US House health care bill would slash Medicare services

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Benefits provided under Medicare would be sharply reduced for some senior citizens under the health care plan recently passed by the US House of Representatives, according to a new government report released Saturday.

"America's Affordable Health Choices Act of 2009" (H.R. 3962), sponsored by House Democrats and approved on November 7, includes more than $570 billion in cuts to the government-run Medicare program for the elderly.

A report by the Centers for Medicare & Medicaid Services (CMS), requested by House Republicans, has found that these deep cuts to Medicare would likely result in real reductions in care, resulting in some hospitals and nursing homes refusing Medicare patients altogether.

The CMS report also predicts that expansion of eligibility for Medicaid would "exacerbate existing access problems," threatening access to care for millions in this health care program for the poor administered jointly by the federal government and the states.

In particular, the report notes that provisions in H.R. 3962 relating to Medicare "would introduce permanent annual productivity adjustments to price updates for institutional providers"—acute care hospitals, skilled nursing facilities, and home health agencies. This mechanism has been included in the bill with the stated aim of maximizing "efficiency." It accounts for $282 billion in cost savings—more than half of the total in Medicare cuts.

These "productivity adjustments to price updates" would be tied to productivity gains in the economy as a whole. The report notes the labor-intensive nature of health services, and comments in a footnote: "Except in the case of physician services, we are not aware of any empirical evidence demonstrating the medical community's ability to achieve productivity improvements equal to those of overall economy."

CMS says that the cumulative effect of a sustained reduction in payment updates would cause Medicare payment rates to grow more slowly than health care providers' costs of providing services to Medicare beneficiaries. This in turn would cause providers' to reduce care provided under the government program, or pull out of Medicare altogether.

The report states: "Providers for whom Medicare constitutes a substantive portion of their business could find it difficult to remain profitable and might end their participation in the program (possibly jeopardizing access to care for beneficiaries)." In other words, a measure aimed at eliminating "inefficiency" would have the real effect of denying access to millions of seniors seeking health care.

Under the House bill, Congress could intervene to roll back some of these reductions in payment updates, but "so doing would likely result in significantly smaller actual savings" than are currently projected in the health care legislation. In keeping with Obama administration demands that any health care overhaul not add "one dime" to the budget deficit, such rollbacks are unlikely.

Republicans undoubtedly pushed for the CMS study in an effort to derail any effort at health care restructuring. While posturing as defenders of health care for the elderly, they know that Obama and Congressional Democrats are committed to maintaining legislation that is "deficit neutral."

According to the CMS, of the 57 million people projected to be uninsured by 2019 under current law, 34 million would obtain new insurance under H.R. 3962. This would leave an estimated 23 million people without insurance, with a third of these being undocumented immigrants.

About 25 million of these newly insured individuals would gain coverage as a result of the expansion of Medicaid and the Children's Health Insurance Program (CHIP). Medicaid eligibility would be expanded to

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include all legal residents with income under 150 percent of the Federal Poverty Line (FPL).

While the House bill allocates $77.5 billion to offset costs to cover those newly insured under Medicaid and CHIP, CMS predicts that in response to higher demand, "providers might tend to accept more patients who have private insurance (with relatively attractive payment rates) and fewer Medicaid patients."

In other words, while touted as legislation that would expand coverage to millions, many of those added to the Medicaid rolls would be covered only in name, unable to obtain vital medical services. "It is reasonable to expect," the report notes, "that *a significant portion of the increased demand for Medicaid would not be realized*" (emphasis added).

The House passed the legislation in a narrow 220 to 215 vote, with 39 Democrats voting against it and with the support of only one Republican. The slim majority was only achieved with the adoption of a sweeping anti-abortion amendment that imposes strict bans on the use of federal funds to finance abortion, a medical procedure that is constitutionally guaranteed by the US Supreme Court's 1973 *Roe v. Wade* decision.

The deal was hatched in back-room negotiations by House Speaker Nancy Pelosi (Democrat, California) under pressure from the U.S. Conference of Catholic Bishops and other anti-abortion forces. Sixty-four Democrats joined 176 Republicans to approve the reactionary amendment, named for Democratic Rep. Bart Stupak of Michigan.

The House bill contains a mandate requiring individuals to purchase insurance, or pay a penalty, guaranteeing new cash revenues for the private insurers. It also includes a watered-down version of a "public option" for purchase on an insurance exchange. The secretary of health and human services would have to negotiate rates for payments to hospitals and doctors, unlike under Medicare where the government sets payment rates.

The Centers for Medicare & Medicaid Services estimates that only about 2.5 million people would enroll in the public option, and a similar small number would gain coverage through employer-sponsored health insurance. The public option is expected to attract sicker individuals unable to purchase insurance from private insurers on the exchange, and who would likely be forced to pay higher premiums.

The House bill must be reconciled with legislation in the Senate, where Senate Majority Leader Harry Reid (Democrat, Nevada) is soon expected to unveil legislation. The Senate bill will bring together legislation drafted by the finance and health committees. Like the House version, both contain drastic cuts to Medicare funding.

Reid has suggested that he would support an even weaker version of the public option than the one in the House bill; it would be included in the legislation, but states could "opt out" and would not be required to participate in it. Other proposals include the public option only as a "trigger" in the event that private competition is deemed insufficient.

The finance committee bill contains a tax on so-called Cadillac insurance plans, a tax that would target a significant number of unionized workers, who have gained these comparatively more generous plans through contract disputes, often at the expense of wages and other compensation.

While such taxes were opposed by Barack Obama during his presidential bid as an indirect tax on employee medical benefits, the White House now supports them as critical component of any overhaul of the health care system.

Whatever version of health care legislation emerges from Congress, it will be based on slashing government spending on health care costs and defending the profits of the insurance companies and pharmaceuticals. Central in all of the competing proposals is a brutal assault on Medicare and the health care needs of ordinary Americans.

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