

July 3, 2014

HUFF
POST POLITICS

GOP Liars on Health Costs

"Democrats' government-run plan will make health care more costly than ever," Ohio Representative John Boehner, the House Republican leader, told the *Wall Street Journal* last Friday. Two days later, on *Meet the Press*, Mitch McConnell (R-Kentucky), the Senate minority leader, said, "Pretty soon the doctors and the hospitals will all be working for the government."

Let's be clear. The Republicans are liars and hypocrites when it comes to controlling costs as part of health care reform. That's because they are in the pockets of the drug companies, the insurance lobby, the for-profit hospitals, and the American Medical Association. As a result, the GOP leaders in Congress have resisted efforts by the Democrats to limit what the drug and insurance corporations can charge.

President Obama and the Democratic leaders in Congress have twin goals of expanding insurance coverage and reducing per capita costs. They do not want to "socialize" health care, as the Republicans and their lunatic allies in the right-wing echo chamber (Limbaugh, Hannity, Beck, etc) keep repeating.

In fact, under the Democrats' plan, doctors and other providers, hospitals, drug companies and medical suppliers will remain private, as they are now. But it would add a "public option" -- through which the federal government would provide the insurance for those who don't get it from employers or can't afford private premiums -- similar to the current Medicare program for seniors.

The Republicans have been warning that the "public option" plan will be too costly, yet another example of wasteful "big government." But it is the Republicans who are working overtime to kill the Democrats' plans to keep a lid on medical costs.

As a highly-placed Congressional staffperson recently told me, the health industry lobbyists and their friends in Congress "will not allow us to tie the payment rates to providers to Medicare rates. That's where all the savings happen. Even more so if you mandate that all providers have to participate [in the public option plan] if they want to participate in Medicare."

Unfortunately, the drug, insurance, and hospitals' lobby groups have also rented a few centrist Democrats in the Senate -- including Max Baucus (Montana), Dianne Feinstein (Calif.), Kent Conrad (N.D.), Blanche Lincoln (Arkansas), Mary Landrieu (La.) and Kay Hagan (N.C.) -- who share their corporate benefactors' opposition to cost controls. Health care reformers, like MoveOn, SEIU, and Health Care for America Now, are mounting a grassroots campaign to push these centrists off the fence.

For the most part, the mainstream media have missed this story, failing to report how the health care lobby and conservative Republicans are the key political forces that oppose lean, efficient government. For example, in his article on the health care battle in Monday's *New York Times*, reporter John Harwood wrote that Democratic leaders in Congress "have lavished more attention on expanding coverage to the more than 45 million Americans now uninsured than on controlling medical costs." Cost control has gotten relatively short shrift so far," Harwood noted, in part because "Democrats bend naturally toward larger rather than smaller government services." Harwood makes it seem that the Democrats are Johnnys-Come-Lately to the cost-control issue, reacting to Republicans' crusade for streamlining health care costs.

We've been here before. 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 added a drug benefit to Medicare, but prohibited Medicare officials from negotiating prices with drug manufacturers. It also guaranteed that private insurance companies, not Medicare, administer the drug benefit program. This dramatically increased Medicare costs for taxpayers. Seniors, meanwhile, wound up paying much more in out-of-pocket expenses for prescription drugs.

The U.S. now spends about twice per capita on health care (about \$8,000), and a much higher proportion of our GDP (17 percent), than Canada and many European nations. Despite this, we still have many people who lack insurance, one of the highest infant mortality rates and the shortest life expectancies. For many Americans who have health insurance, the cost of premiums and the cost for medicines and services not covered under their insurance plans is untenable. Medical expenses are the biggest cause of bankruptcy. Administrative costs consume about three to six times that of Western European nations and Canada.

The high cost of U.S. health care is due in large measure to the outrageous greed and costly inefficiencies of the insurance and drug industries. It is the insurance industry that requires so much paperwork that its bloated administrative costs push up the cost of premiums, compared with the much lower administrative costs of Medicare, the government-run insurance program for seniors. Likewise, the drug companies don't want a public option, which would expose how they inflate the cost of medicine that contributes to our expensive and inefficient health system. Drug prices in the U.S. are much higher than in Canada and other countries that regulate costs.

There are many ways to control health care costs, including putting more focus on preventive care, improving Americans' diet and exercise regimen, and improving how we deal with chronic diseases. But no plan to reduce costs will work without reigning in the huge profits and inefficiencies of the drug companies, insurance companies, and hospitals. To move further in that direction,

President Obama has proposed legislation to give the Medicare Payment Advisory Commission (MedPAC) full discretion over Medicare reimbursement policy. MedPAC is comprised of medical and economic experts who advise Congress on Medicare reimbursements.

To thwart any meaningful cost controls, the insurance and drug lobbies are flooding Congress with campaign contributions. During the 2008 election cycle, the insurance industry contributed \$36.4 million to candidates for Congress, according to the Center for Responsive Politics. Drug companies donated \$12 million. Health professions added \$73.1 million to campaign coffers and hospitals and nursing homes threw in another \$18 million.

This American version of legalized bribery has escalated as the health reform battle heats up. The *Washington Post* recently reported that private insurance corporations, drug companies, hospitals, and their lobbyists spent more than \$126 million on lobbying in the first quarter of this year -- equal to about \$1.4 million a day. These health industry lobby groups also hired more than 350 former government staff members and retired members of Congress to lobby for them, including two former chiefs-of-staff for Sen. Max Baucus, chairman of the Senate Finance Committee, who is a key player in writing the health reform bill.

Most employers, workers, and consumers have a stake in America joining the rest of the economically affluent nations in having decent, affordable health insurance for all, one that limits costs and profiteering. Together, they add up to a much bigger political force that the lobby groups for drug companies, insurance corporations, for-profit hospitals, and the AMA.

It would be useful if the media went beyond the rhetoric over cost controls and looked at what the health industry lobbyists and their allies in Congress are actually doing in shaping the legislation. When it comes to controlling health costs, all the Republicans - and a handful of centrist Democrats -- talk the talk, but they don't walk the walk.

Peter Dreier is professor of politics, and director of the Urban & Environmental Policy Program, at Occidental College.