

Health care cost cuts could kick-start reform

11 May 2009, By RICARDO ALONSO-ZALDIVAR and PHILIP ELLIOTT , Associated Press Writers



Former President Bill Clinton walks off stage after speaking about the Clinton Global Initiative University at Laurie Auditorium in San Antonio, Texas, on Friday, May 8, 2009. (AP Photo/Pool, Tom Reel)

(AP) -- When President Bill Clinton took on health care reform, industry leaders fought back, killing the White House proposal before it could gain any traction.

Now those industry leaders are trying to help President [Barack Obama](#) find a solution to the problem of uninsured Americans, offering \$2 trillion in spending reductions over 10 years.

Hospitals, [insurance companies](#), drug makers and doctors planned to tell Obama on Monday they'll voluntarily slow their rate increases in coming years in a move that government economists say would create breathing room to help provide health insurance to an estimated 50 million Americans who now go without it.

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.

Six major groups plan to deliver a letter to Obama

and pledge to cut the growth rate for health care by 1.5 percentage points each year, senior administration officials said Sunday. They spoke on the condition of anonymity in order to sketch the offer before full details are revealed at a White House event scheduled for Monday.

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.

Obama has courted industry and provider groups, inviting their representatives to the [White House](#). There's a sense among some of the groups that now may be the best time to act before public opinion, fueled by anger over costs, turns against them.

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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