White House drops public health care option

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18 August 2009

The Obama administration has indicated that it will not insist on a "public option" as part of its overhaul of the US health care system. The move signals the abandonment of the only fig leaf of "reform" in the administration's cost-cutting health care scheme. It represents a complete capitulation to the insurance industry, which lobbied intensively against any government-run insurance plan.

"The public option, whether we have it or we don't have it, is not the entirety of health care reform," Obama stated at a town-hall meeting Saturday in Grand Junction, Colorado. "This is just one sliver of it, one aspect of it."

A series of White House officials appeared on television interview programs Sunday and broadly hinted at the administration's abandonment of the public option. Interviewed on CNN's "State of the Union" program, Health and Human Services Secretary Kathleen Sebelius said that a government-run plan is "not the essential element" of Obama's health care initiative.

White House Press Secretary Robert Gibbs, appearing on CBS News' "Face the Nation" program, indicated that Obama could be "satisfied" without the public option.

In place of the public option, the White House is reportedly prepared to accept a proposal from the Senate Finance Committee to create "non-profit health insurance cooperatives." The author of the measure, Democratic Senator Kent Conrad of North Dakota, appearing on "Fox News Sunday," said, "The fact of the matter is there are not the votes in the United States Senate for a public option. There never have been."

He neglected to explain that there are not sufficient votes in the Senate—which the Democrats control with a "veto-proof" 60 to 40 majority—because he and a sizable number of his fellow Democrats staunchly oppose even the token public plan proposed by Obama. They oppose it because it would cut into private insurers' control of the health insurance market and reduce the windfall profits they stand to reap from the administration's proposed overhaul.

The dropping of the public option only underscores the fact that the terms of the health care overhaul are being dictated by the insurance industry, the big hospital chains and the pharmaceutical companies. Obama himself in earlier statements and press conferences declared that a public insurance option was essential to rein in the insurance companies and prevent them from gouging the public.

He now stands condemned by his own words of aiding and abetting a corporate scheme to boost the profits of the health care industry—and slash labor costs for the rest of big business--by forcing working people to purchase bare-bones private insurance at inflated prices.

On the question of health care, as in every other aspect of public policy, the major financial and corporate interests exercise veto power.

Speaking Monday on NBC's "Today Show," the former chairman of the Democratic National Committee, Howard Dean, criticized the dropping of the public option, saying, "What's going on in the health insurance industry is very much like what was going on, in my view, on Wall Street over the last eight years. People just basically taking money out of your pockets and putting it in theirs. None of that money goes to health care."

The cave-in on the public option—which, in any event, was conceived of as a dumping ground for people unable to afford private insurance—is a continuation of the administration's groveling before corporate interests. The White House has been in continual discussions with the pharmaceutical lobby. Recently, it publicly reassured the drug companies that it would

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follow through on a secret pledge to block any legislation that would allow the government to negotiate drug prices or import cheaper drugs from Canada.

The Obama administration is pushing for the elimination of the existing “fee-for-service” system, in which health care providers are reimbursed for each patient visit or procedure. It advocates replacing this with a “global payments” system, in which doctors and hospitals would be compensated for services performed over a period of time, thus imposing dollar limits on health care for working people.

This means rationing health care for most Americans, who would be denied access to more expensive tests, drugs or procedures unless they were able to pay high additional fees over and above their insurance premiums.

In the name of cost-cutting “efficiencies,” Obama has also proposed slashing $600 billion from the Medicare and Medicaid programs.

During the presidential campaign, Obama opposed the so-called “individual mandate,” under which every individual is legally required to have health insurance. This reactionary approach puts the onus on the consumer, rather than the health care companies, imposing fines on people who are not insured under an employer-provided plan and fail to purchase private insurance.

Early on in his health care drive, President Obama changed his position and adopted the individual mandate approach in order to assure the insurance giants that they stood to reap large profits under his scheme.

The health insurance co-ops proposed by the Senate Finance Committee are in no way a public alternative. Membership in these groups, a number of which already exist in states across the county, is not free of charge and the co-ops often reject prospective members. Costs are similar to premiums paid to private insurers.

The scrapping of the public option is one more indication of the reactionary character of the entire health care overhaul. The provision of quality health care as a basic human right is incompatible with a system based on corporate profit and administered by a political establishment beholden to a financial oligarchy.

The manifest failure of the present health care system in the US—which leaves some 50 million people (one sixth of the population) without any form of insurance—is precisely due to the subordination of health care to private profit.

The fight for a health care system that corresponds to the needs of the population requires a political struggle against the capitalist profit system and the two parties of big business that defend it. Socialist medicine—based on the nationalization of the hospital chains, pharmaceutical companies and insurance giants and their transformation into utilities democratically controlled by the working class—is the only basis for providing high quality health care for all.

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