

**National Governors' Association
1994 Winter Meeting
Preliminary Program Structure
October 14, 1993**

Saturday, January 29

Afternoon

Opening Press Conference

Leadership Teams/State Management Task Force

Sunday, January

10:30 a.m. - 11:30 a.m.

Executive Committee

11:45 a.m. - 1:45 p.m.

Governors-only Luncheon

2:00 p.m. - 3:00 p.m.

Standing Committee Sessions

3:15 p.m. - 5:15 p.m.

1st Plenary Session

Evening

All Attendee Reception

State Dinner (Tentative)

Monday, January 31

7:30 a.m. - 9:00 a.m.

DGA/RGA

9:15 a.m. - 12:00 noon

White House (Tentative)

12:15 p.m. - 2:15 p.m.

Governors-only Luncheon

2:30 p.m. - 4:30 p.m.

2nd Plenary Session

4:45 p.m. - 5:45 p.m.

Corporate Fellows

Tuesday, February 1

7:30 a.m. - 9:00 a.m.

Regional Governors' Associations

9:15 a.m. - 11:45 a.m.

3rd Plenary Session

12:00 noon - 12:30 p.m.

Closing Press Conference

1:00 p.m. -

Special Meetings with Congress



NGA STAFF

10/29/93

NGA CALENDAR
THE MONTH AHEAD

November 01 Monday Washington, D.C. Hall of the States, Rm 333/5	WEEKLY MEETING OF THE WASHINGTON REPRESENTATIVES (10:30am) Contact(s): LeAnne Redick/Jim Martin (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)
November 01 Monday Washington, D.C. Hall of the States, Rm 235	MEETING OF THE WASHINGTON HEALTH REPS (11:30am - 12:30pm) Contact(s): Carl Volpe (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)
November 01 Monday Washington, D.C. Hall of the States, Rm 231	MEETING ON GATT PROCUREMENT WITH OFFICIALS FROM THE OFFICE OF THE U.S. TRADE REPRESENTATIVE (2:30pm - 3:30pm) Contact(s): Jody Thomas (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)
November 01 Monday Washington, D.C. Hall of the States, Rm 235	NGA SENIOR STAFF MEETING (4:00pm - 5:00pm) Contact(s): Ray Scheppach (INTERNAL INFO)
November 02 - 03 Tuesday - Wednesday Columbus, Ohio Hyatt on Capitol Square	HAZMAT PILOT INTERIM GOVERNING BOARD MEETING Contact(s): Jay Kayne (OPEN TO STATE STAFF & INVITED GUESTS; OPEN TO PRESS)
November 02 - 03 Tuesday - Wednesday Arlington, VA Hyatt Regency	NGA TRANSPORTATION AND AIR QUALITY CONFERENCE Contact(s): Heidi Snow (LIMITED ATTENDANCE; CLOSED TO PRESS)
November 03 Wednesday Washington, D.C. NGA Offices	WASHINGTON REPS PLANNING MEETING (11:00am) Contact(s): LeAnne Redick/Jim Martin (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 03
Wednesday
Washington, D.C.
The Monocle

NGA BRIEFING FOR CORPORATE FELLOWS
ON NATURAL RESOURCES ISSUES
(6:00pm - 8:30pm)
Contact(s): Bill Cramer
(INTERNAL INFO)

✓ November 04 - 05
Thursday - Friday
Washington, D.C.
Hall of the States, Rm 283

MEETING OF THE NGA COMMITTEE ON NATURAL
RESOURCES, STAFF ADVISORY COUNCIL
(11/04 9:30am - 5:00pm; 11/05 8:30am - 2:00pm)
Contact(s): Tom Curtis
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 04
Thursday
Washington, D.C.
2123 Rayburn House Ofc Bldg

HEARING BEFORE HOUSE ENERGY AND COMMERCE,
SUBCOMMITTEE ON HEALTH AND THE ENVIRONMENT
(10:00am)
Re: State Issues in the President's Health Plan
Contact(s): Ray Scheppach

November 04 - 05
Thursday - Friday
Washington, D.C.
Hall of the States, Rm 333

MEETING OF THE NGA TELECOMMUNICATIONS
STEERING COMMITTEE
(11/04 1:00pm - 7:00pm; 11/05 9:00am - 5:00pm)
Contact(s): Phil Smith/Jay Kayne
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 04
Thursday
Washington, D.C.
Hall of the States, Rm 231

MEETING OF THE WORK GROUP ON DISLOCATED WORKERS
(3:00pm - 5:00pm)
Contact(s): Julie Strawn
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 05
Friday
Washington, D.C.
NGA Conference Room D

NGA LOBBYISTS MEETING
(8:30am)
Contact(s): Ray Scheppach
(INTERNAL INFO)

November 05
Friday
Washington, D.C.
1100 Longworth House Ofc Bdg

HEARING BEFORE HOUSE WAYS AND MEANS,
SUBCOMMITTEE ON HEALTH
(10:00am)
Re: Health Care Reform
Contact(s): Ray Scheppach

November 05
Friday
Washington, D.C.
Hall of the States, Rm 231

MEETING OF THE NGA STATE MANAGEMENT TASK FORCE,
STAFF ADVISORY COUNCIL
(2:00pm - 4:00pm)
Contact(s): Doug Champion
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

<p>November 08 Monday Washington, D.C. Hall of the States, Rm 333/5</p>	<p>WEEKLY MEETING OF THE WASHINGTON REPRESENTATIVES (10:30am) Contact(s): LeAnne Redick/Jim Martin (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)</p>
<p>November 08 Monday Washington, D.C. Hall of the States, Rm 235</p>	<p>MEETING OF THE WASHINGTON HEALTH REPS (11:30am - 12:30pm) Contact(s): Carl Volpe (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)</p>
<p>November 08 Monday Washington, D.C. State Department</p>	<p>STATE DEPARTMENT FOREIGN POLICY SEMINAR FOR STATE AND LOCAL GOVERNMENT REPRESENTATIVES (2:15pm - 4:00pm) RSVP to contact listed. Contact(s): Janice Settle, 647-7416</p>
<p>November 08 Monday Washington, D.C. NGA Conference Room D</p>	<p>MEETING OF NGA SENIOR MANAGEMENT STAFF (4:00pm - 5:00pm) Contact(s): Ray Scheppach (INTERNAL INFO)</p>
<p>November 09 - 10 Tuesday - Wednesday Los Angeles, CA Biltmore Hotel</p>	<p>NATIONAL ASSOCIATION OF STATE JTPA LIAISONS AUTUMN MEETING Contact(s): Martin Jensen (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)</p>
<p>November 09 Tuesday Washington, D.C. Hall of the States, Rm 333</p>	<p>OFFICE OF THE U.S. TRADE REPRESENTATIVE BRIEFING ON GATT, NAFTA, AND OTHER TRADE POLICY ISSUES (1:00pm - 4:00pm) 1:00-3:00pm Briefing for State and Local Government Reps (OPEN TO STATE STAFF AND INVITED GUESTS/CLOSED TO PRESS) 3:00-4:00pm IGPAC Staff Meeting - Members only (LIMITED ATTENDANCE/CLOSED TO PRESS) Contact(s): Jody Thomas</p>
<p>November 09 Tuesday Washington, D.C. Hall of the States, Rm 231</p>	<p>MEETING OF THE TRANSPORTATION WORKING GROUP (3:00pm) Contact(s): Leo Penne, Nevada, 624-5405 (OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)</p>
<p>November 10 - 12 Wednesday - Friday Los Angeles, CA Biltmore Hotel</p>	<p>NGA EMPLOYMENT AND TRAINING NATIONAL POLICY CONFERENCE "Where are the Jobs?" GOVERNOR CAPERTON - Opening Speaker Contact(s): Evelyn Ganzglass/David Brown (OPEN TO STATE STAFF & INVITED GUESTS; OPEN TO PRESS)</p>

November 10
Wednesday
Washington, D.C.
NGA Offices

WASHINGTON REPS PLANNING MEETING
(11:00am)
Contact(s): LeAnne Redick/Jim Martin
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 12 - 13
Friday - Saturday
Los Angeles, CA
Biltmore Hotel

ANNUAL MEETING OF THE NATIONAL ASSOCIATION OF
STATE JOB TRAINING COORDINATING COUNCIL CHAIRS
Contact(s): Martin Simon
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 12
Friday
Washington, D.C.
NGA Conference Room D

NGA LOBBYISTS MEETING
(8:30am)
Contact(s): Ray Scheppach
(INTERNAL INFO)

November 12
Friday
Washington, D.C.
Hall of the States, Rm 233

WORKPLACE GIVING CAMPAIGN MEETING
(UNITED WAY)
(11:00am)
Contact(s): Angie Thompson
(INTERNAL INFO)

November 12
Friday
Washington, D.C.
Hall of the States, Rm 233

WORKPLACE GIVING CAMPAIGN MEETING
(NATIONAL UNITED SERVICE AGENCIES - N/USA)
(2:00pm)
Contact(s): Angie Thompson
(INTERNAL INFO)

November 15
Monday
Washington, D.C.
Hall of the States, Rm 333/5

WEEKLY MEETING OF THE WASHINGTON REPRESENTATIVES
(10:30am)
Contact(s): LeAnne Redick/Jim Martin
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 15
Monday
Washington, D.C.
Hall of the States, Rm 333

MEETING OF THE WASHINGTON HEALTH REPS
(11:30am - 12:30pm)
Contact(s): Carl Volpe
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 15
Monday
Washington, D.C.
Hall of the States, Rm 515

BIG SEVEN MEETING
(2:00pm)
Contact(s): Ray Scheppach/Jim Martin
(INTERNAL INFO)

November 15
Monday
Washington, D.C.
Holiday Inn Capitol

MEETING OF THE NATIONAL EDUCATION GOALS PANEL
(2:00pm - 4:00pm)
Contact(s): Marty Orland, 632-0952

November 15
Monday
Washington, D.C.
NGA Conference Room D

MEETING OF NGA SENIOR MANAGEMENT STAFF
(4:00pm - 5:00pm)
Contact(s): Ray Scheppach
(INTERNAL INFO)

November 16
Tuesday
Washington, D.C.
Location TBA

MEETING OF THE INTERGOVERNMENTAL POLICY ADVISORY
COMMITTEE (IGPAC) FOR THE U.S. TRADE REP.
(9:00am - 10:30am)
Attendance limited to "principles" only.
Contact(s): Bob Cook, Wisconsin, 624-5870
(LIMITED ATTENDANCE; CLOSED TO PRESS)

November 16
Tuesday
Washington, D.C.
Hall of the States, Rm 233/5

NGA BRIEFING FOR CORPORATE FELLOWS ON
HEALTH AND EDUCATION ISSUES
(10:00am - 4:00pm)
10:00am - 2:00pm Health
2:00pm - 4:00pm Education
Contact(s): Bill Cramer
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

✓ November 16
Tuesday
Washington, D.C.
Hall of the States, Rm 333/5

MEETING OF THE NGA EXECUTIVE COMMITTEE
(12:30pm - 2:30pm)
Contact(s): Ray Scheppach
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 17
Wednesday
Washington, D.C.
NGA Offices

WASHINGTON REPS PLANNING MEETING
(11:00am)
Contact(s): LeAnne Redick/Jim Martin
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

✓ November 18
Thursday
Washington, D.C.
Hall of the States, Rm 383

MEETING OF THE NGA COMMITTEE ON ECONOMIC
DEVELOPMENT AND COMMERCE, STAFF ADVISORY COUNCIL
(10:00am - 4:00pm)
Contact(s): Tim Masanz
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 19
Friday
Washington, D.C.
NGA Conference Room D

NGA LOBBYISTS MEETING
(8:30am)
Contact(s): Ray Scheppach
(INTERNAL INFO)

November 19
Friday
Washington, D.C.
Hall of the States, Rm 333/5

WASHINGTON REPS DIRECTORS-ONLY MEETING
(10:30am)
Attendance limited to directors only.
Contact(s): LeAnne Redick, 624-5840
(LIMITED ATTENDANCE; CLOSED TO PRESS)

November 20 - 23
Saturday - Tuesday
Phoenix, Arizona

REPUBLICAN GOVERNORS ASSOCIATION ANNUAL MEETING
Contact(s): Chris Henick, 863-8587

November 22
Monday
Washington, D.C.
Hall of the States, Rm 333/5

WEEKLY MEETING OF THE WASHINGTON REPRESENTATIVES
(10:30am)
Contact(s): LeAnne Redick/Jim Martin
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 22
Monday
Washington, D.C.
Hall of the States, Rm 235

MEETING OF THE WASHINGTON HEALTH REPS
(11:30am - 12:30pm)
Contact(s): Carl Volpe
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 22
Monday
Washington, D.C.
NGA Conference Room D

MEETING OF NGA SENIOR MANAGEMENT STAFF
(4:00pm - 5:00pm)
Contact(s): Ray Scheppach
(INTERNAL INFO)

November 23
Tuesday
Washington, D.C.
Hall of the States, Rm 333

MEETING OF THE TRANSPORTATION WORKING GROUP
(3:00pm)
Contact(s): Leo Penne, Nevada, 624-5405
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 24
Wednesday
Washington, D.C.
NGA Offices

WASHINGTON REPS PLANNING MEETING
(11:00am)
Contact(s): LeAnne Redick/Jim Martin
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 26
Friday
Washington, D.C.
NGA Conference Room D

NGA LOBBYISTS MEETING
(8:30am)
Contact(s): Ray Scheppach
(INTERNAL INFO)

November 29
Monday
Washington, D.C.
Hall of the States, Rm 333/5

WEEKLY MEETING OF THE WASHINGTON REPRESENTATIVES
(10:30am)
Contact(s): LeAnne Redick/Jim Martin
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 29
Monday
Washington, D.C.
Hall of the States, Rm 235

MEETING OF THE WASHINGTON HEALTH REPS
(11:30am - 12:30pm)
Contact(s): Carl Volpe
(OPEN TO STATE STAFF & INVITED GUESTS; CLOSED TO PRESS)

November 29
Monday
Washington, D.C.
NGA Conference Room D

MEETING OF NGA SENIOR MANAGEMENT STAFF
(4:00pm - 5:00pm)
Contact(s): Ray Scheppach
(INTERNAL INFO)

OCT 28 RECD

OFFICE OF DOMESTIC POLICY

THE WHITE HOUSE

FROM THE OFFICE OF:

CAROL H. RASCO
ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY

TO: _____

DRAFT RESPONSE FOR CHR BY: _____

PLEASE REPLY (COPY TO CHR): _____

PLEASE ADVISE BY: _____

LET'S DISCUSS: _____

FOR YOUR INFORMATION: _____

REPLY USING FORM CODE: _____

FILE: _____

RETURN ORIGINAL TO CHR: _____

SCHEDULE: _____

REMARKS: _____

Suzan is to be our
designee. Have her
fill out form & get
to them by Monday. 11/1/93

Sent / Logged
11/29 BV



OCT 28 1993

October 25, 1993

**The Honorable Carol H. Rasco
Assistant to the President
for Domestic Policy
The White House
1600 Pennsylvania Avenue, N.W.
West Wing
Washington, D.C. 20500**

Dear Ms. Rasco:

This letter is to invite you to join the National Governors' Association as we seek to create new partnerships between all levels of government, citizens, businesses, and consumers. We have launched a new initiative to help states move beyond the rhetoric of reform to actual implementation in a number of important areas -- health care, education, welfare, children and family services, the environment, and technology and telecommunications. "Partnerships for Progress" will require working together to harness the energy and awareness of the American people and finding ways to foster positive cooperation and collaboration at every level.

We ask that you work with us in creating a new intergovernmental framework for a system that encourages and facilitates comprehensive, prevention-oriented, family-focused, community-based services for children and families in need. We also will strive to create a framework for federal legislation and for state legislation that could substitute for existing categorical programs and become the vehicle for coordinated federal and state efforts to support community initiatives.

To accomplish these goals, we are convening a small work group of representatives from federal, state, and local government that will meet several times over the course of the year to:

- identify federal and state barriers to effectively delivering services to children and families in need;
- develop strategies for coordinating programs;

The Honorable Carol H. Rasco
October 25, 1993
Page Two

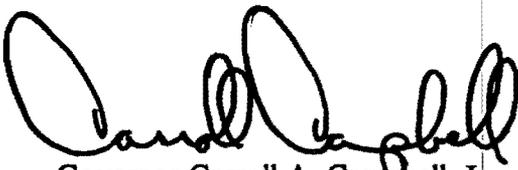
- find new and better ways to organize the intergovernmental responsibilities of the three levels of government; and
- develop model legislation for a more efficient system.

Achieving these objectives will require the collective expertise of a range of people and organizations. We are turning to you in your capacity as Assistant to the President for Domestic Policy to ask that you appoint a representative to serve on the working group. Since we intend to look across existing programs, we hope you will recommend a representative with broad interests in children and family issues, who are searching for ways to strengthen and improve services to those in need.

We have asked Margaret Siegel and Linda McCart of NGA to coordinate this effort. Please complete the enclosed form by designating an appropriate staff member to serve on the work group. The form should be returned to Linda McCart by **close of business on November 1, 1993**. We would like to have the first meeting in early November. Please indicate the most convenient dates for your staff's participation.

Please call Margie at (202) 624-5340, or Linda at (202) 624-5336, if you or your staff have any questions. We look forward to working with you during the coming year.

Sincerely,



Governor Carroll A. Campbell, Jr.
Chairman
National Governors' Association

Enclosure



Governor Howard Dean
Vice Chairman
National Governors' Association



STATE OFFICES IN WASHINGTON

May 3, 1993

ALABAMA	Mick Staton, Washington Representative State of Alabama P.O. Box 9183 Arlington, VA 22219 703/524-8390 FAX: 703/524-7117	INDIANA	Jeff Viohl, Executive Assistant for Federal Relations State of Indiana c/o 700 13th Street NW - Suite 400 Washington, D.C. 20005 202/628-3343 FAX: 202/347-0785
ALASKA	John Katz, Director Washington Office of the Governor State of Alaska 444 North Capitol Street - Suite 336 Washington, D.C. 20001 202/624-5858 FAX: 202/624-5857	IOWA	Philip C. Smith, Director Washington Office State of Iowa 400 North Capitol Street - Suite 359 Washington, D.C. 20001 202/624-5442 FAX: 202/624-8189
AMERICAN SAMOA	Mark Sisk, Washington Representative for the Governor of American Samoa 2828 Pennsylvania Ave., NW - Suite 203 Washington, DC 20007 202/338-8088 FAX: 202/338-1843	KENTUCKY	Linda Breathitt, Federal Liaison Washington Office of the Governor Commonwealth of Kentucky 400 North Capitol Street - Suite 351 Washington, D.C. 20001 202/624-7741 FAX: 202/624-7742
*CALIFORNIA	David Wetmore, Acting Director Washington Office of the Governor State of California 444 North Capitol Street - Suite 134 Washington, D.C. 20001 202/624-5270 FAX: 202/624-5280	MARYLAND	Ken Mannella, Director Washington Office of the Governor State of Maryland 444 North Capitol Street - Suite 311 Washington, D.C. 20001 202/638-2215 FAX: 202/783-3061
CONNECTICUT	Terry Muilenburg, Director Washington Office of the Governor State of Connecticut 444 North Capitol Street - Suite 317 Washington, D.C. 20001 202/347-4535 FAX: 202/347-7151	MASSACHUSETTS	Jordan St. John, Director Office of Federal-State Relations Commonwealth of Massachusetts 444 North Capitol Street - Suite 217 Washington, D.C. 20001 202/624-7713 FAX: 202/624-7714
DELAWARE	Liz Ryan, Director Washington Office State of Delaware 444 North Capitol Street - Suite 200 Washington, D.C. 20001 202/624-7724 FAX: 202/624-7797	MICHIGAN	LeAnne Redick, Director Washington Office of the Governor State of Michigan 444 North Capitol Street - Suite 411 Washington, D.C. 20001 202/624-5840 FAX: 202/624-5841
FLORIDA	Debby Kilmer, Director Washington Office State of Florida 444 North Capitol Street - Suite 349 Washington, D.C. 20001 202/624-5885 FAX: 202/624-5886	MINNESOTA	Kathee McCright, Director Washington Office State of Minnesota 400 North Capitol Street - Suite 365 Washington, D.C. 20001 202/624-5308 FAX: 202/624-5425
GUAM	Terence Villaverde, Special Assistant Ann DeBlasi, Special Assistant Washington Office of the Governor of Guam 1615 New Hampshire Ave. N.W. - Suite 402 Washington, D.C. 20009 202/234-4826 FAX: 202/797-0420	MISSISSIPPI	Shannon Warnock, Director Washington Office State of Mississippi 400 North Capitol Street - Suite 367 Washington, DC 20001 202/434-4870 FAX: 202/434-4872
HAWAII	R. Philip Shimer, Director Washington Office State of Hawaii 444 North Capitol Street - Suite 706 Washington, D.C. 20001 202/508-3830 FAX: 202/508-3834	MISSOURI	Jill Friedmann, Director Washington Office State of Missouri 400 North Capitol Street - Suite 376 Washington, D.C. 20001 202/624-7720 FAX: 202/624-5855
ILLINOIS	Terri Moreland, Director Washington Office State of Illinois 444 North Capitol Street - Suite 240 Washington, D.C. 20001 202/624-7760 FAX: 202/724-0689	NEBRASKA	Thomas R. Litjen, Washington Representative State of Nebraska 444 North Capitol Street - Suite 217 Washington, D.C. 20001 202/508-3838 FAX: 202/624-7714

NEVADA	R. Leo Penne, Director Washington Office State of Nevada 444 North Capitol Street - Suite 209 Washington, D.C. 20001 202/624-5405 FAX: 202/624-8181	PUERTO RICO	Wanda Rubianes, Director Puerto Rico Federal Affairs Administration 1100 17th Street N.W. - Suite 800 Washington, D.C. 20036 202/778-0710 FAX: 202/632-1288
NEW JERSEY	Lyle Dennis, Director Washington Office of the Governor State of New Jersey 444 North Capitol Street - Suite 201 Washington, D.C. 20001 202/638-0631 FAX: 202/638-2296	SOUTH CAROLINA	Nikki McNamee, Director Washington Office of the Governor State of South Carolina 444 North Capitol Street - Suite 203 Washington, D.C. 20001 202/624-7784 FAX: 202/624-7800
*NEW MEXICO	Cita Smalley Ward, Special Trade Representative State of New Mexico 11732 Farley Road Brandy Station, VA 22714 703/825-2158 FAX: 703/825-5560	SOUTH DAKOTA	William Chatfield, Washington Representative State of South Dakota 1747 Pennsylvania Ave. N.W. - Suite 1150 Washington, D.C. 20006 202/429-6060 FAX: 202/293-2068
*NEW YORK	Sandra W. Cuneo, Director and Counsel New York State Office of Federal Affairs 444 North Capitol Street - Suite 301 Washington, D.C. 20001 202/638-1311 FAX: 202/626-6324	TEXAS	Jane Hickie, Director Office of State-Federal Relations State of Texas 122 C Street, NW - First Floor Washington, D.C. 20001 202/638-3927 FAX: 202/628-1943
*NORTH CAROLINA	Debra Bryant, Director Washington Office of the Governor State of North Carolina 444 North Capitol Street - Suite 332 Washington, D.C. 20001 202/624-5830 FAX: 202/624-5836	UTAH	Joanne Snow Neumann, Director Washington Office of the Governor State of Utah 444 North Capitol Street - Suite 370 Washington, D.C. 20001 202/624-7704 FAX: 202/624-7707
NORTHERN MARIANA ISLANDS	Juan N. Babauta, Resident Representative to the United States Commonwealth of the Northern Mariana Islands 2121 R Street N.W. Washington, D.C. 20008 202/673-5869 FAX: 202/673-5873	VIRGINIA	Dian Copelin, Director Virginia Liaison Office Commonwealth of Virginia 444 North Capitol Street - Suite 214 Washington, D.C. 20001 202/783-1769 FAX: 202/783-7687
OHIO	Thomas Needles, Director Washington Office State of Ohio 444 North Capitol Street - Suite 546 Washington, D.C. 20001 202/624-5844 FAX: 202/624-5847	VIRGIN ISLANDS	Cartyle Corbin, Washington Representative Office of the Governor of the U.S. Virgin Islands 900 17th Street N.W. - Suite 500 Washington, D.C. 20006 202/293-3707 FAX: 202/785-2542
*OKLAHOMA	Larry Joplin, Director Washington Office State of Oklahoma 444 North Capitol Street - Suite 517 Washington, D.C. 20001 202/508-3820 FAX: 202/508-3825	WASHINGTON	Danny Consenstein, Director Washington Office State of Washington 444 North Capitol Street - Suite 204 Washington, D.C. 20001 202/624-8449 FAX: 202/624-5495
PENNSYLVANIA	Philip Jehle, Director Washington Office of the Governor Commonwealth of Pennsylvania 444 North Capitol Street - Suite 700 Washington, D.C. 20001 202/624-7828 FAX: 202/624-7831	WISCONSIN	Mary Sheehy, Director Washington Office State of Wisconsin 444 North Capitol Street - Suite 613 Washington, D.C. 20001 202/624-5870 FAX: 202/624-5871

**Indicates update or change from previous listing dated 3/15/93*

Prepared by the Office of State-Federal Relations

National Governors' Association
444 North Capitol Street, Suite 250
Washington, DC 20001-1572
202/624-5300

For new listings and/or changes to current listings contact Suzan Ade 202/624-5317.

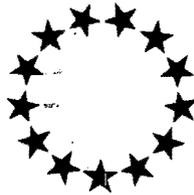
Copies for DPC Prog. Staff
- Distribute Mon.

Roy Römer
Governor of Colorado
Chairman

Carroll A. Campbell Jr.
Governor of South Carolina
Vice Chairman

Raymond C. Scheppach
Executive Director

Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1572
Telephone (202) 624-5300



July 7, 1993

JUL - 8 1993

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NGA LEGISLATIVE ISSUES

FISCAL 1993 SUPPLEMENTAL APPROPRIATIONS

Overview

The fiscal 1993 supplemental appropriations bill (H.R. 2118) was signed by the President on July 2 (P.L. #103-50). The \$16 billion economic stimulus proposal has been pared down to less than \$2 billion -- and all paid through rescission of other unspent funds. The largest expenditure is for Somalia operations at \$750 million, as well as \$730 million for various "stimulus" programs. A Senate floor amendment requiring states to institute workfare for all able-bodied recipients without dependents or lose federal welfare was dropped in conference.

	<u>Conference Agreement</u> (In Millions)
Amtrak	45
Clean Water SRF	-0-
Pell Grants	341
Police	150
Rural Water and Sewer	75
Small Business Loans	175
Summer Jobs	220

Contact: Jim Martin, 202/624-5315

General Assistance Mandate

On June 30, Senate conferees on the fiscal year 1993 Supplemental Appropriations bill voted to drop a provision imposing a workfare mandate on states that have general assistance programs (GA). The amendment had originally been added to the Supplemental Appropriations bill on the floor of the Senate and had survived one key vote in conference on June 29.

NGA had sent a letter on June 25 urging House and Senate conferees to oppose the general assistance mandate, which would have required states to enroll at least 10 percent of GA recipients in workfare programs or face having their AFDC federal administrative funds cut by half. A July 2 Washington Post editorial called the amendment "a crude and ludicrous proposal."

Contact: Julie Strawn, 202/624-7823

Funding for Police

The supplemental appropriations package for fiscal 1993 provides \$150 million in Byrne Memorial discretionary grants for hiring new police officers or rehiring laid-off police officers.

Contact: Nolan Jones, 202/624-5360

Refugee Funds

The supplemental appropriations package provides \$15 million for the Refugee Cash and Medical Assistance Program to complete fiscal 1993.

Contact: Nolan Jones, 202/624-5360

FISCAL 1994 APPROPRIATIONS

Overview

The House has completed action on most of the fiscal 1994 appropriations bills. The attached chart summarizes House action for fiscal 1994 in comparison to funding levels of last year, current fiscal 1993, and the President's proposals for fiscal 1994. The first page covers domestic discretionary programs and the second page covers entitlement programs currently exempt from sequestration.

Fiscal 1994 funds for discretionary programs goes up 7.7 percent over fiscal 1993, or by \$5.2 billion. The largest dollar increases are for highways, \$1.5 billion; mass transit, \$700 million; dislocated workers, \$551 million; HOPE housing, \$542 million; and Head Start, \$500 million. The House gives the President less than half of his additional requests for discretionary state-local programs. EPA wastewater funds may actually be cut by 40 percent to pay for the new safe drinking water program, if enacted. The Department of Education only received a \$136 million net increase for its grant programs.

Safety net entitlement programs (second page) are usually funded at the levels requested by the President, except for Food Stamps, which is \$3 billion less than requested. These eleven safety net programs increase nearly twice as much as the total of all discretionary programs and account for 67 percent of all federal aid. Medicaid alone is now 40 percent of all federal assistance to state and local government. The footnotes are important to this chart.

Contact: Jim Martin, 202/624-5315

Clean Water Funding

NGA Objective

- Appropriate \$2 billion in fiscal 1994 for the State Revolving Fund (SRF), which finances waste water treatment construction, and increase funding for state nonpoint source pollution control grants.

The President proposed \$1.2 billion for Clean Water Act SRF, a \$100 million grant to Boston, MA for sewage treatment construction, and \$80 million for state nonpoint source grants. Compared with the fiscal 1993 funding level, the clean water SRF is cut by \$600 million to fund the new safe drinking water SRF.

On June 29, the House passed the VA/HUD/IA fiscal 1994 appropriations bill. This bill would appropriate \$1.25 billion for the state revolving loan fund; \$500 million for wastewater treatment grants to "hardship" communities, and \$100 million for state nonpoint source pollution control grants.

The Senate VA/HUD/IA subcommittee markup is not yet scheduled, but is expected to take place in mid-July.

The supplemental appropriations bill (P.L. #103-50) includes \$35 million for rural sewage treatment construction grants and \$35 million for loans.

Contact: Tom Curtis, 202/624-5389
Karen Tyler, 202/624-8575

Safe Drinking Water Funding

NGA Objective

- Appropriate \$599 million for the new state revolving fund proposed in the President's budget to finance drinking water infrastructure.

On June 29, the House passed the VA/HUD/IA fiscal 1994 appropriations bill. The House recommended \$599 million for the drinking water revolving fund, subject to authorization.

The Senate VA/HUD/IA subcommittee is scheduled to mark up its bill in mid-July.

Two bills authorizing the drinking water revolving fund have been introduced in the House: H.R. 1865, reported by the Public Works and Transportation Committee; and H.R. 1701, introduced by Representative Waxman, with strong support of House Energy and Commerce Committee Chairman Dingell. The two House committees are in conflict concerning which has jurisdiction over drinking water capital monies. It remains unclear when either bill will move to the House floor.

Senator Baucus, Chairman of the Senate Environment Committee may introduce an authorization bill based on administration recommendations. Senator Chafee, ranking minority member on the Senate Environment Committee, may attempt to use a drinking water revolving fund authorization bill as a vehicle for reauthorization of the Safe Drinking Water Act.

Contact: Tom Curtis, 202/624-5389
Karen Tyler, 202/624-8575

Housing Funding

NGA Objectives

- Retain a minimum of \$1.5 billion in fiscal 1994 funding for HOME.
- Develop program regulations that permit states the flexibility needed to operate an effective housing partnership with the federal government and local governments.
- Permanent extension of the low-income housing tax credit and mortgage revenue bond program.

The House has passed the VA/HUD/IA appropriations bill with the following fiscal 1994 program funding levels: HOME - \$1.25 billion; HOPE - \$109 million; and CDBG - \$4.223 billion.

The Senate is expected to mark up its appropriations bill in mid-July.

The low-income housing tax credit is extended permanently while the mortgage revenue bonds are extended permanently by the House and from July 1, 1992 to July 1, 1994 by the Senate. See the "Budget Reconciliation" section for more details.

Contact: Tim Masanz, 202/624-5311

Surface Transportation Funding

NGA Objective

- Secure full funding of highway and transit programs authorized in the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and continued dedication of gas taxes to the Highway Trust Fund and transit.

The House will soon consider the fiscal 1994 transportation appropriations recommendation reported out by its appropriations committee on June 24 (H.R. 2940, H. Rpt. #103-149). The legislation includes a \$17.2 billion obligation ceiling, with \$2.1 billion outside the ceiling, an increase of \$1.3 billion over the current year's spending but still \$700 million short of the ISTEA authorization levels. The bill also provides \$4.5 billion in total transit funding, with an increase of \$677 million over the current \$3.8 billion, but below the ISTEA-authorized level of \$5.1 billion. Additionally, the House committee proposal included a \$300 million cut in the current funding of \$1.8 billion for airport improvement grants. Funding for the Essential Air Service was also zeroed out, despite the Administration request for current annual funding of \$38.6 million. Even so, transportation received the largest fiscal 1994 increases for discretionary programs -- a major NGA victory.

On June 7, letters were sent to members of the House and Senate Appropriations Committees regarding funding for their state if appropriation levels were set at the level of the President's budget.

On June 16, NGA Chairman Romer, Governor Edgar, Chairman of the Economic Development and Commerce Committee, and Governor Bob Miller, Lead Governor for Surface Transportation, sent a letter (attached) to Senate Finance Committee members, as well as Senators Mitchell and Dole, urging the dedication of "all current and future motor fuel tax revenues to the highway trust fund and to fully fund the President' infrastructure initiatives, especially the Intermodal Surface Transportation Efficiency Act of 1991." (See "Budget Reconciliation" for further information on the proposed energy and gas tax issues.)

Governors have been asked to respond to a survey to determine their interest in developing NGA policy on the federal requirement for making transportation projects conform to air quality goals. The two executive branch organizations representing state air quality and state transportation officials have not been able to come to agreement on the contentious issue. The survey was due on July 2.

On April 20, Governor Edgar and Governor Bob Miller submitted a statement for the record before the Surface Transportation Subcommittee of the House Committee on Public Works regarding oversight of the ISTEA. The Governors outlined several state concerns: full funding of ISTEA, federal mandates, the development of the National Highway System, state relationships with Metropolitan Planning Organizations, a forthcoming NGA Clean Air/ISTEA conference, and the base state working group initiated to facilitate universal state participation in the International Fuel Tax Agreement and the International Registration Plan.

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1994 HOUSE APPROPRIATIONS AS OF JULY 2, 1993 -- FFIS ESTIMATES
GRANTS-IN-AID: MAJOR DISCRETIONARY AND MANDATORY PROGRAMS
(federal fiscal years; dollars in millions)

7/7/93

SELECTED DISCRETIONARY	FY 1992 ACTUAL	FY 1993 ENACTED	FY 1994 PRESIDENT'S BUDGET	FY 1994 HOUSE ACTION	1994 PRESIDENT vs. 1993 ENACTED		1994 HOUSE vs. 1993 ENACTED		
					\$	%	\$	%	
DEPARTMENT OF AGRICULTURE									
EMERGENCY FOOD ASS'T (TEFAP) ADMIN:	\$45	\$45	\$46	\$40	\$1	2.7%	-\$5	-11.1%	
WOMEN, INFANTS & CHILDREN (WIC) 1/	2,600	2,860	3,287	3,210	427	14.9%	350	12.2%	
RURAL WATER & WASTE DISPOSAL GRTS.	376	390	541	450	151	38.6%	60	15.4%	
DEPARTMENT OF COMMERCE									
ECONOMIC DEVELOPMENT ASSIS.	302	217	223	223	6	2.8%	6	2.8%	
DEPARTMENT OF EDUCATION									
COMPENSATORY EDUCATION	6,706	6,709	7,110	6,871	401	6.0%	162	2.4%	
EDUCATION REFORM INITIATIVE 3/	0	0	660	134	660	NA	134	NA	
IMPACT AID: MAINT. AND OPERATIONS	744	738	686	801	-52	-7.1%	63	8.5%	
CHAPTER 2 EDUCATION BLOCK GRANT	450	435	415	370	-20	-4.6%	-66	-15.2%	
DRUG FREE SCHOOLS & COMMUNITIES	508	499	499	370	0	0.0%	-129	-25.9%	
SPECIAL EDUCATION:									
BASIC STATE GRANTS	1,976	2,053	2,164	2,108	111	5.4%	55	2.7%	
PRESCHOOL, INFANT, & TODDLERS GRTS.	495	539	600	570	61	11.3%	30	5.7%	
CHAPTER 1 STATE INSTITUTIONS	143	126	114	114	-13	-10.0%	-13	-10.0%	
SCIENCE & MATH EDUCATION	240	246	253	246	7	2.7%	0	0.0%	
VOCATIONAL & ADULT EDUCATION	1,435	1,474	1,448	1,474	-27	-1.8%	0	0.0%	
HEALTH AND HUMAN SERVICES									
ADMINISTRATION ON AGING--STATE GRANTS	770	765	765	766	0	0.0%	1	0.1%	
SUBSTANCE ABUSE BLOCK GRANT	1,080	1,131	1,131	1,097	0	0.0%	-34	-3.0%	
MENTAL HEALTH BLOCK GRANT	280	278	278	268	0	0.0%	-10	-3.6%	
CHILD WELFARE SERVICES	274	295	295	295	0	0.0%	0	0.0%	
COMMUNITY SERVICES BLOCK GRANT	360	372	372	372	0	0.0%	0	0.0%	
FAMILY PLANNING	149	173	208	173	35	20.2%	0	0.0%	
IMMUNIZATION GRANTS 4/	255	288	554	377	266	92.4%	89	30.9%	
RYAN WHITE AIDS GRANTS	316	348	658	572	310	89.1%	224	64.3%	
HEAD START	2,202	2,776	4,150	3,276	1,374	49.5%	500	18.0%	
CHILD CARE & DEV. BLOCK GRANTS	825	893	933	893	40	4.5%	0	0.0%	
LOW INCOME HOME ENERGY ASSISTANCE 5/	1,500	1,346	1,507	1,437	161	12.0%	91	6.8%	
MATERNAL & CHILD HEALTH BLOCK GRANT	650	665	705	665	40	6.0%	0	0.0%	
COMMUNITY HEALTH CENTERS 1/	536	559	617	585	59	10.5%	26	4.6%	
HEALTHY START INITIATIVE	64	79	100	90	21	26.5%	11	13.5%	
PREVENTIVE HEALTH BLOCK GRANT	135	149	149	149	0	0.0%	0	0.0%	
REFUGEE ASSISTANCE	411	381	420	400	39	10.1%	19	4.8%	
UNDOCUMENTED ALIENS IMPACT GRTS 6/	0	0	400	0	400	NA	0	NA	
STATE LEGALIZATION ASSIS. GRANTS 7/	0	311	812	812	501	161.1%	501	161.1%	
HUD AND INDEPENDENT AGENCIES									
COMMUNITY DEVELOPMENT BLOCK GRANTS	3,400	4,000	4,224	4,274	224	5.6%	274	6.8%	
EPA WASTEWATER STATE REV. FUND 8/	1,939	1,928	1,617	1,817	-310	-16.1%	-111	-5.7%	
EPA WASTEWATER CONSTRUCTION GRTS 8/	461	623	235	660	-388	-62.2%	38	6.0%	
HOPE GRANTS 9/	361	661	109	119	-552	-83.5%	-542	-82.0%	
HOME INVESTMENT PARTNERSHIP PROGRAM	1,500	1,000	1,600	1,250	600	60.0%	250	25.0%	
OPERATION OF LOW-INCOME HOUSING	2,450	2,282	2,521	2,621	238	10.4%	338	14.8%	
DEPARTMENT OF THE INTERIOR									
ABANDONED MINE REC. FUND	135	134	135	135	1	0.9%	1	0.8%	
DEPARTMENT OF JUSTICE									
DRUG CONTROL & SYSTEM IMPROV. GRTS.	473	473	481	371	8	1.7%	-102	-21.6%	
JUVENILE JUSTICE & DELINQUENCY PREV.	72	77	77	99	0	0.0%	22	28.6%	
DEPARTMENT OF LABOR									
DISLOCATED WORKERS	577	567	1,921	1,118	1,354	239.0%	551	97.3%	
ADULT & YOUTH TRAINING GRANTS	1,773	1,742	1,717	1,647	-25	-1.4%	-95	-5.5%	
SUMMER YOUTH TRAINING GRANTS	1,183	671	1,689	989	1,018	151.8%	318	47.4%	
EMPLOYMENT SERVICE STATE ADMIN.	822	811	833	833	22	2.7%	22	2.7%	
UNEMPLOYMENT COMP STATE ADMIN	2,565	2,380	2,507	2,507	127	5.3%	127	5.3%	
DEPARTMENT OF TRANSPORTATION									
AIRPORT OBLIGATION CEILING	1,900	1,800	1,879	1,500	79	4.4%	-300	-16.7%	
HIGHWAY OBLIGATION CEILING	16,055	15,327	18,398	17,198	3,071	20.0%	1,871	12.2%	
HIGHWAY EXEMPT FROM CEILING 10/	1,826	2,342	2,117	2,117	-225	-9.6%	-225	-9.6%	
MASS TRANSIT:									
FORMULA GRANTS	1,984	1,700	2,455	2,405	755	44.4%	705	41.5%	
INTERSTATE TRANSFER GRANTS	160	75	45	45	-30	-40.0%	-30	-40.0%	
URBAN DISCRETIONARY GRANTS	1,346	1,725	1,772	1,707	47	2.7%	-18	-1.0%	
SUBTOTAL: DISCRETIONARY	\$66,808	\$67,456	\$78,430	\$72,617	\$10,974	16.3%	\$5,161	7.7%	

7/7/93

MANDATORY/ENTITLEMENT PROGRAMS	FY 1992 ACTUAL	FY 1993 ENACTED	FY 1994 PRESIDENT'S BUDGET	FY 1994 HOUSE ACTION	1994 PRESIDENT vs. 1993 ENACTED		1994 HOUSE vs. 1993 ENACTED	
					\$	%	\$	%
CHILD NUTRITION	\$6,168	\$6,827	\$7,559	\$7,497	\$732	10.7%	\$671	9.8%
TEFAP, COMMODITY PURCHASES	120	120	163	80	43	36.0%	-40	-33.3%
FOOD STAMPS 11/	23,663	28,115	31,221	28,137	3,105	11.0%	21	0.1%
SOCIAL SERVICES BLOCK GRANT 2/	2,800	2,800	2,800	2,800	0	0.0%	0	0.0%
FAMILY SUPPORT WELFARE PAYMENTS	14,789	14,832	15,076	15,108	243	1.6%	275	1.9%
AFDC JOBS 2/	1,000	1,000	1,100	1,100	100	10.0%	100	10.0%
CHILD SUPPORT ENFORCEMENT	668	778	896	896	118	15.2%	118	15.2%
FOSTER CARE AND ADOPTION ASSISTANCE								
BASE AMOUNT	2,315	2,924	2,993	2,993	69	2.4%	69	2.4%
PRIOR YEAR CLAIMS	116	0	0	0	0	NA	0	NA
FAMILY SUPPORT AND PRESERVATION 12/	0	0	60	0	60	NA	0	NA
MEDICAID 13/	69,766	82,596	88,792	89,077	6,197	7.5%	6,482	7.8%
VOCATIONAL REHAB. STATE GRANTS	1,788	1,880	1,940	1,940	60	3.2%	60	3.2%
SUBTOTAL MANDATORY/ENTITLEMENT	\$123,193	\$141,872	\$152,600	\$149,628	\$10,728	7.6%	\$7,756	5.5%

TOTAL: SELECTED GRANTS-IN-AID	\$190,001	\$209,327	\$231,029	\$222,245	\$21,702	10.4%	\$12,917	6.2%
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NOTE: House 1994 funding estimates for programs in the Transportation, Commerce/Justice and Interior bills, reflect House Appropriations Committee action only. All other funding estimates reflect House-passed levels.

FOOTNOTES

- 1/ Unlike all other discretionary programs in this section, WIC and Community Health Center spending is currently exempt from sequestration.
- 2/ Unlike all other mandatory programs in this section, spending for these programs is currently subject to sequestration.
- 3/ Includes funding for Goals 2000, school-to-work transition, an urban-rural initiative, teacher professional development, and a safe schools initiative.
The House includes \$100 million that is not distributed and \$34 million for school to work.
- 4/ The 1994 Budget would provide an additional \$60 million for immunization grants through the community health centers program.
- 5/ The 1994 Budget request includes \$1,437 million appropriated in 1993 for use during the period 10/1/93 through 6/30/94, and \$70 million for use after 7/1/94. The House bill does not include the \$70 million.
- 6/ This new temporary program would provide funding for medical services to states disproportionately burdened by serving undocumented aliens.
The House is requesting entitlement funding for this purpose in the reconciliation bill.
- 7/ The 1994 funding level reflects \$812 million in funding delayed from 1993.
- 8/ The 1994 Budget would replace the current wastewater SRF with \$1,018 million for a new clean water SRF and \$599 million for a drinking water SRF.
The House would provide approx. \$1,253 million for the clean water SRF and \$599 million for the drinking water SRF.
- 9/ The 1994 Budget would transfer \$340 million of 1993 HOPE funds to other programs and fund only implementation grants in 1994.
- 10/ Includes funding for minimum allocation provisions, special projects, and emergency relief.
- 11/ 1993 and 1994 estimates include funding for food stamp benefits, state admin., contingency funds, and nutrition assistance for Puerto Rico.
- 12/ This new capped entitlement program would provide funds to states for family support and preservation services.
Because authorizing legislation for this new program is still pending, the House bill does not include a 1994 appropriation.
- 13/ The 1994 Budget 1994 funding level assumes \$285 million in medicaid savings including the elimination of enhanced administrative matching rates.
Estimates for 1994 assume the medicaid program will have \$3.2 billion in unobligated balances in 1993 that will be applied to 1994 obligations.

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July 2, 1993

BUDGET RECONCILIATION

TO ALL GOVERNORS:

House and Senate conferees on the fiscal 1994 budget resolution will begin reconciling their differences after their July 3-12 recess. Next week, congressional staff will begin to clarify areas of disagreement and options for compromise.

State input during House and Senate debates already has resulted in significant changes that benefit states. These include:

- no entitlement caps with automatic sequesters;
- return of the existing 2.5 cents of the federal gas tax, which is now used for deficit reduction, to the highway trust fund on October 1, 1995;
- Medicaid changes that repeal the mandate for personal care services, delete the requirement for prior authorization to provide new drugs, allow easier collection of third-party payments, and place limitations on physician referrals;
- partial extension of tax-exempt bonds and credits for housing, industrial development, education, jobs, and research; and
- real deficit reduction through a five-year freeze on discretionary spending at fiscal 1993 levels, a requirement that any new entitlement or tax cut be deficit neutral, and a requirement that the House formally vote on entitlement spending that is in excess of projections for the next five years.

Major state issues in conference include:

- Dedication of any new 4.3-cent gas tax to the trust fund. The Senate bill increases all transportation fuels, except jet fuel, by 4.3 cents a gallon and exempts state and local governments. By a vote of 66-32, the Senate voted to dedicate the gas tax portion to the highway trust fund. The House bill creates a Btu tax, which includes an estimated gasoline tax of 7.5 cents a gallon and which does not exempt state or local government or dedicate any of the gas tax funds to the trust fund.

Governors have always strongly supported the exemption of state governments from federal taxes and dedication of gas tax receipts to the highway trust fund.

Even though these funds would be dedicated to the trust fund, they would still be used for deficit reduction until the funds are obligated and appropriated. Since the spend-out is slow, most of the funds would contribute to deficit reduction in the first five years.

Action Needed. Governors must convince their delegations, and ultimately all conferees, that dedication of any gas tax receipts to the Highway Trust Fund and transit programs has served the nation well and is critical to future infrastructure investments.

- Entitlement Controls. Currently, there are no entitlement caps in either the House or Senate bill; however, the House bill has entitlement "controls." These controls consist of a target for total entitlement spending for each of the next four years, beginning with the fiscal 1994 budget resolution baseline, which includes projections to maintain current services and add new participants. If total entitlement spending levels as projected in the budget resolution are exceeded, the President must propose action in his next budget and Congress must vote on a bill that deals with the excess entitlement spending. The House bill has a very limited 2.7 percent inflation adjustment above the current service baseline.

Action Needed. If the House language is adopted, it should be improved so that the actual Consumer Price Index inflation adjustment be used for future projections.

- Medicaid. The program is affected in more than ten significant ways by each bill. Most changes are positive from the state viewpoint; however, they must be reconciled for the final conference report. Changes generally supported by NGA policy include Senate provisions that:
 - give states the option to establish drug formularies (list of eligible drugs) and the calculation of drug rebate formulas;
 - give states more authority to recover assets that were transferred illegally from individuals qualifying for Medicaid services; and
 - postpone the effective date of the new limits on disproportionate share payments to public hospitals to state fiscal year 1996 (the House uses fiscal 1995).

Recent NGA policy supports a House provision for emergency Medicaid assistance to undocumented aliens for those states most affected. States oppose House provisions mandating a maintenance of effort for fraud and abuse units. Restrictions on state programs that encourage the purchase of long-term care insurance should be dropped from the House bill.

- Access to Childhood Immunizations. The House language establishes a new mandated entitlement to immunize children beyond the Medicaid program. The Senate chose not to establish a mandate, but a mechanism by which states may purchase vaccines at a reduced rate as part of Medicaid. In the House bill, states are mandated to create a registry and outreach program, as well as to ensure that Medicaid payment rates for immunization are adequate to enlist providers. These differences are expected to result in major revisions to both proposals in conference.
- Delay of the two-parent work requirement. The Family Support Act of 1988 requires states to enroll at least 40 percent of two-parent families in work activities in fiscal 1994, rising to 75 percent by fiscal 1997. Many states are unlikely to meet this target and may face significant sanctions. States facing this situation will likely prefer the House

bill, which delays this requirement by one year while states participate in the Administration's comprehensive welfare reform efforts. NGA policy supports a reciprocal obligation toward work by recipients; however, current economic conditions, which have resulted in unusually high two-parent welfare caseloads, provide a strong argument for a delay.

- Extension of tax-exempt bond and credit programs for housing, small issue development bonds, jobs, education, and research credits. NGA policy supports the House provisions that make these permanent, rather than the 24-month Senate extension from July 1, 1992, to July 1, 1994. The only reason for short-term extensions is the appearance of saving money. These programs are expected to be renewed next year as in past years.
- Food Stamps Quality Control. The provisions in the House bill change the method of calculating a state's penalty rate, thereby making penalties more reasonable, as called for in NGA policy. However, states are seeking additional reforms, such as addressing the statistical flaws in the system and authorizing an administrative law judge to consider good-cause criteria.
- New fees for state Supplemental Security Income (SSI) Programs. States support a one-year delay in implementing the new federal per person monthly fee for the administration of state programs that supplement the SSI program. This delay is provided for in the Senate bill.

Other conference issues that will affect states include:

- The level of increase for the earned income tax credit. The House has \$28 billion and the Senate has \$17 billion.
- The creation of empowerment and enterprise zones for inner cities and rural areas, found in the House bill.
- State penalty fees of \$300 million over five years based on the number of institutions with student loan defaults in excess of 20 percent. This is included in both bills. The Senate version requires states to pass these fees directly to institutions. The House bill makes the pass-through optional.

The major issues in the budget conference will center on the gas tax versus the Btu tax, or a new formulation of both; the level of cuts in Medicare, with the House at \$50 billion and the Senate at \$58 billion; the level of tax credits for small business investments; and the overall mix of spending cuts versus tax increases. Although these issues will dominate conference politics, the state issues will be positively addressed only if a majority of Governors register their views to their delegations and to the conferees. The individual and collective bipartisan action of the Governors carries significant weight when exercised.

Sincerely,


Raymond C. Scheppach
Executive Director

CLEAN WATER ACT

NGA Objective

- Reauthorize the Clean Water Act to extend the federal commitment to provide capitalization grants for the wastewater State Revolving Fund of \$5 billion (at least \$2 billion) through the year 2000; increase funding for state nonpoint source pollution control programs; and improve management of wetlands through streamlining of regulatory requirements and facilitation of state assumption of the wetlands program.

The Senate Environment Committee has introduced a Clean Water Act reauthorization bill, S. 1114. Some of its major provisions are as follows.

- The bill authorizes a minimum of \$2.5 billion per year through the year 2000 for grants to state revolving loan funds. Congress can appropriate additional funds in any year that it meets deficit reduction targets. The Environmental Protection Agency (EPA) is directed to develop new grant allocation formulas based in part on eligible needs and in part on state participation in a new voluntary watershed planning program. States can use a portion of SRF funds for grants to disadvantaged communities.
- States are required to collect permit fees to cover 60 percent of costs related to administration of point source elements of state programs.
- The bill establishes new authority for watershed planning and management. The new program is voluntary, but portions of state revolving fund and nonpoint source monies are available only to states that participate.
- A new nonpoint source pollution control program is established. EPA is required to develop guidance for state programs and states must revise current strategies accordingly. States must require that all "new" nonpoint sources, as well as all sources in impaired watersheds, implement management measures to control polluted runoff, or comply with a "site-specific plan."
- The bill exempts most communities under 100,000 in population from stormwater permitting requirements.

The Senate Environment Committee is holding a series of hearings on the bill. It has already held hearings concerning funding issues, stormwater, combined sewer overflows, and toxics. It is scheduled to hold hearings in the next few weeks on watersheds, nonpoint source control, wetlands, and regional issues.

The House Environment and Public Works Committee currently plans to introduce a bill in September.

The Administration has convened a special task force to develop an Administration position on wetlands, due to report its recommendation in mid-July. On July 1, Langdon Marsh, Deputy Commissioner of the New York State Department of Environmental Conservation, testified to the task force on behalf of NGA.

The Senate Clean Water Act reauthorization bill does not address wetlands. The committee plans to add in wetlands language after the Administration makes its recommendations.

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DEFENSE CONVERSION

NGA Objectives

- Ensure adequate funding for state and local efforts to turn closed military bases into productive properties.
- Permit states flexibility in the use of funds to retrain workers dislocated by either base closings or the reduction on federal defense contracts.
- Coordinate federal efforts at defense business conversion with efforts already underway in states and support states wherever possible.

The House Armed Services Committee will mark up the fiscal 1994 authorization bill soon after the July 4 recess. At stake for states is the level of funding for such economic conversion programs as the Office of Economic Adjustment (funding for strategic planning for affected communities), the Advanced Research Projects Agency of the Department of Defense, which administers the Technology Reinvestment Project, and the manufacturing extension program, which is administered by the National Institute of Standards.

The President announced that he will forward the recommendations of the Military Base Closure and Realignment Commission to Congress. That commission has recommended the closing of over 100 bases and the realignment of another 40 bases across the country. The President also announced the formation of a package of mitigation assistance for affected communities. Over the next 90 days, legislation will be prepared by the National Economic Council to provide adequate funding for planning in affected communities; streamlined federal land transfer provisions for affected bases; establishment of single federal agency contacts for each affected community; increased funding of environmental cleanup at bases; and increased investment in job training and retraining for affected workers. The cost of the program is estimated to be \$5 billion over five years.

Contact: Tim Masanz, 202/624-5311

EDUCATION

H.R. 1804, the President's education reform package (Goals 2000: Educate America Act) was introduced in the House on April 22. Two hearings were held on the bill and it has been reported out of the Committee on Education and Labor. In a letter to the committee, President Clinton expressed opposition to a number of amendments that would weaken the National Education Goals Panel and strengthen the federal role in opportunity-to-learn standards. NGA echoed these concerns in a letter to the committee. However, a number of negative amendments were added over the opposition of the President and the Governors.

In the Senate, the bill has been reported out of committee and is scheduled for consideration after the July recess. While the Senate bill contains a number of provisions that are opposed by some Governors, the Senate bill is far more favorable to the states.

In general, both bills contain the following provisions:

- Title I and II of the legislation would codify the national education goals and the National Education Goals Panel. In addition, the bill would create a National Education Standards and Improvement Council to oversee the development and certification of national voluntary content and student performance standards, a national voluntary system of assessments, and voluntary national opportunity-to-learn standards.
- Title III of the bill creates a national formula grant program for state and local improvements in education. To participate in the program, states would submit a systemic reform plan for review by the Secretary of Education. The legislation includes a list of elements to be included in the plan. Under the plan, the state can request the waiver of federal education program regulations for specified programs.
- Title IV of the bill creates a National Skills Standards Board and calls for the development of national voluntary skill standards.

Contact: Patty Sullivan, 202/624-7723

HEALTH CARE REFORM

The Clinton Administration is now planning to release its health care reform proposal in early September if reconciliation is completed. Critical issues that are being discussed include:

- state flexibility in administering the new program;
- how long-term care is structured;
- how fast can the new system be implemented by states;
- what is the state maintenance of effort definition;
- how would global budgets be implemented; and
- how is Medicaid folded into the new system.

Contact: Ray Scheppach, 202/624-5320

INDIAN GAMING REGULATORY ACT

NGA Objectives

- Amend the Indian Gaming Regulatory Act (IGRA) to clarify the scope of gaming so that only those games expressly authorized by state law are subject to negotiation in a state/tribal compact.
- Amend IGRA to provide alternative dispute resolution mechanisms, designed to keep these conflicts out of court, and to apply the good faith negotiation standard to all parties.
- Clarify the provision that requires the Governor's concurrence in the tribal acquisition of new trust-lands for gaming purposes.

On Friday, July 2, Governors, state Attorneys General, Tribal government leaders, and federal officials met with the leadership of the Senate Indian Gaming Committee to discuss changes to the Indian Gaming Regulatory Act of 1988. Governor Sullivan, NGA's working group chair, and Governor Sundlun participated in the meeting. Senator Inouye, chair, and Senator McCain, vice-chair, reviewed numerous issues with participants throughout the four-hour meeting. They reiterated their interpretation of the scope of gaming issue, agreeing with Governors that tribes may insist upon offering only those games expressly authorized by state law. Also discussed was the development of alternative dispute resolution mechanisms to end protracted IGRA litigation. This mechanism would allow a state to opt-out of compact negotiations; a state also could decline to regulate gaming on tribal lands altogether.

The Senators emphasized their intent to introduce (consensus) legislation before the August recess. Committee staff has been convened to draft legislation, and a joint staff working group (with representatives from states, tribes, and federal officials) has been established to develop recommendations on scope of gaming and other issues. The joint working group plans to report back to the Senate committee by a July 20 target date. NGA's contribution to the working group includes staff representatives of Governors on the NGA working group.

Members of the NGA Working Group on Indian Gaming include Governor Sullivan, Chairman, Governor Branstad, Governor Sundlun, and Governor Thompson. Ex-officio members are Governor Engler and Governor Bob Miller, as members of the Legal Affairs Committee.

Legislation to amend IGRA has been introduced in the House and Senate by Rep. Torricelli and Senator Reid.

The House version includes a moratorium on new compacts until necessary regulations to implement IGRA are in place, prohibits gaming on lands acquired by tribes after IGRA enactment, and forbids a tribe from suing a state directly.

The Senate bill limits compact negotiations to those class II and class III games authorized under state law for commercial purposes only; this precludes tribal negotiations for games permitted for charitable purposes. The Senate proposal also restricts Indian gaming to those lands taken into trust by the date of IGRA enactment, and to those tribes recognized before IGRA enactment, and redefines the application of the good/bad faith negotiation standards.

Contact: Victoria Becker, 202/624-5368

NATIONAL SERVICE

NGA Objectives

- Promote a strong partnership between federal, state, and local governments, as well as with the volunteer and business communities, to emphasize the importance of community-wide involvement in state service efforts.
- Recognize the multitude of existing state service provider systems and programs and seek to complement them, as well as encourage new and innovative programs.

- Develop a federal national service program that is operated primarily by states and provide for the coordination with states for those programs that are not funded by state service commissions.

On April 30, the President announced the National Service Trust Act. If enacted, the proposal would create a national service program that draws on the work of the states. The Act creates a bi-partisan Corporation for National Service, which includes a state representative, to oversee programs at the federal level and calls for the creation of gubernatorially appointed service commissions at the state level. Thirty-three percent of the funds would be allocated to the state commissions to support service programs in the states. Thirty-three percent would also be awarded to states in an effort to encourage innovative service programs. The remaining thirty-three percent would be awarded by the Corporation for National Service through a national competition.

In addition, the proposal reauthorizes or modifies a number of other service related programs, including Serve-America, VISTA and Older Americans, Civilian Community Corps, and the Points of Light Foundation.

On May 7, Governor Romer and Governor Campbell wrote a letter to the President (attached) in support of this legislation.

Both the House and Senate have held hearings on this issue and the legislation has been reported from both House and Senate committees, with floor action expected prior to the August recess. In anticipation that this legislation will be enacted shortly, the White House Office of National Service has created a taskforce to begin thinking through the implementation of the program. NGA has been asked to serve on this working group.

Contact: Patty Sullivan, 202/624-7723

NORTH AMERICAN FREE TRADE AGREEMENT

NGA Objective

- Ensure that implementing legislation establishes formal mechanisms for coordination and communication between the states and the federal government, particularly in settling disputes that challenge state laws. Areas of potential dispute will likely occur over state regulation of environmental standards, services, investment, and government procurement.

On June 30 a judge in the U.S. District Court of Washington, D.C. issued a ruling that will delay progress on implementation of the North American Free Trade Agreement (NAFTA). The judge (in Civil Action No. 92-2102 (CRR)) indicated that the President cannot proceed with implementation of NAFTA without filing an Environmental Impact Statement (EIS) in compliance with the National Environmental Policy Act (NEPA). In his 23-page ruling, Judge Charles R. Richey agreed with plaintiffs Public Citizen, Sierra Club, and Friends of the Earth who said proposed NAFTA legislation should be subject to NEPA requirements, given its potential significant effect on the environment, especially along the U.S.-Mexico border. Preparation of an EIS can take months, sometimes years. If the ruling stands, it could prevent the U.S. from achieving congressional approval by the end of the year, when the NAFTA agreement is scheduled to go into effect.

The Justice Department will appeal the ruling, saying it interferes with the President's ability to negotiate international agreements for the United States. But it will be at least a month before a hearing date will be set. First, the government will file a brief July 19, the plaintiffs will file a response by August 2, and then the government will refile August 10; only after that will a hearing be scheduled.

Before the ruling last week, the Office of U.S. Trade Representative (USTR) was pursuing negotiations with Mexico and Canada on separate agreements for the environment and labor issues. These side agreements would be included in a package with legislation implementing the NAFTA agreement itself, which was concluded last year. This package would be submitted to Congress perhaps as early as mid-July, with a vote by Congress targeted for the Fall. USTR has announced that it will proceed with this timetable despite the ruling.

States are working with negotiators on the side agreements. A small working group of state staff has submitted comments informally to environmental negotiators, calling for a stronger role for states in dispute settlement and other trilateral environmental enforcement efforts. A similar effort to advise on the labor negotiations is underway. Meanwhile, individual Governors are expressing their support for NAFTA. A Heritage Foundation survey indicated that 40 of the 50 Governors support NAFTA. NGA lead Governors are Governor Thompson and Governor Richards.

Contact: Jody Thomas, 202/624-7824

SAFE DRINKING WATER REFORM

NGA Objectives

- Reform the drinking water statute to allow EPA to consider risk reduction benefits when it sets standards, thereby making the program more risk based and cost-effective.
- Reform monitoring requirements to allow states greater flexibility.
- Replace the requirement to regulate 25 new contaminants every three years with a system based on occurrence in water and health risks.

There is growing pressure in Congress for changes to be made to the Safe Drinking Water Act. Senators Baucus and Chafee have asked Senate Environment Committee staff to develop a reform proposal during the August recess, with hearings beginning possibly in September. Representative Waxman, Chairman of the House Energy and Commerce Health Subcommittee, has indicated he will not move a drinking water bill if it includes reform of the standard setting process.

The Administration is developing a report that is due to Congress in early July, and therefore are considering their position on a number of reauthorization issues, including reform of the standard setting process.

Contact: Tom Curtis, 202/624-5389
Karen Tyler, 202/624-8575

SCIENCE AND TECHNOLOGY/TELECOMMUNICATIONS

NGA Objectives

- Strengthen the state-federal partnership in science and technology by structuring federal initiatives -- such as manufacturing extension programs -- to build on and support existing state programs, and provide incentives for more comprehensive state programs.
- Strengthen state manufacturing extension programs.
- Permit flexibility in the targeting of programs to provide support for state priorities, including participation in proposed "High Performance Computing Networks."

The House adopted H.R. 820, the National Competitiveness Act of 1993 and the Senate is expected to consider it soon after the July 4 recess. The Senate version (S. 4) also contains language on telecommunications intended to support research to develop a wider range of applications for the high performance computing networks. That legislation (H.R. 1757) has been introduced separately in the House by Representative Boucher. H.R. 1757 was reported by the House Committee on Science, Space, and Technology.

S. 4 contains language that would explicitly restrict state government from building, owning, or managing telecommunications networks that are not either high speed "test bed" networks for research purposes or for "government mission purposes." The House version contains more general language about the need to use commercial carriers wherever feasible.

Contact: Tim Masanz, 202/624-5311

WELFARE REFORM

On June 24, the planning group of the State and Local Welfare Reform Task Force met with leaders of the nine Administration working groups of the President's Working Group on Welfare Reform, Family Support, and Independence (attached). The meeting also included representatives of the newest members of the Task Force: the National League of Cities, the U.S. Conference of Mayors, and the National Association of Counties.

The principal members of the Task Force will meet on July 12 to discuss the process for working with the Administration on the issue and to revise and agree upon a statement of policy principles for welfare reform. The Administration will be represented at the meeting by Bruce Reed, co-chair of the Administration's Working Group and Deputy Assistant to the President for Domestic Policy. The statement of welfare reform policy principles, if adopted, will be considered for adoption as NGA policy in August at the annual meeting.

The task force is chaired by Governor Florio.

Contact: Julie Strawn, 202/624-7823

NGA REGULATORY ISSUES

CLEAN AIR REGULATIONS

NGA Objective

- Encourage EPA to finalize regulations governing state environmental agency review of state highway improvement plans, as well as other regulations necessary for efficient management of state air quality plans.

The Clean Air Act Amendments of 1990 required that state air quality agencies review plans for transportation improvement to insure that transportation projects do not impede efforts to reduce automotive pollutants. EPA is in rulemaking to define the exact scope and nature of this authority. Specific issues under consideration include the geographic areas for which a finding of "conformity" between the states air quality plan and its transportation plan must be made, the projects to be covered by the conformity finding, and whether the state air agency or the state transportation agency should make the finding.

On June 16, NGA sent a survey to all Governors asking whether NGA should weigh-in on the rulemaking, and providing an opportunity to choose several options on the pending issues of concern. Responses were due on July 2.

Contact: Tom Curtis, 202/624-5389

MEDICAID PROVIDER TAXES AND VOLUNTARY CONTRIBUTIONS

NGA completed negotiations with the Health Care Financing Administration of the Department of Health and Human Services regarding nine points of concern in the interim-final regulations published on November 24. That agreement has been distributed to Governors. New interim final regulations are expected to be published by mid-July.

Contact: Carl Volpe, 202/624-7729

MEDICAID WAIVER AUTHORITY

NGA Objective

- Simplify the Medicaid waiver process so that states will be able to implement cost efficient and innovative service delivery systems in Medicaid.

NGA established a working group of six state representatives to meet with representatives of the Department of Health and Human Services. The group has been discussing ways to simplify research and demonstration waivers (1115(a)), freedom of choice waivers (1915(b)), and home- and community-based waivers (1915(c)). The effort is ongoing, and the topics have been expanded to include improvement to Medicaid beyond waivers.

Contact: Carl Volpe, 202/624-7729

INDIVIDUALLY ADDRESSED LETTERS SENT TO ALL
SENATE FINANCE CMTE MEMBERS AND SENS.
MITCHELL AND DOLE



June 16, 1993

*Reconciliation
GAS TAX*

The Honorable Daniel P. Moynihan
Chairman
Committee on Finance
SD-205 Dirksen Senate Office Building
Washington, D.C. 20510-6200

Dear Mr. Chairman:

We know you are facing a crucial challenge and must make some hard choices on the budget reconciliation bill. The Governors are committed to a long-term strategy for significant deficit reduction that includes shifting spending priorities towards investments that make clear and direct contributions to national productivity.

In that regard, it is the long-standing policy of the Governors to dedicate motor fuel taxes exclusively for transportation infrastructure investment. We, therefore, urge you to dedicate all current and future motor fuel tax revenues to the highway trust fund and to fully fund the President's infrastructure initiatives, especially the Intermodal Surface Transportation Efficiency Act of 1991. We urge you as well to maintain the motor fuel tax exemption for state and local government.

We wish you good luck in the tremendous undertaking you have before you.

Sincerely,


Governor Roy Romer


Governor Jim Edgar
Chairman, Committee on
Economic Development and Commerce


Governor Bob Miller
Lead Governor on
Surface Transportation



June 14, 1993

*Reconciliation
MEDICAID*

The Honorable George J. Mitchell
Majority Leader
United States Senate
The Capitol, Room S-221
Washington, D.C. 20510

Dear Senator Mitchell:

The Governors are committed to a long-term strategy for significant deficit reduction done in concert with state and local governments. However, we are opposed to unilateral procedural actions that shift costs but fail to solve the underlying problems.

As the Senate Finance Committee begins work on its reconciliation bill, the nation's Governors oppose an entitlement cap on Medicaid that includes unrealistic future adjustments and an automatic sequester. Such actions would only shift federally mandated costs to state and local governments. States simply cannot absorb the additional costs and would be required to make cuts in other state programs such as education, training, and infrastructure, which are so critical to long-run economic growth.

With respect to the House provision to impose additional restrictions on disproportionate share payments, we urge you at a minimum to delay the effective date until each state's 1996 fiscal year. This would give states some ability to make changes over time without the severe disruption to their programs that would otherwise result. We also oppose any additional cuts in the Medicaid Disproportionate Share Hospital program until a fair resolution of the overall controversies around this program can be achieved -- possibly one linked to enactment of more comprehensive health care reform.

In addition, we ask that you not make any additional reductions in the enhanced matching rates for administration of certain aspects of the Medicaid, AFDC, and Food Stamp programs. Such actions will result in a loss of health care for low-income individuals and will greatly reduce states' abilities to effectively administer programs that are known to be run extremely efficiently. These are the funds now used for state cost control procedures. Also, we oppose any provision that would assess a fee on states for the administration of SSI Supplementation programs.

The Honorable George J. Mitchell
June 14, 1993
Page Two

Legislating artificial caps or substantial reductions in health care programs for the poor is particularly inappropriate without looking more comprehensively at the nation's health care problems. Such actions should only be considered as part of a broader health care reform package and in the context of greater program flexibility for states.

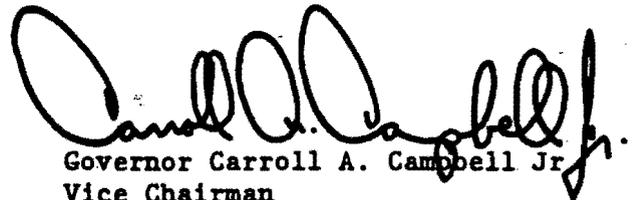
We encourage you to include provisions that give states the option to establish meaningful Medicaid prescription drug formulary programs. In addition, we support provisions that limit individuals from transferring assets inappropriately to qualify for Medicaid services.

We look forward to working with you as you craft the remaining portions of your deficit reduction package.

Sincerely,



Governor Roy Romer
Chairman



Governor Carroll A. Campbell Jr.
Vice Chairman



INDIAN GAMING

June 30, 1993

The Honorable Daniel Inouye
Chairman, Committee
on Indian Affairs
United States Senate
Washington, D.C. 20510

The Honorable John McCain
Vice Chair, Committee
on Indian Affairs
United States Senate
Washington, D.C. 20510

Dear Senator Inouye and Senator McCain:

We appreciate your continuing efforts to work with interested parties to resolve important issues that have arisen in connection with the implementation of the Indian Gaming Regulatory Act of 1988 (IGRA). We were glad to have had the opportunity to meet with you and tribal government representatives in Tucson and were especially pleased with your intent to have a bill in place for Senate consideration before the August recess. We look forward to working with you and the tribal governments towards the successful completion of this process.

In preparation for the meeting on Friday, we wanted to review with you the Governors' fundamental concerns on implementation of IGRA. We regret that, due to the legislative schedules in several of our states, not all members of our working group are able to attend this meeting. We do, however, want to reiterate our support for reaching an early and satisfactory resolution of our concerns and are especially hopeful that there will be adequate opportunity on Friday to address the following issues.

Scope of gaming. Governors want clarification in the law that the types of games that are permissible are those expressly authorized by state law. Governors believe the statute should make clear that tribes can operate gaming of the same types and subject to the same restrictions that apply to all other gaming in each state. Also, we think the statute should address the distinction we perceive between charitable and commercial gaming.

It is particularly important to clarify the scope of gaming activities, so that states are not obligated to negotiate for games that are not expressly authorized by state law. Further, it is the view of the Governors that this principle should be the basis for resolving other issues such as: the effect of a state's charitable or social gaming laws on tribal gaming; whether tribes should be subject to the same limitations applied to non-Indian gaming; and the range of issues subject to negotiation in the compact process.

Senator Inouye and Senator McCain
June 30, 1993
Page two

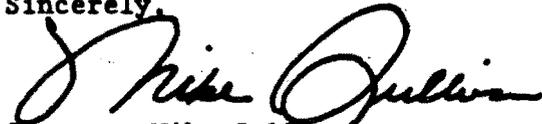
Good faith and an end to protracted litigation. Currently under IGRA, only the states are required to negotiate in good faith. Some states have been taken to court by tribes asserting that the simple failure to reach a compact agreement constitutes bad faith on the part of the state. IGRA should reflect not only that both sides must negotiate in good faith if a reasonable and effective compact is to be reached, but that states cannot be found in bad faith for negotiating within the boundaries of state law. IGRA also should provide mechanisms to resolve disputes, outside of court, in the event the initial compact negotiations fail.

Tribal acquisition of non-trust lands. Under the Bush administration, an Interior Department solicitor opined that tribal acquisition of non-trust lands for the purpose of conducting gaming activities requires the approval of the Governor in the state where the land is acquired. We accept this interpretation, however, judicial and administrative cases continue the controversy. Perhaps the timing of the Governor's concurrence, and the process through which a Governor concurs or declines to concur, should be clarified.

Other more technical issues have been raised, but we would request that you focus on these three main issues as being of the highest concern to the states. Also note that we see the resolution of the scope of gaming and good faith negotiation to be closely linked and believe they should not be considered independently.

Governors support the efforts of tribal governments within their states to pursue economic development opportunities. Governors have strong concerns about the role that gaming should play in those economic development strategies, and, indeed, in the overall culture of the state, and we want to work with you to improve the implementation of the act. We all have an interest in resolving this matter as quickly as possible, because continued conflict is unproductive for both states and tribes.

Sincerely,



Governor Mike Sullivan
Chairman
Working Group on Indian Gaming

c: Patricia Zell
Dan Lewis
Eric Eberhard

NATIONAL
SERVICE

May 7, 1993

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the National Governors' Association, we write to express our support for the National Service Trust Act. This initiative embodies one of our most valued American traditions -- working together to help one another -- and we applaud your efforts to work with the states to provide a variety of meaningful service opportunities that reflect the needs of our communities, the states, and the nation.

We support the strong state and federal partnership for providing service opportunities proposed in the bill. The bill is structured to permit states to supplement existing service activities, while also encouraging the development of innovative service activities through a competitive grant program. The proposal draws on current gubernatorial leadership that is promoting state service projects by asking the Governors to appoint the proposed state commissions on national service. We also are pleased by the involvement of state agency heads in the work of the commission to ensure that programs funded by the commissions complement and support existing state activities. In addition, for those states that have proven to be the real leaders in service activities, the bill recognizes existing state structures and provides flexibility and time for a transition to the new system.

At the federal level, we are pleased with the planned involvement of state service experts in the work of the proposed federal Corporation for National Service and with the opportunity to coordinate programs funded by the corporation with the appropriate state commissions.

We commend the Office of National Service for their cooperation in developing legislation that draws on the leadership of the states to support a national service initiative and we look forward to working with you toward the enactment of this important legislation.

Sincerely


Governor Roy Romer


Governor Carroll Campbell

Working Group on Welfare Reform, Family Support and Independence

Chairs

- Bruce Reed** *Deputy Assistant to the President for Domestic Policy*
- David Ellwood** *Assistant Secretary for Planning and Evaluation, Department of Health and Human Services*
- Assistant Secretary for the Administration for Children and Families,
Department of Health and Human Services*

Members

- Ken Apfel** *Assistant Secretary for Management and Budget, Health and Human Services*
- Walter Broadnax** *Deputy Secretary, Department of Health and Human Services*
- Robert Carver** *Deputy Assistant Secretary for Returns Processing, Treasury Department*
- Maurice Foley** *Office of Tax Policy, Treasury Department*
- Thomas Glynn** *Deputy Secretary, Department of Labor*
- Ellen Haas** *Assistant Secretary for Food and Consumer Services, Department of Agriculture*
- Elaine Kamarck** *Office of the Vice President*
- Madeleine Kunin** *Deputy Secretary, Department of Education*
- Alicia Munnell** *Assistant Secretary for Economic Policy, Treasury Department*
- Larry Parks** *Senior Advisor to the Secretary, Department of Commerce*
- Wendell Primus** *Deputy Assistant Secretary for Human Services Policy, Department of Health and Human Services*
- Julie Samuels** *Director, Office of Policy and Management Analysis, Department of Justice*
- Isabel Sawhill** *Associate Director for Human Resources, Office of Management and Budget*
- Eli Segal** *Assistant to the President for National Service*
- Eugene Sperling** *Deputy Assistant to the President for Economic Policy*
- Michael Stegman** *Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development*
- Joseph Stiglitz** *Council of Economic Advisors*
- Fernando Torres-Gil** *Assistant Secretary for Aging, Department of Health and Human Services*
- Jeff Watson** *Deputy Assistant to the President for Intergovernmental Affairs*
- Kathi Way** *Special Assistant to the President for Domestic Policy*
- Surgeon General*
- Assistant Secretary for Intergovernmental and Interagency Affairs, Department of Education*
- Assistant Attorney General for Policy Development, Department of Justice*
- Assistant Secretary, Employment and Training Administration, Department of Labor*

Welfare Reform: Next Steps

The Welfare Reform Working Group is charged with presenting a detailed proposal to create a transitional assistance system in line with the broad principles outlined by the President. To tackle this complex task, the Working Group is assigning staff to develop background information and policy options in the following areas:

Making Work Pay -- to explore ways of improving the economic incentives to work and the distribution of financial and other supports for the working poor, such as the Earned Income Tax Credit

Child Support -- to address issues ranging from paternity establishment and support enforcement to the possibility of a child support insurance/assurance program

Absent Parents -- to examine current government policies as they relate to absent parents so that they can better meet their parental responsibilities

Transitional Support -- to review strategies for providing assistance on a temporary basis along with the education, training, and other supports needed to get off welfare and into jobs

Post Transitional Work -- to examine the issues related to employing those reaching the end of their time-limited assistance

Child Care -- to explore how best to meet the need for child care in a system of transitional assistance and mandatory work

Program Simplification -- to look at the rules and regulations of benefit programs for low income families to find ways to make them more uniform and simple

Private Sector Job Creation -- to focus on including in a transitional assistance system the incentives necessary to create jobs for welfare recipients in the private sector

Prevention/Family Stability -- to ensure that efforts to prevent out-of-wedlock births and family break-up are given priority in the reform plan

While federal employees will be staffing the Working Group, they will be seeking input and proposals from individuals and organizations outside the government. Those who are interested in providing input, ideas and suggestions are invited to write to the Working Group at the address provided on the following page. Specific proposals as well as general comments are welcome.

OFFICE OF DOMESTIC POLICY

THE WHITE HOUSE

REC 6 10:00

FROM THE OFFICE OF: CAROL H. RASCO
ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY

TO: Rozy

DRAFT RESPONSE FOR CHR BY: _____

PLEASE REPLY (COPY TO CHR): _____

PLEASE ADVISE BY: _____

LET'S DISCUSS: _____

FOR YOUR INFORMATION: _____

REPLY USING FORM CODE: _____

FILE: NGA

RETURN ORIGINAL TO CHR: _____

SCHEDULE: _____

REMARKS:

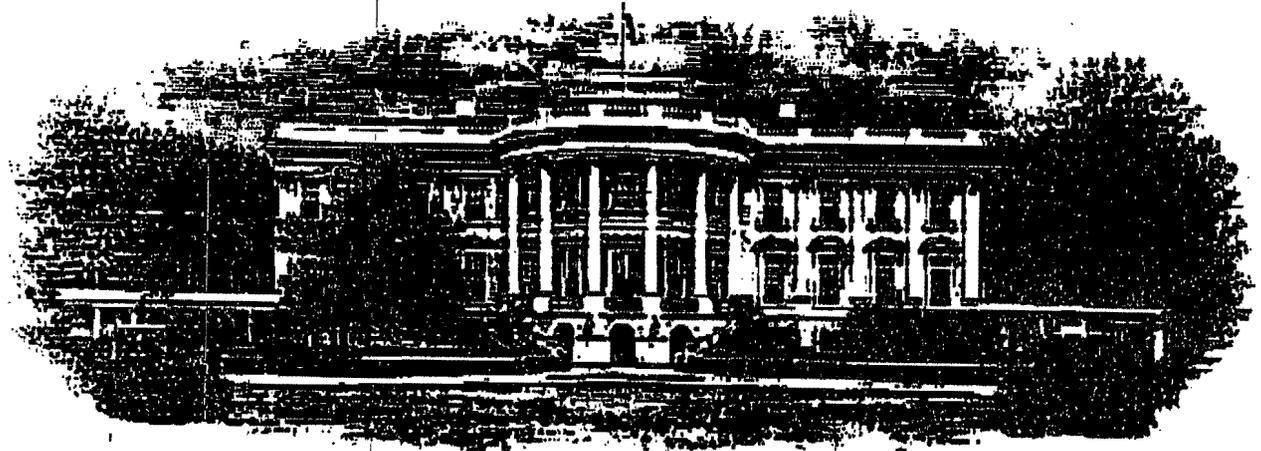
*Human Resources Mtg.
Dennis to provide specifics
12/13/93*

This will be in my office as usual. I'll be in budget briefing.

Call Keith and see if he can find out what policies are under consideration by this committee.

The White House

DEC 8 REC'D



FACSIMILE TRANSMISSION COVER SHEET

TO: Re Carol Rasco

FAX NUMBER: 2878

TELEPHONE NUMBER: _____

FROM: Keith Mason

TELEPHONE NUMBER: 2896

PAGES (INCLUDING COVER): 2

COMMENTS: FYI - Human Resources SAC Meeting Dec. 16 5:30 p.m.

ATTN: Dennis

**HUMAN RESOURCES
STAFF ADVISORY COMMITTEE MEETING**

December 16, 1993

11:00 a.m. - 3:00 p.m.

1. **Welcome and Introductions - Karen Strickland**
2. **Priorities for the 1993-94 Year:**
 - Chairman's Priorities -- *Nikki McNamee*
 - HR Committee Chair Priorities - *Karen Strickland*
 - Public Protection
 - Integrated Children's Services
 - Committee Member Priorities
3. **Review of Workplan - Karen Strickland**
4. **NGA Winter Meeting Overview**
 - Plenary Sessions - *Nikki McNamee*
 - Human Resources Committee Meeting - *Karen Strickland*
 - Policies to be Considered
5. **Legislative Update - Human Resources Group staff**
6. **Other Business - Karen Strickland**



March 30, 1993

MEMORANDUM

TO: Ira Magaziner
FROM: Ray Scheppach
RE: Planning Money for States

Given that the health care reform package may not be enacted until the fall or early winter, you may want to think about some planning money for states during this appropriation cycle so that funds would be available by October 1, 1993. Specifically, funds are necessary so that states can begin to think about state legislation to form HIPCs as well as working with the industry to form Accountable Health Plans. I do not think that a lot of money would be necessary, about \$100 million could be a big help in trying to accelerate the schedule.

I have not looked to see if there is a current authorization that could cover this funding, so it may be that a new authorization bill would be required.

If this is of interest I would be happy to help work out the details.

cc: John Hart
Carol Rasco

MEDICAID

Draft

The current Medicaid program should be divided into three separate programs as follows: 1) long-term care; 2) developmentally disabled; and, 3) the acute care portion. The first two should be maintained as two separate programs, while the acute care component should be folded into the new low-income program just as quickly as possible.

Long-Term Care. Over the long-run, this program should be federalized by either becoming a social insurance program or by acclimating the development of private long-term care insurance. Over the next ten years, however, this program should maintain its entitlement nature and continue as a federal/state program with current matching rates. States should be given more flexibility on substituting community based care for institutional care. Due to the enormous amount of potential pent-up demand for community based services, however, increased flexibility must be done carefully. If the federal government desires to expand this type of services it would be appropriate for the federal government to define a new program that would be funded with 100 percent federal money. Also, any expanded eligibility of this program should be paid 100 percent by the federal government. The Governor's are opposed to making this program a block grant.

The Developmentally Disabled. This program should be separated from the other two components but maintained as an entitlement with current Medicaid matching rates. While the Governors want more flexibility in the program they are opposed to making this a block grant.

The Acute Care Portion. The acute care portion of Medicaid should be phased in to purchase care via a HIPC just as quickly as possible. Once in a HIPC, however, Medicaid enrollees would get the new nationally guaranteed benefit package, instead of the Medicaid benefit. This means that the acute care portion of the Medicaid program would cease to exist and would merely be folded into the new low-income program. There would be an enhanced federal matching rate as a financial incentive to phase-in the Medicaid program into the HIPC just as quickly as possible.

There would not be any supplemental benefit package for the previous Medicaid population or the low-income population. Instead there would be a separate federal grant program, which would have the same federal/state matching rates as the new low-income program. Over time it would be indexed to the state growth rate in the low-income program. The federal government would list the supplemental types of programs or services e.g. transportation, that the money could be used for, but the allocation of the funds would be up to each state.

For each year after the enactment of the legislation until the new low-income program is fully phased in, each state would have a maximum contribution of its total Medicaid acute care spending in 1993 inflated by 4 percent per year. This will give the states considerable certainty with respect to health care spending over the difficult transition period. At the end of the phase-in period the total cost of the new low-income program would be estimated and the state share would be calculated based on its 1993 contribution plus the 4 percent per year. This would represent the new baseline state share. Essentially, states will be held harmless in terms of an additional spending on the new low-income program.

It is an open question whether the state share should be adjusted over time based on measures of fiscal capacity. Also, if the shares are locked in at current rates this would penalize currently high benefit states. During the phase-in period the national health board of other independent body should be asked to make recommendations on this issue to Congress. If the state-by-state rates are to change, however, they would have to be adjusted very slowly over time.

Draft

TRANSITION TO MANAGED COMPETITION

States are currently at very different stages in terms of both their governmental and industry infrastructure to implement managed competition. Therefore, states will need to have substantial flexibility to implement the changes according to their individual capacity. While deadlines for the various stages of implementation may be necessary, the strategy should be to give states financial incentives to implement as quickly as possible. Essentially, there would be three critical phases to implement the legislation as follows:

- Phase I Enactment of State Legislation
- Phase II Implementation of Managed Competition
- Phase III Implementation of Global Budget

While this represents three distinct phases of implementation, it is likely that some states could be in the second stage while others are still enacting the legislation. Also, states should have the right to move to the second or third stages as quickly as possible.

Phase I Enactment of State Legislation

During this phase the state will have to complete the following:

- Analyze issues that effect state legislation such as powers of HIPC, organizing authority of HIPC, state regional configuration if there is more than one HIPC, and state oversight of HIPC.
- Enact HIPC legislation.
- Enact global budget legislation.
- Promulgate rules and regulations.
- Accelerate the formation of AHPs.
- Restructure state government health agencies and funding.
- Set-up data systems to monitor performance.

Timing. Must be completed in 18 months of enactment of legislation.

Financial Incentives. Planning money of \$100 million should be available by October 1, 1993 to assist in planning. Additional funding of \$200-400 million should be available to the states once the state implementing legislation is enacted. This money would be used during the implementation stage to help build capacity. If a state does not enact legislation in 18 months, the federal government would contract with an entity in the state.

Phase II Implementation of Managed Competition

The following changes would take place during this period:

- Create organizational structure of HIPC.
- Qualification of low-income people for subsidies occurs either by states or by the federal government.
- HIPCs enroll small business and begin to negotiate contracts.
- AHPs are formed and become operational.
- Medicaid population is enrolled into the HIPCs.
- State employees and other employees are enrolled into the HIPC.
- Trial run on global budgets.

Timing. Implementation must be completed 54 months after enactment of the legislation.

Financial Incentives. First states need to be held harmless for their contribution to the new system. Each state's contribution to the acute care portion of Medicaid would be calculated for the base period 1993. It would then be increased by 4 percent per year which would become the maximum state contribution for both the phase-in and after the program is fully operational. For both the acute care portion of Medicaid and the rest of the low-income population states should receive a financial incentive for early phase-in. Specifically, the federal government should pay a sliding scale enhanced match that would reduce the state contribution. For example, assume, based on the hold harmless calculation, a given state would pay 9 percent of the new low-income program while the federal government would pay 91 percent. If a state phases in this population during the first year they would get a 94 percent match, second year 93 percent match, third year 92 percent match. At the end of the third year it would have to be completely phased in. A similar incentive system should be available for the acute care portion of Medicaid. However, the enhanced match would have to be relative to current Medicaid match rates.

Phase III Implementation of Global Budgets

The following changes would take place during this phase:

- Global budgets are agreed to.
- States enforce global budgets.

A process needs to be worked out that would make this a joint state/federal partnership. This would include risk sharing if states go over their budgets.



March 19, 1993

TO ALL GOVERNORS:

One of the early decisions that President Clinton's Health Care Task Force must make is the respective role of states and the federal government in administering a reformed health care system. While numerous decisions must be made regarding this relationship, one of the most critical is the structure of the health insurance purchasing cooperatives (HIPCs). At a minimum, the purpose of the HIPC is to bring together small businesses and individuals in a state so that they have greater market power in negotiating with networks of physicians, clinics, and hospitals that come together as an accountable health plan (AHP). HIPCs might also include state employees and the acute care portion of Medicaid or a new program for low-income individuals. The ability of the HIPCs to negotiate cost-effective benefit plans with a number of AHPs is an essential component of managed competition.

The options for HIPC structures and governance run the spectrum from federal HIPCs to state HIPCs with very specific powers determined at the federal level, to state HIPCs with significant flexibility regarding structure and governance.

In order to give guidance to the Health Care Task Force, staff have drafted the attached policy paper, which outlines a state perspective on these critical issues. Over the next several weeks, staff will be preparing several additional papers, including:

- State Implications of Short-run Cost Control
- State Issues in Collapsing Medicaid into a New Program for Low-income Individuals
- Long-run Cost Control, Including Global Budgets
- Financing the New System
- Transition Issues

We would appreciate it if you could review this draft statement and fax back your views on the attached allot. If you or your staff have any questions, please call me at (202) 624-5320.

Sincerely,

A handwritten signature in black ink, appearing to read 'Raymond C. Scheppach', written over a horizontal line.

Raymond C. Scheppach

Attachments

cc: Washington Representatives
NGA State Contacts

HEALTH INSURANCE PURCHASING COOPERATIVES THE STATE VERSUS THE FEDERAL ROLE

Introduction

In most models, managed competition seeks to create competition between provider groups, while allowing states to manage and regulate delivery systems, within a federal framework that provides guaranteed health care access, coverage, consumer protection, and quality care at affordable costs for all.

In very general terms, Governors envision a managed competition structure that would include a federal or national entity to establish an overall framework, with states responsible for organizing and establishing a system of one or more Health Insurance Purchasing Cooperatives (HIPCs) or pools. At a minimum, HIPCs would purchase insurance coverage for small businesses, the self-employed, and individuals from a number of Accountable Health Plans (AHPs) that would compete on the basis of price, quality, and/or coverage. States would have maximum flexibility in defining the relationships and roles of state governments with HIPCs and AHPs.

In addition, the federal government should provide a streamlined waiver process for states wishing to pursue national goals through health care reform outside of managed competition and should allow individual states to "opt out" if federal budget or regulatory burdens are too onerous or unrealistic.

Health Insurance Purchasing Cooperatives

In managed competition, the Health Insurance Purchasing Cooperative (HIPC) is a major element for both cost containment and access expansion. Using tools such as minimum federal standards for benefits packages and federal requirements limiting risk adjustment, the HIPC provides a vehicle for small businesses, the self-employed, and individuals to consolidate purchasing power and obtain health care at affordable rates.

It is important for the federal government to develop an overall framework and national standards for HIPCs, but the states should be given significant flexibility in designing the structure, operation, and accountability of the cooperatives. Within the broad federal framework, states must be able to design their relationships with the HIPCs under their jurisdiction.

There are many reasons for extensive state flexibility. First, health care markets exhibit significant regional and local variation. Second, this country has no experience with purchasing cooperatives that cover more than a small portion of the purchasing market. These new cooperatives may cover a greater percentage of the market, which means that we must experiment with different ways of organizing the cooperatives. Third, assuming that large employers have a choice to operate within the pool or on their own (ERISA), significant concerns are raised about risk selection and cross subsidies. With such variation in the market, states must be able to experiment with different ways to make these systems work. Fourth, health care experts disagree about many key features of cooperative design. Rather than develop a compromise that may not work, the federal government should allow for different, coherent proposals to develop in different states.

The federal government would:

- Require each state to create at least one HIPC by a certain date. If a state fails to do so, the federal government could contract with an entity in the state until the state ultimately creates the HIPC. States can create additional HIPCs and they may want to allow competing HIPCs to be created.
- Define a minimum set of functions for the HIPCs.
 - The HIPCs will consolidate purchasing power in the health care market.
 - The HIPCs will enroll members, negotiate contracts with accountable health plans (AHPs), monitor contracts, and resolve consumer complaints.
 - The HIPCs will collect outcome, costs, and consumer satisfaction information on AHPs and make it available to employers and consumers.
- If there is an employer mandate, the federal government would require that all small businesses, e.g., up to 100 employees and the self-employed, enroll in the HIPCs.
- Require that all state government employees enroll in the HIPCs.
- Require states to have a fiduciary responsibility to employers and enrollees who participate through HIPCs or in other ways.
- Define insurance guidelines for risk adjustment and underwriting used by the HIPC.

It would be up to each state to determine:

- Whether the HIPC would be a quasigovernment agency, an entity of state government, or private. Also, the state would be able to specify the governance of the HIPC, i.e., whether it is administered by a board appointed by the government or by the members.
- How many HIPCs would be created in each state and the geographical jurisdiction of each. The state also may allow for private HIPCs. The federal legislation should allow for multistate compacts for HIPCs in areas that cross state borders.
- Which additional populations should be required to enroll in a HIPC. For example, it would be up to the state to require or allow the following groups to join voluntarily: a) medium-sized firms, e.g., 100-500 employees; b) large employers above 500; c) Medicaid acute care recipients or a new program for low-income individuals; d) local government employers; and e) Medicare recipients.
- Which incentives, mandates, and regulations would be required to assure coverage and cost containment, particularly in inner city and rural areas.

- How accountable health plans would be certified as meeting the federal guidelines regarding benefit packages and other standards.
- The number and type of accountable health plans to be offered.
- The extent of health planning responsibilities to be vested in a HIPC.

Currently, state governments have a major regulatory and administrative role in health care in their respective states. Many of these functions will continue after health care reform is enacted. However, there also will be a number of additional governmental functions that will be necessary to successfully implement health care reform. Determining which general governance responsibilities should be in the HIPC and which should be in other state government agencies should be left to states.

GOVERNOR'S BALLOT

_____ I APPROVE of the statement as drafted

However, the statement could be improved as follows: _____

_____ I DISAPPROVE of the statement

The following changes would be necessary before I could approve the draft: _____

We would like your position on the following points.

1. As the statement is now written, states will decide whether to include the Medicaid or low-income populations in HIPCs. Should states have the option to include them or should states be required to include them as part of the federal framework? (check one)

_____ States should be required by the federal government to include Medicaid or a new program for low-income individuals in HIPCs.
_____ States should have the option to decide whether to include Medicaid or a program for low-income individuals in HIPCs.

2. As the statement is now written, the federal government would require states to enroll state employees in HIPCs while states would have an option to include local employees. Should states have the option to include both or should states be required to include them as part of the federal framework? (check one)

_____ The states should not change.
_____ States should be required to include state and local government employees in HIPCs.
_____ States should have the option to decide whether to include state and local government employees in HIPCs.

3. As the statement is now written, if there is an employer mandate, the federal government would require that all small businesses up to 100 employees purchase insurance through a HIPC. It is likely that this will be the low-cost option for small employers. (States would have the option to include firms with a greater number of employees.) Should that requirement change? (check one)

_____ The statement should not change.
_____ The federal government should require a minimum of firms with less than 500 employees.
_____ The federal government should require a minimum of firms with less than 1000 employees.
_____ The federal government should require that all firms be included in HIPCs.
_____ The state should have to option to decide the firm size without a federal minimum.

4. THE FOLLOWING INFORMATION IS REQUESTED TO HELP US PLAN THE PERIOD IN WHICH STATES MIGHT HAVE TO MAKE A TRANSITION TO A NEW SYSTEM.

Please estimate the number of months that would seem reasonable to have legislation passed that creates HIPCs. The current assumption is about 12 months.

_____ Months

Please estimate the number of months that would seem reasonable to have a fully operational HIPC that has enrolled a significant percentage of the market and is negotiating contracts with AHPs. The current assumption is between 12 to 18 months.

_____ Months

Please fax the statement back to

Ray Scheppach at NGA at (202) 624-5313
by COB THURSDAY, MARCH 25, 1993

State/Commonwealth _____

Governor _____

Staff Contact for questions: _____

Telephone number of staff contact: _____



March 24, 1993

TO ALL GOVERNORS:

As I indicated in my March 19 letter, I will be seeking your guidance during the next several weeks regarding key issues under consideration by President Clinton's Health Care Task Force. Last week, I asked for your reaction to a staff paper on Health Insurance Purchasing Cooperatives. Attached is a similar paper that addresses short-term health care cost containment issues.

The Health Care Task Force is considering a number of options for controlling health care costs during the next two to three years, prior to full implementation of managed competition. In view of some task force staff, short-term cost controls may be necessary to: 1) minimize the potential for health care providers to raise prices in anticipation of longer term controls or competition, 2) hold cost increases below projected levels and recapture or redirect some of the "savings" to fund subsidies for the currently uninsured when universal access is implemented, and, 3) further reduce the federal deficit. While there may be some good arguments for short-run controls, no approach is very satisfactory because it is very difficult to apply controls in a fair and equitable way. The National Governors' Association has no position on this issue.

In general, the short-term controls, if implemented, would only be in effect for several years, while the structure of managed competition is being put in place. Three short-term cost control options are receiving the most serious consideration from the task force, according to most reports. They are:

1. Implementation of price controls, similar to those employed by the Nixon administration to control costs in some sectors of the economy; OR
2. Implementation of an all-payor ratesetting system that would require private insurers to use either Medicare rates or Medicare ratesetting methodology; OR
3. Implementation of across-the-board controls on the rate of increase in health insurance premiums.

To All Governors
March 24, 1993
Page two

While each of these options has significant implications for states, the third option clearly would require the most direct state involvement in terms of implementation, enforcement, and, thus, accountability. This option could require state insurance departments to enforce premium limits. The other two options would most likely be implemented and enforced by the federal government directly on providers. States would be affected indirectly, but would not be held accountable.

In the attached paper, staff have attempted to outline a state policy regarding interim cost containment.

Again, we would appreciate it if you could review this draft statement and fax back your views on the attached ballot by Wednesday, March 31. If you or your staff have questions, please call me at (202) 624-5320.

Sincerely,



Raymond C. Scheppach
Executive Director

Enclosures

cc: Washington Representatives
NGA State Contacts

INTERIM COST CONTAINMENT

The nation's Governors are committed to serious attempts to control health care costs. We have endorsed limitations on the deductibility of health insurance benefits, changes to the medical liability system, and the creation of Health Insurance Purchasing Cooperatives, all measures that will help curb runaway health care spending. In addition, we have expressed support for the development of national expenditure targets, along with the development of the databases necessary to accurately project and track health care expenditures.

Managed competition offers an opportunity to control health care costs effectively, and without micromanagement of the health care delivery system. We heartily endorse movement toward integrating delivery systems, capitated reimbursement arrangements, and greater cost-consciousness on the part of health care purchasers.

The National Governors' Association has no policy on short-run price controls. However, the following policy points are important to states:

- States do not want to be accountable for interim cost containment. It would be too large a burden for states while they are simultaneously building capacity for managed competition. It is more important for states to focus on the long-run implementation of the new program rather than on short-run cost control. This should be an issue between the federal government and providers.
- There should, however, be a state opt-out for those states that want to implement an alternative approach as long as they meet the general goals of the national cost control strategy. This may include states that have their own well-developed ratesetting systems or those that may want to accelerate the implementation of global budgeting.
- Even with a short-run control strategy that is implemented nationally, states should have the option of requesting that controls be removed early provided that they meet some objective criteria. For example, a state could request that national price controls come off once a cooperative is fully operational and a given percentage of the population is enrolled in accountable health plans, and/or a global budget is operational. Such an approach may provide an incentive to accelerate the formation of accountable health plans.
- Cost control measures should be implemented in a manner that results in systemwide control and not in shifting of costs from one payor to another. There is considerable risk that such controls will shift cost to Medicaid and thus the Boren amendment must be alleviated or addressed. During this time period, states also must be able to more easily implement managed care systems for Medicaid beneficiaries.
- There should also be a way to adjust controls to favor primary care physicians and special exemptions should be available for rural and inner city providers.
- Governors would like to see the transition to managed competition take place as quickly as is possible, without a wholesale disruption of our health care system. It is, therefore, important to facilitate a rapid and smooth transition from interim cost controls to full-fledged managed competition. Care must be exercised so that short-run price controls do not become an impediment to the structural change that is required to implement managed care.

GOVERNOR'S BALLOT
on Interim Cost Containment

_____ I APPROVE the statement as drafted.

However, the statement could be improved as follows: _____

_____ I DISAPPROVE of the statement.

The following changes would be necessary before I could approve the draft:

Please fax the ballot back to:

Raymond C. Scheppach at NGA
(202) 624-5313
by COB WEDNESDAY, MARCH 31, 1993

State/Commonwealth _____
Governor _____

Staff Contact for questions: _____
Telephone number of staff contact: _____