

Missouri Budget Project E-News State and Federal Policy Update July 8, 2011

State Issues

1. **FY 2011 Ends**
2. **New Committee Hearings Announced**
3. **Groundbreaking Study Documents Benefits of Medicaid**

Federal Issues

1. **Discussions on Deficit and Debt Reduction Continue: MBP Releases Report on Global Spending Caps, Balanced Budget Amendments**

State Issues

1. **FY 2011 Ends**

FY 2011 ended on June 30th with overall net general revenue growth of 5.9 percent, \$159 million ahead of forecast. While revenue grew by 3.27 percent compared with FY 2010, tax refunds simultaneously decreased by 9 percent, resulting in a net 5.9 percent growth. The decrease in refunds is a side effect of the struggling economy, with lower income tax payments also resulting in lower refunds.

However, the vast majority of the additional unexpected revenue has already been dedicated to assisting with the rising costs associated with flood and tornado recovery and is not expected to be used to offset FY 2012 withholdings. MBP will have a full analysis of the FY 2011 revenue totals available soon.

2. **New Committee Hearings Announced**

Several interim committees focused on natural disaster recovery will hold meetings in the next two weeks.

The **Senate Interim Committee on Natural Disaster Recovery, Insurance Response Subcommittee** meets Wednesday, July 13 at 1 p.m. in St. Charles (Lindenwood University, Dunseth Auditorium, Harmon Hall, School of Business and Entrepreneurship, 209 South Kingshighway, St. Charles).

The **House Disaster Recovery Committee** will meet Friday, July 15 at 1:00 p.m. at the Maryland Heights Government Center (11911 Dorsett Road, Maryland Heights).

The **Senate Interim Committee on Natural Disaster Recovery, Emergency Response Subcommittee** will meet on Thursday, July 21 at 11 a.m. in Springfield (Springfield Area Chamber of Commerce, 202 South John Q. Hammons Pkwy). The committee will meet again on Tuesday, July 26 at 11 a.m. in the Senate Lounge.

In addition, House Speaker Steven Tilley [announced the creation](#) of the House Interim Committee on Strengthening Missouri's Families. Representative Scott Largent will serve as the chair of the committee, which will hold hearings across the state.

3. Groundbreaking Study Documents Benefits of Medicaid

On July 7, the National Bureau of Economic Research released the results of a study that found that expanding low income adults' access to Medicaid substantially increases health care use, reduces financial strain on those insured, and improves their self-reported health and well-being. This study is the first to evaluate the impact of Medicaid using a randomized, controlled trial, which is considered the gold standard of research. It clearly refutes claims that Medicaid provides poor coverage – or that being insured by Medicaid is worse than being uninsured.

Some of the key findings show that Medicaid coverage:

- **Increases access to care.** Individuals with coverage are 70 percent more likely to report having a regular site for their primary care and 55 percent more likely to report that they see a particular doctor.
- **Increases the use of recommended preventive care:** The use of mammograms increased by 60 percent and cholesterol monitoring by 20 percent for those with Medicaid coverage.
- **Reduces financial strain:** Medicaid coverage decreases the probability of having to borrow money or skip paying financial bills to pay for health care by 40 percent, and decreases the probability of a collection agency being sent to collect payment by 25 percent.
- **Improves reported health:** Those covered by Medicaid were 25 percent more likely to report themselves in “good to excellent” health (compared to “fair or poor” health) and increased the probability of not being depressed by 10 percent.
- **Increases the likelihood of using** outpatient care, prescription drugs and being admitted to the hospital, but does not seem to have an effect on the use of emergency rooms.

The study is based on data from the state of Oregon. Missouri has one of the lowest Medicaid eligibility standards among all states. Parents and caregivers are eligible only if they earn less than \$292/month (for a family of 3). Individuals with a disability and seniors must have incomes of less than 85 percent of federal poverty level. Eligibility for children changes based on the age of the child and is structured to be seamless with the Children's Health Insurance Program, which covers children in families with incomes up to 300 percent of federal poverty level.

The Affordable Care Act expands Medicaid eligibility in 2014 to caregivers and childless adults with incomes up to 133 percent of federal poverty level. The federal government will pay for 100

percent of the costs initially, and states will eventually pay about 10 percent of the costs for expansion. This study indicates that the 940,000 Missourians currently enrolled in Medicaid do benefit from their coverage and that Missourians will greatly benefit from the 2014 expansion.

Click [here](#) to read more about the report. Or read an article in the New York Times [here](#).

Federal Issues

1. Discussions on Deficit & Debt Reduction Continue; MBP Releases Report on Global Spending Caps, Balanced Budget Amendments

The White House continues to meet with Congressional leaders in an attempt to come to an agreement on reducing deficits and the national debt. As the nation approaches the August 2nd debt ceiling, some elected officials are proposing to use the deadline as an opportunity to force inclusion of dangerous fiscal policy proposals such as global spending caps or balanced budget amendments in the debt ceiling legislation.

Neither global spending caps nor balanced budget amendments allow the flexibility for changes in the economy or increased spending during times of war or natural disaster. In addition, they would require significant cuts to both discretionary and entitlement programs.

For more information, see the recently released Missouri Budget Project paper, "[The U.S. Debt Limit Debate: Consequences of Global Spending Caps and Balanced Budget Amendments.](#)"