

Personal Responsibility and Work Opportunity Reconciliation Act of 1996

**Draft analysis prepared by the
American Public Welfare Association
National Governors' Association
National Conference of State Legislatures**

Block Grants for Temporary Assistance for Needy Families

Purpose: To provide assistance to needy families with children so they can be cared for in their own home and to reduce dependency by promoting job preparation, work and marriage. States may also use funds on efforts to prevent out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families.

Effective Dates: With certain exceptions, the effective date for the TANF block grant is July 1, 1997. States may opt to begin implementing the block grant immediately and no state will receive more than their block grant allocation in FY 1997. Most penalties against states, and the new data collection requirements "shall not take effect with respect to a State until, and shall apply only with respect to conduct that occurs on or after", the later of July 1, 1997 or 6 months from the date that the Secretary of HHS receives a state's plan.

Grants to States: The bill provides for a total of \$16.38 billion annually for states in the form of block grants for each of fiscal years 1997 to 2001. States receive funding based upon federal expenditures in the state on AFDC benefits and administration, Emergency Assistance(EA) , and JOBS. States would receive the greater of:

- the average of FY 92-94 expenditures; or
- FY 94 expenditures plus 85 percent of the State's emergency assistance (EA) for FY 95 that exceeds the total amount of EA paid to a state for FY 94, if during FY 94 HHS approved the use of EA funds for family preservation; or
- four-thirds of the total amount to be paid to the state under section 403 for the first three quarters of FY 95 expenditures, plus the total amount required to be paid to the state for FY 95 under JOBS.

A state may not draw down more than 20% of the state's total block grant in a fiscal year. In any month, a state may draw down only 1/12 per month of the 20%. States may continue to draw down from the fund for 1 month after it no longer meets a trigger

Rainy Day Loan Fund: Provides a \$1.7 billion federal revolving loan fund. Eligible states may not have incurred any penalties under cash block grant. Maximum loan is 10% of state's grant, for up to 3 years.

Supplemental Grant Amount: The bill provides \$800 million for FY 98 to FY 2001 for states with high population growth and/or low grant amounts per poor person. Eligible states must have qualified for the fund in FY 97; have an average level of welfare spending per poor person less than the national average; and an estimated rate of state growth by the Census Bureau that is greater than the national average. Those who qualify will receive a 2.5% increase in funding in their TANF block grant per year.

Fair and Equitable Treatment: A state must certify that it will set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the state will provide opportunities for recipients who have been adversely affected to be heard in a state administrative or appeal process.

Performance Bonus: Provides \$1 billion over five years for cash bonuses to "high performing states" that meet the goals of the program. The Secretary of HHS, with NGA and APWA, will develop a formula to be used in measuring state performance and making the award.

Illegitimacy Reduction Bonus Fund: Includes bonuses to states that reduce out-of-wedlock births without increasing abortions.

Work Requirements: States must achieve the following minimum participation rates with respect to all families that include an adult or minor child head of household.

Work Participation Rates for All Families:

FY 1997 -- 25%	FY 2000 -- 40%
FY 1998 -- 30%	FY 2001 -- 45%
FY 1999 -- 35%	FY 2002 and beyond -- 50%

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Minimum Work Hours Per Week

FY 1997 -1998	20 Hours
FY 1999	25 Hours
FY 2000 and beyond	30 Hours

A single parent with a child under age six will be counted toward meeting the work requirement if the parent is engaged in work for an average of 20 hours per week.

A teen parent/head of household and under age 20 will be deemed to be engaged in work for a month if the recipient maintains a satisfactory attendance at secondary school or the equivalent during the month; or participates in education directly related to employment for at least the minimum average number of hours per week specified above.

For Two-Parent Families a minimum of 35 hours a week spent in allowable activities. If a two-parent family receives federally-funded child care then both parents must work with an exception for parents of severely disabled children or parents who are themselves disabled..

Calculation of Participation Rates

Monthly Participation Rate-(all families) The number of families receiving TANF assistance that include an adult engaged in work; divided by the number of families receiving such assistance subtracting out the number of families that have been penalized in the month but have not been subject to such penalty for more than three months within the preceding 12-month period (whether or not consecutive). Those who leave welfare for work may not be counted toward a state's participation rate.

Two-Parent Families -- Uses same formula as above, but substitutes 2-parent families for "all families."

State Options

1. To include families receiving assistance under a tribal family assistance plan.
2. To not require an individual who is a single, custodial parent with a child under one year to engage in work. A state may disregard the individual when

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their own funds to provide assistance after 5 years. For American Indians months in which a recipient spent on a reservation on which at least 50% of all adults are unemployed do not count towards this time limit.

Hardship Exemption: A state may exempt up to 20% of its caseload from the lifetime limit by reason of hardship, or if the family includes a member who has been battered or subject to extreme cruelty.

Teen Parents: Unmarried teen parents of a minor child at least 12 weeks of age must attend school, participate in activities target to achieving a high school diploma, or GED, or participate in an alternative education or training program approved by the State to receive assistance. States must also deny assistance if the teen is not living at home or in an approved, adult-supervised setting.

Medical Services: No part of a state's TANF grant may be used for medical services.

Paternity Establishment -- Individuals who fail to cooperate in establishing paternity must have grants reduced by 25%

Person convicted of drug-related felony: States must deny all Title IV-A cash assistance and food stamp benefits to individuals convicted of felony drug possession, use, or distribution. Other members of the family could continue to receive benefits. States may opt out or modify this provision.

States Currently Operating under Existing Waivers

-- States may terminate existing waivers and be held harmless for any accrued federal cost liabilities.

-- States must make the decision to terminate within 90 days after the adjournment of the first regular session of the state legislature after the bill's enactment.

-- States may continue their waivers but will only receive their block grant funding in future years.

-- To the extent the amendments made by the Act are inconsistent with the waiver, then the amendments will not apply.

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CHILD CARE

The bill consolidates existing IV-A child care funding (AFDC/JOBS, at-risk, and Transitional child care)

Total Funding: Authorizes a total of \$13.9 billion in mandatory funding for FY 1997-2002 and \$7 billion in discretionary funding (or \$ 1 billion a year) for FY 1997-2002.

Basic Allocation: States would receive approximately \$1.2 billion of the mandatory funds each year as a capped entitlement. A state's base allocation will be based on the greater of the federal share of IV-A child care expenditures in the state for FY 1992-1994, FY 1994 or FY 1995

Matching funds: The remainder would be available for state match (at the Medicaid rate) and each state's share would be determined based on its share of the population age 13 and under. The bill requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down (at 1995 Medicaid rate) the matching mandatory funds. Total matching funds to states will be \$729 million in FY 1997, \$827 million in FY 1998, \$924 million in FY 1999, \$1.121 billion in FY 2000, \$1.317 billion in FY 2001 and \$1.464 million FY 2002.

Use of Funds: States must use at least 70% of the total amount of mandatory funds to provide child care assistance to welfare recipients, to those in work programs and attempting to leave welfare, and those at-risk of going on welfare.

A 4% set-aside applies for activities designed to provide comprehensive consumer education to parents and the public; activities that increase parental choice; and activities that improve the quality and availability of child care, such as resource and referral.

A 5% cap on administrative costs, which excludes direct services, applies to all mandatory and discretionary funding. Requirements of the CCDBG as amended apply to all child care funds.

Current law health and safety protections are maintained.

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Medicaid Program

Eligibility: Under current law, persons eligible for assistance under Title IV-A (AFDC) are automatically entitled to coverage under the state's Medicaid program. The conference report severs this automatic link. It amends Title XIX to say that any reference in Title XIX to eligibility under Title IV-A shall mean the state's AFDC state plan as it existed on July 16, 1996. A state can modify those "frozen" plans in three ways: (1) it can lower its income standards, but not below the level applicable under its AFDC state plan as of May 1, 1988; (2) it may increase income or resource standards, and medically needy income levels, by an amount not to exceed the CPI; and (3) it may use income and resource methodologies that are less restrictive than the methodologies used under the State plan as of July 16, 1996.

Existing Medicaid law regarding transition assistance to persons losing eligibility due to increased child support or earnings are continued, and the transition assistance provisions, due to sunset in 1998, are extended to 2001. States will have the option to terminate medical assistance for persons denied cash assistance because of refusal to work; pregnant women and minor children are, however, protected. A state with a waiver of certain Title IV-A provisions in place or approved by the Secretary on or before July 1, 1997, will have the option to continue to operate under that waiver with regard to eligibility for medical assistance. The bill also allows the Secretary to increase the federal share of administrative costs associated with the implementation of the new eligibility rules, up to a total federal expenditure, over four years, of \$500 million.

These changes have the same effective date as the Title IV-A provisions, that is, not later than July 1, 1997, and earlier at state option.

Services for aliens. A state will have the option, as of January 1, 1997, of denying Medicaid coverage to persons who are legal residents but not citizens. New immigrants will be automatically barred for five years after entry. After that, the state may offer Medicaid coverage, but will have to apply deeming provisions. There are certain exceptions for persons who have worked for forty quarters in covered employment, or served in the military. No state may deny coverage of emergency medical services to either illegal or legal aliens.

SSI for children. Language in current law permitting determination of disability for children under the "Individual Functional Assessment" process is repealed. These children will have to be evaluated using the traditional list of disabilities.

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allowed the optional block grant, but the Senate passed a floor amendment Sen. Kent Conrad (D-N. D.) by a 53-45 vote deleting the block grant from its final bill. The conference agreement followed suit and dropped the option. Some governors had promoted the block grant as necessary for the flexibility and compatibility they said were needed to successfully implement welfare reform in their states, but the Clinton Administration had strongly opposed the option as a threat to the program's safety net features and to the nutritional well-being of children.

New work requirement: The bill imposes a new food stamp work requirement under which able-bodied recipients age 18-50 with no dependents are ineligible unless they work for certain amounts of time. The Senate bill would have required work for eight months out of each 12; the House would have required work during the recipient's entire 18-50 "work lifetime" except for the first three months of benefit receipt. The conference agreement specifies that recipients may receive benefits only three months out of each three years, and must work the remaining 30 months. However, if the working recipient loses his or her job, an additional three months' benefits are allowed once in the three year period. "Work" also includes participating in a work program or workfare 20 hours or more a week, averaged monthly. Qualifying work programs include programs under JTPA or the Trade Adjustment Assistance Act, state or local programs approved by the Governor (including a food stamp E&T program), and workfare, but not job search or job search training programs. States can exempt up to 10% of those covered by the requirements for hardship situations; the Senate passed an amendment to raise that figure to 20%, which the conferees rejected.

EBT and Reg E: The conference agreement exempts food stamp EBT systems from Reg E (but not other needs-tested programs). Report language is included expressing Congressional intent that regulations regarding benefit replacement and loss liability may be no more restrictive than those in place for the paper coupon program. Food EBT benefit programs administered by state or local governments. States are required to implement food stamp EBT by October 1, 2002, unless waived. Systems must be cost-neutral over their life. States are required within two years of implementation to fund the cost of retailer scanning devices to differentiate allowable and non-allowable food items. States may charge for replacement cards and may require photos on EBT cards. EBT vendors may not condition their contracts on states buying additional point-of-sale service from them or an affiliate.

Waiver Authority: Mark-ups of both bills included broad new waiver authority that would allow states to request waivers for welfare reform, work, or multi-program conformity projects, with some restrictions. The conference agreement

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Other administrative simplifications and changes: A set of changes in expedited service rules supported by states was dropped from the Senate bill because of the Byrd rule, but the conferees reinstated two elements of the provision. One extends the expedited service timetable from five to seven days, and the second ends expedited service for homeless households. Expedited service will still have to be provided to households whose shelter costs exceed their income and resources.

An option for states to adjust the caretaker exemption to as low as age one was also dropped in the Senate; a modified version of the option was restored in conference. States may lower the age to three without restriction. A state may lower the age to as low as one only if it had requested a waiver to do so, and had the waiver denied, as of August 1, 1996.

The agreement provides other administrative reforms including: allowing 12 month certification periods (24 months for elderly and disabled households) with one contact per year; requiring that later recertification benefits be prorated (rather than issued as a full month); allowing states to combine the first and second months' allotments for expedited households applying after the 15th; and prohibiting food stamp increases to make up for penalties in other assistance programs.

Retention rates: The conferees retained a Senate amendment by Sen. Larry Pressler (R-S. D.) to revise the percentage of over issuance collections that states may retain. The agreement changes the retention rates to 35% for fraud over issuance collections and 20% for non-fraud collections. The mark-up bills had changed current law (50/25) to 25/25.

Deductions and benefit levels: The agreement caps the excess shelter deduction at current-law levels through December 31, 1996 (\$247 for the 48 contiguous states and D. C.), then allows the cap to rise in increments to \$300 by FY 2001. The cap on the deduction had been scheduled for removal on January 1, 1997, under current law. President Clinton cited the excess shelter cap as one of his specific objections to the conference bill, and indicated he will seek to uncap the deduction through legislation next year.

The conference agreement also freezes the standard deduction at present levels; freezes the homeless shelter allowance at current levels; disallows the earned income deduction for any income not reported timely; and sets maximum food

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from October 1, 1996 to July 1, 1997, or 6 months from the date that the Secretary of HHS receives a state's plan.

Other child-support related provisions in Title I, some of which simply repeat current law repealed under Title I, include the following:

Requirements on noncustodial non supporting minor parents: A sense of Congress is included urging states to require noncustodial non supporting minor parents under 18 to fulfill community work obligations and attend appropriate parenting or money management classes after school;

Cooperation: If an individual fails to cooperate in establishing paternity or modifying or enforcing a child support order *and does not qualify for good cause or another exception established by the state, the state must deduct a minimum of 25 percent from a family's cash assistance grant or may deny the entire amount of cash assistance to the family;* and

Penalties on states for failure to enforce cooperation: Congress included penalty language requiring the HHS Secretary to reduce the state's IV-A grant for the next fiscal year by up to five percent if states do not enforce child support penalties for non cooperation.

- **Distribution of Child Support Collections (Sec. 302)** - Congress adopted Senate language that adds a provision stipulating that in the case of a family receiving assistance from an Indian tribe, the state must distribute support in accord with any cooperative agreement between the state and the tribe (see Sec. 375 below, Child Support and Indian Tribes).
- **State Centralized Collection and Disbursement (Sec. 312)** - Congress added language recommended by APWA that clarifies that "the state disbursement unit shall not be required to convert and maintain in automated form records of payments kept pursuant to section 466(a)(8)(B)(iii), regarding state laws on income withholding, before the effective date of this section," which is October 1, 1996.

Congress dropped the Sense of Congress offered by Rep. Camp that would have allowed states to choose the method of compliance that "best met the needs of parents, employers, and children" when determining whether to comply with establishing a single, centralized disbursement unit.

The final bill continues to allow states that currently process child support payments through local courts an extra year (until September 30, 1999) to

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In the provision addressing the "Calculation of Paternity Establishment Percentage" (for the Audit), the final language allows states to use one of two options to calculate the rate; states may choose to use as the paternity establishment percentage (PEP) either the IV-D PEP or the statewide paternity establishment percentage, *Sec. 341(c) and other subsequent references*.

- **Automated Data Processing Requirements (Sec. 344)** - The final bill contains the extension of the 90% enhanced match for computer systems required under the Family Support Act of 1988, based on the amount approved in the state's advanced planning document (APD) submitted on or before September 30, 1995 (earlier versions included a date of May 1, 1995) and rejected the Senate language that would have required a one-year delay for claiming this federal financial payment.

Additionally, the final bill included another systems-related date change recommended by APWA: the date for implementing new computer systems requirements was changed from October 1, 1999 to October 1, 2000, except that this date will be extended by one day for every day regulations are issued late. The regulations are due two years after the enactment of the Act, or on October 1, 1998.

- **Technical Assistance (Sec. 345)** - Congress adopted the House's effective date of October 1, 1996, as opposed to the Senate's one-year delay, for HHS to use the 1% of the federal share of child support collections to provide technical assistance to states.
- **House Amendment Requiring a 10% Penalty on Arrears (Sec. 4347)** - Congress rejected the House provision that would have required states to assess a yearly 10% penalty on arrears.
- **Simplified Process for Review and Adjustment (Sec. 351)** - Congress adopted the House language incorporating (and going beyond) an APWA recommendation that state reviews of both public assistance and non-public assistance child support cases are optional unless they are requested by the parents.
- **Work Requirements for Parents Owing Past-Due Child Support (Sec. 365)** - The final bill continues to include language clarifying that administrative processes may be used to issue orders to pay past-due support according to a plan or for participating in work activities.

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- (2) National Directory of New Hires: This provision must be implemented by Oct. 1, 1997, the same date as for the state New Hire Directory, instead of by the prior date of Oct. 1, 1996, *Sec. 316*;
 - (3) Use of Forms in Interstate Cases: The Secretary, after consulting with state IV-D directors, must issue forms for states to use for collecting child support through income withholding, imposing liens, and issuing administrative subpoenas by Oct. 1, 1996 instead of by June 1, 1996; states must begin using the forms by March 1, 1997, instead of by the prior date of Oct. 1, 1996, *Sec. 324*;
 - (4) Secretary's Funding Report to Congress: In consultation with IV-D directors, the HHS Secretary must develop a new revenue-neutral, performance-based incentive system to replace the current IV-D incentive system for funding by March 1, 1996, *Sec. 341*;
 - (5) Incentive Adjustments Formula: The effective date for implementing the new incentive adjustments formula is October 1, 1999, *Sec. 341*;
 - (6) Automated Data Processing Requirements: The 90% enhanced match for computer systems required under the Family Support Act of 1988 is available October 1, 1996. The date for implementing new computer systems requirements was changed from October 1, 1999 to October 1, 2000, except that this date will be extended by one day for every day regulations are issued late. The regulations are due two years after the enactment of the Act, or on October 1, 1998. *Sec. 344*;
 - (7) Technical Assistance: Congress adopted the House's effective date of October 1, 1996, as opposed to the Senate's one-year delay, for HHS to use the 1% of the federal share of child support collections to provide technical assistance to states, *Sec. 345*;
 - (8) Reports and Data Collection: The effective date of changes required to reports and data collection for the annual report to Congress is 1997, *Sec. 346*;
 - (9) Denial of Passports: The effective date for implementing the provision regarding denial of passports is Oct. 1, 1997, *Sec. 370*;
 - (10) ERISA: The date for plan amendments for ERISA is Jan. 1, 1997, *Sec. 376*; and
 - (11) Grants for Access and Visitation: The first year in which grants for access and visitation projects are allowed is FY 1997, *Sec. 381*.
- State Centralized Collection and Disbursement (Sec. 312) and Income Withholding (Sec. 314) - Changes the word "wages" to "income," adopting the House language.

Child Welfare Information Systems: In an important achievement for states, the conference bill extends the deadline for enhanced funding (75 percent FFP) for Statewide Automated Child Welfare Information Systems (SACWIS) for one year, from October 1, 1996 to October 1, 1997. With no changes to current law for child abuse and child protection programs, there are, of course, no changes to data reporting requirements under the Adoption and Foster Care Analysis and Reporting System (AFCARS) and the National Child Abuse and Neglect Data System (NCANDS). H.R. 4 had replaced these data reporting requirements with entirely new requirements.

For Profit Providers: The conference bill amends current law (Section 472(c)(2)) to allow states to use Title IV-E dollars for for-profit providers to care for children in foster care.

Kinship Care: The conference bill may retain the Senate provision (a floor amendment by Senator Dan Coats (R-Ind.)), adding a new element under the Title IV-E Foster Care and Adoption Assistance State Plan as follows: "provides that the State shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards." the status of this provision is unclear as the conference bill language shows it to be in the legislation and the conference report narrative shows it to be out.

National Random Sample Study of Child Welfare: The conference bill retains the provision of the House bill authorizing the Secretary to conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by states to have been abused or neglected, and such other research as may be necessary. Under the House bill, the study was funded at \$6 million for each of the fiscal years 1996 to 2002.

Social Services Block Grant

The conference agreement makes a 15 percent reduction in Title XX funding from the FY 1995 authorized level of \$2.8 billion. For fiscal year 1996, funding is \$2.381 billion. For fiscal years, 1997 through 2002, funding is \$2.38 billion. For fiscal year, 2003 and thereafter, funding reverts to \$2.8 billion. It clarifies that Title XX funding can be used for vouchers for families ineligible for or denied cash assistance under Title IV-A.

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- Refugees, asylees, alien whose deportation has been withheld are eligible for first 5 years.
- Lawful permanent residence with 40 qualifying quarters of work (spouses/minor children can be credited)
- Veterans, active duty military, spouses and dependents.

The effective date for current recipients is January 1, 1997.

State authority to limit eligibility of qualified aliens: States may determine eligibility for state public benefits of qualified aliens, non immigrants, or parolees during their first year in the U.S. Except these aliens shall be eligible: refugees, asylees, and alien whose deportation withheld for 5 years after entry; lawful immigrants who have worked 40 qualifying quarters and did not receive federal means-tested public benefits; veterans, active duty and their spouses and dependents; transition for current recipients until January 1, 1997.

Ineligible immigrants: Aliens who are not a qualified alien; a non immigrant; or a parolee for less than 1 year; are not eligible for state or local public benefit.

States may provide public benefit to illegal immigrants only through enacting state law after this bill is enacted.

Programs Restricted by Deeming

(Note: deeming means sponsor's income and resources are considered, or "deemed", available to immigrant when determining program eligibility.)

To determine the eligibility and amount of benefits for ANY federal means-tested public benefits program, income and resources of the alien shall include the income and resources of any person (and his/her spouse) who executed an affidavit of support. Deeming applies until citizenship or 40 qualifying quarters of work with no receipt of federal means-tested public assistance.

Effective date for programs that deem is the date of enactment; for programs that do not currently deem the effective date is 180 days after enactment.

State option to deem (except for emergency health, disaster, school lunch/child nutrition; immunizations and testing/treatment of symptoms of communicable diseases; foster care/adoption assistance; Attorney General. discretion programs (soup kitchens)

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The Attorney General with the Secretary of HHS must issue regulations within 180 days requiring verification that alien applying for public benefits is a qualified alien and eligible for such benefit. States administering federal public benefits must comply with the verification system within 24 months. Authorizes "such sums as may be necessary: to carry out this section.

No state or local government entity may be prohibited or restricted from communicating information to the INS about the immigration status of an alien in the U.S.

Definitions: Federal means-tested public benefit programs: Cash, medical, housing, food assistance, and social services of the federal government in which eligibility of individual, household, or family eligibility is based on income, resources, or financial need.

Exceptions:

- emergency medical assistance;
- short-term, non-cash, in-kind emergency disaster relief;
- National School Lunch;
- Child Nutrition;
- public health assistance for immunizations and testing and treatment of symptoms of communicable diseases;
- foster care and adoption assistance (unless parent is qualified alien subject to 5-year bar);
- programs specified by the Attorney General (in-kind, etc.);
- higher education;
- means-tested programs under ESEA;
- Head start;
- JTPA
- State or local means-tested programs: any grant, contract, loan, professional license; any retirement, welfare, health, disability, public or assisted housing, post secondary education, food assistance, unemployment benefit, or similar benefit provided to an individual, household, or family.

A "qualified alien is defined as a lawful permanent residents, refugees, asylees, parolees after 1 year; those whose deportation is withheld.

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Chris

from
JBA

THE WHITE HOUSE
WASHINGTON

To DPC staff

HHU summary of
welfare bill

Chris

William Raspberry

Worse Than Welfare As We Know It?

WASH POST 8/8/96
Is it permitted to utter a hopeful word about the welfare reform bill that President Clinton has reluctantly agreed to sign?

Virtually all the people I call friend are convinced that the legislation is an abomination that will make life tougher for those already struggling for their daily bread, saddle the states with new costs while reducing the federal money available to them and condemn a million additional children to poverty.

What is there to be hopeful about? Let me say at the outset that I have a lot of problems with this bill, including the fact that it assumes the availability of jobs that may not exist and makes scant provision for child-care costs for those erstwhile welfare recipients who do manage to find work. Nor do I believe President Clinton, who rode into office promising to "end welfare as we know it," thinks this is a good bill. My guess is that, as with Bob Dole and his tax-cut proposal, he sees it as a *politically* useful idea—one that makes him seem tough and willing to carry out his commitments, that sort of thing.

But if I doubt Clinton's good faith in signing the reform measure (which Dole says he authored), I also doubt the doomsayers who see the legislation as a frontal assault on the poor.

There will be some suffering, no doubt about it. Any legislation that assigns an end-point for government assistance will cause some suffering on the part of those who don't (or can't) take advantage of the interim. The sheriff's eviction team will leave some families homeless, even if they have known for a full year that eviction was coming. What we don't know is how many families will read the eviction notice and pay the rent, find a new place, take a new job or double up with friends.

Similarly, we don't know—because it is unknowable in advance—how many present welfare recipients will make serious new efforts toward self-sufficiency as a result of this legislation, or how many prospective recipients will look first to private sources of support, or how many people will, knowing that welfare might not be there for them, change the behavior that might land them in need.

You may not believe that old canard about women having babies in order to get a welfare check (or young girls having babies in order to

gain emancipation from their families). But isn't it likely that *some* people at least will take greater care not to have more babies than they can care for if there is no assurance that welfare will take care of them? Isn't it likely that marriage might become a more attractive alternative for young women who know they will need help caring for their children? Isn't it likely that some women will be less likely to become sexually involved with men who are, by reason of idleness or attitude, ineligible as husbands? Isn't it likely that organized religion will take a larger role in providing help (economic as well as spiritual) for society's needy? And isn't it likely—or at least possible—that the legislation that strikes us as so punitive may help to restore the public dole to what most of us think it ought to be: emergency relief?

None of these outcomes will be universal, of course. Some people will, after their welfare eligibility expires, wind up homeless or worse, their job skills or mental condition being inadequate for gainful employment. But isn't that a problem that's easier to handle after you know the size of it?

Even on the technical side, the end-of-welfare legislation may be less Draconian than it at first appears. It has some interesting loopholes, including a provision that states that have received federal waivers to run experimental programs—currently 43 out of the 50—may continue to run those program notwithstanding the new legislation. In addition, states may not lose as much welfare money as it appears because they will be free to shift federal money from other categories to pay welfare benefits or to provide for job subsidies or day care.

The overall effect of the new rules could be very bad, or neutral or even good—largely depending on whether the governors who run the state programs are bad, average or good.

I agree with those who think the present legislation goes too far, is based on too many shaky assumptions and will do harm. But more harm than the present welfare system?

What gets lost in our anguished argument is that welfare was broken and we couldn't figure out how, starting with the present system, to fix it.

Isn't it just possible that we might do a better job by tearing the whole thing down and rebuilding it from scratch?

August 8, 1996

The Washington Post

from
JBA

Summary of Provisions

Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (H.R. 3734)

Prepared by the Office of the Assistant Secretary for Planning & Evaluation, D.H.H.S.

Title I: Block Grants for Temporary Assistance for Needy Families

- **Block Granting AFDC and JOBS:** The bill block grants AFDC, Emergency Assistance (EA), and JOBS into a single capped entitlement to states. There is a separate allocation specifically for child care.
- **Individual Entitlement:** No individual guarantee, but the state plan must have "objective criteria for delivery of benefits and determining eligibility" and provide an "explanation of how the state will provide opportunities for recipients who have been adversely affected to be heard in an appeal process." There are no provisions to give the Secretary authority to enforce this requirement.
- **Time Limits:** Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 20% of the caseload from the time limit. Exemptions from the time limit would be allowed for individuals living on Indian reservations with a population of at least 1,000 and an unemployment rate of at least 50 percent. States would not be permitted to use federal block grant funds to provide noncash benefits (e.g., vouchers) to children that reach the five-year time limit. Title XX monies could be used to provide non-cash assistance to families after the federal time limit. State funds that are used to count toward the maintenance of effort requirements may be used to provide assistance to families beyond the federal time limit.
- **Block Grant Funding:** The total cash assistance block grant is estimated to be \$16.4 billion for each year from FY 1996 to FY 2003. Each state would be allotted a fixed amount -- based on expenditures for AFDC benefits and administration, Emergency Assistance, and JOBS -- equal to the greater of: (1) the average of federal payments for these programs in FYs 1992-94; (2) federal payments in FY 1994; or (3) federal payments in FY 1995. States could carry over unused grant funds to subsequent fiscal years.
- **Work Requirements:** As part of their state plan, states must demonstrate that they will require families to work after two years on assistance. However, there are no penalties if a state does not meet this requirement. A state's required work participation rate for all families would be set at 25% in FY 1996, rising to 50% by FY 2002 (states would be penalized for not meeting these rates). The bill provides pro rata reduction in the participation rate for reductions in caseload levels below FY 1995 that are not due to eligibility changes. The rate for two-parent families increases to 90% by FY 1999.

Single-parent recipients would be required to participate at least 30 hours per week by FY 2000. Single parents with a child under age 6 would be deemed to be meeting the work requirements if they work 20 hours per week. Two-parent families must work 35 hours per week. Single parents of children under age 6 who cannot find child care cannot be penalized for failure to meet work requirements. States could exempt from the work requirement single parents with children under age one and disregard these individuals in the calculation of participation rates for up to 12 months. For two-parent families, the second spouse is required to participate 20 hours per week in work activities if they receive federally funded child care (and are not disabled or caring for a disabled child). Individuals who receive assistance for 2 months and are not working or exempt for the work requirements would be required to participate in community service, with the hours and tasks to be determined by the state (states could opt-out of this provision).

- **Waivers:** A state which had waivers granted under Section 1115 (or otherwise relating to the AFDC program) before July 1, 1997 would have the option of continuing to operate its cash assistance program under some or all of these waivers. If a state elected this option with respect to some or all of its waivers, the provisions of the welfare reform legislation which were inconsistent with the continued waivers would not take effect until the expiration of such waivers except that the new child care provisions would apply immediately (*bill language is unclear; this section may be subject to different interpretations*). States which have waivers approved after the date of enactment must also meet the work requirements, even if inconsistent. States operating their programs under waivers would still receive their block grant amounts.
- **Work Activities:** To count toward the work requirement, individuals would be required to participate at least 20 hours per week in unsubsidized or subsidized employment, on-the-job training, work experience, community service, 12 months of vocational training, or providing child care services to individuals who are participating in community service. Up to 6 weeks of job search (no more than 4 consecutive weeks) would count toward the requirement, except that states with unemployment rates at least 50 percent above the national average may count up to 12 weeks of job search. Teens (up to age 19) in secondary school would also count toward work requirement. However, no more than 20 percent of the caseload could count toward the work requirement because they were participating in vocational training or were a teen parent in secondary school. Individuals who had been sanctioned (for not more than 3 of 12 months) would not be included in the denominator of the rate.
- **Supplemental Funds:** The bill establishes a \$2 billion contingency fund. State spending (by eligible states) on cash assistance and work programs above the FY 1994 levels (not including child care) would be matched at the Medicaid rate to draw down contingency fund dollars. States could meet one of two triggers to access the contingency fund: 1) an unemployment rate for a 3-month period that was at least 6.5% and 110% of the rate for the corresponding period in either of the two preceding calendar years.; or 2) a trigger

based on food stamps. Under the second trigger, a state would be eligible for the contingency fund if its food stamp caseload increased by 10% over the FY 1994-1995 level (adjusted for the impact of the bill's immigrant and food stamp provisions on the food stamp caseload). Payments from the fund for any fiscal year would be limited to 20% of the state's base grant for that year. A state could draw down more than 1/12 of its maximum annual contingency fund amount in a given month. A state's federal match rate (for drawing down contingency funds) would be reduced if it received funds for fewer than 12 months in any year. The bill also includes: 1) an \$800 million grant fund for states with exceptionally high population growth, benefits lower than 35% of the national average, or above average growth and below average AFDC benefits (no state match) and; 2) a \$1.7 billion loan fund.

- **Maintenance of Effort:** Each state would be required to maintain 80% of FY 1994 state spending on AFDC and related programs. For states who meet the work participation requirements, the maintenance of effort provision would be reduced to 75%.
- **Transfers:** A state would be permitted to transfer up to 30% of the cash assistance block grant to the child care block grant and/or the Title XX block grant. No more than one-third of transferred amounts could be to Title XX, and all funds transferred must be spent on children and their families whose income is less than 200 percent of the poverty line.
- **Penalties:** The penalties that could be imposed on states would include the following: (1) for failure to meet the work participation rate, a penalty of 5% of the state's block grant in the first year increasing by 2 percentage points per year for each consecutive failure (with a cap of 21%); (2) a 4% reduction for failure to submit required reports; (3) up to a 2% reduction for failure to participate in the Income and Eligibility Verification System; (4) for the misuse of funds, the amount of funds misused (if the Secretary of HHS were able to prove that the misuse was intentional, an additional penalty equal to 5% of the block grant would be imposed); (5) up to a 5% penalty for failure, by the agency administering the cash assistance program, to impose penalties requested by the child support enforcement agency; (6) escalating penalties of 1% to 5% of block grant payments for poor performance with respect to child support enforcement, (7) a 5% penalty for failing to comply with the 5-year limit on assistance; and (8) a 5% penalty for failing to maintain assistance to a parent who cannot obtain child care for a child under age 6. States that are penalized must expend additional state funds to replace federal grant penalty reductions.
- **Personal Responsibility Agreement:** States would be required to make an initial assessment of recipients' skills. At state option, Personal Responsibility Plans could be developed.

- **Teen Parent Provisions:** Unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational and training activities in order to receive assistance. States would be responsible for locating or assisting in locating adult-supervised setting for teens, but there are no additional funds for "second chance homes."
- **Teen Pregnancy:** The Secretary of HHS to establish and implement a strategy to: (1) prevent non-marital teen; and (2) assure that at least 25% of communities have teen pregnancy prevention programs. The Department will have report to Congress annually in respect to the progress in these areas. No later than January 1, 1997, the Attorney General shall establish and implement a program that provides research, education and training on the prevention and prosecution of statutory rape.
- **Performance Bonus to Reward Work:** The Secretary of HHS, in consultation with NGA and APWA, would be required to develop a formula measuring state performance relative to block grant goals. States would receive a bonus based on their score on the measure(s) in the previous year, but the bonus could not exceed 5% of the family assistance grant. \$200 million per year would be available for performance bonuses (in addition to the block grant), for a total of \$1 billion between FYs 1999 and 2003.
- **Family Cap:** No provision. States implicitly have complete flexibility to set family cap policy.
- **Illegitimacy Ratio:** The bill establishes a bonus for states who demonstrate that the number of out-of wedlock births that occurred in the state in the most recent two-year period decreased compared to the number of such births in the previous period (without an increase in abortions). The top five states would receive a bonus of up to \$20 million each. If less than five states qualify, the grant would be up to \$25 million each. Bonuses are authorized in FYs 1999 - 2002.
- **Persons Convicted of Drug-Related Crimes:** Individuals who after the date of enactment are convicted of drug-related felonies will be prohibited for life from receiving benefits under the temporary assistance for needy families and food stamps programs. Pregnant women and individuals participating satisfactorily in drug treatment programs are exempted. States may opt out of this provision.

Title II: Supplemental Security Income

- **Disability Definition for Children:** Provides a new definition of disability for children. Under this new definition, a child will be considered to be disabled if he or she has a medically determinable physical or mental impairment which results in marked and severe functional limitations, which can be expected to result in death or which has lasted or can be expected to last for at least 12 months. In addition, this bill instructs SSA to remove

references to maladaptive behavior as a medical criteria in its listing of impairments used for evaluating mental disabilities in children. All of these provisions will apply to new claims filed on or after enactment and to all claims that have not been finally adjudicated (including cases pending in the courts) prior to the enactment of the bill. SSA is also required to redetermine the cases of children currently receiving SSI to determine whether they meet the new definition of disability.

- **Redeterminations:** Redeterminations of current recipients must be completed during the year following the enactment of the bill. The earliest that a child currently receiving SSI could lose benefits would be July 1, 1997. If the redetermination is made after that date, then benefits would end the month following the month in which the redetermination is made. SSA is required to notify all children potentially affected by the change in the definition by January 1, 1997.

An additional \$150 million for FY 1997, and \$100 million for FY 1998 is authorized for continuing disability reviews and redeterminations.

- **Benefits:** For privately insured, institutionalized children, cash benefits would be limited to \$30 per month. Requires that large retroactive SSI payments due to child recipients be deposited into dedicated savings accounts, to be used only for certain specified needs appropriate to the child's condition.

Provides that large retroactive benefit amounts would be paid in installments (applies to children and adults).

Title III: Child Support

- **Child Support Enforcement Program:** States must operate a child support enforcement program meeting federal requirements in order to be eligible for the Family Assistance Program. Recipients must assign rights to child support and cooperate with paternity establishment efforts. Distribution rules are changed so that families no longer on assistance have priority in receipt of child support arrears. Current law \$50 pass-through is not required.
- **Establishing Paternity:** Streamlines the process for establishing paternity and expands the in-hospital voluntary paternity establishment program.
- **State Requirements:** The bill requires states to establish central registries of child support orders and centralized collection and disbursement units. Requires states to have expedited procedures for child support enforcement.

Establishes a Federal Case Registry and National Directory of New Hires to track obligors across states lines. Requires that employers report all new hires to state agencies and new hire information to be transmitted to the National Directory of New Hires. Expands and streamlines procedures for direct withholding of child support from wages.

Provides for uniform rules, procedures, and forms for interstate cases.

Requires states to have numerous new enforcement techniques, including the revocation of drivers and professional licenses for delinquent obligors.

Provides grants to states for access and visitation programs.

Title IV: Restricting Welfare and Public Benefits for Aliens

- **SSI and Food Stamps:** Most legal immigrants (both current and future, and including current recipients) would be banned until citizenship (exemptions for: refugees/asylees, but only for first 5 years in country; veterans; and people with 40 quarters). Cut-off current recipients immediately based on rolling redeterminations within a year after enactment.
- **Medicaid, AFDC, Title XX Social Services, State-funded Assistance:** States would have the option to ban until citizenship most legal immigrants already in the U.S., including current recipients (with same refugee/asylees, et.al. exemptions as above). Current recipients would be eligible to continue receiving benefits until January 1, 1997.
- **Future Immigrants (entering after enactment):** Must be banned for five years from most federal means-tested programs, including Medicaid (exemptions below).
- **New Verification Requirements:** Imposed on all applicants and on virtually all federal, state, and local programs in order to deny all benefits to non-qualified (or illegal) aliens (except: emergency medical; short-term disaster; limited public health for immunizations and communicable diseases; non-profit, in-kind community services such as shelters and soup kitchens; certain housing programs; and school lunches/breakfasts if the child is eligible for a free public education). States would have the option to provide or deny WIC and other child nutrition and commodity benefits. Definition of qualified alien more narrow than current PRUCOL and Administration's proposal. Not later than 18 months after enactment, the Attorney General in consultation with the Secretary of Health and Human Services shall issue regulations requiring verification. States that administer a program that provides a Federal public benefit have 24 months after such regulations are issued to implement a verification system that complies with the regulations.

- **Deeming:** For sponsors/immigrants signing new, legally binding affidavits of support (which are to be promulgated by the Attorney General 90 days after enactment): extend deeming until citizenship; change deeming to count 100 percent of a sponsor's income and resources; and expand the number of programs that are required to deem, including Medicaid (exemptions below). These rules are effective immediately with regard to programs that currently deem, and effective 180 days after enactment for programs that do not currently deem. However, since the new deeming rules apply only to sponsors/immigrants who have signed the new affidavits of support, and new entrants are generally barred from receiving benefits for their first 5 years in the country, these new deeming rules and effective dates will be relatively irrelevant in practice.

- **Exemptions (from 5-year ban on future immigrants and deeming):**

People Exempted: Refugees/asylees, veterans, and Cuban/Haitian entrants receiving refugee/entrant assistance.

Programs Exempted: Emergency medical; short-term disaster; school lunch; WIC/child nutrition; limited public health for immunizations and communicable diseases; payments for foster care; non-profit, in-kind community services such as shelters and soup kitchens; programs of student assistance under Higher Education Act and Public Health Service Act; means-tested elementary and secondary education programs; Head Start; and JTPA.

Title V: Child Protection

- **Provisions:** Block grant provisions have been dropped. Current provisions are: (1) authority for states to make foster care maintenance payments using IV-E funds on behalf of children in for-profit child care institutions; (2) extension of the enhanced federal match for statewide automated child welfare information systems through 1997; (3) appropriation of \$6 million per year in each of FYs 1996 - 2002 for a national random sample study of abused and neglected children; and (4) a requirement that states consider giving preference for kinship placements, provided that the relative meets state standards.

Title VI: Child Care

- **Funding:** The bill authorizes \$13.9 billion in mandatory funding for FYs 1997-2002. States would receive approximately \$1.2 billion of the mandatory funds each year. The remainder would be available for state match (at the Medicaid rate). Requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down the matching mandatory funds. Also authorizes \$7 billion in discretionary funding for FYs 1996-2002.

- **Health and Safety Protections:** Retains current law requirement that all states establish health and safety standards for prevention and control of infectious diseases including immunizations, building and physical premises safety, and minimum health and safety training. Health and safety protections apply to all federally funded child care.
- **Quality:** Provides not less than 4 percent of the total consolidated mandatory and discretionary funds. Appropriate activities under this set-aside include consumer education, enhancement of parental choice, and improvement of the quality and availability of child care (such as resource and referral services).
- **Entitlement to Child Care:** The bill provides no child care guarantee, but single parents with children under 6 who cannot find child care would not be penalized for failure to engage in work activities.

Title VII: Child Nutrition Programs

- **Alien Eligibility:** The bill makes individuals who are eligible for free public education benefits under state or local law also eligible for school meal benefits under the National School Lunch Act and the Child Nutrition Act of 1966. States would have the option to provide or deny WIC and other child nutrition benefits.
- **Reimbursement Rates:** Effective for the summer of 1997, reduces maximum reimbursement rates for institutions participating in the Summer Food Service Program to \$1.97 for each lunch/supper, \$1.13 for each breakfast, and 46 cents for each snack/supplement. Rates are adjusted each January and rounded to the nearest lower cent.

Restructures reimbursements for family or group day care homes under the Child Care Food Program to better target benefits to homes serving higher proportions of children below poverty and reduces reimbursement rates for tier II homes to 95 cents for lunches/suppers, 27 cents for breakfasts, and 13 cents for supplements.

Rounds down to the nearest cent when indexed the reimbursement rates for full price meals in the school breakfast and school lunch programs and in child care centers, and rates for the special milk and commodity assistance programs.

- **Other Provisions:** Eliminates School Breakfast start-up and expansion grants. Makes funding for the Nutrition Education and Training (NET) Program discretionary.

Title VIII: Food Stamps and Commodity Distribution

- **Alien Eligibility:** Most legal immigrants (both current and future, and including current recipients) would be banned until citizenship (exemptions for: refugees/asylees, but only for the first five years in the U.S.; veterans; and people with 40 quarters of work). Cuts off current recipients immediately based on case redeterminations within a year. Future immigrants must be banned for five years (same exemptions as noted earlier).

For sponsors/immigrants signing new legally binding affidavits of support: extends deeming until citizenship; and changes deeming to count 100 percent of sponsor's income and resources.
- **Maximum Benefit Levels:** Reduces maximum benefit levels to the cost of the Thrifty Food Plan and maintains indexing.
- **Income and Deductions:** Retains the cap on the excess shelter deduction and sets it at \$247 through 12/31/96; \$250 from 1/1/97 through 9/30/98; \$275 for FYs 1999 and 2000; and \$300 from FY 2001 on. Freezes the standard deduction at the FY 1995 level of \$134 for the 48 states and DC, and makes similar reductions for other areas. Includes as income for the Food Stamp Program energy assistance provided by state and local government entities. Lowers the age for excluding from income the earnings of elementary and secondary students from under age 22 to those who are 17 and under. Requires individuals 21 and under living with a parent to be part of the parent's household.
- **Work Requirements and Penalties:** Establishes a new work requirement under which non-exempt 18-50 year olds without children would be ineligible to continue to receive food stamps after three months in 36 unless they are working or participating in a workfare, work, or employment and training program. Individuals may qualify for three additional months out of 36 if they have worked or participated in a work or workfare program for 30 days and lose that placement. Permits states with waiver requests denied by August 1, 1996 to lower the age at which a child exempts a parent/caretaker from food stamp work rules from 6 years to 1 year old.
- **Program Integrity and Additional Retailer Management Controls:** Doubles recipient penalties for fraud violations to one year for first offense and two years for second offense; permanently disqualifies individuals convicted of trafficking in Food Stamp benefits of \$500 or more; disqualifies for 10 years those convicted of fraudulently receiving multiple benefits; mandates state participation in the Federal Tax Refund Offset Program (FTROP); allows retention of 35% of collections for fraud claims and 20% for other client error claims; and allows allotment reductions for claims arising from state agency errors.

The bill also requires a waiting period for retailers denied approval; permits disqualification of retailers disqualified under WIC; expands criminal forfeiture; permits permanent disqualification of retailers who intentionally submit falsified applications; and improves USDA's ability to monitor authorized stores.

- **Child Support:** Gives states the option to require cooperation with Child Support Enforcement agencies for custodial and non-custodial parents. Permits states to disqualify non-custodial parents with child support orders who are not paying support.
- **Work Supplementation:** Permits private sector employment initiatives that cash-out benefits to certain employed participants.
- **Program Flexibility and Simplification:** Simplifies program administration by expanding states' flexibility in setting customer service requirements. Allows states to submit standard cost allowances to use in calculating self-employment income; eliminates federal standards applying to hours of office operation; deletes detailed federal requirements over application form; deletes detailed federal customer service over areas such as toll-free telephone numbers; extends expedited service processing period to seven days and extends expedited service only to homeless persons who meet financial criteria; makes use of the income and eligibility verification system (IEVS) and the immigration status verification system (SAVE) optional; permits states to determine their own training needs; and authorizes the Simplified Food Stamp Program, through which states can employ a single set of rules for their state cash assistance programs and the Food Stamp Program. Expands Food Stamp waiver authority to permit projects that reduce, within set parameters, benefits to families. Cash-out of benefits is prohibited under the new waiver authority.
- **Asset Limits:** Sets and freezes the Fair Market Value for the vehicle allowance at \$4650.
- **EBT:** Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Exempts Food Stamp EBT from the requirements of Regulation E.
- **Commodity Programs:** Consolidates the Emergency Food Assistance Program and the Soup Kitchen/Food Bank Program; provides for \$100 million in mandatory spending in the Food Stamp Act to purchase commodities. Provides for state option to restrict benefits to illegal aliens.

Title IX: Miscellaneous

- **Title XX -- Social Services Block Grant:** Annual funding for the Social Services Block Grant would be reduced from \$2.8 billion in FYs 1990-1995 to \$2.38 billion (15% reduction) in FYs 1996-2002, and returning to \$2.8 billion in FY 2003 and each succeeding fiscal year. Non-cash vouchers for children that become ineligible for cash assistance under Title IV-A time limits are authorized as an allowable use of Title XX funds.

- **Abstinence Education:** Starting in FY 1998, \$50 million a year in mandatory funds will be added to the appropriations of the Maternal and Child Health (MCH) Block Grant. The funds would be allocated to states using the same formula used for Title V MCH block grant funds. Funds would enable states to provide abstinence education with the option of targeting the funds to high risk groups (i.e. groups most likely to bear children out-of-wedlock). Education activities are explicitly defined.
- **Drug Testing:** Nothing in federal law shall prohibit states from performing drug tests on AFDC recipients or from sanctioning recipients who test positive for controlled substances.

ONE HUNDRED FOURTH CONGRESS

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U.S. House of Representatives
Committee on Commerce

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JAMES E. DODDNER, CHIEF OF STAFF

FAX COVER SHEET

DATE:

8/12/96

TO:

Chris Jennin

FROM:

Budget Dept

FAX NUMBER:

456-5542

NUMBER OF PAGES:
(Including Cover)

4

COMMENTS:

(If there are problems with this transmission,
please phone 226-3400. Democratic Staff, 564 FHOB.)

When my father first came to Congress in 1930's, his philosophy about the role of the federal government was to be there to help people when they couldn't help themselves. He believed that as a federal legislator his job was to be the voice for the people of our nation who don't have a voice and work to pass legislation that would assist people in need. It is to the President and my legislative colleagues who share that philosophy that we owe the survival of the Medicaid program, the health and long-term care insurance program for 37 million seniors, people with disabilities, children and their mothers.

Less than a year ago, the Washington Post and newspapers around the country carried the news that Medicaid had been repealed. Under the guise of balancing the budget, the Republican extremists led by Newt Gingrich and Bob Dole and urged on by a group of Republican Governors, tried to turn the Medicaid health insurance program into a block grant piggy bank for themselves. By eliminating the federally enforceable guarantee, cutting billions from the program, and limiting federal dollars to states regardless of economic recession or increased need, Republicans effectively voted to terminate federally guaranteed health and long-term care coverage for 37 million Americans. Even as recently as last week, when Medicaid was ostensibly "off the table", buried in the welfare bill were provisions to end a portion of this guarantee--protections for poor children and their mothers.

Today, I am proud to say that the Republicans were unsuccessful and they have been forced to hear the voice of all Americans in support of the Medicaid safety net. Who among us doesn't know someone with a disabled child or parent in a nursing home who cannot afford the outrageous cost of care? That Republicans heard that voice is testimony to the dedication and

persistence of the President and a group of fighters that included elected officials and a team of advocacy groups who refused to give up.

Early in the budget debate, a group of "Blue Dog" Democrats in the House--leaders in the balanced budget fight--made it clear that the Medicaid repeal was fiscally irresponsible. As guardians of the federal trust, these legislators believed that federal funds should not be made available without clearly established and enforced criteria for their use--that is specification of who should be covered for what services. At the same time, the Commerce committee Democrats, although outnumbered by the Republicans in votes, continued their relentless attack in hearings and markups, to put faces on the people who would lose coverage under the Republican's bill.

Midway through the debate, Senators Chafee and Breaux picked up the mantel, leading Senate Democrats and a small band of Republicans. Their efforts to bridge partisan differences and their relentless desire to protect vulnerable populations made clear that a Medicaid "guarantee" had to mean a federally enforceable guarantee to a defined set of benefits for specific populations. Finally, moderate Republicans in the House joined the band of warriors to assert that the changes which the Republicans tried to push in the "middle of the night" through welfare reform were unacceptable. The Republicans were once again forced to accept the fact that the majority of the members of Congress had heard these voices and wanted to protect health and long-term care for vulnerable Americans.

Throughout the debate, the President has stood firm behind Medicaid's federal guarantee of

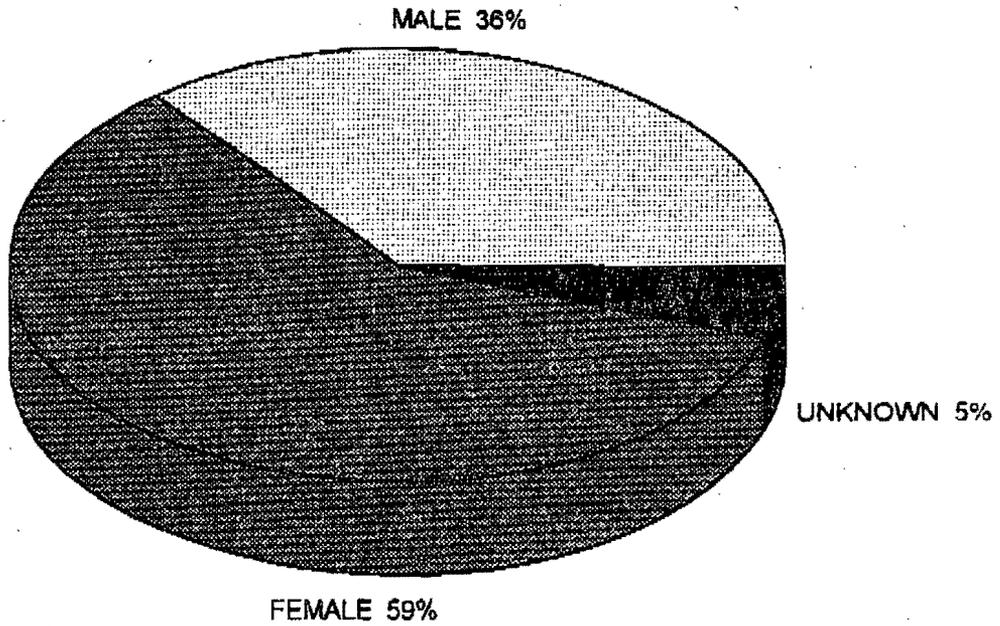
meaningful health care protection. Each time he vetoed the Republicans' balanced budget, he made it clear that balancing the budget did not require Medicaid's repeal. Medicaid was to remain the guarantee of health care coverage that many Americans depend on. The President is in favor of increasing health care coverage; he is NOT willing to go backwards.

These courageous efforts remind me of the fundamental reason we are elected to public office. No one, if asked last year, would have believed anything but that the Republicans would have their way and this program would be repealed. Instead, through the dedication of a group of courageous and principled warriors, the voices of the people of our nation were appropriately represented. I am proud to have been a part of this effort, my father would've been proud.

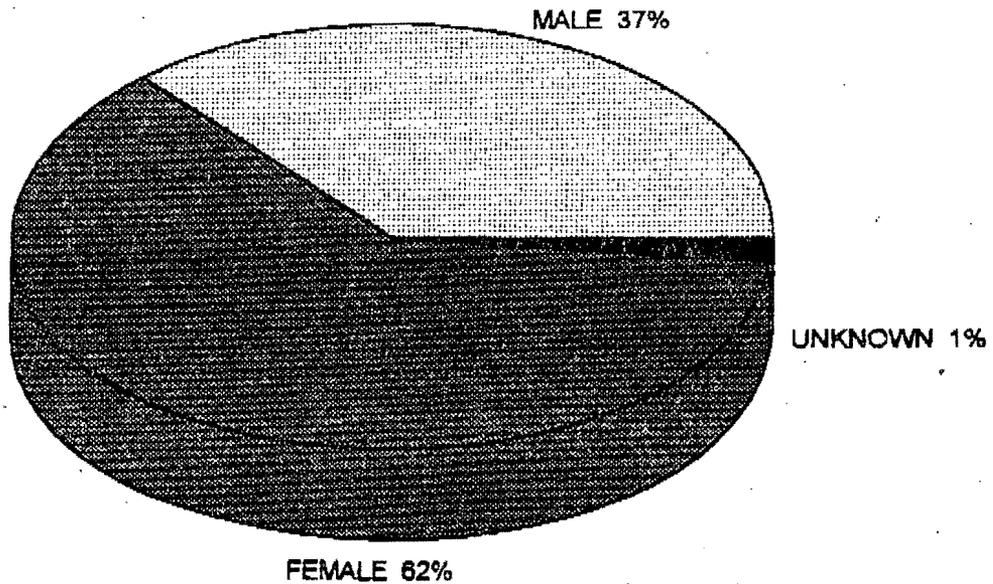
#2

MEDICAID RECIPIENTS AND VENDOR PAYMENTS BY SEX

FISCAL YEAR 1994



TOTAL RECIPIENTS: 35.1 MILLION



TOTAL VENDOR PAYMENTS: \$108.3 BILLION



THE CATHOLIC HEALTH ASSOCIATION
OF THE UNITED STATES

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NEWS RELEASE

For Immediate Release

CATHOLIC HEALTH ASSOCIATION PLEDGES TO ADDRESS WELFARE REFORM PROVISION JEOPARDIZING MEDICAID COVERAGE TO LEGAL IMMIGRANTS

WASHINGTON (August 8) -- The Catholic Health Association of the United States (CHA) is committed to address a major flaw in the welfare reform bill passed by Congress. The provision jeopardizes Medicaid coverage for legal immigrants.

Under the welfare legislation -- which President Clinton intends to sign -- current legal immigrants would retain their Medicaid coverage until January 1997 after which time states can choose to continue or deny them coverage. Future immigrants, however, are barred from Medicaid coverage for five years. After five years, their Medicaid eligibility will be determined by their resources and income, as well as that of their sponsors and spouses.

CHA strongly agrees with the President's judgment that this particular provision "has nothing to do with welfare reform ... and it [is] not right." Eliminating or restricting Medicaid eligibility for legal immigrants who work and pay taxes denies them access to a basic and necessary safety net. The new welfare legislation will also undoubtedly increase the financial burden on many hospitals, including Catholic facilities, which serve a disproportionate share of legal immigrants. These hospitals have a moral and legal responsibility to serve those in need, regardless of their insurance status. CHA is pleased that the President is committed to addressing the serious defects in the welfare reform bill and urges him to introduce corrective legislation before the end of the year.

CHA is also pleased that the President insisted on the inclusion in the welfare bill of a number of significant protections for low income families and children. Prominent among them is a CHA-endorsed provision, championed by Senators John Chafee (R-RI) and John Breaux (D-LA), that retains Medicaid eligibility rules for AFDC-eligible mothers and children. Absent the provision, this vulnerable population could have lost their Medicaid coverage.

During the 104th Congress, CHA has fought to protect the integrity of the Medicaid program by advocating guaranteed coverage to a set of meaningful benefits for America's poorest. CHA's continuing opposition to block granting Medicaid is founded on our conviction that a federally-enforced Medicaid entitlement is essential and must be maintained in federal law. CHA supports restructuring Medicaid to allow states more flexibility in the design and administration of the program, but it must be accomplished without destabilizing the delivery of health services to millions who depend on them.

The Catholic Health Association is grateful that the President earlier committed his Administration to maintain the federal entitlement for Medicaid. Without this commitment, Medicaid surely would have been repealed and replaced by a block grant program without guaranteed coverage.

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The Catholic Health Association of the United States (CHA) represents more than 1,200 Catholic-sponsored facilities and organizations. The members make up the nation's largest group of not-for-profit healthcare facilities under a single form of sponsorship.

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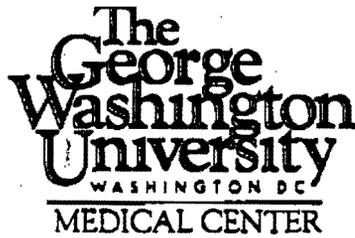
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CENTER FOR HEALTH POLICY RESEARCH

PRELIMINARY REPORT

**An Analysis of the Medicaid and Health-Related
Provisions of the
"Personal Responsibility and Work Opportunity
Reconciliation Act of 1996"**

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August, 1996

Introduction

This analysis compares key issues of current Medicaid law to the Medicaid-related provisions contained in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-). It also describes how the Act may affect eligibility for Medicaid and other health services of undocumented aliens and legal U.S. residents.

The new law is complex and contains important ambiguities. It may take months to reach definitive answers on many of the questions raised by the Act.

1. Treatment of Medicaid

At first glance the Act appears to make relatively few changes in the Medicaid program. The program is retained as an individual entitlement, since the House and Senate leadership elected to delete the Medicaid block grant amendments¹ from the reconciliation bill (which contained the welfare reform provisions) prior to floor consideration. As a result, benefit, provider qualification and payment, and other basic structural provisions of law remain unchanged.

However, several provisions of the Act can be expected to have a major effect on Medicaid eligibility.

- The Act significantly alters the SSI program for children; because of the link between Medicaid and welfare, these changes can be expected to affect children's Medicaid coverage as well.
- While the Act preserves Medicaid for persons who otherwise would lose coverage following the loss of cash assistance, the bill also for the first time ends automatic coverage for persons who receive Title IV-A assistance. This change may have a major impact on coverage and enrollment of millions of children and women.
- The Act dramatically revises existing coverage rules related to legally resident aliens.

1. SSI-related changes

The measure eliminates an estimated 300,000 children from the SSI program by imposing new restrictions on eligibility for assistance. Most of the children who will be affected by these changes have significant but not severe functional limitations (particularly mental disorders).

¹For a comparison of how the Medicaid provisions contained in the Act would have altered the program see Sara Rosenbaum and Julie Darnell, A Comparison of the House and Senate Medicaid Reform Bills, prepared for the Kaiser Commission on the Future of Medicaid, July, 1996.

Some, but not all, of the affected children could be expected to retain Medicaid eligibility as poverty-level children, but significant outreach and redetermination procedures will be needed. Moreover, the Medicaid poverty-level program does not apply to children born on or before September 30th, 1983. Emotionally and functionally impaired adolescents may therefore face significant loss of coverage in states that have not elected to cover all poor children under 19.

The measure also eliminates SSI eligibility for certain legal residents. These changes are discussed at greater length below.

2. Treatment of current and former recipients of welfare benefits under Title IV-A.

The Act replaces Aid to Families with Dependent Children (AFDC) (the principal federal welfare program for families with children) with a new block grant cash assistance program known as Temporary Aid to Needy Families (TANF). TANF is codified at Title IV-A, the title of the Social Security Act in which the AFDC program currently is codified. The effective date of these changes is July 1, 1997.²

In general, the new program is expected to result in a significant decline in the number of Title IV-A recipients (as many as 30% to 40% of the current Title IV-A caseload would lose benefits over time according to Congressional Budget Office estimates). Because of the historic link between Title IV-A and Medicaid (Title IV-A recipients automatically qualify for Medicaid without a separate application), the Title IV-A changes could have resulted in a significant loss of Medicaid coverage among former AFDC recipients (particularly non-pregnant women and older children, who would not have an alternative eligibility pathway).

In order to prevent this result the Act amends the Medicaid statute to provide that "any reference in this title [Medicaid] to a provision of part A of Title IV...including income and resource methodologies under such part...shall be considered a reference to such a provision as in effect on July 16, 1996".³ The Act further provides that *for purposes of determining eligibility for persons receiving Title IV-A benefits, individuals shall be treated as receiving Title IV-A assistance only if they continue to meet the AFDC eligibility standards in place as of July 16, 1996.*

This provision has two effects. First it prevents the loss of Medicaid eligibility for persons who would otherwise lose Medicaid as a result of the loss of Title IV-A benefits following the implementation of TANF. Second, however, the law prevents states from *automatically*

²P.L. 104- , sec. 116.

³P.L. 104- , sec. 114.

providing Medicaid to any TANF recipient and requires a separate eligibility determination for all TANF recipients in order to determine if these individuals also met Title IV-A criteria in effect as of July 16th, 1996.⁴ In other words, the law appears to require a separate Medicaid eligibility determination process in the case of families with children.

This change in the structure and operation of Medicaid may have major consequences. Currently one third of all Medicaid recipients (and more than half of all children) receive Medicaid automatically and without separate application, incident to their welfare payments.⁵ However, for budgetary reasons, rather than maintaining automatic coverage for all IV-A recipients and creating a new mandatory coverage group of former IV-A recipients (AFDC), the Act eliminates automatic enrollment of welfare beneficiaries and while retaining existing eligibility and coverage rules.⁶

The following issues would appear to be key ones as the Title IV-A-related Medicaid amendments are implemented in states:

- **Automatic coverage versus separate applications:** The effect of the Medicaid amendments appears to be bifurcation of the application and enrollment process for AFDC beneficiaries. An important issue is whether the Department develops a procedure for the automatic enrollment of persons in states whose TANF programs are no more liberal than their AFDC programs as of July 16, 1996.
- **Application of the amendments in states with federal demonstrations:** the application of these changes in states with federally approved Section 1115 AFDC and Medicaid demonstrations will need clarification (this issue is discussed at greater length below).^{*}
- **Redetermination versus termination:** The Act provides that the eligibility standards for Medicaid are those that were in effect as of July 16, 1996. Under existing federal Medicaid regulations, states will be required to *redetermine* eligibility for beneficiaries rather than simply terminate coverage and require beneficiaries to reapply for medical

⁴At their option states may roll back eligibility standards to May 1, 1988 levels. States may increase eligibility levels at rates equal to changes in the CPI. P.L. 104- sec. 116(b).

⁵42 C.F.R. sec. 435.909 (a)

⁶CBO budget estimates undoubtedly had an impact on this decision, although it is unclear whether the CBO took into account the costs associated with a separate eligibility determination process. Nor is it clear whether CBO scored de-linkage as a money-saver (which it can be assumed to be, since a certain proportion of recipients can be expected to enroll only in one program).

assistance.⁷ In the absence of redetermination procedures, the number of persons losing Medicaid coverage as of July, 1997, could be enormous. These individuals would be permitted to reapply for assistance under the July, 1996, standards but might experience a number of months without coverage.

- **Medicaid applications for Title IV-A recipients following welfare reform:** As noted, states have the option of using a unified application form for TANF and Medicaid. It will be important to determine which states in fact develop such a form and elect to establish a separate process for determining Medicaid coverage.
- **Coverage of former welfare recipients:** The Act permits states to replace July 1996, coverage levels with May 1988⁸ levels. It will be important to know how many states in fact roll back coverage standards.
- **Conditioning the receipt of Title IV-A (TANF) assistance on the non-receipt of other assistance.** States are free under TANF to establish eligibility requirements. Nothing in the TANF provisions would appear to prohibit a state from conditioning the receipt of cash assistance on the *non-receipt* of other forms of means-tested public assistance. For example, in order to conserve cash aid for the neediest families in an effort to absorb federal payment reductions, a state might elect to preclude cash benefits to persons who elect to receive food stamps, Medicaid, child care, or other forms of in-kind assistance.
- **Changing standards and methodologies.** Under current law, the same financial rules that are used to measure income and resources for AFDC are used to measure income for other "related" non-cash-assistance eligibility groups, most notably poverty-level children and pregnant women. Thus, for example, in determining eligibility for poverty-level children, states must deduct from family income amounts paid for child care or work-related expenses. The act requires states to continue to apply to these groups the same "methodologies and standards" used as of July 16, 1996. However, states have the option to either update these standards and methodologies or to roll back their standards and methodologies to those that were in effect as of May 1, 1988.⁸ It will be important to ascertain the extent to which states alter existing financial eligibility rules for both cash and

⁷42 C.F.R. sec. 935.916 sec. (a) and (c) provide that Medicaid agencies must "redetermine the eligibility of Medicaid recipients, "with respect to circumstances that may change", when they receive "information about a change in a recipient's circumstances". The enactment of a law requiring the application of new eligibility criteria would appear to constitute such a change. It is possible, however, that the rule is intended to cover only changed *factual* circumstances that would trigger the right to a pre-termination hearing, rather than changes in broadly applicable legal standards.

⁸P.L. 101- , sec. 114.

non-cash assistance recipients.

3. Medicaid Coverage of Non-Citizens

The Act makes major changes in the treatment of aliens under Medicaid.

Current law: Under neither undocumented aliens nor nonimmigrants (tourists, students, etc.) are eligible for most forms of means tested public assistance (AFDC, SSI, food stamps and housing assistance). Such persons are entitled to Medicaid coverage for emergency care, however, if they otherwise meet the program qualification requirements. Permanent U.S. residents as well as immigrants are eligible for Medicaid and other welfare benefits. The Act retains existing rules for treatment of undocumented persons and non-immigrants but makes broad changes in coverage of legal residents.

The Act identifies certain classes of legal residents as "qualified aliens". The term "qualified alien" is defined as persons lawfully admitted for permanent residence, asylees, refugees, persons paroled in to the U.S. for at least one year, persons whose deportation has been withheld, and persons granted conditional entry.⁹ Certain "qualified aliens" currently in the U.S. are eligible for public assistance. Qualified aliens who enter in the future are banned from virtually all public benefit programs including both means tested entitlements and other federal public benefit programs funded on a discretionary basis (discussed separately below).

a. Treatment of legal residents who are "qualified aliens" and who currently reside in the U.S.¹⁰

For legal residents who are qualified aliens and who reside in the U.S. as of the date of enactment, the following rules apply:

SSI and food stamps. The only qualified aliens eligible for SSI or food stamps are:

Legal residents with a Social Security-insured earnings history of at least 40 quarters;

Veterans, persons on active duty and their spouses and minor dependents

Refugees, asylees, persons granted conditional entry into the U.S. and persons for

⁹T.I.L. 104- Sec. 431.

¹⁰P.L. 104- . sec. 402.

whom deportation has been stayed.

Legal residents with no or limited work history (e.g., the elderly who worked at non-SSA insured jobs or persons who immigrated as elderly persons) are barred from both programs as are persons awaiting deportation hearings (these persons are not considered qualified under the new definition).

• **Medicaid, TANF and Title XX Social Services Block Grant:** States have the option to extend coverage to any group of qualified legal aliens currently residing in the U.S.¹¹ but must at a minimum cover the groups for whom eligibility exceptions are drawn for purposes of food stamps and SSI (i.e., residents with an earnings history, asylees, refugees, veterans and active duty persons and their families, and persons for whom deportation is being withheld).

These provisions take effect on January 1, 1997, so that states will have to make their election over the next several months.

b. Treatment of legal residents who enter the U.S. on or after the date of enactment¹²

In the case of legal residents who are qualified aliens and who enter the U.S. on or after the date of enactment such persons are banned from all means tested public benefit programs for a period of five years. The term includes Medicaid except for the same emergency coverage exception that applies to undocumented persons.¹³

In the case of persons who are qualified aliens states must deem the income and resources of sponsors as available to the applicant. Sponsor income and resources must be deemed available until the alien has worked 40 quarters.¹⁴

2. Treatment of Federal Health Programs Funded on a Discretionary Basis

Under current law federal health programs funded on a discretionary basis (e.g.,

¹¹ The law is unclear as to whether states could cover some but not all qualified aliens for Medicaid under existing comparability and statewideness provisions.

¹² P.L. 104- , sec. 403.

¹³ P.L. 104- ; sec. 403(c) and 401(b)(1)(A).

¹⁴ P.L. 104- , sec. 421.

community and migrant health centers, family planning programs, local health agencies assisted under Public Health Service Act and Social Security Act programs, programs under the authority of the CDC, Ryan White-funded HIV programs, homeless health programs and so forth) are not required to make any determinations regarding the legal status of their patients. All individuals, whether in the U.S. lawfully or otherwise, can use these programs. The new law appears to change these existing rules for both undocumented persons and legal residents.

Undocumented persons: The new law prohibits the expenditure of any "federal public benefit" funds on undocumented persons. The term "federal public benefit" is defined as any "grant, contract, loan professional license or commercial license provided by an agency of the United States or by appropriated funds of the United States."¹⁵ The only health-related exceptions to this ban on federal expenditures are for the following services:

- Medicaid coverage for emergency care;
- "public health assistance for immunization and for testing and treatment of symptoms of communicable diseases whether or not such symptoms are caused by communicable disease"; and
- programs and services specified by the Attorney General which "(i) deliver in-kind services at the community level...; (ii) do not condition assistance on ...the individual recipient's income; and (iii) are necessary for the protection of life or safety.

Legal entrants: Under the Act, no federal funds classified as "federal means tested public benefits" may be used to serve new legal entrants into the U.S. during the five-year ban.¹⁶ The term "federal means tested public benefit" is not defined¹⁷, nor is it clear that the exclusion applies to future legal entrants.¹⁸ O. Cong. Rec. S. 9400 (August 1, 1996).¹⁹ Whatever definition ultimately is adopted,

¹⁵P.L. 104- , sec. 401.

¹⁶ P.L. 104- , sec. 401 and 403.

¹⁷P.L. 104- , sec. 403.

¹⁸ P.L. 104- sec. 403. A Senate colloquy following the filing of the Conference agreement attempts to clarify that the legal entrant provisions are not to be interpreted to reach federal programs supported with discretionary funds, on the grounds that were the Act to be applied in this fashion it would violate the Byrd rule. This rule, which is part of the Senate rules on budget consideration, prohibits the Senate from including amendments to discretionary programs in bills altering entitlement legislation, if such bill are part of a budget reconciliation package, as was the case with welfare reform.

Cong. Rec. S-9400 (August 1, 1996). The impact of this colloquy on these provisions is unclear as of yet.

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ISSUE	CURRENT LAW	THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
Basic Program Structure	<ul style="list-style-type: none"> • Medicaid entitles eligible persons to coverage for a defined set of benefits and contains extensive provisions that describe the scope of coverage that must be furnished, the qualifications of providers furnishing care to beneficiaries, and the level of payment that must be made to certain providers. 	<ul style="list-style-type: none"> • Retains the current structure of the Medicaid program while changing rules on eligibility for certain categories of individuals and altering enrollment and coverage procedures.
Treatment of Recipients of Financial Assistance under Title IV-A²⁶ of the Social Security Act	<ul style="list-style-type: none"> • All persons who receive assistance under Title IV-A (currently Aid to Families with Dependent Children) automatically qualify for Medicaid and receive coverage without a separate application. 	<ul style="list-style-type: none"> • Eliminates provisions extending automatic coverage to persons receiving benefits under Title IV-A (which effective 7/1/97 becomes the Temporary Aid to Needy Families (TANF) program). Persons receiving TANF will be ineligible for Medicaid unless they meet July 16, 1996, Title IV-A Medicaid eligibility rules.
General Rules Regarding Treatment of Former Recipients of Financial Assistance under Title IV-A of the Social Security Act	<ul style="list-style-type: none"> • Medicaid does not provide coverage for former recipients of Title IV-A benefits unless they fall into designated extended coverage groups. 	<ul style="list-style-type: none"> • Entitles former Title IV-A recipients to continued coverage as long as they continue to meet the Title IV-A eligibility requirements that were in effect as of July 16, 1996. States may deny coverage to persons who do not cooperate with TANF work requirements (this exclusionary option is not permitted in cases where the family member to be excluded would qualify for coverage as a poverty level child or pregnant woman).

²⁶Aid to Families with Dependent Children (AFDC) previously was included as Title IV-A of the Social Security Act. The Personal Responsibility Act replaces AFDC with a new program entitled Temporary Aid to Needy Families (TANF).

GWUMC Center for Health Policy Research
A Comparison of Current Law with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996

ISSUE	CURRENT LAW	THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
Treatment of Children and Adults Who Do Not Qualify for Cash Assistance under Title IV-A but Who Are "Related To" IV-A Families with Children (e.g., "Poverty-level" Pregnant Women and Children)	<ul style="list-style-type: none"> • States must use the most closely related standards and methodologies to calculate income for these children and adults. Title IV-A methodologies and standards used under the AFDC program (such as deductions for child care and work expenses) apply in calculating income for these groups. 	<ul style="list-style-type: none"> • States must continue to use the standards and methodologies that were in effect under Part A of Title IV-A as of July 16, 1996. States may update these standards and methodologies in accordance with the CPI and may continue to use more liberal standards and methodologies than those used to determine cash welfare eligibility.
Treatment of Recipients of Financial Assistance under Title XVI of the Social Security Act (Supplemental Security Income (SSI))	<ul style="list-style-type: none"> • Nearly all persons who receive SSI are automatically entitled to Medicaid; in most states SSI recipients are automatically enrolled in Medicaid. Several states exclude disabled children and certain disabled and elderly adults from Medicaid under a federal option (known as section 209(b)) enacted in 1972. 	<ul style="list-style-type: none"> • Retains automatic eligibility rules for SSI as well as the existing state option to use more restrictive standards. However, tightens SSI eligibility standards for disabled children without severe functional impairments and eliminates SSI coverage for both current and future legal residents who do not fall within certain classes of "qualified aliens". States have the option to extend Medicaid to current and future qualified aliens but may not provide Medicaid to children who formerly received SSI unless they meet the requirements of another eligibility category (e.g., poverty-level children).
Medicaid Application Procedures for Persons Applying for Both Title IV-A Financial Assistance and Medicaid	<ul style="list-style-type: none"> • States must use a single application form for persons applying for both AFDC and Medicaid. 	<ul style="list-style-type: none"> • States have the option to use a single application form for persons applying for both TANF and Medicaid.
Medicaid Application Procedures for Persons Applying for Both Title XVI Financial Assistance and Medicaid	<ul style="list-style-type: none"> • States have the option of using a single application form (i.e., the Social Security Administration SSI application form) for both programs. Approximately 16 states require SSI recipients to file separate Medicaid applications. 	<ul style="list-style-type: none"> • No change.

GWUMC Center for Health Policy Research
A Comparison of Current Law with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996

ISSUE	CURRENT LAW	THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996
Eligibility of Otherwise Qualified Undocumented Persons for Medicaid	<ul style="list-style-type: none"> • Coverage for undocumented persons is restricted to emergency coverage only. 	<ul style="list-style-type: none"> • No change.
Eligibility of Undocumented Persons and Legal Residents for Services Funded with Discretionary Federal Funds (e.g., grants under the Public Health Service Act and other discretionary grant programs)	<ul style="list-style-type: none"> • No restriction. Federal discretionary grant programs do not contain residency or alienage tests. 	<ul style="list-style-type: none"> • Prohibits the use of any "federal public benefit" (i.e., any federal grant, contract or loan or other federal expenditure) to support services to undocumented persons, with the following exceptions: emergency Medicaid coverage; and public health assistance (other than emergency Medicaid) for immunizations and testing and treatment of communicable diseases. The Attorney General can designate other programs as available to undocumented persons if they deliver in-kind services at the community level, do not condition the receipt of assistance on income, and are necessary for the protection of life or safety. • Does not alter existing rules with respect to eligibility for federal programs that are not means tested entitlements in the case of qualified aliens and other legal residents who reside in the U.S. at the time of enactment. • Restricts the use of discretionary grant funds in the case of new entrants who are qualified aliens to those uses approved for undocumented persons. Other legal residents (non-immigrants) appear to be subject to the same ban that applies to undocumented persons. Qualified aliens who are new entrants are also eligible for certain other federal funds, including health professions education training, certain child nutrition programs, and higher education funding.

GWUMC Center for Health Policy Research
A Comparison of Current Law with the Personal Responsibility and Work Opportunity Reconciliation Act

ISSUE	CURRENT LAW	THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT
Eligibility of Non-Citizens for State Public Benefits Programs	States may not apply citizenship tests to state and locally funded programs under the Constitution since regulation of the treatment of non-citizens is an exclusive domain of Congress.	• Bars persons who are not qualified to be present in the U.S. from state and local public benefits and authorizes states to bar certain categories of persons from coverage under state and local public benefits programs.

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**BILITY AND WORK
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