

Obama seeks to reassure insurance companies, Republicans in speech to Congress on health care

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President Barack Obama's nationally televised address to a joint session of Congress Wednesday night, billed as an effort to explain his health care proposals to the American people, was largely devoted to reassuring the health care industry and conciliating his Republican opponents.

Obama sought to repackage his proposed overhaul of health care to better conceal from the public its reactionary content, but the bulk of his speech focused on the need to slash health care costs, both those borne by private companies and government outlays for Medicare and Medicaid, the government programs for the elderly and the poor.

"The problem of rising costs," he said, places "American businesses that compete internationally, like our auto makers" at "a huge disadvantage." The reference to US auto companies was significant, since Obama forced General Motors and Chrysler into bankruptcy in large part to push through a drastic lowering of health benefits for auto workers. With this remark, Obama sent a signal that, despite his "reform" rhetoric, the assault on auto workers' health benefits was the model for the kind of cuts his health care proposals would effect more broadly.

He went on to declare that his health care plan was essential to reining in the ballooning federal deficit and national debt. "Put simply," he said, "our health care problem is our deficit problem. Nothing else comes close."

This is a lie. It ignores the far greater role of the multi-trillion-dollar bailout of the banks, the hundreds of billions spent on the wars in Iraq and Afghanistan, and the half-trillion-dollar annual military budget in bankrupting the federal treasury.

Obama went further in seeking to secure right-wing support for his plan. He declared that he would "not sign a plan that adds one dime to our deficits—either now or in the future." He added, "And to prove that I'm serious, there will be a provision in this plan that requires us to come forward with more spending cuts if the savings we promised don't materialize."

He gave no indication where these spending cuts would be imposed, but the clear implication was that they would come from Medicare, Medicaid or other social programs.

He went on to say that "most of this plan can be paid for by finding savings within the existing health care system—a system that is currently full of waste and abuse." He remained deliberately vague on the nature of this "waste and abuse," but hinted at the basic thrust of his entire scheme

when he spoke of "tax dollars we spend on health care that doesn't make us healthier."

This was an oblique reference to various components of his plan that would result in the rationing of health care, whereby millions of working people would either be denied access to more expensive tests, procedures and drugs, or forced to pay extra for them.

"And this is also true when it comes to Medicare and Medicaid," he said. In connection with Medicare, he touted his plan to establish an "independent commission of doctors and medical experts charged with identifying more waste in the years ahead." He did not explain that this unelected commission would have the power to unilaterally order cost-savings in Medicare treatments, with Congress having only the option of vetoing its proposals.

"Now, because Medicare is such a big part of the health care system," he said, the cost savings achieved (by rationing care to seniors) would "usher in changes" across the health care system.

The speech was delivered under conditions of mounting popular opposition to his administration's health care plan. An Associated Press-GfK poll released earlier on Wednesday showed 52 percent disapproving of Obama's handling of health care, and only 42 percent approving. The same poll showed Obama's overall approval rating dropping to 50 percent, an extraordinarily low level by historical standards for a president at this stage of his tenure.

Obama sought to counter this trend by presenting a distorted and dishonest picture of his health care plan. He stressed that it would prohibit insurance companies from denying coverage for pre-existing conditions or dropping coverage for people who became ill. He claimed it would provide government subsidies to enable most of the 47 million uninsured in the US to purchase insurance on government-established insurance exchanges.

However, he failed to mention that only families earning less than \$66,000 would be eligible for these subsidies, and even with the subsidies those buying plans from private insurers on the exchanges would have to pay thousands of dollars for bare-bones plans. Tens of millions of people without insurance would get no subsidies at all under the Obama scheme.

However, they would be legally required to buy insurance. Obama demonstratively endorsed this so-called "individual mandate," a proposal he had opposed when it was advanced during the Democratic presidential

primaries by Hillary Clinton.

This is a reactionary measure. It places the onus for the health care crisis on ordinary people, rather than on the insurance companies and the government. The insurance companies—along with the pharmaceutical giants and hospital chains—are generally backing the Obama plan because it would create a huge new market and increase their revenues, while limiting their payouts by allowing them to sell inferior coverage.

Under the version of Obama's plan drafted this week by Senator Max Baucus, the chairman on the Senate Finance Committee, individuals who failed to buy insurance would be subject to fines of up to \$3,800 a year. Nearly 12 million people who have no insurance could be subject to such fines.

As for those presently insured through company plans, the plan put forward by Baucus, which is considered to provide the basic outline of any plan eventually approved by Congress, contains incentives for employers to either slash their employee health benefits or drop their plans altogether.

The Baucus proposal does not require employers to provide coverage for their employees. Instead, it imposes a minimal penalty on large companies that refuse to provide coverage, a cost that would be substantially less than their current employee health care outlays. And it includes an excise tax of 35 percent on insurance companies for more expensive plans, including those currently provided under some union contracts. This tax would ultimately be passed on to employees in the form of higher premiums, deductibles and co-pays or reduced benefits.

As the *Wall Street Journal* noted in July, "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."

While the Baucus plan would expand eligibility for low-income people to obtain coverage under Medicaid, they would receive less coverage than regular Medicaid recipients.

In his address Wednesday night, Obama began the defense of his health care scheme by painting a dire picture of the present health care system in the US. "Everyone understands the extraordinary hardships that are placed on the uninsured," he said, "who live every day just one accident or illness away from bankruptcy." Every day, he noted, 14,000 Americans lose their coverage.

As for those who do have insurance, they "never have had less security and stability than they do today," Obama said.

But he evaded the root cause of this growing health care disaster—the subordination of health care to private profit. At one point he cited "Wall Street's relentless profit expectations" as a driving force behind the insurance companies' jacking up rates and dropping their sickest customers.

But in the same breath he proclaimed his support for the capitalist market, declaring, "My guiding principle is, and always has been, that consumers do better when there is choice and competition. That's how the market works." He added, "I have no interest in putting insurance companies out of business."

Obama's most pronounced obeisance to corporate interests and his

Republican opponents came in connection with his proposal for a government plan to compete with private insurers on the insurance exchanges to be established under his plan. He stressed that such a plan would cover less than 5 percent of Americans and would receive no government subsidies. It would, he insisted, pose no threat to the insurance giants.

Nevertheless, Obama made clear that he was prepared to drop this proposal, which is bitterly opposed by the insurance companies. "To my progressive friends," he said, alluding to his liberal supporters and sections of congressional Democrats, "I would remind you that... the public option is only a means to that end—and we should remain open to other ideas that accomplish our ultimate goal."

He indicated he was open to support alternatives, such as the private coops envisioned in the Baucus plan or proposals for a "public option" to be held in reserve and "triggered" only if private insurers failed to hold down costs.

To further assuage the Republicans, he declared that his plan would exclude so-called "illegal immigrants" and provide no funds for abortions. He went on to announce his support for Bush administration proposals to limit medical malpractice awards.

The pretense of Obama's speech—that he was leveling with the American people—was itself fraudulent. In reality, the provisions of any health care overhaul are being worked out behind the scenes between health industry lobbyists and the politicians whose services they have purchased through campaign funds and other bribes.

As the *New York Times* noted on Monday, "... the major stakeholders in the health care debate—hospitals, doctors, insurers and the pharmaceutical industry—have not abandoned the negotiations." The *Times* cited Ralph G. Neas, chief executive of the National Coalition on Health Care, as saying of these "stakeholders:" "They're saying to themselves: 'We're going to get 30 to 40 or 50 million new customers. This is in our economic self-interest.'"

As with its bailout of Wall Street and its assault on auto workers, the Obama administration's health care plan is designed to place the full burden of the crisis of American capitalism on the backs of the working class.



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