US Medicaid enrollment climbs to 48 million

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More people enrolled in the Medicaid program last year than at any time since the program's inception in the late 1960s. The spike comes as the recession has wiped out millions of jobs and more people have lost their employer-sponsored health care coverage.

A report released Thursday by the nonprofit Kaiser Family Foundation shows that some 48 million people, or better than one in every seven people in the US, are now enrolled in the health care program for the poor. Nearly 12 million US households also received food stamps last year, under conditions where 44 million people now fall below the official poverty line, according to the US Census.

Some 3.69 million people were added to the Medicaid rolls in 2009, an 8.2 percent increase over 2008 figures. Children accounted for 2.2 million of these new enrollees, or about 60 percent of the total increase. Six million people have signed up for the program since the beginning of the recession in December 2007.

US states are also forecasting a 6 percent increase in Medicaid enrollment over the next year, which will place increased strain on state budgets already reeling under the weight of the weak economy. Under provisions of the new health care legislation voted into law earlier this year, beginning in 2014 an estimated 16 million new enrollees will be added to the Medicaid program, straining existing resources. Already the Medicaid reimbursement rate is so low that many doctors and hospitals refuse to accept Medicaid patients.

The Kaiser study notes that 48 of 50 states have taken action this year to limit and reduce Medicaid spending due to struggling budgets and the influx of enrollees. Some $100 billion in federal stimulus funds to offset state Medicaid spending will be exhausted by June 30, 2011, and many states are expected to slash spending when these funds are cut off.

Medicaid provides health care coverage for low-income families and many poor elderly in nursing homes. It is jointly administered by the federal government and the states, with about 60 percent of funding presently coming from Washington.

According to the study, by fiscal year 2012 state Medicaid spending is projected to increase dramatically, by as much as 25 percent or more, while state revenues are expected to remain below pre-recession levels.

Every US state saw an increase in Medicaid enrollment in 2009. The 10 states with the largest percentage increases—Nevada, Wisconsin, Maryland, Arizona, Alaska, Montana, Florida, Oregon, Colorado, Utah—represent virtually every region in the country.

Leading the nation was Nevada, which added more than 43,000 Medicaid enrollees in 2009, a 22.4 percent jump. The state has been pummeled by the housing crisis. Coming second was Wisconsin, devastated by the decline in manufacturing, which saw a 21.5 percent increase in its Medicaid rolls.

The rise in the number enrolled in the program will lead to new reductions in services, as the existing funding is spread over more and more people. States have already begun to implement cuts to offset the impact of the increase in enrollees. Nearly every state, 48 of 50, took action to limit spending this year on Medicaid, and most plan additional cuts next year.

Twenty states placed restrictions on benefits and 14 plan limits for next year. Arizona, California, Hawaii, Massachusetts and other states either eliminated adult dental services, or cut back on them. Some states imposed limits on benefits such as imaging services, medical supplies, therapies or personal care services.

In 39 states, payments to hospitals, doctors and other service providers were either cut or frozen, and most states plan on another round of cuts next year. Medicaid payment rates are already so low that it is often hard to find doctors who will accept the coverage. Despite this, 20 states lowered payments to doctors this year and 12 plan to reduce them next year.

In relation to long-term care, 18 states placed limits on services this year and 10 plan to do so next year.

With the release of the Kaiser foundation study also came news this week that many low-wage employers may stop providing health coverage to their workers, threatening to further swell Medicaid's ranks.

The *Wall Street Journal* reported Thursday that McDonald's Corp. has told federal regulators that it could drop its health insurance plan for more than 30,000 hourly restaurant workers unless a requirement of the new health care legislation is waived for them. The provision stipulates that by 2011 insurance plans must spend at least 80 to 85 percent of premium revenue on medical care.

At issue are so-called mini-med plans that offer cut-rate, limited benefits to some 1.4 million Americans employed at restaurants, retailers and other companies. These plans provide the barest of coverage, and can be "maxed out" by many minor health concerns, let alone a medical catastrophe.

McDonald's, for example, offers three tiers of benefits to employees at 10,500 locations, collecting weekly sums from workers: $13.99 for a plan with maximum annual benefits of $2,000, $24.30 for $5,000 in benefits, or $32.30 for $10,000 in benefits. Home Depot, Disney Worldwide Services, CVS Caremark, Staples, Blockbuster and other large corporations offer similar plans.

In a memo to the federal Department of Health and Human Services, McDonald's said, "it would be economically prohibitive for our carrier to continue offering" the coverage to its employees unless it were exempted from the requirement to spend 80 to 85 percent of premiums on benefits.

According to the *Journal*, HHS official Steven Larsen "said the department doesn't want employers to drop coverage over the law" and have thus "given the carrier for McDonald's and others the chance to seek exemption" from the bill's requirement. If exempted, McDonald's and other corporations could continue to offer the inferior, bare-bones insurance coverage with no restrictions on funding bloated executive salaries and other costs.