News on Medicaid and State Budgets: July and August 2003 Update

This update summarizes recent news from press reports published during the months of July and August 2003 as well as information reported by the National Conference of State Legislature's health policy tracking service during these two months. It highlights recent changes that governors and state legislators are making or plan to make to reduce Medicaid spending growth. The information in this news update has not been verified by the states, and in some cases the actions reported not final. For more information on Medicaid state budget actions, please see the Kaiser Commission on Medicaid and the Uninsured's September 2003 report, "*States Respond to Fiscal Pressure: State Medicaid Spending Growth and Cost Containment - Results from a 2003 Survey*," available at www.kff.org.

States are continuing to face difficult fiscal challenges. As state revenues remain on the decline and Medicaid spending pressures continue to grow, more emphasis has been given to Medicaid cost control strategies to reduce spending growth.

Alabama – The Alabama Department of Public Health is reducing its efforts to enroll children in the AllKids health insurance program because of a funding shortage. Currently enrollment is still open, but the state has cut back on outreach efforts and cut advertisements of the program. The immediate future of the program, like that of many other state services, was tied to Governor Bob Riley's September 9th tax referendum. Riley's proposal would raise state taxes by $1.2 billion and help provide more funding for All-Kids and other services (The *Montgomery Advertiser*, 7/1/03). Alabama voters have rejected the tax reform and now the governor is expected to submit a revised FY 2004 budget to the legislature in mid-September (NCSL, 9/15/03).

Arizona – Governor Janet Napolitano signed into law the FY 2004 appropriation bill after line item vetoing several provisions. During the months of debate over the budget, contentious issues were the proposed elimination of the SCHIP program, increased frequency for determining eligibility and establishment of co-payments. The following is an outline of the major components of health care in the recently passed budget: eliminates eligibility for parents of children in SCHIP as of June 30, 2004; changes eligibility re-determination period from 1 year to 6 months; makes Hospital Reimbursement Pilot Program permanent; and increases co-payments, enrollment fees, and premiums in the Long-Term Care System, the Acute Care program, the KidsCare program, and the Proposition 204 expansion population (NCSL, 7/1/03).

California – On August 2nd, the California General Assembly enacted and Governor Gray Davis signed a FY 2004 budget. The $99.1 billion budget: leaves an $8 billion budget deficit next fiscal year; authorizes the state to borrow $12 billion in funds; eliminates programs; increases fees; uses $900 million in state aid from the federal tax cut legislation for MediCal; and realizes a one-time savings of $930 million by moving from an accrual to a cash accounting system for MediCal.

In the final budget deal, state lawmakers rejected most of the MediCal program reductions the governor had proposed. Overall the MediCal program sustained a cut of 1

percent. Specific MediCal actions include: implementing six month eligibility checks; enforcing a stricter application of eligibility rules; reducing by 5 percent the reimbursement rate for physicians, pharmacies and managed care plans, effective January 1, 2004; increasing slightly the reimbursement rate for nursing homes; limiting the rates paid for inpatient hospital care; canceling the cost of living adjustment for aged, blind and disabled in nursing homes; reducing dental benefits; and reducing hearing care benefits (NCSL, 8/11/03 and *San Diego Union-Tribune,* 8/3/03).

Connecticut – After vetoing three budgets and a mini-budget proposed by the legislature this session, Governor Rowland and state lawmakers were finally able to reach a compromise and enact a FY 2004 budget. The compromise involved the following actions affecting health care services: restoration of $10 million for a general assistance program that provides $350 a month to the hard-core unemployed— persons with no more than $250 in assets. The restoration of their general assistance benefits reinstates these unemployed persons' eligibility for Medicaid. The proposed cuts in the ConnPACE pharmaceutical assistance program were restored and $300 million in tobacco settlement revenue was secured. As of late August, Governor Rowland had not yet signed the FY 2004 budget (NCSL, 8/11/03 and 9/8/03).

On July 1, about 19,000 low-income Connecticut residents were scheduled to lose their Medicaid coverage. To balance the state budget lawmakers approved the elimination of benefits for adults with incomes between 100-150% FPL (*Hartford Courant*, 6/16/03).

Delaware –Governor Ruth Minner signed into law Delaware's $2.44 billion FY 2004 budget. State lawmakers heavily scrutinized the state's Medicaid budget this year, specifically prescription costs. In the end, the legislature appropriated an additional $22 million—a 7.5 percent increase over FY 2003—and made no benefit or eligibility cuts. The overall budget grew by 2.2 percent. Actions the legislature took include: granting the Medicaid agency the authority to establish a step therapy or fail first policy with regard to prescription drugs; postponing the inflationary increase for hospital reimbursement rates from October 2003 to January 1, 2004; expanding prior authorization to include additional classes of drugs; establishing a preferred drug list; establishing an intrastate bulk purchasing plan for pharmaceuticals that includes the state employee health plan; establishing a co-payment for prescription drugs, and establishing a co-payment for non-emergency transportation (NCSL, 7/1/03).

Florida – Florida Medicaid officials announced as of July 1 that the state's Medicaid program would only pay for circumcisions when they are medically necessary. The move was part of a legislative cost-reduction measure designed to save the state $2.3 million (*The Miami Herald*, 8/1/03).

Georgia – Higher PeachCare insurance premiums were passed by the legislature in the state's FY 2004 budget as a means of covering the rising costs of the program. Governor Sonny Perdue has denied the Department of Community Health's proposals for cutting costs in Georgia's PeachCare program, but the state agency is still predicting an $18 million budget shortfall this year. The Department's cost cutting proposals included: delaying coverage until the month after a parent applied, imposing a six-month waiting

period for individuals who voluntarily had dropped private insurance to join PeachCare, and denying coverage for three months for nonpayment of premiums. Governor Perdue has ordered the agency to re-examine the proposals and review all available cost saving options (NCSL, 7/28/03).

Hawaii – State revenue for July 2003 was down $20 million. This report follows Governor Lingle's announcement of a projected $152 million budget shortfall in the current biennial budget. The governor ordered state agencies to reduce general revenue spending by 20 percent during the first three months of FY 2004 (NCSL, 8/11/03).

Illinois – The FY 2004 budget passed by the legislature is awaiting Governor Rod Blagojevich's signature. It provides a 3 percent to 5 percent increase for Medicaid and other health care programs. Specific actions taken by the legislature include: expanding eligibility for the SCHIP program from 185 percent to 200 percent FPL and expanding eligibility for the parents under the SCHIP program from 49 percent to 90 percent FPL (This is the first year of a three-year plan by the governor to expand eligibility to 185 percent FPL); expanding eligibility for SeniorCare, the state's Pharmaceutical Plus program, from 200 percent to 250 percent FPL, subject to approval by CMS; continuing the freeze on Medicaid provider and service reimbursement rates, except where federally mandated; establishing several pharmaceutical cost control measures; implementing bulk purchasing that is expected to save the state up to $120 million; pricing brand name drugs at generic prices, where a generic drug is available; expanding prior authorization to additional classes of drugs; and updating the price the state pays for drugs monthly as opposed to daily. The legislature also increased Medicaid funding for the reimbursement of services to treat mental illness, alcoholism and drug addiction (NCSL, 7/1/03).

Indiana – On June 30th, a Hamilton Country Superior Court Judge issued a temporary restraining order preventing the state from implementing new rules that would change Medicaid eligibility for the state's "spend down" program. The new rules, which were scheduled to take affect July 1, would only count medical expenses personally paid by individuals, not costs paid by Medicare or private insurers to determine eligibility (*Indianapolis Star*, 7/1/03).

Kentucky – Kentucky Health Services Secretary Marcia Morgan reported that more than 1,400 Kentucky residents currently receiving care in nursing homes, at home or in community-based facilities are no longer eligible for long-term care benefits under Medicaid. Between April and July the state has "decertified" -- repealed eligibility for long-term care benefits -- or denied admission to Medicaid to 198 nursing home residents and decertified or denied admission to 1,209 people receiving care at home or in community-based settings. The cuts are the result of a decision by state officials earlier this year to eliminate "personal care" benefits under Medicaid in an attempt to offset a budget shortfall for the program (*Associated Press*, 8/18). Kentucky's Medicaid program has a $4.4 million budget deficit this fiscal year, and the gap is expected to increase to between $200 million and $400 million by 2005 (*Lexington Herald-Leader*, 8/19).

Louisiana – The enacted FY 2004 budget adopted by the legislature includes a significant policy change affecting the operation of the state's charity hospitals. The

system is now able to operate as a service agency, which provides it the authority and ability to downsize. Many policymakers believe the system has excess bed capacity and can be run more effectively and efficiently with fewer overall beds. Given this new authority and the mandate from the legislature to cut $40 million in FY 2004, the Department of Health and Hospitals recently announced closure of 9 operating rooms, closure of an HIV clinic, and reduction of 20 psychiatric beds (NCSL, 8/11/03).

Maine – The Maine Human Services Department received the federal government's approval to implement its preferred drug list (NCSL, 7/21/03).

Maryland – On July 30th Governor Bob Erhlich announced he was cutting the state's FY 2004 budget by $208 million (2 percent), including an $84.4 million reduction to the Department of Health and Mental Hygiene's $3 billion budget. About half of the health department's funding cuts come from state spending on Medicaid. New budget constraints will place a limit on how many days of inpatient care Medicaid will cover to save $20 million. Other planned health cuts include: limiting at 3,135 the number of beneficiaries under a state program that provides in-home care for the elderly for a savings of $1.5 million; decreasing by one percentage point payment increases to managed care organizations; implementing a $37 monthly premium for beneficiaries of the state CHIP program, freezing the program's enrollment for children whose family income is between 200% and 300% of the federal poverty level and requiring families to reapply for the program as of Sept. 1, resulting in more than $2 million in reduced expenditures (NCSL, 8/11/03 and *The Baltimore Sun*, 7/31/03).

Massachusetts – MassHealth, Massachusetts' Medicaid program, ended coverage for about 10,000 documented immigrants in mid-August because the state could no longer afford to pay for their care. Massachusetts had been paying the entire cost of documented immigrants' benefits since 1996. The federal government does not require states to cover documented immigrants and does not provide states matching funds to cover care for documented immigrants (*Boston Globe*, 8/5/03).

The legislature has overridden $150 million in spending that Governor Mitt Romney vetoed from the FY 2004 budget in early July, including almost all areas affecting health care services. The overwhelmingly Democratic state legislature restored all but about $51 million of the budget vetoes that the governor claimed would put the budget in balance and keep him from reaching further into reserve funds. The $23.1 billion FY 2004 budget increases spending by about $250 million to cover the increasing costs in Medicaid and the cost of paying off the state's long-term loans (NCSL, 7/28/03).

Michigan – The Michigan Department of Community Health has reported that Michigan Medicaid beneficiaries ages 21 and older beginning Oct. 1 will no longer receive coverage for nonemergency dental services affecting about 600,000 beneficiaries. The state will also reduce coverage for hearing aids and chiropractic and podiatry services for adult beneficiaries (*Detroit Free Press,* 9/3/03).

Lawmakers have passed the $38 billion state budget for fiscal year 2004 that begins October 1st. Governor Jennifer Granholm now has two weeks to act on any vetoes to the

budget. The state was able to avoid making large cuts to Medicaid benefits and eligibility because of expected savings from implementation of a multi-state bulk purchasing plan, better nursing facility screening and estate recovery, and state financial assistance in the federal tax cut legislation. In fact, for FY 2004 lawmakers have placed $200 million into reserve accounts to plan for future budget shortfalls, including $50 million to the Medicaid trust fund (NCSL, 7/28/03).

In addition, Gov. Granholm recently signed into law the Freedom to Work for Individuals with Disabilities legislation of Senate Bill 22 and House Bill 4270. This legislation, taking effect by Jan 1, will allow people with disabilities who earn more than $22,450 to keep Medicaid by paying a premium on a sliding scale beginning at $50 a month. The savings limit will increase to $75,000 from $2,000 and the set up of retirement accounts will be allowed (NCSL, 7/21/03).

Minnesota – On August 6, the Department of Health and Human Services approved the state's waiver request to expand its SCHIP program to include prenatal care for pregnant women with incomes up to 275 percent of the federal poverty level. More than 3,700 women will be eligible under the waiver (BNA Health Care Policy Report, 8/11/03).

Nebraska – Early in July, the state was ordered to resume paying Medicaid benefits to 10,000 single, working parents by the 8th U.S. Circuit Court of Appeals pending the resolution of a lawsuit over the state's decision to cut them from the program (NCSL, 7/21/03). On August 7, the federal appeals court announced that it would not reconsider its decision, leaving intact its July decision to prevent the state from denying benefits to the 10,000 single parents. The class of individuals claimed that they were entitled to temporary medical assistance under the 1996 Personal Responsibility and Work Opportunity Reconciliation Act when the state's welfare program changed from one based on the Aid to Families with Dependent Children to one based on the Temporary Assistance to Needy Families program. The dispute now returns to the trial court, which must rule on the claims and determine appropriate relief (BNA Health Policy Report, 8/25/03). The state also reported that tax receipts for June 2003 were down 11.1 percent from the previous year (NCSL, 8/11/03).

Nevada – In Nevada, reimbursement rates will return to levels previous to May 8 when rates were cut. The reinstated reimbursement levels will also be retroactive to May 8. This decision was made after 25 Nevada physicians, who perform surgical or radiological procedures on patients under 21, stopped taking Medicaid patients in May (NCSL, 7/21/03).

New Hampshire – In early July, the House fell four votes short of overriding Governor Craig Benson's veto of the FY 2004 budget (NCSL, 7/14/03). The governor vetoed the $8.8 billion FY 2004 budget, saying that the legislature needs to make $60 million in spending cuts for it to be fiscally responsible (NCSL, 7/1/03). The House and Senate passed a stopgap measure to keep the government operating until October 1 at the spending levels originally rejected by Governor Benson (NCSL, 7/14/03).

By late July, Governor Benson and the legislature had reached a compromise on $100 million in savings and accepted a FY 2004 budget that state lawmakers will act on in early September. Adjustments made to health care items in the compromise include: $13 million in savings through a new program to improve management of emergency room visits by the uninsured; implementing a preferred drug list and joining a prescription drug purchasing pool with Vermont, Florida and Michigan; continuing the state hiring freeze and eliminating 57 vacant positions in the Department of Health and Human Services; implementing stricter means testing for upper income levels with regard to nursing home care; and implementing reimbursement rate reductions for certain medical procedures (NCSL, 7/28/03 and 8/11/03).

New Jersey – By using state tobacco settlement revenue and $561 million in federal fiscal relief, the state was able to avoid many health cuts originally proposed by Governor Jim McGreevey. Fees for non-pregnant adult use of outpatient services and non-emergency ER visits were not implemented due to the use of the funds (NCSL, 7/14/03). Other health-related budget actions are outlined below.

For FY 2004, the state has capped SCHIP eligibility for parents at 134 percent of poverty; eligibility for children remains unchanged at 350 percent of poverty. In addition, the budget proposed limiting dental and chiropractic coverage for non-pregnant adults. Regarding pharmaceuticals, the FY 2004 budget includes the following actions: implementation of a preferred drug list with supplemental rebates for Pharmaceutical Assistance to the Aged and Disabled (PAAD), SeniorGold and Medicaid programs; pharmacy reimbursement rates changed from Average Wholesale Price (AWP) minus 10 percent to AWP minus 15 percent; continue PAAD with $5 co-pay for each prescription; continue SeniorGold with $15 co-pay and charge of 50 percent of remaining cost of the prescription; mandatory generic substitution; promotion of the appropriate use of generics in psychiatric hospitals; and mandatory long-term care recycling of drugs (NCSL, 7/14/03).

Recently enacted legislation created the Nursing Home Quality of Care Improvement Fund that is intended to generate additional federal matching Medicaid funds, enabling the state to enhance the quality of care for its nursing home residents. The fund is comprised of: revenues from assessments paid by nursing homes; federal matching

Medicaid funds resulting from the expenditure of revenues from assessments collected pursuant to the bill; and General Fund revenues, as necessary, until the revenue from the assessment has been collected (NCSL, 7/21/03).

New York – New York's Division of the Budget recently reported that the cost of the state's Medicaid program continues to increase, while revenue from sales, business and estate taxes are less than expected. The division's report states that multi-billion dollar budget gaps are expected for the next two fiscal years. The division is developing a cost savings plan to be presented to the legislature this fall (NCSL, 8/11/03). In addition, in late June, HHS approved New York's waiver to extend Medicaid coverage to working citizens with disabilities who would not otherwise have health insurance. The approved changes were authorized by the Ticket to Work and Work Incentives Improvement Act of 1999. The approved waiver allows New York to offer Medicaid to working disabled individuals who are at least 16 but less than 65 years of age with incomes up to 250 percent of the federal poverty level. In addition, the program allows individuals to own assets up to $10,000 (NCSL, 7/21/03).

According to a report released by the state comptroller on August 19, health care providers over-billed the state's Medicaid program by approximately $60 million over a recent one-year period. The report found that the state Health Department has either recovered or prevented reimbursement of $40 million of the charges and is investigating the remaining $20 million. The report attributed the billing mistakes, including incorrect reimbursement rates and dual billing, to the lack of oversight by the state Health Department (BNA Health Care Policy Report, 8/25/03).

North Carolina – State lawmakers are considering a bill that would create a new state agency to negotiate health care and prescription drug prices for Medicaid, SCHIP, state employees and teachers, state-run hospitals and prisons. According to research conducted by Mercer Government Human Services Consulting, the bill could save the state upwards of $400 million annually. The savings would result from lowering provider payments, eliminating fraud and making the system more efficient. North Carolina has experienced double digit increases in medical spending over the past few years (www.kaisernetwork.org, 7/18/03). The bill will be studied over the coming months and considered next year (http://newsobserver.com, 7/16/03).

Ohio – Ohio saved $7 million in Medicaid prescription drug costs through its Long-Term Care Pharmacy Management Incentive Program in FY 2003. The program was launched in November by the Ohio Department of Jobs and Family Services, which oversees the state Medicaid program. The program encourages long-term care pharmacies to develop practices that promote cost-effective use of prescription medications in long-term care and nursing home settings. Pharmacies that are successful in lowering prescription drug costs for patients receive a share of the savings (BNA Health Care Policy Report, 8/4/03).

Oregon – Both houses of the state legislature passed a two-year, $11.6 billion spending plan after Oregon's longest legislative session. The budget includes an $800 million tax increase for the general fund in 2003-2005 (www.oregonlive.com, 8/28/03). Opponents of the tax increase filed a referendum with the secretary of state; over 50,000 signatures

from registered voters would be needed by November 26 to qualify the tax issue for the ballot. Over Labor Day weekend, Governor Ted Kulongoski signed some budget-related bills to keep the state government running (www.oregonlive.com, 9/8/03).

The Oregon Legislature also passed several bills affecting Medicaid in the final days of its session ending on August 27. Action on the bills by the governor is expected soon. H.B. 2747c would establish temporary provider taxes for hospitals, managed care organizations and nursing homes. The revenue generated would increase the amount the state contributes toward Medicaid costs, increasing federal matching funds, and enabling the state to raise provider reimbursement rates and restore some benefit cuts made to the health program in the past year (BNA Health Policy Report, 9/8/03).

H.B. 2511c details the populations served by the state's Medicaid program and the level of benefits and allows the legislature to have more control over such determinations. The bill would establish three populations to be served: the categorically needy, pregnant women with incomes under 185 percent of poverty and children living in families with incomes up to 200 percent of poverty; the expansion population, including adults with incomes up to 100 percent of poverty; and low-income senior and disabled persons. Subject to federal approval, the state would provide different benefit packages for each of these groups. In addition, under this bill, several benefit cuts made in the past year – such as mental health and chemical dependency services – would be restored (BNA Health Policy Report, 9/8/03).

A third bill would require most Medicaid clients to enroll in managed care plans and is intended to increase access to providers and reduce costs (BNA Health Policy Report, 9/8/03).

Oregon lawmakers were also considering a bill that would overturn a recently implemented law requiring physicians to obtain approval from the state Department of Human Services before prescribing a drug to a Medicaid beneficiary not on the state's approved drug list. The new law implemented on May 1, 2003, expanded a 2001 law that encouraged, but did not require, physician participation. The new law was enacted in response to low physician participation (www.kaisernetwork.org, 7/17/03). The new law has drawn criticism from the pharmaceutical industry and members of the state legislature (www.registerguard.com, 7/14/03).

Pennsylvania – A plan to expand the state's prescription drug benefit programs has been placed on hold pending the outcome of the debate over adding a drug benefit to Medicare. Last May, Governor Rendell had announced a plan to increase participation in the Pharmaceutical Assistance Contract for the Elderly (PACE) and the PACENET programs (designed for individuals with slightly higher incomes), which subsidize drug costs for the elderly. The state House passed legislation expanding the programs in June, while the state Senate wants to wait and see what happens regarding the federal Medicare legislation. If approved, the proposal would expand eligibility for prescription drug coverage to 400,000 more seniors by increasing income limits; officials expect that one-quarter of that number would actually enroll. The program already provides low-priced drugs to 225,000 elderly individuals within the state. The expansion is estimated to cost

$150 million over five years and will be financed by new state lottery revenue, higher drug rebates from manufacturers, lower reimbursements to pharmacies for generic drugs and higher cost-sharing by beneficiaries (www.kaisernetwork.org, 7/31/03 and www.phillynews.com, 7/30/03).

Rhode Island – On July 15, the state legislature overturned Governor Donald Carcieri's prior veto of the $2.8 billion FY 2004 state budget. The governor had claimed that lawmakers failed to control spending and relied too heavily on one-time money (NCSL, 7/28/03). Governor Carcieri has requested that state agencies identify ways to cut up to 10 percent from their current budgets. The governor said that the state might have a budget shortfall of up to $150 million (NCSL, 8/11/03).

On August 12, Lieutenant Governor Charles Fogarty discussed two initiatives approved by the General Assembly this year that will change eligibility requirements for the state's senior drug assistance program, Rhode Island Pharmaceutical Assistance for the Elderly (RIPAE). First, the state will subsidize 15 percent of the cost of prescription drugs for those 55 and older that receive Social Security disability benefits and will allow them to become full members of the RIPAE program. Second, residents will be allowed to access the program when they hit an insurer's cap on coverage for any prescription drug, regardless of if their overall drug spending has been exhausted (www.kaisernetwork.org, 8/14/03).

Governor Fogarty also mentioned that the state had applied to HHS for a waiver that would allow the state to cover some seniors' drug costs through Medicaid. Under the program, which would "largely" replace RIPAE, the state would subsidize a portion of drug costs depending on an individual's income. Fogarty estimates that the program could reduce senior's prescription drug spending by $6 million per year. The state applied for the waiver 10 months ago and is waiting to for approval from HHS (www.kaisernetwork.org, 8/14/03).

South Carolina – Governor Mark Sanford has stated that he fears mid-year budget cuts will have to be made. Currently, he is conducting hearings with state agency chiefs to identify potential savings and priority programs and activities. The state is said to be contemplating changes to Medicaid eligibility (NCSL, 8/11/03).

According to the Charleston *Post and Courier*, the number of people enrolled in the state's Medicaid program has dropped by about 70,000 since February. The article cites the changes made to the eligibility verification process as a possible cause (www.kaisernetwork.org, 8/15/03).

Texas – The state has cut total CHIP funding for 2004 by $299 million and has enacted the following policies: requiring families to re-enroll every six months instead of once a year; increasing co-payment amounts; increasing monthly premiums from $18 to $25 per family; and ending funding for the outreach program (www.kaisernetwork.org, 8/26/03 and www.dfw.com, 8/25/03).

Beginning September 1, more than 500,000 children in Texas will lose mental health coverage through the state's CHIP program. To address a $10 billion deficit in the state's $117 billion fiscal year 2004 budget, state officials cut most mental health benefits under CHIP. CHIP beneficiaries will continue to receive coverage for psychiatric medications and "limited" psychiatric care. State lawmakers also eliminated from the budget about $55 million in funding for mental health centers statewide, including $5 million for psychiatric drugs; mental health coverage for adult Medicaid beneficiaries; and other programs for people with mental illnesses (*Austin American-Statesman*, 7/24/03).

The state attorney general has allowed the use of $167 million in federal funds to increase Medicaid reimbursement rates for health care providers and expand community care services for the elderly and poor. Beginning on September 1, the state can use funds that were the result of the increase in the Federal Matching Assistance Percentage (FMAP). Governor Rick Perry had reduced the reimbursement rates by 5 percent in the state budget signed on June 22. With the new federal funds, Medicaid provider payments will only be cut by 2.5 percent (BNA Health Policy Report, 8/11/03).

Vermont – Governor James Douglas' administration will provide Medicaid-funded nursing home care to civil union partners without the use of federal money in an effort to provide benefits to same-sex couples (NCSL, 7/21/03).

Virginia – On August 1, Governor Mark Warner signed a bill intended to improve access to health care for low-income children living in families with incomes up to 200 percent of poverty by guaranteeing 12 months continuous eligibility for children in the state's SCHIP program, Family Access to Medical Insurance Security, without having to report minor changes in a family's economic status (www.bna.com, 8/28/03). The governor stated that expanding health coverage to children is "sound fiscal policy" because the federal government contributes two-thirds of the cost (www.kaisernetwork.org, 8/5/03).

Washington – Starting on August 1, the state will no longer provide dental coverage for adult Medicaid beneficiaries. An estimated $22.8 million in savings is expected over the next two years through the elimination of payments for crowns, back-teeth root canals, orthotic appliances and other dental services. The revised dental plan maintains coverage for preventive services such as checkups and coverage for partial dentures and limited replacement dentures (NCSL, 7/21/03).

The state Department of Social and Health Services has resubmitted a waiver to CMS seeking approval to require some Medicaid recipients to pay monthly premiums. This waiver asks CMS to allow monthly premiums for some Medicaid families with children in optional health care programs, as called for in the state's 2003-2005 budget. As proposed, the premiums would be $15 per month for families with incomes between 100 and 150 percent of the poverty level; $20 for families between 151 and 200 percent; and $25 for families between 201 and 250 percent of the poverty level (BNA Health Policy Report, 8/11/03).

West Virginia – Despite indications that the state may have a revenue shortfall of $180 million, Governor Bob Wise is hoping to avoid making mid-year budget cuts (NCSL, 8/11/03).

Wisconsin – Governor Jim Doyle signed a majority of the state's FY 2004 budget on July 24. The governor's line-item vetoes regarding health care items include: reducing the increased nursing home reimbursement rates from 3.3 to 2.6 percent; decreasing the amount pharmacies will be paid from AWP minus 12 percent for brand name prescriptions to AWP minus 13 percent; cutting the co-payment increase from $15 to $20 per brand name prescription charged to participants in the SeniorCare program; making the $100 daily placement rate increase for people moved from centers for the developmentally disabled to placements in the community retroactive through FY 2003 (NCSL, 7/28/03 and www.doa.state.wi.us/debf/documents/vetomessage03.pdf).

NOTE: For information on the following states: Alaska, Arkansas, Colorado, The District of Columbia, Idaho, Iowa, Kansas, Mississippi, Missouri, Montana, New Mexico, North Dakota, Oklahoma, South Dakota, Tennessee, Utah, and Wyoming, please see previous reports.

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