Jonathan Oberlander, “Long Time Coming: Why Health Reform Finally Passed”
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- many failed health reforms
- Obama administration passed health reform in a polarized political environment, under growing budget deficit and other obstacles
- Democrats passed reform because they applied lessons from previous failures
- very important: neutralizing interest-group opposition
- ACA is historic legislation and best possible given political constraints
- Presidents Truman, Nixon, Carter, and Clinton failed at health reform
- problems:
  - opposition from interest groups (American Medical Association, business, and insurance industry)
  - fragmented political institutions
  - American skepticism about government
- President Johnson succeeded in passing Medicare and Medicaid in 1965 by narrowing the scope of the reform
- health care debates follow the same pattern: rising costs - health care crisis - moral and economic imperatives to fix unsustainable system - reform fails - status quo persists
- ACA
  - breaks this pattern
  - most important healthcare legislation since Medicare and Medicaid in 1965
extraordinary legislative accomplishment

- Question: After a century dominated by failure, why did health reformers win this time?

Obstacles To Reform

- Democrats had control of House and Senate but not the kind of majority the FDR and LBJ administrations had
- needed to balance demands of conservative and liberal Democrats
- soaring federal deficit, economic downturn
- broad support from change but health industry stakeholders might oppose reform
- need to build popular support while people don’t trust government and insured people are satisfied with their coverage
- commitment from President Obama, Speaker of the House Pelosi, and Senate Majority Leader Reid
- reform efforts best understood as reaction to the Clinton administration’s failure
- Clinton moved slowly, Obama pushed legislation through Congress quickly
- Clinton administration developed detailed plan, Obama administration left it to Congress to develop the details
- Clinton plan mandated that all firms pay for their employees’ coverage, Obama plan included small business exemption
- Clinton plan tried to change existing employer provided insurance, Obama plan left existing plans as they were
- the administration used a filibuster shortcut in the Senate (reconciliation instructions in budget resolution)
- Clinton administration had big visions of managed competition, and strong, centralized, and systemwide cost controls (premium caps and national healthcare budget)
- Obama administration came out with friendlier reforms like electronic health records, prevention, and medical homes
- Clinton did not want to increase taxes, Obama embraced redistributive financing
- unexpected problems:
death of Senator Edward Kennedy
withdrawal of Senator Tom Daschle from consideration as Secretary of HHS
failure to maintain strong public support for reform
delays in Senate
Republican victory in Massachusetts special elections

- Tri-Committee bill in the House: Ways and Means, Energy and Commerce, and Education and Labor committee chairmen cosponsored the bill

- much greater agreement among Democrats than previously
- Massachusetts health reform provided working model
- at the end, some Democrats supported reform because the 1994 failure had large political costs

If You Can’t Beat Interest Groups, Co-Opt Them

- work with (not against) health system stakeholders
- promise to industry: millions of new patients to treat
- pledges from Pharmaceutical Research and Manufacturers of America and American Hospital Association to accept reduced Medicare and Medicaid payments
- support from the insurance industry:
  - expanded markets
  - political calculations: reform would pass anyway
  - fear of uncertain future with erosion of employer-sponsored insurance
- stakeholders might have also feared more scrutiny, tougher regulation, less favorable legislation in the absence of reform
- campaigns from pro-health reform organization (e.g., Health Care for America Now)
- vocal opposition from Chamber of Commerce
- many stakeholders fought against specific features (e.g., public option)
- political costs of coopting stakeholders:
  - reduced savings
  - accusations of closed-door dealmaking
Political Pragmatism

- commitment to political pragmatism
- public option, Medicare expansion, national insurance exchange abandoned because they couldn’t pass in the Senate
- reforms ended up being more similar to 2003 MMA and 1993 Chaffee Plan
- compromise also on abortion, cost control, scope of benefits, only near-universal coverage

Conclusion

- ACA reflects the above political strategies and compromises
- greatly expands access to health insurance
- still 23 million without coverage
- major steps toward slowing down Medicare spending growth
- promotes experiments in payment and delivery system reform
- lacks reliable, systemwide cost control
- leaves employer sponsored insurance in place
- does not permit most insured Americans to join insurance exchanges
- major coverage provisions (expansion Medicaid, establishment of state insurance exchanges, and introduction of federal subsidies) delayed until 2014
- ACA is a “uniquely American solution”
- does not create new system but fills gaps in existing system
- product of fragmented institutions
- ACA is the best possible given constraints
- ACA is a great leap forward