

The Governor said while he has contemplated such an undertaking by private enterprise for some time, the project has taken on an added sense of urgency because of recent reports from the State Comptroller of a potential revenue shortage.

"It has become imperative that we take every step possible to avoid burdening our citizens with additional taxes," Governor Agnew said. "This can be a major step toward achieving that objective by bringing into the State government the methods and practices of modern business procedures."

NEWS RELEASE ON COST REDUCTION IN MEDICAID PROGRAM

June 13, 1968

Governor Agnew announced today that he is taking the following steps in implementing the recommendations of the Ad Hoc Health Committee to reduce costs of the Medicaid program in the most effective and fair manner.

The cutback in the State program became necessary in the budget presented by the Governor to the 1968 Legislature, but he delayed making the changes which will become effective July 1 until the last possible moment to see if the State revenue picture would improve.

The Governor said that since the State revenue picture has worsened instead of improved, it will be necessary to make the following changes in the program effective July 1, 1968:

The dropping of approximately 22,000 from a total program enrollment of 280,000 eligibles necessitated by the recent Social Security amendments which forced this rollback. These 22,000 are the persons with the highest incomes in the program and include about 7,000 who are over 65 and have Medicare protection.

The introduction of a co-payment and deductible principal for the medically indigent which essentially coincides with the same arrangement as exists under Medicare — (1) \$40 for each hospital admission; (2) a \$1 co-payment for doctors and outpatient visits; (3) 70¢ for each prescription.

The Ad Hoc Health Committee headed by Dr. Russell Nelson, the President of Johns Hopkins Hospital, has been working on this problem since last January when it became apparent that the State would not be able to absorb the full impact of the costs of the program.