



Written by [Raven Clabough](#) on June 6, 2011

## Indiana Faces Harsh Penalties for Defunding Planned Parenthood

A month ago, the state [passed](#) a law that slashes funding to Planned Parenthood by cutting off monies it administers through Medicaid. However, President Obama's Medicaid Administrator Donald Berwick [interjected](#) with a letter, in which he stated, "Medicaid programs may not exclude qualified healthcare providers from providing services that are funded under the program because of a provider's scope of practice."

CNS News [writes](#):

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In a letter sent to Indiana's Medicaid director, and obtained by *The Associated Press* on Wednesday, Medicaid Administrator Donald M. Berwick says Indiana's plan will improperly bar Medicaid beneficiaries from receiving services. Berwick writes that federal law requires Medicaid beneficiaries to be able to obtain services from any provider qualified to provide services.

Indiana has already announced that it will defy Berwick's orders, which will apparently cause the state to incur a staggering financial penalty: \$4.3 billion. In addition to the cost, the *Associated Press* notes that "the future of healthcare for more than 1 million poor and elderly Indiana residents hangs in the balance."

It seems that Hoosier lawmakers recognize what is at [stake](#) and are still willing to forge ahead with the battle. The *AP* writes:

The willingness of Indiana, led by a Republican governor and GOP-controlled Legislature, to challenge the federal government and risk a huge financial penalty could take the issue into uncharted legal and political territory. Conservative leaders in other states will be watching the confrontation as they plan their own action on abortion and other social issues.

Christopher Arterton, professor of political management at George Washington University, commented, "I think this is an instance in which a state is really trying to overturn national policy and in so doing is likely to forego federal spending."

White House spokesman Jay Carney claims that 19 states have already disputed with the Obama administration over healthcare funding, including Arizona, but all ultimately negotiated in order to keep their federal money. Carney predicts Indiana will do the same.

Indiana's lawmakers are currently refusing to back down.

Republican Senator Scott Schneider declared, "Indiana's on solid legal ground. There's no reason for us to change course at this time."

If Indiana agrees to pursue its defunding of Planned Parenthood, it is poised to lose \$4.3 billion in



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Medicaid money, but some conservatives in Indiana contend that it's time legislators take some lumps in defense of principles, and throw off federal mandates — of which the Medicaid program, with its strict regulations and high costs, is the prime target.

Whether the Obama administration will allow low-income families to suffer blows in order to punish the state of Indiana remains to be seen, however.

Ed Haislmaier, senior research fellow at the Heritage Foundation, states, “Like any game of chicken, it’s about who blinks first.” He adds, “From a political standpoint, it is interesting whether the Obama administration has already thought through the implications.”

Meanwhile, Indiana Planned Parenthood has already filed a lawsuit challenging the state law, so the courts may very well be the determining factor in this match.

Other options exist as well. Governor Mitch Daniels could ask that the law be repealed. Also, the federal Medicaid statute allows Health and Human Services Secretary Kathleen Sebelius to withhold only a portion of Indiana’s Medicaid funds, as opposed to the entire \$4 billion.

In an effort to preempt similar bans across the country on Planned Parenthood funding, HHS has issued a warning letter to other states which are considering actions such as those in Indiana. Still, Kansas has already approved a budget that restricts funding for Planned Parenthood, while North Carolina legislators are also expected to block funds to the organization.



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