



Insight

Health Reform Stumbling Blocks Remain

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Blessedly, the Senate has finally gone home for the holidays after completing its gift: comprehensive health care “reform.” But the drama is far from over.

To begin, there is no guarantee that health reform will actually become law. Here are the potential stumbling blocks:

Seniors and doctors. The president purchased the support of AARP by personally promising to fill the so-called “doughnut hole” in the Medicare prescription drug program, and the American Medical Association signed on in exchange for the “doc fix” – a \$250 billion payout to doctors who see Medicare patients. The latter hasn’t passed the Senate, and the former isn’t even in the Senate bill.

Financing. House members, meantime, have been vocal in their complaints about the tax on “Cadillac” insurance plans, preferring their soak-the-rich “millionaire” surtax.

Public option. Similarly, the liberal base in the House is in open revolt over the Senate’s ditching the public option. Expect another push for a big new government plan that uses its fiat powers to fix prices.

Abortion. Both houses agree that taxpayer dollars should not fund abortion. But the Senate’s approach is too weak to pass muster in the House.

So a real conference negotiation will be necessary between the House and Senate, which promises to be a spectacle comparable to that witnessed for the past nine months, as Democrats struggled to find a common bill for their divided caucus.

In short, health care reform will continue to threaten the unity of Democrats. And if one mixes in the rising outrage over the backroom deals and budgetary payoffs that ensured Senate passage, the recipe is right for a public revolt against finishing the bill.

From a political perspective, the antidote is for the White House to spend its political capital strong-arming liberals into accepting something close to the Senate bill, and fast. But how much capital can President Obama afford, given that he’ll also need these same liberals to close ranks on other tough issues, such as funding the war in Afghanistan and raising the debt limit in an election year?

In sum, the short-term outlook is less than completely rosy for a Rose Garden signing.

That's potentially good news, because shorn of all the high-flying rhetoric, these bills are not real health care reform. And if Congress finishes this effort, it will take real reform off the table for years to come.

The political fatigue is palpable; Congress will not have the willpower to undertake the reforms that reduce costs.

Real health care reform begins with reforms to the entitlement programs to improve performance and reduce costs. But because the bills make large (but superficial) changes to both Medicare and Medicaid, meaningful entitlement reforms will be politically off-limits for the foreseeable future.

Real health care reform would lower the growth rate of health care spending while raising the quality of care in America. If the current effort is signed into law, it will simply mandate that millions more Americans get trapped in a broken system that will saddle them with higher premiums, bigger government and higher debt year after year.

Real reform would generate incentives for doctors, hospitals and other providers to deliver better care more cheaply. But because the bill would force 30 million more people into the insurance system, it will raise the demand for doctors, hospitals and other providers, strengthening their hand to resist exactly the kinds of reforms needed to improve value.

So what is the future of health care reform? Whether or not Obama signs a health care reform bill next year, sooner or later it will be time to start all over again.

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