

it," the fact is they are explicitly allowed by Congress under current law. The Health Care Financing Administration simply continued the OMB-HHS campaign by producing new rules that double-crossed Congress and the states, ignored existing law, and completely reversed budget agreements that Gail Wilensky, administrator of HCFA, made with Congress last October. But the rules, published in the Sept. 12 *Federal Register*, go well beyond simply stemming growth of the Medicaid budget. The OMB has seen to it that the new rules so restrict states' funding mechanisms that states will go backwards to *decreased* federal reimbursements.

The rules are so sweeping, they change the original statutes upon which Medicaid rules were originally written 25 years ago. Since 1965 states were allowed to utilize inter-government and intra-government agency funds for Medicaid, a practice which the new rules now appear to qualify or ban outright. The rules are so ambiguous, that no one in the states or Congress or, it appears, even in the administration, seems to know what revenue-raising options are allowed. In addition, states can expect to spend heaps of time and taxpayers' money while federal investigators examine each state's revenue-raising methods, hospital by hospital.

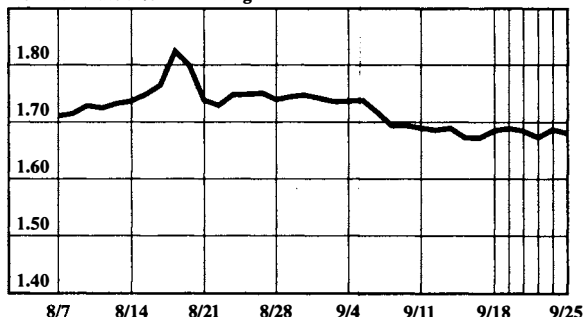
Recognizing that the new regulations will wipe out hundreds of Medicaid-funded programs which provide the only medical care available for millions of people, over 45 national organizations, including the National Association of Public Hospitals, the American Nurses Association, the National Association of Manufacturers, the Association of Retarded Citizens, and the American Association of University Affiliated Programs for Persons with Developmental Disabilities, have joined the National Governors' Association's unanimous call to Congress to fight the administration's rules. Given the rules' immense impact on programs serving children, who make up more than half of the 27 million people receiving Medicaid benefits, the American Academy of Pediatrics, the Association of Maternal and Child Health Programs, and the Children's Defense Programs, among others, have signed on and are expected to give testimony in the Sept. 30 Committee on Health and the Environment hearings held by Rep. Henry Waxman (D-Calif.).

In a total disregard for state fiscal realities, HCFA's regulations go into effect on Jan. 1, 1992, halfway through most states' fiscal year. Maine Gov. John R. McKernan, chair of the NGA's Committee on Human Resources, said, "This will have the severest of consequences for state budgets and has the potential to dramatically curtail existing services now available, and reduce the numbers of people now eligible for Medicaid services." But, that matters little to an administration intent on creating as many hurdles as possible to stop the flow of critically needed funds to the states. As Robert Sweeney of the National Association of Children's Hospitals and Related Institutions told *EIR*, Darman and the OMB are like fighter pilots who never see the faces of the victims they kill.

Currency Rates

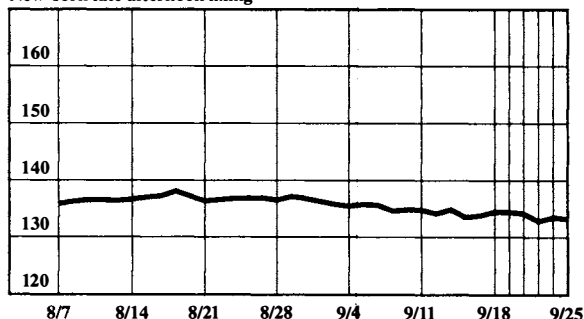
The dollar in deutschemarks

New York late afternoon fixing



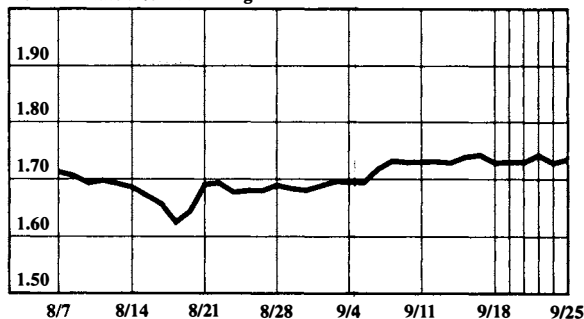
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

