Flashpoint in Health-Care Reform

By Theda Skocpol

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Fighting for Our Health: The Epic Battle to Make Health Care A Right in the United States
by Richard Kirsch
Rockefeller Institute Press, 2012, 416 pp.

Remedy and Reaction: The Peculiar American Struggle Over Health Care Reform
by Paul Starr
Yale University Press, 2011, 336 pp.

Health care is an explosive flashpoint in U.S. politics this year more than ever. By 2013, Americans will either be headed, however slowly and fitfully, toward virtually universal access to decent health care or most of us will be struggling to use dwindling public vouchers to purchase ever more expensive private insurance. These alternate futures reflect what will happen if there is a Republican takeover of the presidency and Congress in January 2013 compared to what is likely if Barack Obama secures re-election in November 2012 or if Democrats have control of at least one chamber of Congress.

Four years ago, proposals to expand health insurance coverage were a hot topic among candidates Obama, Hillary Rodham Clinton, John Edwards, and John McCain. Citizen groups and health-care stakeholders alike realized that 2009 might bring another attempt at legislating "comprehensive health reform"—to expand coverage to tens of millions of uninsured and get a grip on rising health-care costs. That is just what happened, although the legislative slog was long and hard. In March of his second year in office, Obama signed into law the Patient Protection and Affordable Care Act of 2010.

This reform promises massive federal subsidies to make decent health insurance coverage available at a reasonable price to lower- and lower-middle-income Americans. States will set up regulated "exchanges" through which citizens and businesses can compare and purchase health coverage. States can choose to feature public health plans, even to institute single-payer coverage, as Vermont is doing. Where private insurers are allowed to offer coverage and use subsidies on the exchanges, they will have to make profits by offering better coverage at lower cost, not by avoiding or dumping patients who suffer chronic conditions or become ill.

Major social policy breakthroughs like Affordable Care always remain contentious for years after a president signs the bill into law. Social Security was under partisan attack for years and took two decades to become securely vested; the implementation of Medicare amid cries of "socialism" led to sharply rising costs and launched battles over cost controls that have never gone away. Since its enactment, Affordable Care is actually being implemented more steadily than media coverage would lead us to believe. Many Republican governors whose attorneys general are arguing that Affordable Care is unconstitutional have nevertheless accepted federal subsidies to expand coverage and plan for the new health-care exchanges.

Across the country, insurance companies, hospitals, and citizens groups have been haggling over new rules of the health coverage

game and setting up arrangements that vary from single-payer in Vermont and competition between public and private plans in Oregon to regulated private insurance in Utah. Health-care providers and insurers are also hard at work on cost-saving experiments encouraged by the new law, some of which are panning out. Medicare costs are already coming down, and young adults are gaining coverage by remaining on parental health plans, as the law mandates.

But Affordable Care remains in the political bull's-eye. Leaving aside legal challenges to every part of the law—challenges on which the Supreme Court will rule one way or another in mid-2012—Obama's historic breakthrough is under unremitting attack by a radicalized Republican Party. That is the real story about U.S. health care right now. Only a few years ago, Republicans said that they, too, wanted affordable health coverage for all Americans—it was just that they had other ways to get there compared to Democrats. Now the pretense has been dropped. Republican popular constituencies show open contempt for the idea that all Americans should have help to get decent health care; and Republican ideological elites, funders, and officeholders and candidates compete to see who can promise more sweeping cutbacks in public funding and responsibility for health coverage.

Every 2012 GOP presidential contender is on record promising to repeal "ObamaCare"—and, ironically, the loudest commitment to repeal comes from Mitt Romney, whose effective and popular Massachusetts health insurance reform is the model from which Affordable Care was devised. No matter. If he gains the GOP nomination and wins the presidency, Romney will preside over repeal or evisceration of Affordable Care. All Republican candidates and officeholders these days worry about funding and popular support for primary challenges on their right. If they have the votes and the presidential pen in early 2013, Romney and congressional Republicans will act quickly, so as to parry any accusation of softness in getting rid of ObamaCare.

Worse, Republicans also have a radical plan to cut taxes by slashing health-care spending for an aging U.S. population. They are targeting very popular parts of U.S. health-care provision: Medicare for the elderly and Medicaid for the poor and disabled. In virtual lockstep, Republicans, including Romney, have signed on to a budget-slashing plan devised in 2011 by Representative Paul Ryan of Wisconsin. That plan does away with Medicare's guarantee of coverage for elderly retirees; it frees up future billions to cover big tax cuts for millionaires and billionaires by forcing senior citizens into the private insurance market with vouchers of sharply decreasing value. The Ryan plan also radically changes Medicaid, the federal health subsidy plan for the poor and for elders in nursing homes, by turning it into limited, diminishing grants to fiscally hard-pressed state governments. Republican governors have already shown that health care and education for the poor and the middle class are much lower on their list of priorities than tax cuts for businesses, so we can imagine what turning Medicaid over to the states will mean, especially in states with large uninsured populations of lower-income people. But it won't be just the poor who suffer, because Medicaid covers nursing home costs for many middle-class families. Under Ryan's budget, the United States will launch an inter-state race to the bottom in funding decent health care for the majority of Americans.

How has the United States arrived at an epochal election that includes such a sharp fork in the road on health-care policy, not to mention all other areas of social and economic policy? From whence come older, white, middle-class Tea Partiers taking to the streets carrying lurid signs depicting Obama as a Nazi because of his support for health reforms to help ordinary working people? Why are post-2008 Republicans defying public opinion to realize a right-wing ideological dream of abolishing Medicare and Medicaid? And how does it happen that a millionaire GOP presidential contender whose only public achievement heretofore was the creation of a health ex-

change and near-universal coverage in Massachusetts is now determined to prevent any similar reforms in the rest of the nation?

Two new books—Richard Kirsch's *Fighting for Our Health: The Epic Battle to Make Health Care A Right in the United States* and Paul Starr's *Remedy and Reaction: The Peculiar American Struggle Over Health Care Reform*—offer some guidance, but each ultimately disappoints. Unlike some on the left, I will not hold it against Kirsch and Starr that, in the end, they supported Affordable Care rather than holding out for Medicare for All or a strong "public option" at the national level. Both were right to see Affordable Care as a huge step forward in the century-long struggle for universal health coverage in America. Still, I question how clearly either Kirsch or Starr understands the ways in which health care fits into the current political war over national community and social equity. All Americans are conscripts in this war launched by the privileged and powerful.

From 2008 to 2010, Richard Kirsch was the national campaign manager for Health Care for America Now (HCAN), a coalition of unions, providers, and citizens groups that agitated for progressive possibilities in Affordable Care, including a strong "public option" modeled on Medicare. Kirsch operates inside and outside of the Beltway. He works with state and local partners and stresses putting citizen pressure on congresspeople, not just running expensive television ads or funding D.C. lobbyists.

***Fighting for Our Health* is the best account available of the formation of a coalition of unions and advocacy groups in support of comprehensive health reform. Organizers in the union and citizens' advocacy sector realized well before the 2008 election that health reform might again come up in Washington, D.C., and they knew that the last time, during the Clinton debacle of 1993–1994, those on the center left were divided and unprepared. So they assembled a broad coalition of groups and put a lot of effort into hammering out a comprehensive series of policy goals for health reform. HCAN came up with a policy approach to bridge the divide between erstwhile single-payer supporters and market regulators who would predominate in Congress. The ideas of political scientist Jacob Hacker were used to sketch reforms that would put Medicare-style, publicly funded health insurance plans into direct competition with private health insurance plans on a new health exchange for comparison shopping. Private plans would have to reduce profits and unnecessary costs, Hacker argued. In addition, reformers in HCAN called for the same sorts of subsidies to low-income people and small businesses that other reform supporters, including parts of the business community, were advocating. Indeed, by the mid-2000s, as both Kirsch and Starr recount, a rough consensus was forming on the kinds of changes that Affordable Care would eventually embody.**

***Beyond rich description,* Kirsch's book is less satisfying. It engages in a lot of self-congratulation. HCAN's funders are flattered, and there are many claims about how much difference HCAN efforts made in the passage of reform, especially through the formation of alliances with liberal Democrats in the House of Representatives. In particular, Kirsch argues, congressional Democrats turned to HCAN for help when Tea Party protesters invaded their town halls in August 2009. As one who studied the entire 2009–2010 episode in detail, I find it plausible that HCAN made a difference, even though the alliance could not, in the end, overcome Senate resistance to including a public option—or an expansion of Medicare—in Affordable Care. That all came down to Senator Joseph Lieberman from Connecticut, who, as usual, betrayed the cause in the end. But HCAN did keep the public option alive until early 2010, when liberals in the House extracted from the Senate better subsidies for lower-income people and higher taxes on the wealthy in return for dropping the public option. That was important, because until the House liberals stood firm, the Senate was planning to lower subsidies and obtain fund-**

ing entirely from overall cuts in existing public health spending.

Kirsch recounts many battles with the White House, from which he draws the conclusion that left reformers should have kept up more pressure on the president for goals such as the public option. I find this unconvincing. Obama and White House advisers hostile to the Left were not the reason the public option was dropped. Congressional maneuvers accomplished that. Throughout the battles over Affordable Care, left-wing pressure on Obama mattered little, except to force him to keep going until final passage of some comprehensive law. And if progressive pressures helped to keep the White House engaged until a law passed, House Speaker Nancy Pelosi mattered more in bringing about the final enactment of comprehensive reform. Her fierce determination was remarkable.

As for other lessons that might be learned, Kirsch's book never reflects on why HCAN was unable to counter misinformation about Affordable Care. When Americans hear about new insurance rules and new subsidies to pay for coverage, they support them by large bipartisan margins. Yet HCAN, along with Democrats, failed to get this message out. What is more, in 2010, HCAN and other supporters clearly failed to protect Democrats in Congress who voted with them. Dozens of brave supporters of Affordable Care lost in 2010, and not just because of the down economy. Kirsch offers no discussion of what HCAN and other progressives did, or failed to do, in those congressional elections; nor does he look ahead to what progressives might do better for 2012, when the very survival of Affordable Care is at stake, along with the long-term existence of Medicare and Medicaid. U.S. right-wingers understand the importance of punishing and supporting legislators in the House, the Senate, and state legislatures. Until liberals and progressives can do the same—and until they can spread a better understanding of the actual provisions of laws such as Affordable Care—they will not muster the popular power and leverage Kirsch desires.

If Richard Kirsch is an outside-in player in D.C. battles, a man who believes that power lies not so much in argument as in organization and coalition-building, Paul Starr is a consummate insider, who thinks and speaks for inside-the-Beltway types. Starr's day job is as a professor of sociology at Princeton. Years ago, he authored *The Social Transformation of American Medicine*, a masterpiece that traces with rich social context the rise of a powerful health profession and private institutions for health-care financing and delivery in the United States. In the early 1990s Starr became more of a health policy wonk. He helped design the ill-fated Clinton health reform plan of 1993, and he has repeatedly published articles defending the content and political wisdom of that plan.

Indeed, a big part of *Remedy and Reaction* recounts at length the policy discussions over the 1993–1994 Clinton plan and alternatives to it. Starr's account adds nothing to already published analyses and seems to be an opportunity to advocate, once again, for a plan that he implies was better and more sweeping than the Affordable Care Act of 2010. But Starr offers no credible evidence that Clinton's plan was more powerful than Affordable Care. Obviously, Obama succeeded where Clinton failed: passing a reform is huge, compared to just proposing one. What is more, by virtue of its major subsidies for lower income people financed by taxes on business and the wealthy, Affordable Care is much more sweeping and equality-enhancing than Clinton's 1993 proposal would have been, even if every page of the 1,342-page proposal had been swallowed by Congress.

The strength of Starr's overview of a century of attempts at health reform lies in his presentation of the policy proposals—from efforts pushed by Progressive Era reformers through the minutiae of recent debates in the Clinton and Obama administrations. Especially excellent are Starr's descriptions of Richard Nixon's reform proposals in the 1970s, of Reagan administration efforts to introduce cost controls into Medicare, and of the roots and political background to Romney's Massachusetts health reforms, including the "mandate" requirement for individuals to buy some kind of coverage on

an exchange. Starr knows his health plans. This is a good book to have on the shelf when you want to know what Nixon and Carter proposed compared to Clinton and Obama.

When it comes to political analysis, though, Starr is less effective. He looks at politics from the prism of whether this or that health reform plan "remedies" problems of access and cost in the preexisting health care system. But politics is about interests and power struggles as well as deliberations over solutions to problems; and politics has mass as well as elite components. I see no evidence that Starr talks very often with non-elites or that he ever engages right-wingers seriously. Starr treats conservative critics as emotional ideologues without probing the economic and political interests they have in defeating even the most market-respecting of Democratic-sponsored health reforms. Because Affordable Care incorporated specific ideas previously endorsed by

Republicans, Starr seems genuinely mystified about why Obama's reform effort has aroused such fierce, all-out political opposition from the Right since 2008.

The chief shortfall of *Remedy and Reaction* lies in Starr's weak analysis of how the politics of health reform has changed. Starr's overall framework, a reasonable one, draws (without much acknowledgment) from previous studies by Jacob Hacker and Lawrence Jacobs. Their key insight is that after universal health reform failed in the middle of the twentieth century, the United States got caught in dilemmas created by the coexistence of partial insurance coverage with public subsidies for a highly expensive and technologically innovative health-care system. Many businesses and health-care providers gained a stake in expensive public subsidies and provided expensive care for the segments of the population fortunate to enjoy good insurance coverage. But as costs rose, coverage receded. Employers found private insurance too expensive. Future reforms had to be "comprehensive," in that cost controls and extensions of coverage had to be attempted at the same time. This set the stage, especially after 1970, for reform efforts that failed repeatedly. Political opponents of any given reform effort can always drag out the legislative battle and appeal to stakeholders whose profits might be trimmed. They can also arouse anxieties in the general middle-class public by portraying new reforms as threats to those who already have good health coverage. The situation is made worse because the chief beneficiaries of reform are lower income people or less powerful business people who cannot weigh in as effectively as those who stand to lose.

But Starr uses this scheme very mechanically, without noting how encompassing battles about taxes and public spending make health reform dilemmas ever more ideologically explosive.

Both the Clinton and the Obama bills were profoundly shaped in some of their most explosive political details by the requirement that health reform has to "pay for itself" and not increase the long-term federal budget deficit. What the Congressional Budget Office would "score" as cutting the deficit could be included in a bill, whereas what the CBO would not score as effectively cost-cutting had to be jettisoned. All congressional deals in health care must bridge liberals who want expanded coverage and non-liberals who want to be able to claim they are cutting deficits.

CBO scoring rules are why the Affordable Care Act included the so-called individual mandate—the provision that says everyone will have to buy some kind of basic insurance coverage once subsidies kick in or else pay a small fine. Conservatives have used this provision to scare Americans (many of whom do not know what the mandate is but who respond more positively once its purpose is explained and once they realize they will have subsidies to make insurance affordable before the mandate kicks in). In his book and in a constant stream of op-eds, Starr argues that the individual mandate was a "miscalculation" by Obama. But there was no mistake here. The mandate was included because the CBO projected it to make Affordable Care less costly. Without this provision, Congress would not have passed the law in an era of tight federal budgets.

And why are budgets so tight? Because, over recent decades, Democrats and moderate Republicans have retreated on taxing people, especially the wealthy, to pay for federal programs. The chickens are coming home to roost, with an aging population, a financial crisis, and ever more fanatic right-wing resistance to taxes. Health reform suffers particularly from tax resistance, because health coverage costs money. Starr claims that financing Affordable Care was not a big problem, but he could not be more mistaken. There were tough battles to the very end about where to get money to pay for lower income subsidies and the huge expansion of Medicaid. In the last days, the Democrats in the House forced higher charges on business and wealthy Medicare beneficiaries, making Affordable Care more redistributive—but also arousing new determination by the privileged to avoid those charges.

Starr's scattered explanations of the success and failure of different legislative efforts attribute too much political sway to public opinion. Public opinion actually favors most specific aspects of health reform, including, by bipartisan majorities, the new rules and subsidies of Affordable Care. In the abstract, the public is always ambivalent about large government reform efforts. But it hardly matters, because the general public does not decide the content of policy battles. Politicians, interest groups, and some experts are the key actors. Starr fails to explain why certain interest groups, such as many health providers, have, over time, switched their positions to become more open to federally subsidized expanded coverage as a way to ensure that patients can pay for services. And he never tells us why Republicans have moved in such an extreme opposite direction—to the point that market-oriented plans such as Romney's that were considered conservative orthodoxy only a few years ago are now denounced as "unconstitutional" and "socialist." The GOP has moved into an alliance with business sectors and privileged citizens who do not want to pay for universal coverage.

Starr portrays recent decades of U.S. politics as a series of yo-yo sways alternating between left and right. He suggests that partisan polarization is relatively even. But this is an unhelpful portrayal. Republicans have gained dominance and galloped much further to the right since 1980. The center in national policy debates has moved steadily toward tax cuts, deregulation of business, and cuts in vital social programs—and, in tandem, inequality has grown to *ancien régime* proportions. Starr lists all the relevant facts. But his model of long-term political change is not informed by the changing ideological, organizational, and socioeconomic context. Consequently, Starr does not explain why taxes and public budgets are now such flashpoints. Yet super-rich resistance to paying any higher tax rates is exactly what lies behind the GOP turn against Medicare and Medicaid. And opposition to Affordable Care is fueled by the unwillingness of certain business interests to accept lower profits along with reductions in public subsidies for wasteful insurance programs and restrictions on fraudulent marketing practices.

Tea Party populism hardly makes an appearance in Starr's book, either. Yet thousands of grassroots Tea Partiers stoked a lot of fervor against Obama. The Tea Party brings together elite, ultra-free-market actors who press the GOP never to accept taxes or regulations on the wealthy, with older white middle-class Americans who are deeply anxious about public programs such as Affordable Care or education that might use taxes to pay for benefits to lower income people, younger adults, and immigrants. At the grassroots, the Tea Party is a generational populist movement of resentment; and Tea Partiers will accept privatization of Social Security and Medicare for future generations as long as these programs remain for them in their old age. That is why the Ryan plan is structured as it is—to protect Medicare now while imposing new costs through privatization on younger age cohorts.

Starr stresses the individual mandate as the popular Achilles' heel of Affordable Care, but that is surely wrong. The "death panel" lie—the false claim that Affordable Care would empower bureaucrats to deny life-saving care to the elderly and disabled—was far more ef-

fective in 2010 because it has a metaphorical resonance. Many older whites are worried that their public programs will be cut to pay for Affordable Care. Their worries are not entirely irrational, given that both Clinton and Obama endorsed "Medicare cuts" to help pay for more universal health coverage, to include the mainly younger workers who are the ones left out. True, the Medicare cuts were aimed at costly private insurance plans and did not cut benefits to regular subscribers, but that is not the public perception. In an era when Democrats are unwilling to speak frankly to the public about taxes, they turn to all kinds of regulatory gimmicks and cuts in existing programs to pay for major new social spending. That is what Clinton did—and Obama did it again in 2009 with Affordable Care. The downside of this approach is public misunderstanding about how new benefits will be financed, allowing the right wing to fuel popular fears. Tea Partiers are just the conservative cutting edge of Obama hatred and fear of the generational and class redistribution promised in Affordable Care.

In sum, Starr underestimates the political will and interests of opponents to health-care reform. He mistakenly thinks that Affordable Care is a very moderate reform effort—because he focuses on Obama's willingness to compromise a bit with private insurance companies and other health care businesses. Many on the left share this preoccupation. But that misses the fiscal and economic redistribution central to Affordable Care. The guts of the new law are the huge expansions of Medicaid and expensive subsidies to make insurance available to people earning incomes up to 400 percent of the poverty line. Affordable Care's new insurance market regulations and fees on health providers also threaten to trim profits in the health industry. These are not minor matters in the view of affected business interests or wealthy right-wingers determined to block taxes.

Stark political interests are also at stake for Democrats and Republicans. Affordable Care, on top of Social Security, Medicare, and Medicaid, could strengthen the bond between middle-class Americans and a national government that supports security for all. If all these program survive and flourish, as most Democrats would prefer, right-wing Republicans have little future, especially in a society where young people, Latinos, and minorities are gaining ground demographically and find the Democratic Party of the Obama era relatively attractive. What seems like a timid reform to some on the left is well understood as a threat to future Republican prospects by those on the right. They see 2012 as a last chance to cut off Democratic reforms and preserve an every-one-for-himself economy in which conservatives continue to call the shots.

Republicans and right-wingers are right. In health care, as well as in other areas with economic and fiscal impact, the stakes in 2012 are as high as in any pivotal election in U.S. history (except 1860). Not because Obama is perfect, but because he has, however partially, set out a better path that is scary enough to the Right to arouse fierce counter-mobilizations.

It will not do for liberals to engage in backward-looking self-congratulation or hold out for pie-in-the-sky perfection or underestimate the rational fierceness of the opposition they face. Progressives need to stop focusing on what was left out of Affordable Care and understand that the law is a redistributive and regulatory breakthrough worth fighting for. Going forward from 2012, Americans are either going to have more broadly shared health care paid for in part through taxes that hit the wealthy along with others or we are going to endure increasingly bitter battles over dwindling health-care spending, while the super rich use ballooning tax cuts to build bigger mansions and rig elections. Small turns can prove irreversible, and 2012 has all the markings of such a critical juncture.

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