

In wake of US deficit-reduction panel's demise

Renewed calls for Medicare cuts

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The recent failure of the congressional deficit-reduction “supercommittee” to reach an agreement has prompted calls from both Democrats and Republicans for major cuts to the Medicare health care program for the elderly and disabled, along with other austerity measures targeting Social Security and Medicaid.

The 12-member bipartisan committee, established in August as part of the agreement to raise the federal debt ceiling, was tasked with cutting \$1.2 trillion over 10 years from projected US government deficits. Failure to reach an agreement now sets into motion an automatic “trigger” to cut this \$1.2 trillion. This sum is to be divided equally between military (including veterans’ benefits) and domestic social spending over the next decade, beginning January 2013. Many lawmakers of both parties are now calling to shift more of the cuts to social spending.

Insider accounts have revealed that Democrats on the supercommittee offered unprecedented cuts in Medicare and other social spending, including a proposal November 18 to cut nearly \$900 billion, \$225 billion of this from Medicare. This offer was rebuffed by committee Republicans, however, who rejected even the minor increases in taxes proposed by Democrats to provide political cover for their drastic austerity proposals.

With the committee’s failure, the bipartisan drumbeat for cuts to Medicare has not skipped a beat. Leading the charge is the *New York Times*, with an article by Robert Pear on November 24 headlined “Support Builds for a Plan to Rein in Medicare Costs.” The *Times* has consistently campaigned for “reform” of the US health care system in the form of reducing “unnecessary” treatments and procedures and cutting costs for the government and the health care industry.

“Though it reached no agreement,” the article begins,

“the special Congressional committee on deficit reduction built a case for major structural changes in Medicare that would limit the government’s open-ended financial commitment to the program, lawmakers and health policy experts say.”

The article goes on to note there is support from Republicans and growing numbers of Democrats for Medicare “to offer a fixed amount of money to each beneficiary to buy coverage from competing private plans”—an idea the *Times* refers to as “premium support.”

Alice M. Rivlin, former budget director under Clinton and appointed by President Obama to the National Commission on Fiscal Responsibility and Reform, urged the deficit panel to establish what she refers to as an insurance “exchange” for Medicare beneficiaries modeled after those included in Obama’s health care overhaul. Under such a plan, “Private plans would compete with the traditional Medicare program and would have to provide at least the same benefits,” according to the *Times*.

A proposal by House Budget Committee Chairman Paul Ryan (Republican of Wisconsin) last April—which would have cut more than \$4 trillion over the next decade from Medicare and Medicaid, mainly through phasing out Medicare and replacing it with fixed-amount vouchers—was roundly opposed by Congressional Democrats at the time.

In fact, Ryan’s program was based in large part on a previous plan co-authored by Ryan and Rivlin last November, which called for the virtual dismantling of the fee-for-service Medicare program over the next decade, replacing it with vouchers to purchase private health insurance on a new Medicare exchange.

Alice Rivlin's latest recommendation is yet another attempt to float the voucher proposal. The main difference between her proposal and Ryan's is that his would eventually phase out Medicare completely as a government program, while Rivlin's would have Medicare "compete" with private insurers, at least to begin with. Both plans would open Medicare up to privatization, funneling taxpayer money to private insurers while providing no meaningful oversight on the cost of insurance premiums.

A November 20 *Times* editorial titled "Fixing Medicare" offers other proposals for slashing Medicare costs. While first stating as a given that "There is no way to wrestle down the deficit without reining in Medicare costs," the editorial identifies what it describes as the "three key drivers of Medicare spending: the spiraling cost of all health care as new technologies and treatments are developed; much greater use of medical services by the typical beneficiary; and an aging population."

In other words, people are living too long, and Medicare patients are "overtreated," receiving too many "unnecessary" tests and procedures. At the same time, the *Times* makes no attempt to hold the for-profit insurers, hospital chains and pharmaceuticals responsible in any way for the skyrocketing cost of health care.

As a means of curtailing spending, the *Times* editors take direct aim at Medicare's "fee for service" system. "Experts across the political spectrum," the editorial declares, "agree that Medicare's system for paying health care providers is a big part of its spending problem." The editorial decries the fact that the Medicare program for seniors "pays doctors separate fees for each of 7,000 different services, such as a diagnostic test, office visit or surgical procedures," which in turn "encourages excess use of medical tests and procedures."

The *Times* states that "most experts agree" that the solution is for Medicare to pay doctors and other health care providers a fixed sum for each patient, and allow doctors to then decide which services are "truly necessary." While the editorial advises that such a system would require careful monitoring to ensure that patients are not denied essential services, that is precisely what is posed by doing away with the fee-for-service Medicare program under conditions where providers stand to profit

by denying care.

The Obama health care legislation adopted last year already goes a long way towards making deep cuts to health care spending that will affect not only Medicare recipients, but the vast majority of ordinary Americans.

It is becoming increasingly clear, moreover, that the principal element of the "reform"—requiring individuals whose employers do not provide health insurance to purchase it from private insurers—is intended as an opening shot in a similar transformation of the entire health care system.

The Obama plan also calls for slashing more than \$400 billion from Medicare over the next decade, through cutting the rate of growth in payments to health care providers and phasing out some subsidies to private Medicare Advantage plans that insure about a quarter of all Medicare recipients. A new agency, the Independent Payment Advisory Board, will oversee a sharp reduction in spending per Medicare beneficiary.

The continuing campaign in the *Times* to back both the Obama health care "reform" and additional measures aimed at promoting deep cuts to spending on Medicare and other social programs expresses the interests of the two big-business parties and the ruling elite they represent.

As the newspaper of the liberal establishment, the *Times* supports eliminating services for working class families and the elderly at the same time as it promotes the squandering of government funds on bailing out the banks and funding military aggression.



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