

## Federal Issues Update and Action Alert

March 25, 2008

### Missouri Budget Project: Update and Action Alert

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#### **1. Cuts to Medicaid: Moratorium Legislation Introduced**

Over the last year, the President's Administration has proposed or issued regulations that will force states to make significant changes to Medicaid. If implemented, the changes will withdraw federal support for important health care services and threaten access to health care for millions of Missouri's most vulnerable citizens. By shifting costs to the state and to local governments, the regulations would force Missouri to make difficult choices between critical education, public health, and social services.

H.R. 5613 sponsored by Reps. John D. Dingell (D-MI ), Chairman of the Committee on Energy and Commerce, and Tim Murphy (R-PA) has been introduced that if passed will place a temporary one-year moratorium on 7 Administration-imposed Medicaid regulations that would make significant cuts to the program over the next 5 years.

The Missouri Department of Social Services has analyzed the impact of these regulations on Missouri services and have estimated a loss of more than \$252 million federal dollars to the state in FY 2009 alone. The fiscal impact will grow significantly over time.

Last year, Congress acted on a bipartisan basis to pass legislation to temporarily delay implementation of regulations that would have significantly restricted federal support for services provided to children in schools, for rehabilitation services provided to children and people with disabilities, and for our health care safety net. These moratoria are scheduled to expire this spring and it will be particularly damaging for Missouri if the regulations go into effect. For information about the proposed Medicaid, changes go to [www.mobudget.org](http://www.mobudget.org).

While these regulations are harmful in their own right, they are also troubling because – if not delayed – they will shift millions of dollars in health care costs to state and local budgets at a time when a deep state budget deficit is projected. The Governor's Budget estimated a small surplus in FY2009 (approximately \$50 million). *By 2010, the Missouri Budget Project estimates a shortfall of at least \$555 million* due to the slowing economy, tax cuts enacted in 2007 increased spending obligations and the effect of the federal stimulus.

#### **2. Directive: Opportunity to block CMS Directive on SCHIP**

The CMS directive implemented in August 2007 could, effectively, prevent Missouri from using federal dollars to cover children in families with incomes over 250 percent of the federal poverty level (about \$44,000 for a family of three). With this new policy, the administration is circumventing Congress and undermining state flexibility by establishing a new federal income limit for children's health coverage.

This spring, Congress will consider a number of bills that provide an opportunity to block the August 17<sup>th</sup> CMS directive on SCHIP. At this point, there is growing bipartisan support to block the array of Medicaid regulations, put forward by the Administration (see previous update). We need to ensure that Congress categorically takes steps to place a moratorium on the SCHIP directive as well as other Medicaid regulations.

It appears there are two possible legislative opportunities for the directive moratorium that will begin to move in April:

1. The Iraq supplemental appropriations bill; and
2. The “doctor fix” bill that will address the reimbursement rate cut scheduled, under current law, to take effect.

Each of these opportunities have particular circumstances, limits and political wrangling that may or may not be the most appropriate way in which to block the CMS directive.

Congress has rejected or set aside the SCHIP directive it is important to continue to track this important issue and Missouri Budget Project will continue to keep you up-to-date.

### **3. Farm Bill: What is Happening?**

Last week House and Senate Agriculture Committee leaders issued a “framework” for the Farm Bill , which would allocate \$9.5 billion (over 10 years) to the nutrition title, including food stamps, TEFAP, fruits and vegetables, and international aid. However, it remains unclear how final this framework is since some key Members of the Senate Agriculture Committee appear to be opposed to this framework.

It is disappointing that this framework does not include the full \$11 billion included in the House Farm Bill. Negotiations of the Farm Bill have proved to be difficult not only to secure the necessary offsets but also to make progress on how available funds will be allocated among the various areas of the Farm Bill. The \$9.5 billion level is a sign that the conferees, on a bipartisan basis, recognize that any final Farm Bill conference report will have to have a strong nutrition title. It is likely to provide sufficient funding to secure the key improvements in food stamps and TEFAP needed in a final bill this year.

There remains a significant risk that this level of funding for the nutrition provisions could come down even further. A number of key policymakers are pushing to add funds to various programs beyond what is included in the framework. This could jeopardize funds available for the nutrition title.

### **WHAT YOU CAN DO?**

Contact our Missouri Delegation and urge them to contact the [Democratic and Republican leaders of the Agriculture Committee](#) and ask for the following:

- Funding for the nutrition title in the final Farm Bill above the framework’s \$9.5 billion if possible — but *under no circumstance should the funding for the title drop below this amount as the negotiations proceed.*

Please remind these Members that failure to pass a new Farm Bill this year would lock in food stamp benefit cuts that affect *more than 10 million food stamp recipients*)

<b><u>Senator Bond</u></b>	<b>202-224-5721</b>
<b><u>Senator McCaskill</u></b>	<b>202-224-6154</b>
<b><u>Representative William Lacy (Bill) Clay, Jr. (D - 01)</u></b>	<b>202-225-2406</b>
<b><u>Representative Todd Akin (R - 02)</u></b>	<b>202-225-2561</b>
<b><u>Representative Russ Carnahan (D - 03)</u></b>	<b>202-225-2671</b>
<b><u>Representative Ike Skelton (D - 04)</u></b>	<b>202-225-2876</b>
<b><u>Representative Emanuel Cleaver, II (D - 05)</u></b>	<b>202-225-4535</b>
<b><u>Representative Samuel B. Graves (R - 06)</u></b>	<b>202-225-7041</b>
<b><u>Representative Roy Blunt (R - 07)</u></b>	<b>202-225-6536</b>
<b><u>Representative Jo Ann Emerson (R - 08)</u></b>	<b>202-225-4404</b>
<b><u>Representative Kenny C. Hulshof (R - 09)</u></b>	<b>202-225-2956</b>

### **4. Federal Budget: Show Me the Money!**

Not much is happening with the federal budget. The House and Senate Budget Committees are finalizing preparations for the conference negotiations. The current focus is on the level of nondefense discretionary funding. It is important for the conferees to provide the highest possible level (between the

two budget resolutions) of 2009 and 2010 funding combined. (The House was higher on FY09 but the Senate was higher on FY10 advance appropriations, which are important for programs like housing).

Look for an upcoming paper that will define the differences between the two resolutions on discretionary funding and explains the need for the highest possible funding level.