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Feb. 13, 98 - DPC Weekly Report

THE PRESIDENT HAS SEEN
2-17-98

THE WHITE HOUSE

WASHINGTON

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February 13, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Elena Kagan

SUBJECT: DPC Weekly Report

1. Health -- Children's Health Outreach: In an event with the First Lady on Wednesday, you are scheduled to announce that Colorado and South Carolina are joining Alabama as the first states to enter the new children's health program (CHIP). (Seventeen other states have proposals under review at HCFA.) You also can announce several new steps to target and enroll uninsured children. These include (1) the \$900 million children's outreach initiative included in your FY99 budget; (2) an executive memorandum directing the six agencies (HUD, Agriculture, Education, Labor, Treasury, and HHS) that run programs likely to reach uninsured children (e.g., WIC and Food Stamps) to devise ways of helping to enroll them in Medicaid or CHIP; (3) efforts by the NGA to disseminate information on model outreach programs; (4) the establishment of a 1-800 number, financed by Bell Atlantic, to help individuals contact their state Medicaid and CHIP enrollment agencies; and (5) other major private sector commitments made by the Robert Wood Johnson Foundation, the Kaiser Family Foundation, and Pampers.

2. Health -- Missouri Children's Health Waiver Request: Governor Carnahan has asked for a children's health waiver, and he will probably raise this matter with you at the upcoming NGA meeting. The waiver proposal, although otherwise acceptable, raises one very large problem. The state proposes to rely on provider taxes to finance the program, even though the law establishing CHIP explicitly prohibits this financing mechanism. (Missouri's Medicaid program similarly relies on impermissible provider taxes.) Missouri apparently hopes that our desire to implement CHIP quickly will lead us to approve this request. HHS, OMB, and DPC all believe, however, that the law prevents us from doing so. As you know, we are doing everything we can to absolve Missouri (and other states) from the consequences of using improper provider taxes to finance Medicaid. We believe that we should not overlook, much less explicitly approve, the extension of these illegal practices into the children's health program.

3. Health -- Patients' Bill of Rights: When you endorsed the consumer bill of rights recommended by your Quality Commission last November, you asked the five agencies in the Federal government with jurisdiction over health care -- OPM, HHS, VA, DOD, and DOL -- to review their programs and bring them into compliance with the bill of rights. The agencies will report back to you next week, and you are scheduled to announce on Friday the actions they are taking. For example, OPM is issuing individually tailored letters to every participating plan in the FEHBP detailing what they need to do -- on matters such as access to specialists and

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emergency room care -- to come into compliance with the Bill of Rights. Similarly, HCFA is sending a letter to all state Medicaid programs clarifying that the law requires them to cover emergency room services whenever the need arises. You can use this announcement to show that the Administration is leading the way in the effort to ensure quality health care, and to urge Congress once again to enact legislation to provide these rights to all Americans.

4. Health/Race -- Racial Disparities in Health Care: Next week's radio address is currently scheduled to focus on the FY99 budget's new initiative to address racial disparities in health care. As you know, African-Americans, Hispanics, Native Americans, and Asian Americans suffer from certain diseases up to five times as frequently as whites. To use just one example, infant mortality rates are 2 ½ times higher for African-Americans and 1½ times higher for American Indians and many Hispanic groups than they are for whites. Dr. Satcher intends to make this issue one of his highest priorities, and we are considering a proposal that he participate with you in the radio address. You can announce the Administration's commitment to eliminate racial disparities in health care by the year 2010, and detail the public health measures proposed in the budget -- totaling more than \$400 million over the next five years -- to advance this effort. This funding will allow communities to test innovative and promising new ways to improve health care for minorities, as well as enable established public health programs to turn their attention to this issue. You also can challenge foundations, health care providers, and corporations to focus on this problem.

5. Drugs -- Prison Drug Treatment Report: The Justice Department is releasing today the results of a study, involving 1,866 inmates at 30 institutions, that confirms the benefits of drug testing and treatment for prisoners. The study, which was announced in your radio address, found that federal inmates who participated in the Bureau of Prisons (BOP) residential drug abuse treatment program during their incarceration were 73 percent less likely to be re-arrested and 44 percent less likely to test positive for drugs in the first 6 months after release than similar inmates who did not participate. In compliance with the 1994 Crime Law, the BOP provides drug treatment to 100 percent of eligible inmates prior to their release from custody. In FY 97, nearly 31,000 inmates participated in Bureau treatment programs, with about 6,000 (at 42 different institutions) participating in the especially intensive residential program that is the subject of this study. Your FY99 budget proposal would give \$72 million to states to establish similar residential drug treatment programs for inmates. It also would provide \$85 million to state and local governments to implement the comprehensive drug testing and intervention plans that are now a condition of receiving federal prison money.

6. Crime -- COPS Program: The COPS Office last week awarded \$64 million in grants to 311 law enforcement agencies across the country to hire nearly 1,000 officers. Two of the larger grantees were the Nashville and Tampa Police Departments, which each received funding for 40 full-time officers.

7. Tobacco -- International Control Efforts: At our urging, the State Department will issue guidance to U.S. diplomatic posts early this week on tobacco trade and control in foreign

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countries. The guidance encourages posts to assist tobacco-control efforts in host countries; prohibits posts from challenging foreign tobacco-control laws, as long as the laws are applied in a non-discriminatory manner; and prohibits posts from promoting the sale or export of tobacco products, or assisting U.S. firms or individuals to do so. The guidance implements a recent appropriations rider sponsored by Rep. Doggett and ensures that all diplomatic posts will act consistently with the Administration's overall tobacco-control policy. We will inform *The New York Times* or other newspaper of the guidance just prior to its issuance by the State Department.

✓ **8. Welfare -- Illegitimacy and Work Bonuses:** HHS will issue proposed regulations this week on giving bonuses to states for (1) reducing illegitimacy and (2) promoting work. We described the work bonus to you last week; briefly, HHS will give \$200 million annually to the states that do most to place welfare recipients in jobs and help them succeed in the workplace. The illegitimacy bonus, totaling \$100 million annually, will go to the five states with the largest decline in the percentage of children born out of wedlock -- if those states also can show a decline in their abortion rates since 1995. As you know, about 33 percent of all children -- and 75 percent of children with teen mothers -- are now born out of wedlock. We will release information on the two bonuses (highlighting the work bonus) to *The Washington Post* for a story early this week.

✓ **9. Welfare -- Michigan Privatization Lawsuit:** Michigan has sued the Department of Labor for withholding Wagner-Peyser funds in response to the state's decision to privatize employment service operations. Michigan submitted a privatization proposal to DOL late last year. When Secretary Herman indicated that she would disapprove the plan, Governor Engler withdrew it and announced that he would proceed without federal approval. DOL responded by withholding funds for employment services, and Michigan then brought suit. The court last week denied Michigan's request for a temporary restraining order and a preliminary injunction. The court will hear arguments in April on the core issue of whether federal law (in the absence of a waiver) requires states to staff employment services with public employees.

10. Welfare -- Secretary Herman's Tour: Secretary Herman just finished a ten-city welfare-to-work tour to explore welfare reform efforts and promote the \$3 billion welfare-to-work program. The tour began in November in Washington, D.C. and ended last week in Los Angeles. Along the way, the Secretary consulted with a range of people, including employers, former and current welfare recipients, and government officials. She will speak at the National Press Club on Tuesday about what she learned and release a booklet called "About Welfare: Myths, Facts, Challenges and Solutions." The booklet emphasizes that families on welfare want to work and face the same challenges as the non-welfare working poor; it also calls for continued action by the public and private sectors to provide better child care, transportation, and training. The Secretary will send you a detailed memo on her tour in a week or two.

11. Education -- Testing Initiative: You will be able to announce the appointment of Governor Engler to the National Assessment Governing Board (NAGB) at the National Governors Association meeting later this month. In addition, NAGB finalized a contract last

week for developing national tests in 4th grade reading and 8th grade math. Under the contract, test questions will be written in 1998 and pilot testing will begin in 1999.

12. Education -- 12th Grade TIMSS Tests: New 12th grade TIMSS scores will come out on February 24. The results are dismal. In both math and science, U.S. 12th graders scored third to last among 21 countries. Even our most advanced students performed at or near the bottom when compared with advanced students in other countries. We think that you should respond to the report by again emphasizing the need for a national eighth grade math test and policies to end social promotions. You also can highlight a \$50 million budget initiative for the National Science Foundation and Department of Education to improve the training of math teachers and the use of math instructional materials and technology. We will provide you with further details next week on a recommended response to the TIMSS numbers.

How to explain discrepancy between 8th & 12th graders

13. Immigration -- INS Reform: As you know, we have nearly completed our review of the Commission on Immigration Reform's proposal to restructure the nation's immigration system. Whereas the Commission recommended disbanding the INS entirely, we and OMB are inclined to recommend a fundamental reform of the INS that will separate enforcement and service activities both in the field and at headquarters. We met with Immigration Subcommittee staff for Senators Abraham and Kennedy last week to discuss our tentative conclusions. They were very positive about our approach, agreeing that immigration activities should remain within a single agency, but with much greater separation of enforcement and service functions. They -- and we -- are worried, however, that some members of the relevant House and Senate appropriations committees want to pursue the Commission's idea of dispersing immigration functions throughout the federal government. We are meeting with key staff on the appropriations committees next week, and will make a final recommendation to you on restructuring the immigration system following that set of meetings.

14. Immigration -- H1B Visas: We are currently leading an interagency process to consider a proposal to expand the number of H1B visas -- temporary work visas that allow "highly skilled" immigrants (with a BA or equivalent) to work in this country for up to six years. Under current law, the number of H1B visas is capped at 65,000 per year. This cap was reached for the first time last year, and it probably will be reached this year by April. The information technology industry, along with some members of Congress (including Senator Abraham and Rep. Lofgren), strongly support removing the H1B cap entirely or significantly increasing the annual allotment. Labor unions, along with other members (including Senator Kennedy and Rep. Dingell), would likely oppose any increase in the cap. We hope to find a way to reconcile the concerns of the high-tech industry and the interests of American workers.

Can Mueller transfer work on this for New Center - help to get center to help in the effort

15. Cloning -- Congressional Activity: As you know, 12 Republican Senators joined all 42 voting Democratic Senators last week to block cloture on an overbroad cloning bill sponsored by Senators Bond and Frist. Some Senators voted to block cloture solely on procedural grounds, because there was no committee review of the bill. A significant number,

however, understood that the bill would have interfered with valuable medical research aimed at preventing and treating diseases like diabetes and cancer. At a hearing held by the House Commerce Committee the following day, a number of Republicans again joined Democrats in criticizing the Bond/Frist approach for interfering with important medical research. These Republican members may force the House and Senate leadership to back a narrower bill. The leadership, however, is under great pressure from the pro-life wing of the party to retain -- or even expand on -- the Bond/Frist approach, so as to impose further restrictions on embryo research. We are continuing to support the Kennedy-Feinstein cloning bill (which is nearly identical to our own proposal), while working with HHS and OSTP to devise possible compromise proposals.