

CHRISTIE'S GREATEST HITS – HUMAN SERVICES

NOTES FROM DEPARTMENT OF HEALTH AND HUMAN SERVICES COMMISSIONER BILL WALDMAN

1. WELFARE REFORM ENHANCED ECONOMIC SECURITY FOR WORKING FAMILIES

In 1996 the Federal welfare program for families was converted from an entitlement program to a block grant and each state had the opportunity to craft its own program designed to move individuals from welfare to work, reduce dependency on government assistance and promote self sufficiency.

Welfare reform was a contentious issue for each State but the leadership of the Whitman administration in New Jersey succeeded in creating and enacting what is widely regarded as one of the most progressive reforms in the country on a bipartisan basis. The act took a “tough love” approach and balanced the requirements for personal responsibility of welfare recipients with the provision of effective job placements and work supports including expanded child care, job training, extended health care coverage, substance abuse services and others. In addition to the reform of the Federal program, the issue of consolidation of State and local programs for single adults was also accomplished with an option provided in the law for municipalities to transfer to their respective counties the administrative responsibility for this program and achieve relief from the property tax burden of the costs of operating the municipal welfare program.

The reform, marked by extensive public and private partnerships involving business and industry, resulted in a drop in New Jersey's welfare caseload by well over 50% with record numbers of welfare recipients entering the workforce. Innovative diversion programs redirected individuals away from welfare offices into the labor market. Vastly enhanced efforts at enforcement of child support orders were successfully implemented resulting in greater economic security for children and their caretakers. Expanded eligibility for quality child care programs provided further support for working families and opportunities for parents to enter or return to the workforce. Finally, the Whitman administration successfully led the effort to create and implement a State earned income tax credit for low income working families.

These efforts collectively resulted in a welfare system that was able to far more effectively prevent individuals from needing public assistance, shortening the transition from welfare to work for those who did, and assist in maintaining individuals in the workforce without the need to return to welfare. The manner or priority in which public funds on welfare were expended was profoundly changed from emphasis on outlays for cash grants to investments in workforce development and support services. Finally, the rate of child poverty was dramatically reduced during the tenure of Governor Christie Whitman.

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2. COMPREHENSIVE MEDICAID REFORM CONTROLLING COSTS AND IMPROVING THE QUALITY OF CARE

The Medicaid program is the largest program in terms of costs operated by State governments and provides health insurance to the lowest income individuals, families and children. The cost of this program exceeds 300B nationally and currently approaches 10B for the State of New Jersey where it serves approximately 750,000 citizens.

The Whitman administration inherited a Medicaid program affected by double digit inflation as well as a pervasive reliance on hospital emergency room and clinic care and a lack of access to community health care services. The program employed a “fee for service” approach which specified both covered services and rates paid for those services to the participating providers. The State’s inability to keep payments to community providers for primary and preventive care competitive resulted in the vast majority of physicians and other providers not willing to serve Medicaid recipients. Hospitals, unable by law to turn away patients, became the principal venue for primary care for the State’s Medicaid population along with so called “Medicaid mills” or individual community providers who catered exclusively to this population and treated inordinate amounts of patients with questionable quality of services.

Through bold action and the receipt of necessary Federal program waivers, the Whitman administration changed the paradigm for health care for its poorest citizens. In excess of 400,000 individuals (predominantly young families with children) were enrolled in capitated managed care programs with approximately fifteen private health management organizations (HMOs). Heads of households received education and counseling as to securing the health care they needed and were permitted a choice in which HMO to enroll their family.

New Jersey achieved the highest rate of selected rather than default enrollments of Medicaid recipients in HMOs, dramatically reduced the rate of inflation in costs for this segment of the Medicaid population; and, a subsequent survey conducted among recipients revealed vastly enhanced satisfaction with the managed care arrangement. Recipients reported getting higher quality and more accessible health care from their primary HMO physician than received by the different physicians and residents seen in hospitals under the former “fee for service” program.

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3. IMPROVING LIFE OPTIONS AND OPPORTUNITIES FOR PERSONS WITH DISABILITIES

REDUCING THE RELIANCE ON ANTIQUATED STATE INSTITUTIONS

The Whitman administration inherited a large array of antiquated State institutions for the mentally ill and developmentally disabled populated by some of the State's most vulnerable citizens. Upon further examination and assessment, it was determined that a large number of the residents of these institutions could lead fuller and more productive lives if they could be discharged to the community with adequate and appropriate supportive services. Given the cost of such services, a challenge was presented as to how the State might responsibly shift its emphasis by redirecting funds currently spent on institutional care to be reinvested in community services and supports.

After an extensive planning process, it was determined that the Marlboro Psychiatric Hospital serving approximately 750 mentally ill patients and the North Princeton Developmental Center serving approximately 550 individuals with developmental disabilities could be phased out and the funds currently allocated to those institutions might be redirected to serve that same number of patients and residents in community settings. The plan provided a "bridge fund" to permit continuous but phased down hospital operations simultaneously with development of community residences and services. The plan received initial and extensive opposition from labor unions who were concerned as to loss of jobs for their members, certain communities who were concerned as to the impact on safety and property values of persons formerly institutionalized living in their neighborhoods, and elected officials whose districts or jurisdictions were affected. An extensive process of public education, meetings and hearings gave citizens key information and assurances relative to this process. The plans to close both institutions were fully and successfully executed.

In the case of the former residents of both institutions, the State retained independent research contractors to assess the quality of care and well being of all patients and residents affected by the closures. For both institutions, the results were unequivocal. The former patients and residents were enjoying a superior quality of care and enhanced well being residing in their new homes and communities. The community education efforts were also successful as these individuals also enjoyed a greater degree of acceptance and understanding.

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4. EXPANDING HEALTH CARE COVERAGE FOR NEW JERSEY'S CHILDREN THE NEW JERSEY KID CARE PROGRAM

During the tenure of the Whitman administration, The Federal Government enacted Title XXI of the Social Security Act which permitted States to utilize Federal matching funds to provide health care coverage for children in families whose income exceeded the Medicaid program eligibility standard but were unable to afford or access health insurance. States had the option of extending eligibility for Medicaid for this purpose or to offer a new product of private subsidized insurance coverage.

A careful examination of costs, quality, potentially eligible populations, coverage issues and market place dynamics resulted in the creation and implementation of the New Jersey Kid Care program which offered coverage to tens of thousands of children without insurance. Eligibility for Medicaid was expanded and rationalized for the lowest income families and a new managed care product was offered to more moderate income families through private HMOs. The latter families were assessed premiums and co-pays based on a sliding scale. New Jersey selected the most generous option afforded by the Federal government and covered children in families whose income was up to 350% of the Federal poverty level.

This program resulted in affordable, accessible and high quality health care for thousands of children in lower and moderate income families at responsible levels of government expenditures. The program was subsequently expanded to cover adults in eligible families and others and the name was changed to New Jersey Family Care.

The investment of the Whitman administration in the health of New Jersey's children will unquestionably pay many dividends in the years to come.