US Senate clears way for passage of Obama-backed health care bill

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In the early morning hours on Monday, the US Senate approved a procedural motion to move its version of health care legislation to final passage later this week. The bill proposes deep cuts in Medicare, ensures the profits of the giant insurers and pharmaceuticals, and will result in reductions in care for millions of ordinary Americans.

The Senate voted 60-40—the exact majority needed to avoid a Republican filibuster—with all members of the Democratic caucus voting for the legislation and all Republican senators opposing it. The final form of the bill was the product of joint manoeuvres by White House officials and Senate Majority Leader Harry Reid, Democrat of Nevada, to secure the votes of key Democratic holdouts.

The Patient Protection and Affordable Care Act, hailed by President Obama as a “big victory for American people,” is in reality a thoroughly reactionary piece of legislation. The central focus of the $871 billion bill is to slash government health care spending. It includes more than $400 billion in cuts to Medicare, the government-run program for the elderly and disabled.

Obama emphasized the bill’s cost-cutting features in his remarks following the Senate vote, stating, “For all those who are continually carping about how this is somehow a big-spending government bill, this cuts our deficit by $132 billion for the first 10 years and by over $1 trillion in the second.”

To secure the votes of senators Joseph Lieberman, independent of Connecticut, and Ben Nelson, Democrat of Nebraska, Harry Reid and White House officials orchestrated a series of compromises, acceding to their demands for changes to the bill that rendered it even more retrograde.

Early last week, Lieberman demanded that any version of a government-offered “public option” be removed from a proposed insurance exchange where individuals and families could purchase coverage. The public option had already been watered down in the plan put forward by Reid, and would have allowed states to “opt out” if they chose.

At the urging of White House Chief of Staff Rahm Emanuel, Reid agreed to eliminate the public option to guarantee Lieberman’s vote. As a compromise, Reid proposed a Medicare “buy-in” option, whereby people aged 55 to 64 would have been allowed to purchase Medicare coverage. When Lieberman objected to this as well, it was also dropped.

In place of the public option, the bill now proposes to create multi-state plans offered under contract with the Office of Personnel Management, the agency that currently oversees plans sold to federal employees.

Since the early days of the Congressional health care debate, the Obama administration has made clear that it did not consider a government-run insurance option as critical to the overhaul. While such a government plan would provide at best a fig leaf of reform, posing little competition to the private insurers, insurance companies are vehemently opposed to any measure that poses the slightest threat to their profits.

During his presidential election bid, Obama championed the fight for “universal health care.” The Senate bill, which the president strongly endorses, bears no relation to such a cause. In fact, it would leave an estimated 25 million people without any health insurance whatsoever, including about 8 million undocumented immigrants and their children.

Of the 30 million people the bill’s proponents claim would gain health care insurance, half of these would come from an expansion of the Medicaid program for the poor, which is jointly funded by the federal government and the states. This expansion is not fully funded, and states already reeling from budget crises will be hard pressed to come up with the resources to finance their portion.

Last Thursday, in the run-up to Monday morning’s vote, former Democratic National Committee chairman Howard Dean called for the Senate to abandon the bill. He wrote in the *Washington Post*, “The winners in this bill are insurance companies; the American taxpayer is about to be fleeced in a situation that dwarfs even what happened at AIG.”

While in general agreement with the goal of reducing government health care spending, Dean’s statements reflected the concerns of sections of the Democratic Party that stripping the bill of its nominally progressive features—particularly the public option—will fuel the growing popular opposition to the health care restructuring.

However by Sunday, Dean had changed his tune, saying on NBC's "Meet the Press" program that he would not counsel Senate Democrats to vote down the bill. "I would certainly not vote for this bill if this were the final product," Dean said, "but the House bill is quite a good bill. This [Senate] bill has improved over the last couple of weeks. I would let this thing go to conference committee and let's see if we can fix it some more."

Senator Russ Feingold, Democrat of Wisconsin, pointing to the White House role in the dumping of the public option, commented, "Unfortunately, the lack of support from the administration made keeping the public option in the bill an uphill struggle." Feingold voted with the Democrats to advance the Senate legislation, arguing that it laid the basis for including the public option when the bill is reconciled with the House version, a highly unlikely prospect.

After Lieberman, the final Democratic holdout was Ben Nelson, Democrat of Nebraska, a fervent anti-abortionist. While the Senate bill already contained far-reaching restrictions on the use of federal funds for abortion coverage, Nelson insisted that it did not go far enough. He demanded a provision that individuals receiving government subsidies to purchase insurance be required to write two checks to pay for their insurance coverage each month—one for their share of the premium and the other specifically for abortion coverage.

According to the agreement reached with Nelson, states will also be able to opt out of allowing any plans that offer abortion coverage. This is a major attack on the legal right to an abortion.

The bill the Senate will vote on later this week contains this unprecedented attack on abortion rights. Leaders of the House abortion rights caucus, Representatives Diana DeGette (Democrat, Colorado) and Louis M. Slaughter (Democrat, New York) stated that the measure is "not only offensive to people who believe in choice, but it is also possibly unconstitutional." The House version of the bill, however, contains language that is even more restrictive on abortion coverage.

In addition to the anti-abortion language, Nelson, a former insurance industry executive, cut a deal granting his home state of Nebraska a permanent exemption from the state's share of Medicaid expansion.

Nebraska insurance companies will also get tax and fee breaks. These perks provide a small glimpse into the effect of the massive lobbying by the health care industry on the shape of the legislation. (See: "Health care profiteers: A billion-dollar lobby")

The fact that Lieberman and Nelson were able to hold Senate Democrats ransom, and impose their demands, is an indication of the deeply regressive character of the Senate health care plan. In addition to the deep cuts in Medicare, the bill requires people to purchase insurance or pay a penalty. These annual penalties could be as much as $750 per adult and $2,250 per family. Both the House and Senate bills provide for inadequate subsidies for some workers to purchase private insurance.

Employers are under no obligation to provide their workers with health care coverage, facing only a nominal fine for some workers denied coverage. If they do, they are only required to cover 60 percent of the cost, and the employees' portion of the premium could amount to up to 9.8 percent of their income.

The plan would also impose a 40 percent tax on so-called Cadillac insurance plans—policies with yearly premiums of more than $8,500 for an individual and $23,000 for a family. This tax would penalize unionized and other workers who have obtained these comparatively more generous health plans often at the expense of wages and other compensation.

Imposed on the insurance companies, this tax would be inevitably passed down to employees in the form of reduced health care coverage or higher co-pays and deductibles. Obama opposed such a tax during his presidential campaign as an indirect tax on health care benefits, but has now praised it as one of the key components of the Senate's health care plan.

Senate Democratic leaders expect to hold a final vote on the bill this Thursday, Christmas Eve. Most if not all of the features in the Senate legislation are expected to survive as the House and Senate reconcile differences between their versions of legislation. Congressional Democrats aim to have legislation on Obama's desk to sign before he delivers his State of the Union address in late January, which will reportedly be dedicated to promoting "fiscal austerity" and cost-cutting.

Barack Obama has assigned critical political importance to passage of health care legislation in his first term in office. The Senate health plan—which White House officials vigorously promoted—is being pushed through under conditions of growing public opposition. Support for Obama's health care overhaul has dropped to a new low of 32 percent, according to the latest NBC News/*Wall Street Journal* poll.

Obama was voted into office under conditions of deep hostility to the Bush administration, in both domestic and foreign policy. Coming on the heels of Obama's troop surge in Afghanistan, the reactionary content of the Senate health care bill shows that his administration's policies at home are of a piece with his entire political agenda. They will inevitably provoke widespread popular anger and resistance.