

**In this issue:**

**Federal**

1. **Compromise is reached on Economic Recovery Package**

**State**

2. **Progress on health-related bills**
3. **Progress on tax/revenue related bills: TABOR, funds from the economic recovery package, and job development**
4. **Scheduled Hearings**
5. **Don't forget the February 25 Medicaid Makes Cents Rally**

**1. Compromise is reached on Economic Recovery Package**

House and Senate conferees quickly came to a compromise on the economic recovery package, The House passed the compromise this afternoon and the Senate is expected to vote on the measure tomorrow.

Many of you who receive this alert are particularly concerned about funding for health care in the package. The compromise contains a total of \$87.6 billion to increase the FMAP (federal match for Medicaid) by 6.2 percent in all states. States with high unemployment will be eligible for additional money. The Center on Budget and Policy Priorities estimates that Missouri will receive \$1.6 billion over 9 quarters.

The compromise package contains a 2.5% increase in Disproportionate Share funds in 2009, with an additional 2.5% in 2010. The cost is \$460 million.

Money will also be available to allow states to subsidize COBRA health insurance premiums for those who are unable to afford them. The package allows for a subsidy of 65% of the premium cost for 9 months. The total cost of this provision is \$24.7 billion.

The final compromise scaled back some of the tax breaks that primarily benefit individuals with higher incomes. The compromise contains an education block grant from which Missouri can expect to receive \$753 million. Missouri will receive another \$168 million in a flexible block grant.

A full discussion of the compromise package, and estimates of what states will receive from a variety of provisions may be found at [www.cbpp.org/1-22-09bud.htm](http://www.cbpp.org/1-22-09bud.htm).

**2. Progress on health-related bills**

Efforts to make the Missouri Insurance Pool (high risk pool) more affordable continue to move forward, as well as efforts to improve private insurance. **HB218 (Ervin) and HB229 (Ervin)** are scheduled for a hearing this week. (See schedule below).

Representative Mott Oxford introduced **HB611**, a bill that requires insurance companies to cover adopted children in the same manner as children born into a family.

Regarding public insurance: **HB663 (Allen)**, which allows for a higher disregard of disability income in the Ticket to Work Program, and **HB708 (Tracy)**, which exempts MO HealthNet reimbursement from medical providers' state income tax, have been filed.

### **3. Progress on tax/revenue related bills: TABOR, funds from the economic recovery package, and job development**

**HJR23 (Icet)** was heard in the H budget Committee this past week. There was solid testimony in opposition to the bill, and we are hopeful that the bill will not progress beyond the House. HJR23 is a TABOR-like bill that limits growth in spending to a formula that includes inflation and population growth. It also requires permanent tax reductions when revenue growth exceeds certain limits. The Missouri Budget Project strongly opposes **HJR23**.

While some members of the House appear reluctant to use the federal money in the economic recovery package, the Senate appears more open. Senator Nodler introduced **SB313**. **SB313** sets up two funds: 1) a fund to receive and disburse the increased federal matching money for Medicaid and 2) a fund to receive and disburse the rest of the funds from the economic recovery package. The Missouri Budget Project believes that the funds Missouri will receive from the package will be an effective economic stimulus and should be used as fully and wisely as possible.

**HB191 (Flook)**, which appears to be the vehicle for the job development package that the Governor requested, remains on a fast track. It was heard in the Senate this week and was referred to the S Committee on Governmental Accountability and Fiscal Oversight. The fiscal note is not yet available, but Senator Griesheimer stated in an interview that its cost could exceed \$99 million. Certainly creating jobs is a desirable goal, but the Missouri Budget Project is concerned that some of the provisions in **HB191** will not contribute to that goal. We are also concerned that some of the provisions' costs cannot be estimated. Policy makers need to give the same amount of scrutiny to tax breaks and tax credits that is given to appropriations. Missouri cannot make sound fiscal decisions unless both revenue and expenditures are considered within the same equation. The Missouri Budget Project is tentatively hopeful that a small State Earned Income Tax Credit will be amended to the bill.

### **4. Scheduled Hearings**

#### Monday, February 16

H Appropriations for Health, Mental Health and Social Services, 1 PM, HR5, will review the Department of Mental Health budget.

#### Tuesday, February 17

H Special Com on Health Insurance will hear **HB218 (Ervin) and HB229 (Ervin)** at noon in HR5

H Appropriations for Health, Mental Health and Social Services, 2 PM, HR5, will review the Departments of Mental Health and Health & Senior Services budget.

The S Appropriations Com will hear **SB313 (Nodler)** at 1:30 PM in SCR2

#### Wednesday, February 18

H Appropriations for Health, Mental Health and Social Services, 2 PM, HR5, will continue with an review of the Departments of Health & Senior Services and Social Services budget.

#### Thursday, February 19

H Appropriations for Health, Mental Health and Social Services, 8 AM, HR5: Overview of the Department of Social Services budget continues

### **5. Don't forget the February 25 Medicaid Makes Cents Rally Capitol Rotunda, noon to 1 PM. For more information contact Richard Blakely, [blake@misn.com](mailto:blake@misn.com).**

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