

# Politics and Health Care

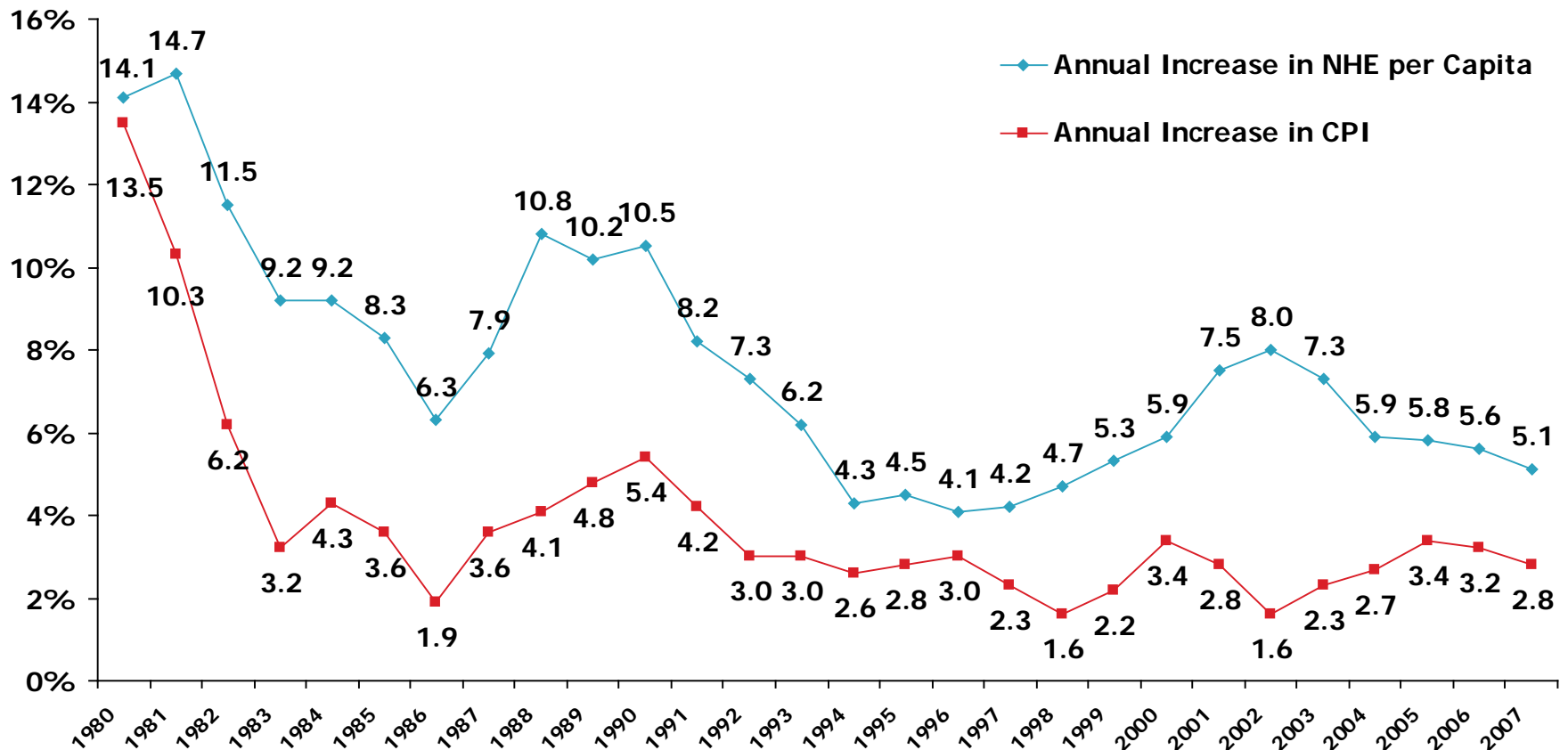
John Coleman  
Department of Political Science  
UW-Madison

*Founder's Day, Milwaukee  
Wisconsin Alumni Association  
May 5, 2009*

# Health Care Concerns

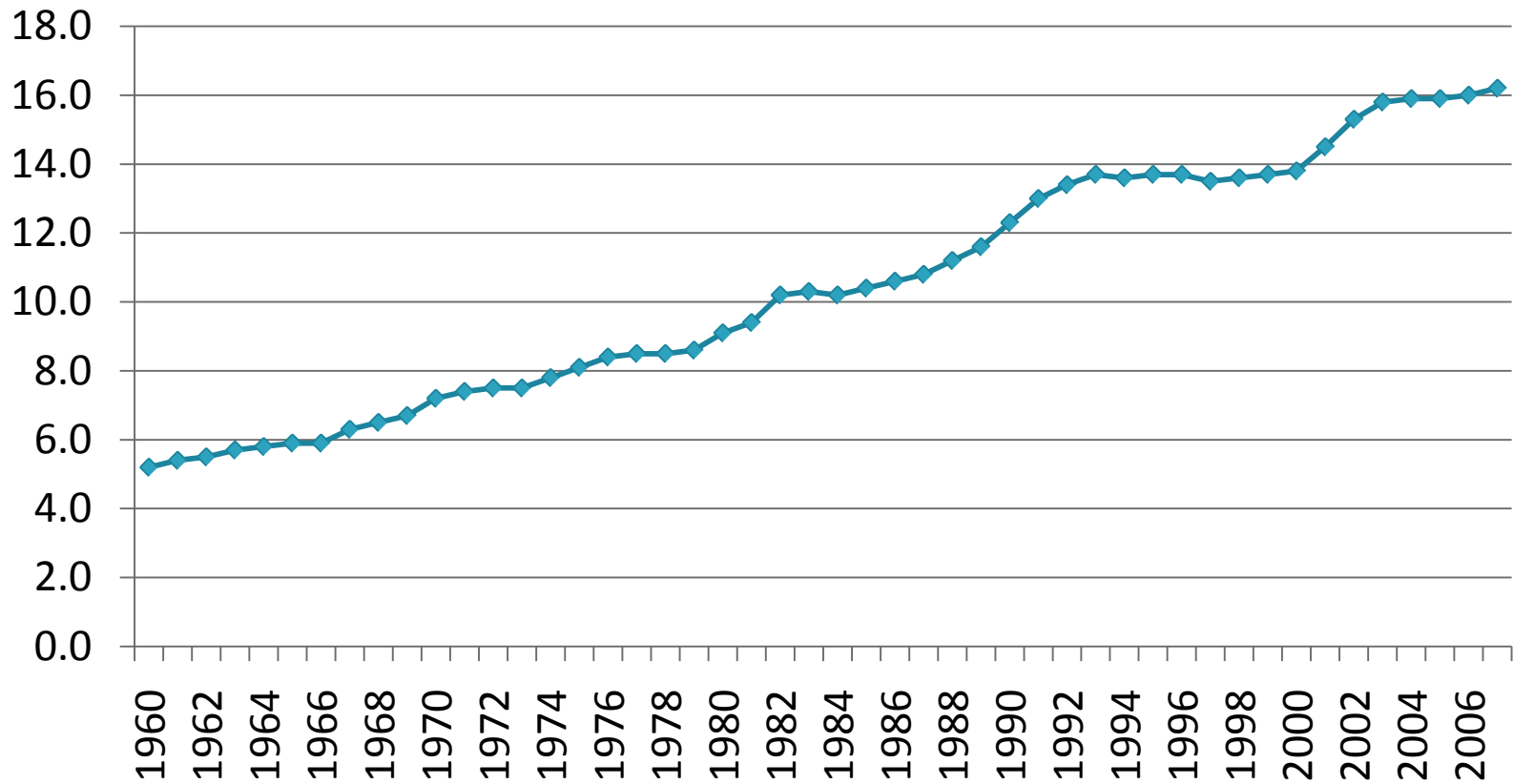
- Access
  - Uninsured and underinsured
- Cost
  - Spend more than other nations, high rate of inflation, increasing share of government budgets
- Quality
  - Medical mistakes, disease rates, life expectancy, coordination of service delivery
- Interrelated
  - Can you increase access and hold down costs? Can you drive down costs and maintain quality? Etc.

# Percent Annual Increase in National Health Expenditures (NHE) per Capita vs. Increase in Consumer Price Index (CPI), 1980-2007



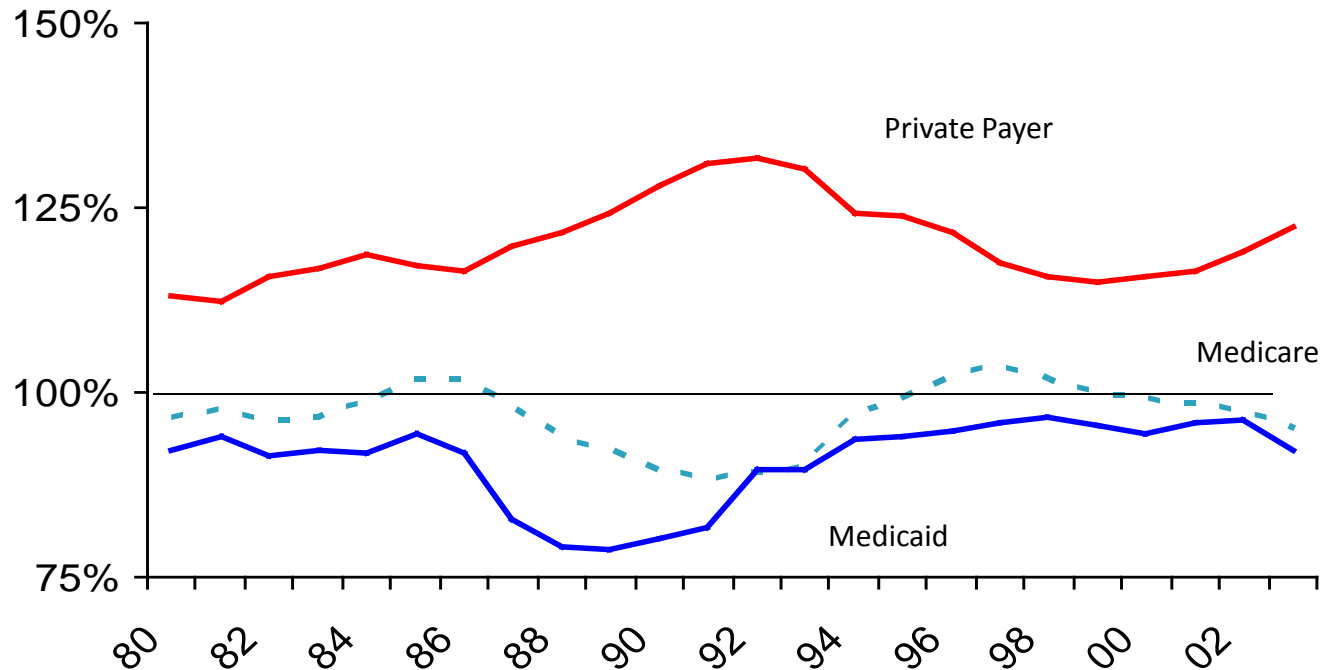
Source: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (see Historical; NHE summary including share of GDP, CY 1960-2007; file nhegd07.zip), and CPI data from Bureau of Labor Statistics at <ftp://ftp.bls.gov/pub/special.requests/cpi/cpi.txt> (All Urban Consumers, All Items, 1982-1984=100, Not Seasonally Adjusted, U.S. city average).

# Health Care Expenditures as Percent of Gross Domestic Product, 1960-2007



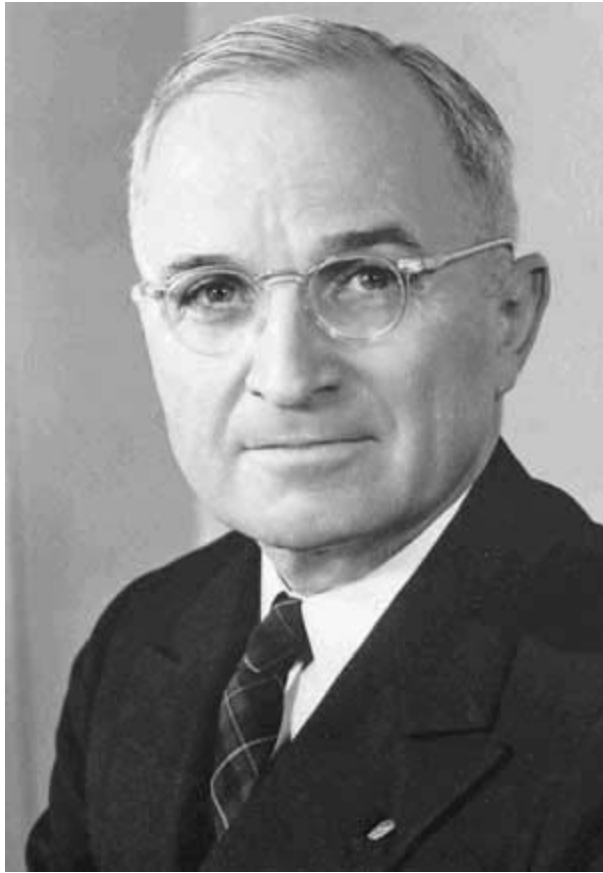
# Cost Shifting Has Boosted Private Insurance Costs

## Hospital Payment to Cost Ratios



Source: The Lewin Group analysis of American Hospital Association Annual Survey data, 1980 - 2001 for community hospitals

We've Been Here Before...



# The Politics of Policy Change

- Ideas
  - Collapse of old consensus
  - Support for alternatives
- Institutions
  - Environment conducive to moving complicated change?
- Interests
  - Who is mobilized? Around what?

- "Health care costs and premiums are rising much, much faster than people's wages. Businesses are saying health care costs are unsustainable. More and more people have joined the ranks of the uninsured. Governors across the country are saying that health care reform is a real necessity. So I do think the climate is right to actually get this accomplished this time.

- Ron Pollack, Executive Director, Families USA, April 2008



- “Reasonable projections of health care cost growth under current policies show that they are the central cause of the nation's long-term fiscal imbalance. Health care is the key to our nation's fiscal future, and health care reform is entitlement reform.”
  - Peter Orszag, President Obama’s budget director

- “Far more people see themselves directly benefiting from health reform and far fewer see themselves being negatively affected than we saw in the Clinton health reform debate. Today’s economic anxieties have created a better starting point for health reform than we saw last time around.”
  - Drew Altman, Kaiser Family Foundation CEO

# Time for Big Changes

**CBS News/New York Times Poll.** April 22-26, 2009. N=973 adults nationwide. MoE  $\pm$  3.

"Which of the following three statements comes closest to expressing your overall view of the health care system in the United States? (1) On the whole, the health care system works pretty well and only minor changes are necessary to make it work better. OR, (2) There are some good things in our health care system, but fundamental changes are needed. OR, (3) Our health care system has so much wrong with it that we need to completely rebuild it."

	Minor Changes %	Fundamental Changes %	Completely Rebuild %	Unsure %
4/22-26/09	12	49	38	1
9/12-16/08	14	50	35	1
1/20-25/06	8	56	34	2

# Don't Change Mine . . . Just Make It Cost Less

"We'd like to know how you feel about different aspects of health care for you and your family. Are you generally satisfied, or dissatisfied with each of the following? . . ."

	Satisfied %	Dissatisfied %	Unsure %
<b>"The quality of health care you receive"</b>			
3/12-15/09	82	17	1
11/2-4/07	79	20	1
<b>"Your health insurance coverage"</b>			
3/12-15/09	73	26	1
11/2-4/07	69	30	2
<b>"The total cost to you of health care, including insurance premiums and other expenses"</b>			
3/12-15/09	52	48	1
<b>"The total cost of health care in this country"</b>			
3/12-15/09	23	77	1

CNN/Opinion Research Corporation Poll. March 12-15, 2009. N=1,019 adults nationwide. MoE ± 3.

# Cost and Coverage the Main Concerns

"Which one of the following do you see as the most important health care issue at the present time: the cost of health care, people who are not covered by insurance, or the quality of health care?" Half sample (Form B), MoE  $\pm$  4.4

	Cost	Coverage	Quality	All Equally (vol.)	None of These (vol.)
	%	%	%	%	%
2/26 - 3/1/09	44	37	11	7	1
3/93	48	35	8	8	-

"Please tell me whether you agree or disagree with the following statement: I would be willing to pay higher taxes so that everyone can have health insurance." Half sample (Form A), MoE  $\pm$  4.4

	Agree	Disagree	Unsure
	%	%	%
2/26 - 3/1/09	49	45	6
3/93	66	30	4

NBC News/WSJ Poll, Feb. 26-March 1, 2009, n = 1007.

# You Might Want to Raise *His* Taxes...

"The Obama Administration has proposed increasing federal income taxes for households making more than \$250,000 a year. Some of the money raised by these new taxes would be used to help improve access to healthcare and provide tax cuts for households making less money. Do you think this proposal is a good idea or a bad idea?"

	Good Idea	Bad Idea	Unsure
	%	%	%
4/1-5/09	74	23	3

# Economy the Number One Issue

**CNN/Opinion Research Corporation Poll.** April 23-26, 2009. N=2,019 adults nationwide. MoE  $\pm$  2.

"Which of the following is the most important issue facing the country today: [see below]?" Options rotated

	4/23-26/09	3/12-15/09
	%	%
<b>The economy</b>	55	63
<b>The federal budget deficit</b>	10	8
<b>Health care</b>	9	9
<b>The wars in Iraq and Afghanistan</b>	9	6
<b>Education</b>	6	5
<b>Terrorism</b>	6	5
<b>Energy policy</b>	3	2
<b>Other (vol.)</b>	1	1
<b>Unsure</b>	1	-

# But More Interest than Other Areas

**CBS News/New York Times Poll.** April 1-5, 2009. N=998 adults nationwide. MoE  $\pm$  3.

**"Beside the economy, which of these domestic policy areas do you want the President and Congress to concentrate on MOST right now: health care, energy, education, or Social Security?"**

	%
Health care	35
Education	22
Social Security	17
Energy	15
Other/Combination (vol.)	9
Unsure	2



# Still Skeptical About Government

"Which comes closer to your view? The federal government should spend money to stimulate the national economy, even if it means increasing the budget deficit and the national debt. OR, The federal government should not spend money to stimulate the national economy and should focus instead on reducing the budget deficit and the national debt."

	Spend Money %	Not Spend Money %	Unsure %
4/1-5/09	45	46	9

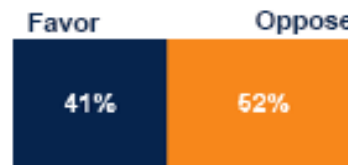
**CBS News/New York Times Poll.** April 1-5, 2009. N=998 adults nationwide. MoE  $\pm 3$  (for all adults).

# Public Opinion Has a Striking Resemblance to a Soggy Noodle

CHART 21

## Changing Tax Treatment: Arguments for Supporters

Do you favor or oppose changing the law so that workers with the most generous health care benefits would pay taxes on the money their employer puts toward their coverage?



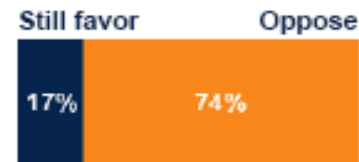
### ASKED OF THOSE WHO FAVOR CHANGING THE LAW:

What if you heard that changing the tax treatment of workers' health benefits would ...

... mean fewer employers would offer health insurance?



... lead to less generous health insurance coverage for some workers?



Note: Follow up questions asked of those who initially favored. Responses shown on bottom graphs are based on total, where "oppose" includes those who initially opposed and those who opposed after hearing the follow up. "Don't know/Refused" responses not shown.  
Source: Kaiser Family Foundation Health Tracking Poll (conducted Apr 2-8, 2009)

# Soggy Noodles 2

CHART 22

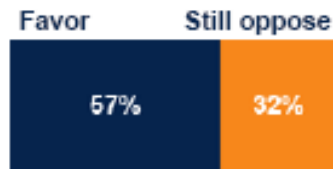
## Changing Tax Treatment: Arguments for Opponents

Do you favor or oppose changing the law so that workers with the most generous health care benefits would pay taxes on the money their employer puts toward their coverage?

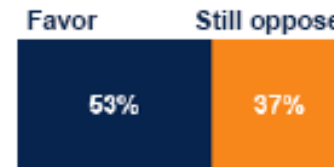


ASKED OF THOSE WHO OPPOSE CHANGING THE LAW:  
What if you heard that the current policy...

... is unfair because, right now, those Americans who buy their own health insurance instead of getting it through an employer don't get a tax break?

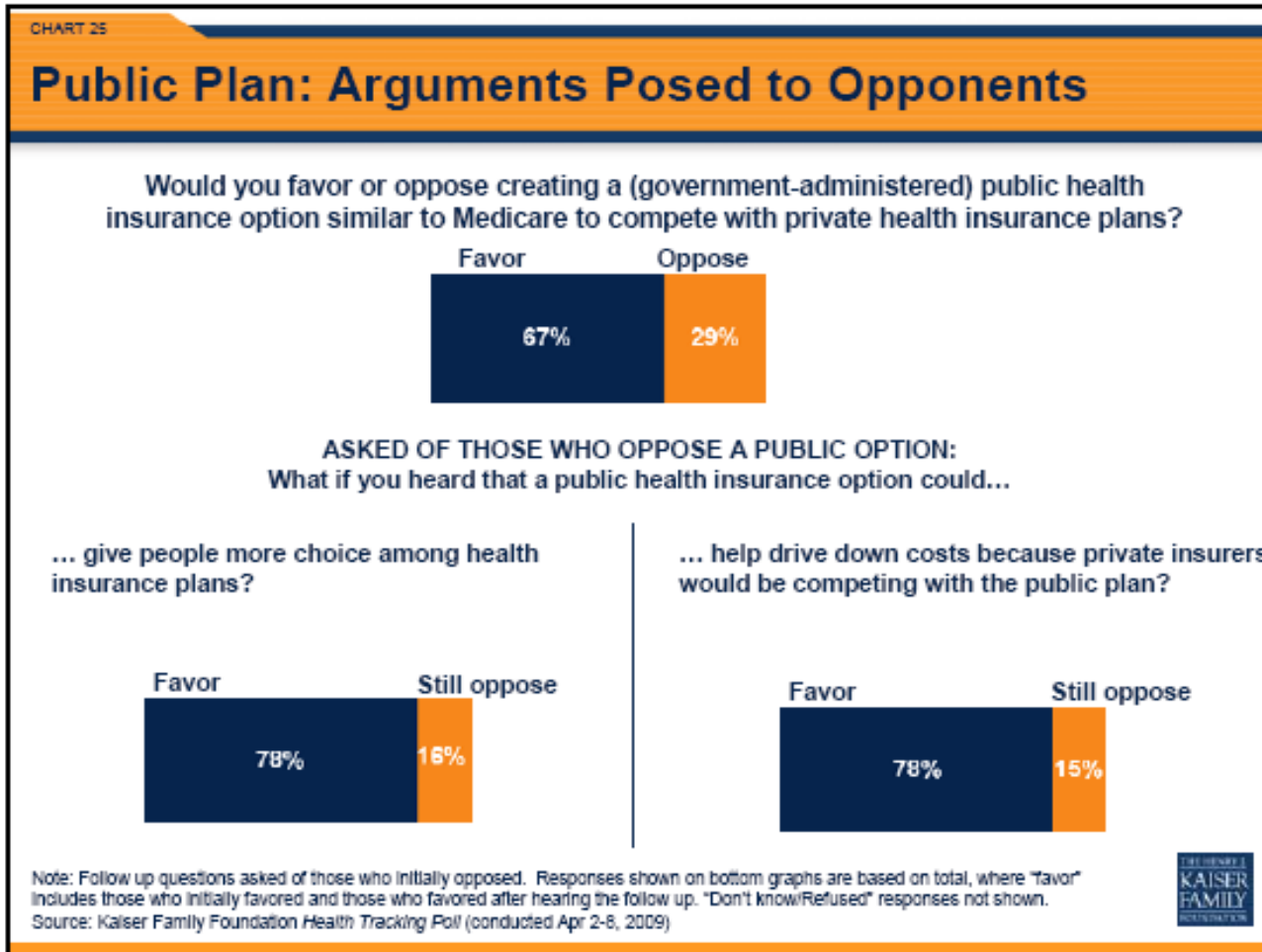


... is unfair because higher-workers get a bigger tax break than lower-wage workers?



Note: Follow up questions asked of those who initially opposed. Responses shown on bottom graphs are based on total, where "favor" includes those who initially favored and those who favored after hearing the follow up. "Don't know/Refused" responses not shown.  
Source: Kaiser Family Foundation Health Tracking Poll (conducted Apr 2-8, 2009)

# Soggy Noodles 3



# Public Opinion Recap

- Supportive, but not the driving force
  - It's been supportive for a long while
  - Arguably more supportive in 1993
  - Health care currently not the highest priority item
- It is soft – vulnerable to competing arguments
  - Won't be leading the charge, but everyone fears it could derail it
  - All players involved will be attentive to messaging
  - Public willing to hold seemingly contradictory opinions

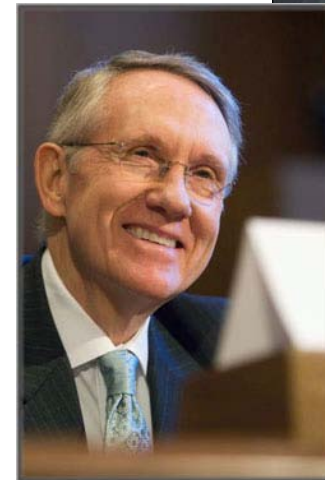
# The Institutional Landscape: Elections Have Consequences

- Key players, Executive
  - *President Obama*
  - *Kathleen Sebelius*, Secretary of HHS
  - *Rahm Emmanuel*, Chief of Staff
  - *Nancy-Ann DeParle*, head of White House Office for Health Reform
  - *Peter Orszag*, Office of Management and Budget Director



# The Institutional Landscape

- Key players, Congress
  - Leadership
    - *Nancy Pelosi*, Speaker of the House
    - *Steny Hoyer*, House Majority Leader
    - *Harry Reid*, Senate Majority Leader
  - House committee chairs
    - *Charles Rangel*, Ways and Means
    - *Pete Stark*, Ways and Means Health Subcommittee
    - *Henry Waxman*, Energy and Commerce
    - *Frank Pallone*, Energy and Commerce Health Subcommittee
    - *George Miller*, Education and Labor



# The Institutional Landscape

- Key players, Congress
  - Senate committee chairs
    - *Max Baucus*, Finance
    - *Ted Kennedy*, Health, Education, Labor, and Pensions
  - Republicans
    - *Charles Grassley*, ranking Republican member on Senate Finance
    - *Orrin Hatch*, Senate
    - *John Boehner*, House Minority Leader





# The Institutional Dance So Far

- Party lines mostly strong
  - SCHIP: 49 Republican votes across both houses
  - American Recovery and Reinvestment Act : 3 Republican votes
  - Budget resolution: 0 Republican votes
- Can we all get along?
  - Republicans say they want to be involved in health care
  - Democrats say they welcome Republican input

# The Institutional Dance So Far

- And then came “reconciliation” ...
  - Would Democrats write it into the budget resolution?
    - Obama wanted it, Republicans did not, some Democrats wary
    - Was included

# The Institutional Dance So Far

- Health care reform can now pass without 60 votes in Senate
  - Key senator arguably now the 51<sup>st</sup> on L-R continuum rather than the 60th
- Puts Republicans on defensive
  - Do they want a bill or an issue? Would they *have* an issue?

# The Institutional Dance So Far

- Puts interests on defensive because it reduces odds of killing a bill and increases odds you'll get a bill you dislike
- Puts Democrats on defensive
  - “probably the most aggressive move that Democrats could possibly make. And, yes, in the Senate there are all sorts of ways to exact a price for abuse of your majority status.” – Republican Senator John Cornyn
    - Filibusters on other issues; Byrd rule on health care issues

# The Institutional Dance So Far

- Democrats may also seek to attach health items to other bills
- Republicans facing Democratic movement on multiple fronts, multiple issues
  - Where to focus resistance, where to work cooperatively?
- Obama taking an “all in, all connected” approach
  - Act while the sense of crisis is hot

# The President's Strategy

- Start quick
- Let Congress be Congress
- Speak early, speak often, calm fears
- The permanent campaign
- Focus on principles rather than policy particulars



# President's Eight Principles

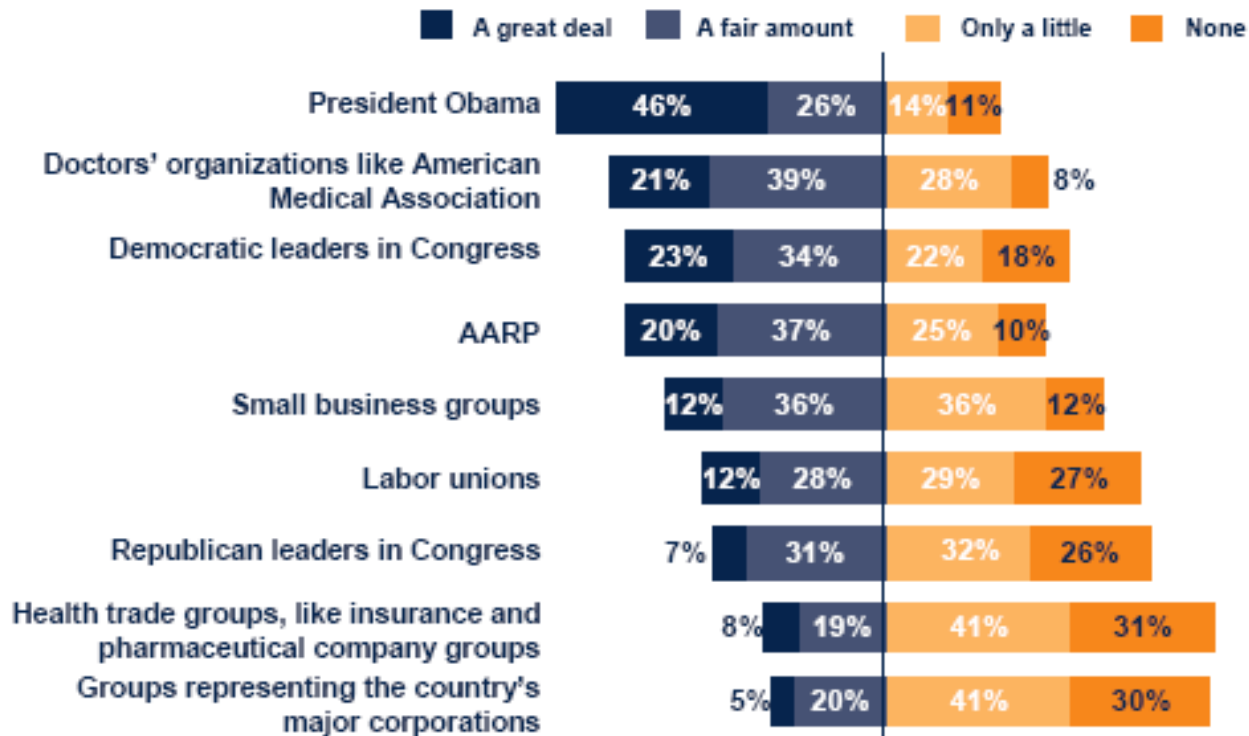
- Reduce long-term growth of health care costs for businesses and government
- Protect families from bankruptcy or debt because of health care costs
- Guarantee choice of doctors and health plans
- Invest in prevention and wellness
- Improve patient safety and quality of care
- Assure affordable, quality health coverage for all Americans
- Maintain coverage when you change or lose your job
- End barriers to coverage for people with pre-existing medical conditions

# A Base of Public Support

CHART 11

## Whose Recommendations Do You Trust?

As I read the names of some people and groups, please tell me how much confidence you have in each of them to do or recommend the right thing for health care reform.



Note: Items asked of separate half samples. "Don't know/Refused" responses not shown.  
Source: Kaiser Health Tracking Poll (conducted Feb. 3-12, 2009)





# The Interest Group Environment: Strange Bedfellows Everywhere...

- Liberal group Families USA and the Pharmaceutical Research and Manufacturers of America (PhRMA) agreement on principles for health care overhaul
- Divided We Fail: AARP, Business Roundtable, Service Employees International Union, National Federation of Independent Business, American Hospital Association, League of United Latin American Citizens, and 100 other groups
- Health Reform Dialogue: American Medical Association, America's Health Insurance Plans, AARP, Families USA, Business Roundtable, unions

# The Interest Group Environment: Strange Bedfellows Everywhere...

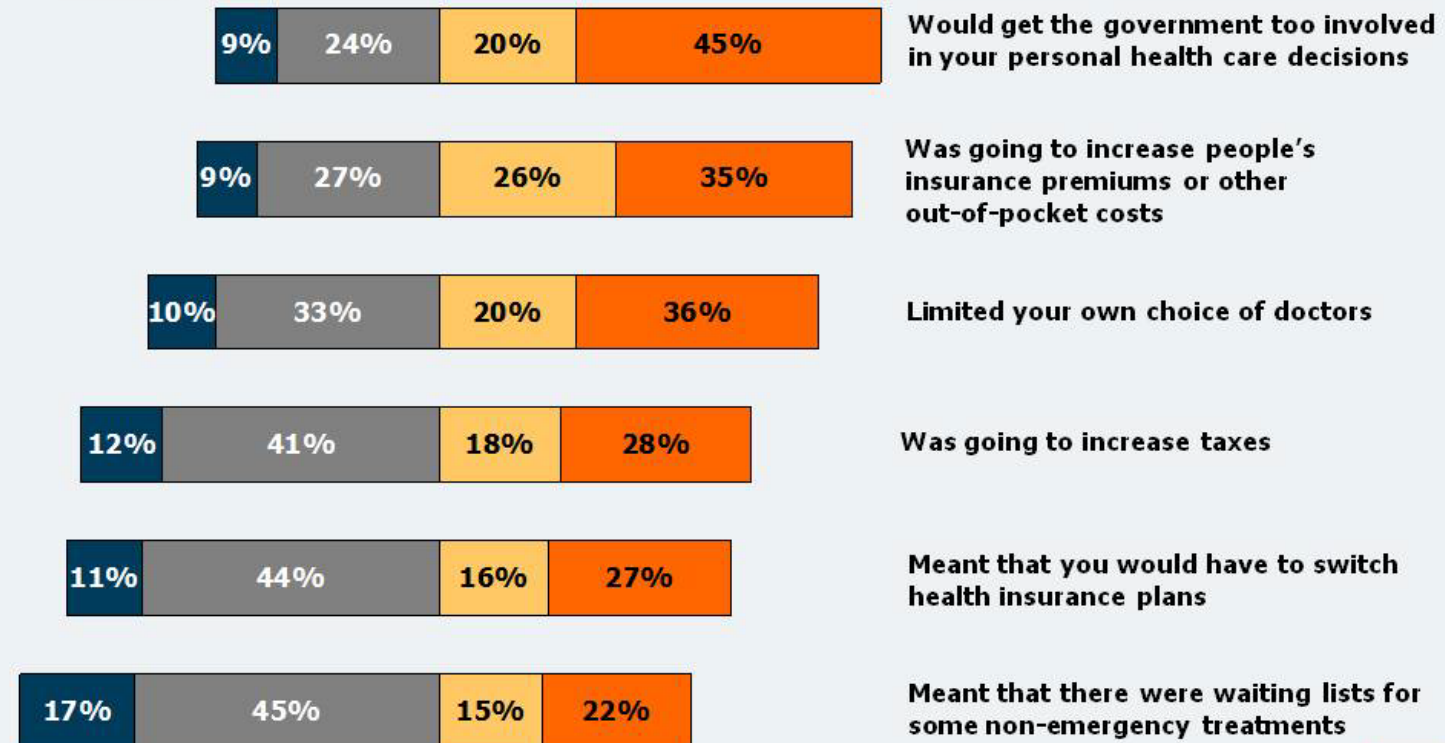
- Some interests calculating it is better to be on the train than run over by it
  - If you don't cooperate on this, what are your chances of help on other issues?
- Other interests, such as business, calculating reform can be in their interest
  - Stronger sense that costs out of control aids reform effort
- Liberal interests and blogosphere maintaining pressure on Democrats to come through this time

# Interests Looking to Challenge Reform Might Make These Arguments

## What Americans Fear in a Reform Proposal

If you heard that a new health care reform proposal would cause each of the following, would that make you more likely to support it, less likely or wouldn't it make a difference?

■ Somewhat/much more likely   
 ■ Wouldn't make a difference   
 ■ Somewhat less likely   
 ■ Much less likely



Note: Items asked of separate half samples. "Don't know/Refused" responses not shown.  
 Source: KFF/HSPH *The Public's Health Care Agenda for the New President and Congress* (conducted Dec. 4-14, 2008)



# What's Happened So Far

- SCHIP authorization and expansion
- American Recovery and Reinvestment Act of 2009
  - Health care for newly unemployed
  - Medicaid funding
  - Health information technology
  - Health professions education
  - Wellness and prevention fund
  - Comparative effectiveness research

# What's Happened So Far

- Presidential summit and regional forums
- Senate Finance Committee hearings
- President's and Democrats' budget plan
  - Down payment of \$634 billion for reform
  - Expectation is that cost will be twice that at least
  - Paygo rules in effect, must pay for over an 11-year period

# The Road Ahead

- How to finance the new system? Who will pay more? Who will receive less?
- Mandate on individuals or mandate on employers?
- Must Medicare be fixed simultaneously?
- Can politicians resist the temptation to add more and more required coverage?
- Will Paygo survive?
- Will consumers pay attention to cost and quality info?
- Will there be a new public program to compete with private insurers?
  - Probably the biggest ideological and not purely interest-based battle