

Loss of temporary Medicaid subsidies: Another Obamacare blow to US working poor

Thomas Gaist
30 December 2014

A study published this month by the Urban Institute, “Reversing the Medicaid Fee Bump: How Much Could Medicaid Physician Fees for Primary Care Fall in 2015?,” found that the expiration of Affordable Care Act (ACA) mandated federal support for state-based Medicaid programs, also known as the “fee bump,” will lead to drastic reductions in the availability of health services for people enrolled in Medicaid.

The federally funded expansion of state-level Medicaid programs was presented by the Obama administration as one of the main supposed benefits of the ACA. Under the ACA, the federal government temporarily allocated funds to bolster the fees received by doctors treating Medicaid patients, providing an incentive for more doctors to accept working class and poor patients.

With the termination of these funds, many doctors participating in Medicaid will see their payments fall by some 50 percent, the authors of the Urban Institute study argue. Overall, the termination of the fee bump will produce an average 42.8 percent reduction in payments for primary care doctors participating in Medicaid.

Doctors practicing in Rhode Island, California, New York, New Jersey, Florida, Pennsylvania, and Illinois face a more than 50 percent reduction in fees for serving their Medicaid patients, the study found.

The end of the fee bump will have the effect of “nearly cutting in half current fee-for-service Medicaid reimbursement for many of the primary care services provided by eligible physicians,” the authors wrote.

The withdrawal of federal money will greatly reduce health care availability for the working poor as increasing numbers of doctors—perhaps by as many as 40 percent in some areas—stop accepting Medicaid patients, the authors state. Medicaid patients seeking

primary care or making regular visits to the doctor will face especially large increases in their medical costs, the authors concluded.

“Research has demonstrated a correlation between lower payment rates and fewer physicians accepting new Medicaid patients,” the authors noted.

The majority of states will end the subsidized fees for Medicaid providers once the federal funds stop flowing on January 1, 2015, the study concluded. Only 15 states will extend the fee bump, and will do so by redirecting state funds previously allocated for other purposes.

The cutback in federal money comes even as Medicaid enrollment is growing rapidly. Some 70 million Americans now rely on Medicaid, with 10 million new enrollees added in the past 15 months alone. “The population enrolled in Medicaid is surging,” Dr. David Fleming told the *New York Times*.

Since taking office, the Obama administration has orchestrated bipartisan legislative moves to slash tens of billions of dollars from the Medicaid and Medicare programs, in a frontal assault on the rapidly growing numbers of people enrolled in the public health programs.

Already in 2009, President Obama was telling the American Medical Association (AMA) that Medicaid and Medicare are “unsustainable” and “represent a ticking tomb-bomb for the federal budget.” In 2011 alone, the federal government reduced its contributions to Medicaid from 67 percent to 57 percent of the program’s total budget.

In tandem with the Obama administration, state governments are preparing legislative packages that include outright privatization of state-run Medicaid offices.

In the fall of 2014, the Obama administration approved Pennsylvania Republican governor Tom

Corbett's Healthy PA plan, which effectively privatizes the state's Medicaid programs. The program, which provides an advanced template for the privatization of publicly funded health care nationwide, will seek to enroll some 600,000 Pennsylvania residents whose incomes are too high to be eligible for Medicaid but too low to afford private coverage—those in the “Medicaid gap”—in subsidized private health coverage plans offered by the state's Medicaid agencies.

Medicaid will thereby cease to be run as a public entitlement program in Pennsylvania, with enrollees losing coverage immediately should they fail to pay their premiums. The Healthy PA plans will be increasingly stripped down to the bare bones, as measures to end coverage for optometry and podiatry, as well as new restrictions of CAT scans and MRIs, have already made clear. Similar privatization plans are moving forward in other states, including Arkansas and Iowa.

The latest developments make painfully clear that the “Medicaid expansion” component of the ACA legislation involved a massive fraud, a “bait and switch,” as one doctor described the Medicaid expansion in recent comments to the *Times* .

As the *World Socialist Web Site* warned its readers well in advance, all of the apparently beneficial aspects of the ACA have been rigged to expire after an initial honeymoon period, leaving only the most reactionary components of the “reform” law in place.

From the beginning, the purpose of the ACA and other measures spearheaded by the administration has been to restructure the US health care system in the interests of the insurance corporations and the very wealthy, while depriving millions of workers of access to decent health care.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact