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Sue Berkowitz: Senator sows fear

By Sue Berkowitz • April 26, 2010

Sen. Jim DeMint's recent column, "Warning: ObamaCare will hurt South Carolina," was a litany of distortions that must be addressed.

For starters, Sen. DeMint described Medicaid, the vehicle that will extend health insurance to 32 million Americans, as "already failing." Does the senator think it is failing because it helps poor people? Because Medicaid and Medicare have lower administrative fees, they contain costs better, than the private sector.

Medicaid is extremely popular at the state level, because it is a boon to local economies, bringing in federal dollars to trigger successive rounds of spending that begin with local health-care providers and ripple out to neighboring businesses. Research conducted by USC's Moore School of Business has shown that increased Medicaid spending boosts the economies of every single county in our state.

Then Sen. DeMint says, "more than half of all health-care providers in South Carolina don't even accept Medicaid patients," an exaggeration of old numbers. The Center for Studying Health System Change found in 2009 that 40.2 percent of doctors nationwide are accepting all new Medicaid patients, 12.4 percent are accepting most, 19.2 percent are accepting some, and only 28.2 percent are accepting no new patients.

The fear sowing continues: "Washington isn't going to pay that bill. South Carolina's families and businesses are. This mandated expansion will cost

South Carolinians \$914 million over the next 10 years...."

Sen. DeMint fails to mention that the new legislation requires Uncle Sam to pay 100 percent of the Medicaid expansion for the first two years of implementation, 95 percent the second two years and 90 percent after that, with South Carolina taxpayers never putting up more than 10 percent of the costs. Our state investment in Medicaid will result in tremendous returns through a more than generous amount of federal funds.

Sen. DeMint bemoans cuts to Medicare Advantage, an insurance industry boondoggle, saying that the 22 percent of the Medicare population enrolled in the program will "see their benefits cut in half."

Again, not true. Phasing out Medicare Advantage was one of President Barack Obama's campaign promises, because this scheme promoted by the insurance industry, which intended to drive down Medicare costs with private sector competition, had failed. Private companies have been pocketing about \$15 billion a year in public money. Now, we'll cut Medicaid Advantage spending by about half, per senior, but services will be the same as those enjoyed by the rest of the satisfied Medicare population. Government will save \$54 billion over the 2009-2012 period, and \$150 billion over 10 years, according to the Congressional Budget Office.

Sen. DeMint also claims health-care reform will hurt small businesses. He suggests they will be too preoccupied with avoiding insurance payments for employees or penalties for not insuring employees to profit and create jobs.

Well, 96 percent of South Carolina's businesses have 50 or fewer employees. The law says they do

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not have to provide insurance. They will not be penalized. If they choose to provide insurance, the small business will receive a tax credit for 35 percent of its cost beginning this year and 50 percent beginning in 2014.

Surely, Sen. DeMint knows that throughout our state's history, we have employed public dollars to stimulate economic growth. After all, he himself cheered the arrival of Boeing, whose incentives package we still know little about. Boeing's president thanked him by name, along with several other politicians, saying, "You sold us on South Carolina."

So, according to Sen. DeMint, it's good policy to lure Boeing with \$900 million in taxpayer-funded incentives. In return, we expect the corporation to spend somewhere around \$3.8 billion on salaries and wages, hire 3,800 South Carolinians and indirectly create another 5,971 jobs in its first 15 years.

But, somehow, investing about that same amount in health care over a nine-year period — for an annual return of \$512 billion in business activity, \$184 billion in salaries and wages and 5,000 new jobs in South Carolina — is unAmerican.

In other words, when the state makes a publicly funded investment in the private sector that happens to help big business, it's wealth creation. When the state makes a publicly funded investment in the private sector that happens to help low-income individuals, it's socialism.

Sue Berkowitz, an attorney, is director of the SC Appleseed Legal Justice Center based in Columbia. For more information, go to www.scjustice.org.



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