

Trump administration announces major attack on Medicaid, capping benefits

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On Thursday, the Trump administration unveiled a change in the Medicaid program that will potentially slash benefits for millions of recipients, while opening the door for a broader assault on other entitlement programs, including Social Security and Medicare. The announcement received little attention in Washington, which is fixated on the Trump impeachment trial in the Senate.

Medicaid, a health program jointly administered by the federal government and the states, currently covers one in five Americans. There are currently 72.4 million individuals enrolled in Medicaid or the Children's Health Insurance Program (CHIP). The Trump proposal would allow states to cap Medicaid spending for poor adults without children, many of whom gained coverage through the expansion of the program under the Affordable Care Act (ACA).

This dramatic change would allow states to convert a portion of Medicaid funding into block grants, received in one lump sum or on a per-enrollee basis, thus capping funding. It would incentivize states to cut Medicaid spending by allowing them to recoup the unspent portion of the block grants to be used as they please. To reduce spending, states would be granted flexibility in imposing co-payments and cutting benefits and services.

The "Healthy Adult Opportunity" initiative, as it is known, would be sanctioned only for adult beneficiaries younger than 65 who are not eligible for Medicaid due to pregnancy, a disability or a need for long-term care. However, states could also decide to include certain pregnant women or adults with children because their coverage is not mandated by federal law. The switch to the new model would be optional, and states would have to seek authority from the federal government to implement its features.

Medicaid was expanded under the ACA in 2014 to cover all US citizens and legal residents with income up to 133 percent of the poverty line, including adults without dependent children. Thirty-six states have so far expanded Medicaid to cover these poor adults, increasing Medicaid enrollment by 13.1 million.

The federal government covered the full cost of the expansion in 2014, reducing the federal government's share yearly by increments down to 90 percent of coverage beginning in 2020 and for all subsequent years. By contrast, the federal government generally pays between 50 and 77 percent of a state's total Medicaid costs, depending on the state's resources. Trump's new policy openly takes aim at the funding for Medicaid expansion by attacking coverage and benefits for those who have gained coverage.

Seema Verma, the administrator of the federal Centers for Medicare and Medicaid Services (CMS), has long lobbied for "transforming" Medicaid. In January 2018, she led the push to allow states to require Medicaid recipients to work or get job training. As of 2019, 15 states had either received or were waiting for CMS authorization to impose the work requirements.

Before the work requirements were challenged in court, thousands had been thrown off the rolls, including nearly 18,000 in Arkansas, the first state to institute the requirements. According to the Kaiser Family Foundation (KFF), if work requirements were imposed nationwide, between 1.4 million and 4 million people could lose their Medicaid coverage. The Trump administration is currently fighting numerous court battles over the work requirements.

In a call with reporters, Verma said that those Medicaid enrollees gaining coverage through the program's expansion under the ACA include adults who may be healthy and with adequate income to cover

expenses. She said that Medicaid “was not originally designed for this group” and that many states had been “far too lax” in verifying whether people were even eligible for benefits. The CMS administrator said her motivation for the policy change was the government’s “solemn responsibility to provide for the most vulnerable among us.”

A Medicaid recipient currently cannot be charged premiums or out-of-pocket costs that exceed 5 percent of household income. However, the new policies would remove other restrictions on copays, opening the way for their more widespread use and for increasing costs. These changes would disproportionately affect those with the most serious health conditions.

States could also request to eliminate other Medicaid benefits, including non-emergency medical transportation and screenings for 19- and 20-year-olds for a comprehensive series of tests known as the Early and Periodic Screening, Diagnostic and Treatment benefit.

Under current regulations, Medicaid covers all federally approved prescription drugs. Under the new guidelines, a state could ask that it be allowed to cover just one drug per class for most conditions. This is similar to the requirements for private insurance coverage offered in the ACA marketplaces. Access to drugs would be restricted for a range of serious illnesses, including cancer.

The move to follow the ACA marketplace’s guidelines on private insurance coverage is confirmation that the program known as Obamacare was not an advance, but regressive legislation aimed at reducing health care costs and rationing care. The Trump administration’s adoption of its standards is proof of this.

The White House’s new proposals take advantage of the fact that about two-thirds of Medicaid participants are currently enrolled in private managed-care firms. The policy would reduce federal oversight of how these companies operate, and states would be able to choose if they want to follow federal rules ensuring that health plans provide reasonable access to a sufficient number of in-network doctors and hospitals.

This assault on Medicaid is the latest volley in the Trump administration’s war on entitlement programs. After having failed in its efforts to repeal and replace Obamacare in 2017, the White House is seeking to

make inroads into the Medicaid program as the first step toward eliminating the social programs signed into law by President Roosevelt in 1935 and Lyndon Johnson in 1965—Social Security and Medicaid.

The Democratic Party offers no alternative to this attack. The calls for “Medicare for All” by Democratic presidential candidates Senators Bernie Sanders and Elizabeth Warren are a fraud. They know that they will not be voted into law, and that the health care industry will not voluntarily relinquish its grip on the delivery of medical care.

A response to the crisis in health care requires a genuine struggle for socialized medicine, which places the social right to health care in the hands of a workers government, which puts human need above the profits of the private health insurers, pharmaceutical corporations and health care chains.



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