

Obama administration approves Pennsylvania plan to privatize and eliminate Medicaid as an entitlement

Douglas Lyons
4 September 2014

The Obama administration has given final approval to a Pennsylvania plan that essentially privatizes Medicaid and abolishes the program as an entitlement.

Pennsylvania Republican Governor Tom Corbett's Healthy PA plan is an alternative to the Affordable Care Act's Medicaid expansion. The state and the Obama administration had negotiated for months over Corbett's proposal, which will begin December 1 and will be called Healthy PA Private Coverage Option.

Corbett said, in a prepared statement: "From the beginning, I said we needed a plan that was created in Pennsylvania, for Pennsylvania, a plan that would allow us to reform a financially unsustainable Medicaid program and increase access to health care for eligible individuals through the private market."

The federal government similarly praised the plan, saying, "Like we are doing in Pennsylvania, [the US Department of Health and Human Services] and CMS [Centers for Medicare and Medicaid Services] are committed to supporting state flexibility and working with states on innovative solutions that work within the confines of the law to expand Medicaid to low-income individuals."

In fact, the plan seeks to undermine and restrict health care coverage.

Corbett created the plan after the 2012 US Supreme Court ruling that allowed states to opt out of the Medicaid expansion provision of the Affordable Care Act. Nearly 600,000 Pennsylvanians fall into what is called the Medicaid gap. Their incomes are too high for traditional Medicaid, but too low to get subsidized health insurance on Obama's private marketplace. In Pennsylvania, people had to earn below 130 percent of the poverty level and have dependent children or be over 65 to qualify for Medicaid.

The Obama administration and the Democrats in Congress made no further provisions to provide coverage for this large group of people, even though Obama claimed the health care law would provide affordable health care for all.

Corbett's Private Coverage Option further undermines health care for Medicaid recipients by privatizing, instituting premiums and eliminating care. It will start enrolling low-income workers as early as January 1, enabling about 600,000 people to access subsidized private health care.

Nationally, this plan is similar to others approved in Arkansas and Iowa, but Pennsylvania's goes much further in privatizing Medicaid, setting a precedent for other states to follow.

Some of the most reactionary measures of Corbett's plan have been approved by the Obama administration. The existing 14 Medicaid plans will be reduced to only two plans, a high-risk and low-risk one, cutting some off from plans that are suitable for their health care needs while allowing the state to dictate who is considered high-risk or low-risk.

According to the plan, people with disabilities, seniors, and pregnant women are deemed high-risk, while everybody else will be designated low-risk. It is unclear what kind of disabilities, by definition, consign people to the high-risk category. Will chronic illnesses be considered a disability? If not, will the low-risk plan provide adequate care or will the illness have to insidiously spread to be deemed high-risk?

Starting in 2016, for people who earn above 200 percent of the poverty level, premiums will have to be paid in order to have and keep private insurance, giving Pennsylvania the dubious distinction of having the highest premiums for Medicaid enrollees in the country.

Premiums are supposed to not exceed 2 percent of income. Failure to pay premiums on time, however, will result in the loss of coverage until they are paid in full, effectively eliminating Medicaid as an entitlement program.

Moreover, reduction of health services has been approved. For instance, caps on lab fees and radiology services such as MRIs, CAT scans and x-rays will take effect, and coverage for chiropractic services and podiatry and optometry visits will be terminated. The plan tries to eliminate emergency room visits by forcing an \$8 co-payment for unauthorized use.

The plan had originally instituted a job-search requirement to be eligible for the program, but that was scrapped and replaced with an incentive plan that could reduce the cost of premiums. The unemployed will be assigned a job coach. This tactic may coerce some workers into taking a lower-paid job or a job they dislike, solely so the state can shift them onto the private market to save money.

Some advocates have voiced their opposition to the government approval and the plan itself. Community Legal Services of Philadelphia said that research has shown that “premiums for low-income people result in loss of coverage, unmet health care needs, and adverse health outcomes.” In fact, some people will have to decide to either to put food on the table or pay the premium to have health care.

Another issue is that Pennsylvania is notorious for denying people Medicaid due to red tape, with this number currently at over 100,000 people. Tens of thousands of future enrollees will suffer this same fate as they apply for the managed-care plans offered by private insurance companies.

One in six Pennsylvanians, or over 2 million people, receive Medicaid, costing about 27 percent of the entire general fund budget for the Commonwealth. State administration officials say that their brutal cuts will save \$4.5 billion over the next eight years. Meanwhile, the state government is also proposing ways to eliminate state pensions, in a further transfer of wealth from the working class to the plutocratic elite.



To contact the WSWs and the
Socialist Equality Party visit:

[wsws.org/contact](https://www.wsws.org/contact)