

US Senate passes “milestone” bill to means-test Medicare, ration health care

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The US Senate voted Tuesday to pass a health care “reform” bill that incentivizes care providers to cut services for Medicare patients and expands the means testing of the program, requiring recipients with higher incomes to pay more in premiums.

The passage of the Medicare Access and CHIP Reauthorization Act of 2015 is a significant milestone in the ongoing drive to degrade and ultimately dismantle Medicare, the government health insurance program for the elderly and disabled.

The expansion of means testing is a move towards transforming Medicare into a poverty program, undermining political support and setting the stage for its de-funding and ultimate elimination.

Moreover, the bill will “create a new payment system with financial incentives for physicians to bill Medicare patients for their overall care, not individual office visits,” according to the Associated Press, creating a significant financial incentive for care providers to ration care.

The claim that the shift in payment methods to doctors is aimed at improving the overall “value” of health care services is a fraud. In fact, the bill includes language specifically incentivizing or punishing doctors based on factors such as “resource use”—i.e., the frequency of tests or services. The aim is to force doctors to provide less care or face financial penalties.

The bill increases Medicare premiums through means testing by about \$35 billion and cuts an estimated \$37 billion in payments to hospitals and nursing homes. By some estimates, however, the program could cut Medicare funding by hundreds of billions of dollars over the longer term through the change in the compensation system for doctors. The bill also extends the Children’s Health Insurance Program for only two years.

With this reality in mind, Republican House speaker John Boehner, who drafted the bill along with Democratic House leader Nancy Pelosi, called it “The first real entitlement reform that we’ve seen in nearly two decades” and “a big win.”

Like the vote in the House last month, the Senate vote proceeded in bipartisan fashion. The measure passed 92-to-8, with only far-right Republicans voting against it. President Obama has indicated that he would sign it without delay.

Democratic Senator Ron Wyden called the bill “a milestone for the Medicare program,” declaring, “The Senate is voting to [eliminate] the outdated, inefficiency-rewarding, Medicare reimbursement system.”

Obama was likewise full of praise for the passage of the bill. On Tuesday, Obama declared, “I applaud the Members of Congress from both parties who came together” to pass the bill. He added that its passage was “a milestone.”

Obama declared, “This bill... creates incentives to encourage physicians to participate in new, innovative payment models that could further reduce the growth in Medicare spending.” In other words, the bill will facilitate the slashing of Medicare spending and effect a reduction of care for Medicare recipients.

The basic framework of the bill was originally introduced in the Obama administration’s 2016 budget released in February, in which the White House called for raising \$66 billion over ten years by charging higher Medicare premiums to upper-income patients.

Significantly, the passage of the bill has been met with silence by the liberal and “left” organizations around the Democratic Party. Some Medicare advocates, have, however, voiced strong opposition to the bill.

Judith Stein, executive director of the Center for Medicare Advocacy, said that the bill “asks too much from beneficiaries—and nothing from the pharmaceutical or insurance industries.” Paying for the program should not “rely on increasing out-of-pocket health care costs for people with Medicare, jeopardizing access to needed care, and further diminishing the already tenuous economic circumstances facing many beneficiaries and their families.”

The far-right *National Review*, which favors the ultimate abolition of Medicare and Social Security in their current form, praised the measure as “a bill that actually reforms Medicare.” It declared in an April 13 article, written by Ryan Ellis of Americans for Tax Reform, that “conservatives should give their full support,” noting that the bill “not only would pay for itself but would result in large net savings to the Medicare program over time.”

Ellis writes that Medicare “Part A (which pays for hospital visits and is financed by the payroll tax we all pay) sees significant savings” under the bill. “The present value of future Part A benefits will decline by \$387 billion, or just under 2 percent.”

He adds that the bill will lead to “hundreds of billions of dollars in reduced unfunded liabilities and debt from Medicare. All without a penny of tax increases. H.R. 2 is a conservative Medicare-reform bill.”

The real significance of the bill has largely been hidden from the American people by the media, which has presented the passage of the bill as a largely technocratic measure aimed at doing away with the necessity of the yearly passage of the so-called “doc-fix,” which adjusts Medicare reimbursements to care providers based on the growth of medical costs.

The current payment formula has been in place since 1997, tying reimbursements to doctors to the overall growth of the economy. Since health care costs have risen faster than economic growth, this formula would lead to significant cuts in reimbursements without regular adjustments that have been made by Congress. The “fix” ends the formula, but its real significance is the move to abolish the system of compensating doctors based on the services they provide to patients.

Within the private sector, there is already a significant move toward “value-based” care, which incentivizes care providers to skimp on providing services in order

to maximize their profits. *Forbes* notes that “health insurance companies led by UnitedHealth Group, Anthem, Aetna and others are already shifting billions of dollars in payments to providers away from fee-for-service medicine to value-based care as well.”

The drive to slash Medicare spending and ultimately dismantle the program constitutes a significant element of the broader strategy of the ruling class, which is seeking to boost its wealth and profits by dragging back the living standards of the working class to those that existed in the 19th century.

The bipartisan unity with which both houses of Congress have passed this right-wing attack on Medicare expresses the fundamental fact that, for all the talk of “partisan gridlock,” there exists a unity within the political establishment when it comes to asserting the most fundamental social interests of the financial oligarchy that dominates political life in the United States.



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