

Administration Softens Stance on Medicaid Family Planning Waivers

The Bush administration appears to have retreated from its hard-line opposition to state proposals to extend Medicaid eligibility for family planning to individuals whose incomes are low but who nonetheless are not eligible for full Medicaid coverage. The saga began in July, when the Department of Health and Human Services (DHHS) announced that it no longer would approve requests from the states for approval of programs that would expand eligibility exclusively for family planning services and supplies. Instead, these “waiver” programs would be required to include coverage of at least some other primary care services along with family planning, which many states said would make their expansion efforts prohibitively expensive (“Administration’s New Medicaid Rules Could Limit Family Planning,” *TGR*, August 2001, page 12).

Since 1993, 14 states have obtained approval to extend eligibility for family planning to populations that would otherwise not be eligible; data collected by The Alan Guttmacher Institute indicate that these programs serve at least 1.3 million enrollees a year. Several additional states—significantly including Wisconsin, whose application was submitted by then-governor and current DHHS Secretary Tommy G. Thompson—have waiver requests pending.

Reaction to the policy change was immediate. Within days, Sen. Lincoln Chafee (R-RI) and Rep. Nita M. Lowey (D-NY), along with 23 of their colleagues, introduced legislation to allow states to implement family planning expansions without first having to obtain a federal waiver. Shortly thereafter, a bipartisan group of senators wrote Sens.

Tom Harkin (D-IA) and Arlen Specter (R-PA), the chairman and ranking minority member, respectively, of the subcommittee that handles DHHS appropriations, urging them to include in the annual funding bill language that would facilitate states’ ability to expand Medicaid coverage for family planning.

While Congress so far has taken no formal action, the administration clearly is feeling the pressure. Although officials from the DHHS Centers for Medicare and Medicaid Services (CMS) initially had indicated that waiver programs would be required to include coverage of primary care services, CMS is now informing states that the primary care requirement can be met by including referrals for primary care. Specifically, states would need to establish formal arrangements with community health centers to provide primary care services to individuals enrolled in the family planning program. In addition, any materials or counseling provided to these enrollees would have to include information on how to access primary care services from community health centers.

States appear to have responded favorably to this requirement, with many saying that the cost of adding referrals would not be prohibitive. Moreover, the new linkages appear to be a comfortable fit; community health centers are charged with providing a range of primary and preventive health care to the uninsured, the same population that would be served under the family planning waivers, and are already obligated to have referral arrangements with a range of other health and social service providers (see related story, page 6). At least some states have indicated that they already are building these arrangements into their waiver applications; to date, however, no waiver has yet been approved under the new rules.—*R. Gold*

Three States Awarded ‘Illegitimacy Bonus,’ But Questions Abound

In the third year that the Department of Health and Human Services has had a pot of money to award to the five states that experience the greatest reductions in their out-of-wedlock birthrate, while also experiencing reductions in their abortion rate, only three jurisdictions even made the cut. For decreases of 4%, 0.25% and 0.009%, respectively, the District of Columbia, Alabama and Michigan will receive \$25 million each. This “illegitimacy bonus” was enacted as part of the 1996 law overhauling the nation’s welfare system. However, the bonus is awarded based on reductions in the state’s overall nonmarital birthrate, encompassing all women regardless of their age or whether they receive public assistance.

It has been widely acknowledged that there is no necessary correlation between which states win the bonus and what—if anything—those states are doing specifically to reduce nonmarital childbearing; the bonus may largely be rewarding states for such external factors as demographic shifts. Moreover, questions have been raised as to whether the bonus has served to incentivize the states at all. According to an analysis published in *Family Planning Perspectives* in 1999, the establishment of the bonus program did not lead most states to institute any new policy or program initiatives around nonmarital childbearing in general; many of them, however, had programs in place before 1996 to combat teenage pregnancy and childbearing, the overwhelming majority of which are nonmarital and the rates of which, indeed, have been declining. (In contrast, the nonmarital birthrate among all U.S. women has been rising.)

Such questions, and the looming expiration of the 1996 welfare law next year, are prompting some advocates and policymakers to rethink the illegitimacy bonus. Some argue that there should be no bonus at all, that the government has no business involving itself in people's marital and reproductive decisions. Others argue that a bonus in and of itself may not be a bad idea, but that it should reward states for other things, such as reductions in child poverty rates or further reductions

in teenage pregnancy. The terms of the bonus program might also meet with efforts at fine-tuning. Some are suggesting that states that wish to be eligible for the bonus at least be required to undertake specific actions aimed at winning it and, further, that they be required to inform the federal government about what they have tried, successfully or not, so that states can learn from one another. Other questions center on how the bonus money should be spent. Currently, winning states can use the money at their sole discre-

tion. While some argue that that is the purpose of a "bonus," others say that bonus money should be redirected to the goals of the bonus program itself, or at least to other antipoverty goals that specifically would benefit low-income individuals and families. Such arguments about the current bonus program, and others, are sure to be raised in the coming year as Congress undertakes to reauthorize the welfare law.—*V. Lin* ⊕



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