

**Executive Office of the President
Office of Management & Budget**

To: Chris Jennings

Fax: 65557.

Pages (inc cvr): 4

From: Joshua Gotbaum
Executive Associate Director & Controller
 OEOB Room 254
 Washington, DC 20503

May 30, 2000 2:54 PM

(202) 395-9188
 Fax (202) 395-4995

Re: Revised LA background/TPs. Going to JP now.

LA County Medicaid Waiver Extension

Background & Points

Background

In 1995, when LA County and the State of California were in financial difficulties, the Federal government granted an unusual Medicaid waiver, the only one ever made solely to provide financial support for ongoing activities (rather than the usual expansion of coverage). As part of the original agreement, the County agreed to restructure its health care system to rely more on outpatient clinics; it has done so only slightly, claiming to have neither the ability nor the funds to close/restructure existing hospitals. Currently, Federal Medicaid support for the County is just under \$900 million per year, of which the waiver is about \$235m.

The current waiver expires at the end of June. The finances of the State and County have now much improved, but the State has nonetheless proposed to extend and expand Federal support (by about \$150m p.a.) for an additional five years -- without any increase in State funding and with only a modest increase in County support. In light of their failure to live up to the previous agreement, granting such an extension would set very difficult precedents. Furthermore, HHS and OMB think that, in this year, any long-term extension that doesn't include additional resources from the State and County will be seen as political.

The State has repeatedly told us that it will not provide any additional funds, although the State's surplus is now estimated at \$7-10 billion. The State has instead proposed to use its surplus on education and on other (also important) non-Medicaid health programs, but not thus far any increase in Medicaid for LA County. The State has asked to meet with HHS on their proposal; HHS (after consulting with OMB) said, in effect, "without any funds from the State, there's not much to meet about."

The State's Secretary of Health, Grantland Johnson, then wrote the attached letter last week requesting a meeting. Its terms are ambiguous: it can be read to suggest such a meeting would produce a commitment by the state to make a financial contribution to the LA County health system (contrary to his oral statements a few days earlier) or, alternatively, that the State's already-proposed increases in state-wide health programs should be considered an acceptable alternative.

HHS and OMB have told the State and County that, if a new agreement cannot be worked out in time or the State is unwilling to commit additional funds specifically targeted to LA County's public hospital system, then we will need to act to protect the current system, and will instead extend the current waiver for a year; the State will then have to negotiate with the new Administration.

As a practical matter, time has probably already run out. Negotiating a new multi-year waiver has always taken at least several months. Since we will need to act within a week or so, we want to be sure that everyone -- State, County and SEIU (which has several hundred thousand members in the LA County system) -- recognize we've made a good faith effort. A call to the Governor would reinforce this before we act.

Whether any commitment to LA County Medicaid will be forthcoming from the Governor is unclear, but he may suggest to you that he is willing to propose new funding for LAC and that it is the Administration's reluctance to meet on this issue that is preventing him from doing so.

If he does indicate his willingness to make a financial contribution to this problem, you should welcome it as an advance and suggest that a meeting occur quickly. In so doing, however, you may want to imply that more than a minimal gesture is necessary: The Federal waiver currently provides over \$200m per year to the State and LAC. The State has proposed \$1 billion of new health proposals, but these are not targeted to financing LAC's current public health system. LAC officials report that, although LAC will benefit from them, they estimate the portion that will help its public hospital system at roughly \$15-\$20m. You can have this conversation while sharing with him our mutual frustration with LA County's lack of progress in becoming a more self-sufficient health care system.

If he makes no substantial financial commitment, you may nonetheless want to suggest a meeting still be scheduled with HHS and OMB, so that everyone understands everyone's position before we propose the one-year extension of the current waiver. Either way, all of your Administration's advisors believe we should do everything possible to resolve this issue within the next two weeks.

Suggested Points for a COS Call to Governor Davis

- We've been trying for several months to find a way to extend the LA County Medicaid waiver on terms that help California and pass political scrutiny.
- Since both the State and County are now in better financial shape, any long term extension needs:
 - Phase out of the extraordinary Federal support (could be over 3-5 years), with
 - Commitments by State and County to increase support, and gradually return to the traditional state and local share of support for public health.
- Thus far the State's Health Department has said that the State can't commit now to any new Medicaid funds, even in future years.
- We know we need to do something within the next week or so, since the current waiver expires at the end of June.
- We recognize that there are plenty of claims on the California surplus, and we don't want to box the Governor. If the State is not in a position to make substantial commitments now, we're prepared to grant a one-year extension at current levels. It wouldn't be a long-term solution, and it puts the State in the hands of the next Administration, but it would be better than getting into a public argument (which we think would make it impossible for us to do anything).

HEALTH AND HUMAN SERVICES AGENCY

State of California

GRAY DAVIS
GOVERNOR



May 23, 2000

GRANTLAND JOHNSON
SECRETARY

Agency
Departments &
Boards:

Aging

Alcohol and
Drug Programs

Child Support
Services

Community Services
and Development

Developmental
Services

Emergency Medical
Services Authority

Employment
Development
Department

Health Services

Health and
Human Services
Data Center

Managed Risk
Medical Insurance

Mental Health

Rehabilitation

Social Services

Statewide Health
Planning and
Development

Workforce
Investment

The Honorable Donna Shalala
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

Dear Secretary Shalala,

Recently, the Health Care Financing Administration postponed a meeting on extending a Medicaid 1115 waiver for Los Angeles County. The meeting scheduled for May 18, 2000 was cancelled and no future meeting date has been set. The timing of this cancellation is of particular concern as the current 1115 waiver expires on June 30, 2000. Granting this waiver is paramount to the LA County health care delivery system.

At the beginning of the month, the State submitted 3-year and 5-year phase out scenarios of the current LA County Waiver as HCFA requested. These scenarios identified new County contributions and non-service reduction savings from the County health care system.

At the time, the State was in the process of developing the May revisions to the Governor's Budget, which included hundreds of millions of dollars of new health care investments. Had the meeting gone forward as scheduled, the State would have outlined for HCFA its budget proposals and the State's contribution to the LA County health system.

I am requesting a meeting with HCFA to discuss funding sources to address projected budget deficits, as well as broader policy considerations and options that will lead to increased health coverage and a viable safety net for the County's significant indigent population. Time is of the essence. This meeting with HCFA should occur immediately without preconditions.

A successful federal-state partnership is crucial in ensuring the sustainability and quality of California's health care system for those

MAY-23-2000 10:36

HEALTH & WELFARE AGENCY

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The Honorable Donna Shalala**Page 2****May 23, 2000**

least fortunate among us. I sincerely believe that the State and the County could benefit from HCFA's policy expertise in our efforts to continue the reorienting of the County health system from an inpatient-based model to a focus on outpatient care.

I support the issuance of this waiver. I request your assistance in putting these discussions back on track. The State is willing to meet at a moment's notice.

I appreciate your attention to this important matter.

Sincerely,



GRANTLAND JOHNSON
Secretary

cc: **Diana Bontá, California Department of Health Services**
Nancy-Ann Min DeParle, Administrator, Health Care Financing Administration
Tim Westmoreland, Director, Center for Medicaid and State Operations, Health Care Financing Administration
Gloria Molina, Supervisor, L.A. County
David Janssen, Chief Administrative Officer, L.A. County

LA County 1115 Medicaid Waiver Extension Request and Potential Five-Year Waiver Phase-Out Options

(Figures represent Federal Medicaid funds in millions.)

	Final Year 1st Waiver SFY 2000	Waiver Extension Period					5 Year Total SFY '01-'05
	SFY 2001	SFY 2002	SFY 2003	SFY 2004	SFY 2005		
BASE MEDICAID PROGRAM REVENUES							
Program revenue (non-DSH)	660	611	640	674	714	748	3,387
Disproportionate share funding	310	395	280	283	283	283	1,524
Total base Medicaid program revenues	970	1,006	920	957	997	1,031	4,911
1115 DEMONSTRATION MEDICAID REVENUE OPTIONS							
Original State/County Request							
Extension of original 1115 waiver revenues	234	264	274	287	300	303	1,428
State/County amendment requests	0	146	161	174	167	176	824
Total State/County waiver renewal request	234	410	435	461	467	479	2,252
Phase-Out Options*							
OPTION #1							
(Full Federal waiver funding in Year 1; 20% reduction in waiver funding each subsequent year to \$0 in SFY 2006.)							
Resulting Federal waiver funding		264	219	172	120	61	836
Net reduction from full waiver extension		0	-55	-115	-180	-242	-592
OPTION #2							
(Full Federal waiver funding in Year 1; reduction over subsequent four years as follows: 10%, 30%, 50%, 75% to \$0 in 2006.)							
Resulting Federal waiver funding		264	247	201	150	76	937
Net reduction from full waiver extension		0	-27	-86	-150	-227	-491

* In comparison to Option #1, Option #2 provides \$86 million more in Federal waiver funds in the first four years of the waiver renewal period. Under this scenario, the State will be required to invest non-Federal funds in the County's workforce retraining needs.

SUSAN J. WHITE & ASSOCIATES, INC.

1020 North Fairfax Street, Suite 202

Alexandria, Virginia 22314

(703) 683-2573 phone

(703) 683-0865 fax

FAX COVER SHEET

TO:

Chris Jennings

FAX NO:

(202) 456-5557

FROM:

Susan White

DATE/TIME:

5/19/00

NO. of PAGES:

4

(including cover sheet)

SUBJECT:

*Relocation letter re LA Country
1115 Waver*

MESSAGE:

This telecopy may contain CONFIDENTIAL INFORMATION, which also may be LEGALLY PRIVILEGED and which is intended only for the use of the addressee(s) named above. If you are not the intended recipient of this telecopy, or the employee or agent responsible for delivering it to the intended recipient, you are hereby notified that any dissemination or copying of this telecopy may be strictly prohibited. If you have received this telecopy in error, please immediately notify us by telephone and return the original telecopy to us at the above address via the postal service. Thank you.

Congress of the United States

Washington, DC 20515

May 17, 2000

The Honorable Donna E. Shalala, Secretary
Department of Health and Human Services
200 Independence Avenue SW
Washington, DC 20201

Dear Secretary Shalala:

We are writing to express our strong support for a five-year extension of the Los Angeles County Medicaid Demonstration Project (1115 Waiver).

The 1115 Waiver, first approved in 1995, was the critical factor in stabilizing the Los Angeles County health system that was on the brink of collapse. The Waiver also required the creation of a new model which moves away from an emphasis on expensive hospital care to a system that stresses cost-effective primary and preventive care services delivered in an outpatient setting.

A key facet of this restructuring has been the creation of a significantly expanded network of ambulatory care sites (from 45 to 170 locations) through a new Public-Private Partnership program that includes community clinics.

We understand that negotiations regarding renewal of the project are currently under way among the Health Care Financing Administration (HCFA), the State of California, and Los Angeles County. We also understand that agreement on a process that leads to financial self-sufficiency for the County health care system is a key issue in the negotiations.

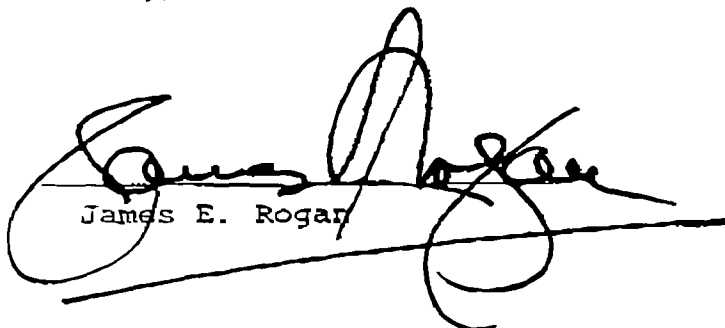
We support, as does Los Angeles County, the goal of self-sufficiency. However, achieving that goal is a complex undertaking and demands that the project extension be of an adequate duration. We wish to emphasize, therefore, the importance of providing the County with a five-year extension.

A shorter extension not only diminishes the prospects of reaching self-sufficiency without major service reductions, but also clearly jeopardizes the County's unfinished agenda regarding expansion of access to ambulatory care. HCFA, the State, and County agreed to a substantial increase in ambulatory care visits, and much more work needs to be done in this area. An extension that does not adequately address the movement to primary and preventive care would prevent the County from achieving this important objective and could severely set back the widely-praised Public-Private Partnership program.

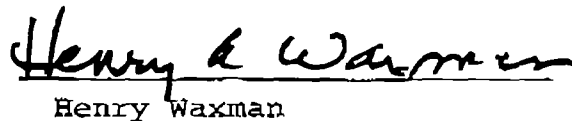
A final concern involves the June 30, 2000 expiration date for the current Waiver. If an approved extension is not secured by that date, the County will begin to suffer the loss of vital funding for its ambulatory care program. We know that you appreciate the importance of this deadline, and we understand HCFA has been working hard to complete this process prior to the deadline. We encourage you to continue keeping all parties fully engaged, so that a final decision is reached before June 30, 2000.

Thank you for your attention to this important and time-sensitive issue.

Sincerely,



James E. Rogan



Henry Waxman



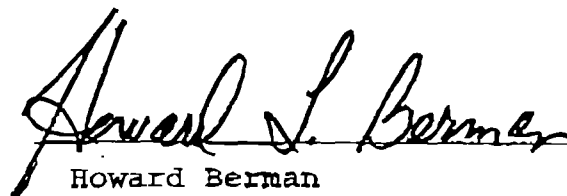
Lucille Roybal-Allard



David Dreier



Steve Horn



Howard Berman



Maxine Waters



Edward Royce



Matthew Martinez



Xavier Becerra

Grace J. Napolitano
Grace Napolitano

Gary Miller
Gary Miller

Julian Dixon
Julian Dixon

Juanita Millender McDonald
Juanita Millender McDonald

Steven Kuykendall
Steven Kuykendall

Dana Rohrabacher
Dana Rohrabacher

Ron Packard
Ron Packard

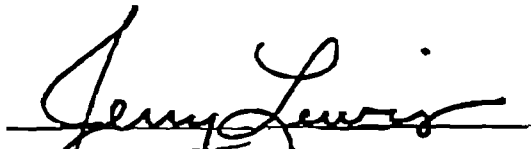
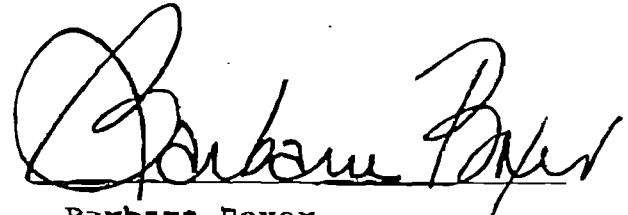
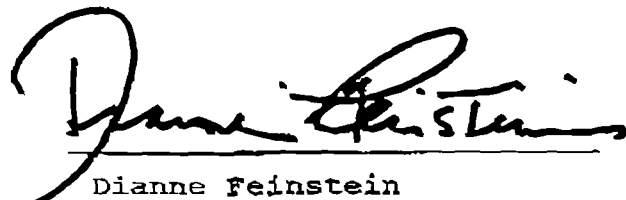
William Thomas
William Thomas

Howard "Buck" McKeon
Howard "Buck" McKeon

Ken Calvert
Ken Calvert

Randy Cunningham
Randy Cunningham

Christopher Cox
Christopher Cox


Jerry Lewis
Brian Bilbray
Brad Sherman
Barbara Boxer
Dianne Feinstein

c. Board of Supervisors, Los Angeles County

May 1, 2000

To: Karen Tramontano, Ray Martinez, c: Jack Lew, Sylvia Mathews
Chris Jennings

From: Joshua Gotbaum

Re: LA County Medicaid Waiver Update

On Friday, the State of California said that they were working on a proposal under which the County could eventually become self-sufficient and not need the waiver. (Translation: The State and County will come up with additional funds.)

They said they would deliver a revised plan early this week. This may make it easier for our Wednesday meeting with the LA County supervisors to be a listening session.

Carol Regan
Health Policy Director
1313 L Street, NW
Washington, DC 20005
Tel: 202/898-3263
Fax: 202/898-3348
Reganc@seiu.org

**Service Employees
International Union**

Fax Health Care Division

Chris Jennings
To: Josh Gotbaum From: Carol Regan
Fax: 395-4995 Page: 3
Phone: 456-5557 Date:
Re: CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

● Comments:

Here's a copy of my note
to LA Supervisor Burke
reiterating our position on
5 years, full funding,
multiple sources of funding (fed,
state, county) and not the
core alone but the package.



April 25, 2000

Supervisor Yvonne Brathwaite Burke
Los Angeles County Board of Supervisors
Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisor Burke,

The Service Employees International Union strongly supports and continues to advocate for a five-year extension of the Los Angeles County 1115 Medicaid Waiver Demonstration Project and proposed amendments (Healthy Student Partnership Amendment, Health Care Worker Retraining Project Amendment, Hospital Outpatient Services Amendment, and Long-Term Stabilization Strategy Proposal) now under consideration with the U.S. Department of Health and Human Services.

Since 1995 SEIU has shown its steadfast support for the fiscal relief and restructuring of the nation's second-largest public health system in the country. Our long-standing commitment to public health care, access to care for the uninsured, and a safe and healthy workplace is evident by our local, state, and federal lobbying efforts in support of full funding for safety net hospitals and quality health care. In 1997 the national office was successful in helping to secure the U.S. Department of Labor planning grant which enables SEIU Local 660 and the Los Angeles County Department of Health Services to plan for workforce retraining to minimize disruption to patient care and prepare for changes driven by healthcare restructuring.

Our commitment today is as unwavering as it was in 1995. We remain adamant that as negotiations proceed over these next few weeks, that the restructuring proposed in the second five years be considered as a whole ("core" waiver plus amendments), and that there be full funding of the waiver with contributions from the federal, state, and county governments.

ANDREW L. STERN
International President

BETTY BEDNARCZYK
International Secretary-Treasurer

ANNA BURGER
Executive Vice President

PATRICIA ANN FORD
Executive Vice President

ELISEO MEDINA
Executive Vice President

PAUL POLICICCHIO
Executive Vice President

SERVICE EMPLOYEES
INTERNATIONAL UNION
AFL-CIO, CLC

1313 L Street, N.W.
Washington, D.C. 20005
202.898.3200
TDD: 202.898.3481
www.seiu.org

8105-1000

Attached is a copy of a document previously distributed to each Board office that reiterates the SEIU position on the five year extension of the core waiver and amendments and outlines proposals that we believe strengthens the long-term viability of the county's health care system.

I trust this clarifies the concerns you expressed with Annelle Grajeda this morning.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carol Regan".

Carol Regan, Health Policy Director

Cc: Each Member, Los Angeles County Board of Supervisors
Andrew L. Stern, International President
Alejandro Stephens, President, SEIU Local 660
Annelle Grajeda, General Manager, SEIU Local 660

CJR

DISTRICT OFFICE:

2550 W. MAIN ST., SUITE 301
ALHAMBRA, CA 91801
(626) 458-4524 AND (800) 956-2789

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Congress of the United States

House of Representatives

Washington, DC 20515-0531

MATTHEW G. MARTINEZ

31ST DISTRICT, CALIFORNIA



WASHINGTON OFFICE:

U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC 20515-0531
(202) 225-5464

COMMITTEE ON
INTERNATIONAL RELATIONS

SUBCOMMITTEE ON
WESTERN HEMISPHERE

SUBCOMMITTEE ON
ASIA AND THE PACIFIC

April 23, 1999

Mr. Chris Jennings
Department of Health and Human Services
Deputy Assistant to the President for Health Policy
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Jennings:

I am writing to support extension of the Section 1115 Medicaid Demonstration Project in Los Angeles County to assure continuation of primary medical care for uninsured low income residents.

The Los Angeles County Department of Health Services (County DHS) is in the process of applying for an extension of its 1115 Waiver, through which it is restructuring its services from an inpatient, hospital-based care model, where patients stay in a hospital, to an outpatient, ambulatory care model.

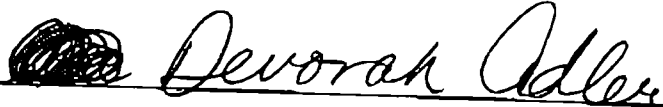
The County DHS restructured system is built upon increasing the funds for ambulatory care available to patients through Public/Private Partnerships with nonprofit community clinics and other providers, such as physicians in private practice. Given the enormity of this challenge, County DHS requires additional time to build an integrated system of primary, specialty, and tertiary (inpatient) care for low income uninsured resident of Los Angeles County. The 1115 Waiver ends June 30, 2000 and the Community Clinic Association of Los Angeles County (CCALAC) maintains that an extension through the year 2005 is critical.

Extension of the 1115 Waiver in Los Angeles County is critical for provision of medical care to medically uninsured, low income residents in the County, a large and growing population, and to the strength of the health care safety net. I urge you to support this vital program and extend the 1115 Waiver for Los Angeles County DHS.

Sincerely,

A handwritten signature in black ink that reads "Matthew G. Martinez". The signature is fluid and cursive, with a large loop at the end of the last name.

MATTHEW G. MARTINEZ
Member of Congress

FAX TRANSMISSION**HEALTH CARE FINANCING ADMINISTRATION
CENTER FOR MEDICAID AND STATE OPERATIONS
OFFICE OF THE DIRECTOR****To:**
_____**Organization:**_____
_____**Fax:**

Phone:

Pages:

_____ including cover

From:

Tim Westmoreland (D.C. office)

Phone: (202) 690-7428

Fax: (202) 358-3403

Subject:_____
_____**COMMENTS:**_____

L.A. County May Lose Funds From Waiver on Medicare

Budget: Bureaucratic logjam is blamed for failure to renew the five-year, \$1-billion bailout, which expires June 30.

LATIMES A.D. 4.9.00

By NICHOLAS RICCARDI
TIMES STAFF WRITER

Los Angeles County officials Tuesday found themselves confronting a possibility that until recently seemed unthinkable: the possibility of losing the keystone of their budget, a \$1-billion federal waiver of Medicaid rules that has kept public hospitals open and the county out of bankruptcy.

President Clinton announced the waiver in 1995 in a dramatic, last-ditch act that saved the county from insolvency. The waiver expires June 30 and the county has been pushing the federal government to renew it for five years and make parts of it permanent. County officials were confident enough of their prognosis to predict earlier this year that the deal would be closed by this week.

But with the waiver trapped in a logjam between three layers of government, supervisors asked county health and budget staff Tuesday to draft a contingency plan in case the waiver expires and the county must plug a deficit in its health department that could ultimately grow to \$700 million.

"There's a lot of folks . . . who have been lulled into believing this [the waiver extension] is an inevitable thing," Supervisor Zev Yaroslavsky said. "This is anything but inevitable."

If the waiver doesn't get renewed "it would be devastating," said Gloria Molina, who chairs the Board of Supervisors. "We would have to close a good deal of our hospitals, we would have to lay off hundreds of our employees, and we would have to deny services" to some of the county's growing uninsured population.

Chris Peacock, a spokesman for the Health Care Financing Administration, the federal agency that decides whether to extend the waiver, said he could not comment on the specifics of ongoing negotiations with the county. He said the continuing meetings with county and state officials had been "productive."

Privately, county sources say they still expect to get some form of a waiver from the Clinton administration by June 30.

"Can you imagine them not extending it in the middle of the [Democratic] convention?" said one aide. Not only is the convention in Los Angeles, observers note, but several supervisors are close to Gore, the presumed Democratic candidate for president.

But county officials, who last year hoped to make parts of the waiver permanent, may have to drastically lower their expectations. The federal government has signaled that it may only renew the waiver for three years—meaning it would remain in place in the upcoming budget year, but be phased out over the next two. That would leave the county to scramble for cash to close its perpetually yawning health department deficit, which annually runs into hundreds of millions of dollars.

County officials blame the current delay on Sacramento, where the Davis administration is hesitant to contribute any of its \$10-billion surplus to the federal efforts to keep Los Angeles County solvent.

"If we're not together on this, that gives us a problem," Supervisor Don Knabe said.

Federal health officials, mindful of California's flush economy, want the state and county to kick in more money this time around, county officials say. The county has offered to chip in \$60 million of the \$130 million it is slated to receive annually from the nationwide settlement of lawsuits against the tobacco industry. But the state has not offered any money yet.

The hesitancy of the Democratic administration in Sacramento to pay for health care in predominantly Democratic Los Angeles has irked county officials.

"This was never a problem with [former Republican Gov.] Pete Wilson," said one supervisor's aide. "Never."

A spokesman at the state's Health and Welfare Agency said he would call back with a response to the county's complaints Tuesday, but never did.

Though the state's reported slowness has caused the greatest consternation at the county Hall of Administration, the federal government's suggestion that the waiver may only be extended for three years could also have a serious impact.

Under that scenario, county health officials have projected that the county would face a nearly \$300-million deficit in the coming year and a \$700-million deficit in three years, after the waiver expires. Such an action could cause as many as 4,000 layoffs and a drastic cutting of county health services—slashing up to 1.2 million outpatient visits and 35,000 admissions to county hospitals, according to county documents.

County officials have stated in writing that the three-year option is too harsh.

Even if the waiver is extended for five years, officials say, the federal government has signaled that it wants an "exit strategy" from the county—a plan to wean itself off dependency on the waiver money to balance its books.

That would mean the county will need to find another source of revenue to fund its six public hospitals and dozens of health clinics that range from Palmdale to San Pedro.

The waiver was granted in 1995 with the intention of moving the county away from pricey inpatient hospital care and toward a more preventive, outpatient-based way of delivering medical services. A central facet of the waiver is how it shifts federal rules to allow Washington to reimburse the county for outpatient treatment, rather than just inpatient treatment.

Though the county has expanded its outpatient services, it has failed to meet two other key terms of the waiver. It has fallen nearly \$200 million short of cost savings it predicted it could find in the health department, a prediction county officials now say was unrealistic. And the county has fallen 1 million behind in the number of patients it treats outside its hospitals. Health officials attribute that to the fact that even as the waiver goals were set the county lost hundreds of thousands of patients.

Still, supervisors last year flew to Washington to lobby that the waiver not only be extended for five years, but expanded with new programs to pay for treating ill children in public schools. They also asked that parts of the arrangement be made permanent.

They believed the waiver would be in hand by the time they are slated to return to Washington this year, in May. But delays in securing an agreement have sent the county scrambling for negotiating leverage.

school based
health clinic
waiver
increase to w/o
waiver baseline

increase to w/o
waiver baseline



COUNTY OF LOS ANGELES

Washington, D.C. Legislative Office

440 FIRST STREET, N.W. - SUITE 440 • WASHINGTON, D.C. 20001
(202) 393-2404 • FAX (202) 393-2666

REGINALD N. TODD
Chief Legislative Representative

Board of Supervisors

GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SUMMARY OF 1999 KEY FEDERAL ISSUES BOARD OF SUPERVISORS VISIT TO WASHINGTON, D.C.

Benefits Restoration for Legal Immigrants

Support restoration of eligibility for benefits (SSI, Food Stamps, Medicaid, and SCHIP) for legal immigrants who enter the U.S. after August 1996.

Child Health Programs

Support increased Federal flexibility to allow states to fully use SCHIP (Healthy Families in California) funds to cover children above 200% of poverty, provide family coverage, and coverage to legal immigrants who enter the U.S. after August 1996.

Justice Issues

State Criminal Alien Assistance Program (SCAAP): Support the maximum authorized funding of \$650 million for SCAAP which reimburses state and local incarceration costs attributable to criminal aliens. The FFY 1999 appropriation is \$585 million. In FFY 1998, only 40% of state and local costs were reimbursed. The County received only \$19 million. Higher SCAAP funding would likely assure increased County revenue.

Justice Information Systems: Support full funding of the Crime Identification Technology Act of 1998 (P.L. 105-251) which authorizes \$250 million over five years in grants to states to improve criminal justice information systems. These grants provide for the creation and improvement of integrated criminal justice information systems, and forensic science and medical examiner information systems.

Counterterrorism: Support full funding for state and local domestic preparedness. The President's FFY 2000 budget proposal includes \$174 million for state and local counterterrorism initiatives. Support appropriations language which reflects the unique vulnerability of, and the need for, extensive preparedness in large urban areas, and covers large scale training of first responders, training and equipment for mass fatalities and vital records, infrastructure support to coordinate multi-jurisdictional planning,

Counterterrorism (cont.)

training, and response, and support for local surveillance activities, threat and event modeling, and risk communication

Los Angeles County Drainage Area (LACDA)

Support an appropriation of \$50 million reflecting full construction capability.

Medicaid Demonstration Project (1115 Waiver)

Support extension of the waiver which expires in June 2000.

Medicaid DSH/OBRA '93 Cap (extension of 175% limit)

Support the California hospital industry's request for a permanent extension of the partial relief from the hospital-specific caps under the Medicaid Disproportionate Share (DSH) program given to California hospitals in the 1997 Balanced Budget Act.

County of Los Angeles



Federal Issues 1999

Board of Supervisors

Don Knabe, Chairman
Fourth District

Gloria Molina, Chair Pro Tem
First District

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BOARD OF SUPERVISORS COUNTY OF LOS ANGELES

822 KENNETH HAHN HALL OF ADMINISTRATION / LOS ANGELES, CALIFORNIA 90012
Telephone (213) 974-4444 / FAX (213) 626-6941

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CHAIRMAN OF THE BOARD
SUPERVISOR, FOURTH DISTRICT

May 3, 1999

Dear Friends:

The Los Angeles County Board of Supervisors is pleased to present the following issue briefs which highlight a number of Federal funding and policy matters that are of special concern to us this year.

Our key Federal issues for 1999 include:

- Los Angeles County's Medicaid Demonstration Project
- Medicaid Disproportionate Share Hospital Cap
- Reimbursement of Criminal Alien Incarceration Costs
- Los Angeles County Drainage Area (LACDA)

We also discuss such issues as improvements to our criminal justice system, eligibility of legal immigrants for benefits, and reauthorization of welfare-to-work programs.

The County is committed to improving the cost-effectiveness and quality of the services we provide, and we believe that continued Federal and County cooperation will be critical to our success.

We look forward to working with you on these issues which are of mutual concern to our constituents.

Sincerely,

DON KNABE
Chairman of the Board
Supervisor, Fourth District
County of Los Angeles

1999 FEDERAL ISSUES

Key Issues	<u>Page</u>
Medicaid Demonstration Project (1115 Waiver)	1
Medicaid Disproportionate Share Hospital Cap	4
Reimbursement of Criminal Alien Incarceration Costs . . . , ...	6
Los Angeles County Drainage Area (LACDA)	8
 Other Important Issues	
Support for the Criminal Justice System	10
Eligibility of Legal Immigrants for Benefits	14
Naturalization Backlog	16
Child Health Programs	18
Welfare-to-Work Reauthorization	20
Juvenile Justice	22

Key Issues

MEDICAID DEMONSTRATION PROJECT (1115 WAIVER)

County Position

Support extension of and amendments to the County's Medicaid Demonstration Project (1115 Waiver) to continue the restructuring of the County health system, and implement new programmatic objectives and reform fiscal incentives.

Background

The Los Angeles County Medicaid Demonstration Project (1115 Waiver) was developed in response to the worst funding crisis in the history of the County Department of Health Services (DHS). The 1115 Waiver, which covers a five-year period from July 1, 1995 to June 30, 2000, is devoted to stabilizing a system that was on the brink of collapse. It gives the County the capacity to restructure by moving away from an emphasis on expensive hospital inpatient care to a system that stresses cost-effective primary and preventive care delivered in an outpatient setting.

The County is restructuring its health system in the context of a large and rising uninsured population, increased reliance on safety net services, a competitive marketplace due to Medi-Cal managed care, and financial incentives which continue to reward inpatient care and emergency services.

On April 27, 1999, the Board of Supervisors unanimously adopted a resolution to seek an extension of the 1115 Waiver, and called for the development of a plan within 30 days for submission to the State of California. The County is seeking an extension to complete its unfinished agenda, and is also seeking amendments for new initiatives.

The main objectives for the first five years of the 1115 Waiver have been to:

- Decrease DHS inpatient beds by one-third from 2,595 to 1,719.
- Relocate hospital ambulatory care services to community-based freestanding clinics.
- Increase access to ambulatory care services by 50 percent, and reduce the inappropriate use of hospital-based services, particularly emergency room services.
- Develop public-private partnerships for community-based primary care.
- Restructure operations to promote efficiencies and reduce costs.
- Expand public health initiatives and services to high-risk populations.

Selected restructuring accomplishments to date include:

- Decreased DHS inpatient beds by nearly 28% from 2,595 to 1,859.
- Expanded access to ambulatory care services from 45 to 149 sites. This includes 31 DHS-operated sites, nine DHS sites now privately operated, five DHS sites jointly operated with private providers, and 104 new private provider sites.
- Increased ambulatory care services by 600,000 after stabilization, and decreased emergency room usage by 27%.
- Initiated system efficiencies and reengineering, with savings targets of \$40 million in FY 1998-99, and \$82 million by FY 2000-01.
- Reduced DHS staffing by 15%, or 4,300 positions.
- Moved hospital-based specialty services into freestanding Comprehensive Health Centers, and restructured hospital-based sub-specialties into consolidated clinics.
- Initiated a joint labor-management assessment and planning effort to retrain and prepare the workforce for health system restructuring.

Although the County has made progress in restructuring, there is more work to be done to complete the original goals of the Waiver and initiate other needed health service improvements for the community. The County's Waiver extension request will allow completion of its unfinished agenda and several new initiatives including:

- Continuation of ambulatory care expansion, and Federal support to expand specialty care services to achieve the Waiver goal of increasing access to outpatient care.
- A "Healthy Student Partnership" with local school districts to improve access to care for school children throughout Los Angeles County.
- Continuation of system-wide reengineering to achieve service improvements and cost savings.
- A multi-year health care workforce retraining project.
- A further reduction in hospitalizations through implementation of disease management programs.
- Reform of the financing rules for the County health system to promote system change.

Without a Waiver extension, the restructuring of the County health care system will come to an abrupt halt, and the County will once again face catastrophic service reductions.

Status

Pursuant to action by the Board of Supervisors on April 27, 1999, the County is developing a Waiver extension package over the next 30 days for submission to the State of California, followed by approval and submission by the State to the Health Care Financing Administration (HCFA). The County is hopeful that negotiations with HCFA would begin soon thereafter.

FOR FURTHER INFORMATION, PLEASE CONTACT MARK FINUCANE, DIRECTOR OF HEALTH SERVICES, AT (213) 240-8101.

MEDICAID DISPROPORTIONATE SHARE HOSPITAL CAP

County Position

Support the California hospital industry's request for a permanent extension of partial relief from the hospital-specific caps under the Medicaid Disproportionate Share (DSH) program given to California public hospitals in the 1997 Balanced Budget Act.

Background

The DSH program provides additional Medicaid reimbursement to certain hospitals serving a high volume of low-income patients. In the early 1990s, because of escalating costs in some states that did not have tightly-designed DSH programs, Congress enacted rules which capped the amount of DSH reimbursement available to each state and limited an individual hospital's reimbursement to 100 percent of its unreimbursed costs. In order to ensure that the health care safety net remained intact, a transition rule was created to allow public hospitals to claim 200 percent of unreimbursed costs.

In the 1997 Balanced Budget Act, Congress reinstated the transition rule through June 30, 1999. The 1997 extension lowered the cap to 175 percent of unreimbursed costs. This has financially stabilized the California DSH program for more than 130 public and private hospitals. Under the California DSH program, only public entities -- counties, the University of California and district hospitals -- provide the necessary State match, but private hospitals also benefit.

The proposed extension does not increase funds to California, nor does it take dollars away from other states or change the formula within California. In 1996, the Congressional Budget Office (CBO) found that there was no Federal cost for the transition rule. A permanent extension would not change any of the protections established under the 1997 Balanced Budget Act to contain Federal DSH costs. Furthermore, the extension ensures that the DSH funds are used to support health services for needy individuals.

Extension of this DSH provision for public hospitals is supported by the California Association of Public Hospitals, the California State Association of Counties, the California Association of Hospitals and Health Systems, and the State of California.

Legislative language to extend the provision has been drafted. Representative Brian Bilbray (R-San Diego) sent a letter in March to the CBO in support of the extension pointing out that many of the same conditions that produced a 'no cost' estimate for the extension in 1997 still apply.

Status

The DSH provision has broad bipartisan support within the California delegation. California members of the Commerce Committee are seeking to make the provision part of an appropriate legislative measure moving through Congress.

FOR FURTHER INFORMATION, PLEASE CONTACT MARK FINUCANE, DIRECTOR OF HEALTH SERVICES, AT (213) 240-8101.

REIMBURSEMENT OF CRIMINAL ALIEN INCARCERATION COSTS

County Position

Support the maximum authorized funding of \$650 million for the State Criminal Alien Assistance Program (SCAAP) which reimburses state and local incarceration costs attributable to criminal aliens.

Support reauthorization of SCAAP and an expansion of allowable costs to include prosecution, probation, detention of juvenile offenders, and indigent defense, but not at the expense of currently allowable costs.

Background

State and local taxpayers should not have to bear the costs of incarcerating criminal aliens who are in the country because of the Federal government's inability to control illegal immigration or to deport all criminal aliens.

The 1994 Crime Act established the State Criminal Alien Assistance Program (SCAAP) to reimburse state and local costs of incarcerating criminal aliens. In Federal Fiscal Years (FFY) 1996 and 1997, SCAAP was funded at the \$500 million level, and for FFY 1998 and FFY 1999, Congress increased funding to \$585 million. The authorization level for SCAAP is \$650 million annually, which expires in FFY 2000.

For FFY 2000, the Administration has requested \$500 million for SCAAP, the same amount it proposed in FFY 1999.

Over the last three years, the number of state and local applicants has more than doubled because of changes in Federal law which allowed more local costs to be included in the SCAAP claim. In 1996, the SCAAP reimbursement was expanded to include costs associated with inmates with two misdemeanors.

In FFY 1998, the County had \$47.6 million in eligible SCAAP costs, but only received \$19 million in reimbursement. As the following table shows, criminal alien incarceration costs for state and local governments continue to be significantly higher than Federal funding levels. Federal funding for the SCAAP program needs to substantially increase to cover the remaining unreimbursed costs.

FFY	Number of Applicants	Total National Eligible Costs	Appropriation Level	Percent of Costs Reimbursed
1996	119	\$0.827 billion	\$500 million	59.7%
1997	249	\$1.483 billion	\$500 million	33.7%
1998	297	\$1.441 billion	\$585 million	39.9%

(Note: For FFY 1999, SCAAP was funded at \$585 million, but funds have yet to be distributed.)

Because the SCAAP authorization expires at the end of FFY 2000, Congress should reauthorize the program at a level which more accurately reflects the incarceration costs absorbed by state and local governments. Additionally, the SCAAP program should be broadened to cover state and local prosecution, probation, juvenile detention, and indigent defense costs associated with criminal aliens.

On March 26, 1999, all House members of the State Congressional Delegation supported full funding for SCAAP in FFY 2000 in a letter to the House Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary.

Senators Dianne Feinstein (D-CA) and Jon Kyl (R-AZ) are leading an effort to obtain higher SCAAP appropriations. Senator Kyl is expected to introduce legislation to reauthorize SCAAP and expand allowable costs.

Status

The House and Senate are currently conducting hearings on the FFY 2000 Commerce-Justice-State Appropriations Bill, and will begin mark-ups in June. Additionally, SCAAP reauthorization and reform must be included in reauthorization of the Crime Act and the Department of Justice which Congress is expected to begin work on this session.

FOR FURTHER INFORMATION, PLEASE CONTACT SHERIFF LEE BACA AT (323) 526-5000.

LOS ANGELES COUNTY DRAINAGE AREA (LACDA) PROJECT

County Position

Request Federal funding totaling \$50 million annually for the Los Angeles County Drainage Area (LACDA) flood control project.

Background

The Army Corps of Engineers conducted a study which projects 100-year storm flood damages totaling \$2.25 billion (not taking account of inflation) affecting 500,000 people in a 75-square mile area along the lower Los Angeles River basin. This projected damage estimate is significantly greater than damages resulting from the 1997 Northern California flood disaster.

Because of meteorological and topographical factors, floods are a major public safety threat and have periodically devastated large areas in Los Angeles County. Until the County's flood threat is mitigated by flood construction protection, people's lives and property will be endangered, and mandatory Federal Emergency Management Agency flood insurance will continue to be required. The financial burden of the flood insurance premiums on households is an estimated \$131 million annually.

Nearly 60 years ago, the Los Angeles River and Rio Hondo Channel were designed and built by the Federal government to protect the Los Angeles urban area. These facilities have proved adequate for many years, but they now need to be upgraded to meet 100-year storm flood damage estimates.

The LACDA project will prevent major flood damage by increasing the height of levees and raising or modifying numerous bridges over the lower Los Angeles River and Rio Hondo Channel. The total project cost is approximately \$240 million, including Federal and local funds. The County is also implementing enhancements and/or modifications to LACDA which will improve the environmental and recreational aspects of the project.

In 1990, Congress authorized the Army Corps of Engineers to improve LACDA, and a final construction start approval was given in mid-1995 by the Office of Management and Budget. While the County's share of the funding for LACDA has been in place, the Federal government has committed only \$99 million of its \$180 million share of the project to date. Construction of the project began in February 1996.

The President's proposed FFY 2000 budget includes only \$30 million for LACDA. This is a \$19 million increase over his FFY 1999 request but substantially less than the \$50 million Congress appropriated last year.

In order to assure timely construction, the FFY 2000 Energy and Water Development Appropriations Bill must include \$50 million in Federal funding for LACDA.

LACDA is the largest urban flood protection project in the nation, and the County is urging the Federal government to complete this public safety responsibility without delay.

Status

Hearings have occurred in both the House and Senate Appropriations Committees on the President's proposed FFY 2000 budget for the Army Corps of Engineers. Mark ups on the bills have not yet been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT HARRY STONE, DIRECTOR OF PUBLIC WORKS, AT (626) 458-4000.

Other Important Issues

SUPPORT FOR THE CRIMINAL JUSTICE SYSTEM

County Position

Local Law Enforcement Block Grant (LLEBG)

Support maximum funding for Local Law Enforcement Block Grant (LLEBG), and changes to the LLEBG formula to include criminal justice expenditures to more accurately reflect the division of responsibility between law enforcement agencies in counties and cities. Oppose efforts to eliminate the "disparate jurisdiction" provision.

Prosecution and Probation

Support increased Federal funding for community prosecution and probation programs.

Criminal Justice Information Systems

Support full funding of the Crime Identification Technology Act of 1998 (P.L. 105-251) which authorizes \$250 million for each year through 2003 in grants to states to improve criminal justice information systems, and provisions that reflect the vital role of counties in the criminal justice system.

Federal Tax Intercept of Court-Imposed Obligations

Support proposals which allow for an intercept of Federal tax refunds of probationers who owe restitution.

Counterterrorism

Support full funding for state and local domestic preparedness, and provisions that fund a broader scope of preparedness activities to address the unique vulnerability of large urban areas and the need for extensive preparedness.

Criminal Aliens

Support \$2.3 million for the High Intensity Criminal Alien Apprehension and Prosecution Program (HI-CAAPP) proposed by the Countywide Criminal Justice Coordinating Committee, which would streamline and expedite the identification and removal of criminal aliens at the point of arrest.

Background

Local Law Enforcement Block Grant (LLEBG). The LLEBG provides important Federal assistance to local law enforcement based on a local determination of priorities. However, the current LLEBG allocation formula, which is based solely on crime statistics, does not accurately reflect the division of responsibility between law enforcement agencies in counties and cities. The LLEBG formula should be modified and based on local criminal justice expenditures. Barring a change in the formula, the County opposes efforts to

eliminate the "disparate jurisdiction" provision, which requires joint planning between a city and a county when there is a large gap in the LLEBG awards to each entity.

Prosecution and Probation. The 1994 Crime Act provides significant resources to local law enforcement agencies, mainly through the COPS and LLEBG programs. While this funding led to more law enforcement personnel on the street and a reduction in crime, it has created a large imbalance in the workloads of prosecution and probation agencies which receive no similar kind of earmarked Federal support. As Congress considers reauthorization of the Crime Act, the roles and needs of prosecution and probation agencies must be addressed to ensure that persons arrested are prosecuted, and persons released from prison are monitored in the community.

Criminal Justice Information Systems. The Crime Identification Technology Act of 1998 (P.L. 105-251) authorizes \$250 million for each year through 2003 in grants for states to improve criminal justice information systems. Upgrading of criminal history and criminal justice record systems, development of automated fingerprint identification systems for criminal background checks, and forensic science and medical examiner information systems are among the eligible activities under the grants.

The law requires grants to each state, and requires states to use grant funds in conjunction with local government, and state and local courts. However, the law does not specify the manner in which states are to share grant funds.

Any formula for the disbursement of funds to state and local governments must reflect the vital role of counties in the criminal justice system, and the disproportionate amount of criminal justice responsibilities borne by county courts, prosecutors, public defenders, jails, and probation agencies.

Federal Tax Intercept of Court-Imposed Obligations. Courts typically require adult criminals, juvenile offenders, and parents of juvenile offenders to pay restitution to victims, and court fines, penalties and other costs. Many of these obligations are not paid in a timely manner, putting a financial burden on victims, taxpayers, and local governments. Among county probation agencies alone in California, an estimated \$20 million in court-imposed obligations are outstanding. The collection of these obligations would be greatly enhanced if the Federal tax code were amended to allow local agencies to intercept Federal tax refunds. This is similar to what is currently done for child support obligations.

Counterterrorism. The Los Angeles County Operational Area is a multi-jurisdictional emergency preparedness and response organization comprised of city and County law enforcement and response agencies. Members include the Los Angeles County Sheriff, Fire, and Health Services Departments, and the City of Los Angeles Police and Fire Departments.

Over the past year, the Operational Area has begun to develop the capacity to assess and respond to threats of nuclear, biologic, and chemical attacks, and other terrorist threats.

Members of the Los Angeles County Operational Area have received some Federal grants for first responder training and equipment.

However, our capacity is below what is needed in the complex environment of Los Angeles. A total of \$14.5 million in equipment, training, pharmaceuticals, and other emergency management infrastructure needs have been identified by the members of the Los Angeles County Operational Area.

The County supports the President's FFY 2000 budget proposal of \$174 million for state and local counterterrorism preparedness which would be an increase of \$38 million from what was appropriated for FFY 1999.

The County urges that appropriations language reflect the unique vulnerability of large urban areas and the need for extensive preparedness. Additionally, the following activities should be covered: large scale training of first responders; training and equipment for mass fatalities and vital records; infrastructure support to coordinate multi-jurisdictional planning, training, and response; and support for local surveillance activities, threat and event modeling, and risk communication.

Criminal Aliens. In 1997, the Countywide Criminal Justice Coordinating Committee (CCJCC), a multi-jurisdictional entity focused on improving the efficiency and effectiveness of the County criminal justice system, published its third study of criminal aliens in the County's jail population. The CCJCC study found that nearly 17% of the County's jail population, more than 29,000 inmates annually, are deportable aliens. Of those inmates identified as deportable, 45% were re-arrested an average of 1.8 times within 12 months of their release from the County jail system, using on average 5.3 different aliases and 2.2 different birth dates.

Based on this data, the CCJCC concluded that the development of a fingerprint and criminal history system universally accessible to local, state, and Federal law enforcement agencies is urgently needed. The CCJCC is recommending the development of a technology-based High Intensity Criminal Alien Apprehension and Prosecution Program (HI-CAAPP) which would streamline and expedite the identification and removal of criminal aliens at the point of arrest. The estimated cost of HI-CAAPP is \$2.3 million.

Status

The House and Senate are currently conducting hearings on the FFY 2000 Commerce-Justice-State Appropriations Bill, and will begin mark-ups in June.

FOR FURTHER INFORMATION, PLEASE CONTACT SHERIFF LEE BACA AT (323) 526-5000, DISTRICT ATTORNEY GIL GARCETTI AT (213) 974-3501, AND CHIEF PROBATION OFFICER RICHARD SHUMSKY AT (562) 940-2501, RESPECTIVELY.

ELIGIBILITY OF LEGAL IMMIGRANTS FOR BENEFITS

County Position

Restore eligibility for Federal benefits to legal immigrants.

Background

Despite restoration of eligibility for Federal benefits in 1997 and 1998 for legal immigrants, which had been lost in the 1996 Federal welfare reform law, there still are many legal immigrants in Los Angeles County who are ineligible for some Federal benefits.

This year, President Clinton and Senator Moynihan (D-NY) and Representative Levin (D-MI) introduced the following proposals to provide additional restoration of benefits for legal immigrants.

Program	President's FFY 2000 Budget Proposal	Moynihan-Levin S. 792/H.R. 1399
Supplemental Security Income (SSI)	Extend SSI to legal immigrants who entered the U.S. after August 22, 1996, have been in the U.S. five years and subsequently become disabled.	Restore SSI benefits to elderly legal immigrants residing in the U.S. on August 22, 1996 and who subsequently turn 65 years of age. Extend SSI to legal immigrants who entered the U.S. after August 22, 1996 and become disabled after entry into the U.S.
Medicaid	Provide Federal Medicaid benefits to legal immigrant children and pregnant women entering the U.S. after August 22, 1996.	Provide Federal Medicaid benefits to legal immigrants entering after August 22, 1996
State Child Health Insurance Program (SCHIP)	Provide option to states to cover legal immigrant children who entered the U.S. after August 22, 1996.	Provide option to states to aid legal immigrant children who entered the U.S. after August 22, 1996.
Food Stamps	Restore Federal Food Stamp benefits to legal immigrants who entered the U.S. before August 22, 1996 and who subsequently reach the age of 65.	Restore Federal Food Stamp eligibility to legal immigrants residing in the U.S. before August 22, 1996.

President Clinton's proposal would total \$1.3 billion over five years. The SSI and Medicaid components would cost \$930 million over five years and are estimated to assist 54,000 legal immigrants. The Food Stamps proposal would cost \$60 million over five years.

Additionally, for the approximately 55,000 legal immigrant children arriving since welfare reform, the President proposes a \$220 million initiative over five years to give states the option to cover them through Medicaid or the State Child Health Insurance Program (SCHIP or Healthy Families in California). The Administration also proposes to give states the option to provide Medicaid prenatal care services to legal immigrant women who entered the U.S. after August 22, 1996. The proposal would cost \$105 million over five years and is estimated to assist 23,000 women and their children.

The President's proposal and the Moynihan-Levin bills mirror each other in large part. However, with respect to SSI and Food Stamps, the County favors the Moynihan/Levin bills as they provide broader coverage.

Status

The Moynihan-Levin Legislation, the Fairness for Legal Immigrants Act of 1999, was introduced on April 14, 1999. No hearings or mark ups have been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT LYNN BAYER, DIRECTOR OF PUBLIC SOCIAL SERVICES, AT (310) 908-8383.

NATURALIZATION BACKLOG

County Position

Support increased resources to address the huge naturalization backlog in the Los Angeles District of the INS, and support other changes needed to reduce the backlog and to improve the naturalization process.

Background

The Los Angeles District of the INS alone has more pending naturalization applications than any state, except California. Since September 1996, the naturalization backlog in the District has more than tripled from 127,199 to over 400,000, mainly due to insufficient INS staff, slow progress on automation, and problems with INS record-keeping and handling of disability waiver requests from English and civics requirements.

Under current INS policy, applicants not naturalized within 15 months of their FBI fingerprint clearance must be recleared by the FBI, which also requires them to be reprinted because the FBI destroys fingerprint cards after clearing them. In Los Angeles, over 100,000 applicants now are waiting to be refingerprinted and recleared because they were not naturalized within 15 months. The need to reprint and reclear so many applicants not only further delays their naturalization, but also greatly increases Federal costs.

Two major problems are currently impeding the naturalization process: poor handling of applicants' changes of address and inappropriate handling of disability waiver requests. In Los Angeles, the percentage of denied naturalization applications has surged from 7% to 43% within the past year. Based on INS projections, the number of denials in FFY 1999 will exceed the number of persons (90,473) naturalized in Los Angeles in the prior year.

Much of the increase in denials stems from a new INS policy to close rather than continue cases where applicants do not appear for INS interviews or respond to requests for information on a timely basis. The no-shows and no responses, in turn, result from the INS mailing notices to incorrect addresses because the INS has not established a system to track changes of address. The large number of no-shows also add to the inefficient use of INS personnel, and contribute further to naturalization processing delays.

The INS also has rejected many worthy requests for waivers from English and civics requirements submitted by disabled persons because its N-648 waiver request form is overly complicated for doctors to complete and because all INS adjudication officers, rather than specially trained staff, review disability waiver requests. Current INS policy is to reject waivers when a doctor fails to explain how a medical condition affects a person's ability to learn English and civics.

The delays and inappropriate denials of naturalization applications are unfair to legal immigrants who have played by the rules, especially to vulnerable immigrants who must become citizens to regain eligibility for many Federal programs and to elderly applicants who may die before they can realize their dream of becoming citizens.

The County urges the following changes be made to reduce the naturalization backlog and to improve the naturalization process:

- Increase INS and U.S. District Court staff assigned to process naturalization applications in INS districts, such as Los Angeles, with long backlogs.
- Require the INS to store ten-print fingerprint records, preferably on an automated fingerprint identification data base, of all noncitizens who are fingerprinted by INS. This would eliminate the need for refingerprinting of naturalization applicants, improve the identification of aliens who have violated criminal or immigration laws, and assist in determining eligibility for naturalization and law enforcement reimbursement. The INS should consider waiving the refingerprinting requirement for persons over 55.
- Require the INS to improve record-keeping of applicants' changes of address, and better inform applicants on how to notify the INS of changes of address. Recently denied applications should be reopened without additional fees when an applicant provides proof that there was a change of address.
- Simplify the N-648 disability waiver request form and improve the adjudication of waiver requests by requiring the INS to assign specially trained adjudication officers to review disability waiver requests. Each applicant's doctor can not be expected to explain in layman's terms understandable by any INS officer why a medical condition results in an inability to learn English and civics.

Status

The Administration must be urged to take the above administrative actions to reduce the naturalization backlog and to improve the naturalization process. These administrative changes can be required or funding earmarked to address the backlog in the Los Angeles District can be included in the FFY 2000 Commerce-Justice-State Appropriations Bill. House and Senate mark-ups for the bill have not been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT STEPHANIE KLOPFLEISCH, DIRECTOR OF COMMUNITY AND SENIOR SERVICES, AT (213) 738-2617.

CHILD HEALTH PROGRAMS

County Position

Increase flexibility under the State Child Health Insurance Program.

Increase Federal funding for outreach to children and families eligible for, but not enrolled in, the Medicaid and State Child Health Insurance Programs.

Background

In Los Angeles County, 2.6 million people lack health insurance. This translates into about one out of every three people in the County. Nearly 700,000 of the County's uninsured are children, who account for 25 percent of all children in the County.

Because of Federal limitations and other factors, California, like many states, is using only a fraction of Federal funds available under the State Child Health Insurance Program (SCHIP) to expand health insurance coverage. Expanded health insurance coverage under SCHIP is projected to reach only about one-half of the 700,000 uninsured children in the County.

Current law targets SCHIP funds to children under 200 percent of the Federal Poverty Level (FPL), but it does not allow states to automatically extend coverage to other family members residing with such children.

According to the California Legislative Analyst's Office (LAO), about \$1.4 billion of California's Federal allocation through June 1999 will remain unspent. Although unspent Federal funds can be carried over for three years, the LAO projects that, absent Congressional action to expand the use of these funds, it is likely that most, if not all funds allocated, will remain unspent.

While family coverage extension may be possible through an administrative waiver, the waiver process has not been defined by the Health Care Financing Administration. Additionally, while states have the option to provide Medicaid coverage to low-income legal immigrant children who arrived in the U.S. prior to August 22, 1996, they are prohibited from extending Medicaid or SCHIP coverage to legal immigrant children who entered after August 22, 1996. The President's FFY 2000 budget proposal and legislation introduced by Senator Moynihan (D-NY) (S.792) and Representative Levin (D-MI) (H.R. 1399) would give states this flexibility.

The law should be changed now to allow states to immediately use unspent funds on family coverage without the necessity of a waiver.

It is noteworthy that there are no new Federal costs associated with these proposals since states would simply be allowed to cover additional groups and provide additional services within their existing Federal allocations.

An additional tool that would be beneficial to states would be increased Federal resources to conduct outreach to identify children and families who are eligible, but not enrolled in Medicaid and State Child Health Insurance Programs (SCHIP). The proposed budget increases flexibility for states to provide outreach to ensure enrollment of eligible children under (SCHIP), by removing such spending from the 10 percent state administrative cap under the program. States would have through FFY 2000 to spend these dollars.

A number of bills (H.R. 827, DeGette D-CO; H.R. 1298, Bentsen D-TX; H.R. 458, Dunn R-WA; and S. 365, Gorton R-WA) have been introduced to enhance Medicaid and SCHIP outreach and coverage. These bills would benefit California, and should be amended to allow states to provide family coverage under SCHIP.

Status

On April 29, 1999, the Senate Finance Committee conducted a hearing on the implementation of SCHIP. No other hearings or mark ups have been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT MARK FINUCANE, DIRECTOR OF HEALTH SERVICES, AT (213) 240-8101.

WELFARE-TO-WORK REAUTHORIZATION

County Position

Support reauthorization and continued funding for the Welfare-to-Work (WtW) program, and support funding for projects which provide employment-related services to noncustodial parents of children on welfare and to children aging out of foster care.

Background

The 1997 Balanced Budget Act (BBA) appropriated \$1.5 billion a year for Welfare-to-Work (WtW) programs for Federal Fiscal Years (FFY) 1998 and 1999. No new funds will be available unless Congress and the President reauthorize it.

Representative Benjamin Cardin (D-MD) has introduced the Welfare-to-Work Amendments of 1999 (H.R. 1482), reflecting the President's WtW reauthorization proposals to appropriate \$1 billion for WtW in FFY 2000, simplify eligibility criteria, provide greater flexibility to states and localities in serving hard-to-employ welfare recipients and noncustodial parents, and provide a greater focus on services to noncustodial parents. In addition, by allowing WtW funds also to be used to help children aging out of foster care to become self-sufficient, the bill would enable the County to expand its successful job training programs for foster youth, such as the Sabre/American Airlines Training Program.

The Welfare-to-Work program fosters greater coordination between local workforce development agencies and welfare departments, such as the County's, in moving hard-to-employ Temporary Assistance to Needy Families (TANF) recipients into jobs and helping them to retain employment. The continued need for WtW funds grows as hard-to-employ persons become a growing proportion of all TANF recipients who are approaching the five-year time limit.

The program also funds projects, such as the County's highly successful Parents' Fair Share Project, which assists noncustodial parents of welfare recipients to take a greater financial and personal role in their children's lives. The increased earnings of noncustodial as well as custodial parents will be needed to lift many children out of poverty.

In FFY 1998, more WtW funds were allocated to Private Industry Councils (PICs) and projects in Los Angeles County than to any single state except for California and New York. In all, nearly \$109 million in WtW funds flowed into the County, including a total of \$65.4 million in formula grants to the eight PICs which serve the County. One of the WtW competitive grants awarded to projects in the County was a \$3 million grant for a noncustodial parent project which builds upon the Parents' Fair Share Project.

Status

H.R. 1482, which was introduced on April 20, 1999, was referred to the House Ways and Means Committee, which has not yet scheduled any hearings or mark ups. Reauthorization and new funding for WtW could be included in a budget reconciliation bill though the non-binding FFY 2000 Concurrent Budget Resolution assumes no additional WtW funding.

FOR FURTHER INFORMATION, PLEASE CONTACT STEPHANIE KLOPFLEISCH, DIRECTOR OF COMMUNITY AND SENIOR SERVICES, AT (213) 738-2617.

JUVENILE JUSTICE

County Position

Support increased Federal funding for juvenile justice programs which promote a balance of funding between suppression, intervention efforts and prevention investments.

Support increased Federal involvement to combat criminal street gangs.

Background

The Office of Juvenile Justice and Delinquency Prevention (OJJDP) in the Department of Justice administers formula and competitive grants to states for the improvement of the juvenile justice system and the prevention of juvenile delinquency.

In the 105th Congress, legislation was considered, but not enacted, which would have reauthorized and reformed Federal juvenile justice programs and laws. The County supported legislation such as H.R. 1818 (Riggs, R-CA) which would have reformed Federal juvenile justice block grant programs, and supported some provisions of H.R. 3 (McCollum, R-FL) and S. 10 (Hatch, R-UT) which would have established new Federal juvenile crime laws and requirements.

As the 106th Congress resumes debate on juvenile justice, a number of bills have been introduced to address this issue. Comprehensive Democratic and Republican bills (S. 9, Daschle D-SD; S. 254, Hatch; H.R. 1501, McCollum) seek to address the Federal role in juvenile crime control and to reform Federal funding to states and local governments. H.R. 1150 (Greenwood, R-PA) reforms Federal juvenile justice grant programs.

The County urges that any final legislative package include provisions which would create new Federal laws against criminal street gangs, solicitation and recruitment of persons into criminal street gang activity, and transfer of firearms to minors for use in crime. However, the County is opposed to provisions which encroach upon state policy as to which juveniles are transferred to the adult criminal justice system, and lower standards related to the mixing of juvenile and adult prisoners. Additionally, the County supports proposals which preserve the appropriate Federal mixture of juvenile crime prevention, intervention, and suppression activities, and which provide flexibility to states to target Federal juvenile funding to state and local needs.

Status

The Senate Judiciary Committee has not taken action on S. 9 (Daschle) nor S. 254 (Hatch). On April 22, 1999, the House Judiciary Subcommittee on Crime approved H.R. 1501 (McCollum), and the House Education and the Workforce Subcommittee on Early Childhood, Youth and Families approved H.R. 1150 (Greenwood).

FOR FURTHER INFORMATION, PLEASE CONTACT RICHARD SHUMSKY, CHIEF PROBATION OFFICER, AT (562) 940-2501.



DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FAX COVER SHEET

INTERGOVERNMENTAL AND TRIBAL AFFAIRS GROUP
CENTER FOR MEDICAID AND STATE OPERATIONS

DATE: _____

TO: _____

ORGANIZATION: _____

TELEPHONE: _____

FAX: _____

PAGES: _____

9

(Including Cover Page)

FROM:

Lloyd C. Bishop, Director
Intergovernmental and Tribal Affairs Group
Center for Medicaid and State Operations
Health Care Financing Administration
U.S. Department of Health and Human Services
Hubert H. Humphrey Building, Room 337-D
200 Independence Avenue, S.W.
Washington, D.C. 20201

(202) 690-8501 or 690-6257 (PHONE)
(202) 205-7906 (FAX)

REMARKS: _____

Please call _____ at _____ if there is a problem with this fax.



DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

Center for Medicaid and State Operations
Family and Children's Health Programs Group
7500 Security Boulevard
Baltimore, MD 21244-1850

SEP 17 1999

J. Douglas Porter
Deputy Director, Medical Care Services
Department of Health Services
714/744 P Street
P.O. Box 942732
Sacramento, California 94234-7320

Dear Mr. Porter:

The purpose of this letter is to advise you of the status of the proposed amendment, entitled "Healthy Student Partnership (HSP)," to California's section 1115 Medicaid Demonstration for Los Angeles County. This amendment proposes to expand children's access to health services by including school-based clinics as ambulatory care providers under the demonstration. We have circulated the amendment within the Health Care Financing Administration (HCFA) and the Department of Health and Human Services for review and comment. This letter provides you with feedback on your submission.

We have a number of concerns with the proposed amendment, most notably the degree of specificity in the proposal, the State's ability to take on additional tasks, and the timing of the amendment request. Given these concerns, HCFA will not issue a decision on the HSP amendment prior to a decision on the extension of the demonstration.

Degree of Specificity

After a thorough review of the proposed amendment, we have determined that the current submission lacks the details necessary to adequately understand how school-based clinics will operate under the approved demonstration. An amendment request of this magnitude should include detailed information on the financial, administrative, and delivery system elements of the proposal. We have enclosed comments/questions outlining areas where more information is needed in order to properly evaluate the proposal.

Page 2 - J. Douglas Porter

Additional Tasks/Timing of the Amendment Request

As you know, we have expressed concern about the State's progress toward achieving the goals of the approved Special Terms and Conditions (ST&Cs). Hence, we question whether it is advisable for the State to undertake a significant expansion of activities at this time. In addition, it is unusual to consider such a significant initiative in the final year of a demonstration. The State has not yet submitted an extension request to HCFA, and if such a request is submitted, there is no guarantee that HCFA will approve the extension request or extend the demonstration under the ST&Cs currently in effect.

Lastly, but most importantly, we believe that it is prudent for the State to concentrate on achieving the current goals and objectives of the demonstration, rather than pursuing this proposed amendment. However, should the State decide to submit a revised proposal, we will not consider it prior to a decision on the extension of the demonstration.

If you would like to discuss this matter further, please feel free to call me at (410) 786-5647.

Sincerely,



David S. Cade
Director

Enclosure

cc: Richard Chambers, Region IX
Rene Santiago

Healthy Student Partnership COMMENTS/QUESTIONS

Below is an outline of the critical areas a section 1115 amendment of this magnitude would need to address. In the review of the proposed amendment several areas have been identified as lacking sufficient detail. Below are questions the revised proposal would need to address.

I. Current Environment and Demonstration Impact

A. Current Environment:

In order to evaluate the impact of the proposed amendment we need to fully understand the current school based health care system in LAUSD and other targeted school districts, and specifically Medicaid's current role in this system.

1. What services are typically provided by school based clinics? If there is considerable range depending on size of clinic, please provide an example of the services offered by a large clinic and the services offered by a small clinic.
2. What services are currently funded by Medicaid? Are all of these services currently included in California's State Plan? Do these services include services included in a child's Individualized Education Plan (IEP)? Are there services included in the IEP that are not currently included in the State Plan? How do school districts get reimbursed by Medicaid for the services provided, ie, using a fee-for-service reimbursement methodology?
3. What services are currently covered by the Department of Education (DOE)?
5. What administrative costs are funded by Medicaid? What administrative costs are funded by DOE? Are these costs being offset against federal funding? Please submit all local administrative activities funded by DOE, a copy of the DOE cost allocation plan, and the methodology for offset from Medicaid claims.
7. Are children enrolled in Medicaid or other federally funded programs at the school-based clinic? If so, describe the eligibility and enrollment process?
8. How many of the school-based clinics are Medi-Cal licensed facilities?
9. Where are the targeted populations for school-based clinics currently receiving care? Inpatient setting? Outpatient public health setting?
10. What, if any, funds is Los Angeles County (LAC) already receiving from:
 - MAA under the school-based administrative claiming option?

Healthy Student Partnership COMMENTS/QUESTIONS

- Services paid for under the LEA billing option?
 - Healthy Start?
 - Healthy Families Outreach?
 - CHAMP?
 - Other federally funded programs?
11. Do targeted school districts currently provide health care services to children other than those who would be eligible under this proposal? Would HCFA be matching health care expenditures beyond what is needed to take care of the target population (at or below 185% FPL)?
12. The proposal mentions "State screening, assessment and counseling mandates." What are these mandates and do they apply to all children enrolled in schools? Similarly, the proposal indicates that LAUSD provides entry physical exams to kindergarten and first grade students, as well as audiometric and vision screening services. If these services are provided free of charge to the general school population they are considered "free" and Medicaid cannot be billed. There are only two exceptions that could apply in schools--IDEA health-related services under an IEP/IFSP and services provided by T5 grantees. In these instances, Medicaid is the primary payor but must still pursue TPL. Free care is usually a problem for schools, especially when it comes to school nurses and other school staff (non school-based/school-linked clinics) providing health services to children unrelated to IDEA or T5. Schools often do not charge any students for these services and billing Medicaid for these services would violate the free care principle of Medicaid which we do not believe can be waived under an 1115.

B. Demonstration Impact:

1. How does this proposed amendment relate to the current approved 1115 demonstration with respect to eligibility, services, financing, etc.?
2. How would the current school-based health program interact with the proposed HSP program?

II. Eligibility and Enrollment:

1. Does the amendment propose to cover Medicaid children, as well as the indigent?
2. The proposal does not provide enough detail on how children will be enrolled in Medi-Cal or Healthy Families. Potential barriers to enrollment are as follows:
 - On-site eligibility workers cannot enroll children without parental consent

Healthy Student Partnership COMMENTS/QUESTIONS

- There is no financial incentive to enroll children into Medi-Cal or Healthy Families as the children may choose a health plan other than the County plan (CHP)
- School-based sites would have to be certified under CHP or another plan to get children assigned to them
- School lunch program data is insufficient to determine whether children are Medicaid eligible.

Since most of the targeted children are eligible for either Medi-Cal or Healthy Families, how will children enroll in Medi-Cal or Healthy Families given the above barriers?

III. Services:

1. Please identify the specific services to be provided in the school clinics under the demonstration. Which services will be reimbursed by the Department of Education? Please distinguish between health-related services and non-health-related. For each proposed Medicaid covered service, please indicate the 1905(a) Medicaid benefit category for each claimed service and indicate if the service is currently covered under California's Medicaid State Plan.

IV. Delivery System:

1. Identify the proposed school sites. How many of the proposed school sites are Medicaid eligible providers? Are all of these sites currently enrolled in Medicaid? If not, will they be enrolled in Medicaid in the future?
2. The proposed amendment does not provide detailed information on provider qualifications. For example, footnote 13 indicates that physical therapists, occupational therapists, and speech-language providers are approved Medicaid eligible providers, which may not be true. In reviewing a recently submitted SPA, it was discovered that speech/audiology therapists lack ASHA certificates of clinical competency, a requirement in federal regulations for these providers. The State should submit a detailed description of provider qualifications.
3. Thirty five percent the targeted children are already mandatorily enrolled in Medi-Cal managed care, thus they should already have a primary care provider (PCP). How will children who are already enrolled in a health plan be identified and linked with their assigned PCP when they show up at the school clinic for care? What coordination system (referrals, protocols, etc.) will exist between the school-based providers and the other health plans (proposal only mentions CHP) to ensure continuity of care and non-duplication of services? HCFA already pays a capitation payment for children enrolled in

Healthy Student Partnership COMMENTS/QUESTIONS

Healthy Families and Medi-Cal and does not want to double pay for these children. LA County should look at the "SHIP" program in San Diego County which links health plans and school-based clinics whereby school nurses are linked to PCPs and/or health plans by developed protocols of care.

4. How will the mental health component be linked to LA County's Mental Health Plan?
5. Many FQHCs in LA County offer school-linked or school-based services. How will the proposed school-based clinics integrate with school-based services provided by FQHCs so that existing FQHC/student and family relationships are not disrupted? How does the proposal ensure that FQHC clinics are not supplanted by new clinics?
6. FQHCs are concerned that the amendment will only pay for expansions of hours, services, visits, etc. rather than for existing services that do not currently receive adequate reimbursement.

V. Administration:

1. The State indicates that there is a current lack of existing "culturally and linguistically sensitive providers" and transportation services. How does the State plan to address these problems before thousands of new eligibles are enrolled in the program?
2. How is the County going to monitor a project of this scope (i.e., 79 different school districts) given its difficulty in meeting initial waiver goals? In specific, who is going to do the oversight? Using what tool? Would there be an up-front qualification for contracting? An ongoing monitoring tool?
3. Section "XII.A." mentions evaluating health program performance. What are the specific performance measures? Is reliable, consistent data available to support these measures? How will data be collected? What reports will be produced? How often will data be reported? What will the State's role be in monitoring?

VI. Financial:

1. In the current 1115 demonstration, health services provided to illegal aliens and the non-indigent do not receive federal match. How will the County determine the number of children who are illegal aliens and non-indigent to ensure that HCFA does not pay for services provided to these individuals?
2. The proposal indicates that "expenditures for health care services by other school districts choosing to participate in the HSP program will need to be ascertained — a not-to-exceed

Healthy Student Partnership COMMENTS/QUESTIONS

estimate as calculated for initial planning purposes." Please identify these costs.

3. How will the State claim FFP? Will clinics be paid fee-for-service or capitation? Will they bill for individual services provided to eligibles or the salaries of service providers? How will the rates for services be established? How does the payment methodology fit under the budget neutrality calculations? Will there be interagency agreements between the State/County/School Districts for claiming and disbursement of funds?
4. There is considerable money budgeted for salaries of Supervisors, Directors, and administrative/clerical staff. Also, the proposal mentions outreach activities, training, meetings, etc., by the school districts. However, the State has not explained how it will claim administrative activities for this program. Is the State proposing that HCFA pay for administrative activities related to medical as well as educational? Please identify the specific administrative costs that the State expects Medicaid to cover? What administrative costs will be covered by DOE? Will time studies be used to determine the amounts allocable to Medicaid? For example, the State lists administrative staff in Table 2 but does not describe how it will identify the portion of time spent by those staff on activities eligible for Medicaid funding. Similar concerns exist with respect to outreach services and development assistance.
5. Under Section "X.B.", the proposal indicates that "amounts received by the COUNTY or LAUSD from the segregated fund would not be subject to budget neutrality." Why not?
6. The proposal indicates that the approach to treating children is cost-effective. Cost effective as compared to what? What are the savings?
7. Table 2 should show the detail amounts for the total budget, not just health-related portions. Some of the Special Education dollars are also made up of Federal dollars (4.2%) that should be excluded. For all budget categories, please identify the portion which will be funded by federal dollars?
8. Would any infrastructure costs mentioned in the proposal be paid for with federal matching funds or used only to expand services?
9. Per the detailed budget on Table 2, the school-clinic coordinator will be paid \$101,813?
10. Are the costs appearing in Table 2 attributed to health and health-related services that were provided to the target populations for the HSP program? If yes, then are these non-federally matched costs attributed to services provided to children enrolled in Medi-Cal/ CHIP, children who are not enrolled in Medi-Cal but are potentially eligible, and children who are ineligible for Medi-Cal/CHIP? Did LAUSD receive federal match

Healthy Student Partnership COMMENTS/QUESTIONS

for those services provided to children enrolled in Medi-Cal?

11. From Table 2, what positions/activities are covered under "All Other Resources?" This budget line funds 147 positions, at a cost of \$11.4 million, however it is not clear whether these are medical or administrative positions.
12. Would the school districts receiving federal match through Certified Public Expenditures (CPE) be eligible for any other Medicaid funding?
13. LAC's 1115 budget neutrality cap was based on revenues/costs. What has LAC reported on actual revenues/costs subject to the budget neutrality cap for each demonstration year beginning July 1, 1995 through June 30, 1998 and projected revenues subject to the cap for July 1, 1998 through June 30, 2000? Provide schedules demonstrating savings under the entire demonstration (inclusive of the amendment) for demonstration year beginning at implementation through the end of the demonstration? These schedules should include without waiver demonstration of revenues/costs and with waiver demonstration of revenues/costs.
14. Table 4 provides a listing of total State and Local funding budgeted for LAUSD Health Programs. In Appendix III you state that approximately 4.2% of Special Education funds are federal funds passed through by the State in lieu of State expenditures. Are these Federal funds included in the funding sources in Table 4? What other Federal funds are included in the funding sources? Identify the Federal funds, if any, included in the \$64.6 million in total expenditures for other participating school districts.
15. A health care expenditure cap (not to exceed estimate) for LAUSD and other participating school districts was used in the initial planning of this project. How do you plan to implement this cap?

VII. Stakeholder Input:

1. How were LA Care, HealthNet, FQHCs, other providers, and the community involved in the planning process for this amendment?
2. How has the State been involved in this proposed amendment to date? What involvement does the State expect to have in the future? How will the proposal impact other Counties?

DISTRICT OFFICE:

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ALHAMBRA, CA 91801
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ASIA AND THE PACIFIC

April 23, 1999

Mr. Chris Jennings
Deputy Assistant to the President for Health Policy
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. Jennings:

I am writing to support extension of the Section 1115 Medicaid Demonstration Project in Los Angeles County to assure continuation of primary medical care for uninsured low income residents.

The Los Angeles County Department of Health Services (County DHS) is in the process of applying for an extension of its 1115 Waiver, through which it is restructuring its services from an inpatient, hospital-based care model, where patients stay in a hospital, to an outpatient, ambulatory care model.

The County DHS restructured system is built upon increasing the funds for ambulatory care available to patients through Public/Private Partnerships with nonprofit community clinics and other providers, such as physicians in private practice. Given the enormity of this challenge, County DHS requires additional time to build an integrated system of primary, specialty, and tertiary (inpatient) care for low income uninsured resident of Los Angeles County. The 1115 Waiver ends June 30, 2000 and the Community Clinic Association of Los Angeles County (CCALAC) maintains that an extension through the year 2005 is critical.

Extension of the 1115 Waiver in Los Angeles County is critical for provision of medical care to medically uninsured, low income residents in the County, a large and growing population, and to the strength of the health care safety net. I urge you to support this vital program and extend the 1115 Waiver for Los Angeles County DHS.

Sincerely,

A handwritten signature in black ink that reads "Matthew G. Martinez". The signature is fluid and cursive, with a large loop at the end of the last name.

MATTHEW G. MARTINEZ
Member of Congress



COUNTY OF LOS ANGELES

Washington, D.C. Legislative Office

440 FIRST STREET, N.W. - SUITE 440 • WASHINGTON, D.C. 20001
(202) 393-2404 • FAX (202) 393-2666

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SUMMARY OF 1999 KEY FEDERAL ISSUES BOARD OF SUPERVISORS VISIT TO WASHINGTON, D.C.

Benefits Restoration for Legal Immigrants

Support restoration of eligibility for benefits (SSI, Food Stamps, Medicaid, and SCHIP) for legal immigrants who enter the U.S. after August 1996.

Child Health Programs

Support increased Federal flexibility to allow states to fully use SCHIP (Healthy Families in California) funds to cover children above 200% of poverty, provide family coverage, and coverage to legal immigrants who enter the U.S. after August 1996.

Justice Issues

State Criminal Alien Assistance Program (SCAAP): Support the maximum authorized funding of \$650 million for SCAAP which reimburses state and local incarceration costs attributable to criminal aliens. The FFY 1999 appropriation is \$585 million. In FFY 1998, only 40% of state and local costs were reimbursed. The County received only \$19 million. Higher SCAAP funding would likely assure increased County revenue.

Justice Information Systems: Support full funding of the Crime Identification Technology Act of 1998 (P.L. 105-251) which authorizes \$250 million over five years in grants to states to improve criminal justice information systems. These grants provide for the creation and improvement of integrated criminal justice information systems, and forensic science and medical examiner information systems.

Counterterrorism: Support full funding for state and local domestic preparedness. The President's FFY 2000 budget proposal includes \$174 million for state and local counterterrorism initiatives. Support appropriations language which reflects the unique vulnerability of, and the need for, extensive preparedness in large urban areas, and covers large scale training of first responders, training and equipment for mass fatalities and vital records, infrastructure support to coordinate multi-jurisdictional planning,

Counterterrorism (cont.)

training, and response, and support for local surveillance activities, threat and event modeling, and risk communication

Los Angeles County Drainage Area (LACDA)

Support an appropriation of \$50 million reflecting full construction capability.

Medicaid Demonstration Project (1115 Waiver)

Support extension of the waiver which expires in June 2000.

Medicaid DSH/OBRA '93 Cap (extension of 175% limit)

Support the California hospital industry's request for a permanent extension of the partial relief from the hospital-specific caps under the Medicaid Disproportionate Share (DSH) program given to California hospitals in the 1997 Balanced Budget Act.

County of Los Angeles



Federal Issues 1999

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DON KNABE

CHAIRMAN OF THE BOARD
SUPERVISOR, FOURTH DISTRICT

May 3, 1999

Dear Friends:

The Los Angeles County Board of Supervisors is pleased to present the following issue briefs which highlight a number of Federal funding and policy matters that are of special concern to us this year.

Our key Federal issues for 1999 include:

- Los Angeles County's Medicaid Demonstration Project
- Medicaid Disproportionate Share Hospital Cap
- Reimbursement of Criminal Alien Incarceration Costs
- Los Angeles County Drainage Area (LACDA)

We also discuss such issues as improvements to our criminal justice system, eligibility of legal immigrants for benefits, and reauthorization of welfare-to-work programs.

The County is committed to improving the cost-effectiveness and quality of the services we provide, and we believe that continued Federal and County cooperation will be critical to our success.

We look forward to working with you on these issues which are of mutual concern to our constituents.

Sincerely,

DON KNABE
Chairman of the Board
Supervisor, Fourth District
County of Los Angeles

1999 FEDERAL ISSUES

Key Issues	<u>Page</u>
Medicaid Demonstration Project (1115 Waiver)	1
Medicaid Disproportionate Share Hospital Cap	4
Reimbursement of Criminal Alien Incarceration Costs	6
Los Angeles County Drainage Area (LACDA)	8
 Other Important Issues	
Support for the Criminal Justice System	10
Eligibility of Legal Immigrants for Benefits	14
Naturalization Backlog	16
Child Health Programs	18
Welfare-to-Work Reauthorization	20
Juvenile Justice	22

Key Issues

MEDICAID DEMONSTRATION PROJECT (1115 WAIVER)

County Position

Support extension of and amendments to the County's Medicaid Demonstration Project (1115 Waiver) to continue the restructuring of the County health system, and implement new programmatic objectives and reform fiscal incentives.

Background

The Los Angeles County Medicaid Demonstration Project (1115 Waiver) was developed in response to the worst funding crisis in the history of the County Department of Health Services (DHS). The 1115 Waiver, which covers a five-year period from July 1, 1995 to June 30, 2000, is devoted to stabilizing a system that was on the brink of collapse. It gives the County the capacity to restructure by moving away from an emphasis on expensive hospital inpatient care to a system that stresses cost-effective primary and preventive care delivered in an outpatient setting.

The County is restructuring its health system in the context of a large and rising uninsured population, increased reliance on safety net services, a competitive marketplace due to Medi-Cal managed care, and financial incentives which continue to reward inpatient care and emergency services.

On April 27, 1999, the Board of Supervisors unanimously adopted a resolution to seek an extension of the 1115 Waiver, and called for the development of a plan within 30 days for submission to the State of California. The County is seeking an extension to complete its unfinished agenda, and is also seeking amendments for new initiatives.

The main objectives for the first five years of the 1115 Waiver have been to:

- Decrease DHS inpatient beds by one-third from 2,595 to 1,719.
- Relocate hospital ambulatory care services to community-based freestanding clinics.
- Increase access to ambulatory care services by 50 percent, and reduce the inappropriate use of hospital-based services, particularly emergency room services.
- Develop public-private partnerships for community-based primary care.
- Restructure operations to promote efficiencies and reduce costs.
- Expand public health initiatives and services to high-risk populations.

Selected restructuring accomplishments to date include:

- Decreased DHS inpatient beds by nearly 28% from 2,595 to 1,859.
- Expanded access to ambulatory care services from 45 to 149 sites. This includes 31 DHS-operated sites, nine DHS sites now privately operated, five DHS sites jointly operated with private providers, and 104 new private provider sites.
- Increased ambulatory care services by 600,000 after stabilization, and decreased emergency room usage by 27%.
- Initiated system efficiencies and reengineering, with savings targets of \$40 million in FY 1998-99, and \$82 million by FY 2000-01.
- Reduced DHS staffing by 15%, or 4,300 positions.
- Moved hospital-based specialty services into freestanding Comprehensive Health Centers, and restructured hospital-based sub-specialties into consolidated clinics.
- Initiated a joint labor-management assessment and planning effort to retrain and prepare the workforce for health system restructuring.

Although the County has made progress in restructuring, there is more work to be done to complete the original goals of the Waiver and initiate other needed health service improvements for the community. The County's Waiver extension request will allow completion of its unfinished agenda and several new initiatives including:

- Continuation of ambulatory care expansion, and Federal support to expand specialty care services to achieve the Waiver goal of increasing access to outpatient care.
- A "Healthy Student Partnership" with local school districts to improve access to care for school children throughout Los Angeles County.
- Continuation of system-wide reengineering to achieve service improvements and cost savings.
- A multi-year health care workforce retraining project.
- A further reduction in hospitalizations through implementation of disease management programs.
- Reform of the financing rules for the County health system to promote system change.

Without a Waiver extension, the restructuring of the County health care system will come to an abrupt halt, and the County will once again face catastrophic service reductions.

Status

Pursuant to action by the Board of Supervisors on April 27, 1999, the County is developing a Waiver extension package over the next 30 days for submission to the State of California, followed by approval and submission by the State to the Health Care Financing Administration (HCFA). The County is hopeful that negotiations with HCFA would begin soon thereafter.

FOR FURTHER INFORMATION, PLEASE CONTACT MARK FINUCANE, DIRECTOR OF HEALTH SERVICES, AT (213) 240-8101.

MEDICAID DISPROPORTIONATE SHARE HOSPITAL CAP

County Position

Support the California hospital industry's request for a permanent extension of partial relief from the hospital-specific caps under the Medicaid Disproportionate Share (DSH) program given to California public hospitals in the 1997 Balanced Budget Act.

Background

The DSH program provides additional Medicaid reimbursement to certain hospitals serving a high volume of low-income patients. In the early 1990s, because of escalating costs in some states that did not have tightly-designed DSH programs, Congress enacted rules which capped the amount of DSH reimbursement available to each state and limited an individual hospital's reimbursement to 100 percent of its unreimbursed costs. In order to ensure that the health care safety net remained intact, a transition rule was created to allow public hospitals to claim 200 percent of unreimbursed costs.

In the 1997 Balanced Budget Act, Congress reinstated the transition rule through June 30, 1999. The 1997 extension lowered the cap to 175 percent of unreimbursed costs. This has financially stabilized the California DSH program for more than 130 public and private hospitals. Under the California DSH program, only public entities -- counties, the University of California and district hospitals -- provide the necessary State match, but private hospitals also benefit.

The proposed extension does not increase funds to California, nor does it take dollars away from other states or change the formula within California. In 1996, the Congressional Budget Office (CBO) found that there was no Federal cost for the transition rule. A permanent extension would not change any of the protections established under the 1997 Balanced Budget Act to contain Federal DSH costs. Furthermore, the extension ensures that the DSH funds are used to support health services for needy individuals.

Extension of this DSH provision for public hospitals is supported by the California Association of Public Hospitals, the California State Association of Counties, the California Association of Hospitals and Health Systems, and the State of California.

Legislative language to extend the provision has been drafted. Representative Brian Bilbray (R-San Diego) sent a letter in March to the CBO in support of the extension pointing out that many of the same conditions that produced a 'no cost' estimate for the extension in 1997 still apply.

Status

The DSH provision has broad bipartisan support within the California delegation. California members of the Commerce Committee are seeking to make the provision part of an appropriate legislative measure moving through Congress.

FOR FURTHER INFORMATION, PLEASE CONTACT MARK FINUCANE, DIRECTOR OF HEALTH SERVICES, AT (213) 240-8101.

REIMBURSEMENT OF CRIMINAL ALIEN INCARCERATION COSTS

County Position

Support the maximum authorized funding of \$650 million for the State Criminal Alien Assistance Program (SCAAP) which reimburses state and local incarceration costs attributable to criminal aliens.

Support reauthorization of SCAAP and an expansion of allowable costs to include prosecution, probation, detention of juvenile offenders, and indigent defense, but not at the expense of currently allowable costs.

Background

State and local taxpayers should not have to bear the costs of incarcerating criminal aliens who are in the country because of the Federal government's inability to control illegal immigration or to deport all criminal aliens.

The 1994 Crime Act established the State Criminal Alien Assistance Program (SCAAP) to reimburse state and local costs of incarcerating criminal aliens. In Federal Fiscal Years (FFY) 1996 and 1997, SCAAP was funded at the \$500 million level, and for FFY 1998 and FFY 1999, Congress increased funding to \$585 million. The authorization level for SCAAP is \$650 million annually, which expires in FFY 2000.

For FFY 2000, the Administration has requested \$500 million for SCAAP, the same amount it proposed in FFY 1999.

Over the last three years, the number of state and local applicants has more than doubled because of changes in Federal law which allowed more local costs to be included in the SCAAP claim. In 1996, the SCAAP reimbursement was expanded to include costs associated with inmates with two misdemeanors.

In FFY 1998, the County had \$47.6 million in eligible SCAAP costs, but only received \$19 million in reimbursement. As the following table shows, criminal alien incarceration costs for state and local governments continue to be significantly higher than Federal funding levels. Federal funding for the SCAAP program needs to substantially increase to cover the remaining unreimbursed costs.

FFY	Number of Applicants	Total National Eligible Costs	Appropriation Level	Percent of Costs Reimbursed
1996	119	\$0.827 billion	\$500 million	59.7%
1997	249	\$1.483 billion	\$500 million	33.7%
1998	297	\$1.441 billion	\$585 million	39.9%

(Note: For FFY 1999, SCAAP was funded at \$585 million, but funds have yet to be distributed.)

Because the SCAAP authorization expires at the end of FFY 2000, Congress should reauthorize the program at a level which more accurately reflects the incarceration costs absorbed by state and local governments. Additionally, the SCAAP program should be broadened to cover state and local prosecution, probation, juvenile detention, and indigent defense costs associated with criminal aliens.

On March 26, 1999, all House members of the State Congressional Delegation supported full funding for SCAAP in FFY 2000 in a letter to the House Appropriations Subcommittee on Commerce, Justice, State, and the Judiciary.

Senators Dianne Feinstein (D-CA) and Jon Kyl (R-AZ) are leading an effort to obtain higher SCAAP appropriations. Senator Kyl is expected to introduce legislation to reauthorize SCAAP and expand allowable costs.

Status

The House and Senate are currently conducting hearings on the FFY 2000 Commerce-Justice-State Appropriations Bill, and will begin mark-ups in June. Additionally, SCAAP reauthorization and reform must be included in reauthorization of the Crime Act and the Department of Justice which Congress is expected to begin work on this session.

FOR FURTHER INFORMATION, PLEASE CONTACT SHERIFF LEE BACA AT (323) 526-5000.

LOS ANGELES COUNTY DRAINAGE AREA (LACDA) PROJECT

County Position

Request Federal funding totaling \$50 million annually for the Los Angeles County Drainage Area (LACDA) flood control project.

Background

The Army Corps of Engineers conducted a study which projects 100-year storm flood damages totaling \$2.25 billion (not taking account of inflation) affecting 500,000 people in a 75-square mile area along the lower Los Angeles River basin. This projected damage estimate is significantly greater than damages resulting from the 1997 Northern California flood disaster.

Because of meteorological and topographical factors, floods are a major public safety threat and have periodically devastated large areas in Los Angeles County. Until the County's flood threat is mitigated by flood construction protection, people's lives and property will be endangered, and mandatory Federal Emergency Management Agency flood insurance will continue to be required. The financial burden of the flood insurance premiums on households is an estimated \$131 million annually.

Nearly 60 years ago, the Los Angeles River and Rio Hondo Channel were designed and built by the Federal government to protect the Los Angeles urban area. These facilities have proved adequate for many years, but they now need to be upgraded to meet 100-year storm flood damage estimates.

The LACDA project will prevent major flood damage by increasing the height of levees and raising or modifying numerous bridges over the lower Los Angeles River and Rio Hondo Channel. The total project cost is approximately \$240 million, including Federal and local funds. The County is also implementing enhancements and/or modifications to LACDA which will improve the environmental and recreational aspects of the project.

In 1990, Congress authorized the Army Corps of Engineers to improve LACDA, and a final construction start approval was given in mid-1995 by the Office of Management and Budget. While the County's share of the funding for LACDA has been in place, the Federal government has committed only \$99 million of its \$180 million share of the project to date. Construction of the project began in February 1996.

The President's proposed FFY 2000 budget includes only \$30 million for LACDA. This is a \$19 million increase over his FFY 1999 request but substantially less than the \$50 million Congress appropriated last year.

In order to assure timely construction, the FFY 2000 Energy and Water Development Appropriations Bill must include \$50 million in Federal funding for LACDA.

LACDA is the largest urban flood protection project in the nation, and the County is urging the Federal government to complete this public safety responsibility without delay.

Status

Hearings have occurred in both the House and Senate Appropriations Committees on the President's proposed FFY 2000 budget for the Army Corps of Engineers. Mark ups on the bills have not yet been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT HARRY STONE, DIRECTOR OF PUBLIC WORKS, AT (626) 458-4000.

Other Important Issues

SUPPORT FOR THE CRIMINAL JUSTICE SYSTEM

County Position

Local Law Enforcement Block Grant (LLEBG)

Support maximum funding for Local Law Enforcement Block Grant (LLEBG), and changes to the LLEBG formula to include criminal justice expenditures to more accurately reflect the division of responsibility between law enforcement agencies in counties and cities. Oppose efforts to eliminate the "disparate jurisdiction" provision.

Prosecution and Probation

Support increased Federal funding for community prosecution and probation programs.

Criminal Justice Information Systems

Support full funding of the Crime Identification Technology Act of 1998 (P.L. 105-251) which authorizes \$250 million for each year through 2003 in grants to states to improve criminal justice information systems, and provisions that reflect the vital role of counties in the criminal justice system.

Federal Tax Intercept of Court-Imposed Obligations

Support proposals which allow for an intercept of Federal tax refunds of probationers who owe restitution.

Counterterrorism

Support full funding for state and local domestic preparedness, and provisions that fund a broader scope of preparedness activities to address the unique vulnerability of large urban areas and the need for extensive preparedness.

Criminal Aliens

Support \$2.3 million for the High Intensity Criminal Alien Apprehension and Prosecution Program (HI-CAAPP) proposed by the Countywide Criminal Justice Coordinating Committee, which would streamline and expedite the identification and removal of criminal aliens at the point of arrest.

Background

Local Law Enforcement Block Grant (LLEBG). The LLEBG provides important Federal assistance to local law enforcement based on a local determination of priorities. However, the current LLEBG allocation formula, which is based solely on crime statistics, does not accurately reflect the division of responsibility between law enforcement agencies in counties and cities. The LLEBG formula should be modified and based on local criminal justice expenditures. Barring a change in the formula, the County opposes efforts to

eliminate the "disparate jurisdiction" provision, which requires joint planning between a city and a county when there is a large gap in the LLEBG awards to each entity.

Prosecution and Probation. The 1994 Crime Act provides significant resources to local law enforcement agencies, mainly through the COPS and LLEBG programs. While this funding led to more law enforcement personnel on the street and a reduction in crime, it has created a large imbalance in the workloads of prosecution and probation agencies which receive no similar kind of earmarked Federal support. As Congress considers reauthorization of the Crime Act, the roles and needs of prosecution and probation agencies must be addressed to ensure that persons arrested are prosecuted, and persons released from prison are monitored in the community.

Criminal Justice Information Systems. The Crime Identification Technology Act of 1998 (P.L. 105-251) authorizes \$250 million for each year through 2003 in grants for states to improve criminal justice information systems. Upgrading of criminal history and criminal justice record systems, development of automated fingerprint identification systems for criminal background checks, and forensic science and medical examiner information systems are among the eligible activities under the grants.

The law requires grants to each state, and requires states to use grant funds in conjunction with local government, and state and local courts. However, the law does not specify the manner in which states are to share grant funds.

Any formula for the disbursement of funds to state and local governments must reflect the vital role of counties in the criminal justice system, and the disproportionate amount of criminal justice responsibilities borne by county courts, prosecutors, public defenders, jails, and probation agencies.

Federal Tax Intercept of Court-Imposed Obligations. Courts typically require adult criminals, juvenile offenders, and parents of juvenile offenders to pay restitution to victims, and court fines, penalties and other costs. Many of these obligations are not paid in a timely manner, putting a financial burden on victims, taxpayers, and local governments. Among county probation agencies alone in California, an estimated \$20 million in court-imposed obligations are outstanding. The collection of these obligations would be greatly enhanced if the Federal tax code were amended to allow local agencies to intercept Federal tax refunds. This is similar to what is currently done for child support obligations.

Counterterrorism. The Los Angeles County Operational Area is a multi-jurisdictional emergency preparedness and response organization comprised of city and County law enforcement and response agencies. Members include the Los Angeles County Sheriff, Fire, and Health Services Departments, and the City of Los Angeles Police and Fire Departments.

Over the past year, the Operational Area has begun to develop the capacity to assess and respond to threats of nuclear, biologic, and chemical attacks, and other terrorist threats.

Members of the Los Angeles County Operational Area have received some Federal grants for first responder training and equipment.

However, our capacity is below what is needed in the complex environment of Los Angeles. A total of \$14.5 million in equipment, training, pharmaceuticals, and other emergency management infrastructure needs have been identified by the members of the Los Angeles County Operational Area.

The County supports the President's FFY 2000 budget proposal of \$174 million for state and local counterterrorism preparedness which would be an increase of \$38 million from what was appropriated for FFY 1999.

The County urges that appropriations language reflect the unique vulnerability of large urban areas and the need for extensive preparedness. Additionally, the following activities should be covered: large scale training of first responders; training and equipment for mass fatalities and vital records; infrastructure support to coordinate multi-jurisdictional planning, training, and response; and support for local surveillance activities, threat and event modeling, and risk communication.

Criminal Aliens. In 1997, the Countywide Criminal Justice Coordinating Committee (CCJCC), a multi-jurisdictional entity focused on improving the efficiency and effectiveness of the County criminal justice system, published its third study of criminal aliens in the County's jail population. The CCJCC study found that nearly 17% of the County's jail population, more than 29,000 inmates annually, are deportable aliens. Of those inmates identified as deportable, 45% were re-arrested an average of 1.8 times within 12 months of their release from the County jail system, using on average 5.3 different aliases and 2.2 different birth dates.

Based on this data, the CCJCC concluded that the development of a fingerprint and criminal history system universally accessible to local, state, and Federal law enforcement agencies is urgently needed. The CCJCC is recommending the development of a technology-based High Intensity Criminal Alien Apprehension and Prosecution Program (HI-CAAPP) which would streamline and expedite the identification and removal of criminal aliens at the point of arrest. The estimated cost of HI-CAAPP is \$2.3 million.

Status

The House and Senate are currently conducting hearings on the FFY 2000 Commerce-Justice-State Appropriations Bill, and will begin mark-ups in June.

FOR FURTHER INFORMATION, PLEASE CONTACT SHERIFF LEE BACA AT (323) 526-5000, DISTRICT ATTORNEY GIL GARCETTI AT (213) 974-3501, AND CHIEF PROBATION OFFICER RICHARD SHUMSKY AT (562) 940-2501, RESPECTIVELY.

ELIGIBILITY OF LEGAL IMMIGRANTS FOR BENEFITS

County Position

Restore eligibility for Federal benefits to legal immigrants.

Background

Despite restoration of eligibility for Federal benefits in 1997 and 1998 for legal immigrants, which had been lost in the 1996 Federal welfare reform law, there still are many legal immigrants in Los Angeles County who are ineligible for some Federal benefits.

This year, President Clinton and Senator Moynihan (D-NY) and Representative Levin (D-MI) introduced the following proposals to provide additional restoration of benefits for legal immigrants.

Program	President's FFY 2000 Budget Proposal	Moynihan-Levin S. 792/H.R. 1399
Supplemental Security Income (SSI)	Extend SSI to legal immigrants who entered the U.S. after August 22, 1996, have been in the U.S. five years and subsequently become disabled.	Restore SSI benefits to elderly legal immigrants residing in the U.S. on August 22, 1996 and who subsequently turn 65 years of age. Extend SSI to legal immigrants who entered the U.S. after August 22, 1996 and become disabled after entry into the U.S.
Medicaid	Provide Federal Medicaid benefits to legal immigrant children and pregnant women entering the U.S. after August 22, 1996.	Provide Federal Medicaid benefits to legal immigrants entering after August 22, 1996
State Child Health Insurance Program (SCHIP)	Provide option to states to cover legal immigrant children who entered the U.S. after August 22, 1996.	Provide option to states to aid legal immigrant children who entered the U.S. after August 22, 1996.
Food Stamps	Restore Federal Food Stamp benefits to legal immigrants who entered the U.S. before August 22, 1996 and who subsequently reach the age of 65.	Restore Federal Food Stamp eligibility to legal immigrants residing in the U.S. before August 22, 1996.

President Clinton's proposal would total \$1.3 billion over five years. The SSI and Medicaid components would cost \$930 million over five years and are estimated to assist 54,000 legal immigrants. The Food Stamps proposal would cost \$60 million over five years.

Additionally, for the approximately 55,000 legal immigrant children arriving since welfare reform, the President proposes a \$220 million initiative over five years to give states the option to cover them through Medicaid or the State Child Health Insurance Program (SCHIP or Healthy Families in California). The Administration also proposes to give states the option to provide Medicaid prenatal care services to legal immigrant women who entered the U.S. after August 22, 1996. The proposal would cost \$105 million over five years and is estimated to assist 23,000 women and their children.

The President's proposal and the Moynihan-Levin bills mirror each other in large part. However, with respect to SSI and Food Stamps, the County favors the Moynihan/Levin bills as they provide broader coverage.

Status

The Moynihan-Levin Legislation, the Fairness for Legal Immigrants Act of 1999, was introduced on April 14, 1999. No hearings or mark ups have been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT LYNN BAYER, DIRECTOR OF PUBLIC SOCIAL SERVICES, AT (310) 908-8383.

NATURALIZATION BACKLOG

County Position

Support increased resources to address the huge naturalization backlog in the Los Angeles District of the INS, and support other changes needed to reduce the backlog and to improve the naturalization process.

Background

The Los Angeles District of the INS alone has more pending naturalization applications than any state, except California. Since September 1996, the naturalization backlog in the District has more than tripled from 127,199 to over 400,000, mainly due to insufficient INS staff, slow progress on automation, and problems with INS record-keeping and handling of disability waiver requests from English and civics requirements.

Under current INS policy, applicants not naturalized within 15 months of their FBI fingerprint clearance must be recleared by the FBI, which also requires them to be reprinted because the FBI destroys fingerprint cards after clearing them. In Los Angeles, over 100,000 applicants now are waiting to be refingerprinted and recleared because they were not naturalized within 15 months. The need to reprint and reclear so many applicants not only further delays their naturalization, but also greatly increases Federal costs.

Two major problems are currently impeding the naturalization process: poor handling of applicants' changes of address and inappropriate handling of disability waiver requests. In Los Angeles, the percentage of denied naturalization applications has surged from 7% to 43% within the past year. Based on INS projections, the number of denials in FFY 1999 will exceed the number of persons (90,473) naturalized in Los Angeles in the prior year.

Much of the increase in denials stems from a new INS policy to close rather than continue cases where applicants do not appear for INS interviews or respond to requests for information on a timely basis. The no-shows and no responses, in turn, result from the INS mailing notices to incorrect addresses because the INS has not established a system to track changes of address. The large number of no-shows also add to the inefficient use of INS personnel, and contribute further to naturalization processing delays.

The INS also has rejected many worthy requests for waivers from English and civics requirements submitted by disabled persons because its N-648 waiver request form is overly complicated for doctors to complete and because all INS adjudication officers, rather than specially trained staff, review disability waiver requests. Current INS policy is to reject waivers when a doctor fails to explain how a medical condition affects a person's ability to learn English and civics.

The delays and inappropriate denials of naturalization applications are unfair to legal immigrants who have played by the rules, especially to vulnerable immigrants who must become citizens to regain eligibility for many Federal programs and to elderly applicants who may die before they can realize their dream of becoming citizens.

The County urges the following changes be made to reduce the naturalization backlog and to improve the naturalization process:

- Increase INS and U.S. District Court staff assigned to process naturalization applications in INS districts, such as Los Angeles, with long backlogs.
- Require the INS to store ten-print fingerprint records, preferably on an automated fingerprint identification data base, of all noncitizens who are fingerprinted by INS. This would eliminate the need for refingerprinting of naturalization applicants, improve the identification of aliens who have violated criminal or immigration laws, and assist in determining eligibility for naturalization and law enforcement reimbursement. The INS should consider waiving the refingerprinting requirement for persons over 55.
- Require the INS to improve record-keeping of applicants' changes of address, and better inform applicants on how to notify the INS of changes of address. Recently denied applications should be reopened without additional fees when an applicant provides proof that there was a change of address.
- Simplify the N-648 disability waiver request form and improve the adjudication of waiver requests by requiring the INS to assign specially trained adjudication officers to review disability waiver requests. Each applicant's doctor can not be expected to explain in layman's terms understandable by any INS officer why a medical condition results in an inability to learn English and civics.

Status

The Administration must be urged to take the above administrative actions to reduce the naturalization backlog and to improve the naturalization process. These administrative changes can be required or funding earmarked to address the backlog in the Los Angeles District can be included in the FFY 2000 Commerce-Justice-State Appropriations Bill. House and Senate mark-ups for the bill have not been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT STEPHANIE KLOPFLEISCH, DIRECTOR OF COMMUNITY AND SENIOR SERVICES, AT (213) 738-2617.

CHILD HEALTH PROGRAMS

County Position

Increase flexibility under the State Child Health Insurance Program.

Increase Federal funding for outreach to children and families eligible for, but not enrolled in, the Medicaid and State Child Health Insurance Programs.

Background

In Los Angeles County, 2.6 million people lack health insurance. This translates into about one out of every three people in the County. Nearly 700,000 of the County's uninsured are children, who account for 25 percent of all children in the County.

Because of Federal limitations and other factors, California, like many states, is using only a fraction of Federal funds available under the State Child Health Insurance Program (SCHIP) to expand health insurance coverage. Expanded health insurance coverage under SCHIP is projected to reach only about one-half of the 700,000 uninsured children in the County.

Current law targets SCHIP funds to children under 200 percent of the Federal Poverty Level (FPL), but it does not allow states to automatically extend coverage to other family members residing with such children.

According to the California Legislative Analyst's Office (LAO), about \$1.4 billion of California's Federal allocation through June 1999 will remain unspent. Although unspent Federal funds can be carried over for three years, the LAO projects that, absent Congressional action to expand the use of these funds, it is likely that most, if not all funds allocated, will remain unspent.

While family coverage extension may be possible through an administrative waiver, the waiver process has not been defined by the Health Care Financing Administration. Additionally, while states have the option to provide Medicaid coverage to low-income legal immigrant children who arrived in the U.S. prior to August 22, 1996, they are prohibited from extending Medicaid or SCHIP coverage to legal immigrant children who entered after August 22, 1996. The President's FFY 2000 budget proposal and legislation introduced by Senator Moynihan (D-NY) (S.792) and Representative Levin (D-MI) (H.R. 1399) would give states this flexibility.

The law should be changed now to allow states to immediately use unspent funds on family coverage without the necessity of a waiver.

It is noteworthy that there are no new Federal costs associated with these proposals since states would simply be allowed to cover additional groups and provide additional services within their existing Federal allocations.

An additional tool that would be beneficial to states would be increased Federal resources to conduct outreach to identify children and families who are eligible, but not enrolled in Medicaid and State Child Health Insurance Programs (SCHIP). The proposed budget increases flexibility for states to provide outreach to ensure enrollment of eligible children under (SCHIP), by removing such spending from the 10 percent state administrative cap under the program. States would have through FFY 2000 to spend these dollars.

A number of bills (H.R. 827, DeGette D-CO; H.R. 1298, Bentsen D-TX; H.R. 458, Dunn R-WA; and S. 365, Gorton R-WA) have been introduced to enhance Medicaid and SCHIP outreach and coverage. These bills would benefit California, and should be amended to allow states to provide family coverage under SCHIP.

Status

On April 29, 1999, the Senate Finance Committee conducted a hearing on the implementation of SCHIP. No other hearings or mark ups have been scheduled.

FOR FURTHER INFORMATION, PLEASE CONTACT MARK FINUCANE, DIRECTOR OF HEALTH SERVICES, AT (213) 240-8101.

WELFARE-TO-WORK REAUTHORIZATION

County Position

Support reauthorization and continued funding for the Welfare-to-Work (WtW) program, and support funding for projects which provide employment-related services to noncustodial parents of children on welfare and to children aging out of foster care.

Background

The 1997 Balanced Budget Act (BBA) appropriated \$1.5 billion a year for Welfare-to-Work (WtW) programs for Federal Fiscal Years (FFY) 1998 and 1999. No new funds will be available unless Congress and the President reauthorize it.

Representative Benjamin Cardin (D-MD) has introduced the Welfare-to-Work Amendments of 1999 (H.R. 1482), reflecting the President's WtW reauthorization proposals to appropriate \$1 billion for WtW in FFY 2000, simplify eligibility criteria, provide greater flexibility to states and localities in serving hard-to-employ welfare recipients and noncustodial parents, and provide a greater focus on services to noncustodial parents. In addition, by allowing WtW funds also to be used to help children aging out of foster care to become self-sufficient, the bill would enable the County to expand its successful job training programs for foster youth, such as the Sabre/American Airlines Training Program.

The Welfare-to-Work program fosters greater coordination between local workforce development agencies and welfare departments, such as the County's, in moving hard-to-employ Temporary Assistance to Needy Families (TANF) recipients into jobs and helping them to retain employment. The continued need for WtW funds grows as hard-to-employ persons become a growing proportion of all TANF recipients who are approaching the five-year time limit.

The program also funds projects, such as the County's highly successful Parents' Fair Share Project, which assists noncustodial parents of welfare recipients to take a greater financial and personal role in their children's lives. The increased earnings of noncustodial as well as custodial parents will be needed to lift many children out of poverty.

In FFY 1998, more WtW funds were allocated to Private Industry Councils (PICs) and projects in Los Angeles County than to any single state except for California and New York. In all, nearly \$109 million in WtW funds flowed into the County, including a total of \$65.4 million in formula grants to the eight PICs which serve the County. One of the WtW competitive grants awarded to projects in the County was a \$3 million grant for a noncustodial parent project which builds upon the Parents' Fair Share Project.

Status

H.R. 1482, which was introduced on April 20, 1999, was referred to the House Ways and Means Committee, which has not yet scheduled any hearings or mark ups. Reauthorization and new funding for WtW could be included in a budget reconciliation bill though the non-binding FFY 2000 Concurrent Budget Resolution assumes no additional WtW funding.

FOR FURTHER INFORMATION, PLEASE CONTACT STEPHANIE KLOPFLEISCH, DIRECTOR OF COMMUNITY AND SENIOR SERVICES, AT (213) 738-2617.

JUVENILE JUSTICE

County Position

Support increased Federal funding for juvenile justice programs which promote a balance of funding between suppression, intervention efforts and prevention investments.

Support increased Federal involvement to combat criminal street gangs.

Background

The Office of Juvenile Justice and Delinquency Prevention (OJJDP) in the Department of Justice administers formula and competitive grants to states for the improvement of the juvenile justice system and the prevention of juvenile delinquency.

In the 105th Congress, legislation was considered, but not enacted, which would have reauthorized and reformed Federal juvenile justice programs and laws. The County supported legislation such as H.R. 1818 (Riggs, R-CA) which would have reformed Federal juvenile justice block grant programs, and supported some provisions of H.R. 3 (McCollum, R-FL) and S. 10 (Hatch, R-UT) which would have established new Federal juvenile crime laws and requirements.

As the 106th Congress resumes debate on juvenile justice, a number of bills have been introduced to address this issue. Comprehensive Democratic and Republican bills (S. 9, Daschle D-SD; S. 254, Hatch; H.R. 1501, McCollum) seek to address the Federal role in juvenile crime control and to reform Federal funding to states and local governments. H.R. 1150 (Greenwood, R-PA) reforms Federal juvenile justice grant programs.

The County urges that any final legislative package include provisions which would create new Federal laws against criminal street gangs, solicitation and recruitment of persons into criminal street gang activity, and transfer of firearms to minors for use in crime. However, the County is opposed to provisions which encroach upon state policy as to which juveniles are transferred to the adult criminal justice system, and lower standards related to the mixing of juvenile and adult prisoners. Additionally, the County supports proposals which preserve the appropriate Federal mixture of juvenile crime prevention, intervention, and suppression activities, and which provide flexibility to states to target Federal juvenile funding to state and local needs.

Status

The Senate Judiciary Committee has not taken action on S. 9 (Daschle) nor S. 254 (Hatch). On April 22, 1999, the House Judiciary Subcommittee on Crime approved H.R. 1501 (McCollum), and the House Education and the Workforce Subcommittee on Early Childhood, Youth and Families approved H.R. 1150 (Greenwood).

FOR FURTHER INFORMATION, PLEASE CONTACT RICHARD SHUMSKY, CHIEF PROBATION OFFICER, AT (562) 940-2501.