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Report to the Colorado General Assembly:

WELFARE IN COLORADO



COLORADO LEGISLATIVE COUNCIL

RESEARCH PUBLICATION NO. 122

NOVEMBER 1966

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OF THE
COLORADO GENERAL ASSEMBLY

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* * * * *

The Legislative Council, which is composed of five Senators, six Representatives, and the presiding officers of the two houses, serves as a continuing research agency for the legislature through the maintenance of a trained staff. Between sessions, research activities are concentrated on the study of relatively broad problems formally proposed by legislators, and the publication and distribution of factual reports to aid in their solution.

During the sessions, the emphasis is on supplying legislators, on individual request, with personal memoranda, providing them with information needed to handle their own legislative problems. Reports and memoranda both give pertinent data in the form of facts, figures, arguments, and alternatives.

WELFARE IN COLORADO

**Legislative Council
Report To The
Colorado General Assembly**

**Research Publication No. 122
November, 1966**

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LEGISLATIVE COUNCIL

ROOM 341, STATE CAPITOL
DENVER, COLORADO 80203
222-9911 - EXTENSION 2285

November 29, 1966

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Rep. Harrie E. Hart
Rep. Mark A. Hogan
Rep. John R. P. Wheeler

To Members of the Forty-sixth Colorado General Assembly:

The Legislative Council is submitting herewith a report on the administration of the welfare programs of the state for your consideration, as directed by House Joint Resolution No. 1008, 1966 session.

The committee appointed by the Council to conduct this study submitted its report to the Council on November 28, 1966, at which time the report was accepted by the Legislative Council for transmittal to the members of the Forty-sixth General Assembly.

Respectfully submitted,

/s/ Senator Floyd Oliver
Chairman

FO/mp

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November 29, 1966

Senator Floyd Oliver, Chairman
Colorado Legislative Council
341 State Capitol
Denver, Colorado

Dear Mr. Chairman:

Your Committee on Welfare appointed pursuant to House Joint Resolution No. 1008, 1966 session, submits herewith its report and recommendations. This report covers the committee's study of the various aspects of welfare administration; the possibility of state assumption of full administrative responsibility for the welfare programs, and the changes in the medical care program for recipients of welfare assistance and medical indigents under title XIX.

Respectfully submitted,

/s/ Representative Joe Gollob,
Chairman
Committee on Welfare

JG/mp

FOREWORD

Pursuant to House Joint Resolution No. 1008, 1966 session, the Legislative Council appointed the following committee to conduct a study of the administration of the welfare programs of the state:

Rep. Joseph Gollob, Chairman
Sen. John R. Bermingham,
Vice Chairman
Sen. Harry M. Locke
Sen. John J. Donlon
Sen. Sam T. Taylor

Rep. Louis Rinaldo
Rep. Betty Miller
Rep. Harold W. Adcock
Rep. John T. Baer, Jr.
Rep. Clarence Quinlan
Rep. George F. Jackson

In light of the constantly changing concept, scope, and requirements of welfare programs since the inception of the Colorado welfare program, this study was undertaken to review the administration of welfare programs of the state. The resolution authorized the committee to consider: 1) the problems caused by the present method of administration; 2) alternatives to the present method; 3) advantages and benefits which might accrue from state assumption of full administrative responsibility; and 4) changes which may be necessary to enable the state to implement the Title XIX program.

The Committee on Welfare held a series of five meetings during the course of its study. National, state, and local officials in the various fields of welfare gave the committee the benefit of their advice and consultation. Dr. Thomas Bell, former Public Welfare Director, presented information which enabled the committee to become better acquainted with the scope of the department's activities and outlined administrative problems confronting the department. Other officials of the department rendered considerable assistance to the committee, and the committee would like to express its appreciation to Miss Charline Birkins, Director, Mr. Tom Nelson, Mr. Joe Burger, and Mary Nadorff of the Department of Public Welfare and to the members of the State Board of Public Welfare.

The committee is also grateful for the assistance rendered by Mr. Bill Walker, Director, Management Analysis Office; Mr. Riley Mapes and Mr. Clyde Lindville, Bureau of Family Services, Department of Health, Education, and Welfare; members of the State Association of County Commissioner's Welfare Committee; members of the County Welfare Director's Association; and other participating at committee hearings.

In carrying out the mandate of the resolution, the committee gave considerable attention to the following aspects of welfare administration: 1) centralization of payments for state old age pension; 2) retroactive social security adjustments; 3) value of home rental deductions; 4) state-county administration and funding;

and standards concerning uniformity, caseworker loads, and equalization of local effort. In addition, the committee spent considerable time in studying the effect of Title XIX of the Social Security Act on the state welfare program and the effort necessary to provide the basis for the establishment of a medical assistance program under Title XIX.

Assisting the committee in the study were Mr. Jim Wilson of the Legislative Reference Office, who provided bill drafting services, and Mr. Dave Morrissey of the Council staff, who had primary responsibility for the staff work.

November 29, 1966

Lyle C. Kyle
Director

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COMMITTEE ON WELFARE

Recent federal legislation and regulations promulgated by the Secretary of Health, Education, and Welfare are having a substantial impact on welfare administration in Colorado. The medical care legislation promulgated by Congress in 1965, for instance, obligates the state of Colorado to embark on an expanded program of medical services for federally-aided categories of welfare recipients. If Colorado is to continue to receive federal medical assistance for welfare recipients, this phase of Title XIX of the "Social Security Act" must be operative by January 1, 1970, because federal vendor payments for medical services no longer will be made available under any other public assistance title of the "Social Security Act" after that date.¹ By 1975, Colorado also is required to increase the types of medical services offered to recipients and expand program coverage to include a broad category of low income families commonly referred to as the "medically indigent."

Not only must Colorado participate in the Title XIX program or face the prospect of loss of considerable federal grant-in-aid monies, but the General Assembly is obligated to finance the non-federal share of expenditures under the state medical assistance plan through 100 per cent state financing or provide for distribution of funds from the federal and state share on an equalization basis. Congress believes that equalization or state funding will assure that the lack of adequate funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services available throughout a state under the state's medical assistance plan.²

In view of projected costs of medical services under Title XIX that could evolve out of the expansion of medical services and coverage to include a substantial percentage of low income families in Colorado, the committee believes that the General Assembly should give careful consideration to any proposal to implement Title XIX. Although the department documented caseloads and estimates of the cost of a minimum program for coverage of welfare recipients participating in existing programs, the department could not provide figures or cost projections for the "medically indigent" category. Welfare officials have suggested that no action be taken with respect to the "medically indigent" until information is developed on costs in other states. At least 12 states now are providing coverage to the "medically indigent" at this time.

1. Section D-1000 of the Handbook of Public Assistance, Supplement D, Department of Health, Education, and Welfare.
2. Section 1902 (a), Title XIX, "Social Security Act."

Unfortunately, the committee could not make a comparison of cost estimates of a proposed Title XIX program with current medical services because the State Department of Welfare did not complete an analysis of medical expenses estimated for 1967-68 under existing programs in time for review by the committee. Medical costs are not easily segregated under the present administrative structure of the federally-aided categorical programs. Complicating the matter further, medical benefits are not uniform from program to program.

A management consultant firm has been employed by the State Board of Welfare to assist the personnel of the State Department of Public Welfare in the preparation of a proposed Title XIX program. Data on current and estimated costs of medical services should soon be available upon which the General Assembly can evaluate the relative costs of entry into a Title XIX program. Tentatively, the department estimates indicate that Colorado's entry into a maximum program could be accomplished with little additional expenditure of state and local money. An additional cost of medical care of roughly \$7,000,000 would be borne, for the most part, by the federal government.

In view of the limited information available to the committee, the only recommendation the committee believes it is in a position to make is in reference to the options required by Congress of meeting the nonfederal share of expenses for medical services under Title XIX either by 1) an equalization program among the counties, or 2) state financing. In view of the complexity and problems of establishing an equalization program, as well as the financial limitations of the property tax for support of the county share, the committee believes that 100 per cent state financing of the non-federal share of medical assistance is a logical choice, in the event the General Assembly enacts legislation to implement the Title XIX program.

Retroactive Social Security Payments

The 1965 amendments to the "Social Security Act" provided an increase of seven per cent in social security benefits. This increase was made retroactive to January 1, 1965, and in September of that year lump sum retroactive payments were made to eligible persons in Colorado. This windfall to social security recipients across the nation did not materialize for Colorado old age pensioners eligible to receive social security benefits because section 101-1-7, C.R.S. 1963, provides that income in cash or kind to persons eligible for a pension must be deducted from the amount which such person would otherwise receive. For this reason roughly \$585,000 in retroactive social security monies paid to pensioners was refunded by pensioners to the State Department of Welfare. In some instances, pensioners already had spent the bonus monies paid under the retroactive social security check before realizing that the social security bonus would have to be deducted from their pensions. Needless to say, this posed a hardship for some pensioners.

In the event Congress makes future increases in social security benefits retroactive, the committee believes that the retroactive portion of the benefits should not have to be considered as income for purposes of determining eligibility for old age pension benefits, nor should the retroactive payments be deducted from a recipient's old age pension check. A proposed bill to implement the committee's recommendation is contained in Appendix B.

Old Age Pension Benefits -- Value of Home Deducted

Colorado's "Old Age Assistance Law" provides that no applicant who is otherwise qualified to receive a pension shall be denied old age pension (OAP) benefits by reason that he is the owner of real estate occupied by him as a residence (Section 101-1-6, C.R.S. 1963). Although pensioners are permitted to own their own residence, the reasonable rental value of the home must be deducted from the OAP benefits. In addition, a pensioner may own real estate other than that occupied by him, personal property, or an insurance policy, with a total value not exceeding \$1,000.

Specifically, section 101-1-7 (1), C.R.S. 1963, provides:

...The amount of net income from whatever source, either in cash or in kind, that any person eligible for an old age pension may receive, shall be deducted from the amount of pension which such person would otherwise receive. In computing said net income the county department shall consider the ownership of real estate occupied as a residence as income to the extent of the reasonable rental value of said real estate, deducting therefrom the ad valorem taxes, the cost of water, rent, insurance, the items of actual repair and the bona fide interest costs upon any indebtedness against such real estate, but in reckoning the true net rental value thereof, for the purposes and intent of this section, no charge or cost of property betterment shall be deductible...

Each applicant for old age pension benefits in Colorado must have his financial status verified before approval is given to his application or before his amount of OAP payment is determined. Approximately 30 per cent of OAP applicants own their own homes, and therefore must have the net rental value (reasonable rental value less items enumerated in 101-1-7 (1)) of their homes computed in order to determine the amount of OAP benefit. The compilation and computation of net rental value is the responsibility of the caseworker assigned to the pensioner. Caseworkers must verify the information annually and, if necessary, make adjustments. Although subsequent review may be made without visiting the pensioner, initial verification must be obtained at county offices and the pensioner's home. Caseworkers must spend considerable time in

evaluating the following items necessary to compute the net rental value deduction for pensioners owning their own homes: assessed value of the home (mortgaged and unencumbered amounts), annual taxes, insurance, interest, water bill, special assessments, ground rentals, and other deductions consisting of mandatory improvements and repair allowances.

A study by the State Department of Public Welfare revealed that in August of 1965, there were 43,210 old age pensioners. Of this number, 13,155 or 30.4 per cent of these pensioners lived in their own homes. The average monthly deduction for a pensioner living in his own home amounts to \$3.54, and annually the aggregate amount of the home value deduction is a little over \$550,000 for the entire state.

The committee believes that the savings to the state achieved through the net rental value deduction from payments to pensioners owning their own homes barely offsets the complex administrative procedures necessary to compute the deduction. For this reason, the committee recommends elimination of the deduction from old age pension payments of the net rental value of the residence owned and occupied by a pensioner. A proposed bill to implement the committee's recommendation is contained in Appendix B.

WELFARE IN COLORADO

Welfare programs in Colorado involve a joint effort of federal, state, and county governments. In general, more than half of the expenditures of the programs administered or supervised by the State Department of Public Welfare are reimbursed by the federal government; for fiscal year 1966-67, the federal share is estimated at \$51,196,028, or 52.19 per cent of the total federal and state welfare programs. Utilizing this economic lever, the federal government in actual practice has assumed primary responsibility for planning welfare policy in Colorado, as well as other states. Rejection of federal policy by a state government can result in either a complete loss of federal grants-in-aid or a reduction in the amount of federal participation. Elimination of federal monies is particularly important because most federal grant-in-aid programs for welfare assistance are "open end" appropriations, i.e., the federal government provides a percentage of the cost of a program regardless of the amount necessary to meet state and local expenses. Of course, state programs must comply with federal law and regulations.

Under the federal grant-in-aid system, the role of state government gradually has diminished to program administration or supervision of welfare activities administered by county governments. States, of course, have the latitude to amplify federal welfare programs or to initiate their own projects and, in Colorado, examples of state programs include the Class B pension for persons 60 to 65 years of age who have resided in the state for a period of 35 years; Class C pensions for persons residing in state institutions; child welfare programs not qualifying for federal aid under the dependent children program; tuberculosis assistance; and the general assistance programs of the counties. For the most part, however, the state of Colorado supervises the welfare programs administered by the counties, or in a few instances the welfare districts which have been formed by counties.

State-Federal Relationships

Federal assistance for welfare programs evolved out of the depression when state and local governments were unable to finance their own programs. A system of federal grants-in-aid developed, and the states could elect to participate in these assistance programs by meeting certain federal requirements. States may negotiate for federal monies by submitting requests or state plans to the Department of Health, Education and Welfare in the following areas:

- 1) old age pension (OAP);
- 2) aid to the blind (AB);
- 3) aid to the needy disabled (AND);

4) aid to families with dependent children (AFDC); and

5) the new medical assistance program (Title XIX of the "Social Security Act"), which is replacing federal medical vendor payments paid under categories one through four.

State Responsibilities. If a state elects to participate in a federal program (e.g., Colorado must make a decision concerning the new federal medical assistance program, Title XIX, before 1970), a state plan must be supported by necessary state legislation and conform to federal law and regulations with respect to administrative procedures and financing. For example, a state plan must provide for either state administration or state supervision of the program; financing of the non-federal share either by 100 per cent state monies or by both state and local monies; and finally the plan must be operative in all political subdivisions of the state.

Following approval of a plan by HEW, the state assumes continuing responsibility for maintaining the plan in compliance with changes in federal law or regulations, and the state is responsible for all funds expended -- federal, state, and local. The state administering agency insures that assistance payments and other services provided in a plan are available to all eligible persons within the state. In the event a plan is county administered, the state agency is responsible to see that administrative decisions and actions of the counties carry out the purposes of the federal and state programs and meet requirements of the state plan.

Four elements are essential to the process of state supervision of local administration:

1. Planning programs within the legal framework and providing organizational structure, staffing, and financial support for them.
2. Adopting, issuing, and interpreting to the local agencies the policies, standards, and methods that are to be in effect throughout the state.
3. Taking such measures as are necessary to ensure that the policies, standards, and methods are actually in operation in all local agencies.
4. Assisting the local agencies in improving the efficiency and effectiveness of their operations.

In summary, federal public assistance programs are carried out through a system of grants-in-aid to all states in the union. States exercise the option for participation in these programs and are responsible for developing the scope (within established federal criteria) of the activities, as well as supervision or conduct of the programs. Although states seem to have substantial responsibility for the role of welfare in their respective jurisdictions, basic policy is established by the federal government for the most part.

Role of Counties in Welfare Administration

With the decline of state authority, county governments also have little to say about the welfare programs which they administer. Federal law and regulations require county welfare departments to meet minimum criteria not only for the education and selection of personnel but in respect to the number of caseworkers and supervisors that must be employed. For example, in the administration of federal grants in aid under Titles I (old age pension), IV (AFDC), X (AB), XIV (AND), and XV (Administrative procedures), the federal government insists that counties maintain welfare personnel on a merit system basis.¹ To carry out the federal mandate, a merit system for county welfare personnel is administered by the personnel office of the State Department of Welfare as provided by section 119-1-12, C.R.S. 1963. There is evidence of considerable friction in county court houses because welfare employees are hired under a merit system and are treated differently from other county employees and officials with respect to base pay and salary increments.

Educational Qualifications for Caseworkers. Federal regulations now require that a beginning caseworker must have a college education. To attract college graduates, it is necessary that wages be sufficiently high to induce graduates to accept and retain employment. Effective October 1, 1965, state plans must

1. Provide that requirements for appointment or promotion to positions carrying the responsibility for the immediate supervision of public welfare workers shall include at least (a) a bachelor's degree from an accredited institution of higher education and (b) a minimum of two years of experience in a social work position, except that one year of graduate training in an accredited school of social work may be substituted for one year of experience.
2. Provide that requirements for appointment or promotion to the public welfare worker position shall include, as part of the examination, a bachelor's degree from an accredited institution of higher education or, as an alternative until July 1, 1967 for all public welfare worker positions, the passing an examination, approved by the Secretary, on which the passing score is based on the distribution of scores obtained by college graduates on the same examination, to assure

1. Section 1602 (a) (5), Title XVI, "Social Security Act."

a level of ability of persons considered for appointment or promotion which is comparable to that of college graduates... .²

Supervisor-Caseworker Ratios and Caseload Standards. Federal standards with respect to child welfare services and aid to families with dependent children (AFDC) now require that monthly caseloads must not exceed 60 cases per worker. The suggested supervisor-caseworker ratio also is listed at five caseworkers per supervisor. The federal caseworker standards are provided in Section 4260 of Part IV of the "Handbook" as follows:

"...To assure sufficient time and attention to each family and child under this requirement, provisions must be made for visits as frequently as the situation indicates but not less frequently than 60 cases per worker; and for case supervisory standards of not more than 5 workers per case supervisor. States that are unable to meet these caseload and supervisory standards as of July 1, 1963, must present justification and propose different standards. The proposed standards may be accepted temporarily provided they are such as to assure that adequate time and case supervision will be available for the services to be provided. For such States, planning must be undertaken to assure progression in meeting the defined standards as quickly as possible but not later than July 1, 1967.

"The availability of the time necessary to give to cases with specified problems and for case supervisors to give to workers is a key factor in providing services. Therefore States are required to establish caseload and supervisory standards that will ensure the provision of the defined services. Such standards may vary according to the time necessary for various types of problems but may not exceed 60 such cases per worker and a supervisory standard not to exceed five such workers per supervisor. These outer limit standards are based upon public welfare experience and that of related programs. For caseloads that include defined service cases and other cases, the equivalent of these standards must apply, e.g., the worker with 20 defined service cases must be able to devote one-third of his time to such cases. These standards are related to a general caseload of families or adults with defined problems and not to selected caseloads with serious problems requiring intensive work and extensive time. Experience indicates that effective work for such caseloads would require a standard of 25-35 cases.

"Since significant progress cannot be made in the provision of services unless the required time is available, States must proceed to achieve the required standards as promptly as possible. In the event a State wishes to propose different standards, the State

2. Section 4200, Part III, Handbook of Public Assistance, H.E.W.

must submit, for review and decision as to acceptability, factual evidence that the necessary services can be provided with these different standards. If a State is unable to meet the caseload and case supervisory standards as of July 1, 1963, justification must be provided and other standards may be accepted temporarily if they assure that the services under the State plan can be provided. In such case the State must undertake planning that assures meeting this requirement progressively and as quickly as possible but not later than July 1, 1967. For States electing all families under title IV for services or wishing to make direct charges for the costs of personnel involved in providing the services, these standards must be in effect."³

Federal emphasis on monthly caseloads is in the area of so-called "service cases"; to date, federal regulations have not prescribed maximum caseloads per worker for the other federal categorical programs, namely, aid to the blind, old age assistance, aid to the needy disabled, and the medical assistance program under Title XIX. State Department of Welfare Officials estimate a practice monthly caseload standard for various welfare programs in Colorado as follows:

<u>Program</u>	<u>Estimated Maximum Number of Cases Per Worker Per Month</u>
Old Age Pension	300 cases per worker of which about 10 per cent are service cases
Aid to Dependent Children	60 cases per worker
Medical Assistance for the Aged	150 cases per worker for those in nursing homes; approximately 25 per cent of the cases are in the process of leaving or being assigned to nursing homes.
Aid to Needy Disabled	150 cases -- 25 per cent service cases
Aid to Blind	150 cases -- 25 per cent service cases
General Assistance	150 cases -- no service cases

3. Section 4675 of Part IV of the Handbook of Public Assistance, H.E.W.

<u>Program</u>	<u>Estimated Maximum Number of Cases Per Worker Per Month</u>
Food Stamps and Donated Food	200 cases
Child Welfare Adoption Cases	6 cases per worker
Other Child Welfare Cases	60 cases per worker

Since welfare workers no longer are required to contact old age pensioners on an annual basis to verify change in status, the number of non-service cases in this area may increase substantially. With this in mind, a welfare worker handling 40 AFDC cases probably could handle an additional 100 old age pension cases, based on a 300-case per worker ratio for non-service cases established by the former director of the State Department of Welfare, Tom Bell.

Future Impact of Federal Child Welfare Programs. The impact of the federal programs with respect to standards for county child welfare personnel appears to be critical in the years ahead. For instance, Section 523 of Title V of the "Social Security Act" requires that payments to the state shall be conditioned upon:

"(B) (2) that makes a satisfactory showing that the State is extending the provision of child welfare services in the state, with priority being given to communities with the greatest need for such services after giving consideration to their financial need, and with a view to making available by July 1, 1975, in all political subdivisions of the state, for all children in need thereof, child-welfare services provided by the staff (which shall to the extent feasible be composed of trained child-welfare personnel) of the State public welfare agency or of the local agency participating in the administration of the plan in the political subdivision,..."

In view of the increased demands by the federal government for trained personnel and for sufficient numbers of caseworkers to up-grade services to welfare recipients, county boards of welfare (county commissioners) have little discretion over administrative costs of welfare in the counties. The problems and impact to county government of the costs of maintaining welfare programs is graphically illustrated in the final report of the Governor's Local Affairs Study Commission. (The Commission's Findings are contained in Appendix A.) In part, the Commission's report illustrates the problems that smaller counties (population basis) are having in keeping administrative costs down, especially in view of the personnel standards and pay scales being fostered at federal and state levels. For instance, in counties with more than 50,000 population, per capita costs for county welfare administration averages \$.56, while in counties under 2,500, per capita administrative expenses are \$1.61. The federal government currently pays 75 per cent of the administrative costs of the OAP, AFDC, AND, and AB programs; however, the day may come when the federal government may call for economy in administration of these programs and high per capita administrative costs may have to be justified.

The county share of welfare programs is financed from the property tax. This source of revenue is limited by the mill levy restrictions imposed by the General Assembly. Fourteen counties now are exceeding the mill levy limits for welfare, and another five counties are at the levy limit. The county financial crisis poses a real problem particularly in those counties in which there are high per capita expenditures for welfare. New federal requirements under Title XIX recognize that differences exist from county to county with respect to ability to meet local welfare needs. Federal law provides that these differences must be minimized by one of two ways: 1) a program of equalization of the local government share; or 2) by 100 per cent state funding of the nonfederal share.⁴

Medical Services for Welfare Recipients

Among all of the states, Colorado has been a leader in the medical assistance field, particularly in respect to medical programs for the aged. For example, Article XXIV, Section 7, Colorado Constitution, provides for the establishment of a \$10,000,000 medical assistance fund for old age pensioners. Following adoption of this amendment in 1956, the State Board of Welfare was authorized to provide Colorado old age pensioners with 70 days of hospitalization per year, physician services in hospitals and nursing homes, skilled nursing home care, limited physician services for home and office calls, drugs in nursing homes, some home health aids and, even (for a short period) ambulance services. Medical assistance also has been provided to other classes of welfare recipients in Colorado including persons participating in the federal program of aid to families with dependent children (AFDC), blind persons (AB), and to the needy disabled (AND). Medical services in these latter categories have been limited.

Although all recipients of welfare may be classed as needy, the medical benefits available to the various classes of recipients are not uniform (see Table I). For instance, persons under the medical assistance for the aged program and the Class A old age pension medical program are eligible for 60 days of hospitalization per spell of illness. These services are provided under Medicare; however, the Medicare deductibles are paid by the welfare department. Recipients of the blind and dependent children programs, on the other hand, are covered by Blue Cross-Blue Shield and are eligible for 120 days of hospitalization per year. Physician services for old age pensioners are available on an unlimited basis, again in conjunction with the Medicare program, while individuals and families in the AND, AB, and AFDC programs are limited to inpatient (hospital or nursing home) physician services only. Reimbursement for home nursing services also is limited to pensioners only.

4. Section 1902 (a), Title XIX, "Social Security Act."

Table I

Medical Services Programs for Colorado Welfare Recipients
Effective July 1, 1966

	<u>Hospitalization</u>	<u>Nursing Home Care</u>	<u>Physicians' Services</u>	<u>Home Nursing Services</u>	<u>Drugs</u>	<u>SMIB Benefits 4/</u>
Old Age Pensioners OAP(A)	60 days per spell of illness	Unlimited	Unlimited	Yes	In hospital and nursing home	Yes
Medical Assistance for Aged MAA 1/	60 days per spell of illness	Unlimited	Unlimited 1/	Yes	In hospital and nursing home	Yes 1/
OAP(B)	70 days a year	Unlimited	In hospital and nursing home; certain outpatient services; 4 home or office calls per year.	Yes	In hospital and nursing home	No
Aid to Needy Disabled AND 2/	No	Unlimited	In nursing home	No 3/	In nursing home and in own home	SMIB* premium only paid for recipients 65 or over. No payment of deductibles or co-insurance.
Aid to Blind AB 2/	120 days--Blue Cross-Blue Shield coverage	Unlimited	In hospital and nursing home	No 3/	In hospital, nursing home and own home	Same as for AND
Aid to Dependent Children ADC 2/	120 days--Blue Cross-Blue Shield coverage	NA	In hospital	No 3/	In hospital and for children in own home	Same as for AND

1. Eligibility of certain MAA recipients for HIB* and SMIB contingent on their enrollment for benefits.

2. Those 65 or over would qualify for HIB benefits, subject to payment of deductibles.

3. Except those 65 or over would qualify for SMIB benefits, which include home health visits, subject to payment of deductibles and coinsurance.

4. SMIB benefits include physicians' services, home health services (100 visits a year), X-ray services, etc.; include some drugs outside of hospital or nursing home, if professionally administered.

* Supplementary Medical Insurance Benefits.

** Hospital Insurance Benefits

Title XIX of the Social Security Act

In 1965 Congress enacted amendments to the Social Security Act calling for revision of federal-aid programs for medical services to the aged, as well as medical assistance payments to help states in providing medical aid to other low income families, particularly welfare recipients in the federally-aided categories. Title XVIII of the Social Security Act, commonly referred to as "Medicare", establishes federal participation in two kinds of insurance -- 1) hospital insurance, which includes skilled nursing care and other services in an extended care facility after hospitalization, outpatient hospital diagnostic services, and home health services following a hospital stay; and 2) supplementary medical insurance which assists in meeting bills for doctor services and home health services. The latter program is voluntary, and the federal government participates in the cost of monthly premiums on a matching basis. Although the health insurance program pays a large part of the cost of health care for most aged persons, the states may need to assist some low income persons 65 and over in meeting additional medical needs. Title XIX also assists these older individuals in meeting costs not covered by "medicare."

Briefly, Title XIX ties together all federal aid for medical services to welfare recipients under a single program. The Secretary of Health, Education, and Welfare has required that by January 1, 1970, federal financial participation in vendor payments for medical services will not be available under any of the other public assistance titles of the Social Security Act. Perhaps the most important aspect of Title XIX is the provision to assist the states in financing medical assistance to an entirely new group of families -- the "medically indigent." In general, this category includes low income families not on welfare whose income is insufficient to meet medical costs.

Uniform Benefits to Welfare Recipients

Another fundamental purpose of the Title XIX program of the Social Security Act is to encourage states to establish medical services to welfare recipients on a uniform basis and particularly in respect to the federally-aided programs. Under Title XIX, Congress requires that states electing to participate in federal aid for medical vendor payments must include in their prospective state plans the following minimum medical services to welfare recipients in the federal categories (OAP, AND, AFDC, and AB):

1. in-patient hospital services (other than services in an institution for tuberculosis or mental diseases);
2. out-patient hospital services;
3. other laboratory and X-ray services;

4. skilled nursing home services (other than services in an institution for tuberculosis or mental diseases) for individuals 21 years of age or older;

5. physician services, whether furnished in the doctor's office, the patient's home, a hospital, a skilled nursing home, or elsewhere.

Not only must the state plan provide for the aforementioned levels of service, but in the event a state wishes to broaden the scope of medical services to include drugs, the drugs must be provided to all classes of recipients. The General Assembly and the State Board of Welfare can not elect to provide drugs to old age pensioners only and not to recipients in the other federally-aided categories and still qualify for federal assistance.

Maintenance of Effort

A major condition for Colorado's participation under Title XIX is the provision for maintenance of effort. In order for Colorado to have a plan approved under Title XIX, the state can not reduce existing medical services of current programs.⁵ Recipients in the federally-aided categories must, under the state's Title XIX plan, receive medical services equivalent to the highest level provided under existing programs. For instance, since out-patient drugs are available to recipients under aid to the blind, aid to the needy disabled, aid to families with dependent children, out-patient drug services also would have to be provided to old age pensioners in the event Title XIX is adopted in Colorado.

In conjunction with the requirements for uniform services to all recipients, the federal maintenance of effort provision works a hardship on Colorado's financial resources to implement the Title XIX program. For example, the federal program is suppose to encourage states to continually phase-in or gradually increase medical services to low-income families over a period of years, culminating in a wide variety of medical services for various categories of recipients. In Colorado, a broad base of medical services must be incorporated in the state's program the first year Title XIX is adopted. For Colorado, phasing-in medical services is a

5. Section 1902 (a) (1) of the Social Security Act states:

"(A) provide that the medical assistance made available to individuals receiving aid or assistance under State plans approved under titles I, IV, X, XIV, and XVI; and --

(i) shall not be less in amount, duration, or scope than the medical assistance made available to individuals receiving aid or assistance under any other such state plan, and..."

fiction, at least to some degree. For states providing basic services, only under current programs, some leeway is provided for adding services on a year-by-year basis.

The decision of the State Board of Welfare to buy-in to the Title XVIII program (Medicare) also has obligated the state to provide a higher level of service than would otherwise be required. In other words, the state board elected to pay some deductibles under Medicare for old age pension recipients, thus providing a broad range of medical benefits for old age pensioners. The net effect of this action with respect to Title XIX is that the minimum level of services provided to all welfare recipients must be equivalent to that provided to the pensioners.

"Medically Indigent"

Perhaps the most controversial aspect of Title XIX is the availability of federal monies to assist the states in providing medical care and services to individuals who would, if needy, qualify for assistance under any of the federal categories of welfare recipients. In other words, a state may exercise the option of providing medical aid to persons whose incomes are sufficient to disqualify them from federal welfare programs but whose incomes are below a level established by the state as necessary to meet medical costs. Federal funds for the categorically-related medically indigent are available in the same proportion as for the other federally-aided welfare programs; however, if vendor payments are to be made by the federal government for this program, the medical services provided to the categorically-related medically indigent must be equal in amount, duration, and scope as the services rendered to all other classes of welfare recipients.

Federal requirements for uniformity of service for the federally-aided indigent may discourage some states from embarking on this program. Thus, the cost impact of providing the medically indigent with the same high level of service provided to welfare recipients may place too much of a burden on state and local finances. Without the uniformity requirement, states could have provided hospitalization to a rather broad base of low income families, and then gradually add services over a period of time. Federal regulations prohibit this approach. In Colorado, a federally-aided "medically indigent" program would involve a wide range of medical services, including hospitalization, out-patient care, physician's services, nursing home care, etc. In other words, all the services provided for the old age pensioners would have to be made available to the categorically-related medically indigent.

National attention recently focused on the medically indigent program when the state of New York filed a state plan under Title XIX calling for medical assistance to families with an income of less than \$6,000 per year (family of four persons). Considerable concern has been expressed in Congress and by state officers that caution must be exercised in the development of services to the

medically indigent in order to keep these programs within the bounds of available federal and state monies. For this reason, neither the Committee on Welfare nor the State Board of Welfare contemplated entering into this program until more is known about the potential costs involved, as well as possible modifications by Congress.

Although states are not required to enter into the categorically-related medically indigent program at this time, states must make an effort to broaden the eligibility for medical assistance by 1975. Section 1903 (e) of the Social Security Act provides:

(e) The Secretary shall not make payments under the preceding provisions of this section to any State unless the State makes a satisfactory showing that it is making efforts in the direction of broadening the scope of the care and services made available under the plan and in the direction of liberalizing the eligibility requirements for medical assistance, with a view toward furnishing by July 1, 1975, comprehensive care and services to substantially all individuals who meet the plan's eligibility standards with respect to income and resources, including services to enable such individuals to attain or retain independence or self-care.

Title XIX Programs Adopted in Other States

Effective July 1, 1966, 16 states were providing medical services under Title XIX. The 16 states with Title XIX plans approved by the Department of Health, Education, and Welfare include: California, Connecticut, Hawaii, Idaho, Illinois, Kentucky, Louisiana, Maryland, Minnesota, Nebraska, North Dakota, Ohio, Oklahoma, Pennsylvania, Utah, and Washington. As of November 1, 1966, the number of states with approved plans totals 22, with another six states awaiting approval. Table II lists 16 states with approved plans and outlines some of the main features of the respective state plans, including categories of eligible recipients, income levels, number of persons to be served, etc.

Medically Indigent. The following states have included the categorically-related medically indigent program in their state plans:

<u>State</u>	<u>Income Level for a Family of Four*</u>	<u>Estimated Per Cent of Population Covered</u>
California	\$ 3,800	13.0%
Connecticut	3,800	10.0
Hawaii	3,000	5.0
Illinois	3,600	5.0
Kentucky	3,420	10.0
Maryland	3,120	9.7
Minnesota	3,000	2.1
North Dakota	3,000	2.6
Oklahoma	2,448	16.7
Pennsylvania**	4,000	6.0
Utah	2,640	4.0
Washington	3,000	8.0

*The income levels listed are the maximum levels of resources to be used as a basis for establishing financial eligibility for medical assistance for families qualifying for the medically indigent program.

**Assistance to be funded 100 per cent by the state as state standards will be applicable only.

Surprisingly, 12 of the 16 states listed in Table II have decided to include medical services to all low income families, based on state income standards.

Estimates of the percentage of population expected to be covered in states adopting the medically indigent program range from a high of 16.7 per cent in Oklahoma to a low of 2.1 per cent in Minnesota. The low estimate in Minnesota reflects the number of persons expected to participate in the program during the first year of operation only.

Federal participation ranges from 50 per cent of program costs in California, Connecticut, Illinois, and Maryland, to 80 per cent in Kentucky. The estimated federal share of costs for these programs also ranges from a high of \$210,000,000 in California to a low of \$2,400,000 in Hawaii.

In the event Colorado delays entering into a Title XIX program, cost information compiled in other states will be helpful in accurately predicting or estimating program costs for Colorado. State welfare officials are concerned that estimates of costs of the Title XIX programs being made in other states may not be accurate and that there is insufficient information available for the department to compute estimated expenses.

Table II

PROVISIONS OF MEDICAL ASSISTANCE PLANS UNDER TITLE XIX PROGRAMS ADOPTED IN OTHER STATES

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>California</u>	<u>Connecticut</u>	<u>Hawaii</u>	<u>Idaho</u>
1. <u>Name of State agency responsible for administering Title XIX:</u>	California Health and Welfare Agency	State Welfare Department	Department of Social Services	Department of Public Assistance
2. <u>Date program began operation:</u>	3-1-66	7-1-66	1-1-66	7-1-66
3. <u>What groups became eligible when the program began?</u>				
(a) All persons who receive all or part of their incomes from the federally aided public assistance programs: Old-Age Assistance, Aid to the Blind, Aid to Families with Dependent Children, Aid to the Permanently and Totally Disabled.	x	x	x	x
(b) Children between 18 and 21 in whose behalf an Aid to Families with Dependent Children payment would be made, except that these individuals are neither disabled nor attending school or a course of vocational or technical training.	x			x
(c) All individuals in the above groups who would be entitled to financial assistance except that they do not meet the durational residence requirement of any of the public assistance programs.	x			x
(d) All persons who, except for having enough income for their daily needs (under State assistance standards), could qualify for public assistance under the Federal eligibility requirements.	x	x	x	
(e) All children (under 21) who could not qualify for public assistance but whose families cannot afford to pay for all or part of the cost of the medical care they need.		x	x	
(f) Other:			*	** ***

*Other adults whose incomes are insufficient to meet their medical care costs in addition to their maintenance costs. (State funds)

**All persons who upon application would be eligible under (a)

***Persons in medical institutions who if they were not in such institution would be eligible under (a)

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	California	Connecticut	Hawaii	Idaho
4. <u>What are the maintenance levels for persons eligible for coverage?</u>				
The amount of income and liquid assets they have, as well as the cost of the care they need, will be taken into consideration in determining what people are eligible. In general, however, income and liquid assets at or below the following amounts are considered to be sufficient only for maintenance, and not available for medical care:				
(a) For a single person:	\$2000	\$2100	\$1440	not applicable, only money payment recipients a, b, c or ** or *** eligible.
(b) For a family of four:	\$3800	\$3800	\$3000	
5. <u>What are some of the major features of the (State) medical assistance program?</u>				
Inpatient hospital services.	x	x	x	x
Outpatient hospital services.	x	x	x	x
Physicians' services.	x	x	x	x
Skilled nursing home services.	x	x	x	x
Laboratory and x-ray services.	x	x	x	x
Home health care services.	x	x	x	x
Services to aged in TB and mental institutions.				
Dental services.	x	x	x	
Clinic services.	x	x	x	
Blood bank services.	x			
Prescribed drugs and medicines.	x	x	x	
Prosthetic, surgical and orthopedic appliances and sickroom supplies.		x	x	
Eyeglasses.		x	x	

**All persons who upon application would be eligible under (a)
 ***persons in medical institutions who if they were not in such institution would be eligible under (a).

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>California</u>	<u>Connecticut</u>	<u>Hawaii</u>	<u>Idaho</u>
Hearing aids.		x		
Ambulance and common carrier transportation.		x	x	
Physical, occupational and speech therapy.		x	x	
Private duty registered nursing service in hospitals.		x		
Maternity care centers.		x		
Treatment centers licensed as medical institutions, except for psychiatric care, in or out of state.		x		
Services of practitioners licensed to practice chiro-practic, podiatry, optometry, nursing, or physical therapy.	x			
6. <u>What will be the terms of financing the new program?</u>				
Federal share in per cent of costs:	50%	50%	53%	70%
Estimated Federal share in dollars, first quarter of operation.	\$60 million	\$ 16 million F.Y. 1966-67	\$ 6 million	\$6.4 million F.Y. 1966-67
Estimated Federal share in dollars for first fiscal year:	\$210 million, calendar year 1966		\$2.4 million	
7. <u>How many persons will be served by the new program?</u>				
% of state population which will be served:				
first year:	13% eligible, potentially	10% eligible	3%	3% eligible
subsequent years:				
Estimated number of persons to be served:	2,300,000 poten- tially eligible	280,000	34,000	9,000 to be ser- ved first year
first year:		297,000		
subsequent years:				
State population estimate:	19 million ¹	2.8 million ¹	632,772 ²	667,191 ²

(1960 figures from World Almanac² unless pro-
vided by state.)

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Illinois</u>	<u>Kentucky</u>	<u>Louisiana</u>	<u>Maryland</u>
1. <u>Name of State agency responsible for administering Title XIX:</u>	Department of Public Aid	Department of Economic Security	Department of Public Welfare	Department of Health
2. <u>Date program began operation:</u>	1-1-66	7-1-66	7-1-66	7-1-66
3. <u>What groups became eligible when the program began?</u>				
(a) All persons who receive all or part of their incomes from the federally aided public assistance programs: Old-Age Assistance, Aid to the Blind, Aid to Families with Dependent Children, Aid to the Permanently and Totally Disabled.	x	x	x	x
(b) Children between 18 and 21 in whose behalf an Aid to Families with Dependent Children payment would be made, except that these individuals are neither disabled nor attending school or a course of vocational or technical training.	x		x	All residents of state who need medical care and cannot pay for all or part of it, including (a) above.
(c) All individuals in the above groups who would be entitled to financial assistance except that they do not meet the durational residence requirement of any of the public assistance programs.			x	
(d) All persons who, except for having enough income for their daily needs (under State assistance standards), could qualify for public assistance under the Federal eligibility requirements.	x	x		x
(e) All children (under 21) who could not qualify for public assistance but whose families cannot afford to pay for all or part of the cost of the medical care they need.	(1-1-67) x			
(f) Other:	*** (1-1-67) (age 65 and over)	****		

***Persons in medical institutions who if they were not in such institution would be eligible under (a)

****Medically needy children in foster care under agency supervision.

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Illinois</u>	<u>Kentucky</u>	<u>Louisiana</u>	<u>Maryland</u>
4. <u>What are the maintenance levels for persons eligible for coverage?</u>				
The amount of income and liquid assets they have, as well as the cost of the care they need, will be taken into consideration in determining what people are eligible. In general, however, income and liquid assets at or below the following amounts are considered to be sufficient only for maintenance, and not available for medical care:	x	x	not applicable, only the four money payment programs to be covered initially	x
(a) For a single person:	\$1800	\$1620		\$1800
(b) For a family of four:	\$3600	\$3420		\$3120
5. <u>What are some of the major features of the (State) medical assistance program?</u>				
Inpatient hospital services.	x	x (21 days)	x (30da/year)	(3-15 days, extension as required)
Outpatient hospital services.	x	x	x	x
Physicians' services.	x	x	x	x
Skilled nursing home services.	x	x	x	x
Laboratory and x-ray services.	x	x	x	x
Home health care services.		x		x (where available)
Services to aged in TB and mental institutions.		x		x
Dental services.	x	x	x	x (limited)
Clinic services.				x
Blood bank services.				x
Prescribed drugs and medicines.		x	x	x
Prosthetic, surgical and orthopedic appliances and sickroom supplies.			x	x
Eyeglasses.	x		x	

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Illinois</u>	<u>Kentucky</u>	<u>Louisiana</u>	<u>Maryland</u>
Hearing aids.				x
Ambulance and common carrier transportation.				x
Physical, occupational and speech therapy.	x		x	x
Private duty registered nursing service in hospitals.				
Maternity care centers.				
Treatment centers licensed as medical institutions, except for psychiatric care, in or out of state.				
Services of practitioners licensed to practice chiropractic, podiatry, optometry, nursing, or physical therapy.				
6. <u>What will be the terms of financing the new program?</u>				
Federal share in per cent of costs:	50%	80%	79%	50%
Estimated Federal share in dollars, first quarter of operation.	\$9.5 million		\$9.28 million	
Estimated Federal share in dollars for first fiscal year:	\$40 million	\$27.9 million	\$37 million F.Y. 1967	\$22 million F.Y. 1966-67
7. <u>How many persons will be served by the new program?</u>				
% of state population which will be served:				9.7% eligible
first year:	5%	10%	4.5%	
subsequent years:				
Estimated number of persons to be served:				
first year:	500,000 to 525,000	300,000	155,000	260,000
subsequent years:				350,000
State population estimate:	10,081,158 ²	3,038,156 ²	3,257,022 ²	3,100,689 ²

(1960 figures from World Almanac²)

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Minnesota</u>	<u>Nebraska</u>	<u>North Dakota</u>	<u>Ohio</u>
1. <u>Name of State agency responsible for administering Title XIX:</u>	Department of Welfare	Department of Public Welfare	Public Welfare Board of North Dakota	Department of Public Welfare
2. <u>Date program began operation:</u>	1-1-66	7-1-66	1-1-66	7-1-66
3. <u>What groups became eligible when the program began?</u>				
(a) All persons who receive all or part of their incomes from the federally aided public assistance programs: Old-Age Assistance, Aid to the Blind, Aid to Families with Dependent Children, Aid to the Permanently and Totally Disabled.	x	x	x	x
(b) Children between 18 and 21 in whose behalf an Aid to Families with Dependent Children payment would be made, except that these individuals are neither disabled nor attending school or a course of vocational or technical training.			x	x
(c) All individuals in the above groups who would be entitled to financial assistance except that they do not meet the durational residence requirement of any of the public assistance programs.	x	x	x	x
(d) All persons who, except for having enough income for their daily needs (under State assistance standards), could qualify for public assistance under the Federal eligibility requirements.	x		x	x (Aug. '67)
(e) All children (under 21) who could not qualify for public assistance but whose families cannot afford to pay for all or part of the cost of the medical care they need.	x			
(f) Other:				

***Persons in medical institutions who if they were not in such institution would be eligible under (a)

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

4. What are the maintenance levels for persons eligible for coverage?

The amount of income and liquid assets they have, as well as the cost of the care they need, will be taken into consideration in determining what people are eligible. In general, however, income and liquid assets at or below the following amounts are considered to be sufficient only for maintenance, and not available for medical care:

- (a) For a single person: \$1600
- (b) For a family of four: \$3000

5. What are some of the major features of the (State) medical assistance program?

- Inpatient hospital services.
- Outpatient hospital services.
- Physicians' services.
- Skilled nursing home services.
- Laboratory and x-ray services.
- Home health care services.

Services to aged in IB and mental institutions

- Dental services.
- Clinic services.
- Blood Bank.
- Prescribed drugs and medicines.
- Prosthetic, surgical and orthopedic appliances and sickroom supplies.
- Eyeglasses.

	<u>Minnesota</u>	<u>Nebraska</u>	<u>North Dakota</u>	<u>Ohio</u>
	x	Standards for the above money assistance programs, and \$150 for (f) above. No initial coverage for non-assistance groups.	x	Not applicable. Only money payment recipients covered.
(a) For a single person:	\$1600		\$1600	
(b) For a family of four:	\$3000		\$3000	
Inpatient hospital services.	x	x	x	x
Outpatient hospital services.	x	x	x	x
Physicians' services.	x	x	x	x
Skilled nursing home services.	x	x	x	x
Laboratory and x-ray services.	x	x	x	x
Home health care services.	"Whatever the doctor orders."	x		x
Services to aged in IB and mental institutions	"	x		
Dental services.	"	x	x	x
Clinic services.	"	x		
Blood Bank.	"			
Prescribed drugs and medicines.	"	x	x	x
Prosthetic, surgical and orthopedic appliances and sickroom supplies.	"	x	x	x
Eyeglasses.	"		x	

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Minnesota</u>	<u>Nebraska</u>	<u>North Dakota</u>	<u>Ohio</u>
Hearing aids.	"Whatever the doctor orders."			
Ambulance and common carrier transportation.	"	x		x
Physical, occupational and speech therapy.	"			
Private duty registered nursing service in hospitals.	"			
Maternity care centers.	"			
Treatment centers licensed as medical institutions, except for psychiatric care, in or out of state.	"			
Services of practitioners licensed to practice chiropractic, podiatry, optometry, nursing, or physical therapy.	"	x		
6. <u>What will be the terms of financing the new program?</u>				
Federal share in per cent of costs:	60%	60%	67%	52.33%
Estimated Federal share in dollars, first quarter of operation.	\$9.3 million		\$4.6 million	\$6 million
Estimated Federal share in dollars for first fiscal year:	\$39 million (1966)	\$11 million (F.Y. 1967)	\$18.4 million (1966)	\$18 million (F.Y. 1966-67)
7. <u>How many persons will be served by the new program?</u>				
% of state population which will be served:				
first year:	2.1%	3%	2.6%	3%
subsequent years:				
Estimated number of persons to be served:				
first year:	72,600	45,000	16,640	325,000
subsequent years:				
State population estimate:	3,413,864 ²	1,411,330 ²	632,446 ²	9,706,397 ²

(1960 figures from World Almanac²)

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Oklahoma</u>	<u>Pennsylvania</u>	<u>Utah</u>	<u>Washington</u>
1. <u>Name of State agency responsible for administering Title XIX:</u>	Department of Public Welfare	Department of Public Welfare	Department of Public Welfare	Department of Public Assistance
2. <u>Date program began operation:</u>	1-1-66	1-1-66	7-1-66	7-1-66
3. <u>What groups became eligible when the program began?</u>				
(a) All persons who receive all or part of their incomes from the federally aided public assistance programs: Old-Age Assistance, Aid to the Blind, Aid to Families with Dependent Children, Aid to the Permanently and Totally Disabled.	x	x	x	x
(b) Children between 18 and 21 in whose behalf an Aid to Families with Dependent Children payment would be made, except that these individuals are neither disabled nor attending school or a course of vocational or technical training.			x	x
(c) All individuals in the above groups who would be entitled to financial assistance except that they do not meet the durational residence requirement of any of the public assistance programs.			x	x
(d) All persons who, except for having enough income for their daily needs (under State assistance standards), could qualify for public assistance under the Federal eligibility requirements.	x	x	x	x
(e) All children (under 21) who could not qualify for public assistance but whose families cannot afford to pay for all or part of the cost of the medical care they need.	x	x		x
(f) Other:		*	* limited Medically needy children	* ****

*Other adults whose incomes are insufficient to meet their medical care costs in addition to their maintenance costs. (State funds)

****Medically needy children in foster care under agency supervision.

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Oklahoma</u>	<u>Pennsylvania</u>	<u>Utah</u>	<u>Washington</u>
4. <u>What are the maintenance levels for persons eligible for coverage?</u>				
The amount of income and liquid assets they have, as well as the cost of the care they need, will be taken into consideration in determining what people are eligible. In general, however, income and liquid assets at or below the following amounts are considered to be sufficient only for maintenance, and not available for medical care:	x	x	x	x
(a) For a single person:	\$1728	\$2000	\$1200	\$1680
(b) For a family of four:	\$2448	\$4000	\$2640	\$3000
5. <u>What are some of the major features of the (State) medical assistance program?</u>				
Inpatient hospital services.	x	x	x	x (duration specified)
Outpatient hospital services.	x	x	x	x
Physicians' services.	x (limited until 7-1-67)	x	x	x
Skilled nursing home services.	x	x	x	x
Laboratory and x-ray services.	x	x	x	x
Home health care services.		x		x
Services to aged in TB and mental institutions.		x (unlimited mental hospital)		
Dental services.				x (limited)
Clinic services.			x	
Blood bank services.	x			
Prescribed drugs and medicines			x (limited)	x (listed or approved)
Prosthetic, surgical and orthopedic appliances and sickroom supplies.	x (limited)		x (limited)	
Eyeglasses.			x	

Table II (Cont.)

TITLE XIX FACT SHEET

Provisions of Title XIX Programs in Operation

	<u>Oklahoma</u>	<u>Pennsylvania</u>	<u>Utah</u>	<u>Washington</u>
Hearing aids.				
Ambulance and common carrier transportation.				x
Physical, occupational and speech therapy.				
Private duty registered nursing service in hospitals.				
Maternity care centers.	x			
Treatment centers licensed as medical institutions, except for psychiatric care, in or out of state.				
Services of practitioners licensed to practice chiropractic, podiatry, optometry, nursing, or physical therapy.				
6. <u>What will be the terms of financing the new program?</u>				
Federal share in per cent of costs:	70%	54%	67%	54%
Estimated Federal share in dollars, first quarter of operation.	\$3.9 million	\$26 million		
Estimated Federal share in dollars for first fiscal year:	\$15.9 million (1966)	\$100 million (1966)	\$5.65 million	\$20 million F.Y. 1966-67
7. <u>How many persons will be served by the new program?</u>				
% of state population which will be served:				
first year:	8.4%	6%	4%	8% eligible
subsequent years:	16.7% eligible		20% eligible	
Estimated number of persons to be served:				
first year:	194,500	583,000	40,000	250,000
subsequent years:	389,000 eligible		200,000	
State population estimate:	2,328,284 ²	11,319,366 ²	890,627 ²	2,853,214 ²
		Limited medically indigent program to be expanded by 1975.		

(1960 figures from World Almanac²)

Proposed Title XIX Program for Colorado

Officials of the State Department of Welfare submitted cost figures and a proposed minimum program of benefits for consideration by the committee. The proposal would provide medical benefits on a uniform basis to all persons currently participating in Colorado welfare programs, as well as to recipients who would be eligible for public welfare except that they do not meet residence qualifications. The medical benefits would be the same regardless of whether the individual qualifies for federal assistance. In other words, recipients of the Class B old age pension (a state funded program) would continue to receive the same benefits as Class A pensioners (persons over 65). The proposal does not include benefits for other low income families, i.e., the so-called "medically indigent".

Level of Medical Services. Basically, the medical services proposed by the welfare department for a Title XIX program would be the same as current medical services available to persons 65 years of age or over under Medicare. Tying the Title XIX program to Medicare could lessen administrative costs because the program would be integrated with procedures employed by Blue Cross-Blue Shield for computing Medicare expenses. Confusion in the minds of recipients also would be reduced if the Title XIX provisions were similar to Medicare services. The amount of hospitalization, however, available under the proposed Title XIX program, would be substantially less than is available under Medicare. For instance, persons 65 years of age or over are covered, under Medicare, with 90 days of hospitalization, the last 30 days of which must be paid by the patient to the extent of \$10 per day, the balance being paid by Medicare funds. On the other hand, the proposed estimates of the department for a Title XIX program are based on 30 days of hospitalization. Old age pensioners, of course, would continue to be eligible for the Medicare benefits, but the State Department of Public Welfare could not pay the \$10 co-insurance for the 60 to 90 day period of hospitalization. The department would pay the initial \$40 deductible required under Medicare for old age pensioners.

Although it would appear that this difference in hospital coverage between the young recipients (30 days) and the Medicare-covered elderly (90 days) would not be permissible under a uniform service concept, this is not the case. Uniformity under federal standards applies to portions of the federally-aided programs which specifically are administered by a state welfare department. Medicare benefits for which there is no participation by the state welfare agency would not be considered a factor in achieving uniformity. However, the supplementary medical insurance benefit (SMIB) paid by the State Department of Welfare for old age pension recipients must be considered as a factor in developing uniform programs.

Projected Costs of a Minimum Title XIX Program

The accompanying three tables contain estimates by the State Department of Public Welfare of the cost of a proposed minimum program for implementing Title XIX in Colorado in fiscal year 1967-68. Table III is a summary table, listing the estimated cost of medical services for the federally-aided programs, as well as the cost of providing equivalent medical benefits for nonreimbursable state programs. The estimated cost of providing recipients with hospitalization, nursing home care, medical services and supplies, as well as the cost of administration is \$31,804,989. The cost of providing drugs for nursing home patients not in mental institutions would provide an additional expense of \$1,387,800, and the added cost for out-patient drugs would be close to \$3,993,588. The estimated cost of the entire program with maximum drug participation is \$37,186,377. Current estimated cost of medical services is \$30,780,574, or roughly 6.7 million dollars less than the estimated program for Title XIX.

The federal share (53.08 per cent of the Title XIX program is computed at \$18,772,579, while the proposed state share or state and local share is calculated at \$18,463,798. County participation on a basis of 20 per cent of the nonfederal share would be \$2,423,276, and the state share \$16,040,522. Despite an estimated increase in over-all costs of medical services under Title XIX of 6.7 million dollars, total state and county expenditures for medical costs for 1966-67 are expected to be reduced by roughly \$300,000 through adoption of the minimum program of Title XIX.

The State Department of Welfare currently is in the process of detailing budget estimates for 1967-68 based on the present program. When these estimates are available, the members of the General Assembly will be in a better position to compare the costs of a Title XIX program in relation to continuation of existing medical services through fiscal year 1968.

Table IV provides a detailed analysis of caseloads, number of persons per case, average periods of hospitalization, admissions to extended care facilities, estimated expenditures for various classes of service including hospitalization, nursing home care, physician services, and drugs for all categories of welfare recipients for which there is federal participation. The average caseload per month for the old age pension (Class A) and prior recipients of medical assistance for the aged, for instance, is 40,700. Since the average caseload for this category only involves one person per case, the total number of recipients also is estimated at 40,700. Total cost of medical services for persons 65 years or over receiving welfare assistance, and including out-patient drugs and drugs for nursing homes, is estimated at \$23,762,119. This amount represents 67.3 per cent of the total cost of providing medical services to federally-aided welfare recipients.

Table III

SUMMARY OF ESTIMATED TOTAL COSTS OF THE PROPOSED
TITLE XIX MEDICAL CARE PROGRAM AND THE MEDICAL CARE PROGRAM
FUNDED BY STATE AND LOCAL GOVERNMENT, FISCAL YEAR, 1967-68

	<u>Federally- Aided Programs*</u>	<u>State Programs**</u>	<u>Total</u>
Hospitalization	\$ 4,775,573	\$ 918,412	\$ 5,693,985
Nursing Home Care	18,822,312	348,840	19,171,152
Med. Serv. & Supp.	5,746,311	391,258	6,137,569
Administration	<u>746,595</u>	<u>55,688</u>	<u>802,283</u>
Subtotal	<u>\$30,090,791</u>	<u>\$1,714,198</u>	<u>\$31,804,989</u>
Options:			
Drugs for Nurs- ing Home Patients Not in M.I.	1,360,800	27,000	1,387,800
Out-patients	<u>3,820,788</u>	<u>172,800</u>	<u>3,993,588</u>
Total	<u>\$35,272,379</u>	<u>\$1,913,998</u>	<u>\$37,186,377</u>
Federal Share	18,722,579	---	18,722,579
State Share (100% of Non- Federal)	16,549,800	1,913,998	18,463,798
State Share (80% Non-Fed.)	14,247,748	1,792,774	16,040,522
County Share	2,302,052	121,224	2,423,276

*Federally-aided programs include 1) Old Age Pension, Class A and prior Medical Assistance to the Aged; 2) Aid to Needy Disabled; 3) Aid to Blind; 4) Aid to Dependent Children; 5) Aid to Dependent Children with Unemployed Fathers; and 6) Child Welfare related to Aid to Dependent Children.

**State programs include 1) Old Age Pension, Class B and Class C; 2) Tuberculosis Assistance for under 65; and 3) Child Welfare not related to Aid to Dependent Children.

Table IV

COLORADO STATE DEPARTMENT OF PUBLIC WELFARE ESTIMATED COST FOR
A PROPOSED TITLE XIX MEDICAL CARE PROGRAM, FISCAL YEAR 1967-68

Caseloads -- Summary	Federal Category Related Recipients						Total
	OAP-A & Prior MAA ¹	Aid to Needy Disabled	Aid to Blind	Aid to Families With Dependent Children	AFDC-U ²	CW Related To AFDC ³	
Average Monthly Money Payment Caseload	37,000	7,250	225	13,400	1,700	1,500	61,075
Average Monthly Non-Money Payment Caseload	3,700	750	35	134	170	500	5,289
Total Average Monthly Medical Care Caseload	40,700	8,000	260	13,534	1,870	2,000	66,364
Average No. of Persons Per Case	1.0	1.0	1.0	3.85	5.95	1.0	1.72
Total Av. Mo. No. of Persons	40,700	8,000	260	52,106	11,127	2,000	114,193
Av. Mo. No. of Persons 65 & Over	40,700	600	20	---	---	---	41,320
Av. Mo. No. of Persons Under 65	---	7,400	240	52,106	11,127	2,000	72,873
<u>Hospital Care</u>							
No. of In-patient Admiss. for F.Y.	20,000	3,000	100	6,500	1,500	200	31,300
In-patient 65 & Over	20,000	300	10	---	---	---	20,310
In-patient under 65	---	2,700	90	6,500	1,500	200	10,990
Av. Cost per In-patient Admiss.	\$ 431.79	\$ 472.50	\$ 450.00	\$ 292.50	\$ 325.00	\$ 225.00	\$ 400.38
No. of Days of Hospitalization	222,000	31,500	1,000	42,250	9,750	1,000	307,500
Av. Length of Stay per Admiss.	11.1	10.5	10.0	6.5	6.5	5.0	9.8
Av. Daily Hospital Cost	\$ 38.90	\$ 45.00	\$ 45.00	\$ 45.00	\$ 50.00	\$ 45.00	\$ 40.75
Total Actual Cost for In-patient Care	\$8,635,800	\$1,417,500	\$45,000	\$1,901,250	\$487,500	\$45,000	\$12,532,050
Welfare Cost for 65 & Over (\$40 HIB deductible)	\$ 800,000	\$ 12,000	\$ 400	\$ ---	\$ ---	\$ ---	\$ 812,400
Welfare Cost for Under 65 (Full Cost)	\$ ---	\$1,275,750	\$40,500	\$1,901,250	\$487,500	\$45,000	\$ 3,750,000
No. of Out-patient Admiss. for F.Y.	2,700	450	150	7,000	2,000	250	12,550
Out-patient 65 & Over	2,700	50	15	---	---	---	2,765
Out-patient Under 65	---	400	135	7,000	2,000	250	9,785
Av. Cost Per Out-patient Admiss.	\$ 23.50	\$ 25.00	\$ 23.50	\$ 15.00	\$ 17.00	\$ 15.00	\$ 17.61
Total Actual Cost for Out-patient care	\$ 63,450	\$ 11,250	\$ 3,525	\$ 105,000	\$ 34,000	\$ 3,750	\$ 220,975
Welfare Cost for 65 & Over (\$20.00 Deduct. + 20%)	\$ 55,890	\$ 1,050	\$ 310	\$ ---	\$ ---	\$ ---	\$ 57,250
Welfare Cost for Under 65 (Full Cost)	\$ ---	\$ 10,000	\$ 3,173	\$ 105,000	\$ 34,000	\$ 3,750	\$ 155,923

Table IV
(Continued)

Hospital Care (Cont.)	Federal Category Related Recipients					CW Related To AFDC ³	Total
	OAP-A & Prior MAA ¹	Aid to Needy Disabled	Aid to Blind	Aid to Families With Dependent Children	AFDC-U ²		
TOTAL ACTUAL COST FOR IN & OUT-PATIENT HOSPITAL CARE	\$8,699,250	\$1,428,750	\$48,525	\$2,006,250	\$521,500	\$48,750	\$12,753,025
TOTAL WELFARE COST FOR IN & OUT-PATIENT HOSPITAL CARE	<u>\$ 855,890</u>	<u>\$1,298,800</u>	<u>\$44,383</u>	<u>\$2,006,250</u>	<u>\$521,500</u>	<u>\$48,750</u>	<u>\$ 4,775,573</u>
<u>Nursing Home Care</u>							
Total Av. Mo. No. of Nursing Home Patients	7,150	900	10	N/A	N/A	N/A	8,060
Patients not in Mental Inst. (65 & Over)	6,650	500	7	---	---	---	7,157
Patients not in Mental Inst. (Under 65)	---	400	3	---	---	---	403
Patients in Mental Inst. (65 & Over)	500	---	---	---	---	---	500
Patients in Mental Inst. (Under 65)	---	---	---	---	---	---	---
Patients not in Mental Inst., Total	6,650	900	10	---	---	---	7,560
Percent Rec. Basic Care	5.0%	7.0%	0.0%	---	---	---	5.2%
Percent Rec. Technical Care	95.0%	93.0%	100.0%	---	---	---	94.8%
Av. Mo. Basic Care Caseload	332	63	0	---	---	---	395
Av. Mo. Tech. Care Caseload	6,318	837	10	---	---	---	7,165
Mo. Cost for Basic Care	\$ 136.00	\$ 136.00	\$ 136.00	---	---	---	\$ 136.00
Mo. Cost for Technical Care	\$ 227.00	\$ 227.00	\$ 227.00	---	---	---	\$ 227.00
Total Actual Cost Basic Care for F. Y.	\$ 541,824	\$ 102,816	\$ 0	---	---	---	\$ 644,640
Total Actual Cost Tech. Care for F. Y.	\$17,210,232	\$2,279,988	\$27,240	---	---	---	\$19,517,460
Patients in Mental Inst., Total	500	---	---	---	---	---	500
Mo. Cost for Patients in Mental Institution	\$ 390.00	---	---	---	---	---	\$ 390.00
Total Actual Cost for M. I. Patients for F. Y.	\$ 2,340,000	---	---	---	---	---	\$ 2,340,000
TOTAL ACTUAL COST FOR NURSING HOME CARE	\$20,092,056	\$2,382,804	\$27,240	---	---	---	\$22,502,100
Average Monthly Income Patients not in M.I.	\$ 25.00	\$ 40.00	\$ 20.00	---	---	---	\$ 26.78
Income from Patients not in M.I. for F.Y.	\$ 1,995,000	\$ 432,000	\$ 2,400	---	---	---	\$ 2,429,400
Income from Patients in M.I. for F.Y. (\$15/mo.)	\$ 90,000	---	---	---	---	---	\$ 90,000
No. of Beneficiaries of Prouty Amendment	2,500	60	0	---	---	---	2,560

Table IV
(Continued)

Nursing Home Care (Cont.)	Federal Category Related Recipients						Total
	OAP-A & Prior MAA ¹	Aid to Needy Disabled	Aid to Blind	Aid to Families With Dependent Children	AFDC-U ²	CW Related To AFDC ³	
Income from Prouty Amend. for F.Y. (\$22/Mo.)	\$ 660,000	\$ 15,840	\$ 0	\$ ---	\$ ---	\$ ---	\$ 675,840
No. of Extended Care Admiss. for F.Y.	3,000	250	2	---	---	---	3,252
Income from Extended Care Prov. (20 Days @ \$7.45)	\$ 447,000	\$ 37,250	\$ 298	---	---	---	\$ 484,548
Total Income Deductions for N.H. Patients	\$ 3,192,000	\$ 485,090	\$ 2,698	---	---	---	\$ 3,679,788
TOTAL NET WELFARE COST FOR NURSING HOME CARE	\$16,900,056	\$1,897,714	\$24,542	---	---	---	\$18,822,312
Pers. Needs, No. of Patients Rec. Cost of Personal Needs	(750) \$ (90,000)*	(300) \$ (36,000)*	(5) \$ (600)*				(1,055) \$ (126,600)*
<u>Medical Services & Supplies</u>							
<u>Physicians' Services</u>							
<u>In Hospital and Clinics</u>							
Total Actual Cost for In-Patients	\$ 2,245,308	\$ 368,550	\$11,700	\$ 494,325	\$126,750	\$11,700	\$ 3,258,333
Actual Cost for 65 & Over	\$ 2,245,308	\$ 36,855	\$ 1,170	\$ ---	\$ ---	\$ ---	\$ 2,283,333
Actual Cost for Under 65	\$ ---	\$ 331,695	\$10,530	\$ 494,325	\$126,750	\$11,700	\$ 975,000
Total Actual Cost for Out Patients	\$ 28,553	\$ 5,063	\$ 1,586	\$ 47,250	\$ 15,300	\$ 1,688	\$ 99,440
Actual Cost for 65 & Over	\$ 28,553	\$ 563	\$ 158	\$ ---	\$ ---	\$ ---	\$ 29,274
Actual Cost for Under 65	\$ ---	\$ 4,500	\$ 1,428	\$ 47,250	\$ 15,300	\$ 1,688	\$ 70,166
<u>In Nursing Homes</u>							
Total No. Of N.H. Visits for F.Y.	39,900	6,360	67	N/A	N/A	N/A	46,327
No. of Visits for 65 & Over	39,900	3,000	42	N/A	N/A	N/A	42,942
No. of Visits for Under 65	---	3,360	25	---	---	---	3,385
Total Actual Cost for N.H. Visits (@ \$7.50/Visit)	\$ 299,250	\$ 47,700	\$ 503	---	---	---	\$ 347,453
Actual Cost for 65 & Over	\$ 299,250	\$ 22,500	\$ 315	---	---	---	\$ 322,065
Actual Cost for Under 65	\$ ---	\$ 25,200	\$ 188	---	---	---	\$ 25,388
<u>In Home, Office or Elsewhere</u>							
Total No. of H & O Calls for F.Y.	100,650	21,300	750	156,318	33,381	6,000	318,399

*These costs are paid from Categorical Money Payments and are not included in proposed Title XIX estimated costs.

Table IV
(Continued)

Med. Serv. & Supp. (Cont.)	Federal Category Related Recipients						Total
	OAP-A & Prior MAA ¹	Aid to Needy Disabled	Aid to Blind	Aid to Families With Dependent Children	AFDC-U ²	CW Related To AFDC ³	
In Home, Office or Elsewhere (Cont.)							
No. of Visits for 65 & Over	100,650	300	39	---	---	---	100,989
No. of Visits for Under 65	---	21,000	711	156,318	33,381	6,000	217,410
Total Actual Cost (@ \$6.00 Per Visit)	\$ 603,900	\$ 127,800	\$ 4,500	\$ 937,908	\$ 200,286	\$ 36,000	\$ 1,910,394
Actual Cost for 65 & Over	\$ 603,900	\$ 1,800	\$ 234	---	---	---	\$ 605,934
Actual Cost for Under 65	\$ ---	\$ 126,000	\$ 4,266	\$ 937,908	\$ 200,286	\$ 36,000	\$ 1,304,460
Home Health Services							
Total No. of Home Health Visits for F.Y.	20,130	4,260	150	2,150	500	0	27,190
No. of Visits for 65 & Over*	20,130	60	8	---	---	---	20,198
No. of Visits Under 65	---	4,200	142	2,150	500	0	6,992
Total Actual Cost (@ \$8.50 Per Visit)	\$ 171,105	\$ 36,210	\$ 1,275	\$ 18,275	\$ 4,250	\$ 0	\$ 231,115
Actual Cost for 65 & Over	\$ 171,105	\$ 510	\$ 68	\$ ---	\$ ---	\$ ---	\$ 171,683
Actual Cost for Under 65	\$ ---	\$ 35,700	\$ 1,207	\$ 18,275	\$ 4,250	\$ 0	\$ 59,432
Medical Transportation							
Total No. of Ambulance Trips	9,050	1,300	37	1,625	375	50	12,437
No. of Trips for 65 & Over	9,050	267	6	---	---	---	9,323
No. of Trips for Under 65	---	1,033	31	1,625	375	50	3,114
Total Actual Cost (@ \$17.50 Per Trip)	\$ 158,375	\$ 22,750	\$ 648	\$ 28,438	\$ 6,563	\$ 875	\$ 217,649
Actual Cost for 65 & Over	\$ 158,375	\$ 4,672	\$ 105	\$ ---	\$ ---	\$ ---	\$ 163,152
Actual Cost for Under 65	\$ ---	\$ 18,078	\$ 543	\$ 28,438	\$ 6,563	\$ 875	\$ 54,497
Casts, Rented Equipment, Prosthetic Devices Braces, Artificial Legs, Arms & Eyes							
Total No. of Patients Requiring Above	1,000	150	5	325	75	10	1,565
No. of Patients 65 & Over	1,000	15	1	---	---	---	1,016
No. of Patients Under 65	---	135	4	325	75	10	549
Total Actual Cost (@ \$100.00 per Occurrence)	\$ 100,000	\$ 15,000	\$ 500	\$ 32,500	\$ 7,500	\$ 1,000	\$ 156,500
Actual Cost for 65 & Over	\$ 100,000	\$ 1,500	\$ 100	\$ ---	\$ ---	\$ ---	\$ 101,600
Actual Cost for Under 65	\$ ---	\$ 13,500	\$ 400	\$ 32,500	\$ 7,500	\$ 1,000	\$ 54,900
TOTAL ACTUAL COST OF MED. SERV. & SUPP.	\$ 3,606,491	\$ 623,073	\$ 20,712	\$ 1,558,696	\$ 360,649	\$ 51,263	\$ 6,220,884

* Does not include Home Health Visits included under the Hospital Insurance Plan (HIB)

Table IV
(Continued)

Med Serv. & Supp. (Cont.)	Federal Category Related Recipients						Total
	OAP-A & Prior MAA ¹	Aid to Needy Disabled	Aid to Blind	Aid to Families With Dependent Children	AFDC-U ²	CW Related To AFDC ³	
Total Actual Cost for 65 & Over	\$ 3,606,491	\$ 68,400	\$ 2,150	\$ ---	\$ ---	\$ ---	\$ 3,677,041
Cost of Premium for 65 & Over	\$ 1,465,200	\$ 21,600	\$ 720	\$ ---	\$ ---	\$ ---	\$ 1,487,520
Cost of \$50 Deductible for 65 & Over	\$ 1,196,250	\$ 27,500	\$ 675	\$ ---	\$ ---	\$ ---	\$ 1,224,425
Actual Cost Subject to 20% Co-Insurance	\$ 2,410,241	\$ 40,900	\$ 1,475	\$ ---	\$ ---	\$ ---	\$ 2,452,616
Cost of Co-Insurance for 65 & Over	\$ 482,048	\$ 8,180	\$ 295	\$ ---	\$ ---	\$ ---	\$ 490,523
Total Welfare Cost for 65 & Over	\$ 3,143,498	\$ 57,280	\$ 1,690	\$ ---	\$ ---	\$ ---	\$ 3,202,468
Total Welfare Cost for Under 65 (Full Cost)	\$ ---	\$ 554,673	\$18,562	\$1,558,696	\$ 60,649	\$ 51,263	\$ 2,543,843
NET TOTAL WELFARE COST FOR MED. SERV. & SUPP.	\$ 3,143,498	\$ 611,953	\$20,252	\$1,558,696	\$ 360,649	\$ 51,263	\$ 5,746,311
<u>Grand Total of Welfare Costs -- Summary</u>							
TOTAL WELFARE COST (With Drug in Hospital only)							
Total Net Welfare Cost for Hospitalization (Page 1)	\$ 855,890	\$1,298,800	\$ 44,383	\$2,006,250	\$ 521,500	\$ 48,750	\$ 4,775,573
Total Net Welfare Cost for Nursing Home Care (Pg. 2)	\$16,900,056	\$1,897,714	\$ 24,542	\$ ---	\$ ---	\$ ---	\$18,822,312
Total Net Welfare Cost for Med. Serv. & Supp. (Pg. 3)	\$ 3,143,498	\$ 611,953	\$ 20,252	\$1,558,696	\$ 360,649	\$ 51,263	\$ 5,746,311
<u>Grand Total of Welfare Cost (With Drug in Hospital Only)</u>	<u>\$20,899,444</u>	<u>\$3,808,467</u>	<u>\$ 89,177</u>	<u>\$3,564,946</u>	<u>\$ 882,149</u>	<u>\$100,013</u>	<u>\$29,344,196</u>
Federal Share (53.08% for Fed. Cat. Related Prog.)	\$11,093,425	\$2,021,534	\$ 47,335	\$1,892,273	\$ 468,245	\$ 53,087	\$15,575,899
State Share (Without County Participation)	\$ 9,806,019	\$1,786,933	\$ 41,842	\$1,672,673	\$ 413,904	\$ 46,926	\$13,768,297
State Share (With County Participation)	\$ 9,806,019	\$1,025,240	\$ 24,007	\$ 959,684	\$ 237,474	\$ 26,923	\$12,079,347
County Share (20% of App. Programs)	\$ ---	\$ 761,693	\$ 17,835	\$ 712,989	\$ 176,430	\$ 20,003	\$ 1,688,950
Drugs: For Patients in N.H.: Caseload in Nursing Home	6,650	900	10	N/A	N/A	N/A	7,560
Cost of Drugs for N.H. Patients not in M.I. (9 \$15 Per Month)	\$ 1,197,000	\$ 162,000	\$ 1,800	\$ ---	\$ ---	\$ ---	\$ 1,360,800
<u>Grand Total of Welfare Cost (With Drugs Added for N.H. patients)</u>	<u>\$22,096,444</u>	<u>\$3,970,467</u>	<u>\$ 90,977</u>	<u>\$3,564,946</u>	<u>\$ 882,149</u>	<u>\$100,013</u>	<u>\$30,704,996</u>

Table IV
(Continued)

	Federal Category Related Recipients					Total
	OAP-A & Prior MAAL	Aid to Needy Disabled	Aid to Blind	Aid to Families With Dependent Children	AIDC-U2		CW Related To AFDC3
Grand Total of Welfare Costs -- Summary (Cont.)						
Federal Share (53.08% for Fed. Cat. Related Prog.)	\$11,728,792	\$2,107,524	\$ 48,291	\$1,892,273	\$ 468,245	\$ 53,087
State Share (Without County Participation)	\$10,367,652	\$1,862,943	\$ 42,686	\$1,672,673	\$ 413,904	\$ 46,926
State Share (With County Participation)	\$10,367,652	\$1,068,850	\$ 24,491	\$ 959,684	\$ 237,474	\$ 26,923
County Share (20% of app. Programs)	\$ ---	\$ 794,093	\$ 18,195	\$ 712,989	\$ 176,430	\$ 20,003
	33,550	7,100	250	52,106	11,127	2,000
Drugs: For Out-patients: Persons not in N.H. Or M.I. Cost of Drug for Out-patients (@ \$3 per mo.)	\$ 1,207,800	\$ 255,600	\$ 9,000	\$1,875,816	\$ 400,572	\$ 72,000
Grand Total of Welfare Cost (With Drugs Added for out-patients)	\$23,304,244	\$4,226,067	\$ 99,977	\$5,440,762	\$1,282,721	\$172,013
Federal Share (53.08% for Fed. Cat. Rel. Prog.)	\$12,369,893	\$2,243,196	\$ 53,068	\$2,887,956	\$ 680,868	\$ 91,305
State Share (Without County Participation)	\$10,934,351	\$1,982,871	\$ 46,909	\$2,552,806	\$ 601,853	\$ 80,708
State Share (With County Participation)	\$10,934,351	\$1,137,658	\$ 26,914	\$1,464,654	\$ 345,309	\$ 46,305
County Share (20% of App. Programs)	\$ ---	\$ 845,213	\$ 19,995	\$1,088,152	\$ 256,544	\$ 34,403
Administration of Title XIX Total Average Mo. Med. Care Caseload (Page 1)	40,700	8,000	260	13,534	1,870	2,000
Cost of Administ. (@ \$11.25 Per Case Per Year)4	\$ 457,875	\$ 90,000	\$ 2,925	\$ 152,258	\$ 21,037	\$ 22,500
GRAND TOTAL OF WELFARE COST (WITH ADMINISTRATION COSTS)	\$23,762,119	\$4,316,067	\$102,902	\$5,593,020	\$1,303,758	\$194,513
Federal Share (53.08% for Fed. Cat. Rel. Prog.)	\$12,612,933	\$2,290,968	\$ 54,620	\$2,968,775	\$ 692,035	\$103,248
State Share (Without County Participation)	\$11,149,186	\$2,025,099	\$ 48,282	\$2,624,245	\$ 611,723	\$ 91,265
State Share (With County Participation)	\$11,149,186	\$1,161,886	\$ 27,702	\$1,505,641	\$ 350,971	\$ 52,362
County Share (20% of App. Programs)	\$ ---	\$ 863,213	\$ 20,580	\$1,118,604	\$ 260,752	\$ 38,903

1. Signifies Old Age Pension, Class A and Prior Medical Assistance to the Aged
 2. Signifies Aid to Dependent Children - Unemployed Father
 3. Signifies Child Welfare Related to Aid to Dependent Children
 4. Shares of Administration of a Title XIX are assumed to be the same as for the program's costs.

Although the number of recipients (52,106) participating in the aid to dependent children ((AFDC) program exceeds the number of pensioners (40,700) by about 11,400, the total medical cost, including comparable drug services, for AFDC recipients is estimated at only \$5,593,020. A large part of the medical expenses for the AFDC program also would be for out-patient drugs -- \$1,875,816. Estimated costs of the medical services for other federally-aided programs follow: aid to needy disabled -- \$4,316,067, aid to dependent children with an unemployed father -- \$1,303,758, child welfare related to AFDC -- \$194,513. The grand total of expenses under Title XIX for federally-aided programs is \$35,272,379.

The state program of medical services (see Table V) to welfare recipients not participating in the federally-aided programs is estimated to cost \$1,913,998, and if the counties participate in the financing of the program, the county share would be \$121,224 and the state share \$1,792,774. The major portion of expenses of course would apply to medical services for Class B old age pensioners (\$1,301,000); the tuberculosis assistance program for persons under 65 amounts to \$519,733; and the Class C pension program and child welfare (not related to AFDC) medical expenses amounts to a total of \$93,264.

Summary of Questions to Be Resolved

Title XIX of the Social Security Act revises the manner in which federal grants for medical assistance are to be made to the states:

1) medical assistance for the various federally aided welfare programs is intended to be established on a uniform basis; and

2) federal monies are being made available to the states to provide medical services to an additional group of low income families. The latter program is referred to as the "medically indigent" group. If Colorado is to participate in this new federal plan for medical services to welfare recipients, the first phase of the plan (item number one above) must be instituted by 1970. The second phase (the "medically indigent") also must be adopted by 1975. Failure to adopt either program may result in forfeiture of federal aid for medical services to welfare recipients in the categorical programs.

In order to implement a Title XIX program in Colorado, consideration needs to be given to five areas:

1) establish a general guideline for the State Board of Welfare to follow with respect to levels of services for a uniform plan of medical assistance for existing categorical programs;

2) establish policy with respect to the program of medical assistance to the so-called "medically indigent," keeping in mind that the program must be enacted by 1975 or federal funds will be forfeited;

3) outline an estimated budget within which levels of service must be kept;

4) consider state and local tax resources with respect to selecting the proper time for embarking on the committee's recommendation to fund Title XIX from state funds; and

5) implement legislation to establish state policy with respect to the Title XIX program.

Table V

COLORADO STATE DEPARTMENT OF PUBLIC WELFARE ESTIMATED COST FOR A PROPOSED
MEDICAL CARE PROGRAM FUNDED 100 PER CENT BY STATE AND LOCAL GOVERNMENT**

Caseload -- Summary	Old Age Pension		Under 65 Tuberculosis Assistance	Child Welfare Not Related to Aid to Families With Dep. Children	Total
	Class B	Class C			
Average Monthly Money Payment Caseload	3,800	25	---	750	4,575
Average Monthly Non-Money Payment Caseload	---	---	300	75	375
Total Average Mo. Medical Care Caseload	3,800	25	300	825	4,950
Average No. of Persons Per Case	1.0	1.0	1.0	1.0	1.0
Total Average Monthly No. of Persons	3,800	25	300	825	4,950
Average Monthly No. of Persons 65 & Over	---	---	---	---	---
Average Monthly No. of Persons Under 65	3,800	25	300	825	4,950
Hospital Care					
No. of In-patient Admiss. for F.Y.	1,300	10	500	100	1,910
No. of Admissions: In-patient 65 & Over	---	---	---	---	---
No. of Admissions: In-patient Under 65	1,300	10	500	100	1,910
Average Cost Per In-patient Admission	\$ 389.00	\$ 389.00	\$ 616.00	\$ 225.00	\$ 439.84
No. of Days of Hospitalization	13,000	100	14,000	500	27,600
Average Length of Stay Per Admission	10.0	10.0	28.0	5.0	14.5
Average Daily Hospital Cost	\$ 38.90	\$ 38.90	\$ 22.00	\$ 45.00	\$ 30.44
Total Actual Cost for In-patient Care	\$ 505,700	\$ 3,890	\$308,000	\$22,500	\$ 840,090
Welfare Cost for 65 and Over (\$40 HIB Ded.)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Welfare Cost for Under 65 (Full Cost)	\$ 505,700	\$ 3,890	\$308,000	\$22,500	\$ 840,090
No. of Out-patient Admissions for F.Y.	150	2	2,500	150	2,802
No. of Admissions: Out-patient 65 & Over	---	---	---	---	---
No. of Admissions: Out-patient Under 65	150	2	2,500	150	2,802
Average Cost Per Out-patient Admission	\$ 23.50	\$ 23.50	\$ 29.00	\$ 15.00	\$ 27.95
Total Actual Cost for Out-patient Care	\$ 3,525	\$ 47	\$ 72,500	\$ 2,250	\$ 78,322
Welfare Cost for 65 & Over (\$20 Ded. + 20%)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Welfare Cost for Under 65 (Full Cost)	\$ 3,525	\$ 47	\$ 72,500	\$ 2,250	\$ 78,322
TOTAL ACTUAL COST FOR IN & OUT-PATIENT HOSPITAL CARE	\$ 509,225	\$ 3,937	\$380,500	\$24,750	\$ 918,412
TOTAL WELFARE COST FOR IN & OUT-PATIENT HOSPITAL CARE	\$ 509,225	\$ 3,937	\$380,500	\$24,750	\$ 918,412
Nursing Home Care					
Total Average Mo. No. of Nursing Home Patients	150	---	N/A	N/A	150
Patients Not in Mental Inst., 65 & Over	---	---	---	---	---
Patients Not in Mental Inst. Under 65	150	---	---	---	150
Patients In Mental Inst. 65 & Over	---	---	---	---	---
Patients in Mental Inst. Under 65	---	(100)	---	---	---

Table V
(Continued)

Nursing Home Care (Cont.)	Old Age Pension		Under 65 Tuberculosis Assistance	Child Welfare Not Related to Aid to Families With Dep. Children	Total
	Class B	Class C			
Patients Not in Mental Inst., Total	150	---	N/A	N/A	150
Percent Receiving Basic Care	20.00%	---%	---%	---%	20.00%
Percent Receiving Technical Care	80.00%	---%	---%	---%	80.00%
Average Monthly Basic Care Caseload	30	---	---	---	30
Average Monthly Technical Care Caseload	120	---	---	---	120
Monthly Cost for Basic Care	\$ 136.00	\$ ---	\$ ---	\$ ---	\$ 136.00
Monthly Cost for Technical Care	\$ 227.00	\$ ---	\$ ---	\$ ---	\$ 227.00
Total Actual Cost Basic Care for F.Y.	\$ 48,960	\$ ---	\$ ---	\$ ---	\$ 48,960
Total Actual Cost Technical Care for F.Y.	\$ 326,880	\$ ---	\$ ---	\$ ---	\$ 326,880
Patients in Mental Inst., Total	---	(100)	---	---	---
Monthly Cost for Patients in Mental Inst.	\$ ---	\$ (113.00)	\$ ---	\$ ---	\$ ---
Total Actual cost for M.I. Patients for F.Y.	\$ ---	\$ (135,600)*	\$ ---	\$ ---	\$ ---
TOTAL ACTUAL COST FOR NURSING HOME CARE	\$ 375,840	\$ ---	\$ ---	\$ ---	\$ 375,840
Average Monthly Income Patients not in M.I.	\$ 15.00	\$ (10.00)	\$ ---	\$ ---	\$ 15.00
Income from Patients not in M.I. for F.Y.	\$ 27,000	\$ ---	\$ ---	\$ ---	\$ 27,000
Income from Patients in M.I. for F.Y. (\$15/mo.)	\$ ---	\$ (12,000)*	\$ ---	\$ ---	\$ ---
No. of Beneficiaries of Prouty Amend.	---	---	---	---	---
Income from Prouty Amend. for F.Y. (\$22/mo.)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
No. of Extended Care Admiss. For F.Y.	---	---	---	---	---
Income from Extended Care Prov. (20 Days @ \$7.45)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Total Income Deductions for N.H. Patients	\$ 27,000	\$ (12,000)*	\$ ---	\$ ---	\$ 27,000
TOTAL NET WELFARE COST FOR NURSING HOME CARE	\$ 348,840	\$ (123,600)*	\$ ---	\$ ---	\$ 348,840
Personal Needs, No. of Patients Receiving Cost of Personal Needs	(100) \$ (12,000)*	(75) \$ (9,000)*	---	---	(100) \$ (12,000)*
Medical Services And Supplies					
Physicians' Services					
In Hospital and Clinics					
Total Actual Cost for In-Patients	\$ 131,482	\$ 1,011	\$ 80,080	\$ 5,850	\$ 218,423
Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost for Under 65	\$ 131,482	\$ 1,011	\$ 80,080	\$ 5,850	\$ 218,423
Total Actual Cost for Out-Patients	\$ 1,586	\$ 21	\$ 32,625	\$ 1,013	\$ 35,245
Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost for Under 65	\$ 1,586	\$ 21	\$ 32,625	\$ 1,013	\$ 35,245

* These costs are paid from Categorical Money Payments and are not included in proposed Title XIX estimated costs.

Table V
(Continued)

<u>Medical Services And Supplies (Cont.)</u>	<u>Old Age Pension</u>		<u>Under 65 Tuberculosis Assistance</u>	<u>Child Welfare Not Related to Aid to Families With Dep. Children</u>	<u>Total</u>
	<u>Class B</u>	<u>Class C</u>			
<u>Physicians' Services (Cont.)</u>					
<u>In Nursing Homes</u>					
Total No. of N.H. Visits for F.Y.	1,260		N/A	N/A	1,260
No. of Visits for 65 & Over	---	---	---	---	---
No. of Visits for Under 65	1,260	---	---	---	1,260
Total Actual Cost for N.H. Visits (@ \$7.50/Visit)	\$ 9,450	\$ ---	\$ ---	\$ ---	\$ 9,450
Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost for Under 65	\$ 9,450	\$ ---	\$ ---	\$ ---	\$ 9,450
<u>In Home, Office or Elsewhere</u>					
Total No. of H & O Calls For F.Y.	10,950	75	900	2,475	14,400
No. of Visits for 65 & Over	---	---	---	---	---
No. of Visits for Under 65	10,950	75	900	2,475	14,400
Total Actual Cost (@ \$6.00 per Visit)	\$ 65,700	\$ 450	\$ 5,400	\$14,850	\$ 86,400
Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost for Under 65	\$ 65,700	\$ 450	\$ 5,400	\$14,850	\$ 86,400
<u>Home Health Services</u>					
Total No. of Home Health Visits for F.Y.	2,190	15	180	0	2,385
No. of Visits for 65 and Over*	---	---	---	---	---
No. of Visits Under 65	2,190	15	180	0	2,385
Total Actual Cost (@ \$8.50 Per Visit)	\$ 18,615	\$ 128	\$ 1,530	\$ 0	\$ 20,273
Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost for Under 65	\$ 18,615	\$ 128	\$ 1,530	\$ 0	\$ 20,273
<u>Medical Transportation</u>					
Total No. of Ambulance Trips	483	3	167	25	678
No. of Trips for 65 & Over	---	---	---	---	---
No. of Trips for Under 65	483	3	167	25	678
Total Actual Cost (@ \$17.50 Per Trip)	\$ 8,453	\$ 53	\$ 2,923	\$ 438	\$ 11,867
Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost for under 65	\$ 8,453	\$ 53	\$ 2,923	\$ 438	\$ 11,867
<u>Costs, Rented Equipment, Prosthetic De- vices, Braces, Artificial Legs, Arms & Eyes</u>					
Total No. of Patients Requiring Above	65	1	25	5	96
No. of Patients 65 & Over	---	---	---	---	---
No. of Patients Under 65	65	1	25	5	96
Total Actual Cost (@ \$100.00 Per Occurrence)	\$ 6,500	\$ 100	\$ 2,500	\$ 500	\$ 9,600
Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost for Under 65	\$ 6,500	\$ 100	\$ 2,500	\$ 500	\$ 9,600

* Does not include Home Health Visits included under the Hospital Insurance Plan (HIB).

Table V
(Continued)

Medical Services and Supplies (Cont.)	Old Age Pension		Under 65 Tuberculosis Assistance	Child Welfare Not Related to Aid to Families With Dep. Children	Total
	Class B	Class C			
<u>Total Actual Cost of Medical Services & Supplies</u>	\$ 241,786	\$ 1,763	\$125,058	\$22,651	\$ 391,258
Total Actual Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Cost of Prem. for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Cost of \$50 Ded. for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Actual Cost Subject to 20% Co-Ins.	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Cost of Co-Ins. for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Total Welfare Cost for 65 & Over	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Total Welfare Cost for Under 65 (Full Cost)	\$ 241,786	\$ 1,763	\$125,058	\$22,651	\$ 391,258
NET TOTAL WELFARE COST FOR MED. SERV. & SUPP.	<u>\$ 241,786</u>	<u>\$ 1,763</u>	<u>\$125,058</u>	<u>\$22,651</u>	<u>\$ 391,258</u>
<u>Grand Total of Welfare Costs -- Summary</u>					
<u>Total Welfare Cost (With Drug in Hospital only)</u>					
Total Net Welfare Cost for Hosp. (Pg. 1)	\$ 509,225	\$ 3,937	\$380,500	\$24,750	\$ 918,412
Total Net Welfare Cost for Nursing Home Care (Pg. 2)	\$ 348,840	\$ ---	\$ ---	\$ ---	\$ 348,840
Total Net Welfare Cost for Med. Serv. & Supp. (Pg. 3)	\$ 241,786	\$ 1,763	\$125,058	\$22,651	\$ 391,258
Grand Total of Welfare Cost (With Drug in Hosp. Only)	<u>\$1,099,851</u>	<u>\$ 5,700</u>	<u>\$505,558</u>	<u>\$47,401</u>	<u>\$1,658,510</u>
Federal Share (53.08% for Fed. Cate. Rel. Prog.)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
State Share (Without County Participation)	\$1,099,851	\$ 5,700	\$505,558	\$47,401	\$1,658,510
State Share (With County Participation)	\$1,099,851	\$ 5,700	\$404,446	\$37,921	\$1,547,918
County Share (20% of App. Programs)	\$ ---	\$ ---	\$101,112	\$ 9,480	\$ 110,592
Drugs: For Patients in N.H.: Caseload in Nursing Home	150	N/A	N/A	N/A	150
Cost of Drugs for N.H. Patients not in M.I. (@ \$15 per mo.)	\$ 27,000	\$ ---	\$ ---	\$ ---	\$ 27,000
Grand Total of Welfare Cost (With Drugs added for N.H. Patients)	<u>\$1,126,851</u>	<u>\$ 5,700</u>	<u>\$505,558</u>	<u>\$47,401</u>	<u>\$1,685,510</u>
Federal Share (53.08% for Fed. Cat. Rel. Programs)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
State Share (Without County Participation)	\$1,126,851	\$ 5,700	\$505,558	\$47,401	\$1,685,510
State Share (With County Participation)	\$1,126,851	\$ 5,700	\$404,446	\$37,921	\$1,574,918
County Share (20% of App. Programs)	\$ ---	\$ ---	\$101,112	\$ 9,480	\$ 110,592
Drugs: For Out-patients: Persons Not in N.H. or M.I.	3,650	25	300	825	4,800
Cost of Drug for Out-Patients (@ \$3 per mo.)	\$ 131,400	\$ 900	\$ 10,800	\$29,700	\$ 172,800
Grand Total of Welfare Cost (With Drugs Added for Out-patients)	<u>\$1,258,251</u>	<u>\$ 6,600</u>	<u>\$516,358</u>	<u>\$77,101</u>	<u>\$1,858,310</u>

Table V
(Continued)

Grand Total of Welfare Costs -- Summary (Cont.)	Old Age Pension		Under 65 Tuberculosis Assistance	Child Welfare Not Related to Aid to Families With Dep. Children	Total
	Class B	Class C			
Federal Share (53.08% for Fed. Cat. Rel. Prog.)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
State Share (Without County Participation)	\$1,258,251	\$ 6,600	\$516,358	\$77,101	\$1,858,310
State Share (With County Participation)	\$1,258,251	\$ 6,600	\$413,086	\$61,681	\$1,739,618
County Share (20% of App. Programs)	\$ ---	\$ ---	\$103,272	\$15,420	\$ 118,692
<u>Administration of Title XIX</u>					
Total Av. Mo. Medical Care Caseload (Pg. 1.)	3,800	25	300	825	4,950
Cost of Administ. (@ \$11.25 per Case Per Yr.) ¹	\$ 42,750	\$ 281	\$ 3,375	\$ 9,282	\$ 55,688
GRAND TOTAL OF WELFARE COST (WITH ADMINIST. COSTS)	<u>\$1,301,001</u>	<u>\$ 6,881</u>	<u>\$519,733</u>	<u>\$86,383</u>	<u>\$1,913,998</u>
Federal Share (53.08% for Fed. Cat. Rel. Prog.)	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
State Share (Without County Participation)	\$1,301,001	\$ 6,881	\$519,733	\$86,383	\$1,913,998
State Share (With County Participation)	\$1,301,001	\$ 6,881 ²	\$415,786	\$69,106	\$1,792,774
County Share (20% of App. Programs)	\$ ---	\$ ---	\$103,947	\$17,277	\$ 121,224

**The Medical Care Program estimates as submitted by the Colorado State Department of Public Welfare are based on the cost of providing a uniform level of medical benefits for all Colorado welfare recipients.

1. Shares of Administration of a Title XIX are assumed to be the same as for the program's costs.
2. OAP-C Medical Cost can be disregarded as long as Medical Care is given within the State Hospital without additional charges to Welfare.

Data prepared by State Department of Public Welfare,
as of 9/22/66.

APPENDIX A

The following material which describes the basic welfare programs in Colorado and how these programs are currently administered was excerpted from the report of the Governor's Local Affairs Study Commission entitled Local Government in Colorado, pp. 83 through 91.

Public Welfare

More than \$100 million is spent annually in Colorado for public welfare, exceeded only by education and highways. Three levels of government have fiscal and administrative responsibility for public welfare—federal, state, and county; however, counties pay only a very small portion of the costs and exercise limited administrative authority.

Welfare Department Organization

State Public Welfare Department. The state welfare department is established under the provisions of Article 1, Chapter 119, CRS 1963. This article provides that the state department shall be responsible for the administration or supervision of all public welfare activities in the state.

Since welfare programs at present, generally, are state supervised and county administered, the major responsibilities of the state department are:

- 1) to supervise all forms of public assistance and medical care;
- 2) to act as an agent of the federal government for

- all federally-aided programs; and
- 3) to administer state and federal funds for the various programs.

State Board of Welfare—Executive Director. The state board of public welfare consists of nine members appointed by the governor to serve for three-year overlapping terms. The members serve without compensation, except for necessary travel expenses. The board adopts all policies, rules, and regulations for the government of the state department. The executive director (who is under civil service, as are all department employees) is responsible for the operation and administration of the department, subject to the authority of the state board, which also must approve the department's proposed budget.

Administrative Structure. The state department is composed of several divisions: administrative management, personnel, children and youth, adult aids and services, and medical services. In addition, the executive assistant to the director is responsible for several administrative functions, and legal counsel and advice is provided by the legal services section.

The state department of welfare has a staff of 155 during the current fiscal year, which will be increased to 169 in fiscal year 1967.

County Departments of Public Welfare

Each county is required to have a department of public welfare by 119-1-9 CRS 1963. Any two or more counties, however, may form a district department of welfare upon the approval of the state welfare department. The county departments are responsible for administration of the various welfare programs under statutory requirements and the rules and regulations of the state welfare department. In particular, county departments determine the eligibility of recipients and their need for assistance, both as to kind and amount.

The county welfare board consists of the board of county commissioners, except that if a district department is created, one or more of the county commissioners from each of the counties involved may serve on the board. The board selects the county director of welfare, but must do so in accordance with the merit system established for county welfare employees by the state department as required by 119-1-12, CRS 1963. While the board determines the salaries and salary ranges to be paid the director and other county welfare employees, these are selected from schedules established by the state department under the merit system.

The county departments are employing an average of 1,283 persons during the current fiscal year, almost 100 more than during the previous year. The seventeen largest counties, which have 82.5 percent of the total welfare caseload, employ 82.4 percent of the total county welfare personnel. The number of county welfare employees will increase in fiscal year 1967 and following years, both because of increased caseloads and because of certain federal requirements concerning worker-caseload ratios.

Welfare Programs and Method of Finance

The several public welfare programs may be divided into four categories according to how they are financed:

- 1) programs financed exclusively from federal and state funds;
- 2) programs financed from a combination of federal, state, and county funds;
- 3) programs financed only from state and county funds; and
- 4) programs financed entirely from county funds.

Three programs are in the first category: old age pensions (OAP), old age pension medical care (OAP Med), and medical aid to the aged (MAA). The second group comprises aid to the blind (AB), aid to de-

pendent children (ADC), and aid to the needy disabled (AND). Two programs are financed only from state and county funds: child welfare services and tuberculosis assistance, and one program (general assistance) is financed entirely at the county level.

The basis for financial participation by the federal, state, and county governments in the various welfare programs and in state and county welfare administration is shown in Table 14. This table also shows the changes in federal participation which took place as of January 1, 1966, as a result of the amendments to the social security act adopted in 1965.

Recent Trends in Welfare Expenditures and Finance

Total Welfare Expenditures. In fiscal year (FY) 1963, \$97 million was expended for welfare purposes in Colorado. Total expenditures increased to \$100.6 million in FY 1965 and are expected to reach almost \$111 million in FY 1967, fourteen percent more than in FY 1963.

During the same period, the increase in federal funds expended for welfare purposes is estimated at 23.8 percent; state funds, 3.2 percent; and county funds, 18 percent. In FY 1963, federal funds financed 46.4 percent of the total welfare program; state funds, 43.0 percent; and county funds, 10.6 percent. In FY 1967, federal funds are expected to finance slightly more than fifty percent of total welfare costs; state funds, almost thirty-nine percent; and county funds, almost eleven percent. Table 15 shows the proportion of expenditures for welfare purposes by program from federal, state, and county funds for fiscal years 1965 through 1967.

Caseloads and Per Case Costs. There are several reasons for recent and anticipated welfare expenditure increases. Increased caseloads have been an important factor, especially in the ADC and child welfare programs. The average monthly ADC caseload in FY 1963 was 9,314 and is expected to be 13,488 in FY 1967, an increase of almost 45 percent; a similar increase is expected in the number of children receiving benefits (an average of 28,561 per month in FY 1963 and an estimated average of 41,390 per month in FY 1967).

The child welfare caseload is expected to be almost fifty-five percent higher in FY 1967 than in FY 1963, with an average monthly caseload estimated at 7,170 as compared with 5,191 in FY 1963. An even higher rate of increase is expected in child welfare cases requiring foster and institutional care payments. An average of 1,762 children per month required such payments in FY 1963, with a monthly average of 2,728 expected in FY 1967.

TABLE 14
BASIS OF PARTICIPATION IN WELFARE EXPENDITURES BY THE FEDERAL,
STATE AND COUNTY GOVERNMENTS, COLORADO, 1966

PROGRAMS	FEDERAL* before January 1, 1966	FEDERAL* after January 1, 1966	COUNTY	STATE
OLD AGE PENSION Money Payments	\$29 of first \$35 plus 50% of balance up to \$70 for Class A Pension only Burials are excluded	\$31 of first \$37 plus 50% of balance up to \$75 for Class A Pension only Burials are excluded	NO Participation	Balance of expenditures & cost of burials in full
OLD AGE PENSION Medical Care	50% of first \$15 of medical vendor payments for Class A Pension only	Same as before	NO Participation	Balance of expenditures
MEDICAL ASSISTANCE FOR THE AGED	50% of all expenditures except Personal Needs for nursing home recipient and burials	Same as before	NO Participation	Balance of expenditures
AID TO THE NEEDY DISABLED	\$29 of first \$35 plus 50% of balance up to \$70 of both money and medical vendor payments together Burials are excluded	\$31 of first \$37 plus 50% of balance up to \$75 of both money and medical vendor payments together Burials are excluded	20% of total expenditures excluding Personal Needs for nursing home patients	Balance of expenditures
AID TO THE BLIND	Same as for AND except Federal Government does not participate in treatment expenditures Burials are excluded	Same for AND except Federal Government does not participate in treatment expenditures Burials are excluded	20% of total expenditures and treatment costs	Balance of expenditures
AID TO DEPENDENT CHILDREN	\$14 of the first \$17 plus 50% of balance up to \$30 per person of both money and medical vendor payments together	\$15 of the first \$18 plus 50% of balance up to \$32 per person of both money and medical vendor payments together	20% of total expenditures	Balance of expenditures
TUBERCULOSIS ASSISTANCE	NO Federal Participation in any part of the program	Same as before	50% of reimbursable expenditures plus 100% of non-reimbursable expenditures ¹	Balance of reimbursable expenditures only
CHILD WELFARE	NO Federal Participation (except Children's Bureau monies received for administration)	Same as before	Same as for Tuberculosis Assistance ¹	Balance of reimbursable expenditures
GENERAL ASSISTANCE	NO Federal Participation in any part of the program	Same as before	Paid entirely from County funds	NO State Participation
COUNTY ADMINISTRATION	Approximately 41% of total expenditures	Same as before	19% of total	Balance of expenditures
STATE ADMINISTRATION	Approximately 44% of total expenditures	Same as before	NO Participation	Balance of expenditures

*Federal participation is based on the monthly average payment for the entire State in each categorical program where applicable.
¹20 percent of reimbursable expenditures as of January 1, 1967. Source: Colorado State Department of Public Welfare.

During the same period, the estimated increase in loads in other programs are either relatively stable or declining.

A major factor in the rise in welfare expenditures has been the continuing increase in medical and hospitalization costs. This increase, as might be expected, is felt mostly in those programs in which the major emphasis is on medical care, but it is reflected throughout all of the programs where medical care is a component. Increased benefits and cost of living adjustments have also had a bearing on welfare expenditure increases.

Administrative costs have increased on both the state and county levels, as more employees have been needed to keep pace with increased caseloads and new and expanded programs. Salaries have risen because of merit and longevity increases (normal increments) and reclassification of some positions.

Expenditures of County Funds for Welfare

Per Capita Expenditures. Per capita expenditures of county funds for welfare increased 19.58 percent (from \$4.80 to \$5.74) between 1960 and 1965. During this period, forty-seven counties had increased per capita expenditures, and sixteen experienced a reduction. The largest increases occurred in ADC (41.86 percent), child welfare (88.57 percent), and administration (15.25 percent). AND and general assistance per capita expenditures remained stable.

Two programs account for more than sixty-five percent of all county expenditures for welfare: general assistance and ADC. General assistance per capita expenditures amounted to \$1.91, accounting for almost forty percent of the total in 1960. In 1965, general assistance per capita expenditures amounted to \$1.92, or slightly more than one-third of the total. In 1960,

ADC per capita expenditures of \$1.29 were almost twenty-seven percent of the total. In 1965, ADC per capita expenditures had increased to \$1.83 and were almost thirty-two percent of the total.

Even though there was a large rise in per capita expenditures for child welfare purposes from 1960 to 1965, child welfare continues to require a relatively minor proportion of county funds spent for welfare purposes (7.3 percent in 1960 and 11.5 percent in 1965).

Huerfano County had the largest per capita expenditure of county funds for welfare purposes in 1965, \$12.20. Two other counties had per capita expenditure of county funds for welfare purposes in Animas, \$10.07. The following counties were between \$7 and \$10 per capita: Conejo, \$9.43; Weld \$9.41; Saguache, \$9.01; Clear Creek, \$8.84; Pueblo, \$8.65; Routt, \$8.05; Costilla, \$7.87; and Denver, \$7.68. An additional eight counties had per capita expenditures between \$6 and \$8.

This is a marked contrast to 1960, when only one county, Gilpin (\$10.90) had per capita welfare expenditures from county funds in excess of \$10. In that year only eleven counties (including Gilpin) had per capita expenditures in excess of \$6. Other counties with large per capita expenditures in 1960, included Saguache, \$9.42; Las Animas, \$9.37; Weld, \$8.04; Huerfano, \$7.75; and Clear Creek, \$7.36.

Per capita expenditures by county for selected welfare programs and functions for 1960, 1963, and 1965 are shown in Table 16.

Administration Costs. Administrative per capita expenditures accounted for virtually the same proportion of total per capita expenditures in 1960 and 1965 (twelve percent and 12.3 percent respectively). Administrative per capita costs are substantially higher in the smaller counties, ranging from \$.56 per capita in 1965 in counties over 50,000 population to \$1.61 per capita in those with less than 2,500 population. Administrative costs also account for a much larger proportion of total welfare expenditures from county funds in the smaller counties (slightly more than ten percent in counties over 50,000 population, but almost thirty-one percent in those with less than 2,500 population). Table 17 shows the relationship between county population and per capita administrative expenditures and between county population and the proportion administrative costs are of total welfare per capita expenditures.

General Assistance. As indicated above, general assistance expenditures account for a greater portion of welfare expenditures from county funds than any other program. In FY 1965, counties spent \$3.8 million for this purpose. The largest amount of general assistance funds are spent for medical care and hos-

TABLE 15
PROPORTION OF WELFARE EXPENDITURES, FEDERAL, STATE, AND COUNTY, FY 1965-1967

PROGRAMS	FY 1964-1965			FY 1965-1966 (Est.)			FY 1966-1967 (Est.) ^a		
	Percent of Expenditures			Percent of Expenditures			Percent of Expenditures		
	Federal	State	County	Federal	State	County	Federal	State	County
Aid to the Blind	47.27%	32.72%	20.01%	47.35%	32.86%	19.99%	46.44%	33.61%	19.95%
Aid to Dependent Children	58.01	22.15	19.84	57.31	22.79	19.90	56.96	23.68	19.36
Aid to Needy Disabled	68.84	12.37	18.79	61.21	18.97	19.83	61.50	18.72	19.78
Child Welfare Services	.....	45.38	54.62	.....	46.02	53.98	.....	61.27	25.73
T B Assistance	.....	50.00	50.00	.....	49.93	50.07	.....	64.51	35.49
Distressed Counties	.....	100.00	.....	.....	100.00	.....	.....	100.00	.....
ADC Protective Payments	.....	80.00	20.00	.....	80.00	20.00	.....	.....	.....
Home Nursing	.....	100.00	.....	.....	.....	.....	.....	.....	.....
Emergency Fund	.....	.....	.....	.....	100.00	.....	.....	100.00	.....
Medical Aid to Aged	49.24	50.76	.....	48.63	51.37	.....	48.55	51.45	.....
Total Appropriated Funds	52.71	30.79	16.50	50.99	32.85	16.16	50.43	34.78	14.79
Old Age Pension	51.37	48.63	.....	54.00	46.00	.....	55.52	44.48	.....
Old Age Pension Medical	44.97	55.03	.....	41.44	58.56	.....	49.30	50.70	.....
Total Cash Funds	50.36	49.64	.....	51.74	48.26	.....	54.60	45.40	.....
General Assistance	.....	.....	100.00	.....	.....	100.00	.....	.....	100.00
Total Welfare Programs	49.20	40.06	10.74	49.66	39.87	10.67	51.00	38.90	10.00
Administration									
State	46.99	53.01	.....	44.13	55.87	.....	44.39	55.61	.....
County	41.43	39.70	18.87	40.96	39.70	19.34	41.00	40.00	19.00
Total Administration	42.40	42.02	15.58	41.51	42.49	16.00	41.55	42.54	15.91
Grand Total	48.60	40.23	11.17	48.90	39.93	11.17	50.25	38.82	10.93

^aAdjusted according to actual state appropriation for FY 1966-67 as provided in H. B. 1049 (1966)
Source: Colorado State Department of Public Welfare

TABLE 17

PER CAPITA EXPENDITURES FOR WELFARE ADMINISTRATION, COUNTY FUNDS ONLY, COUNTIES GROUPED BY POPULATION CLASS 1965

Size of Counties	Administration Average Per Capita	Prop. Admin. of Total Per Capita Costs
Over 50,000 pop.	\$.56	10.1%
10,000 - 50,000	.79	12.5
5,000 - 10,000	.76	15.4
2,500 - 5,000	.85	18.4
Under 2,500	1.61	30.8

pitalization, more than sixty-eight percent in FY 1965 as follows: hospitalization, 26.3 percent; medical drugs, 25.8 percent; and county hospitals, 16.1 percent. In kind assistance (groceries, rents, clothing, etc.) accounted for 16.7 percent; cash, 12.1 percent, and county home operation and maintenance, burials, and commodity distribution, 3.1 percent.

County Mill Levies

County funds for welfare purposes come from the property tax, which is also the primary source of financial support for all other county functions. The amount of tax that can be levied by a county for welfare purposes is determined by its per capita assessed value as provided in 119-3-6, CRS 1963, as follows:

Per Capito Assessed Value	Mill Levy Limit
\$ 800 or less	6.0 mills
800 - 1,000	5.5
1,000 - 1,200	5.0
1,200 - 1,400	4.5
1,400 - 1,600	4.0
1,600 - 2,000	3.5
2,000 - 2,600	3.0
2,600 or more	2.5

Per capita assessed value is determined each year by dividing a county's current assessed value by the State Planning Division's most recent population estimate for that county. Welfare levy limits may be exceeded for good cause upon approval of the Colorado Tax Commission. Levy limits and 1965 and 1966 welfare levies are shown for each county in Table 18.

Currently fourteen counties are levying in excess of their statutory limits, and an additional five counties are at their limit. Thirty counties had an increase in welfare levies from 1965 to 1966, and only eleven had a mill levy reduction. Generally, those counties with the largest welfare levies (including those above their statutory levy limit) are the ones with the highest per capita expenditures for welfare from county funds.

TABLE 18

COUNTY WELFARE FUND LEVIES AND LEVY LIMITS

County	Welfare Levy Limit ^a	1965 Mill Levy	1966 Mill Levy
Adams	3.50	2.20	2.90
Alamosa	3.50	2.33	2.40
Arapahoe	3.50	1.24	1.74
Archuleta	3.00	3.00	3.00
Baca	2.50	.85	.91
Bent	3.00	2.55	3.00
Boulder	3.00	2.20	2.40
Chaffee	3.50	2.00	2.00
Cheyenne	2.50	1.00	1.00
Clear Creek	2.50	4.00	4.00
Conejos	4.50	5.00	5.00
Costilla	4.00	5.00	5.38
Crowley	3.50	2.00	3.00
Custer	2.50	2.00	1.50
Delta	4.50	5.50	8.85
Denver	3.00	3.60	4.39
Dolores	3.00	2.00	1.00
Douglas	2.50	.55	.55
Eagle	2.50	2.50	1.00
Elbert	2.50	.55	1.00
El Paso	4.00	3.40	4.00
Fremont	4.00	2.50	2.50
Garfield	2.50	1.00	1.40
Glavin	2.50	3.40	3.40
Grand	2.50	.70	.70
Gunnison	3.00	1.00	1.00
Hinsdale	2.50	.50	2.00
Huerfano	4.00	6.00	6.00
Jackson	2.50	1.50	1.00
Jefferson	3.50	1.12	1.10
Kiowa	2.50	1.30	1.50
Kit Carson	2.50	1.00	1.25
Lake	2.50	.22	.97
La Plata	3.00	2.00	2.25
Larimer	3.50	3.00	3.00
Las Animas	4.00	6.00	6.00
Lincoln	2.50	1.30	1.30
Logan	2.50	1.45	1.60
Mesa	3.50	2.84	3.46
Mineral	2.50	1.00	1.00
Moffat	2.50	1.70	1.70
Montezuma	4.00	4.10	3.90
Montrose	3.50	4.20	3.50
Morgan	3.00	2.00	3.00
Otero	3.50	3.34	4.25
Ouray	2.50	1.00	1.00
Park	2.50	1.00	1.40
Phillips	2.50	.85	1.55
Pitkin	2.50	.20	.38
Prowers	3.00	2.77	2.73
Pueblo	4.00	5.50	6.60
Rio Blanco	2.50	.26	.26
Rio Grande	3.00	3.50	3.50
Route	2.50	2.10	3.00
Saguache	3.00	3.50	3.50
San Juan	2.50	2.50	2.00
San Miguel	2.50	.75	.75
Sedgwick	2.50	.50	.25
Summit	2.50	.40	.43
Teller	3.00	2.80	2.50
Washington	2.50	.60	1.00
Weld	3.00	4.65	4.60
Yuma	2.50	1.90	1.90

a. Welfare levy limits are determined according to per capita assessed value as provided in 119-3-6, C.R.S. 1963. 1965 assessed value and county population estimates as of January 1, 1965 by the State Planning Division were used in determining per capita assessed value for each county.

Implications of New Federal Legislation

Several 1965 amendments to the Social Security Act have major implications for welfare administration and finance in Colorado. Also having an important bearing on welfare administration and finance are federal regulations concerning caseworker-caseload ratios and caseload-supervisor ratios which were promulgated pursuant to the 1962 Social Security Act amendments.

1965 Social Security Act Amendments. The 1965 amendments increased the amount of federal aid to adult recipients of Aid to Needy Disabled, Aid to Blind, and Old Age Pension (Class A) programs. Effective January 1, 1966, federal aid was increased from \$40.50 to \$50.00 per month for each adult recipient in these three programs receiving a grant of at least \$75 per month. Federal aid also is increased proportionately for those receiving grants of less than \$75 per month. An increase in federal aid of \$1.50 per month for each ADC recipient was also effective January 1, 1966.

Maintenance and Expenditure Level. In order for a state to receive this increased reimbursement, state and local governments must maintain at least the level of expenditures in effect prior to the changes in the federal aid formulae. Each state has a choice in determining the benchmark to be used to govern the level of state and local expenditures which must be maintained to be eligible for increased aid.

A state may choose the quarterly average expenditures from state and local funds for either FY 1964 or FY 1965. If it makes this choice, then future quarterly expenditures from state and local funds can not be less than the quarterly average selected. Instead of the quarterly average, a state may choose the actual expenditures in each quarter in either FY 1964 or FY 1965 as a benchmark. If this method is chosen, then future quarterly expenditures from state and local funds can not be less than the actual expenditures from the comparable quarter in the fiscal year selected as a benchmark. No official decision has yet been made as to which fiscal year and which basis (quarterly average or actual expenditures) Colorado will use.

Title XIX, Social Security Act. Any savings of state and local funds resulting from the new medical care program will have to be used for other welfare purposes, because of the requirement concerning the level of state and local expenditures to be maintained. It is contemplated that the savings on the state level will be used to provide improved and uniform medical benefits for all of the federally-aided programs: AB, ADC, AND. In fact, Title XIX of the Social Security Act, as amended in 1965 encourages that this be done and provides federal matching funds for this purpose. The intent of Title XIX has been stated as follows:

The underlying objective of the State financing provision in Title XIX is to assist States, where necessary, in securing a broader base of financial support of the new medical assistance program, facilitate maintenance of standards for both administration and program services throughout the State, and avoid placing excessive reliance for program improvement on the varying, and sometimes limited, tax resources of local governments.¹

To assure that improved medical services will apply uniformly in all areas of a state, as well as in all programs, Title XIX provides further that as of July 1, 1970, there must be only state funds used to meet all of the non federal share of the costs, unless the state plan provides for distribution of federal or state funds on an equalization or some other basis which will assure that lack of funds from local sources will not result in lowering the amount, duration, scope, or quality of care and services under the plan.²

In other words, either a state must provide all of the funds for the enlarged medical assistance program, or it must allocate federal and state funds to the counties in such a way that the program will be uniform, regardless of the amount of county funds available.

1962 Social Security Act Amendments

In order to obtain increased federal participation under the 1962 Social Security Act amendments, federal regulations require welfare departments to decrease caseworker workloads to a maximum of sixty cases or an equivalent proportion of time. These regulations also require a caseworker-supervisor ratio of no more than five to one. These ratios must be achieved by July 1, 1967, or the increased federal welfare administration aid of seventy-five percent for the proportion of service cases in the federal-aid categories will be reduced to fifty percent.

During the current fiscal year, it would require a county welfare department staff of 1,424 to meet these standards as contrasted with the average of 1,283 that can be employed under the present appropriation. The required total in FY 1966 is estimated at 1,477 because of increased caseloads.

The increased staff needed to meet federal standards will require additional expenditures of state and local funds, because currently forty percent of the cost of county administration is financed by the state and nineteen percent by the counties. Staffing pattern and caseload ratio requirements also raise several questions concerning welfare organization and administration which will be discussed in connection with the counties' role in welfare administration and finance.

The Counties' Role in Welfare Administration and Finance: Major Problems and Policy Questions

County governments in Colorado provide only ten to eleven percent of the total cost of welfare programs and administration. While counties are responsible for welfare administration on the local level, this responsibility is limited and must be exercised in conformity with federal and state regulations and procedures. Even though the boards of county commissioners (in their capacity as public welfare boards) hire welfare personnel, personnel qualifications, service, and salary

schedules are governed by the state welfare merit system.

Property Tax Burden. Local county financial support is provided entirely from the property tax. The welfare levy is separate from the county general fund levy, so that its increase does not affect general fund levy limits or the level of county services financed from this fund. Nevertheless, the welfare levy adds to the property tax burden which is already excessive, or considered so, in many portions of the state.

In this connection, it should be noted that those counties with the highest welfare levies (most of which are in excess of their statutory limits) are generally those with declining or depressed economic conditions, and it is these economic conditions which cause increased welfare needs. Increasing the property tax levy to meet a need resulting from declining economic conditions tends to impede or postpone economic improvement by aggravating an already bad situation. High property tax levies discourage industrial and commercial growth, which would reduce the need for welfare assistance and also broaden the property tax base.

While the state provides some additional assistance to economically distressed counties, the annual appropriation is only \$150,000, which provides only a small amount of relief when applied on a statewide basis.

New Federal and State Aid Changes. New federal and state aid formulae and programs will shift the welfare financial burden even more to these two sources. In addition to increased federal aid, the state (as previously indicated) will finance eighty percent of both the child welfare and the tuberculosis assistance programs instead of the current fifty percent, beginning January 1, 1967. The requirement concerning non federal support for medical assistance programs to take effect July 1, 1970, will either eliminate the county financial burden for these programs or reduce the need for increased county expenditures for this purpose in depressed areas.

Administration and Personnel. Even though the counties will be relieved of a portion of their financial obligations for welfare by these changes, greater county administration expenditures can be expected, unless the state assumes a larger share of the increased cost required to meet federal caseworker and supervisor standards.

The per capita cost of welfare administration paid from county funds is already high in counties with less than 50,000 population and is extremely high in counties with less than 2,500 population. While welfare administration expenditures are only ten percent of the total in counties over 50,000 population, it ranges from 12.5 percent to almost thirty-one percent in the other fifty-three.

The problem is not just limited to administrative costs, it also involves the employment and effective

use of professional staff. Caseloads in many small counties do not justify a full-time welfare director, even without additional professional staff. It would seem that these cases might be supervised and serviced more efficiently on a multicounty basis where the caseload would be sufficient to have several professional specialists (such as a trained child welfare worker) serving under one supervisor or director, with centralized clerical functions. Such a change would appear to be a minimum requirement, if the new federal standards are to be met in the most efficient and least costly way.

Welfare Districts. The state welfare department has embarked upon a program to encourage county welfare departments to combine on a district basis as permitted by 119-19 CRS 1963. As presently projected, these districts would follow judicial district boundaries except in the northeast corner of the state where two welfare districts would comprise the six counties in the 13th judicial district.

This program carried to its completion would result in the creation of twenty-three welfare districts. Six of the ten largest counties would operate as single county districts: Adams, Boulder, Denver, Mesa, Pueblo, and Weld.

The other four counties over 50,000 population would have smaller counties attached for welfare purposes as follows:

Arapahoe:	Douglas and Elbert
El Paso:	Cheyenne, Kit Carson, and Lincoln
Jefferson:	Clear Creek and Gilpin
Larimer:	Jackson

The division of the state into welfare districts would not save any money, nor would it necessarily reduce the welfare property tax burden, although there might be some slight shifts in mill levies among counties in some districts. It is designed to provide more efficient administration and utilization of professional personnel, and it would reduce the number of local administrative entities from sixty-three to twenty-three.

This proposal has already met with opposition in some parts of the state, particularly in the northeast and southeast, where the county commissioners want to maintain their welfare program authority on a county basis. Opposition has also been generated by those who feel that the state should take over complete responsibility for welfare and relieve counties of this obligation.

Major Policy Questions

The major policy questions concerning the counties' role in welfare administration and finance revolve around whether this function should be assumed entirely by the state, either immediately or on a gradual basis to be completed in 1970 to coincide with the Title XIX provisions on local support for medical assistance programs.

Pro. Arguments in support of the state assuming complete responsibility for welfare may be summarized as follows:

Counties in reality have little control over the welfare program and contribute only a small proportion of welfare expenditures. The extent of control and financial contribution will diminish in the future, even if the state doesn't assume complete responsibility. As this happens, there is even less justification than at present for counties to be involved in welfare administration and finance.

State assumption of complete responsibility would reduce the property tax burden, which would be of special benefit to economically distressed counties. It would also simplify welfare administration and eliminate county-state friction over salary levels, personnel requirements etc. By assuming greater financial support on a gradual basis, the state could take over the program without a large amount of additional funds required in any one fiscal year. Increased federal aid will also help offset the state's fiscal burden.

Con. The arguments against eliminating the counties' welfare role may be summarized as follows:

It is important to have at least some degree of local control in the welfare program, especially in determining recipient eligibility. County welfare boards are closer to the scene, understand local situations, and

are better able to make these decisions than a state agency. In particular, general assistance should not be administered on a uniform basis throughout the state, because of vast differences in local conditions and needs. Consolidation of county welfare departments on a district basis would provide more efficient administration and service, while retaining some degree of local control. Increased state aid could be made available to assist economically distressed counties to a greater extent than at present, without turning this function entirely over to the state.

If the decision is made to retain at least some degree of county control and participation in the program, the following questions should be considered:

- 1) Should county welfare departments be consolidated on a district basis? If so, should 119-1-9 CRS 1963 be amended to make such consolidation mandatory rather than permissive? How should district welfare boards be constituted and what authority and responsibility should they have?
- 2) Should there be an increase in state aid to relieve local welfare financial burden? If so, to what extent and on what basis (e.g. to all counties or just to economically distressed counties, for all programs and administration or certain programs)?

APPENDIX B

A BILL FOR AN ACT

CONCERNING THE AMOUNT OF PENSION PAYABLE TO PERSONS QUALIFIED
TO RECEIVE THE OLD AGE PENSION.

Be It Enacted by the General Assembly of the State of Colorado:

SECTION 1. 101-1-7 (1), Colorado Revised Statutes 1963, is
hereby amended to read:

101-1-7. Amount of pension. (1) The basic minimum award payable to those persons qualified to receive old age pension shall be one hundred dollars monthly; provided, that the state board of public welfare is hereby authorized and shall have the power to adjust the said basic minimum award above one hundred dollars per month if, in its discretion, living costs have changed sufficiently to justify such action. The amount of net income from whatever source, either in cash or in kind, that any person eligible for an old age pension may receive, shall be deducted from the amount of pension which such person would otherwise receive; PROVIDED, THAT IF THE CONGRESS OF THE UNITED STATES SHALL PROVIDE BY LAW FOR AN INCREASE IN MONTHLY INSURANCE BENEFITS UNDER THE OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE PROVISIONS OF THE SOCIAL SECURITY ACT, WHICH INCREASE SHALL BE RETROACTIVE FOR ANY NUMBER OF MONTHS AND SUCH RETROACTIVE INCREASE PAID TO RECIPIENTS OF THE OLD AGE PENSION ENTITLED THERETO IN A LUMP SUM, SUCH RETROACTIVE INCREASE SO PAID SHALL NOT BE CONSIDERED AS NET INCOME BY THE STATE BOARD OF PUBLIC WELFARE NOR DEDUCTED FROM THE PENSIONS OF RECIPIENTS RECEIVING THE SAME. In computing said net income the county department shall NOT consider the ownership of real estate occupied BY THE RECIPIENT as a residence. ~~as income to the extent of the~~

extent-of-the-reasonable-rental-value-of-said-real-estate,-deducting
therefrom-the-ad-valorem-taxes,-the-cost-of-water,-rent,-insurance,
the-items-of-actual-repair-and-the-bona-fide-interest-costs-upon-any
indebtedness-against-such-real-estate,-but-in-reckoning-the-true-net
rental-value-thereof,-for-the-purposes-and-intent-of-this-section,-no
charge-or-cost-of-property-betterment-shall-be-deductible. All
moneys deposited in the old age pension fund shall be first available
for payment of basic minimum awards to qualified recipients, and no
part of said fund shall be transferred to any other fund until such
basic minimum awards shall have been paid.

SECTION 2. Safety clause. The general assembly hereby finds,
determines, and declares that this act is necessary for the public
peace, health, and safety.