



## Senate II

### Healthcare Reform

By Parijat Samant

#### Introduction

After military expenditures, health care spending is the largest component of America's spending, totaling 17% of the US's GDP. This amount far surpasses any other developed nation, and continues to rise.

Despite this large figure, however, the American health care system remains quite poor – although once at the forefront of medical treatment, the US's health care system is now only the 37<sup>th</sup> in the world.

Finally, and perhaps most importantly, many Americans can no longer even afford health care – the number of uninsured citizens is rising drastically every year, especially due to the recent recession.

The United States Congress, cognizant of these critical problems, has recently decided to wade into the thorny topic of health care reform – however, the complexity of resolving each facet of the problem, as well as prevailing political concerns, have made the topic of health care reform an especially challenging one.

#### Summary of the Problem

The first question any bill must address is how health care coverage can be expanded to the 45.7 individuals who currently have no health insurance. Various government programs, most prominently **Medicare** and **Medicaid**, have increased the number of insured Americans, however it is clear much more work must be done.

A second challenge will be how to contain the ballooning spending on health care. If spending is left on its current trajectory, health care expenditures will soon equal 25% of the nation's spending, an unsustainable figure. It is important, however, that any attempt to make health care cheaper does not come with a decrease in care quality – given that much of health care spending goes to administrative costs and into insurance company's profits, it is necessary to find a way to decrease health care costs without weakening the American medical system.

Legislators must deal with these issues, as well as many others, in attempting to improve the health care system. Myriad proposals have been made as to the correct way to enact reform – most prominent among these are various proposals to create a government-run health insurance plan to compete with the private insurers and give citizens a non-profit option for their coverage. Proposals of this nature have generally proven controversial, and have elicited accusations of socialism

**medicare** – government run insurance program for Americans 65 or older

**medicaid** – government run insurance program for low-income Americans

from pro-business critics. A less radical suggestion is to expand Medicare (currently mandatory for all citizens over 65), making the program available to Americans 55 and over. Finally, and perhaps least controversially, some recommend staying within the system of employer-based insurance, but providing government subsidies for businesses – especially small ones – with the aim of providing better care.

The final difficulty of legislation comes in how to fund any measure. Some proponents of reform suggest raising taxes, either on wealthy Americans or on certain undesirable products, such as tobacco. Others propose eliminating the tax exemption for employer-based insurance, while others still suggest that the funding should simply come out of America's burgeoning national debt. No bill should fail to address the critical question of funding.

## Recent Developments

The health care debate has captured Washington's attention since August, when negotiations on reform began. Both the House of Representatives and the Senate have considered, debated, and now finally passed very different versions of health care reform – the two measures must now be **reconciled** with similar language, and then passed by both chambers again, before being signed into law by President Barack Obama. For the purposes of this body, the two proposals should be considered as ideas to ponder, not as the only way to structure and write health care legislation.

**reconciled**—to bring two differing things into agreement

### *The House of Representatives*

After landslide elections in 2006 and 2008, the U.S. House of Representatives is heavily Democratic. Given this environment, it was widely expected that the body would pass a wide-ranging, comprehensive, and most of all, extremely liberal health care bill. Shepherded by Speaker of the House Nancy Pelosi (D-CA), three congressional committees discussed and passed their own health care proposals, which were then merged and brought to the House floor in October.

The final proposal, which passed by a narrow 220-215 vote, would force all Americans to attain health insurance, either through their employer or through a government-run insurance plan. It also expands Medicaid, a program, similar to Medicare but open to Americans of all ages, and sets up an insurance exchange where people can compare and choose coverage. The measure is paid for by Medicare cuts – Democrats argued that, given the contents of the bill, Medicare would be less in demand – but also through new taxes, as well as fees for businesses that do not provide their employees with insurance.

Liberals estimate that the bill would expand coverage to 36 million Americans currently uninsured, while costing \$1.1 trillion over 10

years. The House's bill is the largest health care reform measure in history, far surpassing Bill Clinton's 1993 attempt, and it attracted angry and passionate opposition from conservatives, who portrayed it as a government takeover of medicine.

Critical to the bill's passage was a last-minute compromise on abortion rights. When it appeared the bill would fail, Pelosi allowed **pro-life** Democrats to propose an amendment that would make it more difficult for a patient to receive an abortion with any insurance plan that receives federal money. The amendment, which rankled most **pro-choice** Democrats, passed, and was an essential compromise for the bill's ultimate success.

### *The Senate*

Debate in the Senate was of a very different form. Because of various procedural quirks, any bill must receive 60 votes (out of 100) to pass the Senate – and, because Democrats control only 60 seats, Majority Leader Harry Reid (D-NV) had very little room for error. Many Senate Democrats are part of the party's moderate wing, so it was clear from the onset that the sort of sweeping liberal reform that passed the House was not viable in the upper chamber.

Although progressive senators had at one point hoped to include a government program, or “public option,” that proposal died quickly due to virulent opposition from many senators, including some Democrats. In what was supposed to be a final compromise, Reid worked out a deal to include a Medicare buy-in, but no government program – that proposal collapsed when Senator Joe Lieberman (I-CT) changed his mind and announced his opposition to the measure.

Despite taking far less action than its House counterpart, the Senate bill was still a milestone on the issue – the non-partisan Congressional Budget Office estimates that it will give coverage to 31 million Americans.

The bill requires all Americans to have health care insurance, to be accomplished by an expansion of Medicaid as well as by subsidies for low-income Americans to buy private insurance. The proposal is cheaper than the House's, costing only \$871 billion over the same time period.

As in the House, abortion was a critical point of discussion – however, the Senate's version pleased pro-choice activists more. The Senate language allows states to prohibit federal money for abortion plans, and requires insurers in other states to split money such that no federal money is being used for abortions.

A key, rarely discussed, measure in the Senate bill concerns pre-existing conditions, or medical problems that existed before insurance was purchased. The bill prohibits companies from denying coverage or raising rates due to a person's preexisting conditions, solving a problem

**pro-life** – *opposed to abortion rights, supportive of bans on abortion*

**pro-choice** – *supportive of abortion rights, opposed to bans on abortion*

that health care experts say had become endemic in recent years.

Finally, the bill sought to reduce insurance company's profits, requiring them to spend at least 80% of their premiums on health care, rather than private gain. The bill will be paid for by taxes and fees, as well as by various measures aimed at making Medicare more efficient.

#### *What's Next?*

The two very different bills must now be combined into one package, which must then pass both the House and the Senate in its modified form. Pelosi, Reid and President Barack Obama are attempting to combine the languages of the proposals, but are having a difficult time finding a compromise that can still pass both chambers. Political analysts hope this process will be done by the beginning of February.

### **Focus of Debate**

#### *Conservative View*

Conservatives are largely skeptical of the whole prospect of health care reform, believing that the privatized system generally works well. They are virulently opposed to any **public option**, and believe that mandates – requirements to buy health insurance – are contrary to the American principle of individualism.

**public option** – any proposal for a government-run insurance program, open to all Americans

#### *Liberal View*

In stark contrast, liberals are eager to point out the health care system's many flaws, and are generally supportive of all measures to decrease insurance company's involvement in the process. They are mostly open to the idea of a public option, and strongly believe in mandating insurance for all Americans.

#### *Presidential View*

President Obama sides with his liberal colleagues on the issue of health reform, proposing Medicaid expansion as well as a strong public option. He is quick to emphasize that no proposal forces Americans to lose their current coverage; it merely gives them the option of doing so should they be displeased by it.

### **Questions to Consider**

What role should the government play in health care reform? Is it fair to insist that all Americans purchase health care coverage? Is it the government's job to regulate insurance companies, or are such things better left to the free market? What is the most appropriate way to pay for any health care measure? Is it better to improve the quality of

care, or to increase availability – or are the two not at odds? What other innovative proposals can be developed to solve this crucial problem?

### **Conclusion**

The issue of health care has confounded legislators since 1965, when Medicare was first signed into law. Most experts now agree that America’s health system is now in crises, however the complexity of any solution has deterred lawmakers from taking up the issue – until now. As members of the Senate, your task is to construct a comprehensive, clear, and effective solution to the nation’s health care problems.

### **Bibliography**

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