

US House Passes Sweeping New Bipartisan Assault on Medicare

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In a 392-37 vote, the US House on Thursday approved a bill that makes sweeping changes to the Medicare program that provides health insurance to more than 54 million seniors and the disabled. The Medicare Access and CHIP Reauthorization Act must be approved by the US Senate and signed into law by President Obama, who indicated his support for the measure earlier this week.

The bipartisan bill, drafted by Republican House Speaker John Boehner and Democratic Leader Nancy Pelosi, ties future payments to doctors for Medicare services to “quality of care,” shifting away from traditional fee-for-service payments. And for the first time, the universal Medicare program will institute means testing for higher-income seniors, requiring higher premiums for these individuals to access benefits.

The bill constitutes a historic attack on the Medicare program. Boehner called it the “first real entitlement reform in nearly two decades”—a reference to the assault on welfare launched under the Clinton administration in 1996. “Today is about a problem much bigger than any doc-fix or deadline. It’s about solving our spending problem,” he said.

Pelosi echoed Boehner’s comments, declaring that it had been a “privilege” to work with the House leader, and that she hoped the agreement “will be a model of things to come.”

The coming together of the Republican and Democratic Party leadership behind the overhaul exposes the unanimity within the ruling class on the need for sharp cuts in “entitlement” programs—Medicare, Medicaid and Social Security.

It provides a permanent “fix” to a 1997 law that tied doctors’ Medicare fees to overall economic growth. As overall health care costs have risen sharply, that formula threatened deep reimbursement cuts to doctors, cuts that Congress has blocked with patchwork measures 17 times since 2002.

The House bill will do away with the scheduled payment cut, set to kick in April 1, and replace it with a 0.5 percent yearly raise in payments through 2019. After this, a new payment system based on “quality of care” will be implemented.

Such language has been adopted by Medicare in other frameworks, and is generally measured by readmission rates and similar statistics. In other words, doctors who see more of their patients readmitted will receive cuts in reimbursement. However, readmission is closely correlated with poverty and other social factors, thus cutting spending on health care in lower-income and working class areas.

By disconnecting reimbursements from services provided, doctors will also be incentivized to ration care and cut back on testing—the overarching aim of all the health care “reform” proposals backed by both Democrats and Republicans. The change will result in reduced services for Medicare patients overall and deep spending cuts by the government.

This shift has long been promoted in the private insurance sector. It is also a key goal of the Obama administration, which earlier this year set a goal to tie the vast majority of Medicare payments to programs promoting cost-cutting.

The second main feature of the bill would institute means testing for Medicare recipients, requiring higher-income seniors to pay more toward Medicare premiums for insurance and prescription drug coverage. Initial estimates are that this change would result in Medicare savings of around \$30 billion over the next decade.

Congressional Republicans and Democrats alike are well aware that this fundamental change opens the floodgates for transforming a program that for the last half-century has provided health care insurance to those over the age of 65, regardless of income, into a poverty program available to only those poorest segments of society. This is seen as a first step in it being starved of funds and ultimately dismantled.

Boehner, salivating at these prospects, commented, “We know we’ve got more serious entitlement reform that’s needed. It shouldn’t take another two decades to do it.” He indicated that the Republicans would continue to push for funding cuts to other federal benefit programs.

Some Congressional Republicans balked at the overall cost of the measure, which the Congressional Budget Office estimates at \$214 billion over the next decade. This would be paid for through \$141 billion in new spending, with the balance divided between higher monthly premiums for higher-income Medicare recipients and payments by nursing homes and other health care providers.

Boehner and the Republicans see the implementation of means testing—and the subsequent savings for government—as a starting point for future overhauls to Medicare and other federal programs. This particularly applies to Social Security, the universal retirement program enacted in 1935 in the wake of the Great Depression.

Both Medicare and Social Security are not “gifts” by the government, but benefits based on the funds workers pay into these programs for their entire working lives through deductions from their paychecks.

As window dressing, the bill also provides two more years of funding to the Children’s Health Insurance Program (CHIP), which serves 8 million low-income children, as well as to the nation’s 1,200 community health centers. While Pelosi and the White House had pushed for four-year extensions for both of these programs, the majority of Congressional Democrats willingly compromised on this issue in order to push through the changes to Medicare.

The bill also includes abortion funding restrictions at community health centers, incorporating components of the so-called Hyde Amendment, which forbids federal funding of abortion except in the cases of rape, incest, or the endangered life of the mother.

Leaders of the House “pro-choice” caucus assured skeptical Senate Democrats that the bill’s language provides no additional abortion restrictions beyond those that already apply. In

fact, the Obama administration acceded to these reactionary and unconstitutional restrictions in language in the Affordable Care Act (ACA).

Speaking Wednesday on the occasion of the fifth anniversary of his signing into law of what is popularly known as Obamacare, the president indicated his support for the new bipartisan Medicare bill. "I've got my pen ready to sign a good bipartisan bill," he said.

The coinciding of the ACA's anniversary and the current bipartisan bill is noteworthy. From the start, Obama's health care overhaul has been aimed at a fundamental restructuring of the health care system, aimed at lowering costs for the government and corporations while slashing health care services for the vast majority of Americans.

Taking its cue from Obamacare, the change in Medicare represented by Pelosi and Boehner's bill will set an example that can rapidly be extended throughout the health care system. Despite many Congressional Republicans' vocal opposition to the ACA and vows to see it repealed, they are in agreement with its aim of rationing care and funneling more money to the health care industry.

Although the bill faces some opposition in the Senate, it is expected to pass, either before Congress leaves for spring recess today or on its return in two weeks. If it does not pass before the recess, Congress will likely pass a temporary fix to the Medicare payments to doctors.

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