Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. fax	Cindy to Jeanne Lambrew re: phone number (partial) (1 page)	11/12/1998	P6/b(6)
002. report	Personal declaration re: State of New York v. County of New York (22 pages)	12/08/1998	P6/b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Devorah Adler
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FOLDER TITLE:
TANF [Temporary Assistance for Needy Families] [Folder 1]

2012-0463-S
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RESTRICTION CODES

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

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

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

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

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

Memorandum To: Interested Parties

From: Jocelyn Guyer

Date: October 13, 1999

Subject: Estimated Cost of Changes to the $500 Million Fund

The Congressional Budget Office has recently provided estimates of the cost of making various changes to the "$500 million fund," the fund established by the 1996 federal welfare law to help states implement the delinking of TANF and Medicaid eligibility. In particular, it has evaluated the cost of lifting or extending the time limit imposed on states' access to their share of the $500 million fund, as well as the costs associated with explicitly broadening the allowable uses of the fund.

Current Law

- **Time limit on access to the fund.** Under current law, states can use their share of the $500 million fund to help cover allowable costs incurred during the first full 12 quarters their TANF programs are in effect, or before October 1, 2000 (whichever occurs earlier). If they do not use their share of the funds within this period, they lose access to the unspent portion of their allocations. Sixteen states have already lost their access to fund, and 17 additional states will lose their ability to use the fund by the end of 1999.

- **Allowable uses of the $500 million fund.** At present, there is some confusion about the allowable uses of the $500 million fund and, in particular, the extent to which it can be used to finance outreach initiatives that enroll CHIP-eligible children. Some of the proposals CBO has evaluated would explicitly expand the allowable uses of the fund to include CHIP-related outreach.

Estimated Cost of Various Proposals

- **Eliminating the Time Limit on Access to the Fund.** CBO has estimated the cost of lifting both the 12-quarter limit and the October 1, 2000 deadline — a proposal that would grant states an indefinite period of time to use their share of the $500 million fund — at $60 million in fiscal year

2000, $125 million in fiscal year 2001, $220 million over the next five years, and $235 million over the next 10 years.

- **Extending States' Access to the Fund Until September 30, 2000.** CBO also has estimated the cost of lifting the 12-quarter limit on access to the fund, without eliminating the provision that causes all states to lose their access to the fund on September 30, 2000. This second proposal — which gives all states until September 30, 2000 to use their share of the fund — is estimated to cost $160 million in fiscal year 2000. It does not have any longer-term costs because states have no access to the $500 million fund after fiscal year 2000. Although CBO has not produced a written explanation of its estimates, it seems likely that the higher cost in fiscal year 2000 of this second proposal ($160 million versus $60 million) can be attributed to an assumption that states will use up their share of the $500 million fund more quickly if they know they will lose access to it after fiscal year 2000.

- **Extending States' Access to the Fund Until September 30, 2001.** CBO has estimated that it would $60 million in fiscal year 2000, $130 million in fiscal year 2001, and $30 million in fiscal year 2002 to give states until September 30, 2001 to use their share of the fund. Over the five-year period that runs from fiscal year 2000 to fiscal year 2004, this proposal would cost $220 million.

  Note that the fiscal year 2000 cost of a proposal that gives all states until *September 30, 2001* is lower than the fiscal year 2000 cost of a proposal to give states until *September 30, 2000* to use up their share of the fund. This presumably is because CBO assumes that states would likely not have the same incentive to cram as much spending into fiscal year 2000 if they have access to the fund in both fiscal year 2000 and fiscal year 2001. Moreover, if states are given a longer time period during which to use their share of the $500 million fund, they might be more likely to spend the money in more thoughtful and constructive ways.

- **Extending States' Access to the Fund Until September 30, 2001 and Expanding the Allowable Uses of the Fund.** CBO has estimated that it would cost $210 million in fiscal year 2000, $10 million in fiscal year 2001, and $5 million in fiscal year 2002 to give states access to the fund through September 30, 2000 and, at the same time, to expand the allowable uses of the fund. Over the five-year period that runs from fiscal year 2000 to fiscal year 2004, this proposal would cost $220 million.

Retroactive Access to the Fund

All of the proposals under discussion related to the sunset on the $500 million fund contemplate restoring access to the fund retroactively. This means that if any of the proposals were enacted, states who lost their access to the fund on September 30, 1999 would be allowed to use their share of the $500 million fund for costs that they incur between October 1, 1999 and the new deadline on access to the fund. It is our understanding that the CBO estimates described in this memo reflect any costs that might be associated with providing retroactive access to the fund.

CENTER ON BUDGET AND POLICY PRIORITIES

September 16, 1999

States May Need to Forego Important Outreach Initiatives If the Sunset on the "$500 Million Fund" Is Not Lifted

by Donna Cohen Ross and Jocelyn Guyer

The latest data available from the Census Bureau show that the United States has made little progress in recent years in reducing the number of low-income children without health insurance coverage, despite enactment of the Children's Health Insurance Program in August of 1997. This lack of progress is not the fault of CHIP, which was just getting started in 1998, the year covered by the new census data. Instead the lack of progress appears to result largely as a result of a decline in the number of poor children who are enrolled in Medicaid. Between 1996 and 1998, the number of children with incomes below the poverty line on Medicaid declined by 1.3 million, from 9.2 million in 1996 to 7.9 million in 1998 and the uninsured rate among poor children climbed to 26.5 percent, from 24.1 percent in 1997. These data are consistent with other studies and reports showing that welfare changes have inadvertently - and inappropriately- caused families eligible for Medicaid to lose out on coverage.

A key resource available to help reverse the decline in Medicaid enrollment among eligible children and their parents is a $500 million fund established by the 1996 federal welfare law. The fund was set up to help states pay for changes in computer systems, notices and other expenses states might incur to assure that children and parents do not lose Medicaid coverage as a result of changes brought about by the new law. However, states were given only a limited period of time during which they could use their share of the $500 million fund. Despite the growing evidence that states need to invest more in their efforts to delinking TANF and Medicaid eligibility, sixteen states already have lost access to their share of this fund and, in the absence of congressional action, an additional 17 states will lose their access to the fund at the end of 1999.

Background on the $500 Million Fund

A total of $500 million in federal matching funds was made available to states at

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enhanced rates to implement the delinking of welfare and Medicaid eligibility for families with children. Each state is allocated a share of the fund, which it can use to help cover the cost of activities such as redesigning application forms, updating computer systems, conducting public education campaigns and outreach. States can receive federal reimbursement for 75 percent to 90 percent of the cost of such activities. Since these costs are otherwise reimbursed at a 50 percent matching rate, the "$500 million fund" makes it more attractive for states to engage in such activities.

The law provides that states can use these new federal funds to help cover allowable costs incurred during the first full 12 quarters their TANF programs are in effect, or before October 1, 2000 (whichever occurs earlier). If they do not use their share of the funds within this period, they lose access to the unspent portion of their allocations.

Although a few states began using these funds soon after they became available, many states have only recently begun to tap into the fund. As of June 30, 1999, $49.7 million had been spent and states are rapidly running out of time to use the remainder. Yet recent reports show that many families are losing out on coverage for which they are eligible, indicating that aggressive outreach and more effective implementation of delinking is needed. On September 30, 1999, 16 states will lose access to the fund and an additional 17 states will no longer be able to draw from the fund by the end of the year. (See Table 1 for state-specific information on the amount of money available and the deadlines for expending these funds.)

Congress is currently considering changes to the $500 million fund that would remove the deadline on access to the fund, as well as expand the allowable uses of the fund to include broad-based child health outreach and enrollment activities. If these changes are not enacted, states will lose access to these funds and may need to forego or curtail important efforts to implement the delinking of welfare and Medicaid and to reduce the number of uninsured children and parents.

How Some States Are Using Their Share of the $500 Million Fund

Following are some specific examples of how several states have used their share of the fund. In each of the states described, the activities currently underway would have to be curtailed or eliminated if the $500 million fund expires.

Indiana. The Indiana Division of Family & Children has used a portion of its share of the $500 million fund to provide grants to local social services offices to finance outreach campaigns to identify children and parents eligible for Medicaid and to help them enroll. The campaigns designed by the social services offices are conducted in conjunction with community groups. The state also has used the funds to provide

grants directly to community groups that represent African-American and Hispanic families to enable them to do targeted outreach in their communities. The state has also used some of its funds to help pay for a broad-based media campaign, including billboards and print advertising, to encourage families to sign up for health insurance coverage.

Washington. In 1998, Washington's Medical Assistance Administration invited applications for county-based Medicaid outreach projects supported by the state's share of the $500 million fund. Currently, 32 of Washington's 39 counties participate in the Client Outreach Project. Public entities such as health departments, county governments and tribal authorities use the funding to identify families potentially eligible for Medicaid, provide application assistance to such families and enroll families in Healthy Options, the state's Medicaid managed care program. County organizations also are using the money to coordinate their efforts with child care agencies, WIC sites, schools and others.

Wisconsin. The Wisconsin Department of Health and Family Services has used a portion of its share of the $500 million fund to provide training on Medicaid eligibility to public health agencies, tribal agencies, and community-based organizations, and to develop demonstration projects in eight counties. Through the demonstration projects, county workers are able to take full Medicaid applications at a wide range of community sites, including health clinics, food pantries, schools, hospitals and others. The state also has used money from its share of the $500 million fund to add capacity to the state's customer assistance telephone line and to finance a public information campaign.

In addition, many states are adopting important system changes to be sure that families moving in and out of the welfare system do not lose out on Medicaid coverage. States are discovering the need for new computer systems, notices to families, and staff training so that families not receiving welfare, including families leaving welfare for employment, are properly evaluated. For example, Pennsylvania, Washington, and Maryland have just recently adopted plans to make these important system changes; these are exactly the kinds of activities that Congress intended to help finance through the $500 million fund. If the sunset on this fund is not lifted, it will no longer be available at the point when states are implementing these important system improvements.

Conclusion

As illustrated by the examples above, if Congress does not lift the sunset on the $500 million fund and expand its allowable uses, states will likely forego important

outreach and enrollment activities. Moreover, a number of states will lose their access to the fund just as they are beginning to take crucial steps to implement the delinking of TANF and Medicaid eligibility.

Table 1: How Much Money is at Stake in Each State?

STATE	Original state allocation	How much has your state already spent?	% of state allocation spent	How much does your state have left of the $500 million funds?	Date funds expire
ALABAMA	$6,504,897	$0	0%	$6,504,897	12/31/99
ALASKA	$3,039,335	$216,006	7%	$2,823,329	06/30/00
ARIZONA	$7,961,603	$113,483	1%	$7,848,120	09/30/99
ARKANSAS	$5,095,513	$1,287,359	25%	$3,808,154	06/30/00
CALIFORNIA	$83,719,458	$5,602,814	7%	$78,116,644	12/31/99
COLORADO	$5,166,316	$0	0%	$5,166,316	06/30/00
CONNECTICUT	$5,756,737	$0	0%	$5,756,737	09/30/99
DELAWARE	$2,801,757	$233	0%	$2,801,524	03/31/00
DC	$3,259,072	$0	0%	$3,259,072	03/31/00
FLORIDA	$22,262,239	$1,903,058	9%	$20,359,181	09/30/99
GEORGIA	$11,591,549	$0	0%	$11,591,549	12/31/99
HAWAII	$3,435,742	$0	0%	$3,435,742	06/30/00
IDAHO	$3,288,535	$586,898	18%	$2,701,637	06/30/00
ILLINOIS	$19,363,894	$317,058	2%	$19,046,836	06/30/00
INDIANA	$7,545,162	$708,741	9%	$6,836,421	09/30/99
IOWA	$4,782,362	$2,405,247	50%	$2,377,115	12/31/99
KANSAS	$4,496,386	$1,784,856	40%	$2,711,530	09/30/99
KENTUCKY	$7,269,014	$1,374	0%	$7,267,640	12/31/99
LOUISIANA	$9,029,185	$0	0%	$9,029,185	12/31/99
MAINE	$3,569,238	$0	0%	$3,569,238	12/31/99
MARYLAND	$7,595,943	$0	0%	$7,595,943	12/31/99
MASSACHUSETTS	$9,463,490	$1,872,597	20%	$7,590,893	09/30/09
MICHIGAN	$15,975,445	$3,425,223	21%	$12,550,222	09/30/99
MINNESOTA	$7,708,769	$4,669,759	61%	$3,039,010	06/30/00
MISSISSIPPI	$6,617,604	582,416	9%	$6,035,188	09/30/99
MISSOURI	$8,561,965	$3,889,775	45%	$4,672,190	12/31/99
MONTANA	$2,764,134	$7,653	0%	$2,756,481	03/31/00
NEBRASKA	$3,308,247	$0	0%	$3,308,247	12/31/99
NEVADA	$3,258,808	$3,258,808	100%	$0	12/31/99
NEW HAMPSHIRE	$2,875,952	$469,222	16%	$2,406,730	09/30/99
NEW JERSEY	$11,012,253	$3,078,591	28%	$7,933,662	03/31/00
NEW MEXICO	$4,860,333	$0	0%	$4,860,333	06/30/00
NEW YORK	$37,034,556	$618,914	2%	$36,415,642	12/31/99
NORTH CAROLINA	$11,550,703	$0	0%	$11,550,703	12/31/99
NORTH DAKOTA	$2,537,922	$354,421	14%	$2,183,501	06/30/00
OHIO	$16,909,161	$3,752,346	22%	$13,156,815	09/30/99
OKLAHOMA	$5,938,082	$380,704	6%	$5,557,378	09/30/99
OREGON	$5,740,656	$1,497,655	26%	$4,243,001	09/30/99
PENNSYLVANIA	$17,553,339	$16,535	0%	$17,536,804	03/31/00
RHODE ISLAND	$3,459,771	$3,002	0%	$3,456,769	06/30/00
SOUTH CAROLINA	$6,221,783	$0	0%	$6,221,783	12/31/99
SOUTH DAKOTA	$2,642,597	$985,582	37%	$1,657,015	12/31/99
TENNESSEE	$9,250,889	$0	0%	$9,250,889	09/30/99
TEXAS	$27,523,806	$0	0%	$27,523,806	12/31/99
UTAH	$4,006,172	$0	0%	$4,006,172	09/30/99
VERMONT	$2,891,672	$0	0%	$2,891,672	09/30/99
VIRGINIA	$8,531,522	$2,493,251	29%	$6,038,271	03/31/00
WASHINGTON	$10,443,170	$2,977,700	29%	$7,465,470	03/31/00
WEST VIRGINIA	$5,420,593	$178,755	3%	$5,241,838	03/31/00
WISCONSIN	$7,023,766	$49,362	1%	$6,974,404	09/30/99
WYOMING	$2,475,344	$212,430	9%	$2,262,914	12/31/99
United States*	**$491,096,441**	**$49,701,828**	**10%**	**$441,394,613**	

* The total United States allocation does not sum to $500 million as territories are not included.
Source: Health Care Financing Administration (data reflect spending as of June 30, 1999).

F A X

From the desk of...
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Legislative Director

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Center on Budget and Policy Priorities

To: Kevin Thurm 690-7755
John Callahan 690-5405
Dan Mendelson 395-5631
Bonnie Washington 690-8168

→ JEANNE LAMBREW

Fax #:

Subject: **MEDICAID $500 MILLION FUND: UPDATE**

→ CHRIS JENNINGS. 65557

Date: October 7, 1999

Pages:

(Dan: this reflects our conversation, but the cost estimate 2-pager is new.)

In the last few days there have been some postive developments related to the extension of the Medicaid delinking fund that I talked with you about last week. Here are some materials: we revised our basic 3 pager to add in the connection with the new Census numbers, and here's a two-page memo on cost estimates.

As you know, Roth intends to include something on the Medicaid fund. Apparently they will either repeal the sunset entirely or extend it for a year. We are encouraging the Committee (if they can't afford full repeal) to do *no less than a two year extension.* We are very concerned that if it's just a one year extension, states won't have ample time to use the money effectively for Medicaid outreach and many will simply "back-bill" to the fund for the higher match. We have started to stress the flexibility part of this proposal in the Administration's budget (allowing states to use for CHIP) to Hill staffers as well. Little or no additional cost (depends on repeal vs. extend).

Commerce folks haven't focused much on this yet, but obviously have had bigger battles lately. Both Daschle and Gephardt are now aware of this issue (staff level).

A growing number of governors – especially some key Repubs – have expressed strong interest in seeing the fund extended and are contacting their Senators. Lott's office has heard a lot, and a growing number of Senators are likely to sign a letter to Daschle/Lott soon.

Lastly, we've been thinking of how this can be portrayed as an "extender" and how that might be helpful down the road. See attached. Thanks!

→

PLEASE NOTE THIS LOGIC.

Using the "extender" theme:

Several other pieces of legislation are currently moving (or about to move) through Congress that might provide a vehicle for extending the Medicaid "delinking" fund. While the ideal proposal is to eliminate the sunset, as recommended in the President's budget, it may only be possible to extend it.

It is conceivable that the Medicaid piece could end up in an omnibus package that includes tax extenders which costs several billion dollars over ten years. Sixteen states lost their unspent dollars last Friday; another 17 will lose theirs at the end of December. For the remaining states, the sunset is the end of September, 2000.

The extension of the Medicaid $500 million fund really is an "extender" and therefore can easily be incorporated into a larger package of extender provisions since...

- the fund is not new policy, but rather an extension of the 1996 welfare reform law;
- the extension does not represent "new" money but rather lengthens the time period states have to spend the monies they were allocated originally in 1996; and
- the cost of extending the sunset is much smaller than the cost of the tax extenders.

It would certainly be difficult for the Congress to justify extending tax provisions (which primarily benefit corporations, some higher income households) but not extend the Medicaid fund.

One other argument that can be made to extend the life of the fund is that while the fund was established in 1996, the guidelines for states' use were not released until early 1997, reducing somewhat the full amount of time that states theoretically had to use their "delinking" funds.

Memorandum To: Interested Parties

From: Jocelyn Guyer

Date: October 6, 1999

Subject: Cost of the $500 Million Fund

The Congressional Budget Office has recently provided an estimate of the cost of lifting the time limit imposed on states' access to their share of the "$500 million fund," the fund established by the 1996 federal welfare law to help states implement the delinking of TANF and Medicaid eligibility.

Under current law, states can use their share of the $500 million fund to help cover allowable costs incurred during the first full 12 quarters their TANF programs are in effect, or before October 1, 2000 (whichever occurs earlier). If they do not use their share of the funds within this period, they lose access to the unspent portion of their allocations. Sixteen states have already lost their access to fund, and 17 additional states will lose their ability to use the fund by the end of 1999.

Cost of Eliminating the Time Limit on Access to the Fund

CBO has estimated the cost of lifting both the 12-quarter limit and the October 1, 2000 deadline — a proposal that would grant states an indefinite period of time to use their share of the $500 million fund — at $60 million in fiscal year 2000, $125 million in fiscal year 2001, $220 million over the next five years, and $235 million over the next 10 years.

Cost of Extending States' Access to the Fund Until September 30, 2000

CBO also has estimated the cost of a somewhat different proposal to lift the 12-quarter limit on access to the fund, without eliminating the provision that causes all states to lose their access to the fund on September 30, 2000. This second proposal — which gives all states until September 30, 2000 to use their share of the funds — is estimated to cost $160 million in fiscal year 2000. It does not have any longer-term costs because states have no access to the $500 million fund after fiscal year 2000. Although CBO has not produced a written explanation of its estimates, it seems likely that the higher cost in fiscal year 2000 of this second proposal ($160 million versus $60 million) can be attributed to an assumption that states will use up their share of the $500 million fund more quickly if they know they will lose access to it after fiscal year 2000.

Cost of Extending Access to the Fund Until September 30, 2001

CBO has not yet scored how much it would cost to give states until September 30, 2001 to use their share of the fund. However, a reasonable guess is that the total cost of the proposal (i.e., for fiscal year 2000 and fiscal year 2001) would be scored at approximately $185 million.

However, the fiscal year 2000 cost of a proposal that gives all states until *September 30, 2001* would likely be modestly lower than the fiscal year 2000 cost of a proposal to give states until *September 30, 2000* to use up their share of the fund. This is because states would likely not have the same incentive to cram as much spending into fiscal year 2000 if they have access to the fund in both fiscal year 2000 and fiscal year 2001. Moreover, if states are given a longer time period during which to use their share of the $500 million fund, they might be more likely to spend the money in more thoughtful and constructive ways.

Cost of Expanding the Allowable Uses of the $500 Million Fund

At present, there is some confusion about the allowable uses of the $500 million fund and, in particular, the extent to which it can be used to finance outreach initiatives that enroll CHIP-eligible children. Although CBO has not yet scored the cost of expanding the allowable uses of the fund to include CHIP-related outreach, it seems unlikely that such a proposal would add significantly to the costs associated with lifting the sunset on the fund, at least over the long-term. This is because CBO is assuming that lifting the sunset will cause states to make full use of the $500 million fund. Thus, a proposal to expand the allowable uses of the fund cannot result in higher costs over the long-term since states already are expected to make full use of the fund.

Note, however, that expanding the allowable uses of the fund could cause CBO to assume that states will more quickly use up their share of the fund. As a result, the fiscal year 2000 cost of a proposal that eliminates the deadline on access to the fund and also expands its allowable uses would likely be modestly greater than the fiscal year 2000 cost of a proposal to simply eliminate the sunset on access to the fund. However, the five and ten-year costs of these two proposals would likely be virtually identical.

Retroactive Access to the Fund

All of the proposals under discussion related to the sunset on the $500 million fund contemplate restoring access to the fund retroactively. This means that if any of the proposals were enacted, states who lost their access to the fund on September 30, 1999 would be allowed to use their share of the $500 million fund for costs that they incur between October 1, 1999 and the new deadline on access to the fund. It is our understanding that the CBO estimates described in this memo reflect any costs that might be associated with providing retroactive access to the fund.

CENTER ON BUDGET AND POLICY PRIORITIES

September 16, 1999

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by Donna Cohen Ross and Jocelyn Guyer

The latest data available from the Census Bureau show that the United States has made little progress in recent years in reducing the number of low-income children without health insurance coverage, despite enactment of the Children's Health Insurance Program in August of 1997. This lack of progress is not the fault of CHIP, which was just getting started in 1998, the year covered by the new census data. Instead the lack of progress appears to result largely as a result of a decline in the number of poor children who are enrolled in Medicaid. Between 1996 and 1998, the number of children with incomes below the poverty line on Medicaid declined by 1.3 million, from 9.2 million in 1996 to 7.9 million in 1998 and the uninsured rate among poor children climbed to 26.5 percent, from 24.1 percent in 1997. These data are consistent with other studies and reports showing that welfare changes have inadvertently - and inappropriately- caused families eligible for Medicaid to lose out on coverage.

A key resource available to help reverse the decline in Medicaid enrollment among eligible children and their parents is a $500 million fund established by the 1996 federal welfare law. The fund was set up to help states pay for changes in computer systems, notices and other expenses states might incur to assure that children and parents do not lose Medicaid coverage as a result of changes brought about by the new law. However, states were given only a limited period of time during which they could use their share of the $500 million fund. Despite the growing evidence that states need to invest more in their efforts to delinking TANF and Medicaid eligibility, sixteen states already have lost access to their share of this fund and, in the absence of congressional action, an additional 17 states will lose their access to the fund at the end of 1999.

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Congress is currently considering changes to the $500 million fund that would remove the deadline on access to the fund, as well as expand the allowable uses of the fund to include broad-based child health outreach and enrollment activities. If these changes are not enacted, states will lose access to these funds and may need to forego or curtail important efforts to implement the delinking of welfare and Medicaid and to reduce the number of uninsured children and parents.

How Some States Are Using Their Share of the $500 Million Fund

Following are some specific examples of how several states have used their share of the fund. In each of the states described, the activities currently underway would have to be curtailed or eliminated if the $500 million fund expires.

Indiana. The Indiana Division of Family & Children has used a portion of its share of the $500 million fund to provide grants to local social services offices to finance outreach campaigns to identify children and parents eligible for Medicaid and to help them enroll. The campaigns designed by the social services offices are conducted in conjunction with community groups. The state also has used the funds to provide

grants directly to community groups that represent African-American and Hispanic families to enable them to do targeted outreach in their communities. The state has also used some of its funds to help pay for a broad-based media campaign, including billboards and print advertising, to encourage families to sign up for health insurance coverage.

Washington. In 1998, Washington's Medical Assistance Administration invited applications for county-based Medicaid outreach projects supported by the state's share of the $500 million fund. Currently, 32 of Washington's 39 counties participate in the Client Outreach Project. Public entities such as health departments, county governments and tribal authorities use the funding to identify families potentially eligible for Medicaid, provide application assistance to such families and enroll families in Healthy Options, the state's Medicaid managed care program. County organizations also are using the money to coordinate their efforts with child care agencies, WIC sites, schools and others.

Wisconsin. The Wisconsin Department of Health and Family Services has used a portion of its share of the $500 million fund to provide training on Medicaid eligibility to public health agencies, tribal agencies, and community-based organizations, and to develop demonstration projects in eight counties. Through the demonstration projects, county workers are able to take full Medicaid applications at a wide range of community sites, including health clinics, food pantries, schools, hospitals and others. The state also has used money from its share of the $500 million fund to add capacity to the state's customer assistance telephone line and to finance a public information campaign.

In addition, many states are adopting important system changes to be sure that families moving in and out of the welfare system do not lose out on Medicaid coverage. States are discovering the need for new computer systems, notices to families, and staff training so that families not receiving welfare, including families leaving welfare for employment, are properly evaluated. For example, Pennsylvania, Washington, and Maryland have just recently adopted plans to make these important system changes; these are exactly the kinds of activities that Congress intended to help finance through the $500 million fund. If the sunset on this fund is not lifted, it will no longer be available at the point when states are implementing these important system improvements.

Conclusion

As illustrated by the examples above, if Congress does not lift the sunset on the $500 million fund and expand its allowable uses, states will likely forego important

outreach and enrollment activities. Moreover, a number of states will lose their access to the fund just as they are beginning to take crucial steps to implement the delinking of TANF and Medicaid eligibility.

Table 1: How Much Money is at Stake in Each State?

STATE	Original state allocation	How much has your state already spent?	% of state allocation spent	How much does your state have left of the $500 million funds?	Date funds expire
ALABAMA	$6,504,897	$0	0%	$6,504,897	12/31/99
ALASKA	$3,039,335	$216,006	7%	$2,823,329	06/30/00
ARIZONA	$7,961,603	$113,483	1%	$7,848,120	09/30/99
ARKANSAS	$5,095,513	$1,287,359	25%	$3,808,154	06/30/00
CALIFORNIA	$83,719,458	$5,602,814	7%	$78,116,644	12/31/99
COLORADO	$5,166,316	$0	0%	$5,166,316	06/30/00
CONNECTICUT	$5,756,737	$0	0%	$5,756,737	09/30/99
DELAWARE	$2,801,757	$233	0%	$2,801,524	03/31/00
DC	$3,259,072	$0	0%	$3,259,072	03/31/00
FLORIDA	$22,262,239	$1,903,058	9%	$20,359,181	09/30/99
GEORGIA	$11,591,549	$0	0%	$11,591,549	12/31/99
HAWAII	$3,435,742	$0	0%	$3,435,742	06/30/00
IDAHO	$3,288,535	$586,898	18%	$2,701,637	06/30/00
ILLINOIS	$19,363,804	$317,058	2%	$19,046,836	06/30/00
INDIANA	$7,545,162	$708,741	9%	$6,836,421	09/30/99
IOWA	$4,782,362	$2,405,247	50%	$2,377,115	12/31/99
KANSAS	$4,496,386	$1,784,856	40%	$2,711,530	09/30/99
KENTUCKY	$7,269,014	$1,374	0%	$7,267,640	12/31/99
LOUISIANA	$9,029,185	$0	0%	$9,029,185	12/31/99
MAINE	$3,569,238	$0	0%	$3,569,238	12/31/99
MARYLAND	$7,595,943	$0	0%	$7,595,943	12/31/99
MASSACHUSETTS	$9,463,490	$1,872,597	20%	$7,590,893	09/30/99
MICHIGAN	$15,975,445	$3,425,223	21%	$12,550,222	09/30/99
MINNESOTA	$7,708,769	$4,669,759	61%	$3,039,010	06/30/00
MISSISSIPPI	$6,617,604	$582,416	9%	$6,035,188	09/30/99
MISSOURI	$8,361,965	$3,689,775	45%	$4,672,190	12/31/99
MONTANA	$2,764,134	$7,653	0%	$2,756,481	03/31/00
NEBRASKA	$3,308,247	$0	0%	$3,308,247	12/31/99
NEVADA	$3,258,808	$3,258,808	100%	$0	12/31/99
NEW HAMPSHIRE	$2,875,952	$469,222	16%	$2,406,730	09/30/99
NEW JERSEY	$11,012,253	$3,078,591	28%	$7,933,662	03/31/00
NEW MEXICO	$4,860,333	$0	0%	$4,860,333	06/30/00
NEW YORK	$37,034,556	$618,914	2%	$36,415,642	12/31/99
NORTH CAROLINA	$11,550,703	$0	0%	$11,550,703	12/31/99
NORTH DAKOTA	$2,537,922	$354,421	14%	$2,183,501	06/30/00
OHIO	$16,909,161	$3,752,346	22%	$13,156,815	09/30/99
OKLAHOMA	$5,938,082	$380,704	6%	$5,557,378	09/30/99
OREGON	$5,740,656	$1,497,655	26%	$4,243,001	09/30/99
PENNSYLVANIA	$17,553,339	$16,535	0%	$17,536,804	03/31/00
RHODE ISLAND	$3,459,771	$3,002	0%	$3,456,769	06/30/00
SOUTH CAROLINA	$6,221,783	$0	0%	$6,221,783	12/31/99
SOUTH DAKOTA	$2,642,597	$985,582	37%	$1,657,015	12/31/99
TENNESSEE	$9,250,889	$0	0%	$9,250,889	09/30/99
TEXAS	$27,523,806	$0	0%	$27,523,806	12/31/99
UTAH	$4,006,172	$0	0%	$4,006,172	09/30/99
VERMONT	$2,891,672	$0	0%	$2,891,672	09/30/99
VIRGINIA	$8,531,522	$2,493,251	29%	$6,038,271	03/31/00
WASHINGTON	$10,443,170	$2,977,700	29%	$7,465,470	03/31/00
WEST VIRGINIA	$5,420,593	$178,755	3%	$5,241,838	03/31/00
WISCONSIN	$7,023,766	$49,362	1%	$6,974,404	09/30/99
WYOMING	$2,475,344	$212,430	9%	$2,262,914	12/31/99
United States*	**$491,096,441**	**$49,701,828**	**10%**	**$441,394,613**	

* The total United States allocation does not sum to $500 million as territories are not included.
Source: Health Care Financing Administration (data reflect spending as of June 30, 1999).

FAMILY AND CHILDREN'S HEALTH PROGRAM GROUP

Center for Medicaid and State Operations

FAX Transmittal Sheet

Health Care Financing Administration
7500 Security Boulevard
Mailstop S2-01-16
Baltimore, Maryland 21244
FAX Number 410-786-8534

Date: 2/5/99 Total Pages (including cover): 6

To: Jeanne Lambrew & Cynthia Rice

Organization:

Phone Number: FAX Number: 202-456-7431

From: DAVID CADE

Phone Number: 410-786-5647

Comments: A complete set of enclosures will arrive under separate cover.

If the transmission is not complete, contact Ronetta Randle at 410-786-3533.

DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Care Financing Administration

Refer to DMSO:PR

Region II
Federal Building
26 Federal Plaza
New York, NY 10278

February 5, 1999

Ann Clemency Kohler, Director
Office of Medicaid Management
New York State Department of Health
Corning Tower - Room 1441
Empire State Plaza
Albany, New York 12237

Dear Ms.Kohler:

As discussed during our telephone conference call on January 15, 1999 and repeatedly referenced in numerous letters to your office since July 15, 1998, the Health Care Financing Administration (HCFA) requires the New York State Department of Health, as the single State agency for Medicaid, to review and evaluate the New York City Human Resources Administration (HRA) policies and procedures regarding the Medicaid application process, and provide HCFA with the State's assessment of whether HRA is in compliance with Federal rules and regulations and the New York State Medicaid Plan.

In view of the United States District Court Order dated January 25, 1999 in the case Lakisha Reynolds v. Giuliani et al., which provided preliminary relief to Medicaid applicants in New York City and requires a corrective action plan of training and procedures to address the problems with the Medicaid application process, you should advise HCFA about the State's actions to ensure that NYC is in compliance with federal requirements. Specifically, what steps are the New York State Department of Health taking with HRA to assure compliance with federal rules and regulations governing the Medicaid application process? 42 CFR 435.903 states: "The agency must (a) Have methods to keep itself currently informed of the adherence of local agencies to the State Plan provisions and the agency's procedures for determining eligibility and (b) Take corrective action to ensure their adherence". To date we have insufficient documentation to substantiate that New York State has monitored the local district programs to identify problems or to assure compliance with federal rules and regulations.

Therefore, in order for HCFA to determine New York State's compliance with Federal law, regulations, and the New York State Medicaid Plan, your office should submit the following information to the New York Regional Office for review:

–Copies of revised New York State and New York City policies and/or procedures on the Medicaid application process developed as a result of the United States District Court Order. You should review again the twenty one (21) questions forwarded to you in my letter of December 14, 1998 (copy enclosed). You should revisit the New York City HRA response forwarded by you to this office on January 14, 1999; identify and resubmit any revisions and your assessment of the revisions. As discussed on January 15th, a number of questions were left unanswered. Enclosed is a listing of the gaps in the response based on HCFA's review as of January 15, 1999. Furthermore, we await your answer to our letters of November 3, 1998 and December 18, 1998, copies enclosed.

–Copies of New York State's monitoring protocol and the results of monitoring reviews, limited to the application and eligibility process (including findings and corrective action plans), conducted in New York City. This information had previously been requested in my letter of September 21, 1998, copy enclosed. In view of the findings in the United States District Court, HCFA expects that New York State will take all appropriate action to comply with 42 CFR 435.903. As discussed during the January 15, 1999 conference call, the New York Regional Office is prepared to conduct onsite reviews; our preference is to coordinate this activity with New York State in line with your supervisory responsibilities over the local districts in New York State. We understand that the New York State Department of Health has started to conduct site visits in New York City offices; we look forward to reviewing the reports of the State's monitoring site visits.

While numerous letters and meetings with the New York State Department of Health have focused on New York City HRA policies and procedures in response to applicant complaints, media reports, and the United States District Court case, we are mindful of the State's responsibilities throughout the rest of New York State. Although HCFA has not received complaints or concerns about other districts outside of New York City, we do expect that NYSDOH is reviewing the Medicaid application and eligibility determination process throughout the State. We expect that you will keep this office informed about any problems identified, the results of any monitoring reviews conducted, and corrective action plans.

Please feel free to provide us with any additional information that you feel will assist us in this compliance determination. You should forward your response to my attention by February 12, 1999.

Sincerely,

Sue Kelly

Sue Kelly
Associate Regional Administrator
Division of Medicaid and State Operations

Enclosures

Listed below are the concerns we have with the responses to our December 14, 1998 letter.

4. The State's response to number 3 indicates that all current Income Support Centers are targeted for conversion. Yet, the response to number 4 shows only four scheduled for conversion. Are all Income Support Centers targeted for conversion? If so, which ones are targeted for conversion within the next 12 months?

5. The response to number 5 states that the hours of operation for the Medicaid Only offices are 9:00 a.m. - 5:00 p.m. Monday through Friday. However, Ann Kohler's letter of December 8, 1998 states that the core hours for Medicaid operation are 8:30 a.m. through 5:00 p.m. Monday through Friday. Please confirm the official hours of operation for Medicaid operations.

6. We did not receive a response to number 6. Please provide a response or a detailed time line of when the response can be expected.

7. The response states that when an applicant applies for Medicaid at the same time as cash assistance at an Income Support Center, the applicant is registered on W MS at prescreening on day one and is given an interview appointment within five days. What is the effective date for protective filing? Is it the prescreening registration date or is it the interview date? Please describe the meaning of "deferrals".

8. We did not receive a response to number 8. Please provide a response or a detailed time line of when the response can be expected.

9. The response states that clients seeking Medicaid Only at a Job Center are referred. Please describe the referral process.

10. Response refers to Attachment 3 (Instructions to Eligibility Staff) for a description of the process for a separate Medicaid determination if an individual is denied cash assistance. Attachment 3, Page 3 states that the "The combined processing time for both ISP and MAP cannot exceed 45 days from the time the signed application was received by ISP." We cannot determine from your response the process for identifying the protective filing date. Please provide a description of the process for identifying the protective filing date.Additionally,Attachment 3, page 4, D1 states if the case is accepted for full eligibility, the effective date is the first date of the month when Form DSS 2921 (the Medicaid application form) was received by ISP. This appears to conflict with the New York City Human Resources Administration's response to Number 12, which indicates that Medicaid coverages commences on the first day of the month in which the application was registered on WMS. We were verbally informed by both New York State and New York City staff that applicants were registered on WMS in Medicaid offices when they first appear at those offices to apply for Medicaid. Please clarify this e.g. is there a time interval between the day a potential applicant first appears in an HRA office and the time they are prescreened and either registered on WMS or file

an application; what is day one for the effective day of Medicaid coverage if found eligible (day of first visit; prescreening; date of application or "I" interview or other). When is the Medicaid application (DSS 2921) actually given to individual applying for assistance.

11. We did not receive a response to number 11. Please provide a response or a detailed time line of when the response can be expected.

12. The response states that "at the prescreening appointment on day one the application is registered in WMS and an appointment is scheduled within seven days". We have been informed verbally by New York State staff that "I" interviews are scheduled within five days of the prescreening interview. Please verify the number of days (identifying if they are weekdays or business days) for scheduling an "I" interview. What is the protective filing date for applicants, the prescreening date or the date of the "I" interview or other? (See Number 10/12 above).

14. The response states that there is one Eligibility Specialist currently assigned in each of three job centers and that the plan is to outstation additionally staff in all Job Centers. What are the timeliness for placing outstation staff in all Job Centers? Without WMS support at Job Centers, as reported in New York City's response, how will applicants be registered in WMS thus protecting their filing date. Will there be concurrent WMS support at each of the Job Centers?

16. The response states that Medicaid Only staff at Job Centers have all necessary supports except for WMS support. Since the applicant has met with an official Medicaid representative and the Medicaid Program is officially engaged in the application process, how is this applicant's protective filing date assured? Who is responsible for the WMS process? How are applicants being registered into WMS at prescreening?

17. The response states that Income Support Centers do not have Medicaid staff onsite. What happens if someone attempts to apply for Medicaid at an Income Support Center?

18. See Number 14.

19. We did not receive a response to number 19. Please provide a response or a detailed time line of when the response can be expected.

20. We did not receive a response to number 20. Please provide a response or a detailed time line of when the response can be expected.

21. We did not receive a response to number 21. Please provide a response or a detailed time line of when the response can be expected.

Additionally, Attachment 3, page 4, section D2, states that if a case does not have complete information or documentation, it is authorized for four months. Please explain how a case can be authorized without the necessary documentation.

Applications for Medicaid In New York City
Questions & Answers

1. ***A class action lawsuit has been initiated by the Legal Aid Society in Federal District Court alleging that seven New York City residents were improperly denied welfare benefits, including Medicaid. What action is HCFA taking regarding the allegations?***

   HCFA received a copy of the court papers [including affidavits submitted by the plaintiffs] on Thursday, December 17, 1998. On Friday, December 18, 1998, HCFA sent correspondence to the New York State Department of Health (NYSDOH) requiring that they investigate the plaintiffs' cases [specific to establishing Medicaid eligibility] and report to HCFA on its findings. The State report should include copies of the Medicaid applications, any other documentation regarding the application process, eligibility determinations and any Fair Hearing requests or decisions for the plaintiffs.

2. ***What is HCFA doing to monitor state and city compliance with Medicaid eligibility rules and regulations?***

   In correspondence and meetings with the NYSDOH we have requested that the State provide us with reports on any compliance reviews or monitoring activities conducted by the NYSDOH. In addition, we have referred specific complaints for investigation by the State. Given that the State is responsible for supervising the local administration of the Medicaid program in New York City, we expect that the State will have methods and systems for monitoring compliance with Federal statute rules and regulations. In the event that a satisfactory response is not received by the NYSDOH, and we are unable to get the information that has been requested, HCFA is prepared to conduct on-site monitoring reviews to determine compliance in local offices. Our first priority, however, is to have the NYSDOH conduct these compliance reviews and report to HCFA its findings.

3. ***Is the State meeting its responsibilities and what is HCFA prepared to do if the State is not in compliance with Federal law?***

   As stated previously, HCFA continues the process of gathering the facts and evaluating the policies, procedures and practices of applying for Medicaid eligibility in New York City. We cannot conclude at this time that the State is in substantial compliance with Federal law. All required steps will be taken to achieve compliance including assuring that the State understands its obligations; is properly made aware of any and all deficiencies; and, is developing an appropriate timetable and plan for correcting identified problems. The primary goal of HCFA's compliance efforts is to ensure that State plans and State administrative practices are in compliance with Federal requirements and assure that eligible Medicaid beneficiaries receive the benefits intended by law and regulation.

Draft for follow up on the fax cp

DATE: 12/17

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
ROOM 405H, HUMPHREY BUILDING
200 INDEPENDENCE AVE, SW
WASHINGTON, D.C. 20201

PHONE: (202)690-7450 *FAX: (202)690-8425*

FROM:

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[ ] MARC SMOLONSKY

[ ] CARL TAYLOR

[ ] STEPHANIE WILSON

[ ]

TO: Jean Lambrew

OFFICE: _____

ROOM: _____

PHONE: _____

FAX: 456-7431

(INCLUDING COVER): 7

REMARKS:

Testimony of Judith Berek,
New York Regional Administrator,
Health Care Financing Administration
to the
New York State Assembly Committee on Health & Committee on Social Services
Regarding the
Policy of the New York City Human Resources Administration on Medicaid Applications
December 21, 1998

Good morning, Mr. Gottfried, Ms. Jacobs and members of the Assembly Committee on Health and Committee on Social Services. Thank you for the opportunity to provide testimony to your committees at this public hearing on the Medicaid application process in New York City.

The historic law reforming welfare has had impressive success nationwide. The law includes critical provisions to ensure that, as individuals leave welfare and enter the job market, they continue to get the health care they are entitled to under Medicaid. Applicants encouraged to find work must not be discouraged from obtaining needed care. ~~We are concerned about adherence to these legal requirements in New York.~~

Medicaid Statutory and Regulatory Requirements

~~Let me begin by reviewing with you Federal law and regulation as they pertain to Medicaid requirements.~~

- Section 1902(a)(8) of the Social Security Act requires the state plan for medical assistance to "provide that all individuals wishing to make application for medical assistance under the plan shall have the opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals.

- Section 1902(a)(4) of the Act provides that the state plan shall "provide (A) such methods of administration... as are found by the Secretary to be necessary for the proper and efficient operation of the plan.
- Section 1902(a)(19) of the Act provides that the state plan shall "provide such safeguards as may be necessary to assure that eligibility for care and services under the plan will be determined, and such care and services will be provided, in a manner consistent with simplicity of administration and the best interests of recipients.

The relevant regulations appear at 42 C.F.R. Section 435.901-909. These regulations mainly repeat the statutory requirements. However, 42 C.F.R. Section 435.906 further clarifies the statutory language in Section 1902(a)(8) regarding the "shall have an opportunity to do so" requirement governing applications. The regulation states, "The agency must afford an individual wishing to do so the opportunity to apply for Medicaid without delay." Insert C

The obligation to (immediately) provide a Medicaid application to all individuals who request it applies to the State Medicaid agency, in this case the New York State Department of Health, or its designated local agencies. In New York City, the Human Resources Administration (HRA) is the local agency designated by New York State to administer the local Medicaid program. In addition, HRA administers the Temporary Assistance for Needy Families (TANF) program. In New York City, HRA accepts a joint application for TANF and Medicaid. Insert D

HCFA Guidance to State Medicaid Agencies

In June, 1998, the Health Care Financing Administration (HCFA) and the Administration for

Children and Families wrote a joint letter to State Medicaid and State TANF Administrators to provide guidance on the "delinking" of Medicaid from TANF assistance under welfare reform. In decoupling Medicaid from cash assistance under welfare reform, Medicaid eligibility is not tied to TANF eligibility criteria. However, the law provides States with sufficient flexibility to conform and harmonize the eligibility criteria of TANF and of Medicaid so that States effectively have the option of providing automatic Medicaid eligibility to TANF cash assistance recipients. However, eligibility for Medicaid is not limited to TANF eligibility but extends to a number of non-TANF groups, for example, pregnant women and children in families with income below a percent of poverty. Therefore, the June 5, 1998 letter served as a reminder that States cannot deny an individual or a family Medicaid eligibility simply because the family does not meet the TANF requirements. The guidance to States specified the following:

- Families who inquire about or apply for TANF should also receive information about Medicaid and the Child Health Insurance Program (CHIP), how to apply for these programs, and how to receive assistance with the applications.
- States were encouraged to use joint applications, or to have a process for taking separate CHIP and Medicaid applications and providing application assistance at TANF sites. This could be done by training TANF staff or by stationing Medicaid eligibility workers at TANF sites.
- The letter noted that as part of welfare reform, a number of States had chosen to provide "welfare diversion assistance" to families in need, or to require certain activities before a TANF application is taken. The letter stated that it is critical that States with diversion programs conduct aggressive outreach to provide Medicaid information to families and to

take all possible steps to assure that eligible children are enrolled in Medicaid and CHIP. States were also reminded that they cannot deny a family Medicaid eligibility because the family is ineligible for TANF. Accordingly, States should separately determine Medicaid eligibility for families that make a joint TANF/Medicaid applications if TANF benefits are denied.

Requests for Information on the Medicaid Eligibility Process

On June 22, *The New York Times* ran an article that discussed the process that applicants must follow when seeking public assistance and Medicaid. During the following five to six months the media coverage alleged that strict interpretation of welfare reform appeared to create barriers to individuals seeking Medicaid coverage. In response to these news reports and based on complaints and concerns expressed by individuals, providers, provider associations, patient advocates, and legal representatives, HCFA began in July 1998 to request information from the New York State Department of Health regarding State and New York City policies, procedures and practices on the Medicaid application and referral process. Following written requests made by HCFA during the months of July through October of this year, the New York State Department of Health provided copies of State policies and procedures in correspondence dated October 19, 1998. During a meeting with State and New York City representatives on November 13, 1998 the New York State Department of Health also provided New York City HRA policies and procedures to HCFA staff. A subsequent meeting and correspondence have attempted to gather the following facts regarding the Medicaid eligibility process in New York City:

- How does the Medicaid eligibility process function in New York City?
- Recognizing that applications can be processed at numerous HRA offices throughout the five boroughs, whether they are TANF sites (including Job Centers and Income Support Centers) or Medicaid-only offices administered by HRA, how does New York State assure compliance with federal rules and law? Specifically how does the New York State Department of Health and HRA, its designated local agency in New York City, comply with the requirement that individuals wishing to apply for Medicaid have the opportunity to do so "without delay" as required by 42 C.F.R. Section 435.906?
- How does the State provide needy individuals and families with information about Medicaid and CHIP, how to apply for these programs, and how to receive assistance with applications in New York City?
- How does the State establish the application date for persons in need and requesting medical assistance in New York City?
- How does the State assure that families who have jointly applied for TANF and Medicaid receive a separate Medicaid determination if they are denied TANF or withdraw their application for TANF alone?
- How is the State conducting outreach efforts to provide Medicaid and CHIP information to families seeking assistance in New York City?

Recent New York State and City Response

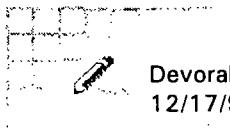
In meetings with HCFA on November 13 and December 11, New York City and New York State officials advised of plans for disseminating informational brochures on the Medicaid application

process and for stationing Medicaid eligibility workers in Job Center and Income Support sites in New York City. We understand that it is HRA's intention to improve access to information on Medicaid and to assist the Medicaid application process in New York City. HCFA continues the process of gathering information and determining whether the State and its local agencies are in compliance with Federal law and regulation. You will note that we are still engaged in a rigorous process of gathering the facts and evaluating the policies, procedures and practices in New York State and New York City.

While we cannot give you a definitive assessment or determination about compliance in New York City as of today, I can assure you that the Medicaid eligibility process is of paramount concern to our agency. We are committed to continuing to work with the State and New York City to provide a public assurance that needy individuals and families eligible for medical assistance are being given the information they need and the opportunity to apply "without delay."

In summary, we are concerned about adherence to these legal requirements in New York State. The course of action we at HCFA are taking to review this situation is appropriate considering the seriousness of this issue. However, we cannot conclude at this time that the state is in full compliance with Federal law.

"In addition, in the event a Medicaid office does not have an application form, the office must provide the applicant with a receipt or some other evidence which the applicant can use to document that he or she began the application process (which will preserve the "date of application" for purposes of § 1902(a)(34)'s three month potential retroactive eligibility) and provide the applicant with assistance in securing the complete application as soon as possible."



Devorah R. Adler
12/17/98 03:34:11 PM

Record Type: Record

To: pharbage @ hcfa.gov @ inet

cc:
Subject: NYS

thanks for the heads up.

December 17, 1998

Lawsuit Claims City Misled Welfare Applicants

By ANTHONY RAMIREZ

Seven poor New Yorkers, denied welfare benefits under new rules developed by the Giuliani administration, filed a class-action lawsuit in Federal District Court Wednesday. The suit charges that city workers falsely told applicants that benefits did not exist or that they should not apply for benefits or that, having applied, they should withdraw their applications.

For months, the Giuliani administration has sought to make welfare benefits more difficult to obtain to encourage welfare applicants to rely on themselves, rather than on the government. The names of city "Income Support Centers" were changed in April to "Job Centers," where résumé-writing and other skills are taught, in order to underscore the change in emphasis.

Critics charged, however, that city workers, who also administer state and Federal benefits, had crossed the line from encouraging applicants to pursue work to illegally denying benefits. Where 53 percent of applicants for welfare, food stamps and Medicaid once succeeded in getting benefits, according to city records, now only 25 percent do.

The lawsuit, filed last night, details the cases of seven applicants who want a speedy processing of their applications, citing hunger or other urgent need. Last night, Judge William Pauley temporarily ordered city workers to stop using the new procedures.

Lawyers from the Legal Aid Society and other groups assisting the plaintiffs said the frustrated applicants would each get $20 or more in cash assistance today and $50 or more in food stamps in the next several days. "We're just glad our clients can eat," said Helen Lee, one of the Legal Aid staff lawyers. A hearing is scheduled for Dec. 30.

The suit names as defendants Mayor Rudolph W. Giuliani; Jason Turner, the Commissioner of the New York City Human Resources Administration, and other city officials. Deborah Sproles, a spokeswoman for Human Resources, called the lawsuit "another attempt by the dependency industry to keep the old, failed welfare system alive." She declined further comment.

The lead plaintiff in the lawsuit is Lakisha Reynolds, 25, who lives on Amsterdam Avenue near West 148th Street in Manhattan with her 3-year-old son. Laid off last spring from her temporary job as a receptionist, she fell behind in her monthly rent of $307. On Dec. 8, she applied for food stamps and cash assistance because, according to the suit, she had less than a dollar and only "some chicken, two cans of vegetables, three tangerines, some hot cereal, a little rice and some carrots" in her kitchen. But she was told by city workers, contrary to the law, that expedited food stamps no longer existed, according to the lawsuit.

April Smiley, 18, a high school student, lives with her 1-year-old daughter at the apartment of a family friend on 149th Street in Jamaica, Queens. She contends in the suit that city workers told her last month that she was too young to receive food stamps and other assistance, which is also contrary to law, according to the suit.

Q&As on Welfare Reform
November 9, 1998

Q: Is it true as reported in The New York Times that the U.S. has launched an inquiry into whether New York City's application procedures violate federal Medicaid and Food Stamp law?

A: The Department of Health and Human Services and the U.S. Department of Agriculture are requesting information from city and state officials about Medicaid and Food Stamp application procedures to ensure that these federally guaranteed programs serve all qualified applicants, as required by federal law. This information-gathering process is currently at its earliest stages. As you may know, during the consideration of welfare reform legislation, the President insisted on maintaining the federal Medicaid and Food Stamps guarantee, and we are committed to working with the States to ensure this guarantee remains in place.

United Hospital Fund.

Bill Scanlon GAO study

Changes in Poverty and Benefits Receipt Between 1995 and 1997				
	1995	**1997**	**Difference**	**Percent Change**
CPS Poverty Data				
Total Population in Poverty	36.4 m	35.6 m	-800,000	-2.3%
Adults	21.8 m	21.5 m	-300,000	-1.4%
Children	14.7 m	14.1 m	-600,000	-3.8%
Female-Headed Households w/ Children in Poverty	3.6 m	3.6 m	No Change	0%
ACF Welfare Data				
Total AFDC/TANF Caseload	13.2 m	10.2 m	-3 m	-22.8%
HCFA Medicaid Data				
Total Medicaid Caseload	41.4 m	40.3 m	-1.1 m	-2.7%
Adults	9 m	8.4 m	-600,000	-6.3%
With Cash	5.4 m	4.0 m	-1.4 m	-26.0%
Without Cash	3.6 m	4.5 m	+800,000	+23.0%
Children	20.4 m	19.6 m	-700,000	-3.5%
With Cash	11.2 m	8.4 m	-2.8 m	-25.0%
Without Cash	9.2 m	11.3 m	+2.1 m	+22.6%
CPS Uninsured Data				
Total Uninsured	40.6 m	43.5 m	+2.9 m	+7.1%
Poor Uninsured Adults	11 m	11.2 m	+250,000	+2.2%
Poor Uninsured Children	3.1 m	3.4 m	+250,000	+7.4%

tell him to
work w/ Rob
Stewart and
Gary C.
on #s.

General information on the NYT story. The story is set to run in this Sunday's weekend section. Rachel Swarns in the reporter. It will focus on whether welfare reform is working. If it's not, who is being hurt? Are people not recieving the food stamp and health care benefits they are entitled to receive?

What is Enrollee Data? Enrollee data captures anyone enrolled in the Medicaid program.

What is Recipient Data? Recipient data captures anyone who has had a medical service delivered and a bill issued on their behalf through the Medicaid program. This is the type of data that was faxed to the NYT reporter.

Enrollee Data is More Accurate. It is better to use enrollee data because it better captures people enrolled in Medicaid managed care because often premium payments do not register as bills paid on behalf of services provided.

What the Recipient Data Indicates. The recipient data indicates that Medicaid enrollment has fallen by 2.7 million people between 1995 and 1997. The most troubling statistics are the decrease in the number of children who are enrolled in Medicaid because of their reciept of cash benefits (2.3 million) and the small increase in the number of children who are being enrolled in Medicaid without recieving cash benefits (only 478,000). These numbers make it appear as though children are dropping off the Medicaid rolls once they are no longer eligible for welfare cash benefits and remaining uninsured even though they are still eligible for Medicaid.

What the Enrollee Data Indicates. Enrollee data shows that the Medicaid rolls have fallen by 1.1 million, much less than the recipient data indicates. This data tells a different story; it indicates that many of the people who are not eligible for Medicaid because eligibility for welfare cash benefits still qualify for and are enrolling in Medicaid through a non-cash eligibilty mechanism.

by noon tomorrow.

DRAFT
11/19/98

Q: What are the current figures available for the number of Medicaid recipients nationwide? Are they declining? Why?

A: The latest Medicaid enrollment figures, for 1997, show that there are 40.3 million Americans enrolled in Medicaid, down from 41.4 million enrolled in 1995. It is too early to say with confidence what has caused this decline, however.

Remember, Medicaid covers more than welfare recipients – it covers the disabled, certain elderly Americans, poor parents receiving cash assistance; their children; other children of working parents who meet certain income guidelines; and some working adults in states that have received waivers to expands Medicaid eligibility to low-income working families.

Q: Aren't fewer people getting Medicaid coverage because of welfare reform?

A: The latest information we have is what states reported during 1997. Welfare reform was enacted in 1996 and implemented slowly during 1997, so it's too early to draw any definite conclusions about the effect of welfare reform on Medicaid coverage. And remember, a number of Medicaid beneficiaries are seniors and disabled adults, who don't receive TANF assistance and wouldn't have been affected by welfare reform anyway. The only people who could lose Medicaid coverage under the welfare reform legislation are adult parents who refuse to work or otherwise fulfill the obligations of their cash assistance; the President insisted that even if an adult loses coverage under these circumstances, the children keep their Medicaid.

It is true that states have reported the number of people eligible for Medicaid going from 41.4 million in 1995 to 40.3 million in 1997; during that period, the number of children eligible went from 20.4 million to 19.6 million. But keep in mind that the economy is improving, so many people who formerly received cash assistance and Medicaid have jobs and no longer qualify – many have moved into jobs that offer private health insurance. Meanwhile, we're watching closely to make sure that people moving off cash assistance programs still get the Medicaid benefits to which they are entitled. Also, the President has pushed for a major new outreach effort to help states enroll eligible people in both Medicaid and the new Children's Health Insurance Program.

Q: But many advocates claim that the entire decline in Medicaid eligibility is in categories of people receiving cash assistance. According to figures available from HCFA, for example, The overall decline from 1995 to 1997 was from

36.3 to 33.6 million (a decline of 2..7 million people). That decline was almost exclusively among adults receiving cash assistance (a decline of 2.1 million) and children (a decline of 800,000). With so many states, like New York, operating "diversion" programs to discourage people from even applying for Medicaid in the first place, how can you say the cause isn't welfare reform?

A: First, let's use the right set of numbers. The numbers used by some advocates("recipient data") reflect only the number of people who actually use their Medicaid benefits, by going to the hospital, for example. The most accurate numbers to use in tracking trends over time are "enrollment data," which reflect the number of people who are actually enrolled in Medicaid. "Enrollment data" also more accurately reflect the growing impact of Medicaid managed care.

Using those numbers, the number of people eligible for Medicaid has gone from 41.4 million in 1995 to 40.3 million in 1997; during that period, the number of children eligible went from 20.4 million to 19.6 million, and the number of adults receiving cash assistance and Medicaid went from 4.3 to 3.2 million.

However, none of these numbers allow us to know with confidence what has caused this decline. For example, the number of adults receiving cash assistance has declined by 2.3 million from 1995 to 1997, while the number of these poor adults receiving Medicaid has dropped by only 1.1 million. Clearly, most of these adult women losing cash assistance – for whatever reason – are keeping their Medicaid eligibility.

As for those who are leaving the Medicaid program, there are a number of possible causes. They could be finding jobs with health benefits. They could lack good information about their continued eligibility for Medicaid. They could, like many young, healthy adults, not realize the importance of having health insurance. Or, they could, indeed, be discouraged from applying in some way by the states. The important thing is that we're watching closely to make sure that people moving off cash assistance programs still get the Medicaid benefits to which they are entitled. Also, the President has pushed for a major new outreach effort to help states enroll eligible people in both Medicaid and the new Children's Health Insurance Program.

Enrollees data pre welfare to welfare

in thousands

	A	B	C	D	E	F	G
1	**Medicaid & Welfare Reform**						
2							
3	CPS Data						
4			1995			1996	
5			Total #	Poor #	Poor %	Total #	Poor #
6	All People		263,733	36,425	13.8%	266,218	36,529
7	All Adults		193,167	21,760	-7.0%	195,568	22,066
8	All Children		70,566	14,665	20.8%	70,650	14,463
9	All Families		69,597	7,532	10.8%	70,241	7,708
10	Families w/Kids <18		36,719	5,976	16.3%	37,204	6,131
11	Female Headed House		8,751	3,634	4150.0%	8,957	3,755
12							
13	AFDC/TANF Data		1995	1996	1997	95-97 Difference	
14	Total		13,241	12,150	10,227	3,014	
15							
16	HCFA Medicaid Data		1995	1996	1997	95-97 Difference	
17	Total Medicaid		41,388	41,197	40,278	-1,110	
18	Adults in FDC		9,002	8,302	8,431	-571	
19	Kids Under 21		20,367	20,491	19,648	-719	
20	Cash Adults		5,379	4,652	3,979	-1,400	
21	Cash Kids		11,184	10,632	8,387	-2,797	
22	Non-cash Kids		9,183	9,859	11,261	2,078	
23							
24	CPS Uninsured Data		1995	1996	1997	95-97 Difference	
25	Total Uninsured		40,582	41,716	43,448	2,866	
26	Total Poor Uninsured		10,993	11,254	11,238	245	
27	All Uninsured Adults		30,787	31,161	32,705	1,918	
28	Poor Uninsured Adults		10,993	11,254	11,238	245	
29	All Uninsured Kids		9,795	10,555	10,743	948	
30	Poor Uninsured Kids		3,131	3,370	3,362	231	
31	Poor Adults w/ Private		8,119	8055	8,264	145	
32	Poor Adults w ESI		5,303	5,318	5,521	218	
33	Poor Kids w/Private		2,716	2,687	2,827	111	
34							
35							
36	**Rate of Change**						
37							
38	CPS Data		95-96	96-97	95-97		
39	All Poor People		0.3%	-2.6%	-2.3%		

anyone enrolled in prog. better to use this b/c managed care

non disabled adults

non disabled adults w/ cash asst

kids categorically needy cash

categorically needy

underlying $ in population

premium payments don't register. under

huge difference in non cash kids enrollee #

	A	B	C	D	E	F	G
40	All Poor Adults		1.4%	-2.7%	-1.4%		
41	All Poor Children		-1.4%	-2.4%	-3.8%		
42	All Poor Families		2.3%	-5.0%	-2.8%		
43	Poor Families w/Kids <		2.6%	-4.0%	-1.5%		
44	Poor Female Headed H		3.3%	-3.8%	-0.6%		
45							
46	AFDC/TANF Data		1995	1996	1997		
47	Total		-8.2%	-15.8%	-22.8%		
48							
49	HCFA Medicaid Data		1995	1996	1997		
50	Total Medicaid		-0.5%	-2.2%	-2.7%		
51	Adults in FDC		-7.8%	1.6%	-6.3%		
52	Kids Under 21		0.6%	-4.1%	-3.5%		
53	Cash Adults		-13.5%	-14.5%	-26.0%		
54	Cash Kids		-4.9%	-21.1%	-25.0%		
55	Non-Cash Kids		7.4%	14.2%	22.6%		
56							
57	CPS Uninsured Data		1995	1996	1997		
58	Total Uninsured		2.8%	4.2%	7.1%		
59	Total Poor Uninsured		2.4%	-0.1%	2.2%		
60	All Uninsured Adults		1.2%	5.0%	6.2%		
61	Poor Uninsured Adults		2.4%	-0.1%	2.2%		
62	All Uninsured Kids		7.8%	1.8%	9.7%		
63	Poor Uninsured Kids		7.6%	-0.2%	7.4%		
64	Poor Adults w/ Private		-0.8%	2.6%	1.8%		
65	Poor Adults w ESI		0.3%	3.8%	4.1%		
66	Poor Kids w/Private		-1.1%	5.2%	4.1%		

	H	I	J	K
1				
2				
3				
4		1997		
5	Poor %	Total #	Poor #	Poor %
6	13.7%	268,480	35,574	13.3%
7	-6.8%	197,411	21,461	-6.6%
8	2050.0%	71,069	14,113	19.9%
9	1100.0%	70,884	7,324	10.3%
10	1650.0%	37,427	5,884	15.7%
11	41.9%	8,822	3,614	4100.0%
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39				

Recipients

	A	B	C	D	E	F	G
1	**Medicaid & Welfare Reform**						
2							
3	CPS Data						
4			1995			1996	
5			Total #	Poor #	Poor %	Total #	Poor #
6	All People		263,733	36,425	13.8%	266,218	36,529
7	All Adults		193,167	21,760	-7.0%	195,568	22,066
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11	Female Headed House		8,751	3,634	4150.0%	8,957	3,755
12							
13	AFDC/TANF Data		1995	1996	1997	95-97 Diff.	
14	Total		13,241	12,150	10,227	-3,014	
15							
16	HCFA Medicaid Data		1995	1996	1997	95-97 Diff.	
17	Total Medicaid		36,282	36,118	33,579	-2,703	
18	Adults in FDC		7,604	7,127	6,795	-809	
19	Kids Under 21		17,163	16,739	15,264	-1,899	
20	Cash Adults		4,344	3,768	3,157	-1,187	
21	Cash Kids		9,134	8,418	6,757	-2,377	
22	Non-cash Kids		8,029	8,321	8,507	478	
23							
24	CPS Uninsured Data		1995	1996	1997	95-97 Diff.	
25	Total Uninsured		40,582	41,716	43,448	2,866	
26	Total Poor Uninsured		10,993	11,254	11,238	245	
27	All Uninsured Adults		30,787	31,161	32,705	1,918	
28	Poor Uninsured Adults		10,993	11,254	11,238	245	
29	All Uninsured Kids		9,795	10,555	10,743	948	
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32	Poor Adults w ESI		5,303	5,318	5,521	218	
33	Poor Kids w/Private		2,716	2,687	2,827	111	
34							
35							
36	**Rate of Change**						
37							
38	CPS Data		95-96	96-97	95-97		
39	All Poor People		0.3%	-2.6%	-2.3%		

dep data captures people who have had a medical service & bill generated

	H	I	J	K
1				
2				
3				
4		1997		
5	Poor %	Total #	Poor #	Poor %
6	13.7%	268,480	35,574	13.3%
7	-6.8%	197,411	21,461	-6.6%
8	2050.0%	71,069	14,113	19.9%
9	1100.0%	70,884	7,324	10.3%
10	1650.0%	37,427	5,884	15.7%
11	41.9%	8,822	3,614	4100.0%
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	A	B	C	D	E	F	G
40	All Poor Adults		1.4%	-2.7%	-1.4%		
41	All Poor Children		-1.4%	-2.4%	-3.8%		
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43	Poor Families w/Kids <		2.6%	-4.0%	-1.5%		
44	Poor Female Headed H		3.3%	-3.8%	-0.6%		
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46	AFDC/TANF Data		1995	1996	1997		
47	Total		-8.2%	-15.8%	-22.8%		
48							
49	HCFA Medicaid Data		1995	1996	1997		
50	Total Medicaid		-0.5%	-7.0%	-7.4%		
51	Adults in FDC		-6.3%	-4.7%	-10.6%		
52	Kids Under 21		-2.5%	-8.8%	-11.1%		
53	Cash Adults		-13.3%	-16.2%	-27.3%		
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64	Poor Adults w/ Private		-0.8%	2.6%	1.8%		
65	Poor Adults w ESI		0.3%	3.8%	4.1%		
66	Poor Kids w/Private		-1.1%	5.2%	4.1%		

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. fax	Cindy to Jeanne Lambrew re: phone number (partial) (1 page)	11/12/1998	P6/b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Devorah Adler
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FOLDER TITLE:
TANF [Temporary Assistance for Needy Families] [Folder 1]

2012-0463-S
rc828

RESTRICTION CODES

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

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

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

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

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

CENTER ON BUDGET AND POLICY PRIORITIES

820 First Street, NE, Suite 510 • Washington, DC 20002 Telephone: 202/408-1080 • Fax: 202/408-1056
E-mail: center@cbpp.org • Website: www.cbpp.org

I need to leave soon - If you want to talk about this tonight I'm at home P6/(b)(6) P6/(b)(6) P6/(b)(6) thanks - [001]

FAX COVER SHEET

DATE:	
TO:	Jeanne Lambrew
FAX NUMBER:	456-2223 4567431
FROM:	Cindy Mann
SUBJECT:	NYC
NUMBER OF PAGES: (including cover)	

Comments:

Voice mail is full — hence, a note.

Re: NY — Attached is fed'l law + regs — don't say "same day" but regs say "without delay". This would be a terrible time to retreat from this standard given overall enrollment efforts. (Note that f.s. statute — revised in the welfare law — says application must be permitted on the same day of 1st contact — also attached). We think Dept should quickly send a letter stating the law — HHS + USDA

If there are any problems with the transmission of this document, please call 202/408-1080.

Also - Jocelyn is standing here + asked me to ask if you'd had a chance to pass on CHIP data letter / forms

(i) The agency must display a notice in a prominent place at the outstation location advising potential applicants of when outstation intake workers will be available.

(ii) The notice must include a telephone number that applicants may call for assistance.

(iii) The agency must comply with Federal and State laws and regulations governing the provision of adequate notice to persons who are blind or deaf or who are unable to read or understand the English language.

.01 Source:

As adopted, 59 FR 48805 (Sept. 23, 1994, effective Oct. 24, 1994).

Applications

[¶ 21,421.905]

§ 435.905 Availability of program information.

(a) The agency must furnish the following information in written form, and orally as appropriate, to all applicants and to all other individuals who request it.

(1) The eligibility requirements.

(2) Available Medicaid services.

(3) The rights and responsibilities of applicants and recipients.

(b) The agency must publish in quantity and make available bulletins or pamphlets that explain the rules governing eligibility and appeals in simple and understandable terms.

.01 Source:

As redesignated, 44 F.R. 17926 (Mar. 23, 1979), and amended at 45 F.R. 24878 (Apr. 11, 1980, effective Mar. 23, 1979).

[¶ 21,421.906]

§ 435.906 Opportunity to apply.

The agency must afford an individual wishing to do so the opportunity to apply for Medicaid without delay.

.01 Source:

As redesignated, 44 F.R. 17926 (Mar. 23, 1979).

[¶ 21,421.907]

§ 435.907 Written application.

The agency must require a written application from the applicant, an authorized representative or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant.

(b) Subject to the conditions specified in paragraph (c) of this section, the application must be on a form prescribed by the agency and signed under a penalty of perjury.

(c) The application form used at outstation locations for low-income pregnant women, infants, and children specified in § 435.904 must not be the application form used to apply for AFDC. The application form (including any computerized application form) for these designated eligibility groups may be—

(1) A Medicaid-only form prescribed by the agency specifically for the designated eligibility groups;

(2) An existing Medicaid-only application; or

(3) A multiple-program application that contains clearly identifiable Medicaid-only sections or parts.

.01 Source:

As redesignated, 44 F.R. 17926 (Mar. 23, 1979), and amended at 59 FR 48805 (Sept. 23, 1994, effective Oct. 24, 1994).

such amendment is approved, substituted "provide (A)" for "provide" in paragraph (a)(4) and added clause (B) before the semicolon at the end of paragraph (a)(4).

History:

Sec. 121(a) of the "Social Security Amendments of 1965" (PubLNo 89-97); as amended by sec. 210(a) of the "Social Security Amendments of 1967" (PubLNo 90-248), secs. 14(a)(1) and 14(a)(2) of the "Health Maintenance Organization Amendments of 1978" (PubLNo 95-559), and sec. 4724(c)(1)(A)-(D) of the "Balanced Budget Act of 1997" (PubLNo 105-33).

[¶ 17,219] [ADMINISTRATION BY SINGLE STATE AGENCY]

[42 U.S.C. § 1396a(a)(5)]

Sec. 1902. (a) (5) either provide for the establishment or designation of a single State agency to administer or to supervise the administration of the plan, or provide for the establishment or designation of a single State agency to administer or to supervise the administration of the plan, except that the determination of eligibility for medical assistance under the plan shall be made by the State or local agency administering the State plan approved under title I or XVI (insofar as it relates to the aged) if the State is eligible to participate in the State plan program established under title XVI, or by the agency or agencies administering the supplemental security income program established under title XVI or the State plan approved under part A of title IV if the State is not eligible to participate in the State plan program established under title XVI;

1973 Amendments:

Section 13(a)(2) of PubLNo 93-233, effective with respect to payments made under sec. 1903 of the Act for calendar quarters beginning after December 31, 1973, added "or to supervise the administration of" after "administer" and added "to administer or" before "to supervise" and added all the material after "(insofar as it relates to the aged)".

History:

Sec. 121(a) of the "Social Security Amendments of 1965" (PubLNo 89-97); as amended by sec. 13(a)(2) of PubLNo 93-233.

[¶ 17,221] [REPORTS BY STATE AGENCY]

[42 U.S.C. § 1396a(a)(6)]

Sec. 1902. (a) (6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

History:

Sec. 121(a) of the "Social Security Amendments of 1965" (PubLNo 89-97).

[¶ 17,223] [RESTRICTIONS ON INFORMATION DISCLOSURE]

[42 U.S.C. § 1396a(a)(7)]

Sec. 1902. (a) (7) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the plan;

History:

Sec. 121(a) of the "Social Security Amendments of 1965" (PubLNo 89-97).

[¶ 17,225] [APPLICATIONS BY INDIVIDUALS]

[42 U.S.C. § 1396a(a)(8)]

Sec. 1902. (a) (8) provide that all individuals wishing to make application for medical assistance under the plan shall have opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

History:

Sec. 121(a) of the "Social Security Amendments of 1965" (PubLNo 89-97).

1996 welfare law

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APPROVAL OF RETAIL FOOD
FOOD CONCERNS.

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SEC. 835. OPERATION OF FOOD STAMP OFFICES.

Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020), as amended by sections 809(b) and 819(b), is amended—

(1) in subsection (e)—

(A) by striking paragraph (2) and inserting the following:

"(2)(A) that the State agency shall establish procedures governing the operation of food stamp offices that the State agency determines best serve households in the State, including households with special needs, such as households with elderly or disabled members, households in rural areas with low-income members, homeless individuals, households residing on reservations, and households in areas in which a substantial number of members of low-income households speak a language other than English. Regulations.

"(B) In carrying out subparagraph (A), a State agency—

"(i) shall provide timely, accurate, and fair service to applicants for, and participants in, the food stamp program;

"(ii) shall develop an application containing the information necessary to comply with this Act;

"(iii) shall permit an applicant household to apply to participate in the program on the same day that the household first contacts a food stamp office in person during office hours;

"(iv) shall consider an application that contains the name, address, and signature of the applicant to be filed on the date the applicant submits the application;

"(v) shall require that an adult representative of each applicant household certify in writing, under penalty of perjury, that—

"(I) the information contained in the application is true; and

"(II) all members of the household are citizens or are aliens eligible to receive food stamps under section 6(f);

"(vi) shall provide a method of certifying and issuing coupons to eligible homeless individuals, to ensure that participation in the food stamp program is limited to eligible households; and

"(vii) may establish operating procedures that vary for local food stamp offices to reflect regional and local differences within the State.

"(C) Nothing in this Act shall prohibit the use of signatures provided and maintained electronically, storage of records using automated retrieval systems only, or any other feature of a State agency's application system that does not rely exclusively on the collection and retention of paper applications or other records.

"(D) The signature of any adult under this paragraph shall be considered sufficient to comply with any provision of Federal law requiring a household member to sign an application *or* statement;";

(B) in paragraph (3)—

(i) by striking "shall—" and all that follows through "provide each" and inserting "shall provide each"; and

(ii) by striking "(B) assist" and all that follows through "representative of the State agency;";

November 11, 1998, Wednesday, Late Edition - Final

SECTION: Section B; Page 6; Column 1; Metropolitan Desk

LENGTH: 620 words

HEADLINE: Mayor Backs City Policy On Welfare

BYLINE: By RACHEL L. SWARNS

BODY:

Mayor Rudolph W. Giuliani yesterday defended his policy of delaying the distribution of food stamp and Medicaid applications to the poor and denied that his Welfare Commissioner had ever said the policy would change.

Mr. Giuliani's remarks came as Federal officials from the Department of Agriculture and the Health Care Financing Administration continued their inquiry into the city's welfare policies. The Federal officials have said the city appeared to be violating the law by delaying applications in an effort to discourage the needy from applying for welfare.

On Sunday, the Welfare Commissioner, Jason A. Turner, told The New York Times that he planned to speed up the distribution of applications as an "extra precaution" to mollify Federal officials. "Our new policy is just to hand them a food stamp application," Mr. Turner said in the telephone interview, calling the change "an improvement."

But yesterday, Mr. Giuliani denied that Mr. Turner had ever made that statement. The Mayor did not explain why he did not dispute those comments on Monday, the day when Mr. Turner's comments appeared, and Colleen Roche, a spokeswoman for Mr. Giuliani, declined to elaborate yesterday. Mr. Turner was not available for comment yesterday, according to his press secretary, Debra Sproles.

"The Commissioner didn't say that," Mr. Giuliani said during a news conference yesterday, referring to the comments published in The Times. "Sometimes, things aren't reported exactly the way somebody says something because there is an emotional or ideological bias that drives the way something is reported."

Joyce Purnick, the metropolitan editor of The Times, dismissed Mr. Giuliani's accusations.

"Our reporter had two extensive conversations with Mr. Turner on Sunday, took detailed notes, and never got a subsequent complaint from him saying he was quoted incorrectly," Ms. Purnick said. "We do not make things up, nor are our reporters politically motivated."

Mr. Giuliani's remarks were the city's latest response to questions about the Federal inquiry into his welfare policies. The topic is sensitive for the

Giuliani administration since the Mayor has repeatedly described his tough welfare policy as one of his primary accomplishments.

The Mayor is particularly proud of his decision to convert welfare offices into "job centers," where the needy are encouraged to rely on jobs, relatives and food pantries instead of on government checks.

In the job centers, the vast majority of people receive applications only on their second visit, the practice that touched off the Federal inquiry. Federal law requires city officials to give food stamp and Medicaid applications upon an applicant's first visit.

Mr. Turner said on Sunday that the city would expedite the distribution of applications. On Monday, city officials appeared to reverse themselves, saying they would not speed the process after all. Anthony P. Coles, a senior adviser to Mr. Giuliani, said the Agriculture Department had decided to judge the city's programs based on the 1996 Federal welfare law, which allows states and cities to delay welfare applications.

The current law governing food stamps and Medicaid, however, requires city officials to distribute applications without delay. And officials from the Department of Agriculture and Health Care Financing Administration said those existing laws still applied.

On Friday, Medicaid officials are to meet with state health officials, who are responsible for monitoring the city's Medicaid program. The Federal officials, who have requested copies of the city's application and referral procedures, hope to determine whether the city's program complies with Federal law.

LANGUAGE: ENGLISH

LOAD-DATE: November 11, 1998

2ND STORY of Level 1 printed in FULL format.

The New York Times

November 10, 1998, Tuesday, Late Edition - Final

SECTION: Section B; Page 1; Column 5; Metropolitan Desk

LENGTH: 900 words

HEADLINE: City Ends Plan To Speed Up Welfare Aid

BYLINE: By RACHEL L. SWARNS

BODY:

In an abrupt reversal, the Giuliani administration decided yesterday to drop plans, just announced over the weekend, to speed up the distribution of applications for food stamps and medical assistance to the poor.

The decision came one day after Jason A. Turner, the Commissioner of the Human Resources Administration, said the city would give the applications on the first day to anyone who set foot in a welfare office. Federal officials had said the city appeared to be violating the law by delaying applications to discourage the needy from applying for welfare, and Mr. Turner said the new approach was "an extra precaution" to mollify the Federal Government.

"Our new policy is just to hand them a food stamp application," Mr. Turner said on Sunday, calling the change "an improvement."

But yesterday, as officials from the United States Department of Agriculture arrived in New York to begin an inquiry into Mayor Rudolph W. Giuliani's welfare policy, city officials abruptly changed course again. Saying that the agriculture officials had made "significant concessions" to the city, Anthony P. Coles, a senior adviser to Mr. Giuliani, said the city would keep its policy of delaying applications after all.

The Department of Agriculture, meanwhile, denied making any concessions or coming to any conclusions, and Medicaid officials, who have begun their own inquiry, said they still had serious concerns about Mr. Giuliani's welfare policy.

The rapid turnabout left heads spinning among advocates and some officials, and it was unclear yesterday how the change evolved, particularly given the Federal officials' insistence that their concerns had not yet been resolved. Mr. Turner was no longer available to comment and his public relations staff referred callers to the Mayor's press office.

The topic is highly sensitive for the Giuliani administration since the Mayor repeatedly cites his tougher welfare policy as one of his primary accomplishments. Mr. Giuliani is particularly proud of his decision to convert welfare offices into "job centers," where the needy are encouraged to rely on jobs, relatives and food pantries instead of on government checks.

In the job centers, a vast majority of people receive applications for food stamps and Medicaid only on their second visit, the practice that touched off the Federal inquiry.

An Agriculture Department official, speaking on the condition of anonymity, said the Federal review of the city's rules was continuing. "No judgments have been made, no decisions reached," he said.

In explaining the city's latest position, Mr. Coles said Agriculture Department officials had told welfare officials that their program would be judged in keeping with new regulations yet to be released by the Federal Government.

Mr. Coles acknowledged that he did not know what the new regulations would say or whether they would incorporate the language in the existing law, which requires city officials to offer food stamp and Medicaid applications without delay.

But he said he was convinced that the regulations would mirror those governing the new Federal welfare law, which allow states and cities to delay welfare applications to push people to rely on themselves, not city government. As a result, he said, there is no longer any need for the policy shift announced by Mr. Turner on Sunday.

"There is no reason to change the policies at the job centers in any respect," Mr. Coles said. "Everything H.R.A. is doing now is consistent with the welfare reform laws passed by Congress."

But the official for the Department of Agriculture, who spoke on the condition of anonymity, said the city was bound by existing regulations and guidelines. He said it was premature for the city to assume that its welfare program was in compliance.

And last week, Julie Paradis, the Deputy Under Secretary for Food, Nutrition and Consumer Services at the Department of Agriculture, emphasized that states and cities needed to make it easier for people to apply for food stamps, not harder.

New York City officials find themselves reluctant to support that message, however. They say offering easy access to applications or encouraging people to apply for food stamps or Medicaid will hinder their efforts to destroy the culture of poverty in poor neighborhoods.

About a third of the city's welfare offices now operate as job centers, with a policy of self-reliance. The remaining offices are to adopt the new approach by spring.

And Mr. Giuliani yesterday sharply condemned those who questioned the job center policy, criticizing "sympathetic reporters" for reporting on the Federal inquiry and advocates for the poor for complaining about the application procedures to the Government.

But state Medicaid and food stamp officials, who have also been reviewing the city's application procedures, did not dismiss the Federal inquiry so easily.

A spokeswoman for the state's Department of Health, Frances Tarlton, said her office had been meeting with the city welfare officials to insure that they followed the law. "We definitely want to be sure that eligible people have the opportunity to apply for Medicaid, particularly children and families," Ms. Tarlton said.

And before the city changed course yesterday, she lauded Mr. Turner's plan to distribute applications immediately. "We think this is positive," she said.

LANGUAGE: ENGLISH

LOAD-DATE: November 10, 1998

4TH STORY of Level 1 printed in FULL format.

The New York Times

November 9, 1998, Monday, Late Edition - Final

SECTION: Section B; Page 1; Column 5; Metropolitan Desk

LENGTH: 907 words

HEADLINE: City to Speed Applications For Welfare

BYLINE: By ABBY GOODNOUGH

BODY:

A Federal inquiry into Mayor Rudolph W. Giuliani's new welfare policies has prompted his administration to speed up the granting of applications for food and medical benefits, the city's top welfare official said yesterday.

Jason A. Turner, Commissioner of the city's Human Resources Administration, said that starting this week, all people seeking such benefits would receive the full applications on their first visit to a welfare office. Until now, applicants were allowed to register their names and addresses on the first visit, but many had to make a second trip to get the application packets, Mr. Turner said.

Last week, other city officials said that the vast majority of applicants had to make a second trip, and that the intent was to distinguish those who were truly needy from those who were not.

The change comes in response to questions from Federal officials, who have said that the city's system of granting applications for food stamps and Medicaid appeared to violate Federal rules. The rules require city workers to allow the needy to apply for food and medical assistance without delay.

The Mayor vigorously defended his welfare policies at a news conference yesterday, saying welfare offices had always provided applications "the very first time" a visitor requested them. Mr. Turner elaborated later in the day, saying in an interview that by registering the names of people seeking food stamps or Medicaid on their first visit, the city has technically been starting the application process without delay.

He described the policy change as an "extra precaution."

"The registration is the key event," Mr. Turner said. "But to make sure we are in full compliance, we are going to make full applications available to those who want them on the very first day."

But most people will still have to make a second visit to a welfare office to complete and file the application, Mr. Turner said. He said the delay did not hurt applicants because benefits are retroactive to the day a person registers with a welfare office. Most people are not prepared to complete the application on the spot anyway, he said.

"The full document is thick, and you've got a lot of things to answer," Mr. Turner said. "Almost nobody who walks into a welfare office has all the documents they need to fill out the application in one sitting."

Federal officials could not be reached yesterday for comment on the policy change.

But Liz Krueger, an advocate for the poor, said that despite the change, the city would still be violating the law. "This is a first step, but it's no clear victory," said Ms. Krueger, associate director of the Community Food Resources Center. "I take it as evidence that the city recognizes it has been violating the law, and I hope it means they will re-evaluate their system."

The city began its new application process in April when it started converting welfare offices into "job centers" that encourage people to find alternatives to public assistance. City officials have said that limiting access to applications is an essential part of the effort to reduce dependency on government.

But Federal officials, alarmed by the drop in food stamp and Medicaid recipients, have requested state and city documents to determine whether the city is violating the law. Officials from the Federal Department of Agriculture are to arrive in the city today to review the files of food stamp applicants who were denied benefits or had their cases closed.

The department also plans to interview people who were diverted from applying at all. Mr. Turner said he was not sure exactly what Federal officials believed the city was doing wrong, but he said his staff would cooperate with them.

"I'm not clear what the allegation is," he said. "I think they may believe that the significant drop in food stamp recipients nationwide may have to do with a delay in the application process."

Mr. Turner did say that because of "complications in the computer system," a number of people could not complete the application process for food stamps on their second visit to a welfare office, because the city's database was not showing any record of their first visit. But the number of people affected was not significant enough to change the statistics, he said.

The drop in food stamp recipients is a result of the booming economy and changing attitudes about public assistance, Mr. Turner said. "People are earning more money and no longer being eligible," he said. "A lot of people are not even coming in to apply for food stamps, even if they are eligible, because the culture has changed."

Ms. Krueger said there were fewer food stamp recipients not because of the healthy economy, but because the city's new policies discourage people from applying. Many people who are being weaned off welfare and who are finding jobs are still poor enough to receive food stamps, she said. But "the city is not following the law, so people incorrectly believe they are no longer eligible," Ms. Krueger said.

And most who do apply for food stamps never return to a welfare office for the required second appointment, she said.

But Mayor Giuliani said that a "user-friendly" welfare system would defeat his purpose: breaking the cycle of dependency.

"The advocates on the left are very uncomfortable with that," he said, "and try to find every technical irregularity they can to blow up the whole program."

LANGUAGE: ENGLISH

LOAD-DATE: November 9, 1998

5TH STORY of Level 1 printed in FULL format.

The New York Times

November 8, 1998, Sunday, Late Edition - Final

SECTION: Section 1; Page 39; Column 5; Metropolitan Desk; Second Front

LENGTH: 1577 words

HEADLINE: U.S. Inquiry Asks if City Deprives Poor

BYLINE: By RACHEL L. SWARNS

BODY:

Federal officials say New York City's new welfare policies may improperly deprive thousands of poor people of access to food and medical assistance, and they have begun reviewing the public assistance programs to determine whether they violate Federal law.

The inquiry focuses on the city's application procedures and marks the first time Federal authorities have questioned Mayor Rudolph W. Giuliani's new welfare policies, which discourage the needy from seeking public assistance in an effort to push them to rely on themselves, not government.

Many states and cities have begun to urge the poor to depend on jobs and relatives instead of government checks, but officials say New York City appears to violate Federal rules which require city workers to allow the needy to apply for food stamps and Medicaid without delay.

Federal law says city workers must offer food stamp and Medicaid applications the first day a potential applicant steps into a welfare office. But under the city's new policy, the vast majority of those who arrive do not receive applications that day, city officials say. Instead, caseworkers encourage most people to seek child support payments, unemployment benefits or food from food pantries, offering applications only if a person returns for a second appointment.

As a result, while 53 percent of the people who asked to apply for welfare, food stamps and Medicaid were successful in the past, at the newly converted city welfare offices about 25 percent are, city statistics show.

"I am concerned that many eligible low-income children and adults are being exposed to additional barriers to Medicaid," wrote Sue Kelly, a regional administrator for the Federal Health Care Financing Administration of the Department of Health and Human Services, expressing her concerns about New York City in a letter in September to state health officials.

"While welfare reform has presented many changes for beneficiaries and local administrations, we must be assured that individuals wishing to apply for medical assistance are given that opportunity to apply without delay," wrote Ms. Kelly, echoing the concerns of food stamp officials.

Last week, Medicaid officials requested copies of the city's application and referral procedures after a flurry of letters from New York officials failed to ease their concerns about the fairness of the screening process and of a program intended to assess Medicaid applicants for fraud.

The Federal officials also requested documents from state health officials who oversee the city's compliance with Federal law.

Meanwhile, officials from the Federal Department of Agriculture are to arrive in New York City tomorrow to review the files of food stamp applicants who were denied benefits or had their cases closed. The department also plans to interview people who were diverted from applying at all.

Debra Sproles, a spokeswoman for the city's welfare agency, the Human Resources Administration, defended the city's procedures, saying that poor people were getting the help they needed. She emphasized that those with emergency needs always receive applications on their first visit and that requiring the rest to return is a reasonable and legal way of screening those who truly need help from those who do not.

She said people who return for applications receive their benefits just as quickly as if they had applied on the first day, describing the Federal reviews as a response to pressure from advocates for the poor who have "perpetuated the cycle of dependency for far too long."

The city began its new application process in April when it started converting welfare offices into "job centers." Limiting access to applications, city officials say, is an essential part of the effort to reduce dependency on government.

The situation in New York highlights the conundrum confronted by welfare officials across the country, who find themselves struggling to juggle two very different mandates. On the one hand, the new Federal welfare law allows states and municipalities to discourage people from applying for cash benefits and offers financial incentives for those with caseload declines.

On the other, the law requires states to encourage the needy to apply for food stamps and Medicaid, two benefits described by Federal officials as critical to keeping the working poor off welfare and the newly employed from returning

Federal officials fear the first message has had the most impact. Since 1996, the number of food stamp recipients in the nation has dropped by about 21 percent, a decline they say cannot be explained by the strong economy. (Comparable Medicaid statistics are not yet available.)

"We were hearing from anti-hunger advocates across the country with some real concerns, and the numbers we were getting were giving us a lot of reason to be concerned," said Julie Paradis, the Deputy Undersecretary for Food, Nutrition, and Consumer Services at the Department of Agriculture.

"We want to see how much of this is due to misunderstanding on the part of the client and how much of it might be due to tremendous pressures on state welfare offices to reduce caseload," she said.

In most states, applications for welfare, food stamps and Medicaid have been traditionally linked, which means that losing welfare often means losing all benefits. And poor people often fail to realize that they usually remain eligible for those supports even if they have found low-wage jobs or have been discouraged from applying for welfare. Consequently, Federal officials have begun urging states to re-evaluate their policies and expand their outreach.

Thus New York City, which has experienced a similar decline in food stamp and Medicaid recipients over the last three years, finds itself in a tricky position since its officials philosophically oppose the idea of encouraging people to apply for benefits, city welfare officials say. They vigorously defend their policy of delaying applications as an essential tool in their efforts to destroy the culture of dependency in poor neighborhoods and to push people to rely on themselves first, not on public charity.

Welfare-seekers, who are taught resume-writing skills and interview techniques, must search for work during the application process. Currently, about a third of the city's welfare offices operate under these rules; the remaining offices will be converted by spring.

"People who need it are able to get on, and people who can work are able to work," Mayor Giuliani said at a news conference at the Hamilton Job Center in Harlem last week. "I'm much heartened by the fact that the city is moving toward a city where people are moving in a direction of taking care of themselves. We had become a city of mass dependency."

But statistics suggest that this emphasis on self-reliance may result in city workers' failing to follow Federal guidelines that require them to encourage the needy to apply for food stamps and Medicaid even when they do not get welfare.

Of the 4,825 public assistance seekers who were discouraged from applying for welfare at the city's first four job centers between April and September, about 12 percent were referred to food stamp or Medicaid offices, city statistics show. Welfare officials say some of those people found jobs, although they refuse to say how many.

City documents, however, show that of the 319 people discouraged from applying for welfare at the Hamilton Job Center between Aug. 31 and Oct. 3, only one found a job.

Ms. Sproles of the Human Resources Administration said statistics collected by individual job centers were preliminary and possibly incomplete. But she declined to release any additional data, saying the statistics were still being analyzed.

She said the city was working closely with the state and discussing the possibility of placing Medicaid and food stamp workers in the city job centers. Officials at the Health Care Finance Administration said they began their inquiry in July in response to an article about the job centers that appeared in The New York Times.

Meanwhile the Agriculture Department was responding to complaints from advocates who said that people were not being provided with food stamp applications.

The concerns centered on the experience of people like Jack Kelly, 35, who says he was living in a homeless center when workers at the Hamilton Job Center told him he could not apply for welfare or food stamps on his first visit, giving him subway tokens and the address of a local food pantry instead.

Welfare officials say Mr. Kelly's story also demonstrates how the system succeeds despite its restrictions on handing out applications. When Mr. Kelly returned for a second visit, he was promptly processed for emergency food stamps and he received them within a week, as required by law.

But Federal officials are concerned about the people who never make that second appointment.

Valarie Rodriguez, an 18-year-old mother, said workers at the Greenwood Job Center in Brooklyn refused to allow her to apply for food or medical benefits, even during her second visit. They told her to come back for a third appointment, she said, but she gave up and scraped by for a month with the help of relatives. When she went to another welfare office, which had not been converted into a job center, she was immediately deemed eligible for food stamps, she said. "They said we were an emergency case," she said.

GRAPHIC: Chart: "KEEPING TRACK"
Shifting the Focus of Welfare Offices

New York City is converting its welfare offices into job centers, where people are encouraged to find jobs rather than rely on public assistance. Below are data from four of the first job centers.

JOB CENTERS
Greenwood, Brooklyn
Jamaica, Queens
Richmond, Staten Island
Long Island City, Queens

APPLICANTS(for week ending Aug. 7, 1998)

Greenwood, Brooklyn 83
Jamaica, Queens 163
Richmond, Staten Island 95
Long Island City, Queens 236

APPROVED FOR WELFARE BENEFITS

Greenwood, Brooklyn 18
Jamaica, Queens 44
Richmond, Staten Island 25
Long Island City, Queens 53

DENIED PUBLIC ASSISTANCE BUT . . .

Greenwood, Brooklyn 65
Jamaica, Queens 119
Richmond, Staten Island 70
Long Island City, Queens 183

. . . REFERRED TO MEDICAID OR FOOD STAMP PROGRAMS

Greenwood, Brooklyn 5
Jamaica, Queens 20
Richmond, Staten Island 5
Long Island City, Queens 16

(Source: New York City Human Resources Administration)

LANGUAGE: ENGLISH

LOAD-DATE: November 8, 1998

2ND STORY of Level 1 printed in FULL format.

Daily News (New York)

November 10, 1998, Tuesday

SECTION: News; Pg. 28

LENGTH: 340 words

HEADLINE: MAYOR, WELFARE CZAR NOT IN SYNC

BYLINE: By MAUREEN FAN

BODY:

A day after his welfare czar said the city would speed up its food stamp and Medicaid application process in response to a federal inquiry, Mayor Giuliani insisted the city would stick with the current system.

"The process is working very well," Giuliani said. "Unless they want to go back to the out-of-control, unaccountable system in the past, the procedures have to remain the way they are."

His comments were in sharp contrast to remarks made by Jason Turner, commissioner of the city's Human Resources Administration, in yesterday's New York Times.

Turner said the city's needy would start getting a full benefits application packet the first day they visited a city welfare office insuring the city is in full compliance with federal law.

Giuliani yesterday insisted the city already was in compliance and declined to explain the policy changes to which Turner was referring.

Anthony Coles, senior adviser to the mayor, later said federal officials met with Turner yesterday and indicated they would follow a 1996 welfare law, which is tougher on applicants than older welfare regulations still on the books.

Applicants for food stamps and Medicaid are currently able to register for help the first day they visit a city welfare office. But it takes a few days to complete the application process and even longer before benefits kick in.

The process is designed to weed out those who are ineligible for benefits and to discourage welfare fraud.

City Councilman Stephen DiBrienza (D-Brooklyn), chairman of the Council's General Welfare Committee, blasted such delays.

"Commissioner Turner's announcement that application packets will be provided on the first day for all those who seek food stamp benefits at city welfare offices amounts to a tacit admission that HRA has been violating federal rules," DiBrienza said.

Told Turner's announcement had been nixed, DiBrienza said, "Maybe his candor upset the mayor and maybe they'll continue to defend the status quo while people go hungry."

5TH STORY of Level 1 printed in FULL format.

Newsday (New York, NY)

November 10, 1998, Tuesday, QUEENS EDITION

SECTION: NEWS; Page A32

LENGTH: 622 words

HEADLINE: PROBING DROP IN MEDICAID CLAIMS / RUDY DEFENDS STRATEGY, CITING MISUSE, FRAUD

BYLINE: By Robert Polner. STAFF WRITER

BODY:

As federal officials began an inquiry into a steep drop in poor city residents drawing food stamps and medical insurance, Mayor Rudolph Giuliani yesterday stood by his administration's active effort to discourage the poor from going on welfare.

Giuliani's defense of tough new application procedures came a day after his own welfare commissioner, Jason Turner, stated publicly that the city would try to speed up the process, to appease federal officials. The mayor overruled Turner's published comments, insisting no changes will be needed.

Officials with the U.S. Department of Agriculture yesterday visited the city's Human Resources Administration to investigate the impact of the city's welfare-cutting strategy on poor persons access to food stamps.

A spokesman for the agriculture agency, Phil Shanholtzer, said the city's policy of waiting at least a day after an applicant's arrival to hand out a welfare application form violates federal guidelines requiring a same-day response.

The number of food-stamp recipients in the city dropped 200,000 to just over 1 million, in July, 1998, compared with about 1.2 million a year earlier, according to the latest city statistics.

The Giuliani administration also is facing a separate inquiry by the U.S. Health Care Financing Administration about its declining caseload for the federal health-insurance plan for the poor, known as Medicaid.

"I am concerned that many eligible low-income children and adults are being exposed to additional barriers to Medicaid," wrote Sue Kelly, a regional administrator for the agency. The United Hospital Fund, a healthcare services research organization, estimates that Medicaid recipients have dropped statewide by 400,000, to 1.2 million, since January, 1996. About 65 percent of the state's recipients live in New York City.

The inquiries mark the first time federal authorities have scrutinized Giuliani's new requirement that poor people, among other things, look for work for 30 days as a condition for receiving benefits. But whether officials are seeking to fine-tune the eligibility gantlet or something more far-reaching

could not be determined.

"Our review is continuing, and we don't know for how long - it could be weeks," Shanholtzer said.

Advocates for the poor contend the city's effort to discourage welfare, which was bolstered in April, allows only the most resourceful applicants to obtain benefits, depriving the most troubled families of cash, food and medical care.

"It's immoral," contended Gail Nayowith of Citizens Committee for Children, a nonprofit lobbying group.

While an estimated 53 percent of the people who asked to apply for welfare, food stamps and Medicaid were successful in the past, under the new policy about 25 percent are, city statistics show.

Giuliani said the application steps have been intentionally stretched out over two days to ensure that only those who truly need benefits are allowed to seek them, and so all poor people understand that they must not become dependent on them.

In particular, he called fraud an acute problem in the food-stamp program, necessitating the tougher screening.

"You've had scandalous food-stamp fraud cases, including cases in which people were . . . pulling up in limos to use their food stamps to buy groceries," Giuliani said. He said he was referring to TV reports, though he was not specific, nor was his press office when asked about it later.

Councilman Stephen DiBrienza (D-Brooklyn) said he and Council Speaker Peter Vallone would draft legislation that would require the city to provide food stamps and medical insurance before testing their eligibility for cash benefits through a mandatory job search.

LANGUAGE: English

LOAD-DATE: November 10, 1998

6TH STORY of Level 1 printed in FULL format.

Daily News (New York)

November 09, 1998, Monday

SECTION: News; Pg. 26

LENGTH: 373 words

HEADLINE: RUDY DEFENDS FIVE-DAY DELAY ON FOOD STAMPS

BYLINE: By MAUREEN FAN

BODY:

Mayor Giuliani yesterday argued that his welfare program fosters independence, and defended a five-day waiting period for emergency food stamps as necessary to root out fraud.

His comments came as federal officials were scheduled to arrive in New York today to investigate whether the city is illegally delaying food stamps and medical care for the poor.

"New York City's record on welfare has been the best in the country," Giuliani said.

"If there are any irregularities, the city has corrected them or will correct them, but the overall thrust of this program is a very good one."

Medicaid officials and the federal Department of Health and Human Services will check the city's compliance with a federal law requiring the needy be allowed to apply for food stamps and Medicaid without delay.

The mayor said there may be confusion because, in many cases, applications for welfare and for food stamps have been merged. Some people may qualify for one but not the other, he said.

But Giuliani insisted the application forms for food stamps and Medicaid were being handed out promptly. "What is happening really is that welfare and food stamps are now being preserved for people who really need them. And . . . you need to have a reasonable period of time in which to check the eligibility of people who want food stamps," he said.

But advocates for the poor said city workers trying to weed out those who don't need welfare wind up asking those who need food stamps and Medicaid to come back another day or apply for other forms of support first.

"There's no evidence at all that applications are being given out immediately," said City Councilman Stephen DiBrienza (D-Brooklyn), who chairs the council's general welfare committee.

"In fact, quite the contrary, they're told to come back the next day for further analysis and investigation. They're often told they have to engage in job search activities . . . all going toward whether or not they ultimately qualify for welfare."

Daily News (New York) November 09, 1998, Monday

Applicants seeking food stamps on an emergency basis face a five-day waiting period while officials check their eligibility.

Others have a 30-day waiting period a system that Giuliani said strikes "a good balance."

LOAD-DATE: November 10, 1998

8TH STORY of Level 1 printed in FULL format.

Newsday (New York, NY)

November 9, 1998, Monday, QUEENS EDITION

SECTION: NEWS; Page A19

LENGTH: 524 words

HEADLINE: LEGALITY OF WELFARE POLICY IN QUESTION / FOCUS ON WHETHER CITY WITHHELD BENEFITS

BYLINE: By Dan Janison. STAFF WRITER

BODY:

Federal officials are reviewing whether the city's new welfare policies are unlawfully keeping people who are eligible for food stamps and Medicaid from receiving those benefits, city officials acknowledged yesterday.

"If there are any irregularities, the city has corrected them or will correct them," said Mayor Rudolph Giuliani, who blamed "left-wing advocates" for sparking the inquiry by "trying to find whatever mistakes they can . . . to turn back welfare reform."

But City Councilman Stephen DiBrienza, chairman of the council's Committee on General Welfare, along with advocates for the poor, hailed the review and said federal law calls for encouraging the needy to apply for food stamps and Medicaid even if their cash benefits are being questioned.

Based on recent committee testimony, said DiBrienza (D-Brooklyn), it seems applications for all such benefits are being discouraged so the administration can show smaller numbers on the welfare rolls.

"Clearly this federal inquiry is welcomed and I dare say it may well rise to a federal probe once they look at the operations of the city offices," he said.

The federal Health Care Financing Administration, part of the U.S. Department of Health and Human Services, which oversees Medicaid, has been questioning city officials on the matter, as has the U.S. Agriculture Department, which oversees food stamps, The New York Times reported yesterday. Federal officials were not immediately available for comment.

Liz Krueger, who heads the nonprofit Community Food Resource Center in the city, explained that at city welfare offices, people's requests for food stamps, Medicaid and cash are all made as part of a single application.

Under recent changes in the system, those seeking the benefits are "diverted" - asked to return for another visit and told to seek jobs - she noted.

If a person without income seeks food stamps in a separate federal office - and shows zero income on the application - that person simply will be turned back to the city welfare office to apply also for cash benefits. People are barred from filing applications in different offices.

In this way, she said, the delays and obstacles that the city has been imposing, legally, on would-be welfare applicants have made it impossible for them to claim what remains their legal right to federal food and Medicaid benefits if poor. Krueger acknowledged her group has complained to agriculture officials about these roadblocks.

Staying on the attack, Giuliani - visiting Elmhurst Hospital Center - blasted the "emotional romantic judgment" given to food stamps although that program "was subjected to even more abuse than the welfare program."

The city now calls welfare offices "job centers," which turn away applicants at a higher rate since their re-naming this year.

DiBrienza, at a news conference in City Hall Park, said welfare applicants often sign a "confusing" form waiving their right to immediate Medicaid and food-stamp benefits. "They're at best inadvertently, and I'd think consciously, denying Medicaid and food stamps to people who are eligible," he said.

LANGUAGE: English

LOAD-DATE: November 9, 1998

The Food Stamp Fracas in New York

New York City's diminishing welfare rolls are a point of pride with Mayor Rudolph Giuliani. When he boasts around the country of his good deeds, the drop in welfare recipients rides triumphantly up there with a decrease in crime and a rise in civility. So it caused considerable consternation at City Hall when Federal officials questioned whether welfare applicants in the city were being told quickly enough that they could apply for food stamps and Medicaid, raising the possibility that the city was unjustifiably holding back Federal benefits.

The Mayor's welfare administrator quickly responded by asserting that the city had now taken an "extra precaution" by giving out applications for food stamps and Medicaid on the first day someone walks into a city welfare office asking for help. But the Mayor just as quickly denied that such a statement had ever been made or such an action taken, implying that there was no problem to fix. Now the Mayor's advisers are saying that Federal officials have basically given them a pass on their welfare plan — an assertion that is news to those in Washington trying to figure out whether New York's downsizing of welfare rolls follows Federal laws on food stamps and Medicaid.

Into this muddle come the city's 200,000 welfare applicants each year who are learning firsthand that for the poor, at least, Mayor Giuliani's New York offers no easy, free lunch. Welfare offices are being converted into job centers where applicants are encouraged to find work, become independent or take shelter with their relatives. At the new centers, a person who wants help is interviewed by a "financial adviser" who is supposed to help figure out any way possible to keep a welfare applicant off welfare.

Federal officials say that under even the new Federal welfare law, when this applicant walks in the door on day one, the city should hand over applications for food stamps and Medicaid, two benefits that can be available even if welfare ultimately is not. Mr. Giuliani's aides say that, under current practice, the applicant might simply be told the benefits exist, not automatically handed applications on the first visit. This policy, which still gives benefits from day one if the applicant ultimately passes the needs tests, triggers Federal concerns about whether some New Yorkers are failing to apply for benefits they are entitled to by law.

Although destroying the culture of dependency is an admirable end, for the working poor especially, food stamps or Medicaid can often provide the boost that keeps them from falling back onto welfare. The Mayor's welfare program has already succeeded on the stump. Now he has to make certain that it is humane enough for those in need throughout the city.

November 22, 1998

In an Odd Turn, Officials Are Pushing Welfare

By RACHEL L. SWARNS

Don't gasp, but bureaucrats are rolling out the welcome mats at some of the nation's welfare offices again.

They are beckoning the working poor and courting the thousands of single mothers abandoning the welfare rolls. And the message to those struggling to survive without government checks? "Don't forget to apply for Medicaid and food stamps!"

This touting of public charity may seem startling, even contradictory, at a time when government officials are pushing work, not welfare. But food stamps and Medicaid are considered vital entitlements that keep working people off welfare and the newly employed from slipping back on. And when federal officials noticed a surprising dip in the number of food stamp recipients earlier this year, they prodded states to act.

In a flurry of recent memos, federal officials told states to conduct "aggressive outreach" and regional officers to crack down on wayward localities. The fear is that local governments may be blocking access to food stamps and Medicaid as they persuade people to give up the dole, snatching a valuable crutch from welfare mothers hobbling toward self-reliance.

New York City, for instance, drew intense scrutiny earlier this month with its practice of delaying Medicaid and food stamp applications until a second visit to the welfare office. (Federal law requires them to be supplied without delay.)

But officials in some states are also wringing their hands over computers that sometimes improperly terminate food stamps and Medicaid benefits. And federal officials want to clear the clouds of confusion in poor communities where some believe that ending old-style welfare means an end to all government assistance.

Already, the federal government's urgings -- coupled with local concerns for the poor -- have persuaded some states to do the unthinkable: vigorously hawk public aid. Maryland, where colorful brochures about Medicaid and food stamps are stacked in its welfare waiting rooms, now plans to mail that information to the 2,500 single mothers who leave the welfare rolls each month.

South Dakota has sent hundreds of letters to food stamp recipients to make sure they know about Medicaid. And in Wisconsin, which has stationed Medicaid and food stamp workers in some hospitals, Milwaukee is considering

revamping its application process altogether.

Instead of meeting first with workers who discourage applications for welfare, clients in Milwaukee may soon stop first at the desks of officials who will discuss their rights to food stamps and Medicaid, a shift sought by advocates for the poor.

"We're learning that you need to let people know they're eligible," said Jean Rogers, an administrator at Wisconsin's Department of Workforce Development. "Both of these issues speak to being able to hold a job," she said. "If you're sick, you can't hold down a job. If you're hungry the same applies."

But not everyone has joined the rush to embrace food stamps, which are financed entirely by the federal government, and Medicaid, which is partly financed by the federal government. Some local officials are still ambivalent, particularly about pushing food stamps, a benefit tainted, to some, by welfare's sour smell of failure.

Federal officials have taken pains to distinguish between the two. By law, municipalities can discourage people from applying for welfare. Food stamps and Medicaid, however, are still federal entitlements and applications must be offered without delay.

But for some officials, the dividing line is still blurry. Texas, for instance, gives awards to welfare offices that discourage the largest numbers of people from applying for welfare and food stamps. (State officials say they are now reconsidering the reward for food stamps.)

And in New York City, where applications are generally offered only on a second visit, officials protest that offering easier access to food stamps and Medicaid would damage their efforts to destroy the culture of dependency in poor neighborhoods.

"Some states have not bought in at a philosophical level that they should make sure people get food stamps and Medicaid," said Liz Schott, an analyst at the Center on Budget and Policy Priorities, a nonprofit research group in Washington.

For the most part, it's not intentional," said Ms. Schott, who has studied the issue. "It's not that they don't want people to get food stamps or Medicaid. But this zeal to reduce the welfare caseloads hasn't been separated from food stamps and Medicaid."

Such concerns bubbled up earlier this year when advocates for the poor began noticing that the number of food stamp recipients had fallen by 25 percent since 1996, the year the new welfare law was signed, a decline that federal officials say cannot be explained by the improved economy. (Comparable Medicaid statistics are not yet available. In New York, declines in Medicaid and food stamps have been similar.)

At first, some officials thought people were finding jobs and no longer needed food stamps, said Julie Paradis, an undersecretary at the Department of Agriculture. But a closer look at the statistics -- and conversations with advocates for the poor -- convinced federal officials that many people were simply struggling without benefits, she said. Most local officials now believe the downward trend must be slowed, she added.

Those officials are now reaching out to applicants who are confused by the new

DEPARTMENT OF HEALTH & HUMAN SERVICES

Lynnette Williams

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Date: 11/18/98 Total number of pages sent: 2

Comments:

We provided the attached to Secy. Shalala before she went to New York last week. Let me know if you need further info. Dept of Agriculture has a Q's + A's from their perspective

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

III. Medicaid Eligibility Entitlement Issues:

In response to allegations that individuals were not being afforded the right to apply for medical assistance [in New York City] as reported in *The New York Times*, the HCFA Regional Office initiated correspondence with the New York State Department of Health Office of Medicaid Management beginning in July 1998 to provide written policies and/or procedures on the Medicaid application and referral process in New York City. Documentation received from the New York State Department of Health on October 19, 1998 was inadequate to address concerns raised by the HCFA Regional Office.

The Department of Agriculture has also requested information from city and state officials about Medicaid and Food Stamp application procedures to ensure that these federally guaranteed programs serve all qualified applicants, as required by federal law. This information gathering is in process.

A meeting has been scheduled between the HCFA Regional Office and the New York State Medicaid Director for November 13, 1998 to review the State's documentation of New York City policies and procedures as well as the results of State monitoring activities. We expect more specific information at that meeting on the State's ongoing monitoring review as well as the status of New York City's administration of the Medicaid eligibility process. Early indication from the State suggests that New York City is making changes to facilitate the application process for Medicaid. New York City has advised the New York State Health Department that the Human Resources Administration, (HRA), will be placing out stationed Medicaid workers in the Job Centers. This was confirmed on November 10, 1998 by Ms. Ann Kohler, New York State Medicaid Director, based on her communications with the Executive Deputy Commissioner of HRA.

HEALTH CARE FINANCING ADMINISTRATION

ADDRESSEE: Deborah **PHONE:** _____	**FROM:** Peter **OFFICE OF THE ADMINISTRATOR** **200 INDEPENDENCE AVE., S.W.** **ROOM 314G** **WASHINGTON, DC 20201** **PHONE: 202-690-6726** **FAX : 202-690-6262**

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Testimony of Judith Berek,
New York Regional Administrator,
Health Care Financing Administration
to the
New York State Assembly Committee on Health & Committee on Social Services
Regarding the
Policy of the New York City Human Resources Administration on Medicaid Applications
December 21, 1998

Good morning, Mr. Gottfried, Ms. Jacobs and members of the Assembly Committee on Health and Committee on Social Services. Thank you for the opportunity to provide testimony to your committees at this public hearing on the Medicaid application process in New York City.

The historic law reforming welfare has had impressive success nationwide. The law includes critical provisions to ensure that, as individuals leave welfare and enter the job market, they continue to get the health care they are entitled to under Medicaid. Applicants encouraged to find work must not be discouraged from obtaining needed care. ~~We are concerned about adherence to these legal requirements in New York.~~

Medicaid Statutory and Regulatory Requirements

~~Let me begin by reviewing with you Federal law and regulation as they pertain to Medicaid requirements.~~

- Section 1902(a)(8) of the Social Security Act requires the state plan for medical assistance to "provide that all individuals wishing to make application for medical assistance under the plan shall have the opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals.

- Section 1902(a)(4) of the Act provides that the state plan shall "provide (A) such methods of administration... as are found by the Secretary to be necessary for the proper and efficient operation of the plan.
- Section 1902(a)(19) of the Act provides that the state plan shall "provide such safeguards as may be necessary to assure that eligibility for care and services under the plan will be determined, and such care and services will be provided, in a manner consistent with simplicity of administration and the best interests of recipients.

The relevant regulations appear at 42 C.F.R. Section 435.901-909. These regulations mainly repeat the statutory requirements. However, 42 C.F.R. Section 435.906 further clarifies the statutory language in Section 1902(a)(8) regarding the "shall have an opportunity to do so" requirement governing applications. The regulation states, "The agency must afford an individual wishing to do so the opportunity to apply for Medicaid without delay." (C)

The obligation to provide a Medicaid application to all individuals who request it applies to the State Medicaid agency, in this case the New York State Department of Health, or its designated local agencies. In New York City, the Human Resources Administration (HRA) is the local agency designated by New York State to administer the local Medicaid program. In addition, HRA administers the Temporary Assistance for Needy Families (TANF) program. In New York City, HRA accepts a joint application for TANF and Medicaid. (B)

HCFA Guidance to State Medicaid Agencies

In June, 1998, the Health Care Financing Administration (HCFA) and the Administration for

Children and Families wrote a joint letter to State Medicaid and State TANF Administrators to provide guidance on the "delinking" of Medicaid from TANF assistance under welfare reform. In decoupling Medicaid from cash assistance under welfare reform, Medicaid eligibility is not tied to TANF eligibility criteria. However, the law provides States with sufficient flexibility to conform and harmonize the eligibility criteria of TANF and of Medicaid so that States effectively have the option of providing automatic Medicaid eligibility to TANF cash assistance recipients. However eligibility for Medicaid is not limited to TANF eligibility but extends to a number of non-TANF groups, for example, pregnant women and children in families with income below a percent of poverty. Therefore, the June 5, 1998 letter served as a reminder that States cannot deny an individual or a family Medicaid eligibility simply because the family does not meet the TANF requirements. The guidance to States specified the following:

- Families who inquire about or apply for TANF should also receive information about Medicaid and the Child Health Insurance Program (CHIP), how to apply for these programs, and how to receive assistance with the applications.
- States were encouraged to use joint applications, or to have a process for taking separate CHIP and Medicaid applications and providing application assistance at TANF sites. This could be done by training TANF staff or by stationing Medicaid eligibility workers at TANF sites.
- The letter noted that as part of welfare reform, a number of States had chosen to provide "welfare diversion assistance" to families in need, or to require certain activities before a TANF application is taken. The letter stated that it is critical that States with diversion programs conduct aggressive outreach to provide Medicaid information to families and to

take all possible steps to assure that eligible children are enrolled in Medicaid and CHIP.

- States were also reminded that they cannot deny a family Medicaid eligibility because the family is ineligible for TANF. Accordingly, States should separately determine Medicaid eligibility for families that make a joint TANF/Medicaid applications if TANF benefits are denied.

Requests for Information on the Medicaid Eligibility Process

On June 22, *The New York Times* ran an article that discussed the process that applicants must follow when seeking public assistance and Medicaid. During the following five to six months the media coverage alleged that strict interpretation of welfare reform appeared to create barriers to individuals seeking Medicaid coverage. In response to these news reports and based on complaints and concerns expressed by individuals, providers, provider associations, patient advocates, and legal representatives, HCFA began in July 1998 to request information from the New York State Department of Health regarding State and New York City policies, procedures and practices on the Medicaid application and referral process. Following written requests made by HCFA during the months of July through October of this year, the New York State Department of Health provided copies of State policies and procedures in correspondence dated October 19, 1998. During a meeting with State and New York City representatives on November 13, 1998 the New York State Department of Health also provided New York City HRA policies and procedures to HCFA staff. A subsequent meeting and correspondence have attempted to gather the following facts regarding the Medicaid eligibility process in New York City:

- How does the Medicaid eligibility process function in New York City?
- Recognizing that applications can be processed at numerous HRA offices throughout the five boroughs, whether they are TANF sites (including Job Centers and Income Support Centers) or Medicaid-only offices administered by HRA, how does New York State assure compliance with federal rules and law? Specifically how does the New York State Department of Health and HRA, its designated local agency in New York City, comply with the requirement that individuals wishing to apply for Medicaid have the opportunity to do so "without delay" as required by 42 C.F.R. Section 435.906?
- How does the State provide needy individuals and families with information about Medicaid and CHIP, how to apply for these programs, and how to receive assistance with applications in New York City?
- How does the State establish the application date for persons in need and requesting medical assistance in New York City?
- How does the State assure that families who have jointly applied for TANF and Medicaid receive a separate Medicaid determination if they are denied TANF or withdraw their application for TANF alone?
- How is the State conducting outreach efforts to provide Medicaid and CHIP information to families seeking assistance in New York City?

Recent New York State and City Response

In meetings with HCFA on November 13 and December 11, New York City and New York State officials advised of plans for disseminating informational brochures on the Medicaid application

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process and for stationing Medicaid eligibility workers in Job Center and Income Support sites in New York City. We understand that it is HRA's intention to improve access to information on Medicaid and to assist the Medicaid application process in New York City. HCFA continues the process of gathering information and determining whether the State and its local agencies are in compliance with Federal law and regulation. You will note that we are still engaged in a rigorous process of gathering the facts and evaluating the policies, procedures and practices in New York State and New York City.

While we cannot give you a definitive assessment or determination about compliance in New York City as of today, I can assure you that the Medicaid eligibility process is of paramount concern to our agency. We are committed to continuing to work with the State and New York City to provide a public assurance that needy individuals and families eligible for medical assistance are being given the information they need and the opportunity to apply "without delay."

In summary, we are concerned about adherence to these legal requirements in New York State. The course of action we at HCFA are taking to review this situation is appropriate considering the seriousness of this issue. However, we cannot conclude at this time that the state is in full compliance with Federal law.

Bonnie NJDSH

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Fax #:	202-690-6262	**Pages:**	7, including this cover sheet.
From:	Lynne M. Testa		
Subject:	News Articles on Medicaid Eligibility		

COMMENTS:

FYI- If you require updated information from us this morning, please call me at 212-264-3379. Thanks again.

P/s fax to:

David Smith 619-1212 ~~619-3601~~ (phone)

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NY TIMES 1/21/99.

State Officials Add to U.S. Criticism of New York City's Food Stamp Program

By RACHEL L. SWARNS

Even as Federal officials criticized New York City's policy of delaying the distribution of food stamp applications to the poor, state officials said yesterday that city workers had also mistakenly given food stamps to large numbers of ineligible immigrants and others.

Over the last eight months, about 20 state auditors have pored over the records of nearly 1,000 food stamp cases in New York City in an effort to correct the improper payments to immigrants, state officials said.

In their zeal to protect legal immigrants who were denied food stamps under the Federal welfare law of 1996, city workers mistakenly approved the applications of large numbers of people who were ineligible for a newly created, state-financed food stamp program for immigrants, which covered only the elderly, the disabled, and children under 18, state officials said.

At the same time, state officials say they were struggling to monitor problems in the city's welfare offices, where they discovered that some city workers were failing to attend to the emergency food needs of the poor.

And by November, state officials were warning that the city's violations might result in financial sanctions from the United States Department of Agriculture, which oversees the state's food stamp programs.

"We have struggled throughout the one-year life of the State Food Assistance Program to avert a disaster due to New York City's flagrant disregard of program rules," wrote Brian J. Wing, Commissioner of the state's Office of Temporary and Disability Assistance, in a November letter that referred to the food stamp program for legal immigrants.

"We were forced to set a precedent by sending our auditors into New York City to clean up the F.A.P. program (which New York City agreed to take part in)," Mr. Wing said in the letter, which was made public yesterday. "And we currently are doing all we can to hold off the arrival of the U.S.D.A. Office of Inspector General, until we can get the mess in New York City cleaned up."

The bleak description of New York City's food stamp program came one day after officials outlined the findings of a Federal draft report that concluded that the city was violating the law by denying poor people the right to apply promptly for food stamps, inadequately screening families for emergency needs and mistakenly requiring the poor to search for work before receiving help.

Mr. Wing's letter and the Federal report, which was prepared by the Agriculture Department, were presented as evidence yesterday in a Federal class-action lawsuit filed by lawyers for the poor on behalf of people denied access to applications.

And in a hearing in that lawsuit yesterday, Judith Bernstein, a state official assigned to monitor the city's welfare operations, testified that her office identified the delays in distributing food stamp applications "as a problem, as an issue" last June.

State officials also learned last June that the city was failing to offer emergency food assistance to poor families as required before the Federal report.

And Patricia Smith, the executive deputy commissioner at the city's Human Resources Administration, described the problem in even greater detail yesterday, saying that some city workers were mistakenly directing poor people to food pantries instead of processing their applications for emergency food stamps.

Ms. Smith said she investigated the problem in December after the class-action lawsuit was filed. And she testified yesterday that some city workers also mistakenly denied access to food stamp applications if people showed up for interviews without their family members.

Lawyers for the city argued that the problems were isolated, not systemic. And state officials said the city has already agreed to address the problems, to develop a new application form, to improve the screening process for emergency food needs and to allow food stamp applicants with children under the age of to forgo the job search requirements.

Mayor Rudolph W. Giuliani assailed the Federal draft report, calling it "more of a political document than a valid, substantive governmental document." And he said Federal laws that require welfare offices to promptly offer food stamp applications appeared to conflict with Federal rules that allow states and cities to discourage people from applying for welfare.

Agriculture officials disagree, saying that food stamps play a critical role in the new welfare-to-work efforts because they keep the working poor off welfare and keep the newly employed from slipping back on.

But even as officials bickered over the Federal report, Ms. Bernstein was acknowledging in court that state officials feared they were too shorthanded to monitor city operations and to correct its problems.

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100 YEARS SOCIAL WORK

Focus on Welfare Reform

Job Centers: NYC's diversion from aid = loss of human rights

As part of its plan to keep social workers informed of and involved in the latest developments in welfare reform, especially at the local level, the New York City Chapter's Task Force on Welfare Reform will run a series of articles in Currents, beginning with this one by Julie Carlson, a social work intern with the Urban Justice Center. Ms. Carlson, a student at the Hunter College School of Social Work, is helping to coordinate the Center's Human Rights Documentation Project. The Chapter's Task Force is doing cooperative work with the Center as well as with other area welfare advocacy groups as part of its effort to educate and activate social workers. This information was included in a recent presentation to the Chapter's Board of Directors.

The nation's punitive welfare reforms have spurred a new movement that defines the violation of welfare rights as a loss of human rights. As part of this effort, the Human Rights Documentation Project organized by the Urban Justice Center has been surveying applicants as they leave New York City's Income Maintenance Centers, now called "Job Centers."

As part of the new "work first" philosophy embodied in the latest welfare reform, the Human Resources Administration began converting its welfare of-

(Continued on page 8)

The Chapter's Welfare Reform Task Force reports to the Board of Directors: from left, Task Force members Dr. Mimi Abramovitz, Eri Noguchi, and Co-chair Diane Borko.

Managed Care Companies Reduce Social Work Fees

Two major managed care organizations have lowered the fees being paid to social workers for mental health services. NASW leaders are meeting with representatives of Magellen and Value Options to address this; political and legal strategies are being explored. See page 3.

Focus on Welfare Reform

(Continued from page 1)

fices into Job Centers. Nine of the city's 33 welfare offices have already been converted and all 33 will be changed over within the next year. The stated goal of the Job Center is to help persons applying for public assistance, many of whom are women with children, find employment. Many observers agree, however, that the new policy's real purpose is to divert people from using the welfare program altogether. Unlike the former Income Maintenance Centers, which brought people, however begrudgingly, into the system, the Job Centers try to keep people out.

One of the most significant changes within the new Job Centers is that applicants are required to complete a complicated 35-50 day application process before they become eligible for welfare. Day One of this process begins with a five page form. Since these forms are only distributed before 9:30 am, many who arrive after that time are told to come back the next day. After completing the first form, most applicants must then wait all day to interview with a "financial planner" whose job it is to "help" applicants tap into financial resources other than welfare. That is, applicants are "encouraged" to turn to family, food pantries, soup kitchens– anything but welfare–for help. Applicants who make it past the interview may apply for benefits. But to prove they are "truly needy," they must come back the next day to file a public assistance application form and continue meeting with a variety of other welfare officials.

While the public assistance application is being processed, the applicant must participate in mandated job search activities for seven hours a day. This consists of making calls to want ads listed in the paper and to employers in the phone book, even though these methods are well-known to be the least effective ways to find a job. If at any point during this process a person misses a Job Center appointment, s/he must start all over again. It is especially difficult to complete the Job Center requirements for those who e physically or mentally unable to maneuver through the confusing and demanding process. If no job is found within 35-50 days, the applicant is automatically placed in the Work Experience Program (WEP). WEP is New York City's version of "workfare" which requires welfare recipients to "work off" their benefits.

The Job Center may sound effective to some. However, experience shows that its main purpose is to make the process of applying for welfare so unpleasant and punitive that only the "most desperate" people will try. Prior to the Job Center conversions, the majority of welfare, Food Stamps and Medicaid applicants received benefits. Now only 25 percent do.

HRA would like us to believe that the tremendous drop in the welfare roles proves that people with dire economic needs do not want to work or aren't really in need of public assistance. However, the growing number of people utilizing food pantries, soup kitchens and shelters suggest otherwise. So do the realities of New York City's 9 percent unemployment rate, shrinking number of entry-level jobs, and lack of affordable child care.

Our data as part of the Human Rights Documentation Project remains preliminary. However, we have met many people who report they are not receiving emergency assistance (even though they qualify), child care, and other resources necessary to comply with mandated Job Center activities, such as carfare. The Center's diversion tactics have left so many without Food Stamps, Medicaid, and welfare, that federal Food Stamp and Medicaid authorities are investigating the Center process. Locally, the General Welfare Committee of the NYC Council is considering "right to apply" legislation to ensure that the Giuliani Administration obeys the law regarding the provision of social services.

Social workers see and understand first hand the devastating impact of such punitive welfare "reforms." The Human Rights Documentation Project would like to distribute our short survey to social workers. If you have contact with Job Center applicants and would like to join the effort to make the City honor its commitment to the poor, please call Tracy Morgan, CSW, Urban Justice Center,212-533-0540 x343.

NASW's Welfare Reform Task Force welcomes new participants. For more information, call the Chapter office at (212) 668-0050.

Community Food Resource Center publishes advocates' guide to welfare rules

The Community Food Resource Center (CFRC) has just published "An Advocate's Guide to the Welfare Work Rules." This Guide is a valuable resource in enhancing advocacy work and will contribute to the protection and assertion of the legal rights of low-income New Yorkers in this critical arena.

The 60 page Guide, which costs $10, features:

- a clear, detailed description of the law concerning the work rules in New York.
- footnotes citing the relevant state statutes and regulations.
- sections providing advice, called "Advocacy Tips".
- appendices that cover, among other topics:
  - procedures HRA is beginning to implement on a pilot basis.
  - useful contacts.
  - a listing of litigation involving the work rules and fair hearing issues.
  - a checklist of potential fair hear ing issues.

For ordering information, call CFRC at (212) 344-0195, ext. 312.

U.S. Audit Is Said to Criticize Giuliani's Strict Welfare Plan

NEW YORK TIMES 1/20/99

By RACHEL L. SWARNS

A two-month Federal inquiry into New York City's welfare program has found that city officials routinely violate the law by denying poor people the right to apply promptly for food stamps, according to two officials who have read a draft report prepared by the United States Department of Agriculture.

The officials said Federal auditors, who reviewed 600 cases at two welfare offices in Queens, had found that city workers failed to make applications immediately available as required by law. The workers also failed to screen families for emergency food needs, required the poor to search for jobs before receiving help and cut off food stamps to needy families who were still eligible for those benefits, the officials said, speaking on the condition that neither they nor their agencies be identified.

The Federal investigators, the officials said, also sharply criticized the state for failing to properly monitor the city's welfare program, which the Giuliani administration has said was intended to discourage people from applying for public benefits, including food stamps. Advocates for the poor — not state officials — alerted the Federal Government to the problems at city welfare offices.

"Substantial noncompliance with the food stamp act and regulations has gone undetected and unaddressed at the local level," the report said, according to the two officials who described its findings to The New York Times.

The Federal report offered the sharpest criticism yet of Mayor Rudolph W. Giuliani's tough welfare policies, which Mr. Giuliani has repeatedly described as one of his biggest accomplishments. Federal officials are also reviewing the city's Medicaid policies to determine whether the city is improperly preventing the poor from applying for medical assistance.

Officials from the Department of Agriculture, who presented the draft report to the city and state last week, told the local officials that they must act immediately to correct the deficiencies and gave them until yesterday evening to respond.

City officials declined to discuss the report or to describe the changes they were making in response to it. Instead, they accused the investigators of trying to sabotage their efforts to push people to rely more on themselves and less on government.

"The review being conducted by U.S.D.A. is a misguided effort intended to derail the state and city's progress in transforming welfare, which includes food stamps, into one where work and self-sufficiency are the foremost objectives of the program," said Debra Sproles, a spokeswoman for the city's Human Resources Administration, which runs the city's welfare programs.

State officials said they had responded in writing, telling the Federal auditors that the city had agreed to develop a new application form, to improve the screening process for emergency food needs and to allow food stamp applicants with children under 6 to forgo the work requirement. But the state officials vigorously defended their oversight of the city, saying the problems were minor and already being addressed.

"We have spent unprecedented amounts of time working on various food stamp issues," said Daniel D. Hogan, a Deputy Commissioner of the state's Office of Temporary and Disability Assistance, which oversees welfare programs in New York City.

"We have asked the Federal Government to withdraw this review," Mr. Hogan said. "There's no basis for it. A conference call could have taken care of these issues. The city's only intention here is to run a fair, efficient operation that works."

Federal officials, who have the power to withhold financing from states that fail to address legal violations, plan to issue a final report in several weeks once they review New York's comments on their findings. But the inquiry has already spawned a Federal class-action lawsuit, filed by lawyers for the poor last month, as well as some soul searching in welfare offices and state capitals across the country.

The situation in New York highlights the conundrum confronted by welfare officials across the country, who find themselves struggling to juggle two very different Federal mandates. On one hand, the Federal welfare law allows states and municipalities to discourage people from applying for cash benefits, and offers financial incentives for those with declines in their caseloads.

On the other, the law requires states to encourage the needy to apply for food stamps and Medicaid, two benefits described as critical by Federal officials hoping to keep the working poor off welfare and the newly employed from returning.

While the law allows food stamp applicants who are denied benefits to appeal those decisions, it was unclear last night whether people who have been improperly discouraged from applying for food stamps have any recourse, beyond reapplying. An official familiar with the Federal report said it did not address that issue.

New York City began its new application process in April when it started converting welfare offices into "job centers," where caseworkers encourage people to seek child support payments, unemployment benefits or help from food pantries instead of cash benefits. The workers offer applications only if a person returns for a second appointment.

About a third of the city's welfare offices currently operate under those rules. When the Federal investigators examined the two Queens offices, they were among only 9 of the roughly 30 offices citywide that had been converted.

The welfare issue is important to Mayor Giuliani, who may be contemplating national office and often mentions his tougher approach to welfare when he travels across the country testing the political waters. And when the Federal inquiry became public in November, Mr. Giuliani began a vigorous attack on the Federal investigators and advocates for the poor.

At first, Jason Turner, the city's welfare Commissioner, told The Times that he would speed up the distribution of applications to the poor as a precaution while the Government conducted its inquiry.

But the next day, city officials said they would not speed up the distribution. They said agriculture officials had determined that their policies complied with Federal law, an assertion the officials promptly denied.

Later that week, Mr. Giuliani said that The Times had not reported Mr. Turner's remarks accurately, adding, "Sometimes, things aren't reported exactly the way somebody says something because there is an emotional or ideological bias." Mr. Turner did not complain of being misquoted, but he was no longer available to comment.

U.S. Audit Is Said to Fault Giuliani's Welfare Program

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NEWSDAY - JAN. 21, 1999

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A Welfare 'Mess'

Fed report, state official fault city's food stamp policy

By Robert Polner
STAFF WRITER

A federal report and a state official's letter made public yesterday over the city's objections assailed the Giuliani administration for illegally denying food stamps to the poor.

In a letter marked "confidential," state Social Services Commissioner Brian Wing said the city was in "flagrant disregard" of food stamp rules. He added in the Nov. 25 letter to state budget officials that he was trying to hold off the arrival of federal investigators "until we can get the mess New York City created cleaned up."

The letter and the federal investigators' preliminary report both were released yesterday at U.S. District Court in Manhattan in connection with a lawsuit challenging Mayor Rudolph Giuliani's policies for slashing welfare rolls.

In the draft report, the U.S. Department of Agriculture, which oversees the food stamp program, found that new hurdles to government benefits that Giuliani imposed starting last April violated federal law.

The two-month inquiry found city officials routinely violate the law by denying poor people their right to apply promptly for food stamps.

At the start of a trial before U.S. District Court Judge William Pauley, attorneys for the state and city argued the report and letter should not be released, saying the report was still in draft form and the letter, an appeal for budgetary resources, did not accurately reflect Wing's views.

But the judge ruled that the report and letter could be entered into evidence, making them public.

Also emerging at the court hearing was a Jan. 15 letter that city Social Services Commissioner Jason Turner wrote to the Department of Agriculture, urging it to refrain from releasing what he called "a flawed draft report."

Turner and Wing, who defended the city's efforts in a Jan. 19 letter also released at the trial, both called on the Department of Agriculture to clarify its food stamp rules.

But the Department of Agriculture report stated the rules needed no further clarifying, noting that the nation's food stamp program was clearly protected from the sweeping changes set in motion by Congress' 1996 welfare reform law. It added that this point was underscored in memos to the states sent after the law passed.

Last year, when the Department of Agriculture began its probe, Giuliani stepped in to order that the city continue his policy. He did this even though Turner had said he planned to make the changes the federal agency was seeking.

The two-month inquiry found city officials routinely violate the law by denying poor people their right to apply promptly for food stamps.

In reviews of 600 case files at two "job centers" — formerly welfare offices — in Long Island City and Jamaica, the department's investigators found that the Giuliani administration ran afoul of federal law.

The report said the city illegally encourages the poor to withdraw applications for temporary cash assistance, only to treat this as a withdrawal of their food stamp requests. "Households are not told of their right to apply for food stamp benefits independent of other program choices," the report stated.

Meanwhile, it added, most of those who seek food stamps are deterred by the city's refusal to let people apply on the day they show up.

At a news conference before the judge released the documents, Giuliani defended the city's food stamp process, saying the investigation reflects internal policy disputes within the Department of Agriculture. He assailed "political leaks" of the report, referring to an account that appeared yesterday in The New York Times.

Giuliani insisted that food stamp laws have been loosened to allow states to move people away from welfare dependency, and he attacked the food stamp program, saying food stamps have sometimes been used "to buy drugs."

Despite his Nov. 25 letter, Wing defended the city in the Jan. 19 response to the draft report, which was sent to federal officials. He claimed the report "fails to place the findings in its context" since investigators reviewed "a small part of a very large and complex urban welfare system that is dynamic."

New York City Admits Turning Away Poor

In Reversal, Tells Court That Workers Will Assist Claims for Aid

By RACHEL L. SWARNS

Conceding that city workers have improperly denied poor people access to food stamps and medical assistance, the Giuliani administration has agreed to retrain hundreds of employees, monitor welfare centers, revise application forms and post signs clearly outlining the public's rights to Government benefits, city officials said yesterday.

The decision, which became public yesterday during a hearing in Federal court, marked a startling reversal for city officials, who had repeatedly insisted that their workers do not violate Federal laws requiring them to allow people to apply for food stamps and Medicaid without delay.

In testimony yesterday, city officials acknowledged that welfare workers had repeatedly violated the law. Some workers sent the hungry to food pantries instead of screening them for emergency benefits, the officials testified. Others refused to consider the applications of immigrants or women who showed up without their husbands, they said, and other employees turned away anyone who tried to apply for benefits after 11 A.M.

On Wednesday, city lawyers had described some of these issues as isolated problems, but yesterday they acknowledged that corrective action was necessary systemwide.

Citing those "shortcomings" in the city's tough new application process, Judge William H. Pauley 3d of Federal District Court in Manhattan said yesterday that he might block the Giuliani administration from expanding the process to other welfare centers until the city can correct its problems. He said he would hear arguments on the issues today.

"I'm trying to understand why the city would be harmed if there was a breathing space of about a month where the city could put corrective measures into effect so everyone could sit back and see whether they're solving the problem," said Judge Pauley, who is presiding over a class-action lawsuit filed against the city by lawyers for the poor.

The city's pledge to improve the application process was intended to resolve the lawsuit, which was filed by lawyers from the Legal Aid Society and the Welfare Law Center. Last night, those lawyers said they still were reviewing the city's plan.

The changes announced by the Giuliani administration do not address a central concern raised by auditors at the United States Department of Agriculture, who say, according to a draft report of their findings, that the city's two-day application process violates Federal law. The Agriculture Department will issue a final report in coming weeks that could require the city to make additional changes.

The new application process has begun in 13 welfare offices that have been converted to "job centers," where applicants are discouraged from applying for public assistance. City officials view the centers as critical to their efforts to promote self-reliance among the poor. They said yesterday that a month's delay in opening four new job centers would demoralize workers and hurt the city.

> *The Giuliani administration concedes that it improperly denied Federal benefits.*

"It would be a big setback to everyone who has worked so hard," Jason A. Turner, Commissioner of the Human Resources Administration, told the court.

Mr. Turner, whose agency runs the city's welfare programs, said "operational difficulties" were to be expected in any new program, and emphasized that the city was ready to resolve them as they converted the remaining 18 welfare offices. "We have a system in place to make corrections and adjustments along the way," he said.

In yesterday's testimony, however, city officials said that the system had often failed to resolve persistent problems.

Patricia Smith, an executive deputy commissioner at H.R.A., testified that she was "surprised" and "outraged" when an internal city review revealed that workers in a Queens center were turning away applicants who showed up after 11 A.M.

She said she emphasized that applicants must be seen all day, during business hours. But similar complaints resurfaced in December in four job centers, including the one in Queens. Soon thereafter, the city became aware that a Manhattan center was sending the poor to food pantries instead of assessing their needs for emergency food stamps.

Again, the city admonished center directors, officials said, reminding them of proper procedure. But Jean Sheil, a deputy commissioner, acknowledged under oath that the city did not consider reviewing the welfare application process until the class-action lawsuit was filed in December. Ms. Smith said the city took no action beyond sending memos to insure that similar problems were not occurring in all job centers.

"It was a question of time and resources," Ms. Smith said when Judge Pauley asked her why city officials had not visited all centers to insure that proper policy was being followed.

Mr. Turner said he believed that people should rely on themselves, if they can, instead of on welfare or food stamps. He emphasized, however, that the city's policy was to make sure that "all benefits to which individuals are entitled are freely available to them."

But the city's own witnesses reflected the Giuliani administration's struggles to convey that message to front-line workers. Several city officials, for instance, denied that employees automatically deny applications for food stamps and Medicaid when clients are deemed ineligible for welfare. In those cases, the officials said, the workers follow the law, keeping the food stamps and Medicaid cases open so they can be independently evaluated.

But when a city caseworker, Sylvia Gonzalez, was asked later in the day how she handles those cases, she responded without hesitation.

"I reject the whole case," Ms. Gonzalez testified, referring to food stamps, Medicaid and welfare. "It's a whole package."

To Deborah

DRAFT: Jan, 21st 11:00am

Questions and Answers
Regarding Testimony of Sue Kelly on the
New York Medicaid Application Issue

General Comment to Press from Regional Office

We requested information from the state about Medicaid application procedures to ensure that this federally guaranteed program serve all qualified applicants, as required by federal law. We're still gathering information. Beyond that, we don't have anything to add to Ms. Kelly's testimony. testimony.

Q&A to be used by ASPA and HCFA Press

1) What is HCFA doing to investigate the allegations that people are being discouraged from applying for Medicaid? Has the State responded to your request for information and documentation about these eligibility issues?

In correspondence and meetings with the New York State Department of Health (NYSDOH), HCFA has requested that the State provide reports on any compliance reviews or monitoring activities conducted by the NYSDOH. In addition, we have requested and we are reviewing documentation on the Medicaid enrollment policy and procedures. We have referred specific complaints to the State for investigation. Given that the State is responsible for supervising the local administration of the Medicaid program in New York City, we expect that the State will have methods and systems for monitoring compliance with Federal statute rules and regulations.

HCFA's first priority is to have the NYSDOH conduct compliance reviews and report to HCFA its findings on the City's activities. If HCFA is unable to obtain all the information that has been requested, then HCFA is prepared to conduct on-site monitoring reviews to determine compliance in local offices.

2) When will the investigation be complete?

It would be inappropriate to comment on a continuing investigation. Also, this is a very complex matter, so it is difficult to comment on when the review will be complete.

3) We understand that Food Stamps has already conducted its investigation and has concluded that New York is out of compliance. What is taking HCFA so long?

Food Stamps operates under a different legal authority, and I have not seen their report. I, therefore, can't comment on that agencies actives. However, with regard to Medicaid, this issue is complicated, and we are working to conduct a comprehensive analysis as quickly as possible. In order to be accurate, these activities take time. HCFA contacted the State as soon as we became aware of the potential problems. In correspondence and meetings held in November and

6) If the State is out of compliance with Federal regulation, what can HCFA do?

We support welfare reform, and we applaud the Mayor's effort to work with individuals to help them find jobs. However, due to the concerns regarding the eligibility process, HCFA is gathering facts and evaluating the policies, procedures, and practices of applying for Medicaid in New York. Under welfare reform, Congress never intended for it to be more difficult for applicants to obtain Medicaid. In fact, Medicaid can help persons on welfare return to mainstream work.

HCFA's only interest is in making sure that persons eligible for Medicaid are enrolled and receive the appropriate benefits. We believe that the State will be responsive and is interested in working with us to resolve any identified problems. Violations of law may or may not have occurred --we just don't know as yet. We want to achieve our goal of making sure that eligible persons are enrolled in Medicaid by working with the State cooperatively to help beneficiaries, not by taking the State's money away for violations of Federal law.

(If pushed, then say, "If the State were found to be out of compliance, HCFA would take all necessary actions, including legal action, to assure that eligible beneficiaries receive benefits and that the State comes into compliance.")

7) Many of the questions in the court case seem to revolve around when an applicant must receive the Medicaid application. What is the Department's policy on this issue?

Anyone who requests a Medicaid application is entitled to receive one immediately. States may not impose a waiting period on individuals before they are provided with an application. The delay between the individual's request and their receipt of an application should be the amount of time needed to find the application form and hand it to the applicant.

December, HCFA requested that the State provide information and reports on any compliance reviews or mandatory activities. We have also requested information regarding the investigation of complaints and appeals regarding the City's eligibility practices. We are reviewing this material now. It is worth noting that this material has not always been quickly forthcoming from the State.

4) I understand that the Food Stamps program says that the state is out of compliance. Has HCFA made a similar determination?

Medicaid and Food Stamps operate under different laws. And, because Food Stamps has a separate statutory authority, I can't comment on what that agency did. However, we are still investigating the facts in this case and still reviewing that State's materials. We have not made a final determination. Our investigation is continuing.

5) If the facts as alleged in the court case were found to be true and accurate, would HCFA say that the State is out in violation of Federal law and/ regulation?

It is inappropriate for us to speculate on this type of hypothetical question because we are still conducting our investigation. We do not know if the facts are true, and we are working to resolve the outstanding questions with the State. We will continue to work with the State to make sure that all appropriate regulations and laws are followed. We want to achieve our goal of making sure that eligible persons are enrolled in Medicaid by working with the State cooperatively to help beneficiaries, not by taking the State's money away for violations of Federal law.

(If pushed, then say, "If the facts as alleged were found to be true, the State would be out of compliance with Federal law. However, we don't know what the facts are as yet. There is much work to be done in order to answer the outstanding questions.")

NATIONAL
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January 26, 1999

Judge Delays Expansion of City Welfare Plan

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By RACHEL L. SWARNS

Ruling that the Giuliani administration had overlooked the "urgent needs" of the poor in its zeal to overhaul welfare, a Federal judge barred city officials Monday from expanding their tough new welfare policies until they can guarantee prompt access to food stamps and **Medicaid** applications.

The decision temporarily prevents the city from converting any more of its welfare offices into "job centers," where workers discourage the poor from applying for public assistance. And it will force the city to postpone the openings of three job centers until at least Feb. 15, after which the judge will review the city's corrective action plan.

The judge, William H. Pauley 3d of Federal District Court in lower Manhattan, issued the ruling after a three-day hearing last week in which city officials acknowledged that welfare workers had repeatedly violated Federal laws that require them to allow people to apply for food stamps and medical assistance without delay.

Some workers sent the hungry to food pantries rather than screening them for emergency assistance, the officials testified. Others refused to consider the applications of immigrants or teen-agers or women who showed up without their husbands. Others simply rejected anyone who pushed through the job center doors after 11 A.M..

And this month, city officials reviewing a Brooklyn job center found that 8 of the 19 people who were denied emergency assistance during the week of Jan. 4 should have received the city's help under Federal rules.

City lawyers, who have already agreed to retrain hundreds of welfare workers and to revise application forms, had urged the court to allow them to fix the program without delaying expansion. But Judge Pauley ultimately determined that the harm posed to the poor by the job center expansion outweighed the city's need to meet its strategic goals.

The judge ordered the city to revise its training and procedures to insure that workers follow the law. "The city defendants' practices continue to endanger numerous individuals in need of public assistance, including children, expectant mothers and the disabled," Judge Pauley wrote in a 49-page decision that was

issued last night.

"In its quest to enhance the delivery of food stamps, **Medicaid** and cash assistance benefits to the city's most needy residents, the city cannot lose sight of the requirements imposed by Federal statutes and regulation," Judge Pauley continued in his response to a lawsuit filed by lawyers for the poor.

City officials vowed to expedite their efforts to improve the program, saying they could accept a short delay in job center expansion.

"The time period is a reasonable one," said Michael D. Hess, the city's top lawyer, who noted that welfare officials had requested a delay of only two to three weeks if the judge deemed any delay necessary.

"We're always attempting to make the system better, court case or no court case," Hess said.

The ruling is the second setback this month for Giuliani, who often describes his tough welfare polices as one of the hallmarks of his mayoralty. In a draft report that became public last week, Federal auditors found that city officials were violating the law by denying the poor the right to speedily apply for food stamps.

City lawyers had argued that the incidents described were isolated, the inevitable growing pains of a fledgling program that was created only 10 months ago. The judge, however, said he could not agree with that argument.

But while Judge Pauley criticized the city's implementation of its welfare program, he also commended "the conscientiousness" of the city officials who acknowledged the problems last week and promised to address them.

The judge's ruling comes as Federal officials are stepping up their efforts to monitor state compliance with food stamp and **Medicaid** laws.

Under the new welfare law, municipalities can discourage people from applying for cash assistance. Food stamps and **Medicaid**, however, are still Federal entitlements, and applications must be offered without delay. Federal officials view the benefits as critical because they keep the working poor off welfare and the newly employed from slipping back on.

But for some policy makers the dividing line is still blurry. And in some municipalities, including New York City, food stamps remain tarnished by welfare's taint of failure.

"I count food stamps as being part of welfare," Jason A. Turner, the commissioner of the Human Resources Administration, testified last week. "You're better off without either one."

Turner emphasized, however, that the city's policy was to make sure that "all benefits to which individuals are entitled are freely available to them."

But the evidence presented in court last week proved otherwise, the judge ruled.

And during the hearing, Judge Pauley noted that city officials had disregarded a steady drumbeat of complaints and warnings. Last summer, an internal city review determined that workers were improperly denying some applications and turning people away.

In July, Federal officials began voicing concerns about public access to **Medicaid**. In the fall, Federal auditors from the United States Department of Agriculture came to New York City to review 600 welfare cases. And the problems resurfaced in December and again this month, city officials testified last week.

But while three city officials told the court that they were "surprised," "outraged" and "upset" by the findings, they acknowledged that they did not consider reviewing the welfare application process until the class-action lawsuit was filed in December.

Patricia Smith, an executive deputy commissioner, said the city took no action beyond sending memos to insure that problems were not occurring in all job centers.

"It was a question of time and resources," Ms. Smith said when the judge asked why city officials had not visited all centers to insure that the law was being followed.

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