

US states slash Medicaid

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US states are imposing major cuts to Medicaid, the health insurance program for low income Americans jointly funded with the federal government. The cuts are being enacted in response to huge budget deficits in states throughout the country and a sharp increase in enrollment fuelled by the unemployment crisis.

Cuts in Medicaid services are a critical component of the attempts by the US corporate and financial elite, led by the Obama administration, to slash government health care costs and reduce care. On Thursday, Obama established a bipartisan panel whose central purpose will be to find ways to decrease spending on government health care and pension programs, including Medicaid (See, “Obama appoints panel to slash social programs”)

Some versions of the Democrats’ health care overhaul proposals include an expansion of Medicaid eligibility, but without full support for state governments. This will translate into further cuts to services and ensure that larger numbers of Americans have access only to the most limited and inadequate health care coverage, while the wealthy continue to enjoy the best care money can buy.

Enrollment in Medicaid increased by 3.3 million between June 2008 and June 2009 to nearly 47 million cases, according to a study released Thursday by the Kaiser Family Foundation. Caseloads increased in every US state. In thirteen states, enrollment shot up by more than 10 percent. According to a new study by Families USA, for every 1 percentage point rise in the US unemployment rate, 1 million people become eligible for Medicaid and related programs.

With Medicaid already consuming about a fifth of most state budgets—the same as the average outlay for education—both Democratic and Republican governors and lawmakers throughout the country are insisting on deep cuts in the services provided to Medicaid recipients.

Medicaid typically provides insurance to those who fall below the official poverty level, but only within certain categories: children, pregnant women, parents of young children, the disabled, and the elderly who require nursing home care. The program’s reach varies among the states, but the majority of Americans living in poverty—three out of five

according to one estimate—are not covered by Medicaid.

Because emergency federal stimulus funding for Medicaid bars states from narrowing eligibility requirements, states have instead targeted medical services and payments to doctors for cuts. In recent years the federal government paid between 50 percent and 75 percent of a state’s Medicaid costs—the poorer the state, the higher the federal proportion—but the stimulus package increased this share to between 61 percent and 85 percent, at a cost of \$87 billion. These funds are set to expire at the end of December unless Congress approves a \$25 billion extension.

The additional federal funds have been grossly inadequate, and every state faced Medicaid funding shortfalls in the current fiscal year, according to the Kaiser Foundation study. In response, a number of states are curtailing currently covered “non-essential” services.

Nevada’s Republican governor, Jim Gibbons, has proposed cutting all Medicaid funding for adult coverage of eyeglasses, dentures and hearing aids. In order to save about \$830,000, the state will also “reduce the number of diapers provided monthly to incontinent adults (to 186 from 300),” the *New York Times* reports.

Massachusetts will eliminate coverage for restorative dental service. Last year a similar revocation of dental coverage in Michigan led to the death of a 76-year-old woman, Blanche D. LaVire, who had been diagnosed with abscesses and advanced periodontitis that required surgery. She died while waiting for state bureaucracies to approve an exception due to a mental health condition. (See, “Michigan woman dies after Medicaid dental care is cut”).

Michigan, which eliminated not only dental but vision benefits for adult Medicaid recipients in fiscal year 2010, is considering a bevy of new cuts for 2011, including mental health services, prescription drug coverage, treatment for deformities, and artificial limbs.

Similarly, New Mexico’s Democratic governor, Bill Richardson, is proposing cuts to Medicaid that could include

prescription drug coverage, vision and dental care, hospice care for near-death patients, and physical therapy.

Maine is moving to limit outpatient mental health visits for adult Medicaid recipients to 18 per year and to cap outpatient hospital visits at 15 per year.

Many more states have reduced the amount that they pay to doctors, clinics, hospitals and nursing homes that treat Medicaid recipients. Already Medicaid is rejected by many health care providers because it tends to pay at a level far below private insurance and Medicare. These reimbursement cuts ensure that fewer Medicaid patients will be able to find treatment, and those clinics and hospitals that do so will be further driven to reduce costs and quality.

Among the states likely to enact major cuts for Medicaid reimbursement are New York, Texas, Pennsylvania, Maine, Louisiana, Maryland, Missouri, Virginia, and Vermont. Maine is contemplating a 10 percent across-the-board cut, and New York Governor David Paterson is proposing to slash \$400 million from Medicaid reimbursement.

After Kansas's Democratic governor, Mark Parkinson, imposed a 10 percent cut in provider payments beginning January 1, Dr. C. Joseph Beck, a Wichita ophthalmologist, ended treatment for his Medicaid patients. "I'm out, I'm done," Dr. Beck told the *New York Times*. "I didn't want to. I want to take care of people. But I also have three children and many employees to take care of."

Some states are cutting essential services that, by triggering the removal of federal matching funds, will effectively double the funding cut. Tennessee's Democratic governor, Phil Bredesen, is proposing cuts that would set a \$10,000 limit on inpatient hospital care, a sum easily surpassed by serious car accidents, heart attacks, and treatment for serious illnesses. Bredesen would also impose limits on specific hospital services, including X-rays, laboratory services and doctor's office visits, the *Times* reports.

Arizona's Republican governor, Jan Brewer, has proposed kicking 310,000 adults without dependent children off Medicaid rolls and scrapping the state's Children's Health Insurance Program (CHIP), a program that secures federal matching funds for states that subsidize health insurance for children from low-income households that earn more than the income cutoff for Medicaid. The state has already frozen enrollment in CHIP.

California governor Arnold Schwarzenegger has proposed reducing adult eligibility for the state's Medicaid program, Medi-Cal, from 133 percent to approximately 72 percent of the

official poverty threshold, and to reduce eligibility for children and pregnant women from 200 percent to 133 percent of the poverty level. If enacted, these restrictions would cost an estimated 250,000 people their health insurance within six months.

Schwarzenegger has also threatened to end the state's CHIP program, Healthy Families. The cut would affect nearly 900,000 children now enrolled in the program. California lawmakers are already moving to cut eligibility in CHIP from 250 percent to 200 percent of the federal poverty level and to impose increased premiums of \$14 per child, even as private insurance costs in the state skyrocket. The legislature will also likely eliminate CHIP vision coverage.

The cuts enacted against Medicaid and CHIP will disproportionately affect the most vulnerable sections of the population, especially children.

Yet America's children are in desperate need of high-quality health care. According to a recent study whose results were published in the *Journal of the American Medical Association*, over half of all US children will suffer from a chronic illness during their childhood, a two-thirds increase since the 1980s. Much of the increase is associated with obesity, asthma and diabetes, conditions strongly linked to poverty and other social and environmental factors. (See, "Majority of US children suffer chronic health conditions, study says")

The reductions to Medicaid services and providers, even as the program's rolls swell, demonstrates the basic incompatibility of the right to decent health care with the profit drive of America's financial aristocracy. Having enriched themselves before, during, and after the financial crisis of their own making, the financial elite—acting through their two parties—are now demanding "tough choices" and "discipline" by cutting what remains of the nation's limited social safety net.



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