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THE POLITICS OF HEALTH CARE REFORM IN THE US

CAN PRESIDENT OBAMA DELIVER?

**As Things Stand**

The current health care reform debate has become badly, even bitterly, divided over a host of politically sensitive issues, including the huge overall projected financial burden, the scale of government involvement, and the increasingly partisan and inter-party ideological battles. Combined, these issues make it almost impossible to predict whether President Obama can muster the 218 House of Representatives and 60 Senate votes he needs in order to enact a health care reform bill into law. Some even point out that, due to the partisan atmosphere in Washington, President Obama may have to use the parliamentary process of reconciliation to ram his agenda through. This is in part due to the fact that Republicans seem not to be budging from their opposition against any sort of government-run health care and are succeeding in forming the context of the debate in the public arena. On the other hand, the Democrats have not passed one finalized bill out of either chamber and are becoming increasingly more divided regarding the exact extent of government involvement within health care reform.

For President Obama, failure on health care reform is not an option. Throughout his campaign, President Obama stated that health care reform would be one of his main priorities. Now, it has become his main problem which could make or break his presidency. However, should the Republicans succeed in preventing the passage of any menial health care reform, they will most assuredly hand President Obama his 'Waterloo'. Republicans would not just defeat his health care proposals, but that defeat coupled with the perception that the President simply does not have the political weight to influence Congress (let alone members of his own party) could prove fatal to other key domestic agenda issues such as cap-and-trade legislation, which would require firm leadership and a united Senate majority. Some Democrats whisper: "Why follow someone who can't lead?"

President Obama set a public deadline of early August for the Senate and House to pass their versions of health care reform legislation. But as the debate heads into October progress seems minimal. The Senate Finance Committee has just concluded debate on 130-

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plus amendments, some of which have taken days to resolve. Action in the House has stalled as Speaker Pelosi is struggling to merge three committee-passed health care bills. Some Democrats are privately voicing their concerns that the calendar is slipping ways from them, noting that passing health care reform legislation in the election year of 2010 will be nearly impossible.¹

Economic Factors

Supporters and opponents of health care reform share an overriding concern: how much reform might cost, and how it would be financed. The United States, unlike many other advanced economies, does not have a public insurance plan funded by the national government, a possible option for a reform bill supported by a majority of House Democrats and a good number of Senate Democrats. The country has a mix of private nonprofit and for-profit insurance coverage and public programs.

Federal and state governments currently pay for about 45 percent of health care costs in the United States, according to the U.S. Centers for Medicare and Medicaid Services. Private health insurance covers around 35 percent of all expenses, and other private funds pay for the rest.

Healthcare Costs

Both political parties agree that out-of-control health care costs negatively impact the labor market. Recent research from the University of California and Harvard University found that higher health care costs have a direct effect on employment prospects. They observed a trickle-down effect in which employers save money by hiring fewer workers and offering more part-time positions in order to avoid providing health insurance for their employees. Researchers found that a 20 percent increase in health insurance premiums reduces a given worker's probability of being employed by 3.2 percent and increases the likelihood that a worker is employed only in a part-time position, where health benefits are very uncommon, by 1.9 percent. With the official unemployment rate close to 10 percent, Americans can't afford to have any additional deterioration of the labor market.²

The more workers have to pay-out-of-pocket for health insurance, the less money they have to spend elsewhere. Traditionally, the economy emerges from recessions on the back of a boost in consumer spending. But such a bump is unlikely in this recession for a variety of reasons, including the fact that out-of-pocket health care costs have been rising inexorably for workers and families (see chart below for an overview of how different income brackets have seen more and more of their income go to health care costs and premiums).

Inefficient, over-expensive health care makes it more difficult for employers to provide generous compensation packages to employed workers. Health benefits make up the largest share of employee compensation besides wages and salaries, and when times get tough they become one of the most burdensome aspects of employee compensation. For example, in the 2008 Kaiser Survey of Health Benefits, a large share of firms reported that they planned to offload more health care costs onto employees (see below). This is a dangerous course of action given the fact that people are already spending a large part of their income on health insurance.

¹ The Hill, New Focus As Democrats Sense That Health Care May Be Ticking Fast. Alexander Bolton and Seam Youngman, September 30th, 2009

² New American Contract, The Health Care Reform/Economy Recovery Nexus. Niko Karvounis, August, 8th, 2009

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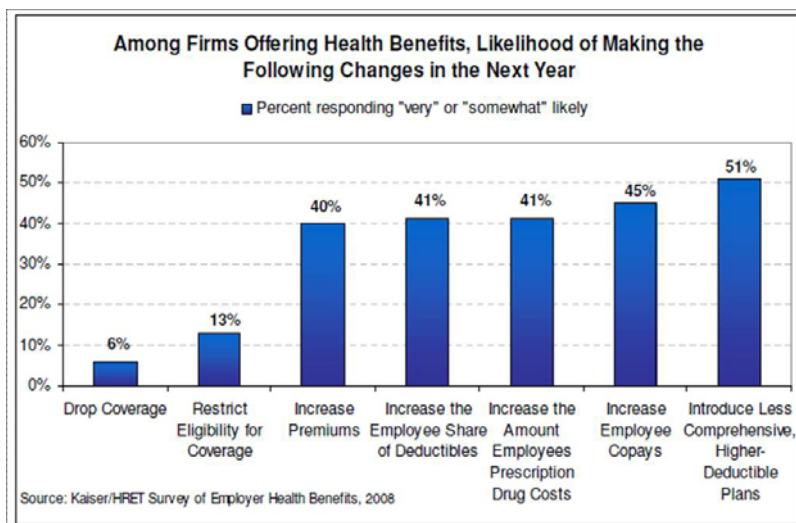
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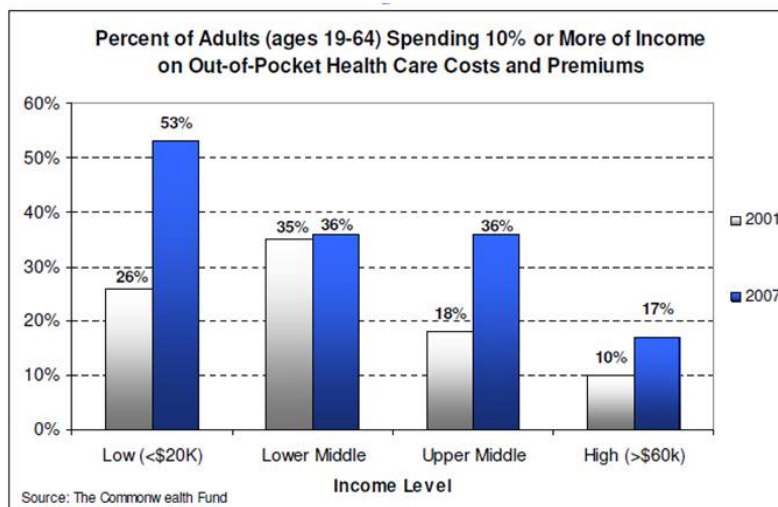
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Health care plans are likely to rise, on average, to 45.5 percent of income and wages for families and 21.7 percent for individuals by 2016. Health care costs also rise faster for smaller firms that pay their workers less: according to the Employment Cost Index, health insurance costs relative to payroll increased 34 percent between 1996 and 2005. The increase was largest for businesses paying low wages.³



Role Of Government

Democrats argue that the public option, a government health insurance program akin to Medicare which would be open to anyone, is the best way to push down healthcare costs. They point out that even those who do not join the government plan will benefit from lower private insurance premiums spurred by added competition. The public option is considered a possible way of pressuring private insurance companies to lower their costs, or as Presi-

³ New American Contract, The Health Care Reform/Economy Recovery Nexus. Niko Karvounis, August 8th, 2009

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dent Obama would say, it would "keep insurance companies honest." According to the Congressional Budget Office estimates, "less than 5 percent of Americans would sign up."⁴

However, during the Congressional recess in August, many Democrats were confronted by concerned and at times angry constituents who protested the public option as a debt-laden, un-capitalistic, government intrusion into their lives that would increase healthcare costs, the national debt, and put government bureaucrats between patients and their doctors.

In response, President Obama and Congressional Democrats took care to say that the public option, backed by liberals and targeted by conservatives, is not a deal breaker in a debate that has consumed Washington for the summer and shows no sign of abating.⁵

In a long-anticipated showdown, liberal Democrats twice failed on Tuesday, October 3rd, to inject a government-run insurance option into sweeping health care legislation taking shape in the Senate, despite bipartisan agreement that private insurers must change their ways. The setback resulted when some Democrats broke with their ranks and voted with Republicans against the public option.

Republicans argued that the proposals would lead to the demise of the private insurance industry and result in a system that is completely run by the government.

Senator Charles Grassley, Ranking Member of the Senate Finance Committee and Republican from Iowa, cited private studies — one by the conservative Heritage Foundation, the other by the Lewin Group, owned by United HealthCare — saying millions would be pushed out of private insurance as the government held fees to doctors at artificially low levels. He said the result would be a violation of President Obama's pledge that consumers would be able to keep their current insurance if they wanted once the legislation went into effect.⁶

The two votes held on October 3rd marked a victory for Montana Democrat Max Baucus, the Senate Finance Committee chairman, who hoped to push his middle-of-the-road measure through the committee. It also kept alive the possibility that at least one Republican (Republican Senator Olympia J. Snowe of Maine) could swing behind the overhaul, making it bipartisan, a key goal of both Chairman Baucus and the White House.

Conflict Within

Other provisions of the Finance bill were also troubling to Democrats. In order to hold down costs, the subsidies to be paid by the government were so low that they could make coverage unaffordable for middle-income people. Another provision gave companies incentives to avoid hiring the poor and the unwed. Chairman Baucus' bill extended coverage to fewer people than the four other respective bills in the House and Senate but it was the only one that met the President's test of paying for itself and lowering health care costs over the years.⁷

⁴ http://www.whitehouse.gov/the_press_office/Remarks-by-the-President-to-a-Joint-Session-of-Congress-on-Health-Care/

⁵ Newsmax, Democrats Turn on Obama in Fight Over Public Option. David Patten, August 17th, 2009

⁶ Associated Press, Senate Panel Rejects Government Run Insurance Option. David Espo, September 29th, 2009

⁷ New York Review Of Books, Healthcare: Can Obama Swing It? Elizabeth Drew. Volume 56, Number 16, October 22, 2009

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The current disconnect between Democrats may be the cause of a failure in leadership, starting first with President Obama. Certain voices argue that President Obama has not done enough to unite the Democrats message and have them speak as one force. President Obama's solution to the political dilemma posed by the Democrats as the party sought for a public option that wouldn't receive enough votes in the Senate was to try to have it both ways. Intermittently he would praise the public option but then also downplay its importance. Sometimes it was on his list of what he said were the underlying principles he sought in health care reform and sometimes it wasn't. For example, in July, President Obama said an insurance exchange with a public option was a "must include" element of reform; in August, he said it was "just one sliver" of reform and wondered why it was getting so much attention.⁸

In response to seeming ambivalent about creating a government health insurance plan, the Obama Administration has recently launched an intensifying behind-the-scenes campaign to get divided Senate Democrats to take up some version of the idea in the weeks just ahead. Senior administration officials are holding private meetings almost daily at the Capitol with senior Democratic staff to discuss ways to include a version of the public plan in the health care bill that Senate Majority Leader Harry Reid plans to bring to the Senate floor later this month, according to senior Democratic congressional aides. At the same time, President Obama has been reaching out personally to rank-and-file Senate Democrats, telephoning more than a dozen lawmakers in the last week to press the case for action. Prior to these conversations with Senate Democrats, President Obama has also been in contact with the Blue Dogs.

Blue Dogs

In September, a key member of a group of conservative House Democrats known as the Blue Dogs, a group of moderate-to-conservative Democrats committed to financial and national security, favoring compromise and bipartisanship over ideology and party discipline, announced that he will vote against a health care bill if it includes a government-run insurance option. Arkansas Representative Mike Ross, a leading member of the Blue Dog Coalition, called a public option the "wrong direction for health reform" and said he decided to oppose it after speaking with his constituents at home.⁹

"If House leadership presents a final bill that contains a government-run public option, I will oppose it," Ross said in a statement. "I will also oppose any bill that provides federal funding for abortions or illegal immigrants and I will never vote for a bill that rations care for seniors or anyone else."

Representative Ross and his Blue Dogs are splitting from many of the liberal members of his party in the House of Representatives who have said they will oppose any bill that does not include a public option. Without the support of the Blue Dog Coalition (with close to 60 members), the House will not have enough votes (218 are needed) to pass a bill with a public option.

Some liberal critics of the Blue Dogs claim that they are just "Republicans in Democrats Clothing" and question their position on healthcare reform. They cited that the biggest single source of finance for the Blue Dog Political Action Committee is the healthcare industry.

⁸ Daily Kos, President Obama Backs Off The Public Option, Jed Lewsin, August 17th, 2009

⁹CNN, Blue Dogs Will Vote Against Bill with Public Option, Lauren Kornreich, September 8th, 2009

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The healthcare industry donated \$1.2 million dollars so far in the 2010 election cycle.¹⁰ In July 2009, Blue Dog members who were committee members of the House Energy and Commerce Committee successfully delayed the House vote on the Health Insurance Reform Bill (HR32)) until after the Summer Recess.¹¹

The Co-op Approach

A possible health care reform alternative (to the public option) recently voiced by some Democrats seeking a way towards getting the support of the Blue Dogs and maybe even by some Republicans, was the Co-Op Proposal. The Co-op Proposal would create a nongovernment consumer entity similar to a credit union. Members would have an ownership and management stake and the government would not be involved. Co-op membership would be offered through state insurance exchanges where small businesses and individuals without employer-sponsored plans would shop for health care coverage.

The co-op idea was pressed by Senator Kent Conrad, Democrat from North Dakota. "I believe they're a good idea because they can provide competition to for-profit insurance companies, and one of the things we need in the system is more competition."¹²

While Conrad emphasizes the "competition" that health care co-ops would provide to private insurers, health care experts argue they would be too weak to have a major impact. "It's very difficult to start up a new insurance company and break into markets where insurers are very established," said Paul Ginsburg, president of the Center for Studying Health System Change. "I don't see how they're going to obtain a large enough market share...to make a difference."

The New York Times adds that the history of health care co-ops has not fared well: "The co-op idea is so ill defined that no one knows exactly what it would look like or how effectively it would compete with commercial insurers...in the 1990s, Iowa adopted a law to encourage the development of health care co-ops. One was created, and it died within two years. Although the law is still on the books, the state does not have a co-op now," said Susan E. Voss, the Iowa insurance commissioner.¹³

Faced with growing opposition to his plan from both political parties, Senator Conrad acknowledged his co-op proposal would do little to tackle health care costs, the single biggest challenge of reform. Ironically, the public option -- which Senator Conrad is trying to defeat -- has been estimated by the Congressional Budget Office to significantly reduce costs over time. And yet, according to Senator Conrad, the public option is not on the table simply because "there have never been the votes in the United States Senate" for it.

¹⁰ <http://www.latimes.com/business/la-fi-hiltzik3-2009aug03,0,6650122.column>

¹¹ <http://silverbuzzcafe.com/?p=2649>

¹² Kaiser Health News, Co-op Options Offers Compromise in Health Debate. Joanne Silberner, July 1st, 2009

¹³ Think Progress, Conrad on Whether His Coop Proposal Will Bring Down Healthcare Costs. Faiz Dhakir, August 18th, 2009

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While Republicans were initially in favor of considering the Co-op Proposal, because of their concerns of increased government involvement, including their adamant rejection of the public option, they are now opposing the creation of co-ops.¹⁴

In August, Senator Grassley told the press that dropping the public option might be an opportunity to get a reform bill into the full Senate, and that he was "willing to look at a co-op as long as it functions traditionally, like co-ops do in the United States."¹⁵ But the reaction of prominent Republicans, conservatives, and the insurance industry to idea of a 'non-profit healthcare cooperative as an alternative to a new government insurance plan' indicates that such a concession would not lead to the overwhelming vote in the United States Senate in favor of such a proposal. For instance, Senator Orin Hatch, a Republican from Utah, told the New York Times, "You can call it a co-op, which is another way of say a government plan."¹⁶

In August, Senator Jim DeMint, Republican from South Carolina, agreed that the co-op is really a 'Trojan horse'. "Whatever they call it, this is a government takeover. They may try to call it a co-op. They can call it a public option, but you know they're all on record saying they want a single payer government system, so any Republican that helps them pass a bill is helping them pass a government takeover of health care. My hope is we can stop this and start over with some real reform. A number of us have been talking about ideas that we know would work, but unfortunately this administration and the Democrat Majority, they really don't want insurance reform at this point. What they want is more government control of our healthcare system. Any Republican senator who helps them (Democrats) pass something with a government stamp on it, the way they're talking about it, is, I think, just betraying the American people."

Republican Alternatives

The political core of the Republicans' strategy to defeat the Democrats' bill is: focus on the respective parts that voters fear most such as the penalty enforced federal mandates on struggling middle-class individuals and families to buy health insurance that will squeeze their finances; fees on small businesses fighting to survive that do not provide health care; mandates that will health insurance costs on everyone; and the creation of yet another government entitlement program when Medicare, Medicaid and Social Security are nearing the brink of insolvency.¹⁷

"There is no political downside for Republicans to oppose health care bills that will raise insurance premiums, hike taxes, or expand the mountain of federal debt," Republican Party pollster Whit Ayres wrote recently in Politico.¹⁸

However, while Republicans have been rather successful at hammering President Obama's and Congress's healthcare reform proposals, some Republican leaders are voicing their con-

¹⁴Tampa Bay Online, The Current Healthcare Reform debate, Krista Klaus, August 17th, 2009

¹⁵ Think Progress, Proposed Co-ops Fails to Appease Republicans Who Insist it is 'Government –Run Healthcare' Matt Corley, August 18th, 2009

¹⁶ <http://www.cbsnews.com/stories/2009/08/19/opinion/main5253010.shtml>

¹⁷ WashingtonTimes.com/news/2009/oct/01/pushing-voters-to-gop/print/

¹⁸ Townhall, Obama C are Pushing Voters to GOP. Donald Lambro, September 29th, 2009

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cerns that the Republican brand is being hurt by a Democratic counterattack: Where is your plan?

Tort Reform

One Republican plan towards lowering health care cost was to reform the medical malpractice (TORT) laws. Republicans see medical malpractice reform as a critical way to drive down health care costs, arguing that fear of frivolous lawsuits - and the big payouts they can award patients - drives doctors to practice "defensive medicine." In other words, costly tests and procedures that may not be necessary are still used by doctors out of fear of being sued for not doing enough medically for a patient. Medical malpractice insurance has risen as a result, contributing to higher health care costs.

President Obama mentioned tort reform during his recent joint session address to Congress. In a passage that drew applause from Republicans, President Obama said he's directed Health and Human Services Secretary Kathleen Sebelius to "move forward" on an initiative to start "demonstration projects" in certain states. "I don't believe malpractice reform is a silver bullet, but I've talked to enough doctors to know that defensive medicine may be contributing to unnecessary costs," President Obama said.¹⁹

Party Of No

During the health care debate, Republican leaders chose not to draft their own comprehensive healthcare reform bill. Instead, they focused their efforts on labeling the Democrat's plan as too costly and bureaucratic. Some prominent Republicans now fear they are getting tagged as the "party of no," and they want the Republican leadership to offer more solutions to the nation's healthcare problems.

Louisiana Governor Bobby Jindal, a potential Republican Presidential contender in 2012, said it's time for Republicans to "pivot and say, in addition to emphasizing what we as a party oppose, here are our proposals for health care reform." The two parties can agree on some important improvements, he said, but democrats must trim their proposed costs.²⁰ Additionally, Republicans worry that if health care reform passes, they will go into the 2010 election cycle being branded as obstructionists and as 'the party of no.'

A recent CBS-New York Times poll found that only 14 percent of Americans think Republicans have clearly explained their plans to change the health care system, while 76 percent do not. President Obama's numbers for support were better, but not stellar: 37 percent believe he did a good job explaining his proposals, and 55 percent did not.²¹

Aware of the criticisms, House Republican leaders have compiled lists of bills and principles that various colleagues have offered this year. But even the whole list combined does not match the breadth and detail of the massive Democratic health care bills that have moved through five congressional committees and may soon reach the House and Senate floors in some form for final debate.

¹⁹ Foxnews.com, Republicans Skeptical About Obama Pledge to Consider Tort Reform

²⁰ www.huffingtonpost.com/2009/10/02/dems-taunt-gop-where-s-you_n_307560.html

²¹

http://www.google.com/hostednews/ap/article/ALeqM5jCRbX9YKvwqqiU1MdqAoVxMmo_wgD9B355I80

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(Senate Finance Committee)

A Possible Compromise

Despite the negative and sometimes combative atmosphere surrounding the health care debate, it seemed that progress was finally being made in the Senate Finance Committee, the only Committee that had yet to pass a version of healthcare reform legislation.

On October 1st, the Senate Finance Committee narrowly passed an amendment sponsored by Senator Maria Cantwell, Democrat from Washington, which moves the conservative panel as close as it will likely get to a public health insurance option. The Cantwell amendment would create a 'federally funded, non-Medicaid, state plan which combines the innovation and quality of private sector competition with the purchasing power of the states- essentially allowing states to negotiate deals with healthcare plans for those with low incomes' according to an overview.²² Senator Cantwell said that her amendment would cover 75 percent of the 40 million people currently without health insurance

Senator Baucus and Senator Conrad, both of who voted against public option amendments supported Senator Cantwell's measure, showing signs of compromise within the Democratic majority. Democrats are more willing now to negotiate the final details of health care reform within their own party, leaving Republicans to protest the process. Republicans on the committee objected to the Cantwell amendment, arguing that there was no accompanying budget-impact estimate. Senator Cantwell expects the estimate to be released soon.

No Clear Consensus Emerges

The U.S. Senate Finance Committee on Friday, October 2nd, wrapped up debate on proposed amendments to the massive overhaul of the U.S. health care system and prepared to vote on the legislation in the coming weeks. "We can be proud of what we've done here," Committee Chairman Baucus said as the panel completed the amendment process. The panel is awaiting an official cost estimate on the roughly \$900 billion measure., with hopes that the

²² Newsdaily, U.S. Senate Panel Set to Advance Healthcare Overhaul, Donna Smith, October 2nd, 2009

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bill will be merged with one approved earlier by the Senate Health, Education, Labor and Pensions Committee before it is taken to the full Senate in mid-October.²³

However, not all Democrats were satisfied with the bill that is coming out of the Finance Committee. Senate Majority Leader Harry Reid and Finance Committee Chairman Baucus, once in polite disagreement over the idea of a public option component in healthcare legislation, are approaching a breaking point over the issue.

Senator Reid and Senator Baucus have staked out opposing positions on the central question of a government role in health reform — Senator Reid has consistently stood in favor, but Senator Baucus has consistently said the idea doesn't have enough Senate support. A Democratic Senate source downplayed any differences, saying that Senator Reid, Senator Baucus and Senator Harkin, Chairman of the Senate Health, Education, Labor and Pensions Committee, cooperate well but that the Finance Committee bill is the only legislation that can pass the Senate.²⁴

"President Obama clearly articulated his blueprint in his speech, and everyone knows Finance has the bulk of the bill that reflects that blueprint," the source said. "Everyone, including the White House, knows the Finance bill is the only bill that's paid for and can pass. In short, the White House wants a win, and using the bulk of the Baucus bill is the playbook to get the win."²⁵

Watching from the Republican ranks, Senate Minority Leader Mitch McConnell, Republican from Kentucky, did his best to keep a spotlight on the difference among the Democratic leaders. Asked by reporters if the Republican's failure so far to block the bill in the Finance Committee could be a harbinger of the coming floor action, McConnell acknowledged, "it may." "The Democrats were given a big majority. They have the White House. They have a big majority in the House. They have 60 votes in the Senate. They ought to be able to do anything they want to," Senator McConnell said.

"The question is: Will they? Are their own members comfortable enough with a proposal that takes \$500 billion out of Medicare over the next 10 years and raises billions of dollars in taxes on both individuals and corporations? If they are, they should have the votes to pass it".

A senior Republican aide said Republicans suspect Senator Reid's decision will prevail on whether to include a public option and that they are preparing for the upcoming battle.

Reconciliation

In the Senate controversial legislation often requires support from 60 senators to override a filibuster rather than a 51-vote majority. Bills considered under "budget reconciliation," a process created in 1974 to fast-track deficit-reduction efforts, can't be filibustered. They require a simple 51-vote majority for passage, and a maximum of 20 hours of debate is allowed. This is the process that the Democratic leadership is considering in order to pass health care reform.

²³ Newsdaily, U.S. Senate Panel Set to Advance Healthcare Overhaul, Donna Smith, October 2nd, 2009

²⁴ ourfuture.org, Progressive Breakfast: Will Baucus Bill Pass? Bill Scher, October 5th, 2009

²⁵ The Hill. Reid, Baucus ready to split on public option as vote nears. J. Taylor Rushing, October 5th, 2009

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Over the years, congressional leaders from both parties have used the parliamentary tactic to pass broader initiatives with tangential budget impact. Most recently, reconciliation seems to be more of an alternative for Democrats who worry that comprehensive health care reform won't have the votes to make it out of the Senate. Former Democratic National Committee chair Howard Dean, in response to the news that Senator Reid might carve up healthcare reform legislation and pass pieces through the budget reconciliation process, said "I obviously think reconciliation is a great idea. I don't believe in obstructionism, which is what the Republicans are doing,"²⁶ Acknowledging the growing Republican concerns, Howard Dean mentioned that "the GOP might be so incensed by the use of reconciliation" that they'd tie up the Senate with procedural issues.

"To use budget reconciliation in this way would be to employ a legislative loophole to re-write one-sixth of our economy with 20 hours of debate," Senate Minority Leader McConnell, said at a late-September press conference. "If that option is chosen, I think there will be a severely negative and, frankly, appropriate reaction on the part of the American people that this process is jamming through something about which, in the end, we'll only have bipartisan opposition."²⁷

Despite Republican criticism of the possible use of the reconciliation option, Congressional Democrats point out that Republicans used the option to pass the controversial Jobs and Growth Tax Relief Reconciliation Act of 2003, also known as the Bush Tax Cuts.²⁸ Additionally, Senator Reid has repeatedly said that he wants to find a bipartisan compromise with Republicans and that he won't use reconciliation "unless we have no alternative."²⁹

Unresolved Issues

The final proposals party leaders are working on to take to the floor of the Senate and the House still contains unresolved issues. The major House and Senate bills would require most Americans to carry insurance. This individual mandate could touch off an angry public reaction, especially if the penalties for violations are taxes collected by the Internal Revenue Service. Many lawmakers want to minimize the penalties. Whether the government should require employers to provide health benefits to their employees, or pay a penalty, is still an open question. Liberal Democrats say yes. Moderate Democrats are unsure. Republicans are generally opposed. Lawmakers have not decided how to pay for the legislation, expected to cost about \$900 billion over 10 years, though they insist that it will not add to the deficit. The House has proposed a surtax tax on high-income people, while the Senate proposed an excise tax on high-cost insurance plans.³⁰

Most recently, the Congressional Budget Office estimated that the Senate Finance Committee health care reform bill would actually cut the projected federal deficit over the next ten years by \$81 billion. "By 2019, the number of nonelderly people who are uninsured would

²⁶ Talking Points Memo, Dean: Reconciliation Threat a 'Reminder that we're getting health care this year' Brian Beutler, August 24th, 2009

²⁷ National Journal, Reconciliation Looms Large as Debate Continues. Eliza Carney, October 5th, 2009

²⁸ <http://thinkprogress.org/2009/03/24/budget-reconciliation/>

²⁹ Cleaveland.com, Can Democrats use 'budget reconciliation' without Republican support? Sabrina Eaton, September 19th, 2009

³⁰ The New York Times, Health Overhaul is Drawing Close to Floor Debate, Robert Pear and David Herszenhorn, October 3rd, 2009

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be reduced by about 29 million, leaving about 25 million nonelderly residents uninsured ...under the proposal, the share of legal nonelderly residents with insurance coverage would be raised from about 89 percent to about 94 percent.”³¹ The total bill is estimated to cost \$829 billion over ten years, but would actually reduce projected deficits because of revenue increases and other cuts in cost. The Congressional Budget Office said that the estimate is preliminary, since a final, written version of the Finance bill has not been released.

Democrats are also divided over whether to create a government insurance company to compete with private insurers. The more liberal House will probably not pass a health care bill without such a public insurance option, while the Senate appears unlikely to pass one with it.

Republicans are not waiting for a finished bill and have unleashed a barrage of criticism. In addition to expanding government and raising taxes, they say, the Democratic plans will hurt older Americans by cutting Medicare, intrude on personal freedom by forcing people to buy insurance and impose new costs on states by expanding Medicaid. In turn, Democrats and some Republicans, like Senator Snowe, insist that insurance must be affordable if people are required to buy it.

Conclusion

The ever growing threat of a possible electoral defeat in the 2010 elections for failure to pass meaningful health care reform, casts a very wide shadow on both the Senate and the House Democrats. Republicans, however, are salivating at such an outcome and have even begun staking out vulnerable Democrat-held districts and states in preparation for the 2010 election cycle.

Therefore, despite months of outward ambivalence about creating a government health insurance plan, the Obama White House has urged divided Senate Democrats to take up some version of the idea for a final vote in the coming weeks. President Obama has cited a preference for the so-called public option. But faced with intense criticism over the summer, and divisions within his own party, he strategically expressed openness to health cooperatives and other ways to offer consumers potentially more affordable alternatives to private health plans.

Additionally, every proposal introduced has met resistance from health care providers who fear a loss of income, even as they stand to gain millions of paying customers if nearly everyone has insurance. Devoted lawmakers from both aisles are still looking for ways to provide less costly health insurance to more low- and middle-income people, while at the same time exploring ways that would reduce the overall financial burden. While Congressional leaders say they want to curb the explosive growth of health costs, it is unclear whether a final bill will make a serious effort to do so, or whether it would just increase the size and scope of a government already perceived as overly intrusive.

On October 13th, 2009, the Senate Finance Committee voted to approve legislation that would reshape the American health care system. Senator Snowe joined all 13 Democrats on the panel in support of the landmark bill. Involved in bipartisan negotiations with fellow lawmakers and White House officials since the inception of health care discussions, her yes vote made her the only Republican to support any of the Democratic health reform bills before Congress.

³¹ Primebuzz.kcstar.com/?q=node/20190

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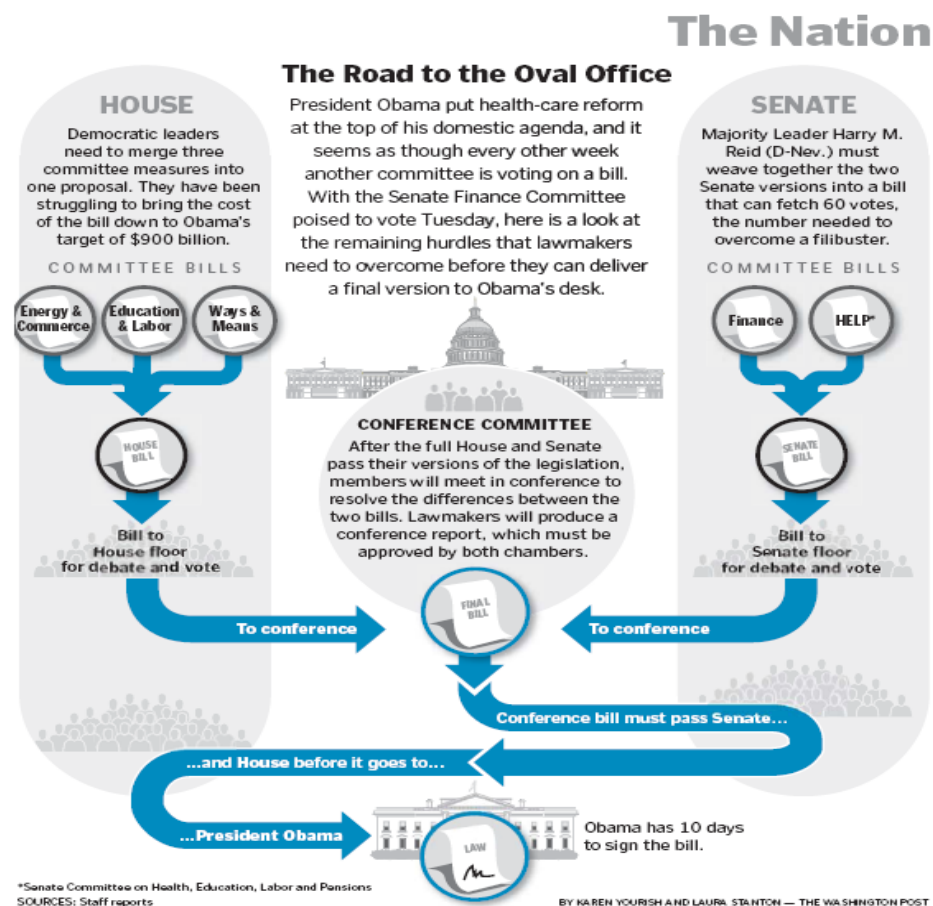
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Because Democrats hold a 13-to-10 majority on the committee, the outcome of the vote was never in doubt. Majority Leader Harry Reid had already announced that the full Senate will take up the health care legislation later this month. With its vote, the Finance Committee became the fifth and final Congressional panel to report out a sweeping health care bill.

The bill seeks to provide health benefits to the majority of uninsured by expanding Medicaid, the federal-state insurance program for the poor, and creating new state-run insurance options for individuals and families earning less than 200 percent of the federal poverty level or \$44,100 for a family of four. For many other moderate-income Americans, the bill would provide government subsidies to help them buy insurance through new government-regulated marketplaces.³²



The legislation also seeks to impose strict new regulations on the insurance industry, including barring insurers from denying coverage based on pre-existing conditions, and it would require nearly all Americans to obtain coverage. The legislation is the only bill that does not include a public option.

³²

<http://www.nytimes.com/pages/index.html?adxnnl=1&partner=rss&adxnnlx=1255460506-npzHqxXH8l0JeOwTYOnZPW>

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The vote of the Senate Finance Committee was only a first step. Senator Reid must now combine the Finance Committee bill with an alternate version approved by the Senate Health Committee in July.

In the House, Democratic leaders have hinted they want to wait to see what the Senate does before putting their own final bill on the table. Members of the House are working to merge the three different bills that have been put forth in the House into one piece of legislation.

Once the House and the Senate have accepted their versions of a bill they have to meet in „conference“ to resolve the respective differences between the two bills. Only then can a final bill be put up for a vote in both the Senate (first) and then the House.

President Obama said that once the Senate and House Committees reconcile their five different bills, the United States will be closer than ever to carrying out a major overhaul of the health care system — a goal that has eluded presidents and Congress for more than a half-century.