

TOBACCO TAX

CONFERENCE PROVISION

- Not known.

ADMINISTRATION POSITION

- Support \$8 billion over five years in tobacco tax revenue for children's health and the remaining \$6 billion child care deduction

PROBLEMS WITH CONFERENCE PROVISIONS

- Not known.

POSSIBLE FALLBACK OPTIONS

- Support any additional revenue from tobacco tax for children's health. This has become a cornerstone issue for the children's advocates and our leadership on this will be watched closely.

BENEFITS

CONFERENCE PROVISION

REPORTEDLY: Benefits equal to or "substantially actuarially equivalent" to one of the following:

- FEHBP Blue Cross / Blue Shield PPO plan
- State employee health plan (1 of 5 with highest enrollment)
- HMO plan with the largest coverage in the state
- Kids-only plan (in any state) that, on enactment, meets the benefits mandate (covers 4 categories: inpatient / outpatient; physician; lab & x-ray; prevention)

ADMINISTRATION POSITION

- Support benefits on par with the FEHBP Blue Cross / Blue Shield option. Oppose actuarial equivalence (must be benefits standard).

PROBLEMS WITH CONFERENCE PROVISIONS

- **Potentially excludes needed services.** States could substitute or exclude less costly but critical services to give more of one service. Children may not receive important health services like prescription drugs, vision, and mental health care.
- **Vague standard** Interpretation of "substantially actuarially equivalent" will result in questions, reviews, disallowances, and possible law suits. States could hire their own actuaries

POSSIBLE FALLBACK OPTIONS

1. **Add choices.** FEHBP Blue Cross / Blue Shield, plus State employee health plan and Secretarial approved plan plus vision, hearing and mental health.
2. **Add another choice:** Largest HMO in the state, approved by the Secretary, plus vision, hearing and mental health.
3. **ONLY IF NEEDED:** Actuarial value equal to FEHBP Blue Cross Blue Shield within classes of services (inpatient, outpatient (including therapy), physicians, lab & x-ray, drugs, preventive, vision, hearing, dental, mental health).

MENTAL HEALTH

CONFERENCE PROVISION

- Not known.

ADMINISTRATION POSITION

- Support mental health parity provision in the Senate.

PROBLEMS WITH CONFERENCE PROVISIONS

- Not known.

POSSIBLE FALLBACK OPTIONS

1. Link to managed mental health benefit in an FEHBP plan
2. Require that a plan cover mental health as approved by the Secretary.

COST SHARING

CONFERENCE PROVISION

- Not known. Senate has no cost sharing for children below 150% of poverty. House has no protections.

ADMINISTRATION POSITION

- Cost sharing protections for children below 150% of poverty.

PROBLEMS WITH CONFERENCE PROVISIONS

- **Excessive cost sharing reduces access.** The investment in children's health is intended to make insurance more affordable for working families. High premiums could prevent families from insuring their children. High coinsurance could cause families to postpone seeking care or not to get care at all.

POSSIBLE FALLBACK OPTIONS

1. **Conference agreement's Medicaid cost sharing:** Nominal co-payments for below 150 percent of poverty; cost sharing up to 3 percent for 150-200% of poverty; up to 5 percent for 200% of poverty and above.
2. **Conference agreement's Medicaid cost sharing:** Nominal cost sharing (including premiums) for below 150 percent of poverty; up to 3 percent for 150-200% of poverty; up to 5 percent for 200% of poverty and above.
3. **Secretarial approved cost sharing.** Allows review of cost sharing by Secretary to assure that it is not excessive and assures access.

DIRECT SERVICES

CONFERENCE PROVISION

- **Direct Services (reported):** Allow up to 15% of a state's allotment to be used for direct services.

ADMINISTRATION POSITION

- **Oppose direct services.** Contrary to the spirit of the budget agreement, which called for health insurance for as many uninsured children as possible.

PROBLEMS WITH CONFERENCE PROVISIONS

- **Not used for coverage.** CBO assumes that a significant proportion of the "direct services" funds in the House-passed bill will be used to reduce the Medicaid DSH cuts.
- **Could crowd out administrative & outreach spending.** Since all are within the same cap, states will likely prefer to use the cuts for other purposes.

POSSIBLE FALLBACK OPTIONS

1. **No compromise.**
2. **If compromise:**
 - **Reduce percent** (amount of reduction depends on the size of the investment).
 - **Use of funds.** As drafted, the direct services funds may be use for many different items. It could be restricted to certain types of services (e.g., clinic services without DSH hospitals).

ACCOUNTABILITY

CONFERENCE PROVISION

- Not known.

ADMINISTRATION POSITION

- **Eligibility:** States must:
 - Maintain Medicaid income & resource standards & methodologies (6/97)
 - Enroll children eligible for Medicaid in Medicaid.
 - Cover lower income children before higher income children
 - Not use funds to cover families of state employees or children committed to penal institutions.
 - Include provisions to ensure that private insurance coverage is not reduced as a result of this program.
- **Spending:** States must maintain their 1996 spending on non-Medicaid children's health insurance (similar to President's budget provision and reduced Senate provision).
- **State reporting similar to Medicaid:**
 - State plan submission and amendment process similar to Medicaid
 - Quarterly financial reports with auditing and disallowance process (could link to Medicaid's MSIS system)
 - Annual reports on number of children served, type of benefits, etc.
- **Evaluation by Secretary in 2000.**

PROBLEMS WITH CONFERENCE PROVISIONS

- Not known.

POSSIBLE FALLBACK OPTIONS

- Drop the spending maintenance of effort; not very effective anyway. Very important to keep the eligibility rules.

EQUAL MATCHING RATES FOR MEDICAID & GRANT

CONFERENCE PROVISION

- Not known but appears to be equal matching rates.
- Not known but appears to allow for Medicaid and/or grant options.

ADMINISTRATION POSITION

- Equal matching rates for Medicaid and grant options
- State option to use both Medicaid and grant approaches.

PROBLEMS WITH CONFERENCE PROVISIONS

- Not known.

POSSIBLE FALLBACK POSITIONS

- No compromise. Given our position on the Senate's Chafee-Rockefeller amendment, it is important for us to maintain our strong support of Medicaid as a viable choice in the initiative.

PERFORMANCE-BASED MATCHING

CONFERENCE PROVISION

- Not known.

ADMINISTRATION POSITION

- Support creating financial incentives to improve efficiency of the grant program. This includes:
 - Higher matching rate for any new child (including OBRA expansion children, outreach children, and newly eligible children);
 - Higher match (or requirement) that states education children and their parents about coverage options through schools.

PROBLEMS WITH CONFERENCE PROVISIONS

- Not known.

POSSIBLE FALLBACK POSITIONS

- Performance-based matching is based on the Senate's desire to help states that cannot necessarily pass expansions through their state legislatures. It allows states to access funds from the grant for Medicaid by giving the extra matching for outreach as well. It may also help the states like Minnesota and Rhode Island that prefer expanding through Medicaid but have already raised their eligibility limits as high as they can.
- The President has repeatedly stated his support for school-based approaches to covering children. We could give states higher incentives, but a more effective approach is to require states to make information about options available in schools.

ELIGIBILITY INCOME LIMITS

CONFERENCE PROVISION

- Not known. Both House and Senate had upper income limits.

ADMINISTRATION POSITION

- Oppose income ceilings on eligibility.

PROBLEMS WITH CONFERENCE PROVISIONS

- **Restricts expansion for generous states.** The limit makes it difficult if not impossible for states that have already expanded to these levels to access the new funds.

POSSIBLE FALLBACK POSITIONS

- **Special rule.** Only five states (Hawaii, Rhode Island, Tennessee, Vermont and Washington) have used Medicaid to expand to at least 200 percent of poverty. There could be an exception to the general income ceiling for these states.
- **Amend the “low income children first” rule.** To prevent states from inappropriately expanding to higher income children, this rule could be modified to say that a state can only expand to higher income children if it first covers lower income children statewide, regardless of age, first. States that have already expanded will meet this criteria while states interested in covering middle class children in particular cities cannot.

ACCELERATED PHASE-IN OF OBRA CHILDREN

CONFERENCE PROVISION

- Not known

ADMINISTRATION POSITION

- Support accelerated phase-in.

PROBLEMS WITH CONFERENCE PROVISIONS

- Not known

POSSIBLE FALLBACK POSITIONS

- Drop the acceleration provision, since OBRA children will be fully phased-in by 2002 anyway.

ALLOCATION OF FUNDS

CONFERENCE PROVISION

- Not known.

ADMINISTRATION POSITION

- Allocate funds based on the number of uninsured children in the State, with exceptions made for those States which have already enrolled a large number of children.

PROBLEMS WITH CONFERENCE PROVISIONS

- An allocation determined by requiring States to enroll children based on income fails to drive funds to the States that have the highest number of uninsured children. At the same time, basing the allocation on the number of uninsured children harms States that have already enrolled a large number of children.

POSSIBLE FALLBACK POSITIONS

- ???

CAP MEDICAID ENROLLMENT

CONFERENCE PROVISION

- Not known.

ADMINISTRATION POSITION

- Oppose cap on Medicaid enrollment? [Need policy guidance]

PROBLEMS WITH CONFERENCE PROVISIONS

- Capping enrollment would allow States to deny coverage to eligible children once their block grant allocation has been expended, however, failing to cap enrollment could cause spending for the program to exceed the \$16 billion appropriation.

POSSIBLE FALLBACK POSITIONS

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