

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

07-Aug-1996 06:19pm

TO: Carol H. Rasco
TO: Patricia A. McHugh
TO: John C. Angell

FROM: Diana M. Fortuna
Domestic Policy Council

CC: Emily Bromberg

SUBJECT: Update on Alabama Medicaid

It is looking somewhat positive that the state of Alabama will accept HHS's offer on the Alabama Medicaid issue, and head off this crisis. I just spoke with B.A. Rudolph. Nothing is definite, but the state has been more receptive to the offer than expected. Sen. Heflin is telling the press he thinks the state will take it.

Dina
Enclosures
As in Trust
to your follow.
WJ
cc: Carol

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

06-Aug-1996 08:24am

TO: Diana M. Fortuna
TO: Elizabeth E. Drye

FROM: Carol H. Rasco
 Domestic Policy Council

SUBJECT: Alabama

Diana, at request of Mack McLarty, please call B.A. Rudolph who lobbies for health care groups, primarily nursing homes, worked if Gov. Clinton's first administration in Arkansas, I know her well. She called Mack concerned about Alabama, says Heflin upset (Mack will have Leg. Affairs call him). Please outline to her where Admin. is. Her number is 371-5963. After visiting with her please put on an email to me and Patty McHugh (for Mack) as to status.

Eliz, Mack needs to receive a copy of our weekly report write up on Alabama. Please have that delivered to his office this a.m. with an explanation to his staff he asked me for this info.

244-2125 - h?

Wont file tomorrow
Offer tom. letter to HCFA saying take steps OBRA 93
compliant w/ this - or, HCFA wld not # 8/6/96
< 50% chance AG will talk out of
PHP's may prefer injunction

✓ BA Rudolph - frustration

No hosp
data?
How know?
To figure out
whether HCFA
fix works

laws must be filed - Sept 1 impl -
must be prior
Talked them into not doing last 2 wks

No movement - bias from delegation
Not in gd faith
Dealing w/ Monahan
Unwilling to pddt

Steve of Heflin tried her today

1- what to do w/ what being withheld

2- don't address costs of PHP's admin

Tell us how to correct - ^{HCFA} bring ~~PHP's~~ + re-reg.
attorney lost temper

PHP's threatened to sue
→ Don't want to dismantle PHP's

Need a list

Heflin don't want to face

Lawsuit - yes / Friday data request arrived
Heflin - mad; no way to collect

HCFA refuses to acknow MA Ala don't hv data bec

Dlabana —

1. Q - why w/st,

may hv son

ost to phony returns
violates OBRA 93

will get cash

9.16.37
marshall

2. Son a prople —

own bill

THE WHITE HOUSE
WASHINGTON

April 22, 1996

MEMORANDUM FOR DIANA FORTUNA
Senior Policy Analyst
Domestic Policy Council

FROM: DAVID S. BEAUBAIRE 
Special Assistant to the Cabinet Secretary

SUBJECT: FOLLOW-UP TO WEEKLY CABINET REPORT

In the Cabinet Report for the week of March 22 - April 29, the President expressed interest in the following item that I thought you would like to be aware of.

- **Withholding of Alabama's Disproportionate Share Hospitals (DSH) Medicaid Payments--Update:** On March 26, HCFA officials met with Senator Heflin and Alabama Medicaid officials to discuss the \$18 million in Federal Medicaid DSH payments that HCFA withheld from the State's second quarter Medicaid grant award. The State maintains that HCFA inappropriately withheld funds from the State, but the DSH payments were withheld because the State made these payments through inappropriate managed care arrangements. HCFA will meet next week with State representatives in a further effort to explore potential solutions to the State's financial crisis. Before April 1, HCFA plans to withhold approximately \$23 million from the State's next grant award.

The President's remarked and asked: Need to try to work this out--if new medicare law adopted we couldn't do this could we?

If you feel it is appropriate to follow-up with the President on this subject, please be sure to notify and/or copy my office on any paper that you submit for his review. Thank you.

Right
provider network DSH/med

- **COPS MORE Announcement:** On March 29, COPS Director Joseph Brann announced 287 new grants under the COPS MORE program. This is the "second chance" phase of Round 5 of COPS MORE and includes agencies with populations served of fewer than 150,000, and also transit, housing, and university police. The awards will total approximately \$15 million and are expected to result in the redeployment of 961 officers into community policing.
- **Battered Immigrant Women Regulations Announced:** On March 26, Bonnie Campbell and INS Commissioner Meissner announced the Battered Immigrant Women Regulations, which allow battered immigrant women and their children to petition for legal status for themselves.
- **Attorney General's Schedule:** On March 30, the Attorney General will attend a Youth Crime event with Senator Leahy at Univ. of Vermont and meet with Domestic Violence leaders in Burlington, VT. On April 5, she will give a Commonwealth Club Address in San Francisco. On April 10, she will make a Florida INS Announcement in Tallahassee.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

- **HHS Approves Welfare Waiver for Oregon:** On March 28, Secretary Shalala approved the Oregon Option welfare reform project. Oregon's proposal incorporates previously approved waivers, adds provisions on work and tests the demonstration against key benchmarks focused on moving families off welfare and reducing child poverty.
- **Los Angeles County Update:** HHS and White House officials recently met with officials from the State and County Officials regarding implementation of the County's proposed Medicaid waiver. Since that meeting, County officials have agreed to the HHS's budget neutrality proposal which was originally a major concern to the County. Both sides are moving quickly to review the draft terms and conditions of the waiver in hopes of reaching final approval of the waiver by the end of April.
- **Withholding of Alabama's Disproportionate Share Hospitals (DSH) Medicaid Payments--Update:** On March 26, HCFA officials met with Senator Heflin and Alabama Medicaid officials to discuss the \$18 million in Federal Medicaid DSH payments that HCFA withheld from the State's second quarter Medicaid grant award. The State maintains that HCFA inappropriately withheld funds from the State, but the DSH payments were withheld because the State made these payments through inappropriate managed care arrangements. HCFA will meet next week with State representatives in a further effort to explore potential solutions to the State's financial crisis. Before April 1, HCFA plans to withhold approximately \$23 million from the State's next grant award.

Need
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in the law
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CC: Diana Furtma
Wanted to make
sure you + Carol

EXECUTIVE OFFICE OF THE PRESIDENT

26-Jul-1996 05:45pm

TO: Nancy-Ann E. Min
FROM: Nicolette Highsmith
Office of Mgmt and Budget, HD
CC: Mark E. Miller
CC: John M. Richardson
CC: Sarah A. Bianchi
SUBJECT: Alabama Medicaid "Shutdown"

had heard
about Heli, —
I got a call
about : L
R: day!
Nemy

We understand that you received some information regarding Alabama and their threat to "shutdown" the state's Medicaid program.

We received some information that provides some context to their threat.

DSH Disallowance

HCFA has considered taking a disallowance because the state has violated the Obra '93 hospital specific caps. At this time, however, HCFA has not made an official decision on whether to take the disallowance.

The state claims that if HCFA takes the disallowance that Alabama would have to drastically cut benefits or provider payments and could have to "shutdown their Medicaid program." According to HCFA, the state has used the press in order to blame the Federal government for considering a disallowance and potentially forcing the state to make drastic cuts.

HCFA had a meeting today with Senator Heflin and staff to discuss the disallowance and potential effects on the state's Medicaid program. HCFA mentioned that, because of internal state politics, Senator Heflin has not taken a position on this issue.

We will continue to follow this issue. Please let us know if you have any questions or would like more specific information.

THE WHITE HOUSE

WASHINGTON

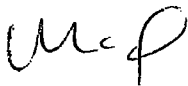
August 7, 1996

Ms. Diana M. Fortuna
Domestic Policy Council
The White House
Washington, DC 20502

Dear Diana:

Thank you for your superb work regarding the B.A. Rudolph matter. I genuinely appreciate both your professionalism and your timely responsiveness.

Personally,



Mack McLarty

cc: Carol Rasco

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

09-Aug-1996 02:42pm

TO: Carol H. Rasco
TO: Patricia A. McHugh
TO: John C. Angell
TO: Emily Bromberg

FROM: Diana M. Fortuna
Domestic Policy Council

SUBJECT: Alabama resolved

The Alabama Medicaid issue is resolved, at least for the next several months. The lawsuit will not be filed. HHS will pay the state the money now. The state wrote a letter promising to comply with the law, and HHS can pursue the matter months from now if they think there is a problem, via a lengthy appeals process.

Diana -
Hoanah!
Thanks for your
confirmation of the
state's letter and keeping
me up to date.
W. J.