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STATEMENT OF
GREGORY J. AHART, DIRECTOR, HUMAN RESOURCES DIVISION
BEFORE THE
COMMITTEE ON LABOR AND HUMAN RESOURCES
ON
THE [ADMINISTRATION'S BLOCK GRANT PROPOSALS
FOR HEALTH SERVICES AND PREVENTIVE HEALTH]

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Mr. Chairman and Members of the Committee, we are pleased to be here today to offer our comments and observations on the Administration's legislative proposals to consolidate several categorical health programs into block grants to the States.

Because the details of the Administration's proposed legislation are just emerging, our comments are based on our preliminary analysis. However, we will be pleased to provide the Committee with additional comments after we have more fully evaluated the Administration's proposals.

COMMENTS ON BLOCK
GRANT PROPOSALS

We believe that the Administration's proposals offer the Congress a unique opportunity to resolve many of the problems we have identified over the last several years in the administration of Federal categorical grant programs. We endorse the concepts of (1) consolidating separate categorical programs having related objectives and serving similar target populations, (2) placing management responsibility for similar programs in the same agency, (3) giving the States greater flexibility to match resources with needs and priorities, and (4) resolving the problems frequently created when Federal project grants are awarded directly to local organizations, bypassing relevant State agencies.

Many of our reports as well as ongoing work illustrate the need for these actions. However, our work has also identified a number of items which we believe the Congress should consider in its deliberations on the Administration's block grant proposals. These are the:

- Desirability of grouping like programs or programs serving the same or similar target groups in the same block.
- Relationship between programs designated for health block grants and other related programs.
- Possible need to make special provisions for certain activities and groups, such as migrant farmworkers.
- Proposed funding allocation formula may not accurately reflect need or demand for services.
- Time that will be needed by States to prepare for administering funds for some project grants that are currently administered by the Department of Health and Human Services (HHS).
- Desirability of using a uniform definition of low-income persons among the health and social service blocks.
- Likelihood that all expected benefits may not materialize.
- Need for adequate accountability provisions.

Let me discuss these in more detail.

Desirability of grouping
like programs together

The Administration proposes to place several HHS programs that fund health or mental health services into three separate block grants to States. These blocks are: Health Services, Preventive Health, and Social Services. The Administration's proposals would put some programs focusing on maternal and child health problems into each of these separate blocks and

would group health programs and programs dealing with mental health and alcohol and drug abuse' into the same block.

We believe that the Congress and the Administration need to consider whether programs focusing on maternal and child health activities would be more appropriately grouped into the same block grant. Also, we believe that consideration should be given to establishing a separate block grant that would include the current mental health, alcohol and drug abuse programs.

Maternal and Child Health

The Administration's proposals separate programs relating to maternal and child health as follows:

--Health Service

MCH

Hemophilia

Sudden Infant Death Syndrome

Supplemental Security Income/Disabled Children

--Preventive Health

Family Planning

Genetic Diseases

Lead-Based Paint Poisoning Prevention

Adolescent Health Services

--Social Services

Developmental Disabilities

Family Planning Services (currently authorized under title XX)

These programs generally meet the criteria set forth by the Advisory Commission on Intergovernmental Relations 1/ for identifying the most likely candidates for consolidation. According to the Commission, programs to be merged should be, or be capable of being made:

- Closely related in terms of the functional area covered;
- Similar or identical with regard to their program objectives; and
- Linked to the same type of recipient governmental jurisdictions.

Several arguments can be made for consolidating programs related to maternal and child health. These arguments are generally consistent with the Commission's criteria set forth above as well as other Commission criteria, such as strong and continuous congressional support.

First, these programs are generally aimed at the same target population and have common overall objectives of reducing infant mortality or morbidity, improving the health of mothers, infants, and children, or locating and treating crippled children. Separation of these programs in the past has led to fragmentation of effort at Federal and State levels; and has impaired the ability of Federal and State agencies to

1/A national bipartisan organization representing the executive and legislative branches of Federal, State, and local government and the public. It was created by the Congress to monitor the operation of the Federal system and to recommend improvements.

plan, develop and administer well organized efforts. These problems have been amply demonstrated in our January 1980 report on Federal and State efforts to reduce infant mortality and earlier in our October 1977 report on Federal and State efforts to prevent mental retardation.

Second, the Federal Government has had a special interest in and focus on health care for mothers, infants, and children since 1912. This developed because of particular problems these groups had in gaining access to health care--especially in low-income and rural areas. This focus and interest also developed because of the wide variety of needs that existed and organizations that were attempting to meet those needs including educational, health, nutritional, social services, and welfare. Although much progress has been made in reducing infant mortality and improving the health of mothers and children, they continue to experience access to care problems. Efforts to deal with these problems continue to be disorganized and fragmented among different programs and organizations.

Third, the existing title V program already provides the basis for a block grant program. Although the various maternal and child health programs identified earlier are separately authorized and funded, the activities they support are generally permitted under title V. Therefore, the authorizing legislation for these separate programs could be allowed to lapse and funding could be transferred to title V. This, together with the fact that the bulk of title V funding is already distributed

to the States through a formula grant, would facilitate the implementation of such a block grant. Also, title V could be modified to eliminate those provisions which are considered too restrictive, such as the "program of projects" requirements, and to authorize any additional activities the Congress believes are desirable.

Fourth, States already have administrative units to plan, coordinate, manage, and evaluate State-based maternal and child health programs. Although these units have varied in the degree to which they have fulfilled their responsibilities, their capacities could be improved and they could either assume additional responsibilities for other programs or be merged into a larger organizational unit having responsibilities for basic health services. In several cases, State Maternal and Child Health agencies already administer several different Federal programs in the maternal and child health area, such as Maternal and Child Health, Sudden Infant Death Syndrome, Family Planning, Genetic Diseases, Special Supplemental Food for Women, Infants and Children, and Early and Periodic Screening, Diagnosis, and Treatment under Medicaid.

Finally, our reviews of federally funded family planning programs have identified several coordination problems that stem from having several different programs funding family planning services. For example, in a recently completed review, we found that some projects in one State received more funds for family planning under titles X and XX than they could spend in the program year.

Mental health programs

Although there appear to be more differences among mental health, drug abuse, and alcohol programs than among the maternal and child health programs designated for block grants; some of the same arguments for consolidation apply. At the State level, mental health, drug abuse, and alcohol programs are generally administered separate and apart from general health services and use a different type of service delivery network. Therefore, a separate mental health block would ease State administration and stem the fears of those who believe that under a single block, mental health may take a back seat to general health services in some States.

Relationship between programs designated for health block grants and other related programs

At this time little detailed information is available on the relationship of the block grants to other closely related programs, such as Special Supplemental Food for Women, Infants, and Children and Early and Periodic Screening, Diagnosis, and Treatment under Medicaid.

Both our January 1980 report on infant mortality and our February 1979 report on the Special Supplemental Food program identify the need for closer ties between Special Supplemental Food and health programs in a number of areas.

The December 1980 report of the Select Panel for the Promotion of Child Health, "Better Health for Our Children: A National Strategy," reaffirmed the problems identified in our January 1975 report on Early and Periodic Screening, Diagnosis,

and Treatment. We and the Panel reported on the failure of the program to reach a large segment of the target population. Major impediments to accomplishing this were the lack of organized, aggressive efforts to reach, screen, and followup on eligible children and lack of participation by physicians because of low Medicaid reimbursement rates or other factors.

One option that could enhance this situation would be to consolidate at least the outreach and screening components of of Early and Periodic Screening, Diagnosis, and Treatment with the title V program, or with all the maternal and child health programs. Health departments have traditionally sponsored child screening programs. The additional funding and impetus of such a consolidation should put them in a position to improve and enlarge their efforts.

Possible need to make
special provisions for
certain activities and groups

Some of the programs slated for inclusion in block grants deal with diseases or activities that are interstate in nature. One example would be programs specifically dealing with communicable diseases, such as venereal disease. One State's decision to deemphasize venereal disease programs could affect residents of other States if the disease spreads.

Another example relates to the efforts for providing health care to nonresident migrant farmworkers. Migrants have particular difficulty gaining access to health care while they are moving from one State to another during the harvesting season.

Frequently they are not eligible for Medicaid in States where they do not reside, and may be unaware of the location of health providers in unfamiliar areas. Also, they often have cultural or language barriers which hinder their ability to obtain health care while they are migrating.

As a minimum, the Congress may want to make provision for closely monitoring State communicable disease control and the extent to which States provide health care services for non-resident migrants.

Proposed funding allocation
formula may not reflect need
or demand for services

The Advisory Commission on Intergovernmental Relations recommends that block grant funding be distributed to the States based on need. We understand that the Administration, after considering several alternatives, plans to allocate block grant funds based on the amount of funding currently being given to each State under the programs slated for block grants. Our work shows that current funding allocations may not accurately reflect the need or demand for services, particularly with respect to project grant programs, such as Community Health Centers, Alcohol Abuse, Drug Abuse, Mental Health and Family Planning.

For example, Federal funds for Community Health Centers generally bypass State agencies and are awarded to private local organizations. Our draft report on this program, which was supplied to this and other Committees, shows major problems

in the mechanisms used to determine the need for program funds and location of specific projects. Because the block grant proposals will place the responsibility for determining the need for specific projects on the shoulders of the States, we believe that States will have to evaluate their needs and priorities in relation to the community health center projects previously funded by HHS. Also, to the extent Federal funding is reduced, States will need to determine which projects should no longer receive the same level of Federal funds.

It should be noted that reductions in the number of health centers are likely to have ramifications for other Federal programs. For example, a sizable number of migrant and community health centers in rural areas have been either constructed or renovated with loans from the Farmers Home Administration. Without continued funding, such loans may be in jeopardy. Also, many of these health centers use doctors which have been placed there by the Federal government under the National Health Service Corps Program. Alternative uses may have to be found for some of these doctors.

States need time to
gear-up for block grants

States will need time to prepare for administering those aspects of the proposed block grants that they currently are not involved in. For example, our June 1972 report on the conversion of the maternal and child health project grant program to formula grants pointed out that it took several years for the States to plan and prepare for the conversion.

Consolidating programs currently administered by State maternal and child health agencies should not pose major startup problems for most States. However, transferring other programs to State control that HHS currently administers as project grants may be a different story. States will probably need time to prepare for administering funds from such project grant programs as Community Health Centers and Migrant Health. This is particularly true in view of our findings that current funding allocations in some categorical grant programs may not accurately reflect need.

Need for uniform definition
of low-income

The Administration's proposals for health, preventive health, and social services are aimed particularly at helping low-income persons. The Congress should specify a uniform definition of low-income persons applicable to the three different block grants. Lack of such a definition has resulted in inconsistencies and inequities among persons receiving family planning services under the title V Maternal and Child Health, title X Family Planning, and title XX Social Services programs. Title V and title XX Social Services programs permit, but do not require, collection of fees from persons with the ability to pay, while title X program regulations require collection of fees from persons who are not from low-income families. These programs do not use the same definition of low-income families. Each program is designated to be included in a separate block grant under the Administration's proposals.

All expected benefits
may not materialize

Conversion of Federal categorical programs into block grants may not always result in improved program management and funding allocations that better match needs and resources. For example, in our December 1975 report on how States plan and use formula grant funds for maternal and child health and comprehensive public health services, 1/ we stated that the three States we studied had neither established adequate planning procedures to identify needs nor gathered sufficient data to establish priorities or measure program results. Also, the health services provided were fragmented and not well-managed. The same activities were continued each year, with little management review, while major unmet needs existed in many areas. Similar problems were reported in our January 1980 report on efforts to reduce infant mortality.

Thus, while the goals of the Administration's block grant proposals are lofty and should improve programs, Congress should temper its expectations and be willing to accept the reality that some problems will likely remain. Congress should also recognize that a single focal point for dealing with problems will no longer exist.

Need for adequate accountability provisions

Our studies have repeatedly shown that lack of focus and emphasis on maternal and child health at the Federal and State

1/Section 314(d) of the Public Health Service Act, which consolidated 16 categorical programs.

levels has resulted in diminished efforts; ineffectiveness; lack of meaningful planning, needs assessments, prioritization, coordination, and change; or lack of accountability. In our opinion, block grant programs should include provisions for ensuring State accountability for (1) the proper use of Federal funds, (2) making progress toward the achievement of broad national objectives, and (3) minimizing substitution of Federal funds for State funds. We believe that such provisions are consistent with and should enhance the Administration's goals of (1) improving health service delivery effectiveness, (2) giving States greater control over resources, and (3) making more efficient use of resources.

Some of the accountability provisions we recommend are:

- Clearly stated Federal objectives and priorities, phrased in a manner so that results can be objectively measured.
- Preparation of a State document setting forth needs, priorities, objectives, and intended uses of funds.
- Periodic financial management monitoring and programmatic evaluation. Audit requirements should be in accordance with Office of Management and Budget circulars and GAO's "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions."
- Reasonable State reporting on use of funds and accomplishment of Federal and State objectives.
- Maintenance of effort requirements with waiver authority to allow for bona fide State spending reductions.

Again, these provisions are consistent with the design features suggested by the Advisory Commission on Intergovernmental Relations for developing block grant legislation.

Also, with respect to accountability, our December 15, 1980, report "Federal Assistance System Should Be Changed To Permit Greater Involvement By State Legislatures," pointed out that the categorical grant system had diminished the most basic form of accountability in State government--namely legislative oversight of executive actions. This occurred largely because

--the nature of categorical grants tended to channel activities relating to policy and procedures development to Federal program executives and their State government counterparts.

--specific provisions of Federal grant programs assigned functions to the State executive branch--such as determining funding priorities or designating organizations to administer programs--which previously were controlled by or shared with State legislatures.

--technical and financial assistance for improving management has usually been unavailable to State legislatures.

We concluded that aspects of grant programs that discourage State legislative involvement should be removed.

Mr. Chairman, as the block grant proposals are shaped, the Congress should ensure that their provisions do not interfere with the States' own mechanisms for assigning functions to the legislative and executive branches of governments.

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In conclusion, Mr. Chairman, we strongly encourage the Committee to give favorable consideration to establishing block grant programs in the areas proposed by the Administration, but giving appropriate attention to the matters we have discussed here today. While we believe there are problems with some aspects of the proposals, we essentially feel they offer a unique opportunity to address some of the major problems we have identified in categorical grant programs over the past several years.

That concludes my prepared statement, Mr Chairman; we would be pleased to answer any questions you or other members of the Committee may have.