

Democrats pledge more cuts in Medicare to fund Obama's health care overhaul

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Democratic leaders in the House and Senate expressed their support for the Obama administration's plans for the overhaul of health care, as outlined in the president's speech Wednesday. The ongoing talks outside of public view center on finding more ways to cut costs through amendments to the existing proposals.

On all the policy aspects of his speech, Obama came down in favor of the more right-wing bill being drafted by the Senate Finance Committee under Democratic Chairman Max Baucus. Baucus hopes to reach an agreement that would lead to a vote in the Senate by early October.

"Our health care problem is our deficit problem," Obama said on Wednesday, making clear that the administration sees changes in health care as the principle means to cut government spending. "Reducing the waste and inefficiency in Medicare and Medicaid" was at the center of the plan, Obama said. While Obama denied it, this in fact will mean significant cuts in services for the poor and the elderly.

How these cuts will be made and additional steps that may be taken are now subject to discussion. "Many of the details will be worked out in the legislative process," White House Deputy Communications Director Dan Pfeiffer said on Thursday. "From Day One, we have laid out several very specific options from within the system and to raise revenue to pay for health care ... What should be crystal clear is that the president is 100 percent committed to signing a health reform bill that does not add a dime to the deficit."

As *New York Times* columnist David Brooks explained on Friday, the principles outlined in Obama's speech mean that "there will be a seller's market for any member of Congress, Republican or Democrat, who has a credible amendment to cut costs.

It also means the Democrats will have to scale back coverage and subsidy levels to reach the fiscal targets." (See, "*Times* columnist David Brooks exposes 'left' supporters of Obama health plan")

House Speaker Nancy Pelosi proclaimed her support for this cost-cutting agenda on Thursday. "Half the bill will be paid for by squeezing excesses out of the [Medicare and Medicaid] system," she said, "and there is \$500 billion dollars to do that and we're looking for more. That can be achieved—waste, fraud, redundancy, obsolescence, whatever it is."

Reference to fraud and waste is the form in which a sweeping attack on these entitlement programs is being prepared. Similar denunciations of "welfare fraud" were promoted in the run-up to the gutting of welfare programs under the Clinton administration.

An article in the *Washington Post* on Friday ("Details Still Lacking on Obama Proposal") referred to a report from the White House proposing to set up "a new commission to ferret out waste, fraud and abuse in Medicare." The author noted that "some aides said the proposal would give the panel authority to advance much broader changes in coverage and reimbursement rates."

Discussions about "these broader changes in coverage and reimbursement rates" are taking place entirely behind the backs of the American people.

Some media commentators have been more explicit in pointing out that the cuts Obama is demanding will mean real reductions in care. Clive Crook, the right-wing columnist for the *Financial Times*, wrote in a blog posted Thursday, "The idea that cuts of the necessary size can be found, as [Obama] says, entirely by cutting 'waste and inefficiency' is implausible. Obama tried hard to reassure Medicare beneficiaries that they have nothing to fear from this reform. I doubt that he

succeeded, but we will see.”

The main criticism of Obama’s proposal is now coming from some Democrats and Republicans who want to see more explicit measures for cutting costs. On Thursday, Obama met with a group of “moderate” Democrats. While the content of the discussion was not officially released, media reports indicate that it was focused on finding ways to more aggressively pare spending.

Democratic Senator Herb Kohl of Wisconsin said after the meeting, “I don’t think we’re focusing enough on costs.”

Leading Democrats also indicated Thursday that they were willing to accept a bill that does not include a “public option.” House Democrats in particular have urged Obama to include a government-run plan, in part to make it easier to sell the measure as some sort of progressive reform.

In fact, as Obama indicated on Wednesday, the public option would be very weak and would not challenge the profit interests of insurance companies. Nevertheless, he said he would accept a bill without the option, or one which kept such a plan in reserve, to be “triggered” only if markets were deemed insufficiently “competitive.”

White House spokesman Robert Gibbs repeated on Thursday that Obama’s speech “reiterated the public option is not the be-all, end-all of health care reform.”

When asked about whether the public option is non-negotiable, Pelosi said, “I don’t think you ever go into a negotiation saying something is non-negotiable.” On the day before Obama’s speech, Pelosi had insisted, “A public option is essential to our passing a bill.”

With or without a marginal public option, the central purpose of the health care bill—setting the stage for major cuts in health care benefits for the working class—will remain.



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