

Senate Republicans include repeal of Obamacare mandate in tax cut for the rich

Barry Grey

16 November 2017

Senate Republicans announced late Tuesday that they had included repeal of the Affordable Care Act's so-called "individual mandate" in their version of the massive tax cut for corporations and the rich that is moving through Congress. The provision, requiring all those not insured under a government plan or one provided by their employer to purchase health care coverage from a private insurer, is a linchpin of the Obama administration's health care overhaul, commonly known as Obamacare.

It is designed to force people to buy insurance or pay a fine in order to expand the private insurance market and bolster the profits of the insurance companies. Last week, the non-partisan Congressional Budget Office (CBO) estimated that repeal of the individual mandate would leave 4 million fewer people insured when it went into effect in 2019, and result in 13 million fewer people with health coverage by 2027. The CBO also forecast a 10 percent annual increase in insurance premiums for most of the decade.

The main lobbies for the insurance industry, hospitals and physicians immediately issued statements opposing repeal of the Obamacare mandate, warning that besides depriving millions of people of health coverage, it would destabilize the individual health insurance market.

The attachment of the health care provision to a bill that slashes the corporate tax rate from 35 percent to 20 percent, lowers the top personal income tax rate, eliminates the Alternative Minimum Tax, dramatically cuts the estate tax, and establishes a new, lower tax rate for "pass-through" business owners underscores the reactionary and oligarchic character of the measure being pushed by the Trump administration and the Republican-controlled Congress, with little more than token opposition from the Democrats.

In pushing for the tax bill, named the "Tax Cut and Jobs Act," Trump and the Republicans are resorting to the most absurd and shameless lying, insisting that it is designed to benefit the "hard-working middle class." This claim is belied by numerous studies showing that the benefits will go overwhelmingly to the richest 5 percent, and especially the top 1 percent and 0.1 percent, of the population.

If the final bill includes the Senate Obamacare proposal, it will combine a tax handout to corporate America in the trillions of dollars with an assault on health care for millions of people. This will be only a prelude to a frontal attack on Medicaid, Medicare and Social Security, justified by the sharp increase in the federal deficit resulting from the loss of tax revenues. The CBO has reported that the \$1.5 trillion deficit by 2027 resulting from the tax overhaul will trigger annual cuts in the Medicare budget of \$25 billion over the next decade.

The health care proposal makes even more clear the reality that the tax "reform" is the framework for an unprecedented looting of society to transfer the wealth from the bottom to the top and increase the already colossal levels of social inequality.

President Trump tweeted repeatedly during his Asia trip to urge congressional Republicans to include repeal of the Obamacare mandate in the Senate and House tax bills. Senate Finance Chairman Orrin Hatch and Senate Majority Leader Mitch McConnell decided to comply for both economic and political reasons.

Repeal of the individual mandate will, according to the CBO, save \$338 billion over the next decade, significantly reducing the deficit caused by the tax cuts. The Republicans, in order to move the bill through the Senate without a Democratic filibuster, under the so-called "reconciliation" process, have to keep the total

10-year deficit to \$1.5 trillion. The attack on access to health care for ordinary Americans is an example of the tax scheme's fleecing of working people to pay for the tax windfall for the rich, including the cutting of tax credits that benefit the working class and middle class that will mean a tax increase for tens of millions of middle-income people in the coming years.

Politically, the mandate repeal is designed to shore up support from recalcitrant far-right senators such as Rand Paul, who have demanded the inclusion of such a provision as a precondition for their support. On the other side, it could cost the vote of Maine Senator Susan Collins, who was one of three Senate Republicans who voted against the administration's Obamacare repeal bill earlier this year, killing it. On Wednesday, she criticized the decision to include the provision in the tax bill. However, Senator John McCain, who also voted against the Obamacare repeal bill, did not rule out voting for the tax bill with the mandate repeal attached to it.

Senator Ron Johnson (R-Wisconsin) complicated the push for passage on Wednesday by announcing that he would not support the current bill because it disproportionately benefited corporations at the expense of other businesses. One of his main complaints is that it makes the corporate tax cut permanent, while allowing the "pass-through" tax cut for business partnerships to end in 2025.

The latest Senate version of the bill also makes personal income tax rate reductions temporary, expiring in 2025, instead of being permanent as in previous versions.

The Republicans have only a 52-48 majority in the Senate, meaning they can lose no more than two Republican votes to pass the tax plan, assuming that the Democrats vote as a bloc against the bill. Vice President Mike Pence would cast the tie-breaking vote in favor in the event of a 50-50 split.

Senate Republican leaders hope to vote the bill out of the Senate Finance Committee next week and bring it to a floor vote the last week of November.

The House of Representatives plans to bring its version of the tax plan to a floor vote today (Thursday) and it is expected to pass. The House bill does not include repeal of the Obamacare mandate. However, House Speaker Paul Ryan said Wednesday that he would be open to adding it in the reconciliation process

that would follow passage of separate bills by the two chambers.

The Democrats, for their part, denounced the decision to add the health care cut to the Senate bill. But they are fully on board for a sweeping cut in corporate taxes, proposing a somewhat smaller reduction to 25-28 percent instead of 20 percent.

On Tuesday, Goldman Sachs analysts raised their odds for a tax-cutting package being signed into law from 65 percent to 80 percent.



To contact the WSWs and the
Socialist Equality Party visit:

wsws.org/contact