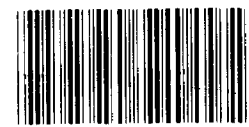


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BY THE U.S. GENERAL ACCOUNTING OFFICE
**Report To The Secretary Of
Health And Human Services**

**Intertitle Transfers--A Way For
States To Increase Federal
Funding For Social Services**

Title XX of the Social Security Act sets a statutory ceiling on Federal reimbursements to States for social services costs. However, in addition to title XX, similar services to needy people can be provided under other Federal programs. Because of the ceiling on title XX reimbursements, States sometimes charge the costs of social services previously funded under title XX to other Federal funding sources.



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Most States used, or anticipated using, such "intertitle transfers" to increase Federal funding of their social services programs. Such transfers of valid program costs are legal.

Details of methods used to transfer social services costs in the past and States' plans for doing so in the future, described in this report, should be useful to decisionmakers as they consider changes in funding levels and administration of social services.



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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-197592

The Honorable Richard S. Schweiker
The Secretary of Health and Human Services

Dear Mr. Secretary:

In January 1980, at the request of Senator Henry Bellmon, then Ranking Minority Member of the Senate Committee on the Budget, we initiated a review on the extent and magnitude of transfers of social services costs from title XX of the Social Security Act to other funding sources. These transfers are sometimes referred to as "intertitle transfers." We have defined intertitle transfers as the costs of social services historically charged to social services programs which, subsequent to the ceiling on social services, are now being charged to other Federal funding sources.

The Senator was concerned that, while title XX funding has been relatively level, funding for categorical social services programs, such as Medicaid and Aid to Families with Dependent Children, has increased significantly. He was also concerned that when States reach their title XX allocation, some of them may be transferring the cost of social services from title XX to other Federal programs.

We found that most States used, or anticipated using, intertitle transfers of social services program costs to increase Federal funding of their social services programs. Thirteen States reported transfers in fiscal year 1979 amounting to \$20.8 million in social services costs. State transfers of family planning services costs were most frequent, followed by child day care costs. Titles XIX and IV-A of the Social Security Act were the most frequently used alternative funding sources. Most States anticipate transfers in the future. Thirty-one States reported plans to transfer social services costs totaling \$73.6 million in fiscal years 1980, 1981, and 1982.

We concentrated our review on determining the extent and magnitude of transfers. Our assumption was that the costs transferred were valid program costs under both title XX and the alternative funding source. Within this perspective, there is nothing illegal about intertitle transfers.

We are reporting this information to you and making it available to several committees of the Congress because the details of methods used to transfer social services costs in the past and States' plans for doing so in the future should be useful to decisionmakers as changes in the funding levels and administration of social services are considered.

BACKGROUND

Federal social services cost reimbursements under title XX are subject to a statutory ceiling. In 1972, the Congress imposed a \$2.5 billion annual ceiling on Federal reimbursements under title XX's predecessor titles to contain increasing social services expenditures. The ceiling was retained by title XX, which became effective on October 1, 1975. The Congress raised title XX's \$2.5 billion ceiling to \$2.7 billion for fiscal year 1979. Public Law 96-272, which was enacted on June 17, 1980, kept the title XX ceiling at \$2.7 billion in fiscal year 1980 and raised it to \$2.9 billion in fiscal year 1981.

In addition to title XX, there are many other Federal programs that may be used to provide social services to needy people. Two that are frequently used are titles IV-A and XIX of the Social Security Act. (See app. I for a description of the programs covered by these titles and the types of services allowed.)

In fiscal year 1972, 6 States were spending their full Federal allocation for social services; by fiscal year 1979, 42 States and the District of Columbia had reached their title XX ceiling, and in fiscal year 1980 all 50 States and the District planned to use their full allocations. States at their ceiling, due to increased demand and high inflation, are faced with reducing or eliminating services, using more State and local funds, and/or utilizing alternative sources of Federal funding to help finance their social services programs.

One technique being used by the States to increase the amount of Federal funding is to actually transfer program elements from title XX to other Federal titles, generally titles IV-A and XIX. Most transfers are made to titles IV-A and XIX because they are entitlement programs and, therefore, have no maximum allocation; States are reimbursed a percentage of their costs, but generally considerably less than the 75-percent reimbursement rate under title XX, for whatever amount of services is provided.

Our review was performed at HHS' Office of Human Development Services (OHDS) in Washington, D.C., and HHS' regional offices in New York City, Philadelphia, San Francisco, and Chicago. Additionally, we performed audit work at the title XX agencies in four

States--California, Michigan, New York, and Virginia--and the District of Columbia and sent questionnaires to all 50 States and the District. The questionnaire elicited information on the types of social services costs transferred and the funding sources to which the transfers were made. (See app. II for a more detailed discussion of the objectives, scope, and methodology of our review and a copy of the questionnaire.) All 50 States and the District responded to the questionnaire.

STATES MAKE AND ANTICIPATE
TRANSFERS AS A MEANS OF
MAXIMIZING FEDERAL FUNDING

State responses to our questionnaire disclosed that intertitle transfers have become a means of augmenting Federal social services funding and the amounts transferred appeared to be increasing. During fiscal years 1976 through 1978, 11 States, exclusive of New York, made intertitle transfers amounting to \$7.6 million. Thirteen States, exclusive of New York, reported transfers in fiscal year 1979 amounting to \$20.8 million in social services costs. Thirty-one States anticipated transfers totaling \$73.6 million, most of which is expected to occur during fiscal years 1980 through 1982. Regarding New York State, we could not, except for fiscal year 1980, identify the dollar amount transferred during any one fiscal year; the State reported transferring a total of \$57.4 million during fiscal years 1976 through 1979. (See app. III for dollar amount of transfers by year and State).

Most transfers are to
entitlement programs

In fiscal year 1979, State transfers of social services costs to title XIX were most frequent, followed by transfers to title IV-A. Family planning services and child day care were the social services expenditures most frequently transferred.

Our questionnaire asked States for information on intertitle transfers involving 10 selected social services. Chore services and protective services for children were the only services not reported as being transferred. One service--employment related medical--was reported as being transferred by one State, although it was not included in the questionnaire's list of services.

Number of States Making Intertitle
Transfers During Fiscal Year 1979
(by service and funding source)

<u>Service</u>	<u>Funding source (note a)</u>				
	<u>SSA (XIX)</u>	<u>SSA (IV-A)</u>	<u>PHSA (X)</u>	<u>SSA (IV-C)</u>	<u>Other</u>
Family planning	7		2		
Day care--children	1	5			
Health related	4				1
Foster care-- children		2			
Education and training		1			1
Transportation	1				
Homemaker	1				
Counseling	1				
Employment related medical	—	—	—	1	—
Total	<u>15</u>	<u>8</u>	<u>2</u>	<u>1</u>	<u>2</u>

a/SSA - Social Security Act.

PHSA - Public Health Service Act.

Other - Includes the Rehabilitation Act of 1973 and the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970/Drug Abuse Office and Treatment Act of 1972.

We also tabulated reported fiscal year 1979 transfers in terms of the total dollar amount associated with each service, as shown in the table below.

Amount of Transfers by Service
as Shown in Responses to GAO's Questionnaire

<u>Service</u>	<u>Federal funds transferred</u>
	(000 omitted)
Day care--children	\$ 7,853
Counseling	5,463
Family planning	3,484
Health related	3,080
Transportation	369
Foster care--children	<u>a/300</u>
Homemaker	229
Employment related medical	54
Education and training	<u>17</u>
Total	<u>\$20,849</u>

a/ Excludes New York State. New York State's response to our questionnaire stated its transfers during the period 1976-79 consisted solely of \$57.4 million of foster care administrative costs. Our audit work indicates the portion applicable to fiscal year 1979 is \$21.6 million. Also, our audit work indicated additional transfers as shown in app. IV.

States anticipate future transfers

Thirty-one States reported plans to transfer social services costs amounting to \$73.6 million, primarily during fiscal years 1980, 1981, and 1982. Eleven of these States transferred funds in fiscal year 1979; their portion of the anticipated transfer amount for the 3 fiscal years is \$36.7 million. The other 20 States anticipating transfers reported that they had not done so through fiscal year 1979. These States planned transfers totaling \$36.9 million during fiscal years 1980, 1981, and 1982.

THREE OF FIVE LOCATIONS VISITED WERE MAKING INTERTITLE TRANSFERS

Three of five locations visited (New York, California, and Michigan) were making intertitle transfers. Virginia and the District of Columbia had not made intertitle transfers, but indicated they were actively considering the feasibility of such transfers in the future.

New York has the longest history, of the five locations, with intertitle transfers. It has transferred costs of several services to other funding sources, the earliest transfer having occurred during fiscal year 1973, the first year of the \$2.5 billion ceiling on social services. The more significant transfers were: day care for children, foster care administrative costs, family planning, housekeeper/chore, and homemaker services. (See app. IV for details on New York.)

California anticipated increased transfers. Before the date of our review, California had transferred relatively small amounts of costs of the family planning service from title XX to the title XIX medical program. The State anticipates additional transfers of foster care administrative costs, in-home supportive costs, and personal care services. (See app. V for details on California.)

Michigan transferred three services--early periodic screening, diagnosis, and treatment; family services; and personal care services from title XX to other titles. (See app. VI for details on Michigan.)

Virginia's experience with intertitle transfers consisted of an attempted transfer during fiscal year 1980. Because of questions regarding the types of costs involved, the request was ultimately denied by HHS. The State was considering future transfers. The District of Columbia had not made or attempted any intertitle transfers, but was considering future transfers.

OHDS COMMENTS

We discussed the results of our review with OHDS officials on June 18, 1981, in Washington, D.C. They provided the following observations:

- Historically, States have transferred social services costs from other titles into title XX because of the higher Federal reimbursement. However, now that the States have reached their title XX allocations, the transfers are going from title XX to the open-ended programs.
- The issue of intertitle transfers is not unique to title XX. Similar transfers occur in other programs where multiple Federal titles provide reimbursement for similar program costs.


- - - - -

Also, we coordinated the questionnaire phase of our review with OHDS. OHDS has in progress a related study on the costs of social services. To reduce the burden on the States in responding to two separate requests for similar information, we shared the State responses with OHDS.

- - - -

We are sending copies of this report to the Chairmen, Senate Committees on Governmental Affairs, Appropriations, the Budget, Finance, and Labor and Human Resources; the Chairmen, House Committees on Government Operations, Appropriations, Ways and Means, Education and Labor, and the Budget; and the Director, Office of Management and Budget.

Sincerely yours,


Gregory J. Ahart
Director

TITLES IV-A AND XIX PROGRAMS AND SERVICES ALLOWEDAID TO FAMILIES WITH DEPENDENT CHILDREN

The Aid to Families With Dependent Children (AFDC) program, authorized under title IV-A of the Social Security Act, provides that the Federal Government share with States the cost of providing cash assistance to needy dependent children and their families. The title IV-A program, administered by the Department of Health and Human Services' (HHS') Social Security Administration, is open ended, i.e., there is no limit on the amount of Federal funds a State can receive.

State cash assistance payments are based upon a State-determined "standard of need," which is the amount of money a family needs to maintain a minimal standard of living in that State.

States may also elect to consider the costs of "special circumstance items" in determining a recipient's monthly cash assistance payment. Special circumstance items are needs recognized by the State as essential for some persons, but not for all, and which must, therefore, be determined on an individual basis. Currently, 37 special need items are included in States' title IV-A plans, ranging from such services as child care and chore services to meals-on-wheels and transportation services.

Each administering State welfare agency must also consider various State-determined work-related expenses in computing an employed AFDC client's cash assistance payment. The State welfare agency deducts from a client's income either (1) an amount equal to his or her work-related expense or (2) a State-determined standard work expense allowance, and then figures the recipient's monthly grant on the basis of the adjusted income. Thus, the monthly grant is higher than it would be without the deduction for work expenses. Examples of work-related expenses include costs for such items as uniforms and lunches and for such services as transportation and child care.

Under title IV-A the Federal Government finances from 50 to 65 percent of State AFDC cash assistance payments, 50 percent of State administrative costs, and 75 percent of the cost of training State public assistance employees. States also have the option of receiving Federal financial participation on a 50-50 matching basis for emergency assistance, such as emergency shelter or clothing.

GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

Title XIX of the Social Security Act authorizes Federal grants to States for medical assistance to needy individuals and families.

The Medicaid program, administered by HHS' Health Care Financing Administration, provides for partial Federal reimbursement to States for several required medical services, including

- inpatient hospital care;
- outpatient hospital care and rural health clinic services;
- other laboratory and X-ray services;
- skilled nursing facility services and home health services for persons over 21;
- early and periodic screening, diagnosis, and treatment for persons under 21;
- family planning services; and
- physician services.

In addition, States can receive Federal financial participation for several optional services, including clinic, dental, private duty nursing, skilled nursing, emergency hospital, physical therapy, intermediate care, and psychiatric services.

Medicaid funding is open ended, with the Federal Government contributing from 50 to 77.5 percent of the States' program costs.

OBJECTIVES, SCOPE, AND METHODOLOGY

We evaluated the actions of States in transferring costs of social services among Federal programs. According to former Senator Bellmon's request, our objectives were to determine

- the extent and magnitude of intertitle transfers, both current and anticipated and
- the use of titles IV-A and XIX as funding sources for transfers.

To accomplish these objectives we used a combination of a questionnaire and field study. The mail questionnaire was sent to all 50 States and the District of Columbia, and field studies were performed in 4 States and the District of Columbia, HHS headquarters, and selected HHS regional offices. The response rate to our questionnaire was 100 percent--49 States and the District of Columbia returned completed questionnaires; 1 State responded with a letter. Our questionnaire elicited information on the types of social services costs transferred and the funding sources to which the transfers were made.

The field studies served two purposes: verifying data that four States and the District of Columbia provided in response to our questionnaire and providing an indepth analysis of States' transfers.

The four States--Virginia, New York, Michigan, and California--plus the District of Columbia were selected for review to provide a cross section of the country. They provided a mixture of population, geographical location, and size of title XX allotments. These States also provided a combination of the use of intertitle transfers.

We concentrated our review on determining the extent and magnitude of transfers. Our assumption was that the costs transferred were valid program costs under title XX and under the receiving funding source.

We performed the fieldwork from May to October 1980, and gathered data from fiscal year 1979 and data on transfers anticipated during fiscal year 1980 and beyond.

Other Federal agencies, in addition to HHS, were contacted to obtain information on Federal programs which provide social services. We also reviewed the legislative history of social services legislation.

Before deciding on the combined questionnaire/field approach, we considered various strategies that could be used: (1) centralized data available in Washington, D.C., (2) a field study, and (3) a survey.

A study based on centralized data available in Washington, D.C., would have been the preferred approach if adequate and complete data had been available. However, the information maintained at HHS headquarters, such as the State title XX plans, the social services reporting requirements information system, and the States' quarterly reports on title XX, IV-A, and XIX expenditures, did not contain consistent, accurate data regarding intertitle transfers. Federal regulations do not require that this information be identified and reported to HHS. Consequently, some States indicated on their expenditure reports the amount of transfers, but many States did not.

A field study would have consisted of reviewing many States to statistically project the total amount of transfers, which would have been too costly. Projecting from a few States would have been impossible because of inconsistencies in data availability and in definitions of the social services.

The survey approach would have been to use questionnaire or interview guides to gather information from all 50 States and the District of Columbia. The data collection could have been effected through telephone interview, personal interview, or mail questionnaires; however, this does not allow for an indepth analysis or for different State organizational structures.

U.S. GENERAL ACCOUNTING OFFICE

SURVEY OF FUNDING OF SOCIAL SERVICES
AUTHORIZED BY TITLE XX

The objective of this questionnaire is to determine whether your State is charging the costs of certain social services previously reimbursed under title XX to other titles or is anticipating doing so.

It is unlikely that we will have to contact you after we receive your completed questionnaire. However, in the event it becomes necessary would you please indicate the name, title and telephone number of the person we may contact if further information is required.

_____ (NAME)

_____ (TITLE)

_____ (AREA CODE) _____ (TELEPHONE NUMBER)

I. For each of the social services listed below indicate whether or not your State has charged costs which were previously reimbursed under title XX to any other titles? (Check "yes" or "no" for each.)

Code	Social Service	Yes	No
A --	Day Care Services - Children		
B --	Health Related Services		
C --	Family Planning Services		
D --	Protective Services - Children		
E --	Chore Services		
F --	Foster Care Services - Children		
G --	Education and Training Services		
H --	Homemaker Services		
I --	Transportation Services		
J --	Counseling Services		

Definitions of the services are those used by HHS in compiling its annual document "Social Services USA."

For each social service for which you indicated "yes" use one of the attached forms to answer some additional questions. At the top of each form indicate the code letter for the service and the type of service.

When you have completed all the forms for the relevant services, please proceed to question II on the reverse side of this page.

Answer these questions after you have answered the set of questions for any relevant social services for which switches have already been made.

II. Does your state anticipate making switches in funding source(s) for any other social service now funded under title XX.

- 1. Yes (GO TO QUESTION III)
- 2. No (GO TO QUESTION IV)

III. For each service that you anticipate making such a switch in funding source indicate in the table below, (1) the type of service, (2) the new funding source(s), (3) the fiscal year you anticipate making the switch and (4) the estimated amount of Federal reimbursement through the new funding source(s) for the first fiscal year.

(1) Type of Service	(2) New Funding Source(s) by Title	(3) Starting FY	(4) Estimated Federal \$ for First FY

IV. If you have any additional comments regarding title XX and alternative funding sources that provide similar social services please make them here. Attach additional sheets if necessary.

GAO

Survey of Title XX

(as listed on page 1)

- | (Code) | (Type of Social Service) |
|--------|---|
| 1. | When the limit on title XX funds is reached, there are essentially three ways that switching in funding source(s) can take place. |
| | Switch 1 - <u>current clients</u> who receive services funded by title XX funding can be switched to another funding source |
| | Switch 2 - <u>new clients</u> who would have received services funded by title XX funding can be started out under the alternate funding source |
| | Switch 3 - <u>administrative costs</u> to run the program can be switched from title XX to the alternate funding source |

For this service what type(s) of switching did your state use? (Check all that apply.)

- 1. Switch (1)
- 2. Switch (2)
- 3. Switch (3)

2. For this service, indicate whether or not each of the following funding sources has been involved in the switching of funding source since you have made switches. (Check "yes" or "no" for each.)

	Yes	No
Social Security Act - title IV A		
Social Security Act - title IV B		
Social Security Act - title IV C		
Social Security Act - title XIX		
Older Americans Act - title III		
Public Health Service Act - title X		
Other (please specify)		

3. For this service, what was the first fiscal year that any switches were made?

FY _____

4. For this service, what was the total amount of Federal reimbursement from these other titles during the first year your state made any type of switch. (Estimate if necessary.)

\$ _____

5. For this service, what was the total number of clients served with the funds specified in question 4? (Estimate if necessary.)

_____ clients

6. Indicate whether or not each of the following categories of clients was covered by the switch in funding sources during the first year any switches were made. (Check "yes" or "no" for each.)

	Yes	No
AFDC/ working		
AFDC/ non-working		
Income eligible		
SSI		
Medicaid		
Without regard to income		

7. If you have had switches for this service prior to FY 1979, please estimate the Federal reimbursement for FY 1979 under the new funding source(s).

\$ _____

AMOUNT OF TRANSFERS BY YEAR AND STATE (note a)

States	Fiscal years							Indefinite
	1976	1977	1978	1979	1980	1981	1982	
	(thousands)							
Alabama						(b)		
Arkansas	\$ 673.4	\$ 831.4	(b)	(b)	(b)	(b)		
California						\$ 8,900.0		
Colorado							\$ 500.0	
Delaware					\$ 11.0			
Florida							1,400.0	
Georgia	c/600.0	54.0	(b)	\$ 1,749.0				
Hawaii							2,000.0	
Illinois							14,150.0	
Indiana							1,500.0	
Iowa		\$ 173.4		229.5	(b)	475.0		
Louisiana		2,432.6		(b)		500.0		
Maine					112.5	391.3		
Maryland						(b)		
Michigan			415.0	380.0	1,431.0	16,700.0		
Minnesota				10,855.8	(b)			\$12,000.0
Missouri					275.0	298.5		
Montana					377.1	500.8		
Nebraska						210.0		
New Hampshire					132.0			
New Jersey		575.0	1,071.3	3,317.7	(b)		500.0	
New York		d/57,441.6			d/843.7			
North Dakota			84.0	101.8	(b)	13.3		
Ohio					(b)			
Oklahoma			120.3	517.7	(b)	4,000.0		
Oregon			178.9	200.0				
South Dakota					720.0			
Texas						578.0		
Utah						1,000.0		
Vermont			400.0	1,000.0	(b)	250.0		
Virginia						2,200.0		
Washington			(b)	2,500.0				
West Virginia						1,200.0		
Wyoming								400.0
All States	<u>\$1,273.4</u>	<u>\$1,460.4</u>	<u>\$4,875.5</u>	<u>\$20,851.5</u>	<u>\$3,902.3</u>	<u>\$37,216.9</u>	<u>\$20,050.0</u>	<u>\$12,400.0</u>
Total	\$7,609.3	1976-78 (excludes N. Y.)		\$20,851.5 (excludes N. Y.)		\$73,569.2 (1980 and beyond)		

a/States not listed responded that no transfers have occurred and none are anticipated; blank spaces denote that no transfers were reported for that particular fiscal year.

b/Transfers were made or anticipated, but amounts were not available.

c/First fiscal year of transfer 1975.

d/New York transferred a total of \$57.4 million during the 4-year period 1976-79; due to the manner in which the State reported its transfers, we could not identify amounts transferred during any one fiscal year except 1980. The 1980 data are incomplete; they represent central office costs for October 1979 through March 1980. Local district costs and the remainder of central office costs were not provided in the questionnaire response.

NEW YORK HAS LONGEST HISTORY OF INTERTITLE TRANSFERS

New York has transferred costs of several services to other funding sources, the earliest transfer having occurred during fiscal year 1973, the first year of the \$2.5 billion ceiling on social services. The more significant transfers were: day care for children, foster care administrative costs, family planning, housekeeper/chore, and homemaker services.

New York State's social services program is supervised by the State's Department of Social Services and is administered at the county level through 58 local social services districts, except in New York City where the Human Resources Administration is the administering agency for the five New York City counties.

New York State's basic title XX allocation has continually declined since fiscal year 1975 while program expenditures have increased. From fiscal year 1973 through 1975, New York State was apportioned \$220.5 million per year, but in fiscal year 1980, the basic title XX allocation had reduced to about \$207 million. This was due to the decline in New York State's population relative to the Nation's.

New York State's Department of Social Services instructed its Commissioners of Social Services to transfer and reclassify certain social services costs, such as day care, following the implementation of the Federal social services expenditures ceiling in 1972. Since that time, New York has attempted to maximize Federal funding. For example, child care services for AFDC recipients with earnings were reclassified from an item of service to an employment-related expense. Similarly, homemaker and housekeeper/chore services have been reclassified as items of personal care eligible under title XIX as a medically related expense. Further, the education and social components of family planning services were redefined as reimbursable through title XIX for Medicaid-eligible clients.

The following schedule shows the extent of multiple title claiming reported by the Department of Social Services in fiscal year 1979. New York's multiple title claims are included in our definition of intertitle transfers, which are any costs historically charged to social services programs and subsequent to the ceiling charged to other Federal funding sources.

Type of service (note a)	Federal share of claims		
	<u>Title XX</u>	<u>Title XIX</u>	<u>Title IV-A</u>
Foster care administration	\$18,081,890		\$21,638,658
Preventive services	8,214,473		25,843
Housing improvement services	2,954,134		17,351
Day care services for children	91,144,124		5,464,105
Family planning services	1,606,291	\$10,740,000	
Homemaker services	10,124,360	b/71,125,000	1,647
Housekeeper/chore services	1,609,971		27,790

a/ Schedule does not show all services transferred, only significant transfers are shown.

b/ Homemaker and housekeeper/chore services are components of title XIX's personal care services, and their costs cannot be isolated from the other components. However, we have been advised by State officials that the growth in personal care services from \$19 million in fiscal year 1973 to \$71 million in fiscal year 1980 is due largely to the homemaker and housekeeper/chore components.

As shown, the most significant use of other Federal funding resources occurs in foster care administrative costs, day care services for children, family planning services, and housekeeper/chore and homemaker services.

FOSTER CARE ADMINISTRATIVE COSTS

New York State transferred about \$58 million in AFDC-foster care administrative expenses from title XX to title IV-A from October 1975 through March 1980.

The amount claimed represents portions of service workers' salaries for time spent providing foster care services for AFDC children. The time spent is identified by time study procedures, a part of an established cost allocation system for identifying and costing various activities of social workers.

A county-by-county listing of these amounts is maintained by the Department's central office. Costs are shifted out of title XX to title IV-A in those counties which have provided matching funds greater than the required 25 percent.

DAY CARE SERVICES FOR CHILDREN

In fiscal year 1979, New York State provided day care services totaling \$132.5 million, including about \$10.9 million claimed under title IV-A. The Federal share for day care services provided under title IV-A was about \$5.5 million.

Before December 1972, all AFDC day care was charged as a social service. There was no distinction made for work-related expenses. In December 1972, as a result of the service expenditure ceiling, the Department of Social Services issued an administrative letter directing that the full cost of day care provided AFDC clients with earnings be deducted as an expense incident to employment and claimed as an assistance payment.

Department officials stated that data are not readily available on the costs of day care services transferred in fiscal years 1973 through 1976. However, from fiscal year 1977 through 1980, New York State estimates that the Federal share for day care costs claimed under title IV-A has been about \$22.7 million.

In June 1980, the Department expanded the criteria for considering day care services a work-related expense. In an amendment to Department regulations, day care costs incident to occupational training are considered as an item of need in determining household needs.

In addition, New York City claims portions of day care administrative costs as a title IV-A expense. Preliminary estimates we developed show the Federal share to be about \$338,000 annually in administrative costs for salary and nonsalary costs. This computation has not been verified by the Department's Accounting Systems Branch staff, but the staff concurred with our methodology.

FAMILY PLANNING SERVICES

In fiscal year 1979, New York State claimed about \$10.7 million for family planning services as the Federal share under title XIX. This reimbursement was in addition to \$1.6 million claimed under the State's title XX program.

Family planning services consist of two components--social and education services, and medical services. Until November 1972, local districts claimed payments for family planning services rendered by an individual physician as a title XIX medical assistance expense. Federal reimbursement was available at 50 percent for eligible recipients. Family planning clinic costs, along with social and educational services, were claimed as title IV-A services with 75 percent Federal reimbursement.

In March 1973, the Department instructed its social services districts to include family planning clinic costs in their claims for family planning services as title XIX medical assistance, retroactive to November 1972. This was done to take full advantage of the increase in the title XIX Federal reimbursement rate to 90 percent for family planning costs which was effective October 30, 1972, as well as to conserve the title IV-A funds affected by the ceiling on social services costs. 1/

Effective October 1, 1979, the Department acted to enable the remaining portion of family planning services to be charged to medical assistance. The fiscal year 1980 State plan changes the definition of family planning services to indicate that social and educational services as well as medical services can be funded under title XIX.

HOUSEKEEPER/CHORE AND HOMEMAKER SERVICES

New York State, in 1973, amended State law to permit housekeeper/chore and homemaker services as components of personal care services reimbursable under title XIX. Homemaker and housekeeper/chore services are components of title XIX's personal care service, and their costs cannot be isolated from the other components. However, we have been advised by State officials that the growth in personal care services from \$19 million in fiscal year 1973 to \$71 million in fiscal year 1980 is due largely to the homemaker and housekeeper/chore components.

Before 1973, New York claimed homemaker and housekeeper/chore services as social services. When the Federal reimbursement ceiling for services was implemented in 1972, New York State, with HHS' support, enacted legislation in 1973 authorizing homemaker and housekeeper/chore expenses as a medical assistance item for eligible recipients.

According to the State Medical Handbook, personal care services include assistance with personal hygiene, dressing, feeding, and incidental household tasks essential to home health care services. The services must be recommended by a physician and supervised by a nurse, and are claimed as a title XIX expense for eligible recipients. Homemaker and housekeeper/chore services expenses may be claimed as personal care services under the title XIX program.

1/Family planning services are federally matched at 90 percent under either title XIX or title XX. Also, as a predecessor to title XX, social services provided under title IV-A had a ceiling on reimbursements.

There were three counties that in fiscal year 1979 were under their title XX ceiling and charged personal care expenses to title XX, according to the Homemaker Program Director. These counties exercised this option to take advantage of the higher title XX Federal participation rates. In addition, all districts are authorized to use title XX to deliver housekeeper and homemaker services to other segments of the eligible population not qualifying for medical assistance. The State's Homemaker Program Director noted, however, that providing these services under title XX is a local district option.

CALIFORNIA ANTICIPATES INCREASED TRANSFERS

California has transferred costs of the family planning services from title XX to the title XIX program. The State anticipates additional transfers of foster care administrative costs, in-home supportive costs, and personal care services. The title XX program is supervised by the California Department of Social Services and administered by the counties.

California has been spending its full social services allocation since fiscal year 1976. In the fall of 1978, the California State Legislature recognized that social services programs had historically grown at a rate which exceeded State population increases and inflation. The legislature encouraged State, county, and city agencies to develop comprehensive and coordinated service systems, maximize existing resources and concentrate them in areas of greatest need, and enter into cooperative arrangements for planning and providing social services.

FAMILY PLANNING SERVICES FOR
MEDICAID-ELIGIBLE CLIENTS
FUNDED UNDER TITLE XIX

Family planning services costs for title XX clients, who are eligible for title XIX services, are being charged to title XIX. The California title XX Comprehensive Annual Services Program Plan requires that "Medi-Cal shall be used as a first resource" for family planning services.

The Department of Social Services contracts with the Office of Family Planning, Department of Health Services, for the provision of the family planning services. The estimated fiscal year 1981 budget totals about \$4.4 million, 90 percent of which is federally funded through title XX. The Department of Health Services then contracts with family planning agencies throughout the State to provide medical diagnosis, treatment (excluding abortions but including sterilization), counseling, medical consultation, drugs, and supplies in accordance with State medical standards. However, the county welfare departments do provide family planning information and referral services.

As of November 1, 1978, minors could receive family planning services without parental consent under Medi-Cal, the State's title XIX program. In April 1979, the Office of Family Planning sent letters to all family planning providers to inform them of the special eligibility provisions established under the Medi-Cal program for minors. The family planning providers were strongly urged to increase the use of Medi-Cal for all individuals who are eligible for coverage for family planning services under that program.

According to a report issued on October 3, 1978, by California's Office of the Auditor General, an overall increase in the Federal contribution has been achieved by funding family planning services for Medi-Cal eligible individuals through title XIX of the Social Security Act, rather than title XX. We estimate that from fiscal year 1978 to 1979, the cost of family planning services provided under title XX to Medi-Cal eligible individuals decreased about \$292,000, or 49 percent.

ANTICIPATED TRANSFERS--FOSTER
CARE AND IN-HOME SUPPORTIVE
SERVICES COSTS

California is considering transferring foster care administrative costs out of title XX. To maximize Federal funding, the State Department of Social Services anticipated charging certain social services costs relating to the administration of its Foster Care Program either to title IV-A or IV-E. ^{1/} All county welfare departments have been instructed to isolate the time spent by the social services staff on specific foster care activities effective July 1, 1980. The anticipated amount of transfer during fiscal year 1981 is \$8.9 million.

Another service being considered for transfer is in-home supportive services, which is a mandated program in California and must be provided in every county. These services consist of activities and service-funded resources necessary to enable aged, blind, or disabled persons to continue to reside in their own homes or move out of inappropriate institutionalization. Service-funded resources include domestic services; heavy cleaning; meal preparation and cleanup; restaurant meal allowance; routine laundry, ironing, folding, and mending; bed making and changing; reasonable shopping; nonmedical personal services; transportation assistance; yard hazard abatement; protective supervision; paramedical services; and teaching and demonstrations. Over \$200 million was spent in fiscal year 1979 to provide such services to about 141,000 primary recipients in the State, making it the most costly of the title XX social services.

According to a State official, home health-aid services provided under title XIX are similar to personal care services provided under in-home supportive services, or title XX, but are medical in nature with a higher degree of skill required by the provider. When provided under title XIX, these services must be prescribed by a physician, rather than by the social worker. Under title XIX, the service provider is more involved in determining the extent of the services to be provided. Under title XX, the client can employ and dismiss service providers at will, whereas under

^{1/}Public Law 96-272, Adoption Assistance and Child Welfare Act of 1980 created IV-E.

title XIX the client must deal with the provider through a home health agency. Under title XIX, the service provider must be supervised by a nurse and certified as a home health aid or pass a qualifying test based on experience and knowledge. Under title XIX, the service provider cannot be related to the client as allowed under title XX. For these reasons, home health aids are generally reimbursed at a higher rate than personal care services providers.

Two pilot projects have been legislated by the State government to test the feasibility of using title XIX to provide in-home supportive services.

Pilot project to provide personal care services under title XIX

California Assembly Bill No. 124 established a pilot project to provide personal care services as a Medi-Cal benefit. Personal care services are currently provided under title XX as part of in-home supportive services. The intent of the legislation is to allow examination of the feasibility of providing personal care services under title XIX to determine the effect on cost and fragmentation resulting from the services being provided under both titles XIX and XX. The project was to commence no later than October 1980, but as of January 1981 had not been implemented, with a final report to be submitted to the State legislature in October 1982. At that time, a determination will be made as to whether the pilot project has had sufficient positive impact to warrant continuation. The pilot project will automatically terminate in 1983 unless a statute is enacted to delete or extend the deadline.

According to the legislation, personal care services include, but are not limited to, assistance with routine bodily functions, skin care, oral hygiene, dressing, grooming, bathing, repositioning in bed, care of prosthetic devices, ambulating, incidental household maintenance essential for the patient's health, as well as specialized personal care services for fecal impaction, catheter care, colostomy care, tube feeding, administration of medication, and nail care for diabetics. The services provided will not be as highly skilled as home health-aid services provided under title XIX, but neither will they be considered nonmedical in nature, such as some of the services provided under title XX.

Project tests feasibility of funding services for the elderly under title XIX

In 1979, California enacted Assembly Bill No. 998, which created the Multipurpose Senior Services Project. The project established pilot projects that will develop information regarding effective methods

- to prevent premature disengagement of older persons from their indigenous communities and subsequent commitment to institutions;
- to provide optimum accessibility of community social and health resources available to assist older persons maintain independent living;
- to provide that the "at risk" impaired or moderately frail older person who has the capacity to remain in an independent living situation has access to appropriate social and health services without which independent living would not be possible;
- to provide the most efficient and effective use of public funds in the delivery of these social and health services;
- to link these social and health services, including county social services, by removing obstacles which impede or limit improvements in the delivery of these services; and
- to allow the State substantial flexibility in organizing or administering the delivery of social and health services to its senior citizens.

The distinctive feature of the project is that it pools a number of funding sources. Titles XIX, XX, and the Older Americans Act (title III-B), as well as State general funds, have been pooled into a single funding source for services normally funded through separate categorical programs.

The project has been implemented, and final evaluation reports will be made during the summer of 1983; the project will be terminated unless sufficient positive impact to warrant its continuation is indicated.

To provide services currently not available to elderly clients or to provide services through a single agency, waivers of certain title XIX regulations have been requested.

Participation in the program is limited to those persons who are currently eligible for Medi-Cal and are 65 years of age or older and who are at risk of institutionalization in an acute-care or skilled nursing facility. The project, to be conducted at eight sites, will serve no more than 1,900 clients at any time.

Current estimates indicate the project will cost about \$44 million. Of this total, it is estimated that the clients are already using \$10 million of Federal/State supported services.

The approximate \$34 million increase in costs will be shared equally by the Federal and State governments on a 50-50 matching basis. In other words, over the life of the project, title XIX Federal funding is expected to increase by about \$17 million.

MICHIGAN TRANSFERS THREE SERVICES

Michigan has transferred costs of early periodic screening, diagnosis, and treatment outreach, family services, and personal care services from title XX to other titles. The State has been spending its full title XX allocation since fiscal year 1976 and in 1980 funded about \$50 million for social services with no Federal match. The social services program is administered by Michigan's Department of Social Services.

EARLY PERIODIC SCREENING,
DIAGNOSIS, AND TREATMENT
OUTREACH

Early periodic screening, diagnosis, and treatment outreach has been transferred from title XX to title XIX in some areas of the State. The outreach portion is an administrative function of contacting and scheduling clients.

Early periodic screening, diagnosis, and treatment outreach was first transferred in 1976-77 in Wayne County. At that time, about 30 Department of Social Service workers were placed in clinics to function as outreach workers and were funded under title XIX. About a year later, the Michigan Public Health Department took over the outreach, still being funded under title XIX, and the social workers were returned to their own department. Outreach for the program is handled in various ways in other counties using Public Health Department workers and/or social workers with or without a professional background. According to the title XIX official responsible for the program's outreach function, the cost or value of this transfer is unknown.

FAMILY SERVICES

The Family Services Program under title XX had three goals: self-sufficiency, self-support, and protection. Since many of the administrative activities relating to self-sufficiency and self-support could be provided under title IV-A, State officials decided to make the transfer--the program's goal of protection remained under title XX. This transfer is estimated to save the State about \$4.2 million in fiscal year 1981 and to increase Federal expenditures by this amount.

This transfer, effective July 15, 1980, involves a change in the source of funds and also a change in the services provided. Consequently, there will be a loss of some services to families which are not fundable under title IV-A. In addition, non-AFDC families will not be eligible for title IV-A funded administrative activities.

PERSONAL CARE SERVICES COSTS

Personal care services were transferred from title XX to the title XIX program effective with the 1981 fiscal year. Title XX personal care services during fiscal year 1980 were predominately nonmedically related services provided as part of the adult home help service. Under title XIX, personal care services in a recipient's home are covered when prescribed by a physician according to a plan of care and rendered by a qualified person under the supervision of a registered nurse. Personal care services are health-related tasks, which deal with a client's physical requirements and enable the individual to be treated by his or her physician on an outpatient basis. With the transfer to title XIX, personal care costs may be more expensive than those incurred under title XX. The transfer was implemented on October 1, 1980, and, according to State estimates, will save the title XX program \$33.4 million and will increase Federal reimbursement to the State under title XIX by about \$16.7 million during fiscal year 1981.

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