

Congressional Budget Office projection

Democratic health bill would leave 37 million uninsured in 2019

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The Obama administration responded Tuesday to a report issued by the Congressional Budget Office (CBO), which estimates that health care legislation being drafted by a Senate committee would leave 37 million Americans uninsured while costing \$1 trillion over 10 years.

The White House was quick to reiterate that any plan the president may eventually sign must subordinate an expansion of healthcare coverage or services to cost-cutting measures. The response was focused not on the tens of millions of potentially uninsured children and adults, but on reassuring financial interests of the administration's commitment to fiscal responsibility.

"President Obama has been clear that health care reform is critical to our nation's fiscal future," stated Linda Douglass, communications director in the White House Office of Health Reform. "It is not true reform if it is not deficit-neutral. There are several bills being written in Congress and committees in the House and Senate are working through many proposals."

Distancing Obama from the proposed legislation, White House Press Secretary Robert Gibbs stated, "This is not the administration's bill." He added that "stakeholders from across the spectrum are joining with President Obama to enact health care reform that finally gets costs under control and expands coverage—without adding to our deficit."

Republicans pounced on the CBO report, which gave projections on the Affordable Health Choices Act, sponsored by Senate Health Education Labor and Pension Committee chairman Sen. Edward Kennedy (Dem.-Mass.), one of several plans being drawn up in the House and Senate.

Republican Senate Leader Mitch McConnell of Kentucky said in a speech on the Senate floor Tuesday, "The health care proposal being put together is not only extremely defective, it will cost a fortune. And that cost will come straight out of the taxpayer's pocketbook."

According to the CBO report, if current coverage were to

be maintained, 50 million nonelderly individuals in the US would be uninsured in 2010, rising to 54 million by 2019. The CBO's preliminary assessment of major provisions of the Affordable Health Choices Act projects that over that same period about 40 million individuals would obtain coverage through insurance exchanges or "gateways." Through these exchanges, individuals or families could purchase health insurance, with some enrollees receiving subsidies to lower the costs.

At the same time, however, the CBO estimates that the number of people with coverage through an employer would decline by about 15 million, or about 10 percent. Coverage through federal/state Medicaid, the Children's Health Insurance Program (CHIP) and other programs would decline by an additional 8 million. This would still leave an estimated 37 million Americans without insurance in 2019—about 13 percent of the population.

The CBO report notes that although the proposed legislation would not change federal laws governing Medicaid and CHIP, it would most likely reduce outlays for those programs. It projects that states that have expanded eligibility for Medicaid and CHIP to individuals with income above 150 percent of the federal poverty level would be expected to reverse those policies, because these people would be able to obtain subsidies through insurance exchanges financed by the government.

CBO estimates that federal outlays for Medicaid and CHIP would decline by \$38 billion over the 2010-2019 period. While CHIP provides comprehensive health coverage, critics of changes to the current system argue that families with children will be forced into obtaining new insurance with less extensive benefits.

There are currently an estimated 8 million children in the US without health insurance. The US ranks third highest among the 30 industrialized members of the Organization for Economic Cooperation and Development in percentage of overall uninsured.

Democrats are divided on how to finance any proposed health care reform legislation. Sen. Christopher Dodd (Dem.-Conn), of the Senate health committee, opposes taxing employer-provided health benefits, and prefers instead limited restrictions on deductions by wealthy taxpayers.

Sen. Max Baucus (Dem.-Mont.) of the Senate Finance Committee, which is developing its own proposal, says committee members are open to taxing health benefits and believes President Obama would consider such a proposal, despite his statements during the presidential campaign, when the tax on benefits was proposed by Republican candidate John McCain.

Democrats on the House Ways and Means Committee are entertaining implementation of a value-added tax (or VAT), a regressive tax on consumer goods that would disproportionately impact working people. There is no consideration in any of these plans of rolling back income tax cuts for top corporate earners to finance health care for the uninsured.

In an interview with the Associated Press Tuesday, Health and Human Services Secretary Kathleen Sebelius sought to reassure private insurers that the Obama administration does not want to drive them out of business.

Sebelius, the former Kansas governor and insurance commissioner, said that Obama is open to compromise on the form of a public health plan, which wouldn't necessarily have to be run by the government. One plan under consideration would include "consumer-owned" nonprofit cooperatives, like rural electricity or agricultural co-ops.

She sought to dispel as "not accurate" any notion that a public health care option, "is really a stalking horse" for a government-run system. She also said that any health care reform plan, even if passed by Congress and signed into law by Obama this fall could take years to cover the uninsured.

The Obama administration's outlook on health care reform was spelled out in even more straightforward fashion in an opinion piece by Peter Orszag, director of the Office of Management and Budget, published June 15 in the *Financial Times*.

Orszag writes, "Healthcare cost growth dwarfs any of the other long-term fiscal challenges the US faces. Nothing else we do on the fiscal front will matter much if we fail to address rapidly rising healthcare costs."

After noting that the "US spends almost 50 percent more per person on healthcare than the next most costly nation," Orszag stresses that "Mr. Obama is firmly committed to making healthcare reform deficit neutral over the next decade, using real savings or revenue proposals that can be scored by the Congressional Budget Office."

Such "real savings" in an Obama-envisioned health reform

are to be achieved by making real cuts to medical services. "Reducing the number of tests, procedures and other medical costs that do not improve health presents an enormous opportunity," he argues.

Orszag reviews how Obama has proposed generating \$635 billion for healthcare, with roughly half of this—or some \$317 billion—coming from Medicare and Medicaid "efficiencies ... such as reducing Medicare overpayments to private insurers."

He reminds his readers that last Saturday, Obama proposed an additional \$313 billion in Medicare and Medicaid cuts, "including a proposal that will generate about \$106 billion in savings over 10 years by reducing payments that help hospitals with the cost of treating patients without insurance."

Orszag ominously notes, "This is not the end of our commitment to fiscal responsibility." He says with healthcare reform secured, the government can then concentrate on "other aspects of fiscal sustainability, including Social Security reform."

Of course, no such concern for "fiscal responsibility" has prevented the Obama administration from handing over of trillions in taxpayer dollars, with no strings attached, to bail out the banks.

When it comes to health care, however, millions of uninsured Americans can expect to remain without coverage, as the White House maintains its commitment to "deficit neutral" reform. As the recession deepens, this policy can only spell financial and physical hardship for working class families, with disastrous outcomes for many.



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