

Re-Elect

DIAMONT

N.C. House

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*The Committee to Re-Elect
DAVID H. DIAMONT
Cordially invites you to attend
a Fundraising Dinner and
Evening of Unique Comedy Entertainment
Saturday, May 19, 1990,
6:00 PM Dinner / 7:30 PM Comedy Entertainment
by the Transactors Improv. Company
"A Premier, Professional Improvisational Comedy Troupe"
The Elks Lodge, Highway 52, Mount Airy, NC
\$25 per person / \$50 per couple
Please RSVP by May 15 / Please present invitation at the door*

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YES! I would like to help DAVID DIAMONT be re-elected this fall to the NC House of Representatives.

I have enclosed a contribution. \$5 \$10 \$25 other _____

I would like to have a yard sign to display.

I would like to have a bumper sticker to display.

I would like to hand out literature — either at work or in my neighborhood.

I would like to help with telephone solicitation.

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ADDRESS _____

TELEPHONE # _____

Make check payable to "Diamont for N.C. House"

David Diamont, P. O. Box 784, Pilot Mountain, NC 27041 (919) 368-4591

STATE EMPLOYEES ASSOCIATION OF NORTH CAROLINA

Questions For 1990 Legislative Candidates

Name of Candidate David H. Diamond

I Analyze for the !! writing !! I'm in a hurry !!

Please complete the following questionnaire on issues of importance to state employees. Your responses will be printed in the SEANC newsletters in your area. For your information and review, background papers have been included for those issues that SEANC has adopted a formal position. If you have any questions, you may contact _____ after 6:00 p.m. at _____ or Kristine Lanning at 800-222-2758. Return the questionnaire by _____ in the envelope provided. Thank you for your cooperation in this effort.

1. How do you propose to resolve the revenue shortfall projected for next fiscal year? New revenues? Budget adjustments?

- First two months ~~to~~ should be spent looking for budget cuts (adjustments) - serious overview - not band-aids like ~~1989~~ 1990 short session
- probably will have several tax packages considered
- No way to balance budget without making cuts ^{and} / or new revenues

2. In 1990 funding for education increased providing 1500 new positions, of which 1200 were classroom teachers. General government will lose between 2,000 and 4,000 positions during that same period. What can be done to ensure that the burden of the budget shortfall will not fall disproportionately on general government again?

- most of those "new" positions were not filled
- most of the other gov't positions were vacant

we tried not to cut positions ~~with~~ which were occupied !!

only final budget analysis will tell true position cuts in detail

3. What are the prospects of the General Assembly advancing issues in the SEANC Policy Platform?

- lobbying by employees within EAD legislative district ~~increasing~~ increases odds

- fund lobbyists to be factual & learn both sides of the issues

4. SEANC is considering a study of a three-tiered pay plan with a cost-of-living adjustment, performance awards and a new experienced-based component. What is your reaction to this concept?

I would consider any plan

offered by SEANC -

"I Am open-minded"

5. Should the General Assembly do more to hold harmless state retirees from the taxation on retirement benefits enacted in 1989?

The whole topic will be considered ;
Availability of funds
will be crucial ;

6. Escalating costs are creating problems for the State Health Plan. What direction should be taken to resolve these problems?

Estimated costs in '91-'92 Above
is NOW

\$100,000,000 of NEW \$

choice : 1- cut positions ^{AND/OR} Reduce pay rates
OR
2- Reduce health benefit for retirees

NEW
REVENUE

7. How do you feel about the prospect of increasing the scope of drug testing within state government?

I favor voluntary drug testing!!
with peer group pressure to
take test!!

8. What do you suggest as the most effective means of political involvement for state employees?

SEANC ~~educate~~ should educate membership
about issues impacting NC in education,
Environment, health services, etc / Go beyond just
state employee pay!!

9. How do you feel about a referendum that would provide the State of North Carolina an opportunity for citizens to vote on the lottery?

I oppose the lottery on moral
grounds — the state govt should
not be advertising on TV to promote
gambling!!

10. What is your position on the issue of gubernatorial veto?

I support veto!

11. What do you propose as the solution to the hazardous waste problem? If hazardous waste sites are to be located in North Carolina, how should they be selected?

IF I knew the answer — I would be
running for Governor! DNB

Reduction, store on site, local input!

DEMOCRATIC County Convention

SPARTA - 1:45

DANBURY

NOTES
SPRING
1990
~~1989~~

COUNTY CONVENTION

Topics.

I. Impact of JAN. 11, '89
coalition with Republicans

II. Issues - G.A.

- Highway Package
- Expansion Budget

-BEP

- salary TEACHERS
STATE EMPLOYEES

I. Impact of January 11, 1989

Coalition with Republicans
Why Did You do it - Diamond ???

Only way to REMOVE Leadership in House
SAME people for 8 yrs.

No change in sight!
losing "good legislators" because they
could not advance

(Reps. Wright, Pullay, Evans,
LANCASTER)

Killing us (Dem. Legislators) at the polls

* Rep. won 10 seats in N.C. House
more than any state in the Union

(40th District lost Rep. WADE Wilmoth
who campaigned the hardest of any of us)

Took issues ~~away~~ away from Reps.

- They can't campaign against the Leadership - ~~They share~~
- They must accept blame or credit for decisions G.A. make
- Difference in campaigning & governing
example: 28 Reps. want to cut Budget with no tax increase

~~Appar~~

1990

ISSUES

REDISTRICTING

Legislature (HOUSE
SENATE)

CONGRESS

U.S. House

Democratic Legislative Campaign Committee (DLCC)

- I'm a member of steering committee in House
- SEN. SANDS - chairman of SENATE Com.

1990

U.S. SENATE

(Jesse Helms?)

CONGRESS

1992

Gov.

@

Lt. Gov.

Council of State (8)

CONGRESS

U.S. SENATE

(Gov. MARTIN)

189-190 | 190-191

BUDGET PROCESS

BASE Budget

~~CONTINUATION~~
EXPANSION Budget

HOUSE

70 member Appropriation Com.

Sub-Committees

SEPARATE

BILLS FOR BASE

Education

Human Resources

Justice & Public Safety

General Gov't.

Highways

Capital Outlay & Special Projects

NATURAL ECONOMIC RESOURCES

BALANCED Budget

- continuation \$5, one-time
- RECESSIO? ?

Highway ~~and~~ Package

- LOOPS
- 4 lanes
- pave secondary

\$8.6 mil.

2 MAJOR

TAX

INCREASES?

General Fund

IF SALES TAX

AVAILABLE - CONTINUATION

\$ 260 mil.

plus 40 mil. aft

\$ 300

- 113

BEP

- 40

health insurance

+ 25

profits

\$ 20 ?

Lawsuits

2%

ACROSS THE BOARD

SALARY INCREASE

~~\$ 200~~

\$ 52 mil. = 1%

SALARY INCREASE

TEACHER / ~~LEGISLATOR~~ Legislator

Frustrating + Exciting time

CAMPAIGN WORKERS

Mr. Diamont,

I'm sorry I didn't get to call last night but I didn't have a chance to get together ~~with~~ the names yesterday.

Maat Kinville

~~374-5674~~

374-

2452

David Sisk

David Matthews

Brian Jount

Amy Johnson } will be in

Stacy Lynch } Elkin

Jennifer Green

Shannon Green

Rodney Allen

Jony Sileman

Thanks,
Martha

1-983-9546

Comm

Scam

Weak

5-12-90

Dear Dave,

I haven't had much luck with these. I've given 4 to Bobbie Collins who will try—.

We've decided not to come back from Hendersonville! It would rush us so much.

I do want to help you on your campaign. Please call on me later.

Breta

I can't find but 5.

(William W.)
Mrs. Gretchen M. Boyd
142 Laila Lane
Mt. Airy, NC 27030
789-5658

Higher N.C. Tax Unlikely

Lawmakers Opt For Other Cures

By **GREG TREVOR**
Raleigh Bureau

RALEIGH — It appears even less likely that legislators will raise your taxes in the coming weeks to balance the state budget.

On Friday, House Republicans released a budget-balancing package that doesn't include higher taxes.

The package, similar in many ways to budget-balancing plans already released by Senate Democrats and Republicans, would slice more than \$130 million in education money budgeted for 1990-91.

During a caucus Friday morning, House Republicans endorsed a budget-balancing package drafted by House Minority Leader Johnathan Rhyne, R-Lincoln, and other key Republicans.

The House GOP plan would combine deep spending cuts with a one-time revenue windfall by accelerating tax payments from utilities.

"This is the best thing I've seen since I heard they invented the wheel," said Rep. John Brown, R-Wilkes.

Earlier this week, Senate Democrats and Republicans said they opposed raising taxes to balance the budget.

On Friday, some House Democratic leaders refused to rule out a tax increase. They said legislators should at least consider raising taxes to preserve money for education and other high-priority pro-

See N.C. TAX Page 3C

N.C. Tax Increase Appears Unlikely

Continued From Page 1C

grams.

"I don't think anything's dead," said House Appropriations Committee Chairman David Diamont, D-Surry.

But Rhyne said: "I think the House leadership is gradually coming to realize that this is a time to adjust the budget, and that there is really not that much enthusiasm to raise taxes."

House Democrats plan to caucus on the budget early next week. Several House Democrats said they doubt the caucus will agree to pursue a tax increase and risk getting blasted by Republicans during the fall election campaign.

"It just appears that the atmosphere is not to look at whether programs are good or bad but to make a quick decision and get out of town," Diamont said.

For nearly a month, legislators have struggled to eliminate a projected \$336 million shortfall in the state's 1990-91 budget, which starts July 1.

Senate Democrats pushed their budget-balancing plan through the Senate Appropriations Committee this week. The plan should reach

the Senate floor next week.

The Democrats' plan would cut more than \$180 million targeted for local governments and school districts — \$159.1 million for schools and \$23.4 million in state reimbursements to cities and counties.

The House Republicans' budget-balancing package would restore the \$23.4 million to local governments and cut education money by \$135.4 million.

State Supt. of Public Instruction Bob Etheridge blasted legislators for supporting education cuts.

"I'm sure glad they're pro-education," Etheridge said. "Can you imagine where we'd be in this state if they weren't pro-education?"

State On Credit Watch

North Carolina has been placed on Standard and Poor's credit watch because of the state's budget shortfall, Gov. Jim Martin said

Friday.

Martin called the credit watch "an early warning system" used by financial rating agency "when the company determines there is some concern about a state's fiscal management."

But Martin said he believes the General Assembly will correct budget problems.

"I have been assured that as soon as those corrections are satisfactorily enacted, Standard and Poor's will consider taking us off this credit watch," the governor said in a prepared statement. "If the problems are not corrected, the state could have its AAA bond rating lowered.

"At this point, it will not affect North Carolina's credit rating other than to sharpen the focus of everyone who is working to get this fixed."

This Associated Press contributed to this article.

GENERAL ASSEMBLY '90

State Panel Must Act Quickly On the Budget, Chairman Says

THE ASSOCIATED PRESS

RALEIGH

The House Appropriations Committee must decide quickly how it wants to deal with 3 percent cuts in state agencies, promised salary increases for state workers and the Basic Education Plan, the panel's chairman said yesterday.

Rep. David H. Diamont, D-Surry, made his comments after a spirited session in which committee members criticized suggested cuts in health programs and asked a subcommittee to re-examine those cuts.

"We need to bleed in public for everybody to know what the problems are," Diamont said when Rep. Luther R. "Nick" Jerals, D-Cumberland, suggested that the committee order that cuts in human resources be re-examined without even bringing them to the full panel.

Jerals said that the cuts in human resources were "inhumane" when compared with the cuts proposed for health services.

Diamont said that the committee will face a number of tough choices in trying to balance next year's budget, which is projected to have a \$340 million shortfall. He said 3 percent cuts that the House and Senate budget panels have been considering would not make up the projected shortfall.

"It's obvious we will make enough cuts to balance the budget, or we will not make enough cuts to balance the budget," Diamont said. "If we do not make enough cuts, then it will be up to finance (committee) to raise enough revenues from somewhere to balance the budget.

"THE FINANCE CHAIRMAN has been asked to look at tax increases or revenue enhancements, or however you want to use those words," Diamont said. "There will be further developments in finance as time goes on."

The committee quickly stalled when it hit proposed cuts in the Department of Environment, Health and Natural Resources. The proposed cuts include state aid to county health departments and money for free vaccinations, in-home care and cancer programs.

The department, which was reorganized last year, also

includes the state zoo, which drew an immediate comparison to the health programs from several members.

Diamont said, "This is the first time we've had to deal with giraffes and babies in the same budget."

Rep. John J. "Jack" Hunt, D-Cleveland, asked, "Did you look at cutting out an elephant, or a camel, to address this cut in the immunization program?"

Rep. Howard C. Barnhill, D-Mecklenburg, said, "I have respect for gorillas and everybody else, but it looks as if we're putting a greater value on gorillas than we are on human beings."

Rep. W. Bruce Ethridge, D-Carteret, a co-chairman of the subcommittee that considered the cuts, said that 45 percent of the department's budget goes to health programs, but those programs accounted for only 37 percent of the proposed cuts.

Rep. Martin Nesbitt, D-Buncombe, said that he could not support the subcommittee's recommendations because of their impact on the public health.

"I DON'T KNOW A COUNTY in the state that has enough money for health care, and we're fixing to cut them," Nesbitt said.

Ethridge responded: "This committee has a soul, and we're concerned about people. We made some tough decisions."

Rep. E. David Redwine, D-Brunswick, asked that the questioned items be sent back to the subcommittee for a second look.

Ethridge said: "I think we may come back and not recommend any changes to you. And then some of you who are opposed to a tax increase may have to change your mind."

Before adjourning for the day, Diamont noted that public education accounts for 68 percent of the state budget, and the Department of Human Resources accounts for 16 percent.

"That means that 84 percent of the state budget is in areas we haven't even addressed yet, so if you think we've had problems so far. . .," Diamont said.

Senate Panel Restores Spending For Capital Items Cut From Budget

THE ASSOCIATED PRESS

RALEIGH

The Senate Appropriations Committee voted to restore dozens of capital items to the state budget yesterday and had a brief skirmish over efforts to eliminate money for the state Alcoholism Research Authority.

Sen. Donald R. Kincaid, R-Caldwell, questioned the wisdom of restoring many of the items cut by the administration when the state faces a huge revenue shortfall.

"I think we're looking sort of silly putting these back in with the budget crisis," he said.

But Sen. Kenneth C. Royall Jr., D-Durham, the chairman of the appropriations committee, said that most of the restored money is for capital spending.

"This is the wrong place to make any cuts," he said, adding that money for buildings would create jobs and bring in more taxes on payrolls and profits. Plus, costs will be lower now than in the future. "I told the budget office what you've done is going to make us pay more for it when we finally do it," Royall said.

The alcoholism authority drew more debate than any other proposed cut.

Martha Alexander, the director of the authority, asked the panel not to lose sight of alcohol in the continuing war against drugs. "Our future depends on you," she said. "It depends on our citizens to remember that within this drug war when we hear so much about crack cocaine and other drugs that we not forget that the nation's No. 1 drug . . . is still the drug alcohol."

Several Republicans tried to support the position of Jim Lofton, the administrations secretary, on the cut, saying that other agencies might fill the void. The authority, created in 1973, provides grants for alcoholism research. But Ms. Alexander said that the authority already has requests for nearly \$393,000 — more than double the \$150,000 in grants the authority is putting together.

Lofton said that the cut is necessary because of the budget shortfall, which has prompted legislators to look for across-the-board reductions. But the appropriations committee restored several other administration cuts presented yesterday.

A motion by Kincaid to delay a decision until further information could be obtained was defeated, along with a motion by Sen. James D. Speed, D-Franklin, to make only a 10 percent cut. Instead, the committee voted to keep the program at 100 percent financing and have Lofton find some other place to make the cuts.

The program still must survive final deliberations by the House Appropriations Committee and possibly a House-Senate conference committee that will meet over budget differences.

Later in the Senate committee meeting, the panel rejected a proposal to cut \$153,101 in maternal and child-health money that would abolish four vacant positions used to screen infants for sickle cell disease.

The Human Resources Department made up the money by reducing money for the program on prevention of adolescent pregnancies from \$800,000 to \$680,000 and by increasing the cut in state aid to counties by \$33,000 to \$289,407.

In other legislative action, the Senate Judiciary III Committee approved a House bill designed to close a loophole that lets some bingo operators offer larger prizes than the legislature intended.

Sen. Frank Block, D-New Hanover, said that some "beach bingo" operators have circumvented the law capping bingo prizes by adding an element of skill to what is normally a game of chance. He said that sometimes prizes run into thousands of dollars.

The bill by Rep. Harry E. Payne Jr., D-New Hanover, would remove the reference to a game of chance in current law.

N.C. Tax Package Survives First Challenge

JOURNAL STAFF REPORT

RALEIGH

A package of tax legislation, including a bill to increase the excise tax on cigarettes, survived a procedural challenge in its first test before the General Assembly yesterday.

The four bills, all introduced by Rep. Anne C. Barnes, D-Orange, also would raise certain individual income-tax brackets, impose a one-time surcharge on taxpayers, repeal the state's exemption on inventory taxes, and change the formula used to levy taxes against businesses that sell most of their goods out-of-state.

Rep. J. Vernon Abernethy, R-Gaston, made a motion to suspend the rules of the House of Representatives and move Rep. Barnes' legislation directly to the House floor, rather than to committee.

That brought a strong protest from Rep. David H. Diamont, D-Surry: "All 120 members have the right to introduce any bills and have them discussed, debated and voted up or down."

He said that the House Appropriations Committee, of which he is the chairman, had bled and suffered in making budget cuts.

"The Finance Committee ought to have the same opportunity to discuss, argue, to bleed and suffer in public," he said.

House Speaker Josephus L. Mavretic, D-Edgecombe, received help in stamping out Abernethy's motion from two unlikely sources: Rep. Liston R. Ramsey, D-Madison, the man who Mavretic replaced as speaker, and Rep. Dennis A. Wicker, D-Lee, the house majority leader and one of Mavretic's key rivals.

Rep. Barnes' bills were assigned to the Finance Committee. Abernethy, a member of that committee, said that he would try to kill the bills before they returned to the house floor.

Rep. Barnes said she wasn't surprised by the attack on the tax legislation.

"The business community was lined up against it," she said. "We'll see where it goes."

Under the DOME

MAY 10, 1990

Blue to make bid for speaker official

State Rep. Daniel T. Blue Jr. of Raleigh is about to add his name formally to the list of Democrats who want to be House speaker in 1991.



Mr. Blue told Dome that he would announce his candidacy Friday for the

top spot in the House. He will join current Speaker Josephus L. Mavretic of Edgecombe County, Rep. Robert C. Hunter of McDowell County; Rep. Joe Hackney of Orange County; and Rep. John J. "Jack" Hunt of Cleveland County as those who have said they are running for speaker.

"It's definite that I plan to announce my candidacy for the speakership," Mr. Blue said Wednesday.

It has been known for some weeks that Mr. Blue was taking a serious look at a bid for the post.

He said there is a need for a speaker who would focus legislative efforts on issues such as education and infant mortality.

"I've pretty much decided that

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Dome

Continued from page 1B

there's a need for us to start keying in on some issues and start addressing them," he said.

Mr. Blue, a lawyer, has been in the General Assembly since 1981. He suffered one of the most visible losses when Mr. Mavretic and 19 other dissident Democrats forged a coalition with 45 House Republicans last year to oust longtime Democratic Speaker Liston B. Ramsey. Mr. Blue was widely thought to have been in line to become a chairman of the Appropriations Committee if Mr. Ramsey had been re-elected speaker.

Mr. Blue, who is unopposed in his bid for re-election to the

General Assembly, said he did not think his chances would be hurt by getting into the race after the other candidates.

"I certainly don't think that at this particular point that I'd be trying to make up any deficit," he said. "I'm comfortable with the likelihood of being able to assemble the necessary votes in order to succeed."

If elected, Mr. Blue would be the first black speaker in modern times. But he said he is counting on support beyond the black members of the House.

"I have commitments out of several different places," he said.

Helms 'stickers' Jackson

Republican Sen. Jesse A. Helms has often made the Rev. Jesse L. Jackson a political foil during a campaign.

So there should be little surprise that his 1990 campaign has come out with a new bumper sticker that reminds voters of Mr. Jackson. It reads in large white letters: "JESSE — Helms, that is." The last three words are in smaller type.

May 10, 1990

Mavretic, opponents debate the outcome of House primaries

By **BILL KRUEGER**

Staff writer

Having won re-election to the General Assembly, House Speaker Josephus L. Mavretic wasted little time Wednesday turning his attention to his next political battle — winning another term as speaker in 1991.

Mr. Mavretic said that his big victory over Princeville Mayor Glennie M. Matthewson II in the Democratic primary, coupled with victories by other House Democrats who had helped him oust longtime former Speaker Liston B. Ramsey last year, should send a powerful message to opponents.

“Last night was a referendum on free and open government — and the people of this state said, ‘Yes, keep it up,’” Mr. Mavretic said at a news conference in Raleigh.

Mr. Mavretic, who has no Republican opposition in the fall election, said he had enough support to be re-elected speaker next year.

There are others in the House, though, who disagree. Four Democrats — Reps. Daniel T. Blue Jr. of Wake County, Joe Hackney of Orange County, John J. “Jack” Hunt of Cleveland County, and Robert C. Hunter of McDowell County — have said they are running for speaker.

In early 1989, Mr. Mavretic and 19 other Democrats joined with 45 Republican lawmakers to oust Mr. Ramsey. The move produced a deep rift within the House Democratic ranks and permeated last year’s legislative session. Mr. Ramsey had been endorsed for a fifth term as speaker by the Democratic caucus.

Mr. Hackney said Tuesday’s primary election results could improve the chances for the nominee of the Democratic caucus to be elected as speaker next year.

“I have thought all along that sort of a reuniting would occur, and I still think it will,” he said.

Three Democratic members of Mr. Mavretic’s coalition — Reps. Betty H. Wiser, Pryor A. Gibson, and John L. Tart — were defeated in primaries. Ten of his Democratic supporters turned back challenges, many of them by sizable margins. Three others did not face primary opposition.

Those results — coupled with decisions by some coalition members not to seek re-election — leave Mr. Mavretic with 13 of his original 19 Democratic supporters. But he said he had commitments from another eight Democratic nominees to support him for speaker.



Staff photo by Harry Lynch

Josephus L. Mavretic says he has enough support to win another term as speaker

“Yesterday’s Democratic primaries most clearly show that free-thinking Democrats who place good government above partisanship represent a substantial majority of the Democratic Party,” Mr. Mavretic said.

Rep. R. Samuel Hunt III, D-Alamance, a key Mavretic ally, put the results into simpler terms.

“They told us they were going to annihilate us and they didn’t,” he said. “Their efforts in the primary failed.”

Mr. Mavretic won 60 percent of the vote in the 8th House District primary, defeating Mr. Matthewson, 6,649 votes to 4,497.

The speaker also took a jab at state Democratic Chairman E. Lawrence Davis III and party leaders, saying they were out of touch with what the public expects of the party.

“If that’s true,” Mr. Davis said in a telephone interview, “I don’t know why he has to team up with Republicans to get enough votes to support his position.”

House Majority Leader Dennis A. Wicker, D-Lee, a Mavretic opponent, dismissed Mr. Mavretic’s comments as political rhetoric.

“I regret that it seems he wants to continue his efforts to propagandize so he can propel himself to be speaker,” Mr. Wicker said. “The people are tired of these silly games and all this rhetoric about who won and who lost.”

Mr. Wicker said he did not agree with Mr. Mavretic about the speaker’s chances of being re-elected to the post.

“I think the coalition is eroding,” Mr. Wicker said. “I think his base of support is eroding.”

Mavretic foes predict changes

WAYNESVILLE (AP) — Several Democratic legislators say their fellow party members who joined with House Republicans last year to topple longtime Speaker Liston Ramsey will have another thing coming this year.

"I think a lot of people will be real surprised after the primary," said Rep. Charles Beall, D-Haywood. Beall and others this weekend celebrated the annual Ramp Festival, at which Democrats honor the pungent, onion-like herb that gave the event its name.

Interspersed with the usual anti-Republican rhetoric was an undercurrent of anger aimed at the current speaker, Joe Mavretic, and his 20 Democratic supporters. They joined House Republicans to undermine the Democratic Caucus vote that would have given Ramsey an unprecedented fifth term.

Beall, a staunch Ramsey supporter, says Mavretic's days as speaker are numbered. If the incumbent isn't beaten in his own primary, he'll find many of his supporters have been replaced by "solid Democrats," Beall said.

"You'll see some real changes and don't blame me if I laugh a little bit," Beall said.

Ramsey, who seldom discusses the Mavretic revolt, still characterizes it as "20 Democrats that sold out the Democratic Party. That's the plain facts."

With a glimmer of a chuckle, Ramsey observed, "I hear several of them have hard-fought primaries. I don't know if they'll win or lose. But I'm certainly hoping we'll see more who will support the Democratic Caucus."

Rep. Bob Hunter, D-McDowell, one of several House members hoping to oust Mavretic in the next speaker's race, said he had received a lot of support but declined to give numbers.

"I'm not ready to say I've got it wrapped up," he said.

Former state Sen. Charles Hipps of Haywood County said other disenfranchised Democrats bring up the topic constantly.

"Martin Nesbitt (a Ramsey lieutenant who lost considerable power in the takeover) said that crowd talk about it all the time," Hipps said.

DIAMONT'S REMARKS TO HOUSE APPROPRIATIONS COMMITTEE MEETING
WEDNESDAY, MAY 16, 1990

Rationale for Committee Members Leaving Town Today

1. I have asked Marvin Dorman, Deputy State Budget Officer, to relay to the Governor that in order for us to go forward we need specific **RECOMMENDATIONS** from him with regard to balancing the budget in 1989-90 and for funding capital requirements in 1990-91 -- not merely a smorgasbord of options.

In short, I am asking the Governor to join the House in assuming responsibility for making decisions about the budget.

In addition, I have asked the Governor to have agency heads come to the subcommittee meetings beginning Tuesday morning with specific recommendations for budget reductions and to negotiate in good faith with the Committee with the prime goal being making tough decisions that will be in the best interest of the people of North Carolina.

Whatever the Governor recommends for balancing the budget this year will impact on decisions we have to make and he has to make in 1990-91 (2nd year).

2. In light of that I have decided to adjourn the House Appropriations Committee and Subcommittees for the balance of this week and to begin them again on Tuesday morning, May 22.

3. This will allow time for you to go home and spend as much time as possible talking to constituents now that you have had a chance to be thoroughly briefed on budget problems and hearing what they have to say about what the legislature might do. There is strong support for the BEP; there is strong support for taking a major initiative on infant mortality; there is strong support for Senate Bill 2; and, there is strong support for more money going to handicapped childrens' programs. Among many other things you need to find out how your constituents feel about these issues.

Talk to
constituents

- BEP
- SB#2
- Prisons
- 3-5 handicapped
- INFANT MORTALITY
- No transfer of funds from Highway Fund

In addition, this will allow you some extra, personal time which will become very precious once we go into Session next week and there will probably not be many more "extended weekends" once we are in Session. Many of you have had primary races which were completed on May 8 and you were here on May 10. I and my fellow Members appreciate your commitment and your willingness to come here and hear of the difficult choices we face.

NEGOTIATE in good Faith

5. This will allow department heads and Council of State time!! folks an opportunity to go through, in the most responsible way, possible what options for budget reductions they want to bring to the table. It will also give Fiscal staff time to look over agency proposals and to examine other options.

★ First

OTHER NOTES

✓ Ask Marvin publicly if there is anything else the Committee has not seen that it needs to see in regard to the budget.

Ask Tom Covington if there is anything his staff has that the Committee needs to see that it has not seen.

8:00 P.M.

SESSION - Monday

A

Expect

- Long meetings!!

Tough decisions!!



North Carolina General Assembly

House of Representatives

State Legislative Building

Raleigh 27611

REP DAVID H DIAMONT
40TH DISTRICT

HOME ADDRESS P O Box 784
PILOT MT. N C 27041
TEL 919-368-4591

OFFICE ADDRESS LEGISLATIVE OFFICE BLDG.
ROOM 635
TEL 919-733-5829

May 16, 1990

COMMITTEES

APPROPRIATIONS COMMITTEE
CHAIRMAN
EDUCATION
SUBCOMMITTEE ON ELEMENTARY AND SECONDARY
EDUCATION

Sincerely,
David H. Diamont

Mr. Marvin Dorman
Deputy State Budget Officer
Department of Administration
Administration Building
Raleigh, North Carolina 27611

Dear Marvin:

This will confirm our conversation today in which I asked you to relay to the Governor my request that he send to the House Appropriations Committee on Monday, May 21, 1990, specific recommendations for balancing the General Fund for 89-90 and for funding non-recurring requirements inn 1990-91. It is my expectation, in each case, he will "convert" those options presented in his budget document released on May 10, 1990 to specific recommendations.

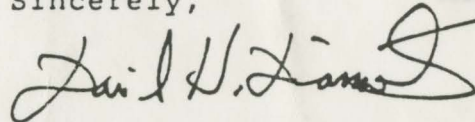
Further, I ask that you relay to the Governor my expectation that the appropriate people from the Governor's agencies and the Council of State come to House Appropriations Subcommittee meetings and begin direct negotiations with the subcommittees for specific budget reductions. It is my intent that these negotiations will be conducted in an atmosphere of genuine cooperation and sincerity, with the single and primary goal being that of taking the most responsible action possible on behalf of the people of North Carolina. It is my conviction that this approach of strong mutual cooperation between the agency heads and the subcommittees will best serve that goal.

Page 2
Marvin Dorman

I will make an announcement as to time and place of subcommittee meetings on the House Floor Monday evening. I will expect to have received the Governor's specific balancing recommendations earlier that day.

Thank you.

Sincerely,



David H. Diamont
Chairman
House Appropriations Committee

DHD:nwg

cc: Council of State
Speaker Mavretic
President Pro Tempore Barnes
Senator Royall
Representative Rhyne
Tom Covington, GA Fiscal Director
Janice Wheeler, Senior Fiscal Analyst

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—
OF COUNSEL
ALEX B. ANDREWS

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225 HILLSBOROUGH STREET

8 May 1990

The Honorable David Diamont
705 W. Main Street
P.O. Box 784
Pilot Mountain, NC 27041

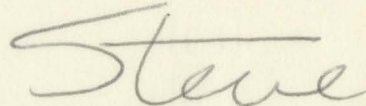
Dear David:

I cannot make it to your fund raiser on May 19, 1990, but was pleased to buy a ticket and give it to Rusty Barnes, the local Eckerd Camp director.

Best wishes,

Sincerely yours,

JORDAN, PRICE, WALL, GRAY & JONES



Steven Mansfield Shaber

SMS:sbc

cc: Rusty Barnes

1819 Aims Avenue
Mount Airy, N.C. 27030
May 25, 1990

Rev. David Diamond
Pilot Mountain, N.C. 2727041

Dear Rep. Diamond:

It had always been my understanding that all automobiles on the highway were supposed to be insured. However, an incident last summer brought up the fact that they are not.

My brother was parked on Main Street in Mount Airy reading a newspaper in his car. A lady in the car behind his stepped on the starter of the car she was driving. The accelerator hung, and she hit my brother's car, and pushed it seven feet into Dick Patterson's 1990 Buick. It did considerable damage to my brother's car, some damage to the Buick, and put my brother in the hospital with a concussion and whiplash, and mounting hospital and doctor bills.

On investigation, he found that the car the lady was driving belonged to Honda in Winston-Salem, and they claimed they were not responsible because the car was not insured.

Since privately owned cars have to be insured, don't you think that all cars owned by dealers that are on the highway should be insured?

Congratulations on all your accomplishments. We are proud of YOU.

Sincerely,

Lillian M. G. Carpenter
Mrs. R. G. Carpenter

STATE & LOCAL

House Panel Rejects Martin's Plan to Balance Budget

By Ken Otterbourg
JOURNAL RALEIGH BUREAU

RALEIGH

The House appropriations committee officially rejected yesterday Gov. James G. Martin's plan to balance the budget through across-the-board cuts.

In a strongly worded letter to Martin's budget office, Rep. David H. Diamont, D-Surry, the House appropriations chairman, said that he expects Martin to send to him by Monday "specific recommendations for balancing the General Fund for 89-90 and for funding non-recurring requirements in 1990-91."

Diamont's action occurred after three days of committee meetings, in which legislators often protested the vagueness of some of the budget office's proposals to trim their budgets by 5 per-

cent during the next fiscal year, which will begin July 1. Because of lower-than-expected revenues, the state is facing a \$504 million budget shortfall this fiscal year and about a \$350 million shortfall the coming year. Spending cuts already in place have chopped this year's shortfall to about \$155 million. Martin had proposed giving state agencies wide-ranging flexibility in meeting the 5 percent reduction in spending needed to balance next year's budget. But that idea bothered legislators, who traditionally have decided where state money would be spent.

Briefing members of the appropriations committee on his decision late yesterday, Diamont said, "I am of the opinion that it is not the will of the House to accept the 3 percent and 2 percent reductions" as outlined by Martin.

State Sen. Kenneth C. Royall Jr., D-Durham, the Senate appropriations chairman, agreed with Diamont but didn't plan to send any formal notice to Martin.

"There's no use for us to do the same thing if they've already done it," Royall said. During committee meetings this week, Royall has often been angered at agency heads who refused to outline specific areas to cut spending.

Marvin K. Dorman, Martin's deputy budget director, said, "I hate to call it disappointed, but I think his (Martin's) approach was one that he felt would give state agencies the opportunity to do some innovative and creative thinking on the budget."

He said that state agencies will comply with Diamont's request for specific cuts. "The numbers

the General Assembly will get will meet a budget target, but there will be no imagination or thought on how to make state government run more effectively. That's the opportunity we'll miss."

To balance this year's budget, Martin outlined six options but didn't choose a favorite. The ideas include: using money designated for school construction, tapping a backup fund for unemployment benefits and changing the payday for state employees from June 30 to July 1, the first day of the next fiscal year.

In his letter, Diamont asked Martin to select his first choice by May 21, the first day of the General Assembly's short session. Some of Martin's options would require legislative action and could hurt the General Assembly's ability to squirm out of the coming fiscal year's budget mess.



DAVID DIAMONT: Wants specific proposals.

N.C. House, Senate Leaders Near Agreement On Budget Cuts

By GREG TREVOR
Raleigh Bureau

RALEIGH — House and Senate leaders said Wednesday they are reaching a consensus on cutting the state's 1990-91 budget.

But while the cuts would trim more than \$200 million from the budget, they wouldn't eliminate all of the state's projected \$336 million shortfall for 1990-91.

That means the legislature will have to find at least another \$100 million — either through deeper cuts, higher existing taxes or new money sources.

Also Wednesday:

- Several state officials, including legislators, expressed concern that Gov. Jim Martin's budget-balancing proposal to delay state employee paychecks by three days could jeopardize the state's bond rating.

- Lt. Gov. Jim Gardner, who plans to run for governor in 1992, said he is considering airing radio and TV ads during the legislature's short session opposing

any tax increase to balance the budget.

Several House leaders, including Speaker Joe Mavretic, D-Edgecombe, are willing to talk about taxes to ease the shortfall.

"I don't rule out any options," Mavretic said.

But most Senate leaders, including Senate President Pro Tem Henson Barnes, D-Wayne, appear to be ruling out a major tax increase during the short session.

State economists have projected a \$506 million shortfall in the current budget ending June 30, and a \$336 million shortfall in the 1990-91 budget beginning July 1.

Martin has said the state can cover the current \$506 million shortfall by delaying paychecks, cutting operating expenses and postponing construction projects. Legislators are concentrating on the \$336 million shortfall.

On Wednesday, House and Senate budget leaders were pursuing 3% across-the-board cuts for the 1990-91 budget. But

that still would leave a shortfall of more than \$100 million.

House Appropriations Committee Chairman David Diamont, D-Surry, who had pushed to consider raising taxes to help balance the budget, said there's little consensus for a tax hike.

Diamont and other legislators blamed Gardner, who has taken the offensive against a tax increase.

"This is not a revenue shortfall problem, but a problem of overspending by the General Assembly," Gardner said in a prepared statement.

Several lawmakers fear the shortfalls will hurt the state's AAA bond rating — the highest rating attainable. If the rating drops, the state and its taxpayers could be charged higher interest rates for bonds.

Martin's plan would delay state employee paychecks from June 29 to July 2, pushing \$201 million in salaries into the next budget year.

State officials said they fear bond-rating companies will interpret that as a short-term gimmick to balance the budget.

Bill Raises Hackles

A bill regulating electrolysis — the permanent hair removal technique — was touted Wednesday as a way to curb the spread of diseases, including AIDS. But the idea raised the hackles of some electrologists.

The bill's sponsor, Sen. Ted Kaplan, D-Forsyth, said the measure is needed because too many of those practicing permanent hair removal are not qualified. Clara Black, representing the Electrologists Association of North Carolina, told the Senate Finance Committee that misusing the electrolysis needles could spread disease.

But Jennings Cook, representing the Greater Piedmont Electrolysis Association of North Carolina, said certifying electrologists and requiring up to \$125 in licensing fees could put many of the 150

practitioners in North Carolina out of business.

The bill went to a subcommittee.

Pay, Session Linked?

How long would legislators stay in Raleigh if they weren't collecting their daily pay?

The state may get a chance to find out next year if the General Assembly holds to a proposed 3% reduction in its own budget to help eliminate a projected \$336 million budget shortfall.

The Senate Appropriations Committee Wednesday accepted a proposed cut of 20 days in its "long" session next year to save \$500,000.

"That means we would adjourn the next long session by about June 10?" Sen. Marc Basnight, D-Dare, asked. "So we have imposed a deadline, or at least a paid deadline."

• The Associated Press contributed to this article.

Ch. Obs. 5/24/90 -

MAY 24, 1990

Charlotte OBSERVER

May 24, 1990

N.C. Pinch Has U.S. Origins

Reagan Revolution Pushed Many Burdens Onto States

As N.C. legislators squirm to fit state spending to a shortfall in state revenues, they can blame at least part of their tight-budget problems on the federal government. The New Federalism that Ronald Reagan introduced in 1981 has greatly increased the fiscal burden on state and local governments across the country.

A recent study by the U.S. Conference of Mayors showed that in the decade since 1981, federal support for state and local governments declined dramatically: from \$5.7 billion to \$2.7 billion in community development block grants, \$570 million to zero in urban development action grants, \$7.3 billion to zero in general revenue sharing, \$5.4 billion to \$2.5 billion in urban mass transit assistance, \$8.4 billion to \$3.75 billion in employment and training assistance, \$570 million to zero in economic development assistance, and \$5.4 billion to \$1.6 billion in water-sewer facilities grants.

Though federal funding for grants to individuals and institutions rose from \$77.9 million to \$123.6 million in real dollars during much of the decade, when adjusted for inflation the federal contribution declined from \$109.8 billion to \$94.7 billion.

In many instances, state governments were asked to make up the lost federal share of those programs, many of them essential to sustaining the quality of community life. Thus state governments saw their budgets grow increasingly tight throughout the decade of the 1980s.

Further, while the Reagan Revolution was reducing federal grants in aid, federal agencies were mandating higher levels of state services, with costs to be shouldered by state and local governments. Of 354 statutes regulating state and local governments

since 1789, 95 of them — more than one fourth of the total — were enacted during the Reagan presidency, in contradiction to Mr. Reagan's advertised New Federalism.

Those statutes impose federal rules and standards on such programs as protecting endangered species, removing asbestos from schools and other public facilities, protecting workers against noise and toxic chemicals, protecting ground water from chemical contaminants and reducing pollution in storm water.

Even in mainstream human-service programs such as Medicaid, declining federal support and rising standards have forced an increase in state and local spending. In fiscal 1989-90, for instance, North Carolina's share of federally-mandated Medicaid costs went up \$80 million, and in fiscal 1990-91, the share will go up another \$60 million. That \$140 million represents a sizable portion of the state's budgetary shortfall.

Like other states, North Carolina is also having to meet higher federal standards for operating prisons. That will add about \$75 million to the state budget this year and for at least the next five years, according to legislative fiscal experts.

The point is that North Carolina's fiscal stew is not altogether of the legislature's own making. Part of it has its origins in the slogans of the Reagan era, when the president promised to get the government off the backs of the taxpayers. In many instances, what his revolution did was shift those burdens from federal taxpayers to state and local taxpayers — who are, after all, the same people. Now the bills are coming due, and the state's only responsible recourse is to raise taxes to pay them.

Ch. J. - 5/24/90

Budget cuts would sting local schools

By A. JOY GOLDEN
Staff Reporter

Small and rural school systems like those in the Tri-Counties would suffer the most severe blows if the state budget shortfall is eliminated by cutting the Basic Education Program or mandating an across-the-board 3 percent cut in education spending, Rep. David Diamont said earlier this week.



David Diamont is a teacher at East Surry High School and chairman of the House Appropriations Committee, which is responsible for developing budgets. Diamont and other legislators are working to decide how the state will offset an expected half-billion dollar shortfall in the coming fiscal year.

The legislature could save about \$116 million by delaying funding of the next phase of the Basic Education Program (BEP), and a Senate proposal approved in that chamber Wednesday would cut about \$86 million of planned spending.

Elkin City Schools stands to lose about \$100,000 of BEP resources appropriated for the 1990-91 school year, Dr. Don Lassiter, superintendent, said at a school board meeting earlier this month.

Those BEP resources appropriated
Please see Sting, back page

Sting

continued from front page

ed for Elkin include:

- 1.5 classroom teaching positions, which includes one full-time foreign language position for elementary students;
- seven man months of employment of an assistant principal;
- 1.3 secretarial positions;
- one supervisor of instructional programs position;
- and one assistant teacher position at the high school level.

If the BEP is cut, Elkin would have to determine which of the positions are vital and fund those locally, board members said.

Lassiter said that the assembly shouldn't place high expectations on the school system when the assembly cannot fulfill its own promises. When the state adopted the BEP five years ago, the school board planned the positions appropriated for the next school year. If the as-

sembly makes the cuts, "dreams of the board could be shattered," he said.

The BEP was to be installed over a seven-year period.

Diamont said Friday that the House Finance and Appropriations subcommittees met Friday morning to begin discussions about what to cut. He said he believed the feeling among committee members was to make more of an attempt to cut education.

He said, however, that he made it clear that the rural school districts would be hurt more than city districts. The BEP was designed to bring rural school district standards up to city school district standards.

Diamont said he needed strong constituent support to fight spending cuts in education.

"I can't say what will happen, but we are definitely between a rock and a hard place," he said.

EVERETT, GASKINS, HANCOCK & STEVENS

ATTORNEYS AND COUNSELORS AT LAW

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WILLIAM G. HANCOCK
HUGH STEVENS
KATHERINE R. WHITE
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May 1, 1990

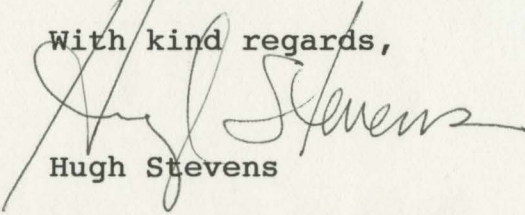
The Committee to Re-Elect David H. Diamont
Post Office Box 784
Pilot Mountain, North Carolina 27041

Ladies and Gentlemen:

Thank you for your invitation concerning the re-election of David H. Diamont.

As you know, I am a registered lobbyist for a number of clients. I regret to inform you that my contracts with those clients prohibit my making personal campaign contributions to candidates for governor, lieutenant governor, the Council of State, or the General Assembly. However, some of my clients have political action committees which may make such contributions, and I have passed your invitation on to them.

With kind regards,


Hugh Stevens

HS/kcd
\hs/legis

JAMES A. GRAHAM
BOX 10254
RALEIGH, NORTH CAROLINA 27605

COMMISSIONER
OF AGRICULTURE

May 2, 1990

The Honorable David H. Diamont
P. O. Box 784
Pilot Mountain, NC 27041

Dear David:

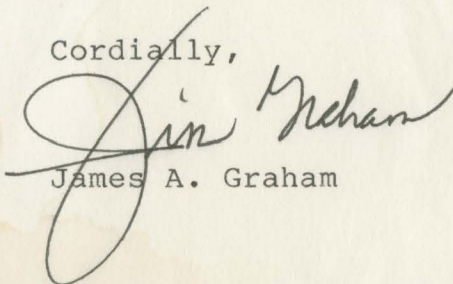
Thank you for your kind invitation to dinner and comedy entertainment on Saturday, May 19 in Mount Airy. I sincerely regret that Helen and I have a conflict that evening and will be unable to attend. I have asked a fine young couple, Dean and Cindy Denny, to represent us.

Enclosed you will find a check to cover the cost of their tickets.

Good luck on a successful evening!

With all good wishes.

Cordially,

A handwritten signature in cursive script that reads "Jim Graham". The signature is written in dark ink and is positioned above the printed name "James A. Graham".

James A. Graham

Enclosure

cc: Mr. & Mrs. Dean Denny
Mrs. Virginia Johnson

INFANT MORTALITY REDUCTION PROPOSAL
Remarks by: Representative David Diamont
May 30, 1990

As many of you know, the preliminary 1988 data on infant deaths indicates that North Carolina had the worst infant mortality rate of any state in the country. The data shows that 12.6 infants out of every 1000 children born died before their first birthday. This translates into 1227 infant deaths in 1988.

Low birthweight and premature births are the leading causes of the high infant mortality rate in North Carolina. In 1987, for example, 8% of all births were a low birthweight (under 5 1/2 pounds). Yet, these births contributed to 65% of all infant deaths that year. The problem is even more severe for very low birthweight babies (those born under 3 1/2 pounds). Lack of prenatal care, failure to obtain adequate nutrition during pregnancy, low socio-economic status, teenage pregnancy, genetic disorders, and poor health habits all contribute to North Carolina's high infant mortality rate.

Many of these deaths can be prevented. The General Assembly is committed to take the steps necessary to prevent these deaths in the future. The problem must be attacked on several different levels at once. We must help ensure that every pregnant woman has access to early and continuous prenatal care. This means that prenatal care must be affordable, that it must be available, and that it must meet the basic social and nutritional needs of those woman at highest risk. We must provide basic health services to the infants after their births. Finally, we must help prevent unwanted pregnancies, especially teen births.

The General Assembly has already taken significant steps in these areas. For example, the General Assembly expanded Medicaid to provide prenatal care and health services to over 38,000 low and moderate income pregnant women and infants over the last several years. In addition, the General Assembly set up the Rural Obstetrical Care Incentive program, "ROCI", to help offset the malpractice costs of doctors who agreed to provide prenatal and delivery services in medically underserved areas. We have also funded several projects aimed at reducing teenage pregnancy.

These efforts are not enough. That is why I am announcing our four year plan to reduce infant mortality. Our initiative covers six areas which contribute to the high infant mortality rate: 1) assuring financial access to prenatal care and delivery; 2) lack of adequate health personnel; 3) comprehensive prenatal services; 4) information, outreach and removal of barriers; 5) post birth care; and 6) prevention of unwanted pregnancies.

Our first year package, for the upcoming 1990-91 fiscal year, includes:

- 1) a \$3.0 million appropriation to expand Medicaid to cover pregnant women and infants with family incomes up to 185% of the federal poverty guidelines (\$23,495 for a family of four);
- 2) \$300,000 to expand the Rural Obstetrical Care Incentive program to help offset the malpractice costs of additional doctors and nurse midwives providing care in medically underserved areas;

- The total cost of this year's legislative package is \$10.3 million.
- 3) \$400,000 to hire four teams of nurse midwives to provide prenatal care in multi-county regions in the state lacking physician coverage;
 - 4) \$2.0 million to increase the Medicaid reimbursement rate for doctors who provide prenatal care and delivery services;
 - 5) \$500,000 to help local health departments hire case managers for low income pregnant women;
 - 6) \$900,000 to expand the medical genetics centers at Bowman-Gray, UNC Chapel Hill, East Carolina University, and Charlotte Memorial Hospital;
 - 7) \$175,000 to continue the infant mortality media outreach campaign;
 - 8) \$350,000 to help fund initiatives on a local level;
 - 9) \$1.0 million to help offset the local costs of providing transportation for low income women and children to receive necessary medical care;
 - 10) \$1.5 million to expand Medicaid case management services to children under the age of five with special health risks;
 - 11) \$100,000 for high risk infant adoption services;
 - 12) \$75,000 to provide technical assistance to local teen pregnancy prevention projects, and to continue a study of the teen pregnancy rates in all 100 counties;
 - 13) several departmental studies to evaluate the extent of remaining barriers to the receipt of early and continuous prenatal care.

The total cost of this year's legislative package is \$10.3 million dollars. The recommendations for the next three years include additional funding for infant care, WIC nutritional supplements, expansion of the ROCI program, local educational and outreach efforts, residential treatment centers for low income women who have alcohol or drugs abuse problems, preconceptional counseling and teen parenting programs. Our complete plan is explained in the more detailed briefing package.

We know that this is a tight budget year. Yet we cannot afford to ignore this problem. The toll is too high in human suffering as well as in future costs to the state. For every low birthweight child who survives with long term severe disabilities (15% of all very low birthweight babies), there will be over \$800,000 in health costs for neonatal intensive care and a lifetime of institutionalization. Thus, if this legislative package helps prevent lifelong severe disabilities for just 13 infants, we will have paid for the program. I know I speak for many of the legislators who are present here today -- Now is the time for action.

Thank you.

TOTAL

10.3 15.7 1.3 27.3

1.	State Police County	Total
2.	Program	10.7
3.	Nurse Midwives to cover	.3
4.	Fee for Doctors	.4
5.	Neonatal Care Coordinators	7.1
6.		.5
7.		.9
8.		.4
9.		.3
10.		1.0
11.	Home Society	5.4
12.	N.C. Coalition on Adolescent Pregnancy Prevention	.1
		.1

**GENERAL ASSEMBLY'S INFANT MORTALITY PROPOSAL
Annual Budget - FY 90-91**

Explanation of \$800,000 cost figure for low birthweight children who survive with long term severe disabilities.

	(In Millions)			<u>Total</u>
	<u>State</u>	<u>Fed'l</u>	<u>County</u>	
1. Medicaid Expansion 150% FPG-185% FPG (2808 pregnant women) (2808 infants)	3.0	7.2	.5	10.7
2. Rural Obstetrical Care Incentive Program	.3			.3
3. Nurse Midwives to cover 4 medically underserved areas	.4			.4
4. Increase Medicaid Reimbursement Fee for Doctors	2.0	4.7	.4	7.1
5. Maternity Care Coordinators One Time Start Up Grants	.5			.5
6. Medical Genetics Centers	.9			.9
7. Media Outreach Campaign	.2	.2		.4
8. Targeted Infant Mortality Grants	.3			.3
9. Medicaid Transportation	1.0			1.0
10. High Risk Infant Tracking	1.5	3.6	.3	5.4
11. N.C. Children's Home Society	.1			.1
12. N.C. Coalition on Adolescent Pregnancy Prevention	.1			.1
TOTAL	10.3	15.7	1.2	27.2

Explanation of \$800,000 cost figure for low birthweight children who survive with long term severe disabilities.

- 1) Almost all very low birthweight babies need neo-natal intensive care at an average cost of \$31,000. (Source: Office of Tehcnology and Assistance, U.S. Congress, Dec. 87).
- 2) 15% of the intensive care admissions are expected to have severe handicaps, needing lifelong care at an estimated cost of \$22,590/year. (Source: Office of Technology and Assistance).
- 3) The assumed life expectancy of these severely disabled individuals is 35 years (some will die as children, some will have normal life expectancies).
- 4) Thus, \$31,000 + (\$22,590 x 35 years) = \$821,650 per low birthweight child who survives with lifelong disabilities.

County	1987	1988	1989	1990
Albemarle	227	188	537	123
Allegheny	7	17.5	27	15.1
Anderson	5	23.7	14	12.3
Appomattox	3	12.8	20	15.9
Bedford	14	14.6	41	9.0
Begonia	16	11.5	71	11.2
Bladen	21	20.8	52	11.4
Camden	0	0.0	2	5.7
Carteret	10	14.6	41	11.3
Caswell	3	11.0	7	5.5
Catawba	15	8.9	80	11.0
Chatham	7	12.0	31	11.6
Cherokee	1	4.7	8	7.4
Chowan	0	0.0	10	10.4
Clay	0	0.0	3	8.1
Cleveland	19	14.6	92	15.8
Columbus	8	11.5	45	12.1
Craven	19	11.7	92	11.6
Cumberland	86	15.2	343	12.9
Currituck	2	10.3	16	16.6
Dare	3	9.0	10	7.0
Davidson	13	9.2	86	10.9
Davie	1	3.0	15	9.6
Duplin	9	15.0	37	12.9
Durham	30	11.0	155	12.4
Edgecombe	18	17.5	68	15.4
Forsyth	52	13.5	230	13.0
Frecklin	6	12.0	32	14.1
Gaston	37	13.8	179	14.5
Gate	1	8.2	10	15.9
Graham	0	0.0	2	4.4
Granville	12	23.1	39	15.7
Greene	4	22.1	14	13.9
Guilford	66	13.4	303	13.5
Halifax	15	16.9	58	13.8
Harnett	22	18.5	69	12.2
Haywood	5	9.4	21	6.0
Henderson	9	12.1	41	10.6
Hertford	4	11.3	19	10.9
Hoke	6	12.8	21	11.5
Hyde	1	16.1	6	17.3
Iredell	24	19.6	80	13.9
Jackson	1	5.4	16	11.7

INFANT DEATHS AND RATES BY COUNTY
NORTH CAROLINA, 1988 AND 1984-88

	1988		1984-88	
	Infant Deaths	Infant Death Rate	Infant Deaths	Infant Death Rate
North Carolina	1,227	12.6	5,557	12.2
Alamance	15	9.9	66	9.7
Alexander	3	9.4	19	11.3
Alleghany	2	23.0	6	13.3
Anson	7	17.5	27	15.1
Ashe	5	22.7	14	12.4
Avery	0	0.0	3	3.1
Beaufort	10	16.9	38	13.6
Bertie	1	3.2	22	13.9
Bladen	5	12.5	30	15.9
Brunswick	4	5.8	25	7.6
Buncombe	25	10.6	105	9.7
Burke	14	14.6	41	9.0
Cabarrus	16	11.5	71	11.2
Caldwell	21	20.8	52	11.4
Camden	0	0.0	2	5.7
Carteret	10	14.6	41	11.5
Caswell	3	11.0	7	5.5
Catawba	15	8.9	90	11.9
Chatham	7	12.0	31	11.6
Cherokee	1	4.7	8	7.4
Chowan	0	0.0	10	10.4
Clay	0	0.0	3	8.1
Cleveland	19	14.6	92	15.8
Columbus	8	11.5	45	12.1
Craven	19	11.7	92	11.6
Cumberland	86	15.2	349	12.9
Currituck	2	10.3	16	16.6
Dare	3	9.0	10	7.0
Davidson	15	9.2	86	10.9
Davie	1	3.0	15	9.8
Duplin	9	15.0	37	12.9
Durham	30	11.0	155	12.4
Edgecombe	16	17.5	68	15.4
Forsyth	52	13.5	230	13.0
Franklin	6	12.0	32	14.1
Gaston	37	13.8	179	14.5
Gates	1	8.2	10	15.9
Graham	0	0.0	2	4.4
Granville	12	23.1	39	15.7
Greene	4	22.1	14	13.9
Guilford	66	13.4	303	13.5
Halifax	15	16.9	58	13.8
Harnett	22	18.6	68	12.2
Haywood	5	9.4	21	8.0
Henderson	9	12.1	41	10.6
Hertford	4	11.3	19	10.9
Hoke	5	12.8	21	11.5
Hyde	1	16.1	6	17.3
Iredell	24	19.6	80	13.9
Jackson	1	3.4	16	11.7

**INFANT DEATHS AND RATES BY COUNTY
NORTH CAROLINA, 1988 AND 1984-88 (con't)**

	1988		1984-88	
	Infant Deaths	Infant Death Rate	Infant Deaths	Infant Death Rate
Johnston	16	13.8	59	11.1
Jones	0	0.0	10	15.0
Lee	7	11.0	37	12.1
Lenoir	8	10.1	57	14.5
Lincoln	5	6.9	28	8.8
McDowell	8	17.2	33	14.9
Macon	1	4.2	13	11.0
Madison	1	5.4	7	7.7
Martin	4	11.5	25	13.7
Mecklenburg	108	13.1	429	11.7
Mitchell	1	5.0	5	5.5
Montgomery	8	24.5	24	15.5
Moore	10	13.9	36	10.0
Nash	15	13.2	77	14.3
New Hanover	11	6.7	72	9.5
Northampton	7	24.9	22	14.8
Onslow	39	11.7	192	11.5
Orange	12	10.6	59	11.3
Pamlico	1	6.8	11	15.7
Pasquotank	3	5.9	27	11.5
Pender	3	8.1	23	13.9
Perquimans	2	13.8	9	12.3
Person	7	17.0	24	12.4
Pitt	28	17.4	110	14.8
Polk	4	26.5	13	19.8
Randolph	15	10.2	67	9.9
Richmond	12	18.3	50	16.8
Robeson	28	15.1	119	13.3
Rockingham	12	10.2	61	10.9
Rowan	20	13.7	78	11.1
Rutherford	13	16.9	32	8.8
Sampson	9	14.0	34	11.1
Scotland	6	11.2	32	12.4
Stanly	6	8.2	29	8.7
Stokes	2	4.4	16	7.4
Surry	15	19.4	54	15.0
Swain	3	14.9	10	11.7
Transylvania	2	6.6	17	11.8
Tyrrell	1	18.9	7	23.3
Union	16	12.5	80	13.7
Vance	6	9.5	42	14.6
Wake	62	10.1	357	13.2
Warren	4	16.9	22	18.8
Washington	7	29.7	22	20.8
Watauga	3	8.2	18	9.5
Wayne	17	10.6	85	10.7
Wilkes	12	17.5	42	11.5
Wilson	5	5.4	43	9.4
Yadkin	4	11.7	16	9.3
Yancey	2	10.0	7	7.9

Source: Department of Environment, Health, and Natural Resources
Division of Statistics and Information Services

9/89

**EFFORTS TO REDUCE NORTH CAROLINA'S INFANT MORTALITY RATE
COMPREHENSIVE PACKAGE**

North Carolina has the worst infant mortality rate of any state in the country. The General Assembly has taken numerous steps over the last several years to address the infant mortality rate. Unfortunately, these efforts have been insufficient to offset the other factors contributing to the high infant mortality rate. Thus, the number and percentage of children who died before their first birthday has grown over the last two years.

There are many interrelated risk factors that increase a woman's chance of having a low birthweight baby or a baby that dies before his or her first birthday, including: lack of prenatal care; failure to obtain proper nutrition during pregnancy; low socio-economic status; teenage pregnancy; genetic disorders; and poor health habits such as smoking, drinking or abusing drugs. These problems are compounded by a systemic failure to ensure sufficient numbers of health care providers to provide prenatal care, and inadequate social and nutritional services to meet the non-medical needs of those at highest risk.

There is unfortunately no easy way to address the medical, social and nutritional needs which contribute to North Carolina's high infant mortality rate. Rather, the General Assembly's strategy must be multi-faceted. The General Assembly must ensure that there are sufficient health providers to meet the needs of pregnant women; that women can pay for the care provided; that the care provided is sufficient to meet the health, nutritional and social needs of the women; and that there are informational and outreach programs to encourage women to seek appropriate care and to change health behaviors that contribute to poor birth outcomes. In addition, the state must remove the barriers which prevent certain low income women from seeking care, and should ensure that all infants receive appropriate care after birth. Finally, the state should take steps to provide adequate resources to help prevent unwanted pregnancies.

This paper sets out a plan to address the six areas which contribute to the high infant mortality rate: ensuring financial access to prenatal care and delivery; adequate health personnel; comprehensive prenatal services; information, outreach and removing barriers; post-birth care; and preventing unwanted pregnancies. The paper first summarizes the General Assembly's prior efforts, and then sets out the comprehensive four year plan.

Appropriated \$260,000 to begin a media outreach campaign
(Recommended by: DHR Task Force, NCION, Nat'l Comm, South.
Gov)

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**GENERAL ASSEMBLY'S
COMPREHENSIVE PROPOSAL TO REDUCE INFANT MORTALITY**

The following is a short description of the four year plan to reduce infant mortality. A more detailed description of these programs follows the summary. Many other state and national Commissions have recommended similar proposals. This summary notes when the General Assembly's proposals overlap with similar recommendations of other Commissions which have studied infant mortality, including: the N.C. Institute of Medicine ("NCIOM"), Governor's Commission on Infant Mortality ("Gov. Comm."), Dept. of Human Resources Infant Mortality Task Force ("DHR Task Force"), N.C. Indigent Health Care Study Commission ("NC Ind. Care"), N.C. Adolescent Pregnancy Study Commission ("Adol. Preg."), N.C. Social Services Study Commission ("SSSC"), Southern Governors Commission to Reduce Infant Mortality ("South. Gov."), National Commission to Prevent Infant Mortality ("Nat'l Comm"), the Institute of Medicine ("IOM"), the Children's Defense Fund ("CDF") and the Alan Guttmacher Institute ("A.G. Inst.).

A. Previous Efforts (FY 87-90)

Financial Access:

- o Expanded Medicaid to cover pregnant women and infants with incomes equal to or less than 150% of the federal poverty guidelines (FY 87, 90) (Recommended by: DHR Task Force, NCIOM, NC Ind. Care, SSSC, Nat'l Comm, CDF, IOM, A.G. Inst)

Health Personnel:

- o Increased the Medicaid reimbursement rates to providers (FY 87, 90) (Recommended by: DHR Task Force, NCIOM, NC Ind. Care, South. Gov., Nat'l Comm, IOM, CDF, A.G. Inst.)
- o Funded the ROCI program (FY 88) (Recommended by: DHR Task Force, NCIOM, NC Ind. Care, South. Gov, CDF, Nat'l Comm)

Comprehensive Services:

- o Set up the maternity care coordination program (FY 88) (Recommended by: DHR Task Force, Nat'l Comm, South. Gov)
- o Provided funding for pre-conceptual counseling programs in 42 counties and medical genetics programs in four centers (South. Gov.)

Information, Outreach and Removing Barriers:

- o Set up expedited process to determine Medicaid eligibility for pregnant women (FY 88) (Recommended by: NC Ind. Care, Nat'l Comm, A.G. Inst.)
- o Appropriated \$260,000 to begin a media outreach campaign (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, South. Gov)

A. Prior Efforts (cont'd)

Post-Birth Care

- o Increased foster care payments from \$200/month to \$250/month (FY90) (Recommended by: SSSC)

Preventing Unwanted Pregnancies:

- o Appropriate \$1.3 million million for initiatives to prevent adolescent pregnancy (FY 87-90), and \$75,000 to the N.C. Coalition on Adolescent Pregnancy to conduct research into the trends on adolescent pregnancy over the last ten years (FY 90) (Funding for local projects and technical assistance recommended by: Adol. Preg., Nat'l Comm, South. Gov, A.G. Inst.)
- o Transferred \$877,000 of the Low Income Energy Block Grant to the Maternal and Child Health programs to be used for family planning (FY 89, 90) (More family planning recommended by: Nat'l Comm, South. Gov, A.G. Inst.)

B. Year One (FY 90-91):

Financial Access:

- o \$3.0 million to expand Medicaid to cover all pregnant women and infants with incomes equal to or below 185% of the federal poverty guidelines (Recommended by: DHR Task Force, NCIOM, NC Ind. Care, SSSC, Nat'l Comm, CDF, IOM, A.G. Inst.)

Health Personnel:

- o \$300,000 expansion of the ROCI program (Recommended by: DHR Task Force, Gov. Comm., NCIOM, NC Ind. Care, Nat'l Comm, CDF, South. Gov.)
- o \$400,000 for four teams of nurse midwives in rural medically underserved areas (Recommended by: DHR Task Force, Gov. Comm., NCIOM, Nat'l Comm, CDF, South. Gov.)
- o \$2.0 million appropriation to increase the Medicaid reimbursement rate for obstetricians and family practitioners to \$1200 (covering both prenatal care and delivery) (Recommended by: DHR Task Force, NCIOM, South. Gov, CDF, IOM, Nat'l Comm, A.G. Inst.)
- o Division of Maternal and Child Health directed to study feasibility of setting up nurse midwifery education program (Recommended by: NCIOM, South. Gov, CDF, IOM, Nat'l Comm, A.G. Inst.)

B. Year One (cont'd)

- o Division of Maternal and Child Health directed to conduct a needs assessment on a county basis to determine the availability of prenatal care and other supportive services and to assess the extent to which the lack of services impacts on low birthweight and infant mortality (Recommended by: NCIOM, South. Gov)

Comprehensive Services:

- o \$500,000 as one time start up grants to health departments, community, migrant and rural health centers to hire additional maternity care coordinators (Recommended by: DHR Task Force, Gov. Comm., Nat'l Comm, Southern Gov)
- o \$900,000 to help expand the four medical genetic centers. (Recommended by: DHR Task Force, NCIOM, South. Gov.)

Information, Outreach and Removing Barriers:

- o \$175,000 to continue media outreach campaign (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, South. Gov)
- o \$350,000 to help fund community efforts to reduce infant mortality (Recommended by: DHR Task Force, Gov. Comm, NCIOM)
- o \$1.0 million appropriated to help pay for the costs of Medicaid transportation; Division of Medical Assistance directed to set up a statewide system to inform Medicaid recipients about the availability of transportation, to determine the extent to which each local department of social services provides Medicaid transportation when requested, and to ensure counties provide necessary transportation (Transportation assistance recommended by: DHR Task Force, NCIOM, IOM, South. Gov)

Post Birth Care:

- o \$1.5 million appropriation to expand Medicaid care coordination to cover high risk infants and children under age five. (Recommended by: DHR Task Force, Gov. Comm, NCIOM, Nat'l Comm, South. Gov)
- o \$100,000 appropriation to Children's Home Society for infant adoption services

Preventing Unwanted Pregnancies:

- o Continuation of funding for the local adolescent pregnancy prevention projects and \$75,000 for the N.C. Coalition on Adolescent Pregnancy (Recommended by: Adol. Preg., Nat'l Comm, South. Gov., A.G. Inst.)

C. Year Two (FY 91-92):

Financial Access:

- o Mandate that all private health insurance policies provide coverage for prenatal care and delivery (Insurance reform recommended by: NCIOM, NC Ind. Care, Nat'l Comm, CDF, A.G. Inst.)
- o The Division of Maternal and Child Health and the Department of Insurance directed to determine the extent to which there are still women who lack financial access to prenatal care and delivery services; and to determine the gaps in private and self funded health insurance coverage (Recommended by: NCIOM, Nat'l Comm)

Health Personnel:

- o \$500,000 to expand ROCI to ensure that it covers all medically underserved areas in the state (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, CDF, South. Gov)
- o Further expand the use of nurse midwives in medically underserved areas (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, CDF, South. Gov.)
- o Review the recommendations of the Birth Neurological Study Commission, tying implementation of any of the recommendations to assurances that infants born with neurological problems will be compensated sufficiently to meet their health and social needs throughout their lives, and that the health care system has adequate procedures to remove providers who regularly commit malpractice (Malpractice reform recommended by: NCIOM, South. Gov)

Comprehensive Services

- o \$500,000 continuation of one-time start up grants for care coordinators until there are sufficient care coordinators to cover all pregnant women and high risk infants on Medicaid (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, South. Gov)
- o Expand the Medicaid service package to cover nutritional counseling, psycho-social counseling, smoking cessation classes, and residential treatment centers for women who abuse alcohol or drugs, and should pay maternity care coordinators extra for home visits (DHR Task Force, NCIOM, Nat'l Comm, CDF, A.G. Inst.)
- o \$750,000 to expand the preconception counseling programs (if studies show that these programs are effective) (Recommended by: DHR Task Force, Gov. Comm, NCIOM, South. Gov.)
- o \$1.0 million state appropriations to expand the WIC program (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, CDF)

C. Year Two (cont'd)

Information, Outreach and Removing Barriers:

- o \$175,000 to continue support of media outreach campaign (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, South. Gov)
- o \$500,000 to set up a community lay advocate program, similar to the Virginia Resource Mothers program (Recommended by: NCIOM, Nat'l Comm, IOM, South. Gov.)
- o mandate that the state use a shortened one page eligibility form to determine Medicaid eligibility (Removing barriers recommended by: Nat'l Comm)
- o \$1.0 million appropriation to outstation eligibility workers in health departments, community, migrant, and rural health centers, and hospital outpatient clinics where prenatal care is delivered (Recommended by: DHR Task Force, IOM)

Post Birth Care:

- o \$2.0 mil. to expand the high risk infant tracking and care coordination system for non Medicaid children under age five (Recommended by: DHR Task Force, NCIOM, NC Ind. Care, Nat'l Comm, South. Gov)
- o \$4.3 million to raise the foster care payments to \$500/month for children with special needs (Recommended by: SSSC)

D. Year Three (FY 92-93):

Health Personnel:

- o The Department of Medical Assistance directed to study the physician participation in the Medicaid program as compared to the general population at large, and report to the 1993-94 long session

Comprehensive Services:

- o \$3.0 million to expand state appropriations for WIC (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, CDF)

Post Birth Care:

- o \$500,000 to implement a home visiting program for all Medicaid infants (Nat'l Comm, A.G. Inst.)
- o \$2.0 mil. to expand the high risk infant tracking and care coordination system for non Medicaid children under age five (Recommended by: DHR Task Force, NCIOM, NC Ind. Care, Nat'l Comm, South. Gov)

D. Year Three (cont'd)

Preventing Unwanted Pregnancies:

- o \$1.0 million to expand funding for the teen parenting program (Adolescent pregnancy prevention projects recommended by: Nat'l Comm, South. Gov, A.G. Inst.)
- o \$2.0 million to expand funding for Family Planning (Recommended by: DHR Task Force, Nat'l Comm, South. Gov., A.G. Inst.)

E. Year Four (FY 93-94):

Financial Access:

- o Depending on the outcomes of the Div. of Maternal and Child Health and Department of Insurance prenatal care access study, the General Assembly should implement a program to ensure that all pregnant women and infant have health insurance coverage (Recommended by: Nat'l Comm, CDF, A.G. Inst.)

Health Personnel:

- o Depending on the results of the participation study, the General Assembly should mandate that family physicians, obstetricians and nurse midwives that practice obstetrics take a certain percentage of Medicaid patients as a condition of licensure.

Comprehensive Services:

- o \$3.0 million state appropriations to expand WIC (Recommended by: DHR Task Force, NCIOM, Nat'l Comm, CDF)

Post Birth Care:

- o \$2.0 mil. to expand the high risk infant tracking and care coordination system for non Medicaid children under age five (Recommended by: DHR Task Force, NCIOM, NC Ind. Care, Nat'l Comm, South. Gov)

General Assembly's Initiatives:

Previous Efforts (FY 87-92): The General Assembly expanded Medicaid to cover pregnant women and infants with incomes equal to or below 150% of the federal poverty guidelines.

I. Financial Access

This is the area in which the General Assembly has taken the greatest steps. In 1987, the General Assembly expanded Medicaid to cover all low income pregnant women and infants (those with incomes equal to or less than the federal poverty guidelines). Prior to that expansion, Medicaid only covered women and infants with incomes less than about half of the federal poverty guidelines. The General Assembly again expanded Medicaid eligibility in the 1989 session. Beginning January 1, 1990, all pregnant women and infants with incomes below 150% of the federal poverty guidelines (\$ 19,050 for a family of four) became eligible for Medicaid coverage.

While this expansion made significant headway in providing low income pregnant women with health insurance to cover the costs of prenatal care and delivery, there were still large numbers of pregnant teens who were ineligible for assistance. Under ordinary Medicaid procedures, the income of a child's parent is counted in determining Medicaid eligibility of the child. Congress recently gave the states the option of disregarding the parent's income in determining the pregnant teen's eligibility. Governor Martin implemented this option beginning April 1, 1990. Under the recent changes, the Division of Medical Assistance will not count the parent's income in determining Medicaid eligibility for the pregnant teen, unless the parent actually contributes money to the teen. As a result of this change, 3,800 pregnant teens will become eligible for Medicaid.

Congress also permits states to provide Medicaid coverage to pregnant women and infants with incomes equal to or less than 185% of the federal poverty guidelines (\$23,495 for a family of four). This expansion would provide Medicaid coverage to approximately 2800 additional pregnant women and 2800 additional infants.

All of these efforts help to make prenatal care and delivery affordable to the lowest income women. However, further efforts are needed to make health services affordable to moderate income women. Some women who have health insurance are covered by policies that exclude coverage for prenatal care. Health providers often require payment of part or all of the prenatal/delivery fee up front. The Division of Medical Assistance estimates that the average global fee rates (which cover both prenatal care and delivery) is about \$1300 (although individual providers may charge as high as \$2350). Thus many women who are uninsured or underinsured face significant financial barriers to care.

General Assembly's Initiatives:

Previous Efforts (FY 87-90): The General Assembly expanded Medicaid to cover pregnant women and infants with incomes equal to or below 150% of the federal poverty guidelines.

Year One (FY 90-91): The General Assembly is proposing to expand Medicaid to cover all pregnant women and infants with incomes equal to or below 185% of the federal poverty guidelines.

Year Two (FY 91-92): The General Assembly will propose legislation to mandate that all private health insurance policies provide coverage for prenatal care and delivery. While mandating prenatal care may initially raise the health insurance rates of some policies, it will save health care costs to the system as a whole. Studies have shown that every \$1.00 spent on prenatal care saves over \$3.00 in the infant's first year of life. In addition, the Division of Maternal and Child Health and the Department of Insurance will be directed to determine the extent to which there are still women who lack financial access to prenatal care and delivery services; and to determine the remaining gaps of private and self funded health insurance coverage.

Year Four (FY 93-94): Depending on the outcomes of the Division of Maternal and Child Health/Dept. of Insurance study, the General Assembly will consider implementing a program to ensure that all pregnant women and infants have health insurance coverage. The coverage would include prenatal care, risk assessment, nutritional counseling, delivery, and care for infants through their first year of life. Medicaid would cover the costs of care for women and infants who were eligible for Medicaid. Private employers would be required to provide coverage for their employees and dependents or to pay a tax which would help cover the costs of the uninsured. (There may be certain opt outs or tax subsidies for small or struggling employers). The state would help finance the costs for those who are not employed but who were ineligible for Medicaid.

II. Health Personnel

The North Carolina laws mandate that prenatal care be accessible in every county. The state Division of Maternal and Child Health is required to ensure that each local health department provide, contract for or certify the availability of maternal health services for all individuals within the health department's jurisdiction. 10 NCAC 12 .0231. Despite this clear mandate, there are 9 counties that have no subsidized prenatal clinics (although some of these counties have agreements with other health providers to render care); and many of the counties that do have clinics or other health care services do not have sufficient services to meet the health care needs of the pregnant women in the community. Thus, in 19 counties, the average wait for an appointment at a prenatal clinic is three weeks or longer, and in nine counties, the wait is over four weeks.

One of the primary reasons for the lack of adequate resources to meet the needs of low income pregnant women in the community is the lack of physician support. In 1988 a study by the Division of Maternal and Child Health showed that 21 counties had

physicians withdraw from prenatal clinics in the prior year, and 43 counties considered their lack of physicians to be an important barrier to prenatal care for low income women.

The problem is not limited to low income women, although the problem is most severe for women who lack adequate private health insurance coverage. Ron Levine, State Health Director, stated recently that the number of family practitioners performing obstetrics has been reduced by 85% and that many specialists in obstetrics and gynecology have reduced the size of their obstetric practices or discontinued taking care of high risk patients altogether. Doctors generally claim that fear of malpractice suits have forced them to reduce or eliminate their obstetrical practice. Moreover, they cite the low Medicaid reimbursement rate as an additional reason to refuse to treat low income women.

The cutback in the private sector also forces more women to use the health department clinics as their primary source of prenatal care. Between 1984 and 1987 there was an 8.7% increase in the number of live births, but a 28.5% increase in the number of women receiving prenatal care at state supported prenatal clinics. This puts even greater burdens on understaffed health departments.

The General Assembly has already taken steps to encourage health care providers to provide obstetrical services. First, the General Assembly increased the Medicaid reimbursement rate for prenatal care and delivery services from \$409 in 1986 to \$925 in 1989. Second, the General Assembly created the Rural Obstetrical Care Incentive Program in 1988, to help offset the malpractice insurance costs for family physicians and obstetricians who agreed to provide prenatal and obstetrical services in medically underserved rural areas.

The General Assembly should continue these efforts, by further increasing the Medicaid reimbursement rate to more adequately cover the physicians costs; and by expanding the ROCI program to cover more physicians and nurse midwives in medically underserved areas (whether rural or urban). Further, the General Assembly should expand the use of nurse midwives in medically underserved areas. If these efforts are inadequate to ensure sufficient numbers of health providers to treat low income women, the General Assembly should mandate that obstetricians and family practitioners who provide obstetrical services, treat Medicaid patients as a condition of licensure. The General Assembly should also consider the proposals of the Birth Neurological Study Commission, to determine whether women and infants would have better access to quality health services if we reformed the current tort system.

General Assembly's Initiatives:

Previous Efforts (FY 87-90): The General Assembly increased the Medicaid reimbursement rates; and set up the ROCI program to help pay the malpractice costs of physicians who agree to provide obstetrical services in medically underserved areas.

Year One (FY 90-91): The General Assembly has proposed a \$300,000 increase in the ROCI program; \$400,000 to hire four teams of nurse midwives to serve in four rural medically underserved areas of the state and \$2.0 million to further increase the prenatal and delivery Medicaid reimbursement rates for family practitioners and obstetricians. In addition, the General Assembly is directing the Division of Maternal and Child Health to conduct a needs assessment on a county basis to determine the availability of prenatal care and supportive services, and to study the feasibility of establishing a nurse midwifery education program in North Carolina.

Year two (FY 91-92): The General Assembly will appropriate \$500,000 to expand the ROCI program further and will also expand the state appropriations to hire more teams of nurse midwives to serve in medically underserved areas. The GA will also review the recommendations of the Birth Neurological Study Commission, tying implementation of any of the recommendations to assurances that infants born with neurological problems will be compensated sufficiently to meet their health and social needs throughout their lives, and that the health care and medical licensure systems have adequate procedures to remove providers who regularly commit malpractice.

Year three (FY 92-93): The Department of Medical Assistance will be directed to study the physician participation in the Medicaid program as compared to the general population at large. This report will be provided to the 1993-94 long session.

Year four (FY 93-94): The General Assembly will review the results of the DMA study to determine if physician participation in the Medicaid program generally reflects the availability of doctors providing obstetrical services to the public at large. If not, the General Assembly will mandate that family physicians, obstetricians and nurse midwives that practice obstetrics take a certain percentage of Medicaid patients as a condition of licensure.

III. Comprehensive Services

By establishing the Maternity Care Coordination system, the General Assembly has taken important steps to address the health, nutritional and social needs of pregnant women on Medicaid. Maternity care coordinators do an initial risk assessment to determine the women's social, nutritional and health needs, make referrals to various service providers, monitor to ensure care is received, assist with the completion of the Medicaid eligibility process, arrange transportation and day care necessary to access health care, and otherwise act as trouble shooters for pregnant women. For these services, the health departments or community, rural or migrant health centers are paid \$50/month for the initial month; and \$25/month for ongoing months of care (not to exceed a maximum reimbursement of \$225). In addition, Medicaid covers the costs of prenatal care, delivery, post-partem care, and all health services for conditions which could complicate the pregnancy.

The Medicaid program can be expanded further to enhance the prenatal service package. North Carolina could pay for nutritional counseling (as do South Carolina and Virginia); psycho-social counseling (as do Mississippi, and South Carolina); and could pay separately for maternity care coordinators to visit high risk pregnant women in their homes, when necessary. (North Carolina currently considers a home visit part of the maternity care coordinator's duties, but does not pay extra for the service. As a consequence, very few of the maternity care coordinators make home visits. However, other Southern states have recognized the importance of home visits and pay extra for these services, such as: Mississippi- \$24/visit, 5 per pregnancy; Tennessee - \$42/visit, 1 per month; or Virginia - \$33/day, 28 visits). North Carolina could also expand the Medicaid program to cover smoking cessation classes and residential treatment services for alcohol/substance abusing pregnant women.

In addition to an enhanced prenatal package for women on Medicaid, there are additional services which are needed for all pregnant women, including genetic counseling and treatment for children born with birth defects. Birth defects is one of the leading causes of infant mortality. Approximately 40% of all infant deaths are due to birth defects. To give an idea of the extent of the problem--one out of every 10 babies conceived; one of every 20 still births; and one of every 200 live births have chromosomal abnormalities. (These figures do not even count the genetic disorders that are due to hereditary, but non-chromosomal abnormalities, such as cleft palate, hydrocephalus, etc.)

The General Assembly currently funds four statewide medical genetics programs to help diagnose potential genetic abnormalities which could cause birth defects and to treat children born with such problems. The current centers are located at: UNC-Chapel Hill, Bowman-Gray, Charlotte Memorial and East Carolina University-Pitt. The North Carolina medical genetics programs receive about \$700,000 from the state (compared to South Carolina with half the population but twice the funding). As a result, there are long waiting lists to be seen at the medical genetics centers (for example, the clinic at Chapel Hill has about a three month waiting list).

The General Assembly also funds pre-conceptual counseling programs in 42 counties. The pre-conceptual counseling programs are extensions of health planning services. Women who seek health planning services also receive pre-conceptual counseling. The pre-conceptual counselors help educate women about high risk behaviors which could complicate pregnancies (such as smoking and drinking), and medical issues that may complicate the pregnancy (such as genetic disorders, diabetes, or epilepsy), before the women get pregnant. These programs could be expanded to more counties.

Finally, the General Assembly could expand the Women's, Infant and Children ("WIC") supplemental food program for low income women, infants and children. In order to qualify for WIC,

a person must be either a pregnant, postpartum, or breastfeeding woman, an infant, or a child under the age of five. In addition, the family income must be less than 185% of the federal poverty guidelines, and the person must have an identified nutritional risk (such as anemia, poor growth, previous poor pregnancy outcome, or inadequate diet). WIC has long been recognized to have a positive outcome on births. The Harvard School of Public Health estimated that every dollar spent on WIC saved \$3 in health care costs in the first year of the child's life. Yet, the WIC program is seriously underfunded. North Carolina's WIC program serves only about 52% of those eligible in North Carolina. Every \$1.0 million appropriation provides WIC services to approximately 2,000 women, infants, and children a month.

General Assembly's Initiatives:

Previous Efforts (FY 87-90): The General Assembly set up the maternity care coordination program and helped fund pre-conceptional counseling programs in 42 counties and medical genetics programs in four centers.

Year One (FY 90-91): The General Assembly is proposing a \$500,000 appropriation to pay for the one-time start up costs of maternity care coordinators, and \$900,000 to expand the four medical genetics centers.

Year Two (FY 91-92): The General Assembly will appropriate \$500,000 to continue its one-time start up grants for care coordinators until there are sufficient care coordinators to cover all pregnant women and high risk infants on Medicaid. The General Assembly will also appropriate additional money to expand the Medicaid service package to cover nutritional counseling, psycho-social counseling, smoking cessation classes, and residential treatment centers for women who abuse alcohol or drugs, and will pay maternity care coordinators extra for home visits.

In addition, the General Assembly will appropriate \$1.0 million to expand the WIC program, and will appropriate \$750,000 to expand the preconceptional counseling programs, if the studies indicate that the preconceptional counseling programs are effective in reducing unhealthy behaviors and identifying women with medical risks before conception.

Year Three (FY 92-93): The General Assembly will continue its WIC expansion to eligible women, infants and children by appropriating \$3.0 million for this effort.

Year Four (FY 93-94): The General Assembly will appropriate \$3.0 million to continue the WIC expansion.

IV. Education, Outreach and Efforts to Remove Barriers

Almost 40% of the deaths were to infants born to mothers who received less than adequate prenatal care. During the past two

to three years, the percentage of births to mothers with inadequate prenatal care or no prenatal care at all has been increasing. Thus, it is important to reach out to pregnant women and women who are contemplating pregnancy, to bring them into the health care system. Further, the state must take all steps necessary to remove barriers which prevent certain low income women from receiving proper care before and during pregnancy.

A. Reducing Barriers to Participation

North Carolina has already taken several steps to remove barriers to participation. First, in 1987 the General Assembly set up a system of presumptive eligibility for Medicaid clients. A woman who comes into the health department for her first prenatal visit can have a "quick" eligibility determination. The pregnant woman is then required to go to the Department of Social Services to fill out a full Medicaid application. The quick or "presumptive" eligibility determination lasts for 45 days during which time her regular Medicaid application will be processed. (If the pregnant woman does not file a Medicaid application, then the presumptive eligibility determination will only last 15 days). Presumptive eligibility allows the pregnant woman to seek medical treatment during the Medicaid application processing time period.

Second, the General Assembly eliminated the resource requirements for pregnant women and children. Eligibility for pregnant women and children is based solely on the family's income. This helps reduce paper work and makes the eligibility process far simpler.

Finally, the General Assembly expanded Medicaid to pay for case managers, called Maternity Care Coordinators. Maternity Care Coordinators help eliminate access barriers that pregnant women face in trying to obtain necessary care. For example, the case manager will help pregnant women: fill out Medicaid applications, obtain necessary nutritional supplements such as WIC or Food Stamps, set up medical appointments, arrange transportation, and resolve other personal problems which might ordinarily impact on the pregnant woman's health (such as housing problems). Studies have shown that the case management system for pregnant women has made a positive impact on birth outcomes. For example, Medicaid women who did not receive care coordination had a percent of low birthweight babies 17% higher than those with care coordination, a percent of very low birthweight babies 67% higher, and a neonatal mortality rate 39% higher.

Despite these important achievements, more needs to be done to help reduce the barriers to participation. One effort, already undertaken in Tennessee and South Carolina, is to outstation Medicaid eligibility workers in health departments, community, rural, migrant health centers and hospital outpatient clinics that provide prenatal care. Another step which North Carolina can take is to reduce the current 15 page Medicaid application form for pregnant women and children to one page.

Another critical issue is to ensure that all Medicaid patients have access to transportation to enable them to get to their medical provider. The federal regulations already require the state to "assure necessary transportation for recipients to and from providers". 42 CFR 431.53. In fact, the state is under a court order to ensure that transportation services are provided, Blue v. Craig, C-194-D-72 (M.D.N.C. 1978) (consent judgment). Nonetheless, many Departments of Social Services ignore their responsibilities to provide necessary transportation to health care providers. In fact, a recent survey of maternity care coordinators showed that lack of transportation was one of the most significant access barriers facing low income women, and that even with the intervention and advocacy of maternity case coordinators, the Departments of Social Services provided necessary transportation in only about half of the time needed.

Finally, the General Assembly can help community outreach efforts by providing funding to communities to help in their efforts to reduce infant mortality. The U.S. Department of Health and Human Services has recently funded such efforts in six eastern and southeastern counties (called the "Healthy Generation Project"); and the Kate B. Reynolds Health Care Trust has funded community efforts in the Pitt, Edgecombe, and Martin-Washington communities.

B. Information and Outreach

Again, North Carolina has made significant strides to inform pregnant women about the importance of early and continuous prenatal care. In 1989, the General Assembly appropriated \$260,000 to conduct a media outreach campaign. The N.C. March of Dimes is staffing the campaign effort. The campaign, which began on May 15, 1990, includes print and broadcast materials explaining the importance of prenatal care and avoiding certain behaviors (such as drinking, smoking or taking drugs), which could contribute to poor birth outcomes. In future years, the media campaign will include methods of improving the health of the infant (such as preventive immunizations). The appropriations also covered the cost of a toll-free hotline, staffed by trained workers who can answer simple pregnancy questions and provide women with referrals to appropriate medical care and other social services.

These efforts will help to raise the public's consciousness about the need for early and continuous prenatal care. Nonetheless, these efforts may not be sufficient to reach all women, especially those at highest risk. For example, some teenage girls deny their pregnancy for long periods of time, thus avoiding early prenatal care. Other women have a fear of traditional medical institutions which causes them to delay necessary care. The state needs to develop other ancillary strategies to meet the needs of these high-risk women.

Many other states have begun to use community lay advocate systems as a means of identifying and encouraging pregnant women to obtain necessary medical care. Lay advocate programs, such as

the Resource Mothers program in Virginia, or the Rural Alabama Pregnancy and Infant Health Programs, helps train concerned citizens in the community to work with pregnant teens and women in low income communities. For example, the Resource Mother program in Virginia trains community women in health care, social services, and counseling. The Resource Mothers then work with pregnant teenagers to help them obtain early prenatal care and to reduce unhealthy behaviors such as smoking and drinking. Since the program began, the teens who worked with Resource Mothers had low birthweight rates of 6%, lower than the national rate of 9.4%.

Other states have tried other strategies to encourage pregnant women to seek early prenatal care. For example, Utah and Washington D.C., have set up coupon incentive programs. For every trimester that a woman receives prenatal care, she receives a coupon book which entitles her to reductions in the prices of merchandise or services from local merchants. The March of Dimes is planning on designing a coupon incentive program in the next year, after the media outreach program and telephone hotline are fully implemented.

General Assembly's Initiatives:

Previous Efforts (FY 87-90): The General Assembly set up a system of presumptive Medicaid eligibility, expanded Medicaid to pay for case management services for pregnant women, and appropriated \$260,000 to begin a media outreach campaign.

Year One (FY 90-91): The General Assembly is continuing its Media Outreach campaign (\$175,000) and is proposing a \$500,000 appropriation as one-time grants to health departments and community, migrant and rural health centers to hire additional maternity care coordinators. The General Assembly has also proposed a \$350,000 grant to help fund community efforts to reduce infant mortality and \$1.0 million to help offset Medicaid transportation costs. The Department of Human Resources, Division of Medical Assistance will also be directed to set up a system to inform Medicaid recipients about the availability of transportation, and ensures that transportation is actually provided when needed.

Year Two (FY 91-92): The General Assembly will continue its support of maternity care coordinators and the media outreach campaign. In addition, the General Assembly will: 1) appropriate \$500,000 to set up a community lay advocate program, similar to the Virginia Resource Mothers program; 2) mandate that the state use a shortened one page eligibility form to determine Medicaid eligibility; and 3) appropriate \$1.0 million to outstation eligibility workers in health departments, community, migrant, and rural health centers, and hospital outpatient clinics where prenatal care is delivered.

V. Post Birth Management Strategies

The largest increase in the infant mortality rate in 1988 was due to postneonatal deaths (those occurring after the 28th day of life). 14 of the deaths were due to infections, and 43 of the increased deaths were attributable to SIDS (sudden infant death syndrome). Both of these increases are closely related to the poverty status of the household.

The General Assembly has already taken some steps to address the needs of infants with special health risks. The state's high risk infant tracking program provides case management services, and home visiting to infants and children through age five who are considered "high risk". The definition of high risk includes both medical and socio-economic factors, such as infants born at low birthweight, with a shortened gestational period, or respiratory distress, or parental substance abuse or indications of early difficulty in parental/infant bonding. The Division of Maternal and Child Health and Division of Medical Assistance has insufficient funding to cover all high risk infants. There are approximately 28,000 children under age five who are at high risk of developing developmental or chronic health problems and would benefit from case management services, but only about 9,000 of the children receive the care.

Another way of addressing the increasing post neonatal mortality rate would be to provide one home visit by a nurse or social worker for every newborn child. South Carolina, for example, has developed a newborn home visiting program for all Medicaid covered newborns. A registered nurse makes a home visit to every Medicaid covered newborn in South Carolina (nearly half of the state's 50,000 births) within 60 days after birth to encourage each family to permanently enroll their infant in Medicaid and participate in EPSDT ("Early, Periodic, Screening, Diagnosis and Treatment"), the preventative health Medicaid program for children. The nurses also assess the home environment and provide guidance to new parents. The program has increased the number of infants who receive a two-week old neonatal exam and the number who stay in Medicaid beyond the 60 days postpartum coverage period. This system would also help identify additional high risk infants and children who could be provided more extensive services under the high risk infant tracking program.

Another important element necessary to ensure the survival of the children at highest risk is to improve the foster care and adoption systems. There are increasing numbers of children born with special needs who need to be put in a foster care placement or placed for adoption. Local departments of social services have a difficult time placing these children in foster care because the payments for children with special needs (such as handicapped children, children with AIDS, or those born with alcohol or drug addictions) are so low. North Carolina only pays \$250/month for foster care regardless of the needs of the child. The General Assembly could expand the availability of foster care

placements by increasing the monthly assistance payments. Adoption assistance for infants is handled primarily through the Childrens Home Society of North Carolina. Additional funding for the Childrens Home Society would enable them to provide more prenatal counselling and infant adoption placement services.

General Assembly's Initiatives:

Previous Efforts (FY 87-90): The General Assembly increased foster care payments from \$200/month to \$250/month.

Year One (FY 90-91): The General Assembly is proposing a \$1.5 million appropriation to expand Medicaid to cover case management services for all high risk infants and children under age five. In addition, the General Assembly is proposing a \$100,000 appropriation to the Childrens Home Society of North Carolina for prenatal counselling and infant adoption services.

Year Two (FY 91-92): The General Assembly will appropriate \$2.0 to expand the high risk infant tracking program to cover non-Medicaid eligible children under age five who have special health risks. The General Assembly will also appropriate \$4.3 million to raise the foster care payments to \$500/month for children with special needs.

Year Three (FY 92-93): The General Assembly will appropriate \$2.0 million to further expand the high risk infant and child tracking program to cover more non-Medicaid eligible children under age five; and will expand Medicaid to pay for one home visit for every newborn infant born on Medicaid.

Year Four (FY 93-94): The General Assembly will appropriate an additional \$2.0 million to continue its expansion of the high risk infant and child tracking program.

VI. Preventing Unwanted Pregnancies

The final element of a successful infant mortality reduction plan is to help women prevent unwanted pregnancies. Providing women with the information necessary to avoid unwanted pregnancies has a two-fold impact which positively impacts birth outcomes. First, women who have unwanted pregnancies are less likely to care for themselves and the unborn child during pregnancy. Second, women who have had previous births in the last twelve months are more likely to have low birthweight babies than mothers who have had their children spaced further apart. According to Ron Levine, State Health Director, about one-third of the decline in the infant mortality rate in the 1970's could be ascribed to better timing and spacing of pregnancies.

Clearly, there is a need for more family planning services to provide information and health services to the general population. In the eighties, funding for family planning was reduced. In 1987, for example, it was estimated that public

family planning clinics served less than half of the number of women in need.

In addition, there is a need for special initiatives targeted specifically for teens. The General Assembly has already made great strides in this area. In the last four years, the state has appropriated approximately \$1.3 million/year to fund about 30 local adolescent pregnancy prevention projects. Some of the projects have already demonstrated their effectiveness. For example, the Greene County school based health clinic has reduced both the adolescent pregnancy rate in the county by over 30% and the school drop out rate by over 40%. The other projects are in the process of being evaluated for their long term effectiveness. The General Assembly also appropriated \$75,000 to the N.C. Coalition on Adolescent Pregnancy to provide technical assistance to the local community projects and to conduct a study of the teen pregnancy rates in all 100 counties for the last ten years, to determine links between teen pregnancy, infant mortality, drug use, school drop-out rate, unemployment, poverty, and other problems.

In addition, the state has funded eight teen parenting programs for girls age 16 and younger through local departments of social services. The programs have been very effective in preventing repeat pregnancies, helping keep the children in school and promoting healthy birth outcomes.

General Assembly's Initiatives:

Previous Efforts (FY 87-90): The General Assembly appropriated \$1.3 million for initiatives to prevent adolescent pregnancy, and \$75,000 to the N.C. Coalition on Adolescent Pregnancy to conduct research into the trends on adolescent pregnancy over the last ten years. In addition, the General Assembly specifically earmarked \$877,000 of the Low Income Energy Block Grant to be used for family planning.

Year One (FY 90-91): The General Assembly plans to continue its funding of the local adolescent pregnancy prevention projects and appropriate \$75,000 for the N.C. Coalition on Adolescent Pregnancy.

Year Three (FY 92-93): The General Assembly will appropriate \$1.0 million for teen parenting programs and \$2.0 million to expand family planning services.

Date -

Enclosed are the following materials

D) Draft of the Five year infant mortality proposal. I really need you to review this & then call me - so we can decide on a couple of outstanding issues. I'll be out of the office most of today but you can reach me at home tonight if you want to call (919-490-4609).

Otherwise, I'll be out tomorrow & will try to give you a call.

The three ^{four} areas we need to discuss are:

- a) \$100,000 appropriation to Children's Home Society (p. 14)
- b) Medicaid transportation (p. 12)
- c) money for high risk infant tracking (p. 14)
- d) The studies I've directed the state to do.

I haven't been able to reach Sen. Eggell yet - he's out of town today. But I'll send him these materials & get his thoughts too.

(over)

2) I've also enclosed a list of counties with their most recent + five year report mortality data.

3) Finally, I've enclosed the research Margot did on alternatives to the sales tax increase.

I hope this information is useful. I'm sorry that I couldn't stay longer - but I have a meeting at the Public School Forum I need to attend.

Pam

- a) \$100,000 appropriation to Children's Home Society (p. 14)
- b) Medical transportation (p. 12)
- c) money for high risk report tracking (p. 14)

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(over)

Memo

To:

Rep. Diamont, Sen. Barnes, Sen. Ezzell, Sen. Walker

From:

Pam Silberman

Date: May 10, 1990

Re:

Infant Mortality Reduction Five Year Plan

At your April 17, 1990 Infant Mortality meeting, you asked Legal Services to help draft a five year campaign to reduce infant mortality, and to draft proposed legislation to implement this year of the plan.

I am enclosing a draft copy of the five year plan. The legislation is in the final stages and should be ready sometime next week.

There were a couple of changes to this year of the plan. First, the Governor thinks that we can implement the Medicaid coverage of pregnant teens under existing appropriations. Therefore, he is not seeking a \$4.5 million appropriation from the General Assembly. Second, Rep. Diamont, with the approval of Sen. Ezzell, wanted to add a couple of items to the package: a) The package now includes an appropriation to expand the Medicaid reimbursement to physicians who provide prenatal care and delivery services to Medicaid patients. Doctors are currently paid \$925 for these services, but would get \$1200 for prenatal care and delivery under the proposal (Fiscal Research is trying to get the costs of this proposal); b) there would be a \$1.0 million appropriation to help offset the costs of providing transportation to and from medical providers for Medicaid patients (Medicaid transportation is currently required under federal law and court order); and c) a \$100,000 appropriation to the Children's Home Society to help with their infant adoption services (particularly for high risk infants). The approximate cost of the package for this year would be \$8.8 million (less than the \$10.8 package originally proposed).

Finally, the proposed legislation for this year asks the Division of Maternal and Child Health to: a) study the feasibility of setting up a nurse midwifery education program, and b) conduct a needs assessment on a county basis to determine the availability of prenatal care and other supportive services and to assess the extent to which the lack of specific services impacts on low birthweight and infant mortality.

Please feel free to call me if you have any questions about this package.