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0130 Medical Assistance Under Title XIX

Colorado Legislative Council

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Report to the Colorado General Assembly:

MEDICAL ASSISTANCE UNDER TITLE XIX

COLORADO LEGISLATIVE COUNCIL

RESEARCH PUBLICATION NO. 130

DECEMBER 1967

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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.

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MEDICAL ASSISTANCE UNDER TITLE XIX

Legislative Council

Report To The

Colorado General Assembly

Research Publication No. 130
December, 1967

COLORADO GENERAL ASSEMBLY

LEGISLATIVE COUNCIL
ROOM 341, STATE CAPITOL
DENVER, COLORADO 80203
222-9911 — EXTENSION 2285
AREA CODE 303

December 26, 1967

To Members of the Forty-sixth Colorado General Assembly:

The Legislative Council is submitting herewith a report on medical assistance under Title XIX of the "Social Security Act" for your consideration pursuant to Senate Joint Resolution No. 42, 1966 Session.

On November 27, 1967, the Legislative Council approved the recommendation of the committee appointed to conduct a study of welfare that the General Assembly give consideration to implementing Title XIX of the "Social Security Act." At this meeting, the committee requested that it be given additional time to continue its work on Title XIX and submit a report directly to the General Assembly. In particular, the committee wished to consider amendments to the Social Security Act which were under consideration by Congress. The request of the committee was granted by the Legislative Council.

Respectfully submitted,

/s/ Representative C. P. (Doc) Lamb
Chairman

CPL/mp

COLORADO GENERAL ASSEMBLY

LEGISLATIVE COUNCIL
ROOM 341, STATE CAPITOL
DENVER, COLORADO 80203
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December 26, 1967

Representative C. P. (Doc) Lamb
Chairman
Colorado Legislative Council
341 State Capitol
Denver, Colorado 80203

Dear Mr. Chairman:

Your Committee on Welfare has made a study of the various problems associated with implementation of Title XIX of the federal "Social Security Act". Briefly, Title XIX ties together all federal aid for medical services to welfare recipients under a single program, as well as assists the states in meeting medical needs of other low income families -- the so-called "medically indigent." 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. For this reason, the Colorado General Assembly may wish to adopt Title XIX before the aforementioned date.

The committee believes that immediate consideration of Title XIX is warranted for two reasons:

1) The State Department of Public Welfare estimates that, in the event Title XIX is implemented in Colorado, considerable new federal funds for medical assistance would be made available to the state and could result in substantial savings for county welfare budgets. Medical costs of the counties might be reduced by about $3,465,000 annually.

2) Early enactment of Title XIX may permit the state of Colorado to have more time to phase in the broad based medical program required by the federal government by 1975.

Gradual expansion of medical services and persons covered could reduce the impact of a broad based program for any given year. For instance, the total estimated cost of the minimum program recommended by the department is $42,288,000, while John B. Joynt & Associates believe that a total broad based program could exceed $95,000,000.

Therefore, the Committee on Welfare recommends that the Legislative Council request that the Governor include Title XIX among the items to be considered by the General Assembly during the 1968 session.

Respectfully submitted,

/s/ Senator Frank Kemp, Chairman
Committee on Welfare
Colorado Legislative Council

FK/mp

FOREWORD

The Legislative Council's Committee on Welfare was created under the provisions of Senate Joint Resolution No. 42, 1966 Session, to conduct a complete study of the public welfare laws and programs of the state. The following legislators served as members of the committee:

Sen. Frank Kemp, Chairman	Rep. Jean Bain
Rep. Joseph Calabrese, Vice Chairman	Rep. Mildred Cresswell
Sen. Will Nicholson	Rep. Daniel Grove
Sen. Sam Taylor	Rep. Floyd Haskell
Sen. Anthony Vollack	Rep. Don Horst
Rep. Joseph Gollob	Rep. Richard Lamm
	Rep. Paul Morris
	Rep. Roy Shore

One of the issues assigned to the Welfare Committee for review was the question of the impact of the implementation of Title XIX legislation in Colorado. During the past few months, considerable time was devoted to the question of issues and expenses related to the adoption of a Title XIX medical program. The committee received advice and information from welfare officials at the national, state, and local level. This committee wishes to express special thanks to Charline Birkins, Director, Tom Nelson, and Mary Nadorff of the State Department of Public Welfare; Clyde Lindville and Marion Skinner, Bureau of Family Services, Department of Health, Education and Welfare; representatives of the Colorado Medical Society and Colorado Dental Association; as well as other interested health officials for assistance rendered to the committee.

In considering problems associated with implementation of Title XIX, the committee was concerned with understanding the state's role in participating in a Title XIX program. For instance, how much flexibility is given to a state in determining coverage and medical services to various classes of recipients? Within the framework of federal law and regulations, is it possible for the Colorado General Assembly to establish broad guidelines of state policy with regard to a Title XIX program? If the General Assembly established such guidelines, would the implementing legislation handicap the department in meeting constantly changing federal rules and regulations? In any event, state officials must make a decision as to the scope of medical services to be provided and the categories of recipients to be made eligible for medical assistance under a Title XIX program. The committee also considered the alternate solutions to reconciling Article XXIV of the Colorado Constitution (which authorizes the State Board of Welfare to establish a medical program for pensioners, as well as limiting the amount of state money

that may be expended for medical care for Old Age Pensioners) and the implementing legislation for Title XIX. Finally, the committee reviewed the financial impact of Title XIX both as to an initial program and the broad based program required by the federal government in 1975.

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

December 27, 1967

Lyle C. Kyle
Director

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categorical aid will remain about the same, while a savings to the counties of as much as $3,465,000 could be realized.

In view of the apparent initial economic advantage in adopting Title XIX, as well as the mandatory deadline established by Congress (January 1, 1970), the committee recommends that the General Assembly give consideration to implementing a Title XIX program in Colorado. To minimize the financial impact of a broad based program of coverage and services required by 1975, the committee also recommends that services and categories of coverage gradually be expanded between the initial date of enactment of Title XIX legislation and the 1975 date.

MEDICAL CARE FOR LOW INCOME FAMILIES IN COLORADO

Traditionally, the state of Colorado has been a leader in providing medical assistance for low income aged persons. For example, Article XXIV, Section 7, Colorado Constitution, establishes a $10,000,000 medical assistance fund for Old Age Pensioners. Following adoption of this amendment in 1956, the State Board of Welfare authorized the department 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, on a limited basis, ambulance services were made available for a short period. 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 (ADC), blind persons (AB), and to the needy disabled (AND). Medical services in these latter categories, however, 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). In other words, a separate state plan exists for each category of recipients under the various public assistance titles of the Social Security Act. For instance, participants in the Aid to the Needy Disabled program are not eligible for medical assistance for hospitalization, physician's services, out-patient hospital care, etc., while pensioners are provided a broad range of health services including home health care, hospitalization, and other benefits. Participants in the ADC program also have a fairly comprehensive health program, but the ADC program differs from that provided to pensioners.

This diversity in medical services to low income families is common to many states and is one of the reasons Congress adopted a single program to provide federal monies to the states to meet medical expenses of welfare recipients and other low income families -- Title XIX of the Social Security Act.

Federal "Medicare" and "Medicaid" Programs

"Medicare." In 1965 Congress enacted an amendment to the Social Security Act which established a program of medical care for persons 65 years of age and over. This program, Title XVIII of the Social Security Act, is commonly referred to as "Medicare." Medicare provides for 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

Table I

MEDICAL SERVICES FOR COLORADO WELFARE RECIPIENTS,
EFFECTIVE JULY 1, 1966

	Hospitalization	Nursing Home Care	Physicians' Services	Home Nursing Services	Drugs	SMIB Benefits 4/
Old Age Pensioners OAP(A)	60 days per spell of illness	Unlimited	Unlimited	Yes	In hospital & nursing home	Yes
Medical Assistance for Aged MAA 1/	60 days per spell of illness	Unlimited	Unlimited 1/	Yes	In hospital & nursing home	Yes 1/
OAP(B)	70 days a year	Unlimited	In hospital & nursing home; certain outpatient services; 4 home or office calls per year.	Yes	In hospital & nursing home	No
Aid to Needy Disabled AND 2/	No	Unlimited	In nursing home	No 3/	In nursing home & 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 & 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 & for children in own home	Same as for AND

1/ Eligibility of certain MAA recipients for HIB** and SMIB contigent 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.

health services following a hospital stay; and 2) supplementary medical insurance (SMIB) which assists in meeting bills for doctor services, other medical services and supplies, as well as home health care unrelated to hospitalization. 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 of the Social Security Act provides federal funds to the states to assist these older individuals in meeting costs not covered by Medicare. The State Board of Welfare pays the cost of SMIB for Old Age Pensioners.

Opponents of the Medicare program expressed concern that Medicare does not differentiate between persons in need and persons with the resources to meet medical costs. Perhaps this opposition was responsible, at least in part, for the enactment of Title XIX of the Social Security Act, the so-called "Medicaid Program."

"Medicaid." Briefly, "Medicaid" (Title XIX) ties together all federal assistance 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. Thus, Colorado is obligated to develop a state plan to implement Title XIX or lose federal funds for medical assistance. Under Title XIX, the federal government will pay for 55.39 percent of the medical care costs incurred for low income families eligible for federal reimbursement under Title XIX.1/ This medical assistance percentage is effective through July of 1969. Another 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.

Persons Eligible for Title XIX Benefits

"Categorically Needy." Briefly, there are two classes of participants under Title XIX: 1) "categorically needy" and 2) "medically indigent." The categorically needy also is divided

1/ Medical Assistance Programs Under Title XIX of the Social Security Act, Handbook of Public Assistance Administration, Supplement D, H.E.W., Section D 8523.11.

into three subclasses: 1) welfare recipients receiving aid under Titles I, IV, X, and XIV of the Social Security Act -- pensioners, families with dependent children, blind, and disabled;2/ 2) persons eligible for aid under the aforementioned Titles except that they do not meet state residency standards or some other state requirement not permitted under XIX 2/ (for example, children under 21 who cannot qualify as dependent because of the state's age requirements -- in Colorado a youngster 16 to 21 who is not attending school is ineligible for ADC); and 3) needy persons with incomes low enough to qualify for cash grants under the various titles but either have not applied for assistance or are ineligible under the various state plans. This latter subclass of categorically needy is an optional program. Examples of the latter subclass include:

> 1) persons eligible for participation in a state plan but have not applied for assistance;
>
> 2) persons in a nursing home, mental institution, or tuberculosis sanitarium who would qualify for assistance if living outside of such a facility;
>
> 3) persons financially eligible for participation in a state plan but who cannot qualify because the state plan is more restrictive than federal requirements (example -- definition of permanent and totally disabled);
>
> 4) children in foster homes or private institutions not participating in the ADC program but who qualify financially; and
>
> 5) relatives caring for children under a state's ADC program.3/

A state may include any one or all five of the aforementioned optional categorically needy programs in a state plan to implement Title XIX.

"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 indi-

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2/ Persons that must be included in any state plan to implement Title XIX (Handbook of Public Assistance Administration, Supp. D, Section 4020).

3/ Handbook of Public Assistance, Supp. D, Section D 4040.

viduals who would, if needy, qualify for aid under any of the federal categories of welfare assistance. In other words, a state may exercise the option of providing medical care 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. The "medically indigent" or "medically needy" category is optional until 1975; however, federal funds are now available to assist certain persons in this classification. For instance, persons covered by a medically needy program must include a similar class of participants to that provided for in the categorically needy program, except, of course, that income and resource requirements are different.4/ Thus anyone who qualifies for aid under one of the public assistance titles of the Social Security Act, except for income within a specified range, would be eligible for a federally-aided medically needy program. The 1967 amendments to the Social Security Act establish limits on the amount of income that could be set aside or reserved for maintenance of a family or individual. Any income over and above that reserved for maintenance must be applied to medical and dental services in order for an individual or family to qualify for Title XIX benefits under the federally-aided program. In H. R. 12080, Congress provides that the maximum amount of income that a state may permit to be set aside for maintenance of a family is 133 1/3 percent of the highest amount ordinarily paid to a family of comparable size participating in the Aid to Families with Dependent Children program. Of course, a state could allow a larger portion of a family's income to be used for maintenance, but the federal government would not participate in such a program. Other reasonable standards also must be utilized in establishing a medically indigent category. For instance, a state could not write a plan for the medically indigent limited to persons over 60 years of age or contain some other special requirement and expect the federal government to participate in the program. In other words, the state of Colorado could not limit a medically indigent program to class B Old Age Pensioners (pensioners under age 65) and receive federal support for the program.

In summary, persons eligible for federal assistance under a state plan to implement Title XIX must meet the income requirements for low income families established by the state, as well as meet one of the following conditions: 1) under the age of 21; 2) a mother, father, or other relative living with a dependent child under age 21; 3) 65 years of age or older; 4) blind; or 5) 18 years of age and older and permanently and totally disabled.5/ On this basis, the average adult between 21 and 65

4/ Ibid., Supp. D, Section D 4030.
5/ Ibid., Supp. D, Section D 4050.

years of age who is not living with a dependent child (under age 21) would not be eligible for federal assistance for medical care under Title XIX regardless of income status.

Medical Services Under Title XIX

In providing for medical services under Title XIX, the federal government considers the categorically needy and the medically needy as separate, indivisible groups. In general, the services provided within each group must be equal, but the services between groups need not be equal. However, a higher level of services cannot be provided to the medically needy group than is made available to the categorically needy. Specific medical services are required for all categorically needy persons,6/ except that skilled nursing home services may be limited to persons 21 years of age or older, and services to mental and tuberculosis patients may be restricted to those over 65.7/ Not only must medical programs be uniform within each group, but the state cannot reduce the medical services available under an existing program in developing a plan under Title XIX.

Section 1902 (a) (13) of the Social Security Act, requires that the following five basic services be provided to categorically needy recipients of Title XIX benefits:

1) inpatient hospital services (other than services in an institution for tuberculosis or mental diseases);

2) outpatient hospital services;

3) other laboratory and X-ray services;

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

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

The aforementioned five basic services are not mandatory for the medically indigent. For instance, under recent amend-

6/ Section 1902 (a) (10), Title XIX, "Social Security Act."
7/ Handbook of Public Assistance Administration, Supp. D. Section D 5120.

ments to the Social Security Act an option is given whereby a state may elect to provide the five basic services to the medically indigent or seven out of 14 medical services authorized under the Social Security Act. In addition to the five basic services, medical care items enumerated under the Social Security Act include:

6) medical care, or any other type of remedial care recognized under state law, furnished by licensed practitioners within the scope of their practice as defined by state law;

7) home health care services;

8) private duty nursing services;

9) clinical services;

10) dental services;

11) physical therapy;

12) prescribed drugs, dentures, and prosthetic devices including eyeglasses;

13) other diagnostic, screening, preventive and rehabilitative services; and

14) inpatient hospital services and skilled nursing home services for individuals, 65 years of age or over, in an institution for tuberculosis or mental diseases.

Uniformity. In general, Title XIX requires that medical services to the categorically needy and the medically indigent be uniform. However, because of the extensive benefits offered under Medicare (Title XVIII) many states were reluctant to "buy-in" to the supplementary medical insurance program offered under Medicare for their old age assistance recipients. The states did not "buy-in" to Medicare, because they assumed that the same services provided for old age assistance recipients would also have to be provided to other welfare recipients under Title XIX. The State Board of Welfare, however, elected to "buy-in" to Medicare for Colorado Old Age Pensioners.

In order not to discourage the states from assisting pensioners to participate in Medicare, Congress adopted an amendment to the Social Security Act, providing that medical coverage for recipients under age 65 need not provide the same services received under the supplementary medical insurance program of Medicare. In other words, Colorado's Title XIX program does not

have to provide the same services to persons under 65 as currently provided to Old Age Pensioners.

Title XIX Legislation in Other States

As of July 1, 1967, some 37 states have adopted Title XIX. The Council staff reviewed legislation in 32 states in order to develop information on approaches made by various state legislatures to implement Title XIX. Three basic aspects of these state laws were studied: 1) eligibility requirements for receipt of medical assistance; 2) the scope of medical services provided; and 3) the amount of responsibility delegated to administrative agencies to establish a program under Title XIX. A summary of the aforementioned characteristics of Title XIX legislation is constained in Table II.

Medical Services

Seventeen of the thirty-two state laws reviewed made no attempt to outline the type of services that must be provided under Title XIX. In other words, the administrative agencies were given complete discretion to establish any level of medical services that would meet federal standards, subject, of course, to available state funds. The legislatures of 13 states, however, itemized a broad base of medical services in their enabling legislation. Only two states -- Georgia and Wyoming -- made any significant attempt to limit the scope of medical services which could be made available. Even under Wyoming's law, services can be expanded without further legislative action. Section 3 of the Wyoming "Medical Assistance and Services Act of 1967" defines medical assistance as follows:8/

> "...means payment to providers of part or all of the ordinary and reasonable charges of the following services and supplies for qualified individuals and families, including: inpatient hospital services (other than services in a public institution for tuberculosis); outpatient hospital services; other laboratory and X-ray services; skilled nursing home services (other than services in a public institution for tuberculosis); the professional services of a licensed physician, or osteopathic physician."

8/ Session Laws of Wyoming, 1967, Chapter 238.

Although the intent of section 3 of the Wyoming act appears to mean that the medical services shall be limited to services itemized, the section does not actually restrict services to these items. Furthermore, section 17 states that the act shall be liberally construed so as to benefit persons requiring medical assistance and conform with the provisions of Title XIX, subject to the limitations set forth in the act.

The Georgia act, on the other hand, is quite explicit in limiting the medical services to be provided. The "Georgia Public Assistance Act of 1965," as amended, defines medical assistance as payment of part or all the cost of the five basic services required under Title XIX.9/

Medically Needy Programs

Similar to the legislation for medical services, the Title XIX laws of 14 states do not actually determine whether a medical assistance program for the medically indigent is to be established or not. These 14 states adopted permissive legislation which allows the state agencies to provide a program for the medically needy within the scope of available state funds. Of the 14 states with permissive legislation, six states provide for the medically indigent -- Connecticut, Kansas, Kentucky, Massachusetts, Pennsylvania, and Utah.

The legislatures of 12 states require the establishment of a program for the medically indigent -- California, Delaware, Illinois, Maryland, Michigan, Minnesota, New Hampshire, New York, North Dakota, Oregon, Rhode Island, and Wisconsin.

The Delaware act defines assistance to the medically indigent as follows:10/

> "...means medical care furnished on behalf of individuals who would, if needy be eligible for assistance in any of the categories listed in subsections (1), (2), and (3) of section 504 of this title or for assistance to the needy blind, and on behalf of individuals who are under the age of 21 years, provided such individuals have insufficient income and resource to meet the costs of necessary medical or remedial care and services."

9/ Georgia Laws 1967 Session, p. 879.
10/ Delaware Code Annotated, 1966 Cumulative Pocket Part, 31 § 502.

Table II

CHARACTERISTICS OF TITLE XIX LEGISLATION
ADOPTED IN VARIOUS STATES*

	Medical Services			Medically Indigent		
	Selection delegated to state agency	Act lists extensive services	Limitation placed on services	Act establishes	Act permits	No provision made
Alabama	x				x	
California		x		x		
Connecticut	x				x	
Delaware		x e/		x		
Georgia			x			x b/
Hawaii**						
Idaho		x				x a/
Illinois		x		x		
Iowa**						
Kansas	x				x	
Kentucky	x				x	
Louisiana	x				x	
Maine	x				x	
Maryland	x			x		
Massachusetts	x				x	
Michigan		x		x		
Minnesota		x		x		
Montana		x				x b/
Nebraska		x				x
Nevada		x			x	
New Hampshire	x			x		
New Mexico c/						
New York		x		x		
North Dakota	x			x		
Ohio	x				x	

* Table contains information on implementing legislation only and does not reflect the content of state plans. Source: review of legislation in various states.

** Enabling legislation not available.

a/ Only if required by federal law as a condition for federal participation.

b/ Categorically related only.

c/ Apparently authority to enter into a Title XIX program exists under general legislation establishing welfare programs.

e/ Lists services to be provided to all covered groups. List may be expanded by state agency.

Table II
(Continued)

	Medical Services			Medically Indigent		
	Selection delegated to state agency	Act lists extensive services	Limitation placed on services	Act establishes	Act permits	No provision made
Oklahoma c/						
Oregon d/	x			x		
Pennsylvania	x				x	
Rhode Island		x		x		
Texas	x					x a/
South Dakota	x				x	
Utah	x				x	
Vermont	x				x	
Washington**						
West Virginia		x			x	
Wisconsin		x		x		
Wyoming			x			x
Totals	17	13	2	12	14	6

** Enabling legislation not available.

a/ Only if required by federal law as a condition for federal participation.

c/ Apparently authority to enter into a Title XIX program exists under general legislation establishing welfare programs.

d/ Act lists extensive services, but executive agency makes final determination of scope and content of medical care.

The Delaware act does not provide for income standards, leaving this to the discretion of the administrative agency. The act does, however, list criteria to be considered by the administrative agency in establishing such standards. For example, the administrative agency must take into consideration costs of providing health services, ability of applicants to pay such costs, consideration of adequate standards of living, etc. The laws of only four states -- Michigan, Minnesota, Oregon, and Wisconsin -- actually spell out income standards for determining eligibility for the medically needy program. Oregon law, however, specifically limits the medically indigent program to available funds. In the other 18 states with medically needy programs, the extent of coverage is limited by the availability of federal and state funds only. (For purposes of illustration, the Oregon Act is contained in Appendix A.)

The acts of six states (Georgia, Idaho, Montana, Nebraska, Texas, and Wyoming) restrict the development of medically indigent services. In Idaho and Texas the medically indigent program may only be developed to meet the requirements of federal law, while the enabling legislation in the remaining four states does not provide for an indigent category.

State Plans for Title XIX

Thirty-seven states have, or are in the process of initiating, state plans to implement Title XIX. Table III provides a summary of these state programs. Perhaps the development of Title XIX programs in the various states has been based, at least in part, on the income resources of respective states. For instance, of the twenty states with higher per capita incomes than Colorado, all but three states -- Alaska, Indiana, and New Jersey -- have adopted Title XIX programs. More significant, however, is the pattern of development of the medically indigent programs. For instance, two-thirds of the states adopting medically indigent programs have a higher per capita income than Colorado. In addition, seven of the ten wealthiest states provide a program for the medically needy (Connecticut, Delaware, Illinois, New York, California, Washington, and Massachusetts), while Kentucky is the only state in the ten lowest per capita income states to initiate a program for the medically indigent. In any event, 20 states with less per capita income than Colorado already have adopted Title XIX; however, a little less than one-third of these states provide for the medically indigent.

Medical Services Offered Under State Plans

The basic medical program required under Title XIX includes inpatient and outpatient hospital care, as well as nursing

home, physician, and other laboratory and X-ray services. The federal government, of course, participates in other types of medical care which may be needed. With this in mind, only Georgia limits the medical services to the aforementioned five basic services. In general, officials of the Bureau of Family Services point out that in developing a program of medical assistance, a system of priorities needs to be established. For instance, perhaps two of the most important areas in addition to the five basic services are drugs and transportation. If transportation is not available, recipients may not be able to get to a clinic to receive medical assistance at the proper time. And without the availability of drugs, monies spent for physician's services may be wasted. Most states have recognized these problems and 30 of the 35 states for which information is available provide for transportation and pharmaceuticals, at least to some degree (see Table III).

"Home health services" include intermittent or part-time nursing or home health aids, as well as including medical supplies and appliances recommended by a physician for use by a patient in his home. Thirty states have adopted home health care programs. Extensive private duty nursing services, on the other hand, which cannot be met under home health care are available in only 14 states. Six states (Connecticut, New York, Washington, Massachusetts, Minnesota, and North Dakota) have included private duty nursing for the medically indigent under their respective state plans.

Dental Services. Although some dental care is provided under county general assistance programs in Colorado, no provision is made under the various state plans for participation by the state of Colorado in dental assistance under the federally-aided categorical programs. Nevertheless, dental services have been included in 80 percent of the state plans under Title XIX. Even 16 of the 21 states with medically needy programs include dental care for the medically indigent. According to officials of the Bureau of Family Services, dental care is not a large item for older recipients; however, dental care for children can be expensive. For instance, a six month study of Idaho's Title XIX program (January to June -- 1967) revealed that of $276,326 spent for dental care on categorically needy, families with dependent children accounted for $222,442.

Extensive use also is made of other categories of medical services by states participating in Title XIX. Some 26 states provide for eye care and/or eyeglasses; 24 states participate in physical therapy programs; and 20 states pay part of the cost of diagnostic, screening, and rehabilitative services.

Other Optional Services Provided. Initial programs of some states, such as Connecticut, already provide medical services above and beyond those required by HEW to be available by 1975. These extra services include such items as blood bank

TABLE III

COMPARISON OF TITLE XIX PROGRAMS[1]

States Ranked By Per Capita Personal Income -- 1966[4]	Five Basic Services[7]		Home Health Services		Dental		Drugs and Prescribed Supplies		Appliances, Prosthetic and/or Orthotic		Eyeglasses and/or Optometric Services		Ambulance and/or Transportation Services		Private Duty Nurse		Hospital and Nursing Home for TB and mental over 65 yrs.		Physical Therapy and/or Rehabilitative Services		Clinic Services	
	C[2]	M[3]	C	M	C	M	C	M	C	M	C	M	C	M	C	M	C	M	C	M	C	M
Connecticut[11] ($3,678)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			x[5]	x[5]	x	x
Delaware ($3,563)	x	x					x	x														
Illinois ($3,511)	x	x	x	x	x	x	x	x	x	x	x	x	x	x					x	x	x	x
New York ($3,480)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x[5]	x[5]	x	x
California ($3,449)	x	x	x	x	x	x	x	x	x	x	x	x	x	x			x	x	x[5]	x[5]	x	x
New Jersey ($3,414)																						
Nevada ($3,330)	x		x		x		x		x		x		x		x		10		x		x	
Washington ($3,280)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			x	x		
Alaska ($3,272)																						
Massachusetts ($3,271)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Maryland ($3,220)	x	x	x	x	x	x	x	x	x	x			x	x			x	x	x	x	x	x
Michigan ($3,219)	x	x	x	x			x[9]	x[9]					x	x			x	x	x	x		
Hawaii ($3,143)	x	x	x	x	x	x	x	x	x	x	x	x	x	x					x	x	x	x
Indiana ($3,061)																						
Ohio ($3,027)	x		x		x		x		x		x		x						x[5]			
Rhode Island ($2,980)	x	x	x	x	x	x	x	x	x	x	x		x				x	x				
Pennsylvania ($2,951)	x	x	x	x	x		x		x				x				x[8]	x[8]				
Oregon ($2,938)	x		x		x		x		x		x		x		x		10		x		x	
Wisconsin ($2,935)	x	x	x	x	x	x	x	x	x		x		x		x		x[8]	x[8]	x	x		
Iowa ($2,931)	x	x	x	x	x	x	x	x	x	x	x	x	x	x			10	10	x	x	x	x
Colorado ($2,872)																						
Minnesota ($2,871)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Missouri ($2,845)																						
Nebraska ($2,819)	x		x		x		x		x		x		x		x		x	x	x		x	
Kansas ($2,814)	x	x	x	x	x	x	x	x	x	x	x	x	x	x			10	10	x	x	x	x
New Hampshire ($2,761)	x	x	x		x		x	x	x		x	x	x	x	x		10	10	x	x	x	
Wyoming ($2,686)	x																10					
Montana ($2,615)	x		x		x		x		x		x		x		x		10					
Vermont ($2,590)	x		x						x				x				x[7]		x			
Virginia ($2,581)																						
Florida																						

TABLE III (Continued)

COMPARISON OF TITLE XIX PROGRAMS[1]

States Ranked By Per Capita Personal Income -- 1966[4]	Five Basic Services[7]		Home Health Services		Dental		Drugs and Prescribed Supplies		Appliances, Prosthetic and/or Orthotic		Eyeglasses and/or Optometric Services		Ambulance and/or Transportation Services		Private Duty Nurse		Hospital and Nursing Home for TB and mental over 65 yrs.		Physical Therapy and/or Rehabilitative Services		Clinic Services	
	C[2]	M[3]	C	M	C	M	C	M	C	M	C	M	C	M	C	M	C	M	C	M	C	M
Texas ($2,511)	x		x		x				x		x		x				10		x		x	
Utah ($2,500)	x	x			x	x	x[6]	x[6]	x	x	x	x	x	x			x[8]	x[8]				
Oklahoma ($2,456)	x	x	x	x					x	x			x	x							6	6
Idaho ($2,441)	x						x[9]				x											
Maine ($2,438)	x		x				x[9]		x				x									
North Dakota ($2,400)	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			x	x		
South Dakota ($2,355)	x		x		x				x		x		x				10		x			
Georgia ($2,311)	Legislation enacted.																					
New Mexico ($2,310)	x		x		x		x		x		x		x		x		12		x		x	
Louisiana ($2,257)	x				x		x		x		x								x			
North Carolina ($2,235)																						
Kentucky ($2,205)	x	x	x	x	x	x	x	x									x	x				
Tennessee ($2,199)																						
West Virginia ($2,195)	x		x		x		x		x		x		x		x				x			
Alabama ($2,039)	Will not implement at present, but legislation has been enacted.																					
South Carolina ($2,027)																						
Arkansas ($2,015)																						
Mississippi ($1,751)																						

1/ Data on Services provided taken from: Selected Characteristics of State Medical Assistance Programs Under Title XIX of the Social Security Act Approved and in Operation As of December 31, 1966, Department of Health Education and Welfare, Bureau of Family Services, March 1967, and miscellaneous information supplied by HEW officials.

2/ C = Categorically needy, i.e., persons who are recipients or who could be eligible for aid under Titles I, IV, X, and XIV of the Social Security Act.

3/ M = Medically needy, i.e., those who except for income, would be eligible for assistance under one of the public assistance titles of the Social Security Act, and whose income, the state, defines as inadequate to meet the costs of medical care.

4/ Survey of Current Business, April, 1967, U.S. Department of Commerce, Office of Business Economics.

5/ Psychological testing and evaluation, and/or other types of limited psychiatric services of varying nature are included in the program.

6/ Oklahoma and Utah include therapeutic radiology as a separate program and is provided only after hospitalization in cases of malignancy.

7/ The five basic services include: a) inpatient hospital service; b) outpatient hospital service; c) skilled nursing home service; d) physicians services; e) other laboratory and X-ray services.

8/ Hospitalization for mental patients only.

9/ Drugs provided only during hospitalization and/or when administered directly by a physician.

10/ Information is not presently available.

11/ Connecticut also provides for care in "rest home" with nursing supervision.

12/ New Mexico includes: a) the services of maternity homes which meet skilled nursing home standards and are approved by the Child Welfare Services Division; and b) obstetrical services provided by a licensed midwife.

services, hearing aids, maternity care centers, and treatment centers licensed as medical institutions. Minnesota's state plan supplies a similar broad range of services, but rather than spelling out all the types of care, services are made available if a doctor's referral or prescription deems them necessary.

Additional Services for Medically Indigent. Prior to the 1967 amendments to the Social Security Act, medical care for the medically indigent had to include the five basic services. Surprisingly, however, states adopting indigent programs have gone well beyond the five basic services in meeting medical needs of the medically indigent. For instance, 19 of the 21 states adopting a program for the medically needy include drugs; 18 states meet home health care costs; transportation expenses are provided in 16 states; dental care in 16 states; and physical therapy and orthopedic supply expenses are met in 15 states (see Table IV). In any event, for states adopting the indigent program, services for the medically needy generally parallel that provided for categorically-related recipients.

TABLE IV

NUMBER OF STATES PROVIDING VARIOUS TYPES OF MEDICAL SERVICES

Medical Service	Total number of States providing service	Number of States providing service to Categorically Needy only	Number of States providing service to both categorically & medically needy
Basic five services	35	14	21
Transportation and/or ambulance	30	14	16
Prescribed drugs, pharmaceuticals	30**	11	19
Prosthetic devices and/or orthotic appliances	30	15	15
Home health care	30	12	18
Dental	28	12	16
Eyeglasses and/or eye care	26	13	13
Physical and/or rehabilitative therapy	24	9	15
Private duty nursing	14	8	6
Clinic	16	6	10
Other diagnostic, screening, preventive and rehabilitative	20	12	8

** Two states, Idaho and Michigan, limit drugs to those provided during hospitalization and one state, Maine, limits drugs to those provided during hospitalization or administered directly by a physician.

Comparison of Medical Expenditures -- 50 States

Traditionally, the state of Colorado has expended relatively larger amounts of money for medical programs for welfare recipients, particularly for old age pensioners, than many other states. For example, the Colorado Department of Welfare spent more money per inhabitant ($5.84) for medical assistance in the first six months of 1965 than all but five states -- Massachusetts ($9.01), Minnesota ($8.12), New York ($5.93), Washington ($6.84), and Wisconsin ($6.01). (See Table V). In comparison the average for all 50 states for the same period was $3.45 per inhabitant.

Information concerning vendor payments for the first six months of 1966 appear to be higher than usual in Colorado. For instance, vendor payments of Colorado's Welfare Department for 30 selected months follow.11/

January - June 1965	$5.84
July - December 1965	6.20
January - June 1966	7.23
July - December 1966	6.58
January - June 1967	6.11

Fluctuations in vendor payments may be due in part to reporting procedures, billing procedures, etc. Nevertheless only five states exceeded Colorado's medical vendor payments for welfare in the first six months of 1966. The average per inhabitant for medical payments in the first six months of 1966 amounted to $4.37 -- roughly 60 percent of the amount spent by Colorado.

The increased medical service activity under Title XIX becomes apparent in the first six months of 1967. For the 26 states with Title XIX programs in effect in the first six months of 1967, average per person medical vendor payments in these states amounted to $7.11, exceeding Colorado's $6.11 cost by $1.00 per inhabitant. Specifically, medical vendor payments in 15 states were in excess of the amount spent per inhabitant in Colorado. All of these states have adopted Title XIX.

From 1965 to 1967, medical vendor payments more than doubled in the states of Delaware, New York, California, Maryland, Hawaii, Rhode Island, Vermont, and Oklahoma. The most expensive medical assistance programs appear to be in California and New York; both of these programs exceeded $14 per capita for the first six months of 1967. These states offer broad based programs with extensive care to the medically indigent. In addition to California and New York, seven other states have extensive programs for the medically indigent. The vendor payment costs per

11/Based on data obtained from Bureau of Family Services, H.E.W.

Table V

AMOUNT EXPENDED PER INHABITANT FOR WELFARE PAYMENTS TO MEDICAL VENDORS FOR VARIOUS SIX-MONTH PERIODS

Rank	State	Per Capita Income	Date Program Initiated	Includes Medically Needy	Max. Income Family of Four[a]	Per Capita Medical Vendor Payments By Welfare Departments: January to June 1965[b]	January to June 1966[b]	January to June 1967[c]
* *STATES WITH TITLE XIX PROGRAMS* *								
1	Connecticut	$3,678	July 1966	Yes	$3,800	$5.47	$5.72	$6.40
2	Delaware	3,563	Oct. 1966	Yes	3,300	0.50	0.64	1.90
3	Illinois	3,511	Jan. 1966	Yes	3,600	4.26	4.57	4.50
4	New York	3,480	May 1966	Yes	6,000	5.93	6.43	14.43
5	California	3,449	Mar. 1966	Yes	3,804	5.19	10.29	14.98
7	Nevada	3,330	N.A.	---	-----	3.39	5.55	2.38
8	Washington	3,280	July 1966	Yes	3,000	6.84	6.84	7.44
10	Massachusetts	3,271	Sept. 1966	Yes	4,176	9.01	10.26	12.49
11	Maryland	3,220	July 1966	Yes	3,120	1.19	2.39	6.27
12	Michigan	3,219	Oct. 1966	Yes	3,540	3.92	5.48	6.47
13	Hawaii	3,143	Jan. 1966	Yes	3,000	3.43	5.20	7.00
15	Ohio	3,027	July 1966	---	-----	2.44	2.54	2.30
16	Rhode Island	2,980	July 1966	Yes	4,300	5.01	8.75	11.55
17	Pennsylvania	2,951	June 1966	Yes	4,000	3.28	3.86	5.40
18	Oregon	2,938	N.A.	Yes	-----	3.52	3.95	3.48
19	Wisconsin	2,935	July 1966	Yes	3,700	6.01	6.67	8.89
20	Iowa	2,931	July 1967	Yes	N.A.	4.53	4.49	4.21
22	Minnesota	2,871	Jan. 1966	Yes	3,036	8.12	10.11	10.11
24	Nebraska	2,819	July 1966	---	-----	4.10	5.69	6.64
25	Kansas	2,814	N.A.	Yes	N.A.	3.92	4.33	7.59
26	New Hampshire	2,761	N.A.	Yes	N.A.	2.57	2.84	1.91
27	Wyoming	2,686	July 1967	---	----	2.37	2.69	2.13
28	Montana	2,615	July 1967	---	----	3.58	6.15	4.25
29	Vermont	2,590	July 1966	---	----	4.25	4.92	8.51
33	Texas	2,511	Sept. 1967	---	----	1.62	1.97	2.61
34	Utah	2,500	July 1966	Yes	2,640	3.16	3.79	4.24
35	Oklahoma	2,456	Jan. 1966	Yes	2,448	5.20	11.75	12.07
36	Idaho	2,441	July 1966	---	-----	3.78	4.23	4.71
37	Maine	2,438	July 1966	---	-----	4.10	4.99	4.79
38	North Dakota	2,400	Jan. 1966	Yes	3,000	5.77	6.44	7.13
39	South Dakota	2,355	N.A.	---	-----	2.49	3.81	4.24
40	Georgia	2,311	Oct. 1967	---	-----	1.57	1.94	2.32
41	New Mexico	2,310	Dec. 1966	---	-----	2.15	3.72	4.49

Table V
(continued)

Rank	State	Per Capita Income	Date Program Initiated	Medically Needy	Max. Income Family of Four[a]	Per Capital Medical Vendor Payments By Welfare Department: January to June 1965[b]	January to June 1966[b]	January to June 1967[c]
42	Louisiana	$2,257	July 1966	---	-----	$4.39	$4.76	$4.77
44	Kentucky	2,205	July 1966	Yes	$3,420	3.12	3.35	4.63
46	West Virginia	2,195	July 1966	---	-----	3.34	3.57	2.67
47	Alabama	2,039	N.A.	---	-----	2.45	2.77	2.02
	Totals or Average			21	$3,549			$5.98
	* * * * * * * * * * * * * * * * * * *STATES THAT DO NOT HAVE TITLE XIX* * * * * * * * * * * * * * * * * * *							
6	New Jersey	$3,414				$2.23	$2.42	$2.22
9	Alaska	3,272				2.79	2.62	2.37
14	Indiana	3,061				1.73	2.24	2.41
21	Colorado	2,872				5.84	7.23	6.11
23	Missouri[d]	2,845				1.56	1.89	1.48
30	Virginia	2,581				0.89	1.13	0.91
31	Florida	2,576				1.86	1.82	1.93
32	Arizona	2,528				0.26	0.32	0.50
43	North Carolina	2,235				1.62	2.23	1.80
45	Tennessee	2,199				1.37	1.88	1.66
48	South Carolina[d]	2.027				2.07	2.21	1.65
49.	Arkansas	2,015				3.88	4.44	4.68
50	Mississippi	1,751				0.48	0.57	0.31
					Average of All Fifty States	$3.45	$4.37	$5.00

a) Maximum income allowed for maintenance of a family of four persons for purposes of determing eligibility for medically meedy program.
b) Source: State Letter No. 96, Bureau of Family Services, H.E.W.
c) Information based on "Advance Release of Monthly Statistics," H.E.W. Population estimates (provisional figures) -- Statistical Abstract of the United States, 1966, U. S. Department of Commerce.
d) Missouri and South Carolina apparently adopted Title XIX recently.

inhabitant in these states, although higher than Colorado (except Illinois -- $4.50), are substantially less than that experienced in California and New York. For instance, vendor payment costs for the first six months of 1967, per inhabitant, for these states were as follows: Massachusetts ($12.49), Minnesota ($10.11), Washington ($7.44), North Dakota ($7.13), Connecticut ($6.40), Maryland ($6.27), and Illinois ($4.50).

Department Estimates of Medical Costs of A Proposed Title XIX Program

Perhaps one of the most difficult tasks facing each state contemplating adoption of a Title XIX program is the development of reliable cost estimates. Medical costs, of course, depend on the scope of services to be provided; the number of persons eligible for a program; fee schedules of physicians and institutions; costs of drugs, applicances and other items; as well as recipient utilization of medical services. To assist the department in developing methods for projecting medical costs under Title XIX, a management consulting firm (John B. Joynt & Associates) was hired in the fall of 1966. The methodology employed in the Joynt report has been utilized by the department in preparing estimates for a proposed Title XIX program. The department, however, is not using the Joynt report in regard to nursing home costs. With the exception of the nursing home program, the department's tentative revised estimates for fiscal year 1969 exceed the estimates contained in the Joynt report by 2.8 percent. The increase in the department's estimates are due to the inclusion of child welfare recipients in the proposed Title XIX program. Department officials also report that drug costs probably will be higher than the initial estimates contained in Table I; however, lower costs for other medical services may offset estimated drug increases, suggesting that the estimated total expense of a Title XIX program outlined in Table VI is reasonable.

Projected Costs for Proposed Title XIX Program for Colorado

For fiscal year 1968-69, the department believes that costs of a proposed Title XIX program would amount to $42,288,000. Cost estimates are based on 12 medical services outlined in Table VI. The five basic services required by Title XIX account for almost 90 percent of the medical expense of the program. That is, inpatient and outpatient hospital care, skilled nursing home care (includes post-hospital care), lab and x-ray services, and physician's services are estimated to cost about $37,619,000 for the categorically needy in fiscal year 1968-69. An additional $4,669,000 would finance prescribed drugs, home health care, transportation, prosthetic supplies and equipment, and health care for persons over 65 years of age who are either in a mental institution or a home for tuberculin patients.

Table VI

ESTIMATED COSTS OF A PROPOSED PROGRAM
OF MEDICAL SERVICES TO THE
CATEGORICALLY NEEDY IN COLORADO

Medical Services	(1) Fiscal Year 1968-69 Estimates Contained in Joynt Report[a]	(2) Fiscal Year 1968-69 Department Estimates Based on Joynt Report
Inpatient hospital care	$ 5,992,000	$ 6,112,000
Outpatient hospital care	544,000	555,000
Lab and x-ray	734,000	797,000
Post-hospital care	1,346,000	1,375,000
Skilled nursing home care	32,000,000	22,165,000[b]
Physician's Services	6,474,000	6,615,000
Prescribed Drugs	2,121,000	2,246,000
Home health care	76,000	82,000
Transportation	188,000	197,000
Prosthetics	484,000	532,000
Over 65 -- mental institution	1,512,000	1,512,000
Over 65 -- T. B.	100,000	100,000
Totals	$51,571,000	$42,288,000
Cost of five basic services	$47,090,000	$37,619,000
Other health services enumerated by the department	$ 4,481,000	$ 4,669,000

a) Estimates prepared by John B. Joynt & Associates -- February 1967.
b) Department estimates are not based on assumptions used in the Joynt study.

The aforementioned cost estimates for Title XIX program do not include medical care for the medically indigent.

Financial Impact to Federal, State and County Governments

The Administrative Management Division of the Department of Welfare estimates that Colorado's initial entry into a proposed Title XIX program probably would result in a total increase in vendor payments for medical services of over $5,529,000. Despite this increase, the initial cost to the state of a proposed Title XIX program for the categorically needy (persons meeting federal standards for participation under the various assistance titles of the Social Security Act) probably would not exceed that estimated for present programs. Medical costs to the counties, on the other hand, could be reduced substantially under Title XIX -- by as much as $3,465,000. The reduction in county medical costs plus expenses of an enlarged medical program will be met by the federal government. The welfare department estimates that Title XIX will result in more than nine million dollars in additional federal money for medical services the first year of operation.

Savings to the Counties. Savings of over three million dollars annually to the counties could be achieved for two reasons: 1) The proposed Title XIX program would be supported from federal and state funds only; and 2) a large portion of county general assistance monies is utilized for medical services, and a significant part of county medical costs would be covered by Title XIX.

Impact to the State of Colorado. With the expansion of medical services, plus the provision that medical services would be provided by the state and federal governments without county participation, it appears logical that the state's relative share of costs under XIX must increase. Although an increase in costs is forecast in the years ahead, department officials believe that additional state money is not needed at present. For instance, federal participation in money payments under the various assistance Titles of the Social Security Act is limited to certain maximum amounts. In general, cash grants to recipients participating in the federally-aided programs already exceed what the federal government will allow for both medical and monetary assistance. Thus, in effect, the federal government is not participating in the cost of medical services over and above that allowed by the federal matching formula. Since medical payments will be segregated from cash assistance under Title XIX, if adopted, the federal government will have to meet 55.39 percent of medical expenses in which there may be no federal participation at present.

Estimated Costs For A Complete Title XIX Program

Table VII illustrates the possible cost of Title XIX, if a program of complete medical services and coverage is fully implemented in Colorado in fiscal year 1968-69. Table VII also provides information as to estimated expenses of specific medical services that the committee or the General Assembly may consider in any proposed alternate program to "phase-in" Title XIX. Cost estimates for medical services to welfare and related recipients are contained in Column (1), while Columns (2) and (3) list estimated expenditures for various medical services for the so-called medically indigent. The five basic services required under Title XIX, at the time the program is made available to any class of recipients, are listed under Group I. The optional medical services, which must be provided by 1975 to all participants under Title XIX, are also itemized under Groups II and III.

Department Proposal. The proposed program of the State Department of Public Welfare involves the "categorically needy" only and it is contained in Column (1), Groups I and II of Table VII. The department estimates the total cost of this program at $42,288,000. Briefly, in addition to old age pensioners, recipients of aid to the needy disabled, families with dependent children, and the blind, the department estimates include medical services to children participating in the department's child welfare program. A few other categorically related persons are included in the department's program.

In addition to the five basic services which are required by law, the department proposal includes a number of additional services. These services are provided to some welfare recipients in existing programs and would be expanded to include all categorically needy recipients. This extension of service is in compliance with the maintainence of effort provision in Title XIX which requires that recipients in the federally-aided categories must receive medical services equivalent to the highest level provided under existing programs. The estimated cost of Group II for the "categorically needy" is $4,669,000. Again, under the 1967 amendments to the Social Security Act, benefits to Old Age Pensioners attained through Medicare's supplementary medical insurance program need not be extended to Title XIX recipients under age 65. A question exists as to whether all the services itemized by the department must be included in any plan to implement Title XIX in Colorado, at least in the first year.

Consideration of the Optional-Medically Needy Groups

The large group of persons for whom the department's proposal makes no provision is the medically needy or medically indigent. Although it is optional for a state to decide to in-

Table VII

ESTIMATED COSTS OF A TOTAL PROGRAM OF MEDICAL SERVICES
TO THE CATEGORICALLY AND MEDICALLY NEEDY
IN COLORADO -- FISCAL YEAR 1968-69

Medical Services	(1) Department Estimates For Categorically Needy -- Based On Joynt Report A/	(2) Optional -- Medically Needy Under 21 B/	(3) Optional -- Medically Needy 21-65 C/	(4) Total Cost Of Programs To All Groups of Needy
I FIVE BASIC SERVICES: D/				
Inpatient Hospital Care	$ 6,112,000	$2,236,000	$ 3,510,000	$11,858,000
Outpatient Hospital Care	555,000	196,000	309,000	1,060,000
Lab and X-ray	797,000	1,170,000	1,839,000	3,806,000
Post Hospital Care	1,375,000	785,000	1,207,000	3,367,000
Skilled Nursing Home Care	22,165,000 e/	NONE	NONE	22,165,000
Physicians Services	6,615,000	3,152,000	4,929,000	14,696,000
Subtotal for Basic Services	$37,619,000	$7,539,000	$11,794,000	$56,952,000
II ADDITIONAL MEDICAL SERVICES RECOMMENDED BY DEPARTMENT:				
Prescribed Drugs	$ 2,246,000	$2,321,000	$ 3,660,000	$ 8,227,000
Home Health Care	82,000	121,000	181,000	384,000
Transporaation	197,000	158,000	249,000	604,000
Prosthetics	532,000	905,000	1,421,000	2,858,000
Over 65 -- Mental Institutions	1,512,000	NONE	NONE	1,512,000
Over 65 -- T.B.	100,000	NONE	NONE	100,000
Subtotal for Additional Services	$ 4,669,000	$3,505,000	$ 5,511,000	$13,685,000
Subtotal	$42,288,000	$11,044,000	$17,305,000	$70,637,000
III OPTIONAL PROGRAMS: E/				
Other Licensed Care	$ 200,000	$ 100,000	$ 200,000	$ 500,000
Private Nursing Duty	211,000	144,000	219,000	574,000
Clinical Services	200,000	200,000	200,000	600,000
Dental Services	2,174,000	2,230,000	5,995,000	10,399,000
Physical Therapy	16,000	13,000	19,000	48,000
Dental Appliances	2,174,000	100,000	4,510,000	6,784,000
Eyeglasses	1,372,000	1,800,000	2,682,000	5,854,000
Diagnostic, Screening, Preventative and Rehabilitative Services	200,000	200,000	200,000	600,000
Subtotal for Optional Programs	$6,547,000	$4,787,000	$14,025,000	$25,359,000
TOTAL COST OF ALL SERVICES ACCORDING TO CATEGORIES	$48,835,000	$15,831,000	$31,330,000	$95,996,000

A/ The cost estimates for Groups I and II under column (1) represent the proposed program of the State Department of Public Welfare. These figures also include medical care costs for participants in the child welfare program of the department.
B/ Estimates prepared by John B. Joynt & Associates. Eligibility based on maximum income of $3,000 for a family of four. The figures for groups I and II will vary from those contained in the Joynt report because estimates for child welfare are included under column I.
C/ Estimates prepared by John B. Joynt & Associates. Eligibility based on an income maintenance standard of $3,000 for family of four.
D/ Post Hospital Care and Skilled Nursing Home Care are listed as a single category under Title XIX requirements.
E/ Department estimates are not based on assumptions used in the Joynt study.
F/ All of the figures for the Optional Programs are based on Joynt Report estimates.

clude this group of people in its medical services program before 1975, federal funds have been made available for certain people in this category. Federal participation in medical services is available for persons who except for income would be eligible for aid under Titles I, IV, X, and XIV of the Social Security Act, and whose income the state defines as inadequate to meet the costs of medical care. Estimates for the medically needy programs are based on an eligibility criterion of a maintenance standard of $3,000 for a family of four. This income which would be set aside for maintenance far exceeds the criteria now permitted by Congress in the amendments to the Social Security Act. Thus the cost estimates contained in Table VII are much higher than costs of a medically indigent program that could qualify for federal aid.

Although the states are not required to enter into the indigent program or to provide all the medical services listed in the accompanying Table before 1975, the committee and the General Assembly may wish to give consideration to the total impact of phasing in a complete medical program. The estimated cost of a total program is $95,996,000, based on the income standard of $3,000 for the medically indigent. If Congress continues to require the development of broad-based medical services to low income families and the cost burden of such a program to the state of Colorado continues to be about 45 percent of total program expenditures, preparation may need to be made for developing adequate revenue for the program. Perhaps, there is need for the General Assembly to consider a time period for phasing in an over-all Title XIX program in order that the total impact of adding services and broadening eligibility is minimized for any given year.

Many states which have already adopted Title XIX have included services to the medically needy in their state plans. As required by federal regulations, all of these states included the five basic services in the medically needy program, and a number of states went beyond this level to offer optional services to the medically needy.

Summary and Issues to be Resolved

In viewing laws in other states, one of the most significant aspects of Title XIX legislation is the amount of discretion given to administrative agencies to implement programs. For instance, more than half the state legislatures implementing Title XIX made no attempt to outline the medical services that are provided under respective state programs. In other words, discretion as to the selection of types of medical care has been left to the state welfare departments in many instances. Even more surprising is the delegation of responsibility to administrative agencies for defining and establishing programs for the medically indigent. Of the 21 states providing programs for the indigent, the laws of only four states -- Minnesota, Michigan, Oregon, and Wisconsin -- set forth income standards as to program eligibility. In any event, a basic decision will have to be made by the Colorado General Assembly whether to: 1) follow the pattern of many other states and allow the State Board of Welfare to determine the scope of medical care under Title XIX programs; or 2) provide guidelines in the enabling legislation as to the implementation of a program. If the first option is selected, legislative control of the programs could only be achieved through the budgetary process.

In order to implement a program of medical services under Title XIX of the Social Security Act, a number of decisions must be made by Colorado governmental officials. Not only must decisions be made as to the extent of coverage and type of services to be included in Colorado's medical assistance program, but the fundamental question of who is to make these decisions also must be resolved. In any event, the following items may need to be considered by state officials:

1) In addition to welfare recipients, what other persons are to be considered eligible for a program under Title XIX?

2) In the event medical services are to be provided to persons not participating in existing welfare programs, what point in time are the various categories of persons to be made eligible for medical care under Title XIX?

3) The five basic services must be provided to the categorically needy (welfare recipients or welfare related individuals); however, any seven of 14 services itemized in the Social Security Act may be provided to the medically indigent. What services are to be provided to both these groups?

4) Are all medical services to be provided at once? If not, how are services to be phased in?

5) What types of vendors may provide medical services to Title XIX recipients?

6) An option is provided in the federal law to permit reimbursement of medical costs to the recipient participating in the "medically indigent" program, rather than payment directly to the vendor. Is this option to be provided in the Colorado program in the event a medically indigent program is initiated?

7) Under Title XIX, the state must license nursing home administrators by 1972. Are licenses to be required by regulation or law?

8) What is the level of reimbursement to be for nursing homes, hospitals, and other vendors? What criteria needs to be established to insure that vendor payments are within the scope of legislative intent? In other words, what kind of control program is to be established for vendor payments?

9) Is there need to establish restrictions on the drug program in order to control drug costs?

10) How is a program to guard against unnecessary utilization of health facilities to be established?

11) Is there need for the state to provide a state program for low income persons, 65 years of age and over (who are not recipients of the old age pension), to "buy-in" to the medicare provisions? (There is no federal reimbursement for these costs.)

12) States may exercise an option to make a provision for deductibles in their medically indigent programs. Should the Colorado program include a deductible provision?

Appendix A

State of Oregon

TITLE XIX LEGISLATION

CHAPTER 502

AN ACT

[HB 1769]

Relating to medical assistance: creating new provisions; amending ORS 411.325, 414.025, 414.065, 414.075, 414.095 and 414.105; repealing ORS 414.035 and 414.045; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

Section 1. Sections 4 to 11a of this Act are added to and made a part of ORS chapter 414.

Note: Section 2 was deleted by amendment. To avoid extensive amendments, other sections were not renumbered.

Section 3. ORS 414.025 is amended to read:

414.025. As used in ~~[ORS 411.405 and 414.025 to 414.105 and in other statutes providing for assistance and services to needy persons,]~~ *this chapter* unless the context or a specially applicable statutory definition requires otherwise ~~[,]~~ *:*

(1) "Category of aid" means old-age assistance, aid to the blind, aid to the disabled or aid to dependent children.

(2) "Categorically needy" means a person who is a resident of this state and who:

(a) Is receiving a category of aid.

(b) Would be eligible for a category of aid, except for duration of residence requirement of a particular category.

(c) Would be eligible for, but is not receiving a category of aid.

(d) Is in a medical facility and, if he left such facility, would be eligible for a category of aid.

(e) Is under the age of 21 years and, except for age or duration of residence or both, would be a dependent child under the program for aid to dependent children.

(f) Is a caretaker relative named in paragraph (c) of subsection (1) of ORS 418.035 who has in his care a dependent child who, except for duration of residence, would be a dependent child under the program for aid to dependent children.

(g) Is under the age of 21 years, is in a foster home or licensed child-caring agency or institution under a purchase of care agreement and is one for whom the state commission is assuming financial responsibility, in whole or in part.

(3) "Income" means income as defined in subsection (3) of ORS 413.005.

(4) "Medical assistance" means so much of the following medical and remedial care and services as may be prescribed by the state commission according to the standards established pursuant to ORS 414.065 ~~[and made available to individuals meeting the requirements of eligibility prescribed by ORS 414.015, the costs of which are payable, within the limits of available funds therefor, wholly or partially out of public assistance funds]~~:

~~[(1)]~~ *(a)* Inpatient hospital services, *other than services in an institution for tuberculosis or mental diseases;*

~~[(2)]~~ *(b)* Outpatient hospital services;

~~[(3)]~~ *(c)* Other laboratory and X-ray services;

~~[(4)]~~ *(d)* Skilled nursing home services , *other than services in an institution for tuberculosis or mental diseases*;

~~[(5)]~~ *(e)* Physicians' services, whether furnished in the office, the patient's home, a hospital, or a skilled nursing home, or elsewhere;

~~[(6)]~~ *(f)* Medical care, or any other type of remedial care recognized under state law, furnished by licensed practitioners within the scope of their practice as defined by state law;

~~[(7)]~~ *(g)* Home health care services;

~~[(8)]~~ *(h)* Private duty nursing services;

~~[(9)]~~ *(i)* Clinic services;

~~[(10)]~~ *(j)* Dental services;

~~[(11)]~~ *(k)* Physical therapy and related services;

~~[(12)]~~ *(L)* Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;

~~[(13)]~~ *(m)* Other diagnostic, screening, preventive and rehabilitative services; ~~[and]~~

(n) Inpatient hospital services and skilled nursing home services for individuals 65 years of age or over in an institution for tuberculosis or mental diseases; and

~~[(14)]~~ *(o)* Any other medical care, and any other type of remedial care recognized under state law;

except that ~~[such term]~~ *"medical assistance"* does not include ~~[: (15)]~~ any care or services for any individual who is an inmate of a public institution , ~~[(]~~ except as a patient in a medical institution ~~[);]~~ or ~~[(16)]~~ any care or services for any individual who has not attained 65 years of age and who is a patient in an institution for tuberculosis or mental diseases.

(5) "Medically needy" means a person who is a resident of this state and who does not have income and resources sufficient to provide himself and his dependents with essential maintenance and medical needs as are necessary to afford a reasonable sustenance compatible with decency and health, as determined pursuant to section 5 of this 1967 Act, and who, except for duration of residence or financial need requirement, would be eligible for a category of aid.

(6) "Resources" means resources as defined in subsection (4) of ORS 413.005.

Section 4. (1) Within the limits of funds available therefor, medical assistance shall be made available to persons who are categorically needy.

(2) Within the limits of funds expressly appropriated and available for medical assistance to the medically needy, medical assistance shall be available to persons who are medically needy.

Section 5. (1) Except as provided in subsection (2) of this section, the minimum amount of income and resources considered sufficient to meet maintenance needs for the medically needy is fixed at:

(a) An annual income of $1,750 for one person, plus $750 for the first and $480 for each additional dependent person;

(b) Life insurance with a cash surrender value of not more than $2,500 for one person, plus $500 for each additional dependent person;

(c) Liquid assets other than life insurance of not more than $500 value for one person, plus $500 for the first and $100 for each additional dependent person; and

(d) Real property occupied as his own residence.

(2) Except with respect to short-term convalescent care, the minimum amount of income considered sufficient to meet maintenance needs for a person receiving care provided by a nursing home, as defined in ORS 678.510, is fixed at an annual income of $240 for the person receiving nursing home care, plus $1,750 for the first and $480 for each additional dependent person.

Section 6. (1) The need for and the amount of medical assistance to be made available shall be determined, in accordance with the rules of the state commission, taking into account:

(a) The requirements and needs of the person, his spouse and other dependents;

(b) The income, resources and maintenance available to the person;

(c) The responsibility of his spouse, and, with respect to a person who is blind, or is permanently and totally disabled, or is under the age of 21 years, the responsibility of the parents; and

(d) The conditions existing in each case.

(2) Such amounts of income and resources may be disregarded as the state commission may prescribe by rules. The amounts to be disregarded shall be within the limits required or permitted by federal law, rules or orders applicable thereto.

(3) In the determination of the amount of medical assistance available to a medically needy person, all income and resources available to the person in excess of the amounts prescribed in section 5 of this 1967 Act, within limits prescribed by the state commission, shall be applied first to costs of needed medical and remedial care and services not available under the medical assistance program and then to the costs of benefits under the medical assistance program.

Section 7. (1) Application for any category of aid shall also constitute application for medical assistance.

(2) Except as otherwise provided in this section, each person requesting medical assistance shall make application therefor to the county commission of the county in which he resides. Subject to the approval of the state commission, the county commission shall receive all applications made in the county, shall ascertain the facts supporting such application, shall determine eligibility for and fix the date on which such assistance may begin, and shall obtain such other information required by the rules of the state commission.

(3) If an applicant temporarily resides outside the county of his permanent residence, his application for medical assistance may be made through the county department of the county in which he temporarily resides to the county commission in which he permanently resides.

(4) If an applicant is unable to make application for medical assistance, an application may be made in his behalf by someone acting responsibly for him.

Section 8. Upon the receipt of property or income or upon any other change in circumstances which directly affects the eligibility of the recipient to receive medical assistance or the amount of medical assistance available to him, the recipient shall immediately notify the county department of the receipt or possession of such property or income, or other change in circumstances. Failure to give the notice shall entitle the state commission to recover from the recipient the amount of assistance improperly disbursed by reason thereof.

Section 9. In lieu of providing one or more of the medical and remedial care and services available under medical assistance by direct payments to providers thereof and in lieu of providing such medical and remedial care and services made available pursuant to ORS 414.065, the state commission may use available medical assistance funds to purchase and pay premiums on policies of insurance, or enter into and pay the expenses on health care service contracts, or medical or hospital service contracts that provide one or more of the medical and remedial care and services available under medical assistance for the benefit of the categorically needy or the medically needy, or both. The policy of insurance or the contract by its terms, or the insurer or contractor by written acknowledgment to the state commission, must guarantee:

(1) To provide medical and remedial care and services of the type, to the extent and according to standards prescribed under ORS 414.065;

(2) To pay providers of medical and remedial care and services the amount due, based on the number of days of care and the fees, charges and costs established under ORS 414.065, except as to medical or hospital service contracts issued by a hospital association which employs a method of accounting or payment on other than a fee-for-service basis;

(3) To provide medical and remedial care and services under policies of insurance or contracts in compliance with all laws, rules and regulations applicable thereto; and

(4) To provide such statistical data, records and reports relating to the provision, administration and costs of providing medical and remedial care and services to the state commission and the county commission as may be required by the state commission for its records, reports and audits.

Section 10. (1) Any payment of available medical assistance funds for policies of insurance or service contracts shall be according to such uniform state-wide rates as the state commission shall have established and which it may revise from time to time as may be necessary or practical.

(2) No premium or other periodic charge on any policy of insurance, health care service contract, or medical or hospital service contract shall be paid from available medical assistance funds unless the insurer or contractor issuing such policy or contract is by law authorized to transact business as an insurance company, health care service contractor or hospital association in this state.

Section 11. The state commission may enter into nonexclusive contracts under which funds available for medical assistance may be administered and disbursed by the contractor to direct providers of medical and remedial care and services available under medical assistance in consideration of services rendered and supplies furnished by them in accordance with the provisions of this chapter. Payment shall be made according to the rules of the state commission pursuant to the number of days and the fees, charges and costs established under ORS 414.065. The contractor must guarantee the state commission by written acknowledgment:

(1) To make all payments under this chapter promptly but not later than 30 days after receipt of the proper evidence establishing the validity of the provider's claim.

(2) To provide such data, records and reports to the state commission as may be required by the state commission.

Section 11a. The provisions of section 9, 10 or 11 of this 1967 Act may be implemented whenever it appears to the Department of Finance and Administration that such implementation will provide comparable benefits at equal or less cost than provision thereof by direct payments by the state commission to the providers of medical assistance.

Section 12. ORS 414.065 is amended to read:

414.065. (1) With respect to medical *and remedial* care and services to be provided in medical assistance during any period, and within the limits of funds available therefor, the state commission shall determine ~~{and fix}~~, subject to such revisions as it may make from time to time:

(a) The types and extent of medical *and remedial* care and services to be provided ~~{to applicants and recipients}~~.

(b) State-wide uniform standards to be observed in the provision of medical *and remedial* care and services.

(c) The ~~{maximum}~~ number of days of medical *and remedial* care and services toward the cost of which public assistance funds will be expended in the care of any ~~{applicant or recipient}~~ *person*.

(d) ~~{Schedules of maximum}~~ *Reasonable* fees, charges and daily rates to which public assistance funds will be applied toward meeting the costs of providing medical *and remedial* care and services to an applicant or recipient.

(e) Reasonable fees for professional medical and dental services which may be based on usual and customary fees in the locality for similar services.

(2) The types and extent of medical *and remedial* care and services and the amounts to be paid in meeting the costs thereof, as determined and fixed by the state commission and within the limits of funds available therefor, shall be the total ~~[medical care and services]~~ available ~~[to applicants and recipients]~~ for medical assistance and *payments for such medical assistance shall be* the total amounts from public assistance funds available to providers of medical *and remedial* care and services in meeting the costs thereof.

(3) *Except for payments under a cost-sharing plan,* payments ~~[of]~~ *made by the state commission for* medical assistance shall constitute payment in full for all medical *and remedial* care and services for which such payments of medical assistance were made.

(4) Medical benefits and limits established pursuant to paragraphs (a) and (c) of subsection (1) of this section for the eligible medically needy may be less but shall not exceed medical benefits and limits established for the eligible categorically needy.

Section 13. ORS 414.075 is amended to read:

414.075. (1) Medical assistance provided to any individual who is ~~[65 years of age or older and who is]~~ covered by the hospital insurance benefits or supplementary health insurance benefits, or either of them, as established by federal law, may include:

(a) The full amount of any deductible imposed with respect to such individual under the hospital insurance benefits; and

(b) All or any part of any deductible, cost sharing, or similar charge imposed with respect to such individual under the health insurance benefits.

(2) With respect to any individual who is 65 years of age or older, medical assistance may include medical *and remedial* care and services for patients in institutions for tuberculosis or mental diseases.

Section 14. ORS 414.095 is amended to read:

414.095. Neither medical assistance nor amounts payable to vendors out of public assistance funds are transferable or assignable at law or in equity and none of the money paid or payable under the provisions of ORS 411.405 ~~[,413.165]~~ and ~~[414.025 to 414.105]~~ *this chapter* is subject to execution, levy, attachment, garnishment or other legal process.

Section 15. ORS 414.105 is amended to read:

414.105. (1) The state commission may recover from any person the amounts of medical assistance incorrectly paid on behalf of such person.

(2) Medical assistance pursuant to ORS 411.405 ~~[, 413.165,]~~ and ~~[414.025 to 414.105]~~ *this chapter* paid on behalf of an individual who was 65 years of age or older when he received such assistance may be recovered from his estate; provided, however, that claim for such medical assistance correctly paid to him may be established against his estate, but there shall be no adjustment or recovery thereof until after the death of his surviving spouse, if any, and only at a time when he has no surviving child who is under 21 years of age or is blind or permanently and totally disabled.

(3) The amounts of medical assistance pursuant to ORS 411.405 ~~[, 413.165,]~~ and ~~[414.025 to 414.105]~~ *this chapter* provided on behalf of a recipient shall not be recovered by the state commission under ORS 416.010 to 416.270 *nor under ORS 416.510 to 416.610.*

Section 16. ORS 411.325 is amended to read:

411.325. (1) ~~[On or before the tenth day of every month,]~~ *Except with respect to children in foster homes or other child-caring institutions,* each county department *on or before the 10th day of each month* shall cause to be prepared a complete report showing the names of all ~~[public assistance]~~ recipients within the county ~~[as of the last day of the preceding month,~~

~~except recipients of medical assistance for the aged and children in foster homes, or other child-caring institutions,]~~ *who are receiving old-age assistance, aid to the blind, aid to the disabled, aid to dependent children or general assistance,* together with the amounts paid to each during the preceding month. The address of any such recipient shall be provided upon the specific request of a person who is qualified to inspect such report.

(2) Subject to ORS 411.330 and 411.335, such reports shall be open to public inspection during the regular office hours of the county department.

Section 17. Sections 18 to 20 are added to and made a part of ORS chapter 414.

Section 18. (1) A medical advisory committee is established, consisting of not more than 15 members to be appointed by the Governor from among persons in the health professions, providers of medical and remedial care and services and the general public. In making his appointment, the Governor shall consult with appropriate professional and other interested organizations.

(2) Members shall serve at the pleasure of the Governor.

(3) Members of the advisory committee shall receive no compensation for their services, but subject to any applicable state law, shall be allowed actual and necessary travel expenses incurred in the performance of their duties from the Public Welfare Account.

Section 19. The medical advisory committee shall advise the State Public Welfare Commission on:

(1) Health and medical care and services to be provided pursuant to this chapter.

(2) Matters referred to it for study by the state commission.

Section 20. (1) The State Public Welfare Commission shall consult with the medical advisory committee concerning the determinations required under ORS 414.065.

(2) The state commission shall provide secretarial services to the medical advisory committee.

Section 21. ORS 414.035 and 414.045 are repealed.

Section 22. (1) Medical assistance for the categorically needy, as defined in ORS 414.025, shall be provided to the categorically needy on and after July 1, 1967, provided that state and federal funds are available therefor.

(2) Medical assistance for medically needy persons, as defined in ORS 414.025, may be provided to medically needy persons on and after July 1, 1967, provided that state and federal funds are available therefor.

(3) The state and county departments shall take any actions that appear necessary under the provisions of this Act to obtain the implementation thereof.

Section 23. This Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this Act shall take effect July 1, 1967.

Approved by the Governor June 23, 1967.
Filed in the office of Secretary of State June 26, 1967.