

US Senate Finance Committee deliberates Baucus healthcare proposal

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The Senate Finance Committee continued its deliberations for a third day Thursday on the healthcare proposal drawn up by Committee Chairman Max Baucus, Democrat of Montana.

The proceedings were characterized by cynical posturing on the part of both Democrats and Republicans, as committee members jockeyed for support for various amendments to the plan under conditions in which the Obama administration's push for an overhaul of healthcare is viewed with growing popular skepticism.

The Baucus plan is the version of congressional legislation broadly supported by President Barack Obama, who indicated in a series of interviews Sunday that the proposal contains "80 percent" of what the White House is seeking. White House Budget Director Peter Orszag praised the plan for being not only "deficit neutral," but potentially "deficit-reducing."

Like the other versions of healthcare legislation working their way through Congress, the plan includes a mandate that all Americans purchase insurance, would slash hundreds of billions from the Medicare and Medicaid programs, and would implement cuts to "inefficiencies" in the healthcare system through the use of comparative effectiveness research.

The plan does not include a public option as part of a new healthcare "exchange" in which those without insurance would be required to purchase coverage, instead proposing an expansion of healthcare cooperatives. No restrictions would be placed on the prices insurers could charge for the premiums on plans that individuals and families would be forced to purchase.

Heading into the first day of committee hearings on Tuesday, Baucus offered several changes to his plan based on the more than 560 amendments proposed by Democratic and Republican committee members. Baucus's modifications included slight increases in the tax credits available to subsidize the purchase of insurance, and a lowering of the maximum penalty imposed on families who do not purchase coverage, down to \$1,900 from \$3,800 a

year. The total cost of the plan is estimated at \$900 billion over 10 years.

Committee Republicans continue to oppose the measure, along with several Democrats who object to some of its provisions. It is an indication of the reactionary character of the Baucus plan that Republicans have been able to grandstand in the deliberations as the defenders of Medicare, exploiting growing fears among seniors that their benefits will be cut.

Like the other versions of congressional healthcare legislation, the Baucus proposal seeks hundreds of billions in cuts to the federal Medicare and Medicaid programs for the elderly, poor and disabled. It would cut \$200 billion by lowering payments to hospitals, nursing homes and other providers. It would also cut \$113 billion from Medicare Advantage (MA) programs through which more than 10 million seniors receive Medicare benefits via private health insurance plans.

Republican Senator John Kyl of Arizona claimed that seniors "have reason to be worried that portions of this bill could affect their care." Another committee member, Republican Orrin Hatch of Utah, proposed eliminating the \$113 billion cut to Medicare Advantage, which was voted down by the committee.

Republicans have opposed the healthcare overhaul as an attempt by the Obama administration to implement "government-run healthcare." At the same time, the National Republican Congressional Committee has been targeting House Districts with high populations of retirees with phone calls and television ads warning that the Medicare cuts are "unconscionable."

In an effort to counter these claims, the White House issued a seven-page report on Wednesday titled "Health Insurance Reform and Medicare: Making Medicare Stronger for America's Seniors." Calling Medicare a "sacred trust," the report argues that healthcare restructuring "will improve the quality of care in Medicare, reduce costs for seniors, and make sure Medicare is there for them in the future."

In fact, as with other proposed cuts to Medicare, the cuts to

Medicare Advantage will mean reduced care for the elderly. The federal government currently pays private insurers in the MA program about 14 percent more per patient than Medicare typically spends. Seniors enrolled in these plans often receive care not offered under the standard Medicare program, including prescription drugs, dental care, vision care and other benefits.

The Baucus plan would, over time, eliminate these 14 percent extra payments. Most healthcare analysts say insurers are likely to pass these cuts on to patients, by trimming benefits, raising premiums or pulling out of rural areas where delivery of care is more expensive.

The Baucus plan also faces opposition to the Medicare provisions from Democrats on the Finance Committee. Senator Bill Nelson has been bombarded with complaints about the Medicare cuts from his constituents in Florida, where one in five residents is uninsured and where 1 million are enrolled in Medicare Advantage.

Nelson proposes maintaining MA spending at a cost of \$40 billion over 10 years. But with Obama pledging that any plan he signs will not add “one dime” to the deficit, this is unlikely to be a feature of any final legislation.

Another Democrat on the committee, Sen. John D. Rockefeller of West Virginia, opposed maintaining present funding for Medicare Advantage, stating that the payments “are stuffing money into the pockets of private insurers and [don’t] provide any better benefits to anybody.”

Other cuts to Medicare in the Baucus plan involve asking providers to accept a slower than expected rate of growth in payments over the next decade. Again, these curbs to payments would undoubtedly be passed on to patients through cuts in services and hikes in premiums by insurers, who face no restrictions on the prices they can charge.

Senate Finance Committee Democrats and one Republican also shot down an amendment to the Baucus plan that would have removed a proposal to establish an independent Medicare Commission with the authority to slash costs in the federal program if costs rise faster than the Consumer Price Index.

This commission—proposed by Obama—would send its recommendations to Congress, which could amend them only if they remained under the spending targets. Its inclusion in the Baucus plan is one more indication that the aim of healthcare legislation as envisioned by Obama is to shift the burden of healthcare more directly onto the backs of working people, while increasing corporate profits and slashing government spending.

Deliberations on the Finance Committee are expected to extend into next week. At this point, the Baucus plan has secured no definitive backing from Senate Republicans, with only Republican Olympia Snowe of Maine indicating

possible support.

Senate Majority Leader Harry Reid, Democrat from Nevada, indicated Tuesday that reconciliation—a procedure requiring only a simple majority vote—is being considered as a “last resort” if 60 supporters of the plan cannot be mustered to avoid a Republican filibuster.

Inclusion of the “individual mandate” in Obama’s healthcare overhaul—and exclusion of a public option—means that for the first time the federal government would require consumers to buy a single industry’s product.

Commenting on this potential captive market, John Garamendi, California’s Democratic Lt. Governor and former state insurance commissioner, told the *Los Angeles Times*, “We are about to force at least 30 million people into an insurance market where the sharks are circling. Without effective protections, they will be eaten alive.”

According to research by the Kaiser Family Foundation and the Health Research & Educational Trust, if premiums continue to rise at current rates, in 10 years the average family policy will rise from today’s annual rate of \$13,374, to a staggering \$24,000 a year.

Congressional Democrats and Republicans alike are under intense pressure from healthcare industry lobbyists to avoid any government regulations on what insurance companies and pharmaceuticals can charge. Senate Finance Committee member Jeff Bingaman, Democrat of New Mexico, told the *LA Times*, “That would be a very substantial additional intervention in the marketplace. I just don’t think the support would be there for that kind of change”—among congressional Democrats and Republicans, that is.

Within the US population, however, there is mounting anxiety and anger over skyrocketing premiums and out-of-pocket expenses for healthcare. A recent *USA Today*/Gallup poll shows that two thirds of those surveyed cite high medical costs, lack of insurance, and insurance companies’ greed as the biggest problems in the US healthcare system.

Only two in ten Americans polled think their health insurance coverage and quality of care will improve if Congress passes a healthcare bill this year. Any intelligent analysis of the healthcare legislation being proposed by the Obama administration shows that this skepticism is well founded.



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