

US health care reform: the battle has begun

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For a majority of Americans, the question is no longer should the federal government reform the nation's health care system. Rather, the core issue is what type of policies should the federal government pursue to reduce the number of uninsured, curb health care cost growth, and improve consumers' ability to make choices about their health care and health coverage.

America faces a health care crisis that has only worsened with the current recession. Despite negative economic growth and flat wages for at least a year, health care costs and insurance premiums continue to grow annually at near double-digit levels. Similarly, the number of uninsured Americans – 44 million persons in the US lacked health insurance coverage at some point in 2008 – has undoubtedly grown as the economy sheds jobs and businesses drop health insurance coverage for those fortunate to be employed.

Notwithstanding countless foreign and domestic challenges, the Obama administration and its Democratic allies in Congress have pushed health reform to the top of the federal policy agenda. President Obama has indicated he wants health care reform legislation on his desk this year and five congressional committees are obliging that request with proposed legislation that will be fiercely debated this summer and fall.

While delay helped doom similar efforts by President Clinton in the 1990s, the Obama administration has moved quickly on health reform. Equally important, President Obama has been short on details and has certainly not provided opponents with anything approaching the inviting target that was the 1342-page monster of a plan produced by the Clintons.

In other words, as policy analyst Jonathan Oberlander recently noted in the *New England Journal of Medicine*, the Obama administration's plan "is not to have a plan," yet move quickly and build support within Congress and among those groups, most notably business and the insurance industry, responsible for the death of the Clinton plan.

Make no mistake – many of the same interests and lobbyists that successfully defeated the Clinton reform efforts will not be resting this summer and, according to one estimate, are spending \$1.4 million per day to protect their profits. Nonetheless, the social and political environment has not been this favorable for systematic change to our nation's health care system since the Great Depression.

As battle lines are drawn and the pace of reform efforts quicken, this column will examine the merits of proposed legislation being debated – particularly, the vexing issue of how said proposals will pay for health care reform. I will also explore the politics and manner in which the debate is framed by proponents and opponents of reform.

One of the recurring features of failed reform efforts during the twentieth century has been the effective characterization of national proposals to restructure American health care as dangerous steps that would move us toward a “government-run health care system” or, worse, “socialized medicine. This rhetoric was used to defeat national health insurance proposals since the New Deal, to oppose the creation of Medicare and Medicaid in the 1960s, and, most recently, to successfully deep six the Clinton plan.

None of the five bills currently being drafted in Congress, including those with the still-to-be-defined “public option” insurance plans, would result in anything remotely approximating a government-run system. Even the mother-of-all-conservative nightmares and an idea unlikely to find its way into any legislative proposal this year – a single-payer approach to universal coverage modeled on the current Canadian system – retain a central role for the private provision of hospital and physician services.

Lost on most critics of an expanded federal role in health care is the substantial degree to which government spending and tax subsidies already underwrite most aspects of our so-called “private” health care system. For example, data compiled by the Urban Institute and other researchers reveal that:

- Medicare, Medicaid and other federal programs reimbursed hospitals and other health care providers to the tune of nearly \$830 billion in 2008 and provided health insurance coverage to 85 million elderly, poor and disabled Americans – segments of society or nearly 1 in 4 Americans essentially priced out of the private insurance market.
- The federal government provides health insurance to almost 9 million current and former federal employees and dependents, and through Veterans Administration and Department of Defense hospitals and medical facilities, provides health care to nearly 5 million veterans, active duty soldiers, and their dependents.
- Federal tax breaks for health insurance and health care, such as the exclusion of employer-sponsored health insurance and Medicare benefits from federal income taxes, resulted in \$289 billion in taxes not being collected by the federal government in 2008.
- Likewise large numbers of hospitals and health systems, including most hospitals in northern Nevada, are exempt from federal income taxes and, in most parts of the country, are exempt from state and local income, sales, and property taxes – in

exchange, these facilities are expected to provide community benefits such as indigent care to low-income patients and health professions education.

- Federal resources finance a wide range of undergraduate and graduate medical education and student loan programs, thus supporting the education and training of virtually every graduate of an American medical school or residency program.
- The National Institutes Health and other federal agencies finance over \$30 billion worth of basic research resulting in the development of new pharmaceuticals, medical devices, and other medical technologies.

As such, the question before us this year is not whether a role for the federal government, but what federal policies will improve access to quality medical care for all Americans and, no small matter, not break the bank.

Stay tuned, the battle has just begun.

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