

General Assistance Medical Care

Late in the 2009 legislative session, Governor Pawlenty used his line-item veto authority to fully eliminate the General Assistance Medical Care program, effective April 15, 2010. The House of Representatives – in a straight party-line vote – was unable to override that veto.

On June 16th, the Governor announced on June 16th additional cuts he intends to make through unallotment, including his plans to close the program down on March 1, 2010 – a month and a half earlier than his line item veto had designated.

What is General Assistance Medical Care? Minnesota's public health insurance program for the state's poorest adults.

How many people are on the program? In 2008, more than 77,000 Minnesotans used the program – with an average of 35,000 at any given time.

Who uses the program? Minnesota's poorest and most vulnerable adults. They live on \$7,800 a year or less and do not have minor children in the household. Most are men (60%), most struggle with mental illness (70%) and/or chemical dependency, and many have chronic physical disabilities (40%).

Why can't they go on Minnesota Care? The Governor has indicated that at least 75% of the General Assistance Medical Care patients will be eligible for other state programs. Won't they just switch to MinnesotaCare?

The MinnesotaCare Program, designed primarily for low-wage working adults, has premiums too expensive for these adults. Many of the adults who qualify for General Assistance Medical Care are living on \$203 per month (maximum of \$677 per month). That is not enough income to pay for rent, food and clothing – much less health insurance premiums.

Because of the instability of poverty and because of serious mental illness or chemical dependency, many people eligible for General Assistance Medical Care are enrolled after receiving hospital care for serious, often life-threatening, conditions. Their coverage begins as soon as they apply – meaning that hospitals will be reimbursed for expensive emergency care. Without it, hospitals either refuse service or pay from 'charity care' funds – which passes the cost along to the insured.

In addition, MinnesotaCare limits hospital coverage to \$10,000 in costs, leaving huge gaps in coverage. There is a four month waiting list from the point of application, which is unfeasible given the condition of many of the General Assistance Medical Care patients.

That is why we have two programs: MinnesotaCare, which is designed to be health insurance for the "working poor"; and GAMC, which is designed to provide basic medical care for the most vulnerable.

Who else is affected? Institutions that we, our families, friends and neighbors all use – hospitals, community clinics and community mental health centers – will cut back or eliminate services, lay off staff and/or increase the cost of their services.

Hospitals throughout Minnesota will lose at least \$150 million dollars a year.

Mental Health Centers – Because such a large proportion of the Minnesotans who must rely on General Assistance Medical Care struggle with mental illness, many of the covered services are through mental health centers. Those centers will lose \$7-\$8 million dollars and in many cases the loss of those dollars will jeopardize other funding that was matching or complementing the state funding.

Homelessness will likely increase as people transition off mental health medications that have helped stabilize their housing situation.

Programs and services funded by multiple sources will be destabilized, affecting thousands, resulting in staff layoffs, and shifting the cost and consequence of otherwise avoidable problems to other payers, local counties, cities, police, and hospitals.

According to a study released this spring by Families USA, in 2008 the average family paid an extra \$1,000 a year in extra health insurance premiums to make up for the costs of health care for the growing number of uninsured Americans.

All of us are affected – directly or indirectly

Aren't we the only state to provide this type of program? At least five other states have similar public health programs for very poor and very ill adults. Other states more directly subsidize their safety net hospitals to a higher degree – which keeps hospital doors open, but also means that is the only avenue for medical care for this population.

States that do neither are likely to see crowded and overburdened emergency rooms and controversies about hospitals trying to shift uninsured patients to each other.

What's next? Without a special session on the horizon, the legislature is set to return to business on February 4th, 2010. On March 1st, General Assistance Medical Care will be eliminated, and the 35,000 extremely low-income adults will be without basic physical and mental health care.

The legislature will have time to act, but will likely require a veto override. This will require three (of 47) Representatives to change their mind and vote to protect General Assistance Medical Care.