

Budget dilemma could resurface this week for Alabama lawmakers

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Alabama could be in for another year of budget pingpong, with services to the state's poorest residents at stake.

Or lawmakers could knuckle down and find a way to give Gov. Robert Bentley the additional \$100 million he's requesting for Medicaid.

We could find out as early as this week.

Members of the budget committee in the House of Representatives will meet Wednesday to consider a \$1.8 billion General Fund budget, the state's spending plan for most state agencies outside the school system. That budget has already passed the Senate.

As Bentley and Medicaid officials see it, the budget has a big hole in it. Medicaid would get the same \$685 million it got last year, \$100 million short of what they say they need to finish a major restructuring of Medicaid that's already underway.

Senators may have been only half-serious when they passed that spending plan. Budget chairman Sen. Trip Pittman, R-Daphne, said his goal in proposing the \$1.8 billion budget was to start a debate about paying for Medicaid.

Two weeks later, no one seems to be debating.

"I'm somewhat surprised that no one did come forward at the start of the session with any proposals," Pittman said. "But then again, we did start the session on Groundhog Day."

Shades of 2015

The budget situation bears an eerie resemblance to the debate last year, when the state faced a shortfall of more than \$200 million after running out of money it borrowed from a state trust fund.

Confronted with the prospect of raising taxes to fill the gap, both houses passed a budget that deeply cut state spending and didn't raise a dime of new revenue.

Both the House and the Senate, it seems, were expecting the other house to blink, and neither did. Bentley vetoed that budget, and the Legislature went into two special sessions before agreeing on cuts and tax increases to fill the gap.

This year, lawmakers say, there's no interest in raising taxes again. Nor is there much interest in Bentley's proposed solution — pulling the money out of the state's separate budget for schools.

Lawmakers will likely have to find some extra Medicaid money somewhere if they expect Bentley to sign the budget.

"The governor believes \$685 million for Medicaid is unacceptable," said Bentley's spokeswoman, Jennifer Ardis. "We will lose all the progress we've made toward remodeling and streamlining the system."

During last year's budget impasse, Bentley warned Alabamians about park closures and National Guard armory shutdowns that could happen if the money gap wasn't filled. This year's Medicaid funding request is more complicated, and a tougher sell.

Alabama's Medicaid rolls have swelled since the 2008 recession, and so has the cost to run the program. Unable to kick people off the program or make major cuts to service — Alabama's benefits and eligibility requirements are already close to federal minimums — lawmakers chose to restructure Medicaid in order to slow the program's growth.

The plan is to hand hundreds of thousands of patients over to nonprofits that will get a per-patient payout from Medicaid each year. It's up to the nonprofits, known as regional care organizations or RCOs, to keep patient costs down.

Gobbling up money

So far, those RCOs seem to exist only on paper, though they are expected to be up and running Oct. 1. RCOs are hard pressed to say how much that would actually cost.

"I really don't think you'll get anything with accuracy by looking at that question right now," said Michael Camerio, director of Alabama Health Care Advantage East, one of 11 prospective RCOs. Camerio's organization is based in Montgomery, but would serve Calhoun and surrounding counties after Oct. 1.

The state could pull in more than \$700 million in federal matching funds if the reform goes into place, but it has to live up to an agreement to fully fund the services it already provides. That's where the \$100 million request comes in, according to those close to Medicaid reform.



Alabama State House

The Alabama State House in Montgomery.

“You have medical inflation, and you have the increase in the number of enrollees,” said Senate Majority Leader Greg Reed, R-Jasper. Those costs alone, he said, make up much of the \$100 million the agency says it needs.

Pittman said it’s past time for a debate about what the state is willing to pay for the program.

“Medicaid is kind of like the Blob. It gobbles up everything in sight,” he said.

Pittman and other House Republicans have described the program as “unsustainable,” and in a telephone interview Friday he speculated about the idea of letting the program lapse altogether, forcing Alabama’s medical system to come up with a new approach to paying for services.

Avoiding that will take money, he said.

“You’ve got to do something,” he said. “Whether it’s a lottery or property taxes, something has to increase the revenue stream if Medicaid is what you want.”

Pittman has introduced a lottery bill. Sen. Vivian Figures, D-Mobile, has proposed a statewide amendment that would raise property taxes by 5 mills, with the proceeds going to Medicaid. Attempts to reach her for comment Monday were unsuccessful.

Pittman claims House budget leaders have found an additional \$15 million in revenue, from existing taxes, that could soften the budget blow. Attempts to reach House budget chairman Rep. Steve Clouse, R-Ozark, for comment were unsuccessful.

The Anniston Star is asking readers for their ideas on closing the Medicaid gap. Readers can submit their ideas at annistonstar.com/fundingalabama2016 or by using the hashtag #fundingalabama.