

# IS OBAMA'S BIPARTISAN HEALTHCARE SUMMIT AN ATTEMPT TO RECUPERATE THE CADILLAC TAX?

When Max Baucus delayed finalizing the Senate Finance Committee's healthcare bill last August in the name of getting bipartisan support from Olympia Snowe or Chuck Grassley, Republicans and teabaggers spent the month talking about death panels. Allowing the delay in the false hope of bipartisan support was, among a string of poor decisions, probably the worst decision the Obama Administration made.

So why is Obama planning on a bipartisan healthcare summit for later this month?

The move has gotten a lot of people trying to puzzle WTF (?!?!?) Obama intends to achieve. Here are Greg Sargent's thoughts:

A lot to chew on here. Republicans will spin this as proof that Obama has shelved reform, wants to start again, and will only pursue a bill that GOPers sign onto. Liberals will be dismayed at the apparent suggestion that Obama seems to actually be saying that such common ground could form the basis of anything approaching real reform – and that he's leaving open the possibility of doing “compromise” legislation with Republicans.

It's possible, though, that this is all about laying the groundwork for pursuing a Dem-only reconciliation solution later. Such an effort, should it happen, will inevitably be portrayed as yet another partisan back-room effort to ram reform through. So perhaps the White House hopes a very public gesture of

bipartisanship and transparency now will undercut those attacks and allow Dems to argue that they had no choice but to move forward alone.

\*\*\*\*\*  
\*\*\*\*\*

*Update:* Maybe the game plan is to give skittish Congressional Dems cover to support a Dem-only reconciliation (i.e., “back-room” and “partisan”) approach later.

*Update:* Nancy Pelosi, who’s been much more realistic throughout this process than the White House or the Senate about the likelihood of bipartisan cooperation ever happening, endorses this in a statement:

“I welcome the President’s call for a bipartisan, bicameral discussion in front of the American people on fundamental health insurance reform that will make quality care affordable for all Americans and American businesses. The House and the Senate will continue to work between now and February 25th to find a common approach between the House and the Senate on these solutions.

“The House-passed health insurance reform legislation included a number of Republican amendments – added as the bill worked its way through three committees. In the last Congress, we worked with President Bush in a bipartisan way to pass initial economic recovery legislation, a bill to deal with the financial crisis and historic energy legislation that increased our nation’s fuel

efficiency standards for the first time in more than 30 years. We remain hopeful that the Republican leadership will work in a bipartisan fashion on the great challenges the American people face.”

Either this is a coordinated cave, or it’s a coordinated effort to lay the groundwork for a Dem-only solution later.

I think Greg’s thoughts are probably the most likely explanation. Still, I’ve got a nagging suspicion this is an attempt to recuperate the Cadillac tax—or some sort of end to the health insurance tax break.

As Ezra lays out, the Cadillac tax—insofar as it chips away at the tax break for employer-sponsored health care—is a policy that both George Bush and John McCain supported, in even more radical forms.

The solutions the GOP has on its Web site are not solutions at all, because Republicans don’t want to be in the position of offering an alternative bill. But when Republicans are feeling bolder – as they were in Bush’s 2007 State of the Union, or John McCain’s plan – they generally take aim at one of the worst distortions in the health-care market: **The tax break for employer-sponsored insurance**. Bush capped it. McCain repealed it altogether. Democrats usually reject, and attack, both approaches. Not this year, though. Senate Democrats initially attempted to cap the exclusion, which is what Bush proposed in 2007. There was no Republican support for the move, and Democrats backed off from the proposal. They quickly replaced it, however, with the excise tax, which does virtually the same thing. The

excise tax only applies to employer-sponsored insurance above a certain price point, and it essentially erases the preferential tax treatment for every dollar above its threshold.

And of course, the excise tax is probably the biggest sticking point between the House and the Senate.

I can't help but suspect that Senate claims that they can't figure out how to pass a fix through reconciliation are, instead, lame excuses mobilized to protect the excise tax that they (and presumably, the Administration, still want). And Pelosi's response that there simply are not the votes for the healthcare bill in the House is her equally intransigent refusal to pass something that won't do what it was promised to do and will piss off the unions Democrats need to get elected in November. In other words, the Senate and the House appear to have hit an impasse over the excise tax, one that prevents the most obvious solution to passing health insurance reform.

And all of this has happened at a time when the Administration's Cadillac tax booster, Jonathan Gruber, has gotten very quiet. At least some of Gruber's claims (notably that workers would get a raise, but also, probably, that companies would save money, and therefore, possibly even the claims about revenue and cost controls) haven't survived closer scrutiny. So how can the Administration still argue for a Cadillac tax if it won't do what they promised it would?

Mind you, even if this speculation is right, I still don't know WTF (!?!?!?) Obama would intend to accomplish with this summit. Is he just planning on bringing John McCain into a room and saying, "John, I have a great idea! Let's borrow that idea that you proposed last year that turned out to be such a dud electorally?" Or is he going to try to get the Republicans to commit to the excise tax, since they would welcome an opportunity to screw the unions, regardless of

how stupid the underlying policy was?

I do know this. For some time, the White House's efforts to pass the excise tax barely hid their underlying objective to eliminate tax breaks for employer provided health insurance. So while this is entirely speculative, I do wonder whether Obama is trying to use Republicans to either justify a switch to a different plan, eliminating the tax break, or at the very least, to build pressure for the policy among Democrats.