

US Supreme Court ruling opens door for states to reject Medicaid expansion

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At a meeting of the National Governors Association over the weekend in Williamsburg, Virginia, US governors debated whether to expand their Medicaid programs under the Patient Protection and Affordable Care Act. A June 28 decision of the US Supreme Court upheld major provisions of the Obama administration-backed legislation, including the “individual mandate” requiring all but the poorest Americans to obtain insurance or pay a penalty.

But while ruling that a proposed expansion of Medicaid under the law was constitutional, in a 7-2 vote the high court struck down the ability of the federal government to enforce it, likening the proposed mechanism to “a gun to the head” and “economic dragooning” of the states. The legislation includes a provision that would have allowed the federal government to withhold all Medicaid funding for a state that refused to participate in the expansion of the health care program for the poor.

Seizing on the ruling of the Supreme Court, Republican governors of at least six states have openly stated they will not participate in the expansion. At least another 26 governors, including both Republicans and Democrats, have indicated they are undecided, according to interviews and public statements. By opting out of the expansion, states are poised to turn down potentially hundreds of billions of dollars in federal Medicaid funding, denying even this barebones coverage for millions of people who are presently uninsured.

As the health care law was written, beginning in 2014 the Medicaid program—which is jointly funded and administered by the federal government and the states—would be expanded to cover everyone under age 65 with incomes up to 133 percent of the poverty line. As originally envisioned, this expansion would account

for 17 million of the 30 million to gain insurance under the health care overhaul.

The federal government would pay for 100 percent of this expansion initially, gradually reduced down to 90 percent beginning in 2020. According to the Center on Budget and Policy Priorities, the federal government would pay an estimated \$931 billion through 2022, leaving the states to pay \$73 billion.

By opting out of the program, states could eventually leave millions of poor Americans without any health care coverage at all, because they would be ineligible for Medicaid and would also not qualify for the subsidies to be given to those with moderately higher incomes to buy private coverage on the insurance “exchanges.”

Those governors and other politicians who advocate opting out of the expansion and rejecting states’ share of the federal money claim that the federal government cannot be trusted to come up with its share of the funds for the Medicaid expansion, and that the smaller share to be paid by the states is too much given state budget crises. Some of their statements make clear, however, that they see the Supreme Court decision as providing an opportunity to take aim at Medicaid in its entirety as well as other social programs.

Louisiana Governor Bobby Jindal, a Republican, told Fox News Channel earlier this month that Obama “needs to understand what makes this country great in part is that we’re not dependent on government programs.” He added, “It seems to me like the president measures success by how many people are on food-stamp rolls and government-run health care. That’s not the American Dream.”

Speaking on ABC’s “This Week” on Sunday, Republican strategist Rich Galen, who served as press secretary for former House Speaker Newt Gingrich,

alluded to the austerity programs being implemented in countries across Europe and the need to deepen the cuts being made in the US. “If you keep expanding unemployment insurance and expanding Medicaid and expanding food stamps,” he said, “then sooner or later the money runs out and you become Greece or Spain or Italy.”

Some Republican governors have indicated they will reserve decision on the expansion until after the November presidential election. If Republican contender Mitt Romney wins, and Republicans take control of the Senate, they hope the entire health care overhaul will be repealed.

In the event Barack Obama is reelected, they are strategizing on other ways to stop any expansion of Medicaid and to make the program more “flexible.” Speaking to the *Washington Post*, health care consultant and former insurance executive Robert Laszewski predicted that governors might request permission from the Obama administration to privatize parts of their Medicaid programs, lower the eligibility threshold to 100 percent of the poverty level, or request the federal contribution to Medicaid be provided as a block grant with no stipulation on how the funds are spent.

Republican Governor Rick Scott has stated that Florida will reject federal funds that would have expanded Medicaid to more than 950,000 state residents. Presently, about 4 million of the state’s 19 million population have no health insurance. South Carolina Governor Nikki Haley, also a Republican, has said the state will not participate in the Medicaid expansion, which would have provided an estimated 330,932 people with access to the program.

In Texas, where Republican Governor Rick Perry has indicated he will opt out, as many as 2 million people had been expected to be covered by the Medicaid expansion. In addition to the governors of Louisiana, Florida and Texas, others considering an opt-out include the governors of Oklahoma, Alabama, Virginia, Wisconsin, Nebraska, Ohio, South Dakota, Colorado and Pennsylvania.

At this past weekend’s meeting of governors, three Democrats—John Hicklenlooper of Colorado, Jay Nixon of Missouri and Steve Beshear of Kentucky—said in interviews that they were still considering whether or not they would participate in the expansion of

Medicaid.

The Supreme Court’s ruling on the Medicaid expansion has brought into focus the overall reactionary nature of its ruling on the health care bill. It upholds a law that has nothing in common with providing universal health care, but is aimed at reducing costs for corporations and the government while boosting the profits for the private insurers by providing them with millions of cash-paying customers.

By stripping the federal government of the power to enforce the expansion of Medicaid, the high court has rendered even this limited provision for providing increased coverage basically optional for the states. State governments are now also emboldened to take aim at Medicaid itself, and dump more beneficiaries of the program from its rolls.

Obama administration officials are not panicking over the governors’ threats to opt out of the Medicaid expansion, and contend that the federal money will prove too big a lure for state governments to reject. “It is the most generous federal match in the history of Medicaid,” White House Chief of Staff Jacob J. Lew said Sunday on “This Week.” It is a testament to the thoroughly rightwing nature of the entire health care legislation that a move by governors that threatens to halve the number of people to be insured is being approached in such a lackadaisical manner.



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