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Initial Summary of Missouri Governor's Budget Proposal

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Overview of Social Services, Health & Mental Health Cuts

Medicaid Cuts

The Governor proposed approximately \$632 million in cuts to the Medicaid program.¹ Eligibility Reductions (\$188.6 million general revenue; \$319.7 million federal funds lost and \$8.6 million in other funds lost)

- Adults eligibility reduced to 30% of the FPL or \$391.80 per month for a family of 3 affecting approximately 60,714 working families (some of these families may have access to transitional Medicaid, however the Governor's proposal also includes limiting extended transitional Medicaid which will cost an additional 1,150 people access to Medicaid)
- Elderly and Disabled eligibility reduced to 74% of the FPL or \$6,889 annual income or \$574.24 per month affecting approximately 30,000 seniors and disabled people (According to OA - About half of these folks are expected to move to Spenddown and 6,000 more may move to another Medicaid category. However, Spenddown would require that the elderly/disabled have the resources to spend on medical care and many will not be able to do that at an income level this low.)
- General Relief Medicaid - 3,100 individuals with disabilities lose coverage (\$13.2 million general revenue)
- Missouri Workers With Disabilities – More than 17,795 people participate; OA estimates that 3,500 people would move to another Medicaid category, 4,700 people would move to Spenddown and pay as they go if they can for access to healthcare, and 9,500 people would be cut from any program. The “MAWD” program was based on the federal ticket to work program that helped people with disabilities move to work without having to worry about losing access to Medicaid. Changes to this program will result in many people having to chose between work with no health care or extreme poverty with Medicaid.(\$17.6 million general revenue cut and \$41.4 million loss of federal funds, \$6.1 million “other” funds)

¹ All numbers are from the Missouri Office of Administration, Division of Budget & Planning. These may be updated as we receive more information on the proposal and its impact from the State Departments.

Reduction of Optional Benefits

- Dental, Podiatry, and equipment such as wheelchairs, and hearing aids will be eliminated for the elderly disabled, and any adults who still qualify – impacts about 370,000 people. The significance of items such as those mentioned as well as access to podiatry should not be understated. Many people with life threatening illnesses, such as diabetes need access to podiatrists in order to maintain their limbs. In other words, these programs are only “optional” in that they are not required by federal law- but they have a significant health value.

*The overall impact of these Medicaid cuts will result in approximately 120,000 Missourians losing access to healthcare and 370,000 more losing access to specific health care services.

Additional Mental Health Cuts:

The Governor recommended a cut of more than \$50 million in state general revenue dollars from the department of mental health. In addition, the Governor has directed the department to “withhold” an additional \$55 million in GR funding. The total general revenue cut of \$105 million is equal to 1/5th of the department’s general revenue funding.²

Medicaid cuts in Mental Health

In addition to the impact of Medicaid eligibility reductions described above, the Governor proposes \$14.9 million general revenue and \$24.09 million federal (total \$39.02 million combined funds) reduced specifically in mental health Medicaid reductions. A part of this reduction is through institution of new recipient co-payment requirements of \$1 per unit. This is expected to impact 8,086 people of which 521 are children. The range of co-payments is anticipated to average \$24 per day or \$480 per month per person.

Co-payments will have a direct impact on recipients’ access to care and to service providers.³ Under federal law, service providers are not permitted to require co-payments, this is a voluntary contribution. The result is that new co-payment requirements will require providers to directly offset this cost, or in other words be reimbursed less for the same services. The total statewide dollar impact of Medicaid co-payments in mental health is expected to result in a loss of \$13.95 million in federal and state dollars.

Comprehensive Mental Health Services (CPS)

The Governor recommends \$9.18 million cut of state general revenue, and \$6.76 million loss of federal matching funds for non-Medicaid eligible mentally ill adults and children, impacting 13,621 adults and 601 children. The cut is in the area of direct case

² Mental Health numbers are from the Department of Mental Health directly.

³ See *Economic and Health Benefits of Missouri Medicaid*, Missouri Foundation for Health Spring 2004 at www.mffh.org for more detail on the human and economic impact of co-payment requirements

management and therapy for seriously mentally ill children and adults. In addition, CPS is cut by an additional \$4.2 million general revenue impacting further 5,800 adult clients who will lose funds for adult respite services, therapy, transportation assistance, supported employment and more.

Co-payments are instituted in CPS as well, corresponding with a cut of \$1.27 million in General revenue and a loss of \$2.05 million in federal funds. The average co-payment in CPS is \$262 per year per person, with a range of \$29 to \$3,864 per year per individual dependent upon treatment area.

Division of Alcohol and Drug Abuse (ADA)

Reductions in ADA include a \$10.22 million cut to general revenue and \$12.93 million cut to federal funds for non-Medicaid eligible programs impacting 10,563 people. Programs in this area are comprehensive and include therapy for people with drug and alcohol addictions, housing for families in cases where a parent is undergoing therapy and more.

Additionally, the budget institutes co-payments costing about \$1 million in state and federal funds. **The loss of general revenue dollars in this area will impact federal funding for three years (2006-2009) due to the state not meeting its MOE (Maintenance of Effort) requirement in amount of funds. The total loss of federal funding over three years will equal \$33.5 million

Youth Services

- First Steps eliminated – DESE budget cut of \$23 million in state and federal money. This impacts 7,000 kids, is highly controversial and we have heard will be restored in the final budget.

Disabilities

- Medicaid cuts will impact access to Medicaid reimbursed services in mental health and physical health programs – see above. There are many providers that will continue to provide mental health and other services to people in poverty who are no longer eligible for Medicaid.
- Non-Medicaid Personal Assistance (PAS Program) elimination of services total cut of \$8.26 million in state and federal funds. Personal assistance program serves people with disabilities who are not Medicaid eligible.
- Non-Medicaid home and community based services are cut by \$14.678 million general revenue, impacting 7,000 people.

Child Welfare

- Adoption/Guardianship subsidy for parents to care for kids \$12.47 million cut, will institute a “means test” requiring all recipients to be 200% federal poverty level or under. Could impact needs for private sector basic needs help for adoption/guardianship care.

Elderly Services

- Medicaid cuts above will impact the ability of service providers to meet the needs of the growing elderly population. Many people who are already receiving services for nursing facilities or residential treatment through Medicaid may no longer be eligible for those services through the Medicaid program.
- Elimination of Alzheimer's research \$227,000
- \$14.7 million general revenue cut to senior services. It is not yet clear where the funds will be taken from, but the cut could impact an array of community services for seniors.
- Non-Medicaid home and community based services are cut by \$14.678 million general revenue, impacting 7,000 people.

The Missouri Budget Project is a statewide nonprofit, nonpartisan organization that analyzes the impact of fiscal policies, including tax and budgetary issues, on Missouri. The Project can be reached at phone: 314-652-1400 fax: 314-652-1404 website: www.mobudget.org