

US Announces Plan to Ration Health Care under Medicare

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The Obama administration has announced a major shift in the way Medicare will pay hospitals and doctors. Health and Human Services (HHS) Secretary Sylvia Burwell announced the initiative Monday following a closed-door meeting with representatives of the insurance industry, large employers and doctors' professional organizations.

The shift moves the health care counterrevolution embodied in the 2010 Affordable Care Act (Obamacare) into high gear. Over the next three years, payments to hospitals and doctors for a large percentage of health care provided under Medicare, the government-run health insurance program for the elderly, will be shifted from the traditional "fee-for-service" model to alternative methods in which health care providers are rewarded for cutting costs and rationing care.

The radical revamping of Medicare will slash costs borne by the government, insurance firms and hospital chains by denying Medicare patients what is presently considered to be normal access to medical procedures, drugs and hospital care. The realignment of Medicare more directly with the profit dictates of the market will become the model for the American health care system as a whole.

Burwell told the media following the meeting, "Today's announcement is about improving the quality of care we receive when we are sick, while at the same time spending our health care dollars more wisely." The official line about improving the quality of health care, repeated by Burwell, is a cynical lie.

Medicare provides health insurance for 50 million elderly and disabled Americans at an estimated government cost of \$600 billion a year. It is the largest single buyer of health care services in the US. It has for decades been a prime target of corporate interests and politicians seeking to roll back the social reforms of the 1930s and 1960s, who have always encountered massive popular opposition.

The program, notwithstanding the limitations, distortions and cutbacks inevitable within the framework of for-profit medicine, has played a major role in reducing the poverty rate of retirees in the US and extending life expectancy. It has taken a Democratic president, overseeing a conspiracy of the corporations and the state against the people disguised as a "progressive reform," to initiate in earnest the drive to gut Medicare. The calculated aim is to throw millions of retirees into poverty and slash medical costs by shortening their life spans.

According to the time-table announced Monday, by next year Medicare will make 30 percent

of its direct payments to doctors, hospitals and other providers in accordance with “alternative payment models.” Half of Medicare’s direct payments to providers are to be made in line with such models by 2018.

These new models build on experiments begun under the ACA, particularly through the use of so-called “accountable care organizations,” or ACOs. Providers will be given a lump-sum payment for treating a patient throughout a specific episode of care, such as knee replacement surgery, instead of being reimbursed for the individual medical components of that care.

HHS has also set a goal of tying 85 percent of all payments under traditional Medicare to measures of “quality” or “value” by the end of 2016, when Obama leaves office, rising to 90 percent by the end of 2018. How will this operate in practice? Hospitals with high rates of patients readmitted within a month of being sent home will face financial penalties, while those spending less on supposedly unnecessary treatments and tests will be rewarded.

HHS is creating an agency with the Orwellian title “Health Care Payment Learning and Action Network” to enforce these changes. This panel presumably will be tasked with targeting “frivolous” procedures and screenings for elimination in the interest of restoring “value” to the health care system.

HHS Secretary Burwell is ideally suited for leading this attack on Medicare. She is a veteran of the Clinton administration and the Treasury Department. She served as an aid to Microsoft founder Bill Gates, as president of the Walmart Foundation, and as a member of the Metlife insurance company board.

Serving under Obama as budget director from 2013 to 2014, when social spending was slashed by tens of billions, she was tapped by the president to succeed HHS Secretary Kathleen Sebelius last June following the disastrous roll-out of Obamacare’s HealthCare.gov web site. Obama praised her at the time as a “proven manager,” who, as budget director, had overseen a more than \$400 billion decline in the federal deficit. She was confirmed as HHS secretary with overwhelming bipartisan support.

Under Obamacare’s individual mandate, individuals and families without insurance through their employers or a government program such as Medicare or Medicaid are required to purchase coverage from private insurers on the ACA’s health care exchanges or face a tax penalty.

The Obamacare ACOs are modeled on those already in existence in the private sector. These are growing in popularity among large employers. Justine Handelman, vice president for legislative and regulatory policy at Blue Cross and Blue Shield Association, which represents insurance companies, told Bloomberg, “Medicare is aligning with what is already working in the private sector to move away from fee-for-service. The private sector is further ahead than Medicare right now.”

Burwell has stated that phasing out fee-for-service payments will be a major priority of her tenure as HHS secretary. In addition to expanding ACO’s to Medicare, administration officials said Monday they plan to increase coordination of similar programs with state governments that insure millions of their poorest residents through the Medicaid program.

Seated next to Burwell at Monday’s meeting was Karen Ignagni, chief executive officer of

America's Health Insurance Plans (AHIP), the industry's main lobby group. "Health plans have been in the forefront of implementing payment reforms in Medicare Advantage, Medicaid Managed Care, and in the commercial marketplace," Ignagni said in a statement. "We are excited to bring these experiences and innovations to this new collaboration."

This glowing tribute from the CEO of AHIP is further confirmation of the thoroughly right-wing character of Obamacare, which has nothing in common with a true reform of the health care system in the interest of providing universal, quality care. From its inception some five years ago, Obamacare has been aimed at enriching the insurance industry and health industry at the expense of vitally needed health care services for the vast majority of Americans.

It has been designed from top to bottom in the closest consultation with corporate lobbyists and lawyers, with no input from working people.

The sacrifices now being demanded of Medicare recipients in the interest of "quality" and "value" will translate into the withholding of medical treatments and procedures that will undoubtedly result in suffering and untimely deaths for American seniors.

The gutting of Medicare is one prong of an assault on health care that affects the entire working class and considerable sections of the middle class. A second major area of attack under Obamacare is the dismantling of employer-provided health care for active workers and retirees, the system that for nearly 70 years secured health coverage for most US workers.

Obamacare is designed to encourage employers to ditch their health insurance programs and force their workers onto the ACA's health care exchanges. There, workers are forced, as individuals, to deal with gigantic insurance companies that offer high-priced plans providing sub-standard benefits.

The rich and the super-rich will, of course, continue to receive the best care money can buy.

Opponents of the predominantly fee-for-service system in Medicare bemoan the fact that the \$2.9 trillion-a-year US health care system does not result in a healthier population than in those countries that spend far less per capita. It goes unmentioned that the obscene profit-gouging of private insurers, drug companies and hospital groups are responsible for this state of affairs.

The only solution to the health care crisis lies in taking the profit out of medicine, putting an end to privately owned health care corporations, and guaranteeing free, high-quality health care for all through the establishment of a democratically run, publicly owned socialized health care system.

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