

the budget was made. However, the average cost has shot beyond \$60 a day and has reached \$77 a day at two of the larger Baltimore hospitals. In some cases, the costs are increasing at the rate of \$1 a day each month, and there is considerable disagreement among medical professionals about the need for continuing policies which make these increases necessary.

“Federal regulations require that we reimburse hospitals at their full audited cost. If we were to continue the program at its present level, we would run a deficit of \$6.5 million for the current fiscal year and face a further increase of at least \$18 million next fiscal year.

“Our General Fund revenues, already weakened by an unexpected drop of \$12 million in anticipated sales tax collections, will not absorb such an increase.

“We intend to continue to try to find an answer to the problem. We intend to continue our efforts to persuade the Federal government to adopt more realistic and predictable standards.

“I have today written to the Maryland congressional delegation urging their help with the problem. I also am asking that the National Governors’ Conference examine this matter as it relates to all of the states and perhaps through concerted action try to obtain more flexibility in Federal standards.

“Above all else, we must continue to try to get at the root causes of the problem — to find some way to stop this astronomical spiral of increases in costs at our hospitals.

“Meanwhile, there is no other practical answer except to discontinue payments to those who are needy but who don’t meet the Federal standards of abject poverty.

“I regret that the action is necessary and I take it only with the greatest reluctance.”

NEWS RELEASE AND STATEMENT ON CLOSING FARMS OPERATED BY MENTAL HOSPITALS AND JUVENILE OR CORRECTIONAL INSTITUTIONS

December 29, 1967

Governor Agnew announced today that the State will close, as an economy measure, the farms it now operates in connection with mental hospitals and juvenile and correctional institutions.

The farms showed a net operating loss last year of \$133,230 exclusive of any funds spent for capital improvements.