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James J. Mongan

Health Care: Why We Failed the Last Time

I am the doctor who was at the bedside when the last national health proposal, put forth by the Carter administration, died. The time was May 1980 and the place the Senate Finance Committee. I was the White House representative for the Carter administration during the committee's bill-drafting session. The proposal died quietly, with little attention from the media, after a two-year "wasting illness" during which it shrank from a large, relatively robust proposal to a small, anemic shadow of its former self.

The Carter plan began, under principles released in July of 1978, as a proposal for a phase-in of universal coverage. But the administration was never certain of support for the increased taxes of employer mandates necessary to make universal coverage a reality. So the plan began to diminish even before it was released in "draft form" in January of 1979—to a proposal for a phase-in of coverage, with each expansion conditional on certain economic circumstances. This conditional phase-in was then diluted further, during congressional consultations, to one conditioned on further congressional votes for implementation at each phase.

Finally, universality was left behind in March of 1979 when the Carter administration fell back to an attempt to pass a phase-one-only bill that would have achieved some modest expansion of low-income coverage, along with a diluted employer mandate of much less expensive coverage, against only catastrophically high health costs. The proposal finally expired in May 1980 when the Finance Committee failed to reach agreement even on this anemic remnant of the original proposal.

I write now in the hope that we can learn some lessons from an autopsy of this case that might lead to a different outcome for the Clinton proposal.

There are important similarities between the Carter and Clinton plans and their political context. Both proposals, at least at the outset, have been quite broad in scope, calling for a phase-in of universal coverage, and a broad set of benefits, financed in good part through an employer mandate, with appropriate subsidies. There are also some similarities in the political setting with, in both instances, a Democratic president working with a Congress controlled by Democrats.

There are also, of course, important differences. Substantively, the Clinton proposal has a somewhat different administrative structure, relying on state-based health alliances that foster managed competition. There is a relatively large role for state flexibility. The Carter plan had a larger federal role, with employers having a choice of obtaining private coverage, or obtaining coverage through a federally sponsored public backup program modeled after Medicare.

As for the political setting, there are at least two important differences. First, President Clinton has placed health insurance high on his agenda from the earliest months of his administration. In the Carter administration, health insurance took a back seat to energy issues and welfare reform, to name but two competing issues. Secondly, there appears to be somewhat more cohesion among Democrats than there was in 1979 and 1980, when health insurance became an important battleground in the struggle between President Carter and Sen. Edward M. Kennedy prior to the primary election fights in 1980.

What lessons can be learned, then, from the story of the ill-fated Carter proposal? First we must establish the cause of death. The Carter proposal wasted away a little at a time, gradually growing smaller and smaller. Why? Undoubtedly, division among the Democrats was a major factor; it gave the administration little choice but to attempt to build a more conservative coalition around a much smaller proposal in the Finance Committee. Equally important was the subordination of the goal of universal coverage to other goals—among them avoiding tax increases and employer mandates, which aroused the anger of the small-business community.

The first lesson, then, is to remember the importance of party cohesion. A health insurance bill cannot be passed by Democrats alone. It surely cannot be passed with a badly fractured majority party. Democrats who want health insurance to pass must not allow the best to become the enemy of the good and bog down the debate in repeated tests of ideological purity.

Having said that, the second lesson is that during the pull and tug of congressional action, the moral compass to guide us through the health insurance debate and lead to a successful conclusion must not be lost or set aside. That moral compass is the attainment, by a date certain, of universal coverage. Once this debate begins to slide down the slippery slope away from universal coverage, through contingent universal coverage, on down to incremental expansions of coverage, it will suffer the same death by degrees as the Carter proposal.

Although just about everyone in Congress, of both parties, is ostensibly in favor of the concept of universal coverage, there is still a notable queasiness about the employer mandates and taxes necessary to make universal coverage real.

In the quest to gain the broad bipartisan support that will be necessary to pass legislation, there is the danger that the goals of avoiding taxes and mandates will again take precedence over the goal of achieving universal coverage—and we will again fail to meet the major moral test of this debate.

There is a message here for members of Congress. You can negotiate on the types and mix of taxes and mandates, but a guaranteed date for universal coverage must be nonnegotiable if we are to avoid the mistakes of the past and seize this historic opportunity. The test of history will be simple: Is everybody covered?

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