Florida Medicaid privatization plan approved

Major step in destruction of entitlement program

Naomi Spencer, Joseph Kay
25 October 2005

Last week US Health and Human Services Secretary Mike Leavitt signed off on a Florida plan that will transform the state's Medicaid program. The new plan, which will come into effect after receiving final approval from the state legislature, will largely privatize the health care program for the poor and elderly. It will also set caps on state expenditures.

The move represents a major step in the drive to dismantle the Medicaid entitlement program. Florida Governor Jeb Bush, brother of the president, voiced confidence that his proposal will have no opposition. The Florida program will serve as a guide to other state governments seeking to transform health care for the needy into a lucrative arm of the private insurance industry.

Medicaid programs are run by the states, which also determine the level and extent of coverage to recipients. However, the programs are jointly funded by the states and the federal government, and the state programs must meet federal standards. The administration and Congress are working out plans for billions of dollars of cuts at the federal level, but measures to undermine the program must be enacted by the states. While Florida's was one of the most far-reaching of the state proposals, cuts are planned or have already been implemented in virtually every state in the country.

Governor Bush's proposal, which changes Medicaid from a "defined benefit" to a "defined contribution" plan, caps the amount that can be spent to treat individual beneficiaries through the program. Based on personal health and expense history, Medicaid recipients will be allotted a set annual amount of funds to purchase private insurance. This means that if patients require care exceeding their predetermined allotment, they will be liable for the costs.

Recipients will be given a choice between several private insurers and if they do not choose will be automatically enrolled in a plan selected by the state. They may also choose to "opt out" of Medicaid altogether and receive payments toward an employer-sponsored insurance program.

The Florida proposal will essentially privatize Medicaid by directing funds to private insurance companies, who will have full discretion to limit "the amount, duration, and scope" of medical services. This will replace direct payments to physicians based on medical need. What is essentially involved is the transformation of the Medicaid program into a government-funded private insurance scheme. Effectively, the state would then be responsible only as a purchaser rather than provider or manager of medical care.

In justifying the new plan, Florida authorities have employed all the stock-in-trade phrases used to advance the corporate agenda of eliminating the last vestiges of the social safety net. In the state's official fact sheet we are told that "beneficiaries are not currently empowered to make choices or rewarded for responsible behavior." That is, the sick and disabled currently are not held financially responsible for their own desperate positions.

With the new reforms, "Consumers will be active participants in the Medicaid marketplace." The key elements of the plan, the overview states, are "patient responsibility and empowerment," "marketplace decisions," "bridging public and private coverage" and, perhaps most importantly, "sustainable growth rate." In other words, Medicaid spending will be drastically curtailed, while the program as a whole will be subordinated to the profit interests of giant corporations.

Calling the official announcement Wednesday "a day

© World Socialist Web Site

of transformation" for Medicaid, Secretary Leavitt praised the passage of Jeb Bush's plan as a political triumph. He declared, "I believe it will be considered a milestone of national leadership."

Joan C. Alker, a senior researcher at the Health Policy Institute of Georgetown University, characterized the Florida Governor's move to privatize as "one of the most far-reaching and radical proposals we've seen to restructure Medicaid. The federal government and the states now decide which benefits people get," she told the *New York Times*. "Under the Florida plan," Alker added, "many of those decisions will be made by private health plans, out of public view."

With medical decisions now to be made in company boardrooms, there is no guaranteed coverage for those whose conditions may worsen but who are locked into capped accounts. Governor Bush, Leavitt and official statements have been very careful to give reassurances while avoiding specifics on the question of the cost of AIDS treatment. For Medicaid recipients with HIV or other degenerative, terminal diseases, the expense of treatment increases as health worsens. The Florida plan contains no specific provisions to ensure that such individuals would receive the care they need. Instead, they have been issued only general reassurances that private companies will make allowances for them.

The shift to managed care will take effect next July for 210,000 Medicaid beneficiaries in Broward and Duval counties in the first phase of a five-year plan that will eventually encompass all 2.2 million Floridians dependent on the program. Broward County includes a dense swath of the Miami-Fort Lauderdale and Palm Beach metropolitan region; Duval encompasses the Jacksonville metro area. Both counties are predominantly low-income working class areas, with large minority populations.

The Florida plan is intended as a first shot at the Medicaid entitlement program, which will then be followed in states across the country. Vernon Smith, a former Medicaid director in Michigan and advocate of Medicaid reform, told the *New York Times*, "Florida's program is groundbreaking. Every other state will be watching Florida's experience. South Carolina has developed a similar proposal. Georgia and Kentucky are waiting in the wings."

Mike Leavitt emphasized, "Florida's framework will be helpful to other states."

At the federal level, the Senate Finance Committee has reached a preliminary agreement on cuts to Medicaid and Medicare totaling $10 billion. The reductions, which are being criticized by the White House as not drastic enough, are coupled with $1.8 billion in additional funds for hurricane survivors. The administration has worked actively to scuttle proposals in the Senate to extend Medicaid to victims of the hurricanes. The Bush administration and insurance companies are also angered by attempts to reduce spending by eliminating the role of the private sector in managing Medicare funds.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site