

US states to opt out of Medicaid expansion under health care law

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Governors of more than a dozen of the 50 US states have indicated they may not participate in the expansion of Medicaid under the Obama-backed health care legislation. The expansion of Medicaid under the overhaul has been estimated to account for 17 million of the 30 million to gain insurance under the overhaul beginning in 2014.

The US Supreme Court ruling last week upheld major provisions of the Affordable Care Act, including the “individual mandate” that requires all but the poorest Americans to obtain insurance or pay a penalty. While ruling the expansion of Medicaid constitutional, however, it denied the federal government the authority to enforce it. (See “US Supreme Court upholds Obama’s health care law”)

Under terms of the legislation, Medicaid, the health care program for the poor jointly administered by the federal government and the states, is to be expanded to cover all individuals under the age of 65 with incomes at 133 percent of the poverty level or less. As originally written in the bill, if a state did not implement this expansion the federal government could withhold all of its funding for Medicaid to that state.

The Supreme Court rejected this mechanism, comparing the federal enforcement of the Medicaid expansion to “a gun to the head” of the states. Governors of a number of states have now seized on this part of the ruling to indicate that they will not participate in the expansion and will not accept the federal funds allocated to it. The federal government is to pick up 100 percent of the costs of the expansion from 2014, gradually reduced down to 90 percent beginning in 2020.

In a statement released Sunday night, Republican Florida Governor Rick Scott said, “Florida will opt out of spending approximately \$1.9 billion more taxpayer dollars required to implement a massive entitlement expansion of the Medicaid program.” According to the Kaiser Family Foundation, the expansion would have covered 951,622 Floridians.

To qualify presently for the already bare-bones Medicaid program in Florida, a parent must have income of \$6,478 a year or less; the program does not cover childless adults. About 4 million of the state’s 19 million population—about a fifth—currently have no health care insurance.

Florida hospital operators oppose Scott’s decision, saying the Medicaid expansion would help cut back on the costs of emergency-room care for the uninsured, which they are required by law to provide in some cases. Federal subsidies to pay for this care are also slated for reduction under provisions of the health care law, which anticipated that many of these costs would be covered for those newly insured through the Medicaid expansion.

South Carolina Governor Nikki Haley, also a Republican, has said the state will not participate in the expansion, which had been expected to cover 330,932 people. Taken together, about 1.2 million people in Florida and South Carolina will not have access to Medicaid coverage due to opt-outs by state governments.

In Texas, where one in four people are uninsured, an official said that the Supreme Court’s ruling provided

an opportunity for states to “push back against” the expansion of the Medicaid program. The *New York Times* quotes Thomas M. Suehs, executive commissioner of the state’s health and human services, saying, “Medicaid already consumes a quarter of the state budget in Texas, and enrollment and costs would mushroom under the Affordable Care Act.” Texas officials have previously hinted that the state might drop out of the Medicaid program altogether.

Other states that have indicated they may not participate in the Medicaid expansion include Louisiana, Oklahoma, Alabama, Virginia, Wisconsin, Nebraska, Ohio, South Dakota, Colorado, Pennsylvania and New Jersey. The potential effect of this non-participation in the program could result in a substantial reduction in the number of uninsured getting coverage.

The Supreme Court’s ruling on the Affordable Care Act last Thursday was a reactionary ruling upholding a law that constitutes a sweeping attack on health care for tens of millions working people. The law’s principal aim is not to provide universal health coverage, but to reduce costs for corporations and the government, in large part by rationing care for all but the very rich. (See “The Supreme Court ruling on Obama’s health care overhaul”)

The high court’s ruling stripping the federal government of the power to enforce the expansion of Medicaid has made even this limited provision basically optional for states. As a result, some of the poorest of the currently uninsured may be left without any means of obtaining insurance.

While those with annual incomes at 100 to 133 percent of the poverty level would qualify for subsidies on the insurance “exchanges” set up under the health care law, those below that level might not be eligible, as it had been assumed they would be covered under the Medicaid expansion. Speaking to *Tulsa World*, David Blatt, director of the Oklahoma Policy Institute, described this situation as a “crater-sized ‘coverage hole’ into which adults below the poverty line could fall.”

Following the Supreme Court’s health care ruling,

and emboldened by its boost to states’ rights sentiments, opponents of the legislation have also called on states not to implement the health insurance exchanges required under the legislation. Before beginning their July 4 recess, a group of Congressional Republicans sent a letter to all 50 state governors urging them not to set up the exchanges. The federal government may be responsible for one-third to half of the costs of running these exchanges, beginning in 2014.

South Carolina Governor Haley said Monday that she would not set up an exchange in her state because “states have little meaningful flexibility under the Obama administration’s concept of state-based exchanges.” In Florida, Governor Scott has also publicly stated he will not set up an exchange.



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