



Between a Rock and a Hard Place

Missouri's broken welfare system and the difficult decisions facing legislators.

This week my committee on Pensions, Veterans' Affairs and General Laws heard two important bills addressing the crisis of Missouri's welfare system. SB 539 addresses the state's present situation and immediate needs by limiting services in Missouri's welfare system; SB 556 looks to the future with the prospect of creating a new innovative healthcare system that will truly assist those most in need.

The trends in expenditures and the number of enrollees in Missouri's welfare system are staggering. Missouri's welfare program, introduced in 1965, took over 25 years for the number of enrollees to reach 500,000. Alarmingly, in the past 10 years alone, Medicaid rolls more than doubled, reaching 1.1 million recipients last year. Equally astounding, an independent report from last year reports Missouri as having the number 1 fastest growing Medicaid expenditures in the entire United States. Furthermore, Missouri ranks number 2 in having the largest share of its state budget being spent on Medicaid welfare programs. Without reforms to the welfare system, our Medicaid welfare program will grow by \$600 million this next fiscal year. The red flags are waving, the alarms are blaring, and to all that are willing to face reality they see that our state is on the path towards bankruptcy.

Missouri's constitution mandates that we pass a balanced budget by 6 p.m., Friday, May 6, 2005 or the government shuts down. Current projections for the upcoming fiscal year show a deficit of over \$300 million. In an effort to balance our budget, in an effort to comply with the Missouri Constitution, SB 539 proposes reforms to our state's welfare system. Among other things, the legislation tightens up certain eligibility standards, eliminates ineffective and abused programs, and utilizes co-pays, deductibles, and spend-down programs. The legislation also seeks to eliminate waste, fraud, and abuse by requiring income verification from those receiving Medicaid services.

Even with the proposed reforms in SB 539, Missouri will spend \$37 million more this year on Medicaid than last. More than 900,000 people, or 15% of the population, will continue to receive Medicaid welfare benefits. That translates to 1 out of every 6 people in Missouri, making Missouri's percentage of population on Medicaid greater than 35 other states. In other terms, for every person receiving state welfare there are 2.86 workers in Missouri paying taxes to provide the funds needed to support our state's swollen welfare system.

The decision to reduce welfare availability is a decision that we have put off year after year. These decisions are tremendously difficult and burdensome. It is convenient for many to characterize supporters of the legislation as lacking compassion and sensitivity, but it is subscribing to those sentiments that put the legislature in the position we

face in the first place. What could have been solved with smaller cuts in the past, where a stitch in time could have saved nine, has culminated to the situation that we face today. We could raise taxes, but we would have to raise taxes by \$1 billion every three years to keep up with the growth in our welfare system. We could cut education funding, but given that education is my and most every legislator's top priority, that simply is not going to happen. The only option we have is to place limits on the out-of-control Medicaid system.

The most difficult part of this process is determining where saving will come from. Money not taken from one program means more is taken from another. For example, the House this week overwhelmingly approved spending an extra \$223 million in the current budget year to avoid cuts in Medicaid service, adoption subsidies and the First Steps program. Most of the \$223 million would go toward the poor, elderly and disabled individuals qualifying for the state's welfare program. The money from these cuts will be made up for by increasing premiums in the MC+ for Kids program, which provides healthcare to families earning up to three times the federal poverty level (\$58,050 for a family of four). The proposal would require a family of four earning at least \$29,149 annually to pay monthly premiums based on a sliding scale, as opposed to the current system where that same family would not have to pay a premium until its earnings topped \$43,538. To save additional dollars, the House plan recommends taxing in-home service providers and reducing the amount of money paid to pharmacies through the Medicaid program.

I am prepared to make the difficult decisions of limiting Medicaid services to pass a balanced budget this year, but it is not something I want to do year after year. The silver lining in this dark cloud is the promise of a better tomorrow. I am committed to creating a new welfare system that will replace the outdated and dilapidated system we have now. SB 556 forms a commission composed of six members from the House and six members from the Senate, as well as the directors of the Departments of Social Services, Health and Senior Services, and Mental Health. It is the intent of the legislation that the commission makes recommendations to the general assembly by September 1, 2005 on reforming, redesigning and restructuring a new innovative healthcare system. It is my hope that this new system will allow us to avoid situations like we face now. It is my hope that the new system will truly provide for those citizens most in need and put an end to the waste, fraud, and abuse saturating our current system.

Contact Me

As always, I appreciate hearing your comments, opinions and concerns. Please feel free to contact me in Jefferson City at (573) 751-2459. You may write to me at Jason Crowell; Missouri Senate; State Capitol; Jefferson City, MO 65101, or email me at: jcrowell@senate.mo.gov or visit me on the web at <http://www.jasoncrowell.com>.

Thank you for your time.

Senator Jason Crowell represents the people of Bollinger, Cape Girardeau, Madison, Mississippi, Perry and Scott counties in the Missouri Senate.