



## FY2012-2013 Proposed Biennial Budget Overview of HB 153 as Introduced

The proposed FY2012-2013 biennial budget contains innovative ideas for improving health and human services in Ohio. Bold steps have been taken to deal with the estimated \$6-\$8 billion shortfall. One of the most promising platforms for change has been the creation of the Office of Health Transformation. Through serious policy analysis – rather than across-the-board cuts – OHT and the administration outlined a philosophy of health and human service delivery that recognized the need to:

- Maintain Medicaid eligibility at current levels;
- Preserve Medicaid services such as dental and vision;
- Focus on savings that can be achieved through prenatal care and prevention of low-birth-weight babies;
- Elevate behavioral health financing to the state;
- Reform payments to hospitals and nursing facilities to focus on quality;
- Provide affordable housing to vulnerable populations through the Ohio Housing Trust Fund;
- Continue programs for youth in the juvenile justice system;
- Preserve investments in early care & education;
- Limit cuts to emergency food assistance.

Advocates for Ohio's Future commends the philosophy behind many of the health-related budget reforms, such as focusing on whole-person treatment and medical homes, streamlining programs and services, and rewarding quality and outcomes. These changes are vital to a stable and manageable human service system.

That said, Advocates for Ohio's Future sees **four disturbing trends** in the proposed budget that, if implemented, will actually do more damage to an already fractured and fragile system.

### **1) Poverty on the rise: Devastating cuts are proposed to safety-net programs that serve vulnerable populations at a time when poverty is increasing.**

- According to the 2010 Ohio Family Health Survey, **54.2% of Ohio children live at or below 200% of the Federal Poverty Level (FPL)** – up from 45.4% in 2008. That is 1.5 million children under 18 who live in a household with an income of less than \$3,052 per month (for a parent with two children).

- **70 of Ohio's 88 counties have more than one-quarter of their population living at or below 200% of FPL**, making them eligible for emergency food assistance; 26 of those counties have more than 35% of their population eligible. Of Ohioans visiting food pantries, 44% have been out of work for more than two years, and 14% previously worked in managerial or professional jobs.
- 28.5% of non-institutionalized **people with disabilities** ages 18-64 live in families with income below the federal poverty level (100% FPL).

**2) Budget falls short of vision: Bold policy changes touted by the administration in the lead-up to the budget's release gave Advocates for Ohio's Future hope that two long-sought-after reforms – rebalancing long-term care and integrating behavioral health with physical health – would finally be achieved. Unfortunately, the policy language isn't supported by the budget figures – and will not move the needle away from unnecessary institutionalization and toward home- and community-based care. In both cases, the budget would gut the infrastructure or delivery system around these services.**

- AOF supports rebalancing Medicaid **long-term care** so that more seniors and people with disabilities can choose home- and community-based services when they do not require expensive nursing home care. However, while more PASSPORT and Home Choice waivers will be available, deep cuts of 23% in the amount of service those on waivers can receive in their homes are recommended, combined with 15% cuts to the AAAs that manage the care *plus* cuts to provider rates. These cuts would cripple the capacity of the program, drive more people into expensive nursing care, and leave many of the new waivers unused.
- A welcome move toward integrating **behavioral health** care with physical health care is stymied by so-called “utilization controls” (i.e., limits on the amount of service that can be delivered), which consign most patients to no more than one hour of service per day with an annual limit of 104 hours. At the reduced rates proposed, local providers, who are experiencing rising demand for mental health and addiction services skyrocket, will not be able to stay in business.

**3) Local government cuts: Ohio's 88 counties and its other local governments – from child welfare and JFS offices to ADAMH boards and health departments – face stark reductions under the proposed budget.**

- Counties face new unfunded mandates, including support for families who **adopt special-needs children**, cut from \$250 to \$230 per month even though contracts are already in place at the higher level, and shifting of responsibility for Bureau for Children with Medical Handicaps to the counties.
- Elimination of the **Kinship Permanency Incentive Program** – a meager \$5 million per year – means that 8,000 children might have to be placed in foster care who otherwise would have been placed in the familiar, stable homes of relatives.

- While a modest increase in **child care** has been proposed, reimbursement rates for providers have been reduced again this year (after being cut in the last budget). The end result is policies that encourage a proliferation of lower-quality in-home child care instead of shoring up the higher-quality and more regulated child care centers.
- Advocates for Ohio's Future believes that these changes will not only affect service provision, but will likely impair the ability of local agencies to comply with **federal rules**, resulting in the loss of federal dollars, and in penalties for such things as unmet work-participation rates.
- Pressure on local governments – a 50% cut to the **Local Government Fund** coupled with accelerated phase-out of the Tangible Personal Property Tax – will likely play out in different ways in different counties. Because each county has a different funding structure, some dependent on local property tax levies, others on larger shares of the TPPT, it is impossible to predict how counties will respond. To be sure, there will be inconsistency and inequity across Ohio as some counties increase property tax levies and others eliminate programs.

**4) The federal hit: Cuts in the proposed state budget will be compounded by looming cuts to social services being made at the federal level, both through continuing resolutions funding federal programs now through September, and through cuts being discussed for the FY2012 federal budget.**

- **Foodbanks** would lose \$1 million over the biennium in the state budget, which translates to 4 million pounds of fresh fruits, vegetables, and lean meats for hungry Ohioans at a time when 1 in 4 local emergency food providers are rationing food. Cuts at the federal level for the current year would result in 4,706 seniors losing a main source of nutrition through commodity assistance, a monthly box of food that keeps many out of expensive hospitals and nursing homes. Moreover, cuts to the federal Community Services Block Grant would cause food pantries to close or reduce hours and eliminate meals for home-bound seniors and summer feeding programs for children.
- Funding for **community health clinics** (also known as Federally Qualified Health Centers) would be eliminated at both the state and federal levels. These centers divert low-income people who do not qualify for Medicaid from expensive emergency rooms, providing quality, patient-directed care.
- In addition to changes and provider rate reductions in child care being made by the state, Congress may defund **Head Start**, resulting in the loss of 7,500 slots and \$66 million for Ohio.
- While funding for **workforce development** programs were not targeted in the state budget, the ability of local Job and Family Services staff to administer programming may be crippled by other reductions there; moreover, the federal Workforce Investment Act faces significant cuts in Congress.