

Obama, Congress back deeper attacks on health care for workers

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The closer key congressional committees come to approving health care proposals backed by the Obama administration, the more nakedly is revealed the reactionary and punitive character of the administration's overhaul of the health care system.

For weeks, three right-wing Democrats and three "moderate" Republicans on the Senate Finance Committee have been meeting in secret sessions to hammer out the details of legislation now slated to come up for a vote sometime in September.

On Wednesday, Finance Committee Chairman Max Baucus said his group was close to agreeing on a bill that would cut the projected cost of the health care overhaul from \$1 trillion to \$900 billion, in part by cutting Medicare costs over and above the hundreds of billions of dollars in cuts included in the bills drafted by other congressional committees.

He said the plan would extend coverage to 95 percent of Americans—which would still leave many millions without any form of health insurance. He predicted that the Finance Committee as a whole would vote on the proposal next week.

On the House side, the Energy and Commerce Committee announced Wednesday that it had broken a logjam by agreeing to key demands from right-wing "Blue Dog" Democrats that would similarly cut \$100 billion from the projected cost of the Obama plan. The deal, brokered by White House officials, would exempt many more small and medium businesses from a requirement to provide health insurance for their employees by making the exemption available to businesses with payrolls of \$500,000 or less, compared with a threshold of \$250,000 in previous House versions.

It would also force workers to pay more of their income on premiums for employer-sponsored insurance before they could qualify for federal subsidies.

Recent statements by some of those involved in the Senate Finance Committee talks as well as press reports citing unnamed officials make it clear that the bipartisan group is stripping away from the plan a number of provisions that were designed to give the health care overhaul a "progressive" gloss, while imposing even greater sacrifices on workers and a bigger profit windfall for corporate interests.

The key players on the Senate Finance Committee are Democrats Max Baucus of Montana (the committee chairman), Kent Conrad of North Dakota and Jeffrey Bingaman of New Mexico, and Republicans Charles Grassley of Iowa (the senior

Republican on the committee), Olympia Snowe of Maine and Mike Enzi of Wyoming. They have been meeting with "outside advisers," including insurance actuaries and Congressional Budget Office Director Douglas Elmendorf, to incorporate into the plan the key demands of corporate lobbyists.

The Associated Press reported Monday that the group of six has rejected the proposal originally put forward by Obama for a government-run program ostensibly to serve as a public option for individuals and families who will be required under the law to purchase health insurance if they are not otherwise covered. In reality, the so-called public option was meant to serve as a dumping ground providing minimal coverage for workers not covered by employer-sponsored plans and unable to afford decent coverage.

However, the insurance industry and other corporate interests have fiercely opposed any government-run component to the health care overhaul. They see the legal requirement for people to buy insurance as a huge source of profit, and oppose ceding any part of the expanded market to the government. In place of the public option, the Senate negotiators are proposing the establishment of privately-owned cooperatives.

The Finance Committee negotiators have also rejected provisions in bills passed by two House committees and the Senate health committee that would require large companies to provide insurance for their employees. Instead, they are proposing that the companies be required to pay for a portion of federal subsidies that will go to individuals and families who buy plans on the private market.

The negotiators have as well rejected proposals by the Obama administration and other congressional committees to help pay for the health care overhaul by means of either a surtax on the wealthy or limits on tax deductions for the rich.

They have also incorporated a plan to establish an unelected commission of "experts" that will have power to unilaterally impose cuts in Medicare, the government program that provides health insurance for 45 million elderly and disabled Americans. The commission's recommendations will take effect automatically, subject only to a congressional veto.

This provision underscores the anti-democratic character of the entire health care scheme. For years, attempts to slash Medicare benefits have been frustrated by the reluctance of legislators to defy popular opposition by voting in favor of such measures. The Medicare commission proposal is designed to override popular

sentiment and provide political cover for the administration and Congress as massive attacks are carried out on health care provision for Medicare recipients.

The Senate Finance Committee plan reduces the number of families eligible for federal subsidies for health care premiums as compared to the bills approved by other congressional committees. It does so by lowering the threshold for coverage from 800 percent of the official poverty level to 600 percent.

The more the congressional negotiations drag on and details of the Obama plan are revealed, the greater the signs of public concern and outright opposition. Recent opinion polls have shown dwindling public support and the *New York Times* reported Wednesday that “members of Congress said they were deluged with calls from constituents worried that their Medicare benefits might be cut to help finance coverage for the uninsured.”

Concerns are also being expressed by some health care experts and advocacy groups. Richard J. Kirsch, the national campaign manager of Health Care for America Now, a consumer group, said, “If Congress sets the limit at 300 percent of the poverty level, millions of middle-income families would not be able to buy insurance because they could not afford the premiums on their own.”

Senator John D. Rockefeller IV of West Virginia complained that the bill being drafted by the Finance Committee would end the Children’s Health Insurance Program and reduce the scope of benefits for 11 million children currently in the program.

The corporate response to the erosion of popular support for the Obama plan has been to campaign more energetically for its adoption and urge quick action by the Senate Finance Committee. On Monday, the US Chamber of Commerce sent a letter to Finance committee leaders calling for the panel to “act promptly, preferably before” the Senate’s scheduled vacation at the end of next week.

PhRMA, which represents drug companies, purchased more than \$500,000 worth of television ads to air this week in nine states.

For his part, Obama has lent support to the Senate Finance Committee negotiations, praising the Republicans involved in the closed-door talks in his prime time press conference last week. On Monday, White House spokesman Robert Gibbs signaled that the administration would accept the dropping of its public option proposal, saying “I don’t believe that the president has come down (on) one versus the other in terms of denoting co-ops equal to or above the public option.”

At the same time Obama has held a series of town hall meetings in different parts of the country in an attempt to allay public concerns over his plan.

At one such event, sponsored by AARP, an association for the elderly, which was held in Washington DC on Tuesday, Obama said, “Nobody is talking about cutting Medicare benefits.” That is a true statement. Obama and Congress are not *talking about* cutting benefits for the elderly. They are doing it without telling those who will suffer the consequences.

These stage-managed public relations events are meant to give a gloss of openness and public discussion to a process that is thoroughly anti-democratic. The anti-working class substance of the Obama plan is reflected in the secretive manner in which it is

being put together.

There are no congressional hearings on changes that will dramatically affect the lives of hundreds of millions of people. The real content of the plan is being hidden from public view. In reality, the scheme is being drawn up by corporate lobbyists for the drug companies, insurance giants, hospital chains and other big business interests, acting through politicians who represent their class interests and whose election campaigns are funded by corporate cash.

Indicative of the cynicism and dishonesty that pervade the health care overhaul is a proposal gaining currency in both the House and Senate to impose an excise tax on health insurance plans costing more than \$25,000 a year. This is being presented as an alternative to proposals to raise revenues by taxing employee health benefits. The cynical character of the plan, promoted by Democratic Senator and former presidential candidate John Kerry, is revealed in a column by *New York Times* commentator David Leonhardt published on Wednesday.

Leonhardt, who has published numerous pieces supporting the Obama plan and defending the rationing of health care, writes that “to deal with this political reality,” i.e., popular opposition to taxing workers’ benefits, the Kerry health care tax “comes dressed up with a whole lot of lipstick.” He continues, “The tax doesn’t fall directly on workers. It doesn’t even fall on employers. It falls on everyone’s favorite villain, health insurance companies.”

He goes on to explain that the insurance industry would pass the cost of the tax onto companies, including those with “unionized workers who have their own generous plans,” which would, in turn, either slash their employee plans or terminate them. Companies that no longer offered insurance would be required to pay a modicum of cash compensation to their workers, “which would, of course, be taxed.”

Commenting on this tax scheme, the *Wall Street Journal* wrote on Wednesday, “In addition to raising revenue, many health care experts say such a tax could help curb long-term health costs, by creating a disincentive for plans that encourage unnecessary tests and procedures.”

This gets to the heart of the Obama plan, which, in the name of eliminating “unnecessary tests and procedures,” will establish an openly class-based health care system in which working people will be denied more advanced and expensive drugs, treatments and tests, while the wealthy will continue to have access to the best available care. People will also find that they have to pay extra for a host of things that were previously covered.

This is the context in which statements must be judged such as that made by Senate Finance Committee negotiator Charles Grassley, who said the group of six had agreed on “better managing treatment of costly chronic diseases like diabetes and asthma.”



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