

## **Missouri Budget Project E-News State and Federal Policy Update January 27, 2012**

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### **State Issues**

- 1. Slow Revenue Growth Continues in Missouri**

Despite the generally improving economy, Missouri net General Revenue collection growth remains sluggish. Missouri GR collections declined in December, slowing growth for the first six months of the state fiscal year. Collections must grow considerably over the next six months for the state to meet the revised Consensus Revenue Estimate for FY 2012 and avoid making mid-year budget cuts. In addition, it appears that there is little chance that more robust collections will help alleviate the anticipated \$800 million FY 2013 budget shortfall.

To read more about revenue growth in the first six months of FY 2012, click [here](#).

- 2. Health Exchanges and Legislative Authority**

This week, the Missouri Senate passed a bill that would prohibit the administration from upgrading the MO Healthnet (Medicaid) enrollment system in anticipation of the health insurance exchange required by the Affordable Care Act, unless it is given statutory authority to do so by the General Assembly.

The impetus for [Senator Schaaf's](#) (R-Buchanan County) [SB 464](#) was a \$20 million federal grant to the Missouri High Risk Pool to make improvements to the enrollment system that would allow the State to verify eligibility immediately before a person was enrolled through a state or federal health insurance exchange.

If the legislation becomes law, and the General Assembly fails to establish a health insurance exchange, the State of Missouri could stand to lose over \$100 million in federal grants over the

next two years. Furthermore, the State would be subject to the enrollment decisions of a federal exchange rather than a system tailor made for Missourians.

Changes on the floor of the Senate went even further, disallowing state employees from cooperating with the federal government in the development of a health insurance exchange or expending funds in preparation for an exchange. An amendment offered by [Senator Jolie Justus](#) (D-Kansas City) would have allowed this preparation but not expenditure of funds, but the amendment failed on a voice vote.

Other funds may be available for Missouri to upgrade the MO Healthnet enrollment system, but it will require matching state funds. The current grant would have required minimal state funds. The grant remains in limbo as the administration awaits authority from the General Assembly to move forward.

SB 464 will now move to the House of Representatives for consideration.

### **3. Upcoming Committee Hearings**

The [Senate Appropriations Committee](#) will meet on **Monday, 1/30, at 12 p.m.** to discuss tax credits administered by the Departments of Agriculture; Economic Development; Health & Senior Services; Insurance, Financial Institutions, & Professional Registration; Natural Resources; Revenue; and Social Services.

The Committee will reconvene at **8 a.m. on Tuesday, 1/31**, regarding the Department of Economic Development. Both meetings will be held in Senate Committee Room 2.

The [House Budget Committee](#) will meet on Tuesday, 1/31, upon morning adjournment to hear a presentation of the FY 2012 supplemental budget request.

The [House Appropriations Education Committee](#) will meet on **Tuesday, 1/31, at 2 p.m.** in Hearing Room 1 to continue the budget presentation by the Department of Elementary & Secondary Education and the Department of Higher Education.

## **Federal Issues**

### **1. Payroll Tax Cut Extension / Unemployment Insurance / Medicare Payment Fix**

Congress returned to Washington, D.C. on January 24, and high on their agenda are the extension of the payroll tax cut, unemployment insurance (UI), and the fix to Medicare payments to doctors. Temporary provisions addressing these issues were enacted late last year and are set to expire at the end of February.

In addition to proposals to reduce the number of weeks that long-term UI benefits would be available, some UI proposals include drug testing those who receive UI benefits and denying

benefits to individuals who lack a high school diploma or GED and who are not enrolled in classes to obtain these.

According to an analysis by Robert Greenstein, President of the Center on Budget and Policy Priorities, older workers would be hit the hardest by this provision – 47% of UI recipients with less than a high school education or equivalent are over the age of 45. To read Greenstein’s full blog post on this issue, click [here](#).

In addition to these issues, Congress will address the amount that doctors are paid for treating patients in the Medicare program. In 1997, Congress adopted a flawed formula that has had to be “fixed” numerous times since 2001 to avoid deep reductions in reimbursement for care. If deep cuts are made, it is likely that many doctors will not treat individuals insured by Medicare.