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Health Care Overhaul Still in ‘Happy Talk’ Stage

By Rebecca Adams, CQ Staff

The health care debate in Congress this year is beginning with the ultimate in legislative low-hanging fruit: Expanding medical coverage of poor children through SCHIP, the State Children’s Health Insurance Program a bill President Bush vetoed twice but [Barack Obama](#) is eager to sign as soon as he settles into the Oval Office.

Advocates for national health coverage know the children’s health care debate will also serve as the first salvo in a much bigger fight, one that will determine if a more robust SCHIP is this year’s most significant expansion of health care or the first step toward a far more ambitious plan to engineer comprehensive national health coverage.

The question this time around is whether the health care industry will stay on board or go on the offensive. The insurance industry was instrumental, after all, in defeating the last major bid to remake the health care system, the 1993-94 effort captained by then-first lady [Hillary Rodham Clinton](#).

This time, many of the erstwhile opponents of national health care plans, such as insurers and employer groups, say they’re open to a health care overhaul and are jockeying to gain a foothold in early negotiations over health care legislation, which President-elect Obama already has flagged as a major domestic policy priority. Industry lobbyists are meeting weekly with officials from groups that supported prior reform efforts and Capitol Hill staff to work through their many differences and thrash out workable compromises.

But industry players know that no end of potential conflicts lie in wait. “We’re in the happy-talk phase of health care reform,” said G. William Hoagland, who served as an aide under former Senate Majority Leader Bill Frist, R-Tenn., and who now works as vice president for public policy at the health insurer Cigna. “We’re all in agreement that everyone should have insurance, that we should control costs, that the quality of health care should be improved. After you get that out of the way and get into specifics, then that’s when things get bogged down.”

Among the issues now awaiting resolution are whether the government should offer a public coverage plan for the uninsured that would compete with private insurers, whether employers should be required to offer (and individuals be made to purchase) insurance and not least by any means how to pay for an overhaul.

In the early skirmishing, both the industry and advocates for comprehensive care are marshaling major grass-roots-message efforts even though the exact nature of those messages is still evolving.

America’s Health Insurance Plans, a trade association representing some 1,300 insurers, is planning a springtime initiative in at least 10 to 15 states, said AHIP spokesman Robert

Zirkelbach. The initiative will include town hall-type meetings, similar to forums in eight cities that the group held over the summer. The organization has also launched a separate campaign Web site to promote “affordable private coverage” with “a strong safety net.” The group says the multi-million-dollar campaign is its largest in a decade. The AHIP campaign has built a database of about 100,000 members that it regularly e-mails with updates from Washington. Many recipients are industry employees or participants from the town hall forums, often invited at the suggestion of local chambers of commerce. AHIP officials working on the campaign include grass-roots coordinator Beth Leonard, who previously worked as New Hampshire state director for the presidential campaign of Democrat John Edwards, and L.D. Platt, a former aide for the National Republican Congressional Committee.

Gearing up for battle among advocates for a more robust federal role in universal coverage is Health Care for America Now, a coalition backed by left-leaning interest groups. That group staged protests at the AHIP forums and at insurers’ offices throughout the country, alleging that insurers are harming the quality of health care. Its e-mails reach about 50,000 people, although the group says it has the ability to contact about 7 million online through its member organizations.

Breaking the Logjams Early

The Obama health care team, meanwhile, launched its own grass-roots effort to engage its enormous base of supporters. At the prompting of Health and Human Services Secretary-designate Tom Daschle, Obama backers gathered at a nationwide series of “coffees” in late December to air their health care concerns and weigh proposals to overhaul the system. The Obama team is posting the results of the meet-ups online and no doubt intends to keep its base apprised of how the planned overhaul will fare on Capitol Hill.

All this early positioning leaves lawmakers conducting a quiet outreach effort of their own, as they seek to contain the potential for the kind of all-out conflict that sank the Clinton effort by securing extensive buy-ins early on from players on all sides.

Aides to Massachusetts Democrat [Edward M. Kennedy](#), chairman of the Senate Health, Education, Labor and Pensions Committee, have held twice-a-week meetings with a group of fewer than two dozen lobbyists and advocates representing divergent interests on the issue. The meetings are similar to sessions held by Senate Finance Chairman [Max Baucus](#), D-Mont., who has also floated a bill that could serve as the basis for an eventual health care compromise.

Participants in these sessions won’t offer specific details of their content, but they say they have been useful in dispensing with certain misconceptions that advocates on one side of the health care equation can develop about their counterparts. They have talked through tricky questions, such as how government would go about offering a public option, and explored how such a plan might compare with the way private plans currently operate in programs such as Medicare or Medicaid.

Participants also contend that this broader basis of mutual understanding has yielded substantive progress on some contentious issues. For instance, insurers now say they are willing to offer coverage to anyone, regardless of their health status, provided that all individuals are required to

buy insurance and that nationwide plans waive state coverage mandates.
Big Hurdles Ahead

Still, some consumer advocates say such concessions haven't gone far enough in the direction of universal coverage and that these preliminary moves are no assurance that agreement is imminent on the biggest questions concerning health care coverage.

Take the idea of creating a government insurance plan for the uninsured, for example. Aides to Kennedy devoted two separate discussions to that proposal among health care principals earlier this month and the give-and-take sessions "didn't change anyone's mind," said one industry official.

Things get thornier still when the interested parties engage the arguments on the ability of government to set rates for health plans and medications well below what the private market currently bears.

Insurance companies suggest that government-administered plans actually would increase costs for those with private insurance because hospitals and providers would charge the privately insured patients more in order to compensate for low government rates. The long-term effect of that process, industry advocates say, would be to drive private insurers out of business and to set the stage for an exclusively government-run, single-payer system.

Another of the big arguments whether to institute mandates for employers and individuals to purchase universal coverage was taken up Jan. 16 in the Kennedy-office discussions and will continue this week. Meanwhile, one of the biggest issues how to pay for any health care overhaul and which providers' payments might get cut as a result will take major efforts to resolve. Some estimates indicate the costs involved in a serious universal coverage plan could run as high as \$100 billion per year.

Insurers and some medical providers say Congress does not need to find offsets to pay for the costs because health care reform should be considered part of the nation's economic recovery plan. The groups know their companies could be targets for cuts, especially when it comes to the Medicare Advantage private insurance plans, which cost about 18 percent more on average than traditional fee-for-service Medicare overseen by the government. Some Democrats supporting a comprehensive overhaul would be glad to be relieved of the burden of paying for health reform costs but it's unlikely that fiscal conservatives in Congress would stand for such an approach.

The seeming intractability of such questions could be the strongest weapon that critics of Democrats' efforts have at their disposal. The quest for a broad policy consensus could well run aground, leaving business leaders in health care to reiterate versions of the same case they've successfully made since the failure of "Hillary Care": that changes to the system need to be introduced gradually, so as to spare broader political and economic upheavals.

"The bigger philosophical issues about the employer-based system versus one with a public health plan option that will have the effect of leading to a single payer-based system these ideas will not improve the health care system," said Anthony Wisniewski, executive director of health

care policy at the U.S. Chamber of Commerce. “Mandates won’t improve the system. These kinds of issues just sort of entrench opposing views and don’t create progress. . . . Health reform is the sum of its parts, and the Chamber is committed to doing it through step-by-step reforms, not as a big omnibus idea that will dramatically change everything.”

FOR FURTHER READING: *SCHIP (HR 2)*, p. 131, *2007 Almanac*, p. 12-3; *Daschle and health care*, *2008 CQ Weekly*, p. 3180; *obstacles to an overhaul*, p. 3138; *concepts in revising the system*, p. 3092.

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