



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

August 11, 1993

MEMORANDUM FOR: Bruce Vladeck
FROM: Nancy-Ann Min *NAM*
SUBJECT: Home- and Community-Based Care and Freedom-of-Choice Waivers

As you know, Kathi Way advised me on Friday of the discussions and tentative agreement between HCFA and NGA concerning proposed policy changes to home- and community-based care and freedom-of-choice waivers. This memorandum outlines my initial observations about the proposals, based on information we received Friday afternoon. As I have said many times, OMB is committed to streamlining this waiver process to the greatest extent possible, consistent with our responsibility to collect sufficient data to review the costs and benefits of each waiver application effectively. I should also state, however, that it is my understanding that no one from OMB was involved in your discussions with the NGA about changes to the home- and community-based care and freedom-of-choice waiver process (in contrast with the discussions concerning the §1115 waivers, in which we were fully involved). Some of the changes HCFA and NGA have discussed involve substantial potential costs, and I am concerned that your discussions have proceeded to such an advanced stage without our being consulted.

Home- and Community-Based Care Waivers. Significant additional costs are involved in removing the so-called "cold-bed" test (the HCFA Actuary estimates \$500 to \$800 million over five years). I am concerned that these costs could create entitlement cap problems under Executive Order 12857, to the extent that the additional spending for liberalized home and community-based care waivers is not reflected in current Medicaid baseline projections. Given the advanced stage of your negotiations with NGA, I will not recommend that OMB oppose the elimination of the "cold-bed" test. As we have discussed, however, the new entitlement cap executive order provides one more reason why we must avoid this situation in the future if we do not want to place the Administration in the embarrassing position of breaching the caps.

Eliminating the "cold-bed" test will require OMB review of §1915 (c) waivers to ensure that additional Federal costs are not being incurred. Accordingly, the formal information request for §1915 (c) waivers should reflect OMB as well as HCFA concerns. To create a smooth, cooperative process, OMB and HCFA should review these waivers on a parallel track -- consistent with the proposed approach for §1115 waivers.

We believe that HHS should also consider a uniform needs assessment process for §1915 (c) waivers that is nationally consistent. Requiring all States to use the same standards (e.g., limitations in at least three activities of daily living) would ensure that

home- and community-based services are targeted to the individuals who truly need them. In addition, these standards would be consistent with those outlined in the President's health care reform proposals.

I understand that HCFA has deferred consideration of NGA's request to convert §1915 (c) waivers to State plan options. I agree with this decision; such a change would substantially reduce Federal oversight of these programs and could lead to significant increases in Medicaid spending.

Freedom-of-Choice Waivers. I do not oppose allowing States to use the cost-effectiveness experience of other States in an initial §1915 (b) waiver application. Such experience has some validity, but I am concerned that it should not be the only data or analysis necessary to gain waiver approval.

In addition, I would support changes that encourage Medicaid managed care, such as eliminating the 75/25 rule or converting §1915 (b) waivers to State plan options. Nevertheless, I believe that an Administration position on these changes should be carefully discussed and negotiated with Congressional leadership before commitments are made to the NGA.

cc: Ken Apfel
John Monahan
Kathi Way

This message lists Sc1115, Sc1915 (b), and Sc1915 (c) waivers that have been approved recently or for which a decision is imminent.

A Sc1115 waiver for Maryland was approved on August 9th. The State is aware of the approval, but no press release has occurred yet. HCFA staff tell us that they could time the press release in accordance with our wishes. This waiver will allow Maryland to establish a preventive and primary care program for children under the Medicaid program.

HHS intends to approve a small Sc1115 waiver for South Carolina soon. The waiver would extend the duration of family planning services for post-partum women.

One Sc1915 (b) waiver approval is imminent for California. This waiver would allow the establishment of a capitated program in the Sacramento area involving HMOs, prepaid health plans, and dental services. HCFA also intends to put Sc1915 (b) waiver review on a fast track for Colorado and Indiana, but decisions would not occur until mid-September.

HHS will approve 5 renewals of Sc1915(c) waivers: 1 in Alabama, 2 in Florida, 1 in Maryland, and 1 in Ohio.

Please let me know if you want more information.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Chief of Staff

Washington, D.C. 20201

MEMORANDUM

TO: Carol Rasco
FROM: Kevin Thurm *[Signature]*
Re: Status of Wisconsin and Georgia Demonstration Applications

Per our conversation, the following is a brief update on the Wisconsin and Georgia waiver requests:

Wisconsin

On Monday, August 9, we submitted questions to the state regarding their proposal. This was followed by a conference call on Tuesday, a written response by the state on Wednesday, and further discussions with the state on policy issues yesterday. There are significant policy issues to resolve with respect to AFDC, Food Stamps and Medicaid. We are developing terms and conditions for approval to share with the state early next week. These terms and conditions may be incomplete as we intend to resolve technical issues concurrently with policy matters in order to expedite resolution of the state's request.

Georgia

Following detailed review of the state's application, yesterday we forwarded to Georgia officials questions about their program design and, consistent with the Deputy Secretary's memorandum to the President and your response, suggestions for modifications that would facilitate federal approval. We expect to have a conference call with the state next week and are concurrently drafting terms and conditions for approval.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Washington, D.C. 20201

Facsimile Cover Sheet

To: Kathi Way

Organisation: _____

From: John Monahan

Date: 8/13/93

Intergovernmental Affairs
200 Independence Ave., SW
Room 630 F
Washington, DC 20201
phone: (202) 690-6060
fax: (202) 690-5672

Recipient's Fax Number: 456-7028

Number of pages including this sheet: 4

Remarks:

Ray Scheppach
National Governors' Association
Suite ---
444 N. Capitol St.
Washington, D.C. 20001

Dear Ray:

I am pleased that our discussions over the past few weeks have led to several proposals to improve the Medicaid waiver process, and I believe our progress has laid a solid foundation for our working relationship in the future.

~~However, as you know, we have not yet closed our discussions on all issues.~~ One outstanding issue concerns the freedom of choice waiver authority for Primary Care Case Management (PCCM) programs. Although I believe that NGA and the Department have developed the elements of an ultimate proposal (see attached), the Department has not yet secured the necessary clearances within the Administration. Nevertheless I want to assure you that the Department is committed to pursuing this matter as quickly as possible.

I appreciate the cooperation and hard work of the NGA during our discussions.

Sincerely,

Bruce C. Vladeck

NON-CAPITATED PRIMARY CARE CASE MANAGEMENT

Proposal: Permit States to operate non-capitated primary care case management (PCCM) programs through State plan amendments with focused review, rather than through a freedom-of-choice waiver.

- o Applicable Programs: Only programs that employ case managers for individual recipients on a not-at-risk basis.
 - Case managers provide or coordinate primary care and coordinate specialist and inpatient care.
 - All care, whether provided by the case manager or any other provider, is reimbursed by the State Medicaid agency on a fee-for-service basis. Case managers are not at risk for the costs of care they provide or arrange.
 - The case managers are under contract directly with the State Medicaid agency.
- o Cost Effectiveness: As under other State plan amendments, there would be no requirement of budget neutrality. Fees paid to case managers for case management would be subject to routine review of rates under section 1902(a)(30), as any other payment.
- o Quality and Access: As conditions for approval of State plan amendments, States electing this option would be required to:
 - Assure reasonable access, including consideration of distance and travel time, to care in all geographic areas and timely access to primary care and specialty referrals.
 - Assure case managers are available 24 hours a day, seven days a week.
 - Assure beneficiaries can access emergency services and family planning services without reference to a case manager.
 - Assure that case loads are limited to a reasonable number of enrollees per case manager.
 - Assure beneficiaries a choice of case managers and the ability to change case managers, upon request.
 - Provide beneficiaries and providers with appropriate education regarding rights and restrictions within the program.
 - Build and maintain various elements of system

infrastructure, (including a grievance procedure, utilization review, monitoring of quality of services, etc.).

- o State Plan Amendment Approval: States would be required to offer, as conditions of SPA approval, assurances satisfactory to the Secretary that quality and access would be provided, as noted above. The Secretary would have minimal discretion to reject applications offering satisfactory assurances.
- o Focused Review: Not more than three years after SPA approval, the State and the Federal government would participate in a focused review of the fee-for-service PCCM program, during which the State would provide evidence satisfactory to the Secretary that such access was provided and that quality assurance mechanisms were operational and effective. Lack of such evidence would be grounds for cancellation of the SPA amendment by the Secretary. A reasonable period for correction of any deficiencies would be provided.
- o Existing Programs: A State that already has a fee-for-service PCCM program in operation under a freedom-of-choice waiver (under section 1915(b)) could apply for an SPA immediately. If the waiver has been successfully renewed at least once, focused review would not be required. Focused review would be required for existing programs which have not yet gone through a waiver renewal. This review would occur at the end of the initial waiver approval period.
- o Routine Oversight: Once a PCCM program has passed its focused review, Federal oversight of the program would revert to routine levels comparable to those for other aspects of the Medicaid program. HCFA would perform routine review of utilization, case load, provider participation, etc. As with other aspects of the State plan, failure to maintain the required elements of the PCCM (and hence to operate in accord with the approved State plan) would be grounds for finding the State out of compliance with its State plan and for initiating a compliance action. In addition, the Secretary could impose an intermediate sanction, prohibiting any new enrollment in a deficient PCCM system until deficiencies were corrected.

**DISCUSSION DRAFT
POLICY PRINCIPLES FOR SECTION 1115 WAIVERS**

Approval Criteria

Under Section 1115, the Department is given latitude, subject to the requirements of the Social Security Act, to consider and approve research and demonstration proposals with a broad range of policy objectives. The Department desires to facilitate the testing of new policy approaches to social problems. The Department will:

- o work with states to develop research and demonstrations in areas consistent with the Department's policy goals;
- o consider proposals that test alternatives that diverge from that policy direction; and
- o consider, as a criterion for approval, a state's ability to implement the research or demonstration project.

While the Department expects to review and accept a range of proposals, it reserves the right to disapprove or limit proposals on policy grounds. The Department also reserves the right to disapprove or limit proposals that create potential violations of civil rights laws or equal protection requirements or constitutional problems. The Department seeks proposals which preserve and enhance beneficiary access to quality services.

Within that overall policy framework, the Department is prepared to:

- o grant waivers to test the same or related policy innovations in multiple states, (replication is a valid mechanism by which the effectiveness of policy changes can be assessed);
- o approve waiver projects ranging in scale from reasonably small to state-wide or multi-state, and
- o consider joint Medicare-Medicaid waivers, such as those granted in the Program for All-Inclusive Care for the Elderly (PACE) and Social Health Maintenance Organization (SHMO) demonstrations, and Aid to Families with Dependent Children (AFDC)-Medicaid waivers.

Duration

The complex range of policy issues, design methodologies, and unanticipated events inherent in any research or demonstration makes it very difficult to establish a single Department policy on the duration of 1115 waivers. However, the Department is committed, through negotiations with state applicants, to:

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- o approve waivers of at least sufficient duration to give new policy approaches a fair test. The duration of waiver approval should be congruent with the magnitude and complexity of the project -- for example, large-scale statewide reform programs will typically require waivers of five years;
- o provide reasonable time for the preparation of meaningful evaluation results prior to the conclusion of the demonstration; and
- o recognize that new approaches often involve considerable start-up time and allowance for implementation delays.

The Department is also committed, when successful demonstrations provide an appropriate basis, to working with state governments to seek permanent statutory changes incorporating those results. In such cases, consideration will be given to a reasonable extension of existing waivers.

Evaluation

As with the duration of waivers, the complex range of policy issues, design methodologies, and unanticipated events also makes it very difficult to establish a single Department policy on evaluation. This Department is committed to a policy of meaningful evaluations using a broad range of appropriate evaluation strategies (including true experimental, quasi-experimental, and qualitative designs) and will be more flexible and project-specific in the application of evaluation techniques than has occurred in the past. This policy will be most evident with health care waivers. Within-site randomized design is the preferred approach for most AFDC waivers. The Department will consider alternative evaluation designs when such designs are methodologically comparable. The Department is also eager to ensure that the evaluation process be as unintrusive as possible to the beneficiaries in terms of implementing and operating the waived policy approach, while ensuring that critical lessons are learned from the demonstration.

Cost Neutrality

Our fiduciary obligations in a period of extreme budgetary stringency require maintenance of the principle of cost neutrality, but the Department believes it should be possible to maintain that principle more flexibly than has been the case in the past.

- o The Department will assess cost neutrality over the life of a demonstration project, not on a year-by-year

basis, since many demonstrations involve making "up-front" investments in order to achieve out-year savings.

- o The Department also recognizes the difficulty of making appropriate baseline projections of Medicaid expenditures, and is open to development of a new methodology in that regard.
- o In assessing budget neutrality, the Department will not rule out consideration of other cost neutral arrangements proposed by states.
- o States may be required to conform, within a reasonable period of time, relevant aspects of their demonstrations to the terms of national health care reform legislation, including global budgeting requirements, and to the terms of national welfare reform legislation.

Timeliness and Administrative Complexity

The Department has begun to implement procedures that will minimize the administrative burden on the states and reduce the processing time for waiver requests. Among the steps taken by the Health Care Financing Administration (HCFA) so far are:

- o expanding pre-application consultation with states;
- o setting, and sharing with applicants, a well-defined schedule for each application, with established target dates for processing and reaching a decision on the application;
- o maintaining a policy of one consolidated request for further information;
- o sharing proposed terms and conditions with applicants before making final decisions; and
- o establishing concurrent, rather than sequential, review of waivers by HCFA components, other units of the Department and the Office of Management and Budget. The success of this strategy is evident in the approval of the major health reform proposal from Hawaii in under three months. The Department is committed to making an expedited waiver process the rule and not the exception to the rule.

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HCFA will complete the following steps to simplify and streamline the waiver process:

- o expand technical assistance activities to the states;
- o reallocate internal resources to waiver projects; and
- o develop multi-state waiver solicitations in areas of priority concern, including integrated long-term care system development, services for adolescents, and services in rural areas.

Many of these procedures have been in place for some time for AFDC waivers at the Administration for Children and Families (ACF), where response times are usually short. ACF will continue to work to streamline the AFDC waiver process and respond to state concerns.

SUMMARY OF DISCUSSIONS BETWEEN
THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)
AND THE NATIONAL GOVERNORS' ASSOCIATION (NGA)
ON HOME AND COMMUNITY-BASED SERVICES AND
FREEDOM OF CHOICE WAIVERS

AUGUST 11, 1993

This summary paper provides information on discussions between HHS and the NGA which focused on legislative, regulatory and administrative approaches to further improve the application and approval process for home and community-based services (HCBS) and freedom of choice (FOC) waivers.

Consultations with NGA have led to a series of new procedures on Medicaid program waivers that will enhance State flexibility and ease the burden on States, while maintaining program goals of access, quality, and cost containment. The following improvements will be made to the Medicaid HCBS and FOC waiver programs:

HCBS WAIVERS

1. The waiver formula will be simplified and the data required to show cost-neutrality of HCBS waiver programs will be decreased from 14 to 4 data elements. The test of State institutional bed capacity will be eliminated via the regulatory process.
2. Administrative changes will be made to:
 - limit the Health Care Financing Administration (HCFA) to only one formal request for additional information on waiver applications;
 - make the requirement for an independent assessment of State waiver performance optional;
 - disseminate a revised version of the initial and renewal waiver application formats to simplify the waiver application process for all HCBS waiver programs;
 - develop prototype waiver formats for HCBS programs serving persons with traumatic brain injuries, AIDS, and medically fragile children which will improve the waiver application process for these target populations; and
 - simplify the reporting requirements for State HCBS waiver programs.

3. NGA recommendations regarding legislative changes to convert the HCBS waiver process to State plan amendments (SPAs) were deferred by mutual agreement until States have had experience with the streamlined waiver process and the new waiver formula. If the experience demonstrates the continued need for such legislation, HHS will support it (with the exception of an NGA proposal for conversion of waivers to SPAs from one State to another).

FOC WAIVERS

Significant changes in the FOC waiver process are also envisioned or have already taken place. These are expected to result in the enhancement of State flexibility and an expansion of Medicaid managed care programs.

1. The following administrative changes have taken place as a result of the NGA discussions:
 - States will be allowed to use other States' waiver experience on cost effectiveness projections in developing initial managed care waiver programs.
 - Pre-determined approval criteria and streamlined applications have been further developed and refined, including the development of a streamlined waiver application for capitated programs.
2. HHS supports the following legislative proposals to FOC waivers:
 - A legislative change which will allow 1 month continuous eligibility to recipients in a managed care plan, thereby easing the administrative burden on States and managed care plans caused by late income reports from clients.
 - A legislative change which will extend the period of approval for FOC waivers from 2 to 3 years for new waivers and from 2 to 5 years for renewal waivers. This will ease the administrative burden on States.
 - HHS will support legislation to allow States to limit client choice to a single HMO in rural areas if there is only one HMO available to serve Medicaid recipients. Rural areas, and any conditions, will be defined through the legislative and regulatory process.

- Additionally, HHS will support legislation to eliminate the 75/25 enrollment composition requirement and convert FOC waivers to SPAs; however, HHS will not support implementation of such legislation until the managed care quality assurance guidelines (currently being evaluated in three States) have been determined to be a valid means of assessing the quality of care delivered to Medicaid recipients enrolled in prepaid capitated plans.

These initiatives, combined with the quality assurance activities undertaken by HCFA and other efforts to develop standards on fiscal solvency and marketing practices, will facilitate State efforts to expand Medicaid managed care.

WAIVER TECHNICAL ASSISTANCE

HHS will improve communications and technical assistance to States to expedite waivers by:

- making increased use of early informal consultation to resolve issues on waivers under review;
- continuing to review draft submissions of waiver requests in an effort to assist States prior to formal submission of waiver proposals;
- developing technical assistance guides on areas of specific interest in waivers;
- providing technical assistance during waiver development so that issues can be resolved prior to submission of the request; and
- awarding an outside contract to develop a clearinghouse of information on approved waivers.



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Roy Romer
Governor of Colorado
136 State Capitol
Denver, CO 80203-1792

Dear Governor Romer:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective welfare reform waiver for your State.

As you know, we received your Section 1115 waiver application on June 30, 1993. On August 9, we sent your staff an initial analysis paper outlining the issues which require further clarification or discussion. If agreement can be reached on these issues, we will be in a position then to draft the terms and conditions of the waiver.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or David Siegel of the Administration for Children and Families at (202) 401-9215.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Jim Edgar
Governor of Illinois
State Capitol, Room 207
Springfield, IL 62706

Dear Governor Edgar:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective welfare reform waiver for your State.

As you know, we received Illinois' waiver application for the "One Step At A Time" project on October 7, 1992. Pursuant to a request from your staff, we are deferring any final action on this project until the State has completed its review of possible refinements or redesigns of the proposal.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or David Siegel of the Administration for Children and Families at (202) 401-9215.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Terry Branstad
Governor of Iowa
State Capitol
Des Moines, IA 50319-0001

Dear Governor Branstad:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing effective welfare reform and health care waivers for your State.

As you know, we received Iowa's application for a waiver to implement the "Iowa Family Investment Program" on April 29, 1993. Since then, discussions have been held between our respective staffs to address a number of specific provisions contained in the waiver application. In this regard I am informed that we are close to agreement on all major issues; you can be assured that a final decision on this waiver application will be issued in the very near future.

We received your waiver application for the "Iowa Medicaid Demonstration Project on Asset Transfers" on April 5, 1993. In the ensuing months, our staffs have worked closely to identify and clarify issues of concern. Again, I anticipate final action on this proposal shortly.

If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental

Affairs, at (202) 690-6060, David Siegel of the Administration for Children and Families at (202) 401-9215, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Brereton C. Jones
Governor of Kentucky
State Capitol
Frankfort, KY 40601

Dear Governor Jones:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective health care waiver for your State.

As you know, we received your waiver application for the "Kentucky Medicaid Access and Cost Containment Demonstration Project" on March 30, 1993. Since then, our respective staffs have worked closely to identify and clarify issues of concern. I anticipate final action on this proposal in the very near future.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable William Weld
Governor of Massachusetts
State House
Boston, MA 02133

Dear Governor Weld:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective welfare reform waiver for your State.

As you know, we received your application for a child care co-payment demonstration on January 14, 1993. Since then, our respective staffs have discussed a number of issues relating to this proposal. My staff will be sending to you in the near future an analysis of the issues which remain to be resolved, which include the impact of co-payments on the monthly grant benefits of recipients.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or David Siegel of the Administration for Children and Families at (202) 401-9215.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable David Walters
Governor of Oklahoma
State Capitol
Oklahoma City, OK 73105

Dear Governor Walters:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective welfare reform waiver for your State.

As you know, we received your application for a waiver concerning school attendance by certain recipients on December 28, 1992. We reviewed the proposal and forwarded to your staff for review and comment draft terms and conditions on July 16, 1993. Once agreement is reached on the terms and conditions for the demonstration, we will be in a position to issue a final decision on this waiver application.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or David Siegel of the Administration for Children and Families at (202) 401-9215.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Bruce Sundlun
Governor of Rhode Island
State House
Providence, RI 02903

Dear Governor Sundlun:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective health care waiver for your State.

As you know, we received your waiver application for the "Rhode Island Rite Care Project" on July 2, 1993. Since then, our respective staffs have worked closely to identify and clarify issues of concern. I anticipate final action on this proposal in the very near future.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Carroll A. Campbell, Jr.
Governor of South Carolina
P.O. Box 11369
Columbia, SC 29211

Dear Governor Campbell:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing effective welfare reform and health care waivers for your State.

As you know, we received your application for a work experience waiver on December 9, 1992. Since that time, I understand discussions between our respective staffs have resulted in amendments to the original application. On July 20, 1993, we forwarded to your staff our comments about the proposed amendments as well as our concerns about the proposed sanction for non-compliance. These issues will need to be fully resolved before I will be in a position to issue a final decision on the waiver application.

The Department received your revised waiver application for the "Proposed Extension of Medicaid Benefits for Post Partum Women" on June 23, 1993. Our respective staffs have worked closely since that time to identify and clarify issues of concern. I anticipate final action on this proposal in the very near future.

If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental

Affairs, at (202) 690-6060, David Siegel of the Administration for Children and Families at (202) 401-9215, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Ned Ray McWherter
Governor of Tennessee
State Capitol
Nashville, TN 37243-0001

Dear Governor McWherter:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. As we discussed recently, I am committed to work with you in developing an effective health care waiver for your State. We received your waiver application for the "TennCare Program" on June 17, 1993. Since then, our respective staffs have worked closely to identify and clarify issues of concern. I anticipate final action on this proposal by September 17, 1993.

If you have any further questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Douglas Wilder
Governor of Virginia
State Capitol
Richmond, VA 23219

Dear Governor Wilder:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective welfare reform waiver for your State.

As you know, we received your application for a multi-faceted demonstration on July 16, 1993. At this time, our review of the waiver is in its initial stages. We will forward to your staff an analysis paper outlining the issues we believe need further clarification or review by August 12, 1993. I would also note that the scope of this waiver is such that the Internal Revenue Service and Department of Housing and Urban Development will need to address certain portions.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or David Siegel of the Administration for Children and Families at (202) 401-9215.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Michael Sullivan
Governor of Wyoming
State Capitol
Cheyenne, WY 82002-0001

Dear Governor Sullivan:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective welfare reform waiver for your State.

As you know, we received your waiver application for the "New Opportunities and New Responsibilities Program" on May 20, 1993. Since then, our respective staffs have worked closely to develop the terms and conditions of the waiver. I anticipate final action on this proposal in the very near future.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or David Siegel of the Administration for Children and Families at (202) 401-9215.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Lawton Chiles
Governor of Florida
State Capitol
Tallahassee, FL 32399-0001

Dear Governor Chiles:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective health care waiver for your State.

As you know, on April 7, we received your request for renewal of your home and community-based services waiver which serves frail elderly individuals in Broward and Dade counties. This waiver is known as the "Channeling Waiver." Since then, our respective staffs have worked closely to resolve pending issues. As a result, I anticipate this renewal request can be approved in the very near future.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Robert P. Casey
Governor of Pennsylvania
245 East Capitol Building
Harrisburg, PA 17120

Dear Governor Casey:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective health care waiver for your State.

As you know, we received Pennsylvania's waiver modification request to expand the HealthPASS managed care waiver program, and on March 15, 1993, the Health Care Financing Administration requested additional information from Pennsylvania. The State responded to HCFA's request on June 1. I anticipate a decision will be made on this matter by August 30, 1993.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala



THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

The Honorable Jim Folsom, Jr.
Governor of Alabama
State Capitol
Montgomery, AL 36130-0001

Dear Governor Folsom:

At the NGA winter meeting last February, President Clinton and the nation's Governors discussed ways in which the Administration could encourage a streamlined approach to the development and implementation of innovative health and welfare waiver experiments. Since then, the Department of Health and Human Services has had extensive consultations with representatives from the States and NGA to find ways to facilitate this objective.

At the same time, the Department is working very hard to expedite the existing waiver process and thereby realize the potential for State experimentation in health and welfare programs. Let me take this opportunity to reiterate my commitment to work with you in developing an effective health care waiver for your State.

As you know, we received your request for a renewal of your home and community-based services waiver which serves mentally retarded/developmentally disabled individuals on June 21, 1993. While several matters need to be resolved before a decision is finalized, we are prepared to provide whatever assistance is needed to resolve the outstanding issues.

Together, the States and the Federal government can form a true partnership to improve the services we deliver to all Americans. If you have any questions regarding the waiver process or the status of your waiver, please do not hesitate to contact me or have your staff call John Monahan, Director of Intergovernmental Affairs, at (202) 690-6060, or Richard Chambers of the Health Care Financing Administration at (202) 690-8501.

Sincerely,

Donna E. Shalala

Waiver file

August 16, 1993



Health—A changing world
Office of Management and Budget
Executive Office of the President
Washington, DC 20503

Please route to: Nancy-Ann Min
Subject: Status of NGA proposals
Through: ~~Barry Clendenin~~ *tl*
~~Victor Zafra~~ *tl*
From: Nicole Sanderson *NS*
Andy Allison *AA*

Decision needed _____
Please comment _____
For your information _____
Per your request X
Take necessary action _____

With informational
copies for: VZ, CR, Chron

Phone: 202/395-4926
Fax: 202/395-3910
Room: #7002

Per your request, attached is a table listing the status of NGA's proposed changes to the Medicaid program. This table is based on the best information we have at the present time. You may wish to ask Bruce Vladeck to brief you on the status of all NGA proposals to ensure that you receive the most current information available.

*Collin — this is
the memo
mentioned
at 4:00
NSM*

**NATIONAL GOVERNOR'S ASSOCIATION
SUMMARY OF
STATE RECOMMENDATIONS FOR MEDICAID CHANGES**

<u>Administrative Proposals</u>	<u>Category</u>					<u>Resolution</u>	
	<u>Long Term Care</u>	<u>Waivers</u>	<u>DSH, Donations, and Taxes</u>	<u>Acute Care</u>	<u>Administration</u>	<u>Addressed?</u>	<u>Comments</u>
1 Approval Process		X					
2 Copays and Deductibles		X					
3 Presumption of Approval		X					
4 Timeliness of Waivers		X				X	new waiver policy
5 Frivolous Limits		X					
6 Approval Criteria		X					
7 Waiver Dead-Ends		X					
8 Other State Experience		X				X	new waiver policy
9 Pre-Determined Approval Criteria		X					
10 Freedom of Choice in Managed Care		X				X	new policy - rural areas only
11 Cold-Bed rule		X				X	new waiver policy
12 General		X				X	new waiver policy
13 Service Package		X				X	new waiver policy
14 Waiver formula		X				X	new waiver policy
15 Re-Application		X					
16 Claims Forms					X		
17 Regional Differences					X		
18 Reporting Requirements					X		
19 Technical Assistance					X		
20 Timely Information					X		
21 Refocus Audit Efforts					X		
22 Allow Rejection of Foreign Nationals				X			
23 Issue Regulations				X			
24 Service Flexibility				X			
25 Screening Rates				X			

**NATIONAL GOVERNOR'S ASSOCIATION
SUMMARY OF
STATE RECOMMENDATIONS FOR MEDICAID CHANGES**

<u>Administrative Proposals</u>	<u>Category</u>					<u>Resolution</u>	
	<u>Long Term Care</u>	<u>Waivers</u>	<u>DSH, Donations, and Taxes</u>	<u>Acute Care</u>	<u>Administration</u>	<u>Addressed?</u>	<u>Comments</u>
26 Free Care Policy				X			
27 Reimburse Facilities for Inpatient Care				X			
28 Prohibition of Regulations			X				
29 Enforcement Regulations	X						
30 Transfer of Assets	X					X	OBRA 93
31 OB / Peds: OBRA 89 Regulations				X			
32 Survey and Certification	X						
33 Prior Authorization				X		X	OBRA 93
34 New Drugs				X		X	OBRA 93
35 Timeliness					X		
36 Approvals					X		
37 Approval Process					X		
38 Other States' Experience					X		
39 Waivers		X					
40 Growth for Low DSH States			X			X	Issued new regulation, 8/13/93
41 Part Year DSH Allotments			X			X	New regulation
42 Additional Flexibility			X		X	X	New regulation
43 Six Percent Test			X		X	X	New regulation
44 Other Direct Costs			X			X	New regulation
45 Additional Classes			X			X	New regulation
46 Limit Preamble Discussion			X			X	New regulation
47 Standards			X		X	X	New regulation
48 Waiver-Pooling Arrangements			X			X	New regulation
49 Only Prospectively Applied			X		X	X	New regulation

**NATIONAL GOVERNOR'S ASSOCIATION
SUMMARY OF
STATE RECOMMENDATIONS FOR MEDICAID CHANGES**

<u>Legislative Proposals</u>	<u>Category</u>					<u>Resolution</u>	
	<u>Long Term Care</u>	<u>Waivers</u>	<u>DSH, Donations, and Taxes</u>	<u>Acute Care</u>	<u>Administration</u>	<u>Addressed?</u>	<u>Comments</u>
1 General Waiver to State Plan I		X					
2 General Waiver to State Plan II		X					
3 1915(b) Continuous Eligibility		X				X	new waiver policy: rural only
4 1915(b) Elimination of Waiver		X				X	waiver policy: PCCMs only
5 1915(b) Rural Areas		X				X	new waiver policy
6 1915(b) 75/25 Rule		X				X	under consideration
7 1915(b) Waiver Duration		X					
8 1915(c) Elimination of Waiver		X				X	consideration deferred
9 Technical Disallowances					X		
10 Eligibility Categories				X			
11 Pregnant Women and Children				X			
12 EPSDT Scope of Services				X			
13 Medicaid Qualifying Trusts	X					X	OBRA 93
14 Nurse Aid Training	X						
15 OBRA 87 Enforcement	X						
16 PASARR	X						
17 Personal Care	X					X	OBRA 93
18 Transfer of Assets	X					X	OBRA 93
19 Beneficiary Copayments				X			
20 Boren				X		X	in progress - Task Force
21 OB and Pediatricians				X			
22 Formularies				X		X	OBRA 93
23 New Drugs				X		X	OBRA 93
24 Repeal the QMB Program				X			
25 OB/Pediatric Care				X			
26 Third Party Liability					X	X	OBRA 93
27 Taxes and Donations			X				

ACF - WELFARE REFORM: SECTION 1115 WAIVER ACTIVITY - September 3, 1993

STATE	INITIATIVE	KEY DATES	COMMENTS
APPROVED			
Iowa	Multi-faceted proposal including: changes in income disregards, increased resource limits, limiting JOBS exemptions, extending child care transitional benefit to 24 months, requiring most parents to develop self-sufficiency plan which includes individually based time limit on public assistance; those refusing to develop a plan can be terminated from AFDC and cannot re-apply for 6 months.	Appl. Rec'd 4/29/93	Appl. Approved 8/13/93
Vermont	Require participation in subsidized employment after 30 mo for AFDC and 15 mo for AFDC-UP cases, broaden AFDC-UP eligibility, change earnings disregards, change JOBS exemptions, disburse child support to AFDC family, require most minors to live in supervised setting, extend eligibility in child-only cases.	Appl. Rec'd 10/27/92	Appl. Approved 4/12/93

.SEP-10-1993 14:37 FROM HHS/ACF/POLICY&EVALUATION TO WH/K. WAY P.02/11

Wyoming	Require able-bodied AFDC applicants and recipients to work or perform community service, require school attendance for those 16 and over, change sanction penalties for non-compliance with work requirements, increase resource limit for employed families, limit or eliminate AFDC benefits in certain cases where recipient is in post-secondary ed. program, provide JOBS to non-custodial parents court-ordered to participate, provide lesser of benefit for Wyoming or prior state of residence for 12 mo. for new residents.	Appl. Rec'd 5/20/93 Appl. Approved 9/1/93	Denied additional waiver request to provide lesser of benefit for Wyoming or prior State of residence.
DENIED			
Illinois	Would have paid lesser of previous State of Illinois benefit for 12 months for new residents.	Appl. Rec'd. 10/7/92 Appl. Don'd. 8/3/93	
RECEIVED			
Arkansas	Eliminate increased AFDC benefits for additional children; provide special counseling to 13-17 yr olds and require participation in educational activity.	Appl. Rec'd 1/14/93	Issues analysis paper sent to State and Federal reviewers 8/23.

Colorado	Establish a 2-year time limitation sanction for non-cooperative employable AFDC adults; consolidate AFDC, Food Stamp, and Child Care benefits into a single comprehensive benefits package; disregard a portion of all earned income, replacing all current income disregards; require all AFDC households with children under the age of 24 months to have current immunization, failure to comply will result in a financial sanction; provide incentives to participants who graduate from high school or obtain a GED; exempt the asset value of one care; and increase the resource limit to \$5,000 for those families with an able-bodied adult who is employed or has been employed within the last 6 months.	Appl. Rec'd 6/30/93	Analysis paper sent to State 8/9. Conference call with State 8/17. Draft Terms and Conditions sent to Federal reviewers 8/18.
Georgia	Provide family planning and parenting services; eliminate increased AFDC benefit for additional children; require able-bodied adults to accept full-time employment if they are not caring for children under 14.	Appl. Rec'd 5/18/93	Analysis paper sent to State 8/11. Terms and Conditions sent to Federal reviewers 8/23.
Illinois	Provide incentives for school attendance; require participation in a Community Service Corps (CSC) for those with children under 3; provide wage subsidy for up to 6 months after completing CSC.	Appl. Rec'd 10/7/92	These waivers were tabled by the State for their reconsideration; awaiting state action.
Illinois	Change earnings disregards and increase gross income test.	Appl. Rec'd 8/2/93	Application distributed to Federal Reviewers.
Massachusetts	Require JOBS participants to pay co-payment for child care.	Appl. Rec'd 1/14/93	Analysis paper sent to State 8/13.

ACF - WELFARE REFORM: SECTION 1115 WAIVER ACTIVITY - September 3, 1993

North Dakota	Would make women in their first and second trimester of pregnancy eligible for AFDC.	Appl. Rec'd 8/19/93	Application to be mailed to Federal Reviewers 8/31.
Oklahoma	Require school attendance of AFDC recipients aged 13-18.	Appl. Rec'd 12/28/92	Draft Terms and Conditions sent to State 7/16 for their review. No response to date.
South Carolina	Provides for work experience at for-profit sites, disregard of training allowances, changes to earnings disregards.	Appl. Rec'd 12/9/92	Sent State 7/20 analysis paper regarding issues needing further discussion or clarification. Telephone call with state staff indicate that this is not currently a priority.
South Dakota	Time limit cash benefits for 24 mo. for those assigned to employment-readiness track and for 60 mo. for those in training track followed by required employment or volunteer service; total family ineligibility for 3 mo. for voluntarily quitting employment; provide one month transitional allowance after case closes due to earnings; disregard earned income and other assets of full-time students.	Appl. Rec'd 8/6/93	Application distributed to Federal reviewers. Analysis paper sent to Federal reviewers.

.SEP-10-1993 14:38 FROM HHS/ACF/POLICY&EVALUATION TO WJK. WAY P.05/11

Virginia	<p>1) Up to 600 participants would voluntarily exchange AFDC/Food Stamp benefits for jobs expected to pay \$15-18,000/yr. Training stipends equal to AFDC and FS benefits would be paid initially. 2) Provide additional 24 mo. child care and Medicaid transition benefits. 3) Establish a child support insurance program for those leaving AFDC due to earnings. 4) Disregard step-parent income when AFDC recipient marries; increase resource limit to \$5,000 for education and housing purposes; extend AFDC eligibility to full-time students until age 21.</p>	<p>Appl. Rec'd 7/13/93</p>	<p>Analysis paper sent to State 8/12. Conference call with State 8/20. ACF drafting Terms and Conditions.</p>
Wisconsin	<p>Provides a maximum of 4 years eligibility with cash benefits for up to 2 years and 12 mo. transitional medical and child care benefits; no cash benefits available for a period of 36 months after last month in which a demonstration benefit was paid; cash-out food stamps and make part of the benefit; education and training services provided; CWEP placements or public job required for those who remain unemployed; changes JOBS exemptions; no additional benefit for children born to AFDC families; child support payments will be directed to the family and counted as income; fixed period of benefit calculation.</p>	<p>Appl. Rec'd 7/14/93</p>	<p>Draft Terms and Conditions (excluding Implementation section) sent to State 8/20. Conference call with State 8/26.</p>

PRE-APPLICATION CONTACT

SEP-10-1993 14:39 FROM HHS/ACF/POLICY&EVALUATION TO WJK. WY P.06/11

Alaska	Would repeal 100-hour rule for AFDC-up; expand working incentives; increase resource and vehicle asset limit; eliminate "new job" requirement for work supplementation and extend transitional medicaid benefits.	ASPE official met with State Staff 6/22.
California	Implement Cal. Learn, a Learnfare program that provides both bonuses and sanctions. Increase the resource limit to \$2,000 and the automobile exemption to \$4,500 and allow savings of up to \$5,000 in restricted accounts. Create an Alternative Assistance Program that allows AFDC applicants and recipients with earned income to choose Medicaid and Child Care Assistance in lieu of a cash grant. Allow for alternative to the current systems of monthly reporting of income and family circumstances, AFDC annual redetermination, and Food Stamp recertifications. Test one or more modifications to the AFDC and Food Stamp requirements for verification of eligibility information. Modify AFDC and Food Stamp program requirements to streamline eligibility determinations by making eligibility requirements compatible between the two programs. Provide supplemental child care payments to working AFDC recipients who have child care costs in excess of the child care income disregard amount. Implement multiple reforms to the GAIN (JOBS) program. Conduct a demonstration, in up to 3 counties, of alternatives to the current monthly reporting system, AFDC redetermination, and Food Stamp recertification for recipients of Alternative Assistance.	State officials met with ACF Staff on 7/19 on plans to apply for additional waivers.

Connecticut

Statewide, would remove deprivation requirement in AFDC to allow children to receive assistance even if living with both parents, increase resource and vehicle asset limits and increase child support pass through to \$100. In selected pilot sites, would decrease AFDC cash benefits and cash-out Food Stamps, impose a time limit on eligibility, create a child support assurance system, increase earned income disregards, establish even higher asset limits, and extend medical, child care and case management supports after a case is made ineligible due to earnings.

State officials met with ACF staff on 7/21 to discuss applying for waivers.

Florida

With some exceptions, AFDC benefits will not be received for more than 24 months in any 60-month period by applicants and current recipients. Would also replace the current \$90 and \$30 and one-third disregards with a single, non-time-limited disregard of \$200 plus one-half remainder; eliminate the 100-hour rule, the required quarters of work, and (on a case-by-case basis) the 6-month time limit requirements in the AFDC-UP program. Increase transitional Medicaid and child care benefits; disregard the income of a stepparent whose needs are not included in the assistance unit for the first 6-months of receipt of public assistance, raise the asset limit to \$5,000 plus a vehicle of reasonable worth used primarily for self-sufficiency purposes. Require school conferences, regular school attendance, and immunizations; and lower age of child for JOBS exemption to 6-months.

Draft application received and analyzed by ACF. Oral comments to State on 8/4. Formal application expected soon.

.SEP-10-1993 14:40 FROM HHS/ACF/POLICY&EVALUATION TO WH/K. WAY P.08/11

Minnesota	Would increase vehicle issue limits and earned income disregards for students.	Plans to apply for waivers. Preliminary materials sent by State.
Mississippi	Two work programs would be implemented in different locales, one of which would expand earned income disregards, and the other would emphasize work supplementation. In addition learnfare, mandatory immunizations, and other provisions would be implemented statewide.	Proposal being developed by State. State representatives met with ACF staff 7/28 and 9/8.
Nevada		Contacts received from state; application expected.
New Hampshire	AFDC applicants and recipients would have the first \$200 plus 1/2 the remaining earned income disregarded.	State called 8/11 to seek guidance and assistance. State submitted draft application 8/13 for comment. Comments sent to State 8/27.
Pennsylvania	The Penn. Governor's task force has recommended a number of new provisions designed to help AFDC families move toward work and independence. These provisions would establish mutual responsibility, eliminate disincentives to work, strengthen families and support children, promote economic independence with a number of disregards and intensive case management, and simplify the process.	Program presented by Penn. in a meeting on 7/13 with ACF Staff. Application expected. Conference call with State 8/31; State will send draft materials soon.

ANTICIPATED

Kansas

Would eliminate 100-hour and work history rules for AFDC-UP cases, make case eligibility dependent on experience to a self-sufficiency plan, increase earned income disregards, extend medicaid transition benefits, exempt assets of one vehicle, extend CWEP and OJT activities to include private businesses, provide case incentives for staying in school, establish coordinated teen pregnancy prevention effort and other initiatives targeting youth at-risk of long-term welfare dependency, guarantee payment of child support, seek voluntary acknowledgement of paternity, allow fathers of unborn child to receive assistance if they acknowledge paternity, establish electronic benefit transfer (EBT).

Proposal being developed by State.

Massachusetts

Letter received from congressional delegation supporting earned income disregard waiver; however, we have not received a request from the state. ACF responded to State's letter of intent that approval would be subject to cost neutrality.

Montana

Would time-limit welfare, placing individuals in CWEP after time-limit expires.

Proposal being developed by State.

Oregon

Require individuals to work in supplemented employment at State minimum wage.

State developing proposal based on initiative passed by voters.

WH/K. WAY P. 10/11
HHS/ACF/POLICY&EVALUATION TO
FROM 14:40
SEP-10-1993

Texas	Would apply earned income against the need standard rather than the payment standard.	ACF Regional Office staff indicate the State staff are considering submission of a waiver application.
Washington	Legislation involves methods of calculating benefits and elimination of the 100-hour rule for AFDC-UP cases.	ACF Regional Office staff indicate that State legislation which would require waivers is being considered. 6/24 ACF had telephone call with state staff to discuss application procedures.

SEP-10-1993 14:41 FROM HHS/ACF/POLICY&EVALUATION TO WJK. WAY P.11/11

Proposal requires HMOs in Medicaid

Officials want to have all the Medicaid clients in six southeastern counties enrolled in managed-care systems.

By Wanda Motley
INQUIRY STAFF WRITER

HARRISBURG — State welfare officials intend to divide Philadelphia and five surrounding counties into three zones as part of an initiative to require all Medicaid clients to obtain health care through managed-care networks.

The plan calls for Philadelphia to be apportioned among three zones that will reflect compass points — northeast, northwest and southern.

HMOs and other managed-care groups must compete for more than \$1 billion in Medicaid contracts under what bureaucrats call "request for proposal." Under a low-bid process, such requests allow officials to consider factors other than the amount of the bid in determining who gets the business.

Berks, Bucks, Chester, Delaware and Montgomery Counties are covered by the mandate.

Bucks will be part of the northeast zone, while Delaware will be in the southern zone. Chester, Berks and Montgomery will make up the northwest zone.

Karen F. Snider, Public Welfare secretary

The Philadelphia Inquirer
8-27-93
Pg. 1 of 2

"It's primarily based on population," said Public Welfare Secretary Karen F. Snider, referring to how the six-county region was divided. She said the zones would each have roughly the same number of Medicaid clients.

The managed-care plan for Philadelphia and its environs would be the first wave of an initiative, backed by Gov. Casey and key legislative leaders, to require all Medicaid recipients statewide to enroll in HMOs.

With managed care, patients have a primary-care doctor who provides routine care but must authorize any visits to specialists.

State welfare officials have said such a system would save millions of dollars on Pennsylvania's annual \$5-billion Medicaid bill, and at the same time improve care to the poor. They estimate the Philadelphia-area program will save \$40 million in the first year.

"This is going to be providing direct access to services," Snider said. "Everybody will have a primary-care physician, which most Medicaid people don't have now."

All Medicaid clients in the six-county region would have to enroll in a HMO or other managed-care network. About 160,000 clients in the region have already opted to join.

See MEDICARE on B4

Pg. 2 of 2

Proposal would combine HMOs, Medicaid

MEDICARE was 21 HMOs. About 330,000 additional citizens would be brought into a managed-care setting as a result of the mandate, Snider said.

But before state officials can move on any mandate, Pennsylvania must first get approval from the federal government to change the way it provides care to its Medicaid population. State officials have said they expect to get the go-ahead Tuesday, and have planned a series of briefings next week around the region. If approved, the managed-care system would get underway next fiscal year, which begins July 1.

One important question welfare officials have yet to answer is whether a bidder can be awarded more than one contract. Allowing this could create a virtual monopoly on providing medical care to the region's poor.

Mary Ellen Frits, a spokeswoman for the Welfare Department, said officials had "a lot of considerations" on the one bidder-one contract question, including whether the initiative should require different health care providers — possibly at high costs — for the sake of competition.

A single provider could have the best services at the best prices for all three zones, Frits said. "One bidder

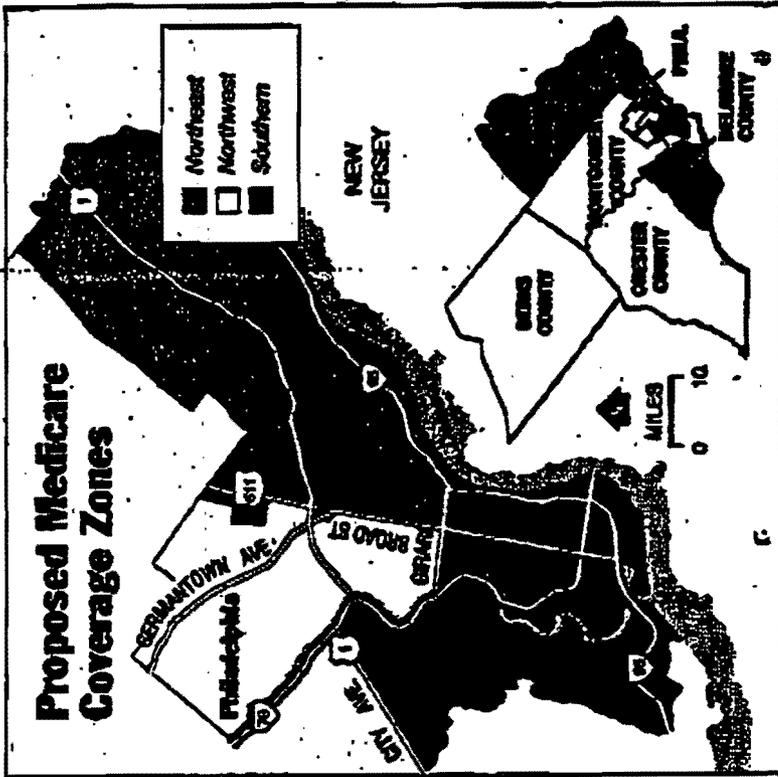
might be the absolute best," she said. This single-provider model has been in use in a small way in Philadelphia since 1988, when state officials began the HealthPass program for Medicaid clients who live in Southwest and West Philadelphia.

Last year, welfare officials said they were negotiating with executives for HealthPass and four HMOs — Greater Atlantic, Keystone Health Plans East, Health Partners and Mercy Health Plan — about the managed-care expansion.

As with other managed-care groups, the administrator of HealthPass, Healthcare Management Alternatives Inc., has drawn criticism in recent years for high profit margins. Last year, federal auditors cited concerns about what they called "substantial" earnings.

Under the new mandate, Snider said, there would be a cap on profit-making, but she declined to be more specific. "There has to be a high degree of accountability in how these funds are used," she said.

The managed-care groups would also have to provide outpatient treatment for drug and alcohol abuse and mental illness. The HealthPass program was not required to provide those services.



The Philadelphia Inquirer