

SOME THOUGHTS ON HEALTHCARE

From the start, let me say I support sidecar reconciliation going forward—the passage of the Senate health care bill, tied to the simultaneous passage through reconciliation of some fairly substantive changes (eliminating most of the excise tax, inclusion of a public option, possibly with Medicare buy-in, elimination of the antitrust exemption, and drug reimportation) that would not only make the Senate bill palatable and much cheaper, but would constitute real reform.

With that out the way, let me just throw a few things out there on which I will base my further discussion.

Rahm's trial balloon on a stripped down bill

On Wednesday, Rahm proposed a stripped down bill.

RAHM PITCHES STRIP-DOWN, reports Inside Health Policy's Wilkerson, Coughlin, Pecquet and Lotven: "White House Chief of Staff Rahm Emanuel called House leaders Wednesday to sell a smaller health care reform bill with insurance market reforms and a Medicaid expansion, Democratic and Republican insiders tell Inside CMS. House Speaker Nancy Pelosi (D-CA) so far is not buying it, they say, and one Democratic policy analyst considers Emanuel's pitch a trial balloon. ... Pelosi was scheduled to meet with Blue Dog and progressive coalition members Wednesday (Jan. 20) afternoon and a full Democratic caucus meeting is scheduled for Thursday morning. 'I would agree she's not buying it,' a Democratic policy analyst said, referring to Emanuel's idea of a smaller bill. 'We're hearing that she's trying to figure it out.' ... In the Senate, Budget Committee

Chair Kent Conrad (D-ND) said that while he had opposed using the fast-track process for the health reform legislation 'writ large,' he believes reconciliation could be used as a way to make fixes if the House passes the Senate bill."

Greg Sargent makes it clear that this doesn't necessarily mean Rahm (or the White House) prefers such an option—he's just looking into what is possible at this point.

After talking to insiders my sense is that the procedural issues at play are extremely complex, and White House advisers and Dem leaders really want to understand the full range of options before them, as limited as they appear to be, before leaning hard one way or another.

I'm also told that reports that Rahm Emanuel is pushing for a scaled-down bill are false. Rahm is actively involved in sounding out Congressional leaders to determine what's possible, but hasn't stated a preference, for the above reasons. This may not amount to a satisfactory explanation for many, but this, as best as I can determine, is what's happening.

So for the moment, let's just leave this out there as a trial balloon.

Within hours of Brown's win, Max Baucus said reconciliation would be part of the solution

After saying for months that reconciliation wouldn't work, Baucus has spun on a dime and said that reconciliation will be part of the solution.

"Reconciliation, I'm guessing at this point, will be part of the solution," said Senate Finance Committee Chairman

Max Baucus (D-Mont.).

Clearly, this is not the same as having one of the true obstructionists—Lieberman, Nelson, or Landrieu say this—in the Senate. But we don't need them to pass a bill through reconciliation; we need the still significant majority we have in the Senate.

Note, Baucus' quick concession that reconciliation would be needed to pass this bill ought to make all those who, before, said, "Reconciliation won't work, you have to capitulate to Joe Lieberman" think twice about whether their earlier read of the situation was correct, and what Baucus' quick concession says about the good faith of the hold-outs on the Senate side. If reconciliation is now possible, the only reason it wasn't possible in the past was the political situation, largely created by the large number of people empowering Lieberman and Ben Nelson by saying "reconciliation won't work, you have to capitulate to Joe Lieberman." And that ought to make the same people hesitate before they cry again, "Progressives have to pass the Senate bill as is, without working to fix the bill through reconciliation."

Votes (particularly through reconciliation) are easier to get in the Senate than the House right now

Here's a detail many on the left seem to be missing when they call on progressives to just suck it up and pass the Senate bill: the numbers.

Check out the roll call for the passage of the House bill last year. The bill passed 220-215. But that 220 includes Bart Stupak and Joseph Cao, both of whom have said they would not be happy with Nelson's anti-abortion language—they want Stupak's own, harsher language (and Stupak says he's got 10 more Democrats like him). And it also includes Robert Wexler, who has since retired.

In other words, just based on losing those three

votes, you don't have enough votes in the House to just "suck it up" and pass the Senate bill.

Of those who voted "no" last November, just two said they did so because the bill was not progressive enough: Dennis Kucinich and Eric Massa (and many people doubt Massa's explanation on that count). Larry Kissell got elected on a progressive platform, but Kissell is, alone among many endangered freshman, doing well in his re-elect numbers (something that may or may not have to do with his vote against the House bill, which is still more popular among voters than the Senate bill).

In other words, just to get enough votes to pass, you're going to have to do one of several things:

- Convince Stupak to back down off his anti-choice stance and vote for the bill
- Convince Kucinich, Massa, or Kissell to vote for a bill they didn't vote for the first time
- Convince some of the Blue Dogs who voted against the bill the last time to vote for it this time around

Those numbers alone ought to make it clear that you're not going to pass the Senate bill through the House by haranguing progressives to pass the bill, because unless you convince Kucinich or Massa (I'm leaving Kissell out, who actually said he opposed the bill from the right), then you still don't have enough progressive votes to pass the bill. Want to harangue someone? Harangue the Blue Dogs or Stupak, because they're a more likely source of that 218th vote than Kucinich or Massa. Here's Stupak's number, in case you're looking to whip votes: (202) 225 4735.

The Brown win

People will likely be arguing for years about how big a factor health care was in Brown's win on Tuesday. But a few things are clear. Union members supported Brown over Coakley 49% to 46%. I've heard from a number of union people from MA who talked about the difficulty, having gotten unions to vote for Obama in 2008 at least partly because of McCain's promise to tax health insurance, to now get their members excited about voting for Coakley so that their benefits would be taxed in the excise tax. Now, it may be that unions didn't try to spin this early enough, or it may be that workers really care about this, but it's clear that the excise tax is one of the things that played a factor in the Brown win.

The other thing that is clear is that a lot of the independents that voted for Obama voted for Brown, and a good number of Obama voters (especially the youth vote) stayed home. And while the numbers are mixed between those two groups, it is clear that both groups support a public option.

The math

Now, before I get into why I support sidecar reconciliation, let me address a scaled back plan—which has a lot to recommend it. Jon Walker lays out one scenario here, one that is not far off a scenario Ezra laid out the other day.

A number of people have complained that you can't pass comprehensive health care reform piecemeal (Brian Beutler, Karen Tumulty, Jason Seminal). But look at the language these folks are using carefully—particularly the way it fluctuates seamlessly between discussing “health care reform” and “health insurance reform.” Some of these same people willingly admitted back in December that the Senate bill was not, in fact, health **care** reform, but health **insurance** reform.

But one of the problems with the Senate bill is

just that—it succeeds in getting 30 million uninsured people insurance, but will leave a significant portion of Americans—perhaps as much as 19% of the total population—with insurance that they won't be able to afford to use [note, some of these already have insurance they can't afford to use; sentence changed per WO's comment; figure changed to reflect that 2% of the 21% of MA residents who can't afford care don't have insurance]. It means it would not eliminate (though it would lessen) medical bankruptcies, it would not give employers much relief from rising health care costs, and it would not do much to rein in costs (until someone can explain why the behavior the excise tax incents hasn't brought down health care inflation over the last three decades, I'll consider that a big scam). One of the problems with the Senate bill (the House bill was better though still not great) is that it was about health insurance reform, and not only fell far short of health care reform, but might make health care reform less likely as it made the medical industry more powerful. (And all that was before Justice Kennedy gave them the right to buy politicians.)

But that's one of the reasons why Rahm's trial balloon is so important—and, I suspect, why Baucus immediately became willing to discuss reconciliation. A plan like Jon's—expanding Medicaid and allowing Medicare buy-in—would solve a great deal of the urgency surrounding health care, without giving the insurance companies millions of captive consumers. Rather than putting the industry in a much stronger position, it would put them in a weaker negotiating position, making it more likely that when we turn to the one urgent issue that must either involve insurance or single payer (the exclusion of those with pre-existing conditions), we will at the same time be able to demand real concessions on Medical Loss Ratio and/or actuarial values so that people can actually afford to use the health insurance reform would give them access to. Plus, the one great aspect of the Senate bill—the one part

that is undeniably reform—is its Medicare-based delivery reforms, and we could do that in a smaller bill anyway. So while the opponents of piecemeal reform have a point, they also need to be clear that they're talking about insurance reform, not health care reform, and they need to explain how they get from there to health care reform.

So I do think passing a stripped down bill that focuses on extending care to the 15 million who most urgently need it is preferable to passing the Senate bill without a guarantee it'll be fixed through reconciliation.

But I actually do think—because the House, not the Senate, now has leverage—that the bill might get significantly more progressive through reconciliation. Max Baucus and all the other insurance company buddies in the Senate may now be willing to deal to preserve some expansion of the insurance companies' base. And if it's done correctly, they may be willing to accept the competition they dodged when the Senate had the upper hand.

The point is, to those clamoring for progressives in the House to cave, to think responsibly of what they're doing. What you do now can result either in real reform, in expansion of care with minimal reform. Or, in passing the Senate bill that, based on the excise tax alone, may have been a significant factor in Coakley's loss. Health care reform is important—which is why we shouldn't accept just the Senate bill, because (except for the Medicare changes) it is not health care reform.