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EDITORIAL

The Baucus Bill

The Senate Finance Committee may finally be ready to vote on its version of a health care reform bill. For months, its chairman, Max Baucus, and other members have struggled to produce legislation that could win significant Republican support. Fat chance. Only one Republican on the committee seems open to voting for the bill, and the entire Republican Congressional leadership seems determined — for ideological and partisan reasons — to torpedo the entire reform effort.

Still, all the months of wrangling have not gone for naught. The bill has farsighted elements that ought to be included in any final legislation — and serious defects that ought to be remedied. It would do more to contain costs and restrain future deficits than any other bill under consideration, and it is far better than allowing costs to continue escalating on their current disastrous path.

Unfortunately, the bill would leave 17 million citizens and legal residents without insurance in 2019. That is better than allowing current trends to continue but nowhere near enough.

With so much attention focused on the Finance Committee, it has been easy to forget that there are actually five separate bills in Congress. Many commentators have treated the Senate Finance bill as the likely template for any final legislation because it may be more palatable to conservative Democrats, and deficit hawks, in both houses.

But the Finance Committee's bill should be viewed as the least that Congress should do — a foundation upon which to build, not the final structure.

Here are some of the details to consider as the debate proceeds:

COMMON ELEMENTS All of the bills would require the vast majority of Americans to have health insurance or pay a penalty. Insurers would be prohibited from denying coverage or charging higher premiums for patients in poor health. The bills would create new insurance exchanges on which people who buy their own insurance or work for small companies could buy coverage at large group rates. The bills would also provide tax subsidies to help low- and middle-income Americans buy insurance, and expand Medicaid to cover more poor Americans.

These provisions would provide more security for all Americans. They would provide the greatest benefit to the millions who lack insurance or must buy it directly from insurers, often at very high prices.

COSTS AND DEFICITS President Obama and his budget director have insisted that health care reforms must be deficit neutral over the next decade and deficit-reducing over the longer term. Those are reasonable goals, and the Finance Committee seems to have met the president's specifications, and then some.

The bill received an important boost last week when the Congressional Budget Office estimated that it would cost $829 billion over the next 10 years — well under the $900 billion President Obama had suggested — and would reduce the deficit by $81 billion over that period.

Revenue from proposed new taxes and savings from slowing the growth of Medicare costs would more than make up for the cost of covering some 29 million uninsured people.

The deficit reduction would be even greater in the following decade because revenues and savings are projected to grow at an annual rate of 10 to 15 percent, while the cost of the subsidies and Medicaid expansions is projected to grow at a rate of only 8 percent.

Unfortunately, it appears that one of the key ways the committee keeps deficits down is by limiting subsidies and settling for far less than universal coverage. The House bills do better.

We are far more impressed with its proposal to raise revenues and achieve savings almost entirely within the health care system — by imposing fees on health care providers and by taxing high-priced policies that encourage overuse of medical services. Such revenues rise as fast or faster than medical inflation.

By contrast, the House bills would impose an income tax surcharge on the wealthiest Americans, and the Obama administration suggested curtailing tax deductions for the wealthy, two sources of revenue that grow more slowly than medical inflation.

We have recommended taxing the wealthy, who benefited enormously from the Bush-era tax cuts. But Congress might well consider adding taxes within the health care system, including taxes on the most expensive insurance plans.

The Finance Committee's stellar performance in deficit reduction also relies in part on perpetuating a long-standing Congressional accounting gimmick: It boosts Medicare reimbursements to doctors for one year and then pretends that sharp reductions will occur over the next decade. (Every year Congress votes to up the payments.) The bills pending in the House would offer a permanent fix to the reimbursement problem, but at a cost exceeding $200 billion over the next decade. Sooner or later Congress ought to solve this problem, if not in the reform bills then in separate legislation fully paid for.

COVERAGE The Senate Finance bill would still leave 17 million citizens and legal residents without coverage in 2019. By contrast, the pending House bills would leave only about nine million citizens and legal residents without health insurance.

If Congress can cover millions more of the uninsured by anteing up another $100 billion to $150 billion, it should find the money to do so.

We continue to believe that covering the uninsured is a moral imperative — and sound economics.

People without insurance tend to delay seeking medical care until their diseases, like diabetes and incipient cancer, become so severe that they require emergency attention and often cannot be treated effectively. The rest of us pay for their charitable care through taxes or higher premiums on private insurance.

Near-universal coverage is also needed to provide a large risk pool in which the premiums from healthy people on the exchanges can help subsidize the premiums of sick people. The Finance Committee softened its own bill to reduce and delay the penalties for noncompliance and exempted an estimated two million people from the mandate. While these people would not be penalized, they would also not be insured. A better solution would be to provide more generous subsidies so that people could afford coverage.

OTHER WEAKNESSES The Finance Committee's bill also lacks a public plan to compete with private insurers, which would provide more choice to consumers, hold down prices and save the government money on subsidies. It also lacks a mandate on employers to offer coverage or pay a penalty, which would both expand coverage and yield additional money for the government. Both are proposed in all the other bills.

MEDICAL REFORMS Critics of the current bills regularly complain that they do little to reform the delivery of health care by hospitals, doctors and other providers, the only lasting solution to slowing the relentless and rapid rise of medical spending.

That is largely true, and for a very good reason: Nobody really knows what reforms would work. All of the pending bills would spend money on various studies, demonstrations and pilot projects in the expectation that some might pan out.

One of the best features of the Senate Finance bill is that it would establish a new commission — insulated from political lobbying — to find ways to limit the growth in Medicare spending, and a new center to test innovative payment methods to improve quality and reduce costs in Medicare. That seems the most sensible approach given enormous uncertainties on how to rein in medical costs.

We remain optimistic that — with sustained attention — Congress and the executive branch can find ways to reform the delivery of medical care. It may take time. But it would be inhumane to put off covering the uninsured until we have the savings in hand.

Given that the reform effort will have to be at least deficit neutral for the next decade, there is time to experiment.

One must not forget that doing nothing — the Republicans have yet to make any serious counterproposals — virtually ensures that the cost of insurance and of medical care will continue to soar. That will place even more financial strain on policyholders and employers. And it will saddle the country, and all of us, with ever larger deficits.

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This editorial is part of a continuing series by The Times that is providing a comprehensive examination of the policy challenges and politics behind the debate over health care reform. You can read all of these articles at: nytimes.com/edhealthcare2009