Alabama Senate passes General Fund budget

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The Alabama Senate tonight passed a General Fund budget that would essentially level-fund most agencies next year, including Medicaid, which had requested a $100 million increase.

The budget calls for spending $1.8 billion from the General Fund, about 4 percent more than this year.

Gov. Robert Bentley's proposed budget would have given Medicaid $785 million from the General Fund, $100 million more than this year.

But Bentley's plan depended on taking $181 million from education revenues.

Senate President Pro Tem Del Marsh said there was no support for that, or for raising taxes.

"There's a consensus in this body, and I think it's in the House too, that we cannot continue to put in these large increases for Medicaid at the detriment to the other governmental agencies in the state," Marsh said.

Level-funding for Medicaid could cost the state hundreds of millions in federal dollars, officials say.

Medicaid Commissioner Stephanie Azar told lawmakers Wednesday that level funding would stall the plan to shift Medicaid services to regional, managed care organizations, which has been in the works several years.

The Centers for Medicare and Medicaid Services recently granted a waiver for the transformation, which is intended to slow rising costs, partly by emphasizing prevention and management of chronic conditions.

Under the waiver, the state could receive up to $747 million in federal assistance over the next five years to change to managed care.

Azar said the federal government won't provide any of that money if Medicaid has to scale back current programs. And she said the level-funded budget would mean cuts in services.

Senate budget chairman Trip Pittman, R-Montrose, said it's not possible to meet Medicaid's requests without deep cuts to other critical needs such as prisons, courts and programs for children, low-income families and the mentally ill.

He said the Legislature needs to figure out how to pay for those services and Medicaid, which uses more than one-third of the General Fund.

"This is a big debate that needs to happen," Pittman said.

"Most of the departments, I think, can manage their way through this year with these appropriations," Pittman added later.

"Obviously we need to try to work on coming up with some additional revenue for Medicaid."

"We're not just talking about the $100 million for Medicaid, which in itself, is a tremendous hole and has tremendous consequences."

The budget passed by a vote of 24-10. It goes to the House.

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