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1. Economic recovery package for states hits snags

It was initially thought that the details of the economic recovery package (ERP) for states would be hammered out by the time Congress reconvened after the new year. The time frame for its completion is now likely to be around January 20, the inauguration of President-elect Obama.

Details about the ERP are still sketchy. But Washington DC sources say that it is likely to include an increase in the FMAP (federal match) for Medicaid, with a requirement that states may not reduce eligibility. This will enable cash-strapped states, such as Missouri, to continue to provide health care for those currently eligible for MO HealthNet. It is also likely to include: funding for infrastructure, education, nutrition and housing; tax cuts; improved unemployment insurance; and perhaps assistance for the unemployed who are eligible for, but cannot afford, COBRA health insurance; and an option for states to allow the unemployed to be temporarily eligible for Medicaid.

It appears there will not be a block grant to states similar to those awarded during the last recession.

The most hotly debated issues include tax cuts (who will get them and how large the cuts will be), unemployment insurance reform, and a proposal to make loans to states (rather than just give the states the money). **Look for more information and an action alert on the ERP next week.**

2. SCHIP reauthorization may be on a very fast track

The State Children's Health Insurance Program needs to be reauthorized by March 30, 2009. It now appears that it may be reauthorized in stand-alone legislation rather than as a part of the ERP. The bill will likely be similar to the SCHIP reauthorization bill that was vetoed by President Bush, and may include an option to include legal immigrant children. **The Missouri Budget Project will send an action alert on Monday.**

3. 2009 session to reflect concern with economy and health care

The legislative session began on January 7 with the swearing in of new members. Both Speaker of the House, Ron Richard, and Senate President Pro Tem, Charlie Shields, pledged bi-partisan cooperation and outlined their priorities in their opening speeches.

The heart of Speaker Richard's opening speech was a Family Recovery Plan. The plan has 4 primary points:

- 1) Creating jobs by expanding the Quality Jobs Act (tax credits for the creation of well paying jobs with health benefits), other incentives to make Missouri an attractive place for businesses to relocate, and training an adequate work force
- 2) Simplifying Missouri's income tax code and making modest tax cuts

- 3) Providing quality and affordable health care for more Missourians
- 4) Investing in alternative energy, including clean coal, wind energy and a new nuclear plant at Calloway

Senator Shields' speech urged the General Assembly to adopt a strategic vision and three strategies to achieve it. The strategies include

- 1) Making Missouri a place where businesses can thrive. Shields urged expanding the Quality Jobs Act, assuring that regulation doesn't discourage businesses, and maintaining the current policy on litigation and workers' compensation
- 2) Providing health care for the uninsured
- 3) Creating an educated workforce. This includes increasing participation in higher education, developing effective elementary and secondary schools, and providing early care and education to assure that children come to school ready to learn

The full text of the speeches may be found at www.house.mo.gov and www.senate.mo.gov.

More than 20 of the currently filed bills propose increasing a variety of tax credits. Tax credits reduce general revenue dollar for dollar. Several bills have also been introduced that limit or place a moratorium on all tax credits until their effectiveness is evaluated. We can expect interesting debate around this issue. As bills are assigned to Committee, we will report on these more fully.

About two dozen bills related to public or private health insurance have been filed. Clearly the House and Senate leadership are looking to insure more Missourians, but are not considering restoring the Medicaid cuts made in 2005. We believe that the challenge for advocates is to assure that insurance options are affordable, don't increase the number of Missourians who are underinsured (i.e. they can't afford benefits, or needed benefits aren't a part of their insurance package), and target those who are at most need rather than provide financial relief for higher income insured Missourians. Again, look for more detailed reports as bills are assigned to Committees.

4. Hearings

At this time no hearings are scheduled for next week. Senator Shields is holding a presentation and discussion on the cost of the uninsured and how to make insurance more affordable on January 14 at 12:30 PM in SCR2. All of the Senators have been invited to this discussion.

5. Department directors are named

Former State Representative Margaret Donnelly has been named as director of the Department of Health and Senior Services. Donnelly has been an effective advocate for children and families throughout her career, and has an excellent understanding of the DoHSS through her work on appropriations.

Linda Martinez, a lawyer with the Bryan Cave law firm in St. Louis, is the newly named director of the Department of Economic Development. Her specialty is financial and development issues.

Last week Ron Levy, former president and CEO of SSM Healthcare, was named director of the Department of Social Services.

All are subject to Senate confirmation.

Jeff Harris, a former Representative and Minority Leader, was appointed as policy director for Governor-elect Nixon.

6. Women's Health Initiative waiver is approved

Federal approval for the Women's Health Initiative (passed in 2007 as part of SB577; funded in 2008) means that an estimated 83,000 women with incomes under 185% of the federal poverty level (\$32,358 for a family of 3) will be eligible to receive women's health services such as pelvic exams and breast cancer screenings, as well as family planning services. This is definitely good news in terms of providing preventive health care for uninsured women. On-line applications may be filled out at www.dss.mo.gov.

7. A must read: Brief on economic impact of state services

There is discussion on every level about how to best stimulate the national and state economy. The attached brief takes a look at the impact of state-provided services on the economy. It also explores some reasons why funding critical services such as food, health care and transportation are wiser choices to stimulate the economy than cutting taxes.

For more information regarding the issues in this update, please contact one of the MBP staff.

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