

Health Care Reform Impasse: It's not just the Guv vs. the Senate

By Dede Feldman

With the failure of even a stripped-down version of the administration's massive Health Solutions plan to pass the Senate earlier this month, the Governor has said he will call a special session on health care. This week he is meeting with recalcitrant Senate leaders to see if, together, they can somehow find a path to health care reform.

While some see this impasse as a struggle between the executive and the legislature, or even as a personality clash, they're only scratching the surface of this deep seated policy dispute about how to offer universal coverage, cut costs, keep providers happy and pay for it.

It's a debate that was held once before, in much the same way, in the early '90s when the Clintons tried to pass a much heftier version of Health Solutions—much to the dismay of the National Federation of Independent Businesses, and their advertising creations—Harry and Louise. And it is a debate that is now being played out— with Tuesday's debate only the latest installment— in the Presidential primary contest between Hillary Clinton and Barak Obama.

Take the issue of whether to mandate employers to cover their employees or pay a fee to the state, or whether to require individuals to show proof of insurance coverage. In New Mexico, both ideas were endorsed by the a citizen task force, as well as the administration, as vital to creating a culture of coverage. Proponents, including national health economists, say that these mandates are the only way to ensure that healthy young people, as well as sicker old ones, will join a larger risk pool. And while, in the short term, there will be winners and losers, spreading the risk, and reducing administration of multiple pools and programs, will ultimately lower costs across the board.

The mandates were major dividing lines in the New Mexico legislature. Republicans-- in spite of the bipartisan support the Governor marshaled from the Albuquerque Chamber and major insurance companies resolutely opposed his bill. The National Federation of Independent Business (sound familiar?), ACI and the Restaurant Association lobbied intensely against the proposal, largely because of its employer mandates.

On the other side of the aisle, many Democrats feared that an individual mandate would punish people who don't currently buy insurance because it is too costly. Where would the money come from to provide

assistance for the estimated 60,000 New Mexicans who would be subject to the mandate, but unable to pay for it? Would they be exempt from the program? Would they be fined if they did not show proof of insurance?

These are the same wonkish questions that Hillary Clinton and Barack Obama are now fielding in the recurring debate about whose health care plan is more universal and whose is more workable. Hillary's plan now, as in 1993, includes mandates for individuals. Obama's does not, with one exception. He would require all children to have health insurance and allow young adults (up to 25 years) the option of joining their parents' plans, as New Mexico already does. Consequently, Clinton criticizes Obama for leaving 15 million Americans uncovered. Obama says his plan does more to lower rising costs through prevention and disease management.

Both of the Democratic candidates' plans would raise money needed to cover more people and make policies affordable by rolling back President Bush's tax cuts for high earners and charging businesses who do not insure their workers a fee (like Health Solutions). They also propose to cut costs through chronic disease management, prevention, and electronic record keeping—another proposal that proved divisive—and failed—during the recent legislative session.

Meanwhile, back in New Mexico, after three weeks of much the same kind of debate, the New Mexico House stripped the Governor's bill of its mandates and sent it on to the Senate with the clock ticking. There, it quickly passed through the Senate Public Affairs Committee, but was never heard by the Senate Finance Committee or on the floor of the Senate, although its most controversial provisions had been eliminated, leaving only the creation of a health care authority to grapple with how to consolidate programs and cut costs in the future, along with several important insurance reforms.

It is the loss of these insurance reforms that is perhaps the most regrettable since they would have limited the ability of insurance companies to discriminate on the basis of preexisting conditions and required insurance companies to plow back more of their revenues into medical care, rather than profit and overhead. That's something on which there is a broad Democratic—but not Republican—consensus, and the Richardson administration, deserves lots of credit for getting the insurance companies to agree, at least partially.

Can this thorny impasse be broken to allow much needed reform during a special session? The answer will depend on whether Democrats can trust one another enough to roll up their sleeves, work out realistic cost estimates and draw on a basic common value: affordable, quality health care

should be accessible to everyone in the earth's richest country.

--30

Sen. Dede Feldman is Chair of the Senate Public Affairs Committee and the interim Health and Human Services Committee