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REPORT TO THE
COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

72-0057

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Maternal And Child Health Programs
Authorized By Title V,
Social Security Act B.764031(3)

Department of Health, Education,
and Welfare

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

701168

096516

JUNE 23, 1972

B-164031(3)

Committee staff, copies of this report are also being sent to the Secretary of Health, Education, and Welfare for his information and action.

Sincerely yours,

A handwritten signature in cursive script that reads "James A. Stacks".

Comptroller General
of the United States

The Honorable Wilbur D. Mills
Chairman, Committee on Ways and Means
House of Representatives



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164031(3)

C1 Dear Mr. Chairman:

This is our report on the impact of, and plans for, the change in the method of distributing funds under title V of the Social Security Act, as requested by your letter of November 18, 1971. Although title V specifically requires a change from a combination of special project and formula grants to formula grants on July 1, 1972, we found that Federal officials responsible for the administration of title V funds anticipated that this required change would not be necessary. Therefore plans were not made to provide for an orderly transition, although the transition would result in a substantial change in the amount of funds made available to many States and could have a substantial impact on health services currently being provided. We believe that an orderly transition cannot occur on July 1, 1972.

Our report also includes information requested by you and by the Senate Committee on Finance on certain other aspects of the maternal and child health programs authorized by title V. J. 09/103

In performing our work, we interviewed officials of the Department of Health, Education, and Welfare; reviewed files and records; interviewed State officials in five States; and sent questionnaires to the remaining States and territories receiving funds under title V. 02

The matters commented on in this report have been discussed with officials of the Department of Health, Education, and Welfare, but we did not obtain their formal comments.

Copies of this report are being sent today to the Chairman, Senate Committee on Finance. In accordance with an agreement with your

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ABBREVIATIONS

- HEW Department of Health, Education, and Welfare
- HSMHA Health Services and Mental Health Administration

CHAPTER 1BACKGROUND ON MATERNAL AND CHILD HEALTH PROGRAMSAUTHORIZED BY TITLE V, SOCIAL SECURITY ACT

Title V of the Social Security Act, as amended (42 U.S.C. 701), provides, in part, for allocations of Federal funds to three categories of programs. Of the funds appropriated annually

- 50 percent are available for distribution, pursuant to sections 503 and 504, to States¹ to be used for maternal and child health services and for services for crippled children. The act specifies that the Secretary of Health, Education, and Welfare determine, for each fiscal year, the division of funds between maternal and child health services and crippled children's services. Historically the funds have been divided almost equally between these two services.
- 40 percent are available for special project grants for (1) maternity and infant-care services, including family-planning and intensive-infant-care projects as authorized by section 508, (2) health services for children and youth care as authorized by section 509, and (3) dental health services for children and youth as authorized by section 510.
- 10 percent are available for supporting training and research projects as authorized by sections 511 and 512, respectively.

Title V provides authority to the Secretary of HEW to transfer up to 5 percent of the annual appropriation between programs authorized under the various sections of title V and to use up to 25 percent of 50 percent of the funds authorized for programs under sections 503 and 504 of title V

¹The word "States" as used in this report refers to the 50 States, the District of Columbia, and the territories of Guam, Puerto Rico, and the Virgin Islands.

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for projects which the Secretary determines to be of regional or national significance. In addition, a part of the funds authorized for programs under sections 503 and 504 is set aside for mental retardation projects. From fiscal year 1957 through fiscal year 1971, the annual appropriation act providing funds for programs authorized by title V has specified the amount of funds to be set aside for mental retardation projects. We were informed by HEW officials that the language which specified an amount for mental retardation projects had been deleted from the 1972 appropriation act by the House Appropriations Committee with the understanding that HEW would continue the set-aside practice. In fiscal year 1972 about \$10 million was set aside for mental retardation projects.

HOW FUNDS ARE DISTRIBUTED

Funds to be used for maternal and child health services under section 503 and for crippled children's services under section 504 are distributed to States according to the following formulas.

- One half of the funds to be made available to States for maternal and child health services must be divided among the States by allocating \$70,000 to each State and dividing the remainder of the funds among the States according to each State's percentage of the total number of live births in the United States during the latest calendar year for which statistics are available. State matching of these funds on a one-for-one basis is required by title V.
- One half of the funds to be made available to each State for crippled children's services must be divided among the States by allocating \$70,000 to each State and dividing the remainder of the funds among the States on the basis of the need of each State, as determined by the Secretary, after considering the number of crippled children in the State in need of services and the cost of furnishing such services to them. (The number of crippled children in each State is not known, and, in practice, the funds are divided among the States according to each State's percentage of the total number of people under 21 in all States.)

State matching of these funds on a one-for-one basis is required by title V.

- The other half of the funds to be used for both programs, after setting aside certain amounts for mental retardation projects and for other projects which the Secretary of HEW determines to be of regional or national significance, are divided among the States according to each State's financial needs. The formula used to distribute these funds favors rural States having low per capita incomes and State matching is not required.

The remaining funds appropriated under title V are available for distribution by HEW through special project grants to State agencies and to public or other nonprofit institutions. Grants are made for

- projects for maternity and infant-care services, health services for children and youth care, and dental health services for children and youth authorized by sections 508, 509, and 510;
- training and research as authorized by sections 511 and 512 (can also include contracts or other arrangements, in addition to grants); and
- projects of regional or national significance that may contribute to the advancement of maternal and child health and services for crippled children, including mental retardation projects.

Schedules showing the allocation of fiscal year 1972 funds among the various programs authorized by title V and among the States are included as pages 8 to 11.

Under the law the authority to fund special project grants under sections 508, 509, and 510 will terminate on June 30, 1972. After this date 90 percent of the funds available under title V will be distributed as provided for by sections 503 and 504. Title V requires that, effective July 1, 1972, each State provide programs of projects--for maternity and infant care, children and youth care, and dental care--which offer reasonable assurance of meeting the

objectives originally established for special project grants under sections 508, 509, and 510.

Bills (H.R. 13191 and S. 2135) to extend the authority to fund special project grants until June 30, 1977, have been introduced in the Ninety-second Congress.

Allocation of Title V Funds

<u>Section</u>	<u>Program title</u>	<u>Objective</u>	<u>Fiscal year 1972 appropriation</u>	
			<u>Amount</u> (000 omitted)	<u>Percent</u>
503	Maternal and child health services	Reduce infant mortality and promote the health of mothers and children	\$ 49,237	18.8
504	Crippled children's services	Locate and care for actual or potential crippled children	50,738	19.4
503 and 504	Secretary's reserve	Finance projects of regional or national significance and mental retardation projects	21,547	8.2
508	Maternity and infant-care project	Provide prenatal and post-natal care for mothers and their infants	42,685	16.3
	Intensive-infant-care project	Care for high-risk infants	743	.3
	Family-planning project	Promote and provide family planning	27,000	10.3
509	Children and youth project	Provide comprehensive health care for school age or preschool children	47,400	18.1
510	Dental care project	Provide comprehensive dental care for school age or preschool children	1,180	.5
511	Training project	Train personnel to provide health care and related services for mothers and children	15,071	5.8
512	Research project	Finance research which could contribute to the advancement of maternal and child health services or crippled children services	6,035	2.3
			<u>\$261,636</u>	<u>100.0</u>

Maternal and Child Health Services
Estimated Distribution of 1972 Formula and Project Grant Funds

as of November 1, 1971

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State	Formula		Total	Project Maternal and infant-car services Number	(C)
	Maternal and child health services	Crippled children services			
	(000 omitted)				
Alabama	\$ 1,238	\$ 1,271	\$ 2,509	3	
Alaska	186	184	370	-	
Arizona	435	460	895	-	
Arkansas	695	767	1,462	1	
California	2,828	2,703	5,531	3	
Colorado	469	525	994	2	
Connecticut	495	531	1,026	1	
Delaware	211	216	427	-	
District of Columbia	248	228	476	1	
Florida	1,659	1,485	3,144	5	
Georgia	1,636	1,570	3,206	2	
Guam	158	154	312	-	
Hawaii	245	242	487	1	
Idaho	235	276	511	1	
Illinois	1,624	1,722	3,346	1	
Indiana	1,258	1,394	2,652	1	
Iowa	691	854	1,545	-	
Kansas	480	586	1,066	-	
Kentucky	1,149	1,236	2,385	1	
Louisiana	1,336	1,257	2,593	-	
Maine	330	339	669	1	
Maryland	1,064	802	1,866	1	
Massachusetts	847	871	1,718	1	
Michigan	1,884	1,926	3,810	1	
Minnesota	910	1,073	1,983	2	
Mississippi	1,053	1,067	2,120	1	
Missouri	1,074	1,163	2,237	2	
Montana	227	246	473	-	
Nebraska	346	436	782	1	
Nevada	203	204	407	1	
New Hampshire	230	239	469	-	
New Jersey	1,061	1,047	2,108	1	
New Mexico	325	348	673	1	
New York	2,652	2,393	5,045	2	
North Carolina	1,887	2,028	3,915	1	
North Dakota	217	258	475	-	
Ohio	2,261	2,397	4,658	2	
Oklahoma	607	721	1,328	-	
Oregon	535	560	1,095	1	
Pennsylvania	2,522	2,599	5,121	3	
Puerto Rico	1,646	1,600	3,246	2	
Rhode Island	250	257	507	1	
South Carolina	1,128	1,132	2,260	2	
South Dakota	224	266	490	-	
Tennessee	1,214	1,370	2,584	-	
Texas	2,584	2,765	5,349	2	
Utah	405	322	727	-	
Vermont	195	202	397	-	
Virgin Islands	157	151	308	-	
Virginia	1,326	1,417	2,743	1	
Washington	794	780	1,574	1	
West Virginia	624	708	1,332	2	
Wisconsin	997	1,204	2,201	-	
Wyoming	182	186	368	-	
Total available	49,237	50,738	99,975	56	
Secretary's reserve	10,013	11,534	21,547	-	
Undistributed	-	-	-	-	
Total	<u>\$59,250</u>	<u>\$62,272</u>	<u>\$121,522</u>		
Research and training					

Intensive- infant-care services		Children and youth services		Dental services		Family- planning services		Total	Grand Total
Number	Amount (000 omitted)	Number	Amount (000 omitted)	Number	Amount (000 omitted)	Number	Amount (000 omitted)		
-	\$ -	1	\$ 1,637	-	\$ -	2	\$ 253	\$ 3,602	\$ 6,111
-	-	-	-	-	-	1	47	47	417
-	-	1	393	-	-	3	395	788	1,683
-	-	1	470	-	-	3	255	1,456	2,918
-	-	3	2,175	-	-	19	1,943	5,915	11,446
-	-	3	2,033	-	-	2	308	3,410	4,404
-	-	1	533	-	-	4	264	1,135	2,161
-	-	-	-	-	-	1	152	152	579
-	-	2	2,469	-	-	1	248	4,581	5,057
-	-	2	1,397	-	-	9	896	5,383	8,527
-	-	1	218	-	-	7	681	2,934	6,140
-	-	-	-	-	-	1	25	25	337
-	-	1	267	-	-	1	324	1,020	1,507
-	-	-	-	-	-	1	57	348	859
-	-	1	2,936	-	-	3	427	7,086	10,432
-	-	-	-	-	-	1	500	1,002	3,654
-	-	-	-	-	-	2	148	148	1,693
-	-	2	616	-	-	2	237	853	1,919
-	-	1	673	-	-	3	375	1,418	3,803
-	-	-	-	-	-	1	1,738	1,738	4,331
-	-	-	-	-	-	1	38	137	806
-	-	2	3,687	-	-	3	916	5,970	7,836
-	-	3	1,882	-	-	4	310	4,155	5,073
-	-	1	4,010	1	90	8	1,098	6,217	10,027
-	-	1	985	-	-	4	320	1,839	3,822
1	98	-	-	-	-	3	487	827	2,947
1	98	2	1,631	-	-	6	776	3,026	5,263
-	-	1	290	1	45	4	61	396	869
-	-	1	919	-	-	1	217	1,485	2,267
-	-	-	-	-	-	2	56	182	589
-	-	1	99	-	-	2	126	225	694
-	-	-	-	-	-	11	1,327	1,899	4,007
-	-	-	-	-	-	1	42	519	1,192
-	-	9	7,367	1	114	7	1,841	14,434	19,479
-	-	1	797	-	-	5	1,033	2,125	6,040
-	-	-	-	-	-	1	8	8	483
-	-	2	1,846	-	-	7	1,087	4,979	9,637
-	-	-	-	-	-	4	647	647	1,975
-	-	-	-	-	-	1	265	512	1,607
1	114	6	2,961	-	-	7	1,332	6,212	11,333
-	-	1	308	-	-	2	1,076	4,386	7,632
-	-	-	-	-	-	1	52	241	748
-	-	-	-	-	-	6	770	1,610	3,870
-	-	-	-	-	-	-	-	-	490
1	103	2	581	-	-	3	507	1,191	3,775
-	-	3	1,983	1	84	16	2,225	5,665	11,014
1	82	-	-	1	34	-	-	116	843
-	-	-	-	-	-	1	33	33	430
-	-	1	684	-	-	1	79	763	1,071
-	-	2	1,311	1	84	2	362	2,215	4,958
-	-	1	242	1	89	1	289	1,214	2,788
-	-	-	-	-	-	1	185	626	1,958
-	-	-	-	-	-	1	142	142	2,343
-	-	-	-	-	-	1	23	23	391
5	495	59	47,400	7	540	185	27,000	117,060	217,035
-	-	-	-	-	-	-	-	-	21,547
-	248	-	-	-	640	-	-	1,948	1,948
	<u>\$743</u>		<u>\$47,400</u>		<u>\$1,180</u>		<u>\$27,000</u>	<u>\$119,008</u>	<u>240,530</u>
									<u>21,106</u>
									<u>\$261,636</u>

CHAPTER 2

IMPACT OF REVISION IN TITLE V FUNDING METHODS

For fiscal year 1972, about \$100 million was made available to the States under formula grants and about \$119 million was made available for the special project grants which are scheduled for termination on June 30, 1972. The termination of authority to fund special project grants under sections 508, 509, and 510 and the distribution of the amount of funds previously available for these grants on the basis of the formula used for 1972 will result in a substantial change in the amount of funds made available to many States. The change in method could result in a substantial shift in emphasis from maternal and child health programs to crippled children's programs and could have a substantial impact on the health services currently being provided within the States.

CHANGE IN DISTRIBUTION OF FUNDS AMONG STATES

Under the assumption that the Secretary of HEW will not revise the formula and that the same amount of funds will be distributed by formula during fiscal year 1973 as was distributed by a combination of formula and special project grants during fiscal year 1972, a change in distribution of about \$31 million among the States will result. A schedule showing the anticipated change in distribution follows.

Change in Distribution of Funds Among States

<u>State</u>	<u>Estimated fiscal year 1972 distribution</u>	<u>Estimated fiscal year 1973 distribution</u>	<u>Increase or decrease(-)</u>
(000 omitted)			
Alabama	\$ 6,111	\$ 5,601	\$ -510
Alaska	417	469	52
Arizona	1,683	1,942	259
Arkansas	2,918	3,255	337
California	11,446	11,975	529
Colorado	4,404	2,203	-2,201
Connecticut	2,161	1,845	-316
Delaware	579	686	107
District of Columbia	5,057	692	-4,365
Florida	8,527	6,862	-1,665
Georgia	6,140	7,095	955
Guam	337	348	11
Hawaii	1,507	817	-690
Idaho	859	1,137	278
Illinois	10,432	7,431	-3,001
Indiana	3,654	5,942	2,288
Iowa	1,693	3,468	1,775
Kansas	1,919	2,367	448
Kentucky	3,803	5,307	1,504
Louisiana	4,331	5,782	1,451
Maine	806	1,489	683
Maryland	7,836	4,115	-3,721
Massachusetts	5,873	3,698	-2,175
Michigan	10,027	8,472	-1,555
Minnesota	3,822	4,387	565
Mississippi	2,947	4,732	1,785
Missouri	5,263	4,962	-301
Montana	869	1,019	150
Nebraska	2,267	1,735	-532
Nevada	589	547	-42
New Hampshire	694	903	209
New Jersey	4,007	4,399	392
New Mexico	1,192	1,495	303
New York	19,479	10,673	-8,806
North Carolina	6,040	8,716	2,676
North Dakota	483	1,022	539
Ohio	9,637	10,372	735
Oklahoma	1,975	2,942	967
Oregon	1,607	2,434	827
Pennsylvania	11,333	11,400	67
Puerto Rico	7,632	7,284	-348
Rhode Island	748	758	10
South Carolina	3,870	5,043	1,173
South Dakota	490	1,078	588
Tennessee	3,775	5,755	1,980
Texas	11,014	11,721	707
Utah	843	1,623	780
Vermont	430	752	322
Virgin Islands	1,071	340	-731
Virginia	4,958	6,074	1,116
Washington	2,788	3,523	735
West Virginia	1,958	2,988	1,030
Wisconsin	2,343	4,896	2,553
Wyoming	391	464	73
Total	<u>\$217,035</u>	<u>\$217,035</u>	<u>\$ -</u>
		Total increases	\$30,959
		Total decreases	-\$30,959

The major changes in distribution that would result are:

--38 States would receive more funds. The increases would range from about \$10,000 for Rhode Island to about \$2.7 million for North Carolina. About \$19.3 million, or 62 percent of the \$31 million total change in distribution, would go to 11 States.

--16 States would receive less funds. The decreases would range from about \$42,000 for Nevada to about \$8.8 million for New York. The funds of eight of these States would decrease by a total of about \$27.5 million, or about 89 percent of the \$31 million total change in distribution.

The \$31 million total change in distribution can be attributed to a combination of two factors. First, a major part of the funds for the special project grants has been concentrated in a few States, primarily for projects in the major cities within the States. As mentioned above, the funds of eight States will decrease by about \$27.5 million. In fiscal year 1972 these States will receive about 44 percent of the special project grant funds but will receive only about 20 percent of the total formula grant funds distributed. The amounts of funds these States will receive under both distribution methods are summarized in the following schedule.

	Estimated distribution of funds				
	Fiscal year 1972		Fiscal year 1973	Estimated decrease in title V funds	
	Formula	Project	Total	formula	
(000 omitted)					
Colorado	\$ 994	\$ 3,410	\$ 4,404	\$ 2,203	\$ 2,201
District of Columbia	476	4,581	5,057	692	4,365
Florida	3,144	5,383	8,527	6,862	1,665
Illinois	3,346	7,086	10,432	7,431	3,001
Maryland	1,866	5,970	7,836	4,115	3,721
Massachusetts	1,718	4,155	5,873	3,698	2,175
Michigan	3,810	6,217	10,027	8,472	1,555
New York	5,045	14,434	19,479	10,673	8,806
Total	\$20,399	\$ 51,236	\$ 71,635	\$ 44,146	\$27,489
Total special project and formula funds for all States	\$99,975	\$117,060	\$217,035	\$217,035	
Percent of funds received by selected States	20	44	33	20	

Second, the formula by which the funds are distributed favors rural States having low per capita incomes. As a result special project funds which were going primarily to major cities in a few States will be distributed by a formula which favors rural States having low per capita incomes.

An example of this impact is shown by a comparison of the effects of the change in funding methods for Illinois and Georgia. Although Illinois has more than twice as many persons under 21 years of age as Georgia, both States will receive about the same amount of formula funds because Georgia has both a higher percentage of rural population and a lower per capita income than does Illinois. Also for fiscal year 1972 Illinois has--primarily for projects in Chicago--over twice the amount of funds for special project grants that Georgia has for that year. The following table shows that, as a result of these factors, Illinois will lose funds and Georgia will gain funds.

	Current distribution			Distribution by formula only	Gain or loss(-)
	<u>Formula</u>	<u>Project</u>	<u>Total</u>		
	(millions)				
Illinois	\$3.3	\$7.1	\$10.4	\$7.4	-\$3.0
Georgia	3.2	2.9	6.1	7.1	1.0

DISTRIBUTION OF FUNDS BETWEEN TITLE V PROGRAMS

Formula funds available under title V of the Social Security Act are divided between two programs. Funds for the maternal and child health program under section 503 are used to provide services for reducing infant mortality and for promoting the health of mothers and children. Funds for the crippled children's program under section 504 are used to locate, diagnose, and care for children who are crippled or who are suffering from conditions leading to crippling.

The Secretary of HEW assigns priorities between these programs by setting forth the division of funds between sections 503 and 504. Traditionally the Secretary has divided the formula funds almost equally. Officials of the Health Services and Mental Health Administration (HSMHA), HEW, informed us that no plans had been made to revise this policy when special project grants terminate on June 30, 1972. In addition, they stated that, because funds traditionally had been divided almost equally between the programs, a decision to drastically change the distribution could be controversial.

If authority to fund special projects under sections 508, 509, and 510 is terminated, it is questionable whether the services now provided by these projects could be funded by the States with funds distributed for crippled children's services (section 504) because the program appears to be restricted to locating and treating crippled children.

Assuming that services currently provided through special project grants authorized by sections 508, 509, and 510 must be provided after June 30, 1972, from funds distributed for maternal and child health purposes under section 503 and assuming that an appropriately equal division of formula funds between sections 503 and 504 is continued, there could be a substantial shift in emphasis between programs, as shown by the following table.

Percent of Title V Funds Available

	<u>Current distribu-</u> <u>tion method</u>			<u>Revised</u> <u>distrib-</u> <u>utions</u> <u>methods</u>	<u>Increase or</u> <u>decrease(-)</u>
	<u>Project</u> <u>grants</u>	<u>Formula</u> <u>grants</u>	<u>Total</u>		
Maternal and child health pro- gram	45	19	64	42	-34
Crippled children's program	-	19	19	41	116

If appropriations remain constant after June 30, 1972, monies available to support maternal and child health services would decrease by 34 percent, or by about \$57 million; monies available to support the crippled children's services would increase by about 57 million, more than double the amount currently available for this purpose. Under these circumstances, all States would receive more Federal money for crippled children's services and 18 States would receive a total of about \$5.6 million more to support the maternal and child health services. However, 36 States will receive about \$62.6 million less with which to continue the present maternal and child health services.

A schedule showing the impact of this change on the distribution follows.

Anticipated Title V Funding Impact on Each State

State	Estimated fiscal year 1972 distribution			Estimated fiscal year 1973 distribution			Increase or decrease in estimated fiscal years 1972 and 1973 distribution		
	Maternal and child health services in- cluding spe- cial project	Crippled children services	Total	Maternal and child health services	Crippled children services	Total	Maternal and child health services	Crippled children services	Total
	funds	services	Total	services	services	Total	services	services	Total
(000 omitted)									
Alabama	\$ 4,840	\$ 1,271	\$ 6,111	\$ 2,813	\$ 2,788	\$ 5,601	\$-2,027	\$ 1,517	\$ -51
Alaska	233	184	417	240	229	469	87	45	5
Arizona	1,223	460	1,683	948	994	1,942	-275	534	25
Arkansas	2,151	767	2,918	1,573	1,682	3,255	-578	915	33
California	8,743	2,703	11,446	6,330	5,645	11,975	-2,413	2,942	52
Colorado	3,879	525	4,404	1,071	1,132	2,203	-2,808	607	-2,20
Connecticut	1,630	531	2,161	907	938	1,845	-723	407	-31
Delaware	363	216	579	392	294	686	29	78	10
District of Columbia	4,829	228	5,057	373	319	692	-4,456	91	-4,36
Florida	7,042	1,485	8,527	3,636	3,226	6,862	-3,406	1,741	-1,66
Georgia	4,570	1,570	6,140	3,655	3,440	7,095	-915	1,870	95
Guam	183	154	337	179	169	348	-4	15	1
Hawaii	1,265	242	1,507	470	347	817	-795	105	-65
Idaho	583	276	859	538	599	1,137	-45	323	27
Illinois	8,710	1,722	10,432	3,753	3,678	7,431	-4,957	1,956	-3,00
Indiana	2,260	1,394	3,654	2,909	3,033	5,942	649	1,639	2,28
Iowa	839	854	1,693	1,605	1,863	3,468	766	1,009	1,77
Kansas	1,333	586	1,919	1,095	1,272	2,367	-238	686	44
Kentucky	2,567	1,236	3,803	2,594	2,713	5,307	27	1,477	1,50
Louisiana	3,074	1,257	4,331	3,033	2,749	5,782	-41	1,492	1,45
Maine	467	339	806	753	716	1,469	286	397	68
Maryland	7,034	802	7,836	2,387	1,728	4,115	-4,647	926	-3,72
Massachusetts	5,002	871	5,873	1,840	1,858	3,698	-3,162	987	-2,17
Michigan	8,101	1,926	10,027	4,310	4,162	8,472	-3,791	2,236	-1,55
Minnesota	2,749	1,073	3,822	2,052	2,335	4,387	-697	1,262	56
Mississippi	1,880	1,067	2,947	2,385	2,347	4,732	105	1,280	1,78
Missouri	4,100	1,163	5,263	2,434	2,528	4,962	-1,666	1,365	-30
Montana	623	246	869	487	532	1,019	-136	286	15
Nebaska	1,831	436	2,267	788	947	1,735	-1,043	511	-53
Nevada	385	204	589	276	271	547	-109	67	-4
New Hampshire	455	239	694	438	465	903	-17	226	20
New Jersey	2,960	1,047	4,007	2,407	1,992	4,399	-553	945	35
New Mexico	844	348	1,192	741	754	1,495	-103	406	30
New York	17,086	2,393	19,479	5,754	4,919	10,673	-11,332	2,526	-8,80
North Carolina	4,012	2,028	6,040	4,253	4,463	8,716	741	2,435	2,67
North Dakota	225	258	483	461	561	1,022	236	303	55
Ohio	7,240	2,397	9,637	5,173	5,199	10,372	-2,067	2,802	73
Oklahoma	1,254	721	1,975	1,372	1,570	2,942	118	849	96
Oregon	1,047	560	1,607	1,220	1,214	2,434	173	654	82
Pennsylvania	8,734	2,599	11,333	5,755	5,645	11,400	-2,979	3,046	1
Puerto Rico	6,032	1,600	7,632	3,758	3,526	7,284	-2,274	1,926	-34
Rhode Island	491	257	748	379	379	758	-112	122	1
South Carolina	2,738	1,132	3,870	2,554	2,489	5,043	-184	1,357	1,17
South Dakota	224	266	490	502	576	1,078	278	310	58
Tennessee	2,405	1,370	3,775	2,749	3,006	5,755	344	1,636	1,98
Texas	8,249	2,765	11,014	5,709	6,012	11,721	-2,540	3,247	70
Utah	521	322	843	929	694	1,623	408	372	76
Vermont	228	202	430	370	382	752	142	180	32
Virgin Islands	920	151	1,071	177	163	340	-743	12	-72
Virginia	3,541	1,417	4,958	2,974	3,100	6,074	-567	1,683	1,11
Washington	2,008	780	2,788	1,837	1,686	3,523	-171	906	73
West Virginia	1,250	708	1,958	1,434	1,554	2,988	184	846	1,03
Wisconsin	1,139	1,204	2,343	2,277	2,619	4,896	1,138	1,415	2,55
Wyoming	205	186	391	230	234	464	25	48	7
Total	\$166,297	\$50,738	\$217,035	\$109,279	\$107,756	\$217,035	-\$57,018	\$57,018	\$ -
							Total increases	\$30,95	
							Total decreases	-\$30,95	

Although a study had not been performed, an HSMIA official advised us that many services currently provided by children's and youth's projects authorized by section 509 of title V probably could be provided with funds distributed to the States for crippled children's services. Therefore the estimated increase in funds available for crippled children's services could be somewhat less than \$57 million, depending on the extent to which funds distributed under section 504 could be used to provide services previously provided by special project grants authorized by section 509.

INCREASE IN MATCHING-FUND REQUIREMENTS

States are required to match, on a one-for-one basis, one half of the total amount available under sections 503 and 504. With the termination of special project grants and the distribution of these funds under the provisions of sections 503 and 504, fund-matching requirements for States will be increased.¹ Most States, however, now provide greater matching than the minimum required. On the basis of the required matching in fiscal year 1972 or on the basis of the amount of matching funds provided in the most current fiscal year for which expenditure reports are available, it appears that not more than 10 States would be required to provide additional matching funds.

¹Only one fourth of the funds for special projects must be provided from non-Federal sources but not necessarily from State funds.

CHAPTER 3

PLANS MADE FOR ORDERLY TRANSITION IN FUNDING METHODS

The changes in funding methods that will occur July 1, 1972, unless the legislation is amended, clearly should be preceded by careful planning at the Federal and State levels to minimize the disruption of services. We found, however, that officials responsible for planning at the Federal level anticipated that the authority to fund special project grants would be extended beyond June 30, 1972, and that plans had not been prepared to provide for an orderly transition. In addition, States were not notified officially of the possible changes in their title V allotments so that they could make plans.

Title V requires that, effective July 1, 1972, each State provide programs of projects--maternity and infant-care services, health services for children and youth, and dental health services for children and youth--which offer reasonable assurance of meeting the objectives originally established for special project grants under sections 508, 509, and 510. We found that HSMHA had taken no actions designed to enable States to meet this requirement. HSMHA had not established guidelines defining the extent of services that would constitute "a program of projects" for each State.

Although most States had received special project funds, as of February 1, 1972, only six States had projects in each of the areas provided for by sections 508, 509, and 510.

To determine the extent to which plans had been made by the States, we met with, or sent a questionnaire to, officials in each State. Responses from 50 States showed that few had adequate plans to provide for a smooth transition in funding methods. Many States were not aware of the degree to which their title V allotments would change.

EFFECT OF CHANGE ON EXISTING PROJECTS

The lack of adequate State plans for the change in funding methods prevents an adequate assessment of the impact

that the change could have on funding of the existing special project grants. In fiscal year 1972 projects in 30 States received a total of about \$109 million, or about 93 percent of the funds for projects under sections 508, 509, and 510. Therefore the greatest impact of the funding-method change on the continuation of these special projects most likely would be in these States. A summary of comments on future funding of existing projects--currently funded by HEW--from officials in these States follows.

	<u>Number</u>	<u>Percent</u>
States which responded that project-funding levels would:		
Increase	2	7
Decrease	19	63
Not be affected	<u>3</u>	<u>10</u>
Total	24	80
States which did not comment on funding levels	<u>6</u>	<u>20</u>
Total	<u>30</u>	<u>100</u>

SELECTED STATEMENTS FROM STATE OFFICIALS

The effects of the revised method of distributing title V funds and the absence of adequate plans to provide for this revision were recognized by many of the State officials we contacted. Selected comments from officials of nine of the States follow.

State A

We have been advised our State would lose \$30,000 to \$50,000 per year if the method of funding project grants is changed on June 30, 1972. It is difficult to envision what changes would have to be made in our program because we have not received clear indications of how we would be affected. For instance, we do not know if our mental retardation grants would be affected. We do not know that would constitute our maternity and infant care project. We do not know whether our dental program for retarded children would fulfill our requirement for a dental program. We have not received a children and youth project grant in this State so we do not have insight into the cost of this program. However, it is clear that providing additional services while suffering a cutback in funds presents us with certain difficulties at a time when our State's financial position is very tight. It would appear that if the law takes effect on June 30, 1972, we would not be able to continue the present level of services we currently maintain.

State B

We are painfully aware that the State will lose about \$9.5 million in Federal funds if the method of funding project grants is changed July 1, 1972. We have no specific plan at this point which would permit us to identify alternative funding sources or to minimize the effect of such a drastic loss of funds. However, it is apparent that the loss of these funds cannot be absorbed without an adverse effect on the health care rendered to children in this State.

State C

Under the tentative revised distribution plan we will lose approximately \$353,000 of Title V funds. Because we are hoping that the bill to extend the special project grants under separate funding until 1977 will succeed, we have not faced up to the unpleasant decision as to how this cut would be distributed. However, such a revision without adequate additional funding will mean a critical cut in services and the termination of important nonduplicating services.

State D

We have been told that the State will lose \$1.7 million if the method of funding is changed on June 30, 1972. Although there are no funding changes which we can plan at this time, the impact on our projects and the people they serve will be catastrophic.

State E

The estimated loss of over \$3 million which would occur should the authorization for projects end on June 30, 1972, would be devastating. Without a doubt, the level of services to mothers and children would be drastically reduced, particularly in deprived areas of the city which now receive the largest share of project funds.

State F

Since we are unaware of the approximate amount of change in Federal funds and the matching fund requirements, it has been impossible to make plans to adjust services or funding sources to minimize the effects of any change.

State G

Our Title V funds would increase by about \$2.5 million. However, we would not be able to fund our children and youth projects or utilize these funds by increasing aid to local counties because our fiscal year 1973 budget was approved by the Governor and the Legislature in January 1972. We will not be able to utilize these

funds in fiscal year 1974 unless the exact amounts available are known by May 1972 when our budget is prepared. Thus, fiscal and administrative restrictions will prevent us from assuming the administrative responsibility for existing projects on June 30, 1972.

State H

Although we have not been officially informed of the proposed change in Federal allotments, our inquiries indicate that Title V funds will increase by about \$750,000. Since our Federal representatives have not advised us of the proposed change we have not acted on any plan to minimize any resultant adverse effects. However, we would have difficulty matching the projected additional funds. Our State Legislature did not consider this matter in their deliberations over our fiscal year 1973 appropriations.

State I

Since the State does have a very low per capita income, it appears we would receive a substantial increase in Title V funds. However, our present State plan does not provide for a program of projects to meet the objectives originally established for project grants because there is some question as to whether Federal authority to fund projects will, in fact, terminate on June 30, 1972. It would seem rather futile to plan and organize for the provision of this program of projects without knowing the funding level to be available and the guidelines for each program regarding such matters as patient eligibility, geographic criterion, services required, standards, etc. In the event that the Federal authority to fund projects is terminated on June 30, we will have to determine if there exists both at the State office and at the local level the administrative and financial capability to provide services as described in these sections by June 30, 1972.

PROJECT FUNDING FROM OTHER FEDERAL PROGRAMS

Although we did not make a detailed analysis of the sources of funds that might be available other than title V funds for funding special projects, HSMHA records showed that 54 projects had established working relationships with other Federal programs. For example, a title V project could share facilities with a health clinic funded by the Office of Economic Opportunity. An HSMHA official informed us that, in most cases, additional funding for special projects had not been available from other Federal programs. Consequently they could not be used to offset a substantial decrease in title V funds.

Some special projects have secured financing of services from the Medicaid program.¹ To receive reimbursement under Medicaid, projects must enter into agreements with the State agency which controls Medicaid funds. HSMHA has encouraged special project grantees to enter into such agreements. A follow-up study of 110 projects in November 1971 showed that these projects reported one or more of the following agreements.

- 88 projects reported that the cost of inpatient care had been paid directly to the providers of such care by Medicaid agencies.
- 11 projects reported that Medicaid agencies had reimbursed them for the cost of inpatient care which had been paid by the projects.
- 16 projects reported that they had received reimbursements from Medicaid agencies for outpatient services provided by the projects.

An HSMHA official told us that the States were reluctant to give Medicaid funds to these independently financed projects and that substantial increases in funding from Medicaid were improbable.

¹ Medicaid is a grant-in-aid program under which the Federal Government participates in the costs incurred by the States in providing medical care to persons who are unable to pay for care.

MATTERS FOR CONSIDERATION
BY THE COMMITTEE AND HEW

Although title V specifically requires the change in methods of fund distribution on July 1, 1972, we found that HEW officials anticipated that this required change would not be necessary. Therefore plans had not been made to provide for an orderly transition from a combination of special project and formula grants to formula grants.

Such plans clearly are necessary, and we believe that, if an orderly transition is to be achieved, the authority to fund special project grants under sections 508, 509, and 510 will have to be extended beyond June 30, 1972. Prior to the new termination date, HEW should

- consider revising the formula currently used to allocate title V funds between States, to lessen the immediate impact of large reductions in funds on States having concentrations of low-income families;
- reconsider its practice of dividing formula funds equally between the maternal and child health program and the crippled children's program after a determination of the types of services which can be provided under each program;
- advise each State of the estimated amount of funds it will receive and the services it must provide subsequent to the revision in fund distribution methods; and
- assist each State in developing plans to adjust to the new funding levels with a minimum disruption of services.

CHAPTER 4

REVIEW AND APPROVAL OF SPECIAL PROJECT GRANTS

As previously discussed, sections 508, 509, and 510 of title V of the Social Security Act authorize grants for special projects in three areas: maternity and infant care, including intensive infant care and family planning;¹ medical care for children and youths; and dental care for children. These projects provide comprehensive medical care to poor and near-poor mothers and children, particularly those living in urban slums, who might not otherwise receive such services. The schedule on pages 10 and 11 of this report shows the number of projects, by type, in each State as of November 1, 1971.

During the 3-year period ended June 30, 1971, approximately \$234 million was expended to support special projects in the areas of maternity and infant care, including intensive infant care, health care for children and youths, and dental care for children. The following schedule shows the number of approved projects as of February 1, 1972.

Program description	Number of new projects approved					Total
	Prior to <u>7-1-68</u>	7-1-68 to <u>7-1-69</u>	7-1-69 to <u>7-1-70</u>	7-1-70 to <u>7-1-71</u>	7-1-71 to <u>2-1-72</u>	
Maternal and infant care	53	-	2	1	-	56
Children and youths	59	-	1	1	-	61 ^a
Intensive infant care	-	-	5	-	-	5
Dental	-	-	-	7	5	12
Total	<u>112</u>	<u>-</u>	<u>8</u>	<u>9</u>	<u>5</u>	<u>134</u>

^aTwo children and youth projects have been consolidated with other existing projects. Therefore 59 children and youth projects were in operation on February 2, 1972.

¹Family-planning projects are not discussed in this section because these projects are not administered by the Maternal and Child Health Service which administers other title V funds. Family-planning projects are administered by HEW's National Center for Family Planning Services.

BEST DOCUMENT AVAILABLE

Our review revealed that the policies and procedures followed in awarding special project grants during the initial years of the title V authorizations had resulted in the concentration of special project funds in a small number of States.

An HSMHA official informed us that the original selection of project sites had not been based on written plans which established priorities for certain projects in particular locations. Although we were informed that attempts had been made to obtain project applications from organizations in various geographical areas, an HSMHA official stated that applications had been evaluated individually and had been approved primarily on a first-come-first-served basis. Specifically the official stated that project approval had been based primarily on the (1) number of high-poverty areas covered by the project, (2) infant mortality rate or other indexes of need within the project area, (3) availability of required matching funds, and (4) capability to start the project quickly and to carry out the project objectives.

Our review of the geographical distribution of maternity and infant-care projects and the children and youth projects showed that many States received little or no monies for such projects. As shown below, 12 States had no projects in these areas and 17 additional States had projects in one area but not both.

States Which Did Not Have Projects

Alaska	Oklahoma
Delaware	South Dakota
Guam	Utah
Iowa	Vermont
Louisiana	Wisconsin
North Dakota	Wyoming

States Which Had Only One Type of Project

Arizona	New Jersey
Idaho	New Mexico
Indiana	Oregon
Kansas	Rhode Island
Maine	South Carolina
Mississippi	Tennessee
Montana	Virgin Islands
Nevada	West Virginia
New Hampshire	

HSMHA records show that as of January 1972, 114 special project grant applications were on hand and probably would be funded if additional funds were available. Although funds available for project grants have increased in recent fiscal years, these increases have been sufficient to fund only a few new projects. An HSMHA official stated that the increases had been used primarily to offset the increased cost--caused by inflation--of operating ongoing projects.

ANNUAL RENEWAL OF PROJECT

Authority to approve the renewal of the special project grants, which is required annually, has been delegated to HEW regional offices. We discussed the annual review and approval process for ongoing projects with regional officials in HEW Regions I and III.

In HEW Region I a reviewer is assigned to evaluate each project. The reviewer's evaluation is based on information reported by the project and on information obtained by regional officials during periodic visits to the project site, including a required annual team visit. During the annual team visit, a preprinted form is used to record information in such areas as (1) comprehensiveness of care available, (2) ability to account for Federal funds, (3) adherence to the approved budget, and (4) adequacy of medical facilities.

After the reviewer completes the evaluation, his findings are presented to a Joint Staff Conference Committee which is composed of regional officials from the various programs administered by HSMHA. On the basis of this presentation, the Committee prepares recommendations which are submitted to the Regional Medical Director who approves or disapproves the project renewal application.

As an example of this review process, a regional office official cited an analysis of a children and youth project. Information available to the reviewer showed that the project had a substantial backlog of patients, as measured against national averages, and that multiple-source funding had created problems in the project's accounting system. The reviewer recommended that the fiscal year 1971 funds for this project be approved, provided that (1) a full-time pediatrician were employed to supervise the medical

activities and (2) the project's accounting system were revised to provide a more equitable basis for allocating costs and revenues among the various grants used to support the project's operations. We were informed that these recommendations had been included in the renewal application approved by the Regional Medical Director and had been implemented by the project's personnel.

The project renewal process used in HEW Region III is similar to, but not as formal as, the one described for Region I. Information concerning the project is also obtained from various reports prepared by project personnel and from visits to the project site. Site visits, however, are not required, and a preprinted checklist similar to the one used in Region I is not used to obtain information in specific areas. This information, gathered for project renewal purposes, is circulated to various regional officials for review and comment, and any problem areas noted are referred to the Regional Medical Director. If these problems are considered significant, the approval of the project renewal application could be made conditional on implementation of appropriate corrective action. The regional office official could not remember any instance where conditional approval had been given to a project renewal application.

An HSMHA official advised us that the annual review and approval process had not resulted in any project's being canceled during the period July 1, 1968, through January 31, 1972.

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CHAPTER 5

PROGRAM EVALUATION SYSTEMS

SYSTEM FOR EVALUATION OF CHILDREN AND YOUTH PROJECTS

The only major system of program evaluation for the formula grant or special project grant programs under title V is the system developed for the children and youth projects. This system was begun in fiscal year 1967 with the award of a research grant to the University of Minnesota to develop a statistical reporting system for children and youth projects. The system currently is operated by the Minnesota Systems Research, Inc., a nonprofit corporation formed by faculty members of the university.

At the time the grant became effective, 17 children and youth projects' grants had been approved to deliver comprehensive care to children. As of February 1972 there were 59 projects in 31 States. Because some projects have been divided into separate reporting units, there are 68 units reporting under the system.

Funds awarded for the development and operation of the system totaled \$1.8 million through fiscal year 1972. In addition, Minnesota Systems Research has submitted a grant application for fiscal year 1973 for \$398,490, of which about one half will be used for direct support of the implementation and maintenance of the reporting system and one half will be used for support of a variety of related studies and activities.

The responsibility of Minnesota Systems Research for the reporting system has changed over the years. Initially the responsibility apparently was only to develop a reporting system. The responsibility later was expanded to field testing the system, then to assisting in the implementation of the system in each project, and finally to continuing with the maintenance of the system. HSMIA officials stated that they had not developed plans to eventually assume maintenance responsibility for this system. In our opinion delegation of virtually total maintenance responsibility

for the system to Minnesota Systems Research did not provide assurance of uninterrupted continuation of the system in the event that Minnesota Systems Research withdrew from its role, either voluntarily or involuntarily.

Approach used to measure program effectiveness

The reporting system is based on the concept that, to measure effectiveness in providing comprehensive health care, documentation must be maintained on the types of services provided and the changes in the degree of health of recipients over time. The system provides for documentation by functional area (e.g., medical, dental, and psychiatric) of the following five stages of care: (1) registration of the child, (2) initial assessment of the child's health needs, (3) specification of a care plan or plans, (4) initiation of health care treatment, if needed, and (5) health maintenance. This data enables an assessment of the progress of the program in moving children toward health maintenance. In addition, the system provides specific measures for individual projects, such as a patient-backlog rate and the operating cost for a year for each registrant.

Because of our review's limited scope, we did not assess fully the overall soundness of the system. On the basis of our review of the system's general design, however, we believe that it is capable of providing information useful for measuring project or program effectiveness. Information which we gathered on the quality of the system's input information and on the use made of reports and statistical information produced by the system follows.

Quality of input information

Quarterly reporting of project statistics is mandatory for each children and youth project. In discussions with selected project directors and Minnesota Systems Research officials, we were told that data submitted by many projects had been untimely, incomplete, and inconsistent. Each of these problems are discussed below. We did not ascertain, however, the overall impact of these problems on the validity of the reports generated by the system and on the conclusions which may have been reached on the basis of the reports.

Timeliness

Quarterly performance reports are currently being issued about 9 months after the end of the reporting period. At the time of our visit to Minnesota Systems Research on January 12 to 14, 1972, the quarterly report for the period January through March 1971 had not yet been issued. We were informed that a principal reason for this delay had been the fact that many projects had not been submitting their input data on a timely basis.' For example, 7 months after the end of the 1st quarter of 1971, 24 percent of the projects had not submitted their required reports for the quarter.

Some reasons given by project and Minnesota Systems Research officials for the delay in preparing project reports were:

1. Project employee turnover, coupled with the complexity of the system, required a somewhat lengthy learning and data collection time.
2. Computer-programming problems and a low-priority assignment for computer time.
3. Low priority placed on maintaining a system in exchange for increased direct patient care.
4. Reluctance on the part of physicians to collect the required data.
5. Limited efforts by HSMHA to obtain timely reporting.

Completeness

To measure completeness of input data, Minnesota Systems Research established a 100-point-completeness scale based on the presence or an absence of 40 key items. The average completeness of reporting projects for the January through March 1971 quarter was 80 percent. This percent was less than the average completeness score for previous quarters.

Consistency

To measure agreement between items in the current report and between current- and prior-quarter items, Minnesota Systems Research constructed a consistency scale based on what it considered to be 20 of the most important logic relationships. Its analysis showed that, over time, the average consistency score had increased for those projects reporting within 3 months after the end of the quarter. Projects which reported more than 3 months after the period, however, ranked significantly lower in consistency than those which reported within 3 months; their consistency had dropped significantly in recent quarters.

As of January 14, 1972, the latest quarterly summary report issued by Minnesota Systems Research was for the quarter ended December 1970. For the 67 reporting units operating during that period, the report showed that:

- 30 projects had reported on a timely basis, and the report data was complete and consistent.
- 15 projects reported on a timely basis but had report data that was incomplete or inconsistent.
- 11 projects had reported, but the reports were received too late to be included in the quarterly summary report.
- 11 projects had not reported by the time the quarterly summary report was printed.

Use of reports and statistical information

At the projects we visited, most project directors and their staffs stated that, in managing their own projects, they used at least some of the information generated by the system. Although we did not fully assess the degree to which they had been using the reported information, a number of factors indicated that the projects might not be able to use the system as an effective management tool. Specifically:

1. The fact that the data submitted by many projects was untimely, incomplete, and inconsistent.
2. The fact that some projects did not report at all, even though reporting was mandatory.
3. Statements made by Minnesota Systems Research officials that:
 - a. Projects normally did not have the trained staff necessary to evaluate the reported information.
 - b. Some project directors did not consider project results to be comparable because there were no standard operating definitions.
 - c. Project directors and their staffs gave priority to delivery of health care rather than to the use of the reporting system.
 - d. Project directors did not believe that they needed statistical reports; they said that they had a "feel" for their operations.
4. Comments made by project directors that:
 - a. The reported information for their project was of no use because the input data was not valid.
 - b. Comparison of their project with others was not valid because each project was unique. Also each project had its own operating definitions for services which might vary between projects, affecting comparability.
 - c. The reporting system was too complex.

Our discussions with HSMHA and Minnesota Systems Research officials indicated that HSMHA's use of the reports also had been rather limited.

Planned independent evaluation
of reporting system

On January 7, 1972, HEW solicited proposals from selected independent organizations to evaluate aspects of the reporting system developed by Minnesota Systems Research. HEW expects to award a contract for an evaluation which will take about 9 months to complete and which will cost about \$200,000. The evaluation will focus on four main areas.

1. History of the reporting system.
2. Evaluation of the reporting system.
3. Evaluation of the use of the reporting system at various levels.
4. Evaluation of local project satisfaction with the reporting system.

SYSTEM FOR EVALUATIONS OF
MATERNITY AND INFANT-CARE PROJECTS

An evaluation system for the maternity and infant-care projects had been partially developed under a grant to the University of Maryland. This system included only 13 of the total 56 maternity and infant-care projects. HSMHA officials informed us that data generated from the system had been limited and not very useful and that the grant might not be continued beyond its expiration date.

Instead of developing a totally new system of program evaluation for maternity and infant-care projects, HSMHA plans to adapt the system currently used for children and youth projects to the maternity and infant-care projects. On June 2, 1971, HSMHA therefore approved a \$99,408 grant to Minnesota Systems Research to develop, test, evaluate, document, and implement a statistical reporting system for the maternity and infant-care projects. On June 30, 1971, HSMHA advised Minnesota Systems Research that the grant award had been increased by \$99,410 additional to include the costs for the second year (fiscal year 1973) of the grant. This was done to ensure commitment on the part of

the Minnesota Systems Research staff for maintenance of the reporting system. We were informed by Minnesota Systems Research officials that their developed reporting system could be adapted easily to maternity and infant-care projects.

CONCLUSION

On the basis of our review of the system's general design, we believe that it is capable of producing information useful to program managers in measuring project and program effectiveness.

RECOMMENDATIONS

We recommend that, if Federal authority for funding special project grants is continued, the Administrator of HSMHA:

- Take action to improve the quality of the program input data, particularly in regard to its timeliness, completeness, and consistency.
- Encourage, and, if necessary, instruct, project managers on the potential usefulness of the system on their management role.
- Utilize the system to evaluate individual project performance and to evaluate the overall effectiveness of the program in reaching its goals.

CHAPTER 6

UTILIZATION OF FORMULA FUNDS

Title V of the Social Security Act states that, to receive funds under sections 503 and 504, each State must have an approved State plan describing its maternal and child health services and services for crippled children. HSMHA regulations require that the plans include methods by which the States intend to (1) reduce the rate of infant mortality, (2) provide other services for promoting the health of mothers and children, (3) provide for early identification of children with crippling conditions or conditions that may lead to crippling, and (4) provide diagnostic and treatment services. The State plan is to include also a description of any significant need or problem, proposals for program activities, plans for extension of services to all parts of the State, and plans for indicating and measuring progress and evaluating program activities.

UTILIZATION DATA AVAILABLE AT HSMHA

Each State is required to submit the following three types of annual reports to HSMHA concerning the services actually performed with title V funds.

--Annual expenditure report. This is the only report submitted that shows the cost incurred by each State. The cost breakdown in this report usually is limited to identifying the organizational components--such as hospitals, local health departments, clinics, or other specific programs--providing health services within the State. This data is not comparable from State to State. An HSMHA official stated that, beginning with fiscal year 1972, the expenditure reports would show only the total funds expended by the State.

--Statistical report. This report provides data on the number of patients receiving specific services. These reports, however, do not relate costs to the number of patients receiving services. In addition, these reports cannot be related to the expenditure reports because of variances in the items reported.

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--Annual progress report. This report describes, in general terms, the services provided in the State. These reports do not follow a uniform format and do not relate funds to health services provided.

None of the above-discussed reports, with the exception of the statistical report, are consistent from State to State. In addition, none of the reports relate services performed and the number of patients treated to the cost of providing services. Therefore the specific uses made of formula funds by most States cannot be determined from the annual reports received by HSMHA.

STATES' DATA REGARDING
UTILIZATION OF FORMULA FUNDS

Since the HSMHA central office records did not correlate the number of patients provided with services with the cost of the services, we attempted to gather such information during our visits to five States. During these visits we found that the States normally did not maintain records which related the number of persons receiving services, as shown in statistical reports, to the funds expended. When asked to relate the amount of formula funds used to specific health services, most States responded by furnishing us with copies of their expenditure and progress reports. As previously discussed these reports did not relate services performed and the number of patients treated to the cost of providing treatment services. Moreover these reports are not uniform from State to State.

Information provided by a questionnaire which we sent to the States not visited by us showed that about one half of the States either could not or did not relate funds to services provided. The questionnaire showed also that 24 States did match services with funds to some extent; however, the service categories used varied greatly and were lacking in specificity.

In response to a criticism by a Government task force that the reports providing information on the utilization of formula funds were not useful management tools, in 1969 HSMHA awarded a research grant to the George Washington University for a review of the reporting requirements of

the maternal and child health program and the crippled children's program. The university found that previous reports which had been received were generally of no use to the States and of little use to HSMHA. They noted that the State plans and the annual progress report had not been organized in a systematic way and that descriptions of what had happened or had been scheduled to happen often were more confusing than informative.

The university has developed a reporting profile which should provide data on how formula funds are used. The data to be gathered is to answer various questions, including:

- How many people are served?
- How well are they served?
- What is the cost of providing specific services?

A recent HSMHA report indicated that plans to pretest the profile were under revision and would not be completed until March 1972. Current estimates are that States cannot be expected to provide the data called for by the profile before fiscal year 1974.

RESEARCH PROJECTS

Title V of the Social Security Act authorizes grants for research projects which show promise of substantial contributions to the advancement of maternal and child health services and crippled children's services. Fiscal year 1971 was the seventh full year of operation of the research grant program. HSMHA records showed that through June 30, 1971, a total of \$36.5 million in Federal funds had been awarded to support research grants, including \$5.4 million awarded in fiscal year 1971. At June 30, 1971, there were 96 active research grants, of which 33 were funded for the first time in fiscal year 1971.

APPROVAL OF RESEARCH PROJECTS

HSMHA has established instructions on the information that is required to be furnished in an application for a research grant. Information required includes the rationale for the approach to the problem and specific goals, the methods of procedure, the significance of the research, the available facilities and qualified personnel, the description and justification of proposed expenditures, and the estimates of the duration and long-range financial requirements for the proposed project.

Each research grant application is reviewed by HSMHA officials and by an eight-member advisory committee. As part of this review, the usefulness of the anticipated research results is evaluated against the following areas which, according to HSMHA, should be given priority.

- Health delivery systems for mothers.
- Health delivery systems for children.
- Special need of the pregnant adolescent girl.
- Nutritional status of children in this country.
- Health issues in group-care facilities for very young children.

- Utilization of paraprofessional health personnel.
- Development of family planning as a component part of comprehensive maternal health services.
- Evolution of methodology and strategy for evaluation of health programs.

Other factors which are to be considered in the evaluation of applications include scientific merit, qualifications of the proposed staff, feasibility, adequacy of institutional resources, total amount of grant funds required, duration of the project, relationship of the project to similar projects already completed or in process, and the performance record of the institution and project director under other Federal grants.

If a project extends beyond 1 year, applications for project continuation are required prior to the beginning of each project's fiscal year and are reviewed in essentially the same manner as an initial application.

The initial review of an application for a research grant gives consideration to possible duplication of completed or ongoing research work. This consideration is based on the prospective grantee's statement on completed or ongoing research in its area of interest and on the reviewer's knowledge of such research.

During our review of the procedures used to evaluate research grant applications, we noted that in fiscal year 1972 a number of project applications had been disapproved for such reasons as the project design was poor, the proposed methodology was poor, the project was not concerned with applied research, and the project was not within the areas of HSMHA's priorities. An HSMHA official informed us that about 32 percent of the applications received during the 3-year period ended June 30, 1971, had been disapproved. The official stated that, in the annual review of continuing projects, projects usually were not terminated if they were moving productively toward the established goals. Instead, specific recommendations--designed to correct any deficiencies or problems noted--were made.

EVALUATION AND DISSEMINATION
OF RESEARCH RESULTS

The final research project report includes a comprehensive summary of progress made toward stated project objectives; a list of the accomplishments of the project, including copies of resultant publications; and an evaluation of the accomplishments of the project. Copies of this report are distributed to the HSMHA staff, regional medical directors, and advisory group members.

We were informed by an HSMHA official that there was no requirement for formal independent evaluations by HSMHA of the research results. We found no written evaluation relating to any research project showing whether the established goals of the research had been achieved or identifying areas in which the research results could be utilized.

Regarding the dissemination of research results outside HSMHA, we had noted previously, in a report to the Secretary of HEW (B-164031(3), July 31, 1970), that HSMHA relied primarily on the research investigators to disseminate the research results by such methods as the publication of articles in journals and the presentation of findings at conferences and meetings. In our report we concluded that this practice had not always resulted in effective and prompt dissemination of research findings and therefore recommended that HSMHA establish specific controls and procedures to ensure that dissemination of research findings is being effectively achieved.

An HSMHA official informed us that no formal procedures or specific controls had been established to improve dissemination of research findings. The official stated, however, that, to increase dissemination of research findings, the following actions had been taken after our report was issued.

1. Research grant monies had been awarded to two universities to publish the results of research projects concerning teen-age parents and distribute those publications.

2. More research monies had been awarded to research investigators to disseminate their findings through publications, journals, and conferences.

In addition to disseminating the research results by these methods, HSMHA continues to disseminate the research results through (1) obtaining copies of major research findings and distributing the findings on a national basis, (2) allowing research investigators to publish and distribute their findings without prior HSMHA approval, (3) attending meetings, (4) publishing articles, and (5) sponsoring newsletters.

We reviewed the distribution on 13 selected research project reports issued during fiscal year 1971 and found that two of the reports had received no distribution outside HSMHA. The remaining 11 reports did receive external distribution. We also noted that the results of several research projects had received extensive distribution outside HSMHA.

CHAPTER 8

RESULTS OF TRAINING GRANTS

Training grants are funded under sections 503, 504, and 511 of title V. Funds from sections 503 and 504 grants are authorized by a provision which allows up to 25 percent of one half of the funds made available for distribution pursuant to these sections to be used by the Secretary of HEW for projects which he determines to be of regional or national significance.

The type of training provided with sections 503 and 504 funds has been determined by HSMHA on the basis of various studies which identified shortages of specific types of medical specialists. HSMHA, however, has not established a specific number of persons to be trained in each specialty area as a quantitative goal of the program.

Section 511 specifically provides for the training of persons to deliver health care and related services to mothers and children, particularly mentally retarded or handicapped children. HSMHA officials have used section 511 funds primarily to support university-affiliated centers established to provide comprehensive multidisciplinary training of specialists to treat mentally retarded children. These centers were constructed, in part, with funds appropriated under the authority of the Mental Retardation Facilities Construction Act (42 U.S.C. 2661).

During the 3-year period ended June 30, 1971, about \$60 million--\$31 million from sections 503 and 504 and \$29 million from section 511--was obligated to support training programs under title V. During fiscal year 1971 about \$21.5 million was expended to support 164 training projects in 78 institutions.

An HSMHA official estimated that about 60 percent of the training funds had been utilized for staff salaries. The remaining funds had been used for support costs, including student support in the form of fellowships, traineeships, and other allowances.

HSMHA records concerning the number of persons trained are limited to those students who receive title V funds for direct financial support, such as stipends, tuition, or other support payments. Although these records were not complete, we noted that, during fiscal years 1969, 1970, and 1971, about 3,650 students had received payments while attending training sessions. About 1,750 of these students had received training for periods exceeding 3 months. Training of the remaining 1,900 students was limited to attending conferences or seminars concerning new treatment methods for periods of less than 90 days. The following schedule shows the number of students who received financial support for training periods which exceeded 3 months and the types of training they received.

<u>Occupation</u>	<u>Year ended June 30,</u>		
	<u>1969</u>	<u>1970</u>	<u>1971</u>
Medical social worker	55	94	137
Nurse	108	118	117
Nutritionist	23	36	46
Pedodontist	29	27	35
Physical therapist	7	8	11
Physician	140	167	165
Psychologist	51	53	72
Speech pathologist and audiologist	64	54	66
Health administrator	3	4	4
Geneticist	1	4	5
Occupational therapist	5	4	8
Psychiatrist	1	2	1
Other	<u>12</u>	<u>7</u>	<u>12</u>
Total students	<u>499</u>	<u>578</u>	<u>679</u>

We reviewed reports submitted by selected training projects to determine how funds were utilized during fiscal year 1971. We found that most of the expenditures had been for salaries or support of staff members. Information concerning the use of funds at one training project is summarized in the following schedule.

<u>Category</u>	<u>Cost</u> <u>(000 omitted)</u>	<u>Number</u> <u>of persons</u>
Staff salaries	\$688	97
Other personnel services	78	-
Training equipment	46	-
Student support (stipends, tuition, etc.)	28	9
Overhead	<u>61</u>	-
Total cost	<u>\$901</u>	

Our review of this project's annual progress report showed that, although only nine students had received direct financial support, more than 2,500 students had received training which in some instances had exceeded 500 hours. The occupational training received by all the students was similar. For example, the students received instruction in general medicine, pediatrics, psychology, nutrition, nursing, and social work.

An HSMHA official advised us that information concerning the number of students trained and the type of training they received had not been furnished by progress reports submitted by many of the training projects funded under title V. The lack of such information, combined with the fact that HSMHA had not established specific quantitative goals concerning the number of trained persons required to meet identified shortages in specific medical specialties, precluded us from making an assessment of the effectiveness of the title V training programs.

In discussing the absence of such data with an HSMHA official, we were advised that guidelines on reporting requirements for training grants had been drafted but had not been approved. He stated that, when these requirements were implemented, the information on the total number of trainees benefiting from title V training grants would be available and that follow-up information on trainees after graduation from the program would be available to help assess the effectiveness of the training program.

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November 18, 1971.

The Honorable Elmer B. Staats
Comptroller General of the
United States
Washington, D. C. 20548

My dear Mr. Staats:

The Committee on Ways and Means is considering Title V of the Social Security Act, which provides for a comprehensive maternal and child health program, as part of its consideration of national health insurance. At the present time, 50 percent of the funds for this program are allocated to States under formula grants and are to be used by the States to provide maternal and child health services and services to crippled children. Forty percent of the funds are available in the form of project grants for maternity and infant care, and children and youth health projects in areas where there is high incidence of infant mortality and morbidity. Ten percent is for grant for research and training. Project grants are administered directly by the Department of Health, Education, and Welfare.

Present law provides that the funding authority for special federally administered project grants will terminate as of June 30, 1972, and that 90 percent of the funds after that date will be allocated to the States under the formula presently used for 50 percent of the funds.

To assist us in reviewing this program, we would like your office to provide the Committee with information on (1) plans made and actions taken by the Department of Health, Education, and Welfare, and selected States for an orderly transition from a combination of project and formula grants to formula grants on July 1, 1972, and (2) the impact that termination of the Federal authority for funding special project grants directly will have on the amount of funds previously made available to individual States under a combination of formula and project grants.

APPENDIX I

The Honorable Elmer B. Staats
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In order for the Committee to adequately consider actions that may be needed with regard to this program, as part of your review, we would also appreciate your obtaining information on (1) the effect that the termination of the Federal authority for funding special projects grants will have on the continuation of individual programs in States which are most adversely affected by the termination of funding for direct Federal project grants, (2) suggestions for actions that may be needed either by HEW or the Committee if your work shows that adequate plans have not been made for an orderly transition from a combination of project aid formula grants to State administered formula grants, and (3) the extent to which programs of evaluation are now operating in the program and how they might be improved or extended.

It would be most helpful if we could have a report from your office by the first of March. In addition, interim briefings for our staff on the status of your work would be desirable.

I very much appreciate your cooperation in this matter.

Sincerely yours,



Wilbur D. Mills
Chairman

WDM/ft