

HEALTH CARE NEWS

THE MONTHLY NEWSPAPER FOR HEALTH CARE REFORM

December 22, 2009

Obama Passed Up Opportunity for Real Reform

Written by John Goodman.

No one really likes any of the various health care reform proposals passed by Congress. Why would the majority of Members of Congress vote for bills that no one really likes and no one thinks will control costs or improve quality and possibly not even improve access to care?

The health care reform legislation is much worse than it ever needed to be, because of two decisions by President Obama: Not to take a principled approach to health care reform, and not to try for bipartisan legislation.

Unwieldy Coalition

If you propose a bill that isn't going to get a single Republican vote, you need every single Democrat vote to pass the Senate. If you can't afford to lose even a single Democrat, that means you have to start bribing the holdouts—\$300 million for Sen. Mary Landrieu's (D-LA) vote, for example.

It also means you can't afford to lose a single special interest. You need the doctors,

the hospitals, AARP, the drug companies, the insurance companies (at least the large ones), the medical device companies, Medicaid constituencies, and more. More precisely, you need the organizations that claim to represent doctors, hospitals, insurers, and the elderly.

So whatever bill you start with has to be modified again and again, until you line all these folks up. Since almost all those special interests benefit from wasteful spending, the end product will have no possibility of controlling costs. And since all those interests are threatened by fundamental quality improvements, the end product is not going to improve quality, either.

And given that opening up the market to improve access would likewise threaten a lot of interests you have to keep onboard, very little can be done to increase supply and improve access to care.

Extremists in Control

The fact that you can't lose a single Democrat vote also means you must satisfy the left wing of the Democratic Party. And what the left hates the most in health care is anything that even hints of free markets. So, at a minimum keeping the left onboard means no economic incentives, no price competition, no entrepreneurship, no patient power, no consumer-driven health care—at least, no more than what we have now.

Of course, almost all the special interests that are on board—even the ones running TV ads in support—will tell you privately the current version of health care reform is far from perfect. In fact, reform is likely to make things worse, not better.

The interest groups have signed on because the administration confronted them with a threat: If you don't stay at the table, you are going to be the meal.

Avoiding Real Reform

How could reform have been different? Obama could have started with the Wyden-Bennett bill, a bipartisan measure that has 15 Senate cosponsors, including 5 Republicans. This bill isn't a timid approach to health reform. It even has an individual mandate and a health insurance exchange.

Obama might also have taken an approach that is both *bipartisan* and *principled*. He could have started with Sen. Tom Coburn's (R-OK) bill, under which the federal subsidy for health insurance to all Americans is the same, and which is close to revenue-neutral.

This is an approach that would command support from a wide spectrum of health economists. Besides being a Republican, Coburn is a respected medical doctor, and given that Sen. John McCain (R-AZ) ran on a similar plan in 2008, it would have been very difficult for any Republican senator to vote "no."

Of course, a Coburn-McCain approach probably could not pass in its pure form—especially given labor union opposition. But it could serve as a starting point from which modifications could be made in order to bring enough special interests and recalcitrant Democrats on board to pass a bill.

What might have been is what people thought they were voting for in the last election: A nonpartisan, get-things-done-the-right-way, no-special-interest approach to health reform. What we got instead was politics as usual.