Corporate giants announce partnership to cut employer health care costs

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Three of the biggest corporations in the world—Amazon, Berkshire Hathaway and JPMorgan Chase—sent shockwaves through the US health care industry Tuesday with a joint announcement of plans to form a company dedicated to cutting employer health care costs.

The press release issued by Amazon CEO Jeff Bezos, Berkshire head Warren Buffett and JPMorgan Chief Executive Jamie Dimon provided few details beyond a general goal of utilizing advanced technology to slash the cost of providing health care for the firms' combined US work force of over 1 million. However, Dimon, who heads America's biggest bank, hinted that their ambitions went beyond their own employees when he said, "Our goal is to create solutions that benefit our US employees, their families and, potentially, all Americans."

The initiative heralds a further monopolization of health care by a handful of billionaire-run corporations and a further subordination of social needs to Wall Street. Health care in the US is a $3.3 trillion industry that accounts for 18 percent of the American economy. Whoever controls it stands to pocket untold billions in personal wealth.

Despite the companies' talk of improving the availability and quality of health care for workers, the initiative announced Tuesday signals a further rationing of care for the working class. Its overriding purpose is to cut business costs and increase profitability, and that means restricting further the access of workers to quality care.

Even before Tuesday's announcement, the monopolization of health care in the US was accelerating, encouraged by the market-based "reform" enacted by the Obama administration in the form of "Obamacare." According to the Healthcare Financial Management Association, the pace of consolidation doubled between 2011 and 2015.

Last year saw a wave of hospital mergers, the largest of which combined Dignity Health and Catholic Health Initiatives, uniting their 139 hospitals and 700 care sites across 28 states. A number of major mergers of health insurers and pharmacy companies were announced, topped off by the $69 billion purchase of insurance giant Aetna by the CVS drug store chain.

But the sheer wealth, power and weight of the three firms involved in Tuesday's announcement constitute a threat to the industry's middlemen, from insurers and pharmacies to benefits managers. The new entity could eventually negotiate directly with drug makers, hospitals and doctors, undercutting the more traditional industry behemoths.

As a result, the announcement triggered panic selling of shares of major health insurance and pharmacy firms, which in turn sparked a broader selloff on US markets on Tuesday. At the close of trading, CVS was down 4.11 percent, Walgreens had lost 5.16 percent and UnitedHealth Group suffered a drop of 4.35 percent.

The Dow fell 362.6 points, or 1.4 percent, after falling 177.2 points on Monday, bringing its two-day loss to 540 points. This was the biggest two-day loss for the Dow since June 2016. The Standard & Poor's 500 and Nasdaq indexes also declined sharply.

The executives chosen by Bezos, Buffett and Dimon to head up the new venture underscore the dominant role of financial capital in the further private carve-up of the health care system. Amazon named Beth Gialetti, a senior vice president who had served as FedEx's vice president for planning. Berkshire named investment banker Todd Combs, who was a hedge fund manager before joining Buffett's firm. JPMorgan chose

Marvelle Sullivan Berchtold, the global head of mergers and acquisitions at drug maker Novartis before joining JPMorgan last year.

The sheer size of the three firms points to the increasing stranglehold of oligopolistic entities over society. Amazon has 542,000 employees around the world. Berkshire Hathaway employs 367,000 and JPMorgan Chase has more than 240,000 employees.

These are corporations that have overseen massive attacks on working class living standards. Dimon was fully implicated in the criminal machinations on Wall Street that led to the financial crash of 2008 and has been named in a series of financial swindles since then. Bezos has made his fortune by running the world's biggest sweatshop operation, subjecting workers in his distribution centers to backbreaking labor at poverty wages.

The combined market capitalization of the three companies is $1.61 trillion, a sum larger than the gross domestic product of Spain ($1.2 trillion). Bezos, with a net worth of $115.6 billion, is the world's richest person. Buffett, with $93.2 billion, ranks second. Dimon, despite an annual salary of $28 million, is a piker compared to his new partners, with net holdings of "only" $1.26 billion.

The combined wealth of Bezos and Buffett alone ($210 billion) is almost twice the combined fiscal year 2018 budget levels proposed by the Trump administration for the departments of education, housing and labor.

While the three CEOs in their joint press release said they had as yet no concrete policy proposals for their new company, some business commentators speculated as to the likely approach that would be taken. The *New York Times* spoke of a "wider use of telemedicine and virtual doctor visits," and telemedicine companies saw a rise in their stock price.

Bloomberg posted an opinion piece stating: "The one thing we can say, however, is that if it succeeds, its success may help usher in an era of even tighter employer control over employees' lives… There are probably considerable savings to be had if employers use their power to guide employees toward better decisions about everything from ER use to smoking.

"But one big reason that our health care system is such an expensive mess is that Americans *hate* being told what to do. They demand maximal, expensive freedom of choice about their health care. They rebel if they can't get it. Worse still, if they are denied it, they call their legislators, who do things like telling insurers to stop denying so many claims for experimental treatments of dubious worth."

Another Bloomberg piece declared bluntly, "The most effective way to reduce health care costs is to restrict choice."

Trump economic adviser and former Goldman Sachs President Gary Cohn, who played a central role in drawing up Trump's multi-trillion-dollar tax cut for the rich, endorsed the Amazon, Berkshire, JPMorgan plan on Tuesday. "We're doing the same thing here at the White House," he said.

In his statement to the press, Buffett declared that growing health care costs "act as a hungry tapeworm on the American economy." This is a completely false and self-serving presentation of the situation. The tapeworm is not an excess of money spent to provide health care for the population—although the existing corporate-dominated system is rife with corruption and profit-gouging. Rather, it is the financial oligarchy that rules over economic and political life under capitalism, of which the three CEOs are a part.

The diversion of ever more obscene amounts of money and resources into the bank accounts of a parasitic elite, made possible by private ownership of the health care industry and all of the economic levers of society, makes any rational and humane approach to social needs, including health care, impossible.

The essential step in solving the health care crisis and providing quality care for all is the expropriation of the fortunes of oligarchs like Bezos, Buffett and Dimon and the transformation of the banks and large corporations into publicly owned and democratically controlled utilities—that is, a struggle by the working class to put an end to capitalism and establish socialism.