



## Visions for Change in U.S. Health Care — The Players and the Possibilities

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Under the incoming presidential administration, U.S. Democratic leaders are determined to achieve a long-elusive goal: securing “affordable, accessible health care for every single American,”

as President-elect Barack Obama put it recently. Recognizing the blunders that doomed the reform effort of President Bill Clinton 16 years ago, the new administration is working closely with Congress to craft a bill that will attract sufficient support to ensure enactment.

Although some critics argue that we can ill afford the costs of expanded coverage and other reforms with the economy in recession and an ever-growing federal deficit, Obama counters that these are pocketbook issues, integral to recovery efforts. At a December news conference, when he introduced Tom Daschle as his choice for secretary of Health and Human

Services, Obama said a major health care initiative “has to be intimately woven into our overall economic recovery plan. It’s not something that we can put off because we are in an emergency. This is part of the emergency.”

The new administration’s proposal for health care reform will not be part of the large stimulus package that Democratic legislators plan to enact in early January. Though the proposal is a work in progress, its central tenets are well known and, in some key respects, resemble the plan enacted in Massachusetts — which, in 2 years, has reduced the state’s uninsured to 2.4% of its population (the lowest in the country), according to a 2008 report by the Urban Institute.

Obama’s proposal would enable people with employer-sponsored health insurance coverage to retain it, if they prefer, and would require large employers either to offer their workers “meaningful coverage” or to contribute a certain percentage of their payroll to support a new public plan. The proposal would also create an insurance exchange through which people without employer coverage could select private coverage or the public plan at rates similar to those offered through large employers. Obama has pledged to “lower costs by taking on anti-competitive actions in the drug and insurance companies,” to support disease prevention and health promotion efforts, and to invest \$50 billion over the next 5 years to accelerate adoption of health information technology.<sup>1</sup>

A number of health-related items are being considered as elements of the early stimulus package, largely to prevent people who



An interactive graphic on key players in health care reform is available at [NEJM.org](http://NEJM.org)

lose their jobs from losing their coverage and to begin investing in the infrastructure for a more efficient delivery system. These items include increased federal support to states to maintain or expand their Medicaid enrollment, reauthorization of and increased funding for the State Children's Health Insurance Program, grants to states to speed adoption of health information technology, and expansion of the Consolidated Omnibus Budget Reconciliation Act (COBRA) to give certain laid-off workers the right to temporarily continue insurance coverage at group rates.

Democrats' fortunes improved dramatically in November when Obama swept to a historic victory over Republican Senator John McCain. Thanks to the unpopularity of President George W. Bush and Obama's coattails, Democrats also increased their majorities in both houses of Congress — to margins of 257 to 178 in the House and 58 to 42 in the Senate (if Democrat Al Franken of Minnesota wins the seat), including two independents who caucus with the Democrats. (The retirement of Obama and Democrats Hillary Clinton and Ken Salazar from the Senate leaves open seats in Illinois, New York, and Colorado, and the race in Minnesota is undecided.) Republicans — if their caucus can maintain tight discipline — will still wield considerable influence in the Senate, where it takes 60 votes to overcome a filibuster.

Determined to avoid the mistakes that brought down the Clinton reform plan, Obama demonstrated in his early appointments the importance he attaches to maintaining close ties between Congress and the White House. He selected Rahm Emanuel, a powerful congressman from Illinois, as chief of staff, and former

Senate Majority Leader Daschle as secretary of Health and Human Services and director of a new White House Office of Health Reform. Daschle has set out his own ideas for reform in a recent book, calling for all Americans to purchase coverage and for the creation of a federal health board (modeled after the Federal Reserve Board) that would have sweeping powers to mandate policies for all federal health programs.<sup>2</sup> Peter Orszag was named Obama's director of the Office of Management and Budget, a powerful agency that prepares the government's annual budget. Since 2007, Orszag has been the director of the Congressional Budget Office, where he has placed a heavy emphasis on health-related issues.

Democratic congressional leaders will also play influential roles in promoting the administration's health reform agenda and urging Republican legislators to join as cosponsors. House Speaker Nancy Pelosi (D-CA) is a dominant figure who ranks health care reform among her highest priorities. Senate Majority Leader Harry Reid (D-NV) may have more difficulty maintaining discipline within his ranks because in the Senate there is disagreement on the shape reform should take. For example, Senators Ron Wyden (D-OR) and Robert Bennett (R-UT) have persuaded 15 other senators to co-sponsor a bill that the authors assert reflects an "ideological truce" between the parties: "Democrats are correct in saying that universal coverage is necessary to fix health care," they write. "Republicans are correct in saying that market forces play an important role in health care by promoting competition and innovation. The Healthy Americans Act strikes a balance between these ideals."<sup>3</sup>

Five congressional committees

will be instrumental in refining any reform plan. Three of Pelosi's California colleagues, all liberal Democrats, hold leadership positions on the three key House panels: Henry Waxman is the new chair of the House Energy and Commerce Committee, George Miller chairs the House Education and Labor Committee, and Pete Stark chairs the House Ways and Means Subcommittee on Health. The relevant Senate committees are the Finance Committee, chaired by Max Baucus (D-MT), and the Health, Education, Labor, and Pensions Committee, chaired by Edward Kennedy (D-MA).

The House Ways and Means Committee is generally considered the most influential panel in Congress because of a constitutional requirement stipulating that all tax legislation must originate there. It also oversees Medicare Part A (which covers hospitals), public welfare, Social Security, trade, and unemployment compensation. Although Representative Charles Rangel (D-NY) chairs the committee, he often defers to Stark on health issues, and his standing has been weakened by ethics problems currently under investigation. Stark recently told reporters that once reform legislation is introduced, consideration of it would probably consume most of 2009, with enactment possible in early 2010. Stark has long supported "Medicare for all" as his preferred approach to expanding coverage; he opposes privatizing the program. He was a lead sponsor of the Children's Health and Medicare Protection Act (CHAMP), a measure the House approved in August 2007 on a vote of 225 to 204 that would have replaced the formula on which Medicare's physician fees are set. The bill, which died in the Senate, would also have placed greater emphasis on pri-

mary care and preventive services covered by Medicare by allowing physician payments in these areas to grow at a rate 2.5% faster than that of the gross domestic product (GDP), whereas payments for all other physician services would be limited to the GDP's growth rate.

Waxman established a reputation as an adroit legislator during the 15 years he chaired the House Energy and Commerce Subcommittee on Health (1979 to 1994). His most significant legislative accomplishment during a period that included the presidency of the conservative Ronald Reagan was pressing Congress to vastly expand Medicaid.<sup>4</sup> In recent weeks, Waxman demonstrated his political acumen by securing enough votes in the House Democratic caucus to wrest the chairmanship of the Energy and Commerce Committee from John Dingell (D-MI), who in February will become the longest-serving House member in history, with 53 years of service. The practical Waxman recently noted that the "best approach to reform is what we can pass . . . that secures the goal of universal coverage, sensible controls on cost, and assurance of quality care." But he also said he would work to bring generic versions of biologic products to the market and to restore the effectiveness of the Centers for Disease Control and Prevention and the Food and Drug Administration.

Baucus's Senate Finance Committee oversees Medicare, Medicaid, public welfare, Social Security, taxes, trade, and unemployment insurance. Baucus is a moderate who occasionally upsets his liberal colleagues by casting votes more reflective of Montana conservatism than his party's activism. In mid-2008, however, he came out

strongly in favor of ambitious health care reform and has since released an 89-page "call to action" that embraces a commitment to strengthening the employer-based insurance system, bolstering the role of primary care, and reexamining Medicare's graduate medical education policies.<sup>5</sup> Baucus also outlined an approach to reforming Medicare's physician payment system that resembles the model in CHAMP.

Senator Kennedy, for his part, is determined to top his many health policy accomplishments by winning enactment of universal coverage. In September, Kennedy, who is undergoing treatment for brain cancer, directed his staff to organize roundtable discussions among representatives of disparate interests (large and small businesses, community health organizations, consumers, health plans, hospitals, labor, physicians, and others) to identify issues on which there is broad agreement or conflicting opinion and strive to build support for reform. One purpose of these ongoing discussions is to neutralize opposition to the ambitious reform designs that Democrats hope to enact. One participant, Karen Ignagni, chief executive officer of America's Health Insurance Plans (the new incarnation of an organization that helped to bring down Clinton's reform plan with its devastating "Harry and Louise" ads), said of the roundtable: "You see a range of diverse stakeholders trying to work together to achieve health care reform."

Congressional Republicans have been slow to engage Democrats on health care issues. They have developed no alternative proposals, and no armies of grassroots supporters or well-financed private organizations seem poised to do battle against reform. This situ-

ation could change rapidly once proposals are introduced, hearings commence, and winners and losers are clearly identified. Republicans' greatest concerns seem to be the creation of a new public plan, which many fear is a backdoor approach to a single-payer system; the possible creation of a federal health board with sweeping new powers over benefit packages, which might stifle innovation; and the long-term financial implications of providing near-universal coverage.

President-elect Obama faces a daunting set of challenges as his grand vision for change comes into closer contact with the realities of U.S. politics. Obama has acknowledged that hundreds of billions of dollars will be added to the federal deficit as he pursues economic recovery, but he has also vowed to scour the budget in search of wasteful spending to offset these new costs. This exercise, in which Congress will undoubtedly participate, will provoke many a pitched battle and is certain to affect Americans' reaction to the new president's definition of "change."

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