

P. O. Box 1188
 Montgomery, AL 36101
 Street address: 207 Montgomery St. #810
 Montgomery, AL 36104
www.arisecitizens.org
 Newsletter printed on recycled paper with 100%
 post-consumer content.

Newsletter made possible by the Ford Foundation
 Vol. 7, No. 2

February 18, 2004

Calendar notes

Arise Lobby Day

Thursday, March 4, 2004

9:30 Registration,
State House, 8th Floor
 10:00 Issue briefing
 11:30 Visit legislators to
 invite to reception
 12:00 Legislative reception,
Capitol Tunnel
 1:00 Press conference
 1:30 Membership meeting,
State House
 2:00 Adjourn

**We need your presence – and
 your voice – at Lobby Day!**

Issue Previews

Mobile – 7 pm Mon Mar 8,
 Providence Outreach Senior Citi-
 zens' Center, 35 N. Cody Rd.

Vestavia Hills – 7 pm Tue Mar 9,
 St. Stephen's Episcopal Church.

Anniston – 7:30 am Tue Mar 23,
 Jack's Restaurant Corporate
 Office, 121 E. 19th St., rear con-
 ference room.

Burkville – 6 pm Tue Mar 23,
 Lowndes Citizens United for
 Action office.

**For directions, call the Arise
 office at (800) 832-9060.**

Have you signed up for the
 Arise e-mail list? Simply go to
www.alarise.org and click on
 "Join the Arise Discussion."

Counting the human cost–

“Least of these” at risk in GF budget

When bad policies play out, our most vulnerable children feel the pain. As the Legislature begins to work on the budgets for next year, “the least of these” are bearing the brunt of proposed cuts. Alabama Medicaid provides health care for 450,000 children, it pays for the delivery of 46 percent of our babies, and it faces a funding crisis for FY 2005.

Remember what we've said about the problems with earmarking? For FY '05, the constraints of earmarking mean more money for education and highways, but less for health care and child care. None of the “growth taxes” – like sales and income taxes, which produce more revenue with economic expansion – are earmarked to the General Fund. Sadly, state officials must reckon with dire cuts to health care at the same time that revenue for education may be so high that it triggers automatic pay raises for teachers.

Rep. John Knight says he will not support any cuts that put lives in danger. This could well be Arise's theme during the budget process. Yes, we know cuts must occur, but *don't make them in any area that could jeopardize lives.*

Medicaid is facing the most severe crisis of any budget area. The shortfalls in state revenue are compounded by the loss of federal

matching funds, which provide more than \$7 for every \$3 the state contributes.

Governor Riley wants to minimize cuts to Medicaid. He proposes to increase Medicaid funding by more than \$200 million in state funds but make \$30 million worth of cuts. However, it's almost impossible to make cuts in Alabama's bare-bones system, because we don't have the optional programs that other states have implemented. If we cut essential programs, we risk losing our federal match altogether.

Here are some of Riley's proposals:

- *Saving the state \$3.4 million in FY '05 by ending the Patient 1st program*, which pays doctors \$3 a month to manage patients' care. Participating physicians say the program actually saves the state money because primary care decreases emergency room visits and helps prevent the need for costly treatments such as ear tubes.
- *Saving \$14.9 million by cutting the numbers of doctor visits, hospital days and prescriptions allowed.* In most cases, hospitals won't kick patients out when their days elapse; the hospitals will pick up the costs themselves and further endanger their own financial stability. If limits are

enforced, they'll hurt patients with chronic conditions like asthma and diabetes.

Medicaid Shortfall

	FY 2004	FY 2005
State shortfall	\$60 M	\$182 M
Federal match	\$160 M	\$442 M
Total shortfall	\$220 M	\$624 M

[Turn to Page 2]

A few words from Kimble –

Arise organizers have been meeting with contact persons of each of our 150 member groups. We do this every two or three years; it's an exercise we should undertake more often. Wherever possible, we try to meet face-to-face. We ask how they think Arise is doing, how things are going in their community, and how we could serve them better.

It's reassuring to learn that people *do* read Arise newsletters and e-mails; they *do* make their calls to legislators; and they think we do a good job of explaining complex issues. While our information-sharing is important, the heart of what an organizer does is this: to strategize with member groups on ways to get more people involved. If that's a conversation you need to have, contact your Arise organizer.

It's difficult to know what's going on right now at the Legislature. Without a sound plan from a trusted leader, can we count on our leaders to save Medicaid? We know that some believe the voters have to feel pain from budget cuts before they will support a tax increase. That could mean that they are willing to see rural hospitals close if that's what it takes. It's also possible that our leaders plan to rush in at the last minute and rescue the program.

If so, we think that's a dangerous strategy. No matter what, we believe Arise needs to be spreading the word that the cuts will put "the least of these" in jeopardy, and that the only long-term solution is revenue-positive tax reform. One thing you can do: Help Arise collect and share the stories of people hurt by the cuts.

With peace,

Budget prospects

[Continued from Page 1]

- *Saving \$1 million by encouraging the use of over-the-counter medicines in place of prescriptions.* The big problem here is that many low-income people can't afford over-the-counter medicines – and Medicaid doesn't pay for them.

Arise believes that cuts are not the answer to Medicaid's budget crisis.

First, almost every one of these cuts will cause suffering. Second, this is not a program that can tighten its belt for a year and then loosen the belt when the economy improves. Alabama's hospitals are at risk (two-thirds have operated in the red for three years), and once a hospital closes, it's unlikely to re-open. Rural pharmacies are also operating on the edge, and communities are in danger of losing doctors. We won't be able to put Humpty Dumpty together again.

Gov. Riley wants to make up most of the Medicaid budget gap with quick fixes. He proposes 7 percent cuts in many General Fund agencies; increases in numerous fees; shifting \$39.6 million from the Department of Transportation to the Department of Public Safety; and tapping Exxon court settlement funds, among other things. He proposes \$25 million worth of increases in court fees that will fall harder on low-income people. Overall, to quote Finance Director Drayton Nabers, "We have come up with a one-year solution."

The CARE Coalition will propose tax increases to put Medicaid on sounder footing. The coalition includes Arise, VOICES for Alabama's Children, AARP and associations representing nursing homes, hospitals, drug companies, doctors and more. The coalition will push regressive taxes that Arise normally does not support – taxes on soft drinks, cigarettes and beer. In a time of bad options, we're choosing the benefits of Medicaid instead of insisting on fairer taxes. Look at it this way: If a low-income person has to pay 5 cents more for a can of cola, and with a federal match that 5 cents becomes 17 cents of health care

targeted to low-income people, that trade-off is worth it.

But regressive taxes are not the best answer. Arise continues to argue that the income tax reforms that were in Amendment One would make our tax system fairer while raising over \$450 million in new revenue. Under current law, all of this revenue is earmarked for education. We believe that the current crisis offers an opportunity to change the earmarking and shift badly needed new revenue to the General Fund in order to meet critical needs for health care.

Staff news

A fond farewell to Arise policy analyst Karen Brown! In her nearly three years on staff, Karen brought enthusiasm and integrity to her work on landlord/tenant, transportation and payday loan reform. We'll miss her compassion for Arise constituents, her media experience and her mischievous sense of humor. She leaves to manage her husband's expanding paint-contracting business.

Welcome, Ron Gilbert, to the Arise policy team! As a former board member, Ron knows Arise well. As a past president of the Association of County DHR Directors, he brings a wealth of experience in social services and poverty issues. Ron, we're glad you're here.

Thank you, contributors!

ACPP received gifts from the following people between Jan. 1 and Feb. 13, 2004:

Robin Barca, Montgomery
Marie Bracey, Birmingham
Gov. Albert P. Brewer, Birmingham
Jan & John Brown, Section
Robert Cowan, Montevallo
Melissa Galvin, Birmingham
Jim Gatling & Debbie Pendleton, Montgomery
Mary J. Gray, Evansville, Ind.
Nick & Margaret Holler, Auburn
Peter Horn, Birmingham
Stewart A. Jackson, Birmingham
Mary Johnson-Butterworth, Birmingham
Elizabeth Middlebrooks, Birmingham
Julia Morgan, Auburn
John Neville, Birmingham
Kim Rafferty, Birmingham
Kenyatta Ray, Camden
John Schweinsberg, Huntsville
Bobby Segall, Montgomery
Penny Weaver, Montgomery
Mary Weidler, Montgomery