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Why the Democrats' Health Care Overhaul May Die

By [Michael Cannon](#)

The problem that Democrats have faced from Day One is finally coming to a head.

The Left and the health care industry both [want](#) universal health insurance coverage. The industry, because universal coverage means [massive new government subsidies](#). The Left, because [that's their religion](#).

But universal coverage is so expensive that Congress can't get there without taxing *Democrats*.

* Sen. Jay Rockefeller (D-WV) is the biggest [opponent](#) of Sen. Max Baucus' (D-MT) tax on expensive health plans because that tax would hit West Virginia coal miners.

* Unions vigorously [oppose](#) that tax because it would hit their members.

* Moderate Democrats in the House [oppose](#) Rep. Charlie Rangel's (D-NY) supposed "millionaires surtax" because they know it would hit small businesses in their districts.

And on and on...

But if congressional leaders pare back those taxes, they lose the support of the health care industry, which wants its subsidies.

* That's why the health insurance lobby funded this PriceWaterhouseCoopers [study](#) saying that premiums would rise under the Baucus bill: the \$500 billion bailout they would receive *isn't enough*. They also want - they *demand* - steep taxes on Americans who don't buy their products.

* The drug companies, the hospitals, and the physician groups are likewise demanding big subsidies, and will run ads to kill the whole effort if those subsidies aren't big enough.

As always, health economist Uwe Reinhardt put it [colorfully](#):

It's no different from Iraq with all the different tribes... 'How does it affect the money flow to my interest group?' They are all sitting in the woods with their machine guns, waiting to shoot.

Once the shooting starts, industry opposition will sway even Democratic members, because there are physicians and hospitals and employers and insurance-industry employees in every state and congressional district.

Can President Obama and the congressional leadership satisfy both groups? My guess is, probably not, and this misguided effort at "reform" will therefore die. Again.

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