The original documents are located in Box 16, folder "1974/12/23 HR14214 Health Revenue Sharing and Health Services Act of 1974 (vetoed) (1)" of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

POCKET VETOE
EFF. MIDNIGHT 12/23/74
MEMO OF DISAPPROVAL (DATED 12/21/74)
ISSUED 12/23/74

THE WHITE HOUSE

WASHINGTON

LAST DAY FOR ACTION:
MONDAY, DECEMBER 23, 1974

December 20, 1974

MEMORANDUM FOR THE PRESIDENT

FROM: KEN COLE

SUBJECT: Enrolled Bill H.R. 14214 -- Health Revenue Sharing and Health Services Act of 1974

POSTED IN COLORADO 12/23

BACKGROUND

Awaiting your action is H.R. 14214, a bill that would extend for two years the appropriation authorizations for existing Federal support programs for the delivery of health services. These programs include State formula grants for health programs and project grants for family planning services and research, community mental health centers (CMHC's), migrant health, rat control, and neighborhood health centers.

The bill would also add new programs including those for rape prevention and control grants, hemophilia treatment, blood separation centers, home health centers, and financial distress grants for CMHC's. In addition, it would create a number of special study groups on particular diseases.

The Administration's policies regarding health service delivery programs have been contrary to those reflected in H.R. 14214. We have maintained that these direct health service programs are for demonstration purposes and that past and current funding levels are sufficient to demonstrate the delivery concepts involved. While we would honor existing commitments, we favored a "no new starts" policy. Also, it has been the Administration's position that Medicare and Medicaid financing is already available for these health services and that these Federal categorical programs single out a few communities for preferential Federal treatment while individuals in other communities must meet Medicare and Medicaid standards to receive Federal financing for health services.

CURRENT SITUATION

Despite Administration opposition, the initial versions of this bill passed the House by a vote of 359 to 12 and the Senate by voice vote.

In many cases H.R. 14214 is at odds with your 1975 and initial 1976 budget decisions. Overall, in 1975 the bill would provide appropriation authorizations that are almost double your budget request. In 1976 the authorizations would be almost triple the levels contained in your initial decisions. For instance, your 1975 budget outlay and initial 1976 decisions would continue the policy of limiting Federal support to the existing CMHC's already funded by HEW for the duration of the original 8-year commitments, but would fund no new starts. The enrolled bill, however, would expand the Federal subsidization of CMHC's through support of new centers, financial distress grants to old ones, and the requirement of a plan to extend the CMHC concept nationwide.

CURRENT POSITION

With the last day for action, December 23, a pocket veto would most likely be possible. Secretary Weinberger has indicated to the Congress that a veto was a distinct possibility if a bill was passed along the lines of H.R. 14214. Nevertheless, both Houses did pass the bill overwhelmingly and special interest group support has been running high.

OPTIONS

1. Pocket veto the legislation and issue the attached memorandum of disapproval.

   PRO: Would be consistent with the Administration's strong opposition to H.R. 14214 at all stages of its development. Would also reaffirm your policy of a limited Federal role in the direct delivery of health services.

   CON: You could be criticized for cutting essential services to the poor in an effort to limit the budget. Also, Congress could give you even a worse bill next year.

2. Sign the legislation.

   PRO: Would be recognition on your part of the

overwhelming support for this legislation.

CON: Approving the excessive authorizations in this bill would make it much more difficult to hold to your 1975 budget and sustain lower levels in 1976.

RECOMMENDATIONS

-- HEW (Carlucci): Disapprove.

"...if our positions have been correct we should continue to adhere to them."

-- OMB (Ash): Disapprove.

-- Friedersdorf: Disapprove.

-- Areeda: Defers to HEW and OMB

-- Cole: Disapprove.

DECISION

R.R.T. 1. Pocket veto and sign memorandum of disapproval (Tab A).

_____ 2. Sign (Tab B).

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

DEC 19 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 14214 - Health Revenue Sharing and Health Services Act of 1974
Sponsor - Rep. Rogers (D) Florida and 10 others

Last Day for Action

December 23, 1974 - Monday

Purpose

Extends and expands program authorities for Federal support for health service delivery programs; creates a number of new Federal health service delivery programs and new study groups; and authorizes appropriations for fiscal years 1975 and 1976 for these activities.

Agency Recommendations

Office of Management and Budget	Disapproval (Memorandum of disapproval attached)
Department of Health, Education, and Welfare	Disapproval
Department of Labor	No objection to labor-related provisions; defers to HEW on remainder (Informally)
Department of Agriculture	Supports migrant health title

Discussion

H.R. 14214 would extend for two years the appropriation authorizations for existing Federal programs of support for health services delivery. These programs include State formula grants for health programs and project grants for family planning services and research, community mental health centers (CMHCs), migrant health, rat control, and neighborhood health centers.

The enrolled bill would also add new programs, e.g., for consultation and education, expansion, and financial distress grants for CMHCs, rape prevention and control grants, hemophilia treatment, blood separation centers, and home health services. In addition, it would create a number of special study groups on particular diseases.

The Administration proposed a "no new starts" policy in existing health service delivery programs. Flexible, noncategorical legislation under which current commitments would be continued was submitted to Congress. Existing commitments for CMHCs, for example, would be funded, but no new CMHC grants would be made.

The Administration's proposals reflected the approach that these direct health service programs are for demonstration purposes and that past and current funding levels are sufficient to demonstrate the delivery concepts involved. They also reflected the fact that Medicare and Medicaid financing is already available for health services under national and State eligibility standards. As a practical matter, the health services programs are inequitable because a few communities are singled out for preferential Federal treatment while individuals similarly situated in other communities must meet Medicare and Medicaid standards in order to receive Federal financing for health services.

The following discussion compares the major provisions in the enrolled bill with the current Administration positions as reflected in the budget decisions for fiscal years 1975 and 1976.

Title I. State Formula Grants--As part of your 1975 budget outlay reduction package, you recommended that the Congress eliminate formula grants to States for health services, based on an HEW recommendation.

The enrolled bill would continue these formula grants and would add new requirements for the State plans submitted to HEW for approval. In addition, it would (a) continue the existing requirement that States spend at least 15 percent of the grants they receive for mental health activities and (b) add a new requirement that 22 percent of such grants be applied to hypertension programs.

Title II. Family Planning--Your initial 1976 decision with respect to the categorical family planning authorities in title X of the Public Health Service (PHS) Act would propose requiring a 20 percent match by the recipients. This reflects the fact that substantial amounts of Federal funds are already available for family planning services through the multibillion-dollar Medicaid and social services financing programs.

H.R. 14214 would extend the categorical research and services authorities in the Public Health Service (PHS) Act for family planning with minor changes. The research authorities in the enrolled bill duplicate other research authorities in the PHS Act, but the bill would bar HEW from supporting family planning research under any other title of the PHS Act. The bill would also make the one-time five-year reporting requirement for family planning programs in title X an annual requirement.

Title III. Community Mental Health Centers (CMHCs)--Your 1975 budget outlay and initial 1976 decisions would continue the policy of limiting Federal support to the existing 626 CMHCs already funded by HEW for the duration of the original 8-year commitments, but would not fund new starts. This decision reflects the questionable desirability of the Federal Government's mandating the CMHC concept as the sole mechanism of delivery for mental health services. It also reflects a rejection of the concept contained in H.R. 14214 that the appropriate Federal role is to establish wall-to-wall CMHCs which would blanket the country.

H.R. 14214 would expand Federal programs subsidizing CMHCs, with detailed requirements for program administration. New specific authorities include subsidies for 8-year "initial operations," expansion, financial distress, and consultation and education. It would broaden the purpose of operating subsidies to include "all reasonable" costs instead of just "staffing" costs as under current law. Through financial distress, expansion, and consultation and education grants, H.R. 14214 would authorize Federal subsidies beyond the current limit of 8 years. The bill would also require the Secretary of HEW to develop a 5-year plan for extending the CMHC concept nationwide.

H.R. 14214 would create a new National Center for the Prevention and Control of Rape in HEW, to conduct research into the legal, social and medical aspects of rape; to act as a clearinghouse for materials on rape prevention and control; and to make grants for research and demonstration programs. The Secretary would be required to submit to Congress annual studies and recommendations on preventing and controlling rape.

The CMHC provisions in H.R. 14214 are fundamentally at odds with the Administration's approach. The proposed National Center for Rape Prevention and Control is unnecessary since its study assignments duplicate activities already underway.

Title IV. Migrant health--Your 1975 outlay reduction decision would hold this program at the 1974 funding level. Your initial 1976 decision would require grant recipients to share 20 percent of the cost of migrant health service delivery projects.

The enrolled bill would extend and substantially expand migrant health grant authorities, including creation of a new National Advisory Council on Migrant Health. The bill would sharply limit HEW's flexibility to administer the program; e.g., by mandating that projects provide the specific services listed in the bill. In coordination with the Secretary of HUD, the HEW Secretary would be required to conduct studies related to the housing of migratory workers and submit such studies and recommendations to the House Commerce Committee and the Senate Public Welfare Committee.

Title V. Community Health Centers--Your 1975 decision and 1976 initial decision would continue this program but would make it mandatory in 1976 that grantees share costs at a 20 percent rate.

The provisions relating to community health centers in H.R. 14214 stipulate in detail the services that must be provided by the grantee and sharply limit the Secretary's discretion in administering the program.

Title VI. Other new programs and study groups--H.R. 14214 would continue Federal funding of the rat control program and would create new Federal services delivery responsibilities for hemophilia treatment and blood separation

centers. It would also create three new study groups and would require them to submit reports and recommendations to Congress: a Committee on Mental Health and Illness of the Elderly, a Commission for the Control of Epilepsy and a Commission for the Control of Huntington's Disease.

These new programs and study groups obviously reflect pressure from interest groups to expand the Federal role in direct health services delivery to additional specific health problems.

As noted earlier, the Administration's position has been that Medicare and Medicaid are the appropriate Federal programs to finance health services delivery. Individual project grants for service delivery on a narrow categorical basis are generally inequitable; a few selected communities receive preferential treatment, while the bulk of those individuals in similar circumstances must rely on the eligibility standards and benefit coverage in Medicare and Medicaid.

Costs of H.R. 14214--Attachment A compares the appropriation authorizations in H.R. 14214 with the appropriation levels currently requested for 1975 and those in your initial 1976 decisions. In 1975, the bill would provide appropriation authorizations that are almost double your budget request. For 1976, the authorizations are almost triple the appropriation levels contained in your initial decisions.

Arguments for Approval of H.R. 14214

1. It has been argued that H.R. 14214 would "fill the gap" in authorizing legislation pending the enactment of national health insurance legislation, since it would make outpatient, inpatient and other services which would be covered under national health insurance available for at least the next two years.

2. Expanded Federal funding for health and social service delivery with education and outreach components would result in services being provided in some areas where they are not currently available or where they are not being utilized because potential beneficiaries are unaware of the services or are reluctant to pay for them.

3. The enrolled bill would resolve doubts--on the part of potential grantee recipients and interest groups--concerning program authorization levels for continuation of the health services programs.

4. If this bill is disapproved, the 94th Congress may pass a worse bill with an even more expanded Federal responsibility for direct financing of health services delivery.

Arguments for Disapproval of H.R. 14214

1. The excessive authorizations in the bill would make it much more difficult to hold to your 1975 budget and sustain lower levels and cost-sharing in 1976. Congressional appropriations would almost certainly exceed your requests. (While the chance of sustaining a veto of this bill is not good, disapproval of the enrolled bill could be sustained with 1/3 plus 1 in either House, while appropriation recissions require a positive vote of at least 51 percent in both Houses.)

2. H.R. 14214 endorses the concept of an expanded Federal role through narrow categorical health and social service delivery programs. It authorizes both new Federal program responsibilities as well as unnecessary study groups which will probably propose additional Federal responsibilities.

3. Continued Federal support for direct health and social services delivery projects is inconsistent with the Administration's strategy of financing those services through Medicare, Medicaid and comprehensive health insurance.

4. Secretary Weinberger indicated to the Congress that a veto was a distinct possibility, if a bill was passed along the lines of H.R. 14214.

5. The argument that H.R. 14214 is a "gap filler" pending health insurance legislation ignores the fact that many of the activities to be undertaken under the bill, e.g., training, outreach, social services, public education, and community employment, would not be financed under health insurance.

Recommendations

HEW recommends disapproval of H.R. 14214, stating:

> "...we think the bill, with all its faults, to be less undesirable than the health services legislation that we are likely to be visited with by the 94th Congress, should the President pocket veto the enrolled bill....
>
> "Nevertheless, if our choice is between now acceding to legislation that in the past we have consistently opposed, or making clear that our opposition to it continues unabated, even though we may for the moment be unable to prevail, I think the latter course the more consistent, and the one that best records the Administration's concerns. In short, if our positions have been correct, we should continue to adhere to them. For this reason, I recommend that the bill be returned to the Congress without the President's approval. Inasmuch as the Congress' present intention is to adjourn on December 20, and the 10 days for action on the bill do not expire until midnight, December 23, I would further recommend that the bill not be returned until the last possible moment in the hope that either the Congress will have adjourned or, if not adjourned, will be unable to muster a quorum before its constitutional expiration."

* * * * *

H.R. 14214 represents a fundamentally different approach to the Federal role in health services delivery programs than that endorsed by the Administration. It would expand current programs and stipulate in detail both the types of benefits that grantees would have to provide and the way in which the programs are to be administered. In addition, the bill would require the Federal Government to embark upon new health services delivery programs and would establish new groups to recommend a Federal role in other categorical disease areas. The authorization levels in H.R. 14214 greatly exceed current and anticipated budget levels and would create enormous pressures for higher funding.

The Administration strongly opposed legislation along the lines of H.R. 14214 during its developmental stages. We recognize, however, that there is substantial congressional support for this legislation, based on the votes. The initial versions passed the House by a vote of 359 to 12 and the Senate by voice vote, which indicates a strong likelihood that disapproval of the bill, other than by a pocket veto, would not be sustained.

Nevertheless, we concur with HEW's recommendation that you disapprove H.R. 14214 and have drafted a memorandum of disapproval on the assumption that a pocket veto will be feasible.

Director

Enclosures

Attachment A

Comparison of Authorizations and Funding Levels

H.R. 14214--"Health Revenue Sharing and Health Services Act of 1974"
($ in Millions)

Program	1975 President's Budget	1975 HR 14214 Auth.	1976 Initial Presidential Decisions	1976 HR 14214 Auth.
State Formula Grants	45	160	--	160
Family Planning	101	215	80	257
Community Mental Health Centers				
-- New	--	139	--	164
-- Continuation	199	199	160	235
Rape Prevention Center	--	10	--	10
Migrant Health Grants	24	75	19	80
Health Center Grants	200	260	160	280
Miscellaneous:				
-- rat control and communicable diseases	18	38	10	--
-- home health grants	--	--	--	15
-- Committee on Mental Health and Illness of the Elderly	--	"such sums"	--	"such sums"
-- Commission on Epilepsy	--	"such sums"	--	"such sums"
-- Commission on Huntington's Disease	--	"such sums"	--	"such sums"
-- hemophilia treatment centers	--	3	--	5
-- blood separation centers	--	5	--	5
Total	587	1,104	429	1,211

MEMORANDUM OF DISAPPROVAL

The bill authorizes appropriations of more than $1 billion over my recommendations

I have withheld my approval from H.R. 14214, the "Health Revenue Sharing and Health Services Act of 1974."

H.R. 14214 conflicts with my strong commitment to the American taxpayers to hold Federal spending to essential purposes, and I cannot in good conscience approve it. Appropriation authorizations ~~in this bill~~ are almost double the funding levels I have recommended for Fiscal Year 1975 and almost triple the levels I believe would be appropriate for 1976.

As part of my effort to see that the burden upon our taxpayers does not increase, I requested the Congress last month to exercise restraint in expanding existing Federal responsibilities, and to resist adding new Federal programs to our already overloaded and limited Federal resources. These recommendations reflect my concern with both the need to hold down the Federal budget and the need to limit the Federal role to those activities which can make the most necessary and significant contributions.

In H.R. 14214, the Congress not only excessively increased authorizations for existing programs but also created several new ones that would result in an unjustified expenditure of Federal taxpayers' funds. Although the purposes of ~~some~~ of the programs authorized in this bill are certainly worthy, I just cannot approve this legislation because of its effect upon the economy through increased unwarranted Federal spending.

Finally, it should be pointed out that the Federal Government will spend almost $20 billion in 1975 through Medicare and Medicaid for the financing of health services for priority recipients -- aged and low-income persons. These services are provided on the basis of national eligibility standards in Medicare and State eligibility standards in Medicaid and therefore are available to individuals in a more equitable and less restrictive manner than many of the programs authorized in H.R. 14214.

MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H.R. 14214, the "Health Revenue Sharing and Health Services Act of 1974."

H.R. 14214 conflicts with my strong commitment to the American taxpayers to hold Federal spending to essential purposes. The bill authorizes appropriations of more than $1 billion over my recommendations and I cannot, in good conscience, approve it. These appropriation authorizations are almost double the funding levels I have recommended for Fiscal Year 1975 and almost triple the levels I believe would be appropriate for 1976.

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THE WHITE HOUSE,

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 900

Date: December 20, 1974 Time: 8:30 a.m.

FOR ACTION: Pam Needham
Max Friedersdorf
Phil Areeda sleeper
Paul Theis

cc (for information): Warren Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Friday, December 20 Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 14214 - Health Revenue sharing and Health Services Act of 1974

ACTION REQUESTED:

____ For Necessary Action

____ Prepare Agenda and Brief

__x__ For Your Comments

__x__ For Your Recommendations

____ Draft Reply

____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H.R. 14214, the "Health Revenue Sharing and Health Services Act of 1974."

H.R. 14214 conflicts with my strong commitment to the American taxpayers to hold Federal spending to essential purposes, and I cannot in good conscience approve it. Appropriation authorizations in this bill are almost double the funding levels I have recommended for Fiscal Year 1975 and almost triple the levels I believe would be appropriate for 1976.

As part of my effort to see that the burden upon our taxpayers does not increase, I requested the Congress last month to exercise restraint in expanding existing Federal responsibilities, and to resist adding new Federal programs to our already overloaded and limited Federal resources. These recommendations reflect my concern with both the need to hold down the Federal budget and the need to limit the Federal role to those activities which can make the most necessary and significant contributions.

In H.R. 14214, the Congress not only excessively increased authorizations for existing programs but also created several new ones that would result in an unjustified expenditure of Federal taxpayers' funds. Although the purposes of some of the programs authorized in this bill are certainly worthy, I just cannot approve this legislation because of its effect upon the economy through increased unwarranted Federal spending.

12/20/74

MEMORANDUM OF DISAPPROVAL

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As part of my effort to see that the burden upon our taxpayers does not increase, ~~last month~~ I requested the Congress last month to exercise restraint in expanding existing Federal responsibilities and to resist adding new Federal programs to our already ~~overburdened~~ burden and limited Federal resources. These recommendations reflect my concern with both the need to hold down the Federal budget and the need to limit the Federal role to those activities which can make the most necessary and significant contributions.

In H.R. 14214, the Congress not only excessively increased authorizations for existing programs but also created several new ones that would result in an unjustified expenditure of Federal taxpayers' funds. Although the purposes of some of the programs authorized in this bill are certainly worthy, I just cannot approve this legislation because of its effect upon the economy through increased unwarranted Federal spending.

714

THE WHITE HOUSE

ACTION MEMORANDUM WASHINGTON LOG NO.: 800

Date: December 20, 1974 Time: 8:30 a.m.

FOR ACTION: Pam Needham
Max Friedersdorf
Phil Areeda
Paul Theis

cc (for information): Warren Hendriks
Jerry Jones

FROM THE STAFF SECRETARY

DUE: Date: Friday, December 20 Time: 1:00 p.m.

SUBJECT:

Enrolled Bill H.R. 14214 - Health Revenue sharing and Health Services Act of 1974

ACTION REQUESTED:

____ For Necessary Action

____ Prepare Agenda and Brief

__x__ For Your Comments

__x__ For Your Recommendations

____ Draft Reply

____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

Defer to OMB + HEW

P. Areeda

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
for the President

THE WHITE HOUSE
WASHINGTON

TO: Bob Hartmann

FROM: PAUL THEIS

Another veto statement.

Paul

I believe # sums over the budget should be stated in the message.

12/20/74

MEMORANDUM OF DISAPPROVAL

OK/BAR

I have withheld my approval from H.R. 14214, the "Health Revenue Sharing and Health Services Act of 1974."

H.R. 14214 conflicts with my strong commitment to the American taxpayers to hold Federal spending to essential purposes, and I cannot in good conscience approve it. Appropriation authorizations in this bill are almost double the funding levels I have recommended for Fiscal Year 1975 and almost triple the levels I believe would be appropriate for 1976.

As part of my effort to see that the burden upon our taxpayers does not increase, ~~last month~~ I requested the Congress last month to exercise restraint in expanding existing Federal responsibilities and to resist adding new Federal programs to our already ~~overburdened~~ limited and limited Federal resources. These recommendations reflect my concern with both the need to hold down the Federal budget and the need to limit the Federal role to those activities which can make the most necessary and significant contributions.

In H.R. 14214, the Congress not only excessively increased authorizations for existing programs but also created several new ones that would result in an unjustified expenditure of Federal taxpayers' funds. Although the purposes of some of the programs authorized in this bill are certainly worthy, I just cannot approve this legislation because of its effect upon the economy through increased unwarranted Federal spending.

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ok/as

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ACTION REQUESTED:

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____ Draft Reply

____ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

1974 DEC 20 AM 10 55

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
for the President

MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H.R. 14214, the "Health Revenue Sharing and Health Services Act of 1974."

Last month I requested the Congress to exercise restraint in expanding existing Federal responsibilities or adding new Federal programs to our already overburdened and limited Federal resources. These recommendations reflect my concern with both the need to hold down the Federal budget and the need to limit the Federal role to those activities which can make the most needed and significant contributions.

The Federal Government will spend almost $20 billion in 1975 through Medicare and Medicaid for financing health services for priority recipients--aged and low-income persons. These services are provided on the basis of national eligibility standards in Medicare and State eligibility standards in Medicaid. Moreover, the Medicare and Medicaid programs permit beneficiaries to select their own providers.

H.R. 14214 would undesirably expand Federal subsidies for health care delivery through narrow categorical direct delivery programs and would provide those services on less equitable and more restrictive bases than in Medicare and Medicaid.

Appropriation authorizations in this bill are almost double the funding levels I have recommended for fiscal year 1975 and almost triple the levels I believe would be appropriate for 1976.

Since H.R. 14214 conflicts with my strong commitment to the American taxpayers to hold Federal spending to essential purposes, I cannot in good conscience approve it.

THE WHITE HOUSE

December , 1974

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

Honorable Roy L. Ash, Director
Office of Management and Budget
Washington, D.C. 20503

December 17, 1974

Dear Mr. Ash:

This is in reply to your request for our views on H.R. 14214, an enrolled bill, "To amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes."

This Department favors the objectives of Title IV of this bill which would improve and continue the provision of health services for migrant and seasonal farmworkers and their families. We are not commenting on the remaining sections of the bill, as they are more appropriately the responsibility of other Departments.

Title IV would establish migrant health centers to provide specified health services to migrant and seasonal agricultural workers and members of their families. It provides for the use of grants and contracts for the planning, development and operation of migrant health centers in high impact areas having large numbers of migrants, and for such services in areas having fewer numbers of migratory and seasonal agricultural workers after all grants have been provided for approved projects in high impact areas. This section of the bill authorizes appropriations of $75 million for fiscal year 1975 and $80 million for fiscal year 1976 for the development of plans, operating migrant health centers, and supplying in-patient and out patient hospital services. Title IV further provides for the establishment of a National Advisory Council on Migrant Health to advise and make recommendations on matters concerning the organization, operation, selection, and funding of migrant health centers.

We believe that the provisions of Title IV of this bill would provide for a continuity of and improvement in health services for migrant and seasonal agricultural workers and we therefore, recommend its approval by the President.

Sincerely,

J. Phil Campbell
Under Secretary

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

DEC 19 1974

Honorable Roy L. Ash
Director
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Ash:

This is in response to your letter requesting comments on H.R. 14214, an enrolled enactment amending the Public Health Service Act and related laws.

This bill, which revises and extends programs of health revenue sharing and health services, vests principal program authority and responsibility in the Department of Health, Education, and Welfare. Therefore, we defer to that Department regarding the health provisions of the bill.

However, the Department of Labor has no objection to the labor related sections of this enactment.

Sincerely yours,

Peter J. Brennan

Secretary of Labor

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Honorable Roy L. Ash
Director, Office of Management
and Budget
Washington, D. C. 20503

DEC 17 1974

Dear Mr. Ash:

This is in response to Mr. Rommel's request for a report on H.R. 14214, an enrolled bill "To amend the Public Health Service Act and related laws, to revise and extend programs of health revenue sharing and health services, and for other purposes." The bill would be cited as the "Health Revenue Sharing and Health Services Act of 1974".

Title I of the bill, the "Special Health Revenue Sharing Act of 1974", would amend section 314(d) of the Public Health Service Act, the current program of formula grants to the States for the provision of comprehensive public health services. To qualify for a grant under the amended section a State would be required to submit a plan in three parts: (1) an administrative part, which would contain administrative features similar to those now imposed by section 314(d) on State plans; (2) a public health service part, which would require State assessment of its most serious public health problems, and would mandate State programs in environmental health, health education, preventive medicine, health manpower and facilities licensure, and (in addition to services now required under the current section) services, commensurate with the problem, for the prevention and treatment of hypertension; and (3) a mental health service part, which would include the State's assessment of its most serious mental health problems, a plan to eliminate inappropriate placement of persons in mental institutions and to improve the quality of care for individuals for whom institutionalization is necessary, a prescription of mandatory minimum standards for maintenance and operation of mental health programs and facilities within the State, and provision for related screening and follow-up services.

The title would delete from the amended section the specification of a Federal share of State costs under the program, and would instead allow the Secretary to determine the amount of any grant to a State, subject to the ceiling established by the State's formula allotment.

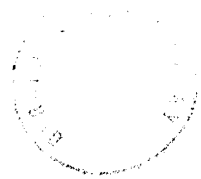
There would be added to the existing earmark of 15 percent of a State's allotment for mental health services a second earmark of 22 percent of the State's allotment for hypertension programs. The amended section would retain the current requirement that 70 percent of a State allotment be available only for the provision of services in communities.

Authorizations for fiscal years 1975 and 1976 would each be set at $160 million.

Title II of the bill, the "Family Planning and Population Research Act of 1974", would continue the existing Public Health Service Act title X program largely along current lines. The program of formula grants to States for family planning services, which was never funded and which was allowed to lapse by the Public Health Services Extension Act of 1973, would finally be repealed. With the intent of increasing accountability for research supported by the Secretary in fields related to family planning, the Secretary would be barred from supporting research of that character under any other title of the Public Health Service Act. In recognition, however, that much research is conducted directly by the Secretary, under the current section 301 authority, through the Center for Population Research in the National Institute of Child Health and Human Development, the bill would add to title X an authority for the Secretary to conduct family planning research under title X.

The Secretary's preparation of a five-year plan for carrying out title X, now a one-time requirement, would be made an annual requirement.

The program would be extended for fiscal years 1975 and 1976 at appropriation authorization levels of $150 million and $175 million, respectively, for project grants and contracts



for family planning services; $4 million and $5 million, respectively, for training grants and contracts; $60 million and $75 million, respectively, for research; and $1.5 million and $2 million, respectively, for informational and educational materials.

Title III of the bill, the Community Mental Health Centers Amendments of 1974, would completely revise the Community Mental Health Centers Act, retroactively to July 1, 1974.

Current law defines a community mental health center as a facility for the prevention or diagnosis of mental illness, or the care and treatment, or rehabilitation, of mentally ill patients, which facility provides its services principally to persons residing in a community in or near the facility (known as the "catchment area"). This definition has been substantially elaborated by the Department's regulations, which require CMHCs to provide five enumerated "essential services", and contemplate the provision of enumerated "supplemental services".

The bill would greatly expand the statutory definition. It would define a CMHC as a legal entity through which comprehensive mental health services are provided principally to individuals residing in its catchment area, regardless of their ability to pay for the services. The services would be required to include the services currently mandated by the Department's regulations, such as inpatient services, outpatient services, partial hospitalization services, emergency services, and consultation services, but would require, also, certain services, such as after-care, which, under the Department's regulations, have been provided on an optional basis. (CMHCs that would have been eligible for various continuation grants but for the new definition, will continue to be eligible for those grants under prior law, within certain limitations.)

The new CMHC Act will replace the existing structure of staffing grants with a program of grants for the payment of CMHC operating costs. The new grants will be for the

planning of CMHC programs (one-year grants, not to exceed $75,000 each, with $5 million in appropriations authorized for each of the two fiscal years of the program); for the initial operation of a CMHC (support to be limited to eight years of otherwise unfunded operating costs, at declining percentages of total operating costs of 80, 65, 40, 35, 30 (for the fifth and sixth years), and 25 (seventh and eighth years), except that grantees serving rural or urben poverty areas would receive percentages up to 90 for the first two years, and, for the remaining six years, 80, 70, 60, 50, 40, and 30; appropriations to be authorized at $85 million and $100 million for fiscal years 1975 and 1976, respectively); for consultation and education services (the grants normally to begin in the fifth year of a center's operation, subject to a complex grant ceiling, with appropriations authorized for the two years at $4 million and $9 million, respectively); for conversion from a CMHC under current law to a CMHC under the new law (appropriations authorized at $20 million for each of the two years); for financial distress (of a CMHC that has enjoyed funding for the maximum period prescribed by the old or new law, and which would be forced to curtail its services without such a grant, the grant to be for one year, with a limit of five such grants per CMHC, at 90 percent of the last percentage of costs to which it was entitled under the CMHC Act; appropriations of $10 million and $15 million to be authorized for the two fiscal years, respectively); and for facilities assistance (for the acquisition or remodeling of CMHCs, and the construction or expansion of CMHCs in catchment areas with 25 percent low income group residents, subject to the existing provisions limiting the Federal share; appropriations to be authorized at $15 million for each of the two fiscal years).

This title of the bill would also add to the CMHC Act a new part dealing with rape prevention and control. It would establish a National Center for the Prevention and Control of Rape within the National Institute of Mental Health to conduct research into the legal, social, and medical aspects of rape, and to act as a clearinghouse for materials on rape prevention and control. Appropriations for the Center would be authorized at $10 million for each of the two fiscal years.

Finally, among its other administrative provisions, the title would require submission of a statewide plan for CMHCs and comprehensive mental health services, in place of the current, less comprehensive, State plan requirement. Also, not later than 18 months after the bill's enactment, the Secretary would be required to submit to the pertinent congressional committees a report setting forth national standards for care provided by CMHCs and criteria for evaluating them.

Title IV of the bill would expand section 310 of the Public Health Service Act, relating to health services for domestic agricultural migrants. In brief, the Secretary would be authorized to make grants to public and nonprofit private entities for projects to plan and develop migrant health centers to serve migratory agricultural workers, seasonal agricultural workers, and the members of the families of migratory and seasonal workers, in what are termed "high impact areas", i.e., areas in which there reside not less than 6000 migratory or seasonal workers and their families for more than two months each year; and grants for the costs of operating public and nonprofit private migrant health centers, including the cost of acquiring or modernizing buildings, in high impact areas. A migrant health center would be defined as an entity that, among other things, provides "primary health services" and referrals to providers of "supplemental health services" if those supplemental health services are not provided by the center. Primary health services consist of physicians services, diagnostic laboratory and radiologic services, preventive health services, emergency medical services, preventive dental services, and necessary transportation services. Supplemental health services include a broad range of additional health services.

Conditions imposed for the approval of grant applications include establishment by the applicant of arrangements for Medicare and Medicaid reimbursement.

The amended section would also contain provisions for Federal assistance to initiate migrant health centers (including the modernization or acquisition of buildings) in high impact areas, and assistance for the provision of

health services to migratory and seasonal workers and their families in other than high impact areas.

Appropriations authorizations for the amended migrant program would be as follows: for planning and development grants, $5 million in each of the two fiscal years, of which not more than 30 percent in 1975 and 25 percent in 1976 may be used for projects other than migrant health centers; for operating grants, $60 million for FY 1975 and $65 million for FY 1976, except that no more than 30 percent of the appropriation (or, if greater, 90 percent of the grant made for such purpose for the preceding fiscal year) may be used for other than operational or start-up grants for migrant health centers for fiscal year 1975, and no more than 25 percent (or such 90 percent of the preceding year's grant) for fiscal year 1976; and for the provision of inpatient and outpatient hospital services, $10 million for each of the two fiscal years.

Among its other provisions, the title would also establish a permanent National Advisory Council on Migrant Health, which would advise, consult with, and make recommendations to, the Secretary on section 310 matters.

Title V of the bill would establish a new part of the Public Health Service Act dealing with community health centers, now funded under section 314(e). In the services required to be provided, the centers would be patterned along the lines of the migrant health centers under the amended section 310. That is, there would be enacted, as a new section 330(a) and (b), provisions closely following those to be contained in sections 310(a)(1) and 310(a)(6), respectively. Like the new CMHC provisions, the CHC would serve all residents of a "catchment area". Like the new migrant health center program, the Secretary would be authorized to make grants to public and nonprofit private entities to plan and develop community health centers (but to serve "medically underserved populations" rather than "high impact areas"), including grants to meet the costs of acquiring or modernizing buildings, grants for the costs of operation of community health centers which serve medically underserved populations (including building acquisition or modernization costs), and grants

(limited to two years per entity) to entities that are not CHCs for the provision of health services to underserved populations. Centers would be required to meet administrative requirements parallel to those the bill would impose on CMHCs.

Appropriations for planning grants would be authorized at $20 million for each of the two fiscal years; appropriations for operational grants would be authorized at $240 million and $260 million, respectively.

Section 314(e), the current program of project grants for health services development, would be repealed.

Title VI of the bill contains a number of miscellaneous provisions:

Inasmuch as section 314(e) would be repealed, the title would provide for rodent control programs, currently assisted under that section, to be conducted under section 317, the existing communicable disease control section. The appropriation authorization under section 317 is correspondingly increased for FY 1975 by $15 million.

The bill would enact a program to demonstrate the establishment and initial operation of public and nonprofit agencies to provide home health services (eligible for medicare reimbursement). The Secretary would be authorized to make grants from appropriations authorized for FY 1976 only, in the amount of $12 million for development and $3 million for training.

The title would require the Secretary to appoint a temporary committee, and two temporary commissions, for, respectively, the study of future needs in the area of mental health and illness of the elderly, the control of epilepsy, and the control of Huntington's disease. Each body would be required to submit its report within one year after the bill's enactment.

The title would establish a new program of grant and contract assistance to public and nonprofit private entities for

projects for the establishment of comprehensive hemophilia diagnostic and treatment centers. Appropriations would be authorized at $3 million for FY 1975 and $5 million for FY 1976.

A new program would also be established to develop and support, within existing facilities, blood-separation centers to separate and make available for distribution blood components to providers of blood services and manufacturers of blood fractions. Appropriations of $5 million would be authorized for each of the two fiscal years.

The bill's fiscal year 1975 authorization for health revenue sharing (i.e., the section 314(d) revision) exceeds the President's FY 1975 budget for similar activities by $70 million (i.e., $160 million authorized to be appropriated compared to $90 million in appropriations requested).

Also for FY 1975, the bill's rodent control authorization ($38 million) exceeds the requested appropriation ($13 million) by $25 million; the family planning authorization ($215.5 million) exceeds the budget request ($100.6 million) by $114.9 million; the CMHC authorization of $139 million is new money (the budget request being for $199 million for continuation grants, presumably the same amount as would be required for that purpose under the bill); the migrant health centers authorization ($75 million) exceeds the budget request ($23.8 million) by $51.2 million; and the community health centers authorization ($260 million) exceeds the budget request ($200.4 million) by $59.6 million. The bill's authorizations for new programs and activities (exclusive of the costs of the studies on mental health and illness of the elderly, epilepsy, and Huntington's disease, for which no specific authorization is provided) add an additional $18 million for FY 1975 (i.e., $10 million for rape prevention and control and $8 million for hemophilia; appropriations are not authorized for home health services under the bill, as we indicated previously, until FY 1976). The total of the bill's authorizations in excess of requested budget authority for FY 1975 is $477.7 million.

Despite the magnitude of this excess, there are several reasons why it is not, in and of itself, dispositive of the question of the bill's acceptability. First, there is no reason to believe, given the newly awakened congressional concern over Federal expenditures, that anything near the amounts authorized by the bill will be appropriated. Secondly, there now exists in the Congress, through the medium of the new Budget Committees, a means by which the Congress can, and may be expected to, place reasonable ceilings on new budget authority, regardless of the size of individual appropriations authorizations. And, finally, the Impoundment Control Act of 1974 affords the President an expeditious process through which he may seek rescission of unwanted appropriations.

However, the enrolled bill is also objectionable on other grounds. In our submission to the Congress, on February 13, 1974, of the Administration's health services amendments, we sought to terminate Federal categorical assistance for Community Mental Health Centers on the ground that the community mental health services program had proven itself as a demonstration program, and should now be absorbed by the regular health service delivery system. Moreover, as we pointed out in our letter of October 9 to the Chairman of the House Committee on Interstate and Foreign Commerce, we oppose the expansion and mandating into law of health programs that single out a few selected communities for special Federal subsidies. Our overall strategy in health reflects a policy of assuring financial access to health insurance for all Americans on an equitable basis.

By providing new support, including financial distress grant authority, for CMHCs, the Congress would, on first face, appear to reject this strategy. However, the House Committee report on H.R. 14214 asserts that the Committee has proposed these revisions to the CMHC legislation in order "to maintain that part of the system now in place (500 funded CMHC's) and to improve and expand it in order to facilitate the control of costs and quality under national health insurance." (H. Rep. No. 93-1161, at p. 32). This

rationale is not wholly inconsistent with the approach the Administration bill took to health services. In short, we must weigh the argument that, with national health insurance at least on the horizon, the course most saving of national health resources requires expenditures for the purpose of preserving existing competences.

Also contrary to the Administration proposal is the bill's repeal of section 314(e) of the Public Health Service Act, and the substitution of narrower categorical authorities for the support of community health centers and for rodent control. And, whereas the Administration proposal would have folded family planning services and training, and the migrant health program, into section 314(e), the bill would preserve and expand those programs as separate authorities.

Insofar as the objection to this course rests upon our often repeated opposition to the establishment in law of narrow compartments for the flow of Federal assistance for health programs, it must be admitted that the argument loses some of its force because of the form of the Administration proposal. We undertook to specify, in the amended section 314(e) that we proposed to the Congress in February, that amounts appropriated under it would be used for, among other things, the prevention or treatment of alcoholism, comprehensive health services centers, the provision or operation of health service clinics for domestic agricultural workers, and the support of family planning services. Presumably, we would have sought discrete amounts of budget authority, which would have been set forth in our budget justifications, to fund these purposes, had our proposal been enacted. Given a block appropriation, under our proposal or the enrolled bill, for health services to allow for any needed reprogramming of funds, the difference between our proposal and the enrolled bill, from the standpoint of inappropriate categorization, may be more theoretical than real.

We continue to object, however, to the new earmark for hypertension programs under section 314(d). We would concede that this earmark addresses a generally recognized national program. However it is bad in principle

because categorical mandates in this program work against the entire concept of the original Partnership for Health program and that of its successor under the enrolled bill, health revenue sharing: the concept of giving the States money to deal with their individual health problems as they see fit with as little interference from the Federal Government as possible. We had proposed, instead, that the existing mental health earmark be repealed.

Finally, the bill's provisions establishing study commissions and new narrowly categorical health programs are undesirable. In the case of rape prevention, certain of the mandated studies could more appropriately be undertaken by the criminal justice system. With regard to epileptic problems, the existing Epilepsy Advisory Committee has been productive in defining the "state of the art" in specific research areas and in stimulating interdisciplinary research efforts to bear on the problems of the epilepsies. We can see no useful purpose in establishing statutorily a body to do what can and is being done under present authorities. We also oppose singling out hemophilia for a special entitlement. Providing special treatment for one disease could inappropriately divert funds and attention to that disease at the expense of other equally debilitating conditions. The multiplication of these special entitlements will, in the long run, undermine the NIH mission of basic biomedical research.

Although we have tried in the preceding discussion to avoid overstating the strength of our objections to the enrolled bill, we consider it undesirable legislation. On the other hand, we would not wish to conceal that the bill has certain strengths. It would continue section 314(d) in a manner consistent with existing operational policies. The family planning program, although not consolidated into a revised section 314(e), is nevertheless continued (as we would have continued it) with minor change in ongoing program activities. The migrant health program would be made more cost effective by concentrating its services in areas of need, in emphasizing efforts to obtain third part payments, and in the introduction of quality assurance requirements, improved accounting

procedures and budget planning, and in the establishment of fee schedules. Similar steps, mandated by the bill, would improve the cost effectiveness of the existing community health services program.

Finally, we think the bill, with all its faults, to be less undesirable than the health services legislation that we are likely to be visited with by the 94th Congress, should the President pocket veto the enrolled bill. (In this last regard, it seems clear that a veto, other than a pocket veto, could not be sustained. The House bill was passed by 359 to 12; the Senate version was passed by voice vote; the conference report was adopted in the House by 372 to 14, and without objection in the Senate.)

Nevertheless, if our choice is between now acceding to legislation that in the past we have consistently opposed, or making clear that our opposition to it continues unabated, even though we may for the moment be unable to prevail, I think the latter course the more consistent, and the one that best records the Administration's concerns. In short, if our positions have been correct, we should continue to adhere to them. For this reason, I recommend that the bill be returned to the Congress without the President's approval. Inasmuch as the Congress' present intention is to adjourn on December 20, and the 10 days for action on the bill do not expire until midnight, December 23, I would further recommend that the bill not be returned until the last possible moment in the hope that either the Congress will have adjourned or, if not adjourned, will be unable to muster a quorum before its constitutional expiration.

Sincerely,

Acting Secretary

12/2/3

Mr L-

To be added to the respective files, Pls.

Thanks

Kate

THE WHITE HOUSE

WASHINGTON

December 21, 1974

MEMORANDUM FOR: WARREN HENDRIKS

FROM: MAX L. FRIEDERSDORF

SUBJECT: Action Memorandum - Log No. 800
Enrolled Bill H.R. 14214 - Health Revenue Sharing and Health Services Act of 1974

The Office of Legislative Affairs concurs in the attached proposal and has no additional recommendations.
Hugh Scott pushing for signature due to pressure from interested Senators.

Attachment

↓ Republican Bob Michel has no objection to veto. I recommend veto. — Max F.

To- Dianna Hendricks
12-19-74
7:00 p.m.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DEC 19 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 14214 - Health Revenue Sharing and Health Services Act of 1974
Sponsor - Rep. Rogers (D) Florida and 10 others

Last Day for Action

December 23, 1974 - Monday

Purpose

Extends and expands program authorities for Federal support for health service delivery programs; creates a number of new Federal health service delivery programs and new study groups; and authorizes appropriations for fiscal years 1975 and 1976 for these activities.

Agency Recommendations

Office of Management and Budget	Disapproval (Memorandum of disapproval attached)
Department of Health, Education, and Welfare	Disapproval
Department of Labor	No objection to labor-related provisions; defers to HEW on remainder (Informally)
Department of Agriculture	Supports migrant health title

Discussion

H.R. 14214 would extend for two years the appropriation authorizations for existing Federal programs of support for health services delivery. These programs include State formula grants for health programs and project grants for family planning services and research, community mental health centers (CMHCs), migrant health, rat control, and neighborhood health centers.

DECEMBER 23, 1974

Office of the White House Press Secretary
(Vail, Colorado)

THE WHITE HOUSE

MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H. R. 14214, the "Health Revenue Sharing and Health Services Act of 1974."

H. R. 14214 conflicts with my strong commitment to the American taxpayers to hold Federal spending to essential purposes. The bill authorizes appropriations of more than $1 billion over my recommendations and I cannot, in good conscience, approve it. These appropriation authorizations are almost double the funding levels I have recommended for Fiscal Year 1975 and almost triple the levels I believe would be appropriate for 1976.

As part of my effort to see that the burden upon our taxpayers does not increase, I requested the Congress last month to exercise restraint in expanding exsiting Federal responsibilities, and to resist adding new Federal programs to our already overloaded and limited Federal resources. These recommendations reflect my concern with both the need to hold down the Federal budget and the need to limit the Federal role to those activities which can make the most necessary and significant contributions.

In H. R. 14214, the Congressnot only excessively increased authorizations for existing programs but also created several new ones that would result in an unjustified expenditure of Federal taxpayers' funds. Although the purposes of many of the programs authorized in this bill are certainly worthy, I just cannot approve this legislation because of its effect upon the economy through increased unwarranted Federal spending.

Finally, it should be pointed out that the Federal Government will spend almost $20 billion in 1975 through Medicare and Medicaid for the financing of health services for priority recipients -- aged and low-income persons. These services are provided on the basis of national eligibility standards in Medicare and State eligibility standards in Medicaid and therefore are available to individuals in a more equitable and less restrictive manner than many of the programs authorized in H. R. 14214.

GERALD R. FORD

THE WHITE HOUSE,
December 23, 1974

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FOR IMMEDIATE RELEASE

DECEMBER 23, 1974

Office of the White Press Secy
(Vail, Colorado)

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GERALD R. FORD

~~Gerald R. Ford~~

THE WHITE HOUSE,
December 23, 1974

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