



March 30, 2006

*By Ruth R. Ehresman
Director of Health and Budgetary Policy*

Medicaid Priorities: Undo the Harm; Repeal 2008 Sunset Date

Last summer and fall, men and women from all parts of Missouri attended the Medicaid Reform Commission hearings, often driving long distances and patiently waiting hours for invited experts to finish their testimony. They came to tell their stories--of the pain inflicted by increased cost-sharing, the hard choices between medication, food or rent, their loss of independence and self esteem.

A few months prior to the Commission hearings, the Missouri Legislature violated the most basic principle of medicine: "first do no harm." In the interest of balancing the budget, they cut Medicaid health insurance coverage for 100,000 Missourians. They even harmed those claimed as our highest priority-- Missouri's children. More than 40,000 children lost health coverage due to the establishment of higher premiums and the enactment of an unrealistic "affordability" test.

We cannot seriously reform Medicaid until we acknowledge the harm caused by the cuts. The Missouri Budget Project and the Missouri Association for Social Welfare recently released a survey indicating that Missourians already are suffering--and their plight will only worsen over time without needed medical care.

Meanwhile, the Legislature is considering "reform" proposals—such as implementing electronic medical records and case management for those with chronic diseases. There is a strong push to substantially address Medicaid provider fraud. While these reforms are desirable, they do not help the children, the elderly, people with disabilities and working parents who no longer have health coverage.

Other reform ideas include: tax credits to encourage the purchase long term care insurance and tax deductions for individuals who purchase private insurance with high deductibles. Some suggest increasing physicians' and hospitals' Medicaid reimbursement. While this may be desirable, it doesn't provide an ounce of health care to those who are uninsured.

Missouri leaders must think creatively and act boldly to truly reform Medicaid. Concerns about financing Medicaid are valid--but not insurmountable. Revenue sources are available, including: using a portion of the tobacco settlement funds; closing corporate tax loopholes; ending the archaic practice of allowing businesses a discount for filing their taxes on time; and trimming pharmacy costs by buying in a larger pool. We simply haven't allowed these viable options to be part of our discussion.

Most disturbing is the state-mandate to end Medicaid by 2008. This is like throwing the baby out with the bathwater. There are aspects of Medicaid that work well...just as there are areas for improvement. We cannot precipitously end Medicaid without a solid plan; Senator Charlie Shields, chair of the Medicaid Reform Commission, has acknowledged that changes to the 40-year-old Medicaid program will take time.

Real, lasting and effective Medicaid reform requires a long-term, strategic approach. We must allow time for gathering input from diverse sources and an opportunity to research and test innovative options. Placing an unrealistic and arbitrary end date for Medicaid merely two years from now is foolhardy.

Most important, our first priority must be to undo the harm to our fellow Missourians. The state is projected to end this fiscal year on June 30 with approximately \$300 million more in revenue than expected. That's more than enough to restore Medicaid to the 100,000 Missourians who were cut last year. Missouri's leaders need to do so—without delay.

The Missouri Budget Project is a statewide, nonprofit, nonpartisan organization that informs the public about the state's budgetary and tax policy options and their impact on low-income Missourians.