

RAHM'S MAKING THE WHITE HOUSE LOOK TERRIBLE

This morning, the Politico made news by reporting that someone at the White House had ordered Harry Reid to cut a deal with Joe Lieberman on health care.



The White House denied the report.

"The White House is not pushing Senator Reid in any direction," spokesman Dan Pfeiffer says. "We are working hand in hand with the Senate Leadership to work through the various issues and pass health reform as soon as possible."

But since, then, two more reporters have confirmed Politico's account: TNR's Jonathan Cohn and HuffPo's Ryan Grim. In fact both Cohn and Grim pass on the ID of this anonymous White House figure: Rahm Emanuel. (Yeah, I know, gambling in the casino, even.) Here's Ryan's report.

Rahm Emanuel visited Senate Majority Leader Harry Reid in his Capitol office on Sunday evening and personally urged him to cut a deal with recalcitrant Sen. Joe Lieberman, two Democratic sources familiar with the situation said.


Now, aside from the fact that the White House looks stupid to us, as they try to insist Reid wasn't visited by the Ghost of Health Care past, consider how they look to those close to the negotiations, who not only are being jerked around by Lieberman and Rahm, but who also risk losing their job as Senator and Majority Leader over this legislative failure. Here's how that frustration sounds.

The report, however, according to the two sources, was entirely accurate.

“We’re long past time for these kinds of games,” one source said.

But as bad as Rahm is making the White House look right now, consider how bad he’s going to make the White House look, if Lieberman refuses to deal. After all, Lieberman has taken just days to refuse the last compromise, based on claims of opposing a policy he supported three months ago. Lieberman doesn’t give a shit about health care, Obama, or Rahm Emanuel. (Or Harry Reid, for that matter.) So after forcing the White House to lie repeatedly about his strong-arm tactics, Rahm is going to make the White House look still worse after the Lieberman refuses the **next** deal he makes.

ONE OF FEW THINGS GROWING AS FAST AS HEALTH CARE COSTS IS INCOME OF RICHEST 1%

The Economic Policy Institute provides a  much needed counter-weight to those cheerleading the use of Cadillac-as-Chevy taxes to pay for the Senate health care bill. It shows, generally, that the millionaire’s tax used to fund the House bill is far more progressive than the Cadillac-as-Chevy tax used to fund the Senate bill, which ends up taxing those at \$20-30,000 more than it taxes those at \$500,000 to 1 million a year.

In fact, it makes an even more striking point. Given the way the economy has worked in the last several decades, one of the few ways to fund health care in such a way that will keep up with rising health care costs is to tax the rich.

While a funding source that grows with

health care costs is a desirable goal, it should be noted that for the last three decades one of the only things in the American economy that actually has grown as fast as overall health costs is the incomes of the richest 1% of households.

The paper points out two central reasons why the excise tax won't be as progressive as its champions claim.

Most importantly, it shows that the cost of a plan does not reflect exclusively on how generous the benefits of that plan are. On the contrary, plan cost has more to do with group size and overall health than it does with the benefits granted.

The assumption that high-cost plans are high-value plans is flawed. Many health plans are expensive because the population covered is older or sicker than average, but they still do not provide more comprehensive coverage. Moreover, this is a much larger problem than is often recognized. Gould and Minicozzi (2009) have shown that some of the most powerful predictors of a plan's high cost are the size of the firm and the age of its workers. This is surely not a coincidence—small firms and firms with older workforces tend to have less bargaining power with insurance companies and this leads to higher prices for insurance coverage that may be no more comprehensive than lower-priced coverage for larger or younger firms. It should be noted that the Senate bill recognizes this reality and specifically exempts some health plans (those covering high-risk professions, for example) from the excise tax or raises the threshold of the tax explicitly on the grounds that high-cost is not synonymous with high-value.

Furthermore, Gabel et al. (2010) find that only 3.7% of the variation in premiums for family plans is determined by a plan's actuarial value, that is, the share of average medical expenditures paid for by insurance (instead of by out-of-pocket spending). It is also worth noting that the Joint Committee on Taxation's (JCT) scoring of the excise tax indicates that plans with fewer enrollees are more likely to be affected by the excise tax. Given that previous research has shown that smaller firms pay premiums 18% higher than large firms pay for equivalent health coverage, it seems clear that **this excise tax will be affecting many workers who have only high-cost-not high-value-health coverage** (see Gabel et al. (2006)). [my emphasis]

So workers at smaller firms and those with sick co-workers will be asked to pay for the health care reform, not primarily a bunch of Goldman execs who have luxurious benefits.

In addition, the EPI paper gives a host of reasons why it is actually doesn't save money to have people forgo care to save money. Basically, for a whole host of expensive, chronic diseases, the overall cost of treatment will be lowest if patients actually use health care to manage their condition.

If the excise tax pressures people to purchase health plans with increased cost-sharing (e.g., higher copayments), consumers may very well respond to this effective price increase by haphazardly cutting back on medical spending. However, many of the interventions that are avoided may turn out to be health-improving and/or cost-effective. This problem is especially true for vulnerable populations. Research has demonstrated that low-income and chronically ill populations are

generally harmed by higher cost-sharing and may actually incur higher overall costs in response to the introduction of this cost-sharing, as they cut back too much on cost-effective managing of chronic conditions.

Research has found that the optimal cost-sharing rate for many chronic conditions and large classes of prescription drugs is very low or even zero. This same research shows that increased cost sharing in certain areas (e.g., prescription drugs or primary care) can lead to higher overall costs due to increased utilization in other areas (e.g., hospitalization).

That is, if we force chronically ill people to pay more of their treatment costs out of their own pocket, society will spend more on their treatment overall.

I just have one complaint about the paper. It treats seriously the claim that if a company saves money on health care, it will pass on those savings—in the form of higher wages—to employees. Such claims are based on studies that show that when health care cost increases, employers respond by lowering wages. Aside from the fact that no one is envisioning employers paying less than they currently do for health care (but instead, of adjusting plans to keep costs about the same), this argument relies on a logical flaw—the assumption that the reverse holds true too, that employers will pass on savings to employees. Maybe there's a study that proves that this is the case, but thus far the only thing studies show is that by raising the cost of health care—which the excise tax will do—it will lead to job losses.

But the EPI study makes a really critical point. The argument for funding health care reform through a Cadillac-as-Chevy tax is an attempt to avoid the so-called class warfare that singles out the really rich and asks them to contribute

back to society. But when you consider the fact that the salary of the really rich is rising as fast as health care costs, it seems to make more sense to have the rapacious rich pay for the the rapacious costs of health care. 3

CORRECTION: BAD NELSON AND HOLY JOE THINK UP A NEW EXCUSE

The press, other members of Congress, everyone have to stop reporting over and over again that the Bad Nelson and Holy Joe “oppose” some aspect of health care reform.

Two key senators criticized the most recent healthcare compromise Sunday, saying the policies replacing the public option are still unacceptable.

Sens. Joe Lieberman (I-Conn.) and Ben Nelson (D-Neb.) both said a Medicare “buy-in” option for those aged 55-64 was a deal breaker.

“I’m concerned that it’s the forerunner of single payer, the ultimate single-payer plan, maybe even more directly than the public option,” Nelson said on CBS’s “Face the Nation.”

Rather, Bad Nelson and Holy Joe have simply “thought up a new excuse” to oppose real health care reform.

Until we stop pretending these two men are brokering in good faith, we will never get to the point in the discussion of how we get the best health care reform without some industry mole spiking the reform. These men will not

support anything less than an out and out bailout of the health care industry, and to hell with the federal budget, and pretending they will just poisons the efforts of those bargaining in good faith.

THE TRUTH ABOUT HARRY REID'S LIFETIME CAP LOOPHOLE

Harry Reid is fooling you when he says he had to eliminate lifetime caps to keep premiums down. What he meant is that—having gutted the public option and taxed health care—he needs another means to keep premiums low.

JOE LIE EVEN PISSED OFF THE LEAGUE OF WOMEN VOTERS

I didn't even know the League of Women Voters advocated on political issues.

But here they are, spanking Sanctimonious Joe.
(h/t joejoejoe)

The League of Women Voters will launch a anew advocacy campaign next week that asks Senator Joseph Lieberman (I-CT) to reconsider his recent threats to oppose any health care reform bill that includes a public insurance option. The League-sponsored campaign in support of the public option includes a 60-second radio ad, "Real," and a new Facebook

Page, "Do The Right Thing, Joe!," that has already generated hundreds of comments from Connecticut voters.

The radio ad will begin airing on stations in Stamford and New Haven and directly addresses the Senator: "Please do what's right," because "the need is real, the time is now" and "the choice is yours."

"The League has supported the public insurance option without reservation from the beginning as the only way to adequately control costs and protect consumer choice," said Mary G. Wilson, President of the League of Women Voters of the United States. "Senator Lieberman now has to make a choice about whether he wants to protect consumers or insurance companies."

Is there anyone who doesn't hate Joe Lieberman?

LATE NIGHT: MAX TAX BAUCCHANAL GRABS THE DENTAL FLOSS

Max Baucus takes a walk on the wild side, shags his aide, fluffs her with government perks and hilarity ensues.

THE 7 LIES OF

LIEBERMAN

Steve Benen has been cataloguing all the lies Joementum has given to explain his opposition to the public option. Here are the first six...

Believe it or not, we're up to seven arguments over seven months, none of which makes sense.

In June, Lieberman said, "I don't favor a public option because I think there's plenty of competition in the private insurance market." That didn't make sense, and it was quickly dropped from his talking points.

In July, Lieberman said he opposes a public option because "the public is going to end up paying for it." No one could figure out exactly what that meant, and the senator moved on to other arguments.

In August, he said we'd have to wait "until the economy's out of recession," which is incoherent, since a public option, even if passed this year, still wouldn't kick in for quite a while.

In September, Lieberman said he opposes a public option because "the public doesn't support it." A wide variety of credible polling proved otherwise.

In October, Lieberman said the public option would mean "trouble ... for the national debt," by creating "a whole new government entitlement program." Soon after, Jon Chait explained that this "literally makes no sense whatsoever."

In November, Lieberman said creating a public plan along the lines of Medicare is antithetical to "the way we've responded to the market in America in the past." This, too, was quickly debunked.

Click through to see Lieberman's latest lie.

MAX BAUCUS' INDISCRETIONS: CORPORATE INFLUENCE WORSE THAN SEX

Max Baucus had really poor judgment when he nominated his mistress to be US Attorney. But his judgment was far worse when he put former Wellpoint VP in charge of reforming health care.

MEDIA GIANTS FOR HEALTH CARE

Comcast CEO's Brian Roberts' letter endorsing health care yesterday was a pretty shameless bid not just to curry favor, but to get a piece of the health care information technology business that health care reform will bring.

ON MONDAY THOUSANDS LOSE THEIR HEALTHCARE

On Monday, the COBRA subsidy expires. That's going to lead to a lot of people giving up their health care.