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House Passes State Budget with *Severe Cuts* to Health, Mental Health and Social Services for Vulnerable Missourians

Updated

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While some restorations to critical funding needs were included in the bills, the House approved budget continues to include **severe cuts to services** funded through the Departments of Health & Senior Services, Mental Health and Social Services.¹

House Bill 10: Mental Health, Health and Senior Services:

- **Mental Health:**

- Reduces General Revenue Funding by \$42.94 Million compared to the Governor's Request;
- *Increases* Federal Funding by \$6.75 million compared to the Governor's Request;
- *General Revenue funding for Mental Health in HB 10 remains \$29.69 million below the amount funded in FY 2009, the current fiscal year.*

- **Health and Senior Services:**

- Reduces General Revenue Funding by \$5.07 Million compared to the Governor's Request;
- Reduces Federal Funding by \$989,000 compared to the Governor's Request;
- *General Revenue funding for Health & Senior Services in HB 10 is \$5.1 million above the amount funded in FY 2009, the current fiscal year. This is the equivalent of a 2 percent increase and remains below the level needed to cover inflationary demands.*

House Bill 11: Social Services:

- Reduces General Revenue Funding by \$158.62 Million compared to the Governor's Request;
- Reduces Federal Funding by \$202.63 million compared to the Governor's Request;
- *Increases* other funds by \$35.2 million;
- *General Revenue funding for Social Services in HB 11 remains \$109.33 million below the amount funded in FY 2009, the current fiscal year.*

The Missouri Budget Project estimates that based on the proposed funding cuts, at least **77,000 Missourians will be directly impacted by the cuts**. At a minimum, Missouri will **forfeit \$159 million in critical federal funds which**, could result in a **loss of as many as 3,500 Missouri jobs**.

The proposed cuts are not only harmful for Missouri families, but are also 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

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.

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 reduces general revenue funding for social services for Missourians by **\$158 million** compared to the Governor's request. As a result, **an estimated \$159 million in federal funds** will be forfeited. The budget bill includes an array of cuts to services including health care, services for abused and neglected children and foster children. As a result, as many as **70,000 Missouri children and adults would be impacted**. In addition **3,400 jobs could be compromised as a result of the loss of federal funding**.

Medicaid for Low Income Parents:

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**.

The House Budget Committee not only rejected the Governor's proposal, but also rejected an offer from the Missouri Hospital Association to increase their own provider taxes (FRA funds) to increase eligibility of parents to 50 percent of the FPL. **No General Revenue would be required**.

In addition to meeting the health care needs of very low income parents, the federal funding *alone* could generate more than **\$158 million in increased business activity/growth in the gross state product and support 2,050 Missouri jobs**.²

Children's Health Insurance:

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 million in increased business activity and support 1,300 Missouri jobs**. The funding for these Children's Health Insurance items were not included in the House passed Budget.

Presumptive Eligibility for Children's Health Insurance: *Partially Restored*

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 passed budget includes \$3 million in general revenue and \$8.96 million in federal funds for Presumptive Eligibility**. Presumptive Eligibility currently allows clinics to immediately enroll children who qualify for CHIP (state Children's Health Insurance) in the

² Based on Economic Multipliers provided by the Bureau of Economic Analysis of the U.S. Department of Commerce.

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

Child Care for Low Income Families: *Partially Restored*

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 House passed budget included **\$2.13 million in general revenue funding** to maintain child care at current levels. The reduction as compared to FY 2009 may result in the **elimination of transitional child care** for families with incomes that increase slightly above the income eligibility guideline of 127 percent of the FPL.⁴

In addition, the decrease in funding could result in a decline in business activity of **\$2.37 million and the loss of 31 jobs.**⁵

Services for Abused and Neglected Children: *Partially Restored*

The House restored **\$1.5 million for Children's Treatment Services in the Budget, but continues to reduce funding for the Children's Program Pool by \$1.4 million.** Children's Treatment Services (CTS) funds 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 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 **\$2.4 million in business activity in Missouri and the loss of 31 jobs in private children's services agencies.**

Clothing and Diapers for Foster Children:

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 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.⁶

House Bill 10: Mental Health Services Proposed Cuts:

The House Budget Bill only partially restores funding for Comprehensive Psychiatric Services, services for alcohol and drug addiction, and mental health Medicaid services in its committee substitute. Overall, the proposal would continue to cut funding for mental health services by **\$42.9 million in general revenue**

³ Partnership for Children

⁴ Based on Department of Social Services Impact Analysis

⁵ IBID Footnote #2

⁶ Based on Department of Social Services Impact Analysis

compared to the Governor's request, and \$29.69 million below general revenue funding levels in the current fiscal year.⁷ According to the Missouri Department of Mental Health a **minimum of 7,000 Missouri children and adults with severe mental illness, developmental disabilities, and addictions would be impacted. In addition, approximately 200 jobs at community mental health providers could be lost.**⁸

Cuts to Services for Comprehensive Psychiatric Services for Missourians with Severe Mental Illness

The House Committee Substitute reduces funding for **Comprehensive Psychiatric Services (CPS) by \$500,000 in general revenue and \$1.5 million in OHCDS (Organized Health Care Delivery System Funding)**. The combined cuts 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. **An estimated 1,932 adults and 192 children would lose critical services.**⁹ The cut is likely to result in an increase in demand for psychiatric hospitalization and emergency room usage. In addition, an **estimated 74 jobs** at community mental health agencies could be cut¹⁰

Cuts to Services for Alcohol and Drug Addiction

The House Committee Substitute reduces funding by **\$1 million in general revenue and \$1.2 million in OHCDS funding** for treatment for Missourians facing drug and alcohol addiction. The cut could result in a loss of treatment for an **estimated 1,800 Missourians**. The funding currently supports services including outpatient facilities serving ex-offenders, parents who are required to complete treatment to regain custody of their children and repeat alcohol/drug abusers. **An estimated 49 outpatient treatment centers** could be closed as a result.¹¹

Cuts to Services for Children and Adults with Developmental Disabilities

The House Committee Substitute includes additional cuts to services for children and adults with developmental disabilities including autism. The bill would reduce funding by **\$1 million in general revenue** for services provided by the Division of Developmental Disabilities. The impact would eliminate services including in-home care for **125 children and adults or discontinue residential treatment for 35 individuals.**¹²

Medicaid Cost to Continue Funding for Services for Missourians with Developmental Disabilities **Partially Restored**

The House passed Budget partially restored funding for current caseload cost to continue services for Missourians with Developmental Disabilities. **The funding provided for this was \$5 million in general revenue and \$8.95 million in federal funding. This remains \$700,000 in state general revenue funding and \$1.3 million in federal funding below the requested amount.** The committee did include similar cost to continue funding for the Divisions of Comprehensive Psychiatric Services and Alcohol & Drug Abuse.¹³

Medicaid Caseload Growth Funding for Services to Newly Eligible Consumers

The Department of Mental Health did not receive funding in the budget bill to meet the need for services for newly eligible Medicaid consumers in FY 2010. The funds are needed to provide mental

⁷ IBID # 1

⁸ Department of Mental Health "Meeting with Senate Staff Regarding Impact of Proposed House Budget Committee Funding Cuts", March 19, 2009

⁹ Department of Mental Health "Meeting with Senate Staff Regarding Impact of Proposed House Budget Committee Funding Cuts", March 19, 2009

¹⁰ IBID #12

¹¹ IBID # 12

¹² IBID #12

¹³ IBID #12

health services for Missourians who become eligible for Medicaid under the *current* income eligibility levels in FY 2010 (this does not include those who might become eligible if Medicaid eligibility levels are increased). Funding levels needed for the three divisions includes:

- **Division of Comprehensive Psychiatric Services: \$2.4 million in general revenue and \$4.4 million** in federal funds to serve an estimated 1,998 children and adults with mental illness.
- **Division of Developmental Disabilities: \$5.8 million in general revenue and \$10.4 million** in federal funds to serve an estimated 1,038 children and adults with developmental disabilities.
- **Division of Alcohol & Drug Abuse: \$524,042 in general revenue and \$938,944 in federal funds** to serve hundreds of eligible pregnant women, mothers and adolescents with alcohol and drug addiction treatment.¹⁴

Comprehensive Psychiatric Services Fair Market Housing Rents

The House Committee Substitute also failed to fund **\$123,465 in general revenue** for fair market housing rents for mental health patients. The loss of funding will result in an estimated 113 individuals paying more than 80 percent of their income for housing, leaving less than \$200 per month for food, clothing and other basic needs.

House Bill 10: Health and Senior Services:

The House approved Budget partially restored funding for health and senior services in House Bill 10. Overall, the bill would continue to cut funding for services by **\$5.07 million in general revenue compared to the Governor's request. The approved funding is just \$5.1 million in general revenue above the current year, or the equivalent of a 2 percent inflationary increase.**¹⁵ The following services are impacted.

Funding for Home and Community Based Services for Seniors *Partially Restored*

The House passed budget partially restored funding for Home and Community Based services by **\$556,675. However, this remains \$1.2 million below the requested amount.** 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.¹⁶ In addition, funding is used for staff investigations of elder abuse.¹⁷

Restoration of cuts made the Division of Licensure and Regulation *Restored*

The House Budget included restoration of \$1.34 million for the Division of Licensure and Regulation. The funding is utilized for oversight and inspections of nursing homes and child care providers.

Funding for Area Agencies on Aging: *Partially Restored*

The Committee Substitute restored **\$500,000 for senior meals through Area Agencies on Aging. The House voted to include an additional \$668,000 in funding for Area Agencies on Aging contracts. However, the budget bill still** includes a cut of **\$1.42 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.

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

¹⁴ IBID #12

¹⁵ IBID # 1

¹⁶ Department of Health Testimony

¹⁷ House Budget Committee Mark-Up documents and Department of Health & Senior Services testimony March 9, 2009.