

Millions in US fall into Medicaid gap

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A slew of US states have not expanded Medicaid coverage for the poor under the Affordable Care Act (ACA). This is pushing low-income workers and the poor to fall into the “Medicaid gap,” where they do not make enough to purchase subsidized (tax credit) insurance on the health care exchanges, but earn too much to qualify for Medicaid. These people have very limited options for health care and will probably remain uninsured, according to a report by The Henry J. Kaiser Family Foundation.

The US Supreme Court ruled the ACA, popularly known as Obamacare, constitutional, but left the decision whether or not to expand Medicaid up to the states. Nineteen states, generally located in the Deep South and Midwest, have opted out of the Medicaid expansion and most plan on keeping it this way. Five other states are on the fence: Pennsylvania, Virginia, Indiana, Utah and Missouri. Most of these states have Republican governors who oppose Obamacare. New Hampshire recently passed the expansion, effective July 2014.

The failure to expand Medicaid has resulted in some 5 million poor adults who have no health care coverage. In those states not moving forward, the median eligibility for adults to receive Medicaid is just 46 percent of poverty, roughly \$9,000 a year for a family of three.

Over a fifth of people in the coverage gap reside in Texas, a state with an extremely large uninsured population and very limited Medicaid eligibility. A childless non-disabled adult in Texas is ineligible for Medicaid, and a parent with two children can receive Medicaid only if he or she makes less than a derisory \$3,737 a year. At 16 percent, Florida has the second highest percentage of people falling into the Medicaid gap. This is followed by Georgia, with 9 percent; North Carolina, 7 percent; and Pennsylvania, 6 percent. Nationwide, 86 percent of poor uninsured adults in

states not expanding are ineligible for Medicaid.

Raquel Vargas, a Healthcare.gov application counselor at Nuestra Clinica Del Valle, a nonprofit medical clinic in Texas, routinely explains to applicants that they fall into the coverage gap. “Those people are caught in between,” she told CNN.

“They’re just going to stay the same. Nothing they can do.” Raquel said that in late March more than half of the people who entered the clinic fell into this gap.

In 2012, the US Supreme Court ruled that states could not be mandated to expand Medicaid coverage. As written, the ACA would have increased the eligibility for Medicaid up to 138 percent of the poverty level. The Obama administration and the Democrats in Congress have made no further provisions to provide coverage for the large group of people who have now fallen through the cracks in the states not expanding Medicaid. Some states have devised patchwork alternatives.

Indiana, led by Republican Governor Mike Pence, revealed a plan on May 15 called Healthy Indiana Plan (HIP). Instituted initially in 2008 and dubbed as the nation’s first consumer-directed health care plan for low-income adults, HIP has been sent to the federal government for approval. HIP does not cover almost 500,000 poor Indianans, and requires recipients under the poverty line to pay the first \$1,100 of health care costs.

Likewise, Pennsylvania has sent a proposal to the federal government for approval. Governor Tom Corbett, a Republican, submitted an alternative plan entitled “Healthy PA”, in which the state would receive the federal money put aside for Medicaid, but would be exempt from many of the requirements governing the federal health care program for the poor. Corbett’s plan would end Medicaid as an entitlement program and, like the Affordable Care Act, would purchase insurance from for-profit corporations. In addition, the plan

would cut benefits and ration care for recipients, increase out-of-pocket costs, and institute a job-search requirement. The state is still waiting on federal approval.

The Democratic governor of Missouri, Jay Nixon, has hinted at expanding Medicaid, but the state General Assembly did not include funds for it in the 2013 budget. Legislation for Medicaid expansion will not be discussed until the 2014 session.

Utah Governor Gary Herbert, a Republican, has concocted two plans in which private insurance companies would play a dominant role. One would use ACA expansion funds to aid eligible low-income people in purchasing private coverage, while the other plan would subsidize private coverage for those eligible.

While Virginia's former Republican governor, Bob McDonnell, refused to expand Medicaid, newly elected Governor Terry McAuliffe wants to move forward with the expansion but faces stiff opposition from state legislators.

CNN interviewed some of the people who have fallen into the coverage gap in Texas. Ann Covacevich, a 57-year-old home care provider living in Hidalgo County—where less than half of non-senior adults had health insurance in 2012—made \$8,000 last year. “If Obama did this market so we can get affordable insurance, why are we still having a lot of problems? What’s going on?”

Broken-armed 55-year-old Raquel Calderon falls just under the poverty line and lacks insurance. She has to spend a sizable portion of her income on out-of-pocket health care expenses. “I consider myself healthy,” she said, “except for the fall.” Similarly Jose Canchola, 50, a laborer in the onion fields, said he cannot afford insurance, but “I know that I need to see a doctor.”

Most of these uninsured will visit nonprofit medical clinics for health care when funds are available, but sometimes it is easier and more affordable to travel across the border to Mexico. Danny Ordaz said he and his eight-year-old twin boys have never had health insurance. When his kids are sick, he drives to Reynosa, Mexico. “It’s cheaper,” he told CNN.

Traveling to Mexico for health care has become a regular occurrence, with hospitals just south of the border advertising medical treatment on the Internet. At a cost of about \$160, a basic checkup includes a urine

analysis, blood work and chest x-rays.

It is becoming increasingly clear that the Obama administration’s signature domestic policy is restructuring health care on a class basis. Those with the most wealth are guaranteed the best treatment, while the working class and low-income workers are paying more and more on premiums and out-of-pocket expenses, if they can acquire health insurance at all. The Medicaid gap is one of the most telling illustrations of Obamacare’s impact on the poorest Americans.



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