

## Senate Bill 1 and Medicaid Funding

Anne Dunkelberg, [dunkelberg@cphp.org](mailto:dunkelberg@cphp.org)

Senate Bill 1 contains several proposals related to Medicaid:

1. The proposal would not fully fund Medicaid with any supplemental appropriations for the final month(s) of the 2016-2017 budget, which would result in \$1.2 billion less in general revenue (state dollars) for this program;
2. Without supplemental appropriations, the proposal would mean starting the 2018-2019 budget with a \$1.2 billion shortfall in Medicaid base funding;
3. The proposal does not include enrollment growth costs (over \$700 million), though instructions from the Governor and the Legislative Budget Board called for factoring in such growth;
4. The proposal contains a rider requiring an additional 1.5 percent in General Revenue cuts across the budget, with only K-12 formula funding (Foundation School Program) exempt. If distributed evenly across the budget, this would require another \$400 million GR (or more) in Medicaid funding reductions.

### Medicaid Funding History

In the last 20 years, Texas has often used low enrollment and spending budget numbers for Medicaid in order to pass a smaller balanced budget. That approach almost always requires the Legislature to pass supplemental appropriation in the next session to fund the final months of Medicaid (currently running around \$1.5 billion GR a month). As one example, in 2003 virtually all of the legislative cuts to Medicaid and CHIP were subsequently reversed.

If budget writers or state leaders do not direct the Medicaid agency to make a program, eligibility, or benefit cut to reduce spending to meet the number written into the budget, then the under-funding does not have to result in reduced eligibility or services for Texans on Medicaid. The Legislature can fill the gap in the next session. But if lawmakers pass bills or budget riders that direct HHSC to reduce spending, then fewer Texans in need of Medicaid will be covered, and/or the children, seniors, Texans with disabilities and pregnant women served today will get fewer health care services.

**If SB 1 signals an intention to under-fund Medicaid by \$1.9 billion GR (and that is before considering the exceptional item request for Medicaid cost increases), it would be the largest Medicaid cut in over 25 years in the Texas Medicaid budget (much larger than the 2003 cuts).**

There would be a significant impact on children, seniors, Texans with disabilities, and expectant mothers already relying on Medicaid, as well as the tens of thousands of Texans with disabilities and serious medical needs who are on waiting lists for community and waiver services.

Beyond funding current services in Medicaid, Texas will ultimately need to enable HHSC to cover inflation and price increases for medical and long term services and supports. Recent agency updates seem to have eliminated exceptional items for critical needs such as long term care and mental health waiting lists, psychiatric hospital needs, family planning and attendant wages, to name just a few.

House	Senate
Includes \$1.2 billion expected Medicaid <b>Supplemental</b> for 2016-2017 AND includes in 2017-2018 base	Missing from SB 1
Includes the ~\$700 million GR in base needed for <b>Medicaid enrollment growth</b>	Missing from SB 1
<b>HHSC E.I.#1 \$1.75 billion for Current Services (~\$1.5B Medicaid-CHIP) not in either filed bill. LTSS needs = additional \$300 million GR</b>	
House proposes additional \$100 million GR in Medicaid reductions	Senate proposes additional \$1 billion GR in cuts, not detailed (K-12 exempt)

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For more information or to request an interview, please contact Oliver Bernstein at [bernstein@cphp.org](mailto:bernstein@cphp.org) or 512.823.2875.

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