

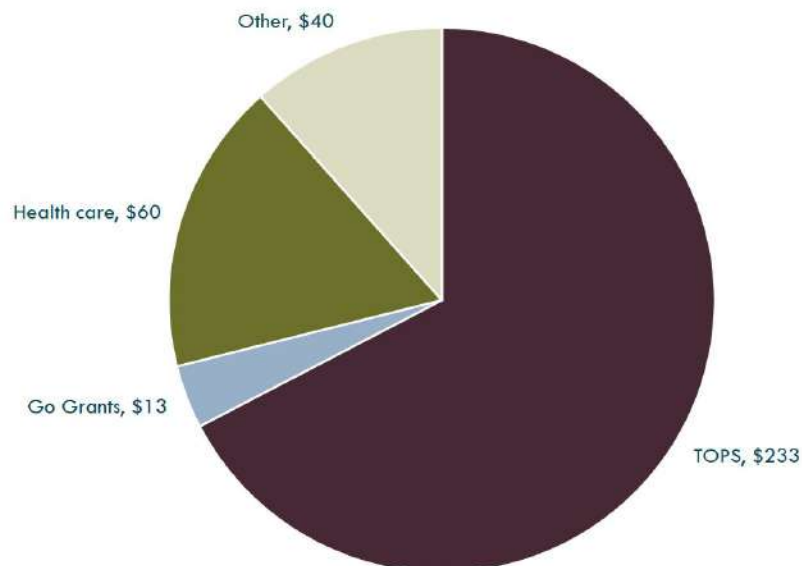
## The health care budget still falls far short of what is needed

A recent uptick in the state's revenue forecast allowed the House of Representatives to restore \$92 million in planned cuts to the Medicaid program. Unfortunately, that money is not nearly enough to make up for the devastating cuts to Louisiana's health care safety net included in the latest version of the Fiscal Year 2019 budget.

When Gov. John Bel Edwards presented his executive budget in January, it included a \$656.6 million reduction in state funding for Medicaid - just one of the cuts he had to propose due to the constitutional requirement that he put forth a balanced budget.

Earlier this month, the state's Revenue Estimating Conference revised the official forecast to reflect an additional \$346 million in tax receipts for the budget year that starts July 1. The House Appropriations Committee used most of that money to restore funding for the TOPS college scholarship program, but plugged \$60 million back into Medicaid. When the budget bill was debated on the House floor, Rep. Lance Harris offered [an amendment](#) that took \$32 million from TOPS and distributed it across seven safety-net hospitals.

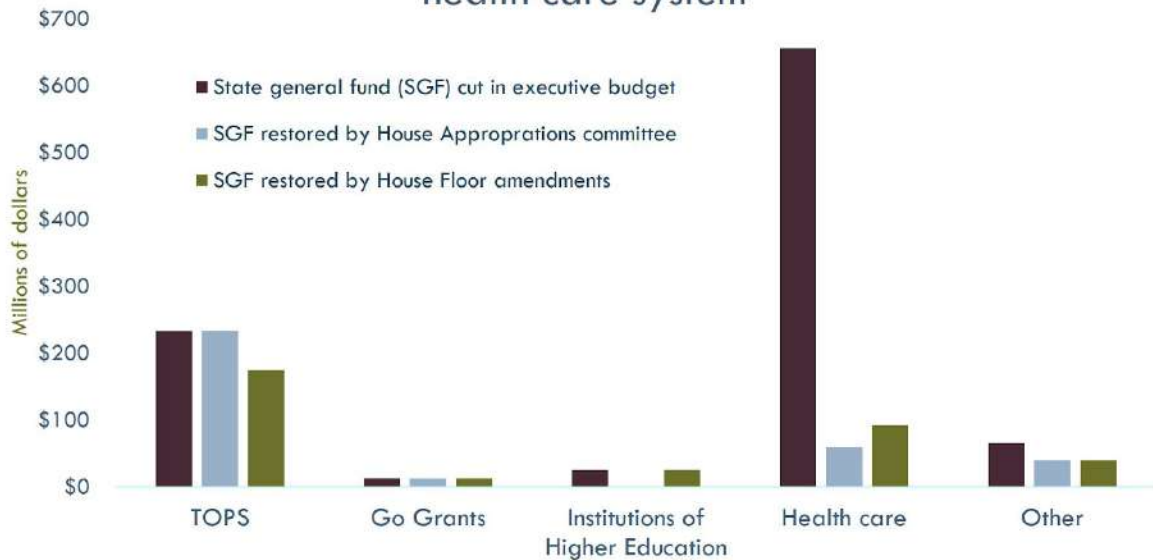
### House Appropriations Committee's allocation of additional \$346 million strongly favored TOPS over health care



Source: LBP analysis of HB 1 amendments

Despite the extra funding, the safety net hospitals remains \$173 million below current year state funding levels.

## House allocation of additional \$346 million leaves TOPS underfunded and does little to reduce harm to health care system



Source: LBP analysis of HB 1 amendments

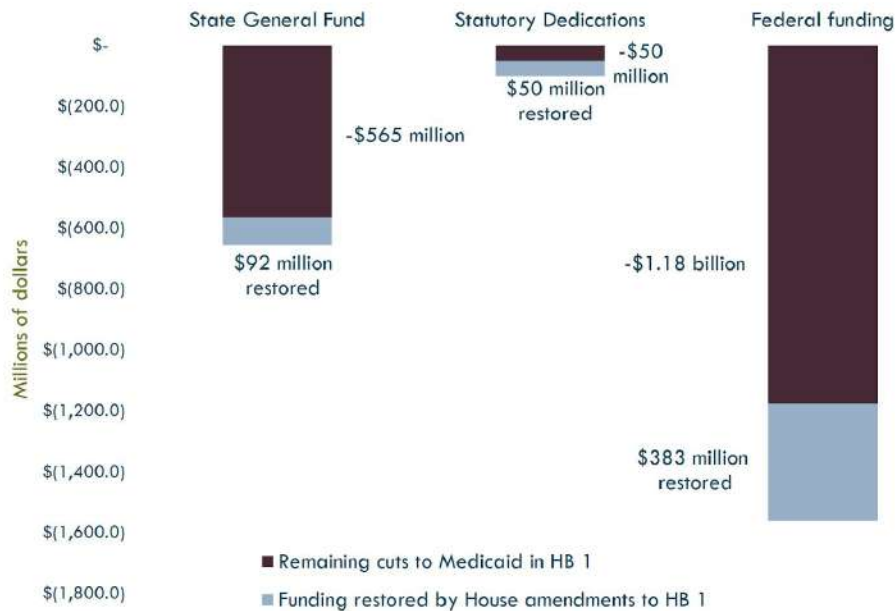
Some House have suggested the Senate can amend the budget to address the concerns of patients, the health care community and others who would be affected by cuts. The reality is that there is little the Senate can do to “fix” the House-passed budget, because one fundamental problem remains: [the state still lacks \\$648 million](#) to maintain the same level of funding as the current budget. That doesn’t account for new mandated costs for things like increased student enrollment, debt service and health care inflation.

As described in an [earlier budget brief](#), the Medicaid cuts in the executive budget would have triggered the loss of \$1.6 billion in federal Medicaid funding and \$168 million from other sources, resulting in a total loss of \$2.4 billion. The \$92 million in state general funds restored by the House’s amendments still leaves Louisiana’s health care system with a total loss of nearly \$1.8 billion after accounting for matching funds. This is money that supports hospital services, medical education programs, nursing home care, mental health and substance abuse treatment.

The chancellors of the LSU medical schools in New Orleans and Shreveport have warned the Legislature of the catastrophic effect the budget cuts would have on their ability to train new doctors. Two private operators of state safety net hospitals have already submitted notices to state leaders warning that they will walk away from their contracts with the state if funding is cut. People with disabilities have shared with lawmakers just how difficult their lives would be without the home and community-based health

care services they receive - programs that are currently on the chopping block. Still, the House pushed forward with passing a budget that includes deep cuts to health care services.

### Medicaid funding restored by House is a fraction of what's needed to maintain current services



Source: LBP analysis of HB 1 amendments

The budget bill (House Bill 1) is now being reviewed by the Senate, which has two basic choices: They can try to pass the bill with existing revenue, which would mean deep cuts to health care programs that support Louisiana’s most vulnerable citizens. Or they can put the budget aside until the Legislature can come together around a package of revenues that replaces some of the \$1.4 billion in taxes that fall off the books on July 1.

Rather than going through the exercise of trying to make a silk purse from a sow’s ear, the Senate should hold off on trying to pass the budget during the regular session altogether and wait until the Legislature has another opportunity to address the fiscal cliff.

**By Jeanie Donovan  
April 26, 2018**