

# Kaiser Family Foundation, “National Health Insurance – A Brief History of Reform Efforts in the U.S.”

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## Introduction

- health care costs seem uncontrollable, 46 million people uninsured, millions more underinsured, even more worry that they are underinsured (2009)
- quality of healthcare questionable, the US is not leading the world
- healthcare reform one of the top issues of 2008 campaign
- US has had many national health reform proposals
- American public has been generally supportive of guaranteed access to healthcare and health insurance for all and government’s role in financing, but has been unwilling to contribute more to the costs
- general support for reform but not for any particular approach
- some debate about the reasons national health insurance (NHI) proposals have failed
  - complexity of issues
  - ideological differences
  - lobbying strength of special interest groups
  - weakened Presidency
  - decentralization of Congressional power
- major health reform programs have been enacted and have been popular (Medicare, Medicaid, CHIP)

## 1934 – 1939: NHI and the New Deal

- economy
  - growing income inequality, shrinking middle class, and high unemployment
  - worsening disparities in healthcare access and rising medical costs
  - sickness leading cause of poverty, more unpaid care, and beginning of welfare support for care
- origin of health reform
  - citizen groups organizing: workers, unemployed, veterans, the elderly
  - wanted government relief, including government-sponsored health protection
  - unemployment top priority over NHI
  - Committee on Economic Security (1934)
  - NHI left out of Social Security Act (1935)
  - Technical Committee on Medical Care (1937)
- elements of reform
  - committees wanted state-run system with compulsory insurance for residents, but states could opt out
  - federal government to provide subsidies and set minimum standards
  - expand hospitals, public health, and maternal and child services
  - medical profession still to control practice of medicine
- congressional environment
  - large Democratic majority in both chambers
  - Social Security Act (1935) did not include NHI provisions
  - 1938 push from National Health Insurance opposed by southern Democrats and Republicans
- opposition
  - American Medical Association
  - business and labor groups
  - private health insurance industry
- health reform's defeat
  - Committee on Economic Security recommendations never made public
  - Social Security Act did not include NHI
  - by 1938, Congress was no longer supportive of government expansion

## 1945 – 1950: NHI and the Fair Deal

- economy
  - wartime wage and price controls, but health insurance excluded
  - health insurance plans became more generous during postwar growth
- origin of health reform
  - President Roosevelt wanted an economic bill of rights to include health insurance
  - after the war, President Truman promoted his “Fair Deal” agenda and asked Congress to pass a national health insurance program
- elements of reform
  - national, universal, comprehensive health insurance as part of Social Security
  - single insurance system to cover all Americans with subsidies for the poor
  - hospital construction and expansion (Hill-Burton Act of 1946)
- congressional environment
  - 1946: Republicans won control over both chambers
  - 1948: Truman won the election with a mandate for NHI and Democrats recaptured Congress
  - Southern Democrats blocked Truman’s reforms
- support/opposition
  - labor unions somewhat split in their support
  - AMA opposed Truman’s plan
  - most groups and the press supported voluntary and private insurance
- health reform’s defeat
  - public support eroded
  - fears of socialism

## 1960 – 1965: The Great Society – Medicare and Medicaid

- economy
  - increasing productivity, growing middle class, and well-educated workforce (G.I. bill)
  - President Kennedy wanted to increase government spending and decrease spending
  - President Johnson began building a “Great Society”
- origin of health reform
  - private plans increasingly using “experience rating”
  - retired and poor finding it hard to get affordable coverage
- elements of reform
  - Medicare Part A to pay for hospital care and limited skilled nursing and home health care
  - Medicare Part B to help pay for physician care
  - Medicaid to assist states in covering certain classes of the poor and disabled
  - some services (e.g., drug, long-term care, eyeglasses) not covered under Medicare
  - no government cost control, fiscal intermediaries
- congressional environment
  - Medicare highest legislative priority for President Johnson
  - large liberal Democratic majority from 1964
- support/opposition
  - support from labor unions and civil rights organizations
  - AHA acknowledged need for reform
  - opposition from AMA
- health reform’s success
  - presidential leadership + urgency
  - large Congressional Democratic majority
  - growing civil rights awareness and public support
  - support of hospitals and insurance industry
  - cost projections did not matter so much

## 1970 – 1974: Competing NHI Proposals

- economy
  - economic growth + inflation
  - 1971: wage and price freezes to limit inflation
  - health care costs growing rapidly
  - era of regulation: certificate of need programs, state hospital rate-setting, HMO requirements, health planning
- origin of health reform
  - Senator Edward Kennedy issued a report “The Health Care Crisis in America” and proposed plan
  - President Nixon countered with his own plan in 1971
- elements of reform
  - Kennedy’s Health Security Act: universal single-payer plan with national health budget, no consumer cost-sharing, financed through payroll taxes
  - Nixon: Comprehensive Health Insurance Plan (CHIP) with universal coverage, voluntary employer participation, separate program for the working poor and unemployed
  - several other plans the Senate and elsewhere
- congressional environment
  - Republicans initially divided but by 1974 bipartisan support for health reform
- support/opposition
  - business support for Nixon’s plan
  - insurance industry supporting more incremental reforms
  - labor groups wanted stronger reforms
  - AMA lobbied against reform
- health reform’s defeat
  - bipartisan support but competing proposals
  - Watergate hearings overshadowed NHI
  - President Ford supported NHI but the new bill did not reach the House floor because of lacking committee consensus

## 1976 – 1979: Cost-Containment Trumps NHI

- economy
  - stagflation
  - President Carter cut taxes and proposed voluntary wage and price guidelines but these were ineffective
- origin of health reform
  - President Carter supported NHI as a candidate
  - once in office, he prioritized hospital cost control
- elements of reform
  - Senator Kennedy’s plan: private insurance plans to compete for customers, employers paying most of the costs and the federal government paying for the poor
  - President Carter’s plan: businesses to provide minimum package of benefits, public coverage for the poor and aged expanded, new public corporation to sell coverage for everyone else
- congressional environment
  - Democratic Congress, but conservatism on the rise
  - post-Watergate, the power of chairmen became more decentralized
  - jurisdiction over health reform now spread out over four committee’s
  - hospital cost-containment bill could not make it through congress
- support/opposition
  - NHI not as much a priority as it was before, much less lobbying for or against
  - hospitals did not want federal cost control, proposed some voluntary efforts
- health reform’s defeat
  - economic recession, inflation and uncontrollable health care costs stalled NHI
  - debate on hospital cost-containment laid the foundation for the 1983 Medicare PPS legislation

## 1992 – 1994: The Health Security Act

- economy
  - federal debt at record levels, inflation under control, decreasing unemployment
  - need for fundamental health reform as costs were very high
  - widening income gap and financial insecurity
- origin of health reform
  - Americans worrying about losing health benefits and not being able to pay medical bills
  - mix of proposals: market-oriented expansion of private system, public single-payer plans, employer mandates, health care tax credits and purchasing pools, managed competition
- elements of reform
  - universal coverage
  - employer and individual mandates
  - competition between private insurers
  - government regulation for cost containment
- congressional environment
  - Democrats held both houses but were divided on some issues
  - different bills introduced by Democrats
  - detailed reform plan from Health Care Task Force
- support/opposition
  - labor wanted single-payer reform but gave conditional support to Clinton plan
  - strong opposition from health insurance industry and business
- health reform's defeat
  - Clinton did not have enough electoral mandate
  - Administration's strategy was misguided: very detailed bill which was difficult to get through congress and made it difficult to generate popular activism
  - effective opposition