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Office of the White House Press Secretary

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THE WHITE HOUSE

FINANCIAL ASSISTANCE FOR HEALTH CARE ACT

FACT SHEET

The President is proposing to improve the efficiency and equity of health services to the poor by consolidating 16 Federal health programs, including Medicaid, into one \$10 billion block grant to the States. Every State will receive more in FY 1977, 1978 and 1979 than it received in FY 1976. And, no State will ever receive less than it did in FY 1976.

BACKGROUND

The existing array of Federal categorical health programs includes varying eligibility requirements. This results in expensive and cumbersome program administration as well as gaps in coverage for those who are needy but categorically ineligible, such as two-parent families, childless couples and single individuals.

To receive Medicaid funds, States are currently required to provide matching funds. Under the existing structure of health programs, some States with high per capita income receive more than four times as much Federal money per low-income recipient as do States with low per capita income.

Also, the current system involves programs administered at the Federal level by six different HEW agencies requiring over 2300 employees and close to 3000 grants and contracts to run. Under the President's proposal, one HEW health agency with 100 employees would be responsible.

DESCRIPTION OF PROGRAM

The objectives of the Financial Assistance for Health Care Act are to:

- improve access to quality health care at reasonable costs;
- achieve over time a more equitable distribution of Federal health dollars among States in relationship to those persons most in need;
- increase State and local control over health spending to:
  - a. allow each State to set its own priorities for health programs based on the particular needs of its low-income population and its resources;
  - b. allow each State to integrate its programs into a cohesive total; and
  - c. increase the States' motivation to control rising health care costs;
- restrain the growth of Federal spending and the Federal bureaucracy and reduce Federal red tape.

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The proposal includes a requirement for the development by the States of a State Health Care Plan. Public participation in the development of the plan is required to ensure that increased State responsibility is coupled with expanded public involvement in the formation of State health policies.

A. Programs Included

The President's proposal would consolidate 16 Federal health programs into one \$10 billion block grant to the States, to be effective October 1, 1976. The programs, which fall into four major categories are:

- (1) Medicaid;
- (2) Public Health Service (PHS) preventive and community health programs:
  - Community Mental Health Centers
  - Alcohol Project and State Formula Grants
  - Venereal Disease
  - Immunization
  - Rat Control
  - Lead Paint Poisoning Prevention
  - Community Health Centers
  - State Health Grants
  - Maternal and Child Health
  - Family Planning
  - Migrant Health
  - Emergency Medical Services;
- (3) Health planning, construction and resources development programs; and
- (4) Developmental disabilities.

A chart is attached to the Supplemental Fact Sheet (Appendix A) which compares the flow of Federal health service dollars under current laws to the flow of funds under the President's proposed consolidation and illustrates the proposed simplification.

B. Funding

The FY 1977 Budget requests \$10 billion for the State block grant with \$500 million annual increments in Federal funds in future years, 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. An additional \$1.5 million in budget authority is requested for program administration costs for an estimated 100 positions.

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