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House Budget Committee Considers *Severe Cuts to Health, Mental Health and Social Services for Vulnerable Missourians*

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The House Budget Committee is considering severe cuts to services funded through the Departments of Health & Senior Services, Mental Health and Social Services. The committee bills include a combined **cut of \$201 million in general revenue** for these services. Early estimates indicate that as a result, the state could **forfeit approximately \$238 million in federal funds**:¹

House Bill 10: Mental Health, Health and Senior Services: Mental Health:

- General Revenue Reduction of \$58.2 Million,
- Federal Funds Reduction of \$9.48 million - \$31 million, and
- “Other Funds” Reduction of \$439,788.

Health and Senior Services:

- General Revenue Reduction of \$19.19 million,
- Federal Funds Reduction of \$15.21 million, and
- “Other Funds” Reduction of \$110,263.

House Bill 11: Social Services:

- General Revenue Reduction of \$123.87 million,
- Federal Funds Reduction of \$191.99 million, and
- (“Other Funds” *increase* of \$29.42 million due to transfers of Hospital FRA funding back to Hospitals instead of utilizing the funding for Medicaid).

The Missouri Budget Project estimates that based on the proposed funding cuts, more than **89,000 Missourians could lose services or have services significantly reduced**. In addition, the cuts could result in a loss of as many as **4,227 Missouri jobs**, including:

- 3,701 private sector jobs lost as a direct result of forfeited federal funding, and
- 526 jobs (an estimated 126 direct service state employees and 400 private sector jobs) as a result of the Mental Health Cuts.

The proposed cuts are not only unwise, but unnecessary. As a result of the **Federal American Economic Recovery Act**, Missouri is expected to receive at least \$4.3 billion in increased federal funds over the next two years. A portion of this funding, \$1.6 billion is a direct result of enhanced federal matching rates for Medicaid. In addition, the state will receive \$167 million in Fiscal Stabilization funding. Both funding streams could be utilized to support the services described here. The funds have been provided to states to prevent cuts to critical services during an economic downturn when larger numbers of people are vulnerable; and to maintain and create jobs that will stimulate the economy.

¹ All Budget Figures in this document, unless otherwise noted, were obtained from the House Budget Committee FY 2010 Department Markup Sheets, prepared by the Missouri House Appropriations Staff.

The following describes some of the most severe proposed cuts, the number of people impacted and the amount of jobs at risk.

House Bill 11: Social Services Proposed Cuts

Overall, the House Budget Committee proposal would cut funding for Social Services by **\$123.8 million**, resulting in the loss of **\$191 million in federal** funding, as compared to the Governor's request for funds. **An estimated 76,000 Missouri children and adults would be impacted. At a minimum, 3,701 jobs could be forfeited as a result of the loss of federal funding.**

Medicaid for Low Income Parents

The Governor recommended using **\$14 million in state General Revenue funding, and \$37 million in Hospital FRA funding to draw down \$91.7 million in federal funds to restore eligibility for Medicaid** for Low Income Parents. The current eligibility level for low income parents is just 17-20 percent of the Federal Poverty level (FPL), or \$292 per month for a family of three. The Governor's budget recommended increasing eligibility to 50 percent of the FPL or an income of approximately \$763 per month for a family of three. The increase in eligibility would benefit an estimated **34,000 very low income parents.**

In addition to meeting the health care needs of very low income parents, the federal funding *alone* could generate more than **\$158.8 million in increased business activity/growth in the gross state product and support 2,036 Missouri jobs.**²

Children's Health Insurance

The Governor recommended using **\$22.7 million in state general revenue and \$474,000 other funding to draw down \$58.5 million in federal funds for children's health care.** The funding would support the health care needs of an estimated 27,000 children by eliminating premiums for children in families between 150 – 225 percent of the FPL, and reducing premiums for children in families with incomes from 226 – 300 percent of the FPL. In addition, a portion of the funding would be utilized to conduct outreach to enroll children who are currently eligible for Medicaid or CHIP but who remain uninsured.

In addition to meeting the health care needs of Missouri's children, the federal funding *alone* could result in generating more than **\$101.3 million in increased business activity and support 1,299 Missouri jobs.**

Presumptive Eligibility for Children's Health Insurance

The Governor had recommended using **\$3.3 million in state general revenue, generating \$9.8 million in federal funding** to support Rural Health Clinics and Federally Qualified Health Clinics to conduct Presumptive Eligibility with children.

Presumptive Eligibility currently allows clinics to immediately enroll children who qualify for CHIP (state Children's Health Insurance) in the program when they are seen for treatment at the clinic. The program helps to identify and enroll children who are already eligible but not enrolled.³

The federal funding provided by Presumptive Eligibility generates nearly **\$17 million in increased business activity and supports 217 Missouri jobs.**⁴

Child Care for Low Income Families:

The Governor recommended using **\$3.5 million in state general revenue** to maintain current income eligibility for child care for low income families. Currently, Missouri provides subsidized child care to

² Based Economic Multipliers provided by the Bureau of Economic Analysis of the U.S. Department of Commerce.

³ Partnership for Children

⁴ IBID Footnote #2

families earning up to 127 percent of the FPL, or \$1,937 per month for a family of three. Families are also eligible for transitional child care assistance up to 139 percent of the FPL.

The reduction in funding would result in eligibility levels being decreased to just 123 percent FPL and transitional assistance decreased to 135 percent FPL.⁵

In addition, the decrease in funding could result in a decline in business activity of **\$5.8 million and the loss of 75 jobs.**⁶

Services for Abused and Neglected Children

The House Budget Committee proposal would reduce funding for **Children's Treatment Services by nearly \$1.5 million and additionally reduce funding for the Children's Program Pool by an added \$1.4 million.** Children's Treatment Services funds currently support private social services agencies to conduct therapy and other supportive services with abused children and their families, conduct crisis intervention and in some cases provide residential treatment for abused children. Primary goals for CTS are to ensure the safety and protection of children in Missouri and to keep families intact, rather than placing children in foster care.

The additional reduction in funding for the Children's Program Pool could impact child abuse prevention and therapy services, crisis intervention and supports for foster families. The Children's Program Pool funding allows the Department of Social Services to adjust funding levels for CTS and other critical supports throughout the year as demand for services changes. **Currently Missouri has 9,000 children in foster care.**

The reduction in funding could result in a decrease of **\$5 million in business activity in Missouri and the loss of 74 jobs in private children's services agencies.**

Clothing and Diapers for Foster Children

The Governor recommended utilizing **\$1.3 million in general revenue funding and \$329,000 in federal funding** to increase the clothing and diaper allowance for foster families.

Currently foster families, who are currently caring for children who are wards of the state, are given a clothing allowance equal to just 35 percent of the USDA (US Department of Agriculture) standard for foster children. The Governor's budget had recommended increasing this rate to 65 percent of the USDA Standard. In addition, foster families are given an allowance for diapers for children only until the child reaches age 2. The increased funding would increase the age for the diaper allowance to 3 years.⁷

Crisis Nurseries and Adoption Resource Centers:

The House Budget Committee is also considering several cuts to services for vulnerable families that prevent child abuse including a **\$75,000 cut to Crisis Nurseries and the elimination of Adoption Resource Centers (\$200,000 general revenue and \$100,000 federal funds).** There are currently 12 Crisis Nurseries throughout Missouri that provide emergency care to children whose families are in crisis. The St. Louis and Columbia crisis nursery centers have requested additional funding because the demand for these services currently exceeds the amount of care that is funded by the state. Total core funding for Crisis Nurseries is \$1.35 million.

⁵ Based on Department of Social Services Impact Analysis

⁶ IBID Footnote #2

⁷ Based on Department of Social Services Impact Analysis

In FY 2008, the St. Louis Crisis Nursery provided **5,002 at-risk children with care; 5,474 parents utilized the 24-Hour Helpline when experiencing a crisis; and 22,200 hours were volunteered.** 99 percent of the children served by the Nurseries were not abused and the family was able to remain together.⁸

The Adoption Resource Centers were funded in FY 2009 to provide services to families who have adopted Missouri children with significant behavioral issues. The centers promoted **21 adoptions in the last year, were able to support 30 families to stay unified and saved the state an estimated \$340,000 in costs for foster care services that were avoided as a result.**⁹

House Bill 10: Mental Health Services Proposed Cuts

The following services are included in the House Budget Committee *proposal* for reductions. The service and potential impact of the cut are described in detail below. Overall, the proposal would cut funding for Mental Health services by **\$58 million in general revenue**, resulting in the loss of **\$31 million in federal funding.**¹⁰ **An estimated 13,000 Missouri children and adults with severe mental illness, or developmental disabilities would lose services. At a minimum, 526 jobs could be lost as a result of these cuts.**¹¹

Cuts to Services for Children and Adults with Severe Mental Illness and Developmental Disabilities

The Budget proposal reduces funding for **Comprehensive Psychiatric Services (CPS) by \$3.8 million.** The cut would result in lost funding for Community-Based Mental Health Centers across Missouri who provide comprehensive community mental health services for uninsured individuals with severe mental illness including bipolar disorders, schizophrenia and severe depression. **An estimated 6,450 patients** would lose services which may result in an increase in demand for psychiatric hospitalization and emergency room usage.¹²

The Department of Mental Health estimates that a minimum of 140 individuals employed by Community Mental Health Centers could lose their jobs as a result of the CPS funding cuts.

Additionally, Missouri could lose \$3.3 million in federal Mental Health block grant funding as a result of the CPS reductions. **The additional cut could result in a combined loss of services for 9,800 seriously mentally ill adults and 400 Missouri children, and 261 job cuts at community mental health agencies.**

Cuts to Services for Children and Adults with Developmental Disabilities

The House Committee is considering additional cuts to services for children and adults with mental illness including reducing general revenue funding by **\$1 million** for services provided by the Division of Developmental Disabilities. These services include in home care for **125 children and adults and residential treatment for 35 additional individuals.**¹³

Cuts to Services for Alcohol and Drug Addiction

The Budget proposal includes an additional cut of **\$4.2 million** for treatment for low-income Missourians facing drug and alcohol addiction. The cut would result in a loss of treatment for an **estimated 3,000 Missourians.** The funding currently supports services such as the **CSTAR Programs.** The CSTAR

⁸ Saint Louis Crisis Nursery FY 2008 Outcomes, available at <http://www.crisisnurserykids.com/cnstats.htm>

⁹ Based on Testimony provided by the St. Louis Foster and Adoptive Care Coalition on 3/9/2009 before the House Budget Committee.

¹⁰ Missouri Department of Mental Health "Impact of Proposed House Budget Committee Funding Cuts on Missourians with Developmental Disabilities, Mental Illness and Alcohol and Drug Addition Disorders", March 2009

¹¹ IBID

¹² Department of Mental Health Testimony to the House Budget Committee on March 9, 2009.

¹³ IBID #10

programs cover multi-tiered drug and alcohol abuse treatment and include centers that serve pregnant women and their children.

Cuts to Funds for Habilitation Centers in Marshall and St. Louis

The House Budget proposal includes additional funding cuts to habilitation centers in Marshall and St. Louis that currently provide services for Missourians with developmental disabilities. The cut could result in the loss of **125 jobs**.

Medicaid Cost to Continue Core Funding Cuts

Additionally, the House Budget proposal did not fund **\$8.4 million in general revenue** cost-to-continue funding. The funds are needed to provide services for Medicaid eligible patients. Without the general revenue funding, the state will lose an additional **\$15 million in federal Medicaid funds**, resulting in lost services for hundreds of individuals, potentially increased waiting lists for services and the likely loss of **hundreds of jobs**.

House Bill 10: Health and Senior Services Cuts

The following services are included in the House Budget Committee *proposal* for reductions. The service and potential impact of the cut are described below

Funding for Home and Community Based Services for Seniors & People with Developmental Disabilities

The proposal would cut funding for Home & Community Based services by \$1.8 million in general revenue. The funding supports home based care as an alternative to nursing home or facility care. Patients who are eligible include seniors and people with disabilities who are either not eligible for Medicaid or unable to meet their spend-down requirement of Medicaid. The average cost for patients receiving in-home care is \$7,000 per year compared to \$35,000 per year for nursing home care. In addition, funding is used for staff investigations of elder abuse.¹⁴

Funding for the Alzheimer's Association

The proposal **would cut state funds for Alzheimer's grants by 50 percent** or approximately \$269,000 in general revenue. Funds go to the Alzheimer's Association to provide **50,000 Missouri families** with services to help families care for family members who have Alzheimers.¹⁵ Services include support groups and educational sessions.

Funding for Area Agencies on Aging

The budget proposal includes a cut of **\$2.59 million in general revenue** for funding grants to local **Area Agencies on Aging** throughout the state. The cut will impact comprehensive services for seniors including transportation, home delivered meals, health promotion, care coordination and other services. According to the Department of Health, the reduction could result in **475,000 fewer meals for seniors, either at Senior Centers or home delivered meals**.¹⁶

The Mission of the Missouri Budget Project is to advance public policies that improve economic opportunities for all Missourians, particularly low and middle income families, by providing reliable and objective research, analysis and advocacy. Contact the MBP through our website at www.mobudget.org

¹⁴ House Budget Committee Mark-Up documents and Department of Health & Senior Services testimony March 9, 2009.

¹⁵ IBID #14

¹⁶ IBID #14