The MISSOURI BUDGET PROJECT

February 23, 2004

Impact of FY 2005 Budget Proposals on Health, Mental Health and Community-Based Services for Children and Adults with Disabilities

Kirsten Dunham, Senior Policy Analyst, Paraquad

Home and Community-Based Services, Division of Vocational Rehabilitation
Both the Governor's budget and HB1002(Bearden) include Medicaid case-load growth funding for the Consumer-Directed Personal Assistance Services (CD-PAS) program.

- The CD-PAS program is a de-institutionalization program designed to give people with disabilities the level of service and supports they need to stay out of the nursing homes. Not only does CD-PAS increase quality of life and give people their rights under the Americans with Disabilities Act, the program also has a positive impact on Missouri's economy.
- One research project studied 578 individuals one year before they enrolled in the CD-PAS program and one year after. They found that **in-patient hospitalization costs decreased by almost 60%.** Receiving quality personal assistance helps reduce the costs of hospitalization and other health care emergencies.

Home and Community-Based Services, Department of Mental Health (DMH)
Both the Governor's budget and HB1010(Bearden) include Medicaid case-load growth funding for community supports and services.

- All three divisions of the DMH provide community supports and services for people with disabilities. Devastating cuts have already been made in the past two years. This cuts have affected 4,000 adults and children with psychiatric disabilities; 2,000 non-Medicaid eligible persons with developmental disabilities who were eligible for autism services, day habilitation, respite care and transportation services; and 1,300 non-Medicaid eligible individuals who no longer have access to rehabilitation and substance abuse treatment.
- The Governor recommended $16.8 million, including $6.5 million GR, for caseload growth in the Department's Medicaid programs.
    - ❖ $10.6 million (including $4.1 million General Revenue) for the Division of MR/DD to serve over **200 additional individuals** on the Medicaid HCBS waivers. These services include personal assistance services, behavior therapy, respite, counseling and crisis intervention, home modifications and adaptive equipment. Currently, **there are almost 3,000 people on waiting lists for residential and non-residential services**. These individuals and families are struggling without any services and supports. Many families report that their jobs are threatened, their marriages are stressed, their health is jeopardized,

and that they feel depressed and suicidal because they have no help to keep their child with a disability in their home.

- ❖ $3.3 million (including $1.3 GR) for the Division of Comprehensive Psychiatric Services to provide Medicaid community psychiatric rehabilitation services to an **additional 800 adults and 75 youth**. The increase will not meet the need of all Missourians with psychiatric disabilities. It is estimated that 124,000 Missourians have a severe psychiatric disability and 75,000 have psychiatric and cognitive disabilities. Without community supports and services, people with mental illness will end up homeless, emergency rooms and hospitals, or in jail at a great human cost as well as an economic cost to the state.
- ❖ Even with increased funding, the Department of Mental Health's effectiveness in serving more people with disabilities would be negatively impacted if managed care were implemented (see below).

Children with Special Health Care Needs
HB1010 (Bearden) includes a reduction of 9.4% for treatment for children with special health care needs.

- The 9.4% reduction will result in the elimination of 145 children from care and create a waiting list for services.

Increasing the Medicaid income eligibility for elderly and disabled to 100% of poverty
Included in the Governor's Budget recommendation and in HB1011 (Bearden)

- The changes in the Spenddown program devastated thousands of people with disabilities. Raising the income limit to 100% of the federal poverty level will provide relief to some, although not all, low-income people with disabilities. This means that **individuals earning $748.33 a month and couples earning $909 a month or less would be covered by Medicaid**.
- **An estimated 10,208 Medicaid recipients would no longer be on the Medicaid Spenddown program**. They would no longer have to incur expenses on a monthly basis before their medical coverage would start. Many individuals who cannot afford to pay their Spenddown amount choose between paying for their medical bills, utilities or other necessary living expenses.
- This would fulfill the mandate in legislation passed during the 2001 special session.

General Relief
The Governor's budget recommends restoring the cash benefit to $40/month. HB1011(Bearden) does not include General Relief payments and eliminates the state-only medical coverage for General Relief recipients. The dollars are re-directed to Federally Qualified Health Clinics.

- Eliminating the state-only Medicaid coverage would leave **3,300 people without any health care coverage.**
- People with disabilities must have some sort of support while they await a disability determination from Social Security, which can sometimes take two years.

- The individuals who qualify for this program have absolutely no other income. The $40 a month benefit proposed by the Governor would give people enough to at least afford subsidized housing and avoid being homeless.
- Even with the re-directed funds, the Federally Qualified Health Clinics (FQHC) likely do not have the capacity to deal with the large increase in the number of uninsured Missourians. Additionally, FQHC's do not provide the same range of benefits as Medicaid, such as specialists, and there are no guaranteed benefits as there are under Medicaid.

Children's Health Insurance Program (CHIP)
The Governor's budget recommends lowering the asset limit to $25,000.
HB1011(Bearden) proposes reducing asset limits for CHIP and all Medicaid programs to $1,000. The Chairman's budget also adds premiums for the 151% to 225% of poverty eligibility category.

- This important health care program for children must remain intact. The asset reduction to $1,000 will **throw over 4,000 children off of health care, including children with disabilities whose families cannot find health insurance to cover pre-existing conditions**. The loss of health care coverage for children costs the state both in terms of lost federal dollars and costs associated with increasing the number of uninsured children such as uncompensated care.
- The asset limit was originally set at $250,000 because some families own farms that may be of value but they don't have any other resources.
- There are already provisions in place to make sure that this program only covers children who do not have access to any other health insurance.

Prior Authorization for Psychotropic Drugs
Not in Governor's budget. Proposed in HB1011 (Bearden)
Prior authorization requirements are dangerous for people with psychiatric disabilities. Increasing the difficulty of obtaining necessary drugs can impede treatment and recovery and lead to costly consequences such as hospitalizations, homelessness and incarceration.

- Experiences in other states demonstrate that prior authorization requirements limit access to necessary prescriptions. Data collected in Florida in April 2002 showed that 35,000 people who tried to fill a prescription left the pharmacy without any medication and almost one-third never did receive their prescription. (NAMI Policy Research Institute, February 2003)
- Nationwide, the costs of inadequate or denied treatment for people with psychiatric disabilities include $100 billion in lost productivity; $12 billion in lost productivity due to premature death, including suicide; and $6 billion to incarcerate persons with mental illness. (NAMI Policy Research Institute, February 2003).

Medicaid Managed Care for People with Disabilities and Seniors
Not in Governor's budget. Included in HB1011 (Bearden).
The budget proposal would place people with disabilities and seniors in managed care in all the areas where Medicaid managed care currently exists, called the I-70 corridor. In addition to St. Louis, Columbia and Kansas City, this impacts a total of 38 counties. In

almost all instances, managed care translates into "managed cost" for people with disabilities.

- Managed care plans often have **inadequate networks** to cover the diverse needs of people with disabilities. People's choice and access to specialists are restricted. Many states enroll people with disabilities in the general Medicaid managed care plans, failing to address the challenges people with disabilities experience in receiving timely access to care. People with disabilities must have access to specialists, assistive technology, behavioral health services and long term care services.
- Many Medicaid managed care programs in **other states do not use appropriate risk adjustment** when setting capitated payment rates. This creates an incentive to deny care because the plans fear they will lose money on a person with high cost medical needs. Plans may "cream" the less expensive recipients, freeze enrollment or withdraw from plans altogether.
- Results from focus groups in other states indicate **that people with disabilities enrolled in Medicaid managed care have difficulty accessing specialty care, personal assistance services, home health, transportation services, dental care, prescription drugs, durable medical equipment and other services** ("Medicaid Managed Care for Individuals with Disabilities: A Closer Look", Kaiser Commission on Medicaid and the Uninsured.)
- **If Medicaid managed care for people with disabilities is done right, it may cost more than the traditional fee for service model**. Effective case-management and care planning could increase access to services for people with disabilities, who are typically an undeserved group. (Vladeck, Bruce. "Where the Action Really Is: Medicaid and the Disabled" Health Affairs, Volume 22, Number 1. 2003)

Many of the estimates of the number of people impacted by the proposals are based on preliminary analysis by state agency and appropriations staff. This document will be updated as information becomes available.

For more information contact
Kirsten Dunham, Paraquad – 314-567-1558, ext. 251 kdunham@paraquad.org
Amy Blouin, Missouri Budget Project – 314-518-8867 mcbpp@sbcglobal.net