

Will State Budgets Cut Medicaid Coverage for Chiropractic?

Steve Kelly, managing editor

As 1990 came to an end, one ominous word was frequently being heard: recession.

When did this recession begin? The National Association of State Budget Officers (NASBO), the Council of Governors' Policy Advisors (CGPA), and other experts on state budgets and finance recently held a seminar on the states' economic shape. According to these experts the recession hit in October 1990.

The NASBO did a survey of state budget offices: Twenty-eight states report they would have a negative ending balance for fiscal 1991 if spending cuts or revenue increases are not implemented.

The NASBO survey also asked states if fiscal 1991 expenditures for Medicaid would exceed estimates used in their budgets: Thirty-two states reported that Medicaid spending would exceed estimates.

There are two reasons for the increase in state spending for Medicaid.

Firstly, with the national economy in recession the states will collect fewer revenues and will experience an increase in the demand for their services, e.g., Medicaid. NASBO Executive Director Gerald Miller states that Medicaid is primarily a safety-net program, and that caseloads tend to increase during a recession.

Secondly, much of the pressure on state budgets comes from increased Medicaid coverage (mandated by the federal government) enacted over the last three years, which will cost the states an additional \$2.5 billion in fiscal 1991.

The January 3 issue of the Wall Street Journal states that total state spending for Medicaid is expected to climb from \$30.9 billion in fiscal 1990 to \$34.2 billion in fiscal 1991.

Is Medicaid coverage for chiropractic in danger during these recession plagued times?

Based on the increased state spending for Medicaid, Gerald Miller has predicted that many states will consider eliminating Medicaid coverage for what is termed "optional services," such as prescription drugs and ... chiropractic.

The NASBO lists the following states where Medicaid spending has exceeded budget estimates: Alabama, California, Colorado, Connecticut, Florida, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, New Hampshire, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wisconsin and Wyoming.

Individual states, of course, have other means of balancing their budgets other than eliminating Medicaid optional services. The most widely considered state strategy, according to NASBO, is to impose hiring and travel freezes. Such a freeze, however, is seldom the sole option used by a state to balance a budget. The second most prevalent strategy is to target reductions to specific programs and agencies, allowing the governor to protect programs deemed high priority. Other options include: across-the board cuts; layoffs and furloughs; the ever popular tax increases; deferred spending; internal fund shifts/borrowing; selling bonds; using "rainy day" funds; and reducing/delaying pension contributions.

Chiropractors need not panic, but we must keep alert to our individual state budget matters that could translate into any impingement of Medicaid coverage for chiropractic services. When the director of the state budget offices makes an educated prediction -- we'd better pay attention.

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FEBRUARY 1991