

# Democratic governor in Tennessee oversees drastic Medicaid cuts

Naomi Spencer  
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On July 1, the beginning of the 2006 fiscal year, the Tennessee legislature approved Democrat Governor Phil Bredesen's budget proposal, which included plans to cut by the end of the year 323,000 beneficiaries from TennCare, the state Medicaid program. Additional across-the-board benefit reductions, including extreme restrictions on prescription drugs, are also currently being implemented for the hundreds of thousands remaining in the program.

Before July 1, TennCare served 1.3 million poor Tennesseans, nearly half of whom were children. The majority of funding for the program's \$8.1 billion dollar annual budget has come from the federal government in a special arrangement through the Centers for Medicare and Medicaid Services, making the program less costly for the state than many, despite its large size.

Nationally, TennCare has enjoyed a reputation for being the most comprehensive of all Medicaid programs while boasting the lowest per-enrollee cost. However, it has consistently been described by the governor's office as "a budget buster" requiring "necessary reductions in adult enrollment."

The cut—the largest single reduction of enrollment in Medicaid history—is being justified by a budget crisis and need to balance the books. This is a familiar refrain echoing through state houses all across the US, where grants to public advocacy and social service programs are being sacrificed in favor of tax cuts for the wealthy and spending on war.

While oversight of Medicaid falls for the most part to the states, it is funded jointly by states and the federal government. States have been pressured to cut their programs in tandem with a \$10 billion reduction in federal matching funds this year. Most states responded by cutting expanded coverage, shedding both adult and child beneficiaries who receive "optional" care according to the federal Medicaid law.

In many cases, treatments categorized as optional are actually necessary to maintain a patient's health or life, but are based more on financial than medical considerations. The dis-enrollment in Tennessee will cut adult beneficiaries by half, and dramatically transform TennCare from the most inclusive to one of the most restrictive programs, offering the lowest level of adult coverage in the country.

Prominent nightly vigils at the Tennessee Capitol building and statewide Town Hall meetings have been organized by the public health community to protest the cuts. Tony Garr, the executive director of the Tennessee Health Care Campaign and one of the principal organizers of the protests, spoke with the *World Socialist Web Site*.

"The people whom the Governor is cutting are the most vulnerable," Garr said. "People are being cut based on what category of eligibility they are in, not on their medical needs. There are over 67,000 people who have chronic medical conditions, who are part of the expansion population [unable to afford care but not mandatory recipients under federal law], verified by their doctor, and they are being cut, as well as a Medicaid category called 'Medically Needy.' The best description for this group is that they also had high medical bills and because of the bills, they are now financially bankrupt."

Beyond the elimination from the program of 323,000 people, those remaining in TennCare will be limited to five prescriptions at any one time, hastening health complications for those suffering from multiple conditions and immune system deficiencies, including AIDS and organ transplant rehabilitation. According to Garr, "These cuts are already contributing to the preventable deaths of people. Thousands of lives are being put at risk and there is not a safety-net big enough to catch them all. TennCare was their safety net. Now...people are falling through and are being forgotten."

The *Knoxville News-Sentinel* reported August 23 that

many health care providers had been specially enlisted by Governor Bredesen shortly before the new fiscal year to maintain the “safety net” for four months in order to “soften the blow” of dis-enrollment for those requiring insulin injections and other critical forms of care.

In a separate statement, Bredesen described his “soft landing initiative” as “an example of how we can all work together to find solutions to help fill the gaps in services for people leaving TennCare.” Contrary to his self-congratulatory bluster, however, the governor’s promised \$105 million transitional program has yet to be launched, non-profit clinics have seen no compensation, and social service providers complain that they are forced to turn people away.

Sherry Falkner, working in Lenoir City, in eastern Tennessee, for the National Alliance for the Mentally Ill (NAMI), expressed concern for the estimated 30,000 seriously mentally ill TennCare beneficiaries who were dropped from the rolls in July with limited options or ability to secure their own care without assistance. “As advocates in Tennessee we are most disturbed about these deep cuts to the most severely ill. It will be devastating and cost lives, I’m sure,” she told the WWSWS. NAMI has predicted a marked increase in homelessness, accidents, and inappropriate incarceration of the mentally ill as a result of Medicaid cuts at both the state and federal level.

A cut of \$1.8 billion in state health spending impacts others seeking medical care as well. The Tennessee Hospital Association recently predicted that loss of TennCare money will force at least 20 of the state’s rural hospitals to close in the near future, creating the potential for a public health catastrophe and a long-term collapse of the entire region’s already precarious economy and infrastructure.

“The Governor says it is necessary because of the budget. We say it is because the program is not being managed,” said Garr. “When he ran for Governor, he talked about reforming the program, not cutting it. His opponent [ultra-conservative Republican Van Hilleary] talked about cutting the program. There was a clear choice during the election and now he is doing what his opponent said he was going to do.”

Bredesen, a health maintenance organization executive, campaigned in 2002 on innovating health care delivery in Tennessee to include disease management programs for TennCare enrollees with chronic conditions such as dialysis and mental illness. Until 2004, the governor often referred to this expansion without actively pursuing its implementation, even after multiple agencies had

submitted their applications for a contract with TennCare specializing in disease management.

But the centerpiece of the Governor’s reform plan became the most cost-inefficient area of public health in the state: the creation of a centralized program for pharmacy benefit services, which was to be overseen by First Health, a private company. Internal state house documents revealed that First Health did not even attempt to fulfill its mandate, and provided services so inadequate that two consecutive TennCare directors took steps to terminate the contract. However, the parent company of First Health was founded by the Governor himself, and its chief lobbyist is the former head of the state Democratic Party and a close friend of Bredesen. The Governor rejected calls for terminating the First Health contract, and instead, more than doubled its fees for the new fiscal year.

On the Republican side, Bill Frist, the Senate majority leader from Tennessee, declared in March that legislation was imperative in order to ensure that Terri Schiavo “received medical treatment necessary to sustain her life.” Frist was leading attempts by the Republican Party to whip up the Christian fundamentalist base of the party by seizing on the case of Schiavo, a patient in a permanent vegetative state, who was without consciousness or emotion, and had no possibility of recovery.

In his floor speech the night before the removal of Ms. Schiavo’s feeding tube, Frist intoned, “[S]omebody is being condemned to death, somebody who’s alive—there’s no question she’s alive—is being condemned to death. It takes an action to pull out a feeding tube. It takes an action to stop feeding. The inaction of feeding becomes an action.”

Five months later, Senator Frist has taken action through conspicuous inaction regarding the perilous situation faced by hundreds of thousands of Tennessee residents. Tony Garr related that at more than a dozen Town Hall meetings across the state in the past month, Frist’s hypocrisy and apparent disregard for the fate of those he was elected to represent consistently “comes up. I do not have to bring it up,” he said.

“The people of Tennessee are very cognizant of Senator Frist making extraordinary efforts for Terri Schiavo,” Garr stated. “However, he is silent on this issue.”



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