

Mr. [unclear] [unclear]

THE WHITE HOUSE
WASHINGTON

*Mr. Hoover
for info -*

July 28, 1970

GOVERNOR'S OFFICE

JUL 29 1970

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Dear Governor Brewer:

You will recall, at the meeting of the President with the Appalachian Commission, you raised the question as to whether under the Family Assistance Act your State would incur greatly increased Medicaid costs. Since that time we have found that this is rather a general impression. As it is not the case, I would like to present you the facts with respect to your own State.

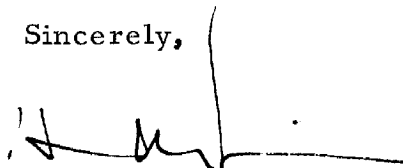
The Family Assistance Act as now revised would result in only a slight increase in the number of persons automatically eligible for Medicaid in Alabama. The total projected increase is approximately 1300 persons, all of whom would be added to the adult categories.

As you well know, the number of eligibles for Medicaid greatly exceeds the number of actual users of the program. Based on an estimated average payment per recipient in Alabama, the projected State share of the increase in Medicaid costs would be slightly over \$50,000. The large number of "working poor" covered by the Family Assistance program would not be eligible for Medicaid.

In January, the Administration will introduce a Family Health Insurance Plan which will finance health care for low-income families with children, including families of the working poor. This would, in rough terms, treble the number of persons now covered by Federal health benefit programs. But it would not increase State costs. To the contrary, our present thinking is that the costs of a basic package of medical benefits would be financed by the Federal government and through sliding scale contributions from recipients.

I hope this letter clears up matters for you. I am, of course, available for any further details you might wish, as is Secretary Richardson as well.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. P. Moynihan', with a long horizontal stroke extending to the right.

Daniel P. Moynihan
Counsellor to the President

Honorable Albert Brewer
Governor of Alabama
Montgomery, Alabama