

# The Meaning of Obama's Healthcare Reform and Next Steps

## Statement by the Editorial Board of The Organizer Newspaper

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The healthcare reform bill adopted by the House of Representatives on March 21 and signed into law by President Obama on March 23 has been hailed widely as an historic victory for working people. Some have gone so far as to compare it to the adoption of the Social Security and Medicare bills years ago. Even those who criticize aspects of the bill argue that it marks a step forward that warrants our support.

No one could be opposed to a healthcare reform bill, however incremental, if it represented even a small step in the right direction. But is this really the case?

\* Will 32 Million People Get Access to Healthcare?

The main claim put forward by the proponents of the Obama healthcare bill is that 32 million people in the United States will finally have access to healthcare. This fact alone is historic, we are told. Putting aside the fact that 15 million of the current 47 million Americans without healthcare insurance will not be covered under this bill, the expansion of healthcare coverage to these 32 million people will not take effect until 2014. This means that, based on current patterns, an estimated 100,000 people will be left to die between now and 2014 for lack of healthcare, while millions more are driven into dire poverty or desperation in their quest to fund their medical needs -- all this at a time when unemployment has reached Depression-era levels.

True, the bill's proponents say, but 32 million people -- even with this built-in delay -- is huge. It would be huge if these 32 million were actually to receive healthcare. But this is not the case. As Rose Ann DeMoro, executive director of National Nurses United and member of the Executive Council of the AFL-CIO, stated, this is an "insurance bill" -- not a "healthcare reform bill."

Low-income people will get government subsidies to purchase healthcare insurance from private companies, while middle-income people will be pressured to buy commercial health insurance policies, or else face a stiff penalty on their taxes. But this does not mean that these erstwhile 32 million uninsured people will actually get access to healthcare. These are two separate questions.

Families who cannot pay the high premiums, deductibles and co-payments charged by the private insurance companies -- estimated to be between 15% and 18% of

most family incomes -- will have no choice but to default, thus returning to the ranks of the uninsured.

Millions of middle-income people will have to fork over an estimated 9.5% of their income to pay for healthcare coverage, but, according to the Physicians for a National Health Program (PNHP), this insurance will cover an average of only 70% of their medical expenses. "This will leave them vulnerable to financial ruin if they become seriously ill," notes the March 23 PNHP statement. "Many will find such policies too expensive to afford, or, if they do buy them, too expensive to use because of the high co-pays and deductibles."

Firedoglake.com -- a website that has done a careful study of the Obama healthcare bill -- points out the following:

"The bill will impose a financial hardship on middle-class Americans who will be forced to buy a product that they can't afford to use. A family of four making \$66,370, for example, will be forced to pay \$5,243 per year for insurance. # In addition they will have to pay \$5,882 in annual out-of-pocket medical expenses."

The Obama healthcare plan is modeled closely on the Massachusetts plan. It is worth looking at the Massachusetts model to understand what we can expect to get nationwide. A 2009 study by the state of Massachusetts found that 21% of residents forgo medical treatment because they can't afford it. They have health insurance, but they can't afford to use it.

\* Will the Obama Bill Contain Healthcare Costs?

This may have been true in Massachusetts, the Obama healthcare proponents reply, but under the Obama bill, healthcare costs will be contained. They argue that the Obama bill will stop insurance companies from hiking rates 30% to 40% per year.

This is another myth.

The Obama bill explicitly allows insurance companies to unilaterally raise prices without ceilings or caps -- as well as to monopolize local markets to shut out competitors.

Dr. Marcia Angell, editor emeritus of the prestigious New England Journal of Medicine, told the Bill Moyers Journal (PBS, March 5) that, "the commercial insurance industry will be able to charge whatever they like." Asked by Moyers about the cost-regulation measures vaunted by the Obama plan proponents, Dr. Angell replied, "If these companies are regulated in some way that cuts into their profits, all they have to do is just raise their premiums. And they'll do that."

But even these regulations will have little to no effect. A main problem with the Obama bill is lack of enforcement. Also, the private insurance companies fought for, and secured, language in the Obama bill that continues to exempt them from anti-trust laws and

leaves them free to raise rates without fear of competition.

Healthcare reform advocates had campaigned strongly for a "public option" that would enable people to purchase health insurance directly from the government. They argued that this would be a way to genuinely contain healthcare costs, as it would provide real competition to the insurance companies.

The insurance companies -- echoed by the Republicans and many "Blue Dog" Democrats -- cried bloody murder. This was an anti-American and anti-free market proposal, they said. Tea Party activists took to the streets to protest this "Hitler-inspired totalitarian" provision. Clearly the insurance companies feared that the public option, which would not be driven by the profit motive and could therefore keep costs down, would become so popular and would grow so much that eventually they would be iced out of the healthcare equation. And had the public option been included in the plan, these companies could have been driven out of business.

But as early as last summer, President Obama had made a back-room deal with the for-profit hospital industry that the public option would not be part of any final bill voted by the Congress. This scandalous fact was revealed by New York Times Washington reporter David Kirkpatrick on the March 15 Ed Shultz MSNBC TV show, and has not been denied by the White House. [See accompanying article in Unity and Independence.]

So, while labor was pounding the pavement for the public option last fall, Obama had already made a deal that there would be no public option in the final health reform legislation. And this is exactly what happened: There was no public option. Obama betrayed his promise to the labor movement, but kept his promise to the private insurance companies that fund both the Democratic and Republican parties.

\* Will the Bill Stop Coverage Denials for Pre-Existing Conditions?

What about the claim by proponents of the Obama bill that it will stop the health insurance industry from denying coverage to patients with pre-existing conditions?

The Physicians for a National Health Program March 23 statement explains that "the much-vaunted insurance regulation of ending denials on the basis of pre-existing conditions is riddled with loopholes, thanks to the central role that insurers played in crafting the legislation."

One such loophole is this: The bill does not prohibit the private insurance companies from dropping people in individual plans when they get sick. If people with pre-existing conditions manage to get health insurance, they can always be dropped later.

Again, the main problem is lack of enforcement: The

bill does not empower a regulatory body to keep people from being dropped when they're sick. There are already many states that have laws on the books prohibiting people from being dropped when they're sick, but without an enforcement mechanism, there is little to hold the insurance companies in check.

This brings up a number of other fundamental problems with the Obama healthcare bill.

#### Subsidies Through Medicare Cuts and Excise Taxes

Under the bill, insurance companies will be handed close to \$500 billion in taxpayer money "to subsidize the purchase of their shoddy products," as the PNHP statement puts it. "Not only will this enhance their financial and political power, and with it their ability to block future reform," the PNHP text continues, "but the bill will drain about \$40 billion from Medicare payments to safety-net hospitals, threatening the care of the tens of millions who will remain uninsured."

Another totally unacceptable way that the government subsidies for the uninsured will be paid for is by taxing many, if not most, of the employer-based healthcare plans, that is, the so-called "cadillac" union plans. This provision pits low-wage workers against the unionized workforce, sowing tensions and divisions in the working class.

International Association of Machinists and Aerospace Workers (IAM) President Tom Buffenbarger explained his union's opposition to this measure:

"The IAM opposes the excise tax, period. We believe it is unfair to our current members and particularly unfair to those members we hope to organize in the future. If a temporary exemption is the best this Congress can offer the American people after the promises of the last election, they will have earned the wrath of voters in the next election.

"By stringing this 'fix' out until 2018, our members will be pressured to agree to benefit cuts year after year in the vain hope they will be able avoid the excise tax. Companies will seek to shift costs while still cutting benefits to avoid eight years of healthcare premiums accelerating at 15% to 20% percent per year. # This is a huge ping-pong ball that our elected leaders are trying to shove down the throats of hard-working Americans."

#### Sacrificing Women's Rights and Immigrants' Rights

If all this were not enough to make it clear that the "Obama bill should not have passed # as it will make only make things worse," to quote Dr. Marcia Angell, the bill sacrificed women's reproductive rights for corporate profits. Jane Hamsher, writing in the firedoglake.com website, puts it this way:

"This healthcare legislation is the biggest assault on women's reproductive rights in 35 years. It is a

national shame that a Democratic president who pledged the repeal of the Hyde Amendment would proudly issue an executive order affirming it. How far we've come since 2007, when Barack Obama swore that his first act in office would be to sign the Freedom of Choice Act."

National Organization for Women President Terry O'Neill was equally blunt in a statement following the House vote on March 21:

"As a longtime proponent of healthcare reform, it pains me to have to stand against what many see as a major achievement. But feminist, progressive principles are in direct conflict with many of the compromises built into and tacked onto the legislation.

"The bill contains a sweeping anti-abortion provision. Contrary to the talking points circulated by congressional leaders, the bill passed today ultimately achieves the same outcome as the infamous Stupak-Pitts Amendment, namely the likely elimination of all private as well as public insurance coverage for abortion.

"President Obama made an eleventh-hour agreement to issue an executive order lending the weight of his office to the anti-abortion measures included in the bill. This move was designed to appease a handful of anti-choice Democrats who have held up health care reform in an effort to restrict women's access to abortion."

And if this were not enough, as NOW President Terry O'Neill writes, "The bill imposes harsh restrictions on the ability of immigrants to access healthcare, imposing a five-year waiting period on permanent, legal residents before they are eligible for assistance such as Medicaid, and prohibiting undocumented workers even to use their own money to purchase health insurance through an exchange. These provisions are counterproductive in terms of controlling health care costs; they are there because of ugly anti-immigrant sentiment."

In a nutshell, the Obama healthcare reform is NOT good for working people. In fact it marks a big step in the wrong direction. And the main reason for this is that it's a plan based on the very private insurance companies that have created the healthcare fiasco we face today in our country.

\* Do the Health Insurance Companies Hate This Bill?

No. It's not a bill that the insurance companies hate, as so many have claimed. In fact, the bill is almost identical to the plan written by AHIP, the insurance company trade association, in 2009.

Nationally syndicated columnist E.J. Dionne Jr., in a column published in the March 20 issue of the San Francisco Chronicle, wrote that, "the ultimate paradox of this Great Health Care Showdown" is that, "Democrats have rallied behind a bill built on a series of principles that Republicans espoused for years." He continues:

"Republicans have said that they do not want to destroy the private insurance market. This bill not only preserves that market but strengthens it by bringing in 32 million new customers. The plan before Congress does not call for a government 'takeover' of health care. It provides subsidies so more people can buy private insurance.

"Republicans always say they are against 'socialized medicine.' Not only is this bill nothing like a 'single-payer' health system along Canadian or British lines. It doesn't even include the 'public option' that would have allowed people voluntarily to buy their insurance from the government. The single-payer idea fell by the wayside long ago, and supporters of the public option -- sadly, from my point of view -- lost out last December."

A Few Concluding Comments Yes, there are some good provisions in this legislation such as funding for community health centers and the expansion of Medicaid and SCHIP. But these provisions could have -- and should have -- been stand-alone measures had there been the political will to fight for genuine change.

These positive provisions, however, pale in comparison with the poison pills contained throughout the legislation -- poison pills that are built into a plan that not only fails to curb the power of the private insurance companies, but in fact further entrenches their power and monopoly over the delivery of healthcare. This incontrovertible fact belies the claim by some proponents that the bill can serve as a pathway toward a single-payer healthcare system.

How Have the Democrats Managed to Carry Out this Hoax? How is it that the Democrats were able to push through this sham "healthcare reform"?

One main reason is the support for the Obama bill -- particularly during the six weeks leading up to its adoption on March 21 -- by the leadership of the AFL-CIO trade union federation. In late January, the bill appeared doomed to die on the vine. Polls showed that less than 40% of the public supported the bill -- "a significant number of them because the bill did not go far enough," as Paul Krugman points out in the International Herald Tribune on March 27-28.

That's when Obama and House Speaker Nancy Pelosi rallied the troops. The AFL-CIO leadership responded to the call, organizing public rallies and delivering millions of letters to wavering Congresspeople to get them on board.

Democrat after Democrat in fact publicly thanked AFL-CIO President Richard Trumka and the AFL-CIO leadership for their "invaluable support" for the healthcare legislation, stating that without the AFL-CIO's last-ditch effort, the bill would not have been approved. Mandate from the AFL-CIO Convention Last September, at its national convention, the AFL-CIO voted to support single-payer healthcare as its

long-term objective. This vote -- the result of a nine-month campaign within labor organized by the Labor Campaign for Single Payer Healthcare -- marked a big step forward for the labor federation.

At the same time, the AFL-CIO adopted another resolution calling on President Obama and the Democrats to include a public option in the final legislation. Including the public option, the AFL-CIO leadership stated, would represent a pathway toward a single-payer system.

This was the mandate from the union membership.

Throughout the fall, the AFL-CIO campaigned for a public option and against the excise tax on the union plans proposed by many of the Blue Dog Democrats. The AFL-CIO and its healthcare allies obtained pledges from 70 Members of Congress, including Ohio Congressman Dennis Kucinich, that they would not vote for any healthcare reform bill that did not at least contain a public option.

In late January, immediately after the victory of Republican senatorial candidate Scott Brown in Massachusetts, AFL-CIO President Richard Trumka issued a statement in which he noted that labor and all working people cannot rely on the Democrats and Republicans to obtain our pressing demands. Trumka stated:

"What happened Tuesday in Massachusetts was a wake-up call to all of us. It was a working class revolt -- a signal that in this economic crisis, the American people demand jobs, healthcare and an economy that works for them now -- not political business as usual. ...

"For the union movement and activists, the message was also clear: It's not time to leave it to any political party to take care of us once we put them in office. It's time to organize and mobilize as never before to make every elected or aspiring leader PROVE he or she will create the jobs we need in an economy we need with the healthcare we need."

But is the Obama healthcare bill the "healthcare we need"?

Not at all. The Obama bill did not include single-payer, which the AFL-CIO now called for, and nor did it include the public option. It continued to tax the union plans (albeit at a slightly lower rate than initially proposed) and to cut Medicare payments for the elderly. It contained key provisions that the AFL-CIO had in fact mobilized against.

Was pulling out all the stops in February and March -- as the AFL-CIO leadership did to ensure passage of the Obama bill -- the way to hold the elected officials of the Democratic Party accountable to supporting labor's agenda? Was this a way to press the Democrats and Republicans to prove that they care about labor?

No, of course not. Even the Wall Street Journal noted that the "unions folded to the government and the employers on the healthcare legislation." (Feb. 12)

What Way Forward?

The AFL-CIO leadership cannot fight to defend its members' interests or to champion the healthcare interests of the working-class majority so long as it remains tied at the hip to the Democratic Party. Subordinating labor's agenda and demands to the exigencies of the Democrats meant that labor had to forgo its own healthcare agenda in the interests of the private insurance companies and the politicians that do their bidding. On every front today -- whether it's the Obama administration's trillion-dollar bailout of Wall Street and the banks at taxpayers' expense, or Obama's failure to deliver on the Employee Free Choice Act, or Obama's failure to deliver on any real jobs-creation program, or Obama's decision to escalate the war in Afghanistan, or, now, Obama's failure to deliver on the public option and real healthcare reform -- the Obama presidency has been an "unmitigated disaster for American labor," to quote Washington Post senior staffwriter Harold Meyerson.

For teachers and public-education activists it's not only Obama's failures that are the problem. In mid-February, teachers in Rhode Island were summarily fired, and the union was broken, with the open support of Obama and Education Secretary Arne Duncan -- all in the name of the "education reforms needed to increase productivity."

This "unmitigated disaster" will only get worse unless the labor movement breaks with the Democrats and mobilizes around its own independent agenda in huge numbers in the streets and in the electoral arena through its own independent political candidates and party: a Labor Party. The ruling class has two parties -- the Democrats and the Republicans. Working people need our own party. Isn't it about time for the labor movement to break with the Democratic Party and to begin building its own political party? Isn't it time to open the widest discussion in the labor movement about the need to take up the struggle for the Labor Party?

We invite all our readers to join us in this discussion in our press so that, together, we can get at the root of the problems confronting the labor movement and so that together, we can begin to point the way forward politically for working people and all the oppressed.