Obamacare:
The Neo-liberal Model Comes Home to Roost in the United States
- If We Let It

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"No relationships to disclose"

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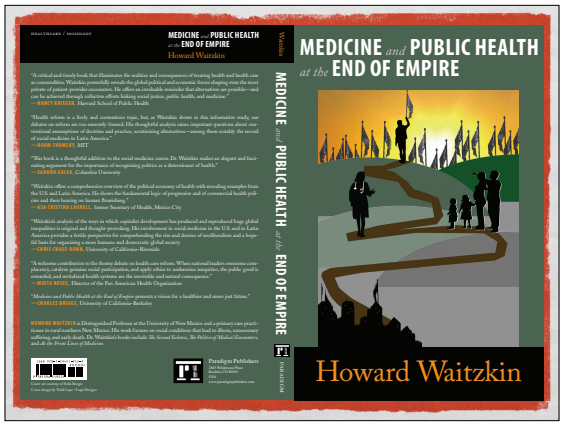
- Robert Wood Johnson Foundation Center for Health Policy, University of New Mexico

UNM

•More on this point of view:

- •HW, *Medicine and Public Health at the End of Empire* (Paradigm Publishes, 2011)
  - • (including chapters with Rebeca)

- •Optimism:
  - •Pause to note that capitalism as we have known it has ended.
  - •Empire as we have known it has ended.
  - •Period of fundamental change is scary and exhilarating.
  - •We all need to choose how we can contribute to our alternative future.



HISTORY

- A dynamic, young, newly elected president makes health reform one of his highest priorities.
- His proposal aims to improve access for the unininsured and underinsured.
- To achieve that goal, he decides to collaborate with the private, for-profit insurance industry.
- Public hospitals and other public-sector institutions would compete with the private insurance sector for public, tax-generated revenues.

HISTORY

César Gaviria

HISTORY

- César Gaviria Trujillo
  - President of Colombia, 1990-1994
  - Health reform enacted by Law 100, 1994
  - Reform mandated and partly financed by loans from World Bank
  - World Economic Forum: financial elites
  - Model for health reform around the world *and now in the United States*

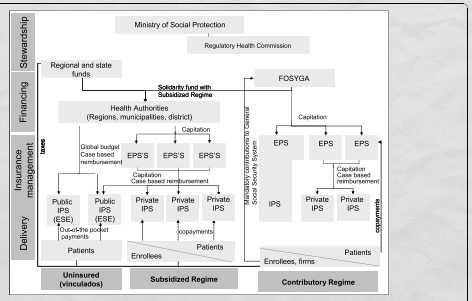
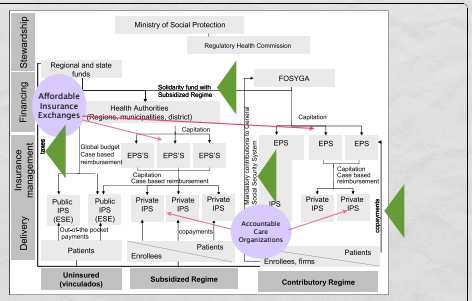


Figure 1 The model of managed competition in the Colombian healthcare system. Figure legend text: FOSYGA: Fondo de Solidaridad y Garantía (Solidarity and Guarantee Fund); EPS: Empresa Promotora de Salud (Insurance Company for the Contributory Regime); EPSS: (Insurance Company for the Subsidized Regime); IPS: Instituciones Prestadoras de Servicios de Salud (Healthcare Provider); ESE: Empresa Social del Estado (Public Health Provider). → Monetary flows. Source: authors.



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NEOLIBERALISM

- Since early 1980s
- Argued that:
  - Market exchange maximizes the social good.
  - Human well-being could advance best by enhancing individual entrepreneurial activities within the framework of strong property rights, a free market, and free trade (Harvey 2005).
  - Economic growth is beneficial for everyone, at least in the long term.
- Promoted by international financial institutions (World Bank, International Monetary Fund, Inter-American Development Bank).

NEOLIBERALISM

- Neoliberalism also became a social, political, and cultural project:
  - Favored the role of the state as protecting market practices
  - Opposed the state's roles in central planning and in the provision of public services, including medicine and public health.
  - Favored privatization of public services, with use of public tax revenues for private, for-profit insurance corporations.

NEOLIBERALISM

- Neoliberalism also became a social, political, and cultural project:
  - Favored drastic cutbacks in public sector services and expenditures: "structural adjustment."
  - Free market principles displaced those of the classical economic liberals, who favored a relatively but not completely unregulated market, such as Adam Smith and David Ricardo.
    - hence the term "neoliberal."

EVALUATIONS OF COLOMBIA'S REFORM

- International financial institutions: overall positive
  - World Bank, Inter-American Development Bank
- Model for World Bank/IDB proposals in Mexico, Brazil, Chile, etc.

EVALUATIONS OF COLOMBIA'S REFORM

MarketWatch

Colombia's Universal Health Insurance System

The results of providing health insurance for all in a middle-income country.

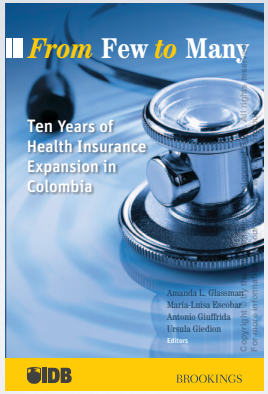
by Ursula Giedion and Manuela Villar Uribe

ABSTRACT: By insuring more than 80 percent of its population, Colombia provides a valuable opportunity to gather evidence on a hotly debated health policy issue. Results from three studies evaluating the impact of universal health insurance in Colombia show that it has greatly increased access to and use of health services, even those that are free for all, and has reduced the incidence of catastrophic health spending. The impact has been more dramatic among those most vulnerable to health shocks: those living in rural areas, the poorest, and the self-employed. [*Health Affairs* 28, no. 3 (2009): 853–863; 10.1377/hlthaff.28.3.853]

EVALUATIONS OF COLOMBIA'S REFORM

- Acknowledged weaknesses of IDB-Brookings methods
  - "No randomized trial data were available to evaluate the impact of health insurance in Colombia, so the analysts had to rely on retrospective, already available household survey data..."
  - "Only a cross-section analysis ... was available to evaluate the impact of health insurance on financial protection inboth the CR and the SR."
  - Could not determine causal impact of health insurance on health outcomes.

Source: Gledion U, Villar Uribe M. Health Affairs 2009;28:853-863.



EVALUATIONS OF COLOMBIA'S REFORM

- "Achieving universal coverage faces several hurdles, not only because of financial considerations in the economy as a whole, but also because of the existence of safety-net providers that act as substitutes for insurance and provide incentives to ride the system for free.
- "The resistance of public hospitals to forgoing supply-side subsidies cannot be underestimated, owing to the political visibility of hospitals and the challenges posed by decisions made in the past."

Source: Inter-American Development Bank. *From Few to Many; Ten Years of Health Insurance Expansion in Colombia*, 2009.

EVALUATIONS OF COLOMBIA'S REFORM

Second chance for health reform in Colombia

Colombia has hit some hurdles in its initial attempts at health reform, as it struggles to deal with soaring costs, technical issues, and public participation. Thomas C Tsai reports.

"But even though universal coverage seems a beneficial policy for Colombians, it has raised substantial criticisms..."

- In 2008 alone: approximately 143,000 lawsuits (*tutelas*) due to denial of treatment by private insurance companies.
- Costs outstripping public funds available.
- Inadequate "citizen consultation" in improving the program.

Source: Tsai TC. Lancet 2010;375:110-111.

EVALUATIONS OF COLOMBIA'S REFORM

- Independent assessments much more critical
- Recent studies found major barriers to access:
  - segmented insurance design with insufficient services covered
  - insurers' managed care and purchasing mechanisms
  - provider networks' structural and organizational limitations
  - poor living conditions
  - "Insurers' and providers' values based on economic profit permeate all factors."

Source: Vargas I et al. BMC Health Services Research 2010, 10:297, http://www.biomedcentral.com/1472-6963/10/297

EVALUATIONS OF COLOMBIA'S REFORM

Qualitative study in Medellín, based on in-depth interviews:

- "As our study found, the situation in Colombia is totally different from the theory proffered by supporters of neoliberal reform.
- "Even though low-income people are entitled to individual insurance, it does not represent improved access to care, but instead results in much less attention to their health needs.
- "Thus, while the theory of neoliberal reform might avow greater access to care for the poorest citizens, this has not been realized in the new social reality of Colombia."

Source: Alvarez LS, Salmon JW, Swartzman D.The Colombian health insurance system and its effect on access to health care. Int J Health Serv 2011;41(2):355-70.

EVALUATIONS OF COLOMBIA'S REFORM

Ethnographic study of law to limit legal appeals:

- "The last piece of legislation approved in 2011 presents some powerful techniques of language to protect the system's market structure by controlling the expansion of the right to health care through the judiciary.
- "Tropes such as 'the country's limited resources' and 'protecting the system's finances to guarantee the rights of the most vulnerable sectors of society' can be utilized to create a new social contract around a limited right to health care."

Source: Abadía-Barrero CE. Neoliberal Justice and the Transformation of the Morat: The Privatization of the Right to Health Care in Colombia. Medical Anthropology Quarterly 2014 (Oct 21). doi: 10.1111/maq.12161. [Epub ahead of print]

"OBAMACARE": PPACA

"OBAMACARE": PPACA

- Patient Protection and Affordable Care Act (PPACA).
- Earlier in his career, Obama had supported a single payer, public sector program of universal health care.
- Presidential campaign of 2008:
  - received about three times more contributions from the private for-profit insurance industry than did his Republican Party opponent, John McCain.

"OBAMACARE": PPACA

- Mandate:
- Everyone is required to have health insurance or pay a penalty.
- Individual mandate: penalty =$695 for singles; $2,085 for families
- Employer mandate (50 or more employees): penalty =$2,000/employee

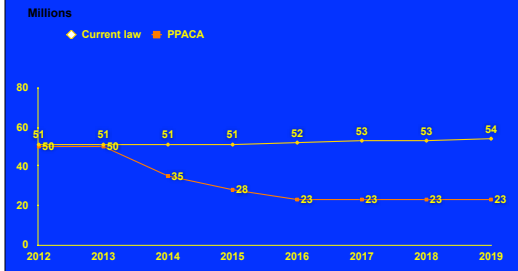
"OBAMACARE": PPACA

- Liz Fowler
  - Chief Counsel, Senate Finance Committee, 2001, designer of Medicare Part D, benefiting pharmaceutical companies
  - Vice President, WellPoint, director of lobbying activities, mid-2000s
  - Chief Counsel, Senate Finance Committee, 2008, Max Baucus, chair; developed White Paper that became the basis of Obamacare.
  - Deputy Director of the Office of Consumer Information and Oversight at the U.S. Department of Health and Human Services, 2010; oversaw rollout and implementation of Obamacare
  - Director of Global Health Policy (lobbying operations), Johnson & Johnson, 2012.

"OBAMACARE": PPACA

- PPACA calls for
  - preservation and strengthening of the private insurance industry
  - increased public payments to the industry for the care of uninsured and underinsured people.
- Same overall structure as that proposed by Hilary and Bill Clinton in 1994.

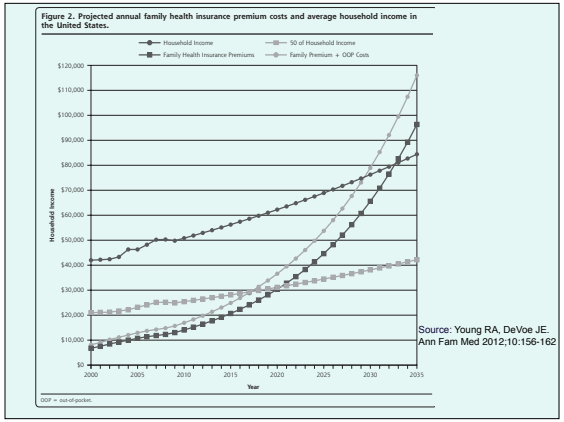
Millions Will Remain Uninsured (and Millions More Poorly Insured)



Note: The uninsured include about 5 million undocumented immigrants.
Source: Congressional Budget Office.

Impact of Health Reform on: The Uninsured

- **# of uninsured reduced from 50 million today to ~24 million in 2019.**
- **Safety net hospital funding through Medicare cut by $36 billion through 2019.**
- **Community health centers receive extra $1 billion annually**



Source: Young RA, DeVoe JE. Ann Fam Med 2012;10:156-162

"OBAMACARE": PPACA

- PPACA follows the neoliberal pattern favored by international financial institutions and multinational insurance corporations throughout the world.
  - Aims to enhance access by corporations to public sector health and social security/Medicare trust funds.
  - An ideology favoring for-profit corporations in the marketplace justifies these reforms through unproven claims about
    - the efficiency of the private sector
    - enhanced quality of care under principles of competition and business management

"OBAMACARE": PPACA

- Deals with health care as a commodity to be bought and sold in a competitive marketplace
  - rather than as a fundamental human right to be guaranteed by government according to the principle of social solidarity.

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

- A single payer program in the United States basically would extend Medicare to the entire population.
- Under Medicare, the government occupies a very small role.
  - Collects payments from workers, employers, and Medicare recipients
  - Distributes funds to health care providers for the services that Medicare patients receive
- No perfect system, therefore "real utopia."
- Some problems with Medicare but supported by older population, generally works well.

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

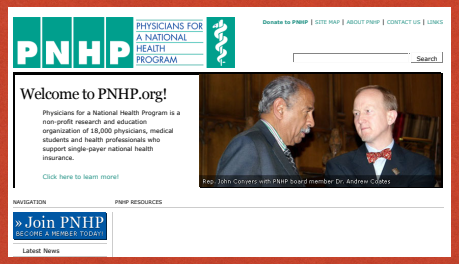
- Payment structure is "socialized" into one system for everybody
- Delivery system remains pluralistic: private practices, public and private hospitals, community health centers etc.
- Not "socialized medicine" in sense of socialized infrastructure or practice

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

- Single payer national health program
  - Physicians for a National Health Program and allied groups (http://www.pnhp.org/
    - 18,000 members
  - "Medicare for All" (HR 676; S 915)
  - Supported by HealthCare-NOW!, nurses' organizations, many unions, members of Congress (76 co-sponsors in House of Representatives, etc., etc.)

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

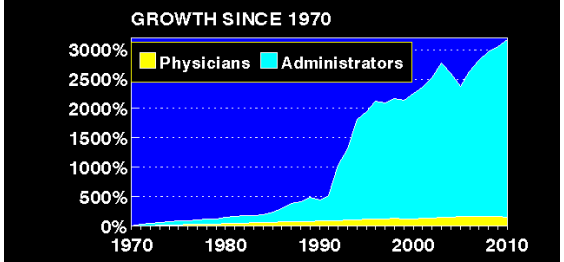
Physicians for a National Health Program http://www.pnhp.org/



A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

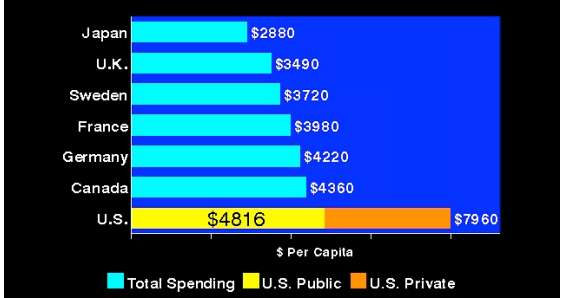
- Universal access by drastically reducing administrative waste
  - (25% of health care expenditures)
- No copayments, deductibles, or other expenses at the point of service
- The average family and the average business would spend the same or less than they previously spent on medical expenses.
- National polls consistently have shown that a majority or plurality (depending on the poll) of people in the United States have favored the single payer approach.

Growth of Physicians and Administrators 1970-2009



Source: Bureau of Labor Statistics; NCHS; and Himmelstein/Woolhandler analysis of CPS

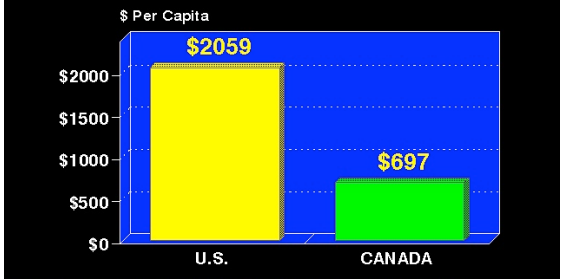
U.S. PUBLIC Spending Per Capita for Health is Greater than TOTAL Spending in Other Nations



Note: Public includes benefit costs for govt. employees & tax subsidy for private insurance

Source: OECD 2010; Health Aff 2002; 21(4):88 - Data are for 2009

Overall Administrative Costs United States & Canada, 2010



Source: Woolhandler/Himmelstein/Campbell NEJM 2003; 349:768 (updated)

Covering Everyone and Saving Money through Medicare for All

			$ B
Additional costs			
Covering the uninsured and poorly-insured	+6.4%		134
Elimination of cost-sharing and co-pays	+5.1%		107
Total Costs		**+11.5%**	**241**
Savings			-111
Reduced insurance administrative costs	-5.3%		-21
Reduced hospital administrative costs	-1.9%		-76
Reduced physician office costs	-3.6%		-59
Bulk purchasing of drugs & equipment	-2.8%		-46
Primary care emphasis & reduce fraud	-2.2%		-313
Total Savings		**-15.8%**	
Net Savings		**- 4.3%**	**- 72**

Source: Health Care for All Californians Plan, Lewin Group, January 2005

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

- Issues to address in theorizing and activism concerning a national health program (NHP):
  - Changing social class position of physicians and other health professionals
    - E.g., doctors as employees
    - Loss of control over the means of production and conditions of practice
    - "Aristocracy of labor": mystified position as highly paid workers
    - Samir Amin: "generalized proletarianization," Occupy movement: 99%/1%.
    - How will this changing class structure impact transition to an NHP?

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

- Issues to address in theorizing and activism concerning a national health program (NHP):
  - Oligopolistic character of current for-profit delivery system
    - Will services be provided still by a predominantly for-profit delivery systems, funded through public insurance?
      - (one of the ways Medicare supports corporatized medicine despite its single payer characteristic)
    - What will happen to employees of insurance companies (retrain for providing services?), as well as the companies themselves (e.g., other insurance lines more profitable anyway?).

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

- Issues to address in theorizing and activism concerning a national health program (NHP):
  - National health insurance (NHI) - Conyers bill
    - Single payer = socialization of payment structure, leaving intact private ownership and profit at the level of infrastructure (i.e., private ownership of the means of production)
      - International model: Canada
  - VERSUS
  - National health system (NHS) - Dellums bill
    - Socialization of infrastructure (public ownership of the means of production)
      - International model: Sweden

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

- Issues to address in theorizing and activism concerning a national health program (NHP):
  - NHI versus NHS
    - Origins of single payer proposal at retreat in New Hampshire, 1986, consensus based on such issues as:
      - "Doctor-friendly" proposal (without class analysis)
      - Feasibility in the U.S. of A.

A "REAL UTOPIA"? THE SINGLE PAYER PROPOSAL

- What has impeded progress in the U.S.?
  - False consciousness/ media
  - Repression
  - Corporate financing of political process
  - Lack of a labor party or even social democratic party
  - Not claiming our own agency to affect the process:
    - **Obamacare:** The Neo-liberal Model Comes Home to Roost in the United States – **If We Let It**

THE NEO-LIBERAL MODEL COMES HOME TO ROOST IN THE UNITED STATES – IF WE LET IT

•Winston Churchill: “The United States invariably does the right thing, after having exhausted every other alternative.”

•Samir Amin: “A rapidly growing proportion of workers are no more than sellers of their labor power to capital, whether directly when they are company employees or indirectly when they are reduced to the status of subcontractors - a reality that should not be obscured by the apparent autonomy conferred on them by their legal status.”