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Ryan's proposals — Pay attention to insurers behind the curtain

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Democrats who think Paul Ryan and his Republican colleagues have foolishly wrapped their arms around the third rail of American politics by proposing to hand the Medicare program to private insurers will themselves look foolish if they take for granted that the public will always be on their side.

Rep. Ryan's budget proposal would radically reshape both the Medicare and Medicaid programs. It would turn Medicaid into a block grant, which would give states more discretion over benefits and eligibility. And it would radically redesign Medicare, changing it from what is essentially a government-run, single-payer health plan to one in which people would choose coverage from competing private insurance firms, many of them for-profit.

Poll numbers would seem to give the Democrats the edge in what will undoubtedly will be a ferocious debate over the coming months and during the 2012 campaigns. An *NBC/Wall Street Journal* [poll](#) conducted February 27-28 showed that 76 percent of Americans considered cuts to Medicare unacceptable. The public is almost as resistant to cutting Medicaid, at least for now: 67 percent of Americans said they found cutting that program unacceptable as well.

According to a [story](#) in *Politico* this week, Democrats "with close ties to the White House" think Ryan has handed them a gift that will keep on giving. They believe the Ryan blueprint will enable them to portray Republicans as both irresponsible and heartless, hell-bent on unraveling the social safety net that has protected millions of Americans for decades. That message will be the centerpiece of the Democrats' advertising and fundraising efforts, unnamed party strategists told Politico.

Perhaps. But know this: Ryan et al would never propose such a fundamental reshaping of those programs unless they were confident that corporate America stands ready to help them sell their ideas to the public. Like big business CEOs, Congressional Republicans wouldn't think of rolling out Ryan's budget plan without a carefully crafted political and

communications strategy and the assurance that adequate funding would be available to carry it out.

Republicans know they can rely on health insurance companies—which would attract trillions of taxpayer dollars if Ryan’s dream comes true — to help bankroll a massive campaign to sell the privatization of Medicare to the public.

Four years ago, in a secret insurance industry meeting in Philadelphia, I saw numbers that were similar to those in the NBC/*Wall Street Journal* poll. The industry’s pollster, Bill McInturff of Public Opinion Strategies, told insurance company executives, who had assembled to begin planning a campaign to shape the health care reform debate, that Americans were rapidly losing confidence in the private health insurance market.

For the first time ever, he said, more than 50 percent of Americans believed that the government should do more to solve the many problems that plagued the U.S. health care system. In fact, he said, a fast-growing percentage of Americans were embracing the idea of a government run “Medicare-for-All” type program to replace private insurers.

The executives came to realize at the meeting that the industry’s very survival was dependent upon the successful execution of a comprehensive campaign to change public attitudes toward private insurers. They needed to convince Americans they “added value” to the health care system, and that what the public should fear would be more government control.

Knowing that a campaign publicly identified with the industry would have little credibility, the executives endorsed a strategy that would use their business and political allies — and front groups — as messengers.

The main front group was Health Care America It was set up and operated out of the Washington PR firm APCO Worldwide. The first objective was to discredit Michael Moore’s documentary, *SICKO*, which was about to hit movie screens nationwide. Moore’s film compared the U.S. health care system to those in countries that had “Medicare-for-all” type programs run by governments. The American system, dominated by private insurers, did not fare well in Moore’s cinematic interpretation.

The front group painted Moore as a socialist but also went about the larger task of scaring the public away from “a government takeover of the health care system.” Part of that work involved persuading Americans that any reform bill expanding Medicare or including a “public option” would represent a government takeover.

The industry knew it had to enlist the support of longtime allies such as the U.S. Chamber of Commerce, the National Federation of Independent Business and the National Association of Health Underwriters to repeat the term “government takeover” like a mantra. It also had to get conservative talk show hosts, pundits and politicians to play along. And play along they did. In the debate preceding one key House vote involving a public option, a parade of Republicans took to the floor to repeat the industry’s favorite term: government takeover.

To help make sure the term stuck, America’s Health Insurance Plans (AHIP), the insurers’ lobbying group, funneled \$86 million to the Chamber of Commerce to help finance its advertising and PR campaign against any reform legislation that included the public

option. It worked like a charm. Polls showed during the course of the debate that public opinion was increasingly turning against the Democrats' vision of reform. By the time the bill reached President Obama in March 2010, the public option had been stripped out, and public support for reform was well below 50 percent.

As a testament to the success of the industry's campaign, PolitiFact, the *St. Petersburg Times*' independent fact-checking website, chose "a government takeover of health care" as its "Lie of the Year" in 2010. (The 2009 Lie of the Year was the fabrication that the Democrats' reform bill would create Medicare "death panels.")

While they were leading the effort to torpedo the public option, the insurers were lobbying hard for a provision in the bill requiring all of us to buy coverage from them if we're not eligible for a public program like Medicare or Medicaid. They won that round, too. That provision alone will guarantee billions of dollars in revenue the insurers would never have seen had it not been for the bill the president signed.

But even that is not enough for the insurers. For many years, they've lobbied quietly for privatization of Medicare, with significant success. They were behind the change in the Medicare program in the 1980s that allowed insurers to offer what are now called "Medicare Advantage" plans. The federal government not only pays private insurers to market these plans, it pays them an 11 percent bonus. That's right: people enrolled in Medicare Advantage plans cost the taxpayers 11 percent more than people enrolled in the basic Medicare program.

During the Bush administration, the insurers persuaded lawmakers to allow them to administer the new Medicare Part D prescription drug program. That has been a major source of new income for the many big for-profit insurers that participate in the program.

Rest assured that insurers have promised Ryan and his colleagues a massive industry-financed PR and advertising campaign to support his proposed corporate takeover of Medicare. If Democratic strategists really believe that Ryan has all but guaranteed the GOP's demise by proposing to shred the social safety net for some of our most vulnerable citizens, they will soon be rudely disabused of that notion. The insurers and their allies have demonstrated time and again that they can persuade Americans to think and act — and vote — against their own best interests.

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