

US health care debate shaped by cost-cutting “efficiencies”

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President Obama continued his public relations campaign for health care reform Monday with a roundtable discussion with providers at the Children’s National Medical Center in Washington. A primetime presidential press conference is planned for Wednesday, and Obama will visit Cleveland on Thursday to press his agenda.

As five different Democratic-sponsored plans continue to work their way through Congress, the White House is still hoping a deal can be reached among the various House and Senate versions before the August recess. The possibility of such an outcome appears increasingly remote as the legislation has come under attack from Republicans, a section of fiscally conservative Democrats and a report from the Congressional Budget Office (CBO).

Obama has pressed for the adoption of health care reform as perhaps the key pillar of the first year of his administration. His vision of “reform,” however, is based on rationing of care and cuts in expenditures. According to his views, all medical care should be subject to “cost-effectiveness” analysis.

He has consistently come out against establishing a so-called single-payer system, where the government would operate the health care system. Such a system, he argues, would be highly disruptive to the current system, i.e., a system based on health care for profit. Obama has also insisted that his plan will be “budget neutral” and chiefly paid for through the gutting of the federal entitlement programs for the elderly and poor, Medicare and Medicaid.

The two main drafts of legislation to emerge so far—the Senate health committee version and the House’s America’s Affordable Health Choices Act—are based on Obama’s health care proposals. Both outline a revamping of the US health care system that would preserve the profits of the giant insurers, health care providers and pharmaceuticals.

They would leave millions of America’s estimated 50 million uninsured without care, and would finance reform of the health care system through drastic cuts to the Medicare and Medicaid programs and, most likely, taxes on employer provided benefits, a move that Obama hinted Monday he might support. (See “US health care legislation to leave millions uninsured, ration care”)

The plans face criticism, however, for inadequately controlling costs, for putting forward a government-run “public” option, advocating token taxes on the wealthy, and proposing penalties on employers who do not provide their workers with coverage. There is no opposition from any quarter of the political establishment or media to the models contained in the bills that would create a class-based system of rationed and inferior care for the vast majority of ordinary Americans, while still ensuring the treatment for the wealthy.

Speaking at the National Press Club in Washington Monday, Republican National Committee Chairman Michael Steele decried the president’s plan as a “risky multi-trillion-dollar experiment” and an “unprecedented government intrusion into the private sector.” Asked whether it represented socialism, he quipped, “Yes, next question.”

When a reporter noted similar opposition in 1965 to the establishment of Medicare and Medicaid, Steele responded, “I think there’s a legitimate debate there about the impact that Medicare and Medicaid are having on the overall fabric of our economy.” He added that in the present legislation “the level of spending, the level of government control and intrusion is far greater and much more expansive than anything we’ve ever seen.”

Significant opposition has also come from Congressional Democrats. In the House Energy and Commerce Committee, seven members of the Blue Dog Coalition, a group of fiscally conservative House Democrats, voted last week with Republicans against the Democratic-sponsored bill. They say they will not vote for final legislation in its present form, citing in particular the estimated \$1 trillion price tag and inclusion of the public option.

An article in Monday’s *Wall Street Journal*, “Democrats’ New Worry: Their Own Rich Voters,” notes that two freshmen Democratic members of the House Education and Labor Committee also joined Republicans in voting down the draft legislation.

The two—Dana Titus, from suburban Las Vegas, and Jared Polis, representing the wealthy suburbs of Denver, Colorado—opposed the bill largely due to its inclusion of a one-percentage point surtax on couples with incomes between \$350,000 and \$500,000. (This would gradually increase to 5.4

percent on earnings more than \$1 million.)

The article also reports that on Friday “a busload of freshmen Democrats went to the White House to plead their case against sharp tax increases with the president and his chief of staff, Rahm Emanuel.” Democrats represent 14 of the 25 richest Congressional districts in the US, up from only 5 in 1995.

Obama’s health care plan also came under attack from the Congressional Budget Office. According to a report released and submitted to Congress on Friday by the CBO and the Joint Committee on Taxation, which analyzed the bill as it was brought before the House Ways and Means Committee, the \$1 trillion plan “would result in a net increase in the federal budget deficit of \$239 billion over the 2010-2019 period.”

CBO Director Douglas Elmendorf commented that the “trajectory of federal health spending,” or the “cost curve,” would not be significantly reduced over the 10-year period.

This \$239 billion gap is largely being attributed to anticipated Medicare payments to doctors. In earlier action on the 2010 budget, House Democratic leaders had vowed to push for legislation requiring all new government programs to be paid for in full. Reductions to the Medicare physician payments, along with a handful of other initiatives, were exempted from the “pay-as-you-go” legislation.

Congressional Democrats say the Medicare payments are addressed in the new bill and that the legislation is “deficit neutral.” Additionally, Obama has proposed to balance the tab through slashing more than \$600 billion through “efficiencies” in the Medicare and Medicaid programs.

An editorial Monday in the *New York Times*, “Costs and Benefits,” applauded CBO head Elmendorf’s warning to Congress that no versions of the legislation impose fundamental changes to the delivery and payment of medical care. The *Times* has been in the forefront of calls for a reform of the health care system through providing less of it at reduced costs, while insuring the profitability of the health care conglomerates.

“Mr. Elmendorf’s testimony should prod Democratic leaders to come up with more and better ways to restrain costs for federal programs and the health care system as a whole,” the *Times* writes. “If the government simply extends subsidized insurance to millions of uninsured people but fails to force fundamental changes in the delivery or financing of health care, then federal health care costs will keep escalating at excessive rates.”

The *Times*’ editors make the absurd claim that “The pending bills do an excellent job of providing health insurance for millions of uninsured Americans”—this under conditions where the proposed House legislation would leave an estimated 18 million uninsured.

They then proceed to advocate a model of cost-cutting and “efficiencies,” to begin with cuts to the Medicare program—the government-run health care program for those 65 and older—and to “reverberate through the whole health care system

as health care providers changed their practices and private insurers followed Medicare’s lead.”

“Medicare ought to be empowered,” they argue, “to reduce its payment rates to the highest-cost hospitals and most inefficient doctors. That is probably the best way to get them to stop providing needless tests and treatments that don’t improve the health of the patient.”

The *Times* also bemoans the fact that, as currently written, the House bill is not allowed to use the results of “comparative effectiveness” research to set reimbursement rates to providers.

As an alternative to additional taxes on wealthy Americans, they advocate taxing employer-provided health benefits—which they note “would probably also encourage workers to choose lower-cost policies and use health care more sparingly.” They add, “But it is politically risky and it could turn many Americans away from supporting health care reform.”

A recent USA Today/Gallup poll found that 56 percent of Americans support health reform this year. A new Washington Post/ABC News poll released Monday shows that 49 percent approve of Obama’s handling of health care reform, falling from 57 percent in April. This same study shows that 44 percent disapprove of how the president has handled the issue.

These slipping numbers reflect growing suspicion of the framework of the health care reform debate. According to Obama’s plan, an overhaul of medical care is to be based—not on the provision of decent, quality health care for all—but on the manipulation of the current set-up to further enrich the profits of the insurance and drug companies, while leaving the working class with cut-rate, substandard care, or none at all.



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