

Obama lauds industry offer to cut health costs

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President Barack Obama speaks about health care reform, Monday, May 11, 2009, in the State Dining Room of the White House in Washington. (AP Photo/Charles Dharapak)

(AP) -- President Barack Obama on Monday portrayed the health care industry's promise to cut \$2 trillion in costs over 10 years as "a watershed event" in the long search for a solution to the millions of uninsured.

Whether that is true won't be readily known as debate begins in Congress

over sweeping [health care](#) legislation. What is known now is that the move puts the industry groups involved firmly inside the process of expanding coverage, with the hope they can steer the final product toward something that doesn't restrict their profitability.

"I will not rest until the dream of health care reform is achieved in the United States of America," Obama declared in the White House's State Dining Room as he announced the voluntary offer made to the White House Monday by a consortium of hospitals, [insurance companies](#), drug makers and doctors.

They told Obama they would slow rate increases by 1.5 percentage points a year by improving coordination, focusing on efficiency and embracing better technology and regulatory reform.

Government economists say the shaved costs would create breathing room to help provide health insurance to an estimated 50 million Americans who now do not have it.

It's a substantial change from the time in the early 1990s when President Bill Clinton took on [health care reform](#), only to see industry leaders fight back hard, ultimately killing the White House proposal before it could gain any traction.

Still, even Obama acknowledged that the step announced Monday would be meaningful into the future only if it is not a singular event, but part of a larger and successful effort toward universal health care coverage for Americans. He said the country "can, will and must" accomplish this goal by the end of the year.

"There's so much more to do," he said.

"We can't continue down the same dangerous road we've been traveling

for so many years," Obama said. "Reform is not a luxury that can be postponed, but a necessity that cannot wait."

He indirectly criticized some of the groups at his side for killing the effort last time.

"All too often, efforts at reform have fallen victim to special interest lobbying aimed at keeping things the way they are, to political point-scoring that sees health care not as a moral issue or an economic issue, but as a wedge issue, and to a failure on all sides to come together on behalf of the American people," the president said.

The industry letter said "these and other reforms will make our health care system stronger and more sustainable."

Although the offer from the industry groups doesn't resolve thorny details of a new health care system, it does offer the prospect of freeing a large chunk of money to help pay for coverage. And it puts the private-sector groups in a good position to influence the bill Congress is writing.

The industry groups are trying to get on the administration bandwagon for expanded coverage now in the hope they can steer Congress away from legislation that would restrict their profitability in future years.

Insurers, for example, want to avoid the creation of a government health plan that would directly compete with them to enroll middle-class workers and their families. Drug makers worry that in the future, new medications might have to pass a cost-benefit test before they can win approval. And hospitals and doctors are concerned the government could dictate what they get paid to care for any patient, not only the elderly and the poor.

It's unclear whether the proposed savings will prove decisive in pushing a

health care overhaul through Congress. There's no detail on how the savings pledge would be enforced. And, critically, the promised savings in private health care costs would accrue to society as a whole, not just the federal government. That's a crucial distinction because specific federal savings are needed to help pay for the cost of expanding coverage.

Costs have emerged as the most serious obstacle to Obama's plan. The estimated federal costs range from \$1.2 trillion to \$1.5 trillion over 10 years, and so far Obama has only spelled out how to get about half of that.

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