

One million working poor cut off Medicaid benefits in US

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Nearly one million low-income working parents have lost Medicaid coverage in the four years since the Clinton administration and the Republican-controlled Congress implemented their welfare “reform” program in 1996, according to a study published last week.

At the time welfare reform was instituted, both Democrats and Republicans claimed that those cut off cash benefits would still be eligible for Medicaid and Food Stamps. But according to the analysis prepared by Families USA, a health care advocacy group, most of the 50 state governments made no provision for continuing Medicaid benefits, not even reprogramming computers which automatically linked the three programs.

The states instead arbitrarily denied Medicaid benefits to millions of parents and children who were driven off the welfare rolls, even though they were still eligible for the federally subsidized health care program. While many children cut off Medicaid now receive medical coverage through the new Children's Health Insurance Program (CHIP), or have had Medicaid benefits restored as a result of legal actions, the vast majority of the adults who were cut off Medicaid have no medical insurance at all.

The Families USA study examined the impact of state actions in the 15 states with the largest populations of uninsured working-age adults, which together accounted for 70 percent of the total. These included Arizona, California, Florida, Georgia, Illinois, Louisiana, Michigan, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Tennessee, Texas and Virginia. From 1996 to 1999 Medicaid coverage for low-income parents in the 15 states dropped from 3,503,553 to 2,557,673—a decline of 27 percent

The decline was steady throughout the four-year period, indicating that the cutoff was not the byproduct

of one-time changes implemented in 1996, but the result of an overall change in policy and attitudes on the part of state administrators.

In some cases, state computers were programmed to remove from Medicaid anyone leaving welfare, even though many former welfare recipients remained eligible for the program. In other cases, state caseworkers failed to notify parents that they might still qualify, or even falsely told them they were automatically disqualified from Medicaid. Former welfare recipients, some toiling in low-wage jobs, others forced into homelessness, had neither the information nor the financial resources necessary to oppose these violations of their rights.

Cuts in Medicaid enrollment varied significantly from state to state. Medicaid enrollment of parents dropped by 155,846, or 19 percent, in California; by 123,630, or 25 percent, in New York; and by 106,012, or 46 percent, in Texas. The decline in Texas, the home state of Republican presidential candidate George W. Bush, was the second largest in percentage terms over the four-year period, and the largest of any state over the past two years. Texas has the highest uninsured rate among low-income adults, with more than half—51 percent—of those earning less than \$28,300 a year going without medical insurance.

The income levels for Medicaid eligibility for working parents also vary greatly from state to state, with some denying Medicaid to many families living well below the official poverty level, such as Louisiana (\$3,168), Virginia (\$4,572) and Texas (\$4,728). According to Families USA director Ron Pollack, “In the vast majority of states, parents working at the minimum wage, \$5.15 per hour, are considered to have too much income to qualify for Medicaid if they work full time. In Louisiana, Virginia and Texas, parents

working at the minimum wage are disqualified from Medicaid if they work more than 12, 17 and 18 hours per week, respectively.”

The impact of the Medicaid cutoffs is that for the first time since the program was established in the 1960s, the number of medically uninsured is increasing in a period when unemployment has declined. The number of uninsured rose from 41.7 million in 1996 to 44.3 million in 1998, even though the number of workers covered by employer-sponsored insurance actually increased. This increase was more than offset, however, by the number of people cut off Medicaid and the number of new workers entering the labor force and taking jobs without insurance coverage.



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