



Written by [Michael Tennant](#) on October 24, 2011

States Rationing Healthcare Under Medicaid

According to [two](#) recent *USA Today* [articles](#) by Phil Galewitz of Kaiser Health News, several states, feeling the pinch of increased Medicaid enrollment and the end of federal “stimulus” spending, “are pushing Medicaid recipients into managed-care plans run by private insurers, cutting reimbursement rates to hospitals and doctors and reducing benefits.” In short, they’re rationing care.



How can this be when government-run healthcare is touted as protecting Americans from money-grubbing private insurers who would deny them necessary treatment?

Galewitz explains:

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The new federal health law requires states to maintain Medicaid eligibility and enrollment standards until 2014, when the expansion begins to add 16 million Americans to the program. States are still free, however, to cut optional benefits, which include drugs, vision care and visits to certain providers such as chiropractors and podiatrists.

And that is precisely what they are doing, with the blessing of CMS, which must approve any state cost-cutting measures.

Nebraska, for instance, now pays for a maximum of 180 adult diapers a month. Colorado and Tennessee no longer cover circumcisions and adult acne medicine, respectively. Besides eliminating adult day-care coverage, California is limiting the number of doctor visits; Connecticut is doing likewise with dental exams. North Carolina will not cover eye exams and glasses for adults. Pennsylvania requires adults to obtain state permission for some dental procedures.

In addition, writes Galewitz, “a growing number of states are sharply limiting hospital stays under Medicaid to as few as 10 days a year.” That will be the limit in Hawaii — “the fewest of any state,” according to Galewitz — beginning in April. Arizona is being more generous, offering a maximum of 25 days per year starting at the end of October.

“Both efforts,” Galewitz reports, “require federal approval, which state officials consider likely because several other states already restrict hospital coverage.”

What happens when patients’ Medicaid coverage runs out? For now, at least, hospitals don’t appear to be turning them away. Instead, they end up eating the cost or passing it along to those who can pay their own bills, either out of pocket or through private insurance — the very thing that ObamaCare, which will add millions more to Medicaid rolls, is supposed to prevent.

States’ desire to cut costs is understandable. Already 69 million Americans — over one-fifth of the population — are enrolled in the program. The National Association of State Budget Officers estimated that state Medicaid spending would rise an average of 11.2 percent in fiscal 2011 and an average of 19 percent in fiscal 2012 (because the federal government will be shouldering less of the burden as



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stimulus spending comes to an end).

The problem, of course, is that government has no means other than politics to determine which coverage to trim in order to bring outlays in line with revenue. As unpleasant and economically distorting as private third-party payment can be, insurance companies at least have a profit-and-loss test to tell them if they're doing the right thing; and they can be "fired" by their customers for making bad decisions. Can the average Hawaiian fire a state bureaucrat who denies him another day in the hospital?

For all the invective flung at allegedly greedy, heartless insurance companies, it's worth noting that while state governments, with the assent of the federal government, are sharply limiting hospital stays, "private health insurers," Galewitz observes, "generally don't limit hospital coverage, according to America's Health Insurance Plans, a trade group."

Despite this, the government is set to dictate Americans' health coverage in just a few short years, which constitutionalists point out just proves that healthcare isn't the only thing that's being rationed in Washington. So is common sense.



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