US Senate begins debate on health care overhaul

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The US Senate began debate Monday on a health care bill that would cut hundreds of billions of dollars from federal programs, while leaving an estimated 25 million without insurance coverage. The "Patient Protection and Affordable Care Act," which reconciles versions from two Senate committees, is being actively promoted by the Obama administration, chiefly for its cost-cutting components.

With its cost estimated at $848 billion by the Congressional Budget Office (CBO), the bill complies with Obama's main criterion that it not add "one dime" to the federal deficit. The CBO has projected that the legislation would lower the deficit by $130 billion by 2019. The administration also favors the bill's inclusion of a tax on so-called Cadillac insurance plans, a feature not included in the US House version of the legislation.

Democratic Senate backers claimed a boost for the bill on Monday with the release of a report by the CBO, which said the plan could reduce costs for some people who purchase health insurance on their own, and leave costs essentially unchanged for the large number of Americans who receive coverage through their employers. The CBO analysis was requested by Democratic Senator Evan Bayh of Indiana, who was seeking reassurance that the bill would not raise costs for employer-sponsored health coverage.

The Senate voted 60-39 on November 21 on a cloture motion to allow the debate to proceed, with Democratic supporters of the bill put forward by Majority Leader Harry Reid of Nevada garnering the minimum number of votes to avoid a Republican filibuster. The bill was supported by all 58 Democrats and two independents and opposed by all Republicans present for the vote.

To pass final legislation, Reid must maintain these 60 votes. A number of Democrats oppose the bill's inclusion of a weak "public option" on the exchange where individuals and families could purchase insurance. Differing from the House version, the Senate plan would allow states to "opt out" of the government-run public plan. Senators Joseph Lieberman (Independent, Connecticut) and Blanche Lincoln (Democrat, Arkansas) are opposed to the public option in any form. Democrat Mary Landrieu (Louisiana) favors the so-called trigger option, where the public plan would kick in only if some predetermined cost-savings on premiums were not achieved.

Reid met Monday night with a number of White House officials to plan the campaign to win support for the bill from wavering Democrats. Participating in the meeting were White House Chief of Staff Rahm Emanuel, senior health adviser Nancy-Ann DeParle, Interior Secretary Ken Salazar and White House Deputy Chief of Staff Jim Messina.

Since early this year, health industry lobbyists have been regular visitors to the White House, where they have made token offers to reduce fees while receiving assurances from the Obama administration that there would be no restrictions on their profit-making. The Senate bill includes a mandate that all individuals and families obtain insurance or pay a penalty, a measure that would provide the insurance and drug companies with millions of new cash-paying customers.

Because of the tenuous support for the bill among a significant number of Democrats, it is likely the legislation will undergo further revision before being brought to a vote by the full Senate. The bill will be subject to individual amendments, and Reid could also introduce changes in the form of a final "manager's amendment." It is all but assured that any revisions will come in the form of attaching further cost-cutting and reductions in care for ordinary Americans to what is already a thoroughly regressive legislative package.

The bill would ax about $440 billion from Medicare, reducing payments to hospitals, hospices, home health and other providers. These proposed cuts have allowed Republicans to posture as defenders of Medicare, the federal program that provides health care to those over 65. In the debate Monday, Republican Senator John McCain of Arizona grandstanded by proposing to strike these cuts from the bill, a move that would render it unacceptable to the White House as it would raise the deficit by about half the cost of the legislation.

The CBO report on projected health insurance premiums, while hailed by Democratic backers of the Senate plan, in actuality shows that health care premium costs will not improve for the vast majority of ordinary Americans. In those cases where costs are projected to go down, this would mainly come as a result of government subsidies to purchase insurance, funds that will ultimately end up in the insurance companies' coffers.

The CBO report estimates premium costs for 2016, comparing projected costs under present law with those under the proposed Senate plan. For the vast majority of people who get health insurance from their employers—about five-sixths of the insurance market—the CBO projected their costs would be little changed by the legislation. It is important to note, however, that the CBO estimates that insurance costs will rise significantly compared to present costs under either scenario.

The Kaiser Family Foundation estimates average insurance premium costs for 2009 at $4,824 for individuals and $13,375 for couples. According to the CBO report, premiums for purchase on the insurance "exchange" under the Senate plan could cost an average of $5,800 for individuals and $15,200 for families—i.e., about a 20 percent increase for individuals and a 13 percent increase for families.

For people covered under plans through employers with 50 or more workers, under the Senate plan premiums are expected to rise to $7,300 for individuals and $20,100 for families (compared to $7,400 and $20,300 under present law). Because the health care legislation includes no restrictions on what insurance companies can charge for coverage, there is no guarantee that costs will not rise even higher.

According to the CBO, the only substantial reduction in costs is projected for people purchasing insurance on the exchange who qualify for government subsidies. These individuals and families—an estimated 18 million of the 32 million people buying insurance on their own—would pay premiums 56 to 59 percent lower than projected under current law. Again, these subsides would be funneled directly to the insurance companies.

People with "Cadillac" insurance plans stand to suffer doubly under the Senate plan. These are plans costing more than $8,500 a year for individuals, or $23,000 for a family, which generally provide comparatively better benefits, including optical and dental coverage, as well as lower co-pays and deductibles. These policies cover a large number of unionized workers and their families, who have won these plans through bitter contract disputes, often at the expense of wages and other compensation.

The CBO and Joint Committee on Taxation estimate that 19 percent of employment-based policies would exceed these thresholds in 2016 under current law, but that this number would increase over time. Under the Senate bill, these plans would be taxed at a 40 percent rate for the coverage exceeding these cut-off levels. According to the report, "most employers would probably respond to the tax by offering policies at or below the threshold" and "could achieve lower premiums through some combination of greater cost sharing … more stringent benefit management, or coverage of fewer services."

In other words, workers covered by these plans would see reduced coverage, inferior care and could expect to pay more for it. Barack Obama, who during his presidential bid opposed such a proposal as an indirect tax on employee medical benefits, now enthusiastically supports it as one of the key features of the bill.

The "Cadillac" tax and other components of the bill that reduce costs for corporations and the government, while slashing care for working families, expose the legislation being debated in Congress as a means of implementing a class-based system of rationed care. The wealthy will still be able to pay out of pocket for advanced technologies and superior care, and the profits of the giant insurers and pharmaceuticals will remain unchallenged.

If passed, the Senate bill must be reconciled with legislation passed by the House in early November. Senate Majority Leader Reid hopes to present legislation for President Obama to sign before his State of the Union address in late January, although this timeline is anything but assured.