Withdrawal/Redaction Sheet
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
~~001. memo~~	~~Bruce Reed and Eric Liu to the President re: DPC Weekly Report (partial) (1 page)~~	~~04/07/2000~~	~~P5~~

bms 4/6/15

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Devorah Adler
OA/Box Number: 20462

FOLDER TITLE:
ARKIDS [Folder 3]

2012-0463-S
rc715

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

The Arkansas Democrat-Gazette

January 28, 2000, Friday

SECTION: NEWS; Pg. B2

LENGTH: 439 words

HEADLINE: ARKids enrollment passes 48,000 Dispute over eligibility for state program vs. Medicaid still not resolved

BYLINE: RACHEL O'NEAL, ARKANSAS DEMOCRAT-GAZETTE

BODY:

Enrollment figures for **ARKids First,** a health insurance program for children that is under scrutiny by a federal agency, recently topped 48,000 children, lawmakers learned Thursday.

Ray Hanley, director of Medical Services for the state Department of Human Services, said that as of last week, 48,004 children were enrolled in the program.

Hanley told members of the Performance-Based Budgeting Subcommittee of the Legislative Council that he and federal officials still have not resolved a dispute over whether some parents should have the right to choose between **ARKids First** and the general Medicaid program, which has more generous benefits.

Last fall, the federal Health Care Financing Administration sent Hanley a directive telling the state to cease ARKids enrollment of children who are eligible for the state's general Medicaid program.

Instead of ceasing ARKids enrollments, the state countered that it would make it easier to apply for the general Medicaid program.

The federal agency has not accepted or rejected the state's proposal, Hanley said.

If the state's proposal is rejected, Hanley said the state will "do whatever is necessary to keep the program operating and to keep kids covered."

John Kennedy, assistant director of the department's County Operations Division, said that about 50 percent of the children enrolled in the **ARKids First** program also meet the general Medicaid income guidelines.

Hanley said some families "for whatever reason" do not apply for general Medicaid, which has more benefits such as covering the cost of transporting children to the doctor's office.

Federal funds provide $ 3 for each $ 1 from the state to finance Medicaid, including its three health-care insurance welfare programs for children, one of which is ARKids. The federal government considers ARKids an expansion of Medicaid for children whose families earn too much money to qualify for general Medicaid.

The state, however, has been enrolling in ARKids children who qualify for either program if that's the parents' choice or if they express no choice. Federal officials have said that violates the terms of the 1997 waiver that the U.S. Department of Health and Human Services granted to implement ARKids.

The legislative committee reviewed the **ARKids First** progress report for fiscal 1999, which ended June 30. The report, which was compiled by the Department of Human Services, showed that 80 percent of the **ARKids First** participants were satisfied with the overall program. Also, 94 percent of the participants were satisfied with the ease of finding a doctor who participated in the program.

LANGUAGE: ENGLISH

LOAD-DATE: March 7, 2000

The Arkansas Democrat-Gazette

February 28, 2000, Monday

SECTION: NEWS; Pg. A1

LENGTH: 739 words

HEADLINE: Won't 'negotiate parental choice,' Huckabee says

BYLINE: SUSAN ROTH, ARKANSAS DEMOCRAT-GAZETTE

BODY:

WASHINGTON -- Gov. Mike Huckabee told a federal administrator Sunday that he is "not willing to negotiate parental choice" for those deciding whether to enroll their children in the **ARKids First** health program.

In Washington for the annual winter meeting of the National Governors' Association, Huckabee met for the first time with Nancy-Ann Min DeParle, administrator of the federal Health Care Financing Administration, which oversees Medicaid, a joint federal-state health insurance program for low-income families.

For nine months, the state has battled the agency over a federal directive that Arkansas enroll in Medicaid all children whose family income makes them eligible.

The state created the **ARKids First** program in 1997 to provide health insurance for children whose parents earn too much to be eligible for Medicaid but struggle with the high cost of private health insurance.

The federal agency approved the program under the written condition that **ARKids First** provide services only to those not eligible for Medicaid.

Operating with low co-pay fees for doctor visits and prescriptions, the program provides benefits like those available to state employees, but the benefits are not as comprehensive as regular Medicaid, which is free.

State officials acknowledge that some of the 67,000 children enrolled in **ARKids First** since its inception have been eligible for regular Medicaid.

But they argue that many parents like **ARKids First** better because families want to pay something toward their health care rather than accept free care under Medicaid, which has been associated with welfare in the past.

"There are going to be parents who say, 'I want to pay part of the cost.' It's a pride issue," said Ray Hanley, director of the state's Medicaid program, who accompanied Huckabee to the meeting with DeParle.

The federal agency "would say, 'No, you don't have the right to choose.' It would force them to choose Medicaid, or no coverage at all," Hanley said.

To compromise with the federal agency, Huckabee said, he has agreed to offer a single, short enrollment form for both programs to ease Medicaid enrollment.

And he said he's willing to call the state's entire Medicaid program **ARKids First** to make regular Medicaid more attractive to applicants.

"But I'm not willing to negotiate parental choice," the governor said. "Parents should be empowered. Parents should be able to choose.

"We're not willing to negotiate that."

Huckabee said he thought that after meeting with him, DeParle better understood that "this is not about politics, and it is not a minor issue with me. I let her know that I am passionately committed to this program, and I'm not going away. I'm not negotiating this one off."

"He obviously feels very strongly about his position," DeParle said. She pointed out that federal approval and funding for the program were granted under the "clear condition" that **ARKids First** services go only to those not eligible for Medicaid.

"Also, it's not clear that they have made all the efforts they need to make to remove the stigma of welfare from the Medicaid program," DeParle said.

She cited a recent national study by the Kaiser Commission in which more than 90 percent of those

surveyed said they would choose Medicaid if it were offered without the hassles of the unwieldy application.

DeParle also said Sunday's meeting of the governors' association's human resources committee, chaired by Huckabee, highlighted other states' efforts to create "seamless" health insurance systems for children through single statewide applications and single statewide names for all similar programs, including Medicaid.

She said the ARKids situation is "under review" by the federal agency, but no funding would be cut off or other changes ordered.

The state is formally seeking an amendment to the conditions of the program, which would have to be approved by Health and Human Services Secretary Donna Shalala.

"We're working with the state," DeParle said. "We're leaving things in place until we work this out." She said she did not know how long the process would take.

Hanley said he thinks the agency is backing off, as four months have passed since the state heard from federal officials.

"We never would've thought it would take this long," he said. "That's a pretty good indication" that the state is on solid legal ground in its demands, Hanley said.

Photo: Mike Huckabee

LANGUAGE: ENGLISH

LOAD-DATE: April 9, 2000

Devorah R. Adler
03/07/2000 07:51:22 PM

Record Type: Record

To: Jeanne Lambrew/OPD/EOP@EOP

cc:
Subject: arkids

POTUS note: "Here's the problem!"
---------- Forwarded by Devorah R. Adler/OPD/EOP on 03/07/2000 07:51 PM ----------

Devorah R. Adler
03/07/2000 07:32:23 PM

Record Type: Record

To: Bridgett.Taylor@mail.house.gov @ inet

cc:
Subject: arkids

---------- Forwarded by Devorah R. Adler/OPD/EOP on 03/07/2000 07:32 PM ----------

Todd A. Bledsoe
03/06/2000 11:08:58 AM

Record Type: Record

To: Mickey Ibarra/WHO/EOP@EOP, Christopher C. Jennings/OPD/EOP@EOP, Devorah R. Adler/OPD/EOP@EOP, ahyman@os.dhhs.gov @ inet

cc:
Subject:

This editorial was published on Thursday, March 2, 2000 in the Arkansas Democrat Gazette.

Huckabee meets the delegation

JOHN BRUMMETT

In Washington for the National Governors' Association conference, Mike Huckabee got together privately Monday afternoon in U.S. Sen. Tim Hutchinson's office with all six members of the state's congressional delegation and key staff members.

Sources say interesting topics were discussed, including Huckabee's request that the delegation stand with him in his skirmish with the federal government over the ARKids First health insurance program for kids.

U.S. Rep. Vic Snyder, a Democrat, challenged Huckabee, a Republican, on the question of whether the state is doing right by its poorest and most severely disabled people on that issue. Snyder shared the federal government's concern that the state is ushering children from its poorest families into ARKids First instead of the more generous Medicaid to which they are entitled.

Snyder told Huckabee that maybe 15 minutes before the meeting, one of his aides had telephoned state government's ARKids First hotline to inquire in behalf of a supposed friend, a single mom who earned about $12,000 a year and had two kids. That's below the poverty level. It's welfare-eligible. It's tragic.

Snyder said his aide reported being told over the hotline about the application process for ARKids First, not Medicaid. At the end of the conversation, he said, his aide inquired about other programs, only to be told that the friend might be eligible for Medicaid, though not how or where to inquire.

Huckabee replied that he couldn't be responsible for what someone manning a hotline might have said or not said. But shouldn't he be held responsible, since he is the governor and the idea of the hotline is to serve the public? He said the system is set up so that as the paperwork for that case moved through the state Human Services Department, someone would notice that the applicant was Medicaid-eligible and give her the opportunity to revise her request.

At any rate, Huckabee went straightway from the meeting and told people in the Human Services Department to fix the hotline.

Here's the deal, and it should not be difficult to understand or embrace: If you are trying to raise kids in Arkansas and are so dreadfully poor that you fall below the poverty level and therefore qualify for Medicaid, then you should receive Medicaid, period. Your sick kids don't need for you to exercise an option to accept a nicer-sounding program that costs more and covers less. If they get sick, they need everything to which they are entitled.

ARKids First requires a co-payment and offers sparer benefits than Medicaid. It was established in 1999 not for welfare kids, but for children of the working poor, meaning those in that miserable gap between the poverty level and the actual subsistence level. Surveys show that minimal subsistence level to be somewhere around twice the poverty level.

But kids eligible for Medicaid haven't always been getting it in Arkansas. Some have been showing up on the rolls of the governor's ballyhooed ARKids First program.

That sounded an alarm late last year at the federal Health Care Finance Administration, which pays three-fourths of the state's Medicaid costs. The

feds informed the state that it needed to start doing right by people entitled to Medicaid. That prompted the governor to demagogue against outright welfare over workfare and against the infringement on state policy by the federal government. He tied a yellow ribbon around a bust of Bill Clinton at the Governor's Mansion. Why, exactly, I cannot recall.

To hear Huckabee tell it, horribly poor people in Arkansas are aching to avoid the stigma of welfare so they can make a co-payment and enjoy fewer benefits for their children.

> The matter has been hanging for months. The feds have suggested that the state establish a seamless application process. By that they mean one by which a mother inquiring about ARKids First but eligible for Medicaid would be automatically routed to Medicaid, not told parenthetically that she might be eligible for Medicaid and left to wander through the
> welfare services agencies on her own.

Huckabee had strutted around Washington for a couple of days claiming to have stood up to the federal government on the point that even with a seamless procedure, to which he professes to agree, welfare-eligible Arkansas families ought to be able to choose ARKids First instead of Medicaid if they have enough pride to want to share the responsibility for their kids' health care rather than rely on the out-and-out dole.

Why would he behave this way? One can only speculate. Maybe he just doesn't believe in welfare. Maybe it's that he gets political mileage from ARKids First, but not Medicaid. Maybe it's that Medicaid costs the state more than twice as much as ARKids First.

Let us hope that our poorest and most disabled are not being denied benefits because of poll numbers or bean counters.

By the way, Huckabee also told the delegation that Congress needs to provide that state sales taxes would be paid on Internet retailing. I'm told that U.S. Rep. Jay Dickey became mildly agitated, mentioning that some in the room had pledged not to raise taxes. Huckabee argued that taxes on Internet shopping wouldn't be new but an application of existing state gross receipts taxes on sales. He's kind of right, if a bit Clintonian.

And, finally, some thought the most interesting aspect of the meeting was that Dickey and U.S. Rep. Marion Berry, substantially sized gentlemen without particular regard for each other, shared a love seat.

John Brummett's column appears every Tuesday, Thursday, Saturday and Sunday.

The Associated Press State & Local Wire

View Related Topics

May 11, 2000, Thursday, PM cycle

SECTION: State and Regional

LENGTH: 717 words

HEADLINE: Arkansas Today

BYLINE: By The Associated Press

BODY:

Clinton announces Mississippi Delta regional authority

WASHINGTON (AP) - President Clinton has thrown his support behind the creation of a $30 million regional authority for the Mississippi Delta.

The Delta Regional Authority would use the money to target Delta counties with the lowest per capita income and highest poverty and unemployment rates. At least $25 million would go toward infrastructure and job training, and $5 million would go toward economic development, technical assistance and administrative costs.

The center idea was introduced last September by Sen. Blanche Lincoln and Rep. Marion Berry, both D-Ark., and co-sponsored by the rest of the delegation.

Dickey pushes legislation to preserve **ARKids First**

LITTLE ROCK (AP) - Rep. Jay Dickey, R-Ark., is going to bat for one of Gov. Mike Huckabee's favorite health-insurance programs - **ARKids First.**

Federal regulators have directed the state to enroll in Medicaid all children whose family income makes them eligible, but some of those families are enrolled in **ARKids First,** instead.

Medicaid is free. **ARKids First** requires co-payments.

Huckabee has argued that many parents like **ARKids First** better because families want to pay something toward their health care rather than accept free care under Medicaid. He has argued for parental choice in selecting which program parents want to enroll their children in.

In a news release Wednesday, Dickey said he wants Congress to approve a provision in legislation that he says would prohibit the federal Health Care Financing Administration from "dismantling the **ARKids First** Program by reviewing the Medicaid waiver provided to the state of Arkansas."

Mental health providers threaten lawsuit

The Arkansas Democrat-Gazette

May 13, 2000, Saturday

SECTION: NEWS; Pg. B1

LENGTH: 1577 words

HEADLINE: Enrollment clash for ARKids splits D.C. delegation Republicans back Huckabee in tussle with agency, but Democrats disagree

BYLINE: MICHAEL ROWETT, ARKANSAS DEMOCRAT-GAZETTE

BODY:

Gov. Mike Huckabee's quest to block the Clinton administration from changing how children are enrolled in the **ARKids First** Medicaid program split the state's congressional delegation Friday.

U.S. Rep. Jay Dickey, R-Ark., on Thursday inserted language in a subcommittee report to direct the federal Health Care Financing Administration to work with the state to resolve the dispute and make a status report by June 15 to the full committee.

Democratic Reps. Marion Berry of Gillett and Vic Snyder of Little Rock said Friday that they support the federal position, citing concerns that sick children eligible for the general Medicaid program are being steered by the state into ARKids, which provides fewer services and imposes charges general Medicaid recipients don't have to pay.

Republican Reps. Asa Hutchinson of Fort Smith and Dickey of Pine Bluff made clear Friday that they support the governor's position. Huckabee says parents should be able to choose between general Medicaid and ARKids Medicaid. The state's past enrollment practices, though, have steered applicants to the **ARKids First** version of the program.

Dickey characterized his flexing of legislative muscle -- he's a member of the committee -- as "only the beginning step on prohibiting [the health care administration] from dismantling the **ARKids First** program by reviewing the Medicaid waiver provided to the state of Arkansas."

Hutchinson applauded Dickey for trying to resolve the impasse between Huckabee and the Clinton administration.

But Berry said Dickey's use of the term "dismantling" is a bit of political hyperbole. "I don't think [the health care administration] has any intention of dismantling **ARKids First,**" Berry said. "It shouldn't be necessary for the U.S. Congress to get involved in this."

Snyder agreed with Berry. "In my opinion, trying to do something legislatively at this point is inappropriate," Snyder said. "It certainly would have been helpful if [Dickey] had discussed this with the whole Arkansas delegation before this effort was made, but that didn't occur."

BASIS OF DISPUTE

The health care administration, which oversees Medicaid programs nationally, asserts that the state is violating the terms of the waiver that allowed it to set up ARKids. The violation, it says, is that the state has been enrolling children eligible for the more generous general Medicaid program into ARKids with its fewer benefits and required co-payment.

State officials, including 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.

Both programs are Medicaid welfare programs. Both are financed from tax money, federal taxes paying $ 3 for every $ 1 spent by the state. Both are for low-income families. But some families in ARKids can have more income and more assets than families in the general program.

The basic Medicaid program is for families with incomes at or below the federal poverty level. In an Oct. 18, 1999, letter to Hanley, the health care administration indicated ARKids is for families with incomes up to twice the federal poverty level.

The dispute has been pending more than six months. The state has received no indication of how or when the federal government will make its decision, Hanley said.

Snyder said there's no disagreement about the merits of ARKids, but the state is sidestepping the issue of what the waiver granted by the health care administration allows. "We told [the health care

administration] we would do certain things, and we have not," Snyder said.
"We told [the agency] that ARKids was to reach out to parents who had no other choice for health insurance, not for parents whose children did have a choice -- [general] Medicaid."
'CONTINUE TO FIGHT'
Dickey's news release said he will "continue to fight because this is an essential health program for many families in Arkansas. Families need this choice to retain their pride and to have accessible, low-cost health care for their children."
Hutchinson said he takes the same position with the caveat that parents are allowed to make a truly informed choice between the two programs. "We need to give parents concerned with responsibility and dignity that choice to pay a little bit extra and not have the government pay all the bill, as long as it is an informed choice," Hutchinson said. "The informed choice is important."
Health care administration spokesman Chris Peacock said Friday that the agency is willing to work with the state to make the application process more user-friendly for both general Medicaid and ARKids Medicaid. The agency still maintains that to comply with the terms of the waiver that allowed the state to set up ARKids, the state must enroll general-Medicaid eligible children only in that program.
The Huckabee administration has accused the agency of trying to stymie state efforts to make ARKids as successful as possible. Peacock said that in late February the agency, rather, approved several state requests related to ARKids.
For example, he said, the agency approved a request to shorten the period during which uninsured children who had private coverage must wait before they can enroll in ARKids. The program originally had a 12-month waiting period; this approval shortens that waiting period to six months.
Also approved was Arkansas' request to allow children who do not have comprehensive health coverage through private insurance to enroll in ARKids. Both changes expanded coverage by making ARKids available to more low-income children who have no other source of coverage for the services covered by ARKids, Peacock said.
Peacock said that Huckabee was informed about this approval in a Feb. 27 meeting with agency Administrator Nancy-Ann DeParle, and formal notification followed Feb. 28.
During the trip to Washington for the National Governors' Association conference, Huckabee met with the congressional delegation. Berry said Friday that he and Snyder told Huckabee they shared the federal government's concern that the state was actively steering children from its poorest families into **ARKids First** Medicaid instead of the more generous general Medicaid for which they may be eligible.
Snyder said Friday that shortly before the meeting, one of his aides called the state ARKids hotline for a single mother with two children whose income was below the poverty level. Snyder said his aide was told about the application process for **ARKids First** but not for general Medicaid. At the end of the conversation, the aide was told that the family might be eligible for general Medicaid, but not how or where to inquire.
'PUSHING CHILDREN INTO ARKIDS'
This is more than a bureaucratic snafu, Berry said. General Medicaid covers the 22 services covered by ARKids, plus 21 services not offered under ARKids, mainly for children with disabilities and those who need physical therapy, specialized wheelchairs and hospice care.
"The concern we've had all along is that the state was pushing children into **ARKids First** when they're actually eligible for [general] Medicaid, and not telling them they're eligible for [general] Medicaid," said Berry, a licensed pharmacist. "For children with severe disabilities, this could mean they're not getting the care they need and deserve."
Snyder, a physician, said he has similar concerns. "I've talked to physical therapists and they've told me that parents who signed up for ARKids were upset when they found out that physical therapy wasn't covered under ARKids, and they weren't told it was covered under [general] Medicaid," Snyder said.
Hanley, who has overseen Medicaid since 1986, says the state does a good job of explaining the programs' differences. In a Nov. 12, 1999, written counteroffer to the health care administration's demand that the state stop enrolling general Medicaid-eligible children in ARKids Medicaid, Hanley proposed bringing the basic Medicaid health program under the term **ARKids First** as an umbrella label.

He proposed the same for the Children's Health Insurance Program, a small operation with about 700 children.
Hanley's proposal includes developing a common application form for the basic Medicaid program and for ARKids and dropping the requirement that people seeking the basic program visit a state Department of Human Services office to apply -- something not required in the ARKids program. As in ARKids,

applicants for the basic program could mail in their form.
He has proposed, however, to continue the state's requirement that applicants for the basic Medicaid program pass an assets test -- they're disqualified from that program if their assets exceed $ 2,000. There is no assets test for the higher income families that qualify for the ARKids program.
Arkansas is one of nine states that impose an assets test for general Medicaid, which Hanley defends as a reasonable step to ensure that families who apply for the more generous Medicaid package deserve it. But that may be reconsidered later, Hanley said.
Snyder said that "for the life of me, I can't understand if [41] states can do without an assets test, why Arkansas could not in order to get a seamless program."
Hanley said the state plans to implement the steps he outlined in the Nov. 12 letter by mid-summer, without waiting on the Health Care Financing Administration.

LANGUAGE: ENGLISH

LOAD-DATE: May 16, 2000

The Associated Press State & Local Wire

View Related Topics

May 15, 2000, Monday, PM cycle

SECTION: State and Regional

LENGTH: 787 words

HEADLINE: Arkansas Today

BYLINE: By The Associated Press

BODY:

Arkansas man wins $1 million from Web site

LITTLE ROCK (AP) - In a matter of moments, a Little Rock man went from fully employed to near-retirement and his retirement dreams - all because of several clicks on a computer.

Thomas E. Sipes, a sales manager for an industrial equipment parts company, uses the Web site iWon.com. The free site offers e-mail, news, weather and stock information, and also gives away money to its users.

Sunday, Sipes learned officially on a television commercial for the Irvington, N.Y., business that he was this month's $1 million winner.

"We were just looking for a nest egg to retire on. And, boy, what an egg!" Sipes said.

Planning to retire at 62, Sipes said he'll now retire earlier. "I'm a lot closer than I was" to the end of his work years at Centro Inc., he said laughing.

Congressional delegation divided about program

LITTLE ROCK (AP) - A question about how to enroll children in the **ARKids First** Medicaid program has divided the state's congressional delegation along party lines.

On one side are Reps. Jay Dickey and Asa Hutchinson and Gov. Mike Huckabee, all Republicans. On the other are Reps. Vic Snyder and Marion Berry, both Democrats, and the Clinton administration.

The federal Health Care Financing Administration, which oversees Medicaid programs nationally, asserts that the state is violating the waiver that allowed it to set up ARKids. The agency says the state has been enrolling children eligible for the more generous general Medicaid program into ARKids with its fewer benefits and required co-payment.

Huckabee and Medicaid Director Ray Hanley say parents want the choice of participating in ARKids to show that they want to contribute to their children's health care.

Both Medicaid programs are financed from tax money and both are for low-income families, but some families in ARKids can have more income and more assets than families in the general program.

Stalking law has 40 percent conviction rate

LITTLE ROCK (AP) - During the past six years, more than half of the stalking charges brought in Arkansas have been either dismissed or not prosecuted, according to state figures.

From 1994 through 1999, Arkansas prosecutors filed 181 stalking cases. Of those, 73 ended in convictions, 84 were not prosecuted and 15 were dismissed. Five of the cases ended in acquittals and the outcome of four others was unclear, according to statistics provided by the state Administrative Office of the Courts.

Officials say two factors that could affect the number of charges not prosecuted are plea agreements, in which stalking charges were reduced to other crimes, and the reluctance of victims to testify.

"There could be many reasons for those cases being (not prosecuted), and those two circumstances are certainly possible," said Bob McMann, director of the state prosecutor coordinator office. "But we don't have any way of knowing the reasons ... without going through a case-by-case study."

Jury selection continues in trial

MENA, Ark. (AP) - A week of jury selection ended with 12 jurors chosen for the capital murder trial of a man accused in the death of his 12-year-old niece.

Jury selection was scheduled to continue today to pick one more alternate in the trial of 31-year-old Karl Douglas Roberts, according to the prosecutor's office.

Authorities say there was nothing to indicate anything abnormal about the relationship between Andria Nichole Brewer and Roberts, but the man told police he raped and strangled the girl.

Roberts has pleaded innocent.

Prosecutors say he raped the girl, strangled her with his hands, dragged her body into a wooded area and covered her with debris. Roberts then allegedly gathered her clothing and took it to a creek about 1 1/2 miles away.

Guns can be sold to officials

CAMDEN, Ark. (AP) - Beginning today, a working gun can be sold for up to $100, virtually no questions asked.

Camden Police and the Camden Housing Authority are running the week-long gun buy-back program. Officials will be at the old Camden Ice House all week and other locations will be set up each day in area Housing Authority complexes.

The only requirement for selling a gun is that the seller must be at least 18, Police Chief Royce Carpenter said. Any gun in working order will be accepted, including illegal guns, such as sawed-off

The Associated Press State & Local Wire

View Related Topics

May 16, 2000, Tuesday, PM cycle

SECTION: State and Regional

LENGTH: 861 words

BYLINE: By The Associated Press

BODY:

State's Medicaid chief blasts congressman on insurance program

LITTLE ROCK (AP) - The state's Medicaid chief has taken Rep. Vic Snyder to task for not supporting Arkansas in its dispute with federal Medicaid officials over the **ARKids First** health-insurance program.

The state's delegation in the U.S. House of Representatives is split along party lines on the issue, with Snyder and his fellow Democrat, Marion Berry, supporting the administration of President Clinton, also a Democrat.

On Monday, Snyder said he had gotten a 2 1/2-page letter from Arkansas Medicaid director Ray Hanley.

Hanley's letter said Snyder was "wrong to support the theory" that the state is "steering families into ARKids and away from (general) Medicaid."

Hanley questioned what Snyder had done as a state senator from 1991-96 to expand Medicaid coverage for children. If Snyder didn't do anything as a state legislator, the letter said, he shouldn't criticize Huckabee's methods of doing so.

Snyder said he was surprised at the tone of the letter.

No plea agreement, prosecution ready for trial

BENTONVILLE, Ark. (AP) - The Benton County prosecutor says she's ready to go to trial with a first-degree murder charge against a 15-year-old boy accused of killing his father with a crossbow, after failing to reach a plea agreement with the boy's family.

On April 26, Circuit Judge Jay Finch had postponed a pretrial hearing in the case in which Justin Trammell is accused of killing his father, Michael Trammell, on Sept. 26. The postponement was to give the prosecution more time to discuss a plea agreement with the defendant's family.

But at a pretrial hearing Monday, Prosecutor Robin Green said her office had been unsuccessful in trying to reach such an agreement.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202)690-7850 **Fax: (202)690-5673**

To: Chris Jennings
DPC

Fax: 456-5557 Phone: 456-5707

Date: 4/21 Total number of pages sent: 6

Comments:

Skip sent me this - from the Arkansas Times. Mostly about the family planning amendment, but note sections on ARKids, WH correspondence, good chart and cartoon.

MS

200 Independence Avenue, S.W., Bldg. HHH, Room 647-D, Washington, D.C. 20201

...ate so...gr...t to remove family planning from ARKids

But it won't fight federal denial.

GEORGE FISHER

The difference

■ The federal government says everyone eligible for Medicaid should get it. The state thinks parents should have the option to choose ARKids instead. The big differences.

	Medicaid	ARKids
Co-pay	None	$5 to $10
Audiological services	Yes	No
Developmental day treatment clinic	Yes	No
Domiciliary care	Yes	No
End stage renal disease services	Yes	No
Hearing aids	Yes	No
Hospice	Yes	No
Hyperalimentation	Yes	No
Inpatient psychiatric services for those under 21	Yes	No
Orthotic appliances	Yes	No
Personal care	Yes	No
Non-emergency transport	Yes	No
Private duty nursing	Yes	No
Prosthetic devices	Yes	No
Occupational and physical therapy	Yes	No

Arkansas has been locked in a stalemate with the federal government for more than 10 months over Gov. Mike Huckabee's refusal to provide Medicaid coverage to all eligible children.

Huckabee prefers that all families, no matter how poor, be given a choice of Medicaid or ARKids First, the children's health insurance program designed for families that earn more than Medicaid limits. If poorer families want to pay for ARKids' reduced coverage, it should be their choice to do so, he says, though the federal government has said all Medicaid-eligible children should receive it.

In February, Huckabee told federal officials he would not negotiate this issue. But about the same time, his administration folded on a potentially more emotional issue related to ARKids — family planning.

Meanwhile, a stalemate continues on Huckabee's insistence on 'choice.'

ARKids, adopted in 1997, has provided family planning (mostly for young women) from the beginning. This service is defined as "any medically approved diagnosis, treatment, counseling, drugs, supplies or devices which are prescribed or furnished by a physician, nurse practitioner or the Health Department to individuals of childbearing age for purposes of enabling such individuals freedom to determine the number and spacing of their children."

Family planning is often a target of religious conservatives. Some believe that, for example, distribution of condoms encourages sexual activity. Others oppose use of birth control devices that work in the moments after conception. Still others feel family planning can be used as a cloak for abortion. (Abortion may be reimbursed with federal funds only in cases of rape and incest or to save a mother's life. Even if the family planning coverage could be construed as providing for abortions, it would only be in these narrow circumstances.)

Huckabee, a religious conservative, is an abortion opponent as is Ray Hanley, director of medical programs for state Human Services. They were at the forefront of a losing state challenge to the federal rule requiring Medicaid coverage of abortions for rape victims.

Arkansas asked Feb. 17 to delete family planning from ARKids coverage. On Feb. 28, that request was denied by Nancy-Ann Min DeParle, administrator of the federal Health Care Financing Administration.

Why was the deletion sought?

"It's a children's health insurance program and there was some pretty strong feeling on the part of some folks that family planning didn't belong in a children's health program," Hanley said.

What folks?

"Constituents around the state," Hanley said. "I can't really remember now who."

Was the governor instrumental? "I think you could say he was interested in whether or not it was a required service."

ARKids covers children up to 18, an age by which thousands of Arkansas youths have become parents. Hanley said he had been a child welfare worker and was well aware of the problem of teen pregnancy. But he said family planning services were in "ample" supply elsewhere and that ARKids was a primary health care plan and family planning "didn't need to be there."

Supporters of family planning say, however, that it is an essential primary care issue and note that the federal government recognizes that by providing a far greater reimbursement rate — a 90 to 10 match of state dollars.

The state won't fight the federal refusal to allow Arkansas to stop covering family planning. Yet it continues to fight to allow parents to choose more expensive, less comprehensive insurance coverage for their children.

Hanley insists that the issue on coverage is far less clear. "If it was so clear, we wouldn't be sitting here now."

Congressional sources indicate, however, that the Clinton administration isn't wavering

applied and been ruled eligible. Thus, he thinks Arkansas is following the law if it explains both programs and parents choose ARKids over Medicaid.

It is far easier to choose ARKids. A TV ad campaign featuring the governor pushes the ARKids program incessantly. When parents call the advertised number, they are sent information for ARKids, but are told if they think they are eligible for the better, cheaper Medicaid, they must visit a local welfare office to get it. Parents may apply for ARKids by mail, but must apply for Medicaid in person.

The procedure will become less cumbersome in July, Hanley said. There will be a joint application form for ARKids and Medicaid. A draft of the form describes the differences of the plans in detail, calling what is now ARKids as "ARKids A" and what is now known as Medicaid as "ARKids B." Parents may apply to be considered for whatever plan they are eligible for or may specify a plan.

***NEGOTIABLE:** Gov. Mike Huckabee won't negotiate "choice" in health insurance, but he is willing to allow family planning to be covered.*

on the law, but politics. The Clinton administration, though reportedly firm on its legal determination, doesn't want to reject Arkansas's position for fear it could reverberate in Arkansas political races. Supporters of the broadest possible health services for children are lobbying the Clinton administration to stand firm because they believe a change in policy would prompt a rush around the country to follow Arkansas's example.

Why does Arkansas press so hard for choice?

"You haven't heard, like we've heard, parents say how important it is to their dignity to pay something when they leave the doctor's office," Hanley said.

Illinois, however, has been able to add a large number of children to pure Medicaid coverage. It has countered stigma about public assistance by emphasizing that most citizens have paid taxes for government services, so the expanded insurance coverage isn't really "free."

Hanley argues what is effectively a legal loophole for the state's position that it doesn't have to provide Medicaid coverage for the Medicaid eligible. He says someone doesn't become Medicaid eligible until they've

Joining the fray

■ U.S. Sens. Richard J. Durbin of Illinois and Jack Reed of Rhode Island have joined the argument over whether Arkansas should be able to permit Medicaid-eligible families to choose to insure their children in a program with narrower coverage and some costs (see table).

They wrote President Clinton March 14 in opposition to a waiver of Medicaid rules to allow the option favored by Huckabee.

"Any decision to grant Arkansas such a waiver has national implications," they wrote. They said Democrats united in 1995 for comprehensive coverage for children. "We should not allow states to undermine the Medicaid program by channeling people into a Medicaid waiver program or separate state program that imposes cost sharing and provides fewer benefits. If low-income children are enrolled in a program with co-payments for most doctor visits and without the protection of Medicaid's full ... benefit package, those children are less likely to receive the full range of services they need to stay well or get well quickly. This is a particular concern for disabled children with chronic health care needs."

They said they feared approval of the waiver in Arkansas could be used to defend similar actions elsewhere, "which would put the health of low-income and disabled children in Illinois and elsewhere in jeopardy."

The senators write that this thinking led to the federal decision to initially reject Arkansas's request. Arkansas has ignored the federal government's rejection, but federal agencies have not yet moved to force Arkansas to comply with the law.

Durbin and Reed urged Clinton to reaffirm the importance of full Medicaid coverage for all Medicaid-eligible children. Clinton, through an aide, promised in a March 28 letter "a response in the near future."

But some research shows that cost-sharing by parents reduces participation in government health insurance programs.

The Urban Institute studied participation in four states — Hawaii, Minnesota, Tennessee and Washington — that had sliding scale premiums for children's health coverage. As costs increased, even by small amounts, participation in the programs decreased, the researchers found.

A summary of the study by the Children's Defense Fund notes that proponents of cost-sharing say it promotes personal responsibility, reduces the stigma of public assistance and makes public programs more like private insurance. "However, cost-sharing reduces participation because many eligible families cannot afford premiums, no matter how low," the Defense Fund said.

The stigma of welfare

■ Arkansas wants to give people a choice of paying for less insurance for children because Huckabee believes many parents won't take a free program.

CJRW

Cranford Johnson Robinson Woods
FAX TRANSMITTAL SHEET

Date: 4/20/00

To: Melissa Skofield

Number: 202-690-5673

From: Skip Rutherford

Number of pages sent including this sheet: 5

If you have any problems receiving this facsimile, please contact Paulette Craig at (501) 975-7266.

Thank you.

Capitol Center / 303 West Capitol Avenue / Little Rock, Arkansas 72201-3593
FAX: (501) 975-6045 or (501) 975-6085

Comments:

From Arkansas Times

Cranford Johnson Robinson Woods
Advertising . Public Relations . OutMarketing™
303 West Capitol Avenue . Little Rock, Arkansas 72201
501-975-6251 . Fax 501-975-6241 . www.cjrw.com
Eastern Office . Raleigh, North Carolina

OPTIONAL FORM 99 (7-90) re: draft Med/CHIP

FAX TRANSMITTAL # of pages ▶ 4

To	From
Neil Donovan	JoAnn Martinez
Dept./Agency	Phone # 202-512-6813
Fax #	Fax #

NSN 7540-01-317-7368 5099-101 GENERAL SERVICES ADMINISTRATION

GAO ing Office

t

Minority Member, House Committee on Commerce

April 6, 2000

MEDICAID AND SCHIP:

Comparisons of Outreach, Enrollment Practices, and Benefits

Notice:
This draft is restricted to official use.

This draft correspondence is being provided to obtain advance review and comment from those with responsibility for the subjects it discusses. It has not been fully reviewed within GAO and is, therefore, subject to revision.

Recipients of this draft must not, under any circumstances, show or release its contents for purposes other than official review and comment. It must be safeguarded to prevent publication or other improper disclosure of the information it contains. This draft and all copies of it remain the property of, and must be returned on demand to, the General Accounting Office.

add dist

OPR: OP

GAO Form 515 (Rev. 3/99)

B-

April 14, 2000

DRAFT

The Honorable John D. Dingell
Ranking Minority Member
Committee on Commerce
House of Representatives

Subject: Medicaid and SCHIP: Comparisons of Outreach, Enrollment Practices and Benefits

Dear Mr. Dingell:

Two federal-state partnerships, Medicaid and the State Children's Health Insurance Program (SCHIP), offer states the opportunity to provide health insurance coverage to low-income children. Medicaid, established in 1965 to provide health care coverage to certain categories of low-income adults and children, reported enrollment of 22.3 million children as of September 1998. SCHIP, established in 1997 to expand health care coverage to uninsured low-income children not eligible for Medicaid, reported enrollment of nearly 2 million children as of September 1999. In designing SCHIP, states had the option of expanding their Medicaid programs, constructing a stand-alone program that operates separately from Medicaid, or developing some combination of both approaches. More than half of the states have chosen SCHIP approaches that are, to varying degrees, separate from their Medicaid programs.

[redacted] you asked us to [redacted] between both programs [redacted], screening [redacted]. We contacted Medicaid and SCHIP officials from 10 states with SCHIP programs that were essentially separate from their Medicaid programs, obtaining descriptions and documentation of their SCHIP and Medicaid programs.[1] We

[1] The 10 states we [redacted] Arkansas, California, Colorado, Florida, Kansas, North Carolina, [redacted]. Within its Medicaid program, Arkansas has two distinct components: ConnectCare and ARKids First. The state is hoping to use ARKids First as a SCHIP stand-alone

mandatory for Child applying

B-

DRAFT

also contacted individuals from the Health Care Financing Administration (HCFA), which has oversight responsibilities for both SCHIP and Medicaid. We performed our work in [redacted] in accordance with generally accepted government auditing standards.

SUMMARY

Across our [redacted] of 10 states, Medicaid and SCHIP programs are similar in terms of their outreach mechanisms, but have differences in the way they enroll children and the scope of the benefits they offer to enrolled children. In particular, we noted the following differences:

–The [redacted] our sample employed similar outreach mechanisms for Medicaid and SCHIP, but they [redacted] in the [redacted] and in the [redacted] both programs.

–For many states in our sample, applying for Medicaid required more self-reported information, documentation, or both to determine eligibility. Certain information is federally required for Medicaid eligibility determination but not for SCHIP.[1] Many of the [redacted] required more documentation for Medicaid than for SCHIP, and [redacted] more documentation for Medicaid than was federally required.

–While all of the states in our sample reported that they had policies and procedures to ensure that eligible children were appropriately enrolled in Medicaid rather than SCHIP, the ease with which children found eligible for Medicaid were enrolled varied, ranging from automatic determination of eligibility to requiring applicants to fill out additional forms.

DRAFT

component. Arkansas has about 900 children enrolled in its SCHIP Medicaid expansion as of fiscal year 1999.

[1]For example, Medicaid requires that applicants provide the social security number (SSN) of children who are applying for benefits, while SCHIP does not.

B- DRAFT

--Our review of five optional benefits (dental, hearing, mental health, prescription drugs and vision) shows that while states' SCHIP programs offer many of the same benefits as Medicaid, [redacted]

BACKGROUND

Medicaid coverage for children is extensive, offering a wide range of medical services and mandating coverage based upon family income in relation to the federal poverty level (FPL). Federal law requires states to cover children up to age 6 with family incomes up to 133 percent FPL and children ages 6-15 up to 100 percent of FPL. Medicaid benefits are particularly generous for children because of Medicaid's Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services. [redacted] provides comprehensive, periodic evaluations of health, developmental history, as well as vision, hearing and dental screening services to most Medicaid-eligible children.[4] Under EPSDT, states are required to cover any service or item that is medically necessary to correct or ameliorate a condition detected through an EPSDT screening, regardless of whether the service is otherwise covered under a state Medicaid program.

SCHIP, created under title XXI of the Social Security Act, authorized nearly $40 billion over fiscal years 1998 to 2008 in federal matching funds for states to offer coverage to children in families with incomes up to 200 percent of the federal poverty level who do not qualify for Medicaid.[5] In designing their SCHIP programs, most states chose to establish separate, stand-alone components, often in combination with a Medicaid

---

[3]See 42 USC § 1396a(a)(10)(A).

[4]The EPSDT benefit is optional for the medically needy population, an optional category of eligibility for individuals who generally have too much income to qualify for Medicaid, but have "spent down" their income by incurring medical and/or remedial care expenses. See 42USC § 1396a(a)(10)(C). If a state chooses to provide one EPSDT service, it must provide all EPSDT services to all medically needy individuals under age 21.

[5]Recognizing the variability in state Medicaid programs, the statute allows a state to expand eligibility up to 50 percentage points above its existing Medicaid eligibility standard. For example, Massachusetts covered children up to 250 percent of the federal poverty level for SCHIP.

expansion.[6] As of September 30, 1999, the majority of the almost 2 million SCHIP enrollees [redacted] While states with a SCHIP Medicaid expansion must provide the same coverage available to other children enrolled in Medicaid, states with SCHIP stand-alone components have a wide range of options to use in designing their benefit packages. SCHIP stand-alone components must cover basic benefits such as physician services, inpatient and outpatient hospital services and laboratory and radiological services. However, [redacted] such as prescription drugs, hearing, mental health, dental, and vision services on a more limited basis, or not at all.

States with SCHIP stand-alone components are required to coordinate with Medicaid, other public programs, and private insurance. [redacted] States must specify in their SCHIP plans how they have established a system that identifies, refers, and enrolls eligible children in the appropriate program. HCFA recently proposed regulations for SCHIP that emphasize the need for states to facilitate enrollment of eligible children by offering outreach activities and enrollment mechanisms that are similar to those in Medicaid. States are encouraged to streamline and coordinate their outreach efforts, applications and processing time requirements, enrollment options and enrollment sites, and to use continuous and presumptive eligibility for both programs.[8]

---

[6]Most states chose stand-alone components in part because this choice allowed them additional control over expenditures. A state with a SCHIP stand-alone component may limit its annual contribution, create a waiting list, or stop enrollment once the funds it budgeted for SCHIP are exhausted. See Children's Health Insurance Program: State Implementation Approaches Are Evolving (GAO/HEHS-99-65, May 1999).

[7]State Children's Health Insurance Program, Section 2102(b)(3)(B)

[redacted] allows states to provide beneficiaries with [redacted] in the Medicaid and SCHIP programs for [redacted] without requiring an eligibility redetermination. Using presumptive eligibility, states have the option of [redacted] Medicaid or SCHIP coverage to children [redacted] a determination of eligibility is made.

B- DRAFT

MEDICAID AND SCHIP USE SIMILAR OUTREACH MECHANISMS, BUT ENROLLMENT PRACTICES AND BENEFITS DIFFER

Medicaid and SCHIP programs are similar in terms of their outreach mechanisms, but have differences in the way in which they enroll children and the scope of the benefits they offer to enrolled children. With regard to outreach, the states in our sample employ a variety of approaches to inform families about the health coverage programs available and to assist them in the application process. More than one-half of the states report using similar outreach mechanisms for Medicaid and SCHIP. However, states differed in the extent to which they combined their outreach efforts for the two programs. While some states found it useful to combine such efforts, other states (such as Kansas and Pennsylvania) mostly preferred a separate SCHIP outreach approach, indicating that separate enrollment strategies are intended in part to overcome potential enrollment barriers that may exist due to the perceived stigma of Medicaid in their states.

The amount of [redacted] or spent on outreach for each program also differed considerably. Among the states able to provide amounts for both programs, four states indicated that more was allocated or spent for SCHIP outreach than for Medicaid outreach. For example, [redacted] estimated approximately $10,000 for Medicaid outreach and about $700,000 budgeted for SCHIP. In contrast, Kansas reported more spending for Medicaid outreach at $1.1 million than for SCHIP at $425,000 in state fiscal year 1999. (Additional details on the outreach mechanisms and states' spending on outreach are available in Enclosure I.)

For many states in our sample, applying for Medicaid requires more self-reported information, documentation, or both to determine eligibility.[9] Although 7 of the 10 states

[9]Medicaid and SCHIP differ in some of their eligibility determination requirements. For example, states may allow self-reporting of income and assets under federal Medicaid regulations. However, the state is also required to have an income and eligibility verification system (IEVS) and to use it to request information from other federal and state agencies to verify the Medicaid applicant's income and resources. (42 CFR 435.940.965). States also have the authority to eliminate asset tests for Medicaid under sections 1902(r)(2) and 1931 of the Social Security Act. For SCHIP, there are no income or asset verification requirements. Medicaid statute also requires SSNs to be supplied only by Medicaid applicants and recipients; SSNs are not required for non-applicant parents or for SCHIP applicants. However, many of

B- DRAFT

use, or are moving toward implementing a joint application for Medicaid and SCHIP, the eligibility determination requirements were often not the same for the two programs. In fact, for Medicaid, nearly all states required additional information, documentation, or both that was not required for SCHIP. For example, three states—Arkansas, Florida, and Utah—[redacted] Two states—Alabama and Florida—required income to be documented for Medicaid, but not for SCHIP. In addition, three states–Arkansas, Florida, and New York—currently required in-person interviews for enrollment in Medicaid, whereas SCHIP applications could be completed by mail.[11] In a few instances, SCHIP requirements exceeded those of Medicaid. For example, California, Colorado, Kansas, and Pennsylvania required documentation for a child's citizenship, while their Medicaid programs did not.[12] Of the 10 states, [redacted] SCHIP but not Medicaid, while one, New York, offered it for Medicaid but not SCHIP. Recertification requirements were more similar for the two programs than states' application and eligibility requirements, although two states required an interview for Medicaid but not SCHIP. (See Enclosure II for additional details.)

While all of the states in our sample have established policies and procedures to ensure that Medicaid-eligible individuals are enrolled in Medicaid rather than SCHIP, [redacted] with which children were enrolled in Medicaid varied. Some of the states used a central clearinghouse in which Medicaid workers, other state employees and/or private

---

the differences we report, especially requirements for documentation by the family and for in-person interviews, did not reflect federal Medicaid requirements. As HCFA noted in its Septeinber 1998 guidance, states have the flexibility to determine documentation requirements, including self-declaration of income and assets.

[12] In its Sept. 10, 1998 guidance on application and enrollment simplification, HCFA noted that some states already eliminated assets tests for these programs. HCFA included the elimination of assets test among its recommendations for reducing the complexity of the enrollment process.

[11] While in-person interviews will still be requiredfor Medicaid, New York plans to ease the process through "facilitated enrollment," which will begin in April 2000. Funded by the state, facilitators in community-based settings (such as hospitals, clinics, schools, and libraries) will be delegated the authority to conduct the required face-to-face interviews. The intention is to make it possible for families to be interviewed during hours convenient to their work schedules, including evenings and weekends.

[12] States with separate SCHIP programs are federally required to verify, for qualified aliens, an applicant's immigration status with the INS.

B- DRAFT

contractors processed SCHIP and Medicaid applications jointly.[13] In those states in which the Medicaid and SCHIP staffs were located separately, the applications were often transferred by mail. In four states--Alabama, California, Colorado, and New York--applicants were allowed to choose whether their application would be considered for Medicaid.[14] Additionally, in five of the 10 states—Alabama, Arkansas, New York, Pennsylvania, and Utah—additional steps were required to complete a Medicaid application. (See Enclosure III for additional details.)

Our review of five optional benefits (dental, hearing, mental health, prescription drugs and vision) shows that while states' SCHIP programs offer many of the same benefits as Medicaid, there are more limits on these services. Most commonly, mental health and vision benefits are limited under SCHIP. For mental health care, nine of the states in our sample limit the number of outpatient visits or inpatient days allowed per year. Colorado does not cover dental benefits under SCHIP, and six states--Alabama, Arkansas, Kansas, New York, North Carolina, and Pennsylvania--limit selected dental services, primarily orthodontics. In addition, while all 10 of the states in our sample cover hearing screening examinations, at least three states place limitations on hearingservices , for example, Arkansas's ARKids First program does not provide hearing aids. Finally, three states in our sample – Alabama, New York and North Carolina--have limitations on all five of the optional benefits. (See Enclosure IV for additional details.)

AGENCY COMMENTS

(To be obtained.)

We are sending copies of this report to the Honorable Nancy-Ann MinDeParle, HCFA Administrator, and other interested parties, and we will make copies available to others on request. If you or your staff have any questions regarding this letter, please contact

[redacted]

[redacted]

B-

me at (202) 512-7114 or Carolyn Yocom at (202) 512-4931. Other contributors to this analysis were Catina Bradley, JoAnn Martinez, and Deborah A. Signer.

Sincerely yours

Kathryn G. Allen
Associate Director, Health Financing
And Public Health Issues

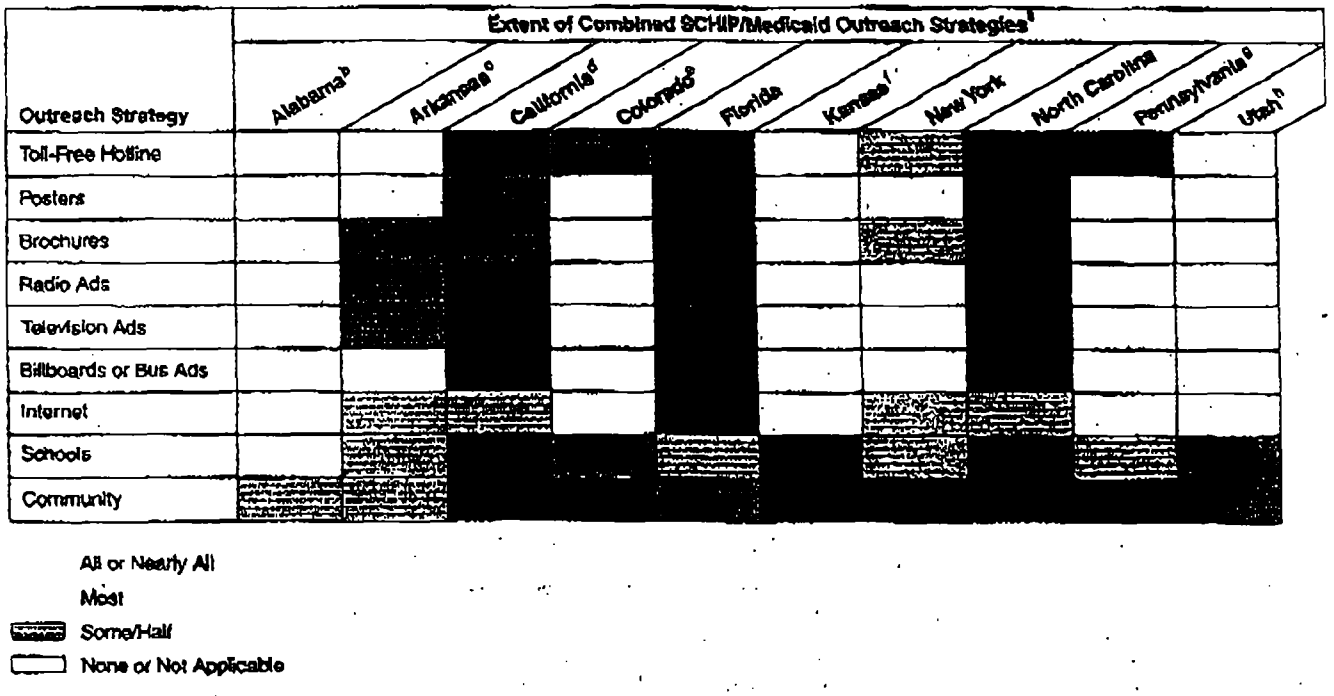
Enclosures – 4

MEDICAID AND SCHIP OUTREACH ACTIVITIES

The states in our sample employ a variety of outreach approaches to inform families about the health coverage programs available and to assist them in the application process. Such approaches range from toll-free hotlines to radio/television advertisements to extensive community involvement. More than one-half of the state officials indicated that they have similar outreach mechanisms in place for both programs. Despite the reported similarities however, the existence of similar outreach mechanisms for both Medicaid and SCHIP does not necessarily illustrate the utility or effectiveness of the mechanisms in place. For instance, while one state noted a toll-free hotline for both programs, the phone lines differed considerably, with one permitting callers to request that an application be sent to them by mail, while the other instructs the caller to apply at the local county assistance office. Other differences between Medicaid and SCHIP outreach include the use of media such as radio and TV ads, as well as the existence and use of a SCHIP Internet site designed for applicants. These websites generally provide information regarding SCHIP and some allow individuals to download applications.

A HCFA official told us that the agency has been encouraging states to combine outreach mechanisms for SCHIP and Medicaid. However, as shown in figure 1, differences existed in the extent to which some states combined their outreach strategies for Medicaid and SCHIP.

Figure 1: Extent of Combined Outreach for Medicaid and SCHIP in 10 States



[a]The responses reflect answers from both SCHIP and Medicaid officials, except where conflicting or dissimilar responses are noted below.

[b]An Alabama Medicaid official indicated that some of the toll-free hotline effort is combined with SCHIP. The Medicaid official also noted that radio ads, television ads, billboards or bus ads, Internet and school involvement was not applicable.

[c]Arkansas does not utilize billboards or bus ads for either program.

[d]A California Medicaid official indicated that posters and brochures are all or nearly all combined.

[e]A Colorado Medicaid official reported that some of the toll-free hotline efforts and brochures are combined, and none of school or community involvement is combined with SCHIP.

[f]A Kansas Medicaid official indicated that the toll-free hotline, posters, brochures, radio ads, television ads, billboards or bus ads, and Internet efforts are all or nearly all combined while the SCHIP official indicated that none are combined. The Kansas SCHIP official also specified that its website is under development.

[g]According to Pennsylvania Medicaid, some/about half of posters, brochures, billboards or bus ads, and Internet efforts are combined, and that most of school involvement is combined; Pennsylvania Medicaid responses indicated that radio and television ads are all or nearly all combined while a Pennsylvania SCHIP official said that none of these efforts are combined.

[h]Utah Medicaid reported that all or nearly all of the toll-free hotline, school and community efforts are combined; a Utah SCHIP official said that hotline efforts are not combined, and most school and community efforts are combined. Utah Medicaid said that posters, brochures and its website are combined.

Source: GAO Survey of States, March 2000.

[redacted] separate outreach spending or allocations for SCHIP and [redacted], differences did exist in the extent to which they were able to identify and report outreach efforts—and in the amounts of spending. Some examples follow.

–Three states made [redacted] than for Medicaid during state fiscal year 1999:

[redacted] reported approximately $806 in state spending for Medicaid outreach, an amount which the state said was supplemented with other efforts; state spending on SCHIP outreach was $367,738.

[redacted] estimated approximately $10,000 in state spending for Medicaid outreach brochures, and about $700,000 budgeted for SCHIP.

[redacted] Pennsylvania reported that $500,000 in state funds have been allocated for Medicaid outreach compared to about $2.5 million in state funds for SCHIP.

[redacted] reported spending more for Medicaid outreach than for SCHIP. [redacted] reported $1.1 million in state spending for Medicaid and $425,000 for SCHIP. [redacted] New York also reported spending more for Medicaid once federal funds were combined. In particular, the state reported spending $11.7 million in federal funds associated with welfare reform for Medicaid outreach to children and families; coupled with state spending of $1.2 million, Medicaid outreach spending was much higher than SCHIP, which reported $3.38 million in state spending for outreach.

–Two states were able to provide data on outreach spending for only one program:

–Arkansas reported $400,000 in state spending for its regular Medicaid program, but could not provide a spending amount for its ARKids First program.

DRAFT

–Utah could not provide data on state spending for Medicaid outreach, but reported $1.4 million in state spending for SCHIP outreach efforts.

The remaining three states did not delineate spending within each program, but rather provided a combined dollar figure designated for both Medicaid and SCHIP outreach. For instance, California officials reported that the state spent about $10 million relating to education and outreach for SCHIP and Medicaid. Florida also provided a combined outreach figure of $550,000 in state funds for both programs and North Carolina indicated that along with other grant and federal funds, the state spent $129,250 for both SCHIP and Medicaid outreach.[16]

[16] The state receives additional funds as a grantee of the Robert Wood Johnson Foundation for outreach to children, which affects both SCHIP and Medicaid outreach efforts. The Robert Wood Johnson Foundation's mission is to improve the health and health care of all Americans. One initiative, termed "Covering Kids: A National Health Access Initiative for Low-Income, Uninsured Children," helps states and local communities increase the number of eligible children who benefit from health insurance coverage programs.

APPLICATION AND ELIGIBILITY DETERMINATION

In addition to supporting combined outreach efforts, [redacted] promoting the message that Medicaid and SCHIP enrollment efforts should be combined as much as possible. [redacted] reporting, technical assistance and has issued guidance about ways to best accomplish the coordination of enrollment. While seven of the 10 states in our survey currently use, or are about to use, a joint application,[16] HCFA's monitoring visits to states also emphasized the importance of looking beyond the joint application forms and into the requirements associated with each program. In the 10 states we surveyed, [redacted] determination requirements, [redacted] information and documentation were typically not the same for Medicaid and SCHIP.

States generally required the same information about income and age of the child for both programs. However, nearly all states required more information for Medicaid than for SCHIP. For example, Arkansas, Colorado, Florida, and Utah required information about assets for Medicaid, but not for SCHIP. While a SSN is federally required for the child applying for Medicaid benefits, there is no such requirement for SCHIP.[17] However, four states—Alabama, Arkansas, Florida, and Pennsylvania--required information about the parent's SSN even when the parent was applying for a child, while none of the states we surveyed required this information for SCHIP.[18]

Similarly, 8 of the 10 states required more documentation from families for Medicaid than for SCHIP on one or more eligibility criteria. For example, although most states

---

[16] Th[redacted] with joint applications are Alabama, California, Colorado, Florida, Kansas, New York, Pennsylvania, and Utah. At the time our study was conducted, New York was planning to begin using a joint application statewide in April 2000. The remaining three states have separate applications. Arkansas plans to implement a joint application in July 2000. Pennsylvania contracts with seven different health plans to administer SCHIP throughout the state, and each of the contractors use a different application. Utah SCHIP uses a Medicaid addendum form for applicants who appear Medicaid-eligible.

[redacted] Section 1137(d) of the Social Security Act requires SSNs to be supplied [redacted] Medicaid applicants [redacted] SCHIP applicants. Under Medicaid statute, states are prohibited from making the provision of a SSN by another family member a condition of the child's eligibility for either program.

[redacted] application and to expedite determination of the child's eligibility [redacted] Medicaid can request that a parent voluntarily provide his or her SSN.

required documentation of income for both programs two states—Alabama and Florida—required income to be documented for Medicaid, but not for SCHIP. Five states—Alabama, Florida, New York, North Carolina, and Utah–also required applicants for Medicaid to document deductions from income, such as deductions for childcare, while only California required this for SCHIP. Three states also required documentation of assets for Medicaid but not for SCHIP (Arkansas, Florida, and Utah), and six states required documentation of the child's SSN for Medicaid but not for SCHIP (Alabama, California, Colorado, Florida, New York, and North Carolina). (See table 3.)

Table 3: Additional Information and Documentation Required for Medicaid, Ten States

State	Eligibility criteria[a]					
	Income deductions	Assets	SSN child	SSN parent	Citizenship	Age of child
Alabama	D,I	N	D,I[b]	I	D,I	S
Arkansas	N	D,I	S	D	S	S
California	S	[c]	D,I	[c]	[d]	S
Colorado	I	I	D	[c]	[c]	S
Florida	D,I	D,I	D,I	D,I	D	D
Kansas	N	N	I	N	[d]	[d]
New York	D,I	N	D,I	[c]	[c]	S
North Carolina	D	S	D	N	S	S
Pennsylvania	S	N	I	I	[d]	S
Utah	D,I	D,I	I	[c]	S	S

[a]D= Documentation is required for Medicaid, but not for SCHIP
I = Applicant self-reports the information for Medicaid, but not for SCHIP
S = Same requirement essentially for SCHIP and Medicaid
N = Neither SCHIP nor Medicaid have this requirement.

[b]The state noted that it can sometimes obtain this information from its income and eligibility verification system.

[c]The state requires this information only if the parent is applying for Medicaid.

[d]SCHIP has more requirements than Medicaid.

Source: GAO Survey of States, Mar. 2000.

The states' applications reflected several strategies for handling the different requirements for eligibility determination under the two programs For example, state

strategies included (1) requiring additional follow-up from Medicaid-eligible applicants (for example, Alabama, New York, Pennsylvania, and Utah); (2) asking SCHIP applicants for information that was not required for the program (for example, Colorado's application asked for assets, although asset information was required only for Medicaid; and Alabama, Arkansas, and Colorado applications asked for both the child's and parent's social security number); (3) indicating that some questions were optional (for example, California's joint application indicates that social security numbers are not required for SCHIP); and (4) indicating that some sections of a joint application related to only one program (for example, Colorado).

Of the 10 states, five offered continuous eligibility for both Medicaid and SCHIP (Alabama, Colorado, Florida, Kansas, and North Carolina).[11] Four other states offered continuous eligibility for SCHIP but not Medicaid (Arkansas, California, Pennsylvania, and Utah), while New York offered it for Medicaid but not SCHIP. Most states provided for 12 months of continuous eligibility when it was offered, except in Florida, where Medicaid children over 5 years of age and all SCHIP children had 6 months of continuous eligibility. Three Medicaid programs (California, Colorado, and Utah) and one SCHIP program (New York) offered presumptive eligibility.

Under current Medicaid law [redacted] the continuous eligibility option, states must recertify the eligibility of a Medicaid beneficiary whenever the beneficiary's financial circumstances change. [redacted] recertification requirements for Medicaid and SCHIP were more similar in the states we surveyed than application and eligibility requirements.[12] Nine states required recertification after 12 months for both programs. Florida required recertification after 12 months for Medicaid and after 6 months for SCHIP. The most common methods for recertification involved mailing a form or a new application, but New York and Florida also required an interview for Medicaidrecertification but not for SCHIP. Nearly all states required information about income for Medicaid and SCHIP;

[11]Continuous eligibility allows an applicant to remain eligible for Medicaid, regardless of any changes in circumstances, for a specified period of time.

[12]Recertification requires applicants to report any changes in financial circumstances to the Medicaid or SCHIP program, in contrast to continuous eligibility.

several states required information about income deductions, primarily for Medicaid. Arkansas, Florida, and Utah required information about assets for children applying for Medicaid. Alabama's Medicaid program also required information about thechild's and parent's social security numbers, citizenship, and age of the child.

SCREENING AND ENROLLMENT

While all of the states in our sample have established policies and procedures to assure that Medicaid-eligible individuals are enrolled in Medicaid rather than SCHIP, the ease with which children were enrolled in Medicaid varied. Some of the states used a central clearinghouse in which Medicaid workers, other state employees and/or private contractors processed SCHIP and Medicaid applications jointly.[21] Five states - Florida, Kansas, North Carolina, Pennsylvania and Utah– utilized various methods to ensure that Medicaid-eligible applicants were enrolled in Medicaid. For example, Kansas developed an eligibility system that simultaneously screens and enrolls children in Medicaid or SCHIP. Even though Pennsylvania does not have one standard SCHIP application, the state has evoked an "any form is a good form" policy, whereby it transfers all applications for Medicaid eligibility determination. In Utah, the SCHIP program contracted with state the Medicaid agency to determine Medicaid and SCHIP eligibility and to enroll applicants in the appropriate program.[22] Four states—Alabama, California, Colorado, and New York—allowed applicants the option of not being considered for Medicaid.[23] The remaining state, Arkansas, required applicants to submit separate applications for Medicaid (Table 4).[24]

Some of the states in our sample reported that screening and enrollment policies have been an effective means of reaching Medicaid-eligible children. For example:

---

[21] In contrast to SCHIP, which does not limit eligibility determination to particular employees, only Medicaid employees can determine eligibility for the Medicaid program.

[22] Utah has a Medicaid addendum for the SCHIP application that must be filled out if an applicants family income is in the state's eligibility range for Medicaid. If this information is not filled out, the application cannot be considered for either SCHIP or Medicaid.

[23] New York's joint application will make referrals to the Medicaid program automatic.

[24] While Arkansas is working on a combined form, the state currently has separate applications for its ARKids First program, which covers Medicaid eligible children and children eligible for SCHIP under the state's Medicaid expansion, and ConnectCare, which covers Medicaid children and adults. In the event that an ARKids First applicant appears to be eligible for ConnectCare, he or she is notified and sent an application. The applicant may apply for ConnectCare or instead choose to enroll in the ARKids First component of the state's Medicaid program.

- Alabama reported that approximately 40,000 SCHIP applications were referred for eligibility determination for Medicaid during the program's first fiscal year.[25]

- California reported that over 37,000 SCHIP applications were referred for eligibility determination for Medicaid over a 9-month period.

- North Carolina reported enrolling approximately 37,000 children into the Medicaid program for state fiscal year 1999.

Table 4: Screening and Enrollment Practices for Medicaid and SCHIP in Sample States

States	Screening and enrollment practices[a]	Additional steps required for Medicaid
Alabama	C	Documentation Telephone interview.
Arkansas	N[b]	New application (ConnectCare). Documentation. Appear for an interview.
California	C	Documentation[c]
Colorado	C	None
Florida	N	Self-reported information Documentation Appear for an interview
Kansas	A	None
New York	C[d]	New application for Medicaid, Documentation Appear for an interview[d]
North Carolina	A	None
Pennsylvania	N	Self-reported information Documentation
Utah	N[d]	Self-reported information Documentation

[a]A = Eligibility and enrollment in Medicaid is automatic with a SCHIP application.
C = Applicant chooses whether his/her application is considered for Medicaid.
N = Applicant notified of possible eligibility for the Medicaid program.

[b]In Arkansas, the individual must submit a separate application for Medicaid.

[c]California does require documentation for a social security number of the child for Medicaid but not for SCHIP. Because the application cites documentation for each program separately, individuals may have to submit additional information.

[d]Under its new joint application, the applicants will no longer have the option of not being considered for Medicaid.

[25]Alabama implemented its SCHIP program in February 1998.

[While New York will still require in-person interviews for Medicaid eligibility determinations, it will ease the process through "facilitated enrollment," which will begin in April 2000. Funded by the state, facilitators in community-based settings (such as hospitals, clinics, schools, and libraries) will be delegated the authority to conduct the required face-to-face interviews. The intention is to make it possible for families to be interviewed during hours convenient to their work schedules, including evenings and weekends.

[If a SCHIP applicant appears to be Medicaid-eligible, they must complete a Medicaid addendum form.

Source: GAO Survey of States, March 2000.

BENEFITS

SCHIP limitations on benefits represent a departure from those offered to children under Medicaid, primarily because of EPSDT, which covers any service or item that is medically necessary. While nine of the states in our sample cover all five of the selected optional benefits, many of those services are covered on a limited basis. For example:

–Colorado does not cover dental benefits under SCHIP and six states—Alabama, Arkansas, Kansas, New York, North Carolina, and Pennsylvania —limit selected dental services, primarily orthodontics.

–Similarly, a number of states place limitations on vision and hearing benefits. Most commonly, states limits the number of eyeglasses or hearing aids allowed per year.

–Three states—Alabama, New York and North Carolina —have service limits on all five benefits.

Table 1: SCHIP Limitations on Optional Benefits in Selected States[a]

Optional Benefits	State	Limits on Benefits for SCHIP
Prescription Drugs	Alabama	Require generic unless no equivalents are available
	Arkansas	No limitations cited
	California	No limitations cited
	Colorado	No limitations cited
	Florida[b]	Require generic unless no equivalents are available or brand name is medically necessary
	Kansas	No limitations cited
	New York	Medically necessary prescriptions only; no experimental drugs
	North Carolina	USDA approved drugs only, no experimental drugs
	Pennsylvania	No limitations cited
	Utah	Medically necessary prescriptions only; no experimental drugs[c]
Vision	Alabama	One exam and one set of glasses/year
	Arkansas	One exam and one set of glasses/year
	California	One set of glasses or contacts/year
	Colorado	No limitations cited
	Florida	One set of glasses every 2 years
	Kansas	No limitations cited
	New York	One set of glasses/year[d]

Optional Benefits	State	Limits on Benefits for SCHIP
Vision (cont.)	North Carolina	One set of glasses or contacts/year
	Pennsylvania	Two sets of glasses/year
	Utah	One exam every 24 months for eye refractions, examinations
Mental Health	Alabama	Inpatient: 30 days/year; outpatient: 20 visits/year
	Arkansas	No inpatient psychiatric care; outpatient limited to $2500/year
	California	Inpatient: 30 days/year; outpatient: 20 visits/year
	Colorado	Inpatient: 45 days/year; outpatient: 20 visits/year
	Florida	Inpatient: 30 days/year; outpatient: 40 visits/year
	Kansas	No limitations cited
	New York	Inpatient: 30 days/year; outpatient: 60 visits/year
	North Carolina	Prior approval needed for both inpatient and outpatient visits; outpatient visits limited to 26 visits/year. Additional visits covered if approved in advance.
	Pennsylvania	Inpatient: 90 days/year; outpatient: 50 visits/year
	Utah	Inpatient: 30 days/year; outpatient: 30 visits/year
Hearing	Alabama	Hearing screening and hearing aid only
	Arkansas	Hearing screenings, no hearing aids
	California	Exams and hearing aids
	Colorado	No limitations cited
	Florida	Routine hearing screening and hearing aids
	Kansas	No limitations cited
	New York	One exam per year
	North Carolina	Screening covered. Prior approval is necessary for hearing aids
	Pennsylvania	One hearing aid set per year
	Utah	One examination every 24 months
Dental	Alabama	2 check ups/year with cleaning; $1,000/ year maximum
	Arkansas	No orthodontics
	California	No limitations cited
	Colorado	Not covered
	Florida	No limitations cited
	Kansas	No orthodontics
	New York	No orthodontics
	North Carolina	No pulling of impacted teeth
	Pennsylvania	No cosmetic or orthodontics
	Utah	No limitations cited

[a]For Arkansas, the benefit limitations cited in this table are for theARKids First program which is separate from the state's regular Medicaid program. The benefit package for Arkansas's SCHIP Medicaid expansion program is the same as Medicaid.

[b]Benefits for Florida's Healthy Kids program are reflected in the table. The state's Medikids program and the Children's Medical Services Network for children with special health care needs use Medicaid benefits.

[c]Utah's SCHIP plan language explicitly states that the fact that the provider may prescribe, order, recommend or approve a prescription drug, service or supply, does not, of itself, make it an eligible benefit, even though it is not specifically listed as an exclusion. A prescription must be medically necessary regardless of the relief the drug provides for a medical condition.

[d]New York supplies additional lenses and frames if medically necessary.

[e]New York provides additional exams for hearing deficiencies.

(201060)

Appointment Informa(38ECDB93.9FE : 17 : 40939)

Subject:	Request for GAO Conference
Scheduled Date:	4/7/00 10:00am
From:	Denesecia Green
Created By:	BALT2.CO2:DGreen2
Creation Date:	4/6/00 2:46pm

Recipients	**Action**	**Date & Time**
Post Office BALT4.CO4	Delivered	04/06/00 02:47pm
VTC ()	Opened	04/06/00 03:25pm
	Accepted	04/06/00 03:26pm
VTC CO C5-23-22		
VTC DC Wash 335G1		

Domain.Post Office	**Delivered**	**Route**
BALT4.CO4	04/06/00 02:47pm	BALT4.CO4

Files	**Size**	**Date & Time**
MESSAGE	14	04/06/00 02:46pm

Options

Auto Delete:	No
Expiration Date:	None
Notify Recipients:	Yes
Priority:	Normal
Reply Requested:	No
Return Notification::	None
Concealed Subject:	No
Security:	Normal
To Be Delivered:	Immediate
Status Tracking:	All Information

FACSIMILE

DATE: 4/6/00

FROM: Winnie Walker, Audit Liaison Staff
Health Care Financing Administration

TELEPHONE #: (410) 786-0200
FAX #: (410) 786-5768

TO: Sam Miller
[illegible]

TELEPHONE #: [illegible]
FAX #: [illegible]

 # OF PAGES: 23 **(excluding cover page)**

SUBJECT: [illegible]

COMMENTS: [illegible]

From: Wynethea Walker
To: Washington.DC1.PHarbage, Washington.DC1.RRudowitz,...
Date: 4/7/00
Time: 10:00am - 11:00am
Subject: Rapid Response Meeting on GAO Draft Report-Medicaid & SCHIP
Place: Pic-Tel - C5-23-22 (Balt), 3335G1 (DC)

Peter Harbage would like to have a meeting to discuss the GAO draft report entitled "Medicaid and SCHIP: Comparisons of Outreach, Enrollment Practices, and Benefits."

Unfortunately, the comments are due to ALS by Friday, April 7, and are due to GAO Monday, April 10.

Everyone should have a copy of the report. If you need to obtain a copy, contact Winnie Walker at (410) 786-0200.

The meeting will be held in room C5-23-22 in Baltimore, and room 335G1 in D.C.

10:00
RM
4:30

[redacted]

[redacted]

MEMORANDUM

STATE OF NEW YORK
OFFICE OF THE STATE INSPECTOR GENERAL

Neil W. Donovan
Deputy Inspector General

[redacted]

Robin Rudowitz OL
Peter
Chris Peacock - PO
Mary Kahn - PO
Cindy Mann - CMSD
Nicole Tupsi
Jennifer Ryan - OL
Mari Beth Hans - CMSD
Gail Arden - CMSD
Dan Abel - OGC
Aibel

[redacted]

ROUTING SLIP FOR COMMENTS ON GAO REPORTS

DATE: April 6, 2000

SUBJECT: GAO Draft Report, Medicaid and SCHIP: Comparisons of Outreach, Enrollment Practices, and Benefits (GAO/HEHS-00-86R)

Addressee	Center/Office	Location	Phone
Ron Miller	CHPP	C5-16-24	65237
Susan Anderson	OSP	C3-26-02	66540
Ilene London	OIS	N3-16-23	65792
Cathy Curtis	ACT	N3-26-02	67719
Estelle Chisholm	OFM	C3-01-27	63286
Terri Cholewcznski	OCSQ	S3-26-20	62149
Cindy Potter	CMSO	S2-01-01	66714
Cynthia Keitt	CBS	S1-15-02	63207
David Elizalde	OICS	C2-22-07	62601
Denesecia Green	OCOS	C3-09-06	68797
Peter Harbage	OA	314G HHH	202-690-6726
Robert Jaye (Karen Lyle-Sec)	OGC	C2-04-16	202-619-0300
Beverly Massey	OL	339G HHH	202-690-5443
Ruth Sam Miller	PO	303D HHH	202-690-6145

Please review and submit your comments on the attached GAO report. There are 0 recommendations included in this report. See page(s) ___. Please respond to each one, as appropriate. Please provide the name of a contact in case additional information is needed.

LEAD COMPONENT: CMSO

Other Info: **COMMENTS ARE DUE TO WINNIE WALKER BY COB FRIDAY 4/7/00. If you have any questions or comments, please call 60200.**

Thanks for your cooperation!

'00 APR 7 PM 3:10

4-10-00

THE WHITE HOUSE

WASHINGTON

April 7, 2000

Copied Entire Report:
Reed
Liu
Podesta

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Eric Liu

SUBJECT: DPC Weekly Report

1. Guns – Maryland. On Tuesday, you will travel to Annapolis, Maryland to highlight progress states are making to move forward on common sense gun measures and to join Gov. Glendenning as he signs new gun safety legislation into law. The new law will make Maryland the first state to require integrated child safety locks for all handguns by the year 2003 (the Smith and Wesson agreement requires internal locking devices within two years). The new law also includes a number of provisions similar to Administration proposals, such as: requiring ballistics fingerprinting for all new handguns; mandating safety courses for firearms purchasers; requiring the destruction of confiscated crime guns and used police service weapons or the transfer of those weapons to another law enforcement agency (a provision that mirrors current Federal policy); barring the most violent juvenile offenders from possessing firearms until age 30; and creating a new grant program to strengthen gun enforcement.

2. Guns – Colorado Referendum. On Wednesday, you will travel to Denver to join SAFE Colorado, Tom Mauser and Handgun Control for a rally in support of their voter-initiated state ballot initiative to close the gun show loophole. The rally will serve as a volunteer drive to help SAFE build the support they need to gather the 62,000 signatures required by August to put the language on the ballot this November. Signatures will not be collected at the rally because of delaying tactics by the gun lobby that could prevent SAFE from starting to collect them for as many as six weeks. SAFE initiated the referendum after the Colorado legislature failed to pass a bipartisan gun show bill spearheaded by Gov. Bill Owens. Similar to the Lautenberg gun show amendment, the Colorado referendum closes the gun show loophole by requiring background checks and recordkeeping for all purchases at gun shows and allowing law enforcement a full three business days to complete the checks.

3. Crime – Violent Crime Reduction Trust Fund. On Friday, the Vice President will announce that the Administration will now support extension of the VCRTF for another five years. The VCRTF was first created in the 1994 Crime Act and is set to lapse at the end of FY 2000. The VCRTF carved out sums from the discretionary caps for anti-crime programs to fund federal law enforcement, state and local grants, and crime prevention activities. While the funding levels set for many of these programs have been disregarded by appropriators, many in the law enforcement community believe the establishment of the VCRTF helped to significantly increase funding for law enforcement, particularly at the state and local levels. However, when it came time to recommend renewal of the 1994 Crime Act programs, the Administration accepted the OMB recommendation not to renew the VCRTF, which they viewed as an unnecessary restriction on Presidential spending authority. This position was opposed by Sen. Biden and

THE PRESIDENT HAS SEEN
4-16-00

national law enforcement organizations, who have urged you to reverse our position. Biden has made renewal of the VCRTF among his top priorities along with COPS reauthorization. Biden and the law enforcement groups will be very pleased with the announcement.

4. Tobacco – FDA Legislation. This week, bipartisan teams in both the House and Senate introduced legislation to grant the FDA authority to regulate tobacco products. Reps. Dingell, Ganske and Waxman offered a bill with 17 cosponsors. Sens. Harkin, Chafee and Graham introduced a similar version. The bills introduced this week both codify the 1996 FDA regulations. A recent poll conducted by the Campaign for Tobacco Free Kids shows that by a three to one margin (75 percent to 22 percent), voters want Congress to pass a bill that would give the FDA the authority to regulate tobacco products, including 61 percent who strongly favor congressional action.

5. Education – House ESEA Activity. The House Education and Workforce Committee began work on the remaining parts of the Elementary and Secondary Education Act that they must reauthorize. The markup was originally scheduled to wrap up on Wednesday, but by Thursday afternoon it became apparent that more time next week will be required and the mark-up was adjourned until Wednesday. The Chairman's mark block grants your after-school program, technology programs, and the Safe and Drug Free Schools program and contains none of your priorities including school modernization and class size reduction. It also includes a provision allowing for education funds to be transferred among programs with little accountability. Democratic amendments to include school modernization and increase funding for literacy were defeated on party-line votes. Rep. McCarthy attempted to add gun control amendments to the package, but they were ruled not to be germane. Chairman Goodling offered a substitute gun amendment to conduct a study of the effectiveness of child safety locks for firearms, which passed. The committee also passed a measure calling for the cessation of educational services for students caught carrying weapons to school.

6. Health Care – Medicare Prescription Drug Update. In the aftermath of your meeting with Sen. Daschle, the Robb-Daschle "Medicare drug benefit before tax cut" budget resolution amendment picked up six Republicans and 51 votes in an impressive showing that still fell short of the necessary 60 votes. On that same day, Sen. Gorton indicated his intention to introduce legislation designed to ensure that American consumers did not have to subsidize prescription drug prices in other parts of the world. This move shocked the drug industry at the same time it was trying to deal with new press reports of pharmaceutical manufacturers allegedly defrauding the Medicaid program by misinforming states of the discounts they were owed under current law. House Democrats are responding by attempting to develop a unified Democratic position on a Medicare drug benefit. The Senate Democrats seem closer to finalizing this process and could introduce a bill fairly similar to the Administration's initiative as early as next week. Congressional Democrats will ask you to participate in the unveiling of this legislation to emphasize party unity and their commitment to this issue.

7. Health Care – Update on TANF-Medicaid. On Friday, Secretary Shalala announced in a speech to the Robert Wood Johnson Foundation that HCFA is releasing an administrative directive to states to identify and automatically reenroll people who have inappropriately, and in many cases inadvertently, lost Medicaid coverage in the aftermath of welfare reform. This new requirement builds on the Federal financial and technical assistance we have provided to states after your NGA speech last August. The audits that you requested at that time are being finalized and will be released throughout the year. However, preliminary

THE PRESIDENT HAS SEEN
4-16-00

indications are that there continue to be enrollment problems, which vary from state to state. The HHS announcement Friday was supplemented by the release of a $26 million RWJ grant for private sector advertising, marketing, and technical assistance to help states in better enrolling eligible populations.

8. Health Care – Update on ARKids First. HHS has concluded that it should deny Gov. Huckabee's request to allow parents to opt to enroll their children who are eligible for traditional Medicaid in the less generous, more expensive (premiums and copayments) ARKids Medicaid waiver program. HHS believes to do otherwise would be inconsistent with the Congressional intent of CHIP, which explicitly decrees that Medicaid eligibles should be enrolled in the traditional Medicaid program – not CHIP. Secretary Shalala also strongly believes it would be extremely difficult to verify that the program provided fully informed choice and did not – intentionally or otherwise – impose inappropriate and ill-advised financial burdens on poor families. In fact, as you know, there continue to be reports that ARKids has, at least periodically, failed at advising Medicaid eligibles of their option to access the traditional program and its more generous benefits. Finally, HHS argues that approving the Arkansas waiver request would make it virtually impossible to deny inevitable future requests by states to create similar programs for CHIP. Doing so would enable states to not only save money by enrolling children in less generous insurance coverage, but would also serve as a cost-shift to the Federal government by allowing states to access the enhanced Federal matching dollars that are only available for CHIP.

Arkansas has and will continue to vociferously complain that denying their request is the worst of federal paternalism since some parents in Arkansas would choose to keep their children uninsured rather than enroll them in Medicaid because of the strong welfare stigma. They will further argue that they have been working in good faith to eliminate barriers to Medicaid enrollment by developing a joint application for both programs, eliminating the requirement for an interview prior to enrollment, and applying the ARKids First label to both programs. While this is true, the state has yet to fully implement these improvements and has shown no willingness to eliminate the assets test for Medicaid children, leaving a significant barrier to enrollment. The decision not to approve the ARKids waiver will undoubtably evoke a strong negative reaction from Gov. Huckabee and state advocates like Amy Rossi, who are committed to preserving this component of the ARKids program. However, we expect there will be strong support from Sen. Bumpers, Rep. Snyder, and Rep. Berry. Unless we advise the Department otherwise, HHS will announce its decision shortly after you travel to Arkansas on April 7th. If this decision goes forward, we will work to develop the best rollout possible.

9. Health Care – HHS Drug Report Release. On Monday, we are planning to release the HHS drug coverage and pricing report you requested last December. The report will document that seniors without drug coverage typically pay 15 percent more for the same prescription drugs as those with coverage. It also finds that the percent of Medicare beneficiaries without drug coverage are five times more likely not to be able to afford a needed drug than those with coverage. When this report is released, we will also acknowledge, with dismay, the difficulties of obtaining much more accurate and comprehensive pricing and discounting practices in today's market and call for a major conference on drug pricing practices this summer. This will enable us to continue to highlight the drug coverage and pricing issue during the year if the Congress has yet to make progress on providing for an affordable, accessible, Medicare prescription drug benefit.

10. Health Care – Update on Patients Bill of Rights. The Patients' Bill of Rights conferees continue to meet and are making extremely slow progress on important underlying issues, such as the appeals process included in the legislation. Since the conferees have yet to take up the three most controversial issues in the bill – who the legislation covers, how it is enforced, and whether and to what degree we include the Republican "access provisions" – we are becoming increasingly skeptical that this process will yield a bill in a timely or acceptable manner. We are taking our cues from Sen. Kennedy and Rep. Dingell, who are equally committed to doing everything possible to reach out to form an acceptable compromise. We are all evaluating options, however, on how best to pivot from the conference to an alternative legislative vehicle in the event that the conference fails to achieve agreement within the next month. Kennedy and Dingell appreciate the outside pressure we are maintaining, such as your comments in this week's radio address, which help keep this issue in play and make the Republican leadership pay a price for failing to act.

11. Health Care – Partial Birth Abortion. On Wednesday, the House passed the Partial Birth Abortion Ban Act with a veto-proof majority (287-141). The Senate, which passed similar legislation last fall, is two votes short of overriding your veto. Both the House and Senate bills lack a health exception, which you cited as your reason for vetoing the bill twice previously. Before the House considered the legislation you sent a letter to Rep. Hoyer expressing support for his alternative, which bans all late-terms abortions with exceptions for the life or health of the mother. The Rules Committee did not allow a vote on this alternative.

12. Internet Gambling. On Thursday, the House Judiciary Committee passed a bill sponsored by Rep. Goodlatte that purports to outlaw most forms of Internet gambling, but contains broad exemptions for closed-loop betting on parimutuel activities such as horse racing, dog racing, and jai alai. The Justice Department has several concerns with this bill, namely, that it will be inconsistent with other federal gambling laws, will permit types of gambling not permitted in the physical world, and has broad exemptions for parimutuel wagering without any policy justification. Goodlatte fended off several Democratic amendments by promising to work out acceptable language before the bill reached the House floor. Sen. Kyl's version passed the Senate last November. Concerns about states' rights and about regulating the Internet are guaranteed to resurface in any floor debate. We had hoped that Rep. Conyers would have offered a substitute that was very similar to a Department of Justice proposal, but the substitute was not offered. We will continue to work with Conyers and others to try to address some of the Department's concerns. The Department is also very concerned that this bill will pass the House on the suspension calendar.

13. Welfare – Federal Hiring. We are pleased to report that under the federal welfare to work hiring initiative led by the Vice President, the federal government has hired nearly 22,000 welfare recipients ~~– more than double our goal to hire 10,000 individuals~~ by the year 2000. A large part of the recent increase is due to Census 2000 hiring, although we would have more than exceeded our goal even without any Census hiring. As you may recall, last August the Labor Department worked in partnership with Commerce to award a $20 million Welfare-to-Work competitive grant to Goodwill Industries to help as many as 10,000 welfare recipients become Census enumerators and then move to permanent jobs.