

# Bipartisan proposal targets Medicare for privatization

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A pair of US congressmen on Thursday announced the latest proposal aimed at opening up the Medicare health care program to privatization. The plan, presented by Democratic Senator Ron Wyden of Oregon and Representative Paul Ryan, Republican from Wisconsin, would replace the traditional Medicare program for seniors with a fixed federal contribution toward the cost of coverage for each beneficiary.

Under the Wyden-Ryan proposal, Medicare recipients would be given a set amount to be used to purchase insurance on a federally regulated Medicare “exchange,” where traditional Medicare would also be available as an option. This so-called “premium support” would constitute the opening shot in the destruction of Medicare as a universal, government-run health care system for the elderly and disabled.

The federal contribution to Medicare recipients would be based on the cost of the second-cheapest option available in a region of the country, whether this is a private plan or traditional Medicare. The plan would cut costs by capping an increase in outlays at the growth of the economy, plus one percentage point, a far slower rate of increase than Medicare has historically experienced.

The plan is closely modeled on a proposal put forward last April by Ryan, which would have phased out Medicare entirely and replaced it with fixed-amount vouchers. The main difference is that under the new proposal traditional Medicare would “compete” on the exchange with the private plans for beneficiaries’ fixed allocation of funds.

The Obama administration and the majority of Congressional Democrats have long maintained their public opposition to “extreme” proposals such as Ryan’s, cognizant of the widespread popularity of Medicare among working people and seniors. With

their sights on the 2012 elections, they are generally keeping their distance from the new Wyden-Ryan plan as well. In fact, the drive to break up and privatize Medicare has significant bipartisan support.

Ryan and Wyden released their proposal at a breakfast on Thursday morning hosted by the Washington, DC-based Bipartisan Policy Center. The center has its own debt-reduction committee aimed at crafting proposals to cut social spending, which is chaired by former Republican Senator Pete Domenici of New Mexico and former Clinton budget director Alice Rivlin. The latest proposal closely follows the recommendations of Rivlin, who in November 2010 co-authored yet another voucher plan with Ryan.

Details of the proposal penned by Wyden and Ryan are deliberately vague, and the two say they have no plans for drawing up legislation soon. Ryan commented, “There’s no point in drafting legislation if you know it’s not going to pass.” He said he does not expect action on major issues like Medicare until a new Congress is seated in 2013.

However, the plan closely follows that floated in an editorial published earlier this month in the *New York Times*, which purported to discuss the pros and cons of premium support, while noting favorably that “some centrist Democrats are backing the premium support idea.”

The *Times*, which speaks for the liberal political establishment, has consistently campaigned for cutting health care costs for the government and health care industry, and promotes reducing “unnecessary” health care spending and “overtreatment” of patients, particularly in the Medicare program.

An initial examination of the Wyden-Ryan proposal shows that “safeguards” contained within it would do little to nothing to protect the health care of Medicare

recipients. It would—by introducing privatization—ultimately result in the destruction of the health care program for seniors. While the Medicare “exchange” would be federally regulated, there is no indication of how private plans would be monitored to ensure they provide accessible, quality care.

In a joint opinion piece Thursday in the *Wall Street Journal*, Ryan and Wyden said their plan “would expand choice for seniors by allowing the private sector to compete with Medicare in an effort to offer seniors better-quality and more affordable health-care choices.” In reality, if a beneficiary were forced to choose a less costly plan in order to save money to pay for other basic necessities, the care provided through such a cut-rate plan would inevitably be inferior.

The plan’s authors claim it would “spur a wave of innovation to lower health-care costs and provide higher-quality health care.” They contend that, in an effort to offer better benefits and lower costs than Medicare, “private plans will have to develop better delivery models and design better ways to care for patients with chronic illnesses.” Such statements are, in fact, so much hot air.

The sole motivation for a “reform” of Medicare is to cut costs and services. If the proposal were to fail to keep spending within this GDP plus 1 percent framework, Congress would be called upon to reduce payments to health care providers. The inevitable effect of such cuts would be to reduce services and provide inferior care.

According to a December 14 article in the *Times*, in an effort to reduce costs, “Congress could cut payments to providers and suppliers responsible for the overspending and could increase Medicare premiums for high-income beneficiaries.” The introduction of means testing would be a step toward transforming Medicare from a universal program into a form of welfare assistance—a step toward undermining support for the program and eventually eliminating it altogether.

In yet another cost-cutting move, low-income Medicare beneficiaries who qualify for Medicaid would continue to have their out-of-pocket expenses paid for by Medicaid, while, according to Wyden and Ryan, “wealthier seniors would receive less help.” Again, to save costs this income cut-off point could be lowered to deny benefits.

As the debate over the best ways to attack Medicare plays out between the two big business parties, the trajectory of the Obama administration’s overhaul of the health care system comes into clearer focus. The mechanism of “premium support” to purchase Medicare is modeled closely on the government subsidies set up under the Obama-backed legislation to buy coverage on the insurance “exchanges.”

While in his bid for the presidency Obama campaigned as a champion of universal health care, once in office his drive to reform the health care system has been aimed at cutting costs for government and boosting the profits of the private insurers, while placing decent health care more and more out of the reach of working class families and the poor.

The persistent drive to slash Medicare costs and open the program up to privatization—now promoted more openly by sections of Democrats in addition to Republicans—is an indication of the reactionary implications of the Obama administration’s entire social agenda.



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