

THE WHITE HOUSE
WASHINGTON

July 23, 2000

MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings

SUBJECT: Update on Response to the ARKids First Decision

cc: John Podesta, Bruce Reed, Mickey Ibarra, Chuck Brain, Karen Tramontano, Jeanne Lambrew

On Friday, HHS informed the state of Arkansas informing it that, after careful consideration, we were denying their request to alter the terms of their Medicaid waiver and permit Medicaid eligible children to be enrolled in the ARKids First program. The letter praises the Governor for his leadership in expanding coverage to children and for committing to moving towards eliminating many of the enrollment barriers currently existing in the traditional Medicaid program. Overall, we believe the decision and the rollout around it has been generally well received and we are expecting editorial support from the *Arkansas Democratic Gazette*. Attached is the final copy of HCFA's letter to the state announcing the Administration's decision as well as recent articles on the state response.

Governor Huckabee's response to the decision was predictably critical. He threatened to ignore the HHS ruling requiring the reenrollment of Medicaid eligible children into the traditional Medicaid program and dared HHS to use its enforcement authority to reduce funds to the state because of its non-compliance.

In contrast, the decision was positively received by most other interested parties. The Democratic Congressional delegation, and State Senator Mike Ross, a longstanding supporter of the ARKids program, have been extremely positive. While the Republican delegation is generally supportive of the Governor, they have been noticeably temperate in their response. In fact, Congressman Dickey told Nancy Ann Min DeParle that he wasn't certain that he was still supportive of the state's position, and Senator Hutchinson has stated that he wants to study the issue further before taking any position.

Amy Rossi, a well known advocate for children and supporter of the ARKids program, informed us Friday that she felt that it was a balanced decision in that it did not require the immediate disenrollment of Medicaid-eligible children from ARKids until early next year, when all children must go through a redetermination process.

Asked to respond to the Governor's reaction, Congressman Berry underscored his belief that Medicaid eligible children should be in the traditional program because it is a better program. Congressman Snyder pointed to the 1997 ARKids agreement with the Federal government, which explicitly stated that Medicaid eligibles would not be permitted to be enrolled in ARKids.

Senator Bumpers, who will be flying to Arkansas with you on Tuesday, strongly supports the Administration's decision on this issue. We have worked closely with him throughout this process, and he may be useful to you in discussing the local response to our decision in more detail.



Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

JUL 21 2000

Mr. Ray Hanley, Director
Department of Medical Services
P.O. Box 1437, Slot 1100
Little Rock, Arkansas 72203-1437

Dear Mr. Hanley: ^{Ray:}

We have completed our evaluation of Arkansas' proposal to modify aspects of the State's traditional Medicaid program and the Medicaid waiver program known as ARKids First outlined in your letter of November 12, 1999. I would like to thank you and your staff for your willingness to work with us during the review process. We appreciate your understanding and patience as we worked to give your proposal the careful consideration and thoughtful review it deserved.

Let me begin by saying that there is no doubt that Governor Huckabee's leadership in expanding Medicaid coverage to children in families with incomes below 200 percent of the poverty level has truly made a difference in the lives of Arkansas' families and is a laudable achievement. As the State's financing partner, providing 73 percent of the funding for the Arkansas Medicaid program, we are pleased to be making a contribution to the State's strong commitment to the health and well-being of its children.

We also commend and greatly encourage the State's consideration of proven options to reach out to low-income, uninsured children and creating a more seamless system of outreach and enrollment, including:

- Developing a common application form for all public child health coverage, which should go a long way toward reducing needless paperwork and confusion;
- Ending the requirement that families apply in person to receive coverage under the traditional Arkansas Medicaid program and allowing families to mail in their applications (the current practice for the ARKids Medicaid waiver program), which will clearly eliminate the one of the largest barriers to applying for traditional Medicaid; and
- Changing the name of the traditional Arkansas Medicaid program to ARKids, as both the Medicaid waiver program and the Arkansas State Child Health Insurance Program are called, which will help accomplish our mutual goal of eliminating any welfare stigma that may be associated with the traditional Medicaid program.

Should Arkansas fully implement these program enhancements, it will join many other States, including Indiana, New Jersey, and South Carolina, that have taken one or more of these steps. We are confident that these and other commitments to simplification will make significant progress in our mutual commitment to provide health coverage to uninsured children. We stand ready to provide any technical assistance your staff might need in adjusting your eligibility and enrollment processes to take advantage of the statutory flexibility that exists. And as you know, the State is eligible for additional matching funds to help implement these changes.

We regret that as of this writing, Arkansas is apparently unwilling to drop its assets test for families applying for the traditional Arkansas Medicaid program, as it has done for ARKids. Eight years ago, almost every State had an assets test for their Medicaid population. However, State experience since then indicates that this requirement – and the paperwork it requires – often serves as a deterrent to eligible families applying for coverage. Today, more than forty States do not use an assets test to determine eligibility for children applying to the Medicaid program, and experience no discernible problems or abuses.

Clearly, with the exception of maintaining the assets test, the program improvements the State is considering are a constructive way to reach out to all low-income children in Arkansas. We commend you and strongly encourage you to move forward and implement them. However, after a careful review of the operations of the ARKids waiver program and a detailed analysis of Congressional action and Administration policy, we have decided not to approve your request to change the terms of the ARKids waiver.

Your requested change would remove important safeguards designed to assure that children receive the protections and benefits for which they are eligible. Under longstanding Federal law, poor children eligible for traditional Medicaid cannot be charged for the cost of services, whereas ARKids, which covers children with higher incomes, requires co-payments for certain health services. In addition, the traditional Medicaid program includes important health benefits, such as hearing services and hearing aids, physical therapy, and hospice care, that are not covered by the ARKids program.

While reduced benefits and higher cost sharing are permitted as part of the State Child Health Insurance Program and may be appropriate for families with incomes above traditional Medicaid eligibility standards, in the SCHIP law the Congress enacted a requirement for States to assure that children who are eligible for the traditional Medicaid program receive the full benefits and protections that program provides. Because of the clear Congressional intent and longstanding Administration policy implemented by both Republican and Democratic Administrations that coverage expansions were not intended to lead to a diminution of coverage for lower income children, we believe the same policy should apply to a Medicaid waiver program.

This position is reflected in the agreement reached between Arkansas and HCFA when the ARKids waiver was approved. The executive summary of the ARKids waiver proposal submitted by the State on April 23, 1997, stated that ARKids was intended to insure children who were "not otherwise Medicaid eligible at this income level [below 200 percent of the poverty level] statewide." This intention was affirmed in the August 17, 1997, letter from Bruce Vladeck announcing approval for the ARKids program, which stated that this waiver would provide Federal matching payments to insure children who would "not otherwise be eligible for Medicaid."

In order to ensure that the ARKids program operates in compliance with the terms under which the waiver was developed and approved, we believe that Arkansas must establish procedures to ensure that children eligible for the traditional Medicaid program are enrolled in that program rather than ARKids. In addition, in order to ensure that children who are eligible for the traditional Medicaid program but are currently enrolled in ARKids will be able to access the full range of benefits for which they are eligible, the State will need to implement a process by January 1, 2001, to screen all currently enrolled children when they are redetermined eligible for benefits and enroll them in the traditional Medicaid program if they are eligible for those benefits. This timetable allows adequate time for the State to plan a smooth transition and adopt the measures it has proposed so that the two programs – traditional Medicaid and the Medicaid demonstration program – can be converted into a more seamless system of coverage.

We share a common goal – to increase the number of children enrolled in affordable, comprehensive, health insurance coverage. The State's proposals to improve the traditional Medicaid program in Arkansas will make an important difference. The additional steps detailed in this letter to ensure the effective operation of both the traditional Medicaid program and the ARKids program will advance that goal as well. We stand ready to work with you to implement these important changes to the program.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Westmoreland", written over a large, stylized capital "C" that serves as a decorative initial.

Timothy M. Westmoreland
Director

The Associated Press State & Local Wire

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July 22, 2000, Saturday, BC cycle

12:59 AM Eastern Time

SECTION: State and Regional

LENGTH: 1112 words

HEADLINE: Feds deny state authority to offer poor families choice

BYLINE: By JAMES JEFFERSON, Associated Press Writer

DATELINE: LITTLE ROCK

BODY:

The federal government Friday declined to authorize the state to enroll Medicaid-eligible children in a basic health insurance program offering fewer benefits and co-payments.

A spokesman for Gov. Mike Huckabee said, however, that Huckabee would defy the federal agency's order until President Clinton threatens to cut off federal funding for the **ARKids** First program.

"We want Clinton to make the decision," Huckabee spokesman Rex Nelson said. "We would want the president to stand up in the White House and say, 'I'm personally cutting off dollars in my home state.' We'll see what the fallout is. I'm certain it would likely be greater on him than on us."

White House spokesman Jason Schechter said in response that Clinton fully supports the turn-down by the federal Health Care Finance Administration.

"We are proud of Arkansas' leadership in wanting to extend health insurance for children, but we also believe that ... Medicaid-eligible children should have access to a comprehensive package of benefits," Schechter said. "The Medicaid waiver that allowed **ARKids** was designed to build on ... Medicaid, not replace it."

Chris Peacock, spokesman for HCFA, declined to say what his agency might do to enforce its order. He said he expects the state to comply.

Arkansas' request was to alter a waiver that allowed the state to create the **ARKids** First program.

The HCFA director said in his response Friday that the change would "would remove important safeguards designed to assure that children receive the protections and benefits for which they are eligible."

Under **ARKids**, recipients pay for less coverage, but Huckabee's administration says many families eligible for Medicaid prefer **ARKids** to public assistance.

"We believe Arkansas families should have some choice. They have apparently reiterated that they don't," said Joe Quinn, spokesman for the state Department of Human Services, which oversees both programs. "We're studying the letter and the ramifications that it will have for us."

HCFA gave the state until Jan. 1 to put in place a screening process to move Medicaid-eligible children

now enrolled in **ARKids First** to the traditional program.

On Aug. 1, DHS plans to implement a single application intended to create more seamless coverage. Quinn said he wasn't sure what the state would be required to do beyond those measures.

Nelson said the administration's response to HCFA's notice Friday "frankly is to get George W. Bush elected, someone who understands the idea of giving states flexibility to make programs work."

Nelson later clarified his comments, noting that Huckabee supports the presumed GOP nominee's presidential bid but that the administration was not actively campaigning for Bush.

"We continue to believe that we have a program that has ensured more Arkansas children than have ever been insured before, and is working," Nelson said. "We would be interested in getting some direct response by President Clinton on how he feels about the program

"Our goal is to insure as many children as we can. We would hope that President Clinton shares that goal. We think he needs to know the facts."

Some 54,000 Arkansas children are enrolled in **ARKids First**. Another 150,000 children are on Medicaid, the federal-state health care program for the poor, elderly and the disabled.

State Human Services officials say there's no way to determine how many **ARKids** children would qualify for Medicaid because they've never been through the Medicaid application process.

Arkansas Community Organizations for Reform Now, a community action group, praised the federal government's ruling. ACORN accused the state of deliberately stigmatizing Medicaid with an onerous application that forced poor families to enroll in **ARKids**.

HCFA notified the state last October that it was not in compliance with a federal waiver granted in 1997 to receive federal funding for basic health insurance for children whose parents' income was too high to qualify for Medicaid but too low to afford health insurance.

HCFA ordered the state to quit enrolling Medicaid-eligible children in **ARKids First**, and said the state must screen current participants and enroll them in Medicaid if they qualify for the public assistance program.

At the time, Huckabee said he would ignore the order and continue giving poor parents an alternative to welfare until HCFA pulled funding and killed the program. HCFA set no deadline for compliance.

The state Department of Human Services, which oversees both programs, proposed a no-hassle application for poor families who choose Medicaid over **ARKids**. DHS proposed to use the same application to enroll participants for both Medicaid and **ARKids First**.

The agency also proposed to allow application for both programs by mail, eliminating a trip to the county office to apply for Medicaid, which officials said stigmatized the program.

The state retained the right to apply an assets test for Medicaid applicants as a requirement to qualify for the program that covers every service without any contribution by the family. **ARKids First** participants pay a nominal co-payment for a more limited range of services.

In cases where both assets and income levels are within Medicaid limits, children would qualify for either Medicaid or **ARKids First** and would be enrolled in the program of their parents' choice.

If the applicant failed either test, the child would be approved for **ARKids First**, provided the family income level was within 200 percent of the poverty level.

Additionally, all Medicaid coverage for children would become part of the **ARKids** program, likely with

some designation for categories of benefits.

"We have done everything that HCFA asked us to," Nelson said Friday. "The only thing we've asked for in return is that, if for whatever reason, a child whose parents are Medicaid eligible asked for the **ARKids** program, that they would be allowed to do so."

In his letter to DHS Friday, HCFA Director Timothy Westmoreland complained that Arkansas had not followed dozens of other states in dropping the assets test for Medicaid eligibility. State officials pointed out that Clinton imposed the assets test when he was Arkansas governor.

Westmoreland did commend the state for developing "a constructive way to reach out to all low-income children in Arkansas."

But he said the state was violating federal law and congressional policy against charging Medicaid-eligible families for the cost of health services.

Also, he noted, Medicaid includes such benefits as hearing aids and services, physical therapy and hospice care not covered by **ARKids**.

LANGUAGE: ENGLISH

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RETURN to Arkansas Section / Saturday, July 22, 2000

Huckabee won't obey on ARKids

MICHAEL ROWETT AND SETH BLOMELEY
ARKANSAS DEMOCRAT-GAZETTE

The feud over the ARKids First Medicaid program reached a high-stakes level Friday with Gov. Mike Huckabee pledging to ignore a Clinton administration order to stop giving parents a choice between general Medicaid and ARKids.

A Huckabee spokesman said the governor is willing to defy the federal mandate in hopes that fellow Republican George W. Bush is elected president in November or until Clinton threatens to cut off federal funding for ARKids.

"We want Clinton to make the decision," said spokesman Rex Nelson. "We would want the president to stand up in the White House and say, 'I'm personally cutting off dollars in my home state.' We'll see what the fallout is. I'm certain it would likely be greater on him than on us."

The federal Health Care Financing Administration on Friday denied Huckabee's request that the state continue to allow low-income parents the choice between the two child health-coverage programs. ARKids offers fewer benefits and requires a copayment; general Medicaid is free and covers 21 additional services.

White House spokesman Jason Schechter said Friday that Clinton "fully supports" the health-care administration's decision.

"We are proud of Arkansas' leadership in wanting to extend health insurance for children, but we also believe that [general] Medicaid-eligible children should have access to a comprehensive package of benefits," Schechter said. "The Medicaid waiver that allowed ARKids was designed to build on [general] Medicaid, not replace it."

Arkansas was given until Jan. 1, 2001, to implement a plan to transfer all general Medicaid-eligible children now in ARKids First to the general Medicaid program.

Health-care administration spokesman Chris Peacock wouldn't say what the federal government might do to enforce its ARKids directive. He said he expected the state to comply.

State Medicaid Director Ray Hanley and Huckabee insist that parents want and should be given the choice of participating in ARKids to show that they want to contribute to their children's health care. They contend that proud parents might not sign up their children for general Medicaid because of a "stigma" attached to the program. Both programs are funded by Medicaid dollars.

"Your requested change would remove important safeguards designed to assure that children receive the protection and benefits for which they are eligible," the health-care administration said in a letter to Hanley.

The letter reiterated that the intent of Congress for Medicaid expansion plans, such as ARKids, wasn't to diminish health coverage for low-income children. The letter quoted the state's 1997 ARKids proposal that said the program was for children who would "not otherwise be eligible for Medicaid."

Medicaid and ARKids are funded with \$1 of state money to every \$3 from the federal government.

One state legislative leader said Friday that Huckabee shouldn't battle the federal government on this issue. House Speaker-designate Shane Broadway, D-Bryant, said he favors choice but wants Congress to sort things out.

"We have to abide by what the federal government says," Broadway said. "We don't need to be combative at this time."

Broadway also said he has a problem with how the state has marketed the ARKids program, spending \$500,000 a year on advertising.

"You have all these ARKids commercials touting ARKids but no promotion of Medicaid out there," Broadway said. "It stands to [reason] that people will call ARKids because that's what they've seen on TV."

Hanley said that a change his department is making will help. On Aug. 4, the Department of Human Services will combine the applications for Medicaid and ARKids. Both will be under the ARKids banner; the department will call Medicaid for children "ARKids A" and "ARKids B." Future commercials will let people know about the change, he said.

The application doesn't mention that both are Medicaid programs or that ARKids A is the general Medicaid program.

"We just don't think it's necessary," Hanley said. "A lot of the criticism has been that people choose ARKids over Medicaid because of historical stigma of Medicaid. We want people to make the best informed choice."

The application lists both programs and their costs and benefits. If parents choose the current ARKids program but would qualify for general Medicaid, the department will double-check with those applicants before signing them up for ARKids B, Hanley said.

If they check "either," Hanley said, the department will put them in the program for which they qualify financially.

The department is planning a joint venture with the state Department of Education in which participating school systems will be paid a per-application fee for signing up children in either program. The money could be used to offset the cost of school nurses, Hanley said.

The Health Care Financing Administration's letter, written by Timothy Westmoreland, director of the administration's Center for Medicaid and State Operations, compliments Hanley and Huckabee for making these changes:

- Developing a common application form for both programs.
- Allowing parents to mail in an application rather than apply in person at a state welfare office. This change eliminates "one of the largest barriers" of families applying for Medicaid, Westmoreland said.
- Placing both programs under the ARKids heading.

But the letter urged the state to drop an "assets test" used when processing general Medicaid applications. The test, of how much property or money one has, isn't used for ARKids.

Arkansas Community Organizations for Reform Now, an advocacy group which has sharply criticized Huckabee on the ARKids issue, demanded the state drop the assets test.

"There should be absolute, complete parity between the two programs," said Neal Sealy of Little Rock, an ACORN spokesman.

Huckabee and Hanley defend the assets test.

"We have an obligation to all the taxpayers of Arkansas to make sure that taxpayer dollars aren't going to people who don't need it," Nelson said.

He accused the Clinton administration of being hypocritical, since the assets test for Medicaid was imposed during the 1980s when Clinton was governor of Arkansas.

The White House responded Friday by saying that most states used the test during the 1980s, but now fewer than 10 do so. The federal decision could spark legislative maneuvering by members of Arkansas' congressional delegation sympathetic to the state's position.

U.S. Rep. Jay Dickey, R-Ark., said Friday that he may introduce legislation to allow the state to continue allowing parents to choose between the programs.

The state's delegation in the U.S. House has split along party lines on the issue. Dickey and fellow Republican Rep. Asa Hutchinson generally support Huckabee's position, with Democratic Reps. Vic Snyder and Marion Berry being more skeptical.

Dickey said he doesn't think ARKids will be an issue in the November election. But state Sen. Mike Ross of Prescott, Dickey's Democratic opponent, said he agrees with the Clinton administration.

As one of the co-sponsors of the 1997 legislation that set up ARKids, Ross said he doesn't understand the governor's argument about parents keeping their children out of general Medicaid out of pride.

"I'd hope that pride wouldn't let kids go untreated," he said.

The general Medicaid program is for families with incomes at or below the federal poverty level. The health-care administration has said ARKids is for families with incomes up to twice the federal poverty level.

Services not covered by ARKids but provided by general Medicaid are mainly for children with disabilities and those who require hearing aids, physical therapy, specialized wheelchairs and hospice care.

The Human Services Department, which runs Medicaid in the state, on Friday couldn't provide a estimate of how many children enrolled in ARKids come from families that would qualify for general Medicaid on the basis of income. The most recent estimate, as of Sept. 23, 1999, put the figure at 26,418 out of a total ARKids enrollment of about 55,000.

But because Arkansas requires families applying for general Medicaid to pass an assets test, besides having incomes below the poverty level, it's unclear how many of those children could actually enroll in the more generous program.

A family earning below the poverty level but having assets of more than \$2,000 are ineligible for general Medicaid in Arkansas. A family earning more than the poverty level is ineligible for general Medicaid but could qualify for ARKids and would not face an assets test.

This article was published on Saturday, July 22, 2000

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RETURN to Arkansas Section / Sunday, July 23, 2000

Huckabee draws heat for stand on ARKids

SETH BLOMELEY
ARKANSAS DEMOCRAT-GAZETTE

Arkansas' Democratic congressmen Saturday advised Republican Gov. Mike Huckabee to stop defying the federal government and give up his zealous defense of the way he wants the ARKids First Medicaid program run.

"I don't see why a declaration of war or a refusal to obey the law has become [Huckabee's] solution," said U.S. Rep. Vic Snyder, a Democrat from Little Rock.

Huckabee on Friday promised to test President Clinton. The governor, through a spokesman, said he wants to see whether Clinton would yank federal dollars for ARKids if the state continues to allow low-income parents to choose between two health coverage plans: the ARKids version of Medicaid and the more generous general Medicaid.

"I just think it's regrettable. It's being dealt with as a political issue," U.S. Rep. Marion Berry, a Democrat from Gillett, said during a break at the state Democratic Party convention in Little Rock, also attended by Snyder. "The real issue is providing health care for children. If we push [children] over into ARKids First, then we have children that simply don't get the treatment they need, and that's not right."

The federal Health Care Financing Administration notified state officials Friday of its rejection of Huckabee's request to give parents their choice of programs. ARKids First requires a co-payment while Medicaid is free and offers more services.

Reached Saturday by telephone at the Governor's Mansion, Huckabee affirmed his desire to vigorously defend his position on ARKids. He said his stance isn't about what he wants, but what parents want.

"I resent highly the attacks by Snyder and Berry calling this a political issue, and if they've been in Washington so long that they are no longer in touch with Arkansas parents and don't believe that parents have pride and want to make choices for their kids, then it's time for both of them to come home," Huckabee said.

Huckabee said he expected fellow Republican Texas Gov. George W. Bush to be elected president in November and that Bush would be more sympathetic and allow the state to continue offering the choice between programs.



Marion Berry



Vic Snyder

But Huckabee added that even if Democratic Vice President Gore is elected president in November, he won't change his mind.

"It's not whether I'll take the heat," Huckabee said. "Will the Gore administration take the heat for denying these kids the coverage? How is it my fault if the federal government cuts off funding? I was the governor who gave [parents] the stinking option. They didn't [previously] have an option. That's what makes us furious about this."

Huckabee and state Medicaid Director Ray Hanley have said they want to give parents options because some prideful parents would rather reject general Medicaid because of the stigma they say some attach to it.

But to Berry, the goal should be making sure low-income children have coverage.

"If [children] qualify for Medicaid they should be in Medicaid because it's such a better program," Berry said. "ARKids First is better than nothing, but it's not anything as good as Medicaid."

Services not covered by ARKids but provided by general Medicaid are mainly for children with disabilities and those who require hearing aids, physical therapy, specialized wheelchairs and hospice care.

Snyder said the state agreed in 1997, when it proposed the ARKids idea to the federal government, to use ARKids for low-income children ineligible for Medicaid.

"I've seen the paperwork and that's what it says," Snyder said. "It's disappointing to see this kind of uproar. I'm perplexed why we continue to have this fight. I keep hoping it's going to be resolved amiably. I'm just disappointed with the governor's statement that he seems to be wanting to go to war."

Snyder said he expects to discuss ARKids with Huckabee the next time the governor visits Washington.

Huckabee said the state isn't breaking its 1997 agreement because children aren't eligible for general Medicaid until their parents apply for it. He called the federal government "arrogant" to say that children "will either have Medicaid or nothing."

The general Medicaid program is for families with incomes at or below the federal poverty level. The health-care administration has said ARKids is for families with incomes up to twice the federal poverty level.

The health-care administration has given Arkansas until Jan. 1, 2001, to implement a plan to make sure all general Medicaid-eligible children are in that program and not in ARKids. A Clinton spokesman Friday said the president supports the health-care administration's mandate.

If a funding cut comes before then, Republicans will get the upper hand in the White House, Huckabee said.

"If the federal government is stupid enough to cut off funding for children then it will certainly ensure the election of George Bush, who will unquestionably apply some common sense and respect for parents," the governor said.

Medicaid and ARKids are funded with \$1 of state money to every \$3 from the federal government.

The state Department of Human Services, which runs Medicaid in the state, on Friday couldn't provide a estimate of how many children enrolled in ARKids come from families that would qualify for general Medicaid on the basis of income. The 1999 estimate put that figure at 26,418 children of about 55,000 enrolled in ARKids.

The state's Republican congressmen have generally supported Huckabee on the issue.

U.S. Rep. Jay Dickey of Pine Bluff said Friday he may introduce a bill to allow parents a choice between Medicaid programs. U.S. Rep. Asa

Hutchinson of Fort Smith said Friday he regretted the health-care administration's decision but wants to talk further with Huckabee and federal officials before deciding what to do.

This article was published on Sunday, July 23, 2000

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July 23, 2000

MEMORANDUM TO HILLARY RODHAM CLINTON

FROM: Chris Jennings

SUBJECT: Update on ARKids First / Medicaid Decision

cc: Melanne Verveer

You may recall that Governor Huckabee has been requesting new waiver authority from HHS to “voluntarily” enroll Medicaid eligible children into the ARKids First program. He has taken the position that many parents of these children associate a stigma with Medicaid and would much prefer enrolling their children in ARKids even though it has a less generous benefit package and requires increased cost sharing of beneficiaries.

When we first approved the ARKids program in 1997, we did so with the explicit understanding that Medicaid eligibles would not be enrolled in the ARKids program. Arkansas has since enrolled over 50,000 children into ARKids, and it has been an enormous success. However, as many as 40 percent of these children may be eligible for the traditional Medicaid program, and as such have been unnecessarily exposed to higher cost sharing and fewer benefits.

On Friday, we advised the Governor that consistent with our previous contractual agreement, we would not authorize the enrollment of Medicaid eligible children into ARKids First. We advised the state that not only would a decision to the contrary be at odds with the original agreement, but it would be inconsistent with longstanding Medicaid policy and potentially open the door to numerous other states attempting to encourage Medicaid eligible children to enroll in the less generous CHIP programs in order to receive the higher Federal matching rate.

Every single national children’s advocacy organization and every Democrat we are aware of strongly supports this decision. However, there may be Republicans who would join with Governor Huckabee in their contention that not allowing a choice between programs is the ultimate example of Federal paternalism. We have countered that those who cite Medicaid stigma as a barrier to enrollment to the traditional Medicaid program have been guilty of creating the stigma in the first place. We have further stated that we should not contemplate a choice model such as the one advocated by the Governor until all administrative barriers to Medicaid enrollment are eliminated and the state takes proactive measures to address lingering perceptions of Medicaid as a welfare program.

Attached is our memo to the President appraising him of the state’s reaction to our decision, as well as some questions and answers we developed to prepare for the rollout of this decision. I thought you might want to have this information before your trip to Arkansas.



RETURN to Editorial Section / Tuesday, July 25, 2000

Poor kids and politics: *The feds strike back*

THE FEDERAL government is right. Now *there's* a sentence you don't hear every day, unless it's said in a sarcastic tone. But we're not kidding. The feds are right to make the state of Arkansas follow the rules on Medicaid and Medicaid Lite--the successful, aggressively marketed, can't-turn-on-the-tube-without-seeing-the-Guv-tout-it ARKids First program.

ARKids was supposed to be for families who make too much money to qualify for Medicaid but not enough to afford their own insurance. But a lot of families who are eligible for basic Medicaid are choosing ARKids First.

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"I cannot believe you've been given the whole story," Huckabee wrote Clinton.

The governor suggested the president talk to his friend and adviser Skip Rutherford of Little Rock and to Amy Rossi of Little Rock, who is executive director of Arkansas Advocates for Children and Families and is a friend of both Clinton and Huckabee.

The letter was disclosed by Huckabee to the Voices page of the *Arkansas Democrat-Gazette*. That page published the letter today in full. The letter said Huckabee would share his letter with the people of the state "so they can know the facts." Huckabee spokesman Rex Nelson said late Monday he wouldn't release the letter to news reporters until today.

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But he said the state needs to make a major change -- the process to sign up for the general Medicaid health insurance program should be the same as for ARKids. People signing up for general Medicaid shouldn't have to prove the amount of their assets to the state, Rutherford said. The ARKids program, unlike the general Medicaid program, imposes no such requirement.

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things should be changed. The assets test has outlived its time."

Huckabee was criticized Saturday by Democratic U.S. Reps. Vic Snyder of Little Rock and Marion Berry of Gillett. Snyder said Huckabee's decision for a "declaration of war" against the federal government was excessive. Berry said that the issue shouldn't be parental choice but getting the best care possible to children. ARKids, Berry said, isn't as good a program as general Medicaid.

Rossi, like Rutherford, didn't know about the letter. Last week she called parental choice "the governor's preference." Reached Monday, she said she didn't want to comment on that aspect of ARKids.

Last week she defended ARKids, saying that applicants will know for sure what program they are choosing because of changes the Department of Human Services is making. Effective Aug. 4, the state will use the same form to sign up children for both programs. General Medicaid will be called "ARKids A" and the current ARKids will carry the "ARKids B" name.

Rossi said it doesn't matter that the word "Medicaid" isn't mentioned on the form. Both programs are funded with 75 percent federal money and 25 percent state.

"I'm going to succumb to marketing that gets a positive response," Rossi said. "This image ... ARKids First ... it is very positive. People like it."

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General Medicaid has come to have a negative connotation with some people, Wroten said. If calling general Medicaid "ARKids A" will encourage parents to accept regular Medicaid instead of ARKids, that should be considered a positive thing.

If there's going to be choice between programs, Rutherford said the state must clearly state the difference.

"I think with ARKids there's a lot of advertising and promotion," Rutherford said. "There's not the similar advertising and promotion for Medicaid. That's been one concern. I applaud the governor for the ARKids program ... but I can certainly understand the federal government's position."

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The state spends \$500,000 a year to market ARKids.

The governor will make an appearance with Razorbacks football coach Houston Nutt on Wednesday to talk about how coaches can promote ARKids.

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July 25, 2000

NOTE TO STEVE RICCHETTI

FROM: Chris Jennings

SUBJECT: ARKids First

Before you left for Arkansas, we wanted you to have a copy of the memorandum we sent to the President on the ARKids First issue, as well as copies of the most recent news coverage to take with you on today's trip – including an editorial from today's *Arkansas Democratic Gazette* that strongly validates our position on this issue.

Attached are: (1) a copy of the original memorandum to the President; (2) today's news coverage on this issue; and (3) a copy of Governor Huckabee's letter most recent letter to the President.

Please call with any questions.

✓

Steve – see note on "asset test" on
back of ^{today's} article.

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a horizontal line and a small flourish.

Today's
Arkansas Democrat Gazette



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Poor kids and politics: *The feds strike back*

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Steve

Arkansas implemented the "assets test" when the President was the Governor at a time when ^{virtually every} ~~most~~ states used them. Since that time, ~~the~~ most have dropped the test (only 8 now use it) because they have found it decreases enrollment of eligible populations (because they find it degrading) and does little to nothing to prevent fraud.

To Chris
From Janet

1. THURSDAY, JULY 20 (STARTING AT 5:00 pm)

- 1.1 Skolfield to Bumpers
- 1.2 Jennings or Lambrew to *Center on Budget and Policy Priorities* and *Families USA*
- 1.3 Horvath to Bridget Taylor, Karen Nelson & Mark Miadusky

2. FRIDAY, JULY 21 - ROLL OUT DAY

2.1 Between 9:30 and 10:00

- 1. Westmoreland & ASL/OL to Berry and Snyder

2.2 At 10:15 (simultaneously):

2.1 DEPARLE Call to Huckabee (and letter faxed by HCFA/IGA)

2.2 Westmoreland to Hanley (and letter faxed by HCFA/IGA)

2.3 Hyman to Gov's Chief of Staff, Brenda Turner (and letter faxed by OS/IGA)

2.4 Westmoreland & ASL/OL to other Commerce, Appropriations, and Finance Staff

2.5 Jennings to Lincoln staff (letter to be faxed by ASL)

2.6 Jennings to Rossi (letter to be faxed by DPC)

2.3 11:00 (simultaneously):

3.1 Skolfield to Smith (Children's Hospital) and Rutherford (letter to be faxed by OASPA)

3.2 ASL/ OL faxes to Delegation (Lincoln, Hutchinson; Berry, Snyder, and Dickey)

3.3 Westmoreland and ASL/OL Minority staff of House and Senate Appropriations and Senate Finance (letter to be faxed by ASL)

3.4 ASL/OL faxes to staff of House Commerce, House and Senate Appropriations, and Senate Finance (and offers briefings)

3.5 HCFA/IGA to fax letter to *Center on Budget and Policy Priorities* and *Families USA*

3. 12:00 (and thereafter)

3.1 **DeParle to Dickey (2:00)**

3.2 Peacock to Arkansas Press Contacts

3.3 Mann to ACORN (letter to be faxed by Mann)

3.4 **(4:30) Secretary Shalala to call Senator Lincoln**

7-25-00

THE WHITE HOUSE

WASHINGTON

July 23, 2000

Copied
Jennings
Podesta

MEMORANDUM TO THE PRESIDENT

FROM: Chris Jennings

SUBJECT: Update on Response to the ARKids First Decision

cc: John Podesta, Bruce Reed, Mickey Ibarra, Chuck Brain, Karen Tramontano, Jeanne Lambrew

On Friday, HHS informed the state of Arkansas informing it that, after careful consideration, we were denying their request to alter the terms of their Medicaid waiver and permit Medicaid eligible children to be enrolled in the ARKids First program. The letter praises the Governor for his leadership in expanding coverage to children and for committing to moving towards eliminating many of the enrollment barriers currently existing in the traditional Medicaid program. Overall, we believe the decision and the rollout around it has been generally well received and we are expecting editorial support from the *Arkansas Democratic Gazette*. Attached is the final copy of HCFA's letter to the state announcing the Administration's decision as well as recent articles on the state response.

Governor Huckabee's response to the decision was predictably critical. He threatened to ignore the HHS ruling requiring the reenrollment of Medicaid eligible children into the traditional Medicaid program and dared HHS to use its enforcement authority to reduce funds to the state because of its non-compliance.

In contrast, the decision was positively received by most other interested parties. The Democratic Congressional delegation, and State Senator Mike Ross, a longstanding supporter of the ARKids program, have been extremely positive. While the Republican delegation is generally supportive of the Governor, they have been noticeably temperate in their response. In fact, Congressman Dickey told Nancy Ann Min DeParle that he wasn't certain that he was still supportive of the state's position, and Senator Hutchinson has stated that he wants to study the issue further before taking any position.

Amy Rossi, a well known advocate for children and supporter of the ARKids program, informed us Friday that she felt that it was a balanced decision in that it did not require the immediate disenrollment of Medicaid-eligible children from ARKids until early next year, when all children must go through a redetermination process.

Asked to respond to the Governor's reaction, Congressman Berry underscored his belief that Medicaid eligible children should be in the traditional program because it is a better program. Congressman Snyder pointed to the 1997 ARKids agreement with the Federal government, which explicitly stated that Medicaid eligibles would not be permitted to be enrolled in ARKids.

Senator Bumpers, who will be flying to Arkansas with you on Tuesday, strongly supports the Administration's decision on this issue. We have worked closely with him throughout this process, and he may be useful to you in discussing the local response to our decision in more detail.



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

JUL 21 2000

Mr. Ray Hanley, Director
Department of Medical Services
P.O. Box 1437, Slot 1100
Little Rock, Arkansas 72203-1437

Dear Mr. Hanley: ^{Ray}

We have completed our evaluation of Arkansas' proposal to modify aspects of the State's traditional Medicaid program and the Medicaid waiver program known as ARKids First outlined in your letter of November 12, 1999. I would like to thank you and your staff for your willingness to work with us during the review process. We appreciate your understanding and patience as we worked to give your proposal the careful consideration and thoughtful review it deserved.

Let me begin by saying that there is no doubt that Governor Huckabee's leadership in expanding Medicaid coverage to children in families with incomes below 200 percent of the poverty level has truly made a difference in the lives of Arkansas' families and is a laudable achievement. As the State's financing partner, providing 73 percent of the funding for the Arkansas Medicaid program, we are pleased to be making a contribution to the State's strong commitment to the health and well-being of its children.

We also commend and greatly encourage the State's consideration of proven options to reach out to low-income, uninsured children and creating a more seamless system of outreach and enrollment, including:

- Developing a common application form for all public child health coverage, which should go a long way toward reducing needless paperwork and confusion;
- Ending the requirement that families apply in person to receive coverage under the traditional Arkansas Medicaid program and allowing families to mail in their applications (the current practice for the ARKids Medicaid waiver program), which will clearly eliminate the one of the largest barriers to applying for traditional Medicaid; and
- Changing the name of the traditional Arkansas Medicaid program to ARKids, as both the Medicaid waiver program and the Arkansas State Child Health Insurance Program are called, which will help accomplish our mutual goal of eliminating any welfare stigma that may be associated with the traditional Medicaid program.

Should Arkansas fully implement these program enhancements, it will join many other States, including Indiana, New Jersey, and South Carolina, that have taken one or more of these steps. We are confident that these and other commitments to simplification will make significant progress in our mutual commitment to provide health coverage to uninsured children. We stand ready to provide any technical assistance your staff might need in adjusting your eligibility and enrollment processes to take advantage of the statutory flexibility that exists. And as you know, the State is eligible for additional matching funds to help implement these changes.

We regret that as of this writing, Arkansas is apparently unwilling to drop its assets test for families applying for the traditional Arkansas Medicaid program, as it has done for ARKids. Eight years ago, almost every State had an assets test for their Medicaid population. However, State experience since then indicates that this requirement – and the paperwork it requires – often serves as a deterrent to eligible families applying for coverage. Today, more than forty States do not use an assets test to determine eligibility for children applying to the Medicaid program, and experience no discernible problems or abuses.

Clearly, with the exception of maintaining the assets test, the program improvements the State is considering are a constructive way to reach out to all low-income children in Arkansas. We commend you and strongly encourage you to move forward and implement them. However, after a careful review of the operations of the ARKids waiver program and a detailed analysis of Congressional action and Administration policy, we have decided not to approve your request to change the terms of the ARKids waiver.

Your requested change would remove important safeguards designed to assure that children receive the protections and benefits for which they are eligible. Under longstanding Federal law, poor children eligible for traditional Medicaid cannot be charged for the cost of services, whereas ARKids, which covers children with higher incomes, requires co-payments for certain health services. In addition, the traditional Medicaid program includes important health benefits, such as hearing services and hearing aids, physical therapy, and hospice care, that are not covered by the ARKids program.

While reduced benefits and higher cost sharing are permitted as part of the State Child Health Insurance Program and may be appropriate for families with incomes above traditional Medicaid eligibility standards, in the SCHIP law the Congress enacted a requirement for States to assure that children who are eligible for the traditional Medicaid program receive the full benefits and protections that program provides. Because of the clear Congressional intent and longstanding Administration policy implemented by both Republican and Democratic Administrations that coverage expansions were not intended to lead to a diminution of coverage for lower income children, we believe the same policy should apply to a Medicaid waiver program.

Page 3 - Mr. Ray Hanley

This position is reflected in the agreement reached between Arkansas and HCFA when the ARKids waiver was approved. The executive summary of the ARKids waiver proposal submitted by the State on April 23, 1997, stated that ARKids was intended to insure children who were "not otherwise Medicaid eligible at this income level [below 200 percent of the poverty level] statewide." This intention was affirmed in the August 17, 1997, letter from Bruce Vladeck announcing approval for the ARKids program, which stated that this waiver would provide Federal matching payments to insure children who would "not otherwise be eligible for Medicaid."

In order to ensure that the ARKids program operates in compliance with the terms under which the waiver was developed and approved, we believe that Arkansas must establish procedures to ensure that children eligible for the traditional Medicaid program are enrolled in that program rather than ARKids. In addition, in order to ensure that children who are eligible for the traditional Medicaid program but are currently enrolled in ARKids will be able to access the full range of benefits for which they are eligible, the State will need to implement a process by January 1, 2001, to screen all currently enrolled children when they are redetermined eligible for benefits and enroll them in the traditional Medicaid program if they are eligible for those benefits. This timetable allows adequate time for the State to plan a smooth transition and adopt the measures it has proposed so that the two programs – traditional Medicaid and the Medicaid demonstration program – can be converted into a more seamless system of coverage.

We share a common goal – to increase the number of children enrolled in affordable, comprehensive, health insurance coverage. The State's proposals to improve the traditional Medicaid program in Arkansas will make an important difference. The additional steps detailed in this letter to ensure the effective operation of both the traditional Medicaid program and the ARKids program will advance that goal as well. We stand ready to work with you to implement these important changes to the program.

Sincerely,

A handwritten signature in black ink, appearing to read "Tim Westmoreland", written over a large, stylized capital "T".

Timothy M. Westmoreland
Director

The Associated Press State & Local Wire

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July 22, 2000, Saturday, BC cycle

12:59 AM Eastern Time

SECTION: State and Regional

LENGTH: 1112 words

HEADLINE: Feds deny state authority to offer poor families choice

BYLINE: By JAMES JEFFERSON, Associated Press Writer

DATELINE: LITTLE ROCK

BODY:

The federal government Friday declined to authorize the state to enroll Medicaid-eligible children in a basic health insurance program offering fewer benefits and co-payments.

A spokesman for Gov. Mike Huckabee said, however, that Huckabee would defy the federal agency's order until President Clinton threatens to cut off federal funding for the **ARKids** First program.

"We want Clinton to make the decision," Huckabee spokesman Rex Nelson said. "We would want the president to stand up in the White House and say, 'I'm personally cutting off dollars in my home state.' We'll see what the fallout is. I'm certain it would likely be greater on him than on us."

White House spokesman Jason Schechter said in response that Clinton fully supports the turn-down by the federal Health Care Finance Administration.

"We are proud of Arkansas' leadership in wanting to extend health insurance for children, but we also believe that ... Medicaid-eligible children should have access to a comprehensive package of benefits," Schechter said. "The Medicaid waiver that allowed **ARKids** was designed to build on ... Medicaid, not replace it."

Chris Peacock, spokesman for HCFA, declined to say what his agency might do to enforce its order. He said he expects the state to comply.

Arkansas' request was to alter a waiver that allowed the state to create the **ARKids** First program.

The HCFA director said in his response Friday that the change would "would remove important safeguards designed to assure that children receive the protections and benefits for which they are eligible."

Under **ARKids**, recipients pay for less coverage, but Huckabee's administration says many families eligible for Medicaid prefer **ARKids** to public assistance.

"We believe Arkansas families should have some choice. They have apparently reiterated that they don't," said Joe Quinn, spokesman for the state Department of Human Services, which oversees both programs. "We're studying the letter and the ramifications that it will have for us."

HCFA gave the state until Jan. 1 to put in place a screening process to move Medicaid-eligible children

now enrolled in **ARKids** First to the traditional program.

On Aug. 1, DHS plans to implement a single application intended to create more seamless coverage. Quinn said he wasn't sure what the state would be required to do beyond those measures.

Nelson said the administration's response to HCFA's notice Friday "frankly is to get George W. Bush elected, someone who understands the idea of giving states flexibility to make programs work."

Nelson later clarified his comments, noting that Huckabee supports the presumed GOP nominee's presidential bid but that the administration was not actively campaigning for Bush.

"We continue to believe that we have a program that has ensured more Arkansas children than have ever been insured before, and is working," Nelson said. "We would be interested in getting some direct response by President Clinton on how he feels about the program

"Our goal is to insure as many children as we can. We would hope that President Clinton shares that goal. We think he needs to know the facts."

Some 54,000 Arkansas children are enrolled in **ARKids** First. Another 150,000 children are on Medicaid, the federal-state health care program for the poor, elderly and the disabled.

State Human Services officials say there's no way to determine how many **ARKids** children would qualify for Medicaid because they've never been through the Medicaid application process.

Arkansas Community Organizations for Reform Now, a community action group, praised the federal government's ruling. ACORN accused the state of deliberately stigmatizing Medicaid with an onerous application that forced poor families to enroll in **ARKids**.

HCFA notified the state last October that it was not in compliance with a federal waiver granted in 1997 to receive federal funding for basic health insurance for children whose parents' income was too high to qualify for Medicaid but too low to afford health insurance.

HCFA ordered the state to quit enrolling Medicaid-eligible children in **ARKids** First, and said the state must screen current participants and enroll them in Medicaid if they qualify for the public assistance program.

At the time, Huckabee said he would ignore the order and continue giving poor parents an alternative to welfare until HCFA pulled funding and killed the program. HCFA set no deadline for compliance.

The state Department of Human Services, which oversees both programs, proposed a no-hassle application for poor families who choose Medicaid over **ARKids**. DHS proposed to use the same application to enroll participants for both Medicaid and **ARKids** First.

The agency also proposed to allow application for both programs by mail, eliminating a trip to the county office to apply for Medicaid, which officials said stigmatized the program.

The state retained the right to apply an assets test for Medicaid applicants as a requirement to qualify for the program that covers every service without any contribution by the family. **ARKids** First participants pay a nominal co-payment for a more limited range of services.

In cases where both assets and income levels are within Medicaid limits, children would qualify for either Medicaid or **ARKids** First and would be enrolled in the program of their parents' choice.

If the applicant failed either test, the child would be approved for **ARKids** First, provided the family income level was within 200 percent of the poverty level.

Additionally, all Medicaid coverage for children would become part of the **ARKids** program, likely with

some designation for categories of benefits.

"We have done everything that HCFA asked us to," Nelson said Friday. "The only thing we've asked for in return is that, if for whatever reason, a child whose parents are Medicaid eligible asked for the **ARKids** program, that they would be allowed to do so."

In his letter to DHS Friday, HCFA Director Timothy Westmoreland complained that Arkansas had not followed dozens of other states in dropping the assets test for Medicaid eligibility. State officials pointed out that Clinton imposed the assets test when he was Arkansas governor.

Westmoreland did commend the state for developing "a constructive way to reach out to all low-income children in Arkansas."

But he said the state was violating federal law and congressional policy against charging Medicaid-eligible families for the cost of health services.

Also, he noted, Medicaid includes such benefits as hearing aids and services, physical therapy and hospice care not covered by **ARKids**.

LANGUAGE: ENGLISH

LOAD-DATE: July 22, 2000

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[RETURN to Arkansas Section / Saturday, July 22, 2000](#)

Huckabee won't obey on ARKids

MICHAEL ROWETT AND SETH BLOMELEY
ARKANSAS DEMOCRAT-GAZETTE

The feud over the ARKids First Medicaid program reached a high-stakes level Friday with Gov. Mike Huckabee pledging to ignore a Clinton administration order to stop giving parents a choice between general Medicaid and ARKids.

A Huckabee spokesman said the governor is willing to defy the federal mandate in hopes that fellow Republican George W. Bush is elected president in November or until Clinton threatens to cut off federal funding for ARKids.

"We want Clinton to make the decision," said spokesman Rex Nelson. "We would want the president to stand up in the White House and say, 'I'm personally cutting off dollars in my home state.' We'll see what the fallout is. I'm certain it would likely be greater on him than on us."

The federal Health Care Financing Administration on Friday denied Huckabee's request that the state continue to allow low-income parents the choice between the two child health-coverage programs. ARKids offers fewer benefits and requires a copayment; general Medicaid is free and covers 21 additional services.

White House spokesman Jason Schechter said Friday that Clinton "fully supports" the health-care administration's decision.

"We are proud of Arkansas' leadership in wanting to extend health insurance for children, but we also believe that [general] Medicaid-eligible children should have access to a comprehensive package of benefits," Schechter said. "The Medicaid waiver that allowed ARKids was designed to build on [general] Medicaid, not replace it."

Arkansas was given until Jan. 1, 2001, to implement a plan to transfer all general Medicaid-eligible children now in ARKids First to the general Medicaid program.

Health-care administration spokesman Chris Peacock wouldn't say what the federal government might do to enforce its ARKids directive. He said he expected the state to comply.

State Medicaid Director Ray Hanley and Huckabee insist that parents want and should be given the choice of participating in ARKids to show that they want to contribute to their children's health care. They contend that proud parents might not sign up their children for general Medicaid because of a "stigma" attached to the program. Both programs are funded by Medicaid dollars.

"Your requested change would remove important safeguards designed to assure that children receive the protection and benefits for which they are eligible," the health-care administration said in a letter to Hanley.

The letter reiterated that the intent of Congress for Medicaid expansion plans, such as ARKids, wasn't to diminish health coverage for low-income children. The letter quoted the state's 1997 ARKids proposal that said the program was for children who would "not otherwise be eligible for Medicaid."

Medicaid and ARKids are funded with \$1 of state money to every \$3 from the federal government.

One state legislative leader said Friday that Huckabee shouldn't battle the federal government on this issue. House Speaker-designate Shane Broadway, D-Bryant, said he favors choice but wants Congress to sort things out.

"We have to abide by what the federal government says," Broadway said. "We don't need to be combative at this time."

Broadway also said he has a problem with how the state has marketed the ARKids program, spending \$500,000 a year on advertising.

"You have all these ARKids commercials touting ARKids but no promotion of Medicaid out there," Broadway said. "It stands to [reason] that people will call ARKids because that's what they've seen on TV."

Hanley said that a change his department is making will help. On Aug. 4, the Department of Human Services will combine the applications for Medicaid and ARKids. Both will be under the ARKids banner; the department will call Medicaid for children "ARKids A" and "ARKids B." Future commercials will let people know about the change, he said.

The application doesn't mention that both are Medicaid programs or that ARKids A is the general Medicaid program.

"We just don't think it's necessary," Hanley said. "A lot of the criticism has been that people choose ARKids over Medicaid because of historical stigma of Medicaid. We want people to make the best informed choice."

The application lists both programs and their costs and benefits. If parents choose the current ARKids program but would qualify for general Medicaid, the department will double-check with those applicants before signing them up for ARKids B, Hanley said.

If they check "either," Hanley said, the department will put them in the program for which they qualify financially.

The department is planning a joint venture with the state Department of Education in which participating school systems will be paid a per-application fee for signing up children in either program. The money could be used to offset the cost of school nurses, Hanley said.

The Health Care Financing Administration's letter, written by Timothy Westmoreland, director of the administration's Center for Medicaid and State Operations, compliments Hanley and Huckabee for making these changes:

- Developing a common application form for both programs.
- Allowing parents to mail in an application rather than apply in person at a state welfare office. This change eliminates "one of the largest barriers" of families applying for Medicaid, Westmoreland said.
- Placing both programs under the ARKids heading.

But the letter urged the state to drop an "assets test" used when processing general Medicaid applications. The test, of how much property or money one has, isn't used for ARKids.

Arkansas Community Organizations for Reform Now, an advocacy group which has sharply criticized Huckabee on the ARKids issue, demanded the state drop the assets test.

"There should be absolute, complete parity between the two programs," said Neal Sealy of Little Rock, an ACORN spokesman.

Huckabee and Hanley defend the assets test.

"We have an obligation to all the taxpayers of Arkansas to make sure that taxpayer dollars aren't going to people who don't need it," Nelson said.

He accused the Clinton administration of being hypocritical, since the assets test for Medicaid was imposed during the 1980s when Clinton was governor of Arkansas.

The White House responded Friday by saying that most states used the test during the 1980s, but now fewer than 10 do so. The federal decision could spark legislative maneuvering by members of Arkansas' congressional delegation sympathetic to the state's position.

U.S. Rep. Jay Dickey, R-Ark., said Friday that he may introduce legislation to allow the state to continue allowing parents to choose between the programs.

The state's delegation in the U.S. House has split along party lines on the issue. Dickey and fellow Republican Rep. Asa Hutchinson generally support Huckabee's position, with Democratic Reps. Vic Snyder and Marion Berry being more skeptical.

Dickey said he doesn't think ARKids will be an issue in the November election. But state Sen. Mike Ross of Prescott, Dickey's Democratic opponent, said he agrees with the Clinton administration.

As one of the co-sponsors of the 1997 legislation that set up ARKids, Ross said he doesn't understand the governor's argument about parents keeping their children out of general Medicaid out of pride.

"I'd hope that pride wouldn't let kids go untreated," he said.

The general Medicaid program is for families with incomes at or below the federal poverty level. The health-care administration has said ARKids is for families with incomes up to twice the federal poverty level.

Services not covered by ARKids but provided by general Medicaid are mainly for children with disabilities and those who require hearing aids, physical therapy, specialized wheelchairs and hospice care.

The Human Services Department, which runs Medicaid in the state, on Friday couldn't provide a estimate of how many children enrolled in ARKids come from families that would qualify for general Medicaid on the basis of income. The most recent estimate, as of Sept. 23, 1999, put the figure at 26,418 out of a total ARKids enrollment of about 55,000.

But because Arkansas requires families applying for general Medicaid to pass an assets test, besides having incomes below the poverty level, it's unclear how many of those children could actually enroll in the more generous program.

A family earning below the poverty level but having assets of more than \$2,000 are ineligible for general Medicaid in Arkansas. A family earning more than the poverty level is ineligible for general Medicaid but could qualify for ARKids and would not face an assets test.

This article was published on Saturday, July 22, 2000

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RETURN to Arkansas Section / Sunday, July 23, 2000

Huckabee draws heat for stand on ARKids

SETH BLOMELEY
ARKANSAS DEMOCRAT-GAZETTE

Arkansas' Democratic congressmen Saturday advised Republican Gov. Mike Huckabee to stop defying the federal government and give up his zealous defense of the way he wants the ARKids First Medicaid program run.

"I don't see why a declaration of war or a refusal to obey the law has become [Huckabee's] solution," said U.S. Rep. Vic Snyder, a Democrat from Little Rock.

Huckabee on Friday promised to test President Clinton. The governor, through a spokesman, said he wants to see whether Clinton would yank federal dollars for ARKids if the state continues to allow low-income parents to choose between two health coverage plans: the ARKids version of Medicaid and the more generous general Medicaid.

"I just think it's regrettable. It's being dealt with as a political issue," U.S. Rep. Marion Berry, a Democrat from Gillett, said during a break at the state Democratic Party convention in Little Rock, also attended by Snyder. "The real issue is providing health care for children. If we push [children] over into ARKids First, then we have children that simply don't get the treatment they need, and that's not right."

The federal Health Care Financing Administration notified state officials Friday of its rejection of Huckabee's request to give parents their choice of programs. ARKids First requires a co-payment while Medicaid is free and offers more services.

Reached Saturday by telephone at the Governor's Mansion, Huckabee affirmed his desire to vigorously defend his position on ARKids. He said his stance isn't about what he wants, but what parents want.

"I resent highly the attacks by Snyder and Berry calling this a political issue, and if they've been in Washington so long that they are no longer in touch with Arkansas parents and don't believe that parents have pride and want to make choices for their kids, then it's time for both of them to come home," Huckabee said.

Huckabee said he expected fellow Republican Texas Gov. George W. Bush to be elected president in November and that Bush would be more sympathetic and allow the state to continue offering the choice between programs.



Marion Berry



Vic Snyder

But Huckabee added that even if Democratic Vice President Gore is elected president in November, he won't change his mind.

"It's not whether I'll take the heat," Huckabee said. "Will the Gore administration take the heat for denying these kids the coverage? How is it my fault if the federal government cuts off funding? I was the governor who gave [parents] the stinking option. They didn't [previously] have an option. That's what makes us furious about this."

Huckabee and state Medicaid Director Ray Hanley have said they want to give parents options because some prideful parents would rather reject general Medicaid because of the stigma they say some attach to it.

But to Berry, the goal should be making sure low-income children have coverage.

"If [children] qualify for Medicaid they should be in Medicaid because it's such a better program," Berry said. "ARKids First is better than nothing, but it's not anything as good as Medicaid."

Services not covered by ARKids but provided by general Medicaid are mainly for children with disabilities and those who require hearing aids, physical therapy, specialized wheelchairs and hospice care.

Snyder said the state agreed in 1997, when it proposed the ARKids idea to the federal government, to use ARKids for low-income children ineligible for Medicaid.

"I've seen the paperwork and that's what it says," Snyder said. "It's disappointing to see this kind of uproar. I'm perplexed why we continue to have this fight. I keep hoping it's going to be resolved amiably. I'm just disappointed with the governor's statement that he seems to be wanting to go to war."

Snyder said he expects to discuss ARKids with Huckabee the next time the governor visits Washington.

Huckabee said the state isn't breaking its 1997 agreement because children aren't eligible for general Medicaid until their parents apply for it. He called the federal government "arrogant" to say that children "will either have Medicaid or nothing."

The general Medicaid program is for families with incomes at or below the federal poverty level. The health-care administration has said ARKids is for families with incomes up to twice the federal poverty level.

The health-care administration has given Arkansas until Jan. 1, 2001, to implement a plan to make sure all general Medicaid-eligible children are in that program and not in ARKids. A Clinton spokesman Friday said the president supports the health-care administration's mandate.

If a funding cut comes before then, Republicans will get the upper hand in the White House, Huckabee said.

"If the federal government is stupid enough to cut off funding for children then it will certainly ensure the election of George Bush, who will unquestionably apply some common sense and respect for parents," the governor said.

Medicaid and ARKids are funded with \$1 of state money to every \$3 from the federal government.

The state Department of Human Services, which runs Medicaid in the state, on Friday couldn't provide a estimate of how many children enrolled in ARKids come from families that would qualify for general Medicaid on the basis of income. The 1999 estimate put that figure at 26,418 children of about 55,000 enrolled in ARKids.

The state's Republican congressmen have generally supported Huckabee on the issue.

U.S. Rep. Jay Dickey of Pine Bluff said Friday he may introduce a bill to allow parents a choice between Medicaid programs. U.S. Rep. Asa

Hutchinson of Fort Smith said Friday he regretted the health-care administration's decision but wants to talk further with Huckabee and federal officials before deciding what to do.

This article was published on Sunday, July 23, 2000

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ARKids First QUESTIONS AND ANSWERS

June 22, 2000

Today, HCFA notified Arkansas that the state cannot enroll children who are eligible for the basic Medicaid program in the state's Medicaid demonstration, called ARKids First. The state's proposed change would undermine important safeguards designed to assure that children receive the protections and benefits they are eligible for under the law.

Background

ARKids First is the state's Medicaid demonstration to provide health coverage to children in low-income families that earn too much to be eligible for basic Medicaid. The ARKids demonstration was approved in 1997 to cover children under age 19 with family income up to 200 percent of poverty who are not otherwise eligible for Medicaid. ARKids has fewer benefits and higher cost sharing than Medicaid. For example, ARKids requires a \$10 copayment for a doctor visit; this is not allowed under basic Medicaid. It also does not cover services like occupational and physical therapy, hearing aids, audiological services, and inpatient psychiatric care.

In 1997, Arkansas agreed, as a condition of approval for ARKids, that children who are eligible for Medicaid would be enrolled in the regular Arkansas Medicaid program. This is consistent with a bipartisan commitment – affirmed in 1997 when the State Children's Health Insurance Program was enacted into law – that children eligible for Medicaid be enrolled in Medicaid. However, we learned last year that Medicaid eligible families HCFA notified the state that it must discontinue enrolling Medicaid-eligible children in ARKids and develop a plan for redetermining the eligibility of current ARKids enrollees.

State officials have continued to insist that families be allowed to choose between the two programs, and appealed for HCFA to reverse its opinion. Today, HCFA denied that petition.

Q: Why won't you allow the Governor to offer parents a choice of Medicaid or ARKids?

A: Because we don't think that this is necessary to overcome the Medicaid "stigma". By folding Medicaid into the ARKids program, creating a single application form, and eliminating the state requirement for a face-to-face interview for Medicaid, all low-income families in Arkansas will essentially be enrolled in the same program, as long as their incomes meet the current ARKids threshold. From the families' point of view, the Medicaid and ARKids programs will be indistinguishable, and there shouldn't be any of the problems with stigma the Governor says he worries about.

We share the state's goal of increasing the number of children enrolled in affordable, comprehensive health insurance coverage. And as we have told Arkansas officials, we want to work with the state to create a seamless system for Arkansas families that will ensure that every child gets the best health care coverage possible. We have worked with many states successfully in achieving just that result, and we look forward to working with Arkansas on its proposals to create a seamless system of outreach and enrollment.

Q: But what's wrong with giving parents the choice if they want it?

A: The Administration, the Congress, and States have made a commitment to ensure that every child gets the best health insurance coverage they're eligible to receive. It's been a central tenet of the Medicaid program ever since its creation in 1965 that all eligible individuals -- including children, people with disabilities and low-income seniors -- would be guaranteed access to the program. Medicaid waivers like ARKids, and new state programs under SCHIP, were always designed to build on Medicaid, not replace it.

Recognizing the extra challenge that their families face, poor children eligible for traditional Medicaid cannot be charged for the cost of services. ARKids First, which covers children with somewhat higher incomes, requires co-payments or deductibles for certain health services. ARKids also offers fewer benefits than basic Medicaid, which guarantees important health benefits like hearing services, physical therapy and hospital care. In enacting the State Children's Health Insurance Program, for example, Congress required states to assure that children who are eligible for Medicaid receive full Medicaid benefits and protections.

Q: What happens now? Will HCFA require children to be disenrolled? Will the state have to pay a financial penalty?

A: No. HCFA and Arkansas have identified a number of strategies that we look forward to working on with them -- such as creating a single application form and eliminating the state requirement for a face-to-face interview for Medicaid. Arkansas will have until January 1, 2001, which allows plenty of time to adopt the measures they've proposed to create a seamless system of coverage. Our goal all along has been to maximize the number of Arkansas children with health insurance.

Q: But what about the letter from David Cade of HCFA that started this whole dispute? Aren't you going to force the state to put Medicaid-eligible children in Medicaid?

A: As we've said, our goal all along has been to ensure that every Arkansas child gets the best health care coverage they're eligible for. As children who are already enrolled in ARKids and Medicaid come up for an eligibility redetermination, we expect the state to be sure they're in the program they qualify for. But again, we also intend to work with the state on their plan to create a seamless system for Arkansas families. By folding Medicaid into the ARKids program, creating a single application form, and eliminating the state requirement for a face-to-face interview for Medicaid, working families in Arkansas will not be able to tell the difference between ARKids and Medicaid, as long as their incomes meet the current ARKids threshold. From the families' point of view, the Medicaid and ARKids programs will be indistinguishable, except with respect to benefits and cost-sharing.

As the letter states, Arkansas will have until January 1, 2001, which allows plenty of time to adopt the measures they've proposed to create a seamless system of coverage.

Q: What if Governor Huckabee says that he won't comply with your directive? What then?

A: We don't think that will happen. Governor Huckabee shares our goal of increasing the number of children enrolled in affordable, comprehensive, health insurance coverage. We commend and greatly encourage Governor Huckabee's proposal for the Medicaid program to adopt proven methods to create a seamless system of outreach and enrollment, including: developing a common application form for all public child health coverage; ending the requirement that families apply in person to receive coverage under the traditional Arkansas Medicaid program and allowing families to mail in their applications; and changing the name of the traditional Arkansas Medicaid program to ARKids, as both the Medicaid waiver program and the Arkansas State Child Health Insurance Program are called.

Q: Well, if they don't comply, will you start disallowing funds? Won't that just end up hurting poor children in Arkansas and increase the number of uninsured?

A: Our goal all along has been to maximize the number of Arkansas children with health insurance, and we don't think that will happen. HCFA and Arkansas have identified a number of strategies that we look forward to working on together – such as creating a single application form and eliminating the state requirement for a face-to-face interview for Medicaid. Arkansas will have until January 1, 2001, which allows plenty of time to adopt the measures they've proposed, to create a seamless system of coverage.

Q: What's your answer to Arkansas advocates that say that poor people will choose to go without insurance rather than enroll in traditional Medicaid?

A: We wouldn't expect that to occur, particularly if the state implements its proposals to streamline eligibility and enrollment processes, including creating a single application form and eliminating the state requirement for a face-to-face interview for Medicaid. Medicaid and ARKids would effectively be indistinguishable from each other. This would eliminate the fear of "welfare stigma" associated with the Medicaid program.

Q: Isn't this just another example of big government saying that it knows best?

A: Absolutely not. Remember, we gave Arkansas the authority to implement ARKids in the first place. This simply reiterates the agreement reached between Arkansas and HHS when the ARKids waiver was originally approved.

Q: Why has it taken you so long to make a decision? Isn't this because you know that legally, your standing is very weak?

A: No. We undertook a comprehensive and thorough review of Arkansas' proposal. But the longstanding policy of both Republican and Democratic administrations as well as bipartisan Congressional intent is clear that every child should get the best health insurance coverage they're eligible to receive. It's been a central tenet of the Medicaid program ever since its creation in 1965 that all eligible individuals – including children, people with disabilities and low-income seniors – would be guaranteed access to the program. Medicaid waivers like ARKids, and new state programs under SCHIP, were always designed to build on Medicaid, not replace it.

Q: Are you saying that you disagree with all the Arkansas providers and advocates that say this program is a success?

A: Absolutely not. There is no doubt that Governor Huckabee's leadership in expanding Medicaid coverage to children in families with incomes below 200 percent of the poverty level has truly made a difference in the lives of Arkansas' families and is a laudable achievement. As the state's financing partner, we are pleased to be making a contribution to the state's laudable commitment to the health and well-being of its children.

Q: Isn't this the second time you've disapproved a proposal from Arkansas this year?

A: No. In February, we approved Arkansas' request to make certain eligibility requirements for the ARKids demonstration less restrictive. Specifically, we approved a request to shorten the period during which uninsured children who had private coverage must wait before they can enroll in ARKids. The original demonstration had a 12-month waiting period; this approval shortens that waiting period to six months. We also approved Arkansas' request to allow children who do not have comprehensive health coverage through private insurance to enroll in ARKids. Both changes expand coverage by making ARKids available to more low-income children who have no other source of coverage for the services covered by ARKids.

Q: But didn't you disapprove the proposal to delete family planning services from the ARKids First program?

A: Yes, but the state has already won approval for a separate family planning waiver for women not eligible for Medicaid or ARKids First. So that particular waiver amendment would have only fragmented service delivery and added administrative complexity -- without improving services. It's also important to remember that family planning services are mandatory Medicaid services.

Q: Did that decision make it easier for minors to get contraceptives?

A: No. The state already had a family planning waiver that still applies. All state laws on parental consent still apply, too. That decision didn't change anything.



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Dickey's ARKids addendum vexes GOP

BY SETH BLOMELEY
ARKANSAS DEMOCRAT-GAZETTE

U.S. Rep. Jay Dickey, R-Ark., said that he was able to include language in an appropriations bill Thursday to prevent the federal government from eliminating the ARKids Medicaid welfare program in Arkansas.

The federal Health Care Financing Administration hasn't threatened to end it but has ordered the state to stop enrolling children in ARKids who are eligible for general Medicaid.

Dickey's request succeeded despite objections from the Republican chairman of the Senate Finance Committee and its Democratic ranking member. Dickey said members of the conference committee debating the bill wanted to reach a compromise on the entire legislation. "They were trying to get the signatures [Thursday]," Dickey said. "It was kind of



Jay Dickey



Ray Hanley

an opportune moment." ARKids was a small part of the \$340 billion bill for fiscal 2001 for the Health and Human Services Department, the Education Department and other agencies. Fiscal 2001 begins Oct. 1.

In the end, Dickey's amendment may have no effect — he expects President Clinton to veto the bill.

Dickey said that Sen. William Roth, R-Del., relented and agreed to Dickey's request, although a letter Roth wrote earlier Thurs-

day complained:

"The Dickey amendment would have the effect of changing a basic tenet of the Medicaid program — that children mandatorily eligible for the Medicaid program are entitled to a core package of Medicaid benefits. Changing this principle is extremely controversial and would have real long-term ramifications for the Medicaid program. We strongly urge that you not include [Dickey's amendment] in your final package."

Roth's letter, co-signed by Sen. Daniel Patrick Moynihan, D-N.Y., went to Sen. Arlen Specter, R-Pa., chairman of the Subcommittee on Labor, Health and Human Services and Education.

Dickey said Specter resisted his request initially.

"We just kept the debate going," said Dickey, a member of the conference committee on Labor,

Health and Human Services and Education. "The negotiations got stronger from the House side, and he finally said he'd do it."

Dickey said that he believes that Arkansas is the only state dealing with this Medicaid issue and that Gov. Mike Huckabee is "leading the way" because other states want to follow suit.

Huckabee argues that parents with pride should have choice between the two Medicaid programs because of the stigma some see as attached to general Medicaid. General Medicaid is free and offers more services. ARKids requires a co-payment. Both are funded with \$3 from the federal government and \$1 from the state.

Starting Aug. 4, the state will change application process for the two programs so that both fall under the name ARKids, one of them being version A (general Medicaid).
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► Continued from Page 1B
Medicaid) and the other version B
(ARKids).

Dickey's amendment doesn't stop the federal agency from demanding that the state follow its 1997 agreement to enroll into ARKids only children who are ineligible for general Medicaid.

Huckabee argues that the state is following its agreement because parents don't become eligible for general Medicaid until they actually fill out the paperwork to apply and, therefore, never are eligible for general Medicaid if they choose ARKids.

Ruckabee has said he'll keep allowing choice even if the federal government revokes funding for ARKids, a prospect his own Medicaid director said Thursday is unlikely.

Dickey said his bill will keep the federal agency from revoking the program because the federal agency must spend money to revoke a program. The amendment reads: "The funds appropriated to the Health Care Financing Administration under this act shall not be expended to cause the revocation of a waiver to the State of Arkansas that implements its own children's health insurance plan."

Dickey's opponent in the Nov. 7 general election, state Sen. Mike Ross, D-Prescott, has said he's against Huckabee's position. He said the issue is providing the best health care to children. Democratic U.S. Reps. Vic Snyder of Little Rock and Marion Berry of Gillett also side with the federal government.

State Medicaid Director Ray Hanley, having returned from Washington after meeting with

Dickey's amendment doesn't stop the federal agency from demanding that the state follow its 1997 agreement to enroll into ARKids only children who are ineligible for general Medicaid.

federal officials about the ARKids First Medicaid program, said little came out of the discussion.

"I was there for a whole other agenda and this only came up for a sidebar conversation, and we didn't reach any decision on this other than we're all going to continue to talk about it," Hanley said Thursday.

Hanley met with Medicaid directors from other states as well as with officials of the federal agency. The gathering was scheduled before last week's decision by that agency to deny Arkansas' request to continue granting parents the choice between the two Medicaid programs. The agency wants the state to enroll children in the program that provides the services for which they are qualified on the basis of their family incomes.

A family earning below the poverty level but having assets of more than \$2,000 is ineligible for general Medicaid in Arkansas, but the state established no such barrier for people who have greater incomes yet are poor enough to qualify for ARKids First.



Associated Press

Ray Hanley, the state Medicaid director, said he **doesn't expect** the federal government to withhold money because of Arkansas' refusal to stop enrolling children in ARKids First who are eligible for general Medicaid.

State looks for ARKids to swell rolls of Medicaid

BY SETH BLOMELEY
ARKANSAS DEMOCRAT-GAZETTE

Both of the state's leading health insurance programs for children in low-income families will be named ARKids in a new application process that starts Friday.

The process will make it easier for families to apply for the tax-financed coverage, the state's Medicaid director says.

At the same time, the state is reaching out — through coaches and other school employees — to attract more families to the programs, which are aimed at helping low-income families obtain health insurance through Medicaid.

In recent months, the programs have been the subject of contention. One of them has been around for many years and has come to be known as the basic or traditional Medicaid program of health insurance for children. The other program, dating to 1997, is known as ARKids First, a creation of Gov. Mike Huckabee and state Medicaid Director Ray Hanley at the urging of children's advocate Amy Rossi of Little Rock. ARKids First was created to help families who were poor but who had more income than

See MEDICAID, Page 7A

Medicaid

• Continued from Page 1A

the poorest families, for whom the basic Medicaid program was designed.

The controversy has been largely about whether the application process was skewed so as to raise the number of people enrolled in the ARKids version, including allegations — regularly denied by the state — that there was an effort to make ARKids look good, perhaps for political reasons, even if it meant steering children into ARKids when they were eligible for the greater number of services available at no cost in the basic Medicaid program.

Hanley said he's excited about the new process. He predicted it will increase enrollment in the children's health-care programs.

The state will stop using the term "Medicaid" to refer to the traditional program. All impoverished children receiving government assistance for health insurance will be considered assigned to ARKids. On the new application forms, the state refers to general

Medicaid as "ARKids A" and the current ARKids as "ARKids B."

"It's a perfect partnership between state departments, something the federal government is encouraging," Hanley said. "It's something we think just makes

spend with parents and children filling out the form.

Another change is that the parents won't have to go to the state welfare office to sign up for general Medicaid, as has been required in the past. No such visit was required for applicants for the ARKids version throughout its existence.

The new application will also be available on the Internet.

New ARKids commercials will advertise the changes, Hanley said.

Sandi Campbell, a nurse with the North Little Rock School District and the legislative chairman of the Arkansas School Nurses Association, applauds the measure. She said it will be easy for children to get treatment and will help pay for more school nurses. But she noted that parents sometimes don't understand the forms.

Hanley has enlisted the help of Razorbacks football coach Houston Nutt to promote the new applications. Jimmy Coats of White Hall, executive director of the Arkansas Activities Association, which oversees high school coaches, said he'll help teach coaches how to explain the applications to students.

Hanley said his department will double-check with parents who are eligible for Medicaid but choose the ARKids B program.

David Wroten, a lobbyist for the Arkansas Medical Society, a professional association for doctors, said

"It's a perfect partnership between state departments, something the federal government is encouraging. It's something we think just makes sense."

sense."

Under the new applications, which Hanley said will cost the state \$15 to \$20 each, parents will be allowed to choose between ARKids A, the basic Medicaid program, and ARKids B, which has fewer services and requires a co-payment.

Both programs are funded through the state and federal Medicaid programs. The federal government contributes \$3 for each \$1 the state contributes for Medicaid.

The federal Health Care Financing Administration has complimented the state for its changes but remains at loggerheads over the state's allowing parents to choose between the two programs. The federal agency on July 21 ordered the state to place all children eligible for general Medicaid into that program. As of 1999, about half of the state's 55,000 ARKids enrollees were eligible for Medicaid, at least on an income basis.

Hanley said his department has set no budget for the new application process. An estimated 35,000 eligible Arkansas children are not enrolled in either program, Hanley said.

Huckabee has said the state will continue to allow parents to choose, even if the federal agency takes away money for ARKids, something it hasn't threatened to do. He has said some parents don't like to sign up for general Medicaid because they say it carries a stigma.

Hanley said the application fees will help reimburse the schools for time their nurses

— Ray Hanley, state Medicaid director

the name change is good because it may help parents who don't like the stigma of Medicaid.

aid.

"If calling it Medicaid is a problem, then [the name change] certainly would take care of that problem," Wroten said. "If I'm a parent and my kid doesn't have insurance, I'm not going to care if it's Medicaid or not."

Rossi, executive director of Arkansas Advocates for Children and Families, said she recommended the changes a year ago.

"I think it's a great move in the right direction," Rossi said. "It doesn't steer them to one or the other, which is good. It discloses to the parents that [general Medicaid] is an option."

Thursday, after Hanley presented his plan at the Joint Oversight Committee on Education Reform, lawmakers on the panel said they're happy with the changes.

State Sens. Jim Argue, D-Little Rock, and Jodie Mahony, D-El Dorado, said that if parents are informed, choice is good.

"That meets my test, assuming it's explained appropriately," Mahony said.

Argue also questioned why the state has an assets test for parents applying for ARKids A — the general Medicaid program. Arkansas is one of nine states requiring such a test. There is no plan at this time to require such a test for ARKids B.

A family with income below the poverty level but with assets of more than \$2,000 is ineligible for general Medicaid in Arkansas.

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Melissic

Are kids first? Not with Huck

■ Never let it be said that Gov. Huckabee doesn't love a good fight, no matter how many thousands of children get hurt. If there are political points to be scored and votes to be gained, that's what matters.

Have you noticed the glee with which the governor reacts to every morbid development in his scrap with the federal Health Care Financing Administration over special handling for the Arkansas Medicaid program?

When the federal agency notified him last year that he would have to follow the Medicaid law the same as do other states that reap its benefits, the grinning governor summoned the cameras and tied a yellow ribbon around a bust of Bill Clinton at the Governor's Mansion, which he said would stay there until Clinton ordered the HCFA to give in to him.

When the agency reiterated last week that Arkansas would have to follow the law, an aide said the governor was happy to risk losing Medicaid benefits for 55,000 or so poor children over the issue as long as people would blame President Clinton. He put in a plug for his party's presidential nominee, George W. Bush, who Huckabee expected would let him skirt the law if the Republican wins the presidential election.

"We want Clinton to make the decision [to



■ ERNEST DUMAS

cut off funding]," the aide said. "We would want the president to stand up in the White House and say, 'I'm personally cutting off dollars in my home state.' We'll see what the fallout is. I'm certain it would likely be greater on him than on us." There you have it. The remark carried too much honesty. This is all about politics — who takes credit and who shoulders blame.

Strange as it seemed, Huckabee embraced this most liberal of causes, the expansion of government medical care to thousands more children, when Amy Rossi of the Arkansas Advocates for Children and Families mentioned it in a health-care forum in 1996.

Though Democratic legislators sponsored the legislation, the governor backed its enactment in the 1997 legislature. He dubbed it "ARKids First" and spent nearly \$500,000 a

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year promoting it on TV and elsewhere to get families enrolled in the program. He regularly boasts about his success in enrolling more than 50,000 children.

How noble, we thought at the time, especially since next door Gov. Bush was objecting that Texas Democrats had "crummed" a similar program down his throat. Bush didn't want the state to be so generous with poor kids. There wouldn't be enough left for tax breaks for oilmen.

But now it looks like Huckabee's impulses were more political than charitable. He wants the program that he started to look spectacularly successful. It turns out that more than half the children enrolled in the program aren't eligible. They belong in the Medicaid program for poorer children begun under previous governors. When the Huckabee administration asked for waivers from the Health Care Financing Administration for the ARKids First program, the state asserted that it would serve children

of families who were above the poverty line who weren't eligible for the basic Medicaid program. ARKids First is Medicaid — the federal government pays 75 percent of the cost the same as for children in the basic program. The state pays a fourth, but for ARKids First families make a token co-payment.

Huckabee says his stand against Washington is principled. He wants parents to have a free choice between the Medicaid program he began and the broader benefits under the older

program, which doesn't require the small co-payment. There is anecdotal evidence that a few parents would rather make the token payment and have narrower coverage for their children than receive "welfare," which is what Huckabee insists on calling the Medicaid program that existed when he became governor.

If one is welfare, both are welfare. In fact, both are government-assisted health insurance. The real reason that more than 25,000 children who by law are supposed to be in the old Medicaid program are enrolled in the new one is that the state made it hard and demeaning to get in the basic program. In the past, parents have had to apply in person at the county social service offices and undergo an intrusive probe

of their assets. But the governor made it easy to enroll in his Medicaid program. You just say you want in. The TV ads in which the governor stars plead with you as a good citizen to join. But if you enroll your children in the

program that he didn't start you're a welfare bum and are treated like one.

Here's the solution. If the governor will just instruct his agents to follow the law and put children in the health program for which they are eligible so that they are assured of medical attention, we will all agree to give him and not Democrats Clinton, David Pryor or Dale Bumpers the credit for every sick and disabled child who gets treated with government assistance, whoever started it. 

**This is all about
politics — who takes
credit and who should
shoulders blame.**

Editorials & Op-Ed

EDITORIAL

Love, don't fight

■ Say what you will about Bill Clinton, he never fought the United States government to save children from education or health care. Nor, come to think of it, did any other Arkansas governor elected after 1964. Until this one.

The federal government has ordered the state Department of Human Services to stop giving parents a choice between two types of health coverage for low-income children. All children who are eligible for the more generous Medicaid program must be enrolled in that program, the feds say, and not in the ARKids program, which is intended for children not quite poor enough to qualify for Medicaid. Gov. Mike Huckabee insists that some proud parents prefer ARKids even if eligible for Medicaid, because ARKids requires (or allows) a co-payment, and participants feel they avoid a "welfare" stain associated with Medicaid.

Though the evidence offered is anecdotal, there probably are parents who feel this way. Children's advocates outside the governor's office have reported the phenomenon also. But such parents are certainly in the minority, and the federal government has decided not to cater to them. And it is the federal government that provides three-fourths of the money for both Medicaid and ARKids.

Rather than endanger the health of poor children, DHS should swallow its proud stubbornness and comply with the federal directive. U.S. Reps. Marion Berry and Vic Snyder, and state Rep. Shane Broadway, speaker-to-be of the state House of Representatives, among others, have made this point. Still Huckabee resists, like Orval Faubus. This is a strategy proved unworkable, not to mention morally wrong. Best do what Faubus didn't: Put the children ahead of the politics.

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