

Special HIB: for April 18, 2008

State Budget Cuts and their Impact on Health Care

Florida's unprecedented downturn in revenues, and the constitutional requirement to balance the state budget, are forcing major reductions in health care services for the poor and underserved.

Health care and education will absorb the greatest reductions this year because they are the largest sectors of state spending: 24% and 33% respectively. While spending cuts are necessary, the current legislative budget proposals will significantly affect our state's most vulnerable populations and increase health costs in the private sector.

One budget target is the Medicaid Medically Needy program that covers about 8% of Medicaid patients. This program helps low-income people whose incomes are too high for "regular" Medicaid but, after paying their medical expenses, have incomes below a state-established limit. If this program is eliminated, clients will go from insured (via Medicaid) to uninsured. Many have chronic conditions and will not have the means to pay for their care. Many will wait until a crisis occurs and seek care in hospital emergency rooms, where their costs will ultimately be shifted to those with insurance.

Proposed reductions in prenatal care will affect mothers, babies and the community alike. A lack of prenatal care will mean more low birth weight babies, higher use of the Neonatal Intensive Care Unit, and more long-term disabilities.

Other Medicaid programs facing elimination or major reductions include mental health, hospice care, medications for Medicaid organ transplant patients, services for the elderly and Alzheimer's patients, and Children's Medical Services including cleft lip/palate, sickle cell anemia, kidney disease and pediatric AIDS programs.

In Orange County, mental health funding cuts may force the closing of the Central Receiving Center (CRC). Prior to the opening of the CRC three years ago, patients and law enforcement alike were tied up for hours in hospital emergency departments. Now, law enforcement officers transport patients to the CRC for a single point of entry into the mental health and substance abuse system – and officers are back on the street in just eight minutes.

In addition to the direct patient impact, there are serious unintended consequences to these reductions. While the eligibility reductions for Medicaid programs may lessen some state expenditures, it will also reduce the federal dollars that hospitals draw down to help care for the poor. In some cases, the loss of the federal match will actually exceed the savings in state Medicaid dollars. Health care cuts for underserved populations will also result in delayed care, more expensive care and an increasing cost shift to the private sector.

Florida Hospital believes we must consider more focused budget reductions and develop ways to expand the state's revenue base. It is essential that all of us – legislators, providers and the private sector – find solutions that do not have such obvious and immediate negative consequences on the health and welfare of our citizens.