

Health Insurers Emerge as Obama's Top Foe in Reform Effort

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Wednesday, October 14, 2009*

Now they have an enemy.

For months, President Obama and his administration waged their fight for a health-care overhaul without a clear opponent, even courting the industry executives and interest groups that helped kill reform efforts 15 years ago.

But attacks on the leading Democratic reform plan this week by the insurance lobby left little doubt that two of the most powerful institutions involved in the debate -- the White House and the nation's insurance companies -- have abandoned any real hope of forging a compromise. What was a tenuous truce has turned quickly into an all-out battle, with both sides ratcheting up the hostilities.

As the Senate Finance Committee on Tuesday approved a 10-year, \$829 billion bill to remake the health-care system, Obama's top advisers and the insurers moved into a more intense stage of conflict.

"The insurance industry has decided to lead the charge against health reform, and everyone recognizes their motives: profits," said White House deputy communications director Dan Pfeiffer. "We are going to make sure they can't sink this effort at the last minute."

Pfeiffer castigated the industry for releasing a report Monday that concluded that the finance panel's bill would increase costs for consumers. "They made themselves a very good foil," he said.

The insurers, however, showed no sign of being chastened. America's Health Insurance Plans, an industry trade group, opened a fresh line of attack with a multistate advertising campaign warning that senior citizens enrolled in private Medicare plans could lose benefits under the legislation.

"Is it right to ask 10 million seniors on Medicare Advantage for more than their fair share?" the television spot asks. "Congress is proposing \$100 billion in cuts to Medicare Advantage. The nonpartisan Congressional Budget Office says many seniors will see cuts in benefits."

The Finance Committee's bill would reduce spending on the plans AHIP cites by \$113 billion over the next decade, which could mean reduced insurer profits, higher co-payments by beneficiaries or fewer extra benefits such as eyeglasses and gym memberships.

"We want to begin to build an awareness of the potential implications to seniors," said AHIP President Karen Ignagni.

She declined to say how much money would be spent on the commercials airing in six states, but one advertising analyst said the industry has enough cash to pose a serious threat. "They can spend whatever they feel they need to influence this," said Evan Tracey, president of the Campaign Media Analysis Group. "Seniors are a very important group politically."

The insurance sector and health maintenance organizations spent more than \$116 million on lobbying in the first six months of this year, according to an analysis by the nonpartisan Center for Responsive Politics.

"It's pretty clear now, they intend at the eleventh hour to launch a very expensive and misleading campaign against reform," Pfeiffer said.

From the earliest days of his presidency, Obama approached the health-care debate determined to not repeat the mistakes of President Bill Clinton. Obama invited business leaders to the White House for brainstorming sessions and negotiated deals with several industries, including hospitals and drugmakers. The insurance industry had a seat at the table.

"We had no public face of opposition," Pfeiffer said. Yet all the while, the insurers were "milling around in the background," unable to reach an accord but muted in their objections, he said.

Since Labor Day, the industry has been on the receiving end of more than \$25 million in critical advertising, Tracey estimated.

Ignagni complained of a "major effort to discredit and silence" the industry and its allies. "That's just wrong in a democracy."

She stood by the report her group commissioned and said she expects other analyses to reach similar conclusions that the bills now before Congress would not constrain rising medical bills.

As the report has come under fire, PricewaterhouseCoopers has distanced itself somewhat from it. The firm said Monday that AHIP had instructed it to focus on only some features of the bill, while not taking into account other major features such as the effect of subsidies for those buying insurance.

"America's Health Insurance Plans engaged PricewaterhouseCoopers to prepare a report that focused on four components of the Senate Finance Committee proposal," the company said in a statement. "As the report itself acknowledges, other provisions that are part of health reform proposals were not included in the PwC analysis."

Lawmakers were divided on the issue, largely along party lines, with many Democrats suggesting that the industry actions will serve only to further aggravate many voters.

"The insurance industry ought to be ashamed of this report," Sen. John F. Kerry (D-Mass.) said during committee debate.

Sen. Robert Menendez (D-N.J.) said the last-minute attacks by the industry "are one more indicator we're on the right track."

Harvard University pollster Robert Blendon said public opinion remains mixed.

"Most people are afraid these bills are going to raise their costs, so this could raise public anxiety," he said. "At the same time, the health insurance industry is at the bottom of the scale of people's trust."

Sen. Joseph I. Lieberman (I-Conn.) said Tuesday that he would not support the finance panel's bill because of cost concerns.

"I'm afraid that in the end the Baucus bill is actually going to raise the price of insurance for most of the people in the country," he said on Fox Business Network's "Imus in the Morning" program, referring to Finance Chairman Max Baucus (D-Mont.).

In committee debate, Republicans pressed CBO chief Douglas W. Elmendorf on the impact of the bill on total health spending nationwide and on insurance premiums, but he did not take a side in the debate.

"We can't assess the effects on national health expenditures," he said. "There are so many conflicting forces we have not been able to assess the effect on premiums."

Staff writers Dan Eggen and Alec MacGillis contributed to this report