



VIRGINIA POVERTY LAW CENTER

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Preservation of Medicaid is Especially Important During the Current Economic Downturn

- Medicaid has long been a cornerstone of the health care system in the United States.
- It already serves more than 50 million Americans.
- It will play an even more important role in the months ahead as unemployment rises and more and more families lose their only access to affordable healthcare coverage.

Virginia's Medicaid Program is Already Very Lean, with Very Poor National Rankings

When compared to other states, Virginia's Medicaid program is very lean, with:

- conservative eligibility
- aggressive utilization controls
- limits on services
- low provider payments
- relatively extensive managed care systems

3

Although Ranked 9th Nationally in Per Capita Income, Virginia Is:

- 48th in Medicaid spending per capita
- 47th in eligibility for working parents (< \$6,000/yr.)
- 45th in state health spending as a share of total state budget (17%)
- 46th in percentage of funding going to community based care vs. institutional care
- 50th in per capita federal grants such as Medicaid

Sources: JLARC, Kaiser Commission on Medicaid and the Uninsured

4

Federal Medicaid Matching Dollars Support Virginia's Economy

- \$1 federal dollar for every \$1 in state Medicaid spending.
- These new federal dollars are an essential part of Virginia's overall economy.
- Medicaid supports the health care system and also jobs, community development, consumer spending, etc. - all generating state tax revenues.
- SCHIP is another economic driver, with a \$2 for \$1 federal match.
- **Cuts = Twice/Triple the Harm**

When Virginia gives up federal Medicaid/SCHIP dollars, Virginia taxpayers lose their fair share of the federal taxes they pay.

5

This Year It Is Absolutely Necessary to Support Revenue Enhancements and Use the Rainy Day Fund to Avoid More HHR Cuts

- Increase the Tobacco Tax
- Limit Land Preservation Tax Credit
- Eliminate Discounts for Sales Tax Collections

6

Reverse Cuts in the Governor's Budget

- Proposed cost effectiveness standard for community based care (CBC) waivers would force people with the greatest needs into institutional care. (Item 306 #3s – Sen. Whipple) See, testimony of Keith Kessler.
- The EDCD Waiver should not be capped. It's our major CBC program and an important support for people on the MR and DD waiting lists (306 #7s – Sen. Colgan)
- If EDCD Waiver is capped, the cap should last for only one year, and the waiting list must be properly managed. (Item 306 #5s- Sen. Howell)
- Protect children's access to acute psychiatric care. (many amendments in Items 306 and 316).

7

Position the State for Upcoming Stimulus Package & SCHIP Reauthorization

- All of the increased FMAP Virginia receives should be used to restore cuts in services, eligibility and provider reimbursement. (Item 306 #18s Sen. Wampler, #21s, Sen. Hanger)
- Stimulus may allow Medicaid for recently unemployed with 100% federal funding.
- SCHIP reauthorization will allow Virginia reach more uninsured children. (Our federal allotment may increase by 80%)
- SCHIP reauthorization may allow Virginia to receive federal funding for up to 6,000 legal immigrant children we now cover with state-only funds, and legal immigrant pregnant women who may now receive state-funded services.

Will Virginia take advantage of these opportunities?

8

Remember Unfinished Business

- **Medicaid for Parents**
 - Under 30% FPL
 - 4th lowest in the country
 - The budget eliminates the State-Local Hospitalization and Indigent Care Trust Fund programs. Those General Funds should be reinvested (and doubled) in the Medicaid program to serve the poorest uninsured adults.
- **Medicaid for Legal Immigrants**
 - Virginia is one of only 9 states that restrict legal immigrant's access to Medicaid after the 5-year bar.
 - The Governor's Commission on Immigration recommended lifting those restrictions to access federal funding for preventive care instead of only emergency care.

9

More Unfinished Business

- **TANF Basic Cash Benefits**
 - Increased only two times since 1974!
 - TANF plus food stamps are less than 50% FPL in most parts of Virginia (under \$9000/year for a family of 3).
 - Federal TANF dollars have been spread out to many HHR programs, but the pressing daily needs of Virginia's poorest and most desperate families have not been addressed.
 - Item 338 #2s (Sen. Colgan) #4s (Sen. Houck)#5s (Sen. Colgan)
- **Medicaid Provider Reimbursement**
 - Access to care depends on availability of providers
 - Reimbursements across the board are too low
 - Recent cuts have exacerbated the problem for certain providers
- **Ensure Community Based Options for Elderly & Disabled**
 - Waiting lists continue to grow

10