

State Update

Waiting for “Cover All Kids”

As noted in the July issue of *CapWatch*, the General Assembly included funding in the Commonwealth’s FY 2006-2007 budget for “Cover All Kids,” the proposal to extend availability of CHIP coverage to all children in Pennsylvania. However, enabling legislation was not enacted concurrently with the budget. The Governor received a signed agreement from legislative leaders pledging to work throughout the summer to negotiate and draft enabling legislation that will be ready for passage in early October.

Legislative leaders, the Rendell Administration, PPC and allied advocates, and other stakeholders have held a number of meetings throughout the summer to discuss the content of the enabling legislation. PPC is hopeful that the ongoing discussions will yield positive results that will make health care coverage universally available to all Pennsylvania children.

In the meantime, the House Democratic Policy Committee’s Healthcare Excellence and Accountability Response Team is holding a series of hearings across the Commonwealth on “Cover All Kids.” Children’s advocates, pediatricians, public health advocates and Administration officials are testifying on the many benefits of health care coverage for children, the increasing need for publicly-financed health care coverage in today’s society, the strides that

Medicaid and CHIP have made in Pennsylvania to reduce the number of uninsured children in the state, and the financial sense that it makes to pay for children’s health care coverage now instead of uncompensated and expensive health care down the road.

The House Democratic Policy Committee’s Healthcare Excellence and Accountability Response Team will continue to hold hearings on “Cover All Kids” the next few weeks.

**Wednesday, September 13 –Kingston,
Luzerne County 10:00 to 12 Noon**

Tuesday, September 19 — Beaver County Area — TBA

**Tuesday, September 22 – Luzerne County —
Thomas P. Saxton Medical Pavilion
468 Northampton St. Edwardsville, PA**

Thursday, September 28 –Monroe County – TBA

**Wednesday, October 11 – Lancaster – TBA —
Full Policy Committee hearing**

The Commonwealth’s action on “Cover All Kids” is a precursor to federal reauthorization of SCHIP in 2007 – the federal program that authorizes state CHIP programs. PPC will be

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working closely with the Pennsylvania congressional delegation to highlight the great strides that Medicaid and SCHIP have made in reducing Pennsylvania's uninsured children, the need to adequately fund SCHIP to keep pace with program costs, and to grow the program to keep pace with the changing health coverage marketplace in which employer provided health care is dwindling.

ACTION ALERT

Please contact your Representative and Senator in the General Assembly and urge them to support the pledge to enact "Cover All Kids" enabling legislation this fall.

Click here to send a message through our Online Action Center:

http://www.capwiz.com/papartnerships/issues/alert/?alertid=9005116&type=ST&show_alert=1

Session Update

The Pennsylvania Senate reconvenes Sept. 19 while the House returns Sept. 25. Both chambers will be in session through mid-October before breaking for the November general election. The General Assembly will most likely reconvene after the election for a lame duck session. The 2005-2006 session of the General Assembly will expire Nov. 30.

August State Revenue Report

The Pennsylvania Department of Revenue reported that the Commonwealth collected \$1.6 billion in general fund revenue in August. The amount is \$21.4 million or 1.3 percent less than anticipated. Fiscal year-to-date general fund collections total \$3.3 billion, which is \$20.8 million – or 0.6 percent – below the official estimate.

Education News

Adequate Yearly Progress Under NCLB

Ninety-five percent of the Commonwealth's school districts made adequate yearly progress (AYP) last year or were making progress toward that goal under the federal No Child Left Behind (NCLB) Act, and 82 percent of the state's 3,121 schools made AYP or progress toward it. Both represent improvement over the prior year. The number of schools and districts achieving AYP status was the highest in any year since the implementation of NCLB in 2002.

AYP is based upon a combination of student proficiency on state math and reading exams and test participation rates, as well as attendance and high school graduation rates (only for schools with 12th grade).

To achieve AYP in 2005-06, schools and districts needed at least 54 percent of students to be proficient or advanced on the PSSA reading test and 45 percent on the math exam; this is also true of student subgroups – low-income students, minority students, and children with disabilities. Those targets will increase in 2007-08, 2010-11, and each year thereafter, reaching 100 percent in 2013-14.

Third grade test scores were considered for AYP for the first time last year (in addition to the originally tested grades – fifth, eighth, and eleventh). Next year's results also will include grades 4, 6, and 7.

In releasing the results, the Department of Education indicated that "student achievement is on the rise at all levels and Pennsylvania is on the right path to having every student proficient by 2014."

Prekindergarten Regulations

The State Board of Education is nearing completion of the state's first ever prekindergarten regulations (Chapters 4, 11, and 12). The Board's Early Childhood Education Committee approved final form regulations at its recent meeting, and the full State Board is scheduled to vote on the proposal when it meets September 20. The final form regulations include both of the changes proposed by Pennsylvania Partnerships for Children in June:

Adding a provision (removed from Chapter 49 at the request of the Independent Regulatory Review Commission) requiring head teachers in contracted community-based programs to have at least an associate's degree in early childhood education or child development if they are not yet certified in early childhood education.

Adding a requirement that districts consult with pre-K parents and community providers in developing their initial pre-K plans.

Stripped from the regulations were a series of proposed changes in school district strategic planning, some of which would have affected pre-K programs. The Board decided to withdraw those proposed changes due to widespread opposition to many of them (not affecting pre-K). It is likely that the Board will make another attempt to restructure the planning requirements at a later date.

If the State Board approves the regulations next week, this will be a milestone for Edward Donley, who has chaired the Early Childhood Committee since its establishment two years ago. This is scheduled to be his last meeting as a State Board member following 15 years of exemplary service. Donley is a member of the PPC Board of Directors.

Federal Budget Update

The new federal fiscal year (FFY 2007) begins on October 1. It looks like we will begin the new federal fiscal year without a federal budget, but with a continuing resolution so government operations can continue uninterrupted. Both chambers of Congress passed separate budget resolutions this past spring. The House has also passed all appropriations bills, except the \$141.9 billion Labor, Health and Human Services/Education appropriations bill. Moderate Republicans in the House say that the bill needs \$3 billion more to suit their needs.

The Senate version totals \$142.8 billion. Senate Labor-HHS Appropriations Chairman Arlen Specter (R-PA) is looking for an extra \$2 billion for the Senate bill. Both of these bills provide relatively flat funding for important programs such as Medicaid, child care, child welfare, job training, education, and mental health spending, as compared to the current fiscal year – with no increase for inflation. Final

action on appropriations does not appear to be imminent. Congressional observers are speculating that Congress may delay action on the federal budget, especially crafting a final Labor, Health and Human Services/Education appropriations bill, until the lame duck session (after the November general election).

On a related note, due in large part to your response to our action alerts, it appears that the Senate does not have the votes to pass a package of bills related to the budget process. The package of bills, introduced by Senate Budget Committee chairman Judd Gregg (R-New Hampshire), would force dramatic changes in both the budgetary process and appropriations outcomes. Of interest, the Gregg bills would establish a line-item veto, impose caps on funding discretionary programs, set fixed deficit targets enforced by across-the-board cuts in most entitlement programs, and establish a sunset commission to terminate and realign programs.

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PPC is closely monitoring this package of bills in order to preserve the integrity of important entitlement and discretionary programs for Pennsylvania's children.

PPC Federal Regulatory Action

On June 29, the U.S. Department of Health and Human Services (HHS) issued regulations regarding the Temporary Assistance for Needy Families (TANF) program. These regulations define the activities that are countable toward the work participation rate requirements, describe how the states must monitor and verify the hours that TANF recipients participate, and add some categories of parents who only receive benefits on behalf of their children to the work participation rate calculation. These regulations were required as part of the Deficit Reduction Act of 2005, which also substantially increased the effective targets for the proportion of TANF recipients who participate in federally countable work activities for a specified number of hours each week.

These regulations were issued on an interim final basis which means that they are effective immediately. PPC and allied organizations provided comments to HHS on the regulations. In short, PPC's comments urge HHS to: consider the ability of those TANF recipients with disabilities (as well as those recipients who must care for family members with disabilities) to participate in work activities; allow states the flexibility to combine work activities – such as work experience or vocational educational training – with activities designed to improve recipients' soft skills and look for unsubsidized employment; and apply less burdensome administrative requirements on states.

PPC and allied organizations also submitted comments to HHS on its interim final rule on Medicaid citizenship requirements. The regulations were also required as a result of the passage of the Deficit Reduction Act of 2005. In short, PPC's comments urge the Department to: provide Medicaid benefits to applicants who are making a good faith effort to secure documentation and

cooperate with their local welfare office; allow much more flexibility in the types of acceptable documentation and exceptions to the document requirements; eliminate the requirement for foster children to show citizenship documentation; allow Medicaid records of birth as adequate documentation since a Medicaid agency paid for the birth in a U.S. hospital; include a hardship exception for individuals who have experienced natural disasters such as hurricanes, flooding, and house fires, and also personal situations such as domestic violence victims who have fled their homes and possessions, and others who may not have access to their records through no fault of their own.

PPC will continue to monitor the development of final regulations by HHS and keep you apprised of important changes.

Congressional Timeline

Congress reconvened from its August recess on Sept. 5 and will remain in session through mid-October. It is expected that Congress will reconvene after the November general election for a lame duck session.

Medicare Chief to Step Down

Mark B. McClellan has announced he will step down in October as administrator of the Centers for Medicare and Medicaid Services. McClellan guided CMS through the Part D Medicare changes. This news is of interest to PPC since CMS approves all Medicaid and CHIP changes, in addition to Medicare. If we are successful in securing passage of enabling legislation for "Cover All Kids," a program revision must be submitted to CMS.