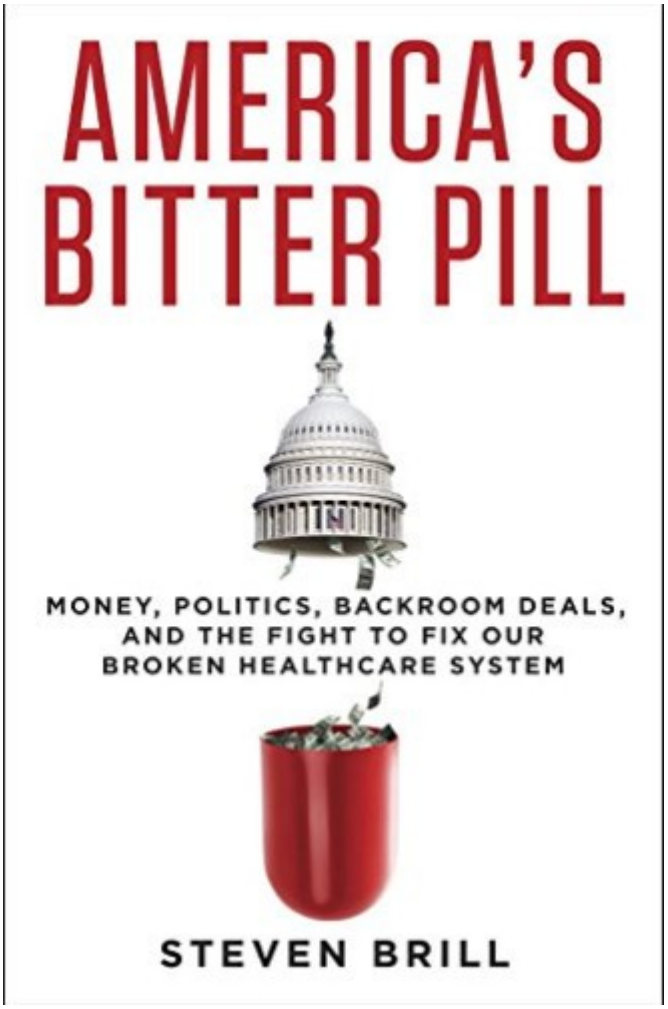
All the reform possible

by Steve Thorngate in the April 15, 2015 issue

In Review



America's Bitter Pill

By Steven Brill
Random House

My daughter spent the first six weeks of her life in intensive care. She finally came home, trailed by a long series of bills. The hospitals also sent letters announcing, "This is not a bill," then detailing what we would owe them if it were—that is, if we

didn’t have insurance. The total: more than $250,000. What would we have done with such a bill? Borrowed from every family member and friend we have? Filmed a heartstrings-tugging fund-raising video? Gone bankrupt?

I know others who have gone through something similar and have concluded that the U.S. health-care system is broken and that Obamacare has done little to fix it. Are they right? Does the signature progressive achievement of the Obama years represent only minimal progress?

Journalist Steven Brill’s first deep dive into health care was his massive 2013 *Time* article on “chargemasters”: hospitals’ minutely itemized and often wildly inflated price lists, on which they base the bills they send the uninsured and the nonbills they send people like me. Now Brill has written a detailed account of the Affordable Care Act—its origins, enactment, implementation, and future outlook. He concludes with his own prescription for health-care reform. The prescription is underwhelming, but the bulk of the book is invaluable.

Some reviewers have teased Brill for his Bob Woodward–style exhaustiveness—for the detailed descriptions of Washington players and processes and for the extensive annotations of triple-sourced anecdotes. But he succeeds in crafting all of it into a fascinating narrative. He also reveals the complexity involved in any fair assessment of the ACA’s heroes and villains.

It is easy to lose sight of just how thorny the path to reform was. Brill explains the New Deal politics that entrenched untaxed employer-based premiums as the core of the U.S. insurance system. He takes us through the earlier reform efforts that culminated in the Clinton-era failure which left Democrats chagrined. And he provides a dramatic play-by-play of the drafting and passage of the ACA, from the bipartisan promise of early conversations to the watered-down, one-party bill that stumbled onto Obama’s desk in 2010. It’s a fascinating look at a wild episode of congressional politics.

If anyone still doubts that the ACA’s architects got all the reform they could, Brill’s close study of the key players and their incentives ought to convince them. It’s easy to imagine a reform bill that does more. It’s almost impossible to see it getting enacted in recent history.

As Brill tells it, the primary sticking point was not about how much the bill would do, but about what it would do. Some advisers focused on expanding coverage, others

on containing costs, and the expansion-of-coverage people won. Brill's account of the two groups' push and pull is revealing, as is his analysis of how various deals with the health-care industry amounted to punting on costs. Hospitals, drug companies, and device manufacturers would keep making money hand over fist; they'd accept mild reforms in exchange for new customers. Insurers would continue to pay a lot for all of this, and to charge a lot for policies, but with government subsidies to help more people buy them.

The president didn't talk much about the subsidies. The ACA's essence is to make health insurance affordable by helping people pay for it, and Brill makes much of how the White House preferred to credit this affordability to competition and efficiency instead. He says less about the fact that Republican attacks on what they called a government takeover of health care downplayed the facts about subsidies too. It's a fascinating feature of U.S. politics: the government redistributes money, and rarely does anyone—supporter or detractor—want to bring this up directly.

Though Brill is correct that Obama overemphasized the ACA's cost containment measures, he perhaps oversells the point. His reporting on internal policy debates betrays a preference for the cost-containment side. While he clearly sees the ACA's coverage expansion as a genuine achievement, at times he treats it like a side note. For him, the real issue is runaway expenses.

Is the cost-containment situation as bad as Brill makes it out to be? Lately health-care spending has been leveling off, not running wild. In one response to Brill's book, former Obama adviser Peter Orszag—a major character in the book—acknowledges that he and others got less cost containment than they wanted, but they did get some, he says, and it's working. Orszag adds that costs could drop further if the administration fully implements its authority under the law.

On the subject of implementation, Brill's criticism is more damning. He relays stories of families financially ruined by health-care bills not because the ACA didn't offer them help, but because the Obama administration hadn't gotten around to writing all the rules needed to deliver on that offer. Then there's the notoriously botched website for the national insurance exchange, an embarrassing tale of bureaucratic silos and sidelined technologists. Brill's takeaway is that senior officials were too aloof from the nitty-gritty of governing to have much chance of getting the website right. I'd add that it's always a problem when tech people are marginalized because higher-ups neither respect nor understand what they do—and it's especially a

problem when a complex website is no mere support tool but the very core of a program.

Such issues are common in large bureaucracies, private as well as public. Brill is right to criticize the administration for dropping the implementation ball, but he leans too heavily into the American suspicion of all things public. After all, a lot of the blame for the website debacle goes to CGI, one of the private firms hired to build it. And while the eventual rescue was accomplished by a team empowered to function like a tech start-up, it's hard for any large bureaucracy—public or private—to grant that kind of leeway long-term.

Besides, the insurance exchanges aren't complex because of government so much as in spite of it. HealthCare.gov has to retrieve detailed information from numerous other agencies to determine a person's eligibility for subsidies, then retrieve plan information from numerous private insurance companies. That's unprecedented. If Congress had created a single-payer plan, the website build would have been a breeze. Brill acknowledges this point in passing, but only to thump liberals for fixating on it, for being insufficiently invested in realpolitik. That's too dismissive. When we embrace public-private partnerships as the only realistic way to enact public investment, we invite the problems that convoluted policy brings—and with them an even further drop in support for public investment.

Brill isn't wrong, of course. Single payer remains a far-off dream, and you go to war with the health-care reform you have. Still, it's galling that he takes such a steadily pragmatic look at others' reform ideas, only to turn idealistic when spelling out his own.

Brill's proposal for further reform is to permit hospital oligopolies within a given region, juicing the rise of dominant players that provide head-to-toe care for a large chunk of the population. These superhospitals would be encouraged to take on the function of insurers as well, as a few already have—thus reducing one industry's motivation to charge too much and the other industry's motivation to refuse to pay what the first industry demands. Instead of controlling costs directly, do it by changing industry incentives.

It's an intriguing thought. It also relies on quite a few things falling into place. Brill lays out a number of necessary regulations: standards for oligopolies, profit limits, executive salary caps, a requirement that executives be doctors themselves, an

ombudsman’s office for appeals, quotas of Medicaid patients, the end of the chargemaster and its inflated prices. It all sounds pretty good! Of course, so did the more aggressive reforms the ACA was forced to jettison, and so does single payer. Brill has a keen eye for the way politics has limited the reach of past reform efforts, but he doesn’t always hold himself to the same realism.

Brill’s proposal, however, is really just the book’s coda. His main project is an insightful chronicle of the ACA, its achievements, and its limits. It’s absurd how much a few weeks in the hospital can cost, and the ACA hasn’t done much to stop those crazy letters with their inflated price lists. But my daughter’s letters weren’t bills, and I didn’t pay them. I just gaped at them for a while and then filed them away. Today far more Americans can do just that—thanks to this compromised, convoluted, triumphant new law.