

CAPITOL REPORT

Senator Luann Ridgeway

April 28, 2005

We are spending a lot of time working on Medicaid reform. One of the Clay County Representatives recently wrote two capitol reports. They are so good, I want to send them to you.

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Representative Doug Ervin Capitol Commentary

April 6, 2005

Missouri's Welfare State - A Case for Reform

Governor Warren Hearnes spoke prophetically in 1966 saying that "...Title 19 [Medicaid] has the potential to actually impose an impossible financial demand upon the state treasury of Missouri"¹ and "that the Federal Government was coming close to bankrupting the state with its medical care programs."¹

There has been a great deal of discussion across our state regarding the public policy of our ailing, 40-year old Medicaid program. The explosive growth in Medicaid spending has been a significant factor in the explosive growth of our state budget over the past decade. More importantly, evidence is lacking that our current system has resulted in better services for our most vulnerable citizens.

Medicaid has continued to expand throughout the 1990's, because elected officials chose to act with political expedience rather than measured responsibility to establish reasonable limits. These expansions endanger the very people Medicaid was designed to serve.

For too long we have measured compassion in Missouri, not by the quality and access to healthcare we offer to the less fortunate, but by the number of Missourians we bind to our state's welfare rolls. This is wrong and contrary to our founding principles.

The good news is that we have options, but we also have parameters to work within. Now, as in 1966, we are in the same position as noted by Governor

Hearnes, "We must be certain beyond a shadow of a doubt that state income will support such a program... hopefully without tax increases"², since spending beyond our means would make Governor Blunt and the General Assembly "derelict"³ in our "duty"³ if we "allowed our modest financial reserves to be depleted or exhausted in order to comply with a federal mandate."³

To the contrary of many reports, welfare reform in Missouri must: ensure that elected legislators, not activist judges, decide how taxpayer money is to be spent; enact common sense reforms that restore integrity to our welfare system; and it create a mechanism, such as the proposed Medicaid Reform Commission, to review our state's current system and make recommendations to transform Medicaid into a new, innovative healthcare delivery system for our most vulnerable citizens.

It must also be done in a fashion that is sustainable over time. History has shown that, "Generally, to accomplish this we would have to experience even greater economic growth than we have in recent years..."⁴ (a recent inquiry to the Department of Economic Development noted that a 1% decrease in our unemployment rate would raise \$73.5 million of general revenue).

This direction strikes a proper balance between stemming the growth in optional Medicaid services by making them subject to appropriation and preserving taxpayer dollars for our most vulnerable citizens.

We have no choice but to strengthen our efforts to ensure that only those Missourians who are eligible for Medicaid are placed on the welfare rolls by rooting out waste, fraud, and abuse by taking such steps as requiring annual re-verification of eligibility for Medicaid recipients.

Consider that audits available from the state auditor's office showed that Medicaid benefits are being paid to persons who are deceased, persons who are not Missouri residents, and persons who are also receiving benefits in Kansas.

It gets worse, an audit from April of 2004 determined that, "Management decisions and weak internal controls have resulted in thousands of ineligible or potentially ineligible recipients continuing to receive services under Medicaid and other state medical assistance programs."⁵

In fact, as of June 30, 2003, eligibility had not been redetermined for a year or more for 383,004 of 934,453 recipients or 41% of all recipients. It was found that in July 2002, caseworkers were notified they could stop doing routine eligibility redeterminations.

A common technique to determine continued eligibility of Medicaid recipients has been to match them with the Division of Employment Security to verify wages and unemployment compensation. The April 2004 audit identified that these matches were stopped in July 2000 and Family Support Division officials were unaware the matches had stopped until it was brought to their attention in September 2003.

The measures being adopted by the General Assembly constitute a reasonable and measured approach toward ensuring that our highest priorities, including education, will be protected. It also works to focus access to quality healthcare to

those with the greatest needs that are seeking a hand up to self-sufficiency rather than a government handout that leads to a life of dependency.

Continuing to expand our unsustainable welfare system will ensure that it will collapse under its own weight.

The barometer of our social conscience and charitable concerns cannot be measured by our ability to maximize matching fund programs offered by the federal government. This approach of assigning to government the problems of our most needy short changes, and even diminishes, the person in need.

One writer gives this perspective, "The poor, in surrendering them to the care of the government, are increasingly estranged from the family, church, charity, or local community who would benefit greatly by becoming involved in the life of someone who requires real help. There is a mutual benefit in all of these relationships that form the firmest foundations of civil society. In these relationships, we can care for the poor and, more important, see the whole person and experience the dignity that is inherent in the human soul."⁶

As I have written before there can be a legitimate role for government in providing assistance to our truly needy, but it should always be the last line of defense and never the first. Now as our state moves forward to transform the future of Medicaid with the passage of [SB539](#) it is proper for us to stop for a moment and ponder these words from President Ronald Reagan, "Wouldn't it be better for the human spirit and for the soul of this Nation to encourage people to accept more responsibility to care for one another, rather than leaving those tasks to paid bureaucrats?"

Feel free to forward this email to friends and family to promote an informed and active citizenry.

Medicaid Expenditures/Recipient Data

Year	Total	Average Monthly Recipients	Budget per Recipient	Medicaid as % of Total Budget
1965	\$0	0	0	0%
1968	\$38,914,458	N/A	N/A	4%
1970	\$61,438,662	108,238	\$303	unknown
1980	\$320,505,298	153,825	\$1,229	8%
1990	\$832,557,078	351,154	\$2,371	11%
2000	\$3,337,470,275	722,192	\$4,621	20%
2004	\$4,888,399,124	974,635	\$5,016	28%

Footnotes:

¹St. Louis Post-Dispatch, May 24, 1966, "Hearnes Warns Medicare Plan is Threat to State Finances"

²St. Louis Post-Dispatch, May 24, 1966, "Hearnes Warns Medicare Plan is Threat to State Finances"

³St. Louis Post-Dispatch, December 1, 1966, "Hearnes Urges Congress to Amend Law on Medicare"

⁴St. Louis Post-Dispatch, May 24, 1966, "Hearnes Warns Medicare Plan is Threat to State Finances"

⁵Department of Social Services Medicaid Eligibility, audit April 27, 2004, page 2

⁶Gerald Zandstra, Acton Institute, "Isaiah and the Welfare State", October 27, 2004

Bills Referenced in this report:

- Medicaid Reform ([SB539](#))

Eligibility Redetermination Lapsed Time Time since last redetermination (As of June 30, 2003)

1-2 years	233,898
2-3 years	68,602
3-4 years	36,889
4-5 years	18,648
5 years or more	24,967
Total Recipients	383,004

Source: Family Support Division's computer system

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You don't fix bad policies by rearranging or replacing one bureaucrat with another. You have to replace bad ideas with good ones.

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- Ronald Reagan
President of the United States of America (1981 - 1989)