

Is the House Health Care Bill Better than Nothing?

Marcia Angell, MD

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Well, the House health reform bill -- known to Republicans as the Government Takeover -- finally passed after one of Congress's longer, less enlightening debates. Two stalwarts of the single-payer movement split their votes; John Conyers voted for it; Dennis Kucinich against. Kucinich was right.

Conservative rhetoric notwithstanding, the House bill is not a "government takeover." I wish it were. Instead, it enshrines and subsidizes the "takeover" by the investor-owned insurance industry that occurred after the failure of the Clinton reform effort in 1994. To be sure, the bill has a few good provisions (expansion of Medicaid, for example), but they are marginal. It also provides for some regulation of the industry (no denial of coverage because of pre-existing conditions, for example), but since it doesn't regulate premiums, the industry can respond to any regulation that threatens its profits by simply raising its rates. The bill also does very little to curb the perverse incentives that lead doctors to over-treat the well-insured. And quite apart from its content, the bill is so complicated and convoluted that it would take a staggering apparatus to administer it and try to enforce its regulations.

What does the insurance industry get out of it? Tens of millions of new customers, courtesy of the mandate and taxpayer subsidies. And not just any kind of customer, but the youngest, healthiest customers -- those least likely to use their insurance. The bill permits insurers to charge twice as much for older people as for younger ones. So older under-65's will be more likely to go without insurance, even if they have to pay fines. That's OK with the industry, since these would be among their sickest customers. (Shouldn't age be considered a pre-existing condition?)

Insurers also won't have to cover those younger people most likely to get sick, because they will tend to use the public option (which is not an "option" at all, but a program projected to cover only 6 million uninsured Americans). So instead of the public option providing competition for the insurance industry, as originally envisioned, it's been turned into a dumping ground for a small number of people whom private insurers would rather not have to cover anyway.

If a similar bill emerges from the Senate and the reconciliation process, and is ultimately passed, what will happen?

First, health costs will continue to skyrocket, even faster than they are now, as taxpayer dollars are pumped into the private sector. The response of payers -- government and employers -- will be to shrink benefits and increase deductibles and co-payments. Yes, more people will have insurance, but it will cover less and less, and be more expensive to use.

But, you say, the Congressional Budget Office has said the House bill will be a little better than budget-neutral over ten years. That may be, although the assumptions are arguable. Note, though, that the CBO is not concerned with total health costs, only with costs to the government. And it is particularly concerned with Medicare, the biggest contributor to federal deficits. The House bill would take money out of Medicare, and divert it to the private sector and, to some extent, to Medicaid. The remaining costs of the legislation would be paid for by taxes on the wealthy. But although the bill might pay for itself, it does nothing to solve the problem of runaway inflation in the system as a whole. It's a shell game in which money is moved from one part of our fragmented system to another.

Here is my program for real reform:

Recommendation #1: Drop the Medicare eligibility age from 65 to 55. This should be an expansion of traditional Medicare, not a new program. Gradually, over several years, drop the age decade by decade, until everyone is covered by Medicare. **Costs:** Obviously, this would increase Medicare costs, but it would help decrease costs to the health system as a whole, because Medicare is so much more efficient (overhead of about 3% vs. 20% for private insurance). And it's a better program, because it ensures that everyone has access to a uniform package of benefits.

Recommendation #2: Increase Medicare fees for primary care doctors and reduce them for procedure-oriented specialists. Specialists such as cardiologists and gastroenterologists are now excessively rewarded for doing tests and procedures, many of which, in the opinion of experts, are not medically indicated. Not surprisingly, we have too many specialists, and they perform too many tests and procedures. **Costs:** This would greatly reduce costs to Medicare, and the reform would almost certainly be adopted throughout the wider health system.

Recommendation #3: Medicare should monitor doctors' practice patterns for evidence of excess, and gradually reduce fees of doctors who habitually order significantly more tests and procedures than the average for the specialty. **Costs:** Again, this would greatly reduce costs, and probably be widely adopted.

Recommendation #4: Provide generous subsidies to medical students entering primary care, with higher subsidies for those who practice in underserved areas of the country for at least two years. **Costs:** This initial, rather modest investment in ending our shortage of primary care doctors would have long-term benefits, in terms of both costs and quality of care.

Recommendation #5: Repeal the provision of the Medicare drug benefit that prohibits Medicare from negotiating with drug companies for lower prices. (The House bill calls for this.) That prohibition has been a bonanza for the pharmaceutical industry. For negotiations to be meaningful, there must be a list (formulary) of drugs deemed cost-effective. This is how the Veterans Affairs System obtains some of the lowest drug prices of any insurer in the country. **Costs:** If Medicare paid the same prices as the Veterans

Affairs System, its expenditures on brand-name drugs would be a small fraction of what they are now.

Is the House bill better than nothing? I don't think so. It simply throws more money into a dysfunctional and unsustainable system, with only a few improvements at the edges, and it augments the central role of the investor-owned insurance industry. The danger is that as costs continue to rise and coverage becomes less comprehensive, people will conclude that we've tried health reform and it didn't work. But the real problem will be that we didn't really try it. I would rather see us do nothing now, and have a better chance of trying again later and then doing it right.

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Statement by CNA/NNOC Executive Director Rose Ann DeMoro on the House bill on Healthcare

Found at: <http://www.calnurses.org/media-center/press-releases/2009/november/statement-by-cna-nnoc-executive-director-rose-ann-demoro-on-the-house-bill-on-healthcare.html>

Of all the torrent of words that followed House passage of its version of healthcare reform legislation in early November, perhaps the most misleading were those comparing it to enactment of Social Security and Medicare.

Sadly no. Social Security and Medicare were both federal programs guaranteeing respectively pensions and health care for our nation's seniors, paid for and administered by the federal government with public oversight and public accountability.

While the House bill, and its Senate counterpart, do have several important reform components, along with many weaknesses, neither one comes close to the guarantees and the expansion of health and income security provided by Social Security or Medicare.

By contrast, if the central premise of Social Security and Medicare was a federal guarantee of health and retirement security, the main provision of the bills in Congress is a mandate requiring most Americans without health coverage to buy private insurance. In other words, the principle beneficiary is not Americans' health, but the bottom line of the insurance industry which stands to harvest tens of billions of dollars in additional profits ordered by the federal government. Or as Rep. Eric Massa of New York put it on the eve of the House vote, "at the highest level, this bill will enshrine in law the monopolistic powers of the private health insurance industry, period."

Further, while Social Security and Medicare, two of the most important reforms in American history, were both significant expansions of public protection, the House bill actually reduces public protection for a substantial segment of the population, women, with its unconscionable rollback of reproductive rights in the anti-abortion amendment. Why then so much cheerleading by many progressive and liberal legislators, columnists, and activists?

1- Passage of the bill was a clear defeat for the Republican opposition and those on the right who have so mischaracterized what boils down to modest reform that looks more like a "robust" version of the Medicare prescription drug benefit or the state children's health initiative.

2- Proponents of the bill, starting in the White House and running through the Democratic leadership in Congress, with the assistance and support of many in labor and liberal and progressive constituency groups, have so lowered expectations on healthcare reform that with eyes wide shut they can call this a sweeping victory.

To be sure there are commendable provisions in the House bill that bear note. Among the most important are:

- Expansion of Medicaid to millions of low income adults.
- Reduction of the "doughnut hole" in the Medicare drug coverage law making

drug costs more affordable for many seniors.

- Increased federal funding for community health programs, such as home visits for nurses and social workers to low income families.
- Additional regulation of the insurance industry, mostly targeted to people who are presently without coverage rather than those with existing health plans. Those include limits on insurers ability to drop sick enrollees or refuse to sell policies to people with prior health problems, extending the age that dependent children can be on their parents' plan, and repeal of the anti-trust exemption for insurers.
- Extending the same health benefit tax benefits available to married couples to domestic partners.
- A progressive tax to help pay the bill through a surcharge on wealthy earners and required contributions from large employers, in sharp contrast with the Senate proposal to tax health benefits on misnamed "Cadillac" plans, comprehensive coverage available to many union members, for example.

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But the acclaim now flowing from some quarters would have been better deserved had these provisions been enacted on their own -- not accompanied by the many shortcomings of the legislation. To cite a few:

- Healthcare will remain unaffordable for many Americans. The bill does not do nearly enough to control skyrocketing insurance, pharmaceutical, and hospital costs. Indeed, by various estimates, with no effective limits on the insurance industry's price gouging, out-of-pocket costs for premiums, deductibles and other fees by some estimates with eat up from 15 to 19 percent of family incomes by several accounts.
- No meaningful reform of the rampant insurance denials of medical treatment the insurers don't want to pay for.
- Little assistance for individuals and families who presently have employer-sponsored health plans and face frequent erosion of their coverage and health security. No help for the healthcare cost-shifting from employers to employees.
- Minimal expansion of consumer choice. The much debated public plan option will be available only to about 2 percent of people under age 65, mostly those now not covered who buy insurance on their own (it may or may not be expanded in 2015). Further, no additional plan options for those in the many markets dominated by one or two private plans, and no additional choice of doctor or hospital within existing plans.
- The new limits on abortion extended to poor women.

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Ultimately, the combination of the mandate to buy insurance, federal subsidies to low income families to purchase private plans, failure to adequately control insurance prices or crack down on the abuse of insurance denials make the House bill -- and its Senate counterpart -- look a lot like a massive bailout for the private insurance industry. Don't be misled by the howling from insurance industry which has been spending some \$1.4 million a day to steer the direction of legislation. They would have preferred the status quo, but will be more than happy to count the increased revenues coming their way.

As Rep. Dennis Kucinich said on the House floor, "we cannot fault the insurance companies for being what they are. But we can fault legislation in which the government incentivizes the perpetuation, indeed the strengthening, of the for-profit health insurance industry, the very source of the problem."

While some people will have improved access, the final accounting will be an even firmer private insurance grip on our healthcare system, with the U.S. remaining the only industrialized nation which barter our health for private profit.

Months ago, the Obama administration pre-determined this outcome by ruling out the most comprehensive, most cost effective, most humane reform, single payer, or an expanded and improved Medicare for all. Single payer proponents were shut out of White House forums, blocked from most hearings in the Senate, and single payer amendments stripped from the final House bill. Yet, through grassroots pressure, single-payer advocates forced consideration by the House of an improved Medicare for all until the very end.

But nurses and other single payer proponents who have heroically fought for this reform for years will continue the campaign, next in the Senate, where single payer amendments are expected to be introduced. The scene will also shift to state capitols, where vibrant single payer movements remain active and will escalate. Proponents of comprehensive reform will never be silent, and never stop working for the real change we most desperately need.

Healthcare-NOW! Conference Calls On Congress to Start Health Bill from Scratch

Provided by: Jeff Muckensturm

www.Healthcare-Now.org

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Over 125 Healthcare-NOW! members at our 2009 National Strategy Conference voted to oppose the current Congressional health insurance legislation and asks that our legislators start from scratch in order to create health reform that addresses the fundamental problems with healthcare in this nation and creates a universal, single-payer health system that is based on improved Medicare for all.

Like you, we are hungry for change. However, at this crucial point in the history of our nation, we must ask ourselves if we are willing to accept any change in order to say that something was accomplished, or will we stand up and demand effective change that will end suffering and save lives.

We are seriously concerned by the current healthcare crisis in the United States. We are saddened by the number of people who are suffering, facing bankruptcy or foreclosure, and dying prematurely because they cannot afford or have access to needed medical treatment.

However, Healthcare-NOW! believes that we should avoid action based on fear. Review of the current health insurance reform legislation reveals that it resembles health reforms that have recently been tried and have failed at the state level, namely Massachusetts. Instead, we should act based on the evidence of what works. Medicare has lower administrative costs and higher satisfaction among enrollees than private insurance.

We anticipated the healthcare debate this year would focus on the true stakeholders: patients and those who care for them. But improved Medicare for All (single-payer) was pushed off the table, by Congress and the private health industry, preventing the American people from learning how access to quality, universal care can be financed without increasing cost to the public.

Pushing single-payer off the table has resulted in deeply flawed legislation by the House and Senate which amounts to a massive bailout of the profit-making health industries that will increase their ability to lobby and influence legislators in the future. At the same time, patients will receive little in the way of protection or improved ability to afford needed healthcare. The legislation is designed to fail and in the meantime, will waste billions of dollars and delay the process of creating effective health reform.

Therefore, Healthcare-NOW! opposes the current health legislation for the following reasons:

1. During the time that it will take for the health insurance legislation to begin (2013 in the House version and 2014 in the Senate version), tens, if not hundreds, of thousands of Americans will die.
2. Millions of people will remain uninsured: 17 million in the House version and 24 million in the Senate version.
3. Medical bankruptcies will continue as families will face out-of-pocket costs up to \$10,000 in addition to the cost of premiums and the cost of uncovered services.
4. People who are uninsured will suffer the further indignity of being forced to pay a fine which may be as high as 2.5% of their income (House version).
5. The number of people who are underinsured will increase. There is no guarantee that premiums will be affordable even for those who qualify for federal subsidies. It offers a “public option” so small and weak (and estimated to be more expensive than private insurance) that it is set up to serve as an example of failure.
6. People will continue to be consigned to only receiving the quality of care that they can afford. Instead of a standardized benefit plan that covers all necessary care, people will have to choose from a tiered set of plans. The least expensive plans will cover only 60% of necessary care and patients will be required to pay the balance.
7. The legislation will not control healthcare costs and will increase the waste in healthcare spending. The regulation of insurance companies, which is predicted to fail by industry whistleblowers, will be expensive to enforce. The “exchange” will add another level of bureaucracy which in Massachusetts has added a 4% surcharge to each insurance premium.
8. Private health insurance will be given 30 million more customers, and its stranglehold on the healthcare industry will be even greater. The legislation transfers hundreds of billions of public dollars to private insurance companies. Between \$447 and \$605 billion in public dollars (depending on the Senate or House version) will be given to the private insurers in the form of subsidies.
9. The bill writes into law protection for the drug manufacturers from having to deal with the collective purchasing power of the American people. Pharmaceutical corporations have already raised prices on brand name prescriptions by 9% this year. Biotech firms receive a windfall 12 year patent on new pharmaceuticals.
10. The legislation continues to allow discrimination based on age and immigration status. Older enrollees can be charged up to twice as much as younger enrollees. And enrollees will be required to prove citizenship in order to receive subsidies. Non-citizens will be required to bear the full cost of purchasing insurance.
11. In order to reach a bare majority to pass the bill, the House accepted limits on the reproductive healthcare rights of women beyond current stringent federal restrictions.

We call on Congress to start from scratch. We believe that we have the resources in the United States to create a national health system that will improve the health of the people of our nation. We believe that being ranked 37th in the world for health outcomes is unacceptable and that we, as a nation, can do much better than this. We believe that

improving and expanding Medicare to all people is the simplest and quickest way to achieve our goal of universal and financially-sustainable healthcare.

The mission of Healthcare-NOW! is to educate and advocate for a national publicly-funded health system: improved Medicare for all. We will continue to build the Medicare for all movement until we reach the day when all who live in the United States receive the same health security that is a right in other industrialized nations. We welcome all people who support healthcare reform to join with us in this movement. Together, we will succeed.