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Obama attacks Medicare and Social Security

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The Obama administration will release a budget proposal next week that includes deep cuts to Medicare and Social Security.

The leak of details of the president’s budget plan by White House officials comes within days of another news item that received scant attention in the media: The sequestration order signed into law by President Obama on March 1 is resulting in thousands of patients being turned away from cancer clinics due to cuts to Medicare reimbursement for expensive chemotherapy drugs.

Taken together, these two stories reveal the bipartisan assault being plotted by the Democrats and Republicans in Washington against Medicare, the health care program for the elderly and disabled, and Social Security, the government retirement program. Behind the public wrangling between Barack Obama and congressional Republicans over “deficit reduction,” the ruling elite is united in its drive to gut these two vital government programs, and ultimately dismantle them.

News that cancer clinics would be turning away Medicare patients in the thousands—and forcing them to seek treatment at higher prices in hospitals, which may not be able to handle the influx of patients—was not the occasion for an outcry from the political and media establishment. The development was reported in the *Washington Post*’s online blog, not its print edition, and received no coverage on network television news. The *New York Times* has not reported on it.

The Obama administration's budget proposal, front-page news Friday, contains cuts that will further undermine the health and well being of the elderly, disabled and other recipients of Social Security and Medicare. It sets a ten-year target for deficit reduction of \$1.8 trillion, above and beyond the \$2.5 trillion that the president and congressional Republicans have agreed to cut since 2011, bringing the total to \$4.3 trillion.

If the relatively small cuts produced by the sequester have already led to the cutoff of life-saving treatment to tens of thousands of people, cuts on the scale proposed by Obama and the congressional Republicans mean a social catastrophe.

The Obama austerity budget would cut \$400 billion from Medicare and other health programs, introducing means-testing and other measures. Savings of \$200 billion would come through unspecified cuts to federal retiree programs, reducing farm subsidies and other cutbacks.

A particularly cruel measure would target Social Security, reducing future payments to beneficiaries by using a new formula for calculating adjustments for inflation. Called the "Chained C.P.I." (in reference to the Consumer Price Index), the change would generate \$130 billion in savings and \$100 billion in revenue as a result of the impact of the formula change on other government programs. The measure has been long sought by Republicans.

The "chained" formula contains statistical assumptions that lead to a Social Security increase lower than the rate of inflation, even though critics point out that the elderly spend a disproportionate amount on health care and other goods whose prices are rising at a much faster rate.

This proposal for reducing the real income of Social Security recipients needs to be placed in perspective. The median income of Americans over the age of 65 is less than \$20,000 year, and nearly 70 percent of those on Social Security rely on these benefits—which average less than \$15,000 a year—for more than half their income. The proposed change in inflation adjustments for Social Security would have the effect of driving millions of seniors deeper into poverty.

In contrast to this attack on retirement benefits, the budget proposal would raise a minimal \$9 billion over a decade by limiting the amount high-income individuals can accumulate in tax-preferred retirement accounts such as IRAs. Even this token gesture has evoked the outrage of congressional Republicans, who have denounced any measure that would impinge on the unfettered right of the wealthy to consolidate their fortunes.

The indifference to the plight of America's seniors was reflected in yet another White House move this week. The Obama administration dropped plans Tuesday to cut subsidies to private insurers that offer Medicare Advantage plans for the elderly.

These plans, where private insurers take over administration of Medicare Part A and Part B in return for lucrative federal fees, were first permitted by the Clinton administration and greatly expanded in the Bush administration. They are a step towards privatization of Medicare.

After an intensive campaign by America's Health Insurance Plans and other insurance industry lobbyists, the Centers for Medicare & Medicaid Services reversed a proposed 2.3 percent cut in payments to insurance companies, and instead proposed a 3.3 percent boost. Stocks rallied Tuesday on news of the cave-in to the private insurers. The 3.3 percent increase should be seen in the context of the \$11 billion, 2 percent cut being imposed on Medicare reimbursements through the sequester—the same cut resulting in a denial of treatments for Medicare recipients at cancer clinics across the country.

The bipartisan assault on Social Security and Medicare is being orchestrated with the assistance of the media, which justifies policies that will have a devastating effect on wide layers of the population as the only rational, common sense approach to the pressing issue of “deficit reduction.”

Typical is an April 3 *New York Times* piece, headlined “Misperceptions of Benefits Make Trimming Them Harder,” that attacks the “widespread and incorrect view, especially among older Americans, that Medicare recipients get only what they have paid for through taxes, premiums and medical co-payments.” The author laments that there has “long been similar confusion about Social Security.”

The *Times* bemoans these attitudes—the feeling among broad layers of the population that they have a right to medical care and a secure retirement after years of work—as an obstacle to the drive to dismantle these social programs.

Medicare and Social Security were reforms won through mass social struggles of the working class, not gifts from the ruling class. That is the political meaning of the sense of “entitlement” which tens of millions quite correctly feel.

What is required is the building of a political movement that transforms this instinctive feeling of working people into a conscious understanding that health care, a decent retirement, education and other public services are social rights that must be defended.

Such a movement must be armed with an independent program in opposition to both parties of big business and the capitalist system they defend. Only the political mobilization of the working class on the basis of a socialist perspective, fighting for the nationalization of the banks and corporations and the reorganization of society on the basis of social need, not private profit, can create the conditions for socialized medicine and a secure, guaranteed retirement for all.