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

Updated

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The House Budget Committee passed the Committee Substitute Budget bills prior to the Legislative recess that began upon adjournment on March 12. While some restorations to critical funding needs were included in the bills, the substitute bills continue to include severe cuts to services funded through the Departments of Health & Senior Services, Mental Health and Social Services.1

The Missouri Budget Project estimates that based on the proposed funding cuts, approximately 70,000 Missourians could lose services or have services significantly reduced. At a minimum Missouri will forfeit $160 million in critical federal funds which could result in a loss of as many as 3,700 Missouri jobs.

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.

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

House Bill 11: Social Services Proposed Cuts
The House Budget Committee Substitute funding bill for Social Services continues to include an array of cuts to services included in the Governor’s request. As a result, an estimated 70,000 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 House Committee Substitute for HB11 does not include any funding for this.

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.

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.
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 House Committee Substitute for HB11 does not include any funding for this.*

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 House Committee Substitute for HB11 does not include any funding for this.*

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. *The House Committee Substitute for HB11 does not include any funding for this.*

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 House Committee Substitute for HB11 does not include any funding for this.*

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 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

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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
⁵ Based on Department of Social Services Impact Analysis
⁶ IBID Footnote #2
Services for Abused and Neglected Children: The House Committee Substitute for HB11 does not include any funding for this.

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 House Committee Substitute for HB11 does not include any funding for this.

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.

Crisis Nurseries and Adoption Resource Centers: Restored in Committee

The House Budget Committee restored funding of $75,000 cut to Crisis Nurseries and funding for 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.

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.

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.

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7 Based on Department of Social Services Impact Analysis
9 Based on Testimony provided by the St. Louis Foster and Adoptive Care Coalition on 3/9/2009 before the House Budget Committee.
Women and Minority Health Outreach: *Restored in Committee*

$546,000 was added to restore funding for Women and Minority Health Outreach.

**House Bill 11: New Services Funded in the House Budget Committee Substitute**

$1.5 million was approved for *Youth Tobacco Prevention* Programs. Rep. Curls, the sponsor of the amendment also agreed that $200,000 for *Teen Crisis Care* could be taken from this money.

In addition, $375,000 in new funding was approved to staff the MO HealthNet Oversight Committee.

New language was added to the *Missouri Rx Plan* line item that will allow seniors to get a 90 day supply of medications, when appropriate, rather than a 30 day supply. This will save the seniors money on co-pays.

**House Bill 10: Mental Health Services Proposed Cuts: *Partially Restored in Committee***

The House Budget Committee partially restored funding for Comprehensive Psychiatric Services, Services for Alcohol and Drug Addiction, and cost to continue Medicaid services in its Committee Substitute. Overall, the proposal would continue to cut funding for Mental Health services by **$48.7 million in general revenue**, resulting in the loss of **millions in federal funding**. Several thousand Missouri children and adults with severe mental illness, or developmental disabilities could still lose services. In addition, nearly 400 jobs could be at risk as a result of these cuts.

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

The House Committee Substitute reduces funding for *Comprehensive Psychiatric Services* (CPS) by **$500,000.** 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. Patients may lose critical services which may result in an increase in demand for psychiatric hospitalization and emergency room usage.

**Cuts to Services for Alcohol and Drug Addiction**

The House Committee Substitute reduces funding by **$1 million** for treatment for low-income Missourians facing drug and alcohol addiction. The cut could result in a loss of treatment for an estimated 1,000 Missourians. The funding currently supports services such as the CSTAR Programs. The CSTAR programs cover multi-tiered drug and alcohol abuse treatment and include centers that serve pregnant women and their children.

**Cuts to Services for Children and Adults with Developmental Disabilities**

The House Budget 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.

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

The House Budget Committee Substitute 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.

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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
Medicaid Cost to Continue Core Funding Cuts
Additionally, the House Budget Committee Substitute did not fund $4.4 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 could lose an additional $7.8 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:
The following services are included in the House Budget Committee Substitute for reductions. The service and potential impact of the cuts 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

Restoration of cuts made the Division of Licensure and Regulation
A proposal to restore $700,000 (50 percent of the cuts made) to regulation and licensure (for oversight/inspections of nursing homes and child care providers) was offered as an amendment. This was defeated by the House Budget Committee.

Funding for the Alzheimer’s Association: Restored in Committee
The Committee Substitute restored $300,000 in funding for state Alzheimer’s grants. 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: Partially Restored in Committee
The Committee Substitute restored $500,000 for Senior Meals through Area Agencies on Aging. The bill still includes a cut of $2 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.

Core Public Health: Restored in Committee
$900,000 to restore funding for Core Public Health services was included in the Committee Substitute.

In addition to the amendments that restore funding, Budget Chair Icet pledged to try to find funding over the Legislative Recess for the following programs/services:

- $174,000 for Urban Flight Rural Needs
- $5 million for Caring for Missourians (training health care workers)
- $718,000 for a Smoking Cessation Program for pregnant women

14 House Budget Committee Mark-Up documents and Department of Health & Senior Services testimony March 9, 2009.
15 IBID #14
Where did the House Budget Committee find funding for the restorations/increases?
Most of the funding for these restorations came from information technology in the Department of Administration, Bio-diesel programs in the Department of Agriculture and the pharmacy program in the Department of Social Services. The Budget chair acknowledged that the very deep cuts made to information technology may have to be revised. It is the hope of the House budget Committee that federal stimulus money might be used for the Biodiesel programs, which perhaps could be considered one-time expenses.

Many of the amendments that failed will likely be offered as floor amendments when the full House takes up the budget expected the week of March 23rd. Committee members also expect to offer additional amendments to restore cuts made to the Governor’s original request.

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