

Obama calls for cuts in Medicare and Medicaid

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Over the weekend, President Barack Obama called for cuts in funding for Medicare and Medicaid, the federal health insurance programs for the elderly and the poor, including the elimination of subsidies for hospitals that treat uninsured patients. This proposal, combined with plans to limit medical tests and treatments, underscores the reactionary, anti-working class character of Obama's proposed "reform" of the health care system.

It is becoming increasingly clear that the essence of the administration's health care policy, under the guise of universal coverage, is a downgrading of care for the majority of the population so as to cut health care costs for business and the government.

Administration spokesmen have also indicated that Obama is receptive to the idea of taxing workers for the health benefits they receive from their employers—something for which he denounced his opponent, Senator John McCain, during last year's presidential election campaign.

In a speech before the American Medical Association (AMA) in Chicago on Monday, President Obama made it clear that his health care reform would in no way impinge on the profit interests of insurance companies, hospital chains and drug companies. He added that he was open to limiting the ability of patients to pursue medical malpractice suits.

As he has done before, Obama framed the health care issue entirely from the standpoint of containing rising costs that are fueling federal budget deficits and undermining the competitiveness of US corporations. The fact that nearly 50 million Americans are uninsured and tens of millions more cannot afford adequate health care was chiefly raised to point to the added costs of unpaid emergency room visits.

Rising health care costs, particularly for the

government-run Medicare and Medicaid programs for the elderly and the poor, the president said, were a "ticking time-bomb for the federal budget" and "unsustainable." If the health care system was not fixed, he warned, "America may go the way of GM," referring to the bankrupt automaker.

The cost of his plan—estimated to be a trillion dollars over the next ten years—would be "budget neutral," he said, and would be funded through cuts in Medicare and Medicaid, along with "modestly limiting the tax deductions the wealthiest Americans can take to the same level it was at the end of the Reagan years."

The president plans to cut \$313 billion over the next decade from the two federal health programs by limiting the growth of Medicare reimbursements to hospitals and health care providers. He also said he was open to expanding the role of the Medicare Payment Advisory Commission—a body set up by the Newt Gingrich-led Republican Congress in 1997—to save another \$200 billion.

As the *Wall Street Journal* noted Monday, "New York City offers a window into what could happen when payments to safety-net hospitals are cut. Already running at a deficit, the city's public hospital system is looking at \$150 million in state Medicaid cuts for next year. Next month, it will close some outpatient services, such as community-based primary and preventive-care offices.

"We are in a position already where we are making painful decisions that require us to reduce access and services," said Alan D. Aviles, president and chief executive of the system, known as the Health and Hospitals Corp."

Under the terms of Obama's plan, the wealthy would still have access to the best medical care while tens of millions of working people would have a choice of

lower standard plans available in a so-called Health Insurance Exchange, where coverage was limited to what one could afford. This would include a government-subsidized “public option,” he said, which “would inject competition into the health care market to force waste out of the system.”

Far from guaranteeing decent health care for the population, the program would create a system, dominated by private companies seeking to maximize their profits, where health care for working and poor people was rationed according to its “cost-effectiveness.” Doctors would be under intense pressure from government “advisory boards” not to order tests, use drugs or carry out medical treatments that were deemed too expensive.

Obama recently told the *New York Times* that prolonging the lives of terminally ill and very old people presently accounts for 80 percent of the total health care bill. He suggested that such outlays might not be cost-effective.

In his speech before the AMA—a body that opposed the establishment of Medicare in the 1960s—Obama gave assurances that his proposal for a public insurance option as part of his reform did not threaten private markets. He said, “The public option is not your enemy; it is your friend.” He denounced those who claimed it was a “Trojan horse for a single-payer system” like those in Europe, and said it was “important for us to build on our traditions here in the United States,” i.e., to maintain a system based on the profit principle.

Obama brought the AMA delegates to their feet by declaring that he was willing to provide relief to doctors facing the high cost of malpractice lawsuits—long a plank of the Republican Party. “I recognize,” he said, that “some doctors may feel the need to order more tests and treatments to avoid being legally vulnerable,” he said, assuring them that “evidence-based” guidelines established by the government would allow physicians to “scale back the excessive defensive medicine,” which supposedly plagued the health care system.

The socially destructive implications of Obama’s health care plan are spelled out in a recent book by Ezekiel Emanuel, brother of Obama’s chief of staff, Rahm Emanuel, and a medical advisor to the administration. In a review of the book, *Health Care*

Guaranteed: A Simple, Secure Solution for America, the *New York Review of Books* wrote that under Emanuel’s proposal, “Employee-based insurance would disappear,” and “Medicaid would also end and Medicare would be gradually phased out.”

In opposition to this reactionary plan, the working class must advance its own answer to the health care crisis, based on the nationalization under workers’ control of the insurance and pharmaceutical giants and the hospital chains, and the establishment of a genuine system of socialized medicine to meet human needs, not private profit.

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