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HEADLINE: Lawmakers Scramble Behind Closed Doors to Make Special Budget Deals
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During much of this week while President Clinton has been appealing to the American people to support his economic plan, members of Congress and pressure groups have been engaging in efforts to promote pet projects and peripheral causes before the final bill is sent to the printers.

In closed-door sessions, before and after the president's Tuesday night speech, members hashed out such side issues as a Medicaid grant for Puerto Rico, an exception for New York to a federal regulation on employer health plans and compensation for losses caused by preservation of the spotted owl. The New York regulatory exception was inserted by Senate Finance Chairman Daniel Patrick Moynihan (D-N.Y.) to counter a federal court ruling that got in the way of a bailout for the financially troubled Empire Blue Cross and Blue Shield.

The state legislature passed a law in 1988 requiring major corporations with large self-insured employee health plans to pay a 13 percent surcharge on hospital bills to subsidize lower rates for Blue Cross and Blue Shield patients. A federal court ruled in February, however, that the scheme was preempted by the federal law regulating employee health benefits.

As late as last Friday, Moynihan attempted to write in a simple waiver of the preemption in New York, congressional aides said. But he was unable to get a ruling from the Senate parliamentarian that the waiver met the standards of the Byrd rule, which is intended to keep out provisions extraneous to the budget.

Over the weekend, Moynihan devised a new strategy to achieve his goal, aides said. He proposed a special section in the tax code that would make the surcharge deductible from federal corporate taxes. It would thus cost the government money, have an impact on revenue and therefore no longer be extraneous to the budget.

Lobbyists for companies in New York continued to lobby against the provision yesterday, as did organized labor, fearing a precedent for taxing employee health benefits. The estimated revenue loss is $ 221 million over five years.

Similarly, a provision enabling public hospitals in Louisiana to capture millions of federal Medicaid dollars that would have been denied under earlier House and Senate versions of the bill was worked out in "one-on-one" negotiations late Tuesday between House Energy and Commerce Committee Chairman John D. Dingell and Sen. John Breaux (D-La.), according to sources.

Both the House and Senate bills placed limits on special federal Medicaid grants to hospitals serving high volumes of Medicaid and indigent patients. But Breaux, one of the

Democrats being avidly wooed by the Clinton administration, obtained language that will excuse most public hospitals in Louisiana from complying until 1995, the sources said. Also benefiting will be public hospitals in Los Angeles County, Chicago and New York City.

Those three jurisdictions were represented by key players in the budget negotiations: Reps. Henry A. Waxman (D-Calif.), chairman of the Energy and Commerce health subcommittee; House Ways and Means Committee Chairman Dan Rostenkowski (D-Ill.) and Moynihan.

Yesterday, the conferees also reached final agreement on increasing federal payments to Puerto Rico under the Medicaid health program for the poor by $ 100 million over the next five years.

The talks on the Puerto Rican payments were reopened at the urging of Waxman and Moynihan. As part of the trade-off, Waxman agreed to drop a provision sought by California, Texas and Florida -- and previously approved by the conferees -- to provide $ 300 million in additional federal Medicaid funds for the costs of emergency health services to illegal aliens.

A last-minute loser in the late-night Medicaid talks was a Washington, D.C.-based health maintenance organization, Chartered Health Plan Inc., whose cause was promoted with Dingell until late Tuesday by Rep. Harold E. Ford (D-Tenn.), chairman of the Ways and Means human resources subcommittee, and Del. Eleanor Holmes Norton (D-D.C.).

Ford and Norton had sought a waiver of federal provisions that can be used to restrict the flow of Medicaid funds to HMOs when more than three-quarters of their clientele are on Medicaid. But the waiver provision for Chartered Health Plan was dropped after it appeared the provision violated parliamentary rules. Norton said Dingell and Waxman had promised to take up a separate bill covering waivers for the District company and others.

Congressional negotiators also resolved a dispute over a synthetic bovine growth hormone designed to boost milk production, which critics complained would hurt small farmers by flooding the market. Senate negotiators extracted an agreement that would delay the commercial sale of the hormone for 90 days after its approval by the Food and Drug Administration.

CORRECTION-DATE: August 7, 1993, Saturday, Final Edition

CORRECTION: An article about the federal budget Thursday should have made clear that an additional $ 100 million for Puerto Rico's Medicaid program will not come from funds for emergency medical services for illegal immigrants. The money will come from savings generated by a new clearinghouse charged with identifying Medicaid and Medicare costs that should be paid by private insurers instead of the government.