

Idaho Reporter, Monday, Jan. 17, 2011 – by Dustin Hurst (2 pages)

Health and Welfare budget: a tale of increases in caseloads, enrollment, and program cuts

Officials with the Idaho Department of Health and Welfare (DHW) told lawmakers gathered in a huge committee meeting in the Senate Auditorium Monday that cuts to optional programs offered by the agency will likely be necessary to meet budgetary guidelines for the upcoming fiscal year.

The 20-member Joint Finance-Appropriations Committee (JFAC) joined forces with the House and Senate health and welfare committees in the auditorium to hear about the state's budget problems faced by DHW and the state's Medicaid program.

In all, more than 40 lawmakers met together to hear the presentation, but what they heard wasn't pretty. DHW is looking at a \$1.76 billion budget in fiscal year 2012, leaving a \$25 million gap in state funds to either plug or cut, though because the federal government provides matching dollars for the program, it will mean an overall spending drop of about \$84 million.

The agency will also request \$40 million in additional funding for fiscal year 2011, though Gov. Butch Otter has requested those funds come from the state's millennium fund, an annual payout of Idaho's settlement money with tobacco companies.

The continued decrease in state and federal funds will mean an increase in program cuts for the agency, said DHW chief Dick Armstrong. Due to federal restrictions placed on Medicaid by the 2009 American Recovery and Reinvestment Act, neither state lawmakers nor departments are able to cut eligibility levels for programs in order to meet budgets. That leaves legislators with two options to fit within the proposed 2012 budget projections: find more money or cut non-core programs.

Because JFAC accepted Otter's budget plan for fiscal years 2011 and 2012, it is likely legislators will look to cut optional programs instead of raising taxes, though hiking certain taxes might plug some holes. Rep. Dennis Lake, R-Blackfoot, is looking to push an increase to the state's cigarette tax, which could bring in \$30-50 million. Lake has said that if the hike passes, the money generated would likely go to fund state health programs.

Optional programs are those that are funded by DHW but not required by the federal government, though they won't necessarily be easy to cut. Leslie Clements, administrator with DHW, said that if lawmakers choose to cut a program, permission still must be granted by the feds.

According to the latest documents, the state spends around \$300 million annually on those types of programs, so they may have plenty of areas to search for money. State programs include dental and chiropractic services, and prescription drug coverage, and audiology treatment, among many, many others. (View a full list of state and federal programs [here](#).)

Children's programs will be safe through cuts, said Clements. Otter's chief fiscal officer Wayne Hammon hinted last week that adult health services would be on the chopping block and children's aid would not. That was confirmed by Clements. "It's not going to happen," Clements said of cuts to children's programs. "It will not be approved."

Though many programs are not federally-mandated, cutting them will still mean real pain, Armstrong explained. "I don't pretend to think this is going to be simple or easy," said Armstrong. "We must preserve the core."

Nearly every social welfare program offered by DHW has seen large increases in enrollment due to the recent economic doldrums. Idaho led the nation in the rate of increase of food stamps usage in the past year, though Armstrong noted that is dually-attributed to a lack of participation prior to the economic slowdown by those who might have been eligible for food assistance. "That changed with the latest economic downturn," said Armstrong.

Though Idaho boasts some of the strictest welfare eligibility limits in the nation, the state is still seeing spikes in program enrollment. Armstrong said the increases show how bad the recession hurt Idaho families. "We do not limit the number of people that are eligible, but rather eligibility limits set the parameters," said Armstrong, adding that more people are meeting the low income thresholds, thereby qualifying for assistance. "These are the economic realities that we currently deal with."

Also up in the past year is enrollment in the Medicaid program, which has spiked by 9 percent in the last 12 months. "This is pretty remarkable growth from our perspective," said Armstrong.

The slumping economy has also caused massive increases in caseloads for state workers. Because of holdbacks and budget reductions in past years, there are fewer DHW employees and those who remain with the agency are getting paid less due to mandated furlough days. In fiscal year 2011, DHW workers took a 5.7 percent pay decrease because of the furlough days.

That, Armstrong said, is leading to greater levels of worker stress and more work for employees. In 2007, the average DHW employee handled about 185 cases, compared with about 600 in 2011. "We have asked a lot of our employees," said Armstrong.

The budget cuts for the department also meant permanent closure of nine of the agency's 29 offices in 2010. Going forward, the cuts also mean the agency's 325 unfilled job positions will remain that way, Armstrong pointed out.

Lawmakers on JFAC and the two health and welfare committees will meet together again Wednesday. Amy Johnson, legislative budget analyst, said the three panels will need to work together to make statutory changes in order for DHW to make its budget projections in the next fiscal year.