

Some states may shun very poor

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WASHINGTON — President Obama, in his drive for a national health-care overhaul, strove to provide a new guarantee that all Americans, no matter where they live, would have basic protection against sickness and disease, ending decades of variation among states.

The Supreme Court did not dismantle that guarantee Thursday. But, while upholding the Affordable Care Act, the court opened the door to something the president and other champions of the law sought to avoid: widening disparities between red and blue states in who has health-care insurance.

Under the ruling, states will be free to elect not to cover all poor residents through Medicaid.

That may mean that Washington and other liberal states that have embraced the health-care law will effectively offer all residents' health coverage in 2014, a key goal of the law. But conservative states such as Florida and Texas, which have refused to implement the law while they fought it in court, could reject federal aid, leaving hundreds of thousands of residents without insurance.

And while Republican governors will be under immense pressure to take money from the federal government for their residents, they have demonstrated a willingness to spurn it. After the decision Thursday, Wisconsin Gov. Scott Walker, a tea-party favorite, said his state "will not take any action to implement Obamacare" and held out hope that a victory by Republican presidential candidate Mitt Romney in November would make implementation unnecessary. Romney has pledged to repeal the law.

In Nevada, a spokeswoman for GOP Gov. Brian Sandoval said he "does not intend to automatically accept the Medicaid expansion." In Florida, Gov. Rick Scott, an ardent foe of the law who said last week he would implement the law if it was upheld, said he was reviewing the decision but was "concerned for our state's costs."

The Medicaid expansion in the health-care law received substantially less attention than the insurance mandate. But the joint state-federal health-care program for the poor is arguably more important to the law's success.

Under the law, the federal government plans to spend nearly \$1 trillion over the next decade to help states cover all Americans who make less than 138 percent of the poverty line, or about \$15,400 a year. That is the single largest expense in the law, according to the Congressional Budget Office.

The expansion was designed to standardize a program that for most of the past half century has varied widely across the country.

While all states are required to cover poor children, many states have not extended Medicaid coverage to their parents. As of 2009, 17 states covered only working parents who made less than half the federal poverty line, or \$5,415, according to the nonprofit Kaiser Family Foundation. Washington covers some parents under the federal Temporary Assistance for Needy Families (TANF) program.

In Arkansas, a working parent had to make less than \$1,841 to qualify for Medicaid. And 45 states, including Washington, excluded childless adults entirely from Medicaid, no matter how little they earned.

By doing away with these exclusions, Obama's law was expected to extend coverage to some 17 million people, more than the number expected to gain coverage in new insurance exchanges.

"When we wrote the law, we worked very hard to make sure that low-income Americans who aren't currently eligible for Medicaid, but still can't afford to pay for health insurance, are given an affordable option through the expansion of Medicaid," said Sen. Jay Rockefeller, D-W.Va. He expressed concern that the Supreme Court "could have seriously undermined their health-care options."

To ease the burden on states of insuring all these new people, the law directs the federal government to fund the expansion fully for the first several years. Medicaid funding now is split between states and the federal government.

That new 100 percent federal contribution — which drops to 90 percent after 2020 — could mean billions of dollars for states. And hospitals and other medical providers, who face other reductions in federal health-care spending, almost certainly will pressure elected officials, even in very red states, not to forgo the new aid.

"We need the coverage expansion to work," said John Hawkins, senior vice president of the Texas Hospital Association.

Rejecting the Medicaid money also would put a state in the odd position of guaranteeing middle-income residents health care through insurance exchanges, while denying coverage to the very poor.

But for states already struggling to maintain schools, highways and other state services, the prospect of saving money by rejecting the federal Medicaid funding may be appealing. "The court's ruling makes not expanding Medicaid a zero-cost proposition," said Michael Cannon, director of health policy at the libertarian Cato Institute.

Seattle Times health reporter Carol Ostrom and Aaron Deslatte of *The Orlando Sentinel* contributed to this report.