

\$1.8 billion state budget moves to House

By Mary Sell Montgomery Bureau | Posted: Monday, February 29, 2016 12:15 am

MONTGOMERY — The Alabama House now has the proposed \$1.8 billion 2017 General Fund budget that many expect to be changed in the coming weeks, but what those changes will look like isn't yet clear.

“We sent them a disaster last year, and I think they sent us one this year,” Rep. Lynn Greer, R-Rogersville, said about the budget approved in the Senate on Thursday. He serves on the House General Fund committee.

In 2015, the General Fund budget started in the House, where Medicaid was cut significantly in a version of the budget that went to the Senate.

The Senate version of next fiscal year's budget level-funds most state agencies, including Medicaid, which provides health care to the state's poorest, and often youngest residents.

The budget doesn't include Gov. Robert Bentley's proposed transfer of about \$181 million from the education budget or any new revenue.

“Unless we're willing to pass some tax measures, I don't see what we can do,” Greer said. “I don't see any new taxes. I think we're going to cut to the bone and go home.”

The budget doesn't include a requested \$100 million increase for Medicaid. The agency said level funding would mean several things, including a halt to the ongoing plans to transition Medicaid from its current fee-for-service model to a managed care one where groups called regional care organizations will have a financial incentive to keep Medicaid recipients healthier and out of emergency rooms.

The \$685 million in level funding also would mean the elimination of a health home program and a reduction of reimbursement rates for primary care providers. It also would end optional Medicaid programs, including hospice services, eyeglasses for adults and outpatient dialysis.

Many of these same cuts loomed last year, before the Legislature passed a cigarette tax increase and two provider fees in order to raise more money for Medicaid.

“I just haven't heard a groundswell of desire to raise revenue this time (for Medicaid),” Rep. Ken Johnson, R-Moulton, who is vice chairman of the House General Fund budget committee, said last week. “And (Medicaid) is the biggest consumer of the General Fund.”

About what the House might do with the budget, Johnson said, it's unknown at the moment.

Speaker of the House Mike Hubbard, R-Auburn, said last week the Senate-passed budget is a conversation starter, not a final product, that lawmakers wanted to get moving “to get some of the folks affected by (the budget) engaged and educated about what’s going on.”

He said it’s a long way from being finished.

“There are a few things out there that we’re hoping could happen that could help the situation, but I think we’re just going to have to reprioritize,” Hubbard said. “Obviously, Medicaid is very important ... I think you’re going to have some of the providers that are going to get engaged. I think there are a lot of discussions with a lot of different people, agencies obviously, that are going to be taking place.”

Asked if additional provider taxes, like the ones passed last year on nursing homes and pharmacies, are a possibility, Hubbard said everything is going to be discussed.

“I believe there are some folks out there who are willing to come to the table and work with us to solve the issues,” he said.

Hubbard said he doesn’t think a transfer from the education budget is an option, nor are additional taxes for Alabamians.

Bentley last week said he’d veto the budget as it was in the Senate and said anything that didn’t include \$100 million more for Medicaid was unacceptable.

“I think some of the legislators do not understand the significance of what we’re trying to do and the support for (regional care organizations) and how we’re trying to make this (Medicaid) system a better system,” Bentley said. “But this is serious and their job is to fund government and fund it adequately and make tough decisions and that’s what I hope they do.”

Lawmakers have said they are pleased to have started this budget negotiation process early in the session. There are now 20 of 30 working days remaining in the regular session that has to end by mid-May.

The 2017 budget year begins Oct. 1.