

US Senate votes to open debate on cost-cutting health care plan

Kate Randall

23 November 2009

The US Senate voted Saturday to begin formal debate on a health care bill that reconciles versions of legislation from two Senate committees. Measures contained in the bill, presented by Senate Majority Leader Harry Reid (Democrat, Nevada), would slash hundreds of billions of dollars from federal health care programs, while boosting the profits of the health care industry. It would leave millions of Americans without insurance.

The legislation, estimated at a cost of \$848 billion by the Congressional Budget Office (CBO), adheres to the Obama administration's central demand that it not add to the budget deficit. The CBO projects that the legislation would lower the deficit by \$130 billion by 2019.

The Senate voted 60-39 Saturday night on the cloture vote to allow discussion to proceed, the minimum required to avoid a Republican filibuster. All 58 Democrats and two independents voted in favor while all Republicans present voted in opposition.

Majority Leader Reid worked up to the last minute to secure the votes of three Democratic Senators—Blanche Lincoln of Arkansas, Mary Landrieu of Louisiana, and Ben Nelson of Nebraska—who oppose the government-run “public option” included in the bill alongside private insurance for purchase on an “exchange.” The three say they will oppose its inclusion in the legislation's final form.

Differing from the House version, the Senate legislation allows states to “opt out” of the public option. In both the House and Senate versions of the public option the Department of Health and Human Services would have to negotiate pay rates with health care providers, differing from under Medicare where the government sets the rates.

On Sunday, Senate Democrats said that they were willing to compromise on the public option and other measures opposed by Republicans. Dick Durbin of Illinois told NBC's “Meet the Press,” “We are open [to changes] because we want to pass the bill.” Independent

Senator Joe Lieberman said that he would support a Republican filibuster if the public option remains in the bill at the end of the debate in the Senate.

The Senate bill would ax about \$400 billion from federal health care programs, primarily Medicare, resulting in reduced and inferior care for millions of Americans. Medicare payments to health care providers would be reduced by about \$200 billion, while an additional \$113 billion would be cut from Medicare Advantage, the program by which more than 10 million seniors receive Medicare benefits through private health insurance plans.

The Senate plan would also utilize “comparative effectiveness research” to further cut Medicare. An independent Medicare commission, an unelected body appointed by the president, would aim to reduce \$22 billion in “excess cost growth” over the next decade.

The implications of this type of research came into focus last week as two panels—one government financed and the other a physicians group—recommended major changes to guidelines for breast and cervical cancer screenings for women. (See “US government mammogram recommendations: Denial of breast cancer screenings will have deadly consequences” and “Why are women being told to forgo cervical cancer screenings?”)

While the panels' guidelines are purportedly advisory, the main health insurance lobby, America's Health Insurance Plans, has indicated that their member companies look to such recommendations when setting the standards for services eligible for coverage.

The Senate plan would leave an estimated 25 million without health insurance, about a third of these undocumented immigrants. Long since abandoned is Barack Obama's pledge during his presidential bid to fight for universal health insurance.

Individuals and families would, however, be required to obtain insurance or pay a penalty, unless they qualify for a

waiver. These fines would rise to \$750 by 2019, with higher penalties for failure to insure children. By requiring people to obtain insurance, the legislation would provide private insurers with a lucrative new source of cash-paying customers. Although certain restrictions are placed on the insurance companies barring them from denying coverage for preexisting conditions, there are no limits on what they can charge for coverage.

Modest government subsidies to assist in purchasing insurance would be provided for people with incomes up to 400 percent of the federal poverty level (FPL). The poverty level is currently set at the abysmally low level of about \$22,000 a year for a family of four.

Businesses would be under no obligation to provide health care coverage for their employees. Employers with 50 or more workers would pay a \$750 per employee penalty if any of their workers obtained federally subsidized insurance coverage on the exchange.

One of the largest sources of funding for the Senate health care bill would be raised through taxes on so-called Cadillac plans. These are plans costing more than \$8,300 annually for individuals or \$26,000 for a family, which would be taxed at a 40 percent rate for the coverage exceeding these cut-off levels.

While promoted as a penalty on elite plan premiums, this tax in fact would impact some 35 to 40 percent of individual and family coverage, including the plans of a large number of union workers, who have won these comparatively more generous benefits through contract disputes, often at the expense of wages and other benefits.

During his election campaign, Obama criticized his opponent John McCain for supporting such a penalty as an indirect tax on workers' health care benefits. The measure now takes center stage in the Senate bill, which the administration enthusiastically promotes.

The bill will also raise the Medicare payroll tax from the current 1.45 percent to 1.95 percent for individuals earning more than \$200,000 and for couples earning more than \$250,000.

Medicaid, the health care program jointly administered by the federal government and the states, will be expanded to qualify everyone earning up to 133 percent of the FPL. This expansion is not fully funded, however, and is expected to put huge pressure on states already struggling with budget deficits due to the deepening recession.

The overall trajectory of the Senate health care bill is to slash health care costs for the government and corporations, while working to implement a class-based

system of rationed care, in which ordinary Americans would receive reduced services—all tailored to boost the profits of the giant insurance companies and pharmaceuticals.

The Obama administration's support for this vision was spelled out in a column Friday in the *Washington Post* by Peter Orszag, director of the White House Office of Management and Budget. In it, he praises various aspects of the Senate bill: the legislation's "deficit neutrality," the "Cadillac" tax, and the establishment of a Medicare commission to promote cost-cutting.

"Finally," he writes, "reform needs to create incentives to improve the way health care is delivered to patients throughout the country. We need to put in place incentives that reward higher quality for patients rather than more quantity in health care."

In other words, what has been billed as health care "reform" has nothing to do with expanding or improving treatments and services for working people. What drives this legislation is the reduction of costs for government and the corporations, combined with rationing and elimination of care.

The Senate will take up this legislation on November 30, and discussion is expected to last several weeks. Congressional Democrats are now aiming to reconcile the House and Senate bills after the new year and present legislation for President Obama to sign before he delivers his State of the Union address at the end of January.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact