

Parties risk it all on health care reform

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As health care legislation staggered erratically through Congress this year, something happened to the biggest domestic policy debate of a generation.

It turned small—shrouded in arcane arguments over a “robust public option” versus co-ops, whether government funds could indirectly subsidize abortions, and even the state share of Medicaid payments in Nebraska.

Now the debate is about to turn big again.

However scattered and improvisational the process, both parties in 2009 took clear and in many ways irrevocable stands that will certainly shadow the politics of 2010 and will very likely exert a gravitational pull on the decade to follow.

The real stakes of health care reform are ideological. They revolve around starkly different bets Democrats and Republicans placed on the success or failure of Barack Obama’s presidency, and the success or failure of a newly expanded role for government in the lives of Americans.

On the left, the bet is that health care reform, even a version most liberals see as flawed, will give the middle class and those clamoring to break into it a greater sense of personal security—enhancing the reputation of and popular support for a dynamic national government.

In this light, health care reform would become a latter-day equivalent of Social Security—a program that quickly evolves into a politically untouchable federal commitment and which fundamentally alters voters’ relationship to Washington in ways that benefit the party of activist government.

That may seem a lot to hang on the jerry-rigged compromise that passed the Senate on Christmas Eve. But even most critics of the plan said they expect the House and Senate to reconcile their differences—most likely more in the Senate’s favor—and that some major health care legislation will be enacted this winter.

Obama himself this week seemed to be trying to move the debate beyond parliamentary gamesmanship and into historic perspective.

“These are not small reforms; these are big reforms,” Obama said Thursday as he hailed the Senate’s vote. “If passed, this will be the most important piece of social policy since the Social Security Act in the 1930s, and the most important reform of our health care system since Medicare passed in the 1960s.”

Senate Majority Leader Harry Reid (D-Nev.) is also billing the achievement as a momentous one. “We stand on the doorstep of history. We understand that,” Reid said Wednesday.

But there are some clear risks as well for the unruly coalition of liberal and moderate Democrats that Obama and his allies on Capitol Hill have stitched together.

One danger is that Democrats have raised expectations far beyond what this reform can deliver. Another is that by doling out generous subsidies while ducking the most aggressive efforts to control health care costs, they are inviting massive deficits that will prove unsustainable in the long run. If that happens, it could discredit the cause of activist government in a lasting way.

Republicans have placed a different bet—one with its own set of potential rewards and penalties.

The hope is that their nearly blanket opposition to Obama's and Democrats' ideas will position the GOP as the party of sobriety and realism—ready to reap the benefits if people conclude this version of health care reform was a grand mistake.

But the risks are obvious. The GOP can't afford for this measure—and by extension Obama's presidency—to be perceived as even a partial success. If so, their own opposition would look more like a failed power play than a principled stand, leaving voters with a reminder of why they turned against Republicans in the first place in 2006 and 2008.

Even now—with weeks more haggling at a minimum before final passage, and failure still a possibility—these arguments are being rehearsed with an eye towards the elections in 2010 and 2012.

"This will define and polarize the country for a generation," said former House speaker Newt Gingrich, whose role in thwarting President Clinton's 1993 health care bid helped Republicans win control of the House in the 1994 elections. "I believe this bill will be repealed. I think repealing it will be a major campaign theme in '10 and '12."

"If the majority refuses to listen to what Americans are telling them now – I'm sure they will have a rude wake-up call waiting for them later," Sen. Orrin Hatch (R-Utah) said Wednesday. "To date, we have been rebuffed by an unfailing determination by a few to pursue a nearly socialist agenda."

White House officials and other Democrats involved in the health care debate say they're not concerned by a recent spate of polls suggesting that Americans oppose the current health care reform plans. They predict, or are hoping for, a mild political benefit from the measure in 2010 and more of a boost as more of the plan's provisions come on line.

"I'm just convinced the numbers will come up a little bit [by next year], but it's not going to be overwhelming," one Democrat close to the White House said.

"If this is framed fundamentally as a series of very, very popular insurance reforms, it will benefit people who voted in favor of it and be a negative for those who didn't. If this is framed as a great big explosion in government—the federal takeover of health care with a trillion dollar price tag, it's more of a challenge for Democrats than Republicans," Democratic consultant Steve McMahon said. "It's a framing battle."

"The stakes are very high and very real," he added. "About 70% of this bill is very popular, 20% is less popular and 10% is not very popular. Whoever frames the issue better will probably win."

Many Democratic operatives believe next fall's election will turn on the economy and unemployment and that health care reform will be only a side issue for swing voters. But some

Republicans say that, even if the economy rebounds, the health care legislation will feed voters' concerns about surging spending and ballooning deficits. While Democrats, the White House and the Congressional Budget Office assert that the plan will save \$132 billion in projected spending over the next ten years, Republicans insist the program will cause the government to hemorrhage cash.

The No. 1 issue next fall could well be government spending—for the first time since probably 1978,” GOP pollster Ed Goeas predicted.

While some Republicans warn about the creeping “Europeanization of America” and talk about repealing whatever Democrats pass, some conservatives concede that what they call “Obamacare” could become politically impossible to unwind.

“This is the most significant increase in federal government power and reach in generations, much more than Medicare. This is really taking control of a sixth of the economy,” columnist Charles Krauthammer said. “It's an amazing achievement for the left.”

Krauthammer thinks Democrats will “suffer greatly” as the program's taxes take effect in a few years. “The question is, will that lead to some repeal or will the Democrats survive long enough for the new entitlement to kick in, which is around 2013-14, in which case it becomes entrenched and it will not be reversed?” he said. “I do think this is really going against the grain [of most Americans' notions about the proper role of government]I think, in the long run, it fails, but it's very hard to say because once people get used to the benefits, even though they're higher-cost, it gets hard to undo.”

Former Clinton domestic policy adviser Bruce Reed said he expects the bill to be a major boon to Democrats over the long haul – but only if the cost-control provisions work or others can be fashioned.

“Twenty years from now, we will look back on this as a much bigger success if health care costs level off than if they don't,” Reed said. “If Democrats get long-term deficits under control, then the country will embrace our approach to government. If long-term spending spirals out of control, then Republicans will benefit even though they have a lousy track record on that front.”

The political impact of the bill could be amplified by its geographic reach. Many of the bill's long-term benefits in terms of insurance subsidies for the poor will go to states in the South where Republicans have held sway for decades. However, many of the beneficiaries will be minorities and the rural poor, who have traditionally had a low turnout in elections.

With Democratic House members itching to accelerate aspects of the bill so that some positive impact is felt before the 2010 elections, Sen. Dick Durbin (D-Ill.) took to the floor Wednesday to stress ten aspects of the bill that will take effect in a matter of months.

Most politically consequential in the short term could be a promise to cut seniors' drug costs in Medicare's so-called doughnut hole. Small business owners may also cheer new tax credits for buying insurance. But because most health insurance contracts run from January to December, many of the new protections regarding pre-existing conditions and benefit caps won't really kick in until 2011 at the earliest.

“These are important reforms, but the number of people who are actually going to be touched by them in the broader political narrative is really de minimis,” said Tim Murphy, an architect of health

reform in Massachusetts under Governor Mitt Romney. “The way the bill is structured, for the overwhelming majority of the 175 million people who get coverage through their employer, it ain’t going to change much....In the short run, the political narrative, the political story is a lot of the same.”

Murphy said some of Republicans’ dire warnings about a government takeover of health care will prove to be untrue, but the Democrats face some political risk in the long term for repeatedly suggesting the reform plan will end the spiral of health expenses.

“Certainly when the world doesn’t change, the Republicans are going to look silly for using apocalyptic rhetoric in the whole debate,” the former Mass. health secretary said. “The danger for the Democrats is they have raised expectations that this bill will rein in costs. This bill will do absolutely nothing to inflect costs...And where I’ve seen elections really go the wrong way is when people’s expectations are not met.”

All the sweeping rhetoric and self-congratulation of the past few days has clearly left some Democrats concerned that Americans will be disappointed when the ills of the current health care system aren’t cured overnight.

“Colleagues on my side of the aisle are also making statements that might come under the heading of ‘overselling,’ saying that for most people, premiums will go down,” Sen. Al Franken (D-Minn.) said on the Senate floor Wednesday. “It is true that for many Americans the out-of-pocket cost for better, more-secure health insurance will go down. But it’s also true that most health care premiums will continue to go up – it’s just that they will go up at a slower rate than they would if this bill weren’t adopted.”

Franken also urged patience, conceding that some of the plan’s pain will be felt before most of the gains. “I wish we could do everything at once, but we’re making a complex set of reforms, and it will take time to implement them and generate the cost savings necessary to pay for the benefits you’ll receive,” he said.

Still, a leading scholar of President Lyndon Johnson’s drive to create Medicare said that over time Obama’s health care reform package has the potential to change the political landscape in favor of Democrats and to the detriment of Republicans—if it works.

“People should step back and consider the historic scope of this achievement,” said Jim Morone, a political science professor at Brown University. “The only thing [Democrats] ought to worry about is that this actually parses as a program—that it has costs...that aren’t apparent. If it proves to be successful, Republicans are screwed.”