

Senate budget restores health costs

\$139 billion spending plan restores cuts to Medicaid, CHIP

By **ROBERT T. GARRETT** / The Dallas Morning News

AUSTIN – Mushrooming health-care costs continue to drive the state budget, helping to push two-year spending to \$139 billion in state and federal funds in an outline approved by the Senate Finance Committee on Monday.

The spending plan, which goes to the full Senate on Wednesday, represents a \$13 billion increase from the current budget. At least \$3 billion of the increase would go to cover higher medical bills for public employees, the poor and state inmates.

Lt. Gov. David Dewhurst said he recently pleaded with President Bush for increased federal funding for Medicaid and the Children's Health Insurance Program, two health insurance programs for the poor.

Mr. Dewhurst said states will face terrible budget choices if they don't receive additional federal money for Medicaid and CHIP, or more discretion to charge higher co-payments or tailor benefit packages to groups served by the programs.

"Unless the federal government increases the amount of funds going into Medicaid and the CHIP program, and/or provides us additional flexibility, every state in the union is going to have a Waterloo in their budget," he said.

Senate Finance Committee Chairman Steve Ogden, R-Bryan, said he had to increase spending by nearly 19 percent over two years for Medicaid, CHIP, inmates' medical care and the health coverage of current and retired state employees and retired teachers.

"You're beginning to see more and more of that budget getting eaten up by the persistent and very high inflation rate in health care," Mr. Ogden said.

Health-care analysts find different lessons in the state's predicament – and offer different solutions.

"Medicaid and CHIP, we know, are going to bankrupt every state in the country unless we do something differently," said Mary Katherine Stout, health-care policy analyst at the Texas Public Policy Foundation, which advocates free markets and limited government.

"Taxpayers can't afford for our plan for the uninsured to be more government health care," she said. "I think we need to be looking at things like health spending accounts and things that make health insurance more affordable for small business."

Anne Dunkelberg, a former state Medicaid official who is assistant director of the Center for Public Priorities, which advocates for low-income Texans, said the majority of the \$17 billion a year that Texas spends on Medicaid pays for

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Laredo, and the Senate Finance Committee will put their proposed budget before the full Senate on Wednesday.

the care of elderly and disabled adults.

"And it's never going to be easy to cut back on what we spend on those people," she said.

Also, she said, 2 million of the 2.6 million Texans enrolled in Medicaid are children. At least 70 percent of those youths are in "working households," she said.

But employers don't offer health coverage their parents can afford, Ms. Dunkelberg said, and "I don't think you can ever expect to find a solution to growing Medicaid costs outside of a national solution to health-care costs in general."

Like their House counterparts, Senate budget writers would restore vision and dental benefits in CHIP but would not return the program to yearly re-enrollment. The Senate also would completely restore mental health coverage in CHIP, which was reduced in 2003.

The Senate also is taking a stab at reducing by 5 percent the waiting list of more than 100,000 Texans who seek in-home care, mental health counseling, respite care for parents of the mentally retarded and other services that keep the infirm out of costly institutions.

Similar incremental measures also are proposed to undo some of last session's cuts in Medicaid without breaking the state's bank and forcing more taxes. Some of these include: restoring for adults coverage of glasses, hearing aids, mental health counseling and podiatry services – all of which lawmakers eliminated two years ago.

Coverage of adults who have been impoverished by catastrophic medical bills also would be partially restored.

Even with the baby steps to reinstate some benefits, the Senate's plan is more generous to social programs than the House version, which also is nearing completion. The House plan proposes spending more than \$1 billion less on health-care and human services.

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ON THE BUDGET

Child Protective Services overhaul:

Senate so far has added \$119 million in state funds.

House has fully funded Gov. Rick Perry's plan, which would cost \$253 million in state tax money (or \$329 million, when federal money is included).

State employee pay raises:

Senate grants 4.5 percent raises, with a minimum raise of \$100 a month, in each of the next two years. It also increases longevity and hazardous duty pay.

House hasn't funded a pay raise. It has a one-time, 3 percent raise on its budget wish list.

Waiting lists for social services:

Senate eliminates waiting lists for community mental health and children with life-threatening medical conditions. It cuts all waiting lists for counseling, respite services and in-home care by 5 percent.

House doesn't decrease lists, just keeps them from growing.

Health insurance bonuses for school district employees:

Senate funds only \$500 a year for teachers in its budget but says it intends to increase that to \$1,000 in the school-finance bill. It hasn't decided whether janitors, bus drivers and teacher aides will get any bonus.

House increases to \$1,000, from \$500, the annual stipend for teachers. Eliminates the current \$250 for support staff.

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