Trump administration's CMS head leads assault on Medicaid

Kate Randall
28 October 2017

The Trump administration's attempts at health care "reform" have stalled in Washington, with numerous attempts to "repeal and replace" the Affordable Care Act failing to pass the Republican-controlled Congress. However, this has not stopped the president and one of his top health care leaders from prosecuting a campaign to implement sweeping changes to Medicaid, the government health insurance program for the poor, disabled and seniors that covers nearly 75 million people.

Seema Verma, director of the federal Centers for Medicare and Medicaid Services (CMS), is campaigning to give states an "unprecedented level of flexibility" to design their Medicaid programs, reducing barriers for state requests for waivers from federal rules that protect access to benefits and preserve quality standards. The aim is to dismantle the $1 trillion Medicaid program as a guaranteed benefit based on need, first by imposing work requirements, obligatory premiums and other measures, with the ultimate goal of block granting and privatizing the program.

"We want to get to the point where we are making the whole waiver process easier," Verma said at the Cleveland Clinic's recent annual medical innovation summit. "We're not going to tell the states what their priorities are. They are going to come and tell us what their priorities are," she said. Under the guise of state "freedom," states would have the power to strip eligible Medicare enrollees of coverage.

The political underpinning of Verma's vision is that the expansion of Medicaid under the program commonly known as Obamacare has extended coverage to millions of low-income Americans who should not be getting government-sponsored health insurance. With the age-old argument that "able-bodied" people are becoming "dependent on public assistance," Verma says that the aim of the Trump administration is to shift increasing numbers of Medicaid recipients to the private insurance market.

In Cleveland, however, Verma made clear that such moves are not aimed at unburdening the states of federal bureaucracy, but at cutting costs for the government—resulting in decreased Medicaid enrollment and pared-down services. "We've seen these programs grow and grow and grow," she said. "We want to make sure we have a stable program over the long term and make sure that there's some type of a growth rate that we can all agree to." The CMS is urging Congress to put Medicaid on an austerity budget.

Verma has been viewed as a top contender to head the Department of Health and Human Services (HHS) following the resignation of Tom Price in September after revelations that he had been flying private planes to events at a cost to taxpayers of hundreds of thousands of dollars.

Verma made her name as a former health policy consultant under then-Indiana governor, Republican Mike Pence, crafting that state's conservative health care plan. Verma first came to Indiana in the mid-1990s to work for the Marion County Health and Hospital Corporation.

Raised in a Democratic household, she eventually adopted regressive and free-market views on health policy. Mitch Roob, former CEO of the Marion County organization, told governing.com, "Over time in her health work she realized that a conservative ideology was the only one that'll win the day." Marion County, which includes Indianapolis, launched the Wishard Advantage program in 1997 to tackle the high levels of uninsured in the county.

Wishard Advantage subsidized health care for 40,000 uninsured or underinsured residents with incomes up to 200 percent of the poverty line, in which those who qualified paid for care via a tiered system based on income. Unemployed enrollees had to show proof they had a working adult helping them pay bills. The program

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was phased out when Obamacare went into effect in 2014.

In 2001, Verma launched a private health policy consulting firm called SVA Inc. She took the lead in drawing up the Healthy Indiana Plan, the state's version of Medicaid, under Republican Governor Mitch Daniels.

The program began enrolling residents on January 1, 2008. While adults with incomes up to 200 percent of the federal poverty level could be covered for preventive care visits, they had to contribute up to 5 percent of their monthly income into so-called POWER accounts to help offset a $1,100 deductible. More importantly, if they missed a payment, they lost coverage and were ineligible for reenrollment for 12 months.

When the ACA became law, Daniel's successor Mike Pence expanded Medicaid, but wanted to include the conservative, market-driven elements of Healthy Indiana. After two years of negotiations, with Verma taking the lead, the Obama administration approved Healthy Indiana Plan 2.0 in January 2015. The new plan retained the POWER accounts, but the lock-out period for failure to pay into them was reduced to six months instead of a year.

To look to the future of Medicaid envisioned by the current CMS head, one needs to examine Healthy Indiana Plan 2.0 as it currently operates. Although Verma rails against federal bureaucracy, critics of the Indiana plan say its complicated rules have forced some of those who should qualify to lose coverage and prevented others from either maximizing their benefits or even signing up.

Dr. Rob Stone, a palliative care physician and founder of Hoosiers for a Commonsense Health plan, told STAT, "It is a far inferior program to traditional Medicaid. It puts all these barriers up for people who are the most vulnerable. It's got a lot of bureaucracy associated with it."

In addition to requiring income-based contributions to a savings account, with the threat of a cutoff of six months of benefits for failure to pay, there is a penalty for using the emergency room for what the program deems "non-emergencies." Again, the aim is to teach "personal responsibility" to many who are struggling to provide health care for their families despite working a full-time job.

Verma is encouraging states to apply for broad waivers for their Medicaid programs. Eighteen states currently have waivers pending with CMS. Six of these want to impose work requirements; Wisconsin wants to implement drug testing. One of the most egregious requests is from Maine, which wants to require upfront asset tests. These would screen applicants' cash savings and property values in addition to their incomes, something which is prohibited under the ACA. This means workers either would not qualify for benefits, or would have to divest their assets in order to obtain health coverage for their families.

The Trump administration still hopes to see legislation pass in Congress that would convert Medicaid funding to block grants or per-capita payments to states to use as they see fit. A full repeal of the ACA without a replacement would likely result in the elimination of Medicaid expansion across the country, which has provided insurance to about 11 million people. The aim is to push those in the Medicaid expansion into the private market, and to ultimately dismantle Medicaid as a guaranteed program based on need.

While Obamacare expanded Medicaid coverage to the uninsured for those with incomes up to 138 percent of the federal poverty level, the basis of the ACA is the private insurance market. Its individual mandate requires individuals without insurance from a government program or through their employer to purchase coverage from a private insurer or pay a tax penalty. In an effort to undermine the ACA, the Trump administration has not strictly enforced these fines.

The expansion of Medicaid under Obamacare has been combined with the slashing of funds for Medicare, the government insurance program for the elderly and disabled. While the Trump administration and congressional Democrats have tactical differences on how health care in America should be "reformed," they are in agreement that the cost of providing it must be slashed and that the health of ordinary Americans should be subordinated to corporate profit.

In this they stand on the side of the multibillion-dollar insurers, pharmaceuticals and giant health care chains, at the expense of the health and life expectancy of workers and their families. Verma and government officials like her are leading this reactionary charge.

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