

Missouri Budget Project E-News Federal and State Policy Update January 8, 2010

In this issue:

- 1. Senate and House continue to negotiate a bill to reform health care**
- 2. Some Missouri elected officials want to “just say no” to health care reform**
- 3. Missouri continues to struggle with its budget during this economic downturn**
- 4. Missouri Senators to hear presentations on replacing personal and corporate income taxes with an increased sales tax**
- 5. Committee hearings scheduled**
- 6. Be there! Don’t miss the January 15 presentation on Missouri’s budget in Kansas City**

1. Senate and House continue to negotiate a bill to reform health care

Key members of the House and Senate are negotiating a health care reform bill that will be acceptable to both chambers. This is no small feat! The final bill must be able to garner 60 votes in the Senate, and also garner support from both Blue Dog (conservative) Democrats and Progressives in the House. A formal Conference Committee will not be appointed. It is still hoped that a bill will be sent to the President before the State of the Union address on February 2.

Key issues in negotiations include affordability, the structure of the exchange(s) that will offer private insurance, and how to finance reform. Adequate financing for reform is critically important to assure that both premiums and out of pocket costs are affordable for individuals at every income level. The House will not accept the current Senate proposal to place an excise tax on expensive health insurance plans, and the Senate will not accept the current House proposal to place a surcharge on wealthiest Americans.

The issue of how the exchanges are structured is also critically important. The House proposes a national exchange, and the Senate proposes that states would set up one or more exchanges. The Missouri Budget Project believes that tight guidelines are needed for the exchange, and that it is most likely that reform will be successful if the exchanges and the insurance packages offered through them are consistent across states.

As many of you are aware, Senator Ben Nelson has been knocked in the media for negotiating a deal in which the federal government would pay 100 percent of the costs of Medicaid expansion for Nebraska, the State he represents. The Congressional Quarterly reports that after “withering criticism” he has backed away from the deal. Nelson said he never intended for Nebraska to be treated differently than other States, but wants the federal government to pick up the entire cost for Medicaid expansion for all States. Under the Senate plan the federal government will pay for 100% of the Medicaid expansion from 2014 through 2016. After that time, states would need to pick up an average of 10 percent of the cost. Doing this would boost the cost of reform, which will consequently require finding additional resources. If additional resources are not found, it will compromise affordability for those individuals and families who are not eligible for Medicaid, but who would receive subsidies to purchase private insurance.

A recently released Deutsche Bank Survey (from the Corporate Research Foundation) on health care costs estimates that health insurance premiums will rise an average of 9.6 percent in 2010, following a 6.6 percent increase in 2009. United Healthcare and Well Point (Anthem Blue Cross/Blue Shield in Missouri) estimate double digit hikes in premium costs. Health care costs are estimated to rise by 7 percent in 2010. Far too many Missourians cannot afford private insurance, and far too many can’t get insurance at any cost because of pre-existing conditions. Continuing with our current system simply isn’t an option. The proposed reform offers an opportunity to take a giant step toward assuring that Missourians will be able to get quality health care when they need it at a cost they can afford.

2. Some Missouri elected officials want to “just say no” to health care reform

Four bills have been filed that propose constitutional amendments to “preserve the freedom of citizens to provide for their health care” and allow them to pay directly for their health care without going through a third party. These are **HJR48 (Davis)**, **HJR50 (Ervin)**, **HJR57 (Jones-89)**, and **SJR 25 (Cunningham)**.

Senator Ridgeway introduced **SJR27**, which prohibits any political subdivision from receiving state funds if they purchase health care for their employees through a federally established public option for insurance.

Senator Nodler’s **SB587** creates a 10th Amendment Commission that will examine actions of the federal government and refer cases to the Attorney General when the federal government requires the state to do something that intrudes on the state’s sovereignty.

There are also rumblings of elected officials that want Missouri to opt out of the Medicaid program rather than participate in federal health care reform efforts, but no bills have been filed regarding this.

3. Missouri continues to struggle with its budget during this economic downturn

Revenue for the first 6 months of the fiscal year is 10.6 percent lower than it was during the same period last year. Governor Nixon announced this week that he will need to withhold an additional \$200 million to balance the FY2010 budget. Details of what the cuts will be are unknown at this date. We will share additional information as it becomes available.

4. Missouri Senators to hear presentations on replacing personal and corporate income taxes with an increased sales tax

The proposal to eliminate individual and corporate income taxes and replace them with a greatly expanded sales tax is back in the form of HJR56 (Emory). The Missouri Budget Project opposes this for a number of reasons. It is a fundamental shift from a shared responsibility for revenue to fund education, health care, transportation and other important services to being the sole responsibility of individuals and families. It will raise the rate of state sales tax, and will tax all services except tuition and fees for higher education. It replaces our progressive income taxes with a regressive sales tax, and will enact new taxes on basic needs such as food, prescription drugs, rent, home repairs, child care, nursing homes, auto and health insurance. It will mean a tax increase for 95 percent of Missourians, with only the top 5 percent of households’ experiencing a tax decrease.

The Senate will have a seminar on this issue on 1/12/10 at 10:30 AM in SCR 1&2, with both proponents (Show-Me Institute and Laffer Associates) and opponents (Missouri Budget Project) giving presentations. If you are able, please plan to be there.

5. Committee hearings scheduled

In the House

The House Appropriations Committee on Health, Mental Health and Social Services will hear Department overviews in HR 5 on January 11 at noon, January 12, 13 and 14 at 8 AM

The House Budget Committee will hear public testimony 1/12 upon morning adjournment in HR3.

In the Senate

Senator Shields has scheduled a number of **seminars** for the Senate. All will be held in SCR 1 and 2.

January 12 at 8:30 AM. Presentation from a speaker from the National Conference of State Legislators (NCSL) on federal health care reform

January 12 at 10:30 AM or upon adjournment. Presentation on HJR56 (See information above)

January 12 at 3:00 PM. Presentations on current and future actions of the Senate 2020 Committees (these include committees on health care, education and job creation)

January 13 at 10:30 AM or upon adjournment. Presentation from a speaker from the NCSL on ethics

January 13 at 1:00 PM. Presentation on the Health Information Technology and/or Exchange

January 13 at 3:00 PM. Presentation on the U.S. census and actions by the Statewide Complete Count Committee 2010

January 14 at 8:30 AM. Presentation on higher education

Other Senate hearings:

Senate Committee on Government Accountability and Fiscal Oversight on 1/12 at 2 PM in the S Lounge regarding Food Stamps

Joint Committee on Education on 1/13 at 1 PM in HR1 will review the DESE budget request

Senate Appropriations Committee on 1/25 at noon in SCR2. Will discuss the Governor's FY2011 recommendations, FY2010 Supplemental Appropriations, and statewide issues.

The same Committee will hold hearings on 1/26 (Department of Revenue) and 1/27 (Department of Labor and Industrial Relations) in SCR 2

6. Be there! Don't miss the January 15 presentation on Missouri's budget in Kansas City

Strengthening Resources for Missouri Families and Our Economy

Friday, January 15

Pioneer Campus Metropolitan Community College

Auditorium

2700 East 18th Street (18th and Prospect)

Kansas City, MO

10am – 12pm

Refreshments will be provided and there is no cost to attend this meeting.

Please RSVP to: civeson@policyworks.biz

This event is co-hosted by the following organizations:

AARP, Health Care Foundation of Greater Kansas City, Jackson County Community Mental Health Fund, Missouri Association for Social Welfare, Missouri Budget Project, Missouri Health Advocacy Alliance, Mother & Child Health Coalition, Partnership for Children, The Reach Foundation, The Salvation Army, The Whole Person