California governor’s budget foreshadows new assaults on health care

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In his budget proposal for 2013-2014, Democratic governor Jerry Brown announced he intends to implement President Obama’s Affordable Care Act (ACA) in California. Like the Obama administration’s Race to the Top program, the ACA is an assault on a basic social program dressed up as a progressive victory.

California’s health system has been subject to devastating cuts in recent years. Mental health programs have been subjected to some of the heaviest cuts. Between 2009 and 2011, the US as a whole cut almost $2 billion from mental health, with California accounting for nearly a third of this total.

Brown’s proposal advances an aggressive policy of “fiscal discipline” and “balanced budgets” that is based on a series of falsifications, including the claim that prior austerity policies have been successful. Brown has suggested that the ACA will improve access for Californians while being cost-efficient.

Brown’s agenda includes complex restructuring of existing health care programs, aimed at shaving hundreds of millions of dollars from the state’s medical budget. Having reduced the deficit through deep cuts to social programs in the last fiscal year, the Brown administration will continue to seek ways to reduce state spending on social programs, while maintaining a facade of fiscal discipline. Far from a return to pre-austerity conditions, austerity will continue using new tactics.

The health care proposal will widen the already severe inequality in the state. Those working class families who can, in the eyes of the state, afford insurance packages (those earning $36,000+ per year) will still receive limited, lower-quality care by comparison with the wealthy, despite paying a vastly larger share of their income for coverage.

The ACA puts the squeeze on families who fall just above federal poverty thresholds. These families will be forced to purchase insurance at high rates without receiving government subsidies, in accordance with the ACA’s “individual mandate” provision. Insurance payments alone will consume an ever-larger percentage of their income as premiums rise.

The ACA requires all individuals to purchase health insurance or pay a fine, thereby ensuring a massive, captive customer base for America’s parasitical insurance behemoths. Those who fail to purchase insurance will pay a steep fine, rising to $700 by 2016. As Brown’s 2013-2014 budget report acknowledges, this requirement will lead to “large rate increases,” causing great strain for working class household budgets that are already at the breaking point.

Bob Kocher, one of the architects of the ACA, summarized the market-driven approach of the legislation: “The health insurance product you buy is the most expensive thing you buy every year. It ought to be as fun as buying an iPhone,” he said. “And we’re going to be on that path.”

Beginning January 1, 2013, nearly 900,000 children are being shifted from the Healthy Families program to Medi-Cal, a program that currently handles 3.5 million children from the poorest families in the state. This budget maneuver will inevitably have a negative impact on the quality of care received, while saving only $70 million, a drop in the bucket for the wealthiest state in the US. Lawmakers have admitted as much, with Senator Roderick Wright (D-Inglewood) claiming that “it does not appear the cost is worth what we are going to save.”

Programs that were targeted during the last few years of austerity will not be restored. Further cuts to social programs are being presented to the public as

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"restructuring" in an attempt to avoid arousing the anger caused by direct cuts. Ultimately, the state's overall strategy of decimating the living standards of the working class remains in place.

Consumer Attorneys of California president Brian Kabateck commented: "At first blush the governor's new budget appears to maintain the status quo. Unfortunately, with the courts absorbing more than $1 billion in cuts over the past five years, the status quo…has been a disaster…. And it's the public—particularly the poor, the elderly, women, children, veterans—who suffer for it."

Speaking on the cuts, Brown declared, "I commend the Legislature for making difficult decisions, especially enacting welfare reform and across-the-board pay cuts. All this lays the foundation for job growth and continuing economic expansion."

"The boom and bust in our state's budget over the last decade is something we should not repeat," Brown stated in his budget proposal. "Instead, the state must live within its means, pay down debt, and build up a 'rainy day' fund—all to ensure a stable government that earns the respect of the citizens that pay for it." The characterization of the budget crisis as a result of "boom and bust" is a deliberate obfuscation of the real causes of the economic crisis of 2008. It is also an attempt to shift the blame for budgetary shortfalls away from the ruling class, who have benefited from tax breaks and direct handouts, onto the working and poor populations who depend upon state social programs.

Brown's budget proposal acknowledges that its optimistic outlook depends on the restabilization of capitalism in Europe, and on the continued growth of the emerging economies, which are currently stagnating: "Both the national and state economies will continue to grow at moderate paces. This forecast assumes that a recession potentially caused by federal fiscal policies is avoided, economic growth in Europe stabilizes, and China and other emerging market economies improve."

The governor also cautioned that "the possibility" of "comprehensive budget deficit reduction" at the federal level will affect its calculations, as federal transfers to Medi-Cal will be reduced.

The unions are throwing their weight behind the ACA. The SEIU web site proclaims, "The Affordable Care Act makes health care more affordable and accessible for millions of Americans and for those who need its protections and benefits the most." In fact, health insurers are already raising rates in anticipation of full ACA implementation, with double-digit rate increases already approved by a number of states.

According to SEIU president Mary Kay Henry, "The health care law means that working families can move forward toward more affordable, secure health care and better health, not backward to the status quo of skyrocketing premiums, insurance denials and unchecked profits for insurance companies."

In recent weeks, the Obama administration has signaled its intention that Medicare will be subject to heavy cuts (see "White house zeros in on Medicare"). Despite false promises of improved access through reform, it is clear that the working class and its most vulnerable sections are targeted by the health care legislation.

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