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## Medicaid Matters in Idaho – Position Paper

### The Situation:

The Idaho Legislature estimates a budget shortfall of over \$137 million for fiscal year 2012. This number has been revised several times since early January. To date, most legislators have refused to consider any revenue options and instead indicate a willingness to eliminate \$50 million state dollars in Medicaid services.

### What this means:

**\$50 Million is the amount of state funds legislators are considering cutting from Medicaid. The federal government provides Idaho with a match of \$70 for every \$30 of state Medicaid funds, this actually means a cut of over \$166 million.**

- ✓ Thus, a cut of \$50 million in state funds means the federal government will withdraw \$116.5 million from Idaho resulting in the loss of \$166 million in public funds.

### What has been proposed as of mid-February, 2011:

On January 11, 2011, the Governor projected a budget shortfall of \$35 million state dollars. Three weeks later, that number climbed to the current estimate of \$137 million. In the meantime, the Department of Health and Welfare presented the legislature with two scenarios for legislators to make cuts in Medicaid.

#### Scenario One “Blunt Scenario” (\$25.2 million state cut = \$84 million total cut):

1. Eliminate all developmental disabilities services for adults with developmental disabilities;
2. Eliminate all psycho-social rehabilitation services for adults with a mental illness;
3. Reduce the scope of dental services for adults and require co-payments for some Medicaid services.

#### Scenario Two “Tailored Scenario” (\$20.7 million state cut = \$66.1 million total cut):

1. Reduce developmental disabilities services by 10%;
2. Reduce personal care services by 10%;
3. Extend a “temporary rule” cut for developmental disabilities and mental health services;
4. Reduce the scope of dental services and establish some new co-payments;
5. Reduce certain therapies, vision, chiropractic and podiatry services;
6. Increase assessments imposed on providers.
7. Reduce home and community based waiver services.

**These two scenarios account for less than ½ of the current recommendation to eliminate \$50 million in state Medicaid services.**

For several years, state funding for Medicaid – including home and community based services for people with developmental disabilities and mental illness – has been cut, payments delayed and critical expansions delayed. Participants in these services along with their families, their employers, their providers have borne the brunt of those impacts.

# Impact of Eliminating Some Medicaid Services

For the legislature to contemplate eliminating services for Idahoans with developmental disabilities and mental illness is economically and morally unjustified. They are obligated to find the revenue to preserve these services to prevent devastating consequences that will be felt for generations.

**Economically Unjustified:** Idaho's economy will take a big hit if Medicaid services are cut.

- By eliminating \$50 million in state funds, Idaho's will lose \$116.5 million in federal matching funds. These are federal tax dollars that Idahoans have paid that will go to other states.
- Health care providers that provide Medicaid services spend an average of 85% of the funds received on personnel and personnel-related expenses.
- At least 4,000 full-time equivalent jobs will be eliminated if the state cuts \$166.5 million from Medicaid.
- Medicaid funding supports jobs and generates income in every county. This creates a multiplier effect that fuels local economic growth. The vast majority of Medicaid funds pay for salaries and for the purchase of local goods and services like rent, supplies and equipment.
- Many people who rely on the Medicaid-funded services will deteriorate and they will be forced to turn to higher cost services in institutional setting creating greater pressure on the budget in future years. State and local taxpayers pay more if demand for services that get no federal match increase, such a indigent care, law enforcement, corrections, and emergency medical care.

**Morally Unjustified:** The stories of Idahoans who have been able to move out of institutions and into their own homes and involved in their own communities are compelling and inspiring. It is inconceivable that legislators, to meet a one-year budget gap, are willing to push these Idahoans back into nursing homes, group homes or hospitals for what may be the rest of their lives. Because of Medicaid-funded services, many Idahoans with developmental disabilities and mental illness:

- are able to have jobs, pay taxes, contribute to the success of an Idaho business...
- are able to have the freedom to meet new people, participate in their church, go shopping...
- are far healthier and free from the risk of neglect or abuse than they were in an institution...
- are inspiring others with their joy, their talents, their work ethic, their life....
- are a dramatic illustration of the American dream that all people have an opportunity to achieve their highest potential.

Faith leaders across the state are appalled that people who are now a part of their faith community because they receive Medicaid-funded services may slide back into darkness and isolation.

**The myth that volunteers will step in and provide services is unrealistic and costly.** *The Governor and legislators believe volunteers will step in to provide the service, when trained and certified providers are gone.*

An Idaho economist has estimated approximately **2,242,184 volunteer hours are needed** just to cover services for adults with disabilities needing developmental and/or psycho-social rehabilitation services. At 100 annual hours per volunteer, **Idaho will require 22,000 additional volunteers!**

The claim also discounts the overwhelming amount of volunteer time already being given by countless volunteers who are able to do so because Medicaid-funded services are also being provided to the individuals they volunteer to help.

In addition to their time, volunteers must also:

- Submit to and pay for a criminal background check (approx. \$55/each)
- Participate in training (comparable to the certification required of Medicaid-funded providers)
- Include their volunteer activity in their liability insurance (those with no liability must purchase a liability policy)

## Revenue enhancement must be part of the solution this year

Idaho's families and businesses have already been hurt by past holdbacks and cuts to Medicaid-funded services. Any further cuts will create more negative economic consequences. Investing state tax funds in Medicaid produces such a significant economic return that a small increase in tax rates to protect those services will be more than offset by the direct and indirect economic benefits generated by Medicaid-funded home and community based services. Revenue enhancements must be on the table this year.