

EMBARGOED UNTIL 3:00 P.M. (EST)

February 25, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

The health of our people is one of our Nation's most vital resources.

Significant progress has been made in improving the health of the Nation's people during the last 25 years, as can be seen in the reductions in the infant mortality rate, increases in life expectancy, and the conquering of some communicable diseases. This progress has come under a largely private health care system with the support of public funds.

In the past 10 year period (1965-1975) Federal spending for health has increased from \$5 billion to \$37 billion. With greater Federal funding has come a multitude of Federal programs, regulations and restrictions -- all motivated by the best of intentions but each adding to the confusion and overlap and inequity that now characterizes our efforts at the national level.

Today I am proposing to the Congress legislation that addresses these problems. I am asking Congress to enact the Financial Assistance for Health Care Act which will consolidate Medicaid and 15 categorical Federal health programs into a \$10 billion block grant to the States. I am proposing that future Federal funding for this new program be increased annually in increments of \$500 million plus the amounts needed after 1980 to ensure that no State will in the future receive less under this proposal than it received in fiscal year 1976.

The Financial Assistance for Health Care proposal is being submitted after extensive consultation with organizations representing the publicly elected officials who will be responsible for administering the program. I believe this proposal represents a major step toward overcoming some of the most serious defects in our present system of Federal financing of health care.

My proposal is designed to achieve a more equitable distribution of Federal health dollars among States and to increase State control over health spending. My proposal also recognizes the appropriate Federal role in providing financial assistance to State and local governments to improve the quality and distribution of health services.

The enactment of this legislation will achieve a more equitable distribution of Federal health dollars by providing funds according to a formula giving primary weight to a State's low-income population. The formula also takes into account the relative "tax effort" made by a State and the per capita income of that State.

Let me emphasize that every State will receive more Federal funds in fiscal years 1977, 1978 and 1979 under the block grant than it received in fiscal year 1976. My proposal

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also allows for a gradual phase-in of the distribution formula in future years to ensure a systematic, orderly transition that will permit States to adjust to the new program.

To assure accountability and responsiveness to the public, my proposal requires each State to develop an annual health care plan as a condition to receiving Federal funds. This plan will be developed through a Statewide public review and comment process which will assure participation by all concerned parties. Thus, increased State responsibility will be coupled with expanded public participation, and accountability in the development of State health policies.

This proposed consolidation of health programs is essential to continue our national progress in the field of health. It is designed to permit States greater flexibility in providing for delivery of health care services to those with low income. It eliminates the requirements for State matching. And it recognizes the need for a cooperative relationship among governments at all levels. My proposal would reduce Federal red tape, increase local control over health spending, and expand public participation in health planning.

While I am proposing to increase State control over health spending, we will continue to concentrate our efforts in areas of appropriate Federal responsibility. For example, my budget proposals for 1977 include the following:

- In food and drug safety, I have asked for \$226 million in 1977, an increase of \$17 million, to enable further progress in priority areas;
- In the area of drug abuse prevention, I propose almost \$500 million for prevention and treatment to expand national drug abuse treatment capacity to meet the current need;
- My budget requests more than \$3 billion for health research, including continued support of major national efforts in cancer and heart disease research and support for new scientific opportunities in the fields of environmental health, aging, and immunology;
- In our effort to improve the training and utilization of doctors and other health professionals, I have requested new legislation and funding of \$319 million, designed to concentrate on the problems of geographic and specialty mal-distribution of health professionals;
- To assist local communities to attract physicians, dentists and other health professionals to underserved areas, I am proposing to expand the National Health Service Corps demonstration program 38% from \$18 million to \$25 million.
- To assist the development of a strong health maintenance alternative, I have directed HEW to move rapidly in administering the dual option provisions of the HMO Act. And, to complete the 5-year effort to demonstrate and test the

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health maintenance organization concept, I have requested an additional year's authorization for new commitments. As of last June, there were 10 health maintenance organizations certified through the dual option provisions:

- To provide improved health services to American Indians and Alaska Natives, I am asking for \$355 million. Spending by the Indian Health Service alone in 1977 will result in over \$685 per beneficiary, or over \$2,740 per Indian family of four;
- In the area of veterans' health care, I have requested \$4.5 billion to assure continued quality care by providing for increases in medical staff and research related to VA health care delivery.

A realistic assessment of the present health care programs and the responsibilities of Federal, State, and local governments fully demonstrates that the reforms I am proposing in Federal health care are needed now. The Medicare Improvements of 1976 that I recommended to the Congress on February 11 also represents a balanced response to needed program reforms. This proposal is designed to improve catastrophic health cost protection for our aged and disabled, restrain cost increases in the Medicare program and provide training for the hospital insurance trust fund.

I request that the Congress give both these measures the earliest possible consideration.

GERALD R. FORD

THE WHITE HOUSE,

February 25, 1976.

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