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Lessons From the Health-Care Wars

BY PETER DREIER

On March 9, at least 5,000 protesters picketed outside the Ritz-Carlton hotel in Washington, D.C., where America's Health Insurance Plans (AHIP), the powerful industry trade association, was holding its annual lobbying conference. About 50 public figures—including writer Barbara Ehrenreich, Service Employees International Union (SEIU) Secretary-Treasurer Anna Burger, AFL-CIO head Richard Trumka, the Center for Community Change's Deepak Bhargava, and former Congressman Bob Edgar—participated in civil disobedience. The following day, 24 insurance-industry victims—people who lost family members, are suffering because they were denied care, or went bankrupt due to premium costs—confronted reform opponents on Capitol Hill, including House Minority Whip Eric Cantor. One of the protesters was Marcus Grimes, a 38-year-old former teacher who worked at a D.C. charter school that didn't offer health insurance, and lacked the \$3,000 down payment for doctor-recommended surgeries that would have saved his sight.

"The message we have is simple," says Richard Kirsch, director of Health Care for America Now (HCAN), a broad coalition of more than a thousand labor, consumer, civil-rights, anti-poverty, community, netroots, and religious groups that sponsored the demonstration. "Congress should listen to us, not the insurance industry."

The protest, which generated significant media coverage, was part of the endgame effort to salvage a victory from what appeared, following Scott Brown's win in the Massachusetts Senate race only two months earlier, to be certain defeat. It represented an escalation in HCAN's efforts to spotlight the destructive role of the insurance industry.

The action coincided with President Barack Obama's cross-country speaking tour to energize voters to pressure Congress members to vote for reform—the kind of bold leadership activists had been waiting for.

"Let's seize reform. It's within our grasp," Obama implored his audience at Arcadia University outside Philadelphia. He denounced the insurance companies, which "continue to ration care on the basis of who's sick and who's healthy." Forgoing the bipartisan rhetoric that for months had frustrated activists, Obama taunted Republican critics who have stymied reform: "You had 10 years. What happened? What were you doing?"

"I'm kind of fired up," Obama continued, repeating a phrase he used in his campaign. Then he again appealed for help. "So I need you to knock on doors. Talk to your neighbors. Pick up the phone," he said.

The struggle to get health-care reform was a complex dance among progressive and corporate Democrats, House and Sen-

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 lobbies but enough to emerge as a serious player.

The largest actors in HCAN—USAction, 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

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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,



Democratic and Republican leaders met with Obama in a day-long meeting to discuss health-care reform last February.

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 steppingstones 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 miscalcula-

tion to investigate the rate hike and demanded that WellPoint’s \$9.8 million-a-year CEO, Angela Braly, testify. Faced with the furor, Anthem announced that it would postpone the increase from March 1 until May 1. Incredibly, however, other companies followed WellPoint’s lead, announcing major rate hikes.

“If we don’t act, this is just a preview of coming attractions,” Obama said at a White House briefing. “Premiums will continue to rise for folks with insurance, millions more will lose their coverage altogether, our deficits will continue to grow larger.” Obama’s proposed bill, unveiled Feb. 22, even included national rate regulation of insurers. By the time of Obama’s Feb. 25 summit meeting, the politics were back where they belonged, with the president and consumers on one side and Republicans and the resented insurance industry on the other. With Republicans cornered, a bill to end the industry’s anti-trust exemption passed the full House by the lopsided margin of 406 to 19.

Why didn’t the insurance industry have the common sense to hold off rate increases until health-care reform was behind them? “Wall Street rules,” HCAN’s Kirsch explains. “The tyranny of quarterly profits will always come before any political calculation.”

LESSONS LEARNED

Building and strengthening a progressive movement requires an investment of money in human capital—in people and organizations that have the capacity to win victories that make a big difference in changing public policy and improving people’s lives. Progressive social change doesn’t just happen because “the time is ripe.” It happens because people and organizations ripen the time. They make strategic choices—mobilizing people, training leaders, picking issues, identifying political opportunities, conducting research, recruiting allies, utilizing the media, and negotiating with opponents—that help win real victories. Building a movement means changing the political climate so that victories become stepping-stones to further and broader victories.

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

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

tion. 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-

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?” **TAP**

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