

# Obamacare and the Assault on Workers' Health Benefits

By [Kate Randall](#) and [Barry Grey](#)

Global Research, October 16, 2013

[World Socialist Web Site](#)

Region: [USA](#)

Theme: [Poverty & Social Inequality](#)

*Developments in two major US cities underscore the anti-working class agenda underlying the Obama administration's Affordable Care Act (ACA), popularly known as Obamacare.*

On Monday, Detroit Emergency Manager Kevyn Orr announced that health insurance is being eliminated for retired city workers under age 65 and replaced with a \$125 monthly stipend to use toward purchasing coverage on the insurance exchanges set up under the ACA. Retirees over 65 will be moved to Medicare.

In Chicago, Mayor Rahm Emanuel announced that the city will go forward with a plan to eliminate health insurance subsidies for retired city workers by the end of 2016.

Orr and Emanuel wasted no time in seizing on the launch of the Obamacare exchanges, which opened for business October 1, to announce their assault on retirees' health care. In both Detroit and Chicago, workers who labored for decades with the promise that health care would be provided for them and their families in retirement are being robbed of their benefits and forced to purchase individual plans from private insurers on the Obamacare exchanges.

The essential aim of the ACA is rapidly emerging. Behind the talk of providing coverage for the uninsured, Obamacare was devised from the outset as a means of dismantling the employer-based system of health insurance that for decades guaranteed a basic level of health care for tens of millions of workers in the US. While Obama's counter-reform will still leave some 31 million people uninsured, it will dramatically reduce health care costs for private and public employers by hiking workers' out-of-pocket costs and slashing their benefits.

Health care coverage for their employees will cease to be the accepted norm for large and medium-sized businesses. Instead, workers will be left to their own devices, forced to confront gigantic health insurance corporations as individuals, with minimal subsidies from the government or their private employers that will do little to offset huge increases in premiums, co-pays and deductibles.

In essence, a voucher-type system is being instituted, and the principle will inevitably be extended to Medicare and Medicaid, the government-run health programs for retirees and poor people, respectively. This will provide the means for privatizing and dismantling these basic social programs.

In contrast to Western Europe, Canada, Australia and other industrialized capitalist

countries, where health care was sponsored by the state, in the US employer-sponsored insurance became the norm in the years after World War II. The years 1940 to 1960 saw a seven-fold increase in the number of people enrolled in such health plans. By 1958, three-quarters of all Americans had some form of health coverage.

The extension of health coverage by employers was a gain won by the working class in the course of bitter struggles. The fact that it is being gutted is yet another expression of the betrayal of the working class by the trade unions and the transformation of these organizations into de facto arms of the corporations and the government.

Cities and states across the US are considering moving their retirees, and in some cases their active employees, off of city-funded benefits. Neil Bomberg, program director at the National League of Cities, said in an interview with Bloomberg News, "Cities and towns will be looking at ways to reduce those costs, and the exchanges may provide a very viable mechanism." The state of Washington is considering dumping its entire active workforce onto the Obamacare exchanges.

Bankrupt Stockton, California ended subsidized coverage for its retirees on June 30. The Association of Retired Employees of the City of Stockton estimates that as many as 300 of these retired workers will not purchase coverage through the ACA because they will not qualify for subsidies or will be unable to afford the premiums.

Major companies including IBM, Time Warner, Caterpillar and DuPont have already shifted their retirees off of company-administered health care plans and into privately run health care exchanges. Such exchanges, managed by private companies such as Extend Health, are basically the same as those set up under the ACA—but with a company stipend instead of a government subsidy.

Companies such as Sears Holding Corp. and Darden Restaurants have moved their active employees to these private exchanges. Health consultant Accenture predicts that this private insurance exchange market will undergo an astronomical growth in the not-to-distant future, rising from about 1 million this year to 40 million by 2018. This means that nearly a quarter of the 170 million people presently enrolled in company-sponsored plans will be dumped by their employer onto these private exchanges over the next five years.

The changes being imposed on retirees' health benefits in Chicago and Detroit serve as a warning that the political establishment is seizing on the economic crisis, and the claims of underfunded and unsecured pension and health care obligations, to implement deep-going changes that threaten to plunge large numbers of workers and retirees into poverty. It is no coincidence that these attacks are being carried out in major cities run by Democrats with long-standing connections to Obama.

Rahm Emanuel was White House chief of staff for most of Obama's first term. Orr campaigned for Obama and played a major role in Obama's 2009 forced bankruptcy of General Motors and Chrysler, which was used to slash the wages of newly hired auto workers in half.

The unions are complicit in these attacks. They are allied with Obama and the Democrats and support Obamacare. Their only concern is that the union officials maintain their huge salaries and perks, sustained by the inflow of union dues.

The concerted attack on health care in the US demonstrates the incompatibility of private ownership of the health system and the basic social rights of the working class, including health care and a secure retirement.

True reform of the health care system can be carried out only on the basis of the socialist reorganization of society, placing the entire health care industry—the insurance companies, pharmaceutical corporations and health care chains—under public ownership and the democratic control of the working class.

Kate Randall and Barry Grey

The original source of this article is [World Socialist Web Site](#)

Copyright © [Kate Randall](#) and [Barry Grey](#), [World Socialist Web Site](#), 2013

---

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Kate Randall](#) and  
[Barry Grey](#)

**Disclaimer:** The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)  
[www.globalresearch.ca](http://www.globalresearch.ca) contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: [publications@globalresearch.ca](mailto:publications@globalresearch.ca)