

Obama's Shakedown of Medicare

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In a political era of corporate dominance it was inevitable that doublespeak would become the official language of Washington, DC. Now "cuts" to social programs are referred to as "savings," while the destruction of these programs is "reform." This is the essence of President Obama's doublespeakish "Race to the Top" public education "reform," as well as his yet-to-be-announced deficit plan based on Medicare "savings."

The Medicare cuts are part of a larger "reform" of health care in the United States, which ultimately serves to shift the cost of health care off the backs of corporations, placing the burden firmly on the shoulders of working people.

The main reason that health care reform became a national priority for Obama is because it was a priority for big business: corporations have long complained that their employee health care costs were too high. And they've always hated paying payroll taxes for Social Security and Medicare. Obama has responded gallantly to these grievances, as he did to the banks when they demanded to be bailed out with taxpayer money.

Obama has remained mostly quiet about his Medicare plans, but has stated repeatedly "all options are on the table" (his favorite Bushism). The secretiveness is based on the unpopularity of the options, all of which have already been openly discussed in the media in the last two years of bi-partisan "Grand Bargain" haggling.

The Washington Post [recently reported](#):

"Obama said that he is committed to a broad effort [a grand bargain] to restrain the national debt and that past White House proposals to rein in Medicare costs... "are still very much on the table" as part of that effort" (02-05-13).

When Obama says "still on the table" he's referring to the January 1st fiscal cliff "crisis," where Medicare cuts were being considered — along with Social Security cuts — as part of a Grand Bargain deal.

The reason that Obama delayed the Medicare cuts is because he's smart; better to first pose as the anti-corporate crusader by allowing the Bush tax cuts to expire (which would have automatically expired in his first term had he not extended them). Now, Obama plans to pose as the "balanced" voice of reason, by balancing the national debt on the backs of working and retired people.

The most commonly discussed Medicare reform — among Republicans and Democrats — [is raising the Medicare eligibility age](#) from 65 to 67. Such a drastic move would likely be phased in 10 years down the road, so that those approaching 65 don't burn down the White House in response.

Where will the future Medicare-less 65-year-olds go? They'll remain captive to the insurance companies of course, at much greater expense to them and the rest of society,

since Medicare costs are profoundly cheaper than the private sector that Obama has enshrined in his Obamacare policies.

Other possible attacks on Medicare include the innocuous sounding “means testing,” which at first appears as a well reasoned progressive tax on wealthier Medicare recipients. However, as [a study by the Kaiser Foundation concluded](#), such a policy would likely create a mass exodus from Medicare into the private healthcare field for higher income individuals.

Aside from lining the pockets of the healthcare corporations, such a Medicare exodus would also raise the Medicare premiums for everyone else, while destroying Medicare’s universal status — the basis for its effectiveness. The right wing has long sought for ways to create private “individual accounts” for Social Security and Medicare, since breaking people away from participation in a popular single system is the best way to fragment it, and ultimately destroy it.

And while raising the Medicare eligibility age and “means testing” would both immensely benefit corporations, this consciously pro-corporate policy began with Obamacare. Although Obamacare was applauded for expanding Medicaid nationally — a state administered program — the state level austerity cuts have reduced Medicaid to a second rate health care service, which promises to further degenerate as the state-level austerity crisis grinds on.

Less advertised was Obamacare’s Medicare “savings” [cuts] [in the hundreds of millions of dollars](#), by singling out the Medicare Advantage program for hundreds of millions of dollars in cuts, while also reducing payments to Medicare contractors by hundreds of millions of dollars (hospitals, clinics, etc).

Of course hospitals simply shift this cost burden onto the patients, who receive less care, while giving doctors greater incentive not to see Medicare patients. As Medicare is steadily defunded, a two-tier healthcare system is created, where wealthier seniors will opt for private insurance while the rest will get second rate treatment, undermining the popularity and universality of Medicare, and thus making it more vulnerable to further cuts.

Obamacare will also levy a [heavy tax on employers who actually give their employees good health care](#), thus discouraging the practice. For workers with union contracts, this tax will give employers leverage over the unions to make deep cuts in health care benefits, or end them completely. For non-union workers, employers are using Obamacare as an excuse simply to drop their employer-based health insurance, leaving workers to fend for themselves in the private realm.

The fact that Obamacare gives employers a strong incentive to weaken their employees health care plan is not an accident, but a key provision in the plan that will fundamentally change health care in a negative way for millions of people, and who will then be mandated to buy shoddy insurance for themselves. Corporations will thus save billions of dollars, while the health care corporations will have tens of millions of new paying customers, Obamacare’s real intention.

The Congressional Budget Office (CBO) predicts that [at least 7 million people](#) will be dropped from their employer health plan because of Obamacare, but the CBO also said that the figure could well rise to 20 million. Of course employers will take advantage of Obamacare to shift the cost of health care onto individuals, in the same way that employers

shifted away from defined pension plans and onto the 401(k) scheme. [Several employer surveys](#) have reported that companies plan to dump their employee health care plans by the millions.

The attack on Medicare and health care in general is consistent with the many other attacks against the living standards of working people, including wages and benefits, safety net programs, full time employment, privatization of the public sector, etc.

Corporations benefit from all of these policies. High unemployment allows them to leverage lower wages, which create higher profits. The destruction of social programs and the broader public sector means lower taxes for the wealthy and corporations, who'd rather they fund private services explicitly for them and their rich friends.

All of these policies are "good for the economy" of the 1%, since the economy is dominated by the big banks and other corporations, who are strip mining the public sector for any bit of profitable morsel, and will continue to do so until they are stopped by a united effort of labor, community, and student groups demanding health care and jobs for all, to be paid for by the 1%.

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Notes

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