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The Assault On Medicaid Could Endanger Millions Of Americans

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Two American presidents came to Independence, Missouri on July 30, 1965. Then president Lyndon Johnson was there to sign the most sweeping expansion of health care in American history. To show how far health care reform has come, Johnson wanted to sign the law in the hometown of former president Harry Truman, who was the first president to push for a universal, federal program to help all Americans afford health insurance.

And it was Truman who set the mood for what this bill would mean for certain Americans. “Not one of these, our citizens, should ever be abandoned to the indignity of charity. Charity is indignity when you have to have it,” Truman said. “But we don't want these people to have anything to do with charity and we don't want them to have any idea of hopeless despair.”

The bill was the 1965 Medicare Amendment to The Social Security Act. It created Medicare, which covers the elderly, but it also created Medicaid and Medicaid would turn into the largest delivery system for quality health care to Americans who can’t afford the costs of private insurance. Ever since that day, hundreds of millions of Americans have not had to suffer the indignity of being unable to afford health insurance.

“There are men and women in pain who will now find ease. There are those, alone in suffering who will now hear the sound of some approaching footsteps coming to help,” Johnson said. “There are those fearing the terrible darkness of despairing poverty--despite their long years of labor and expectation--who will now look up to see the light of hope and realization.”

Medicare has become one of the cornerstones of America’s social welfare programs. It is one of the most untouchable parts of the federal government. Merely signaling that Medicare can or should be cut can be catastrophic to a politician worried about reelection.” But cuts to Medicaid are not as politically toxic.

Since 1965, Medicaid has been the forgotten child of the federal entitlement programs, even though it costs less and covers more people than Medicare. And in 2010, the Affordable Care Act expanded the program to give millions of more people coverage. But Republicans in Congress, and Trump, are on the precipice of radically altering the program in a way that could cost tens of millions people their health insurance.

What is Medicaid?

Medicaid is a health insurance program that covers 63 million of the nation's poorest residents. It is a joint program that is run and financed by the federal and state governments. Each state runs the program, within certain federal guidelines, as they see fit. Each state has different rules for provider payment rates, covered benefits and financial eligibility. This system has worked well and Barack Obama saw it as a vehicle for rapid change.

Barack Obama wanted to expand coverage to millions more Americans. His administration outlined plans to give middle class Americans money so they could buy private health insurance. However, most of the gains came through an expansion of Medicaid. The ACA expanded the eligibility for people with incomes of about $16,000 a year, or 138 percent of the federal poverty line. Before, Medicaid only covered people up to 100 percent of the federal poverty line. To help the states afford the expansion, the federal government would cover 100 percent of the costs for the first three years and 90 percent each year after that. This expansion helped 10.7 million more people receive coverage through Medicaid, according to a Kaiser Family Foundation study.
But after the ACA was passed, the Medicaid expansion received a blow. The way Congress expanded Medicaid was to tell the states that if they did not accept the expansion, Congress could pull funding for the program as a whole. That coercion method was challenged in the courts: In the 2012 healthcare case, *National Federation of Independent Business v. Sebelius*, a seven-vote majority of the Supreme Court ruled that this part of the ACA was unconstitutional. This judgment did not kill the Medicaid expansion, but it allowed the states to accept or reject the funding.

There are 19 states that decided not to expand their Medicaid programs. The other 31 states, including Washington D.C., accepted the expansion. With a few exceptions, Republicans ran the states that refused expansion.

**What Donald Trump Wants To Do?**

“Save Medicare, Medicaid, and Social Security without cuts,” [Trump said in his first campaign speech](https://thehill.com/policy/healthcare/354602-trump-wants-to-save-medicare-medicaid-social-security). “We have to do it.” He later added, “People have been paying for years and now many of these candidates want to cut it.” But now that Trump is president, he is planning to radically alter the Medicaid program. Millions of people could be left without any options for care.

The American Health Care Act, the Republican health care bill that Trump supports, has proposed two major changes to Medicaid: converting it into a block grant program and cutting $834 billion in federal funding over 10 years, according to the [Congressional Budget Office](https://www.cbo.gov). A block grant means the federal government gives each state a lump sum each year for the program.

Currently, this is not how Medicaid is funded. The federal government does not set a financial cap. The distribution is based on the per-capita income of each state. Critics have argued that this will lead to less funding for Medicaid and would force states to cut billions of dollars from their programs. They could be forced to choose between giving their poorest residents access to healthcare or funding education programs that help poor children escape the black hole of poverty.

But the Trump administration says that no one will lose coverage. Tom Price, the Secretary of Health and Human Services, went on “[State of The Union](https://www.cnn.com/2017/01/31/politics/state-of-the-union-2017-trump/) with Jake Tapper” to defend the American Health Care Act. And when Tapper asked if the proposed cuts to Medicaid will cause millions of people their health insurance Price said, “Absolutely not.”

“We believe strongly that the Medicaid population that will be cared for in a better way under our program because it will be more responsive to them,” Price said. “These decision will be made closer to them. Right now you have Washington D.C. dictating to the states, and dictating to patients, exactly what must occur. That’s not how a healthy health system works.” But that does not jive with an independent analysis of the bill. If the AHCA were to pass, 14 million fewer Americans would be covered by Medicaid, according to the CBO.

These reforms could handcuff governors across the United States by giving them less budgeting flexibility. The [Center on Budget and Policy Priorities](https://www.cbpp.org) conducted a study of 13 federal block grant programs since 2000. On average, each of these programs has lost an average of 27 percent of its funding. If states can’t afford their current Medicaid programs through the block grant, they will have to cut back. And Medicaid is not a small fraction of state’s budgets. The average state budget spends between 15 percent and 18 percent on its Medicaid program, according to a [Center on Budget and Policy Priorities report](https://www.cbpp.org).
This has enraged Democrat politicians around the country. But it has even rankled some Republican governors.

Nevada governor Brian Sandoval signed a letter from the National Governors Association that urged Republicans to rethink their stance on Medicaid. "In considering changes to Medicaid financing, it is critical that Congress continue to maintain a meaningful federal role in this partnership and does not shift costs to states," the letter said. Charlie Baker, the governor of Massachusetts, said, "states would most likely make decisions based mainly on fiscal reasons rather than the health care needs of vulnerable populations.”

But maybe the most politically potent of these Republican governors is John Kasich of Ohio. This has made him a few enemies from his own party. But he has not completely backed down. In one discussion with a state legislator, who opposed the expansion, Kasich went Biblical: "Now, when you die and get to the meeting with Saint Peter, he’s probably not going to ask you much about what you did about keeping government small,” Kasich said. “But he is going to ask you what you did for the poor. You better have a good answer.”

There are 2.5 million people who gained Medicaid through the expansion that live in Republican controlled states that expanded the program, according to Centers for Medicare & Medicaid Services data.

Medicaid Cuts And Trump’s Budget

On Tuesday, the Trump administration released its budget blueprint for the 2018 fiscal year. In the budget, it proposes two changes to the insurance program that are also a part of the AHCA. The states can choose between two funding changes: a block grant that is capped each year or a lump sum payment based on the number of Medicaid enrollees in each state. The White House projects that these reforms will reduce spending by $610 billion over 10 years. Democrats immediately attacked the budget as an attack on average Americans.

“This would pull the rug out from so many Americans who need help,” Senate Minority Leader Chuck Schumer said on the Senate floor. And shockingly enough, the Trump people think that is nonsense.

Mick Mulvaney, Trump’s budget director, pushed against the charge that the administration’s budget proposal cuts Medicaid. “There are no Medicaid cuts in the terms of what ordinary human beings would refer to as a cut,” Mulvaney said at a press conference. “We are not spending less money one year than we spent before.”

The administration’s approach is to assert that anyone who argues that they are cutting Medicaid, is being duped by a Washington parlor trick that their enemies are leveraging for partisan gain.

But the math doesn't seem to add up.

However a cut is defined, there are millions of ordinary Americans who would lose Medicaid coverage because of the White House’s proposals. The latest CBO projections concluded that the $834 billion in cuts from the AHCA would result in 14 million Americans losing access to Medicaid.
The conservative counter-narrative is that capping the growth on Medicaid will motivate states to experiment with ways to cut waste and abuse from their programs: the states will save the taxpayers money without harming their residents.

Sally Pipes, the president of the free-market think tank Pacific Research Institute, argues in an op-ed that a block grant program is the right policy. She points to Rhode Island as a case study in how states can find better ways to innovate their program. Governor Gina Raimondo said that the state was able to save $100 million in 2016 “without touching eligibility.” In 2010, Rhode Island created a new funding model that lead to the state being able to cut these costs. “The Ocean State” was able to make these savings by pushing people towards getting preventative treatments to avoid the more costly trips to emergency rooms. Pipes also zooms in on how Rhode Island was able to cut its hospital expenses by $11.1 million and lower its nursing home costs by $8.3 million.

But there is one important factor that undercuts Pipes’ argument. Rhode Island was able to innovate this program under the old system: it did not need more flexibility from the federal government because it was given flexibility. The state sent a waiver to the federal government that argued for changes to its Medicaid program and it was accepted.

Conservatives have argued that creating a block grant program does not mean people will suffer. In fact, the welfare reform under President Bill Clinton did that. Charlie Katebi from The Federalist points to a study from the Manhattan Institute that shows the shift of welfare to the Temporary Assistance for Needy Families program, or TANF, reduced childhood poverty by two-thirds and was able to save the federal government money in the process.

“The idea that rolling back welfare reform would help the poor is wholly unjustified by the evidence and could reverse the gains among families with dependent children since 1996,” the Manhattan Institute study concludes. It adds, “But policymakers should reject the increasingly conventional view that extreme poverty has dramatically increased and the view that welfare reform did more harm than good.”

It can be easy to get stuck in the morass of federal budget policy and how it affects people. But it is more than just a lot of crooked numbers.

In 2009, then Congressman Mike Pence wrote about what the budget means politically. “Budgets are moral documents. Federal funding should reflect the priorities and the values of the majority of the American people,” Pence wrote in an op-ed.

The Trump administration's budget, no matter how one frames the change, seeks to provide fewer resources for Medicaid. So what could this mean? Well let’s look at what the program actually provides for Americans.

In 2014, the nonpartisan Congressional Research Service conducted an overview of Medicaid. The report shows that Medicaid covers a ton of medical care for America. It accounts for 42 percent of all spending on long-term care, which is for disabled and chronically sick people who require consistent care. Medicaid also accounts for a quarter of all substance abuse and mental health treatments. And combined with the State Children’s Health Insurance Program (CHIP), Medicaid pays the medical expenses for about 1.8 million children that are born each year. That is close to half of all births in the United States.
The next part of Mike Pence’s op-ed said that crafting the federal budget “is the Constitutional duty of each Member of Congress, and a responsibility not to be taken lightly, especially in difficult economic times.” Medicaid covers people who are constantly difficult economic times, whether they live in poverty or have a disability that hinders their ability to work.

Other Proposals That Could Affect Medicaid

But it is not just budgetary cuts that could hurt America’s poorest citizens. Secretary Price and Seema Verma, the administrator for the Centers for Medicare and Medicaid Services, sent a letter to state governors that said they could now implement work requirements for their Medicaid programs.

“The work requirements are important,” Price said to ABC News. “They are something that is restorative to people’s self-worth, sense of themselves.”

But most people on Medicaid work: 59 percent of recipients have a full-time job and 80 percent are members of working families, according to another Kaiser Family Foundation report.

And not every Medicaid recipient is actually capable of working. Almost a third of Medicaid enrollees said that they were taking care of the household or a family member and could not work. Another 8 percent were retired and an additional 8 percent were unable to find work. A Henry J. Kaiser Family Foundation report from this year concluded that work requirements would create a “fundamental change to the Medicaid program.”

Why Is Medicaid So Vulnerable

Medicaid is under this much strain because it does not have the political firepower that Medicare and Social Security has. The AARP is one of the most powerful interests groups in the country, with 38 million members. The AARP has the ability to mass mobilize the most politically powerful voting bloc in the country: middle aged and elderly citizens. These are people who either currently rely on Medicare or have been paying into the system for their entire working life. That makes pulling their benefits a hard sell. But Medicaid is not the same.

The people who benefit from Medicaid have not necessarily paid into the system: they might be too poor to pay. So the political argument that these people are leeches on the average American taxpayer is palpable. Ever since Ronald Reagan became president, Republicans have been wildly successful in cutting federal programs that help the poor by claiming that it keeps lazy people on the dole and the hard-working man has to pay a part of his paycheck to them.

But Medicaid covers over 70 million Americans. Not all of them are gaming the system. And surely these people, and their families and friends, would be inclined to support politicians who support strengthening Medicaid. One very simple reason for why voters don’t get angry over proposed cuts to Medicaid is because so many states’ Medicaid program are not called Medicaid.

Twenty states, as well as Washington D.C., do not include Medicaid in their programs title. West Virginia’s is “Mountain Health Choices”; Wyoming is “EqualityCare”; Tennessee is “TennCare” Oklahoma is “SoonerCare”; Iowa is “Medical Assistance” and Arizona is “Arizona Health Care Costs Containment System” (or slightly more expediently called AHCCCS). So a Medicaid
recipient of Iowa might not get too worked up when she hears “Medicaid cuts” because she says that I get “Medical Assistance,” not Medicaid.

What It Comes Down To

In 2009, Harvard Medical School and the Cambridge Health Alliance conducted a study of the relationship between mortality and the lack of health insurance. It concluded that about 45,000 Americans die each year because they do not have access to health insurance. It also found that uninsured, working-aged people are 40 percent more likely to die than those who have health insurance.

This increased risk of death for uninsured Americans is much higher even if you take into account different health behaviors and socioeconomics, Dr. Andrew Wilper said, who was the lead author on the study. The key for patients is access to health care.

“We doctors have many new ways to prevent deaths from hypertension, diabetes, and heart disease — but only if patients can get into our offices and afford their medications,” Wilper said.

But if some version of the AHCA becomes law, there will be millions of people who will lose access to health insurance through Medicaid.

In one of the primary debates, Trump said that he would take care of the American people. “My plan is very simple,” Trump said. “I will not allow people to die on the sidewalks and the streets of our country if I’m president.” More people might not die in the streets because of the president’s healthcare plan; people can still go to the emergency room. But cutting Medicaid by almost a trillion dollars could cause thousands of people their lives. There is no spin that will change that reality.