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## How Max Baucus, the Next Ambassador to China, Killed Progressive Health Care Reform

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Let's concede that President Barack Obama's decision to appoint Senator Max Baucus as his ambassador to China is a clever political ploy. Baucus had already announced he wasn't going to seek re-election next year, but if he leaves the Senate now, Montana's Democratic Gov. Steve Bullock can appoint a replacement who can run next year as the incumbent, increasing the odds that the Democrats will hold onto that seat.

It's just unfortunate that Obama couldn't send Baucus to a democratic country so he could see first-hand what a decent universal health care system looks like. Almost any democracy country would do, since all of them -- including Canada, Germany, France, New Zealand, Sweden, England, or Japan -- cover more people at a much lower cost than the United States.

Baucus has been complaining that the Affordable Care Act -- Obamacare -- doesn't do enough to control health care costs. He should know. As chair of the Senate finance committee chiefly responsible for drafting the health care bill, he was the major obstacle to incorporating a "public option" into the bill -- a government-run insurance plan which would allow citizens to select a Medicare-style alternative to private insurers. The whole point of the "public option" was to establish a benchmark to hold the private insurers accountable for holding down costs.

In April, Baucus warned that Obamacare was a potential "huge train wreck." Had he forgotten that he was the guy who designed the train?

From the time Obama took office in January 2009 until he signed the Affordable Care Act in March 2010, Baucus used his considerable influence to undermine Obama's efforts to include meaningful regulations to require the insurance and drug companies to act more responsibly. He led the opposition of a handful of moderate Democrats to Obama's proposal for a public option health care plan. That opposition forced Obama and progressive Democrats in Congress to make numerous compromises to accommodate a few Senators, including Baucus, who were tools of the insurance lobby. Baucus consistently thwarted efforts by health reform advocates to protect consumers and control costs.

Baucus' opposition to government regulation made him the darling of the health insurance and pharmaceutical industries, which rewarded him with huge political donations. In the midst of the debate over health care reform, the *Washington Post* described Baucus as a "leading recipient of Senate campaign contributions from the hospitals, insurers and other medical interest groups hoping to shape the [health care] legislation to their advantage. Health-related companies and their employees gave Baucus's political committees nearly \$1.5 million in 2007 and 2008, when he began holding hearings and making preparations for this year's reform debate."

In the previous three years, for example, Baucus received \$63,350 from Blue Cross/Blue Shield; \$45,250 from Aetna, and \$46,750 from AIG. Over his career, the healthcare industry (including insurers, drug companies, hospitals and nursing homes, and medical professionals) have contributed \$5.5 million to Baucus, including \$1.6 million from the insurance industry, according to the Center for Responsive Politics.

Health industry lobby groups hired more than 350 former government staff members and retired members of Congress to lobby for them. Two of them were Baucus' former chiefs of staff.

During the Bush administration, Baucus was one of the few Democrats who sided with Republicans on tax issues and on a prescription-drug law that has predictably turned into a boondoggle for the pharmaceutical companies. In 2003 the drug companies and their trade associations deployed nearly 700 lobbyists to stamp out a proposal to permit the federal government to negotiate the cost of drugs for Medicare recipients. Instead, the Bush administration and the GOP-controlled Congress, along with Baucus, added a drug benefit to Medicare, but prohibited Medicare officials from negotiating prices with drug manufacturers. It is one of the major obstacles to reducing health care costs.

In June 2009, Baucus announced -- alongside Billy Tauzin, the former Republican Congressman from Louisiana who left to head PhRMA (the drug industry lobby) -- that the drugmakers had committed to cut prices on prescription drugs by \$80 billion over ten years. But the deal was entirely voluntary -- and precluded the federal government from negotiating for lower prices.

Baucus was particularly opposed to Obama's proposal for a "public option." According to polls at the time, 72 percent of the public and 90 percent of Democrats favored the public option, which was designed to keep the insurance companies on their toes, and force them to provide better policies at a more reasonable price, or face an exodus of consumers. That's why the

insurance industry lobbied against it -- with Baucus as their front man.

Likewise, the drug companies didn't want a public option, which would have exposed how they inflate the cost of medicine that contributes to our expensive and inefficient health system. Drug prices in the United States are much higher than in Canada and other countries that regulate costs. But Baucus agreed to a drug industry proposal to bar American consumers from buying US-approved prescription drugs from Canada and elsewhere.

At the time, some observers argued that Baucus' anti-regulation stance wasn't due to the massive campaign donations from the health care industry, but instead reflected the individualistic leave-me-alone values of his Montana constituents. But Brian Schweitzer, Montana's popular Democratic governor, was a big fan of government oversight of the health insurance and drug companies. At a town hall meeting in Belgrade, Montana, Schweitzer introduced Obama. According to the *Great Falls Tribune*, Schweitzer's "ringing endorsement of Canada's universal health care system was well received by the audience" of 1,300 people waiting to hear from the president. "Did you know that just 300 miles north of here they offered universal health care 62 years ago?" Schweitzer asked the crowd, drawing enthusiastic cheers.

In the summer and fall of 2009, the White House lost the momentum and wasted precious months as it waited for Baucus to pursue a futile bipartisan deal. Eventually, no Republican Senators voted in favor of the Affordable Care Act.

Baucus had so much influence over the health care bill because Senator Ted Kennedy, the Massachusetts Democrat who had championed health care reform for over 40 years and who chaired the key Health, Education, Labor and Pensions (HELP) committee, was too ill to quarterback the legislative maneuvering in the Senate and eventually died in August 2009, before Congress passed the Affordable Care Act. Had Kennedy been healthy, he would have been able to use his personal relationships and legislative brilliance to neutralize Baucus and push for a more progressive plan.

Instead, Baucus rounded up five colleagues -- Republicans Charles Grassley of Iowa, Olympia Snowe of Maine, and Mike Enzi of Wyoming, and Democrats Jeff Bingaman of New Mexico and Kent Conrad of North Dakota -- to help him hammer out a bipartisan health care plan that eliminated Obama's public option alternative. (Critics point out that this group, which I called the "Baucus caucus," represents six states that have less than 3 percent of the nation's total population).

Baucus' opposition to regulating the health and insurance industry made it impossible for the Democrats to take full advantage of their 60 vote majority in the Senate. He not only lead the handful of centrist Senate Democrats against Obama's plan, but also empowered Republicans and right-wingers, including Rush Limbaugh, Bill O'Reilly, and Glenn Beck, to exploit the Democratic divisions.

Throughout the health care debate, Obama publicly praised Baucus. But Obama and the majority of the Senate Democrats were angry at Baucus for his obstructionism -- more of a drug industry pusher and an insurance industry salesman than an advocate for real reform. Now this outrageous hypocrite has the audacity to criticize the Affordable Care Act that he almost single-handedly weakened in obedience to his corporate benefactors. Soon he'll be off to China, where he can lecture the Communist Party chieftans about the benefits of democracy.

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