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Governor says plan would save \$67M

By Joe Baker
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PROVIDENCE — Gov. Donald L. Carcieri on Wednesday opened another front on the battle to balance next year's budget when he announced a plan to save \$67 million by relocating some senior citizens and people with disabilities from nursing homes into the community.

The governor also announced plans to reduce eligibility for the Family Independence Program, commonly called welfare, from five years to two years. Although Carcieri said the change would not save any money in next year's state budget, he said it would result in moving welfare recipients into the work force more quickly. Money would be saved in subsequent years because recipients would be forced off welfare sooner, he said.

Carcieri did not offer specifics on how the state would save the \$67 million, saying details would be presented in his proposed budget, which is scheduled to be unveiled Friday. But he said the Medicaid program, which is funded by both the state and federal government, is growing faster than state revenues and needed to be trimmed.

"The costs are spiraling at a rate we cannot sustain," Carcieri said during a Statehouse news conference. "There is no way for Rhode Island to pay for this unless we significantly increase taxes."

Carcieri said the driving force behind the rising costs was the overreliance on nursing homes to house elderly and disabled residents, many of whom could easily live at home if given better support systems. Diverting state money into those systems instead of paying expensive nursing home bills would result in cost savings and better care for Medicaid recipients, the governor said.

"This will foster accountability and competition," Carcieri said. "It will lower prices and raise the quality of care."

The governor acknowledged the state would have to seek "major waivers" from the federally prescribed program, but did not offer details on what waivers he would seek. Carcieri said his plan was cobbled together by studying programs offered in other states.

Although she had not seen details of the governor's plan, Senate Majority Leader Teresa Paiva Weed, D-Newport, said Senate leaders supported community placements of Medicaid recipients.

"We strongly support restructuring Medicaid in a manner that will give our elderly opportunities for less-costly home care that also provides a better quality of life," Weed said.

As part of his welfare reform plan, dubbed the Work First Initiative, Carcieri said he will require recipients to craft an employment plan before receiving cash assistance. Another goal of the plan is to "prevent and reduce the incidence of out-of-wedlock pregnancies" and "encourage the formation and maintenance of families."

More than 50 percent of the 10,000 families on welfare had been receiving cash assistance for more than five years and 25 percent for more than 10 years.

"This is unacceptable," Carcieri said.

Social advocates disputed the governor's figures, saying nearly all recipients receiving cash payments for more than five years were for children only, many of whose parents were disabled and collecting disability from Social Security.

The governor was exaggerating the problem, said Linda Katz, of The Poverty Institute. When the state instituted major welfare reforms in 1996, there were 18,000 families collecting welfare. The state's share of the program was \$58 million, or about 3.4 percent of the state budget. Today, the state pays out about \$16

million in welfare assistance, or about one half of 1 percent of the total state budget.

Weed, who was instrumental in the 1996 welfare reforms, said she was not adverse to improving the welfare system, but wanted to make sure it provided recipients with a road map to independence.

"We have to do it in a way that provides real choices for people," Weed said. "We also want to ensure we protect the children of disabled parents."

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