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WORLD
UNITED STATES**Health reform****The labours of Sisyphus**Aug 20th 2009 | NEW YORK
From The Economist print edition**Opposition to health-care reform is mounting. Barack Obama must now decide whether to scale back his approach**

Illustration by David Simonds



DO THE Republicans scent blood? One sign that they might came this week, in the form of a sharp letter from John Boehner, leader of the Republicans in the House of Representatives, to the head of the Pharmaceutical Research and Manufacturers of America (PhRMA) lobby—long a good friend to the party. Mr Boehner denounced as “appeasement” the lobby’s decision to support Barack Obama’s plans for health-care reform. But that decision was made months ago; attacking it now is surely a sign that the Republicans think Mr Obama is suddenly in trouble.

And with some justification. First, the Democrats failed to meet the president’s deadline for getting health bills out of both the House and the Senate by August. Next, as politicians headed home to conduct town-hall meetings during this month’s recess, they encountered many constituents angry about the dangers—real or imagined—to be wrought by health reform. Some of these grumblers were planted by conservative groups, but many others were genuinely afraid or upset.

A new poll conducted for *The Economist* by YouGov confirms that scepticism over the reform effort is widespread. Of those respondents expressing a clear view, twice as many believe reform on the scale Mr

Obama is still contemplating will leave them worse off than today (38%) as believe they will be better off (19%). Over half are convinced they will end up paying more. And more people (59%) believe that any new system will lead to rationing of care than think it will lead to long-term cost savings (only 46%). Details are available at www.economist.com/yougovpoll.

So will health reform prove to be Mr Obama's Waterloo, as Jim DeMint, a Republican senator, claimed recently? Not necessarily. Michael Cannon of the Cato Institute, a think-tank, opposes Mr Obama's health proposals but believes it is still early days. The real battle is to come in the autumn session of Congress, beginning on September 8th. And the hornets' nest of trouble stirred up by opponents of reform will not soon be forgotten.

This suggests that Mr Obama now faces a difficult choice. One option is to stick with his plans to tackle all the big problems of health at once, ranging from cost to coverage to quality. Another option is to scale back his ambitions, going for the less grand but still worthy goal of expanding health cover to the many tens of millions without it. A third option, giving up altogether, seems unlikely, since Democrats have big majorities in both houses of Congress (though it is possible that in-fighting among Mr Obama's allies could yet scupper even modest reforms).

Officially, the White House is sticking with its original plan for comprehensive reform this year. Look closer, though, and it becomes clear that Mr Obama is signalling that he may soon backpedal in various ways. One example is the rebranding of health-care reform as "health-insurance reform", a carefully worded phrase now repeated by all his officials. This might allow the administration quietly to back away from its "Big Bang" approach, and to claim victory if a timid health compromise manages only to improve coverage while largely ignoring questions of cost and quality.

Another example of back-peddalling is Mr Obama's wavering support for a government-run health-insurance plan. Though this notion is wildly popular with the political left, conservatives and business lobbies loathe it. Concerned that moderate Democrats may vote against any final health bill containing such a controversial public plan, the administration this week softened its support for the notion. Mr Obama still advocates the idea, his aides insist, but is willing to live without it if that is the cost of a health deal.

Predictably, many liberals are outraged by any talk of weakening reforms. Robert Reich, a labour secretary under Bill Clinton, this week declared that leftists must march in support of the public plan in Washington, DC, on September 13th. Polls show support from Democrats plunging if no public plan is included.

If reform were to be scaled back, would that be a disaster? The loss of a public-plan option need not be. One reason is that support is growing for non-profit "co-ops" instead of a government-run plan to compete against private insurers—though it looks as though the Republicans are gearing up to attack these, too. A bigger reason is that pioneering reformers in Europe and in Massachusetts have shown that universal coverage is achievable without a government-run insurer. Among the policies needed are strong regulation of insurers to prevent bad behaviour, subsidies for the poor and the creation of health-insurance exchanges.

But surely going only for coverage now just delays the task of cost control until later? Yes, but that is a good thing, argues Jon Kingsdale. As head of the Commonwealth Connector, the official insurance exchange set up in Massachusetts, he has seen at first hand how the raucous politics of reform have unfolded in his state. Michael Dukakis, a former governor, tried to fix health care 20 years ago, but the law he pushed through the legislature eventually came undone in the teeth of business opposition. The new reforms, passed three years ago, have cut the number of uninsured in half, so that only 2.6% of people in the state are now without insurance.

Hasn't this politically attractive entitlement simply made the cost problem worse? After all, many economists argue that national health reforms must tackle costs hand-in-hand with coverage or else be deemed reckless. On the contrary, says Mr Kingsdale, sequencing reforms slowly and building support through expansion of coverage has now made it politically feasible for his state to tackle the cost problem. The key, he insists, is to see reform not as a Big Bang but a continuing process.

To bolster his contrarian argument, he points out that an officially appointed committee of experts has just recommended that his state scrap the fee-for-service model of reimbursement, which many economists believe is at the heart of America's health-inflation problem. Doing so would require his state to get a special waiver from the federal government, but this radical and hugely worthwhile proposal is now being seriously considered. Sadly, the idea is nowhere to be found in the leading bills in Washington, DC.

Mr Kingsdale does acknowledge that it is easier to pull off reform in a small and wealthy state like his than it would be at the national level, and accepts that his state has not yet actually passed any legislation that would curb health inflation. And given Congress's history of fiscal irresponsibility, it is surely right to be sceptical about any strategy that expands entitlements today in the hope of forcing a fiscal crisis to win support for cost cuts tomorrow.

Mr Kingsdale sums it up this way: "Trying to anticipate and address related cost, quality and access issues in one national reform would be more than Herculean—it would be Sisyphean...Herculean effort, followed by failure, then a renewed attempt at reform, ad infinitum." Sadly, that infernal tableau describes all too well the fate of most health reforms attempted since the days of Theodore Roosevelt. Lyndon Johnson was the only exception. Can Mr Obama provide another one?

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