Welfare Reform in the United States

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Abstract

The social component of Barack Obama's policies, in particular the measures taken by his administration and tasks, has been unprecedented in the United States for more than half a century. Economic importance of this period of social initiatives goes far beyond their impact on the current situation, the process of overcoming the consequences of the global crisis, which escalated the need to modernize their political systems and tools to implement. Obama Administration course address to new mechanisms of empowering people in the areas of employment, entrepreneurship, as well as receiving medical, educational, social, information and communication services designed to promote both the problems of unemployment resolution, that remained in the focus of the ruling circles in the United States by 2013, recovery of sustainable growth, consumer demand, and also the national competitiveness, strengthening the international position of the U.S. in the long term. Global crisis has strengthened the need to expand the range of financial, organizational, technical and administrative measures to support the development of health care, education, training, science, culture, social security, increased attention to the study of their effectiveness, evidence-based evaluation of their impact on the state and prospects of development in labor, intellectual, entrepreneurial potential of the nation, on the level of protection of vulnerable groups, to identify different kinds of reasons preventing an increase in their competitiveness. Particularly attention should be directed to consider supporting socially oriented research and innovations and using their results in the social sphere.

Welfare Reform in the United States

The main directions of social and economic policy by Barack Obama were determined once he came to power in January 2009, when the global financial and economic crisis started in September, 2008 was in full swing. The basis of the anti-crisis policy of his administration formed the ambitious plan, called American Recovery and Reinvestment Act, passed in February 2009. It presented the foundation of social policy by Obama during the deepest recession that will not only significantly mitigate its consequences for the country, but also to alleviate the world's first global crisis. This plan totaling $ 787 billion, or 5.5% of U.S. GDP in annual terms, was the largest program ever to stimulate the economy in peacetime, the highest in American history. The main goals settled were proclaimed: to create new jobs while maintaining existing ones, supporting the economic activity, while ensuring long-term sustainable growth through investment. The plan included the following costs: 288 billion dollars intended for individuals and businesses in the form of tax breaks, 224 billion for all sorts of social programs, including support for education, health care and unemployment benefits, and 275 billion for the government contracts to ensure the U.S. economy modernization, as well as loans and grants to health care, education and professional training. It was expected the implementation of this plan would facilitate to create over 3.6 million job places. The Act provided assistance to workers and their families affected by the crisis, as well as the extension of unemployment benefits and an increase in their size. These measures complement the programs of assistance in finding employment for young people and workers in new sectors of the economy, as well as the allocation of funds to support the poor and elderly Americans.

Economic Importance of the Health Care Reform

Social course of Barack Obama has long component impacts on socio-economic development also due to the enactment of health care reform results in 2010. Initiated at the presidential level, this reform affects in varying degrees almost the entire U.S. population, as consumers of health services, specialists, their providers, insurers, employers and workers, their funding. In its value it can be compared only to that of Franklin D. Roosevelt's innovative programs (Moffitt, 2008). The reform caused by the public demand to reduce the sickness rate and treatment and care provision in case of illness and directed to enhance accessibility to health care and its quality improvement implemented in many countries. The dominant issues to solve in the reform process are also accelerating growth in prices for pharmaceuticals, providing long-term care for patients in health care and post-discharge, better equipped hospitals and laboratories with modern medical equipment. And despite the similarity of the goals set, their solution varies considerably across countries. In the U.S. the health care reform has been declared as a key area of domestic policy by Barack Obama as early as the period of his election campaign. Its essence is to create a fundamentally new system of universal health insurance, which would allow Americans having no health insurance to buy it (Haider & Schoeni, 2001).

The need for reform was discussed in the last century. Being the absolute leader in terms of total health expenditure per capita, the United States were far behind the leading countries in terms of availability of the health care. By the end of the first decade 52% of persons in the United States with income below average lacked funds to pay for medical services (compared with Germany where this rate equals 24%, in Canada - 18%, in the Netherlands - 6%, and the UK goes 9%. The announced health care reform during the presidential election campaign of 2008 turns primarily to Americans who do not have health

insurance, and these are about 46 million people. According to official figures only about 29% of Americans are covered by public health insurance in the U.S. This is the lowest rate among all OECD countries regularly providing their data. Significantly more prevalent in the United States was gained by the private medical insurance, which services are used by over 67% of the U.S. population. In the first decade, despite the growth of the total U.S. population, and in particular the labor force, the number of insured decreased. Particularly high proportion not covered by health insurance among persons without citizenship equaled 46%. From the viewpoint of material security the highest percentage without insurance is among those with an annual income of less than 25 thousand dollars, and the lowest is among people with an income of 75 thousand dollars or more. Thus, the draft of the health care reform is aimed primarily at people of working age with incomes below the average for those who did not get insurance on the job and cannot afford to buy one's own insurance (Haskins, 2001).

The value of health care reform goes far beyond the stated goal of providing almost the entire population of the United States with the health insurance and affects both consumers of health services, the subjects of the new insurance policy, and all taxpayers regardless of whether the insurance policy. In their speeches, President Obama has repeatedly emphasized that health care reform is also the key to save the economy, a reminder that the cost of medical services is a significant factor in the growth of the budget deficit. According to official estimates, by 2019 the federal expenditures on the programs Medicare and Medicaid only will double to $ 1.4 trillion (Anderson & Levine, 2000). U.S. Thus, in addition to socio-humanitarian component the health care reform bears hopes to reduce the deficit. According to the federal budget for 2011 expenses on the health care had to make 898 billion (Acs, 1996). The estimated savings by the Congressional budget office in the first decade (starting from the moment of the basic provisions realization in 2014) will be about $ 143

billion per the entire ten-year period, and in the next decade it will make about $ 1.2 trillion in 10 years. However, these estimated savings of budget expenditures as a result of reform are not shared by all members of the expert community, small business and the health care system. There are other computations by which the reform requires much more additional costs than it was announced at least at the initial stage of implementation. It is necessary, for example, to take into account the need in the medical personnel increase, specialists in the field of insurance services, etc (Haider & Schoeni, 2001).

According to the 2010 fiscal year, the total expenditure on health relative to GDP in the United States reached almost 18%, significantly outpacing Japan (8.1% in 2007), Norway (8.9%), Canada (10.1%), Germany (10.4%), France (11%), other countries and the median of the countries - members of the OECD (8.9%). Despite such large-scale funding (about 2.8 trillion dollars in 2010 FY), the healthcare personnel availability makes the U.S. lag behind, and not only from the major developed countries. By the end of this decade the statistics showed 10 thousand Americans to 24 practicing physicians (excluding dentists) ratio. This figure is less than in many other countries, such as Belgium (40), Norway (39), Austria (46), Germany (36), and less than the average among the countries - members of the OECD (31). In the period of 2008-2018 years the official forecast of the Bureau of Labor Statistics, presented before the adoption of the health insurance reforms, shows that employment increase in the health sector expectancy for app. 22,5% on the average, and the greatest increase is expected among the assistants employed (41,3%), physicians, surgeons (26%) and nurses (23.4%). The reform will inevitably require adjustments in the structure of training. With the level of expenditures for the health care that has already reached almost 18% of GDP the further increase in funding this sector, including the training costs and new jobs creation in the health sector, deems problematic (Blank, 2002).

Conclusion

President Barack Obama has repeatedly emphasized that, on the one hand, if one does not reform now, the state program to provide medical assistance will devastate the federal budget, and on the other that the reform will not increase the budget deficit. However, according to some estimates, the implementation of this particular project can contribute to the additional increase in budget deficits during the current decade, totaling $ 2 trillion dollars, and possibly more. The analytics say one should bear in mind that along with consumers of health care, reform plans affect 14.3 million people employed in the health sector, as well as insurers, employers, and ultimately all taxpayers, due to which about one trillion budget expenditures is funded annually on health. However, regardless of the implementation of reforms on expanding access to health services correspondent to its present development level, the powerful impetus was given. Socially-oriented policies have become an important factor in post-crisis stabilization, although not very stable. However, since the end of 2010 a key place in the agenda was the problem of transformation of economic recovery achieved with the assistance of the stimulus packages into the self-sustaining economic growth. The ruling administration will search for the optimal combination of state regulation and the development of private initiative while maintaining a certain dependence on anti-crisis macroeconomic policies, the remaining high unemployment level and unprecedented federal budget deficit.

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