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Preliminary Summary of the House Social Services, Health & Senior Services, and Mental Health Budget Bills for FY 2005

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Representative Bearden, Chairman of the House Budget Committee, filed his Appropriations bills this week. The Bills diverge considerably from the Governor's original budget recommendations released in January. The following summarizes some of the main components of the bills that differ from the Governor's recommendations.¹ This summary is a compilation of information contained in the bills, as well as analyses prepared by the Departments of Social Services, and Health & Senior Services, and the House Appropriations Staff. Some of the provisions detailed below are not explicitly stated in the budget bills, but the intent and/or description was provided in the department and staff analyses. In addition, some of the Medicaid specific proposed changes such as premium changes, managed care and dental/optical services require statutory change beyond appropriations.

State Employees and 10% across the board reduction for E&E

The Governor's budget recommended a 2% cost of living increase for all state employees with an estimated cost of \$24 million. The Chairman's Budget Bills remove this increase for all employees with the exception of shift-differential increases for some Mental Health Centers and Veterans Homes.

In addition, the Chairman's bills recommend a 10% across the board Expense and Equipment reduction for all departments. This would have a direct impact on state employees but in many cases may also affect contract agencies. For example, contracting agencies with the Department of Mental Health, or Health and Senior Services, could have a 10% reduction of their grants.

Medicaid Provisions

- Reduction of Eligibility for MAF Adults from 77% of Poverty to 50%, fiscal impact of \$18.6 million General Revenue Core Cut and \$29.5 million loss of federal Medicaid Matching Funds.²

The Chairman's Budget Bills reduce the eligibility level for adults accessing Medicaid through the Medical Assistance for Families (MAF) Program. The Current cut off for eligibility equals 77% of poverty. The Chairman's bills reduce the eligibility limit to 50% of poverty, or an income of at most \$636 per month for a family of three. This reduction of eligibility is expected to result in about 48,000 people losing access to Health Care

¹ Please see *Summary of the Governor's Budget Proposal FY 2005*, Missouri Budget Project, January 31, 2004. www.mobudget.org

² Most Medicaid programs bring in an average of \$1.6 of federal matching money for each \$1 in state general revenue spending. A core reduction in general revenue funding results in loss of federal funds.

Services and Mental Health Care Services through Medicaid.³ The Governor had sustained eligibility at the current level in his budget recommendation.

- Elimination of State-Only Medicaid for General Relief: fiscal impact of \$15.7 million
General Revenue Core Cut

The Chairman's budget bill eliminates State-Only Medicaid for 3,300 General Relief Clients who currently access Medicaid through this program. This equals about one-third of the General Relief client population. The Governor had recommended sustaining this program.

- Reduction of Asset Limits to \$1,000 for Children in CHIP/MC+, Adults, Pregnant Women and Newborns

The Chairman's reduction of the asset limit to a lid of \$1,000 essentially would eliminate 4,403 CHIP Kids, 1,572 MAF adults, and 276 Pregnant Women and Newborns from Medicaid coverage.⁴ Health and Mental Health Care coverage would be compromised for these groups as individuals and families in poverty will choose between health care and other necessities. Many families may have to liquidate savings for emergency situations like home repairs in order to access health care when their income level is already precarious. In addition, a low asset test has been shown to be administratively burdensome and costly for states, including Missouri.⁵

- Kids receiving CHIP/MC+ Cost-Sharing for 151% - 225% of poverty

The Chairman's budget bill adds premiums to the 151% - 225% of poverty eligibility category for children receiving healthcare through the state MC+/CHIP program. The program already requires children from 226% - 300% of poverty to make premium payments.

- Redirection of Funds to Federally Qualified Health Clinics: fiscal impact of \$2 million
general revenue increase

The Chairman's budget bill includes an increase of \$2 million in general revenue for Federally Qualified Health Clinics. The Chairman has stated the intent of the increase is to redirect persons losing Medicaid services to the FQHCs for healthcare. However, the ability of the FQHCs to withstand an increase of nearly 50,000 uninsured Missourians is questionable. In addition, the FQHCs do not provide the same extent of benefits to individuals that Medicaid does, and does not provide guaranteed benefits to all who would have qualified for Medicaid under the current level.

³ The estimate from the House Budget Chair is 38,000 Missourians being cut from Medicaid while the estimate from the Department of Social Services is closer to 50,000 Missourians being impacted by this cut.

⁴ CHIP estimates from *Preliminary Observations about the Report of the House Interim Committee on Medicaid Cost and Containment: Analysis of Key Provisions*, JD Ferber, February 9, 2004; adult estimates from Tim Dawson, House Appropriations Staff 2/12/04.

⁵ Please see the following recent report for more details: *Preliminary Observations about the Report of the House Interim Committee on Medicaid Cost and Containment: Analysis of Key Provisions*, JD Ferber, February 9, 2004

- Preauthorization for Psychotropic Drug Therapy - fiscal impact estimate of a core reduction of \$7.7 million in general revenue and a loss of \$12.2 million federal funds from this change

The Budget proposal adds preauthorization for psychotropic drugs. This may compromise care for people with significant mental illness and access to prescriptions that could aid in their illness.

- Elimination of Dental and Optical Services: Core reduction of \$6.9 million general revenue, and loss of \$10.8 million in federal funds

The budget proposal eliminates dental coverage and reduces optical services from the required benefits under Medicaid.

- Managed Care for Seniors and the Disabled. The fiscal impact estimate is a core reduction of \$7.7 million of general revenue and a loss of \$12.3 million in federal funds.

The budget proposal would place all Seniors and Disabled in Medicaid into Managed Care programs in the areas of the state that currently have managed care (basically the I-70 corridor). There is concern that given the diversity of services and needs of these populations, the managed care companies could not offer packages that provide the necessary array of services at a reasonable cost to the state.

- Medicaid Eligibility for Disabled and Elderly Missourians to 100% FPL. Fiscal impact increases general revenue by \$8.2 million and brings in an additional \$12.9 million in federal funds.⁶

The Governor's budget had recommended implementing the final stage of increased eligibility level for Medicaid for Disabled and Elderly Missourians that was approved in 2001. The implementation would raise eligibility from 90% of the federal poverty level to 100% of the federal poverty level. It appears that the Chairman's budget proposal includes this increase as well.

- Co-Payments offset for Providers, increase of \$9.8 million in general revenue and \$15.8 million in federal funds

The Chairman's budget proposal would reinstate the co-payment fund for health and mental health service providers (doctors, hospitals, etc.). The funding would reimburse providers for funding loss when patients are unable to make co-payments.

Income Maintenance

- General Relief – fiscal impact sustaining \$900,000 from FY 2004

The 2003 Missouri Legislature eliminated the \$80 monthly General Relief cash assistance payments to 10,000 Missourians with temporary or permanent disabilities. The Governor recommended restoring the program at \$45 per month cash assistance in his budget proposal. The Chairman's Budget Proposal eliminates the cash assistance with the

⁶ This eligibility change is not consistently written into the House Budget Bill. Therefore, eligibility reads as 90% federal poverty level in some sections of HB 1011. The department of social services staff conveyed the intent is to increase eligibility to 100% FPL and the inconsistency in the budget bill was an oversight.

exception of \$900,000 in state general revenue. It is unclear if this would provide any direct cash benefit to General Relief Consumers.

Mental Health Budget

Medicaid The Medicaid changes discussed above impact mental health services as well. Asset limits, managed care programs and eligibility reductions will all impact Missourian's ability to access mental health care.

Children's Mental Health

The Governor recommended implementing a continuum of care for community based children's mental health services. The estimated cost is \$4.9 million in federal funds, with no impact on state general revenue. This provision appears to be included in the Chairman's proposal as well.

Health & Senior Services Budget

- **Missouri Senior RX Program**

The Governor had recommended an increase of \$7.5 million in general revenue for increased enrollment of seniors into the Missouri Senior RX Prescription program. The plan pays 60% of the cost of medications for seniors up to \$5,000 per person per year. The Chairman's budget proposal eliminates this increase. The increase would have provided prescription coverage for an estimated 25,000 Missouri seniors.

- **Women's Health Care**

The Governor recommended restoring the Women's Health Care program that was eliminated in fiscal year 2004 by the general assembly. The Program provided comprehensive services for women including screenings for cervical and breast cancer, cholesterol screenings, contraceptive services and treatment of infectious disease. The Chairman's budget proposal eliminated this coverage. The anticipated program cost is \$5 million in general revenue. In addition, the Chairman's budget proposal states specifically that no funding shall be used for women's health care services, which may result in the inability of providers to cover the health care screenings listed above, going beyond what the legislature eliminated in FY 2004. This will impact approximately 26,710 Missouri women.

- **Children with Special Needs**

The Chairman's budget proposal recommends a reduction of 9.4% for treatment for children with special needs. This will result in the creation of a waiting list for service, and eliminating 145 kids from care.

This document will be updated as information becomes available. Please check our webpage at www.mobudget.org for updates of this document or for other materials.

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