

Medicaid still busting state budgets

By Erin Madigan, Staff Writer, Stateline.org

Retired factory worker Donna McNeil said she panicked when she received “The Letter” earlier this month notifying her that she is among 65,000 Mississippians who next week will lose health care coverage through Medicaid, the state-federal health program for the poor and disabled.

“They can’t do this,” she told *Stateline.org* in a telephone interview.

McNeil, a 50-year-old resident of Glen, Miss., said she immediately called Republican Gov. Haley Barbour’s office, her congressman and even the White House to protest the dramatic health care cuts Barbour approved May 26.

“I started calling everybody in the country to try and figure out what was going on,” McNeil said. “The only answer I can come up with is that the governor of Mississippi is trying to save the state some money because it’s in the hole.”

Mississippi’s Medicaid rollback, although the most drastic to date this year, is just one of several health care cuts looming in the states. Despite a recent uptick in state revenues, many states still are struggling to maintain services and avoid restricting the health care program that serves as a safety net for about 50 million Americans.

“I have not heard a lot of optimism from the states when you consider how much the Medicaid program has been growing,” said Neva Kaye, who studies Medicaid at the [National Academy of State Health Policy](#) in Portland, Maine. “There is some hope for the future, but there is still some concern that (states) are picking themselves up out of a budget crisis and there may be some hard looks taken at Medicaid.”

Medicaid already consumes more than 20 percent of state budgets. State spending for its share of the \$300 billion program has increased 11.3 percent over the last three years, and the federal government estimates continued growth over the next 10 years, according to a [recent article](#) by Raymond Scheppach, executive director of the [National Governors Association](#). “This is in spite of the fact that virtually every state cut reimbursement rates as well as optional populations and benefits and restricted drugs purchases through the use of formularies,” he wrote.

The federal government requires states to provide a minimum level of services through Medicaid, so states are limited as to what they can trim to control costs.

McNeil, who worked in a factory for 23 years, currently makes a co-payment of no more

than \$3 each for four prescription medicines she takes for the severe depression that keeps her from her job. However, when the cuts take effect July 1, she'll have to pay for these and other medical bills out of pocket. "My medicines are very expensive, and I am scared to call and see how much they are," she said. "I just wish I knew what to do to get the governor to change his mind."

McNeil's parents, who are both in their 80s, also will lose Medicaid coverage at the end of the month.

Mississippi officials say the cutbacks are needed to help plug the state's \$709 million budget deficit and are part of a larger Medicaid makeover that will save the state about \$106 million in fiscal 2005. The vast majority of patients being cut from Medicaid are expected to qualify for federal Medicare assistance.

Barbour hopes the changes will improve access to health services for the 720,000 people still in the program, which serves about 25 percent of state residents, said Francis Rullan, a spokesman for [Mississippi's Medicaid program](#).

When the new federal Medicare law begins in earnest in January 2006, poor, elderly beneficiaries may receive better health care assistance than the state had helped provide through Medicaid, Rullan added. In addition, he said the state is petitioning administration officials in Washington, D.C., for additional transitional assistance to help tide over some patients who don't qualify for Medicare.

[Advocates for those being cut](#) – low-income retirees and disabled citizens who annually earn about \$13,000 for an individual or \$17,000 for a couple – say that paying for medical bills will be difficult for these patients and that the cuts may force them to cut back on basic needs such as food or rent. They are pushing the governor to call a special legislative session to delay the cuts.

In addition to Mississippi, several other states are poised to make cutbacks in Medicaid:

- Oregon will freeze enrollment and begin making additional cuts in its Health Plan Standard program, which covers adults who do not qualify for traditional Medicaid but have incomes at or below the federal poverty level. The state wants to cut the number of beneficiaries from 50,000 to 25,000 by June 30, 2005.
- In Georgia, about 1,700 nursing home patients scheduled to be cut from the state Medicaid rolls on July 1 were given an extra 90 days – until October 1 – to find other ways to pay for their care.
- Michigan Gov. Jennifer Granholm (D) signed a 75-cents-per-pack cigarette tax June 24, sparing the state from having to cut payments to health care providers who serve Medicaid patients, the *Detroit Free Press* reported. The new tax becomes effective July 1 and is expected to generate an additional \$97 million in fiscal 2004, which ends September 30, said Bill Nowling, press secretary for state Sen. Majority Leader Ken Sikkema (R).
- In Tennessee, Gov. Phil Bredesen (D) wants to curb Medicaid costs by limiting patients to six prescriptions a month and 10 doctor visits a year, but his plan is facing strong resistance and a court challenge by advocacy groups in the state,

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the *Tennessean*, a Nashville newspaper reported.

- To rein in costs in the long term, California, Florida and New Hampshire are expected later this summer to request permission from the federal government to make major changes to their Medicaid programs that could reduce benefits below what the federal government currently requires, said Cindy Mann, a research professor at [Georgetown University's Health Policy Institute](#).

State Medicaid budgets will suffer another hit July 1 when state's use the last of an extra \$10 billion in Medicaid assistance that Congress gave them last year. The federal money, which was part of President Bush's 2003 tax cut package, helped bail out ailing Medicaid programs and stave off drastic program cuts last year. To get the extra money, states had to sustain the level of services it was providing for Medicaid patients, but that provision soon will end, too.

"It's not going to be a surprise to states when the increased (funding) goes away at the end of this month, but states are going to really differ in their ability to handle the impact," said Victoria Wachino, associate director of the [Kaiser Commission on Medicaid and the Uninsured](#), a project of [The Henry J. Kaiser Family Foundation](#).

"We see that state budget constraints are improving slightly, but the expiration of the fiscal relief means that, on net, states are still going to have a really challenging situation this year," Wachino said.

Minnesota, for example, used the extra \$195 million it received from the federal government in 2003 to keep 68,000 single adults on the Medicaid rolls. Colorado avoided capping enrollment in the state children's health insurance program and also restored pre-natal care to more than 900 low-income women.

The \$90 million Kansas received last year allowed them to maintain benefits for all Medicaid beneficiaries in the Sunflower State. "Absent those funds we would really have to look at curtailing services to the poorest, most vulnerable Kansans," Gov. Kathleen Sebelius (D) told *Stateline.org* at a Washington press conference June 16. Fellow Democrat, Gov. John Baldacci of Maine, concurred that the expiration of federal funds is going to compound Medicaid's current fiscal problems. "It's only going to make matters worse," he said.

Contact Erin Madigan at emadigan@stateline.org

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