



Jason Crowell
27th Senate District

MISSOURI SENATE
JEFFERSON CITY

CAPITOL BUILDING, ROOM 323
JEFFERSON CITY, MO 65101

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**Contact: Jason Crowell
(573) 751-2459**

SB 539 addresses the state's present situation and immediate needs by limiting services in Missouri's welfare system and must be taken in unison with SB 556, which looks to the future with the prospect of creating a new innovative healthcare system that will truly assist those most in need. The issues these bills seek to provide solutions to are not new, nor are they unique to Missouri.

The trends in expenditures and the number of enrollees in Missouri's welfare healthcare system are staggering. Missouri's 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 in fiscal year 2006. 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; this can't and won't be done without the adoption of SB 539. Current projections for the upcoming fiscal year show a deficit of at least \$300 million. In an effort to balance our budget, SB 539 proposes reforms to our state's welfare healthcare 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 at least \$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 on the rolls there are 2.86 workers in Missouri paying taxes to provide the funds necessary to support our state's swollen welfare healthcare system.

The decision to tighten availability is a decision that we have put off year after year under both Republican and Democratic administrations. These decisions are tremendously difficult and burdensome. It is convenient for many to characterize supporters of SB 539 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 effects in the past, where a stitch in time could have saved nine, has culminated to the situation that we face today. Yes, we could raise taxes, but we would have to raise taxes by at least \$1 billion every three years to keep up with increasing growth and those taxes must be approved by an unwilling Missouri citizenry. 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 savings will come from. Money not taken from one program means more is taken from another. These decisions are best left to our appropriation process. For example, in an appropriation subcommittee, the House recently approved spending an extra \$223 million in the current budget year to avoid proposed reductions in Medicaid service, adoption subsidies, Hospice care and the First Steps program. The \$223 million will go toward poor, elderly and disabled individuals qualifying for the state's welfare healthcare 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 support this plan.

I am prepared to make the difficult decisions of controlling Medicaid services to pass a balanced budget this year, but it is not something I relish or want to do year after year. The silver lining is the promise of a better tomorrow. I am committed to creating a new welfare healthcare system that will replace the outdated and dilapidated system we have now. In the words of our Governor, we have a typewriter system in an internet age. 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.

Finally, to those that oppose these reforms, I close by asking what is your plan is - knowing full well you don't have one - you only want to raise taxes year after year...a plan that will never be approved by Missouri voters.