



Obamacare – a stunning legacy

Sunday 21 March 2010 will go down in US history as the day when President Barack Obama made legislative history. On that day, at literally the 11th hour just minutes before midnight, the House of Representatives passed the bitterly contested Health Reform Bill by a slim majority of just seven votes, a margin of victory that belied the significance of the moment.

This was a historic victory. For more than a century, successive US presidents had tried and failed to achieve comprehensive health reform. Presidents Theodore Roosevelt (1912), Harry Truman (1946), Richard Nixon (1974) and Bill Clinton (1993) among others had all sought to legislate comprehensive health reform, but invariably bumped up against fierce opposition from the health insurance industry, organised medicine, the pharmacy fraternity, and conservative groupings ideologically opposed to government programmes of any kind.

The right to health is not recognised in the US. Health is regarded as a private responsibility. Thus, a proposal by the Bush administration for a Patients' Bill of Rights was defeated in Congress in 2001. The US currently stands alone as the only industrialised nation without universal health coverage. It spends twice as much on health care per capita as any other country, and yet is ranked 43rd in child mortality and 47th in life expectancy. The new health reform law does not exactly change this reality, but it is nevertheless seen and hailed as representing 'comprehensive reform with an incremental soul' that begins a process that can be improved on over time.¹

US health care funding (with the exception of Medicare for the over-65s and Medicaid for the indigent) is located entirely in the hands of a politically powerful and highly lucrative (some would say greedy) private health insurance industry that, up until this new law, operated with little or no substantive regulation. Insurers could rescind policies when a person became ill or injured. They employed risk-rating to exclude those with pre-existing conditions, and set up numerous other exclusionary barriers. Failure to disclose a pre-existing condition could nullify one's health policy when it was most needed. These practices are now proscribed under the new law. Furthermore, the law extends cover to 32 million previously uninsured Americans (for a total population coverage of 98%), mandates health insurance for virtually all with a premium subsidy provision for low income earners, imposes an excise tax on expensive insurance plans, and creates a stringent regulatory framework for private health insurance.

Republicans, and other right-wing formations funded in large part by the insurance industry, mounted a vigorous and frequently nasty campaign to defeat the bill and to portray Obama as a rabid socialist. These opponents have now

threatened to repeal the law should they attain parliamentary majority at the next congressional elections in November 2010. 'I don't believe that the American people are going to put the insurance industry back in the driver's seat', Obama has retorted. 'We've already been there. We're not going back. This country is moving forward.'²

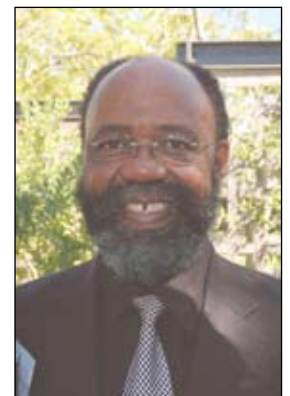
But radical health reform advocates who helped elect Obama to office believe that the for-profit insurance industry remains firmly ensconced in the driver's seat under the new law. What they advocate is a single-payer system like that in Canada and the UK, with a single public-sector payer replacing the more than 1 500 health insurance companies now in operation whose main objective is to make a profit. Indeed, the industry saw a stunning 170% increase in profits from 2003 to 2007.³ Furthermore, insurer-driven administrative costs account for about 31% of all US health spending, compared with 12% for Canada's single-payer system.

Obama and a sizeable faction of progressive legislators in Congress are also in-principle supporters of a single-payer system, but recognise the realistic impossibility of such a proposition seeing the light of day in the current US political context. For this reason, they sought to insert a section in the new law to create a 'public option' in the form of a government-run health insurance plan open to all alongside private insurance, to serve as a gold standard for both good coverage and cost containment, and designed to help drive down health insurance costs through competition. This manoeuvre was soundly rejected by conservative factions who saw it as a slippery slope towards government takeover of the entire health care system.

Obamacare achieves its three objectives to expand health care insurance coverage, to end unfair insurance industry practices, and to curb spiralling health care costs. Given the parallels between the US and South African private health care systems, there are lessons to be learnt from the US experience, but that is a topic for another day.

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1. Yamey G. Obama's giant step towards universal health insurance (Editorial). *BMJ* 2010; 340: 663-664.
2. Obama invites health care repeal advocates to 'go for it'. *Washington Post* 26 March 2010.
3. Bybee R. Obama's Health Plan: Far short of 'transformational'. *Z Magazine*, July 2009. www.zcommunications.org/obamas-health-plan-by-roger-bybee (accessed 15 April 2010).