

US Senate Republicans' revised health bill maintains draconian Medicaid cuts

By Kate Randall
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The Senate Republican leadership released an updated version of its health care bill on Thursday. Senate Majority Leader Mitch McConnell was forced to pull an earlier version of the Better Care Reconciliation Act (BCRA) from a floor vote before the July 4 recess because he did not have the 50 votes needed for it to pass.

The most significant feature of the revised bill is that it keeps in place the draconian cuts to Medicaid, the health insurance program for the poor, elderly and disabled, which is jointly funded by the federal government and the states. It also maintains the BCRA's phase-out of Medicaid expansion under the Affordable Care Act (ACA).

Overall, the bill cuts federal Medicaid spending by \$772 billion over 10 years, or by more than 30 percent. The Congressional Budget Office (CBO) estimated that similar cuts to Medicaid in the BCRA's earlier version, combined with unaffordability of insurance due to other features of the bill, would lead to 22 million more uninsured by 2026 than under current law.

The bill maintains three tax increases under the ACA that were repealed in the previous version: a 3.8 percent tax on investment income for families earning more than \$250,000 annually, a 0.9 percent payroll tax increase on high-income earners, and a tax on the salaries of high-paid insurance executives.

Maintaining these taxes reduces the tax cuts for the wealthy and corporations from \$888 billion compared to \$657 billion. Savings from maintaining these taxes would increase funding for the opioid crisis from \$2 billion to \$45 billion. An additional \$70 billion would be added to the \$112 billion in the previous version for the "state stability fund" to supposedly help states lower premiums.

The bill would also include a \$70 billion fund

designed to offset costs for insurers that sign up "high-risk individuals" in off-exchange, deregulated plans under a modified version of the "Cruz amendment."

However, not a penny of the \$231 billion in funds resulting from maintaining the three Obamacare taxes on the super-rich will go toward Medicaid, the program currently benefiting 70 million Americans. This is by design. Like the House health care bill, the American Health Care Act (AHCA), both versions of the BRAC would mark the effective end of Medicaid as a guaranteed benefit based on need.

Federal funding for Medicaid, which currently expands to cover new enrollees and increased medical costs, would be replaced by a per-capita spending cap. States could also opt to receive federal funding in the form of a block grant.

The Senate bill would tether growth in spending to the Medical Consumer Price Index (CPI) plus 1 percentage point through 2025, and then switch to the urban CPI. Real medical costs grow at a significantly more rapid rate than the urban CPI, meaning further cuts in real spending on Medicaid.

Federal funds for Obamacare's expansion of Medicaid, which has enrolled about 7 million people in 31 states and the District of Columbia that opted in to the expansion, will end in 2024. Most of these enrollees were low-income single adults. The CBO's scoring of the earlier version of the BCRA estimated that between the cuts to Medicaid and Medicaid expansion, 15 million people would lose coverage over a decade.

The gutting of Medicaid in both the AHCA and BCRA marks a new point of departure in the decades-long attack on health care and working class living standards. Starting with Medicaid, the aim is to privatize and ultimately dismantle the basic social

reforms dating from the 1930s and 1960s, including Medicare and Social Security.

The ACA, passed by the Democrats and signed into law by Obama in 2010, marked a milestone in this effort, imposing massive cuts to Medicare, the health insurance program for the elderly. Obamacare, built on the foundation of the longstanding for-profit health care industry in the US, further subordinated the health delivery system to the private market, cutting costs for the government and corporations while rationing care and raising costs for the vast majority of Americans.

The Republican bill also reportedly includes language based on a modified version of the “Consumer Freedom” amendment backed by Sen. Ted Cruz, Republican of Texas. Under the amendment, if an insurer offers only one plan on the individual insurance exchanges that adheres to all of the ACA’s regulations on essential services, it would be able to offer policies with bare-bones coverage.

Other reactionary features maintained or added in the new version of the BCRA include:

Cutting subsidies for low- and middle-income families: People purchasing coverage on the individual market would receive lower tax credits than under the ACA, leading to higher premiums, deductibles and other out-of-pocket costs. The CBO estimates that a 64-year-old individual earning \$11,500 and receiving tax credits would still need to pay \$4,800 to purchase that plan.

Discrimination against older Americans: Insurers would be able to charge older people five times more than younger people, as compared to three times more under the ACA.

Allowing the use of Health Savings Accounts (HSAs) to pay premiums: The use of tax-free HSAs to pay premiums for individual coverage would mainly benefit the rich, as low-income people have little or no income to set aside for such accounts. The new version of the BCRA would also allow the use of HSAs to pay for bare-bones “catastrophic” coverage.

Due to the rules governing “reconciliation” legislation, the Republicans, who hold a 52-50 majority in the Senate, can only afford to lose the votes of two Republicans, as no Democratic senators will be voting for the bill. If a vote ended in a tie, Vice President Mike Pence would be allowed to cast the tie-breaking vote.

Two Republican Senators have indicated they will vote “no”: Susan Collins of Maine, a “moderate” opposing the bill due to the Medicaid cuts, and Rand Paul of Kentucky, who opposes it from the right as a capitulation to Obamacare.

In the event McConnell fails to garner the backing to bring the legislation to a vote, the Democrats have signaled their willingness to work on a “compromise” bill to “fix” Obamacare. Any such compromise would have nothing to do with making the ACA better by lowering premiums, improving medical care or further expanding Medicaid.

The entire framework of the official health care “debate” is reactionary and is miles away from the concerns and health needs of ordinary Americans. Both the House and Senate versions of health care “reform” are massively unpopular. A recent NPR/PBS NewsHour/Marist Poll showed that only 17 percent of US adults approved of the first version of the BCRA.

The draconian cuts proposed in the Republican health bills have evoked anger and disgust among wide layers of the population. But the choice between Obamacare and Trumpcare, or a rotten compromise between the Democrats and Republicans, is no choice at all for workers and young people.

The working class must direct its anger over the assault on health care in an independent, socialist direction—against Trump, the Republicans and the Democrats. The health care industry must be taken out of private hands and placed under public ownership and the democratic control of the working class, as the only basis of guaranteeing quality health care for all.

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