

Fax Cover Sheet  
for the  
**UNITED STATES SENATE**  
Committee on the Budget  
Minority Staff

Date: 7-15

Time:

TO: Rich Templin

Office:

Fax Number: 690-7380

FROM: Joan Huffer

Phone Number: 202/224-7436

Fax Number: 202/228-3898

Page(s) to follow, including cover sheet: 8

Description of Document / Comments:

Draft Medicaid language

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S.L.C.

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To continue the eligibility of current recipients of AFDC for medicaid.

IN THE SENATE OF THE UNITED STATES—104th Cong., 2d Sess.

(no.) \_\_\_\_\_

(title) \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Referred to the Committee on \_\_\_\_\_  
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT \_\_\_\_\_ intended to be proposed by \_\_\_\_\_

Viz:

1 At the end of chapter 1 of subtitle A, add the follow-  
2 ing:

3 **SEC. 2117. CONTINUED APPLICATION OF CURRENT STAND-**  
4 **ARDS UNDER MEDICAID PROGRAM.**

5 (a) IN GENERAL.—Title XIX of the Social Security  
6 Act is amended—

7 (1) by redesignating section 1931 as section  
8 1932; and

1 (2) by inserting after section 1930 the following  
 2 new section:

3 "CONTINUED APPLICATION OF CERTAIN METHODOLOGY  
 4 AND STANDARDS

5 "SEC. 1931. (a) APPLICATION TO THIS TITLE.—

6 "(1) IN GENERAL.—For purposes of applying  
 7 this title on and after October 1, 1996, notwith-  
 8 standing any other provision of this Act but subject  
 9 to subsection (b), with respect to a State—

10 "(A) except as provided in subparagraphs  
 11 (B) and (C), any reference in this title (or any  
 12 other provision of law in relation to the oper-  
 13 ation of this title) to a provision of part A of  
 14 title IV, or a State plan under such part, shall  
 15 be considered a reference to such provision or  
 16 plan as in effect as of May 1, 1996;

17 "(B) individuals shall be deemed to be re-  
 18 ceiving aid or assistance under a State plan ap-  
 19 proved under part A of title IV if they meet—

20 "(i) the income and resource stand-  
 21 ards, and the methodology for determining  
 22 eligibility for assistance applicable under  
 23 such plan, as of May 1, 1996; and

24 "(ii) the eligibility requirements of  
 25 such State plan that correspond to the re-  
 26 quirements of subsections (a), (b), and (c)

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1 of section 406, section 402(a)(42), and  
 2 section 407 of part A of title IV, as such  
 3 sections were in effect as of May 1, 1996;  
 4 and

5 "(C) any reference in section 1902(a)(5) or  
 6 1925 to a State plan approved under part A of  
 7 title IV shall be deemed to be a reference to a  
 8 State program funded under such part, as in  
 9 effect on and after October 1, 1996.

10 "(2) STATE OPTION FOR LOWER STANDARDS.—

11 In applying clause (i) of paragraph (1)(B), a State  
 12 may lower the income and resource standards appli-  
 13 cable under the State plan under part A of title IV  
 14 so long as such standards are not less than the  
 15 standards in effect under the State plan under such  
 16 part of such title on May 1, 1988. A State may elect  
 17 to use less restrictive income and resource standards  
 18 or methodologies under such State plan.

19 "(3) STATE OPTION REGARDING SEPARATE  
 20 MEDICAID APPLICATION FOR TEA RECIPIENTS.—In

21 the case of an individual who is determined to be eli-  
 22 gible for temporary employment assistance under a  
 23 State plan under part A of title IV, as in effect on  
 24 and after October 1, 1996, a State may, at its op-  
 25 tion, use such individual's application for temporary

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1 employment assistance to determine such individ-  
2 ual's eligibility for medical assistance under the  
3 State plan under this title, so long as the eligibility  
4 rules, income and resource standards, and the meth-  
5 odology for determining eligibility for temporary em-  
6 ployment assistance under a State plan under part  
7 A of title IV (as so in effect) are not less restrictive  
8 than the eligibility rules, income and resource stand-  
9 ards, and the methodology for determining eligibility  
10 for such assistance, that are described in paragraph  
11 (1)(B).

12 "(b) APPLICATION TO WAIVERS.—In the case of a  
13 waiver of a provision of part A of title IV in effect with  
14 respect to a State as of May 1, 1996, if the waiver affects  
15 eligibility of individuals for medical assistance under this  
16 title, such waiver may (but need not) continue to be ap-  
17 plied, at the option of the State, in relation to this title  
18 after the date the waiver would otherwise expire. If a State  
19 elects not to continue to apply such a waiver, then, after  
20 the date of the expiration of the waiver, subsection (a)  
21 shall be applied as if any provisions so waived had not  
22 been waived.

23 "(c) BUDGET NEUTRALITY.—The provisions of sub-  
24 section (a)(3) shall not apply with respect to a State plan  
25 under this title if the Secretary determines that the appli-

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1 cation of such subsection would result in an increase in  
2 the amount of Federal outlays under this title that would,  
3 in the absence of such subsection, have been expended.”.

4 (b) PLAN AMENDMENT.—Section 1902(a) of such  
5 Act (42 U.S.C. 1396a(a)) is amended—

6 (1) by striking “and” at the end of paragraph

7 (61),

8 (2) by striking the period at the end of para-  
9 graph (62) and inserting “; and”, and

10 (3) by inserting after paragraph (62) the fol-  
11 lowing new paragraph:

12 “(63) provide for administration and deter-  
13 minations of eligibility with respect to individuals  
14 who are (or seek to be) eligible for medical assist-  
15 ance based on the application of section 1931.”

16 (c) REPEAL OF SUNSET ON TRANSITIONAL WORK  
17 PROVISIONS.—Subsection (f) of section 1925 of such Act  
18 (42 U.S.C. 1396r-6(f)) is repealed.

19 (d) CONFORMING AMENDMENT.—Section 408 of the  
20 Social Security Act, as added by section 2103(a)(1), is  
21 amended by striking paragraph (12) and inserting the fol-  
22 lowing:

23 “(12) MEDICAL ASSISTANCE REQUIRED TO BE  
24 PROVIDED FOR 1 YEAR FOR FAMILIES BECOMING IN-  
25 ELIGIBLE FOR ASSISTANCE UNDER THIS PART DUE

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1 TO INCREASED EARNINGS FROM EMPLOYMENT OR  
2 COLLECTION OF CHILD SUPPORT.—

3 “(A) IN GENERAL.—A State to which a  
4 grant is made under section 403 shall take such  
5 action as may be necessary to ensure that, if  
6 any family becomes ineligible to receive assist-  
7 ance under the State program funded under  
8 this part as a result of—

9 “(i) increased earnings from employ-  
10 ment;

11 “(ii) the collection or increased collec-  
12 tion of child or spousal support; or

13 “(iii) a combination of the matters de-  
14 scribed in clauses (i) and (ii),

15 and such family received such assistance in at  
16 least 3 of the 6 months immediately preceding  
17 the month in which such ineligibility begins, the  
18 family shall be eligible for medical assistance  
19 under the State’s plan approved under title  
20 XIX (or, if applicable, title XV) during the im-  
21 mediately succeeding 12-month period for so  
22 long as family income (as defined by the State),  
23 excluding any refund of Federal income taxes  
24 made by reason of section 32 of the Internal  
25 Revenue Code of 1986 (relating to earned in-

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1           come tax credit) and any payment made by an  
 2           employer under section 3507 of such Code (re-  
 3           lating to advance payment of earned income  
 4           credit), is less than the poverty line, and that  
 5           the family will be appropriately notified of such  
 6           eligibility.

7           “(B) EXCEPTION.—No medical assistance  
 8           may be provided under subparagraph (A) to  
 9           any family that contains an individual who has  
 10          had all or part of any assistance provided under  
 11          this part withheld, deducted, or denied as a re-  
 12          sult of the application of—

13                       “(i) a preceding paragraph of this  
 14                       subsection; or

15                       “(ii) section 407(e)(1).”

16          (e) EFFECTIVE DATE.—

17           (1) IN GENERAL.—The amendments made by  
 18           subsections (a), (b), and (c) shall apply to medical  
 19           assistance furnished for calendar quarters beginning  
 20           on or after October 1, 1996.

21           (2) CONFORMING AMENDMENT.—The amend-  
 22           ment made by subsection (d) shall take effect on the  
 23           date of the enactment of this Act.

July 16, 1996

TO: Chris Jennings  
Nancy-Ann Min

FROM: Jack Ebeler

SUBJECT: Medicaid Eligibility Under Welfare Reform

I have attached the latest draft HHS suggestions for legislative changes, and yesterday's version of Senate language which may change today. When I get a copy of the language being worked on by Bridgett Taylor (I expect to get it this morning), I'll send you a copy.

DRAFT HHS

**MEDICAID ELIGIBILITY UNDER WELFARE REFORM****o OPTION 1--The "freeze" option.**

The first option (based on Levin language) carries over all current AFDC eligibility rules -- definitions of income and assets, dollar thresholds, absence of time limits and other kinds of limits -- to Medicaid. Of the two, it is the preferred option as it offers the most comprehensive protection of eligibility.

As originally drafted, (now noted as subparagraph (a) on the attachment), a state's Medicaid rules for families with children would be locked into its AFDC plan that was in effect June 5, 1996. States would be limited to provisions that were contained in its plan at that point. To correct this problem, a new subparagraph (b) has been added to give states some flexibility to change standards or methods provided the change is "less restrictive." Implementing regulations would define "less restrictive." This additional language is based on a proposal from the Center on Budget and Policy Priorities.

**o OPTION 2--The "but-for" option:**

The "but-for" option (based on Stark language) is less desirable because its protection is less comprehensive.

As originally drafted, this option protected Medicaid only for persons losing cash assistance because of time limits. Those losing cash for other reasons, especially non-pregnant adults, could have still lost Medicaid along with it. In addition, Medicaid eligibility methods and standards for families with children, including the poverty-level groups, would have been linked to whatever new methods and standards the state devised for its new cash program. This is less desirable than OPTION-1 because these new standards or methods could be more restrictive than current standards and methods.

The attached language aims to broaden the "but-for" approach to other circumstances under which individuals might lose cash benefits. The language also protects those who might fail to qualify because of limits on teen mothers, family caps, or failure to comply with various new behavioral requirements.

DRAFT HHS

### OPTION 1 – “Freeze” Amendment

Add to section 408(a):

“(##)(a) CONTINUED ELIGIBILITY FOR CERTAIN ASSISTANCE. -- A State to which a grant is made under section 403 shall assure that persons who would have been eligible for aid in that State under the plan in effect pursuant to part A of title IV as of June 5, 1996 shall be eligible for medical assistance under the State’s plan approved under title XIX.

(b) In applying subparagraph (a), a State may lower its income standards so long as its standards are not less than the levels in effect under the State’s plan on May 1, 1988, and a State may use income and resource standards and methodologies that are less restrictive than the standards or methodologies used under the State plan referred to under subparagraph (a).”

### OPTION 2 – “But For” Amendment

Add to section 408(a):

“(##) CONTINUED ELIGIBILITY FOR CERTAIN ASSISTANCE. -- A State to which a grant is made under section 403 shall assure that --

(a) Any family that is denied cash assistance because of the prohibitions described in section 407(e), in paragraphs 2 through 8 of this subsection, or subsection (b) or (d) of section 482 shall be eligible for medical assistance under the State’s plan approved under title XIX.

(b) Any family that becomes ineligible to receive aid under this part because of hours of or income from employment of the parent, having received such aid in at least 3 of the 6 months preceding the month in which such eligibility begins, shall remain eligible for medical assistance under the State’s plan approved under title XIX for an extended period or periods of time as provided under title XIX.

© If a State limits the number of months for which a two-parent family may receive cash assistance, the State shall provide medical assistance to all members of the family under the State’s plan approved under title XIX, without time limitation.

(d) Any family who becomes ineligible for cash assistance as a result (wholly or partly) of the collection of child or spousal support under part D, and who has received such aid in at least three of the six months immediately preceding the month in which such ineligibility begins, shall be deemed to be a recipient of aid under this part for purposes of title XIX for an additional four calendar months beginning with the month in which such ineligibility begins.”



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

July 16, 1996

Medicaid Walker  
File

CC: BC  
MM  
Medicaid Ex  
OUG: BCW

The Honorable Gerald B. H. Solomon  
Chairman  
Committee on Rules  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Mr. Chairman:

I am writing to transmit the Administration's views on the welfare provisions of H.R. 3734, the "Welfare and Medicaid Reform Act of 1996." We understand that the Rules Committee plans to separate the welfare and Medicaid portions of the bill and consider only the welfare provisions on the House floor.

We are pleased that the Congress has decided to separate welfare reform from a proposal to repeal Medicaid's guarantee of health care for the elderly, poor, pregnant and people with disabilities. We hope that removing this "poison pill" from welfare reform is a breakthrough that indicates that the Congressional leadership is serious about passing bipartisan welfare reform this year.

It is among the Administration's highest priorities to achieve bipartisan welfare reform reflecting the principles of work, family, and responsibility. For the past three and a half years, the President has demonstrated his commitment to enacting real welfare reform by working with Congress to create legislation that moves people from welfare to work, encourages responsibility, and protects children. The Administration sent to Congress a stand-alone welfare bill that requires welfare recipients to work, imposes strict time limits on welfare, toughens child support enforcement, is fair to children, and is consistent with the President's commitment to balance the budget.

The Administration is also pleased that the bill makes many of the important improvements to H.R. 4 that we recommended - improvements that were also included in the bipartisan National Governors' Association and Castle-Tanner proposals. We urge the Committee to build upon these improvements. At the same time, however, the Administration is deeply concerned about certain provisions of H.R. 3734 that would adversely affect benefits for food stamp households and legal immigrants, as well as with the need for strong State accountability and flexibility. And, the bill would still raise taxes on millions of working families by cutting the Earned Income Tax Credit (EITC).

## Improvements contained in H.R. 3734

We appreciate the Committees' efforts to strengthen provisions that are central to work-based reform, such as child care, and to provide some additional protections for children and families. In rejecting H.R. 4, the President singled out a number of provisions that were tough on children and did too little to move people from welfare to work. H.R. 3734 includes important changes to these provisions that move the legislation closer to the President's vision of true welfare reform. We are particularly pleased with the following improvements:

- **Child Care.** As the President has insisted throughout the welfare reform debate, child care is essential to move people from welfare to work. The bill reflects a better understanding of the child care resources that States will need to implement welfare reform, adding \$4 billion for child care above the level in H.R. 4. The bill also recognizes that parents of school-age children need child care in order to work and protect the health and safety of children in care.
- **Food Stamps.** The bill removes the annual spending cap on Food Stamps that was included in H.R. 4, preserving the program's ability to expand during periods of economic recession and help families when they are most in need.
- **Child Nutrition.** The bill no longer includes the H.R. 4 provisions for a child nutrition block-grant demonstration, which would have undermined the program's ability to respond automatically to economic changes and maintain national nutrition standards.
- **Child Protection.** We commend the Committee for preserving the open-ended nature of Title IV-E foster care and adoption assistance programs, current Medicaid coverage of eligible children, and the national child data collection initiative.
- **Supplemental Security Income (SSI).** The bill removes the proposed two-tiered benefit system for disabled children receiving SSI that was included in H.R. 4, and retains full cash benefits for all eligible children.
- **Work Performance Bonus.** We commend the Committee for giving states an incentive to move people from welfare to work by providing \$1 billion in work performance bonuses by 2003. This provision is an important element of the Administration's bill, and will help change the culture of the welfare office.
- **Contingency Fund.** The bill adopts the National Governors Association (NGA) recommendation to double the size of the Contingency Fund to \$2 billion, and add a more responsive trigger based on the Food Stamp caseload changes. Further steps the Congress should take to strengthen this provision are outlined below.
- **Hardship Exemption.** We commend the Committee for following the NGA recommendation and the Senate-passed welfare reform bill by allowing states to exempt up to 20% of hardship cases that reach the five-year time limit.

We remain pleased that Congress has decided to include central elements of the President's approach — time limits, work requirements, the toughest possible child support enforcement, requiring minor mothers to live at home as a condition of assistance — in this legislation.

The Administration strongly supports several provisions included in S. 1795, as reported by the Senate Finance Committee. These provisions include: allowing transfers only to the child care block grant, increasing the maintenance of effort requirement with a tightened definition of what counts toward this requirement, improving the fair and equitable treatment and enforcement language, and eliminating the child protection block grant. We urge the Congress to include these provisions in H.R. 3734.

#### Key Concerns With H.R. 3734

The Administration however remains deeply concerned that the bill still lacks other important provisions that have earned bipartisan endorsement.

- Size of the cuts. The welfare provisions incorporate most of the cuts that were in the vetoed bill — \$59 billion over 6 years (including the EITC and related savings in Medicaid) over six years. These cuts far exceed those proposed by the NGA or the Administration. Cuts in Food Stamps and benefits to legal immigrants are particularly deep. The President's budget demonstrates that cuts of this size are not necessary to achieve real welfare reform, nor are they needed to balance the budget.
- Food Stamps. The Administration strongly opposes the inclusion of a Food Stamp block grant, which has the potential to seriously undermine the Federal nature of the program, jeopardizing the nutrition and health of millions of children, working families, and the elderly, and eliminating the program's ability to respond to economic changes. The Administration is also concerned that the bill makes deep cuts in the Food Stamp program, including a cut in benefits to households with high shelter costs that disproportionately affects families with children, and a four-month time limit on childless adults who are willing to work, but are not offered a work slot.
- Legal Immigrants. The bill retains the excessively harsh and uncompromising immigration provisions of last year's vetoed bill. While we support the strengthening of requirements on the sponsors of legal immigrants applying for SSI, Food Stamps, and AFDC, the bill bans SSI and Food Stamps for virtually all legal immigrants, and imposes a five-year ban on all other Federal programs, including non-emergency Medicaid, for new legal immigrants. These bans would even cover legal immigrants who become disabled after entering the country, families with children, and current recipients. The bill would deny benefits to 0.3 million immigrant children and would affect many more children whose parents are denied assistance. The proposal unfairly shifts costs to States with high numbers of legal immigrants. In addition, the bill requires virtually all Federal, State, and local benefits programs to verify recipients' citizenship or alien status. These mandates would create significant administrative burdens for State, local, and non-profit service providers, and barriers to participation for citizens.

- Medical Assistance Guarantee. Even after the proposed removal of the Medicaid reconciliation provisions from H.R. 3734, the Administration opposes provisions that do not guarantee continued Medicaid eligibility when States change AFDC rules. Specifically, we are concerned that families who reach the 5 year time limit or additional children born to families that are already receiving assistance could lose their Medicaid eligibility and would be unable to receive the health care services that they need.
- Protection in Economic Downturn. Although the contingency fund is twice the size of that contained in the vetoed bill, it still does not allow for further expansions during poor economic conditions and periods of increased need. We are also concerned about provisions that reduce the match rate on contingency funds for states that access the fund for periods of less than one year.
- State Maintenance of Effort. Under H.R. 3437, States could reduce the resources they provide to poor children. We are deeply concerned that the bill provides the proposed cash assistance block grant with transfer authority to the Social Services Block Grant (SSBG). Transfers to SSBG could lead States to substitute Federal dollars for State dollars in an array of State social services activities, potentially cutting the effective State maintenance of effort levels required for the cash block grant.
- Resources for Work. Based on Congressional Budget Office (CBO) estimates, H.R. 3734 would leave states with a \$9 billion shortfall over six years in resources for work if they maintained their current level of cash assistance. Moreover, the Economic and Educational Opportunity Committee increased this shortfall and cut State flexibility by raising the weekly number of hours that States must place recipients in work activities and increasing the participation rates. The Economic and Educational Opportunities amendments would also create a shortfall in child care funding. As CBO has noted, most states would probably accept block grant penalties rather than meet the bill's participation rates and truly refocus the system on work.
- Vouchers. The bill actually reduces State flexibility by prohibiting States from using block grant funds to provide vouchers to children whose parents reach the time limit. H.R. 4 contained no such prohibition, and the NGA opposes it. We strongly urge the adoption of the voucher language that protects children similar to that in the Administration's bill and Castle-Tanner.
- Worker Displacement. We are deeply concerned that the bill does not include adequate protections against worker displacement. Workers are not protected from partial displacement such as reduction in hours, wages, or benefits, and the bill does not establish any avenue for displaced employees to seek redress.
- Family Caps. The House bill reverts back to the opt-out provision on family caps which would restrict State flexibility in this area. The Administration, as well as NGA, seeks complete State flexibility to set family cap policy.

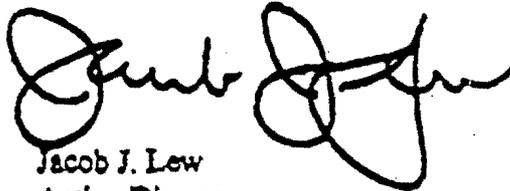
- **EITC.** The Administration opposes the provisions in H.R. 3734 that increase the EITC phase-out rates thereby raising taxes on more than four million low-income working families, with seven million children. In addition, the budget resolution instructs the revenue committees to cut up to \$18.5 billion more from the EITC. Thus, EITC cuts could total over \$20 billion, and such large increases on working families are particularly ill-conceived when considered in the context of real welfare reform — that is, encouraging work and making work pay."

We are also concerned that the bill repeals the Family Preservation and Support program, which may mean less State spending on abuse and neglect prevention activities.

We strongly support the bipartisan welfare reform initiatives from moderate Republicans and Democrats in both Houses of Congress. The Castle-Tanner proposal addresses many of our concerns, and it would strengthen State accountability efforts, welfare to work measures, and protections for children. It provides a foundation on which this Committee should build in order to provide more State flexibility; incentives for AFDC recipients to move from welfare to work; more parental responsibility; and protections for children. It is a good strong bill that would end welfare as we know it. Castle-Tanner provides the much needed opportunity for a real bipartisan compromise and should be the basis for a quick agreement between the parties.

The President stands ready to work with the Congress to address the outstanding concerns so that we can enact a strong bipartisan welfare reform bill to replace the current system with one that demands responsibility, strengthens families, protects children, and gives States broad flexibility and the needed resources to get the job done.

Sincerely,



Jacob J. Lew  
Acting Director

IDENTICAL COPIES SENT TO THE HONORABLE JOHN J. MOAKLEY,  
THE HONORABLE JOHN R. KASICH, AND THE HONORABLE MARTIN O. SABO

July 17, 1996

Dear Senator:

The pending welfare bill threatens to eliminate health care coverage for millions of poor women and older children, even if Medicaid legislation is not enacted. We are writing to urge you to reject any welfare bill that fails to preserve Medicaid coverage for poor families.

Approximately 4 million parents and grandparents, almost all women, and 1.3 million children over 13 currently are eligible for Medicaid **only** because their families are eligible for AFDC.<sup>1</sup> Their health care coverage is in serious jeopardy because under the proposed welfare block grant, many poor families would lose welfare assistance -- and parents and older children in those families would lose health care coverage as well.

Under the welfare block grant, no family will be assured of welfare assistance even if it meets all eligibility requirements. States will be required to restrict eligibility through time limits and other requirements, and will be free to impose additional restrictions, including shorter time limits and categorical ineligibility for certain vulnerable groups, such as teen mothers. Reductions in funding under the welfare block grant will limit the number of families that can be served. For poor women and older children, all of these cutbacks and restrictions in welfare assistance will mean the loss of health care coverage as well; few of the women denied welfare assistance will find jobs that provide health insurance benefits for themselves and their families.

Adding millions of women and children to the ranks of the uninsured is dangerous health policy. The loss of Medicaid for poor women and older children means the loss of access to crucial health care services. It means the loss of access to preventive and primary care and early treatment -- and a return to reliance on costly emergency room care. It means providers will find it more difficult to continue to offer services -- and more cost-shifting to those with insurance.

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<sup>1</sup> Some low-income pregnant women will continue to be eligible for pregnancy-related care, and poor children 13 and under will continue to be eligible for general Medicaid coverage, whether or not they receive welfare assistance. The phase-in of coverage for children over 13 will continue; however, until 2002, when all poor children through 18 will be covered, Medicaid coverage for some older children will be jeopardized by changes to welfare. Moreover, since under current law the Medicaid statute references AFDC income and assets rules, coverage for younger children and pregnant women could be substantially reduced if Congress repeals AFDC but fails to amend the welfare bill to establish rules for determining income and assets for purposes of determining Medicaid eligibility.

Eliminating health care coverage for millions of women and children is **not** welfare reform, as both parties have recognized. Welfare legislation passed by the House and Senate last year would have preserved Medicaid coverage for children and parents who would have qualified for AFDC under 1995 eligibility rules. The welfare bill now being considered by the Senate does not provide this protection.

An amendment is needed to guarantee Medicaid coverage for families who would qualify under current state AFDC income, resource and deprivation rules. Such an amendment would maintain Medicaid coverage for poor families at current levels. By basing Medicaid eligibility on AFDC income standards, rather than on receipt of assistance under the welfare block grant, the guarantee of coverage for the poorest families will be maintained. States will be able to develop welfare policy without causing unintended consequences for Medicaid coverage. And this approach will not require states to create a "dual system"; to determine the eligibility of younger children and pregnant women for Medicaid, state Medicaid programs will have to calculate a family's income and assets.

We urge you to reject any welfare bill that fails to preserve the health care safety net.

Sincerely,

#### Women's Legal Defense Fund

American Association of University  
Women

American College of Nurse-Midwives

American Medical Women's Association

American Nurses Association

American Psychological Association

American Public Health Association

American Speech-Language-Hearing  
Association

Catholics for a Free Choice

Center for Women Policy Studies

Children's Defense Fund

Feminist Majority

Judge David C. Bazelon Center for  
Mental Health and Law

National Abortion and Reproductive  
Rights Action League

National Association of Child Advocates  
National Association of Developmental  
Disabilities Councils

National Association of Homes and  
Services for Children

National Council of Jewish Women

National Perinatal Association

National Council of Jewish Women

National Organization for Women

National Women's Law Center

NOW Legal Defense and Education Fund

Planned Parenthood Federation of  
America

The Center for Advancement of Public  
Policy

United Cerebral Palsy Associations  
Women Work!

Medicaid savings from kicking disabled kids off SSI

|   | 17-Jul-96 | 1996                              | 1997  | 1998  | 1999    | 2000    | 2001    | 2002    | 2003 | sum       |  |
|---|-----------|-----------------------------------|-------|-------|---------|---------|---------|---------|------|-----------|--|
| Proposal:   |           | House Ways & Means/Senate Finance |       |       |         |         |         |         |      |           |  |
| Kids cut from SSI (Kathy's estimate)  |           |                                   |       |       |         |         |         |         |      |           |  |
| Via IFA repeal  |           | --                                | -23   | -204  | -259    | -278    | -297    | -315    | -332 |           |  |
| Via CDRs  |           | na                                | na    | na    | na      | na      | na      | na      | na   |           |  |
| Subtotal  |           | --                                | -23   | -204  | -259    | -278    | -297    | -315    | -332 |           |  |
| Via 2-tier system   |           | na                                | na    | na    | na      | na      | na      | na      | na   |           |  |
| Total   |           | --                                | -23   | -204  | -259    | -278    | -297    | -315    | -332 |           |  |
| → Of the first group (kids, mostly poor, who aren't "disabled enough" under new criteria).... |           |                                   |       |       |         |         |         |         |      |           |  |
| Cut from SSI  |           | --                                | 23    | 204   | 259     | 278     | 297     | 315     | 332  |           |  |
| Retain Medicaid through AFDC  | 60%       | --                                | 14    | 122   | 155     | 167     | 178     | 189     | 199  |           |  |
| (Of remainder) retain Medicaid via poverty*   | 62%       | --                                | 6     | 51    | 64      | 69      | 74      | 78      | 82   |           |  |
| Resulting %/no. who keep Medicaid   | 85%       | --                                | 20    | 173   | 220     | 236     | 252     | 267     | 282  |           |  |
| Resulting %/no. who lose Medicaid   | 15%       | --                                | 3     | 31    | 39      | 42      | 45      | 48      | 50   | > 258,000 |  |
| Assumed per capita (federal share)  |           | \$820                             | \$880 | \$960 | \$1,020 | \$1,090 | \$1,170 | \$1,270 | NA   |           |  |
| % growth  |           | NA                                | 7.3%  | 9.1%  | 6.3%    | 6.9%    | 7.3%    | 8.5%    | NA   |           |  |
| Total Medicaid savings (\$ millions)  |           | --                                | -\$3  | -\$30 | -\$40   | -\$48   | -\$53   | -\$61   | NA   |           |  |
| Rounded   |           | --                                | -\$5  | -\$30 | -\$40   | -\$45   | -\$55   | -\$60   | NA   | -\$236    |  |

Of the second group (children meeting disability criteria but whose parent's income would be too high for the two-tier system)--

|                                      |     |       |       |       |         |         |         |         |    |    |
|--------------------------------------|-----|-------|-------|-------|---------|---------|---------|---------|----|----|
| Cut from SSI                         |     | --    | --    | --    | --      | --      | --      | --      | -- |    |
| Keep Medicaid                        | 25% | --    | --    | --    | --      | --      | --      | --      | -- |    |
| Lose Medicaid                        | 75% | --    | --    | --    | --      | --      | --      | --      | -- |    |
| Assumed per capita (federal share)   |     | \$820 | \$880 | \$960 | \$1,020 | \$1,090 | \$1,170 | \$1,270 | NA |    |
| Total Medicaid savings (\$ millions) |     | --    | --    | --    | --      | --      | --      | --      | NA |    |
| Rounded                              |     | --    | --    | --    | --      | --      | --      | --      | NA | -- |

Medicaid (Kathleen Fils)

Medicaid (welfare) File

July 17, 1996

TO: Chris J.  
FR: Sarah  
RE: Facts from OMB memo on Welfare bill currently being considered by Rules Committee

---

**The Bill being considered by the Rules Committee would:**

- extend the ban on receiving Medicaid coverage to all immigrants until citizenship.
- extend transitional Medicaid coverage for cash recipients moving from welfare to work.
- maintain other provisions relating to Medicaid in the House and Senate Republican Welfare bills that the Administration opposes, including: placing a ban on prohibiting new immigrants from receiving Medicaid for five years, applying deeming until citizenship for new immigrants for all federal means-tested programs, including Medicaid, and eliminating the PRUCOL category of legal immigrants, establishing a more narrow definition of alien eligibility.

**Savings on these proposed changes:**

- The complete ban on Medicaid for new and future immigrants would produce an additional savings of \$5.8 billion over seven years. (The transitional coverage benefit would cost \$1.5 billion over seven years).
- These Medicaid changes, in addition to changes in the EITC program (which produced costs), increased total Welfare savings from \$53 billion over seven years in the original bill to \$60.3 billion in the Rules Committee.
- Medicaid represents \$10.7 billion or 17% of welfare reform savings in the Rules Committee bill.

July 17, 1996



# Health Financing Branch



Office of Management and Budget

Executive Office of the President

Washington, DC 20503

Please route to: Nancy-Ann Min

Through: Barry Clendenin *BC*  
Mark Miller *MM*

Subject: House Welfare Bill and Impacts  
on Medicaid

From: Nikki Highsmith *NH*

Decision needed \_\_\_\_\_  
Please sign \_\_\_\_\_  
Per your request \_\_\_\_\_  
Please comment X  
For your information X

With informational copies for:  
HFB Chron, HD Chron, Medicaid  
Examiners

Phone: 202/395-4908  
Fax: 202/395-3910  
E-mail: highsmith\_n@a1.eop.gov  
Room: #7026

The Welfare bill is currently being considered in the House Rules Committee. We are expecting consideration of the bill on the House floor tomorrow.

The Welfare bill as currently drafted has several Medicaid interactions. In addition, HFB staff understand that the Rules Committee is considering adding a new provision which would ban current legal immigrants from receiving Medicaid for five years. This provision is much harsher than the Medicaid immigration provisions that were reported out of the committees. Preliminary CBO scoring indicates that the combined interactions in the House stand-alone Welfare bill (including this new ban on immigrants) would save \$10.9 billion over seven years.

## I. Welfare Bill As Reported Out of Committee

The Welfare bill as reported out of the Ways and Means Committee and the EEO Committee included several provisions which affect Medicaid. Originally, CBO did not score any Medicaid costs or savings from the welfare provisions in the bill because Medicaid was block granted. Now that the welfare provisions are being considered independent of a Medicaid block grant, CBO has scored \$6.4 billion in Medicaid savings from the combined effect of these provisions.

1) AFDC -- AFDC would be block granted and states would be allowed flexibility in setting income and asset standards for recipients receiving cash assistance. CBO expects that states will liberalize income and asset standards for their cash assistance populations and then impose certain eligibility restrictions (such as time limits and limitations for teen mothers) which would remove individuals from the cash assistance program more quickly. In previous stand-alone Welfare bills, CBO has scored a cost to Medicaid from a AFDC block grant.

2) SSI Children -- The House Welfare bill would eliminate the comparable severity standard and the Individual Functional Assessment (IFA) and establish a new disability definition for children. CBO has not scored savings from these provisions in the past.

3) Immigrants -- In the letters to the House and Senate, the Administration has criticized the immigration provisions in the bill as being excessively harsh and uncompromising. The bill would:

- ***Place a ban prohibiting new immigrants from receiving Medicaid (and all federal means-tested programs including Food Stamps and SSI) for five years.*** In other words, new immigrants entering the country would be ineligible for Medicaid for five years. The bill also bans current immigrants from receiving SSI and Food Stamps until citizenship. Only very limited categories of immigrants would be exempted from the ban: refugees, asylees, veterans and their families, and immigrants who have worked for 10 years and have not received benefits. Programs that would be exempted include emergency services under Medicaid.
- Apply deeming until citizenship for new immigrants for all federal means-tested programs, including Medicaid.
- Eliminate the PRUCOL category of legal immigrants and establish a more narrow definition of alien eligibility. All "non-qualified (i.e. illegal)" immigrants would be ineligible for almost all federal assistance programs.

## **II. Welfare Bill as Being Considered in the Rules Committee**

As you know, the Rules Committee is separating the combined Medicaid and Welfare bills and only sending the Welfare bill to the House floor. HD staff understand that the Rules Committee is considering additional Medicaid changes to the Welfare bill before reporting out the bill. We understand that the Rules Committee bill would:

- extend that ban on current immigrants from receiving SSI and Food Stamp to include Medicaid as well. ***This would mean that all current immigrants would face a complete ban on receiving Medicaid coverage until citizenship and new immigrants would be banned from receiving Medicaid for five years.***
- extend transitional Medicaid coverage to cash recipients moving from welfare to work.

CBO released preliminary estimates of these two additional Medicaid changes proposed by the Rules Committee. The transitional coverage benefit would produce a cost of \$1.5 billion over 7 years and the complete ban on Medicaid for new and future immigrants would produce an additional savings of \$5.8 billion over 7 years.

The Medicaid changes, in addition to changes in the EITC program (which produced costs), increased total Welfare savings from \$53 billion over seven years in the original bill to \$60.3 billion in the Rules Committee bill. Medicaid represents \$10.7 billion or 17% of the Welfare reform savings in the Rules Committee bill.

Medicaid savings of \$6.4 billion existed in the previous bills (Ways and Means and EEOC versions) if the welfare bill had been considered as a stand-alone bill. In this case, the changes proposed in the Rules Committee could represent a \$5 billion increase in total Medicaid savings. Alternatively, because the previous versions were scored in the presence of a Medicaid block grant, which scored no Medicaid savings, the changes in the Rules Committee could represent an \$11 billion increase in total Medicaid savings.

#### House and Senate SAPs

Because the House SAP was sent yesterday evening, the Administration does not have an opportunity in the House letter to comment on these proposed changes. The Senate SAP is currently being drafted; however, it would seem inappropriate to cite House changes in the Senate SAP (IM is not citing House welfare changes in Senate letter). Thus, the only opportunity that the Administration would have to comment on the above Medicaid changes, would be in context of sending a letter to the House and Senate Conferees or transmitting an additional SAP when the conferee bill is sent to the House and Senate floors.

**OUTLAY AND REVENUE EFFECTS OF WELFARE RECONCILIATION BILL  
 ASSUMING CHILD CARE POLICIES RECOMMENDED BY THE  
 COMMITTEE ON ECONOMIC AND EDUCATIONAL OPPORTUNITIES,  
 ASSUMING DELETION OF SUBTITLE A OF TITLE II (MEDICAID RESTRUCTURING ACT),  
 WITH ADDITIONAL CHANGES SPECIFIED BY STAFF THROUGH 7:00 P.M.  
 ON JULY 16, 1996.**

Preliminary and  
 subject to change

Assumes enactment date of October 1, 1996.

(by fiscal year, in millions of dollars)

|  | 1995     | 1997          | 1998          | 1999          | 2000           | 2001           | 2002           | 7 year<br>Total |
|--|----------|---------------|---------------|---------------|----------------|----------------|----------------|-----------------|
| <b>DIRECT SPENDING</b>                                     |          |               |               |               |                |                |                |                 |
| <b>PROPOSED CHANGES</b>                                    |          |               |               |               |                |                |                |                 |
| Family Support Payments <sup>a/</sup>                      | 0        | 813           | 844           | 896           | 718            | 38             | -799           | 2,768           |
| Food Stamp Program <sup>b/</sup>                           | 0        | -2,164        | -3,839        | -4,027        | -4,182         | -4,577         | -4,882         | -23,346         |
| Supplemental Security Income                               | 0        | -843          | -3,715        | -4,338        | -4,854         | -4,378         | -4,993         | -22,922         |
| Medicaid   | 0        | -128          | -734          | -882          | -1,246         | -1,538         | -1,843         | -6,482          |
| Child Nutrition <sup>c/</sup>                              | 0        | -147          | -423          | -439          | -483           | -746           | -820           | -3,327          |
| Old-Age, Survivors and Disability Insurance                | 0        | -2            | -13           | -27           | -31            | -31            | -34            | -138            |
| Foster Care <sup>d/</sup>                                  | 0        | 77            | 40            | 28            | 41             | 51             | 61             | 288             |
| Social Services Block Grant                                | 0        | -250          | -260          | -280          | -280           | -280           | -280           | -1,860          |
| Earned Income Tax Credit                                   | 0        | -230          | -568          | -580          | -670           | -695           | -671           | -3,142          |
| <b>Total</b>   | <b>0</b> | <b>-2,564</b> | <b>-8,388</b> | <b>-8,841</b> | <b>-11,087</b> | <b>-11,940</b> | <b>-14,191</b> | <b>-57,990</b>  |
| <b>ADDITIONAL CHANGES (CHANGES)</b>                        |          |               |               |               |                |                |                |                 |
| Earned Income Tax Credit Provisions Deleted                | 0        | 8             | 334           | 324           | 328            | 360            | 370            | 1714            |
| Medicaid Transitional Benefits                             | 0        | 15            | 16            | 356           | 378            | 386            | 415            | 1580            |
| Modification to Performance Bonuses                        | 0        | 0             | 0             | 100           | 100            | 100            | 100            | 400             |
| Eliminate Medicaid for Certain Adults <sup>e/</sup>        | 0        | -188          | -1,200        | -1,325        | -1170          | -1,080         | -910           | -5820           |
| <b>Subtotal (outlay changes)</b>                           | <b>0</b> | <b>-134</b>   | <b>-851</b>   | <b>-848</b>   | <b>-867</b>    | <b>-825</b>    | <b>-48</b>     | <b>-2146</b>    |
| <b>Total Change in Outlays</b>                             | <b>0</b> | <b>-2698</b>  | <b>-9237</b>  | <b>-10387</b> | <b>-11434</b>  | <b>-12165</b>  | <b>-14218</b>  | <b>-60136</b>   |
| <b>REVENUES</b>  |          |               |               |               |                |                |                |                 |
| Revenues (w/Original EITC proposals) <sup>f/</sup>         | 0        | 34            | 348           | 352           | 372            | 396            | 426            | 1828            |
| Proposed Changes (Deletes 3 EITC provisions) <sup>g/</sup> | 0        | -4            | -316          | -327          | -342           | -366           | -395           | -1748           |
| <b>Total Change in Revenues <sup>h/</sup></b>              | <b>0</b> | <b>28</b>     | <b>28</b>     | <b>29</b>     | <b>30</b>      | <b>30</b>      | <b>31</b>      | <b>177</b>      |
| <b>TOTAL DEFICIT EFFECT</b>                                | <b>0</b> | <b>-2726</b>  | <b>-9265</b>  | <b>-10416</b> | <b>-11464</b>  | <b>-12135</b>  | <b>-14247</b>  | <b>-60313</b>   |

**Notes:**

Details may not add to totals because of rounding.

<sup>a/</sup> Under current law, Family Support Payments includes spending on Aid to Families with Dependent Children (AFDC), AFDC-related child care, administrative costs for child support enforcement, net federal savings from child support collections, and the Job Opportunities and Basic Skills Training program (JOBS). Under proposed law, Family Support Payments would include spending on the Temporary Assistance for Needy Families Block Grant, administrative costs for child support enforcement, the Child Care Block Grant, and net federal savings from child support collections.

<sup>b/</sup> Food Stamps includes Nutrition Assistance for Puerto Rico under both current law and proposed law, and the Emergency Food Assistance Program under proposed law.

<sup>c/</sup> Child Nutrition Programs encompasses direct spending authorized by the National School Lunch Act and the Child Nutrition Act.

<sup>d/</sup> Under current law, Foster Care includes Foster Care, Adoption Assistance, Independent Living, and Family Preservation and Support. Under proposed law, Foster Care would include Foster Care, Adoption Assistance, Independent Living, the Child Protection Block Grant, and child welfare studies.

<sup>e/</sup> Very preliminary estimate which is subject to change.

<sup>f/</sup> Revenue estimates provided by the Joint Committee on Taxation.

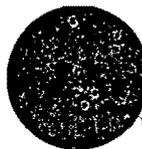


EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

THE DIRECTOR

July 18, 1996

The Honorable Pete V. Domenici  
Chairman, Committee on the Budget  
United States Senate  
Washington, D.C. 20510



Dear Mr. Chairman:

I am writing to transmit the Administration's views on S. 1956, the "Personal Responsibility, Work Opportunity, and Medicaid Restructuring Act of 1996."

We understand that the Senate Republican leadership plans to move to strike the Medicaid provisions of this reconciliation legislation -- leaving a welfare-only bill for Senate floor consideration.

We are pleased with this decision to separate welfare reform from provisions to repeal Medicaid's guarantee of health care for the elderly, the poor, pregnant women, and people with disabilities. We hope that removing this "poison pill" from welfare reform is a breakthrough that shows that the Republican leadership seriously wants to pass bipartisan welfare reform this year.

Enacting bipartisan welfare reform reflecting the principles of work, family, and responsibility is among the Administration's highest priorities. For the past three-and-a-half years, the President has demonstrated his commitment to enacting real welfare reform by working with Congress to enact legislation that moves people from welfare to work, encourages responsibility, and protects children. The Administration sent Congress a stand-alone welfare bill that requires welfare recipients to work, imposes strict time limits on welfare, toughens child support enforcement, is fair to children, and is consistent with the President's commitment to balance the budget.

The Administration is pleased that the bill makes many of the important improvements to H.R. 4 that we recommended -- improvements also included in the bipartisan National Governors' Association (NGA) and Breaux-Chafee proposals. The Senate bill improves upon the bill that the House is now considering. We urge the Senate to build on these improvements, and to continue the bipartisan spirit displayed in last year's debate on welfare reform. At the same time, however, the Administration is deeply concerned about certain provisions of S. 1956 that would adversely affect benefits for Food Stamp households and legal immigrants, as well as the need for strong State accountability and flexibility. And, the bill would still raise taxes on millions of workers by cutting the Earned Income Tax Credit (EITC).

## Improvements Contained in S. 1956

We appreciate the Finance and Agriculture Committees' efforts to strengthen provisions central to work-based reform, such as child care, and to provide additional protections for children and families. In rejecting H.R. 4, the President singled out a number of provisions that were tough on children and did too little to move people from welfare to work. S. 1956 includes important changes to these provisions that move the legislation closer to the President's vision of true welfare reform. We are particularly pleased with the following improvements:

- Child Care. As the President has insisted throughout the welfare reform debate, child care is essential to move people from welfare to work. The bill reflects a better understanding of the child care resources that States will need to implement welfare reform, adding \$4 billion for child care above the level in H.R. 4. The bill also recognizes that parents of school-age children need child care in order to work.
- Food Stamps. The bill removes the annual spending cap on Food Stamps, preserving the program's ability to expand during periods of economic recession and help families when they are most in need. We are concerned, however, with other Food Stamp proposals, as discussed below.
- Maintenance of Effort. The Administration strongly supports the Finance Committee's changes to State maintenance of effort (MOE) and transfer provisions and believes these are critical elements of bipartisan welfare reform. The Committee removed the objectionable transfer authority to the Title XX Social Services Block Grant and other programs and would allow transfers to child care only. In addition, the Committee restored the 80 percent MOE level in last year's Senate bill and tightened the definition of what counts toward this requirement.
- Work Performance Bonus. We commend the Committee for giving States an incentive to move people from welfare to work by providing \$1 billion in work program performance bonuses by 2003. This provision was an important element of last year's Senate bill and the Administration's bill, and will help change the culture of the welfare office.
- Contingency Fund. The bill adopts the NGA recommendation to double the Contingency Fund to \$2 billion, and add a more responsive trigger based on the Food Stamp caseload. Below, the Administration recommends further steps that Congress should take to strengthen this provision.
- Equal Protections. The Committee includes provisions that would require States to establish objective criteria for delivery of benefits and to ensure equitable treatment. We are pleased that the Committee also incorporates appropriate State accountability measures.

- Hardship Exemption. We commend the Finance Committee for following the NGA recommendation and restoring last year's Senate provision allowing States to exempt up to 20 percent of hardship cases that reach the five-year time limit.
- Transitional Medicaid. We are pleased that the Finance Committee has taken steps to ensure the continuation of Medicaid coverage for some of those who are transitioning from welfare to work. We are concerned, however, that States could deny this transitional Medicaid to many who would lose cash benefits for various reasons. In addition, we still have concerns with Medicaid coverage for those on cash assistance, as noted below.
- Worker Displacement. We are pleased that the bill incorporates provisions against worker displacement, including protections from partial displacement as well as avenues for displaced employees to seek redress.
- Child Nutrition. The bill now includes many provisions proposed by the Administration, and no longer includes H.R. 4's provisions for a child nutrition block-grant demonstration. In addition, the bill exempts the child nutrition program from burdensome administrative provisions related to its alien provisions. We believe that the Senate could further improve the bill by including the Administration's proposed 8 percent commodity floor.
- Child Protection. We commend the Finance Committee for preserving the Title IV-E foster care and adoption assistance programs (including related Medicaid coverage), and other family support and child abuse prevention efforts.
- Supplemental Security Income (SSI). The bill removes the proposed two-tiered benefit system for disabled children receiving SSI, and retains full cash benefits for all eligible children.

We remain pleased that Congress has decided to include central elements of the President's approach -- time limits, work requirements, the toughest possible child support enforcement, and the requirement that minor mothers live at home as a condition of assistance -- in this legislation.

### **Key Concerns With S. 1956**

The Administration, however, remains deeply concerned that S. 1956 still lacks other important provisions that have earned bipartisan endorsement.

- Size of the cuts. The welfare provisions incorporate most of the cuts in the vetoed bill -- about \$60 billion over six years (including the EITC and related savings in Medicaid). These cuts far exceed those proposed by the NGA or the Administration.

Cuts in Food Stamps and benefits to legal immigrants are particularly deep. The President's Budget demonstrates that cuts of this size are not necessary to achieve real welfare reform, nor are they needed to balance the budget.

- Food Stamps. The Administration strongly opposes the inclusion of a Food Stamp block grant option, which could seriously undermine the Federal nature of the program, jeopardizing the nutrition and health of millions of children, working families, and the elderly, and eliminating the program's ability to respond to economic changes. The Administration also is concerned that the bill makes deep cuts in the Food Stamp program, including a cut in benefits to households with high shelter costs that disproportionately affects families with children, and a four-month time limit on childless adults who are willing to work but are not offered a work slot.
- Legal Immigrants. The bill retains the excessively harsh and uncompromising immigration provisions of last year's vetoed bill. While we support the strengthening of requirements on the sponsors of legal immigrants applying for SSI, Food Stamps, and Aid to Families with Dependent Children (AFDC), the bill bans SSI and Food Stamps for virtually all legal immigrants, and imposes a five-year ban on most other Federal programs, including non-emergency Medicaid, for new legal immigrants. These bans would even cover legal immigrants who become disabled after entering the country, families with children, and current recipients. The bill would deny benefits to 300,000 immigrant children and would affect many more children whose parents are denied assistance. The proposal unfairly shifts costs to States with high numbers of legal immigrants. In addition, the bill requires most Federal, State, and local benefits programs to verify recipients' citizenship or alien status. These mandates would create extremely difficult and costly administrative burdens for State, local, and non-profit service providers, as well as barriers to participation for citizens. Also, the Administration urges the Senate not to go in the harsh direction that the House Rules Committee did yesterday in reporting a provision that would broaden the ban on current immigrants from receiving Medicaid coverage.
- Medical Assistance Guarantee. The Administration opposes provisions that do not guarantee continued Medicaid eligibility when States change AFDC rules. We are concerned that families who lose cash assistance for various reasons, such as reaching the five-year limit or having additional children while they are receiving assistance, could lose their Medicaid eligibility and be unable to receive the health care services that they need. In addition, State flexibility to change these AFDC rules could adversely affect Medicaid eligibility determinations, including eligibility for poverty-related pregnant women and children.
- Protection in Economic Downturn. Although the Contingency Fund is twice what it was in the vetoed bill, it still does not allow for further expansions during poor economic conditions and periods of increased need. We are also concerned about

provisions that reduce the match rate on contingency funds for States that access the fund for periods of under a year.

- Resources for Work. S. 1956 would not provide the resources States need to move recipients into work. The bill increases the work mandates on States above the levels in H.R. 4 while providing no additional resources for States to meet these more stringent rates. Based on CBO estimates, the Senate bill would provide \$12 billion less over six years than is required to meet the bill's work requirements and maintain the current level of cash assistance to poor families. CBO notes that "most States would be unlikely to satisfy this requirement." Moreover, the Senate bill would lead to a \$2.4 billion shortfall in child care resources (assuming States maintain their current level of cash assistance benefits, continue current law Transitional and At-Risk child care levels, and do not transfer amounts from the cash block grant to child care).
- Vouchers. The bill actually reduces State flexibility by prohibiting States from using block grant funds to provide vouchers to children whose parents reach the time limit. H.R. 4 contained no such prohibition, and the NGA opposes it. We strongly urge the adoption of voucher language, similar to that in the Administration's bill and Breaux-Chafee, that protects children.
- Child Care Health and Safety Protections. The bill repeals current child care health and safety protections and cuts set-aside funds to the States to improve the safety and quality of care. We strongly urge the Senate to restore these basic health and safety protections, which were enacted with strong bipartisan support in 1990 and maintained in last year's Senate bill and are essential to the safety and well-being of millions of young children.
- Family Caps. The Senate bill reverts back to the opt-out provision on family caps which would restrict State flexibility in this area. The Administration, as well as the NGA, seeks complete State flexibility to set family cap policy.
- EITC. The Administration opposes the provision in S. 1956 that raises taxes on over four million low-income adult workers by ending inflation adjustments for working households without dependent children, and thereby substantially cutting the real value of their tax credit over time. Raising taxes on these workers is wrong. In addition, the budget resolution instructs the revenue committees to cut up to \$18.5 billion more from the EITC. Thus, EITC cuts could total over \$20 billion. Such large tax increases on working families are particularly ill-conceived when considered in the context of real welfare reform -- that is, encouraging work and making work pay.

We strongly support the bipartisan welfare reform initiatives of moderate Republicans and Democrats in both the House and Senate. The Breaux-Chafee proposal addresses many of our concerns, and it would strengthen State accountability efforts, welfare to work

measures, and protections for children. It provides a foundation on which the Senate should build in order to provide more State flexibility; incentives for AFDC recipients to move from welfare to work; more parental responsibility; and protections for children. It is a good, strong proposal that would end welfare as we know it. Breaux-Chafee provides the much needed opportunity for a real bipartisan compromise, and it should be the basis for a quick agreement between the parties.

The President stands ready to work with Congress to address the outstanding concerns so we can enact a strong, bipartisan welfare reform bill to replace the current system with one that demands responsibility, strengthens families, protects children, and gives States broad flexibility and the needed resources to get the job done.

Sincerely,

A handwritten signature in black ink, appearing to read "Jacob J. Lew". The signature is fluid and cursive, with a large initial "J" and "L".

Jacob J. Lew  
Acting Director

**IDENTICAL COPY SENT TO THE HONORABLE J. JAMES EXON**

① Miller ↔ questions for  
M.T.S. clear

② Pg. CBS ↔ when she  
→ 542-8212  
Our meet fine  
Grey Long - nice, flexible.  
→ meeting w/ opm.  
waiting ↔  
walk thru options



**FAX COVER SHEET**

**TO:** Chris Jennings

**ORGANIZATION:** The White House

**FAX #:** 456-5542

**FROM:** **Stan Dorn, Director  
Health Division**

**DATE:** July 12, 1996 **TIME:** 5:00 p.m.

**NUMBER OF PAGES (INCLUDING COVER SHEET):** 3

**NOTES:** Thought you would find the attached fact sheet helpful as you  
consider the health threats to children proposed by the  
Republican Welfare Bills

**If you have any problems receiving this fax, please contact the Administrative Assistant at (202) 662 - 3551.**

### **A Stand-alone Welfare Bill Could Deny Medicaid to Children, Pregnant Women and Parents**

The Republican leadership now proposes a stand-alone welfare bill as part of budget reconciliation, claiming the bill would make no changes to Medicaid. In fact, *their welfare bill could take away guarantees of Medicaid coverage from many children and women, including those in working families*. For this truly to be a welfare bill alone and not to endanger Medicaid, "hold harmless" provisions must be added like those in the original stand-alone welfare bill when it first passed the House and Senate.

- **Children and parents now receiving AFDC would no longer be guaranteed Medicaid.** The Republican welfare proposal would require states to end welfare for certain families but permit states to deny welfare to any family. For example, while the proposal requires states to cut families off welfare after five years, it permits states to enact policies like those proposed by Governor Weld of Massachusetts to end AFDC after only 90 days.

Any family that loses AFDC eligibility as a result of either federally mandated time limits or discretionary state actions would lose Medicaid automatically even if Medicaid law is unchanged. The only large group guaranteed Medicaid on other grounds would be poor children born after September 30, 1983; they are now 13 or younger. A total of 1.3 million other children over age 13 who today receive AFDC could be denied both Medicaid and welfare under the welfare bills. More than 4 million parents and grandparents who now receive AFDC--90% of whom are women--likewise would no longer be guaranteed Medicaid coverage. These are some of America's poorest families, commonly with incomes below 50% of the federal poverty line.

Such families are unlikely to find health coverage even if they find work, as low-wage jobs rarely offer health benefits. A study of New Jersey's welfare reform program found that 78% of families leaving welfare got jobs without health coverage. Similarly, a study of California's GAIN program found that only 28% of those who worked received any health benefits from their most recent employer.

- **In addition, Medicaid guarantees would be threatened for many other children, pregnant women, and parents, including those in low-wage working families.** Under current Medicaid law, AFDC provides the basic rules that determine how the income and assets of any Medicaid applicant (except a senior or person with disabilities) are treated. For example, since the AFDC statute currently disregards certain child support payments, they also must be disregarded in deciding Medicaid eligibility for children, pregnant women and parents.

Under the welfare bill, states would receive nearly unlimited power to change these AFDC technical rules and thereby deny health coverage to children and families who now are guaranteed Medicaid. Such changes in AFDC rules could significantly change the Medicaid eligibility rules for over 26 million Medicaid beneficiaries who are neither elderly

nor disabled. 18 million of these beneficiaries are children, 62% of whom have working parents, according to the GAO.

- **The original welfare bill held Medicaid harmless. A similar approach is needed now.** HR 4, as passed by the House and Senate before Conference, was a stand-alone welfare bill that avoided Medicaid cuts. Under that version of HR 4, all AFDC rules from 1995 would continue to be used by states in determining Medicaid eligibility. This was consistent with promises made by the bill's proponents that, even if welfare were taken away from mothers and children, health care would not be affected.

Some state officials claimed this was a clumsy approach that might be difficult to administer. However, under a more streamlined version of this approach that adds no state administrative costs, Medicaid still could remain guaranteed to children and parents with income low enough to receive AFDC under their state's old standards. Moreover, under the Republicans' own Medicaid proposals recently passed by the Commerce and Finance Committees, states would use AFDC rules from May 1996 in evaluating the income and assets of Medicaid applicants. Only if effective "Medicaid hold harmless" provisions are added to the welfare bill would it avoid cuts in guaranteed health coverage for families and children.

**Failure to include these Medicaid protections will mean that the Republican leadership has effectively done through the "back door" what the President barred them from doing directly—they will have wiped out the Medicaid guarantee for millions of children and low-income parents and guardians.**

**Impact Of Welfare Reform Legislation  
On The  
Health Care Safety Net**

**National Association of Public Hospitals and Health Systems**



# CENTER ON BUDGET AND POLICY PRIORITIES

July 18, 1996

## PROTECTING HEALTH CARE COVERAGE

There have been significant concerns that transforming welfare into a block grant would have the unintended effect of putting Medicaid coverage for approximately 1.2 million children and four million parents at risk. Certainly the goals of welfare reform are not promoted by leaving millions of very poor children and parents without access to health care.

Even though there is broad agreement that welfare reform should not cause people to lose Medicaid coverage, the repeal of the AFDC program has a very significant impact on Medicaid.

- Medicaid uses AFDC income and asset rules for determining financial eligibility for all of the families, poor children, and pregnant women who receive health care coverage under the Medicaid program. If these AFDC rules are repealed and not replaced, key Medicaid rules are lost as well and continued health care coverage of poor children, pregnant women and poor families is in jeopardy. The Chafee-Breux amendment addresses this issue.
- In addition, over *one million children and four million parents* now receive Medicaid based on their eligibility for AFDC. If AFDC is repealed, then their Medicaid coverage is at risk. Without this amendment, Medicaid eligibility would be linked to the new block grant. However, linkage to the new block grant does *not* assure continued coverage because there is no assurance under the welfare block grant that states will aid all needy parents and children who now receive Medicaid through the link to AFDC.

Because of the intricate connections between AFDC and Medicaid, it is critical that the Senate adopt a workable solution that assures that currently insured poor parents and older children do not lose coverage as a consequence of the welfare bill. The Chafee-Breux amendment meets this objective, building on the approach adopted by both the House and the Senate last year:

- Instead of requiring states to cover people who receive aid under the welfare block grant, states would be directed to cover parents and older children if their family income is below the state's current AFDC payment standard. This approach assures continued coverage to parents and children without regard to the changes a state may make in its welfare block grant.

- Coverage would be required only for those parents and children who currently qualify for Medicaid through the AFDC program. States would not be required to cover any new group of people.
- In addition, states would have the option to automatically cover under Medicaid some or all of the people who receive aid under the welfare block grant, without going through any additional eligibility determination.

The Chafee-Breaux approach has the following advantages:

- It assures continued Medicaid eligibility to the poorest children and parents without expanding Medicaid coverage to anyone not covered by current law.
- It is a simple approach that does not impose new administrative burdens on states. States currently qualify people for Medicaid based on income standards that vary according to the age of the child, pregnancy, disability, etc. This proposal maintains the current approach — all protected groups of people (eg., children, parents, pregnant women, elderly and disabled people) would qualify for Medicaid based on their income.
- States would not be forced to run a “dual” system. The amendment does *not* carry over all of the old AFDC rules. The only AFDC rules that would continue to apply would be those generally limiting coverage to single parent families. States already determine family composition when they evaluate a Medicaid application both to assure that all family income is considered and to identify whether there is any child support obligation to pursue.

The Chafee-Breaux amendment also gives states greater flexibility with their welfare block grant:

- By delinking Medicaid eligibility from receipt of welfare, states could experiment with welfare reform — a dollar of welfare benefits would not carry with it the obligation to provide the full range of Medicaid benefits.

For example, a state could use welfare block grant funds to provide modest transportation assistance or a work stipend to families with very low wages without worrying about having to provide full Medicaid coverage for all such people.

Welfare reform could proceed without obligating — or risking — health care coverage.



# CENTER ON BUDGET AND POLICY PRIORITIES

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*July 18, 1996*

## **PROTECTING HEALTH CARE COVERAGE**

There have been significant concerns that transforming welfare into a block grant would have the unintended effect of putting Medicaid coverage for approximately 1.2 million children and four million parents at risk. Certainly the goals of welfare reform are not promoted by leaving millions of very poor children and parents without access to health care.

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Welfare reform could proceed without obligating — or risking — health care coverage.

Chris --

During the Senate debate on Chafee Breaux, Roth offered a second degree amendment that would only grandfather the people not the standards. Chafee offered a perfecting amendment so he will still get the first vote on Tuesday, but we will still have to vote on Roth. The groups need to get out there and help us beat this. We really need to stay with our Republican co-sponsors because my guess is that the Republican Governors will go after them.

BT

**SUPPORT THE CHAFEE AMENDMENT TO  
CONTINUE CURRENT MEDICAID LAW FOR AFDC RECIPIENTS**

- Under current law, individuals who are eligible for AFDC are automatically eligible for Medicaid coverage as well. The Chafee amendment would add language to this bill to continue to provide Medicaid coverage to current AFDC recipients using current-law income and resource standards and methodology.
- If we do not approve the Chafee amendment, 1.5 million children aged 13-18 and 4 million mothers will lose their guaranteed Medicaid coverage when they lose their eligibility for cash assistance. The Chafee amendment ensures that these low income individuals will not lose their Medicaid coverage if a state makes it tougher for them to be eligible for cash assistance under the block grant, or when their mandatory time limits expire.
- There appears to be a consensus in both the House and the Senate to reform welfare only at this time, rather than welfare and Medicaid together. The Chafee amendment is consistent with this approach by retaining current law with respect to Medicaid coverage for AFDC recipients.
- There is long-standing precedent for the Chafee amendment -- both the House and Senate-passed versions of H.R. 4, the original welfare reform measures, contained language along the lines of the Chafee amendment. The welfare reform bill being considered today on the House floor also contains the Chafee language.

## **Summary of Bipartisan Medicaid Coverage Amendment (July 18, 1996)**

**Purpose.** This amendment is intended to ensure that converting the current welfare program to a block grant will not result in the loss of basic health care coverage for over 8 million poor children and their mothers.

**Maintaining Current Law Eligibility for Medicaid.** Under current law, children and mothers in families receiving AFDC cash assistance are automatically eligible for Medicaid. Under the new TANF block grant, these children and mothers may or may not be eligible for cash assistance and, therefore, Medicaid, depending on the new block grant eligibility criteria adopted by a State. The amendment provides that, in determining eligibility for Medicaid, a State must use the income and resource standards (and methodologies for counting income and resources) in effect under its State AFDC program as of July 1, 1996. The effect is to maintain current law with respect to both women and children who would receive cash assistance under current law as well as to pregnant women and infants and children who would receive Medicaid because their incomes fall below certain poverty thresholds. As under current law, States may lower their income standards to the levels in effect in the State as of May 1, 1988, and they may use less restrictive income and resource standards.

[Amendment text: p. 1, line 5 - p. 2, line 7; p. 3, line 13 - p. 4, line 10; p. 6, lines 19-23].

**Maintaining Current Law Transitional Medicaid Coverage.** Under current law, individuals who lose eligibility for cash assistance, and therefore Medicaid, due to increased earnings, are covered under Medicaid for an additional year, so long as they continue to work and report earnings. This transitional welfare-to-work coverage sunsets on September 30, 1998. The amendment provides that individuals who are receiving cash assistance under the new TANF block grant and are eligible for Medicaid, and who lose block grant assistance due to earnings, will receive one year of transitional Medicaid coverage on the same basis as under current law. The amendment does not repeal the current law sunset.

[Amendment text: p. 5, lines 12 - 23; page 2, lines 9-15; page 6, lines 19-23].

Under current law, individuals who lose eligibility for cash assistance, and therefore Medicaid, due to increased income from the collection of child support, are covered under Medicaid for an additional 4 months. The amendment provides that individuals who are receiving cash assistance under the new TANF block grant and are eligible for Medicaid, and who lose block grant assistance due to earnings, will receive 4 months of transitional Medicaid coverage on the same basis as under current law.

[Amendment text: p. 2, line 16 - p. 3, line 5; page 6, lines 19-23].

**State Option to Extend Medicaid Coverage to All Individuals Receiving Block Grant Assistance.** Under current law, all individuals receiving AFDC cash assistance are automatically eligible for Medicaid. Under the amendment, a State may, at its option, extend Medicaid coverage to individuals (or reasonable categories of individuals) who are eligible for TANF block grant assistance but are not automatically eligible for Medicaid because they do not meet the eligibility standards in effect under the State's AFDC program as in effect on July 1, 1996.

[Amendment text: p. 4, line 24 - p. 5, line 11].

**State Option to Extend Welfare Waivers Affecting Medicaid.** Under the amendment, States that, as of July 1, 1996, have received waivers of provisions under their AFDC programs may, at their option, continue to apply those portions of their waivers that affect eligibility for Medicaid even after their waivers have expired.

[Amendment text: p. 5, line 24 - page 6, line 10].

**State Administrative Options.** Under the amendment, States would be allowed to use either their Medicaid or their TANF block grant agencies to make Medicaid eligibility determinations, and they would be able to use 1 application form for both the TANF block grant and Medicaid eligibility.

[Amendment text: page 3, lines 6-12; page 6, lines 11-18].

# SENATOR JOHN CHAFEE

## RHODE ISLAND



505 DIRKSEN BUILDING WASHINGTON D.C. 20510-3902 (202)224-2921

### FAX TRANSMISSION

TO Chris

FAX # \_\_\_\_\_ TOTAL PAGES \_\_\_\_\_

FROM Katherine TELEPHONE \_\_\_\_\_

RE \_\_\_\_\_

Multiple horizontal lines for additional information or notes.

DP

**FAX FROM OFFICE OF**  
**SENATOR JOHN BREAUX**  
**224-4623**  
**URGENT**

**MEMORANDUM**

TO: Bruce Lesley/Graham  
Karen Davenport or Sheila Nix/Kerrey  
Greg Williamson/Murray  
Ned McCulloch/Lieberman  
Sue Mabry/Reid  
Barbara Pryor/Rockefeller  
Grace Reef/Daschle  
Laird Burnett/Finance  
Chris Jennings/White House  
Rich Tarplin/HHS

FROM: Cynthia Rice (Sen. Breaux) (224-9741)

DATE: July 21, 1996

SUBJECT: Chafee Dear Colleague and Talking Points

---

Attached is Senator Chafee's Dear Colleague and some talking points for the Chafee amendment and against the Roth amendment. Feel free to share.

Also, the current lineup would have the Chafee vote as #6 of the day and the Roth vote as #7. Votes start at 9:30.

Total pages including this one: 4

### Talking Points for Chafee Amendment

- \* We have voted to take Medicaid off the table by dropping the Medicaid provisions of this bill. My amendment is necessary to maintain current law Medicaid coverage because of the link between the Medicaid and Welfare programs.

- \* My amendment seeks to maintain current law by stating that any **category of individuals** (mothers and children) who meet the income and resource standards for cash assistance, will continue to be eligible for Medicaid if the states choose to lower their income and resource standards for cash assistance.

- \* Thus, those who are **currently** enrolled in the Medicaid program and those who **will meet the income and resource standards in the future** will qualify for Medicaid, provided they are a dependent child or a single parent.

- \* My amendment also keeps the standard for calculating what is included as income for **all** women and children under Medicaid. The underlying bill lets states count anything they want as income including, food stamps, school lunches, and even federal disaster relief.

### Talking Points Against the Roth Amendment

- \* The Roth amendment allows the states to drastically reduce Medicaid coverage for all groups of women and children.

- \* First, it grandfathers individuals who are enrolled in Medicaid at time of enactment. There are no protections for those who meet the same standard after the bill is enacted. Thus if a single mother loses her job after enactment, even though she meets to old standards, she and her older children may not be able to qualify for insurance coverage under the Medicaid program.

- \* Second, it strikes the provisions in my amendment that reinstates the standards for calculating income. Thus a 7-year-old child with a family income below the current federal poverty standards will not qualify for Medicaid coverage if the state adopts a more restrictive income test and includes things such as school lunches or food stamps.

- \* Imposes administrative burdens on states by requiring them to keep a master list of all old AFDC beneficiaries and update periodically.

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CHAIRMAN, COMMITTEE ON  
ENVIRONMENT AND PUBLIC WORKS  
COMMITTEE ON FINANCE  
JOINT COMMITTEE  
ON TAXATION  
SENATE ARMS CONTROL  
OBSERVER GROUP

# United States Senate

WASHINGTON, DC 20510-3902

July 22, 1996

Dear Colleague:

Last week the Senate voted to remove the Medicaid provisions from the pending reconciliation bill -- postponing that debate for another day. Yet, without a conforming amendment to the welfare reform bill, low-income mothers and children will, in fact, lose their guarantee to Medicaid coverage.

On Tuesday, the Senate will consider two amendments intended to resolve this problem -- a Chafee amendment and a Roth amendment.

Senators should be aware that only my amendment makes good on our commitment to hold harmless current-law Medicaid eligibility standards until the broader question of Medicaid reform can be addressed in subsequent legislation.

By contrast, the Roth amendment would revise eligibility standards for certain categories of low-income mothers and children age 13 to 18, leaving future beneficiaries without the coverage they are guaranteed under current law. The Roth amendment also fails to apply current rules governing the calculation of income for pregnant women and children of all ages. Without the current income methodology, a state could count such things as food stamps, school lunch and breakfast programs, and federal disaster relief funding in calculating a family's income as it pertains to their eligibility for Medicaid.

In addition, the Roth amendment imposes a tremendous administrative burden on the states. Under the Roth proposal, states would have to keep a master list of families who were eligible for AFDC and Medicaid as of the date of enactment, and update to eliminate families that become ineligible because of increases in income.

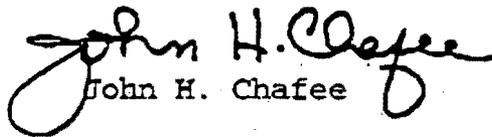
July 22, 1996

Page 2

In summary, my amendment preserves current Medicaid law. The Roth amendment reforms Medicaid through the back door by allowing states to remove Medicaid coverage to not only those families who meet current income and resource standards for cash assistance, but also by repealing current-law standards for calculating income for pregnant women and children of all ages.

I urge you to vote for the Chafee amendment and against the Roth amendment.

Sincerely,

  
John H. Chafee

**UNITED STATES  
SENATOR JOHN BREAUX**

Facsimile Transmission

TO: Chris Jennings

FROM: Cynthia Rice

FAX NUMBER TRANSMITTED TO: 456-7431

DATE: 7-22-96 TIME: 10:00am

NUMBER OF PAGES INCLUDING COVER SHEET: 32

RE: \_\_\_\_\_

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\_\_\_\_\_

**PLEASE DELIVER THIS INFORMATION AS SOON AS POSSIBLE**

**UNITED STATES SENATE  
WASHINGTON, D.C. 20510  
(202) 224-4623**

## MEMORANDUM

TO: Democratic Co-Sponsors of Chafee Medicaid Amendment  
FROM: Cynthia Rice (Sen. Breaux) (4-9741)  
DATE: July 21, 1996  
SUBJECT: Update & Request for Assistance

---

### *Procedure*

On Friday, Senator Chafee offered his amendment (#4931). Senator Roth then offered a 2nd degree substitute amendment (#4932). Because the Roth amendment was drafted as a substitute, he left an opportunity for Chafee to offer a 2nd degree perfecting amendment (#4933). Chafee offered his perfecting amendment to make sure that his policy would be voted on first (see attached page from Riddick's illustrating the amendment tree).

This means that on Tuesday the Senate will vote in the following order:

1. Chafee #4933
2. Roth #4932
3. Chafee #4931 (probably no roll call vote will occur because the vote would be on #4931 as amended by #4932 or #4933 and would be unnecessary unless minds had been changed.)

It is critical that Senators vote BOTH for Chafee AND against Roth. Why? Because if Roth wins after Chafee wins, then the Roth amendment language will be substituted for Chafee's and will thus prevail. That is, voting for Roth after voting for Chafee will be a vote to narrow the provisions of the Chafee amendment -- i.e., to limit the categories of people who would be guaranteed Medicaid in the future.

Please have your boss in the well during the vote, explaining why a vote BOTH for Chafee AND against Roth is necessary. Only 51 votes are needed for passage, so every vote counts. The Chafee and Roth votes will be third and fourth votes of the day on Tuesday, putting them at approximately 10:15 a.m.

### *Policy*

Attached are copies of the amendments, a summary of their differences, and a "section by section" of the original Chafee amendment (#4931). Broadly speaking, the Chafee amendment assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, irregardless of state welfare changes. The Roth amendment, by contrast, merely grandfathers certain individuals, continuing Medicaid coverage for those actually receiving it on the date of enactment but allowing states to deny Medicaid in the future to families in the exact same financial situation. In addition, the Roth provision will be more difficult for states to administer, and it will allow changes in Medicaid eligibility for non-welfare populations by letting states redefine what income and assets count in determining eligibility (see attached for more).

## **Vote FOR Chafee #4933 AND AGAINST Roth #4932**

The Chafee amendment assures that all categories of people now eligible for Medicaid will continue to be eligible for health care in the future, irregardless of state welfare changes.

The Roth amendment, by contrast, merely grandfathers certain individuals, continuing Medicaid coverage for those actually receiving it on the date of enactment but allowing states to deny Medicaid in the future to families in the exact same financial situation. In addition, the Roth provision will be more difficult for states to administer, and it will allow changes in Medicaid eligibility for non-welfare populations by letting states redefine what income and assets count in determining eligibility (see attached for more).

On Tuesday, July 23rd, the Senate will vote

1st on Chafee #4933

2nd on Roth #4932; and

Possibly 3rd on Chafee #4931

(there will most likely be no third roll call vote, since the vote would be on #4931 as amended by #4932 or #4933 and would therefore be unnecessary)

It is critical for Senators who support the Chafee amendment to vote BOTH for Chafee AND against Roth. If Roth were to pass after Chafee does, the Roth amendment would prevail. Roll call votes are likely to occur around 10:15 a.m.

The Chafee amendment is co-sponsored by Senators Breaux, Cohen, Graham, Jeffords, Kerrey, Hatfield, Murray, Snowe, Lieberman, Reid, and Rockefeller and requires only 51 votes to pass. For more information, contact Laurie Rubiner or Katherine Hayes in Sen. Chafee's office (4-2921) or Cynthia Rice in Senator Breaux's office (4-9741)

AMENDMENT TO STRIKE

CHART 2

TEXT PROPOSED TO BE STRICKEN

~~D  
1st degree  
Perfecting Amendment  
2~~

A  
1st degree  
Substitute Amendment  
Chafee # 4931  
5

~~E  
2d degree  
Substitute or Perfecting  
Amendment  
1~~

B  
2d degree  
Substitute Amendment  
Roth # 4932  
4

C  
2d degree  
Perfecting Amendment  
Chafee # 4933  
3

VOTE #3  
(roll call unlikely)  
(Vote would be on #4931  
as amended by #4932 or  
#4933 and would thus  
be unnecessary)

VOTE #2  
(If Roth passes after  
Chafee passes, Roth  
replaces Chafee)

VOTE #1

A through E = order of offering to get all of the above amendments before the Senate

1 through 5 = order of voting

**Medicaid Eligibility Protections —  
A Comparison of the Chafee-Breaux Amendment  
with the Roth Substitute**

|  | <b>Chafee-Breaux amendment</b>  | <b>Roth substitute</b>  |
|--|---|---|
| Assures health care coverage for children and parents who qualify for Medicaid based on current AFDC eligibility rules.  | Yes — By maintaining current standards of eligibility for Medicaid, the amendment assures that no one will lose Medicaid coverage as a result of federal or state welfare changes.  | No — Only those children and parents who receive welfare and Medicaid on the day the welfare bill is enacted would be eligible for continued coverage (and their continued eligibility would be subject to all of the federal welfare block grant restrictions and penalties).<br><br>Poor children over age 13 and parents who need Medicaid in the future would lose their health care guarantee. |
| Children and parents in similar situations would be treated similarly  | Yes — The Chafee-Breaux amendment would assure that children and parents would qualify for Medicaid eligibility under current standards no matter when they might apply for coverage. Current standards and criteria for Medicaid would apply to all families, assuring fair treatment. | No — A child or parent's access to health care coverage would depend on when they happened to apply for welfare.<br><br>A 15-year old uninsured child whose parent loses her job next year might not qualify for Medicaid because the family did not receive welfare on the day the welfare bill is enacted into law.   |
| Assures that children and parents who become ineligible for welfare due to a time limit can continue to receive Medicaid | Yes, if they meet Medicaid eligibility standards and criteria.  | No — Even the grandfathered group of children and adults would lose Medicaid if they reached the welfare time limit.  |

|   | <b>Chafee-Breaux amendment</b>   | <b>Roth substitute</b>   |
|---|--|--|
| Assures continued Medicaid coverage for children and parents if a state lowers its welfare eligibility standards  | Yes — Since Medicaid eligibility would not be linked to eligibility under the welfare block grant, changes in welfare rules would not affect Medicaid coverage.  | No, unless they happened to be receiving welfare on the day the welfare bill is enacted into law (and do not lose coverage because of welfare restrictions and penalties).   |
| Assures continued Medicaid coverage for children and parents if a state restricts welfare coverage because of higher costs due an economic downturn or natural disaster | Yes — Medicaid eligibility would not be linked to the welfare block grant. Restrictions on welfare that result from block grant financing would not cause otherwise eligible children and parents to lose health care coverage.  | No, unless they happened to be receiving welfare on the day the welfare bill is enacted into law (and do not lose coverage because of welfare restrictions and penalties).   |
| Protects Medicaid coverage for poor children and pregnant women whose eligibility for Medicaid is <i>not</i> linked to AFDC.  | Yes — Current Medicaid rules for determining financial eligibility for all poor children and pregnant women (not just those receiving AFDC) are based on rules set forth in current welfare law. The Chafee-Breaux amendment would keep the current rules on how income and assets are counted for purposes of determining Medicaid eligibility. | No — Federal rules governing how income and assets are counted under the Medicaid program for all poor children and pregnant women would be repealed.<br><br>States would set the rules and could thereby restrict Medicaid eligibility. For example, a state could count gross rather than net income, disallowing deductions for work-related child care expenses. This would have the effect of lowering the Medicaid eligibility standard. |
| Extends Medicaid coverage beyond current law  | No — The Chafee-Breaux amendment maintains coverage assured under current law. It does not expand coverage.  | No — The Roth substitute could have the effect of restricting coverage assured under current law. It does not expand coverage.   |

|   | <b>Chafee-Breaux amendment</b>  | <b>Roth substitute</b>   |
|---|---|--|
| Allows back-door cuts in the Medicaid program that could increase the number of uninsured children and women. | No — The Chafee-Breaux amendment maintains the status quo in Medicaid despite changes in AFDC. No one would lose Medicaid coverage as a result of the AFDC changes. | Yes — Welfare restrictions imposed by the bill or by states anytime in the future could have the affect of also restricting Medicaid for very low-income older children and parents. The loss of federal income and asset budgeting rules also could result in Medicaid cutbacks for younger poor children and pregnant women. |

**Administrative Requirements –  
A Comparison of the Chafee-Breaux amendment  
with the Roth substitute**

|  | <b>Chafee-Breaux amendment</b>  | <b>Roth substitute</b>  |
|--|---|---|
| <p>Would current AFDC income and asset standards continue to apply?</p>                | <p><b>Yes —</b> To assure that all children over age 12 and parents who qualify for Medicaid based on their eligibility for AFDC will continue to receive Medicaid, AFDC income and resource standards would continue to apply for purposes of determining Medicaid eligibility.</p> <p>Under the amendment, older children and parents whose family income is below state AFDC income and resource standards as of July 1, 1996 could qualify for Medicaid. States could raise their standards, or lower them, but not below May, 1988 levels, as under current law.</p> | <p><b>Yes and No —</b> The current standards would apply to the “grandfathered” group of people covered under the Roth substitute-- children and parents who are receiving welfare and Medicaid on the day the welfare bill is enacted into law.</p> <p>There would be no minimum eligibility standards for older children and parents who apply after that day, putting the health care coverage of these children and parents at risk.</p>  |
| <p>Would there be uniform Medicaid rules for how income and resources are counted?</p> | <p><b>Yes —</b> The current rules are based on current welfare law. They are used in the Medicaid program to determine financial eligibility for <i>all</i> children, pregnant women and families applying for Medicaid, not just for AFDC applicants. The Chafee-Breaux amendment would continue to apply these income and resource counting rules to the Medicaid program.</p>  | <p><b>No —</b> The rules would not be uniformly applied to all Medicaid applicants. They would continue to apply to the “grandfathered” group of children and parents, but the rules would not have to be applied to other children or parents applying for Medicaid. Without federal standards for how income and assets are counted, states could restrict Medicaid eligibility for families applying for welfare and Medicaid in the future as well as for all other poor children and pregnant women.</p> |

|  | <b>Chafee-Breaux amendment</b>  | <b>Roth substitute</b>  |
|--|---|---|
| <p>Would other AFDC rules continue to apply?</p> | <p>Yes, but limited to the rules on family composition — In order to maintain status quo and avoid expanding Medicaid beyond current law, current rules that largely limit coverage to single-parent families with children would continue to apply. However, states have to determine family composition to determine family income and to pursue child support, so carrying over these rules would not impose new burdens on states.</p> <p>Other AFDC rules, such as those relating to eligibility recertification and verification, monthly reporting, grandparent stepparent and alien-sponsor deeming, and the JOBS program would <i>not</i> be carried over to Medicaid under the amendment.</p> | <p>Yes and No — Under the Roth substitute, states would have to prepare a master list of all people receiving aid on the day of enactment and regularly recertify eligibility applying July 1, 1996 AFDC rules. All of the AFDC rules, including those relating to family composition, eligibility recertification and verification, monthly reporting, grandparent, stepparent and alien-sponsor deeming, and the JOBS programs would have to be applied for an indefinite period of time.</p> <p>For new applicants, there would be no minimum federal eligibility standards, allowing states to restrict Medicaid eligibility for older children and parents without limitation.</p> |

|  | <b>Chafee-Breaux amendment</b>   | <b>Roth substitute</b>  |
|--|--|---|
| Could states make their Medicaid rules consistent with their new welfare rules?      | Yes, with limitations to protect Medicaid eligibility — Under the Chafee-Breaux amendment, states would have the option to make Medicaid financial eligibility rules pertaining to people who receive aid under the welfare block grant consistent with their welfare rules as long as the new Medicaid rules were not more restrictive than current Medicaid standards. | Yes, without limitations to protect Medicaid eligibility — Older children and parents who apply for welfare and Medicaid anytime after enactment of the welfare bill would be eligible for Medicaid only if they met the new welfare eligibility rules. Welfare and Medicaid eligibility rules would be consistent, even if this meant that children and parents who are eligible for Medicaid under current law are made ineligible for Medicaid.<br><br>In addition, states could change their Medicaid rules governing how income and resources are counted to be consistent with their welfare block grant rules. They could apply these new rules to younger children and pregnant women who are not applying for welfare, even if the effect was to restrict Medicaid eligibility for all poor children, families and pregnant women. |
| Would Medicaid rules interfere with state flexibility under the welfare block grant? | No — By delinking Medicaid eligibility from eligibility for aid under the welfare block grant, the Chafee-Breaux amendment allows states to use welfare block grant funds in innovative ways. A dollar of block grant funds would not carry with it the obligation to provide full title XIX Medicaid coverage.  | Yes — States would be constrained in how they use their welfare block grant funds since states would have to provide all persons receiving aid funded under the welfare block grant full Medicaid coverage.   |

**Summary of Chafee Perfecting Amendment (#4933)**  
(July 19, 1996)

**Maintaining Current Law Eligibility for Medicaid**

**Women and Children Receiving AFDC.** As under current law, in determining eligibility for Medicaid, a State would have to use the income and resource standards (and the methodologies for counting income and resources) in effect under its AFDC program as of July 1, 1996. This would apply to both current AFDC recipients and low-income women and children seeking Medicaid coverage in the future. (As under current law, States could lower their income eligibility standards to those in effect under their AFDC programs as of May 1, 1988).

**Poverty-Related Pregnant Women and Children.** As under current law, States would have to use the same methodologies for counting income in determining Medicaid eligibility for pregnant women and children as it uses under its AFDC program as of July 1, 1996.

**Maintaining Current Law Transitional Medicaid Coverage**

**Welfare to Work.** As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of earnings from work, would be eligible for an additional 12 months of Medicaid coverage, so long as they continued to work and report earnings and their income did not exceed 185 percent of poverty. The amendment would not alter the current sunset of this transitional coverage (9/30/98).

**Child Support.** As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of child support payments, would be eligible for an additional 4 months of Medicaid coverage.

**State Coverage Option.** Unlike the base Chafee-Breaux amendment (#4931), this amendment would not give States the option of extending Medicaid coverage to all individuals (or reasonable classifications of individuals) receiving assistance under the welfare block grant. States would be able to use Medicaid income and resource standards and methodologies less restrictive than those in effect on July 1, 1996.

**State Administrative and Waiver Options.** States would be allowed to use either their Medicaid or their welfare block grant agencies to make Medicaid eligibility determinations, and they would be able to use one application form for determining both welfare block grant and Medicaid eligibility. States with welfare waivers in effect as of July 1, 1996, could, at their option, continue to apply those portions of their waivers that affect eligibility for Medicaid even after the expiration of the waivers.

**Summary of Roth Substitute Amendment (#4932)**  
(July 19, 1996)

**Restrictions on Eligibility for Medicaid**

**Women and Children Receiving AFDC: Grandfather of Current Eligibles Only, Subject to New Grounds for Denial of Eligibility.** States would be required to continue to provide Medicaid coverage to women and children who, *on the date of enactment*, were eligible for Medicaid because they were receiving AFDC benefits, so long as they continue to meet the eligibility standards under the State's AFDC program as in effect on July 1, 1996. In contrast to the base bill, Medicaid eligibility under this amendment would not be limited to one year. Instead, it would continue for so long as the family meets the July 1, 1996, AFDC eligibility standards (without interruption due to income fluctuations), and so long as the family was not disqualified under the one of the 13 additional grounds for denial of eligibility.

Under the amendment, as under the base bill, individuals who, as of enactment, were receiving AFDC and therefore Medicaid, would be subject to termination of their Medicaid coverage for any of 13 different reasons, including the following new grounds: (1) having received AFDC or welfare block grant assistance for more than 5 years; (2) having a child while receiving welfare block grant assistance; (3) being an unmarried minor parent and not attending high school or not living with a parent or adult relative; (4) refusing to engage in required work; and (5) being subject to a financial sanction under the current AFDC program. In these circumstances, States would have no discretion to continue Medicaid eligibility; termination would be mandatory.

**Poverty-Related Pregnant Women and Children.** The amendment is silent as to whether States would have to continue to use current methodologies for counting income in determining Medicaid eligibility for pregnant women and children not receiving cash assistance. Since the base bill would repeal the current AFDC methodologies, States would no longer have to use them in their Medicaid programs; instead, States could use more restrictive methodologies that would disqualify pregnant women and children from Medicaid coverage (for example, no longer deducting from income child care expenses paid out in order to maintain employment).

**Transitional Medicaid Coverage**

**Welfare to work and child support collection: new restrictions on eligibility.** Individuals losing eligibility for welfare block grant assistance and Medicaid due to (1) increased earnings from employment or (2) the collection of child or spousal support would be eligible for an additional 12 months of Medicaid coverage, but only so long as family income (excluding EITC refunds or advance payments) is less than the poverty line. In addition, the new grounds for denial of Medicaid eligibility described above with respect to grandfathered AFDC recipients would also apply to those receiving Medicaid transitional coverage either on the basis of increased child support or earnings.

**Summary of Chafee-Breaux Amendment (#4931)**  
(July 19, 1996)

**Maintaining Current Law Eligibility for Medicaid**

**Women and Children Receiving AFDC.** As under current law, in determining eligibility for Medicaid, a State would have to use the income and resource standards (and the methodologies for counting income and resources) in effect under its AFDC program as of July 1, 1996. This would apply to both current AFDC recipients and low-income women and children seeking Medicaid coverage in the future. (As under current law, States could lower their income eligibility standards to those in effect under their AFDC programs as of May 1, 1988).

**Poverty-Related Pregnant Women and Children.** As under current law, States would have to use the same methodologies for counting income in determining Medicaid eligibility for pregnant women and children as it uses under its AFDC program as of July 1, 1996.

**Maintaining Current Law Transitional Medicaid Coverage**

**Welfare to Work.** As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of earnings from work, would be eligible for an additional 12 months of Medicaid coverage, so long as they continued to work and report earnings and their income did not exceed 185 percent of poverty. The amendment would not alter the current law sunset of this transitional benefit, which expires on September 30, 1998.

**Child Support.** As under current law, individuals who are receiving cash assistance under the new welfare block grant and are eligible for Medicaid, and who lose their cash assistance because of child support payments, would be eligible for an additional 4 months of Medicaid coverage.

**State Coverage Option.** States would have the option of extending Medicaid coverage to all individuals (or reasonable classifications of individuals) receiving assistance under the welfare block grant who are not automatically eligible for Medicaid under previous provisions of this amendment because they do not meet the eligibility standards in effect under the State's AFDC program as of July 1, 1996.

**State Administrative and Waiver Options.** States would be allowed to use either their Medicaid or their welfare block grant agencies to make Medicaid eligibility determinations, and they would be able to use one application form for determining both welfare block grant and Medicaid eligibility. States with welfare waivers in effect as of July 1, 1996, could, at their option, continue to apply those portions of their waivers that affect eligibility for Medicaid even after the expiration of the waivers.

**Summary of Medicaid Provisions in Senate Republican Welfare bill, S. 1956  
(other than provisions relating to aliens or SSI)  
(July 19, 1996)**

**Restrictions on Eligibility for Medicaid**

**Women and Children Receiving AFDC: 1-Year Grandfather of Current Eligibles Only, Subject to New Grounds for Denial of Eligibility.** States would be required to continue to provide Medicaid coverage to women and children who become ineligible for cash assistance because a State alters its welfare eligibility standards under the new welfare block grant for one year after the effective date of the State's new welfare block grant, so long as the family's income (excluding an EITC refund or advance payment) is less than the poverty line, and so long as no member of the family is subject to disqualification under the one of the new grounds for denial of eligibility described below.

**Poverty-Related Pregnant Women and Children.** The bill is silent as to whether States would have to continue to use current methodologies for counting income in determining Medicaid eligibility for pregnant women and children not receiving cash assistance. Since the base bill would repeal the current AFDC methodologies, the presumption is that States would no longer have to use them in their Medicaid programs, but could use more restrictive methodologies that would disqualify pregnant women and children from Medicaid coverage.

**Transitional Medicaid Coverage**

**Welfare to work and child support collection: new restrictions on eligibility.** Individuals losing eligibility for welfare block grant assistance due to (1) increased earnings from employment or (2) the collection of child or spousal support (or a combination of (1) and (2)) would be eligible for an additional 12 months of Medicaid coverage, but only so long as family income (excluding EITC refunds or advance payments) is less than the poverty line, and only so long as one of the new grounds for denial of Medicaid described below does not apply to any member of the family.

**New Grounds for Denial of Medicaid Eligibility.** The bill specifies 13 different reasons for the denial of Medicaid eligibility, including the following new grounds: (1) having received welfare block grant assistance for more than 5 years; (2) having a child while receiving welfare block grant assistance; (3) being an unmarried minor parent and not attending high school or not living with a parent or adult relative; (4) refusing to engage in required work; and (5) being subject to a financial sanction under the current AFDC program. In these circumstances, States would have no discretion to continue Medicaid eligibility; termination would be mandatory. The 13 grounds for denial of Medicaid apply only to those individuals covered under the 1-year grandfather or transition provisions described above.

## **Welfare and Medicaid: Current Law** (June 19, 1996)

**Basic Welfare-Medicaid Linkage.** States that elect to participate in Medicaid and receive Federal Medicaid matching funds must comply with certain requirements, including the coverage of certain "mandatory" groups. Since the enactment of the program in 1965, participating States have been required to extend Medicaid coverage to members of families receiving cash assistance under the Aid to Families with Dependent Children (AFDC) program. Of the 36.8 million Americans eligible for Medicaid in FY 1996, 8.8 million are children up to age 18 in households receiving AFDC benefits, and 4.2 million are mothers or other adults in families receiving AFDC benefits. (According to CBO, a total of 18.6 million children and 7.8 million non-disabled adults are eligible for Medicaid in FY 1996).

In order to qualify for AFDC cash assistance, and therefore Medicaid, a family must, with some exceptions, be a single-parent family or a two-parent family in which the principal earner is unemployed. (Childless couples and single individuals, no matter how poor, cannot qualify). In addition, the income and resources of a family must fall below certain levels. The family's income may not exceed an amount determined by each State; on average, as of June, 1996, the maximum welfare benefit that a family of 3 with no income could receive was \$337 per month, or 31 percent of the poverty level. The family's resources (such as savings, but not including a home or a car with an equity value of more than \$1,500) may not exceed \$1,000, or a lower amount set by the State.

**Transitional Coverage.** A family that receives income above the level established by the State under its AFDC program will lose cash assistance, and therefore Medicaid eligibility, except in the following two circumstances:

- **Collection of Child Support.** In the case of a family whose income increases as a result of the receipt of child or spousal support payments, Medicaid coverage must be continued for 4 months after the loss of cash assistance.
- **Welfare to Work.** In the case of a family whose income increases as a result of earnings (because the mother goes to work or increases her hours of work or receives a raise), Medicaid coverage must be continued for up to 12 months after the loss of cash assistance, so long as the mother continues to report earnings and so long as the family's income (after deducting child care expenses) does not exceed 185 percent of the poverty level. This 12-month "welfare to work" transitional coverage benefit sunsets on September 30, 1998 (the 4-month "child support" transitional coverage benefit does not sunset).

(Some members of families with incomes above AFDC eligibility levels may also qualify for Medicaid as members of poverty-related groups described below)

**Poverty-related Groups.** Women and children receiving cash assistance under the AFDC program are not the only women and children to whom States electing to participate in Medicaid must extend coverage. There are three groups who do not receive cash assistance whom participating States are required to cover:

- pregnant women with incomes at or below 133 percent of the poverty level;
- children under 6 in families with incomes at or below 133 percent of the poverty level; and
- children under 19 in families with incomes at or below 100 percent of the poverty level (Medicaid eligibility for this category is being phased in on a year-by-year basis; as of 9/30/96, all poor children under 13 will be covered).

In all three cases, use of a resource test is optional with the State.

**Use of AFDC methodologies.** These "poverty-related" pregnant women and children do not need to qualify for AFDC cash assistance in order to qualify for Medicaid coverage; their Medicaid eligibility is de-linked from welfare eligibility. However, the manner in which States count income (and, at their option, resources) in determining whether a pregnant woman or child is eligible for Medicaid coverage on this "poverty-related" basis is linked to the AFDC program.

Specifically, in determining whether family income falls below the applicable poverty threshold, a State must use the same methodology it uses under its AFDC program (for example, it must disregard certain earned income and child care expenses to the same extent as it does in determining AFDC eligibility). Similarly, if a State imposes a resource test on these groups, it may not use a methodology for counting resources that is more restrictive than the methodology used under its AFDC program.

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To maintain current eligibility standards for medic-aid and provide additional State flexibility.

IN THE S

AMENDMENT No 4933

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By Chafee - Others

To pro-  
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To to amend no 4931

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97.

(6 Pages)

Referred

GPO : 1964 84-476 (rnc)

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Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Senators Chafee, Breaux, Cohen, Graham, Jeffords, Kerrey, Hatfield, Murray, Snowe, Lieberman, Reid, Rockefeller  
Viz:

1 ~~Beginning with page 256, line 20, strike all through~~

2 ~~page 259, line 4, and insert the following.~~

*strike all after  
the first word and  
insert the  
following*

3 ~~“(12) ASSURING MEDICAID COVERAGE FOR~~  
4 ~~LOW-INCOME FAMILIES.—~~

5 “(A) IN GENERAL.—Notwithstanding any  
6 other provision of this Act, subject to the suc-  
7 ceeding provisions of this paragraph, with re-  
8 spect to a State any reference in title XIX (or  
9 other provision of law in relation to the oper-  
10 ation of such title) to a provision of this part,

1 or a State plan under this part (or a provision  
2 of such a plan), including standards and meth-  
3 odologies for determining income and resources  
4 under this part or such plan, shall be consid-  
5 ered a reference to such a provision or plan as  
6 in effect as of July 1, 1996, with respect to the  
7 State.

8 “(B) CONSTRUCTIONS.—

9 “(i) In applying section 1925(a)(1),  
10 the reference to ‘section  
11 402(a)(8)(B)(ii)(II)’ is deemed a reference  
12 to a corresponding earning disregard rule  
13 (if any) established under a State program  
14 funded under this part (as in effect on or  
15 after October 1, 1996).

16 “(ii) The provisions of former section  
17 406(h) (as in effect on July 1, 1996) shall  
18 apply, in relation to title ~~XIX~~, with respect  
19 to individuals who receive assistance under  
20 a State program funded under this part  
21 (as in effect on or after October 1, 1996)  
22 and are eligible for medical assistance  
23 under title ~~XIX~~ or who are described in  
24 subparagraph (C)(i) in the same manner  
25 as they apply as of July 1, 1996, with re-

1           spect to individuals who become ineligible  
2           for aid to families with dependent children  
3           as a result (wholly or partly) of the collec-  
4           tion or increased collection of child or  
5           spousal support under part D of this title.

6           “(iii) With respect to the reference in  
7           section 1902(a)(5) to a State plan ap-  
8           proved under this part, a State may treat  
9           such reference as a reference either to a  
10          State program funded under this part (as  
11          in effect on or after October 1, 1996) or  
12          to the State plan under title XIX.

13          “(C) ELIGIBILITY CRITERIA.—

14          “(i) IN GENERAL.—For purposes of  
15          title XIX, subject to clause (ii), in deter-  
16          mining eligibility for medical assistance  
17          under such title, an individual shall be  
18          treated as receiving aid or assistance under  
19          a State plan approved under this part (and  
20          shall be treated as meeting the income and  
21          resource standards under this part) only if  
22          the individual meets—

23                  “(I) the income and resource  
24                  standards for determining eligibility  
25                  under such plan; and

1                   “(II) the eligibility requirements  
 2                   of such plan under subsections (a)  
 3                   through (c) of former section 406 and  
 4                   former section 407(a),  
 5                   as in effect as of July 1, 1996. Subject to  
 6                   clause (ii)(II), the income and resource  
 7                   methodologies under such plan as of such  
 8                   date shall be used in the determination of  
 9                   whether any individual meets income and  
 10                   resource standards under such plan.

11                   “(ii) STATE OPTION.—For purposes  
 12                   of applying this paragraph, a State may—

13                   “(I) lower its income standards  
 14                   applicable with respect to this part,  
 15                   but not below the income standards  
 16                   applicable under its State plan under  
 17                   this part on May 1, 1988; and

18                   “(II) use income and resource  
 19                   standards or methodologies that are  
 20                   less restrictive than the standards or  
 21                   methodologies used under the State  
 22                   plan under this part as of July 1,  
 23                   1996.

24                   ~~“(iii) ADDITIONAL STATE OPTION~~  
 25                   ~~WITH RESPECT TO TANF RECIPIENTS.~~

1 For purposes of applying this paragraph to  
2 title ~~XIX~~, a State may, subject to clause  
3 (iv), treat all individuals (or reasonable  
4 categories of individuals) receiving assist-  
5 ance under the State program funded  
6 under this part (as in effect on or after  
7 October 1, 1996) as individuals who are  
8 receiving aid or assistance under a State  
9 plan approved under this part (and thereby  
10 eligible for medical assistance under title  
11 ~~XIX~~).

12 “(iv) TRANSITIONAL COVERAGE.—For  
13 purposes of section 1925, an individual  
14 who is receiving assistance under the State  
15 program funded under this part (as in ef-  
16 fect on or after October 1, 1996) and is el-  
17 ible for medical assistance under title  
18 ~~XIX~~ shall be treated as an individual re-  
19 ceiving aid or assistance pursuant to a  
20 State plan approved under this part (as in  
21 effect as of July 1, 1996) (and thereby eli-  
22 gible for continuation of medical assistance  
23 under such section 1925).

24 “(D) WAIVERS.—In the case of a waiver of  
25 a provision of this part in effect with respect to

1 a State as of July 1, 1996, if the waiver affects  
 2 eligibility of individuals for medical assistance  
 3 under title XIX, such waiver may (but need  
 4 not) continue to be applied, at the option of the  
 5 State, in relation to such title after the date the  
 6 waiver would otherwise expire. If a State elects  
 7 not to continue to apply such a waiver, then,  
 8 after the date of the expiration of the waiver,  
 9 subparagraphs (A), (B), and (C) shall be ap-  
 10 plied as if any provisions so waived had not  
 11 been waived.

12 "(E) STATE OPTION TO USE 1 APPLICA-  
 13 TION FORM.—Nothing in this paragraph, this  
 14 part, or title XIX, shall be construed as pre-  
 15 venting a State from providing for the same ap-  
 16 plication form for assistance under a State pro-  
 17 gram funded under this part (on or after Octo-  
 18 ber 1, 1996) and for medical assistance under  
 19 title XIX.

20 "(F) REQUIREMENT FOR RECEIPT OF  
 21 FUNDS.—A State to which a grant is made  
 22 under section 403 shall take such action as may  
 23 be necessary to ensure that the provisions of  
 24 this paragraph are carried out

*provided that the state  
 is otherwise participating  
 in title XIX of this Act*

~~This section shall take~~  
 [Handwritten signatures and scribbles]

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To maintain the eligibility for medicaid for any individual who is receiving medicaid based on their receipt of AFDC, foster care or adoption assistance, and to provide transitional medicaid for families moving from welfare to work.

IN THE \_\_\_\_\_ AMENDMENT No. 4932 1 Sess.

By Roth .....

To print the con To amdt. no. 4931 ) of  
to S. 1956 .997.

..... 5 pages .....

GPO : 1994 84-478 (mac)

Referred \_\_\_\_\_ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Roth to the amendment (No. 4931) proposed by Chafee

Viz:

1 In lieu of the matter proposed to be inserted, insert  
2 the following:

3 "(12) CONTINUATION OF MEDICAID FOR CER-  
4 TAIN LOW-INCOME INDIVIDUALS.—

5 "(A) IN GENERAL.—Notwithstanding any  
6 other provision of this Act, a State to which a  
7 grant is made under section 403 shall take such  
8 action as may be necessary to ensure that—

1           “(i) any individual who, as of the date  
2 of the enactment of the Personal Respon-  
3 sibility and Work Opportunity Act of 1996,  
4 is receiving medical assistance under title  
5 XIX as a result of such individual’s receipt  
6 of aid or assistance under a State plan ap-  
7 proved under this part (as in effect on July  
8 1, 1996), or under a State plan approved  
9 under part E (as so in effect)—

10           “(I) shall be eligible for medical  
11 assistance under the State’s plan ap-  
12 proved under title XIX, so long as  
13 such individual continues to meet the  
14 eligibility requirements applicable to  
15 such individual under the State’s plan  
16 approved under this part (as in effect  
17 on July 1, 1996); and

18           “(II) with respect to such indi-  
19 vidual, any reference in—

20           “(aa) title XIX;

21           “(bb) any other provision of  
22 law in relation to the operation of  
23 such title;

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“(cc) the State plan under such title of the State in which such individual resides; or

“(dd) any other provision of State law in relation to the operation of such State plan under such title,

to a provision of this part, or a State plan under this part (or a provision of such a plan), including standards and methodologies for determining income and resources under this part or such plan, shall be considered a reference to such a provision or plan as in effect as of July 1, 1996; and

“(ii) except as provided in subparagraph (B), if any family becomes ineligible to receive assistance under the State program funded under this part as a result of—

“(I) increased earnings from employment;

“(II) the collection or increased collection of child or spousal support;

or

1                   “(III) a combination of the mat-  
 2                   ters described in subclauses (I) and  
 3                   (II),

4                   and such family received such assistance in  
 5                   at least 3 of the 6 months immediately  
 6                   preceding the month in which such ineli-  
 7                   gibility begins, the family shall be eligible  
 8                   for medical assistance under the State’s  
 9                   plan approved under title XIX during the  
 10                  immediately succeeding 12-month period  
 11                  for so long as family income (as defined by  
 12                  the State), excluding any refund of Federal  
 13                  income taxes made by reason of section 32  
 14                  of the Internal Revenue Code of 1986 (re-  
 15                  lating to earned income tax credit) and any  
 16                  payment made by an employer under sec-  
 17                  tion 3507 of such Code (relating to ad-  
 18                  vance payment of earned income credit), is  
 19                  less than the poverty line, and that the  
 20                  family will be appropriately notified of  
 21                  such eligibility.

22                  “(B) EXCEPTION.—No medical assistance  
 23                  may be provided under subparagraph (A) to  
 24                  any family that contains an individual who has  
 25                  had all or part of any assistance provided under

1 this part (as in effect on July 1, 1996, or as  
2 in effect, with respect to a State; on and after  
3 the effective date of chapter 1 of subtitle A of  
4 title II of the Personal Responsibility and Work  
5 Opportunity Act of 1996) terminated as a re-  
6 sult of the application of—

7 “(i) a preceding paragraph of this  
8 subsection;

9 “(ii) section 407(e)(1); or

10 “(iii) in the case of a family that in-  
11 cludes an individual described in clause (i)  
12 of subparagraph (A), a sanction imposed  
13 under the State plan under this part (as in  
14 effect on July 1, 1996).

*Pending*

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: To maintain current eligibility standards for medic-aid and provide additional State flexibility.

IN THE SENATE AMENDMENT No 4931 ess.

By *Chafee - Otter*

To provide To *S. 1956* of the conc ..... 97.

..... *6 Pages* .....  
GPO 1984 64-478 (mac)

Referred

and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by *Senators Chafee, Breaux, Cohen, Graham, Jeffords, Kerrey, Hatfield, Murray, Snowe, Lieberman, Reid, Rockefeller*  
Viz:

1 Beginning with page 256, line 20, strike all through  
2 page 259, line 4, and insert the following:

3 “(12) ASSURING MEDICAID COVERAGE FOR  
4 LOW-INCOME FAMILIES.—

5 “(A) IN GENERAL.—Notwithstanding any  
6 other provision of this Act, subject to the suc-  
7 ceeding provisions of this paragraph, with re-  
8 spect to a State any reference in title XIX (or  
9 other provision of law in relation to the oper-  
10 ation of such title) to a provision of this part,

1 or a State plan under this part (or a provision  
2 of such a plan), including standards and meth-  
3 odologies for determining income and resources  
4 under this part or such plan, shall be consid-  
5 ered a reference to such a provision or plan as  
6 in effect as of July 1, 1996, with respect to the  
7 State.

8 “(B) CONSTRUCTIONS.—

9 “(i) In applying section 1925(a)(1),  
10 the reference to ‘section  
11 402(a)(8)(B)(ii)(II)’ is deemed a reference  
12 to a corresponding earning disregard rule  
13 (if any) established under a State program  
14 funded under this part (as in effect on or  
15 after October 1, 1996).

16 “(ii) The provisions of former section  
17 406(h) (as in effect on July 1, 1996) shall  
18 apply, in relation to title XIX, with respect  
19 to individuals who receive assistance under  
20 a State program funded under this part  
21 (as in effect on or after October 1, 1996)  
22 and are eligible for medical assistance  
23 under title XIX or who are described in  
24 subparagraph (C)(i) in the same manner  
25 as they apply as of July 1, 1996, with re-

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spect to individuals who become ineligible for aid to families with dependent children as a result (wholly or partly) of the collection or increased collection of child or spousal support under part D of this title.

“(iii) With respect to the reference in section 1902(a)(5) to a State plan approved under this part, a State may treat such reference as a reference either to a State program funded under this part (as in effect on or after October 1, 1996) or to the State plan under title XIX.

“(C) ELIGIBILITY CRITERIA.—

“(i) IN GENERAL.—For purposes of title XIX, subject to clause (ii), in determining eligibility for medical assistance under such title, an individual shall be treated as receiving aid or assistance under a State plan approved under this part (and shall be treated as meeting the income and resource standards under this part) only if the individual meets—

“(I) the income and resource standards for determining eligibility under such plan; and

‡

1                   “(II) the eligibility requirements  
2                   of such plan under subsections (a)  
3                   through (c) of former section 406 and  
4                   former section 407(a),

5                   as in effect as of July 1, 1996. Subject to  
6                   clause (ii)(II), the income and resource  
7                   methodologies under such plan as of such  
8                   date shall be used in the determination of  
9                   whether any individual meets income and  
10                  resource standards under such plan.

11                  “(ii) STATE OPTION.—For purposes  
12                  of applying this paragraph, a State may—

13                         “(I) lower its income standards  
14                         applicable with respect to this part,  
15                         but not below the income standards  
16                         applicable under its State plan under  
17                         this part on May 1, 1988; and

18                         “(II) use income and resource  
19                         standards or methodologies that are  
20                         less restrictive than the standards or  
21                         methodologies used under the State  
22                         plan under this part as of July 1,  
23                         1996.

24                         “(iii) ADDITIONAL STATE OPTION  
25                         WITH RESPECT TO TANF RECIPIENTS.—

1 For purposes of applying this paragraph to  
2 title XIX, a State may, subject to clause  
3 (iv), treat all individuals (or reasonable  
4 categories of individuals) receiving assist-  
5 ance under the State program funded  
6 under this part (as in effect on or after  
7 October 1, 1996) as individuals who are  
8 receiving aid or assistance under a State  
9 plan approved under this part (and thereby  
10 eligible for medical assistance under title  
11 XIX).

12 “(iv) TRANSITIONAL COVERAGE.—For  
13 purposes of section 1925, an individual  
14 who is receiving assistance under the State  
15 program funded under this part (as in ef-  
16 fect on or after October 1, 1996) and is el-  
17 igible for medical assistance under title  
18 XIX shall be treated as an individual re-  
19 ceiving aid or assistance pursuant to a  
20 State plan approved under this part (as in  
21 effect as of July 1, 1996) (and thereby eli-  
22 gible for continuation of medical assistance  
23 under such section 1925).

24 “(D) WAIVERS.—In the case of a waiver of  
25 a provision of this part in effect with respect to

1 a State as of July 1, 1996, if the waiver affects  
 2 eligibility of individuals for medical assistance  
 3 under title XIX, such waiver may (but need  
 4 not) continue to be applied, at the option of the  
 5 State, in relation to such title after the date the  
 6 waiver would otherwise expire. If a State elects  
 7 not to continue to apply such a waiver, then,  
 8 after the date of the expiration of the waiver,  
 9 subparagraphs (A), (B), and (C) shall be ap-  
 10 plied as if any provisions so waived had not  
 11 been waived.

12 “(E) STATE OPTION TO USE 1 APPLICA-  
 13 TION FORM.—Nothing in this paragraph, this  
 14 part, or title XIX, shall be construed as pre-  
 15 venting a State from providing for the same ap-  
 16 plication form for assistance under a State pro-  
 17 gram funded under this part (on or after Octo-  
 18 ber 1, 1996) and for medical assistance under  
 19 title XIX.

20 “(F) REQUIREMENT FOR RECEIPT OF  
 21 FUNDS.—A State to which a grant is made  
 22 under section 403 shall take such action as may  
 23 be necessary to ensure that the provisions of  
 24 this paragraph are carried out *provided that the state*  
*is otherwise participating*  
*in title XIX of this Act*