



September 10, 2009 - Topic: Health Care Reform

## Obama Throws Down Gauntlet on Health Care Reform Efforts

Before a joint session of Congress on Wednesday, President Obama outlined his proposal for reforming the U.S. health care system and said it is "the season for action," the *Los Angeles Times* reports (Parsons et al., *Los Angeles Times*, 9/10).

Obama stated that three main goals of his reform proposal are:

- Providing consumer protections for those with insurance;
- Extending coverage to uninsured U.S. residents; and
- Curbing the growth of health care spending (Bettelheim, *CQ Today*, 9/9).

Referring to the initiative as "my plan," Obama endorsed:

- The establishment of a public health insurance plan;
- New health care exchanges;
- Coverage mandates for individuals; and
- Requirements that employers provide or contribute to the cost of coverage for employees (Connolly/Shea *Washington Post*, 9/10).

Obama said that the plan -- expected to cost \$900 billion over 10 years -- "will not add to our deficit" (Condon, *CongressDaily*, 9/10).

Obama's comment that "there remain some significant details to be ironed out" was met with some laughter in the chamber (Koffler/Stanton, *Roll Call*, 9/9). He said, "I will not back down on the basic principle that if Americans can't find affordable coverage, we will provide you with a choice."

He also sought to reassure U.S. residents who believe the current health reform proposals would result in a government takeover of the health system (Youngman, *The Hill*, 9/9).

Obama also addressed several other facets of his plan, details of which are outlined below.

### Support of a Public Insurance Plan

Obama said that he supports a public plan to "provide a good deal for consumers" and "keep pressure on private insurers to keep their policies affordable," but added that a public plan is "only a means to that end -- and we should remain open to other ideas that accomplish our ultimate goal" (*CQ Today*, 9/9).

Under his proposal, only those without coverage would be eligible to enroll in the public plan, which he said would be self-sufficient and funded with beneficiaries' premiums (Weisman/Adamy, *Wall Street Journal*, 9/10).

Obama told Republicans that "rather than make wild claims about a government takeover of health care, we should work together to address any legitimate concerns you may have" about a public plan (*The Hill*, 9/9).

Obama said that other ideas, such as establishing not-for-profit health cooperatives or establishing a public plan only if insurance companies do not meet certain benchmarks for quality and cost, "are all constructive ideas worth exploring" (Pear/Calmes, *New York Times*, 9/10).

### **Costs of and Paying for the Plan**

Obama vowed to veto any legislation that would add to the national deficit (*The Hill*, 9/9). Obama said that his plan would cost about \$900 billion over 10 years.

To pay for his plan, Obama endorsed the idea of imposing a fee on health insurance companies for "their most expensive policies," or so-called "Cadillac plans."

In addition, Obama proposed using a budget mechanism that would automatically reduce Medicare spending growth if overall health care spending is not curbed as expected (*New York Times*, 9/10).

Obama also reiterated his claim that a significant chunk of the revenue will come from reducing waste, fraud and abuse in the health insurance system (Text of Obama's **speech**, 9/9).

### **Other Proposal Endorsements**

Obama endorsed requiring all U.S. residents to have basic health insurance and having the government provide subsidies for those who cannot afford to purchase coverage on their own.

In addition, Obama proposed establishing a new health insurance exchange where individuals and small businesses could find and purchase coverage from either private insurers or a public plan (*Los Angeles Times*, 9/10).

Obama also endorsed a plan in which all large employers would be required to offer health coverage to their employees or pay a fee that would go toward the price of covering them through the exchange (*Wall Street Journal*, 9/10).

Obama noted that there would be a hardship waiver exempting certain individuals from the coverage requirement and that 95% of small businesses would be exempt from the employer mandate (Text of Obama's speech, 9/9).

Obama also endorsed a proposal -- introduced by Sen. John McCain (R-Ariz.) in the 2008 presidential campaign -- that would allow high-risk individuals to join insurance pools that would not be permitted to deny coverage for people with pre-existing conditions. The pools would be established immediately and last until 2013, when the health insurance exchanges would go into effect.

Obama said that under his plan it would be illegal for insurance companies to drop coverage or decrease benefits for those in need of care. In addition, Obama said that under his plan insurers would no longer be permitted to place arbitrary annual or lifetime caps on coverage and that a limit would be established on the amount individuals are charged for out-of-pocket expenses (*Wall Street Journal*, 9/10).

### **Addressing False Claims**

Obama also used his strongest language yet to address misinformation circulating about Democratic health insurance proposals.

He said that the claim that health reform legislation would establish so-called "death panels" is "cynical and irresponsible," adding that it is "a lie, plain and simple."

Obama also said that current health reform proposals would not use federal funds to subsidize abortion services.

In one of the more controversial moments, Obama added that reform legislation would not provide coverage for undocumented workers, to which Rep. Joe Wilson (R-S.C.) loudly replied, "You lie."

Wilson later apologized for his outburst (Dinan, **Washington Times**, 9/10).

### **Medical Malpractice Reforms**

In a concession to Republican lawmakers, Obama said that he has instructed HHS Secretary Kathleen Sebelius to move forward on pilot programs aimed at reforming the nation's medical malpractice program, which Republicans claim is essential to controlling health costs.

Obama said, "I don't believe malpractice reform is a silver bullet, but I have talked to enough doctors to know that defensive medicine may be contributing to unnecessary costs."

### **Kennedy as Inspiration**

Obama ended his speech by discussing a letter he received last month from recently deceased Sen. Edward Kennedy (D-Mass.), *CongressDaily* reports.

In the letter, Obama said that Kennedy called health care reform the "great unfinished business of our society" (*CongressDaily*, 9/10).

Obama noted that Republican Sens. McCain, Chuck Grassley (Iowa) and Orrin Hatch (Utah) had all worked with Kennedy in previous attempts to expand health care coverage (Dinan, *Washington Times*, 9/10).

Quoting Kennedy's letter, Obama said that health care "is above all a moral issue; at stake are not just the details of policy, but fundamental principles of social justice and the character of our country" (Bellantoni, *Washington Times*, 9/10).

Obama quoted Kennedy as writing, "While I will not see the victory, I was able to look forward and know that we will, yes, we will fulfill the promise of health care in America as a right and not a privilege" (Kellman, *AP/Miami Herald*, 9/10).

### **Democrats Respond**

According to the *Los Angeles Times*, the majority of congressional Democrats responded to Obama's speech with overwhelming support and said that they will resolve to pass health care reform legislation this year (*Los Angeles Times*, 9/9).

Rep. Zack Space (D-Ohio) said, "I am fully committed to substantive, effective health care reform this year," noting that such legislation has "to be moderate, a common-sense bill."

Sen. Debbie Stabenow (D-Mich.) called the speech "exactly what we needed" (Epstein, *CQ Today*, 9/9).

Sen. Ben Nelson (D-Neb.), a moderate whose support for reform legislation was still in question, called Obama's speech a "game-changer," adding that the president "regained control of the message for 200 million people who have insurance, about what's in it for them."

Rep. Earl Pomeroy (D-N.D.), a member of the Blue Dog Coalition, said that Obama "showed flexibility," adding, "I come away from that with new hope that maybe we can reach agreement" (*Los Angeles Times*, 9/10).

However, some moderate Democrats were not overly enthusiastic about Obama's proposals.

Sen. Blanche Lincoln (D-Ark.) said, "I believe that we can make necessary reforms without creating a purely public, new government entitlement program" (Bellantoni, *Washington Times*, 9/10).

Others were slightly disappointed with Obama's speech, wishing that he went further to endorse some key Democratic priorities.

Rep. Raul Grijalva (D-Ariz.), co-chair of the Congressional Progressive Caucus, said that Obama "didn't get into much of the specificity we wanted, but at the same time he didn't throw it under the bus" (*CongressDaily*, 9/10). Grijalva added that Obama "needs to be more direct on what the public option means and what it will do for the American people" (*The Hill*, 9/9).

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