Obamacare replacement plan targets Medicaid

Kate Randall
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House Republicans on Monday released the American Health Care Act, their plan to replace the Affordable Care Act (ACA), the legislation popularly known as Obamacare. Two house committees were set to take up the Republican legislation on Wednesday, before it goes to the full House for a vote, possibly as early as April.

Any measures other than those involving federal funding, which can be passed through the budget reconciliation process, require a supermajority vote in the Senate, raising the possibility of a Democratic Party filibuster.

The proposed Republican plan repeals the ACA's mandate, which requires those without insurance to obtain coverage from a private insurer under threat of a tax penalty. It also repeals the requirement that large companies provide health care to their employees. It replaces the ACA's subsidies to help low- and middle-income people pay the cost of premiums with fixed tax credits based on age.

The most important changes involve Medicaid, the health insurance program for the poor as well as some elderly and disabled people, which is jointly administered by the federal government and the states. Beginning in 2020, the Republican plan would convert federal funding for Medicaid to a per capita allotment, as well as end the ACA's expansion of Medicaid. This will undoubtedly lead to a reduction in benefits for those who qualify, as well as higher rates of uninsured poor people.

Health and Human Services Secretary Tom Price appeared at the White House press briefing Tuesday afternoon to promote the House Republicans' plan. The HHS secretary is a staunch opponent of Medicare and Medicaid, programs that insure more than 100 million poor, elderly and disabled Americans, but he made no mention of the Republicans' proposed changes to Medicaid in his opening statement.

Rather, he offered up platitudes about the plan being based on the guiding principles of "affordability" and "accessibility," and declared that it would "empower patients" to select "quality care," while holding down costs.

Price refused to answer reporters' questions on whether people would have to "sacrifice" in order to afford coverage under the plan, or whether millions would lose coverage. An S&P Global Market Intelligence report released Tuesday projected that 2-4 million people enrolled in the ACA individual insurance market could lose coverage under the Republican proposal, in addition to 4-6 million people who are currently covered through Medicaid, for a total of 10 million people.

The American Health Care Act draft legislation capitalizes on the reactionary features of Obamacare--rising premiums and deductibles, lack of choice of insurers, narrowing networks of doctors and other providers, penalties for being uninsured--by offering up a plan that is even more heavily skewed in the interests of the health care industry and the wealthy.

While the Republican plan would eliminate the mandate and tax penalty, it would still penalize people who don't have insurance. If consumers allowed their coverage to lapse for as long as two months--due to a job loss or other unforeseen interruption--insurers would be required to charge them a 30 percent penalty when they bought a health plan.

The Obamacare subsidies would be phased out by 2020, replaced with tax credits based on age instead of income. These credits would range from as little as $2,000 annually for people younger than 30, to as much as $4,000 for people 60 or older. Individuals with incomes over $75,000 a year and couples making more than $150,000 would see these tax credits gradually phased out, meaning a significant section of working class and middle-income households would be denied even these nominal subsidies.

While under the ACA insurance companies can charge older enrollees only three times more than younger people for coverage, the Republican plan would change that to five times more. Substantial numbers of workers and retirees below 65 and too young to qualify for Medicare would be pushed out of the market or forced to buy bare-bones or catastrophic coverage, which would be allowed under the Republican plan.

The plan would retain the popular ACA feature that

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prohibits insurers from excluding those with preexisting conditions or charging more for their premiums. It would also allow dependents to stay on their parents' policies until age 26. However, as under the ACA, there would be no meaningful oversight on what the insurance companies can charge for premiums overall.

The Medicaid program was enacted in 1965 as one of the last social reforms wrested from the ruling elite. It is an open-ended entitlement program for the poor, the disabled, pregnant women, some seniors and other qualifying sections of the population. Under the Republicans' plan, beginning in 2020 this entitlement would be replaced by a per-person allotment to the states, increased annually by an amount linked to the medical inflation rate.

This would eliminate the decades-old system that linked federal aid to states to how much medical care Medicaid enrollees need and use. There would be no provision for increased costs due to epidemics, natural disasters or other crises. Over time, this would force states to scale back coverage and limit medical services for poor people.

The ACA's expansion of Medicaid, which extended coverage to adults above 133 percent of the official poverty level, would be ended effective January 1, 2020, eliminating the enhanced federal matching funds for all except those enrolled through expansion as of December 31, 2019. An estimated 11 million people have gained Medicaid coverage under the expansion.

Taken together, over time, the per capita cap and elimination of Medicaid expansion would effectively end the program as a guaranteed entitlement and eventually force states not only to limit coverage, but also to leave deserving beneficiaries uninsured, particularly childless adults who had not previously been covered in most states.

Other reactionary proposals attacking workers and their families and benefiting the wealthy and corporations include:

- Prohibiting abortion coverage from being required. Tax credits would not be applied to plans that cover abortion services, beyond those for saving the life of the woman or in cases of rape or incest.
- Prohibiting federal Medicaid funding for Planned Parenthood for one year, effective upon enactment.
- Repealing the Medicare payroll surtax for families making more than $250,000 a year, beginning after December 31, 2017.
- Repealing the annual fee paid by branded prescription drug manufacturers, beginning after December 31, 2017.
- Maintaining a provision of the ACA that imposed an excise tax on high-cost insurance plans provided by employees to workers. The "Cadillac tax," already delayed until 2020 under the ACA, would be further delayed until 2025.

As the *World Socialist Web Site* has insisted from the start, the ACA is at its heart a counter-reform aimed at cutting costs for the government and the corporations, while rationing and cutting medical care for ordinary Americans. Its key component, the "individual mandate," requires people without employer-sponsored insurance or a government program such as Medicare or Medicaid to purchase coverage from private companies under threat of tax penalty.

Obamacare is designed to protect the interests of the private insurance companies, the pharmaceuticals and the giant health care chains, keeping in place the for-profit health care system in America. Under the ACA, workers, the poor and wide sections of the middle class have been increasingly relegated to the lower rungs of health care provision, receiving bare-bones coverage, with skyrocketing premiums, deductibles and other out-of-pocket costs.

The differences between the Democrats and Republicans on health care "reform" are of a purely tactical character. Both parties are seeking the most effective and viable means to radically reduce health care costs for the government and big business by withholding and rationing health care for workers and their families. Both seek to gut and undercut employer-sponsored health insurance, the way the majority of Americans currently receive coverage.

The Republicans' new attack on Medicaid is the first volley in the assault on Medicare and Social Security, which have lifted millions out of poverty. The targeting of these programs for cuts, privatization and ultimate destruction are part of the ruling class strategy to undermine the health of seniors, workers and the poor, causing undue suffering, needless deaths and a lowering of life expectancy.

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