

Obama meets with AFL-CIO to push for cost-cutting health care overhaul

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With popular opposition to the administration's health care plan growing, President Obama held a private White House meeting with leaders of the US trade unions Monday to shore up support for corporate-backed measure, which will roll back health care for tens of millions of working and retired people.

A new CBS poll released Tuesday showed support for the bill has fallen to an all-time low of 35 percent. Nearly half the respondents criticized the legislation for failing to "regulate the insurance industry."

Among those attending the meeting with Obama was the new AFL-CIO President Richard Trumka, Teamsters President James P. Hoffa, and Gerald McEntee of the American Federation of State, County and Municipal Employees. Trumka described the event as a "meeting of friends trying to solve problems."

The union executives reportedly urged Obama to trim back the unpopular proposal to tax the health care plans of millions of workers with employer-paid benefits. Obama shrugged off their pleadings and told the officials he continued to support the tax, which is included in the Senate version of the health care bill.

Speaking about the meeting, a senior administration official told the *New York Times*, "The president was very clear that he thinks this [tax] is a critical part of bringing down costs in the long term and bending the curve."

The premise of the tax is that large numbers of workers and their families are enjoying outrageously luxurious "Cadillac" benefits that must be slashed in order to reduce the costs of health care for everyone. While the tax will be levied on insurance companies, it is understood by everyone involved that the cost will be passed on to ordinary workers, in the form of higher premiums and co-pays, while encouraging employers to sharply reduce their coverage or drop it altogether.

The tax underscores the real meaning of "health care overhaul." It is not aimed at expanding medical coverage

but cutting costs for the government and corporate America. This is exactly what the administration did to auto workers and their families at GM and Chrysler, including retirees who lost dental and optical coverage as part of the forced bankruptcy and restructuring of the two companies.

The plan will impose a 40 percent excise tax on any health care plans that exceed \$8,500 a year for individuals and \$23,000 for families. This would tax the benefits of 31 million people—most of whom are not union members. At the same time, it would affect one quarter of all union members with employer-paid medical benefits.

The imposition of the tax is a reversal of Obama's campaign pledges. During the 2008 campaign, Obama denounced Republican opponent John McCain for his plan to tax health care benefits as income. The Democratic president also pledged not to support any new taxes on the "middle class."

According to the *Times*, "Some union officials, resigned to the likelihood that a final measure would include the tax, are pressing the White House to raise the threshold at which it would kick in."

An analyst cited by the newspaper pointed to the fact the under the Senate bill thresholds will rise anyway, in line with the Consumer Price Index. However, health care costs and premiums are rising at a much faster rate than the CPI, meaning the plans of many more ordinary workers would quickly fall under the category of "high cost" and be subjected to the excise tax.

Prior to the meeting, Trumka addressed a gathering of the National Press Club, where he made certain criticisms of the plan, but made it clear that the AFL-CIO would continue to support the bill regardless.

In his remarks, Trumka indicated that workers on picket lines and workplaces around the country expressed their anger, not only with the health care plan—which many saw as a "benefit to insurers, pharmaceutical giants and

irresponsible employers”—but the indifference of the government to the impact of rising unemployment and home foreclosures.

Workers, Trumka said, believed the government was only looking after the “wealthy elites” and Wall Street speculators. His primary concern was that this growing opposition might hurt the Democratic Party by reducing turnout in the 2010 elections.

He warned the Democrats that it was “political suicide” not to address double-digit unemployment, and that despite the best efforts of the AFL-CIO, the indifference of the Democrats to the plight of workers would subject them to the “scorn of the people” and open the door to an electoral defeat on the scale of the 1994 Republican sweep of Congress.

Referring to that period, Trumka said, “there was no way to persuade enough working Americans to go to the polls when they couldn’t tell the difference between the two parties. Politicians who think that working people have it too good—too much health care, too much Social Security and Medicare, too much power on the job—are inviting a repeat of 1994.”

Despite his criticisms, Trumka reasserted the total support of the trade union apparatus for the Democratic Party. He made the absurd claim that the Obama administration, an instrument of the financial elite, could be “encouraged” to create jobs, challenge Wall Street speculators and lessen social inequality.

Trumka also praised Obama as the first president in a long time who “sees the positive role of unions,” a reference to the administration’s use of the AFL-CIO to batter down the resistance of workers to mass unemployment, wage cuts and other concessions.

Asked by a reporter if his criticisms of the excise tax meant the union federation would oppose the bill, Trumka made it clear the AFL-CIO would support the measure anyway. “Bringing health care to everyone is too important to get this far and then say we are going to quit.”



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