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Key Healthcare Proposals in Governors' Proposed Budgets for SFY 2019 from a Preliminary Look at 32 States

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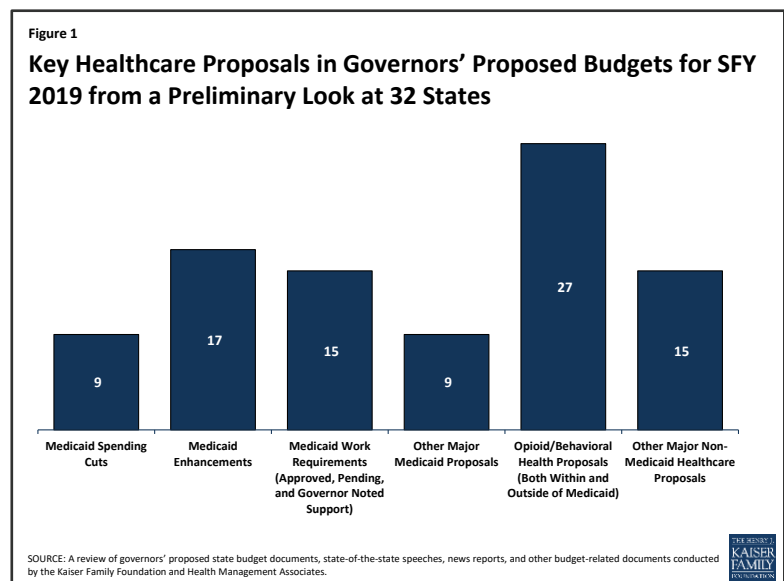
The table below presents key healthcare proposals from governors' proposed state budget documents for state fiscal year (SFY) 2019, state-of-the-state speeches, news reports, and other budget-related documents, based on a review of these materials by the Kaiser Family Foundation and Health Management Associates. Proposed budgets reflect the priorities of the governor and are often blueprints for the legislature to consider, however, the level of detail presented in governors' proposed budget documents varies significantly and in most cases does not capture all of the activity in a given state. As of the time of this publication, the table includes information from 32 governors' proposed budgets and will be updated periodically as additional budgets are released and reviewed. The table captures proposals that fall into six categories:

- Medicaid spending cuts
- Medicaid enhancements
- Medicaid work requirements
- Other major Medicaid proposals
- Opioid/behavioral health proposals (both within and outside of Medicaid)
- Other major non-Medicaid healthcare proposals

The final two columns of the table note whether state-of-the-state speeches and budget proposals have been released and/or reviewed and included in this table. Based on the review of budget documents and other materials released and

reviewed to date, it is clear that addressing the opioid and substance use disorder crisis is a high priority for governors across the country. As of the date of this publication, 27 governors have proposals to address opioid use disorder and other behavioral health challenges either within or outside of Medicaid. Another emerging theme from the proposals reviewed to date is that despite some budget challenges, governors are proposing more Medicaid enhancements (17 governors) compared to Medicaid spending cuts (9 governors) (Figure 1).

Many states have Medicaid waivers under development at the state level or pending at the Centers for Medicare and Medicaid Services; that information may or may not be captured in governors' state budget proposals and this table (for more comprehensive information on approved and pending Section 1115 Medicaid waivers, see the [KFF Section 1115 Waiver Tracker](#)).



Governors' Proposed Budgets for SFY 2019 — Key Healthcare Proposals as of February 14, 2018

State	Medicaid Spending Cuts	Medicaid Enhancements	Medicaid Work Requirements	Other Major Medicaid Proposals	Opioid/Behavioral Health Proposals (Within and Outside of Medicaid)	Other Major Non-Medicaid Healthcare Proposals	State of the State Reviewed?	Proposed Budget Reviewed?
United States	9 states	17 states	2 states with approved waivers; 8 states with waivers pending at CMS; 5 states with governors noting support for work requirements	9 states	27 states	15 states	30 states reviewed	32 states reviewed
Alabama	Not noted	Not noted	Governor noted support		\$9 million increase proposed for Department of Mental Health	Loan repayment program proposed for physician's assistants and dentists who agree to work in underserved areas	Yes	Yes -- 2019 Proposed Reviewed
Alaska	Not noted	Not noted			Public Safety increases to target drug traffickers		Yes	Yes -- 2019 Proposed Reviewed
Arizona	Not noted	Not noted	Pending		Plan to call special session to address the opioid issue from all angles.		Yes	Yes -- 2019 Proposed Reviewed
Arkansas	Not noted	Not noted	Pending					Yes -- 2019 Supplemental Reviewed
California	Restrict use of 340B	Funding increase for in-home supportive services; Increase funding and staffing hours required for skilled nursing facility direct care workers					Yes	Yes -- 2019 Proposed Reviewed

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Colorado	Expand utilization management, low cost transportation options, and trust recoveries; Implement premiums for certain high-income families with children on Medicaid	Provider rate increases; Create a permanent program to support transitions from nursing facilities to the community; Funding for transition services for children with severe disabilities returning to their homes (Children's Habilitation Residential Program)		Funding to investigate alternative payment methodologies for pharmacy reimbursement; Expand Medicaid prior authorizations of physician-administered drugs		Expand funding for court-ordered referrals for competency evaluations and restorations (funding to expand outpatient competency restoration program, add psychologists and support staff to assist with increasing referrals for inpatient evaluations and restorations)	Yes	Yes -- 2019 Proposed Reviewed
Connecticut	N/A	N/A	N/A	N/A	N/A	N/A		Budget adjustments released, not yet reviewed
Delaware	Not noted	Not noted			More funding for substance use treatment and prevention; funding for infants born with substance addiction	\$2 million proposed for prescription assistance for seniors; Health care spending benchmark initiative	Yes	Yes -- 2019 Proposed Reviewed
District of Columbia	N/A	N/A	N/A	N/A	N/A	N/A		Not released

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Florida	Not noted	Reduce HCBS waiting lists for seniors and people with developmental disabilities		Implement dental prepaid health plan (PHP) for children and adults	Enhanced funding for the substance use system of care and treatment (including funds for targeted outreach to pregnant women with SUD, Naloxone for first responders, Prescription Drug Monitoring System enhancements, and handheld narcotic analyzers for highway patrol); Additional behavioral health funding for community-based care			Yes -- 2019 Proposed Reviewed
Georgia	Not noted	Provider rate increases; Personal needs allowance increase for nursing home residents; Nursing facility liability insurance rate increase; Additional funding for intellectual and developmental disabilities waiver services programs; Children's Autism Initiative funding			Funding for recommendations from the Commission on Children's Mental Health (including opioid prevention and intervention funding for youth); Prescription drug monitoring program funding		Yes	Yes -- 2019 Proposed Reviewed
Hawaii	Not noted	Restore Medicaid adult dental benefits			Funding for homeless outreach and counseling services for chronically homeless persons experiencing severe SUD	Funding for a range of initiatives for the homeless population; Funding for caregiver programs; Funding for the Department of Health's Aging Disability Resource Center	Yes	Yes -- 2019 Supplemental Reviewed

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Idaho	Not noted	Not noted		Apply for Section 1115 waiver to allow Medicaid to cover individuals with specifically diagnosed medical conditions who were originally covered on the individual insurance marketplace; Apply for Section 1332 waiver to provide federal premium tax credits to working individuals with incomes <100% FPL	5% rate increase for treatment provider network for SUDs; Add three regional behavioral health crisis centers; Youth suicide prevention funding increase	Medical education expansion; Additional funding for the Expanded Access Program (treatment option for children with treatment-resistant epilepsy to receive a medication not yet FDA-approved or commercially available)	Yes	Yes -- 2019 Proposed Reviewed
Illinois	N/A	N/A	N/A	N/A	N/A	N/A		Not released
Indiana	Not noted	Not noted	Approved		Will require physicians to access the Prescription Drug Monitoring System before prescribing; Propose to increase the number of opioid treatment locations, improve overdose reporting and strengthen law enforcement efforts	Propose to take steps to reduce infant mortality rates: propose to implement a Levels of Care program to assure that the highest-risk babies are delivered at hospitals with the facilities to meet the needs of the mother and the baby	Yes	Budget enacted/mid biennium
Iowa	Governor has proposed mid-year Medicaid budget cut of \$10 million	Not noted			Increase provider use of prescription drug monitoring program; Reduce opioid prescribing; Enhance intervention efforts for Iowans misusing or addicted to opioids; Enhance SUD treatment, particularly MAT for opioid use disorder; Calls for planning process for funding MH crisis centers		Yes	Yes -- 2019 Proposed Reviewed

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Kansas	Not noted	Provider rate increases for hospitals and nursing facilities	Pending	Use KanCare waiver to improve health outcomes, bend the cost curve, fix the eligibility system to eliminate backlogs	Use KanCare waiver to draw down federal funding to treat substance abuse and mental illness		Yes	Yes -- 2019 Proposed Reviewed
Kentucky	Not noted	Not noted	Approved	Waiver implementation funding	Funding for opioid addiction prevention and treatment			Yes -- 2019-2020 Proposed Reviewed
Louisiana	Deep, broad cuts to optional benefits, eligibility, and provider reimbursement totaling \$2.3 billion (state and federal funds).	Not noted	Governor noted support					Yes -- 2019 Proposed Reviewed
Maine	N/A	N/A	Pending	N/A	N/A	N/A		Budget enacted/mid biennium
Maryland	Not noted	Provider rate increases; Add coverage for hearing aids and cochlear implants; Increases for Developmental Disabilities Administration direct care workers; Funding for waivers to reduce Developmental Disabilities Administration services waiting list			Increased funding for SUD and addiction programs (including funding specifically targeted to the heroin/opioid epidemic); Funding to expand Opioid Operational Command Center staff; Increased funding for court-ordered behavioral health treatment; Funding to expand in-state residential capacity for children's behavioral health services			Yes -- 2019 Proposed Reviewed

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Massachusetts	Not noted	Not noted			Increased funding for opioid/SUD education, prevention, and treatment; New criminal penalties for fentanyl traffickers; New funding to strengthen community-based behavioral health services for adults with serious mental illness	Governor pledged that regardless of the outcome in DC, no woman in MA will be denied reproductive health care services; Updated proposal for comprehensive coverage for non-disabled adults and innovative prescription drug transparency measures	Yes	Yes -- 2019 Proposed Reviewed
Michigan	Not noted	Not noted					Yes	Released, not yet reviewed
Minnesota	N/A	N/A	N/A	N/A	N/A	N/A		Budget enacted/mid biennium
Mississippi	MCO audits	Not noted	Pending		Consider Opioid and Heroin Task Force recommendations; Expand community-based mental health services (shift from institutional services)		Yes	Yes -- 2019 Proposed Reviewed
Missouri	Unspecified cuts proposed	Funding for increased HCBS program costs; Expansion of Home Health program; Medicare parity payments to certain primary care physicians			New funding for peer recovery coaches, faith and community recovery support services, training/education, Narcan distribution, and prescription drug monitoring program implementation; Increased funding for mental health and developmental disabilities services		Yes	Yes -- 2019 Proposed Reviewed
Montana	N/A	N/A	N/A	N/A	N/A	N/A	No SOS in 2018	Budget enacted/mid biennium
Nebraska	Not noted	Not noted				End Title X funding for clinics that perform abortions	Yes	Yes -- 2019 Supplemental Reviewed

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Nevada	N/A	N/A	N/A	N/A	N/A	N/A	No SOS in 2018	Budget enacted/mid biennium
New Hampshire	N/A	N/A	Pending	N/A	N/A	N/A		Budget enacted/mid biennium
New Jersey	N/A	N/A	N/A	N/A	N/A	N/A		Not released
New Mexico	Not noted	Not noted					Yes	Yes -- 2019 Proposed Reviewed
New York	Various Medicaid Redesign Team efficiency measures; Extend Medicaid pharmacy drug cap for an additional year; proposed elimination of "Prescriber Prevails" and certain over-the-counter products;	Promote first 1,000 days of life initiative for young children covered by Medicaid and their families; Retail practices initiative to provide treatment and referral for common health care complaints in retail settings; Expand Medicaid coverage of telehealth and community paramedicine; Assisted living program expansion		Continued focus on care management for all Medicaid enrollees; Proposed comprehensive medication management program; Proposed medication adherence program	Funding increases for prevention, treatment, and recovery programs, residential programs, and public awareness and education activities; Implement opioid epidemic surcharge to disincentivize use of opioids and generate funds to support efforts to address the epidemic	Codify Roe v. Wade; protect access to contraception; create a board to review every maternal death in the state; codifies the practice of nurse anesthesia and authorizes Certified Registered Nurse Anesthetists to practice to the full extent of their education and training; measures to reduce the risk of exposure to lead paint; Invest in services for persons with developmental disabilities; Improve Office of Mental Health housing and crisis services	Yes	Yes -- 2019 Proposed Reviewed
North Carolina	N/A	N/A	N/A	N/A	N/A	N/A		Budget enacted/mid biennium
North Dakota	Not noted	Not noted			State of the State addressed ongoing, multi-dimensional efforts to address opioid epidemic including tribal engagement.		Yes	Budget enacted/mid biennium
Ohio	N/A	N/A	Governor noted support*	N/A	N/A	N/A		Budget enacted/mid biennium

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Oklahoma	N/A	N/A	N/A	N/A	N/A	N/A		Released, not yet reviewed
Oregon	N/A	N/A	N/A	N/A	N/A	N/A		Budget enacted/mid biennium
Pennsylvania	Not noted	Not noted			Governor declared heroin and opioid epidemic a statewide disaster emergency on 1/10/2018; Declaration's 13 key initiatives include improving access to treatment			Released, not yet reviewed

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Rhode Island	Hospital rate freeze and eliminate hospital UPL payments; Implement first ever copayments; Eliminate provision that guarantees a 1.5% profit margin for MCOs; Reduce size of rate increase for nursing facilities; Reduce graduate medical education funding; Tighten LTSS eligibility (eliminate retroactive coverage, close resource test loopholes); Restructure and reprocure non-emergency medical transportation services; expand Rite Share (premium assistance program for employer sponsored insurance) to all populations and promote existing law to improve take-up	Not noted		Dual eligible LTSS redesign; Rebalancing efforts to generate long-term care savings	Expanded funding for opioid addiction treatment	Expand medical marijuana eligibility to persons with acute pain	Yes	Yes -- 2019 Proposed Reviewed

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South Carolina	Not noted	Targeted rate and service increases for autism therapy	Governor noted support		Increased funding for opioid use disorder treatment, prevention, education; Increased funding for mental health services	In State of the State, Governor noted that last August he directed state agencies to stop providing funds to abortion clinics; Increased funding for state children's hospital network for child abuse victims (for forensic medical evaluations)	Yes	Yes -- 2019 Proposed Reviewed
South Dakota	Not noted	Broad provider rate increases	Governor noted support				Yes	Yes -- 2019 Proposed Reviewed
Tennessee	Not noted	Increase for home and community based services for people with intellectual and developmental disabilities			Funding for Tennessee Together Opioid Initiative that focuses on prevention, treatment, and law enforcement		Yes	Yes -- 2019 Proposed Reviewed
Texas	N/A	N/A	N/A	N/A	N/A	N/A	No SOS in 2018	No regular legislative session in 2018
Utah	Not noted	Accountable Care Organization rate increases; Funding to extend benefits and enhance services through various federal Medicaid waivers	Pending	Governor encourages exploration of a financially prudent Medicaid expansion	Department of Commerce initiative to reduce opioid dependency (focused on reducing daily morphine milligram equivalents dispensed by retail pharmacies from 78 to 50 or less)		Yes	Yes -- 2019 Proposed Reviewed
Vermont	Unspecified operational restructuring at the Department of Vermont Health Access; Disproportionate share hospital payment reductions	Not noted			Provide comprehensive employment services directly to those in recovery from substance use disorders; increase the number of treatment professionals/mental health outreach workers	Launch a school-based dental program; Launch a universal home visit pilot program for pregnant women and babies; Eliminate a loan repayment program for doctors	Yes	Yes -- 2019 Proposed Reviewed

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Virginia	Not noted	New Governor's address and former Governor's proposed budget recommend adoption of the ACA Medicaid expansion. Proposed budget would: Add 50 emergency HCBS waiver slots; Beginning 1/1/19, fund overtime costs for consumer-directed attendants; Increase rates for consumer-directed personal care, respite, and companion services				New Governor's address proposed repeal of limitations on a woman's right to make her own health care choices and proposed expanding access to long-acting reversible contraceptives. Proposed budget proposes to provide eye care services to children in certain schools using local and private funds to match federal CHIP funds.	Yes	Yes -- 2019 Proposed Reviewed (from former Governor McAuliffe)
Washington	Not noted	Restore hearing aid coverage; Increased funding for home and community based services for individuals with developmental disabilities			Efforts to combat opioid crisis include hub and spoke expansion; MAT rate increase; MAT and naloxone for offenders; Treatment data tracking and analysis; Tribal-specific opioid strategies; Diversion pilot project; Prevention efforts; Integrate electronic medical records systems with the prescription drug monitoring program; Collect opioid-overdose data; Youth drug prevention services	State of the State address proposed ensuring full access to contraception including long-acting reversible contraception and reproductive parity; Analyze health insurance market stabilization approaches	Yes	Yes -- 2019 Supplemental Reviewed
West Virginia	Not noted	Not noted			Increased funding for behavioral health institutions' diversion and contract staff		Yes	Yes -- 2019 Proposed Reviewed

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Wisconsin	Not noted	Eliminate wait lists for long-term care services for children; Make SeniorCare Waiver permanent	Pending	Require people on public assistance to pass a drug test	State of the State address endorsed opioid and illegal drug addiction treatment recommendations made by a bipartisan commission	Proposed adding an asset test for public assistance; Proposed enacting a state law to guarantee coverage of pre-existing conditions	Yes	Budget enacted/mid biennium
Wyoming	Not noted	Funding for increased enrollment in HCBS waiver program						Yes -- 2019-2020 Proposed Reviewed

NOTES: Table includes information from addresses to the legislature by the new governors in Kansas and Virginia rather than information from the State of the State addresses from previous Governors Brownback and McAuliffe. Virginia row includes information from Governor McAuliffe's proposed budget given Governor Northam's statement that the McAuliffe budget will "guide the work of [his] administration and the General Assembly in the coming legislative session." *At the direction of the Ohio legislature, Governor Kasich's administration is preparing to request permission from CMS to add a work requirement for the state's Medicaid expansion population.

N/A: As of the date of publication, the state's governor has not released a proposed budget or made a state-of-the-state speech, or the proposals/speeches have not yet been reviewed.

SUD: Substance use disorder.

LTSS: Long-term services and supports.

HCBS: Home and community-based services.

FMAP: Federal medical assistance percentage.

MCO: Medicaid managed care organization.

UPL: Upper payment limit.

PDMP: Prescription drug monitoring program.