White House backs state opt-out of health care law

Kate Randall
2 March 2011

President Obama is backing a bill that would allow states to opt out of the health care legislation pushed through Congress last year, including the reform's requirement that virtually all people be required to purchase insurance or pay a penalty—the so-called individual mandate.

Speaking at the White House Monday to a meeting of state governors, Obama said he would endorse the proposal introduced late last year by Democratic Senators Ron Wyden (Oregon) and Mary Landrieu (Louisiana) and Republican Senator Scott Brown (Massachusetts). If passed, it would allow states to opt out of the health care law in 2014, when most of its provisions take effect, instead of 2017, as originally stipulated by the federal legislation.

Obama told the governors, "If your state can create a plan that covers as many people as affordably and comprehensively as the Affordable Care Act does—without increasing the deficit—you can implement that plan." Under the bipartisan measure, states would be exempt from the key features of the legislation: notably, that most Americans carry health insurance or pay a fine, and that states create insurance "marketplaces" where individuals, families and small businesses can buy health plans.

Under the legislation introduced by the bipartisan trio of senators, beginning in 2014 states would be allowed to ask federal health officials for "innovation waivers" that would free them to devise their own version of health care "reform."

States would need to demonstrate that insurance benefits offered to residents would be as affordable and comprehensive as stipulated by the federal law, and that an equal number of people would be covered. However, in keeping with the cost-cutting objectives of the federal law, states would be required to prove that their alternative state plans would not deepen the federal deficit.

Indicating his attitude toward innovation at the state level, Obama stated, "Alabama is not going to have exactly the same needs of Massachusetts or California or North Dakota. We believe in that flexibility." In other words, federal health officials would be likely to approve waivers for state plans that differ in services and quality of care from state to state as long as they reduce costs.

Kansas Governor Sam Brownback, a Republican, said that he and other governors were not really interested in flexibility in implementing health care reform, but in relation to Medicaid, the health care program for the poor administered jointly by the federal government and the states. "Medicaid is creating a huge hole in my budget and we had to take money from all other places in state government to fill the Medicaid hole," Brownback said.

Governors across the US are seeking ways to cut Medicaid. Obama's health care law will allow more people to qualify for Medicaid, and states have also seen an influx of people into the program as a result of rising numbers of long-term unemployed and others driven into poverty by the recession.

Medicaid now accounts for a third of the budget in many states, and a number of Republican governors are advocating converting it from an entitlement program to a block grant, which would eliminate federal restrictions on who is covered and how the money can be spent. The state government in Texas is openly discussing withdrawing from the Medicaid program altogether, which would have a devastating impact on low-income residents.

The proposal enabling states to apply for waivers from the federal health care law would allow states to

© World Socialist Web Site

send Health and Human Services (HHS) officials requests to alter their Medicaid programs alongside their alternative proposals for health care reform at the state level. This little-mentioned provision would place Medicaid and its recipients at great risk, potentially depriving millions of their health care coverage.

Obama's support for giving states the ability to ditch the federal health care law outright is but the latest climb-down by the administration in the face of Republican opposition to the legislation. From its inception, the administration's approach to overhauling the US health care system has been based on reducing costs for corporations and the government, while ensuring the profits of the health care industry giants.

While the legislation is politically reactionary, this has not stopped congressional Republicans—and in particular the ultra-right Tea Party forces—from labeling the law as "socialism" and akin to "government-run health care." Capitalizing on the widespread popular opposition to the legislation's cost-cutting features, opponents of the bill have sought to posture as the defenders of Medicare and "individual freedom."

The Obama administration has acceded to virtually every demand of its opponents, among both Republicans and Democrats, in an effort to ram through the legislation and see it implemented. It removed a government-run "public option" as one of the choices on the insurance marketplace. (See "White House drops public health care option.") To placate a group of anti-abortion Democrats who threatened to torpedo the health care plan at the last minute, Obama signed an executive order last March upholding severe restrictions on the legal right to abortion. (See "Obama signs anti-abortion executive order.")

Last September, HHS officials granted waivers to about 30 companies and insurers that offer their employees cut-rate benefits, coverage dramatically inferior to that stipulated in the phase-in period of the Affordable Care Act. (See "White House sanctions employers' cut-rate health plans.") In October, after major insurers stopped issuing new child-only policies, HHS said the insurance companies could charge higher premiums for individual policies for children with serious medical problems. (See "Obama administration allows premium hikes for sick children.")

It is fitting that Obama has now signaled the administration's readiness to allow states to opt out of the legislation outright. Despite this latest move, however, Republican opponents are generally unimpressed and want to see the legislation thrown out altogether. Kansas Governor Brownback said the state opt-out proposal is a "positive thing" but that it did not change his overall opposition to the law. "We will implement what we are required to do," he said, but added, "We're going to fight against it every bit of chance that we can."

Within hours of Obama's announcement, House Majority Leader Eric Cantor, Republican of Virginia, said that House leaders would continue to work to scrap the Affordable Care Act. "We will continue at the committee level, as well as through floor action, over the course of the next several months to not only look to defund and delay the implementation of that law, but to produce an alternative so we can replace it," he said.

A largely symbolic vote in the newly Republican-controlled House of Representatives in January voted to repeal the entire law. A similar measure was defeated in the Democratic-controlled Senate. Neither vote gained the two-thirds majority needed to override a presidential veto.

Opponents of the legislation are now looking to defeat the health care legislation in the federal courts, where more than half of the 50 states are suing to put a halt to the plan, saying it violates individual and states' rights. A federal district judge in Florida ruled January 31 that the law is unconstitutional, upholding a challenge to the constitutionality of the individual mandate.

Judge Roger Vinson was the fourth federal judge to rule on a challenge to the health care law, with two earlier rulings coming down in favor of the law and one against. All of these rulings allow the Obama administration to continue implementing the law's provisions pending appeals. A final decision is expected in the US Supreme Court some time before 2014. (See "Federal judge rules Obama health care law unconstitutional.")

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact

© World Socialist Web Site