

Obama administration unveils new cost-cutting plans for health care

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US Vice President Joseph Biden Wednesday announced an agreement with major hospitals to cut a projected \$155 billion in future Medicare and Medicaid payments over the next ten years. The announcement is the latest in a series of deals worked out between the Obama administration and major corporate bodies and lobby groups.

The administration's health care proposals are based on two fundamental premises: 1) The need to reduce health care costs for businesses and the government; and 2) To do this while ensuring the profit interests of all the major business interests involved: drug manufacturers, insurance giants, and hospitals. The inevitable results flowing from these premises will be higher costs and reduced care for ordinary Americans.

Wednesday's announcement focused on reimbursements paid by the federal government to hospitals for treating the uninsured and poor, payments made through the Medicare and Medicaid programs. No concrete details have been released about how these cuts will be carried through. However, they will certainly most severely impact hospitals caring for the poorest layers of the population (See, "US Medicare, Medicaid cuts threaten health care").

Currently, hospitals receive higher payments through Medicare if they treat a higher percentage of low-income patients, if they treat expensive cases, and if they are in an area with higher wages for hospital workers. These hospitals are generally not those that dominate the industry lobbying groups in discussion with the Obama administration.

The Associated Press noted: "Officials of public hospitals say they have concerns such reductions could also squeeze funding for trauma centers and burn units, which receive Medicare and Medicaid money."

Biden repeated the administration's claim that as more people become insured under the Obama plan, hospitals will face lower costs for treating the uninsured, and so can receive lower payments from the government. To the extent that this is the case, however, it will be because the costs are shifted from the government and the hospitals to individuals.

Under the proposals being considered in Congress, individuals will be required to purchase insurance themselves and could be fined as much as \$1,000 if they do not.

In announcing the new deal, Biden emphasized the support the administration was receiving from the various corporate interests, claiming that this could be reconciled with expanded coverage. "We have these hospitals working with us, and we have the pharmaceutical industry working with us; we have doctors and nurses and health care providers with us; we have the American public behind us."

In fact, every agreement with different industry groups has come at the expense of health care for the population. For example, the drug industry had secured as part of its deal a commitment from Max Baucus, chairman of the Senate Finance Committee, to oppose a House measure that would reduce payments to the drug industry for Medicare patients previously covered by Medicaid. There are no doubt many other backroom deals that have yet to come to light.

The administration is also indicating that it is willing to reconsider plans for a "public option"—a government-run insurance program that would compete with private insurers as part of the reform proposals. The measure is, not surprisingly, fiercely opposed by the insurance industry.

In an interview published in the *Wall Street Journal* on Tuesday, White House chief of staff Rahm Emanuel said that the goal "to keep private insurers honest" was "non-negotiable," but that the "path"—including a public option—was negotiable.

In a statement released later in the day, Obama said the administration considered a public option "one of the best ways" to bring down costs. The administration may be leaning toward accepting an alternative to the public option or including it only as a "trigger" if insurance companies are somehow deemed to be not "honest" in the future.

The New York Times and the "prostate cancer test"

The other focus of the administration's cost-cutting plan for hospitals and health care is on reducing the use of more expensive treatments. This issue is being framed as a question of eliminating "inefficiencies," and unnecessary costs. The main thrust, however, is on rationing and cutting back on health care for the elderly and poor.

The campaign for cost-cutting is being led by the Democratic Party and the liberal establishment, including the main newspaper of American liberalism, the *New York Times*.

In an editorial published on Tuesday ("Financing Health Care Reform"), the *Times* wrote that the administration "is right to insist that reform be fully paid for over the next decade lest it drive up the federal deficit ... That means either cutting spending or raising additional money."

The newspaper endorsed the general plans of the administration to cut costs throughout health care. In doing so, it underscored one of the main underlying goals of the administration's proposals: reduce spending on the principal health care programs for the poor and elderly.

It is necessary to begin "cutting and reallocating hundreds of billions of dollars from projected spending on Medicare and Medicaid, as the Obama administration has proposed and Congress is considering," the *Times* wrote. "Just to be sure, Congress ought to establish a fail-safe mechanism that could impose additional cuts after a few years if savings are less than projected."

The *Times* also endorsed eliminating or capping a tax exemption for employer-provided benefits and proposed a series of regressive consumption tax increases (on alcohol and sugared drinks, for example), along with limiting itemized deductions for the wealthy.

An article in the *Times* on Wednesday ("In Health Reform, a Cancer Offers an Acid Test,") sheds further light on what is meant by "eliminating inefficiencies" in health care.

The author, David Leonhardt, has emerged as a leading champion of "rationing." An earlier column by the same author insisted that there was no choice but to ration health care—it only had to be done more efficiently than at present. And it was in an interview with Leonhardt that Obama first suggested that his grandmother should not have received a government-funded hip replacement, worrying that "those toward the end of their lives are accounting for potentially 80 percent of the total health care bill." (See, "The Obama recovery").

In his latest article, Leonhardt sets his sights on a relatively expensive new treatment for prostate cancer, known as proton radiation therapy. The treatment involves proton accelerators "that can be as big as a football field," he complained.

At first, Leonhardt argues that there is no scientific

evidence that proton treatment is any better than other forms of treatment. This is an example of wasted money, he claims. The less expensive procedures should be used instead.

At the end of the article, however, Leonhardt gets to the real issue driving the "cost" question: eliminating treatments even if they are better: "Imagine if further prostate research showed that a \$50,000 dose of targeted radiation did not extend life but did bring fewer side effects, like diarrhea, than other forms of radiation. Should Medicare spend billions to pay for targeted radiation? Or should it help prostate patients manage their diarrhea and then spend the billions on other kinds of care?"

"The answer isn't obvious. But this much is: The current health care system is hard-wired to be bloated and inefficient. Doesn't that seem like a problem that a once-in-a-generation effort to reform health care should address?"

An article in the *Washington Post* on Wednesday quoted "a senior administration official who requested anonymity" asking the same question: the proposed reforms were not yet directly addressing the "harder question," he said: What to do "if new technology does work better and reduces risks but costs a lot more, and how to evaluate that."

In fact, this is the main issue that is being discussed behind the scenes, and for the administration and the corporate elite, the answer is clear: more expensive treatments will not be allowed for those who cannot afford them. This will extend not only to proton treatment for prostate cancer, but all manner of procedures.

The ultimate aim is to establish a system in which the vast majority of the population will receive inadequate or no health care, where the majority of the elderly simply can't receive more expensive treatments because they are expected to die soon anyway. The rich, of course, will continue to be able to afford the best possible care.



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