Lessons Learned: The Health Reform Debate of 1993–1994

ALLIANCE FOR HEALTH REFORM

Bill Clinton takes office as president of the United States in January 1993, having been elected in part on a platform of bringing health care coverage to 40 million uninsured Americans and controlling costs for 220 million who already have coverage. He has comfortable majorities for his party in both houses of Congress, and enjoys the high approval rating that envelops any new president.

A scant 20 months later, White House health staffer Chris Jennings sits in the office of Senate Majority Leader George Mitchell of Maine, pleading with Mitchell to figure out a last minute deal to get some kind of health reform bill through the Senate.

"I kept on saying 'Could we compromise here, or could we do this?'" Jennings recalled. "And he looked into my eyes...almost like a father looks towards their son and ... said, 'You know, Chris, it's dead. It's dead....We did everything we could, but it's over.'"

Health reform legislation never came to a floor vote in either the Senate or the House.

What went wrong? What are the lessons to be learned as health care takes its place once more on the short list of topics being debated as major issues in the presidential campaign?

When you listen to the recollections of those deeply involved, whether Democrats or Republicans, it becomes clear that true health care reform is a daunting task. "Health care is...the one issue in our lives that touches every single thing," said Christine Ferguson, then the top health policy staffer for Republican Sen. John Chafee of Rhode Island. "It touches investment. It touches taxes. It touches spending. It touches welfare. It touches how people feel about each other. It touches everything...life and death."

April 2008

Lesson 1: Strike while the iron is hot—in the first year after an election

Both Democrats and Republicans thought they saw powerful momentum for successful legislative action when Bill Clinton entered the White House. "There was a feeling of inevitability at the beginning, that we were going to get it done this time," said Karen Pollitz, who worked on the Clinton plan as deputy assistant secretary for health legislation at the Department of Health and Human Services.

Christine Ferguson agreed that at the beginning of the new administration, most Republicans thought Congress would pass a bill. "There was a lot of excitement and an interest and welcoming....There was just this sense that, 'Oh wow, this might be it.'"

But progress lagged, and the sense of urgency began eroding quickly. The early weeks of the Clinton Administration were devoted to a complex process of assembling

Key Lessons

- ▲ Strike while the iron is hot in the first year after an election. That's when attention is focused on the message voters were sending, and before lawmakers have to worry about re-election.
- ▲ Go for the easiest procedural path. Putting your ideas into a budget reconciliation bill means avoiding the chance of a Senate filibuster.
- ▲ Involve Congress from the very beginning. If you expect legislators to vote for your bill, they need to be involved in shaping it.
- A Raising taxes is tough, but NOT raising taxes can also carry a price. The administration's health plan of 1993-94 was more than a thousand pages long in an attempt to redirect existing dollars rather than raise taxes.
- ▲ Don't try to put everything into one bill. The Massachusetts health reform experience proves that you can leave some details for later.
- ▲ Be willing to deal. Health reform could possibly have passed in 1994 if proponents had been more willing to compromise.
- ▲ Expect pushback. Major health reform means change, and many people resist change, especially if their own income stream is threatened.
- ▲ In you're from Venus, listen to the people from Mars.

 Meaningful health reform is not just about covering the uninsured, nor is it just about reining in costs. It's about both.
- ▲ It won't happen if it's not a priority. For major reform to have a chance, many leaders must put it near the top — or at the top — of their priority list.

In December 2007 and January 2008, the Alliance for Health Reform, with support from the Robert Wood Johnson Foundation, held Washington briefings looking at lessons learned from the failure of health reform during the Clinton Administration. Panelists were seven experts who were active in health issues on Capitol Hill during 1993 and 1994, representing both sides of the political aisle and the administration: Brian Biles, now a professor in the Department of Health Policy at George Washington University; David Colby, now vice president of research and evaluation at the Robert Wood Johnson Foundation; Christine Ferguson, now a research associate professor of health policy at George Washington University; Chris Jennings, now president of Jennings Policy Strategies (JPS), a health policy and advocacy consulting firm in Washington; David Nexon, now senior executive vice president of the Advanced Medical Technology Association; Karen Pollitz, now a research professor at Georgetown University's



Health Policy Institute; and Dean Rosen, now a partner at the consulting firm Mehlman Vogel Castagnetti, Inc. and head of the firm's health practice. Susan Dentzer of The NewsHour with Jim Lehrer on the Public Broadcasting Service (PBS) moderated both briefings. This issue brief draws from information presented at those briefings.

the plan, an effort that eventually enlisted more than 500 people. Weeks stretched into months, with nothing to send to Capitol Hill.

There is just a one-year opportunity to get anything substantive accomplished on the Hill, the year after you win the election and before everyone starts focusing on the next campaign, said Brian Biles, who had been longtime staff director for the Health Subcommittee of the House Ways and Means Committee.

"In '93 the perspective was (looking) back to the Clinton election," he said. "By the time we got to '94, the perspective was looking forward to what turned out to be the Gingrich election and, actually, the take-over by the Republicans of the House and the Senate. So, the failure...to make use of the one-year cycle where they had political momentum, clout...was the real error."

Meanwhile, health care was by no means the only concern at the White House. A ballooning federal budget deficit had prompted some top administration officials, including Treasury Secretary Robert Rubin, to argue that narrowing the budget gap was crucial to restoring global confidence in the U.S. economy and long-term economic growth.

President Clinton agreed, and concluded that cutting the budget deficit was his top priority. "There were a lot of economic advisers who suggested...(doing) deficit reduction first....(This) was perhaps the singular decision that made it impossible to do health care in that Congress," Chris Jennings acknowledged.

Lesson 2: Go for the easiest procedural path

The administration put forward a deficit-reduction package that included tax hikes unpopular with Republicans and also with some Democrats. The package was to be part of budget "reconciliation" legislation for 1993. This is one bill that, under Senate rules, is immune from filibuster.

A crippling setback for health reform came when Sen. Robert Byrd of West Virginia, chairman of the Senate Budget Committee, told President Clinton that the health reform bill would not be included in the massive reconciliation bill.

Byrd, a stickler for Senate rules and tradition, said the health legislation was not germane to the budget bill and would not be included. The decision was "gut-wrenching," said Karen Pollitz. "That was the piece of legislation that you could move with a (simple) majority. Anything else in the Senate took a 60 vote majority, and so the decision not to move health care reform as part of that first budget reconciliation bill was scary."

In August 1993, the budget bill conference

report negotiated by the House and Senate passed by two votes in the House and by a single vote in the Senate; Vice President Al Gore had to cast the tie-breaking ballot. Not a single Republican vote was cast for the budget in either House or Senate, and dozens of Democrats voted "no" as well.

The splintering of the Democrats in Congress over the budget and the North American Free Trade Agreement (NAFTA) contributed to the failure to get the Democrats together on health reform, said David Nexon, who worked for Democratic Sen. Edward Kennedy of Massachusetts. "The way big things happen in the Senate... is that you have to anchor your own party, and then you bring some Republicans along with you," Nexon said. But, "for whatever reason, we were able neither to get the Democrats in line nor to reach out effectively to the Republicans."

Lesson 3: Involve Congress from the very beginning

It was not until after the deficit-reduction legislation passed in late summer 1993 that the first outlines of the Clinton health reforms were released on paper. Then, in September, President Clinton delivered a major address calling on Congress to enact the plan.

Yet the lawmakers whose support Clinton was seeking that day had little invested in that plan. The 1300-page bill delivered to Congress was written without significant congressional input, noted Brian Biles. "There had been a lot of work by the congressional health committees... that was really essentially ignored (by the White House)," he recalled.

Biles' boss, Rep. Pete Stark, a California Democrat who chaired the health subcommittee, had a much more blunt assessment, saying the plan was developed "as if they were off on Mars, without any thought to political relevancy and problems they were going to have to deal with, like the American Medical Association, the American Hospital Association, Blue Cross Blue Shield, the AFL-CIO," Stark said in a National Journal interview.

The delay in assembling the plan and transmitting a bill to Congress meant that it would be 1994—an election year—before Congress would take up health reform. The delay had allowed supporters to waver in their enthusiasm and gave opponents time to build up their arguments against any major legislation.

Lesson 4: Raising taxes is tough, but NOT raising taxes can also carry a price

Those who assembled the Clinton blueprint for health care reform say that it had to be complex, and be constructed under detailed White House direction, because it was attempting to cover masses of uninsured people without boosting federal taxes. Avoiding new taxes was crucial to avoiding the political fallout from being labeled "tax-and-spend Democrats," while also avoiding increases in the federal deficit.

"With no new money from taxes, you're going to have to redistribute a lot of money that's (already) in the system," said Karen Pollitz. And that meant an intricately detailed plan "clamping down on spending" with cost containment so tight that "no one on the planet had ever achieved," she said. That produced a bill of massive thickness. Pollitz now believes that perhaps it was a "fatal" decision to attempt to "cover everybody without raising taxes."

Lesson 5: Don't try to put everything into one bill

David Colby, with the Physician Payment Review Commission in 1993 and 1994, said the passage of near-universal health coverage in Massachusetts in 2006 shows that it's not necessary to have a thousand-page-plus reform proposal. "The lesson of Massachusetts is that you don't have to have every piece of information, every mechanism (detailed) to pass health reform." Now that reform is law in Massachusetts, he said, the technical details will be filled in as time goes on.

Karen Pollitz agreed, saying it's more important to get a bill enacted and worry about missing details later. "Pass it, pass it, pass it. Get the big provisions in it, get enough (in the final bill) so that you can get moving down the trail. Then (after the bill becomes law) you're going to revise it over and over and over again."

Lesson 6: Be willing to deal

The president pushed forward in his State of the Union message on January 25, 1994. "If you send me legislation that does not guarantee every American private health insurance that can never be taken away, you will force me to take this pen (he waved a pen), veto the legislation and we'll come back here and start all over again," he said.

The confrontational tone signaled to the Republicans and wavering Democrats that there would be no compromise. Dean Rosen, who then worked for Republican Sen. David Durenberger of Minnesota, watched the address on television. "I remember (thinking)... 'He can't be serious about this. ...(If) that's the standard by which he's going to sign or not sign legislation, then this thing is really over.'"

From the White House perspective, however, it seemed essential that President Clinton take a strong position to keep most members of his

own party happy after they had to swallow some very tough votes. Even if the president had wanted to compromise and accept less than 100 percent coverage for everyone, "it probably would have been almost impossible to do so," said Chris Jennings. "Because he had asked the Democrats to do deficit reduction and crime and NAFTA ...they had all thought they were going to get universal coverage in 1993, 1994." If he now asked for something less, there were "a whole lot of Democrats who would say, 'Well, are you a Republican or are you a Democrat?"

Lesson 7: Expect pushback

Public enthusiasm was eroding. Support for President Clinton on the subject of health care reform was an overwhelming 71 percent during the spring of 1993, in the early days of the White House task force. But public backing had fallen to 59 percent by September 1993, when the president made his nationally televised speech unveiling the basics of the program. Asked if the plan would be good for the country, 55 percent of Americans said yes in September. By June 1994, support had plunged to 33 percent.

Support always was more precarious than the administration and its supporters understood, according to polling experts Robert J. Blendon, Mollyann Brodie and John Benson. "From the outset Americans showed more concern for solving their own health problems than for solving those facing the nation as a whole," they wrote. "Survey findings showed that Americans' strong support for reform could be quickly tempered by messages implying that personal sacrifices might be needed to deal with the broader problems."

Pushing that "personal sacrifices" view were the famous "Harry and Louise" TV ads, sponsored by the former Health Insurance Association of America. The ads showed actors portraying a married couple sitting at their kitchen table, lamenting the restrictions of the Clinton health plan. Although the ads had only a limited airing, they became an easy-to-understand symbol for what the public found wrong with the plan.

While members of the public were developing doubts about the Clinton plan, so were businesses. Large corporations in particular thought they could better tackle the problem of rising health care costs on their own.

Insurers and large health care purchasers alike were swept up in the enthusiasm over "managed care"—the notion that health maintenance organizations and other insurance schemes, together with myriad new rules on health care utilization, would accomplish cost containment on their own. For several years, these strategies did appear to



Acknowledgements

This publication was made possible by a grant from the Robert Wood Johnson Foundation. The Alliance is grateful for that support.

The Alliance also thanks Bob Rosenblatt, who covered health reform in 1993 and 1994 for the Los Angeles Times, for writing the original draft of this paper. Thanks as well to all of the panelists quoted for their good memories and insightful advice, and to Susan Dentzer for her thoughtful moderating of the panels and her careful review of the draft.

The Alliance is a nonpartisan, not-for-profit group committed to the education of journalists, elected officials and other shapers of public opinion, helping them understand the roots of the nation's health care problems and the trade-offs posed by various proposals for change.

Design by Yael Konowe of Yael Design, Reston, Va.

Printed on recycled paper. © 2008

Alliance for Health Reform 1444 I Street, NW, Ste 910 Washington, D.C. 20005 Phone 202/789-2300 Fax 202/789-2233 www.allhealth.org

slow the rate of growth of overall health spending. As a result, people "were willing to put more faith in the private sector and move away from a government reform" because "it appeared that the private sector was successfully holding down costs through managed care," said Dean Rosen.

Lesson 8. If you're from Venus, listen to the people from Mars

In the late spring and early summer of 1994, there were still some grounds for optimism in the Senate as a group of members from both parties tried to fashion something that could win majority approval.

But party differences proved intractable. "I felt this is really a 'Republicans are from Mars, and Democrats are from Venus' kind of conversation," Rosen recalled.

Meetings continued through the spring and summer, plans were floated in the press, but no progress was made toward a plan that could win acceptance from the White House and approval in Congress. On June 14, after a meeting at the White House, Sen. Robert Packwood of Oregon, the Republican ranking member on the Finance Committee,

emerged to tell reporters, "At the moment all plans are dead; there's not a majority for any single plan."

Lesson 9: It won't happen if it's not a priority

Overarching all the other lessons learned from the debates of 1993 and 1994 is this: Significant health reform won't happen unless a number of people make it a priority, panelists said. The president and leaders in Congress need to understand, said Ferguson, that "they are not going to get any kudos from anyone (for promoting health reform).... You are not going to come out as a hero. You are going to come out as a villain to someone, and they are going to exploit it.... (If you) decide you're going to use all of your political capital on this issue...then there is a possibility that it could happen."

For the sources used in writing this issue brief, please send an email to info@allhealth.org

For the webcasts, podcasts, transcripts and resource materials from the briefings on which this issue brief was based, please go to www.allhealth.org/briefing_detail.asp?bi=118 and www.allhealth.org/briefing detail.asp?bi=119

202 416 0066

Expert Sources

brian biles, George washington university	202-416-0066
Robert Blendon, Harvard School of Public Health	617-432-4502
David Colby, The Robert Wood Johnson Foundation	609-627-5754
Christine Ferguson, George Washington University	202-530-2356
Chris Jennings, Jennings Policy Strategies	202-879-9344
David Nexon, Advanced Medical Technology Association	202-783-8700
Karen Pollitz, Georgetown University Health Policy Institute	202-687-3003
Dean Rosen, Mehlman Vogel Castagnetti	202-585-0217

Selected Articles

"Learning from Failure in Health Care Reform" New England Journal of Medicine, Oct. 25, 2007

Jonathan Oberlander, Ph.D.

Free text at http://content.nejm.org/cgi/content/full/357/17/1677

"It is...tempting to believe that the moment for reform has finally arrived and that we stand on the verge of historic change. Yet before reform advocates get too exuberant, they would do well to remember what happened the last time health care reform topped the national agenda."

"For Health Care, Time Was a Killer" New York Times, August 29, 1994

Adam Clymer, Robert Pear, Robin Toner

http://query.nytimes.com/gst/fullpage.html?res=9F03E3D71E39F93AA1575BC0A962958260

"As the Administration and its Congressional allies take a brief vacation and try to gather strength for one last push on health care, some reflect on that moment in the spring of 1993 and see it as emblematic of lost time, lost opportunities, lost confidence."

For additional experts and websites on this and other subjects, go to www.allhealth.org.