

# Talking Points Memo

## *What is a Reasonable Compromise on Health Care Reform?*



By [Peter Dreier](#) - July 8, 2009, 7:55PM

All politics is about the art of compromise. But when is a compromise a victory and when is it a sell out?

A good compromise is one that improves people's lives, upholds basic principles, changes power relations, and lays the groundwork for further reform.

There's lots of talk about "compromise" in the current debate over health care reform. But it isn't clear what standards pundits, politicians, lobbyists, and activists are using in determining what is and isn't a reasonable compromise.

For progressives, the principles involved in health care reform are straightforward.

First, it should be "universal" - everyone should be covered, regardless of income or medical condition. Now, more than 50 million Americans lack health insurance. A new [report](#) by the Robert Wood Johnson Foundation predicts that the number of uninsured could reach 66 million in ten years.

Second, it should cover the medical services that Americans need. It should not exclude people with "pre-existing conditions" - people who need insurance the most. People should have easy access to doctors and nurses of their choice, with an emphasis on preventative and primary care. Doctors should be allowed to prescribe the medicines, conduct the tests, and perform the procedures that they and their patients think are appropriate.

Third, it should be efficient in terms of costs. The U.S. now spends about twice per capita on health care (about \$8,000), and a much higher proportion of our GDP (17%), than Canada and many European nations. Despite this, we still have many people who lack insurance, the highest infant mortality rate and the shortest life expectancy. For many Americans who have health insurance, the cost of premiums, and the cost for medicines and services not covered under their insurance plans, is untenable. Medical expenses is the biggest cause of bankruptcy. Administrative costs consume about three to six times that of Western European nations and Canada.

Based on these principles, a single-payer health system would be the best reform. In this approach, doctors and other providers, hospitals, drug companies, and medical suppliers would remain private, as they are now. But the federal government would provide the

insurance for everyone, replacing the current inefficient mosaic of private insurance corporations. One way to envision single-payer is "Medicare for All."

Many health experts, as well as many Democrats in Congress, think that a single-payer system would be the most effective way to provide quality universal health insurance at a reasonable cost. But a single-payer system is "off the table," in terms of political reality, mostly because of the opposition of the insurance corporations and drug companies.

So President Barack Obama and most Democrats in Congress are pushing for a "public option" -- a government insurance plan, like Medicare, for those who can't afford, or whose employers don't provide, decent private insurance. About 70% of Americans say they want a public option. Adopting such a plan should be a slam dunk. So why is it so controversial? Well, it really isn't, except inside the Beltway, where public opinion vies with campaign contributions for the hearts and minds of our elected officials.

Why is a public option needed? Without it, it will be impossible to reduce the cost of health care, which is driven by the outrageous greed and costly inefficiencies of the insurance and drug industries. A public option would guarantee that every American would have access to health insurance and would provide a benchmark of costs and quality that could be used to compare to private insurance companies in order to hold them accountable. It also would reduce the per-capita cost of health care and save Americans money.

As the [New Republic](#) recently noted in an editorial, under a public option, "The government can offer coverage cheaply, by taking advantage of its bargaining power and economies of scale. And, insofar as the goal of reform is to reduce the cost of care in the long run, by attacking the medical habits that encourage excessive or ineffective care, the government can make sure the public plan pays for services in ways that promote the most effective treatments."

Although single-payer would be the best option, a public option is a reasonable compromise. Any bill without a public option is a sell out. It fails the test. It violates the principles that should undergird any health reform package.

But, not surprisingly, the drug and insurance companies have been muddying the debate. They and their allies in Congress are now defining the public option as a "radical" idea. They are insisting on a "bipartisan" compromise that leaves out a public option. They're throwing up smokescreens like "socialized medicine" and "unfair competition." Their arguments are completely bogus, as well as hypocritical, but the media are letting them get away with it.

As Jacob Hacker and Rahul Rajkumar [explain](#) in the New Republic:

"Opponents of the plan paint a dystopian future in which the government takes over American medicine, limiting choice and competition. The claim is demonstrably false: If the public plan option were enacted, most Americans would continue to get private

insurance through their employers as they do today, and the public plan would be just one choice offered alongside a menu of private plans. Yet a post-reform world of unraveling choices, runaway costs, and rampant health insecurity could well materialize--if critics get their way and the public plan dies as a health care bill wends its way to passage."

So let's be clear. The insurance and drug companies are the biggest obstacles to real reform.

The private insurance industry, led by its major lobby group, called America's Health Insurance Plans, reflects what is bad about our health care system. It is the insurance companies that come between doctors and their patients, telling them what they can and cannot do. It is the greed of the insurance industry that keeps people with "pre-existing conditions" from getting insurance and whose policies exclude so many services that people go bankrupt paying for out-of-pocket expenses. This is what's called rationing.

It is the insurance industry that requires so much paperwork that its bloated administrative costs push up the cost of premiums, compared with the much lower administrative costs of Medicare, the government-run insurance program for seniors. A public option that competed with the private insurance companies would keep them on their toes, and force them to provide better policies at a more reasonable price, or face an exodus of consumers. That's why they don't want it.

Likewise, the drug companies don't want a public option, which would expose how they inflate the cost of medicine that contributes to our expensive and inefficient health system. Drug prices in the US are much higher than in Canada and other countries that regulate costs.

Recall that in 2003 the drug companies and their trade associations deployed nearly 700 lobbyists to stamp out a proposal to permit the federal government to negotiate the cost of drugs for Medicare recipients. Instead, the Bush administration and the GOP-controlled Congress added a drug benefit to Medicare, but prohibited Medicare officials from negotiating prices with drug manufacturers. It also guaranteed that private insurance companies, not Medicare, administer the drug benefit program. This dramatically increased Medicare costs for taxpayers. Seniors, meanwhile, wound up paying much more in out-of-pocket expenses for prescription drugs.

Faced with the possibility of a public option that will hold them accountable, the insurance companies, drug manufacturers, hospitals, and doctors lobby are [pledging](#) to voluntarily trim their costs. But if we've learned anything from the deregulation mania of the past few decades -- particularly how it unleashed an epidemic of irresponsible and predatory behavior by banks -- it's that we can't expect for-profit corporations to police themselves. Even former Federal Reserve chair [Alan Greenspan](#) had to acknowledge that it doesn't work.

To thwart any public option, the insurance and drug lobbies are flooding Congress with campaign contributions. The *Washington Post* recently [reported](#) that private insurance

corporations, drug companies, hospitals, and their lobbyists spent more than \$126 million on lobbying in the first quarter of this year - equal to about \$1.4 million a day. According to the *Post*, the Pharmaceutical Research and Manufacturers of America (PhRMA) spent almost \$7 million in the first quarter, double its lobbying warchest from last year. Its president is Billy Tauzin, a former Republican congressman from Louisiana. Pfizer, one of the biggest drug companies, spent \$6 million on its own.

These health industry lobby groups also hired more than 350 former government staff members and retired members of Congress to lobby for them. Two of them are former chiefs of staff for Sen. Max Baucus, chairman of the Senate Finance Committee, who is a key player in writing the health reform bill. More than 50 former employees of that committee or its members are now lobbying for the healthcare industry. Among the at least 10 former members of Congress peddling their influence are former House majority leaders Dick Armey (a Texas Republican) and Richard Gephardt (a Missouri Democrat), who are now paid lobbyists for a New Jersey pharmaceutical firm.

Every Republican in the Senate is in the pockets of the insurance and drug lobbies, led by Charles Grassley of Iowa. Grassley, a key sponsor of that 2003 bill on behalf of the pharmaceutical lobby, is leading the opposition to a public option. The Republicans are united behind Grassley. They want a so-called "middle ground" that doesn't include a public option. But the public option *is* the middle ground - smack dab in-between a single-payer system and an unregulated "free market" run by the insurance and drug companies

In the current issue of the *National Journal*, columnist [Jonathan Rauch](#) argues that it is worth scuttling the public option in order to win enough Republican votes to call health reform a bi-partisan compromise.

He's wrong. Obama doesn't need any Republican votes to pass health care reform. It would be nice to have some. But it isn't worth bribing a few GOP Senators to support health care reform if it is stripped of its most important components and violates the principles of a reasonable compromise.

A bigger problem is the handful of so-called "moderate" Democrats in Congress who say they oppose a public option or are sitting on the fence. They may not be owned by the drug and insurance companies, but it looks like they are for rent. They are led by Baucus, and include Senators Dianne Feinstein (Calif.), Kent Conrad (N.D.), Blanche Lincoln (Arkansas), Mary Landrieu (La.) and Kay Hagan (N.C.). Without these moderates, Obama can't get the 60 votes he needs to pass a filibuster-proof bill.

What's needed now is a concerted grassroots campaign to target the moderate Democrats to support a public option. In recent weeks, groups such as [Health Care for America Now](#) (HCAN), the Service Employees International Union, and MoveOn.org have been focusing on these fence-sitters by running ads and mobilizing voters.

But that's not enough to beat the influence of the insurance and drug companies. As Harold Meyerson wrote in a recent Washington Post [column](#), it is time for President Obama to unleash his "greatest political asset, the list of 13 million supporters that the Obama presidential campaign amassed last year." That list includes large numbers of volunteers in every state and Congressional district. Utilizing that list to help promote Obama's agenda was the mission of Organizing for America, the group created after he won the White House.

As a former community organizer, Obama knows that enacting any progressive legislation requires a combination of inside lobbying and outside protest, what activists call "street heat." That's the lesson of the progressive victories of the New Deal, the civil rights movement, the women's movement, and the environmental movement.

The battle for health care reform is one of those rare historic crusades that comes along once in a generation, testing our capacity as a society to achieve major reform in a classic contest of organized people vs. organized money.

If progressives and liberals had their druthers, a single-payer system would be part of the solution. It isn't - at least for the foreseeable future. But the fight for a public option - as part of a guarantee of affordable quality health insurance for every American -- is still a supremely worthy goal. It is a compromise that will make America a much more humane country and a long-overdue victory in a struggle that began in the New Deal. It will also guarantee that Obama will be viewed by historians as a courageous and transformational president.

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