

"The story of health care in America, told by the man who knows it best.
Whether you're a serious scholar or just a serious citizen, you should read this."

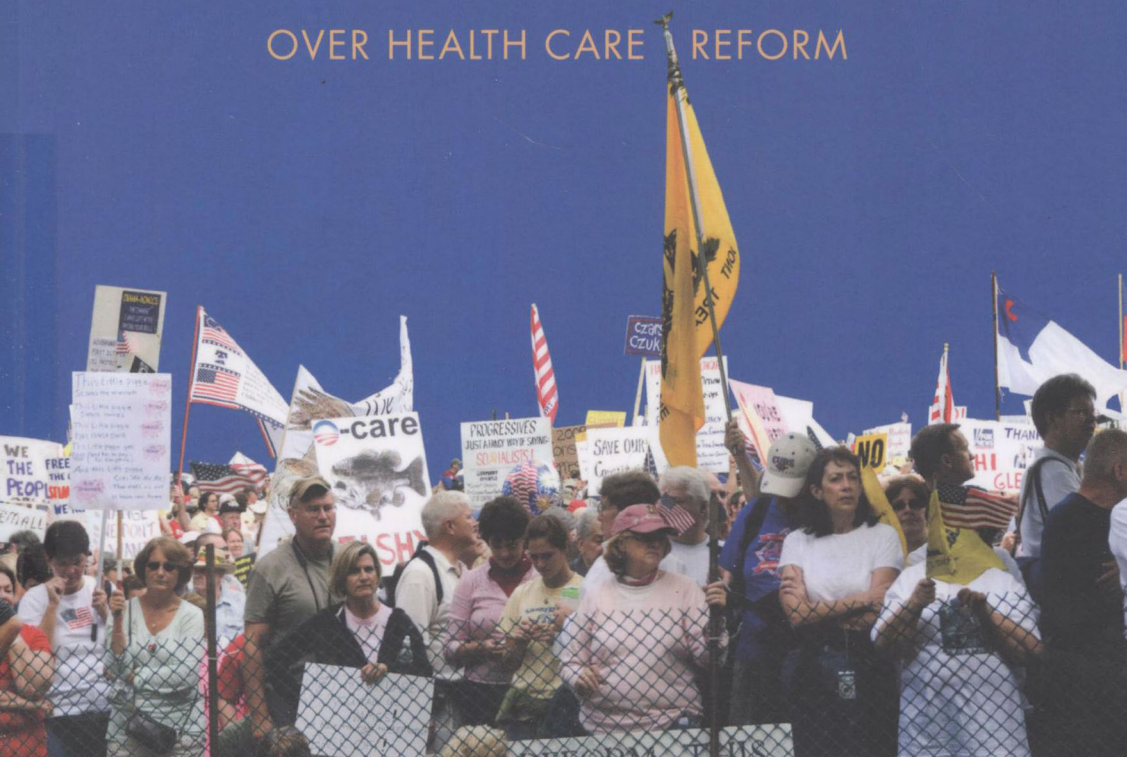
—JONATHAN COHN, senior editor, *New Republic*

PAUL STARR

WINNER OF THE PULITZER PRIZE

REMEDY AND REACTION

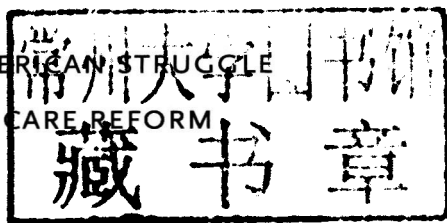
THE PECULIAR AMERICAN STRUGGLE
OVER HEALTH CARE REFORM



PAUL STARR

Remedy and Reaction

THE PECULIAR AMERICAN STRUGGLE
OVER HEALTH CARE REFORM



Revised Edition

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Praise for *Remedy and Reaction*

"As a work of policy history *Remedy and Reaction* excels. . . . [Starr] chronicles just how difficult a struggle it has been to make the U. S. healthcare system more equitable and efficient and how far we still have to go."

—Jonathan Oberlander, *Science*

"[A] useful and lucid history of American health reform. . . . Anyone seeking to understand how difficult it will be to implement President Barack Obama's health care reforms will be enlightened by Starr's readable and engrossing narrative. Highly recommended."

—Jeff Goldsmith, *Health Affairs*

"None of the numerous other histories of US health care policy develops these themes in such an illuminating fashion. . . . This book provides one of the clearest descriptions and best justifications of the Affordable Care Act published to date. . . . [An] excellent, cogently argued work."

—Samuel Y. Sessions, *Journal of the American Medical Association*

"[A] remarkable chronicle of the hundred year effort to legislate universal health insurance in the United States. . . . Nobody with a sense of history—that is, nobody who reads Starr's book—could doubt how sensible and brave was the president's effort to drive the Patient Protection and Affordable Care Act of 2010 through Congress."

—Bernard Avishai, *The Nation*

"Here's the book we've been waiting for—a lucid history of America's struggle over healthcare reform, blending the political, economic, and social pressures that have brought us to where we are, and suggesting where we're headed. With great insight and impeccable writing, Paul Starr explains why that struggle has been particularly bitter and partisan in the United States, why the resulting compromises have left so many people unsatisfied, and why the underlying problems continue to evade us. Brilliant and important."

—Robert B. Reich, Chancellor's Professor of Public Policy,
Goldman School of Public Policy, University of California, Berkeley

"[A] clear, comprehensive, and compelling chronicle of the health care debate. . . . Starr is at the top of his game."

—Glenn Altschuler, *Huffington Post*

"Remarkable. . . . There couldn't be a more astute insider to the politics of reform than Starr. . . . Starr's history of America's battle over whether health care should be a right is an exacting look at politics and policies—and a challenge to Americans to overcome their fear and distrust in order to protect the sick and vulnerable."

—*Publishers Weekly*, starred review

“First, [Starr] objectively draws together the threads of myriad voices and special interests in the century long American health care debate and weaves them into a wholly comprehensible pattern. . . . Second, Starr cogently explains the highlights of the recently passed and highly controversial Affordable Care Act. . . . In sum, this self admitted universal health care advocate and seasoned realist leaves readers questioning, as he does, whether Americans can ‘summon the elementary decency toward the sick that characterizes other democracies.’”

—Donna Chavez, *Booklist*, starred review

“The best summary and political analysis of health care reform I’ve read. . . . Starr nails every nuance while taking the analysis one level deeper than any other treatment I’ve read.”

—Austin Frakt, *Incidental Economist*

“[I]f I were forced to assign only one book to summarize the historical context, political constraints, and policy dilemmas that shaped the 2010 Patient Protection and Affordable Care Act (PPACA), I would definitely choose this tart and briskly paced 300 page work. I would do the same if I had to recommend one book to a well-informed colleague who obsessively followed the 2009 and 2010 legislative debate leading up to the PPACA. I was surprised by how much I learned reading *Remedy and Reaction*, as I was a close observer and partisan participant in that story.”

—Harold Pollack, *Public Administration Review*

“Three decades ago Paul Starr wrote the definitive history of American medicine. *Remedy and Reaction* now offers the definitive analysis of American health care reform—its history, nature, and continuing vulnerability.”

—Timothy Jost, coeditor, *Transforming American Medicine:
A Twenty Year Retrospective*

“*Remedy and Reaction* is the story of health care in America, told by the man who knows it best. Whether you’re a serious scholar or just a serious citizen, you should read this.”

—Jonathan Cohn, senior editor, *New Republic*

“Paul Starr, who gave us a magisterial account of the history of American medicine, now has given us the definitive account of the history of the struggle to enact health reform in America. Starr has done more than just study reform—he was a player in efforts to achieve it. *Remedy and Reaction* is in some ways thus an insider’s history, which only enriches the experience of the reader. This book is a lively read, but has depth and insight. From its account of the early experiences in the twentieth century with reform, up through the disappointments in our lifetimes to achieve any comprehensive change, through the enactment of

the Affordable Care Act and the story of its uncertain future, *Remedy and Reaction* is the definitive account of the history of health reform in America.”

—Norman Ornstein, coauthor of *The Broken Branch: How Congress Is Failing America and How to Get it Back on Track*

“Few books as important as this one is are as clearly and compellingly written. *Remedy and Reaction* is a brilliant analysis of the political conflicts and compromises that led to the passage of the Affordable Care Act, and a fitting sequel to Paul Starr’s masterful book, *The Social Transformation of American Medicine*. The final page came much too soon.”

—Shannon Brownlee, author of *Overtreated: Why Too Much Medicine is Making Us Sicker and Poorer*

“A useful contribution as the country moves forward with the implementation of health care reform.”

—Kirkus Reviews

“[D]elivers an insightful political analysis.”

—Kristen Greencher, *Charlotte Observer*

“[An] interesting and engaging account of the many attempts made over the past century to reform care in this country. As daunting, even wonkish, as this may sound, Starr does an excellent job of explaining the different proposals and identifying the reasons why some succeeded where others failed so spectacularly.”

—Dennis Rosen, *Boston Globe*

“[C]oncise and beautifully written.”

—Michael Gusmano, *Commonweal*

REMEDY AND REACTION

PREFACE TO THE REVISED EDITION

ISSUES OF HIGH IMPORTANCE IN NATIONAL POLICY are not always subjects of high drama in politics, but for the past two years health-care reform has been both. When the Supreme Court heard oral arguments about the constitutionality of the Affordable Care Act in March 2012, the debate over reform became a theatrical event as well as a critical test of national principles. After a young woman testified in favor of the contraceptive coverage under the law, a radio blowhard heard across the country called her a “slut” and a “prostitute” and helped to re-ignite passions over birth control. When the former governor who had passed the program that led to “Obamacare” ran for president and promised to repeal it, health-care reform was thrust first into the Republican primaries and then into the general election.

Since *Remedy and Reaction* was first published in October 2011, the politics of health-care reform has not wanted for surprise and suspense. No one knew at that time whether the Affordable Care Act would survive the Supreme Court or the 2012 election. At the oral argument in the Court over the individual mandate, I was among those sitting in the audience, stunned by the conservative justices’ onslaught against the government’s case but uncertain at the end how the Court would rule. Its decision turned out to defy almost all informed predictions. The election posed a stark choice between two different paths in health care, but the political debate turned on symbols and secondary issues rather than the big question

facing the country: Do we have an obligation to provide health care for all our citizens?

The re-election of Barack Obama ensured that the Affordable Care Act would go into effect, but it is too early to say whether it will become as firmly established in national policy as Social Security and Medicare have been. If Democrats had enough votes, they would extend the new law, and if Republicans had enough votes, they would undo it. Such stability as it has in 2013 is the result of neither party being able to do as it wants. The real test will come when one of them does.

When I first set out to write *Remedy and Reaction*, I thought I would be writing about how America's long war over health care turned out in the end. But there is no sign even of a lull in the battle, much less a peace settlement or national reconciliation. This is not because health care is intrinsically contentious everywhere; it has for historical reasons become peculiarly contentious in the United States. That, at least, is the thesis of this book, and the national experience since the first edition gives me no reason to revise that judgment.

Paul Starr
January 2013

PREFACE AND ACKNOWLEDGMENTS

DURING THE PAST THREE DECADES, I've written about health care as a historian and sociologist and as an advocate for changes in national policy. In the 1990s that work led me to become involved in some of the events I would otherwise have studied at a distance, and it may raise a question in your mind as to what kind of a book this is.

Remedy and Reaction is a history of the American struggle over health-care reform, which I hope people on all sides will find useful. The three parts of the book rest on somewhat different foundations: Part One on standard historical sources; Part Two on both public sources and my direct knowledge of events inside the Clinton White House; and Part Three on the methods of journalism and political analysis. Along the way, especially in Chapter 8 ("The Affordable Care Act as Public Philosophy"), I offer normative judgments of a kind that historians and social scientists usually refrain from making. Since I have been a participant as well as an observer in the recent phases of the national debate about health care, I will not test your patience by pretending to be neutral about it. Whether my involvement and viewpoint are an advantage or a liability in explaining historical developments, you will have to judge for yourself.

I want to thank my wife and family for their support during the work on this book in the past year. I am also grateful to the many people in Washington and elsewhere who shared their knowledge with me; to Princeton University and my colleagues at both the university and *The American*

Prospect; to Timothy Jost and Jon Kingsdale for corrections on some points of law and policy; to two Princeton students, Hope Glassberg and Trace Feng, who provided research assistance; and to my agent Scott Moyers and the people of Yale University Press who have helped bring this project to fruition.

Paul Starr
April 25, 2011

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Introduction

AN UNEASY VICTORY

AMONG THE RICH NATIONS OF THE WORLD, the United States stands out for the virulence of its political battles over health care. Unlike the other capitalist democracies, America has long left a large population without insurance coverage; as of 2010, there were about 50 million uninsured at any one time. The United States also spends far more on health care than other countries do—17.6 percent of its gross domestic product compared with an average of about 9 percent in the other economically advanced societies. These differences grew wider from 1970 to 2010. In 1970, when the uninsured were a considerably smaller fraction of the population, health-care costs in the United States were much closer to the levels in western Europe and Canada. Under President Richard Nixon, the United States also came close to enacting on a bipartisan basis a comprehensive health-insurance plan for its citizens. In the following years, however, as the underlying problems of health coverage and costs became more severe, the attempts to remedy them generated more rancorous partisan divisions. In no other advanced country has public responsibility for health costs provoked such deep and bitter conflict.

The ideological warfare over health care in American politics has its antecedents in the battles over health insurance in the first half of the twentieth century. It was in those years that the United States diverged from the more common path in western democracies, failing to establish a general system for financing health care. And when America finally

adopted critical tax and health-financing policies in the two decades after World War II, it ensnared itself in a *policy trap*, devising an increasingly costly and complicated system that has satisfied enough of the public and so enriched the health-care industry as to make change extraordinarily difficult.

Escaping from that policy trap has become a politically treacherous national imperative. Hoping to make it less treacherous—to attract support in the center and to avoid arousing the opposition of the protected public or the health-care industry—recent Democratic plans and legislation have called for the expansion of private insurance, once the core element of Republican proposals. The most ambitious of the Democratic efforts, the plan proposed by President Bill Clinton, came to grief in 1994 without the adoption of any legislation. But the supporters of health-care reform believed that they had finally reached their goals in March 2010, when Congress passed the Patient Protection and Affordable Care Act. Savoring the achievement, President Barack Obama and Democratic congressional leaders compared the law to such historic landmarks as Social Security, civil rights legislation, and Medicare.

It remains to be seen whether those comparisons will prove to be apt. Despite the exhilaration its supporters experienced in the moment, the passage of reform was an uneasy victory—uneasy because it was the victory of one party over a united opposition that threatened to repeal the legislation the first moment it had a chance; uneasy because many of those voting in favor had been obliged to accept compromises that they believed might jeopardize the program's success; uneasy because public opinion at the time was sharply divided; uneasy because Democrats had already suffered an unexpected reverse in an election in Massachusetts in January and were worried (for good reason) about more losses in the fall.

The law's passage was also an uneasy victory because its implementation was left in large measure to governors and state legislatures—some of whom fervently opposed the law and would challenge its constitutionality in court—and because no one could be certain the law would withstand all the attacks on it and lead to a stable and popular outcome. Even some of the strongest advocates of reform (and I am one of them) worried that the United States had become so entangled in the knot of problems it had

woven in health-care finance that any politically achievable response was bound to be imperfect and to be condemned for its limitations.

Political leadership requires different sorts of courage. Sometimes it is the physical courage to face down a hostile mob—and Democratic members of the House of Representatives had to show that fortitude as they walked to the decisive vote on March 21 through right-wing protesters who spat on them. Sometimes it is the courage to put a political career at risk for the sake of deeply held principles; many legislators had to do that as well. And sometimes it is the courage to make a decision when the choices are less than ideal and the prospects for success are uncertain. All those who voted for reform had to make that leap too.

This book is about why health care in the United States became so vexed a problem. My aim is to provide an analytical account of the struggle over reform, attentive to both stubborn social realities and the critical choices that political leaders and other individuals have made. Institutional and political constraints are not imaginary, but political leadership often involves testing how strong those chains are—sometimes breaking them, and sometimes falling short.

The Making of a National Impasse

Large-scale innovation in national policy has never been easy in the United States, nor was it intended to be. In a parliamentary democracy, a party that wins a legislative majority thereby controls the executive and usually can carry out its program by a vote of the lower house. But America's constitutional system sets up a series of impediments even for a winning party: the division of Congress into two co-equal houses; the short, two-year intervals between congressional elections; the separation of the executive from the legislature; a Supreme Court with lifetime tenure. Additional institutional obstacles have grown up in the form of powerful congressional committees controlled by senior lawmakers and procedural rules in the Senate that enable a minority of 40 members to prevent legislation from coming to a vote. With so many veto points along the journey to law, supporters of major reforms usually cannot put them into effect by winning only one election.