

# Leavitt Takes Over HHS; Medicaid in Jeopardy

by Mary Jane Freeman

The potential for deep slashing of the Medicaid program increased with the approval of Mike Leavitt as George W. Bush's new Secretary for Health and Human Services (HHS). As the President threatens the Social Security Trust Fund, so too is he sharpening his budget axe to gouge the state-Federal entitlement program which provides healthcare coverage for 52 million poor and disabled Americans. Desperate for pots of loot to bail out his war and tax cut-driven deficits, Bush has signaled his Fiscal 2006 budget will include major funding cuts in Medicaid. The state government partners, most juggling huge deficits themselves, cannot support these cuts, since they will shift a greater financial burden onto their fragile budgets.

Already in this Fiscal 2005 budget year, to gouge savings for state budgets, nearly 600,000 Tennesseans have been terminated from that state's Medicaid program, called Tenn-Care, while Mississippi is soon to drop 65,000 enrollees from its program. New York's Governor George Pataki plans to slice a billion dollars-plus from his state's program, as Gov. Ed Rendell looks to close a billion dollar budget gap by shaving Pennsylvania's. So, too, has California's terminator Gov. Arnold Schwarzenegger announced he'll slash Medi-Cal.

The Medicaid battle is being falsely shaped as a conflict between reducing state, or Federal budget deficits. At stake are the health, well-being, and lives of 52 million Americans. With the stroke of legislative pens, their lives are threatened. Neither Federal nor state actors, including most Medicaid defenders, are facing the real issue: Either launch a U.S. economic recovery, or hundreds of thousands will die for lack of healthcare. No budget maneuvers will halt the impoverishment of American families, or the collapse of business and industry pushing employers to cut health insurance and leave their employees to Medicaid.

## Resistance Meets Leavitt

Mike Leavitt, Environmental Protection Agency head in Bush's first Administration and governor of Utah before that, won unanimous approval from the Senate Finance Committee on Jan. 25, and was confirmed Jan. 26 by the Senate. He is a proponent of "greater flexibility" for states to control Medicaid dollars. The Bush Administration buzz-word "flexibility" is a double-edged sword, once wielded by Leavitt himself in Utah.

As Governor, Leavitt used a Federal Medicaid waiver, today known as a 1115 Waiver, which enabled him to provide health coverage to growing Medicaid rolls. But no additional Federal funds were given Utah, so benefits to recipients were cut to accomplish the expansion. During his confirmation hearings before the Committee, while touting the added coverage, he conceded, "Granted it wasn't the same coverage as Medicaid." In fact, prescriptions were limited and hospital care and mental health coverage cut. Each time he was asked by Republican and Democratic Senators whether he opposed putting caps on Medicaid funding, Leavitt dodged, and repeated a mantra: "Greater flexibility" is required; "mandatory programs must remain mandatory, and optional coverage and groups remain optional." The mandatory/optional issue means keeping some basic Medicaid programs, while expanding waiver usage on others.

But Sen. Max Baucus (D-Mont.) broached the real problem: "It is true that Medicaid costs are growing, but mostly from an increase in enrollment . . . [that] enrollment increased by 7.5 million between 2001 and 2003, in part because of a downturn in the economy." That is, on Bush's watch, people have become more impoverished. Baucus also noted Medicaid expansion has resulted from "losses in employer-sponsored health coverage. . . . If not for Medicaid, the uninsured rate would be even higher."

The President's intention to tamper with the program has met with significant resistance. An array of elected officials and organizations, in December and January, put the President on notice that cuts to Medicaid are *not* supported. The U.S. Senate Democratic Caucus, the National Governors Association, the National Conference of State Legislatures, and several hundred national and state organizations, including the AFL-CIO and March of Dimes, sent letters to Bush and Congress against capping or cutting Medicaid in "any deficit reduction strategy."

On Jan. 19, a dozen Governors met in Washington to formulate a plan to pre-empt any cutting of the program. No plan was finalized, but they agreed on three principles: 1) Federal funding must not be cut; 2) states require more "flexibility" to achieve "cost efficiencies"; and 3) a comprehensive plan to reform the program must be found. Arkansas Gov. Mike Huckabee (R) said of the meeting, "We're giving the message very clearly that whatever the [federal] budget proposal, we would find that simply cutting Medicaid budget is unacceptable."

Various "reform" packages are now surfacing as state and Federal lawmakers are desperate to reign in the \$300 billion program. The slippery slope of "reform" and "flexibility" was shown by Michigan Gov. Jennifer Granholm's comments about the need to keep down costs and seeking relief from Federal restrictions on imposing co-pays on Medicaid beneficiaries: "We would like to be able to offer some populations a more commercial type of package, fewer bells and whistles, fewer benefits, in exchange for the ability to keep them covered."