

Elizabeth Warren unveils her “Medicare for All” electoral gimmick

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Democratic presidential candidate Elizabeth Warren released details of her “Medicare for All” plan on Friday. The senator from Massachusetts has been pressed by her rivals for the Democratic Party nomination to show how her plan would be financed without increasing taxes on the middle class. Warren posted a lengthy explanation on her campaign website, headlined “Ending the Stranglehold of Health Care Costs on American Families.”

The plan is her version of the Medicare for All Act, which she co-sponsored with Senator Bernie Sanders of Vermont. The act would gradually do away with private insurance and end employer-sponsored coverage. It would make the federal government the sole insurer, creating what is called a “single payer” system.

Warren bases her plan’s cost estimate on an analysis by the Urban Institute, which calculated that a plan similar to Medicare for All would cost \$59 trillion over a decade and require \$34 trillion in new federal spending. She says total costs could be held to \$52 trillion and that \$20.5 trillion in new funding would be necessary after other savings are taken into account.

Warren’s plan has nothing in common with socialism. It would not provide high-quality, universal health care. The government would take on the role of insurer, but it would not do away with private health care providers or the giant pharmaceutical industry. It would not build or run new and upgraded facilities.

Medicare itself is a poorly funded program that provides substandard care to seniors, who must purchase supplemental coverage to subsidize office visits, prescriptions and other basic medical needs. Medicare for All could be expected to be of even poorer quality.

Building on provisions of the Affordable Care Act (ACA) implemented under the Obama administration, Warren’s plan would seek to cut costs and ration care for the vast majority of Americans. While the ACA,

commonly known as Obamacare, forced individuals to obtain insurance from a private insurer or pay a penalty, the insurer would now be the government, which, at the behest of the ruling establishment and its political representatives, would be under pressure to slash costs on the backs of the working families Warren claims to champion.

Warren’s Medicare for All would be financed through a combination of tax increases and “savings” obtained by means of cutbacks to health care provision.

The cost estimate for Warren’s plan was carried out by Don Berwick, a former director of the Centers for Medicare and Medicaid Services under Obama, and Simon Johnson, the former chief economist at the World Bank. Berwick was an advocate for the Independent Payment Advisory Board, which was envisioned as a body to cut Medicare costs and ration care under the ACA.

In the course of a decade, Warren’s Medicare for All would achieve savings on the following basis:

- Private insurers currently consume about 12.2 percent for “administrative costs” and profits. Warren assumes this would fall to 2.3 percent, saving \$1.8 trillion.
- Warren proposes cutting payment rates for brand-name drugs by 70 percent, saving \$1.5 trillion.
- All physicians would be paid at current Medicare rates, and hospitals would be paid at 110 percent of that rate, saving an estimated \$600 billion.
- ACA-era payment “reforms” would be implemented across the single-payer system, moving away from fee-for-service. This would save an estimated \$2 trillion.
- \$1.1 trillion could be saved by holding health spending growth to 3.9 percent over the next decade.

Additional funding would be generated by raising taxes, including:

- A financial transactions tax of 0.1 percent of the value of every stock, bond or derivatives transaction, raising

\$800 billion.

- A 35 percent minimum tax on foreign earnings, bringing in \$2.9 trillion.
- A 6 percent wealth tax on assets over \$1 billion, generating \$1 trillion.
- Taxing capital gains for the top 1 percent at the same rate as normal income, and doing so annually, would raise \$2 trillion.

Another major source of revenue would result from private employers paying to the government the \$9 trillion they would have spent on private health insurance for their employees.

There are many other convoluted details, but it is the proposals to raise taxes on the wealthy that have generated outrage on Wall Street and in corporate boardrooms. The ruling elite is hostile to any infringement, however minimal, on its ability to accumulate wealth at the expense of the working class. It will not willingly relinquish any portion of its wealth. Nor will private insurance companies voluntarily close up shop, or the pharmaceutical companies accept a cut in their profits.

An editorial in the *Wall Street Journal*, after bemoaning Warren's plan to "raise the corporate tax rate back to 35 percent from 21 percent and extend it to income earned worldwide with no deferrals for foreign taxes," claims that the scheme "doubles down on her plans to soak the rich, assuming there are any left after her other tax proposals."

Similarly, the *New York Times* notes in an article on Warren's gains in the Democratic race for the presidential nomination, "From corporate boardrooms to breakfast meetings, investor conferences to charity galas, Ms. Warren's rise in the Democratic primary rolls is rattling bankers, investors and their affluent clients, who see in the Massachusetts senator a formidable opponent who could damage not only their industry but *their way of life*" [emphasis added].

Warren's Medicare for All plan and railing against the corporate elite have also generated opposition from her fellow candidates and other Democratic Party figures. House Speaker Nancy Pelosi told Bloomberg Friday, "I'm not a big fan of Medicare for All," adding, "It's expensive." She said, "There is a comfort level that some people have with their current private insurance."

Pelosi is well aware that the private insurance industry is reviled by the majority of the American population, and that medical bills are a leading cause of personal bankruptcy. Skyrocketing premiums, deductibles and co-

pays are causing people to forgo medical care, posing grave risks to health and premature death. It is this growing opposition in the working class to social inequality and the bloated profits of the rich that strikes fear in the hearts of Pelosi, Warren's fellow candidates, and Warren herself.

Elizabeth Warren and her various plans to supposedly cut taxes, improve health care, and tackle student debt do not pose a challenge to the ruling elite. She is a highly conscious and self-declared advocate of the capitalist market economy—"a capitalist to the bone," as she told one interviewer—and an opponent of socialism.

She is a solid member of the top 1 percent, with an adjusted gross combined income with her Harvard Law School professor husband of \$846,394. She espouses economic nationalism and embraces the national security doctrine outlined by the Pentagon, in which great power competition with China and Russia has displaced terrorism as the principal concern of US imperialism.

Warren's claim that she will impose tax increases to improve health care for ordinary Americans is a fraud. She and her fellow Democrats are well aware that her Medicare for All plan has no chance of being passed by either big business party or signed into law by any president.

Her hope is that such proposals will appeal to working class voters and hoodwink them into believing that she and the Democratic Party represent a genuine alternative to the Trump administration's policies.

The reality is that a genuinely progressive and democratic overhaul of the health care system in America requires a revolutionary socialist policy, which expropriates the private health care industry—the insurers, drug companies and giant health care chains—along with the banks and the parasitic financial industry, and places health care under the control of a democratically elected workers government as a social right. Anything short of a revolutionary solution is an empty promise and deception.



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