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# Five Health Care Promises Obama Won't Keep

## The President Could Be Close to Achieving Health Care Reform, but Not with All of his Campaign Promises

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On the campaign trail last year, President Obama laid out several specific promises for health care -- both during the Democratic primaries and during the general election campaign. And in his first year in office, President Obama has made comprehensive health care reform the centerpiece of his domestic agenda.

But what happened to those promises?

To his credit, Mr. Obama has come closer to achieving many of those promises than many may have expected him to. For instance, the Congress is well on its way to facilitating health care coverage for nearly all Americans, providing subsidies for people who cannot afford insurance, implementing consumer protections, boosting federal funding for prevention and wellness programs, giving tax credits to small businesses that provide their employees with health coverage and implementing health information technology systems.

However, even though there is [plenty of work left](#) for Congress before it can put a health care bill on Mr. Obama's desk the bills in development indicate that some of Mr. Obama's promises may be long gone. Here is a look at five of Mr. Obama's health care campaign promises that are unlikely to come to fruition.

### **1. No Individual Mandate**

During the 2008 Democratic primary, Mr. Obama and then-Sen. Hillary Clinton both shared the goal of health care reform. By Mr. Obama's own admission, the biggest difference between the two candidates was that Clinton supported a mandate for all Americans to acquire health care.

"Now, under any mandate, you are going to have problems with people who don't end up having health coverage," Mr. Obama said during a [debate](#) with Clinton on Jan. 31, 2008. "I think we can anticipate that there would also be people potentially who are not covered and are actually hurt if they have a mandate imposed on them."

Under the leadership of the late-Sen. Ted Kennedy (D-Mass.), however, Congress wrote bills that called for an individual mandate. In June, the president indicated in a letter to Kennedy and Sen. Max Baucus (D-Mont.) that he was [changing his tune](#) to accommodate their legislation.

"I understand the committees are moving towards a principle of shared responsibility -- making every American responsible for having health insurance coverage," he wrote. "I share the goal of ending lapses and gaps in coverage that make us less healthy and drive up everyone's costs, and I am open to your ideas on shared responsibility."

The president now fully supports an individual mandate.

"The only way this plan works is if everybody fulfills their responsibility," he [said](#) at a rally Thursday.

## **2. Complete Transparency**

Candidate Obama promised that health care deliberations with Congress and special interests would be transparent to the extreme.

"That's what I will do in bringing all parties together, not negotiating behind closed doors, but bringing all parties together, and broadcasting those negotiations on C-SPAN so that the American people can see what the choices are," Mr. Obama said during his Jan. 31, 2008 debate with Clinton. "Because part of what we have to do is enlist the American people in this process. And overcoming the special interests and the lobbyists who -- Senator Clinton is right. They will resist anything that we try to do."

The president, members of Congress from both parties and special interest groups have indeed all participated in negotiations, but those conversations have not been broadcast. Instead, the president has announced deals with groups like the [pharmaceutical industry](#) and the insurance industry after they were worked out in backroom deals.

Meanwhile, Baucus, one of the most influential senators in the health care debate, not only shut out the public but shut out most of his own committee from his "bipartisan negotiations."

"We spent virtually an entire year with most of the Finance Committee being excluded," Sen. Jay Rockefeller (D-W.V.) [reportedly said](#) after Baucus released his health care bill. "You don't run a committee that way."

## **3. Enable the Government to Directly Negotiate Drug Prices**

In the Jan. 31, 2008 debate, Mr. Obama said, "If a drug company -- if the drug companies or a member of Congress who's carrying water for the drug companies wants to argue that we

should not negotiate for the cheapest available price on drugs, then I want them to make that argument in front of the American people."

"We'll negotiate with the drug companies for the cheapest available price on drugs," Mr. Obama said again in an [Oct. 15, 2008 debate](#) with Sen. John McCain (R-Ariz.).

It turns out, however, Mr. Obama reneged on this promise in a secretive way. In July the president praised the drug industry for its [agreement](#) to reduce its revenues by \$80 billion over 10 years by discounting the cost of medicines for some seniors. After Congress sought to extract further funds from the pharmaceutical industry, however, it was revealed that the White House made some previously undisclosed deals to get the industry to stay at the negotiating table.

"The White House had tracked the negotiations throughout, assenting to decisions to move away from ideas like the government negotiation of prices or the importation of cheaper drugs from Canada," the New York Times [reported](#).

#### **4. Allow Drug Importation**

During the campaign, Mr. Obama said his [plan \(PDF\)](#) would "Allow consumers to import safe drugs from other countries" because "some companies are exploiting Americans by dramatically overcharging U.S. consumers."

As noted above, the Obama administration secretly conceded to forgo the importation of cheaper drugs in its deal with the pharmaceutical industry.

#### **5. Lower Premiums by \$2,500 for a Family of Four**

"If you've got health insurance through your employer, you can keep your health insurance, keep your choice of doctor, keep your plan," Mr. Obama said in his Oct. 15, 2008 debate against McCain. "The only thing we're going to try to do is lower costs so that those cost savings are passed onto you. And we estimate we can cut the average family's premium by about \$2,500 per year."

This campaign promise is the trickiest to explain and to evaluate.

Mr. Obama gave this figure repeatedly, but he was not being completely forthright about what he meant. His administration never expected families to see savings of \$2,500 in premiums; instead, his advisers calculated the total cost savings for both individuals and the government.

Mr. Obama and his team hoped to see those savings achieved and passed on families -- but not completely in the form of lowered premiums. His advisers laid out ways to accomplish the savings in a [memo \(PDF\)](#) obtained by the New York Times.

"The original arithmetic was somewhat basic," the Times [reported](#) in July 2008. "In May 2007, three Harvard professors who are unpaid advisers to the Obama campaign... produced a memorandum offering their 'best guess' that a menu of changes would produce savings of at least \$200 billion a year... That would amount to about 8 percent of the \$2.5 trillion in health care spending projected for 2009, when the next president takes office...The total savings were then divided by the country's population, multiplied for a family of four, and rounded down slightly to a number that was easy to grasp: \$2,500."

The changes expected to produce the savings included reduced administrative costs (\$46 billion), improving preventive medicine and chronic disease management (\$81 billion), and investments in digitizing medical records (\$77 billion).

Yet whether those changes would produce those savings is suspect. The Times explained then that the costs were drawn from recent studies -- for instance the figure of \$77 billion in savings achieved through health IT came from a [RAND study](#). That study, however, says that such savings would take 15 years to reach.

Moreover, the nonpartisan Congressional Budget Office (CBO), under the leadership of then-director Peter Orzag (now Mr. Obama's Director of the Office of Management and Budget), decided that RAND appeared to "significantly overstate the savings for the health care system" from health IT, the Wall Street Journal [reported](#).

Other recent studies also dispute whether Mr. Obama's cost saving mechanisms will work. A study earlier this month published in Health Affairs showed that "preventive services for the chronically ill may reduce health care costs, but they are unlikely to generate the kind of fantastic savings that President Obama and other Democrats have said could help pay for an overhaul of the nation's health system," the Washington Post [reported](#).

The study in Health Affairs is backed up by the CBO's own recent findings.

"Although different types of preventive care have different effects on spending, the evidence suggests that for most preventive services, expanded utilization leads to higher, not lower, medical spending overall," CBO Director Doug Elmendorf wrote on the [Director's Blog](#) last month. In defense of preventive medicine, he at least added, "Of course, just because a preventive service adds to total spending does not mean that it is a bad investment."

In spite of all this, it looked in May as if Mr. Obama might have been able to keep his promise, when the health care industry appeared to offer [\\$2 trillion in spending reductions](#) over 10 years to help pay for the president's reforms. The administration enthusiastically said this was enough to reduce costs by an average of \$2,500 for a family of four.

However, health care leaders either did not clearly spell out their intent to the White House or reneged on their offer, claiming days later that they never agreed to such large cost reductions, the New York Times [reported](#).

In addition, the health care legislation coming out of the Senate Finance Committee could even actually result in *higher* premiums for customers -- the insurance industry is threatening that the \$6 billion industry-wide fee and other taxes Sen. Baucus has proposed will be [passed on to consumers](#).

What this all means is that it may be years or decades before any overall savings from Mr. Obama's plans materialize -- if they do at all.

### **More Unknowns**

The above five promises don't have much hope of materializing in the bill Mr. Obama signs. There are, moreover, a few significant elements of reform that are still up in the air.

It is unclear, for instance, if consumers will face what would amount to a tax on their health benefits. During the campaign, Mr. Obama adamantly opposed taxing health care benefits, but Baucus' bill in the Senate would impose a tax on insurers for plans worth more than \$8,000. The president endorsed this proposal during his [speech to a joint session of Congress](#) this month, even though [nonpartisan analysis](#) suggests the intent of the tax is to shift people to cheaper plans.

Mr. Obama insists that because it is a tax on the insurers -- not the employers providing the benefits -- it will not affect consumers. When **CBS News chief Washington correspondent Bob Schieffer** asked the president on Sunday on "**Face the Nation**" whether he could still stand by his promise to not tax anyone making under \$250,000, he said yes.

"I can still keep that promise because, as I've said, about two-thirds of what we've proposed would be from money that's already in the health care system but just being spent badly," he said. "Insurance companies, drug companies are gonna have to be ponying up, partly because right now they're receiving huge subsidies from folks."

Additionally, Mr. Obama has softened his rhetoric over time on a government-run health insurance plan, or "public option." He has gone from saying his plan "[must](#)" have a health insurance exchange that includes a public option to [saying](#) that "the public option, I think, should be a part of this but we shouldn't think that, somehow, that's the silver bullet that solves health care."

Four out of the five bills before Congress include a public option, but Baucus' bill -- the most recently introduced and the one garnering the most attention at the moment -- does not. It remains to be seen whether the final bill will include this proposal.