

US political establishment hails bipartisan bill attacking Medicare

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Thursday's passage by the US House of Representatives of the Medicare Access and CHIP Reauthorization Act has been greeted with general enthusiasm by the US political establishment.

The bill, HR 2, mandates far-reaching changes to Medicare, the government program that provides health insurance to more than 54 million seniors and disabled people. It must still be approved by the Senate, which will take up the matter when it returns from recess on April 13.

Speaking Thursday at a community college in Birmingham, Alabama, President Obama hailed the passage of the bill by the House, saying, "This is how Congress is supposed to work."

The legislation—supported by Republican House Speaker John Boehner and Democratic Minority Leader Nancy Pelosi and approved in a 392-37 vote—has been praised almost universally in the media as a model of responsible governance and bipartisan cooperation. The chief sponsor of the bill is Republican Representative Michael Burgess, a right-wing Tea Party politician from Texas.

Support for the bill by both big business parties is based on the sweeping attacks on Medicare benefits it mandates. In the run-up to the vote, Boehner said the bill was part of a larger reform of "entitlement" programs, describing the measure as "the first real structural reform in nearly two decades."

The bill provides a permanent "fix" to a 1997 law that ties fees paid to doctors by Medicare to overall economic growth, replacing this with a payment system that in five years will be based on "quality of care" provided by doctors. The bill also expands means testing, with Medicare recipients with higher incomes paying a greater portion of their premiums to receive benefits.

It includes a two-year extension of funding for the Children's Health Insurance Program (CHIP) as well as for the nation's community health centers.

In remarks Wednesday marking the fifth anniversary of the signing of the Affordable Care Act (ACA), Obama praised Congress for "moving Medicare toward a payment model that rewards quality of care instead of quantity of care." He said, "I've got my pen ready to sign a good, bipartisan bill," adding, "I want to thank everyone here today for their work in supporting new models of care that will benefit all Americans."

An examination of the substance of HR 2, however, makes clear that it sets into motion a fundamental shift in the way many seniors receive their Medicare benefits and pay for them.

Since 1997, Medicare has paid doctors according to a formula tied to economic growth, the sustainable growth rate, or SGR. The SGR has consistently fallen behind rising health care costs, threatening deep reimbursement cuts to doctors. Congress has adjusted doctor payment rates 17 times since 2002 to make up for the shortfall. Without a fix to the formula, doctors again face a 21 percent payment cut beginning April 1.

According to the new payment schedule proposed by HR 2, Medicare will increase its payments to doctors by 0.5 percent a year through 2019, then freeze them for six years, after which they will increase modestly. However, beginning in 2019, doctors will qualify for bigger reimbursements if they participate in one of two programs in which they are paid based on "quality" of service rather than volume.

This is designed to effect a radical paradigm shift in health care, away from so-called "fee for service" to a system that rewards doctors for rationing care and cutting costs.

In practice, doctors will have a financial incentive to

withhold more expensive tests, services and drugs. This is the real meaning of Obama’s talk of a “payment model that rewards quality of care instead of quantity of care.”

The *New York Times* on Thursday quoted Marilyn Moon, a health economist and former trustee of the Medicare program, as saying, “Now doctors get paid more if they do more. In the future, they will be paid more if they do it better—and may be paid more for doing less.”

Under HR 2, the increased payments to doctors will be financed in the main through premium hikes to Medicare recipients based on income. The Democratic-led Congress authorized the first income-related premium hikes in 2007, which were adjusted for inflation. The ACA then fixed the income thresholds at 2011 levels so that the number of seniors paying means-tested premiums would grow each year.

Presently, Medicare recipients with incomes over \$85,000 (\$170,000 for couples) receive lower subsidies to pay the cost of Medicare Part B (physician services) and Part D (drug benefits). Under the House bill, all Medicare recipients will pay a modest increase in premiums. Seniors with incomes of at least \$133,501 (\$267,000 for couples) will pay a greater share of their premiums. Then, beginning in 2020, the threshold will fall so that more seniors will be hit with premium hikes.

Supporters of means testing promote it as a rational proposition: Shouldn’t the better-off pay more for Medicare if they can afford it? But support for the measure by politicians who want to see Medicare privatized expose such arguments as a cover for a reactionary agenda.

House Ways and Means Committee Chairman Paul Ryan (Wisconsin) has proposed replacing Medicare with a voucher system, in which individuals would be responsible for purchasing their health insurance on the private market. In an op-ed piece Wednesday in the *Daily Examiner* calling for passage of HR 2, he wrote, “Medicare is going broke, but this week we have a chance to start fixing it.”

“The truth is, the real threat to Medicare is in the long term,” Ryan added. “That’s why we need these structural reforms. Together, they would provide big savings to taxpayers that would grow even bigger over the long term.”

A March 26 article by Ryan Ellis in the right-wing

magazine *National Review*, headlined “A Medicare Bill Conservatives Need to Embrace,” makes a similar argument touting the bipartisan legislation. He makes the case that the structural reforms in HR 2 will take a while to bear fruit, but the effects will be “permanent and cumulative.”

“We can very reasonably anticipate a future where my daughter—who will turn 65 in November of 2078—will be a then-typical senior who pays for most of her own Medicare benefit. That will be largely thanks to HR 2, the means-testing and cost-sharing that preceded it, and the means-testing and cost-sharing that will no doubt continue to be passed by future Congresses...

“In the future, seniors like my daughter will inherit a world where paying for her own Medicare benefit is an expected part of the social contract—thanks to real leaps forward like HR 2.”



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