

Pennsylvania governor seeks to cut Medicaid benefits

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1 November 2013

Pennsylvania Governor Tom Corbett's plan for so-called Medicaid expansion being submitted for the approval of the Obama administration includes the introduction of a number of cuts. Limiting the number of benefit plans available, implementing monthly premiums and instituting a work search requirement are some of the ways that Corbett is seeking to implement reductions in Medicaid benefits.

The proposal was announced by the governor to overhaul how Medicaid funds are dispensed in the state. At the heart of the proposal is that Pennsylvania will no longer directly provide Medicaid benefits to recipients. Instead, Medicaid funds will be used to provide a stipend to those who qualify to buy health insurance coverage on the new federal health care exchanges that has been set up as part of the Obama administration's Affordable Care Act (ACA).

Since Medicaid recipients are intrinsically already living in poverty, they will be under enormous economic pressure to purchase the least expensive plans providing the worst benefits. At first, recipients will be required to pay a \$25 a month copayment but as premiums go up, so will the copayments.

The proposal also requires those on Medicaid to prove that they are either working, looking for work, or participating in an officially-approved job training program. This requirement is specifically designed to cut recipients off the Medicaid rolls.

In the past two years, the Corbett administration has cut over 100,000 people from Medicaid by introducing a requirement to provide proof of income, and implementing other asset testing for eligibility. Studies have shown that most of those cut from the program, still qualify, but either they, or their already overworked caseworkers, were not able to provide the needed documentation.

The work requirement will be just another hurdle placed in the path of low-income people from receiving vital health care. The Corbett administration has been outspoken in its opposition to health insurance for low-income people. Its first act upon taking office in 2011 was to end Pennsylvania's adultBasic health insurance which provided health insurance to 45,000 low-wage workers who would otherwise not qualify for Medicaid.

For its part, the Obama administration is preparing to accept the governor's proposal. Fabien Levy, a spokesman for the federal Department of Health and Human Services announced that the Obama Administration is "encouraged by Pennsylvania's commitment to helping cover more of the state's uninsured population," adding, "as we have done with other states, we are eager to work with Pennsylvania to provide the best options that work for Pennsylvanians." Despite speculation in various media that Obama wouldn't accept the work search requirement, the administration has made no public statement to that effect.

The plan to use Medicaid funds to purchase private insurance is modeled on similar proposals in Iowa and Arkansas, but Pennsylvania is the first state to add the work requirement as a condition to receive health care.

Nationally, nearly 5 million adults living below the poverty line and 300,000 in Pennsylvania, will not receive any health insurance through either Medicaid or the Affordable Care Act. Another 165,000 adults with incomes above the official poverty line but below 133 percent of their poverty line will have to buy insurance on the exchange or face a penalty.

Currently, Medicaid provides limited health insurance to those living in poverty. There is no national standard for Medicaid, but in general, eligibility is limited to children and the parents of children living below the

official poverty level. In Pennsylvania, the cutoff is an annual income of less than \$7,500—just 38 percent of the official poverty level. Non-elderly adults without children are not eligible for Medicaid no matter how low their income.

Other states have lower cutoffs. Alabama is just \$3,221 and Texas \$3,737. Nationally, the cutoff is around 50 percent of the poverty level or less than \$10,000 for a family of three.

Under the ACA, states are allowed to expand Medicaid coverage to those earning up to 133 percent of the poverty level, including adults without children. For a single individual that is an annual income of \$15,282.

The law continues to discriminate against immigrant workers and families who will not be eligible for Medicaid until they can prove that they have lived in the country for 6 years .

For the first three years, the federal government would pay 100 percent of the additional costs and 90 percent for the remaining 7 years.

In June 2012, the US Supreme Court ruled that states are not required to accept this expansion of Medicaid funding and to date 25 states have rejected it. As a result, millions of low-income workers and those living close to the poverty line will not be able to receive benefits.

Since the Supreme Court ruling, the Obama administration did not update the ACA law, so low-income workers are still required to buy health insurance but will not receive any subsidies to do so.

Blue Cross Blue Shield (BCBS) is also dropping tens of thousands of people who bought insurance under the so-called “guaranteed issue” statutes—a special class of coverage available to everyone regardless of pre-existing medical conditions.

As a technically non-profit insurer, BCBS had been mandated by the state to be the insurer of last resort for people who otherwise would not be able to buy insurance. These policies are usually very expensive.

In a form of twisted logic, the company claims that since all insurers will no longer be allowed to turn people away for pre-existing conditions, they are no longer mandated to provide the insurance to everyone.

“My insurance runs out on January 1,” explained a young woman who works as a contractor developing curricula for schools. “I pay \$250.00 a month now for

insurance. The cheapest policy I have been able to find is over \$500 a month. I can’t afford that.”

BCBS is canceling 40,000 policies in central and western Pennsylvania alone.



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