

U.S. States Slash Medicaid Spending

by Linda Everett

Over 2001-05, as the U.S. economy has drastically declined during the Bush Administration years, enrollment in the joint Federal-state Medicaid program, which provides health care to indigent, elderly, and the most disabled citizens, has shot up from the range of 33 million to over 53 million today. At the same time, those without insurance have also increased.

On the state government level, instead of demanding Federal intervention in the economy overall, many governors and legislatures have resorted to insane attempts to reduce services and undercut health facilities.

For example, current Federal law prohibits states from requiring “cost-sharing” from certain Medicaid populations. That means states can’t force the poor to pay for emergency care, or for homeless or indigent pregnant women, to pay for prescriptions or doctor visits. But the National Governors

Association (NGA), in its *Medicaid Reform* proposal of June 15, says these rules have been in place since 1982 and are obsolete, since they prevent Medicaid from utilizing market forces and insisting upon personal responsibility. Therefore, they want a “new vision” for cost-sharing, in which states would have broad discretion to establish premiums, deductibles, or co-pays for all populations. They say they’ll cap some fees and states could waive some if they curtail access to health care; but don’t believe it. Once the Federal law is off the books, it is gone.

At a June 15 Senate hearing, Sen. Jay Rockefeller (D-W.V.) said the NGA plan implies everybody gets some care; but he expressed the concern that current Federal medical requirements would no longer apply, such as the Early, Periodic, Screening, Diagnostic, and Treatment program (EPSDT), which does not exist in the private sector. This program supplies vital childhood interventions that ensure against life-long disabilities. Gov. Mark Warner (D-Va.) assured Rockefeller that it wouldn’t happen to the poorest children, but that we do need a “flexible” benefit package for other populations, meaning all other children above a state’s Medicaid income-eligibility level would not get that service. To which Rockefeller replied, “Hence, my worry.”

The following is a short round-up of the situation as of the final days before July 1, the beginning of Fiscal Year 2006 for most states.

South

Florida: Some 2.2 million low-income, elderly, or disabled residents are enrolled in Medicaid in Florida. As of July 1, Gov. Jeb Bush’s (R) plan requires that physicians prescribe only the least expensive treatments first. Only if that treatment fails, can a more expensive treatment be used. Medicaid beneficiaries are limited to four name-brand psychotropic drugs per month as well as four generic drugs. No name brand anti-depressants are allowed. Patient advocates warn that changes for many patients will result in increased emotional crisis, emergency room visits, and hospitalizations.

The president of the National Mental Health Association characterized Governor Bush’s Medicaid reforms as “legalizing malpractice for Medicaid populations.”

Mississippi: In 2005, one-quarter of the state’s population participated in Medicaid, or 780,000 people. As of July 1, the state reduced the number of prescription drugs to beneficiaries to five per month (two name brand, three generic). That would limit anti-retrovirals, the drug regimes HIV-positive people need. HIV/AIDS patients need at least three anti-retrovi-

Medicaid Enrollment by State (for June 2003)



Source: The Henry J. Kaiser Foundation.

In the past four years, Medicaid enrollment increased from 33 million to more than 53 million. Although Medicaid enrollment can vary month to month, the shading indicates those states that have the highest numbers of poor and disabled.

Wal-Mart Employees Resort to Medicaid

The effects of the “Wal-Martization of the economy” are coming under Congressional scrutiny, as legislators have discovered that many Wal-Mart employees get paid so little that they are eligible for Medicaid. Sen. Edward Kennedy (D-Mass.) introduced the Health Care Accountability Act in the Senate on June 22; a similar bill was introduced in the House by Rep. Anthony Weiner (D-N.Y.). The bills would require states to report annually on the number of employees of large companies who receive health-care coverage through taxpayer-funded health care and not employer-based plans.

There are more than 600,000 Wal-Mart employees who are forced to get health insurance from the government with Medicaid and SCHIP (States’ Children’s Health

Insurance Plan). Kennedy said, “They should not underwrite the profits of large companies like Wal-Mart.”

The problem is caused by an increase of low-wage and non-union jobs, and a decline in manufacturing jobs. Right now 15 states which require disclosure demonstrate that Wal-Mart is the biggest abuser of taxpayer-subsidized health care, costing more than \$210 million in taxpayer dollars, including \$61 million in Florida, \$47 million in Tennessee, \$32 million in California, and \$3 million in Massachusetts. Representative Weiner said, “This legislation will allow us to paint a fuller picture of the Wal-Mart debate than a superficial examination of the price of a pair of jeans.”

Currently only 41-46% of Wal-Mart workers are insured under the company plan, while nationally 68% of workers in large companies have health coverage in employer-sponsored health plans. Wal-Mart’s benefit policies deny coverage to some workers and make the plan too expensive to purchase.—*Greg Murphy*

erals to effectively treat the virus. Harold Henderson, director of infectious diseases at University of Mississippi Medical Center, said patients receiving this inferior care “are more likely to develop a drug-resistant viral strain, which is harder, more costly, or even impossible to treat.”

The elimination of benefits for 50,000 people in the Poverty Level, Aged, and Disabled (PLAD) program has been held off until Dec. 31. Should these people lose medical benefits, such as dialysis, and nursing home care, many will die. Gov. Haley Barbour (R) will reduce home health visits from 60 to 25 per year.

South Carolina: Gov. Mark Sanford (R) will shift all 850,000 to 1 million Medicaid beneficiaries into managed care and give them debit cards to spend limited funds from their personal health account on whatever is most important for them. For example, the diabetic elderly will have to choose between getting treatment of an ulcerated leg sore that could lead to amputation, or chest pains that could be a heart attack.

Tennessee: Gov. Phil Bredesen (D) is in the process of eliminating 325,000 uninsurable, chronically ill people from the state’s extended Medicaid program, called TennCare. His second phase of limits prescription drugs (two brand-name, three generic), and cuts services dramatically for 396,000 adult beneficiaries who remain in Medicaid. It eliminates methadone clinic coverage entirely. *All* private duty nursing for adults, including patients dependent on ventilators, is eliminated. As of July 1, only five prescription drugs are allowed per month; only 12 physician visits allowed per year; only a few hospital days per year. Since Bredesen is cutting 30,000 mentally ill from TennCare and the state will no longer pay for their medications, the cost of treating any suicidal or

violent behavior will be borne by hospitals, jails, public health centers, and the public health safety net, which is also expected to take up the medical needs of those half million TennCare enrollees who will soon lose coverage. Tennessee has applied for a Federal waiver to exempt it from providing methadone treatment for adults over 21 years of age. The state hospital association said the Medicaid cuts will lead to profound, irreversible changes, and will likely cause some 20 rural hospitals to close.

Texas: The Medicaid population in Texas for 2004 was 2,683,229. Of these, some 1.45 million children did not get basic medical check-ups in 2004, up from 1 million in 2000. This is the basis of a 12-year-old legal battle against the state. This year, Gov. Rick Perry (R) will cut Medicaid funding to nursing homes by \$1 billion. Texas nursing homes already rate 50th in the nation in per-capita Medicaid funding. New Medicaid cuts now only allow the cheapest drugs available for the mentally ill, those with HIV/AIDS, and other disabled individuals. Medicaid will allow four name brand drugs a month. Some of the state’s sickest, most disabled patients will be forced onto Medicaid managed-care programs.

Midwest

Michigan: Gov. Jennifer Granholm (D) characterized the House-passed bill that cuts benefits for 30,000 parents and caretakers and 13,000 healthy 19- and 20-year olds as unprecedented in its cruelty. Michigan has 1.4 million Medicaid enrollees. Republican lawmakers are levying new \$5 monthly premiums; higher \$3 copayments for doctor visits and medications; and \$25 payments for emergency room use for non-emergency services. The Michigan Hospital Association said

that after three years of cuts, "We are at the train wreck stage."

Missouri: As of February 2005, there were 1,003,864 people in the Medicaid program, or one in five residents. As of May, both houses agreed to cut income eligibility for adults to just 23% of the Federal poverty level of \$16,900 per year for a family of three. That means, if a family of three lives on more than \$175 a week, they are no longer eligible for coverage. That would eliminate over 100,000 working parents. Other cuts eliminate 40,000 other Medicaid enrollees. Gov. Matt Blunt (R) is intent on eliminating the program entirely by July 2008. The budget initially eliminated coverage of services for the elderly and disabled enrollees and for wheelchairs and prosthetics devices, but reinstated these only for as long as there are state revenues for them.

Kentucky: Gov. Ernie Fletcher (R) will move the entire Medicaid population into managed-care plans and will levy premiums per doctor visits. The state is seeking a super-waiver to bypass Federal regulations that limit how much the state can charge Medicaid beneficiaries. The state seeks higher than allowed premiums and copayments, while cutting services and tightening eligibility. It seeks a bare-bones insurance plan for those with higher than allowed Medicaid-eligible incomes.

Minnesota: As of June 30, Minnesota-subsidized health plans, including Medicaid, stopped payments to hospitals and some clinics, when legislators failed to break a budget impasse. Minnesota subsidizes three safety net insurance pro-

grams—MinnesotaCare, General Assistance Medical Care, and Medicaid, called Medical Assistance. Medicaid covers 500,000 people. The shutdown halts \$158 million in payments to managed-care plans and \$84 million to fee-for-service providers in July. Payments will be sustained to providers deemed critical, such as pharmacies, nursing homes, home health agencies, rural health clinics, and community-based mental health providers, totalling \$270 million in July. Delayed payments will affect 22,000 fee-for-service providers and nine health plans, Minnesota's Department of Human Services said. If there is not a resolution, they have made initial plans to continue critical services, but if a shutdown goes on for a longer period, they will be assessing impact on clients and providers and asking for changes, MDH Commissioner Kevin Goodno said in a statement. Health plans will draw on reserves to pay for care until the state resumes reimbursement.

Ohio: Over 2 million people, or 18% of the population, are enrolled in Medicaid in 2005, 1 million of them children. Gov. Bob Taft (R) and the Senate will consider capping enrollment in Disability Assistance that cuts 15,000 disabled people, a bill that requires *all* Medicaid beneficiaries to make copayments, regardless of their income; cuts eligibility for 25,000 people; requires copayments for prescription drugs; lowers income eligibility for families to 90% of poverty levels (\$14,481 for a family of three); and reduces funding for nursing home care. It would also eliminate adult dental and vision care.

East

Maryland: As of June 30, there was still debate about whether Gov. Robert Ehrlich's (R) elimination of Medicaid support for pregnant immigrant women and children applies to this session. He eliminated Medicaid funds the legislature had set aside for coverage of legal immigrants; this may be overridden next year. On July 1, Medicaid services to all of the state's legal immigrants were cut, and the elimination of prenatal care and care of newborns will affect 4,000 people statewide. Medicaid serves 650,000 people state-wide.

New Hampshire: This is the only state in the country to charge families with *no income* a monthly premium of \$10-20 a month per child to receive Medicaid services. Gov. John Lynch (D) oversees the Medicaid program, which has 95,000 people enrolled. As of July 1, the state capped Medicaid payments to hospitals, to which Medicaid already only pays 77% of the real expense of care. The state will make major other hospital cuts, including to rural hospitals.

West

Washington: Starting out with a \$2 billion deficit, the legislature was ready to close wards of mental health hospitals, but put this aside to focus on curbing the use of pharmaceutical drugs. Gov. Christine Gregoire (D) signed into law a budget that will limit the use of brand name anti-depressants for Medicaid enrollees.

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