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Lessons from the Health-Care Wars

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Eighty-four percent said that they would be willing to share the responsibility of paying for a health-care program that covered all Californians. When asked to articulate the values that were most important to them in health-care reform, three emerged on top: keeping greed out of the health-care system (“Put people before profit”); affordability (“Quality of care shouldn’t depend on the money they have”); and wellness and prevention.

Surveys showed that participants overwhelmingly liked the event and would participate in similar ones (which is unlikely to be true of the crowded, nasty Democratic meetings). After the event, participants were more likely to trust state government to do the right thing, to feel that they could understand state politics, and to contact their representatives in support of health reform. The California initiative was overtaken by the state’s budget crisis, but the forums helped build a diverse base of informed supporters.

Though it may be too late for national health care, the Obama administration could take a similar approach for reaching out to Americans, sponsoring public deliberations and listening to their priorities on controversial issues such as how to generate jobs, immigration reform, and environmental protection.

Some of Obama’s political and policy advisers will find social mobilization and public deliberation quite unattractive and even frightening. The president’s current advisers have thus far favored the insider game of congressional vote wrangling to the exclusion of strategies that draw upon powerful but less predictable currents in the American public at large. And many policy experts—in the White House or outside of it—recoil at the notion of putting complex issues such as health care, financial policy, and regulation to ordinary Americans, no matter how carefully constituted the group or well crafted the deliberation.

During his campaign, Obama often spoke in terms of a “we” and an “us” that fused the American public with himself. On the campaign trail, he said that “if you vote for me, then I promise you this: We will win the general election and then you and I together are going to change America and change this world.” But lately, President Obama has become less hopeful and more solitary and pugnacious even as his rhetoric sounds more populist. On financial reform, he told bankers and their lobbyists that if “these folks want a fight, it’s a fight I’m ready to have.” He promises to fight for us, rather than with us.

Some in the administration—thus far operating from the wings rather than on center stage—must reminisce about the heady days of the campaign, when millions of ordinary Americans were “fired up, ready to go.” It took a stingy defeat in the New Hampshire primaries to allow these unconventional, small “d” democrats to move candidate Obama’s campaign from quite conventional strategies to the grass-roots mobilization that later helped him win the presidency. A similar decentralized, trusting strategy will get this promising administration back on track.

Archon Fung, Ford Foundation Professor of Democracy and Citizenship, teaches about public participation, civic engagement, and transparency at the Harvard Kennedy School.
ate leaders, and several powerful industries—complicated by Chief of Staff Rahm Emanuel’s disastrous strategy of treating the insurance industry as a partner rather than a nemesis. In this battle, HCAN represented the progressive movement, sometimes working closely with the White House, other times mobilizing outside protest.

Created in June 2008, HCAN raised more than $40 million from liberal foundations and unions—a small sum compared to the hundreds of millions spent by industry lobbyists but enough to emerge as a serious player.

The largest actors in HCAN—USAAction, SEIU, the American Federation of State, County and Municipal Employees, and MoveOn—are all, in political scientist Theda Skocpol’s terms, “federated” organizations. Each has the capacity to mobilize people at the local and state levels but also to coordinate strategy at the national level. Most of the national leaders and staff of these organizations know each other from other campaigns and have experience as organizers of statewide and local affiliates. Because of the trust and experience of the core leadership team, HCAN was able to be flexible and strategic about targeting resources—staff and money—where they were needed at different times. In states where unions were weak, for example, HCAN invested resources in community-organizing groups to put local pressure on elected officials. At different times during the campaign, HCAN had organizers in 42 states.

HCAN was one of several groups created to play similar inside-outside roles in the Obama era. American Rights at Work was formed to push for labor-law reform; Americans for Financial Reform, to battle for stronger bank regulations; Clean Energy Works, to mobilize support for environmental and energy legislation; Jobs for America Now, to focus public attention to win a progressive economic stimulus program; and Reform Immigration for America, to battle for immigration reform and immigrants’ rights. What lessons can we learn from these efforts?

**INSIDE STRATEGY AND OUTSIDE MOBILIZATION**

In the 15 months since Obama’s inauguration, HCAN, a large and sometimes unwieldy coalition, was often uneasy about whether to be mainly a support group for the White House or a more assertive prod. But in the end it has played a very important role in rallying the base, smoking out the destructive role of the industry, and making it difficult politically for the administration to indulge its fantasies of a bipartisan deal.

In the battle for health-care reform, Obama made some serious strategic errors and disappointed his progressive supporters. He began by making a grand bargain with the insurance and drug industries. In exchange for more regulation they would get more customers at taxpayer expense. That deal made it difficult for the president to brand the industry as the prime obstacle to reform. The ingredients of the bargain—a mandate, taxation of some premiums, diversion of Medicare funds—made the bill an easier target for the right, and alienated many moderate as well as liberal legislators.

In the summer and fall, the White House lost the momentum and wasted precious months as it encouraged Sen. Max Baucus, a Democrat from Montana and chair of the Senate Finance Committee, to pursue a futile bipartisan deal. From the beginning, Obama sent mixed signals on whether he truly supported a strong public option. In the meantime, the Tea Party movement seized the mantle of popular unrest, demonizing the administration’s health-care proposal.

White House strategists, in regular contact with HCAN and other progressive groups, initially discouraged activists from mobilizing protests. Emanuel, in a now-famous incident during a strategy session last August, excoriated several health-reform groups (particularly Democracy for America and the Progressive Change Congress Campaign), calling them “retards” for running TV ads challenging centrist Democrats to choose between their loyalties to consumers and the deep-pocketed insurance industry.

Reform activists sometimes disagreed on tactics. Some hoped to gain leverage by explicitly criticizing Obama. Others, particularly the major unions, MoveOn, and consumer groups, believed that attacking the newly elected president, already under siege from the right, was counterproductive and wanted to focus public ire on the insurance industry and its allies in Congress.

But this argument misses the point. The job of a social movement is to change the public debate so that progressive reforms become politically viable. Activism on the ground creates pressure for bolder reform and gives liberal elected officials more room to maneuver.

For example, President Franklin D. Roosevelt recognized that his ability to push New Deal legislation through Congress depended on the pressure generated by protesters—workers, World War I veterans, the jobless, the homeless, and farmers—even though he didn’t always welcome it. The well-worn story that ends with FDR telling a group of activists, “I agree with you. Now, go out and make me do it,” has never been documented, but it is emblematic of the New Deal era. As protests escalated throughout the country, Roosevelt became more vocal, using his bully pulpit to criticize big business and to promote workers’ rights. With his actions setting the tone, allies like Sen. Robert Wagner leading in Congress, and unions and other grass-roots groups mobilizing support on the ground, Roosevelt spearheaded legislation guaranteeing workers’ right to organize, the minimum wage, the 40-hour week, Social Security, public-works jobs, farm subsidies, and laws regulating banks. Reform required the synergy of activism in the country and leadership in the White House.

Likewise, the civil-rights movement and liberal politicians formed an awkward but effective alliance. In the early 1960s,
many Americans, including Presidents John F. Kennedy and Lyndon B. Johnson, viewed the Rev. Martin Luther King Jr. as a dangerous radical. He was harassed by the FBI and often vilified in the media as an agitator. But the willingness of activists to put their bodies on the line against fists and fire hoses shifted public opinion. The movement’s civil disobedience, rallies, and voter-registration drives pricked the public’s conscience. The civil-rights activism and the nation’s changing mood transformed Johnson from a reluctant advocate to a powerful ally. At the same time, King and other civil-rights leaders recognized that the movement needed elected officials to achieve legislation.

Similarly, the victories of the environmental movement starting in the 1970s—such as the Environmental Protection Agency, the Clean Air Act, the Clean Water Act, and the decommissioning of nuclear power plants—required activists who knew that a combination of outside protest and inside lobbying, orchestrated by friendly elected officials, was needed to secure reform.

Savvy outsiders have always understood that legislation is typically a compromise. Whether those compromises co-opt a movement’s energies with token changes or become stepping-stones toward more dramatic reform depends on the leadership, depth, and persistence of grass-roots social movements.

“You need an outside strategy where you have a way to bang on Congress and the White House when it looks like they might start to sell you out,” observes Mike Lux, a former Clinton White House staffer who now consults for Democrats and progressive organizations. “Coalitions are by nature more cautious. There are always some players who don’t want to lose their access. That’s why it’s important for outsiders and insiders to constantly be in contact, to develop trust, to acknowledge their different roles.”

A MOVEMENT FINDS ITS FOOTING

In Obama’s first year, an unholy alliance of the health-care-industry lobby groups (insurance, pharmaceutical, hospital, and physicians’ groups), the conservative echo chamber (Fox News, The Wall Street Journal, Rush Limbaugh, and the right-wing blogosphere), extreme conservative forces within the Republican Party, and their allies among Tea Party ultra-right groups, threatened to stymie reform, in large part by influencing moderate Democrats concerned about re-election and/or held hostage by medical-industry campaign contributions.

During the August congressional recess, an epidemic of right-wing anger against Obama and his policy agenda—of which health-care reform was simply an immediate and convenient target—captivated the media, which reported disruptions at congressional town hall meetings as though they were an accurate reflection of public opinion rather than a pep rally for extremists, encouraged by Fox News and talk-show jocks. The right-wingers stoked fear and confusion by warning that Obama’s “socialized medicine” plan would create “death panels,” subsidize illegal immigrants, pay for abortions, and force people to drop their current insurance.

Top Republicans including Sens. Charles Grassley of Iowa and Jim DeMint of South Carolina, and conservative broadcasters Glenn Beck, Sean Hannity, Bill O’Reilly, Betsy McCaughey, and Limbaugh repeated these myths. Support for the public option and for health reform in general tumbled over the summer. In June, 62 percent of Americans told Washington Post/ABC pollsters that they favored a public option. By mid-August, support had slipped to 52 percent. Obama’s popularity fell, too, as jobs continued to disappear and the administration’s proposals to bail out the banks and the automobile industry met
with right-wing attacks and media skepticism. By the end of August, health-care reform appeared to be dead in the water. In its Aug. 17 cover story, BusinessWeek reported that “The Health Insurers Have Already Won.” All this pressure, in turn, reinforced White House and congressional temporizing.

In late August, seeing defeat on the horizon, HCAN and other reform activists regrouped. They decided to act more like a grass-roots movement and less like an interest group. That meant mobilizing voters, focusing attention on the insurance industry, humanizing the battle by giving insurance-company victims an opportunity to tell their stories, and using creative tactics to generate media attention.

Most Americans don’t like their insurance companies. But for months the Obama administration and Senate Democrats had coddled industry giants, hoping to enlist their support for reform. Glowing media profiles of AHIP’s president Karen Ignagni admired her skill at coaxing the big insurance companies to try to co-opt, rather than confront, the Democrats, drawing a contrast to the industry’s combative stance during the early 1990s.

In September, October, and November, the grass-roots movement focused on the insurance industry’s outrageous profits, abuse of consumers, and outsized political influence. And they publicly warned Democrats not to get duped by the industry’s pledges of cooperation.

The group mounted more than 200 increasingly feisty protest events in 46 states. On Sept. 22, for example, HCAN sponsored about 150 demonstrations at insurance–company offices across the country. The following week, HCAN affiliates in Philadelphia, Minneapolis, and Indianapolis organized protest events at the homes of the CEOs of the three largest health-insurance corporations—CIGNA, United Health, and WellPoint. A week later, HCAN staked out the scenes of the crime—insurance-company headquarters in more than 50 cities—armed with signs, personal stories, crime-scene tape, and chalk to tell the CEOs, “It’s a crime to deny our care.” In some cities, protesters engaged in nonviolent civil disobedience and were arrested.

The ongoing protests highlighted HCAN’s flexibility in targeting and shifting resources where they could be most effective—characteristics of “federated” organizations. HCAN was also adept at finding key allies who could help draw attention to their anti-industry campaign. HCAN not only highlighted the plight of victims but also identified former industry employees, like ex-CIGNA executive Wendell Potter and onetime Humana physician Linda Peeno, to blow the whistle on the industry’s abuse of its customers. Filmmaker Robert Greenwald’s company, Brave New Films, created several short videos documenting the outrageous compensation and lavish lifestyles industry CEOs enjoy (UnitedHealth’s Stephen Hemsley made $57,000 per day) while millions of Americans go without insurance or bankrupt themselves with medical bills. HCAN also forged links with groups outside their coalition, including PICO (the faith-based community-organizing network) and Health Care Now (a network of single-payer activists). Starting in January, the Progressive Change Campaign Committee, Democracy for America, and CREDO Action raised money from their e-mail networks, conducted polls in key Democratic congressional districts that found widespread support for the public option, got members to contact their representatives, helped recruit more than 120 legislators to push to include the public option, and made substantial contributions to reward their strongest allies.

In his Sept. 9 speech to Congress about health reform, Obama began distancing himself from the industry. “As soon as I sign this bill, it will be against the law for insurance companies to drop your coverage when you get sick or water it down when you need it the most,” he declared.

Obama’s speech and HCAN’s burgeoning protest movement, emboldened Organizing for America, the group created to organize Obama’s former campaign volunteers. Some critics argued that Obama had put the OFA in a political straitjacket by folding it within the Democratic National Committee, making it difficult to confront conservative Democrats. In September, a number of OFA staffers and key volunteer leaders threatened to quit if the OFA didn’t encourage its members to challenge Democrats who opposed Obama’s health-care plan. In response, the OFA urged members to participate in the protest rallies, and it began targeting moderate Democrats. On Oct. 20, local OFA groups generated 315,023 calls to Congress pushing health-care overhaul.

In response to mounting criticism, the insurance industry miscalculated. After pretending to cooperate with the Obama administration and Democrats, the industry’s CEOs and lobbyists double-crossed their onetime political allies by publicly attacking a compromise bill crafted by Sen. Baucus.

The Congressional Budget Office estimated that the Baucus bill would cost $829 billion over 10 years—less than the $900 billion President Obama had suggested. The industry wasn’t happy with even the weak provisions in the proposal to “contain costs”—which translated as “reduce profits.” Nor did it like that the bill reduced penalties for those who failed to buy private insurance.

AHIP abruptly released a report attacking the bill, warning that family premiums would increase dramatically. The White House and the Democratic leadership in Congress were taken by surprise. Said Scott Mulhauser, a spokesperson for Baucus and the other Democrats on the Finance Committee: “This
report is untrue, disingenuous, and bought and paid for by the same health-insurance companies that have been gouging consumers for too long.”

Obama used his weekly address on Oct. 17 to blast the insurance industry. “The history is clear: For decades rising health-care costs have unleashed havoc on families, businesses, and the economy,” Obama said. “And for decades, whenever we have tried to reform the system, the insurance companies have done everything in their considerable power to stop us.” He charged the industry with “filling the airwaves with deceptive and dishonest ads” and “funding studies designed to mislead the American people.”

Sen. Harry Reid and House Speaker Nancy Pelosi both expressed support for some version of a public option. On Oct. 21, the House Judiciary Committee voted to strip the health-insurance industry of its 64-year-old anti-trust exemption, enabling the government to force more competition into the industry.

By the third week of October, a Washington Post/ABC poll found that 57 percent favored a public insurance option, while 40 percent opposed it. Since then, polls have found that a significant majority of Americans support the Democrats’ reform plans, including a public option, after it is explained to them.

What happened was a good example of the outside/inside strategy. Progressive health-care reform activists—primarily through the vehicle of HCAN—took the offensive and attacked the insurance industry more aggressively, pushing insurers into a miscalculation. That, in turn, emboldened the White House to treat the industry as a target rather than an ally.

In early February, there was one more industry miscalculation. WellPoint, the nation’s second largest insurance corporation, provided health-care reformers with what HCAN campaign coordinator Tom Swan called “the gift that keeps on giving.”

Anthem Blue Cross, a WellPoint subsidiary, announced double-digit rate hikes for its California customers. The increase, which will affect about 700,000 customers, averaged 25 percent, but some consumers will receive hikes as high as 39 percent.

Health and Human Services Secretary Kathleen Sebelius said it was “difficult to understand” how premium increases of that size could be justified when WellPoint reported a $2.7 billion profit last quarter. Sen. Reid attacked “greedy insurance companies that care more about profits than people.”

The news media pounced on WellPoint, providing examples of families who would be victimized by the company’s huge rate hikes. The Obama administration and Democratic members of Congress used the hike as an example of why the nation needs long-delayed insurance reform. Democrats scheduled a Feb. 24 hearing before the House Energy and Commerce Commit-

Social movements must press for victories in different issue areas that build on each other rather than compete for attention.

Many progressive Democrats who initially opposed a compromise bill without a public option, including former Democratic National Committee Chair Howard Dean, eventually changed their views.

“Many of us who believe in a strong public option or a single-payer system have come to understand that those goals may not be feasible right now,” observed Rep. Jan Schakowsky of Illinois, a former community organizer. “This isn’t everything we wanted, but this is a first step we need in order to move forward. It will be the most comprehensive reform bill in our country’s history.”

Any movement or organization vying for power needs three things: First, it needs capacity. This means having leaders, staff, volunteer troops, and a system for developing and regenerating such a team. Second, it needs resources. This means money and access to research, policy expertise, and management support. Third, it needs visibility. This means having the ability to generate free media attention in various ways—through TV, radio, newspapers, and magazines as well as YouTube
and Facebook. Visibility also means garnering the attention of policy-makers as well as key allies and the broader public.

We do not yet have a comprehensive, federated progressive movement with the capacity to be effective, flexible, and agile in forging coalitions, prioritizing issues, allocating staff, and winning victories in different issue areas that build on each other rather than compete with one another for the attention of the public and elected officials. This is what distinguishes “issue campaigns” from “social movements.” But the experience of HCAN suggests that we have a good beginning.

The administration’s protracted quest for bipartisanship long after Republicans had signaled that their goal was to destroy Obama’s reform plan and presidency was a mistake. So, too, was Obama’s long delay in detailing his plan, which allowed Baucus, a close insurance-industry ally, to take the initiative in crafting legislation. HCAN could have gone after the industry and waffling conservative Democrats earlier and even more aggressively. The health-reform campaign would have been more effective had the movement been stronger in a few key small and middle-sized states—especially Montana, North Dakota, Nebraska, Indiana, Delaware, and Louisiana—where “moderate” Democrats, particularly in the Senate, exercised disproportionate influence.

Obama has disappointed progressives on several fronts, including the Wall Street bailouts, the weak foreclosure program, the too timid stimulus plan, and the expansion of the war in Afghanistan. But if we want Obama to be a more progressive president, we need more activism rallying public opinion on the ground, making it more difficult for the administration to take the progressive base for granted, pushing fence-sitting Democrats to vote for progressive bills or face primary opponents, and countering the power of big business and the religious and cultural right.

The battle over health-care reform wasn’t just about health care. For conservatives, it was about killing any hope for a progressive agenda. Last summer, Sen. DeMint said out loud what most Republicans in Congress, and their Fox News and Tea Party allies, were thinking and plotting. The health-care overhaul could be the president’s “Waterloo,” DeMint said. If the Republicans defeat health-care reform, it would write the conservative playbook for blocking other key components of the president’s and progressives’ agenda—including action on climate change, immigration reform, marriage equality, a second jolt of economic stimulus, pro-consumer bank reform, and updates to the nation’s labor laws.

The health-care battle taught progressives how to play the inside-outside game more effectively. They will need to draw on those lessons for upcoming battles. “For every issue that Congress will be facing the rest of this year and beyond,” Kirsch says, “we need to force them to answer the same question: Which side are you on? The public good or corporate America?”

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**Why Can’t Labor Get a Little More Help From Its Friends?**

**BY HAROLD MEYERSON**

We’ll begin with some good news. In mid-February, 7,600 baggage handlers and ramp workers for Continental Airlines—painfully aware that they were the lowest-paid handlers in the industry and that their four previous attempts to unionize had all fallen short—finally voted to join a union. This was a more arduous achievement than it may sound. Under the byzantine provisions of the Railway Labor Act, which governs labor relations in the airline industry as well, workers seeking a union need to win a majority not just of those employees who vote but of all the employees in their unit. Worse yet, their unit is defined as everyone in their job category within the United States: The more than 2,000 Continental ramp workers employed at the airline’s Houston hub, for instance, could not vote to join the union on their own.

In fact, says Jeff Farmer, the organizing director of the Teamsters, the union that the ramp workers voted to join, “Continental has 47 stations across the country—and we were able to reach out to all of them.” That required a campaign on a scale that only half a dozen of America’s unions would be able to mount, and even by those standards, the Teamsters’ effort was extraordinary. “A number of other unions congratulated us,” Farmer adds.

But the reason for the congratulations was sobering: The Teamsters’ victory was just about the only good news that American unions had experienced in the first year of Barack Obama’s presidency.

In 2008, unions had worked tirelessly for Obama’s election in the hope that a Democratic president backed up by a heavily Democratic Congress could change the law that made organizing American workers so difficult. With the upset victory of Republican Scott Brown in the race for the vacant Senate seat from Massachusetts, however, those hopes were definitively dispelled. The failure to reform labor law almost certainly means that the half-century decline of unions in America—from representing nearly 40 percent of private-sector workers at the midpoint of the 20th century to representing just 7 percent today—will continue apace. It means that the corresponding stagnation—and periodic decline—in the incomes of working- and middle-class Americans will likely continue as well.

But the failure of labor-law reform was hardly the only disaster that befell unions in 2009. Amid the greatest economic downturn since the 1930s, many thousands of unionized manufacturing, construction, and public employees lost their jobs, sending the percentage of unionized workers to record lows. Public support for unions also plunged, with