

The MISSOURI BUDGET PROJECT
&
*Missouri Coalition for Budget
& Policy Priorities*

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and Mental Health Appropriations Committee
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Fiscal Crisis and Expenditure Cuts

- In the last four fiscal years, **Missouri has cut \$2.2 Billion from its budget** through Core Reductions and Withholds
- Over half of the Cuts have come from the Departments of Health & Senior Services, Mental Health and Social Services
- Medicaid, in particular, has faced dramatic cuts

Expenditure Cuts : *Medicaid*

Specific Health-Related Cuts

- Spenddown Changes – 40,696 people
- Medicaid for Adults reduced from 100% FPL to 77% - 37,320 people*
- Women's Health Care (DSS & DHSS) – 30,000+ people
- Increase in Co-Payment requirements – diminishing access to care

Total Impact = 107,000 Missourians+

**Nearly 70% of the Cuts to Medicaid for Adults impacted Low-Income Women*

Expenditure Cuts : *Medicaid Nationwide*

Specific Health-Related Cuts

- Five States Cut Medicaid Eligibility in Response to the Fiscal Crisis
- Only one State (New Jersey*) had more severe cuts to Adult Medicaid than Missouri

**New Jersey decreased eligibility from 200% of the poverty level to 35%*

Expenditure Cuts : *Medicaid*

District Specific Loss - Medicaid for Adults Cuts

- **House District 151 (Howell County)**
 - 687 people lost Medicaid coverage
- **House District 135 (Greene County)**
 - 2,611 people lost Medicaid coverage
- **House Districts 93, 92, 82, 73 (St. Louis County)**
 - 5,159 people lost Medicaid coverage
- **House District 163 (Butler, Dunklin & Stoddard)**
 - 2,052 people lost Medicaid coverage
- **House District 32 (Platte)**
 - 267 people lost Medicaid coverage
- **House District 128 (Jasper)**
 - 1,403 people lost Medicaid coverage
- **House District 25 (Boone)**
 - 1,132 people lost Medicaid coverage

Expenditure Cuts : *Medicaid*

District Specific Loss for Medicaid for Adults Cuts

- **House Districts 57 & 61 (St. Louis City)**
 - 4,310 people lost Medicaid coverage
- **House Districts 37, 39, 41, 54 (Jackson County)**
 - 5,511 people lost Medicaid coverage
- **House District 31 (Clay)**
 - 1,037 people lost Medicaid coverage
- **House District 155 (Camden, Miller & Morgan)**
 - 1,164 people lost Medicaid coverage
- **House District 149 (Phelps County)**
 - 543 people lost Medicaid coverage
- **House District 28 (Andrew & Buchanan Counties)**
 - 1,127 people lost Medicaid coverage

Cuts to *Medicaid: the Impact*

- **Uninsured Increase**

In 18 states, including Missouri, there was a significant increase in uninsured rates between 2001-2002, partly due to reductions in employer sponsored health care and partly due to unemployment increases

- **Medicaid for Adults** (prior to cuts) had helped to provide access to health care when employer sponsored care dropped off

- **Access to preventive** services diminish increasing emergency utilization and more expensive care

- **Increase in uncompensated care** in the State

Tenet Healthcare reported in the Post-Dispatch a third quarter loss due in large part to increased uncompensated hospital care for the uninsured (11/11/03)

Cuts to *Medicaid: the Impact*

- **Loss of Federal Funds** for Health Care in Missouri
 - For each state dollar cut in Medicaid, Missouri loses an average of \$2 federal funding
 - Do to Federal Fiscal Relief and Increases Matching Rates, further cuts to Missouri's Medicaid program actually diminish the state dollars saved
- **Loss of funding to the Health Care Industry** in local communities
 - Impacts access to care for all Missourians
- **Medicaid is one of the primary providers** of health care for Missourians- 1 in 6 receive health care through Medicaid
- **Most Significantly: Cuts to Medicaid fails to respond to the real issue of cost increases for health care and access to care for Missourians**

What accounts for the Increase in Medicaid Utilization

Employer-Sponsored Health Insurance Coverage is declining

Between 2001-2002, the percentage of non-elderly adults with employer sponsored health insurance decreased from 70.9% to 69.6%, while Medicaid use increased from 11.2% to 11.6%

What accounts for the Increase in Medicaid Utilization vs. Private Health Insurance

Private Health Insurance Costs are Increasing at a much higher rate than Medicaid

A significant factor in the increase in Medicaid enrollment was the dramatic increase in costs for business to maintain healthcare. Private Premiums grew in 2002 by 12.7% (as compared to 5.6% growth rate in spending on Medicaid).

Unemployment Contributed to loss of HealthCare

Unemployment increased from 4.7% to 5.8% nationwide resulting in loss of access to employer sponsored health insurance

Even with Medicaid, the Uninsured still increased in Missouri – about 600,000 Missourians are uninsured

What accounts for the Increase in Medicaid Spending

- The non-elderly adults and children enrolled in Medicaid do not account for the majority of growth in state spending on health
- Growth in Medicaid costs can be attributed to Pharmaceuticals, Hospital Utilization Costs, and Cost-Shifting from Medicare to Medicaid

What accounts for the Increase in Medicaid Spending

- Total FY 2003 Expenditures for DMS
\$4,187,905,931
(\$2,643,125,773 Federal)
*\$932,961,078 Pharmacy
- *Almost one-fourth of the Medicaid Budget
was Spent on pharmaceuticals

What accounts for the Increase in Medicaid Spending

- Shifts in responsibility for “Dual-Eligibles” from Medicare to Medicaid
- 67% of Missouri Medicaid Expenditures were made for the Elderly & Disabled

** According to the Congressional Budget Office, three-quarters of the growth in Medicaid expenditures is attributed to the rising costs of caring for the elderly and disabled*

- Average Monthly cost for Medicaid
 - Adult: \$206
 - Child: \$161
 - Elderly: \$1,236
 - Disabled: \$1,175

Cutting Medicaid Does Not resolve the Fiscal Crisis

- Health Care Costs are rising throughout the country at astronomical rates
- As private insurance becomes more cost prohibitive, more people will be relying on government run programs (not just the anticipated growth in the elderly)
- Cutting health care will cost the state more in the long run from a human and economic perspective

Potential Solutions

- Increase Medicare responsibility for Dual-Eligibles
- Prioritize early care and prevention
- Access most independent setting for services
- Pharmaceutical costs are an issue
- Need to determine what is pushing the costs in the private market

Government Spending in Health Care Leads to a Vital Missouri

\$29.6 Billion is spent annually for Health
Care in Missouri

- Out of Pocket 14%
- Private Insurance 36%
- State and Federal Government 46%

Government interaction in health care for
Missourians is pivotal- the private sector
can not replace this involvement

Additional Resources

- *Congressional Budget Office*
- *Center on Budget & Policy Priorities*
- *Kaiser Family Foundation*