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Necessary Medicine?

By [KEVIN SACK](#)

President-elect [Barack Obama](#) placed a heavy bet last week that the recession-wracked country he is about to inherit has finally reached its tipping point on health care.

It might seem counterintuitive to gamble that political and economic forces would converge at such a low point after more than half a century of failure. The Treasury has never been so overcommitted, and providing “affordable, accessible health care for every single American,” as Mr. Obama describes his goal, would require substantial resources up front.

But Mr. Obama, like others, sees political opportunity in the country’s economic distress, and he threw in last week with those who argue that the [financial crisis](#) has only made it more imperative to remake the health delivery system — that, in fact, economic recovery depends on it.

In nominating the former Senate leader, [Thomas A. Daschle](#), as both director of a new White House office of health reform and secretary of health and human services, Mr. Obama made explicit that the reeling economy had not softened his commitment. The issue had been crystallized, he said, by the plight of American automakers, who assert that health care expenses add anywhere from \$1,100 to \$1,500 to the price of a car.

“Year after year, our leaders offer up detailed health plans with great fanfare and promise, only to see them fail, derailed by Washington politics and influence peddling,” Mr. Obama said at Thursday’s news conference in Chicago. “This simply cannot continue. The runaway cost of health care is punishing families and businesses across our country.”

With that sense of the battle-scarred history of health care politics, Mr. Obama began a careful campaign to frame the issue more as a pocketbook concern than a moral one. Given that four of five Americans are dissatisfied with health costs, while only 15 percent lack insurance, strategists have argued since the Clinton health care debacle of the 1990s that success would depend on persuading the vast middle of its economic self-interest.

It was no accident that Mr. Obama emphasized that reducing costs would be “the starting point” of his efforts.

With [health insurance](#) premiums rising this decade at four times the rate of inflation, and draining a growing share of personal income, middle-class support for an overhaul would seem to be reaching critical mass. If a broad swath of Americans feel destabilized enough by health costs, their demands for relief could help marginalize the kind of opposition from entrenched interests

that has killed previous efforts.

“Most Americans are troubled by the lack of universal insurance, but what really frightens them is the prospect that their own insurance won’t protect their health or family finances,” said Jacob S. Hacker, a political scientist at the University of California at Berkeley and an authority on health care. “That’s a fear that more and more Americans are facing as health costs skyrocket and job security plummets.”

Mr. Obama seems to recognize that the recession, with its devastating job losses, affords him the potential to accelerate public opinion. To broaden support for his plan — whatever it ends up being — he insisted last week that systematic improvements in health care would be essential to any lasting economic recovery.

“It’s not something that we can sort of put off because we’re in an emergency,” he said. “This is part of the emergency.”

Mr. Obama said his health plan would be “intimately woven into” his administration’s economic blueprint. And he directly confronted those who might ask how the country could afford a major expansion of health coverage in times of shrinking revenues and burgeoning deficits. “I ask a different question,” Mr. Obama said. “I ask how can we afford not to?”

Indeed, the economic consequences of the system’s inadequacies have come into stark relief with the economy’s deterioration. Rarely have they been felt so directly by such a broad spectrum of people.

Researchers at [Georgetown University](#)’s Center for Children and Families estimate that 4.1 million people lost their employer-sponsored insurance over the last year, and that two million of them remain uninsured. Across the country, the chronically ill report they are deferring care and splitting pills because they can no longer afford out-of-pocket costs.

Employers are being pushed to the brink, from general stores to General Motors, which reportedly spends more per car on health care than on steel. States are facing unsustainable increases in demand for public insurance programs and are cutting benefits, eligibility levels and provider payments in order to balance budgets.

“The case for action has been compelling for a long time, but getting our political system to act requires a widespread sense of crisis and broad resolve among political leaders,” Mr. Hacker said. “In fostering that sense of crisis and that resolve, the current severe downturn has been hugely important.”

There has been pressure from Congressional Democrats for Mr. Obama to stand strong on health care, with influential committee chairmen like Senators [Max Baucus](#) of Montana and [Edward M. Kennedy](#) of Massachusetts making it an unwavering priority. They are ready to take up legislation early next year, a task made easier by Mr. Obama’s plea for immediate action and by tentative

encouragement from business, labor and provider groups.

Those interested parties may retreat once details make clear whose ox will be gored. Well-financed health insurers and business groups waged a brutally successful campaign against the Clinton health care plan, and doctors and [hospitals](#) have done much the same in state legislatures.

There is a rough consensus, certainly among the Democrats who control both houses, around many key components of the Obama plan — to expand government subsidization of insurance for the poor, to stimulate competition through a new government plan, to require insurers to accept those with pre-existing medical problems and to invest in computerization, prevention and payment incentives for better care.

Less certain, of course, is how to pay for it. During the campaign, Mr. Obama said he would get about half of the necessary total, estimated at more than \$100 billion a year, by raising taxes on those making more than \$250,000. The rest was to come from savings generated by various efficiencies (their value is a matter of considerable dispute).

Mr. Obama reaffirmed on Thursday that his proposal to roll back the Bush tax cuts might be deferred because of the recession. “We’re probably going to have to, then, find additional dollars to pay for some investments in the short term,” he said, adding that he wants his health plan to pay for itself over a decade.

Some of those dollars may be found by packaging health care initiatives as stimulus measures, a recessionary opportunity presented by the public’s acceptance of deficit spending to spur the economy. What, after all, is \$100 billion for health coverage if the government can print \$700 billion to bail out the banks?

The Obama transition and leaders in Congress are negotiating a massive [stimulus package](#) that could include \$40 billion in health care spending over two years. Among the likely beneficiaries would be state [Medicaid](#) programs and computerized health records, both of which Mr. Obama had vowed to expand long before the recession.

Jonathan B. Oberlander, who teaches health politics at the [University of North Carolina](#) at Chapel Hill, said recessionary pressures had raised the chances for change from nil to possible. The question, he said, is whether Mr. Obama and Mr. Daschle can harness the new urgency and marginalize the opposition that will inevitably emerge.

“The history of health reform is replete with instances of reformers believing this time it’s inevitable,” Mr. Oberlander said. “Those prior tipping points all turned out to be mirages.”

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