

Obama urges swift passage of his cost-cutting health care plan

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President Obama spoke Wednesday to press for passage of his health care proposals. His remarks at the White House came less than a week after he hosted a bipartisan health care summit, which ended with no agreement from Republicans to back his plan.

Media commentary leading up to Obama's remarks Wednesday focused on whether or not he would speak the word "reconciliation," which refers to a procedure whereby congressional Democrats could approve the health care legislation with a simple majority vote. With the loss of a Senate seat to the Republicans in the recent special election in Massachusetts, the Democrats no longer have the 60 votes to end a Republican filibuster.

Although Obama did not refer to reconciliation by name, his remarks made clear that he will push for passage of the health care legislation through this process, hoping for a bill to sign before the Congress recesses for the Easter break beginning March 29.

What was truly remarkable about the speech, however, was the reactionary scope of the proposals Obama is seeking to implement. Nearly a year after beginning the push for an overhaul of the health care system, his administration has crafted—with input from congressional Democrats—a plan that unabashedly defends the profits of the insurance and drug companies while reducing and rationing health care for ordinary Americans.

He made clear his unconditional support for the for-profit health care system, stating, "There are some who have suggested scrapping our system of private insurance and replacing it with government-run health care. Though many other countries have such a system, in America it would be neither practical nor realistic."

Such a system would be unrealistic precisely because the Obama administration is beholden to the insurance

companies and CEOs that stand to reap untold billions from the plan that has been devised. People will be forced to purchase coverage, providing millions of new cash-paying customers to the insurance giants.

Support for any version of a government-run "public option," to be available for purchase on the insurance exchange, has been long since junked. While it would at best have provided a fig leaf of reform for the health care overhaul's regressive features, its inclusion was vehemently opposed by the insurance industry lobby, which demanded it be dropped.

Obama's remarks were clearly not aimed at addressing the real health care needs and concerns of ordinary Americans. Rather, he sought to reassure the political establishment that his proposals would translate into drastic cutbacks in government spending. "The rising cost of Medicare and Medicaid will sink our government deeper and deeper into debt," he said. "On all this we agree."

Obama made clear that his plan fulfilled one of his main priorities, that it be "deficit neutral," commenting, "The bottom line is, our proposal is paid for." Although Obama did not provide details on how this would be achieved, his proposal—like the House and Senate plans—calls for hundreds of billions of dollars in cuts to the Medicare program for the elderly and disabled.

He also said that his plan had "incorporated most of the serious ideas from across the political spectrum about how to contain the rising cost of health care—ideas that go after the waste and abuse in our system, especially in programs like Medicare." He cynically maintained that these cost-cutting measures could be achieved "while protecting Medicare benefits."

After a year of "debate," any of the features that would have provided even a pretense that the health

care overhaul had anything progressive to offer have been dumped. Obama insisted, however, that he believed the proposals had been “improved over the last year.”

Congressional Republicans say they will not support any version of the Democrats’ health care legislation, and that the health care overhaul should begin from scratch. Despite this, Obama has gone out of his way to adopt some of the Republicans’ more pro-business measures.

In a letter Tuesday to congressional leaders, the president outlined four Republican proposals that he was working to incorporate into his plan. First was an idea presented by Senator Tom Coburn, Republican of Oklahoma, to utilize medical practitioners as spies in the federal health programs.

Obama wrote in his letter, “Although the proposal I released last week included a comprehensive set of initiatives to combat fraud, waste, and abuse, Senator Coburn had an interesting suggestion that we engage medical professionals to conduct random undercover investigations of health care providers that receive reimbursements from Medicare, Medicaid and other Federal programs.”

Second, Obama said he was “open to including an appropriation of \$50 million in my proposal for additional grants” to states for projects to develop alternatives for resolving medical malpractice suits, including the establishment of “health courts.”

Such changes would severely curtail patients and their families from seeking legal and financial redress for the tens of thousands of injuries and deaths each year caused by medical errors. Republicans have long sought medical malpractice reform because they say such lawsuits constitute an unjust burden on health insurers and sap their profits.

Obama also said he would consider raising Medicaid reimbursements to doctors, a point raised by Senator Charles Grassley, Republican of Iowa, at last week’s health care summit. The president wrote, “I’m open to exploring ways to address this issue in a fiscally responsible manner.” As any such hikes would increase government spending, their inclusion in the final version of legislation is unlikely.

Finally, Obama entertained a suggestion raised by Republican Senator John Barrasso, of Wyoming, to expand Health Savings Accounts. HSAs allow

individuals to put aside funds, pre-tax, for health care expenses. Republicans are pushing for the expansion of the HSAs in conjunction with high-deductible (i.e., “catastrophic”) insurance plans that offer minimal coverage with the risk of large out-of-pocket expenses.

While Obama has generally opposed this idea, he wrote in his letter that such plans “could be offered in the exchange under my proposal, and I’m open to including language to ensure that is clear.”

In his speech Wednesday, Obama claimed that under his plan the insurance companies would no longer “be able to drop your coverage because you got sick. No longer would they be able to force you to pay unlimited amounts of money out of your own pocket. No longer would they be able to arbitrarily and massively raise premiums.”

According to the President’s Proposal released last week, Obama’s plan would establish a new Health Insurance Rate Authority (HIRA) to “provide Federal assistance and oversight to States in conducting reviews of unreasonable rate increases and other unfair practices of insurance plans.”

According to data filed with the Securities and Exchange Commission and Bureau of Labor Statistics, profits for the 10 largest insurance companies increased 250 percent between 2000 and 2009. Under conditions where the entire for-profit framework of the private health care industry is accepted, this proposal will have little impact on these obscene levels of profit. This new government body would inevitably approve “reasonable” hikes in insurance premiums according to market conditions.



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