



**Showdown
in the
Show-Me
State:**

*Governor Blunt vs.
Medicaid*

A Report by Families USA
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EXECUTIVE SUMMARY

Governor Blunt and the Missouri General Assembly have proposed some of the largest Medicaid cuts of any state in the nation. Under their plan, more than one in 10 Medicaid enrollees will lose coverage altogether, and many more will lose access to essential health care services. Families USA analyzed the Missouri proposal and found the following:

Missouri Will Go from Middle-of-the-Road to Bottom of the Pack

- Governor Blunt has proposed slashing Medicaid eligibility levels for parents from 75 percent of the federal poverty level to 30 percent.
- 60,000 parents will lose their Medicaid coverage completely.
- If this cut is enacted, Missouri's eligibility level for working parents will drop to 47th in the nation.

Missouri Will Offer the Bare Minimum for the Elderly and People with Disabilities

- Governor Blunt wants to roll back eligibility levels for people who are elderly or have disabilities to the bare minimum required by federal law.
- 15,000 elderly people and people with disabilities will lose their coverage under this proposal.
- Thousands of people who are enrolled in both Medicare and Medicaid and who rely on Medicaid to fill in gaps in their Medicare coverage will lose access to these crucial health care services.

Missouri Will Increase the Financial Burden on the Most Vulnerable Citizens

- Legislation that was passed by the Senate requires families with incomes above 150 percent of poverty to pay premiums in the MC+ program (Missouri's State Children's Health Insurance Program).
- An estimated 24,000 children will lose access to the MC+ program because their parents cannot afford these new premiums.
- New copayments will be required for many basic services, including doctor visits, for most Medicaid enrollees.

INTRODUCTION

State tax cuts implemented in the late 1990s coupled with the recent recession have created fiscal challenges for every state in the nation. As governors and state legislators struggled to balance their budgets every year—closing cumulative budget gaps of over \$235 billion since 2001—every state has looked to reducing Medicaid costs.¹ However, no state has implemented Medicaid cuts that go as far or as deep as the plan currently being considered by the Missouri legislature. Missouri Governor Matt Blunt and a few members of the General Assembly have proposed cuts that would shred the safety net of Missouri’s Medicaid program. If implemented, thousands of the most vulnerable Missourians—including children, hard-working parents, people with disabilities, and the elderly—will lose vital Medicaid coverage. A showdown is going on in the “show-me” state, and the health and well-being of Missouri’s citizens are on the line.

Outline of Governor Blunt’s Proposal to Cut Medicaid

Who will lose coverage altogether?

- 60,000 parents
- 15,000 seniors and people with disabilities
- 9,500 working people with disabilities
- 3,000 working Missourians with temporary disabilities
- 1,150 working Missourians who are leaving welfare
- 24,000 children on MC+ whose parents cannot afford premiums proposed under the Senate plan

What other cuts are proposed?

- Elimination of coverage for wheelchairs, prosthetic devices, and other medical equipment for most Medicaid enrollees—even those with the most severe disabilities
- Elimination of vision services, hearing aids, and rehabilitative therapies for most Medicaid enrollees
- Elimination of hospice care for most Medicaid enrollees, even the elderly and terminally ill
- Elimination of emergency transportation for most Medicaid enrollees
- Increased bureaucratic hoops and red tape for all Medicaid enrollees trying to keep their coverage
- Increased copayments for all Medicaid enrollees with the exception of pregnant women, children, and the blind

What Is Governor Blunt's Plan?

In his 2006 budget proposal, Governor Blunt issued a plan that would cut \$626 million (including \$379 million in federal Medicaid funds) from Missouri's Medicaid budget. Now, the Governor needs clearance from the General Assembly to put his plan in place. Legislation that moves toward this goal has already passed the Senate. The Governor's proposal, as amended by the Senate, would do the following:

- eliminate coverage for a large number of health care services;
- make health care services harder to get for the people who rely on Medicaid; and
- cut more than 100,000 people from Medicaid altogether.

If nothing is done to stop the cuts that Governor Blunt and the General Assembly have proposed, more than one in 10 Missourians with Medicaid will lose that coverage, and many more will lose access to critical health care services.

GOVERNOR BLUNT'S CUTS

Any one of the Medicaid cuts proposed by Governor Blunt will have a substantial impact on the Missourians who rely on Medicaid. But what makes this proposal even more damaging is the sheer number of cuts proposed. As a package, these cuts go further to dismantle the Medicaid safety net than any other state has done to date.

Missouri Will Go from Middle-of-the-Road to Bottom of the Pack

When Missouri expanded parent coverage to 100 percent of the federal poverty level in 1998, the state took a giant step forward, expanding coverage to thousands of hard-working Missourians. This expansion made Missouri one of the top states in providing coverage to parents. By 2001, Missouri and six other states had expanded coverage to 100 percent of poverty. An additional 10 states had expanded coverage to slightly more than 100 percent of poverty.²

The expansion, however, was short-lived for Missouri's parents. In 2002, Missouri rolled back parent coverage to 77 percent of poverty, and in 2004, it reduced parent coverage to 75 percent of poverty. Now, Governor Blunt proposes reducing the income limit for Medicaid once more—this time to a mere 30 percent of the federal poverty level (just over \$400 a month for a family of three in 2005). This move would eliminate coverage for more than 60,000 working parents, dropping Missouri's income eligibility level for low-income working parents to the bottom of the list: Just three states—Alabama, Arkansas, and Louisiana—would have lower eligibility levels for parents (see table).³

**Bottom 10 States for
Medicaid Eligibility for Parents ⁴**

State	Income Limit as Percent of Federal Poverty Level
West Virginia	39%
Virginia	37%
Mississippi	36%
Idaho	32%
Texas	31%
Indiana	30%
Missouri	30%
Louisiana	22%
Arkansas	20%
Alabama	20%

Eliminating coverage for working parents will have a devastating effect, not just on Missouri families, but also on the state's economy. By providing health coverage for working parents, Missouri supports the efforts of those parents to succeed in the workforce. This serves not only to strengthen Missouri's working families, but it also acts as an economic stimulus. In addition, by providing coverage to working parents, Missouri is helping to get and keep more children enrolled in health coverage. Research has shown that children are more likely to have health insurance coverage and to get health care services when their parents also have coverage.⁵

Missouri Will Offer the Bare Minimum for the Elderly and People with Disabilities

The federal government encourages states to provide coverage for all low-income people who are elderly or have disabilities, and it allows states to cover these populations at even higher income levels if they choose. States can also opt to provide coverage at a lower income level—but not below 74 percent of the federal poverty level (\$579 per month for an individual in 2005). As of June 2003, Missouri and 21 other states provided coverage above this level.⁶ Governor Blunt's proposal, however, would roll his state's eligibility levels back to the bare minimum. This would eliminate coverage for 15,000 people who are elderly or have disabilities, leaving them without access to critical health care services.

While many of the elderly and some of the people with disabilities also have Medicare coverage, they depend on Medicaid to fill in gaps in Medicare. For example, Medicare does not *currently* cover prescription drugs, most long-term care services, personal care services, or preventive care. Without Medicaid to fill these gaps, many seniors and people with disabilities would not have access to the services that they need.

Missouri Will Increase the Financial Burden on the Most Vulnerable

Premiums for MC+: Today, families with incomes above 225 percent of the poverty level pay a monthly premium to participate in MC+, Missouri's SCHIP program. However, legislation recently passed by the Missouri Senate would require children in families with incomes above 150 percent of poverty to pay premiums of up to 5 percent of family income.⁷ The Missouri Department of Social Services estimates that nearly 24,000 children will lose their coverage if these premiums are implemented.⁸ This estimate is consistent with the experience of other states, such as Texas and Oregon, that implemented similar premium increases in recent years and saw thousands of people lose coverage.⁹ Moreover, a significant body of research has shown that premiums create a significant barrier to coverage for low-income families.¹⁰

Increasing copayments: Governor Blunt plans to save \$46 million solely by dramatically increasing the number of services that require copayments.¹¹ Under the Senate plan, copayments would be required for many services not currently subject to copayments, including all physician visits.¹² Those enrollees who cannot afford copayments would be denied care.¹³ Many studies have shown that increases in copayments in Medicaid reduce utilization, particularly for preventive and primary care services.¹⁴ So, when cost-sharing increases, Medicaid enrollees are much more likely to delay or forgo care. In the long run, this may actually result in higher health care costs—studies have linked delays in preventive care with increased use of costlier hospital and other acute-care services.¹⁵

How Does Missouri's Proposal Compare to Other States?

Surely Missouri's cuts aren't as bad as Tennessee's? The national spotlight has been on Tennessee since Governor Bredesen proposed the largest Medicaid cuts in the nation. However, even if Tennessee does implement Governor Bredesen's proposal, it will still cover working parents at a higher income level than Missouri does *today*—before Governor Blunt's proposed cuts. After cutting 121,000 uninsured adults off Medicaid, Tennessee will continue to cover working parents with incomes below 95 percent of the federal poverty level, while Missouri now covers parents at just 75 percent of poverty. The reduction to 30 percent of poverty will make Missouri's eligibility level for parents in Medicaid *less than one-third* of the income eligibility level for working parents in Tennessee.

What about Mississippi? A great deal of national attention has also been focused on Governor Barbour of Mississippi because of the state's recent attempt to cut 65,000 people who are elderly or have disabilities from Medicaid. This proposal, like Missouri's proposed cut for seniors and people with disabilities, would have reduced eligibility to 74 percent of the federal poverty level (\$579 a month for an individual in 2005). As of now, however, it does not appear that Mississippi's proposed cut will take place—because of the way Mississippi sought to implement the cut, it was delayed by legal action. Now, the state legislature is reviewing its decision about whether to make the cut at all. In Mississippi, news of this potentially devastating cut was enough to cause an uproar. In Missouri, this cut to Medicaid is only one of many and has not yet received much attention from the public or the media. However, in both states, eliminating coverage for people who are elderly or have disabilities would have dire consequences for those who lose access to vital health care services.

What Will These Cuts Mean for Missouri?

These cuts will have a profound effect on Missourians young and old, healthy and sick. Hard-working, low-income families, the elderly, and people with disabilities will all lose the Medicaid coverage they rely on. While experts and politicians agree that covering the uninsured is a top national priority, this proposal would do exactly the opposite. If these cuts are put in place, more than 100,000 Missourians will lose coverage, and many will become uninsured. The full effect of these cuts will go much further than hurting this population alone, though. Here's how:

Preventable health problems: People who don't have health insurance are far less likely to have a regular source of health care, are much more likely to go without necessary screenings or preventive care, and often delay or forgo needed health care.¹⁶ This lack of access to regular health care often results in visits to emergency rooms or hospital stays and thousands of dollars of health care spending that could otherwise be prevented.¹⁷

Health care hazards: Cutting Medicaid is hazardous to the health of Missourians. Numerous studies have linked health insurance coverage to improved health status. Uninsured Americans are sicker and die earlier than those who have insurance. Every year, more than 18,000 Americans die due to a lack of health insurance.¹⁸ These cuts will cause thousands of Missourians to suffer the consequences of being uninsured. Without health insurance to cover preventive care, many people will delay getting care until

it's absolutely necessary, making treatment far more expensive than it would have been if it had been provided in a timely fashion under Medicaid.¹⁹ And thousands of Missourians may become too sick to work.

Shifting costs: Cutting people off of Medicaid won't stop them from needing medical care. But with no health insurance coverage and little money to pay for care, the cost of these services will be shifted to doctors, hospitals, and other safety net providers. These costs will inevitably be passed on to those people *with* health insurance. A recent study in Georgia estimated that the cost of providing care to uninsured people caused health insurance premiums for those with employer-sponsored coverage to be nine percent higher than if everyone in the state were insured.²⁰

Bad medicine for Missouri's economy: Every dollar a state spends on Medicaid pulls new federal dollars into the state—dollars that would not otherwise flow into the state. These dollars give Missouri a shot in the arm—stimulating business activity and creating new jobs. The St. Louis University Business School found that in 2004, Missouri's Medicaid matching funds generated \$5.8 billion in economic activity, supported nearly 80,000 jobs, and provided Missourians with \$2.8 billion in income and wages.²¹ Cutting Medicaid will have the opposite effect. In 2005, for every dollar Missouri cuts from its Medicaid budget, the state will lose \$1.57 in Medicaid matching funds.²²

CONCLUSION

As we have seen, these cuts will have a deleterious effect on thousands of Missourians who rely on Medicaid. More than one in 10 Medicaid enrollees will lose their coverage if these cuts are put in place, and thousands more will lose access to vital health care services. Moreover, these cuts will cause Missouri to lose millions in Medicaid matching funds that stimulate the state's economy, and they will increase the burden of the uninsured on local hospitals, doctors, and other safety net providers. Governor Blunt has called for a draw. Who will win the showdown?

ENDNOTES

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