

## State Issues

1. **New Report Indicates Health Care Spending Caps Will Protect Missourians**
2. **Legislative Action**

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### 1. **New Report Indicates Health Care Spending Caps Will Protect Missourians**

According to a new report by consumer health group Families USA, more than a quarter million Missourians currently face potential catastrophic expenses as a result of health care costs related to accidents or serious illness. A provision in the Affordable Care Act capping out-of-pocket expenses will soon help those families protect both their health and their budgets.

In 2014, the Act will cap how much money insured people will have to spend on out-of-pocket costs for services in the Act's essential benefits package. The caps will be implemented on a sliding scale, and those with low and middle incomes will incur fewer out-of-pocket expenses than those with higher incomes.

Families USA commissioned the Lewin Group to determine the impact that the spending caps would have on Missouri families if they were to go into effect in 2011. The report found that 285,100 Missourians under age 65 are in families that will spend more than the out-of-pocket caps for services, and more than 200,000 of these are in families where at least one person is employed.

To learn more, click here.

[[http://www.mobudget.org/files/ACA\\_HealthCare\\_Spending\\_Caps\\_Will\\_Protect\\_Missourians-FamiliesUSA\\_Press\\_Release-2-23-2011.pdf](http://www.mobudget.org/files/ACA_HealthCare_Spending_Caps_Will_Protect_Missourians-FamiliesUSA_Press_Release-2-23-2011.pdf)]

To read the full report, click here. [<http://familiesusa2.org/assets/pdfs/health-reform/out-of-pocket-spending-caps/Missouri.pdf>]

### 2. **Legislative Action**

## Legislative Action on the State Budget

### **House Bill 15: Supplemental Appropriations for FY 2011 for K-12 Education**

The House approved House Bill 15

[<http://www.house.mo.gov/billsummary.aspx?bill=HB15&year=2011&code=R>] this week, which provides \$189 million in additional federal education stimulus funding for K-12 Education. The bill changes the use of the special federal funding from what the Governor had initially recommended within his FY 2012 budget. The Governor had recommended that local K-12 school districts save \$112 million in general revenue from the current year to be used in the FY 2012 budget. HB 15 allocates \$189 million of the special federal funding for use in the current year's budget, approximately \$24 million of which is intended to offset a current year shortfall in gaming revenues for education. The bill passed with the bi-

partisan support of the Budget Chair, Representative Ryan Silvey, and Representative Sara Lampe who serves on the House Elementary & Secondary Education Committee. The changes allow K-12 school districts to still retain a portion of general revenue for the FY 2012 budget.

### **House Appropriations Committee Restores Some Proposed Cuts in FY 2012 Budget**

Representative Flanigan, Chair of the House Appropriations Committee on Health, Mental Health and Social Services, introduced a “mega amendment” to House Bills 10 and 11 that restore some of the cuts originally proposed by Governor Nixon. These include:

- 15 percent restoration to the core budget for public health (\$1.35 million general revenue);
- 2 percent restoration for in-home provider reimbursement rates (\$4.5 million general revenue/\$7.8 million federal funds in the DHSS budget);
- 15 percent restoration for domestic violence services (\$712,500 general revenue);
- \$360,000 general revenue restoration for residential treatment for youth; and
- \$2 million general revenue restoration for case management and provider enrollment systems and \$5 million general revenue restoration for Medicaid Payment Prevention measures (in the Department of Social Services budget).

A 15 percent restoration (\$1.4 million general revenue) for home delivered meals for seniors was mistakenly left out of the amendment and is expected to be included when the bill is approved by the House Budget Committee. The “mega amendment” paid for the restorations by decreasing funding for Medicaid caseload growth and cost to continue current Medicaid services and eliminating overtime payments within the Department of Mental Health facilities. The House Budget Committee is expected to consider the budget next week.

### **Upcoming Hearings**

The *Senate Appropriations Committee* will meet on Monday, 2/28 at 12 p.m. concerning the Department of Mental Health. The committee reconvenes at 8 a.m. on Tuesday, 3/1, regarding the Departments of Mental Health and Health & Senior Services. At 2 p.m. on Tuesday, the committee may meet to review supplemental appropriations bills HB 14 and HB 15, pending referral. On Wednesday, 3/2, the Committee will continue its discussion of the Department of Health & Senior Services. All meetings are in Senate Committee Room 2.

The *House Budget Committee* meets on Tuesday, 3/1 at 8 a.m. to review Appropriations Committee amendments. Amendments will be reviewed in the following committee order: Education, General Administration, Transportation & Economic Development, Agricultural & Natural Resources, Public Safety & Corrections, and Health, Mental Health, & Social Services. The committee will reconvene on Wednesday, 3/2, at 8 a.m. to continue the review of amendments. All meetings are in Hearing Room #3.

### **Legislative Action on Tax & Revenue Related Bills**

#### **The Mega Sales Tax Measure Passes Committee**

The House Tax Reform Committee approved a committee substitute for House Joint Resolution 8 [<http://www.house.mo.gov/billsummary.aspx?bill=HJR8&year=2011&code=R>] this week. The measure proposes a constitutional amendment to eliminate the state’s individual and corporate income tax and replace them with a greatly expanded sales tax. Last week, the Secretary of State approved nine similar petition initiatives submitted by proponents of the measure, allowing signature gathering to begin. The details of these proposals are fraught with uncertainty; however, they all appear to cap the expanded sales tax on services and products at 7 percent. Many independent analyses demonstrate that a 7 percent rate is well below the more than 12 percent sales tax rate that would actually be needed, significantly compromising the ability of Missouri to fund critical core services including education, health care and

infrastructure. To read Missouri Budget Project's statement on the measure click here.  
[\[http://www.mobudget.org/files/Mega\\_tax\\_efforts\\_advance.Threaten\\_Missouris\\_future.pdf\]](http://www.mobudget.org/files/Mega_tax_efforts_advance.Threaten_Missouris_future.pdf)

### **Income Tax Reform Measure Introduced**

Representative Jeanette Mott Oxford and 23 cosponsors introduced House Bill 637

[\[http://www.house.mo.gov/billsummary.aspx?bill=HB637&year=2011&code=R\]](http://www.house.mo.gov/billsummary.aspx?bill=HB637&year=2011&code=R)

this week. A primary component of the measure would adjust Missouri's tax brackets. The state's current tax brackets have not been adjusted since 1931. As a result, Missouri's highest personal income tax bracket begins at just \$9,000 of adjusted gross income. The bill proposes to update the tax brackets and make rate adjustments resulting in a state income tax reduction for 60 percent of Missourians. The bill increases the tax rate for those with higher incomes, resulting in a net increase in state general revenue.

### **Tax Amnesty & Collections**

House Bill 116 and House Bill 316 were merged and approved by the House Ways and Means committee on 2/21 and are now awaiting House debate. The merged bill, House Committee Substitute for House Bill 116 & 316 [\[http://www.house.mo.gov/billtracking/bills111/biltxt/commit/HB0116C.htm\]](http://www.house.mo.gov/billtracking/bills111/biltxt/commit/HB0116C.htm) (sponsored by Representatives Flanigan and Kelly), would enact several tax collections related provisions, including:

- Authorizes the department of revenue to retain 1 percent of any local sales/use taxes collected to cover the cost of the collections;
- Suspends state approved occupational licenses for individuals who are delinquent in tax payments unless an arrangement for payment has been agreed to;
- Allows tax debt to be deducted from judgment/settlements paid from the State Legal Expense fund first before the remaining settlement is paid out;
- Provides "Tax Amnesty" on a limited basis to delinquent taxpayers to encourage payment of past-due tax obligations;
- Allows the department of revenue to issue an administrative garnishment to collect back taxes.

The official fiscal note for the committee substitute estimates that the measure would generate \$7 million in general revenue in FY 2012, \$25 million in general revenue in FY 2013 and \$26 million in general revenue in FY 2014.

### **TABOR is Back....Again**

As reported in last week's e-mail update, the House Committee on Downsizing State Government held a hearing on House Joint Resolution 11

[\[http://www.house.mo.gov/billsummary.aspx?bill=HJR11&year=2011&code=R\]](http://www.house.mo.gov/billsummary.aspx?bill=HJR11&year=2011&code=R). Similar measures, Senate Joint Resolution 20

[\[http://www.senate.mo.gov/11info/BTS\\_Web/Bill.aspx?SessionType=R&BillID=4173303\]](http://www.senate.mo.gov/11info/BTS_Web/Bill.aspx?SessionType=R&BillID=4173303) and Senate Joint Resolution 8

[\[http://www.senate.mo.gov/11info/BTS\\_Web/Bill.aspx?SessionType=R&BillID=4068819\]](http://www.senate.mo.gov/11info/BTS_Web/Bill.aspx?SessionType=R&BillID=4068819) were referred this week to the Senate Ways and Means Committee. The measures propose a constitutional amendment creating a damaging revenue and spending lid known as "TABOR." The measure, referred to as TABOR after a similar constitutional amendment, is proven to have had devastating impacts in Colorado, generating diverse opposition from Missouri business and civic leaders for the last several years. There is ample evidence that Missouri would be harmed with cuts to education, transportation, health, mental health and other infrastructure needs should HJR 11 pass.

### **Legislative Action Health Care Related Bills**

Representative Chris Molendorp, Chair of the House Insurance Committee, introduced House Bill 609 [<http://www.house.mo.gov/billssummary.aspx?bill=HB609&year=2011&code=R>] , which creates a framework for a Missouri health insurance exchange. The Affordable Care Act requires states to set up an exchange or participate in an exchange as established by the federal government. The purpose of the health insurance exchange is to facilitate the purchase of qualified health plans in the individual market, and to establish a Small Business Health Options Program to assist qualified small employers to enroll their employees in qualified health plans. The intent of the exchange is to reduce the number of uninsured, provide a transparent marketplace and consumer education, and assist individuals with access to premium assistance tax credits and cost-sharing reductions. The exchange needs to be fully functional in 2014, when the full implementation of the Affordable Care Act begins.