



Create your own network
of like minded professionals in the **Journal Community**.

THE WALL STREET JOURNAL

WSJ.com

Dow Jones Reprints: This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit www.djreprints.com

[See a sample reprint in PDF format.](#)

[Order a reprint of this article now](#)

THE WALL STREET JOURNAL

WSJ.com

OPINION: THE WEEKEND INTERVIEW | JUNE 20, 2009

Wyden's Third Way

The Oregon senator questions the wisdom of a government health insurance plan.

By COLLIN LEVY

"People don't want the government in the driver's seat . . . They don't want the decisions (about their treatment) made in Capitol hearing rooms with a bunch of legislators in dark suits." So says Oregon Sen. Ron Wyden of the Healthy Americans Act, his plan for compromise in the polarized politics of healthcare reform.

Mr. Wyden, slouched amiably on his office sofa with his long legs on the coffee table, looks awfully relaxed for a man in the middle of the battle over health-care reform. On the day before our meeting, the political calculus shifted: The Congressional Budget Office predicted that the bill from the Senate Finance Committee would increase the federal budget deficit by \$1.6 trillion over the next 10 years. Worse for Democrats, the astronomical price tag would still leave millions of people uninsured.

The news changed the views of some who had begun to see a bigger government role in medicine as inevitable. It also shifted attention to less-radical approaches, like the one Mr. Wyden is co-sponsoring with Utah Republican Bob Bennett.

"The country has bailout fatigue," Mr. Wyden explains. "The Congressional Budget Office said our proposal was budget neutral in the short term and that it would essentially start bending the cost curve downward in the third year."

The plans favored by Massachusetts Sen. Ted Kennedy or President Barack Obama rely on a "public option" in which government insurance would supposedly "compete" with private insurers, a move many see as leading to a single-payer system. By contrast, the Wyden-Bennett Healthy Americans Act relies on the private insurance market while imposing a series of regulations to squeeze savings from the private sector. It also requires individuals to buy coverage for themselves, the controversial "individual mandate."

The idea, Mr. Wyden says, is to harness the Democratic desire to get everyone covered to the Republican interest in markets and consumer choice. "Everything I've been up to with this

coalition is designed to make reconciliation irrelevant," he explains, referring to a political maneuver whereby Democrats might try to force through health reform on a bare majority of 51 votes rather than the filibuster-proof 60 votes normally required.

"People can't be tricked into fixing health care." If you want to bring the country together, he continues, you have to aim for 70 votes and the kind of bipartisan strength that the Healthy Americans Act has with 14 senators sponsoring the bill. "If you . . . just pound it through on a partisan vote, you don't have that kind of consensus. You have people practically as soon as the ink is dry looking to have it repealed."

Mr. Wyden knows he is walking a wobbly tightrope between the factions. At Oregon town-hall meetings six years ago, he remembers, "you'd have a bunch of people get up and talk about single payer, and a lot of applause." He claps to demonstrate. Then someone else would say, "We don't want that, we had a cousin who lived in Canada, they had to come to the U.S. to get treated because they couldn't get good care. And then both of these groups would look sullenly at each other."

When he first approached Bob Bennett in early 2007 about a compromise plan based on the kind of coverage members of Congress get, he got a similarly unenthusiastic response. Mr. Wyden puts on a deep, croaky Bob Bennett voice and repeats words that Mr. Bennett would later use to characterize his reaction: "I told Ron Wyden I'd look at his proposal." Smiling, Mr. Wyden says, "As Senator Bennett describes it, that's the closest thing you get in the United States Senate to a 'no.'"

Mr. Bennett ultimately came around to the idea, but a lot of Republicans remained dubious. "People kind of looked at him like it was all a kind of big socialist plot. And he basically said, get over it, they've got a point."

"Both parties have come a long way," says Mr. Wyden. "The most conservative Republicans accept the idea that they didn't accept in '93, that you've got to cover everybody to organize the market," he says. "If you don't . . . there's too much cost-shifting, not enough prevention." And some Democrats are seeing the wisdom of a market system where people will benefit if they make wise selections about their care.

Mr. Wyden takes a long view: "Ever since the 1940s, we essentially disconnected individuals from being involved in health care. It's all about third parties, and they pay all the bills and individuals don't have the opportunities for the choices. In fact, millions of people who are lucky enough to have employer coverage don't get any choice."

Which brings us back to dealing with the price tag of reform. Mr. Wyden is in the hot seat because his plan would convert the current tax exclusion for health benefits into a tax deduction for individuals to make insurance more portable. But taxing health benefits was pilloried on the campaign trail by Barack Obama, and the opponents have kept after it. "I think the way to go," Mr. Wyden says, "is with a generous deduction that sends a market-oriented message." He says that means that, if you shop carefully for your health care, you're going to get your taxes cut.

The typical family of four spends about \$13,000 a year for their health care for the year, he says. In the Healthy Americans plan, they set the deduction at \$19,000. "If you get a deduction of between \$17,000 and \$19,000 for a middle-class family of four . . . [that] now spends \$13,000 on

health care, we've got a chance to give millions of people . . . more money in their wallet because they got a chance to shop in a new system driven by informed choice and financial incentives to make those choices."

The tax aspects of the Wyden plan have nonetheless earned him the wrath of some Democrats as well as labor unions that carry fully loaded benefits plans and benefit from the current tax exemption. Some unions have even taken out ads against him in his home state of Oregon. As a powerful Democratic interest group, their objections have caused other would-be health-care reformers to capitulate. Montana Democrat and Finance Committee Chairman Max Baucus has said his own health reform plan will create a union carve-out.

Is Mr. Wyden surprised by the opposition his proposal has generated from the left? "Let's take it one at a time," he tells me. "First, there's a pretty good cross section of Democrats on this bill. Arlen Specter of course is now a Democrat." Other supporters include Debbie Stabenow, Mary Landrieu, Bill Nelson.

And Labor? Unions have every right to bargain for the best possible package, he says. "But nobody, be it a CEO or a labor [union] member ought to be getting what amounts to gold-plated coverage with the tax subsidies paid for by somebody who is a modestly compensated woman at a small business who doesn't have a health plan."

Breaking with the Democratic orthodoxy has earned him a few cold stares in other areas as well, including the plan's treatment of Medicaid and malpractice reform. The Healthy Americans Act transitions poor people out of Medicaid and will give them choices of private plans like members of Congress, he says. "We've taken a lot of flak for it . . . but Medicaid is a caste system. It is unfair to poor people and it is unfair to taxpayers." The system, he says, makes it hard for physicians to take care of the most vulnerable in society.

In a speech to the American Medical Association this week, Mr. Obama also opened the door to the possibility of malpractice reform, something Messrs. Wyden and Bennett support to help keep costs down. Democrats always blame the insurance companies, says Mr. Wyden, and Republicans always blame the trial lawyers. Insurance companies "are going to compete on the basis of price, benefit and quality," he insists. But a new system also requires "tough malpractice reforms."

The problem of spiraling costs is on display in Massachusetts, where a universal coverage plan started under former Gov. Mitt Romney, a Republican, is proving more of a cautionary tale than the inspiration Democrats would like to call it. "I've gone and met with the Massachusetts folks," Mr. Wyden says, and "cost containment is the Achilles heel."

Using government health programs to try to find savings in the short term is problematic, he says, as it leads to inevitable concerns about rationing of care. "If you try to go the government route, the danger is you will find savings that are not realized with massive new commitments, and that's a prescription for trouble."

Mr. Obama has endorsed a public option, though the commitment has lately come under renewed doubt from Democrats. Former Majority Leader Tom Daschle, who was once Mr. Obama's nominee to lead the Department of Health and Human Services, this week endorsed a compromise plan. Partnering with fellow former majority leaders Bob Dole and Howard Baker,

Mr. Daschle's idea would seek a compromise on the public option, letting states establish programs with help from the federal government. North Dakota Sen. Kent Conrad has likewise questioned whether Democrats could muster enough votes for a public option.

Mr. Wyden has been meeting with the president on the issue, so is Mr. Obama committed to the public option, I wonder? Mr. Wyden won't tell, but directs me instead to review Mr. Obama's book, "The Audacity of Hope." In it, he says, "he talked about a system like what we're talking about in the Healthy Americans Act."

A single-payer solution is just not the Oregon senator's cup of tea. "I've never even understood how you would get there from here," he says. "A lot of the people who are for a public option want a single-payer system, and they haven't minced any words about it. Bless their hearts, extra points for honesty. But that's not where I am."

Mr. Wyden isn't necessarily opposed to a public option, he says, provided the caveats that it "can hold costs down and deal with the misguided incentives." So would he vote for the public option if it came to that?

"I'll look at it," he smiles. "I think I have an obligation as a legislator." Just like Bob Bennett used to say.

Ms. Levy is a senior editorial writer at the Journal, based in Washington.

Printed in The Wall Street Journal, page A11

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com