Health Reform Possible Even in Slowing Economy

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ARLINGTON, VA. — Health care reform can be achieved even in difficult economic times, several speakers said at the annual meeting of the Association of Health Care Journalists.

"I think past history shows us that major social initiatives do happen exactly at a time of major economic crisis," said Dr. David U. Himmelstein of the department of medicine at Harvard Medical School, Boston, and cofounder of Physicians for a National Health Program, a group that advocates for a single-payer health care system. "The New Deal is the outstanding example of that. We're facing a period where our country can't afford the health care system we have at present, and the pain is broadening far beyond the poor into the middle classes. … That's the condition for political change."

Dr. Himmelstein added, however, that the change probably will not come from Washington. "Political leadership has become the ultimate oxymoron. Demand from outside Washington can actually move this country as well. We had a charismatic president [John F. Kennedy] elected in 1960 who did not have very bold social programs that he proposed, yet he triggered a very broad outpouring of sentiment that succeeded in passing major social initiatives."

Karen Davis, Ph.D., president of the Commonwealth Fund, a health policy research organization in New York, noted that during hard economic times, "people really get worried about health concerns, so the demand for their political leaders to do something about it grows whenever the economy tanks." However, states are less able to meet those increased demands "because sales tax revenues go down and unemployment compensation costs go up."

During the current downturn, federal lawmakers decided to give people tax rebates, but another way to stimulate the economy would have been to invest in the health sector, said Dr. Davis.

She criticized the Bush administration's decision to limit funding for the State Children's Health Insurance Program and other programs funded by the states and the federal government during this period. "It was the wrong response to the recession," she said. "We ought to have a countercyclical matching rate built into those programs, so that when the economy tanks, the federal government could pay more of the costs," reducing the burden on states.

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Julie Barnes, deputy director of the health policy program at the New America Foundation, a nonpartisan Washington think tank, agreed. Although the recession is going to affect individuals the most, "employers and businesses are in an excellent position to fix it," she said. "They're the ones we need to look at to determine how health benefits fit into health care costs."

Although it might be a scary idea, "what if we took employers out of the health care benefit business and pooled individuals instead?" she suggested. Employers would have more money because suddenly they wouldn't have to pay for employees' health benefits, and "the federal government gets back all that money that they're giving to employers right now. And wages can go up."

Tom Miller, resident fellow at the American Enterprise Institute, a public policy research organization in Washington, was less hopeful about the prospect of reform. "I'm an optimist—I think it's always dark before it gets really dark, but then it gets lighter," said Mr. Miller, who favors a free-market approach to health care. "In the short term, I wouldn't expect a lot of moving around. . . . We're not going to have any mandate after 2 years of thrashing-around debate in Congress. We're going to get some marginal incentives that can provide a little additional assistance so some folks can get some more care."

He added, however, that Congress "is going to rewrite a good bit of the tax code in the next few years, and health care is going to get less in tax subsidies than it did before. As a result of that, we may rationalize the approach to tax financing of care." ■