

US: Bush administration targets medical care for the poor

By Jamie Chapman
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The federal government has dispatched auditors to state capitals around the country in an effort to rein in the cost of Medicaid, the program designed to provide medical coverage for the poor. The program also pays for about 70 percent of the nation's nursing home patients.

The cost of the program is shared between the states and the federal government. The purpose of the audits is to challenge reimbursements put in by the states for the federal share of treatments.

Such an attempt to shift a larger share of Medicaid costs onto the states would wreak havoc on those denied Medicaid services as a result. Budgets for state services are still reeling from the impact of the recession and the collapse of the stock market bubble.

Enacted in 1965, Medicaid established the right of those with low incomes to obtain basic medical care, including hospital care (inpatient and outpatient), physician services and nursing home care. It was among the last social reforms carried out at the end of the postwar boom, along with Medicare, a government program to provide health care to the elderly.

The cost of Medicaid has skyrocketed, increasing 63 percent in the last five years. The total tab is expected to exceed \$300 billion this year, of which the federal budget is due to contribute \$190 billion.

The high cost is a direct product of the corporate restructuring that has left more and more workers to be forced into low-wage jobs, or without jobs altogether. These workers now meet the low-income requirements to sign up for Medicaid. Today, the program encompasses more than 50 million beneficiaries, while another 45 million workers are left without health insurance at all, not even Medicaid.

Bush's point man in the attack on Medicaid spending is Michael Leavitt, designated to take over the

Department of Health and Human Services. Before taking over a year ago as head of the Environmental Protection Agency, he earned his spurs as governor of Utah. The Medicaid "reform" he enacted there involved various restrictions of services to the poor, such as limiting the numbers of prescriptions allowed to recipients.

He is touted for setting up a program for formerly uninsured workers at no cost to the federal government. What is not widely publicized is that the cost of the program was financed by cutbacks in benefits for other Medicaid participants. The new program limited recipients to only four prescriptions a month. Hospital care and mental health benefits were excluded entirely.

One unnamed Medicare official was quoted in the *New York Times* as saying that these are the types of changes that are in the offing. "That's the direction the administration wants to go," said the official.

Besides the benefits cuts imposed under Leavitt, officials are considering allowing states to impose higher co-payments and restricting eligibility without obtaining federal waivers, as would now be required.

Speaking of Bush's plan to shift billions of Medicaid costs away from the federal government and onto the states, one governor, Republican Mike Huckabee of Arkansas, described it in the following terms: "To balance the federal budget off the backs of the poorest people in the country is simply unacceptable. You don't pull the feeding tubes from people. You don't pull the wheelchair out from under the child with muscular dystrophy."

Medicaid currently insures a quarter of the nation's children, close to 20 percent of whom live below the poverty level, by conservative estimates. Huckabee's doomsday scenarios are exactly what the Bush administration is contemplating.

The prospects prompted the National Governors' Association to issue a letter to federal officials urging them not to cut state Medicaid financing in an effort to cut the federal deficit. Medicaid already represents 22 percent of states' budgets. It is greater than the total education expenditure on grades kindergarten through 12.

No doubt, politics played a part in the issuing of the governors' letter. Nineteen Republican governors are up for re-election in the next two years—including Arnold Schwarzenegger in California and the president's brother Jeb Bush in Florida—and none of them wants to take the heat for cutting the Medicaid program on their watch.

A group of associations representing family physicians, dentists, hospitals and others warned in a separate letter that Medicaid cuts “would drastically unravel an already frail health care safety net.”

Two years ago, a Bush plan would have converted federal spending on Medicaid into block grants instead of basing spending on actual costs for care. The plan also proposed a 10-year cap on federal liabilities for health care spending on the poor.

In his campaign for re-election, Bush promised to cut the federal deficit in half by the end of his second term. Spending commitments already include the wars in Iraq and Afghanistan, at cost of more than \$5 billion a month; the privatization of Social Security to the tune of some \$2 trillion of new federal borrowing; the kicking-in of the new prescription drug program for seniors; making Bush's first-term tax breaks for the rich permanent; and elimination of the “alternative minimum tax,” which has prevented multimillionaires from getting away with a tax bill of zero.

Even before these latest giveaways to the rich, federal tax revenues as a share of the gross domestic product represent the smallest share since 1959. The conservative strategy is to deliberately squeeze the budget in order to justify the draconian cuts being prepared.

Bush's budget negotiators are targeting the small amount of social spending that remains in the budget, as well as “entitlements” such as Medicaid, Medicare, veterans health care and Social Security. Warning about what is in store in Bush's second term, New Hampshire Republican Judd Gregg, due to take over as chairman of the Senate budget committee, was quoted

in *Wall Street Journal* as saying, “This can't be a guns-and-butter term. You've got to cut the butter.”

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