

# Menzies Centre <sup>of</sup> Health Policy



The University of Sydney

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## **THE COST OF HEALTH CARE REFORMS**

Congress resumes this week after the July 4 break for a five-week blitz that will help determine the fate of President Barack Obama's agenda. The Senate will be occupied with confirmation hearings on Supreme Court nominee Sonia Sotomayor. Democrat leaders also hope to push health plans through the House and Senate before the summer break begins on August 8.

On health care, House Democrats hope to have a floor vote by the end of this month. Previous success with the energy bill will fuel that desire and that possibility. The three House Committees with jurisdiction have cooperated to develop a draft bill that is currently 840 pages long, and have a broad agreement about how the various versions passed out of the Committees will be integrated and brought to the House floor.

The situation is less clear in the Senate where there are several competing bills. Senate Finance Committee Chair Max Baucus is pushing a centrist bill in hopes of winning Republican support. But this must compete with a more liberal alternative from Senator Chris Dodd and the Health, Education, Labor and Pensions Committee. This bill has recently been revised following estimates from the Congressional Budget Office that an earlier version of the bill would cost \$ 1 trillion over a decade – a cost deemed too high by many lawmakers because it only decreased the number of uninsured by 16 million.

Arguably the most contentious issue is whether to create a new government-run health insurance program to compete with private insurers (this is part of the House and Dodd bills). Proponents say it would drive competition, improve quality and lower costs, while opponents say it would put private plans at a competitive disadvantage and lead to a single-payer system.

It is not surprising that Washington's health lobbying organisations are moving into full gear.

According to a recent report from Common Cause, the major health interests have spent an average of \$1.4 million per day to lobby Congress so far this year and are on track to spend more than half a billion dollars by the end 2009. That's about \$2,600 per day per member of the House and Senate.

The pharmaceutical lobby is far and away the largest in the health industry, accounting for nearly half of the total lobbying expenditures. The pharmaceutical industry has spent \$733,000 per day in the first quarter of 2009.

Between 1998 and 2008, the number of registered lobbyists on health care more than doubled, to 3,627, according to the Center for Responsive Politics. This doesn't include those who don't engage in lobbying as defined by federal law - among them, grass-roots organizers, producers of TV campaigns and former members of Congress who remain in Washington as senior advisers to corporate clients.

Spending on lobbying has climbed over the past decade. Organizations lobbying on health care spent \$484.4 million in 2008, more than two and a half times the spending in 1998. This year's spending will easily surpass half a billion dollars.

**Health industry and pharmaceutical lobbying expenditures since 2000 (US\$m)**  
*(Data from Center for Responsive Politics)*

