to abused or neglected children.

- Provisions that would permit the supplantation of state child care dollars with federal dollars.

In addition, in at least three ways, the Governors' Association has proposed a substantial erosion of Medicaid. Their proposal would permit a denial of coverage to otherwise eligible children over age 12. It would also permit states to substantially reduce their Medicaid benefit packages. Finally, the proposal would enable states to dramatically cut their own funding of the program.

We believe, instead, that basic health assurances should be expanded, not reduced. As with other cuts to vital services, the proposed Medicaid cuts, in our view, would severely undermine the well-being of vulnerable children, families, and persons with disabilities.

If enacted, the Governors' various proposals would consign more than a million children nationwide into poverty who otherwise would not be poor. Millions of other children and their families would be cast deeper into poverty. Hunger and malnutrition would likely increase. Illness and needless suffering would result. These are predictable consequences of the elimination of the federal guarantee of a floor of support behind each vulnerable child.

We support efforts to restructure federal and state programs so that families have a better chance of lifting themselves out of poverty. This does not require shredding the federal safety net. To the contrary, these proposals jeopardize the very survival of the most vulnerable members of our society.

Accordingly, we urge you to stand up for the vulnerable children and families of California and the nation. We stand with you in search for a better way.

Sincerely,

Members of the California State Legislature
(See attached signature page)

Assemblymember Antonio Villaraigosa

Senator Henry Mello

Assemblymember John Burton

Assemblymember Barbara Friedman

Assemblymember Brian Setencich

Assemblymember Sheila Kuehl

Assemblymember Kevin Murray

Assemblymember Martin Gallegos

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

29-Apr-1996 05:53pm

TO: Elizabeth E. Drye

FROM: Diana M. Fortuna
Domestic Policy Council

CC: Carol H. Rasco
CC: Bruce N. Reed

SUBJECT: california welfare and medicaid waivers

Possible issues that could come up at the state legislator briefing tomorrow:

1. California has had 2 welfare waivers pending for something like 2 years that cut benefits. In addition, a new benefit cut waiver request arrived last month. All of these have had bipartisan support in the state legislature.

One of the two old ones was finally approved recently -- the one that reinstated the Bush welfare cuts that were vacated under the Beno decision. The other old one is still pending, but HHS isn't sure whether the state means for the new request to replace the old one -- and they are afraid to ask.

The new request is to cut benefits by 4.9% across the board now, and give them blanket authority for future reductions. The old one had graduated benefit cuts of 15% and 25%, with a time limit.

Although HHS granted the Beno reinstatement, they have a technical argument that they did not approve any benefit cuts -- that the Bush administration really did it.

If asked, what Carol can basically say is that we worked out one of these waivers recently, and we are continuing to slog away....

2. There is the longstanding family cap waiver request pending (since November 1994). The difference of opinion is over an exception for first time minor mothers, which all other states have agreed to. In February we offered them an approval with this one change, and they rejected it. We have been at a standoff since then.

If asked, Carol can say that we have approved family cap waivers in something like 12 states, and HHS would approve this waiver immediately if the state would agree to HHS's provision on minor mothers.

On the Medicaid side, here is background on 2 issues that probably won't come up, but you never know.

1. We approved a major Medicaid managed care waiver called the "2-plan waiver" that will ultimately offer at least one public and one private managed care plan in each region. Advocates for public facilities are concerned that the private plans are getting a head start on enrollment.

2. When we were doing the LA County waiver, the state legislature passed a law that allowed any county with an interest to apply to the state to be added to the waiver. 28 counties have applied. The state is now trying to figure out how to proceed. HHS is considering laying out for the state some guidelines for what we would consider, to endeavor to limit it in some way. They have kept Emerson and me up to speed.

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*** ACTIVITY REPORT ***
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