

Illinois Democrats plan massive attacks on Medicaid and state workers

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Illinois Democratic governor Pat Quinn announced in his February 22 budget address that the state will be carrying out deep cuts in Medicaid and human services, prisons, and the state's pension programs. The result of these cuts will be a dramatic increase in social misery for working people and some of the most vulnerable sections of the population.

Medicaid is first on Quinn's agenda of cuts. The health care program for the poor and disabled, jointly run by the federal government and the states, is depended upon by some 2.7 million Illinoisans. According to the governor's plan, Medicaid spending is to be reduced by \$2.7 billion from the current \$15 billion level—a devastating 18 percent cut. The list of specific cutbacks will come from a group of four legislators—two Democrats and two Republicans—empaneled to come up with recommendations.

Illinois has been planning to cut back on Medicaid for some time. According to a *Stateline* report, the state has been trying for more than a year to get the federal government to agree to let it make changes to the program that would restrict the number of people who qualify, even though current law prevents such attempts. On February 7, the state's Department of Healthcare and Family Services issued a letter to the U.S. Department of Health and Human Services announcing it would no longer wait for approval, and would begin requiring applicants to submit additional paperwork proving residency and income.

Quinn has provided a “menu” of possible cuts that the legislative panel might make to Medicaid. Some of the options include eliminating coverage for obesity surgery, a reduction in the number of eyeglasses allowed, and elimination of coverage for dental care and chiropractic

services, as well as for durable medical equipment such as walkers and wheelchairs. Programs for sexual assault victims, hemophiliacs, and refugees who have been the victims of torture are also being targeted. Undocumented immigrant children may be excluded from health care coverage.

In addition to the programs being eyed for outright destruction, the state is also planning on tightening requirements for eligibility for nursing home or at-home help coverage. Payments to hospitals, doctors, and pharmacies would also be reduced by up to 9 percent. This would have a disastrous impact on many hospitals, forcing some to close and others to eliminate emergency rooms. Staff reductions would be an inevitable outcome, contributing to an increase in the state's unemployment rate, which already stands at 9.4 percent.

Health care providers are already burdened by late payments amounting to \$1.9 billion from the state, which has forced many of them to take out loans in order to meet expenses as they wait for the money. Smaller, independent hospitals, as well as hospitals in poor neighborhoods, would be significantly impacted. The CEO of Chicago's Norwegian American Hospital, which derives 75 percent of its revenue from Medicaid, told *Crain's Chicago Business*, “When you are so small, there is not much room for cutting and trimming, and I believe if I need to take a significant cut, I probably, most likely, have to close the hospital.”

Left unsaid in Quinn's address was that the list of “possible” cuts to Medicaid did not amount to the desired sum of \$2.7 billion, meaning either that all of the cuts and more would have to be made, or that some would have to be much deeper than indicated.

Quinn's budget address also announced the opening of an assault on state pensions and health insurance programs for retired public sector workers. With details still being worked out behind closed doors by a legislative pension working group, the expectation is that major cuts will be unveiled on April 17, when they are due to present their recommendations.

Discussion of attacks on workers' pensions has occurred in the context of repeated claims that the state is exposed to an "unfunded liability" in the amount of \$83 billion. Successive legislative sessions have failed to make previously required payments to the state pension funds, essentially forcibly borrowing money from retired workers in order to present a semblance of a balanced budget. Now that the money has come due, the Democrats and Republicans plan to shift the burden back onto the workers.

Quinn stated emphatically in his speech: "I want to repeat: Everything is on the table for our pension working group. Historical funding practices, employer contributions, employee contributions, the retirement age, and the cost of living adjustment."

Two health insurance programs in particular were targeted: the Teachers Retirement Insurance Program and the Community College Insurance Program. By eliminating funding by \$92 million, Quinn's budget would cancel the entire state contribution—one fifth of the total—and would force retired educators to pay higher premiums. Roughly 77,000 educators would be affected.

The cuts planned for Illinois are the local expression of an international process. As in Greece, Spain, and other countries enacting austerity budgets, the bourgeoisie is utilizing the financial crisis in order to drive down the living standards of the population and eliminate all the hard-fought gains won by the working class through decades of struggle.

In an obvious parallel to the official explanations of Greece's current financial predicament, Richard Ciccarone, a local investment manager, commented to *Bloomberg*: "Illinois is a classic case of immediate gratification, of deferring hard decisions for a later day. It wanted the good life now, with lower taxes and good pensions and didn't want to pay for it now."

As in other countries, credit rating agencies are playing a role, as banks use them to demand austerity budgets and threaten them with sharply higher interest rates on government bonds. A Fitch ratings report from January warned Illinois of a credit rating downgrade were there to be a lack of action toward a "comprehensive approach" to the budget situation. Such a downgrade would threaten to push the state closer to bankruptcy as a result of increased borrowing costs.

In Illinois, the interests of finance capital are ably represented by the Democratic Party. Indeed, in his budget address, Quinn justified the need to make massive cuts through an explicit appeal to the reports of the Civic Federation, a think tank whose board of directors includes representatives from practically every major bank, investment firm, major corporation, and business interest in the area. The plans to cut Medicaid and pensions are two of the key recommendations the Civic Federation has been making for several years.

Quinn had the audacity to present the cuts as progressive measures aimed at saving the state from financial disaster and even worse cuts. He proudly displayed his past involvement in measures to cut funding for workers' compensation and unemployment, work rule changes at McCormick Place, and the education bill passed last year that implemented merit pay and gutted tenure. He also boasted that there were 2,200 fewer state employees than when he entered office in 2009.

Not content to let Quinn grab all the credit, the Democratic-controlled Illinois House and Senate both agreed to cut an additional \$227 million from the budget. Despite the Chicago area being home to 18 billionaires, according to *Forbes*, there is no constituency within the ruling establishment for increasing taxes on this social layer.



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