

April 9, 2002

TO THE MISSISSIPPI HOUSE OF REPRESENTATIVES:

GOVERNOR'S VETO MESSAGE FOR HOUSE BILL 1794

I am returning House Bill Number 1794: "AN ACT MAKING AN APPROPRIATION TO THE GOVERNOR'S OFFICE - DIVISION OF MEDICAID FOR THE PURPOSE OF PROVIDING MEDICAL ASSISTANCE UNDER THE MISSISSIPPI MEDICAID LAW AND DEFRAYING THE EXPENSES OF THE ADMINISTRATION OF SUCH LAW FOR THE FISCAL YEARS 2002 AND 2003" without my approval, and assign the following reasons for my veto.

I hereby veto House Bill No. 1794, the appropriation bill for the Division of Medicaid, because the effects of this legislation on healthcare in Mississippi will be profound and devastating.

Additionally, the problems with this bill go to the very heart of our budgeting process in Mississippi, that is, the responsibility of the Legislature to budget for the demonstrated needs of our citizens and of the Executive departments to implement programs of service within the available appropriation.

MEDICAID and FY 2003

Rica Lewis-Payton has previously stated that the proposed appropriation in State General Funds for the Medicaid Division for FY 2003 will produce a \$120 million deficit in General Fund support of basic healthcare services. This shortfall of \$120 million in State General Funds represents \$480 million in healthcare services when matched 3-1 with federal funds from Washington.

The Chairman of the House Public Health and Welfare Committee acknowledges that under the best case scenario there will be a minimum of an \$83 million shortfall in State General Funds, including all cost containments in House Bill No. 1200 and Senate Bill No. 2189, or \$332 million in total health care dollars when the Washington 3-1 match is included.

ADEQUATE FUNDING AND FLEXIBILITY

Rica Lewis-Payton and I requested of the Legislature two things, (1) complete flexibility to operate the Medicaid program within federal guidelines and (2) reasonable funding for FY 2003. Ms. Lewis-Payton, could then manage the healthcare program more cost effectively and ensure that beneficiaries receive necessary services.

Presently the Division is provided neither sufficient funding nor flexibility to operate the Medicaid program effectively. The Legislature specifies in great detail the ways in which the inadequate monies must be spent but offers no guidance where \$480 million in reductions are to be made.

REDUCTIONS IN MEDICAID SERVICES

This office was instructed by the Attorney General in a letter dated January 23, 2002 of the statutory requirement that "optional" services be cut at such time as we reasonably anticipate that there will be a shortfall in Medicaid funding. In FY 2002 we were assured by the Legislative leadership that the FY 2002 deficit would be funded. However, at this time, there can be no doubt that projected expenditures will exceed the amounts appropriated for FY 2003; the Chairmen of the Public Health and Welfare Committees stated this on the floor of their respective chambers.

Unless the Legislature votes to sustain the veto and provide sufficient funds, Rica Lewis-Payton will be forced to make the following reductions in care and services effective July 1, 2002 by the Medicaid Division in order to achieve \$480 million in savings:

OPTIONAL SERVICES	PROPOSED CUTS
Nursing Home Residents	\$373.6
Prescription Drugs	54.8
Nursing Anesthesia	1.7
Adult Dental	6.0
Adult Eyeglasses	7.0
Durable Medical Equipment Services/Medical Supply	6.0
Ambulatory Surgical Center Services	1.2
Hospice Services	7.0
Freestanding Dialysis	8.0
Podiatry Services	.3
Chiropractic Services	.3
Emergency Ambulance	2.2
Home Health Services	9.8
	TOTAL \$477.9

Bear in mind the areas above are those where reductions can be made; there are certain other areas where federal law prohibits cuts in services and categories of eligibility. Eliminating all optional services other than nursing home and prescription drug benefits will only produce \$49 million of the \$332 million to \$480 million cuts required to balance Medicaid's budget, leaving a \$283 million to \$431 million gap which must be closed by drastically reducing nursing home services and the prescription drug program.

HEALTHCARE IMPACT

The consequences for healthcare in Mississippi will be devastating if no adjustments in the FY 2003 budget for Medicaid are made. The health of approximately 640,000 Mississippians will be directly affected in various ways by service reductions; persons whose dialysis needs will not be met, persons whose hypertension medication will go unfunded, and persons whose nursing home care and hospice care will no longer be paid for.

These cuts will mean that not only beneficiaries throughout Mississippi will be denied healthcare access, but healthcare providers delivering services in rural areas of State and dependent on Medicaid patients will be financially crippled. The loss of healthcare providers in areas of the State already underserved will further erode access for our citizens to healthcare, whether Medicaid recipients or not. The viability of rural hospitals, small town pharmacists and nursing home facilities across the State will be jeopardized by this proposed budget.

MEDICAID AND MISSISSIPPI

I ask that you reconsider the issues of adequate funding of Medicaid and granting the administrative flexibility to Ms. Rica Lewis-Payton, Executive Director of the Medicaid Division, so that Mississippi's Medicaid Program can operate in an efficient, effective and responsive manner to address the healthcare needs of this State.

The handling of this veto one way or the other does not solve these serious healthcare problems. Either way, we must find common ground on a solution that protects our senior citizens. This veto is intended to signal the devastating effects for healthcare in Mississippi unless we are successful. The lives of our citizens depend upon it and the economic vitality of our State demands it.

I urge the members of the Legislature to vote to sustain the veto of House Bill No. 1794.

Respectfully submitted,

RONNIE MUSGROVE
GOVERNOR