

White House ally reveals anti-working class agenda behind Obamacare

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The deadline for signing up for health coverage through the Affordable Care Act (ACA) is midnight tonight. Under the legislation popularly known as Obamacare, people uninsured through their employer or a government program such as Medicare or Medicaid must obtain insurance from private companies by March 31, 2014 or pay a tax penalty in 2015.

The White House and media are gauging the initial success of the program by the number of people who sign up by the March 31 deadline, with estimates placing that figure at around 6 million. Those visiting the insurance “marketplaces” have been shocked to find that the most affordable “bronze” plans carry deductibles of more than \$5,000 and other high out-of-pocket costs that will lead to self-rationing and the foregoing of health services by many working families.

Perhaps the most insidious component of the legislation is its impact on health care delivery in the not-so-distant future. In his new book, *Reinventing American Health Care*, Ezekiel J. Emanuel outlines how the ACA lays the groundwork for the virtual elimination of employer-sponsored health insurance in America over the next decade.

Emanuel is a close ally of President Barack Obama, having served from January 2009 to January 2011 as a special adviser on health care reform to the White House. As we wrote in 2009, “An examination of Emanuel’s vision of health care restructuring reveals that Obama’s proposals have been informed by many of its guiding principles. Key among them are the defense of a health system based on private profit and the delivery of class-based, rationed medical care for the majority of Americans.”

In a section near the end of his book, titled “The End of Employer-Sponsored Health Insurance,” Emanuel explains that before Obamacare, some 150 million people—close to half of the US population—received their

health insurance through their employer or a relative’s employer. This was despite the fact that no “employer mandate” existed requiring businesses to do so.

“The ACA changes all of that,” Emanuel writes approvingly. He states categorically: “By 2025 few private-sector employers will still be providing health insurance.” He predicts that traditional employer-sponsored coverage will be replaced by a combination of defined contributions to employees to purchase coverage on private exchanges, basically vouchers, or the elimination of insurance coverage altogether.

What is posed is a sea change in the way Americans receive health insurance, with devastating implications for working people.

In contrast to Western Europe, Canada, Australia and other industrialized capitalist countries, where health insurance is sponsored by the state, employer-sponsored insurance became the norm in post-World War II America.

The absence of universal government-sponsored health insurance was the result of the reactionary politics of the US trade union bureaucracy, which blocked the development of an independent political movement of the American working class during and after the explosive industrial battles of the 1930s and 1940s that established the mass industrial unions. Instead, the American Federation of Labor and the Congress of Industrial Organizations, which in 1955 merged to form the AFL-CIO, subordinated the labor movement to big business at home and American imperialism abroad, primarily by tying it to the Democratic Party.

Nevertheless, the working class was able, on the basis of militant struggles and industry-wide strikes, to wrench from the corporations the system of company-sponsored health insurance that provided decent medical coverage at little or no cost to workers. This became the model for businesses across the country, including many nonunion

firms.

This ad hoc system, never institutionalized as a matter of law, was taken by tens of millions of working people as a social right, even though millions more were left without any health coverage. Over the past several decades, however, as part of the ruling class offensive against workers' living standards, and with the complicity of the unions, workers have been forced to absorb an ever-greater share of the cost of employer-provided health insurance.

In the aftermath of the financial crash of 2008, the ruling class is determined to shed its share of the cost of health care for workers by ripping up the postwar system and forcing workers to buy insurance on the private market on an individual basis, leaving them completely at the mercy of the giant insurance firms.

Enter the Obama administration and its so-called health care "reform." Emanuel explains how Obamacare creates the framework for this massive shift.

One of the biggest incentives for employers to drop insurance is the "Cadillac tax" imposed under the ACA, which will kick in after 2018. Under this tax, companies will be taxed at a 40 percent rate for benefits paid to individuals in excess of \$10,200, and for families above a threshold of \$27,500. Emanuel writes that this tax will make it undesirable for employers to continue to offer *lavish health insurance* (emphasis added).

Emanuel also points to the toothless \$2,000 penalty per employee to be imposed on businesses for failure to provide insurance: "For a company with 1,000 employees, their health insurance bill is probably between \$7 [million] and \$10 million depending on how many families they cover. With the ACA, if they drop insurance, their penalty payments will be \$2 million." In other words, dropping employee-sponsored coverage makes good financial sense for big employers.

He notes as well that given the fact there is no mandate for businesses with fewer than 50 employees to provide insurance, "why small businesses will continue to provide health insurance is hard to fathom." He writes that "in the end, exit they will" from employer-sponsored coverage.

Beginning "sometime before 2020—probably 2016 or 2017," Emanuel predicts, "a few big, blue-chip companies will announce their intention to stop providing health insurance." Management consultant Accenture agrees with this assessment, forecasting that by 2017, 18 percent of the US population will be buying insurance on a private insurance exchange.

Emanuel claims that out of the goodness of their hearts,

and in order to continue to attract quality employees, companies will shift whatever they have saved through cutting health insurance costs to "significantly higher salaries" for workers. This is a fantasy, as Emanuel likely knows. American business today is hoarding trillions of dollars in cash reserves, obtained largely as a result of downsizing and wage-cutting, and using its bonanza to drive up stock prices and the pay and fortunes of top executives, even as it continues to ruthlessly slash wages and pensions and impose speedup.

Emanuel's book is a confirmation, "from the horse's mouth," of the analysis of Obamacare developed since the program's origins by the *World Socialist Web Site*. As the WSWS wrote last year: "The essential aim of the ACA is rapidly emerging. Behind the talk of providing coverage for the uninsured, Obamacare was devised from the outset as a means of dismantling the employer-based system of health insurance that for decades guaranteed a basic level of health care for tens of millions of workers in the US."

From the start, Obamacare was based on cutting costs for the government and employers while boosting the profits of the health care industry, first and foremost, the insurance conglomerates. The concerted attack on health care in the US demonstrates the incompatibility of the basic needs of working people, on the one hand, and private ownership of the health care infrastructure and its subordination to corporate profit, on the other.

A true reform of health care requires the reorganization of the entire health care industry on socialist foundations, placing the private insurers, pharmaceutical corporations and health care chains under public ownership and the democratic control of the working class.



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