
BUDGET UPDATE and PROVIDER TAX RESTRICTIONS

Presented by:
State of Missouri
Marga Hoelscher, CPA
November 15, 2011

FY 2012 REVENUE UPDATE

- **FY 2012 YTD Net General Revenue through October increased 1.2 %**
 - \$2.23 billion last year to \$2.25 billion this year
- **October 2011 decreased 1.3%**
- **FY 2012 gross collections**
 - Sales and use tax collections **increase of 5.5%**
 - Increase of 14.6% for the month
 - Individual income tax collections **increase of 2.5%**
 - Increase of 3.6% for the month
 - Corporate income tax collections **decrease of 16.8%**
 - Increase of 4.6% for the month
- **Refunds decreased 3.3% from \$232 million to \$224.4 million**



NET GENERAL REVENUE GROWTH

<u>Fiscal Year</u>	<u>% Growth</u>	<u>Actual Collections</u>
FY 2005	5.8%	\$6.71 billion
FY 2006	9.2%	\$7.33 billion
FY 2007	5.2%	\$7.72 billion
FY 2008	3.7%	\$8.00 billion
FY 2009	-6.9%	\$7.45 billion
FY 2010	-9.1%	\$6.78 billion
FY 2011	5.9%	\$7.18 billion
FY 2012*	4.0%	\$7.29 billion

* Original Estimate



FY 2013 BUDGET UPDATE

- Presented Request to Governor (Office of Administration, Division of Budget & Planning) and General Assembly October 1
- Estimating a Budget Gap
 - Driven by one-time federal budget stabilization and state education funds
- MHD Requested Mandatory Items Only (\$84.4 million GR)
 - MO HealthNet Mandatory Examples:
 - Caseload Growth
 - Federal Participation Rate Changes (FMAP)
 - Pharmacy Inflation and Utilization Adjustments
 - Medicare Premium Increases
- October submission didn't include FMAP change (\$68 million DSS)



Proposed Provider Tax Limits

- October 1, 2011 tax limit increases to 6% until FFY 2014
 - In Missouri, Hospital provider tax funds \$2.5 billion in Medicaid payments
- Federal Proposals Limit Provider Tax Rates
 - 4.5% in FFY 2015
 - 4% in FFY 2016
 - 3.5% in FFY 2017

Estimated Impact of Proposed Restrictions

- \$10.4 billion in foregone services (2015-2021)
- Annual Impact in 2018: \$1.67 billion
- Missouri has maximized use of federally allowed provider taxes to fund the Medicaid program
- Provider taxes provide funding for slightly less than 20% of Missouri's Medicaid program
 - Medicaid budget can't sustain entire reduction
 - Will certainly impact other state programs

Impact Provider Tax Restrictions

- Doesn't Reduce Costs; Shifts Burdens to States
- Will Require Significant State Budget Cuts
- Impacts Programs Beyond Medicaid
 - Public Schools
 - Higher Education
 - Public Safety
 - Health Care for All

Actions Taken

- Partnered with Impacted Industries
- Met with Congressional Delegation Staff and Members of Delegation
 - Presented job loss by district
- Presented at National Association of Medicaid Directors Meeting

Request of the Missouri Delegation

- Sign Letter Detailing Concerns about Provider Tax Limits
- Personally Inform Super Committee Members of Opposition
- Collaborate with Congressional Members from Other Impacted States