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This Is Reform?

By BOB HERBERT

It's never a contest when the interests of big business are pitted against the public interest. So if we manage to get health care "reform" this time around it will be the kind of reform that benefits the very people who have given us a failed system, and thus made reform so necessary.

Forget about a crackdown on price-gouging drug companies and predatory insurance firms. That's not happening. With the public pretty well confused about what is going on, we're headed — at best — toward changes that will result in a lot more people getting covered, but that will not control exploding health care costs and will leave industry leaders feeling like they've hit the jackpot.

The hope of a government-run insurance option is all but gone. So there will be no effective alternative for consumers in the market for health coverage, which means no competitive pressure for private insurers to rein in premiums and other charges. (Forget about the nonprofit cooperatives. That's like sending peewee footballers up against the Super Bowl champs.)

Insurance companies are delighted with the way "reform" is unfolding. Think of it: The government is planning to require most uninsured Americans to buy health coverage. Millions of young and healthy individuals will be herded into the industry's welcoming arms. This is the population the insurers drool over.

This additional business — a gold mine — will more than offset the cost of important new regulations that, among other things, will prevent insurers from denying coverage to applicants with pre-existing conditions or imposing lifetime limits on benefits. Poor people will either be funneled into Medicaid, which will have its eligibility ceiling raised, or will receive a government subsidy to help with the purchase of private insurance.

If the oldest and sickest are on Medicare, and the poorest are on Medicaid, and the young and the healthy are required to purchase private insurance without the option of a competing government-run plan — well, that's reform the insurance companies can believe in.

And then there are the drug companies. A couple of months ago the Obama administration made a secret and extremely troubling deal with the drug industry's lobbying arm, the Pharmaceutical Research and Manufacturers of America. The lobby agreed to contribute \$80 billion in savings over 10 years and to sponsor a multimillion-dollar ad campaign in support of health care reform.

The White House, for its part, agreed not to seek additional savings from the drug companies over those 10

years. This resulted in big grins and high fives at the drug lobby. The White House was rolled. The deal meant that the government's ability to use its enormous purchasing power to negotiate lower drug prices was off the table.

The \$80 billion in savings (in the form of discounts) would apply only to a certain category of Medicare recipients — those who fall into a gap in their drug coverage known as the doughnut hole — and only to brand-name drugs. (Drug industry lobbyists probably chuckled, knowing that some patients would switch from generic drugs to the more expensive brand names in order to get the industry-sponsored discounts.)

To get a sense of how sweet a deal this is for the drug industry, compare its offer of \$8 billion in savings a year over 10 years with its annual profits of \$300 billion a year. Robert Reich, who served as labor secretary in the Clinton administration, wrote that the deal struck by the Obama White House was very similar to the “deal George W. Bush struck in getting the Medicare drug benefit, and it's proven a bonanza for the drug industry.”

The bonanza to come would be even larger, he said, “given all the Boomers who will be enrolling in Medicare over the next decade.”

While it is undoubtedly important to bring as many people as possible under the umbrella of health coverage, the way it is being done now does not address what President Obama and so many other advocates have said is a crucial component of reform — bringing the ever-spiraling costs of health care under control. Those costs, we're told, are hamstringing the U.S. economy, making us less competitive globally and driving up the budget deficit.

Giving consumers the choice of an efficient, nonprofit, government-run insurance plan would have moved us toward real cost control, but that option has gone a-glimmering. The public deserves better. The drug companies, the insurance industry and the rest of the corporate high-rollers have their tentacles all over this so-called reform effort, squeezing it for all it's worth.

Meanwhile, the public — struggling with the worst economic downturn since the 1930s — is looking on with great anxiety and confusion. If the drug companies and the insurance industry are smiling, it can only mean that the public interest is being left behind.

David Brooks is off today.

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