

# **The American Health Care System at a crossroads:**

**The American health care debate since FDR**



**Saskia Everts-Wagenaar  
Student Number: 0488038  
MA Thesis, American Studies Program, Utrecht University  
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"With your talents and industry, with science, and that steadfast honesty which eternally pursues right, regardless of consequences, you may promise yourself everything-but health, without which there is no happiness. An attention to health then should take place of every other object. The time necessary to secure this by active exercises, should be devoted to it in preference to every other pursuit."<sup>1</sup>

-Thomas Jefferson

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<sup>1</sup> Thomas Jefferson, *The Writings of Thomas Jefferson* (New York: Library of America, 2008), 147.

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## Introduction

“It will provide more security and stability to those who have health insurance. It will provide insurance to those who don’t. And it will lower the cost of health care for our families, our businesses, and our government.”<sup>2</sup>

-President Barack Obama-

Health care is an important element of the American welfare state. The welfare state and social policy in the United States have been topics of political and public debates in the past eighty years. Within the context of America’s welfare state the present crisis in health care in the U.S. is grounded in the fact that 46 million Americans have no health insurance whatsoever. Also the United States is the only modern industrialized nation without a system of national health insurance.<sup>3</sup> These health insurance problems will be discussed below within the context of the welfare state.

Health care in the United States consumes 16 percent of the national economy. Access to, cost, and quality of medical services are of fundamental interest to all Americans, even or especially those who are too young or too frail to know what their interests are. The U.S. government is involved with health care in more ways than anyone can count. These factors all make health policy important.<sup>4</sup>

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<sup>2</sup> Joint Session Speech: Stability & Security For All Americans, 9 September 2009, <http://www.whitehouse.gov/issues/health-care/plan> (Accessed 12 October 2009).

<sup>3</sup> Wallace C. Peterson, *Transfer Spending, Taxes, and the American Welfare State* (Norwell: Kluwer Academic Publishers, 1991), 134.

<sup>4</sup> Political Science 383/483 Health Policy and Politics in the U.S., Fall 2007, [http://www.kaiseredu.org/SyllabusLibrary/White\\_policy.pdf](http://www.kaiseredu.org/SyllabusLibrary/White_policy.pdf) (Accessed 1 May 2010).

The U.S. government copes with sky-high government expenditure on medical costs and many American citizens cannot afford health care and are unable to pay their medical bills.<sup>5</sup> Although new technology will increase efficiency, the cost of new tests and treatments will outweigh the savings.<sup>6</sup> Consequently, the American health care system has become a key element of President Obama's reform agenda. Obama is not the first president trying to reform the American health care scheme; Presidents Roosevelt, Johnson, Nixon and Clinton also tried to improve the American health care system.<sup>7</sup> These presidents all worried about the American social welfare system of which health care is one of the most costly policy pillars.<sup>8</sup>

This analysis focuses on the American health care debate since the presidency of Franklin D. Roosevelt in the 1930s up to the present. In connection with the development of government policy from the beginning of the welfare state under FDR, this thesis also includes an overview of the (public) debate in relation to welfare and health reforms in the past eighty years, since health care policy usually reflects public opinion.<sup>9</sup>

There is no public consensus about the statement that having no health insurance makes a person much less likely to be able to afford needed health care services. The U.S. is traditionally against intervention in the field of health care. However, public opinion polling data, as well as general discussion of social and health care issues in the society, provides evidence that the public consensus on this problem has changed. Over the past decades there was wide public

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<sup>5</sup> Carmen DeNavas-Walt et al. "Income, Poverty, and Health Insurance Coverage in the United States: 2008" 27 September 2009, <http://www.census.gov/> (Accessed 6 January 2010).

<sup>6</sup> Arthur Garson Jr., "The US Healthcare System 2010: Problems, Principles, and Potential Solutions," *Circulation*, 101 (2000), <http://circ.aajournals.org/cgi/content/full/> (Accessed 4 May 2010).

<sup>7</sup> Marie Gottschalk, *The Shadow Welfare State: Labor, Business, and the Politics of Health-Care in the United States* (Ithaca, NY: Cornell University Press, 2000).

<sup>8</sup> Gregg M. Olsen, "Toward Global Welfare State Convergence?: Family Policy and Health Care in Sweden, Canada and the United States," *Journal of Sociology & Social Welfare* 34 (2007): 143.

<sup>9</sup> Harry A. Sultz and Kristina M. Young, *Health Care USA: Understanding Its Organization and Delivery* (Sudbury: Jones and Bartlett Publishers, 2006), 3.

debate about health care and the proper role of the federal government in the providing and funding of health care services. Much of this debate concentrated on the question whether there was a crisis in health care that necessitated comprehensive reform of the U.S. financing and delivery system.<sup>10</sup>

This thesis focuses on the American social welfare system as well; it will scrutinize the American health care debate since FDR and elaborate several public opinions with respect to the health debate. This study goes further into the changes inside the U.S. social system which leads to changes inside the health care system as well. However, since it is important as background information to the rest of this study, health care and its meanings will briefly be discussed below.

### ***Defining Health Care***

“Health care or healthcare *n.* The prevention, treatment, and management of illness and the preservation of mental and physical well-being through the services offered by the medical and allied health professions.”<sup>11</sup>

-The American Heritage Medical Dictionary

Many definitions of health and health care exist. How we should define health (care) is a question that many authors, academics and politicians ask themselves. The most commonly quoted definition of health is that of the World Health Organization (WHO).<sup>12</sup> In 1948, the WHO defined health as “a state of complete physical, mental, social and well-being and not merely as the absence of disease or infirmity.”<sup>13</sup> Some critics argue that the WHO definition of health is

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<sup>10</sup> Jennie Jacobs Kronenfeld, *The Changing Federal Role in U.S. Health Care Policy* (Westport CT: Praeger Publishers, 1997), 5.

<sup>11</sup> American Heritage, *The American Medical Dictionary* (Houghton: Houghton Mifflin Company, 2008), 236.

<sup>12</sup> Re-defining ‘Health’, 5 December 2005, [http://www.who.int/bulletin/bulletin\\_board/83/ustun11051/en/](http://www.who.int/bulletin/bulletin_board/83/ustun11051/en/) (Accessed 20 February, 2010).

<sup>13</sup> WHO definition of Health, 2003, <http://www.who.int/about/definition/en/print.html> (Accessed 26 December 2009).

abstract, inflexible and unrealistic. The word “complete” in the definition seems to refer to a perfectly healthy person, which in practice seems to be highly unlikely.<sup>14</sup> Others argue that many countries have failed to reduce the unstable numbers of premature deaths or to cope with the assault of chronic disease whereby the founding principles of WHO are still unfulfilled.<sup>15</sup>

In her book *A Call to Be Whole: The Fundamentals of Health Care Reform*, Barbara J. Sowada, of the Healthcare Forum's Healthier Communities Fellowship, emphasized that health is difficult to define and that we should keep in mind that health does not mean the same to the insurer as it does to the patient ditto to the young or as it does to those with a life-threatening disease.<sup>16</sup> Measuring health is important for the Health Sector, especially the impact of chronic disease and its treatment on patients, but also for clinicians and policy makers because they offer a profile of the current health status of an individual.<sup>17</sup> Defining health is also fundamental to the practice of epidemiology, the branch of medical science dealing with the transmission and control of disease.<sup>18</sup> Epidemiologists usually use simple definitions of health status such as “disease present” or “disease absent.”<sup>19</sup>

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<sup>14</sup> Re-defining ‘Health, 5 December 2005, [http://www.who.int/bulletin/bulletin\\_board/83/ustun11051/en/](http://www.who.int/bulletin/bulletin_board/83/ustun11051/en/) (Accessed 20 February. 2010).

<sup>15</sup> How should health be defined? 10 December 2009, <http://blogs.bmj.com/bmj/2008/12/10/alex-jadad-on-defining-health/> (Accessed 26 February 2010).

<sup>16</sup> Barbara J. Sowada, *A Call to Be Whole: The Fundamentals of Health Care Reform* (Westport CT: Praeger Publishers, 2003) 42-43.

<sup>17</sup> Maria Jose Santana, David Feeny, *IHE Report: The Importance of Measuring Health-related Quality of Life* Alberta: Institute of Health Economics, 2008), 3.

<sup>18</sup> Epidemiology, <http://wordnetweb.princeton.edu/perl/webwn?s=epidemiology>, 8 February 2010 (Accessed 27 February 2010).

<sup>19</sup> R. Bonita, R. Beaglehole, T. Kjellström, *Basic epidemiology*, (Geneva: World Health Organization, 2006), 15.

Another way of defining health is provided by Michael L. Dolfman of Temple University, who examined the concept of health. Dolfman discovered that ‘health’ is a word which is used to express a certain thought or concept, such as “a state or condition of well-being.”<sup>20</sup>

Most definitions consider health as a consequence or outcome - the result of actions to produce it, such as medical treatment to cure disease, as good nutrition or immunization to prevent disease.<sup>21</sup> *The American Medical Dictionary*, a vital reference for anyone interested in modern medicine, defines health as “The overall condition of an organism at a given time.”<sup>22</sup>

David Mechanic, director of the Institute for Health, Health Care Policy, and Aging Research at Stanford University, describes health care as a general system of providing care for those who needed care through illness or injuries.<sup>23</sup> Health care is the system that, David Mechanic said, “is primarily concerned with chronic disease and disability and the challenge of maintaining vitality and function among people with infirmities that have a long gestation.” Health care is the overall system of providing care for those who needed care through illness or injuries. And within the last half-century chronic disease became the dominant factor of this system.<sup>24</sup>

Definitions of health vary by period, and reflect changing cultural forces.<sup>25</sup> Health cannot be described in one sentence and it is difficult to formulate one universal definition. The concept

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<sup>20</sup> Michael L. Dolfman, “The Concept of health: an historic and analytic examination,” *Journal of School Health*, 43, (2009), 9 October 2009, <http://www3.interscience.wiley.com/journal/122449049/abstract> (Accessed 25 February 2010).

<sup>21</sup> Defining Health and Wellness – The Health Of The United States, Infant Mortality, Life Expectancy, Mortality, Self-assessed Health Status, <http://www.libraryindex.com/pages/49/Defining-Health-Wellness.html> (Accessed 15 February 2010).

<sup>22</sup> *The American Medical Dictionary*, 236.

<sup>23</sup> David Mechanic, *The Truth about Health Care: Why Reform is Not Working in America* (New Brunswick: Rutgers University Press, 2006), 8-9.

<sup>24</sup> Mechanic, *The Truth about Health Care*, 7-9.

<sup>25</sup> Sowada, *A Call to Be Whole*, 42-43.



of health changed in the past century from a biomedical model at the beginning of the century to a concept of health linked to a countries community at the end of the beginning of the twenty-first century. Furthermore, it makes a difference whether health is defined by epidemiologists, politicians, philosophers, individuals or communities.

### ***Overview of the Academic Discussion***

Liberalism, welfare and health care are three related terms in the debate of American political thought about health care since FDR. This thesis analyses the development of government policy with respect to the health debate from the beginning of the welfare state since FDR to the present. The American welfare system is intensively discussed in the academic literature. Many books and articles have been written about U.S. health care in relation to social welfare and liberalism since the 1930s.

The concept of wellness and the definition of health differ in an important way. The difference between both comes up for discussion at the site of Library Index. “The concept of wellness is broader and includes more facets of human life than the traditional definition of health. Wellness is a more subjective quality and is more difficult to measure. The determination of wellness relies on self-assessment and self-reports.”<sup>26</sup>

John Dixon wrote about the connection between liberalism, welfare and healthcare. In *The State of Social Welfare: the Twentieth Century in Cross-National Review*, Dixon discussed United States welfare at the turn of the previous century. By describing the dramatic changes that the Unites States social welfare system faced, Dixon moved forward to the present status of social welfare nowadays.<sup>27</sup>

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<sup>26</sup> Defining Health and Wellness, <http://www.libraryindex.com/pages/49/Defining-Health-Wellness.html> (Accessed 15 February 2010).

<sup>27</sup> John Dixon, *The State of Social Welfare: The Twentieth Century in Cross-National Review* (Westport CT: Praeger, 2002), 187.

When Roosevelt entered the political stage as president of the United States in 1933, the government played a relatively small role in welfare provision. According to Dixon, American citizens believed that government involvement in social welfare encouraged “indolence and irresponsibility.”<sup>28</sup> Efforts to expand government involvement in social welfare have extended since the 1930s. Especially the New Deal of the 1930s launched by the Roosevelt administration and the Society programs of the Johnson administration increased government social policy activity.<sup>29</sup> This increase of social policy has also revealed in the health care sector. *American Social Welfare Policy: a Pluralist Approach*, by Howard Karger and David Stoesz, provides a comprehensive overview of social welfare policy in the United States. This policy analysis reflects the impact of changes in social welfare policy and it is a good reference for welfare policy as discussed within this thesis.<sup>30</sup>

Liberal politics played an important role in the formation and reform of the welfare state (and with that health policy) of the past decades. Alonzo L. Hamby, Professor of History at Ohio University, wrote on these liberal politics; he traces the American liberal tradition as defined by President Franklin Delano Roosevelt. Hamby’s *Liberalism and Its Challengers: From F.D.R. to Bush* has been a major contribution to the field of American studies. Hamby showed the impact of the liberal tradition upon post World-War II America. Hamby examines the transformation of American liberalism. As the basis for an understanding of this transformation Hamby focuses on the political careers of the presidents Roosevelt, Truman, Eisenhower, Kennedy, Johnson and Nixon.<sup>31</sup>

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<sup>28</sup> Dixon, *The State of Social Welfare*, 187.

<sup>29</sup> Dixon, *The State of Social Welfare*, 188.

<sup>30</sup> Howard Karger and David Stoesz, *American Social Welfare Policy: a Pluralist Approach* (Boston: Allyn & Bacon, 2009).

<sup>31</sup> Alonzo L. Hamby, *Liberalism and Its Challengers: From F.D.R. to Bush* (New York: Oxford University Press, 1992).

*The Achievement of American Liberalism* by prominent historian of post-war America William H. Chafe is also about the discussion on welfare policy, and it reports about domination tradition of ideas and social reforms in the progressive era. The bundle starts from the consensus liberalism of the war years to the sharp-edged liberalism of the sixties to the besieged liberalism of the eighties and finishes with the more recent national debates about the welfare reform. *The Achievement of American Liberalism* discusses the history of the complex legacy of the New Deal and its continuing effect on the present. This volume has created a reference point for American liberal politics since the New Deal.<sup>32</sup>

Someone who also wrote about this field is Professor of Health Administration and Policy of the Arizona State University, Jennie Jacobs Kronenfeld. She reviews the key characteristics of the American health care system. *The Changing Federal Role in U.S. Health Care Policy* provides an excellent overview of the American health care debate: “A nation’s health policy is part of its general overall social policy. As a result, health policy formulation is influenced by the variety and array of social and economic factors that impact social policy development.”<sup>33</sup> This book explains the history of federal involvement in health care policy, the public perceptions of health care in general and the role of the government in health care.<sup>34</sup> Kronenfeld highlights the health care crises of the 1960s (crisis of access and affordable care for the elderly), 1970s and in the 1980s (crisis of the rapidly rising costs and lack of enough generalist physicians and lack of health care in rural areas)<sup>35</sup> and she stresses the importance of public polling data, as well as general discussion of social and health care issues in the society

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<sup>32</sup> William H. Chafe, *The Achievement of American Liberalism: The New Deal and its Legacies* (New York: Columbia University Press, 2003), 293.

<sup>33</sup> Kronenfeld, *The Changing Federal Role in U.S. Health Care Policy*, 49.

<sup>34</sup> Kronenfeld, *The Changing Federal Role in U.S. Health Care Policy*, 4.

<sup>35</sup> Kronenfeld, *The Changing Federal Role in U.S. Health Care Policy*, 5.

over the decade in the 1990s. “What happens to the health care system of a country after a major attempt at health care reform failed?” “What is likely to happen to the U.S. health care system in the future and what will be the federal role?”<sup>36</sup>

Barbara J. Sowada in her book examines the U.S. health care problems using knowledge about health care from dialogues with a variety of health care providers, insurers, consumers, and other stakeholders. To grasp the American health care debate, Sowada answers four age-old questions that shape all health care systems: What is health? What is care? Who is responsible? And how much is enough? Based on these questions Sowada plunges deeper into the health care issues. Sowada examines the basic principles that underlie the organization of the modern health care system and comments the layers of systemic dysfunction that result in today’s quality, cost, and access problems.<sup>37</sup>

Jaap Kooijman’s “....*And the Pursuit of National Health. The Incremental Strategy Toward National Health Insurance In the United States of America*” provides an overview of the American health care scheme from the beginning of the twentieth century to the end of the twentieth century. In his introduction Kooijman asks the question why there is no national health insurance in the United States. Throughout the twentieth century, every attempt to enact a national health insurance program failed. One of his answers is that “Americans do not want to be pushed around.” Also he points at “the complex combination of legislative and executive power combined with the tension between federal and state politics makes comprehensive federal legislation more difficult.” Kooijman’s study also examines the strategy to achieve health insurance coverage for all Americans. ....*And the Pursuit of National Health* makes an important contribution to the debates of the welfare state.<sup>38</sup>

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<sup>36</sup> Kronenfeld, *The Changing Federal Role in U.S. Health Care Policy*, 135.

<sup>37</sup> Sowada, *A Call to Be Whole*.

<sup>38</sup> Kooijman, ....*And the Pursuit of National Health*.

## *Thesis Question*

Presently, health care is a very relevant and actual theme, due to current developments within the health care area; Obama and the Democratic grass roots strove for health care renewal. The health care issues do not only concern the current government but all citizens sooner or later have to deal with it and that makes health care a relevant subject to write about. This thesis concentrates on the health care debate since FDR up to Obama and will give an overview of that debate from which the current bill has been developed.

In order to understand why the current American health care system has become principal theme of the present debates, it is relevant to discuss the history of the American health care system and the welfare state in which this system was able to develop. This will start with FDR, because FDR was the first president who introduced government interference with the health care system. However, political philosophies are variable. For example Reagan had other ideas about government involvement. As already mentioned the welfare state started with FDR and extended in the years afterwards. This extension came to a standstill in the Reagan era and has revived under Obama's presidency. The goal of this thesis is to analyze how:

The government's policy with respect to healthcare in the United States has developed since the inception of the welfare state under FDR. To what extent have healthcare debates reflected differing views on the welfare state itself?

This analysis is divided into three chapters that altogether answer the main thesis. In each chapter's sub questions are formulated in order to answer aforementioned main thesis question. Each chapter discusses the link between the health care system and welfare state. The U.S. welfare state has often been typified as rudimentary because of its liberal social safety net and restricted nature. Furthermore, The U.S. welfare state is known for its negative expression of liberty and it reflects commitment to a narrow conception of equal opportunity with freedom

from the state and limited government assistance.<sup>39</sup> Social factors influence the way in which health is allocated.<sup>40</sup> Health care is a central social policy pillar of the (American) social policy field of which sickness insurance is a crucial social insurance program. Sickness insurance provides a benefit to ensure financial security to people whose ability to work is reduced due to illness.<sup>41</sup>

Understanding the U.S. health care system is not possible without knowing something about the concepts of the welfare state. The United States' social welfare system changed completely in the last century. Roosevelt was the first president who started social welfare in the 1930s.<sup>42</sup> Before the New Deal in the 1930s, government played a relatively small role in welfare provision. Individuals and families were believed to be responsible for their own well-being and when they could not cope, relatives, friends and churches were expected to help. Government aid was only provided as a last resort.<sup>43</sup> However, with the expansion of capitalist societies, welfare states protected the public from the impact of unregulated market forces.<sup>44</sup>

Chapter one focuses on the foundation and extension of the American welfare state (and the health care debate) beginning with FDR and ending in the 1980s. FDR is taken as the beginning point of this chapter, because the development of the welfare state starts with his presidency. The welfare state continues to develop to the presidency of Ronald Reagan, who was trying to stop the developments and under its control the welfare state erodes. For this reason

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<sup>39</sup> Olsen, "Toward Global Welfare State Convergence?" 2.

<sup>40</sup> Feit, Marvin D., Stanley F. Battle, eds., *Health and social policy* (Binghamton: The Haworth Press, 1995), xviii.

<sup>41</sup> Olsen, "Toward Global Welfare State Convergence" 2.

<sup>42</sup> Kronenfeld, *The Changing Federal Role in U.S. Health Care Policy*, 5.

<sup>43</sup> Dixon, *The State of Social Welfare*, 187.

<sup>44</sup> Charles Noble, *Welfare as We Knew It: A Political History of the American Welfare State* (New York: Oxford University Press, 1997), 7.

chapter one finishes at the beginning of the 1980s and chapter two starts with the presidency of Reagan.

Chapter two deepens the relation between health care and social welfare by providing an overview of the health care debate since Reagan's presidency up to Bush Junior. The problematic issue of the U.S. health care system is the central theme of the second chapter which also reports on the federal/state involvement with health care. Chapter two will formulate an answer to the question: What is the difference between this era and the era criticized in the first chapter?

The last chapter examines the problems within the current American health care system. Chapter three examines the current issues of the American health care system and discusses Obama's proposal and the outcome of the fundamental debate in the United States about the role of the government in the American health care sector. "What are the complications of the United States health care system and in what way is the current government trying to fix these problems? How does the public receive Obama's proposals? What changes in public opinion took place? Who are the proponents and opponents of health care reform, and why do they oppose or support the new law? These are some questions which will be answered in the final chapter.

Finally, the conclusion will provide a coherent answer to the research question on how and why the government's policy with respect to health care in the United States has changed since the presidency of FDR..

## Chapter 1: Establishment and Expansion of the Welfare State: FDR to Jimmy Carter

Already in 1932, the Great Depression forced many American citizens to cut down their health care costs, because they were unable to pay. Before 1932 it was unusual that the government provided social services. Churches and voluntary organizations provided financial assistance to people in need and state intervention was unique.<sup>45</sup> However, in 1932 this changed, state intervention and social support were needed and inevitable. President Franklin Delano Roosevelt and the early New Deal focused on the immediate needs. President Roosevelt created the Social Security Act as a social insurance program which would be administered solely by the federal government.<sup>46</sup> The Social Security Act was established as:

“An act to provide for the general welfare by establishing a system of Federal old-age benefits, and by enabling the several States to make more adequate provision for aged persons, blind persons, dependent and crippled children, maternal and child welfare, public health, and the administration of their unemployment compensation laws.”<sup>47</sup>

The U.S. reformers’ ability to expand public provision was sharply limited by the interaction of class and race.<sup>48</sup> American workers voted for Democrats or Republicans “on the basis of cultural and emotional loyalties that reflected the fundamental corners of family, church, tradition, and daily life.” This cultural vision moderated somewhat in the 1930s and 1940s, but it remained a powerful factor thereafter, as Republican Party’s success in appealing to the white working class with racial appeals in the 1970s, 1980s, and 1990s demonstrates.<sup>49</sup>

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<sup>45</sup> Charles Zastrow, *Introduction to Social Work and Social Welfare: Empowering People* (Belmont: Brooks/Cole, 2010), 12.

<sup>46</sup> Dixon, *The State of Social Welfare*, 196.

<sup>47</sup> Social Security Act, <http://www.archives.gov/historicaldocs/document.html> (Accessed 1 March 2010).

<sup>48</sup> Noble, *Welfare as We Knew It*, 22.

<sup>49</sup> Noble, *Welfare as We Knew It*, 22-23.



The New Deal was at least partially a response to public clamor for change in how the federal government had been responding to social needs. At the beginning of the 1960s there was again a call for change in social needs; a shift in social welfare policy mentality occurred. Like President Roosevelt, President Johnson was also forced to offer a broader social security network to the American citizens.<sup>50</sup> The Johnson administration proposed domestic reform programs, known as the “Great Society” programs.

America’s principal twentieth-century liberal presidents -Roosevelt, John F. Kennedy, and Johnson- are all associated with the development of an American welfare system, however, they were all very cautious about the effects of providing long-term welfare benefits. These presidents were all more sympathetic to the plight of the poor than their Republican opponents and they created a political and social environment that saw the expansion of welfare benefits.<sup>51</sup>

This first chapter consists of four paragraphs that will discuss significant matters concerning health care starting with FDR in the 1930s, and ending with the presidency of Ronald Reagan in 1981. Also, the link between health and welfare is further discussed in this chapter. Each paragraph will start with a short introduction on the welfare state of that period and ends with a short conclusion on how the reviewed era or President contributed to the changes within the American health care system. Main questions of this chapter are: What are the complications of the United States social welfare system and its health care system in the period 1933-1981? In what way has the government tried to fix these problems?

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<sup>50</sup> Noble, *Welfare as We Knew It*, 22.

<sup>51</sup> Brendon O’Connor, *A Political History of the American Welfare System: When Ideas Have Consequences* (Oxford: Rowman & Littlefield Publishers, 2004), 3.

## 1.1. FDR

The Depression of the 1930s brought about extensive changes in social welfare. Until that time, individualism was widely supported. As Charles Zastrow, professor in the Master of Social Work program at George Williams College in Williams Bay, Wisconsin said: that is “the belief that one is master of one’s fate.” But the depression made it clear that the federal government must play a role in providing financial assistance and social services. In 1935 the Social Security Act was passed, which formed the basis of most of the U.S. current public social welfare programs.<sup>52</sup> Because of the changing view of the American public, President Roosevelt also opposed inclusion of health insurance. FDR had tactical grounds as well, fearing that its unpopularity with physicians and other interest groups might derail other New Deal initiatives.<sup>53</sup>

The Great Depression has forced many Americans to cut down their health care costs. The American Hospital Association (AHA), a national organization that represents and serves all types of hospitals and health care networks, and their patients and communities, saw hospital insurance as the practical solution for the problem within the health care system of the 1930s.<sup>54</sup> The Roosevelt administration did share this vision and introduced ‘Blue Cross’ or ‘Blue Shield’ as model for health insurance to enlarge the number of people with access to health care. Blue Cross guaranteed physicians’ salary for the care of low-income patients.

This 1932 legislation can be seen as the beginning of the U.S. interference with their health care scheme. The early years of national health insurance in the United States made clear that the Americans preferred extension of medical care to national health insurance.<sup>55</sup>

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<sup>52</sup> Zastrow, *Introduction to Social Work and Social Welfare*, 13.

<sup>53</sup> Dixon, *The State of Social Welfare*, 197.

<sup>54</sup> About the American Hospital Association, <http://www.aha.org/aha/about/index.html>, 11 November 2009 (Accessed 7 January 2010).

<sup>55</sup> Kooijman, ....*And the Pursuit of National Health*, 47.

Nevertheless, during the economic depression of the 1930s, health insurance was not the most urgent issue. Unemployment compensation and welfare benefits were far more pressing.<sup>56</sup> In these early years of national health insurance in the United States a preference for the extension of medical care to a national health insurance originated. However, government intervention did not accomplish the intended result; by World War II only one of five Americans was insured against hospital costs.<sup>57</sup>

## **1.2. 1940s and 1950s**

In the 1940s and 1950s third-party payments – “insurance or payment by another entity besides the patient,” financed through business industry, came into existence.<sup>58</sup> These third-party payments gave American business a growing place in the funding of health care.<sup>59</sup>

At the same time the American business interfered in the U.S. health care system, the federal government introduced proposals for national health insurance.<sup>60</sup> After World War II President Harry S. Truman proposed legislation to take responsibility for U.S. health care problems that still existed. Truman wanted a national program to ensure that all Americans had access to the medical care they needed. Truman developed a plan for universal and comprehensive national insurance.<sup>61</sup> Eventually Truman’s original legislation did not succeed, partly because of Republican political opposition. In 1946 the Republicans took control of Congress and had no interest in enacting national health insurance. The Republican opposition

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<sup>56</sup> Kooijman, ....*And the Pursuit of National Health*, 48.

<sup>57</sup> Sowada, *A Call to Be Whole*, 5.

<sup>58</sup> Jan Riordan, *Breastfeeding and Human Lactation* (Sudbury: Jones and Bartlett Publishers, Inc. 2005), 54-55.

<sup>59</sup> Max Heinrich, *Rethinking Health Care: Innovation and Change in America* (Boulder: Westview Press, 1998) 30.

<sup>60</sup> Audrey R. Chapman, eds., *Health Care Reform: A Human Rights Approach* (Washington D.C.: Georgetown University Press, 1994), 23.

<sup>61</sup> Sowada, *A Call to Be Whole*, 5-6.

charged that it was element of a large socialist scheme; compulsory health insurance were entangled in the Cold War and its opponents were able to make “socialized medicine” a symbolic issue in the growing crusade against Communist influence in America.<sup>62</sup> The Truman administration was forced to cut back the proposals to limit assistance to the elderly and eventually the plan was not enacted at all.<sup>63</sup>

There was also opposition from the American Medical Association (AMA), business and industry. The AMA was one of the most important networks of united physicians nationwide that worked on big professional and public health issues. The AMA feared that its monopoly would be broken and did not support Truman’s proposals. Truman was forced to compromise and The Taft-Hartley Act of 1947 was the outcome. The Taft-Hartley Act provided health insurance benefits as part of collective bargaining for the majority of Americans, although there was no coverage for children, the unemployed and the poor.<sup>64</sup> The act allowed the president, when he believed that a strike would endanger national health or safety, to appoint a board of inquiry to investigate the dispute.<sup>65</sup> Unfortunately, the act created many economic problems and excessive spending by the federal government.

In 1949 Truman unveiled a set of social welfare proposals he called the Fair Deal. He recommended extending popular New Deal programs, particular Social Security and minimum wage laws and federal aid for education; and repealing the Taft-Hartley Act of 1947. The Social Security program expanded during Truman’s Fair Deal. Under the Social Security Act of 1950, the level of benefits increased significantly: more than ten million additional people, including

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<sup>62</sup> A Brief History: Universal Health Care Efforts in the U.S., Spring 1999, <http://www.pnhp.org/> (Accessed 24 July 2010).

<sup>63</sup> Chapman, eds., *Health Care Reform: A Human Rights Approach*, 23.

<sup>64</sup> Sowada, *A Call to Be Whole*, 5-7.

<sup>65</sup> Steven Wagner, How did the Taft-Hartley Act Come About? 14 November 2002, <http://hnn.us/articles/1036.html> (Accessed 16 March 2010).

agricultural workers, came into the Social Security system. However, the Fair Deal's more expansive or expensive proposals failed congressional approval.<sup>66</sup>

### 1.3. Great Society

"The Democratic Party had pressed too far out in front of the American people...too far too fast in social reform."<sup>67</sup>

-President Lyndon Baines Johnson-

In the 1960s third party payers were extended and divided into government or public health insurance (Medicare, Medicaid) and managed care organizations.<sup>68</sup> At the same time, the 1960s represented a shift in social welfare policy mentality. Between 1960 and 1967 welfare rolls doubled. Court decisions during the 1960s resulting in expansion of numbers of people receiving welfare and contributing to what some termed a "welfare explosion."<sup>69</sup> The Johnson administration proposed domestic reform programs, known as the "Great Society" programs. These programs viewed in the context of massive unrest in urban America during the summer of 1967 and increasing disillusion with the social and economic costs of waging war in Vietnam, resulted in a backlash: "the welfare explosion was attacked from the political right by critics who characterized welfare recipients as lazy and immoral." The federal government began to rethink its social services and introduced programs for getting welfare recipients into jobs.<sup>70</sup>

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<sup>66</sup> John M. Murrin, Paul E. Johnson, James M. McPherson, et al., *Liberty, Equality, Power: a History of the American People* (Boston: Clark Baxter, 2008), 1036.

<sup>67</sup> Chafe, ed., *The Achievement of American Liberalism*: 295.

<sup>68</sup> Jan Riordan, *Breastfeeding and Human Lactation* (Sudbury: Jones and Bartlett Publishers, Inc. 2005), 54-55.

<sup>69</sup> Dixon, *The State of Social Welfare*, 200.

<sup>70</sup> Dixon, *The State of Social Welfare*, 201.

In 1965 new federal social policies addressed health care for the elderly (Medicare) and for the poor (Medicaid).<sup>71</sup> Medicare is a social insurance program for the elderly and disabled that subsidized health care professionals by public money. Medicaid is a health care program for qualified people with low income and resources with the federal government paying about half of the costs. Both programs were enacted to protect the elderly, the disabled and the poor from the economic consequences of sickness.<sup>72</sup>

Especially Medicare had broad support; in 1965-1966 the Democrats captured 60 seats in the Senate, therefore it was possible to enact major legislation across a wide range of issues.<sup>73</sup> In addition to Great Society laws and programs there was liberal reform.<sup>74</sup> Liberal policies on and communicated attitudes about welfare, crime, preferential treatment of blacks, other minorities and women, school bussing, and national defence and patriotism, drove a wedge between liberal elites and the Democratic Party's base as well as the broader electorate.<sup>75</sup>

By 1965 "American health care had moved from an emphasis on doctor patient encounters to a health-care industry," said Barbara Sowada. This development can be traced back to government involvements in the 1930s. By interfering in the health care system, the government became responsible for the problems that existed within the American society. The increasing costs of health care and the number of uninsured alarmed the American authorities. As a consequence, the government joined the health industry in 1965 as a third-party-payer of health

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<sup>71</sup> Dixon, *The State of Social Welfare*, 201.

<sup>72</sup> Heinrich, *Rethinking Health Care*, 49-50.

<sup>73</sup> Paul Starr, "The Democrats' Strategic Challenge: If the Democrats Win the Election, Can the Next President and Congress Make Significant Progress toward Realizing Liberal Aspirations? Here's How-A Road Map for the Start of a New America," *The American Prospect*, 19, (2008), <http://www.princeton.edu/> (Accessed 7 March 2010).

<sup>74</sup> Chafe ed., *The Achievement of American Liberalism*, 295.

<sup>75</sup> Chafe ed., *The Achievement of American Liberalism*, 312.

care costs and implemented Medicare and Medicaid legislation.<sup>76</sup> Congress was set to move on Medicare, partly because Lyndon Johnson had campaigned for it in 1964 and due to the Democratic majority of 60 seats in Congress.<sup>77</sup>

Medicaid legislation made the government responsible for the health needs of those on public welfare. The target population of these two programs needed high-technology. After World War II this technology was put into operation with the training of medical specialists and hospital transformation. There was an increase in availability of medical resources like dialysis machines, heart pacemaker installations and cardiovascular operations. These technological developments accelerated after the start of Medicare and Medicaid.<sup>78</sup>

Like President Roosevelt, Johnson became a successful promoter of social welfare agendas and policies. Why did President Johnson, in contrast to some of his predecessors, manage to reform the American social system, including the health care system reform? According to a *Time* article of April 1965 Johnson's bills received such overwhelmingly support because there seemed to be a popular consensus for them. The social bills also passed because Johnson knew how to get along with Congress better than any President before him.<sup>79</sup>

In his book *A Political History of the American Welfare System: When Ideas Have Consequences* Brendon O'Connor, editor of *Sunday Independent's Life Magazine*, indicated the Civil Rights protests and moral control over Congress as a cause of Johnson's successful welfare

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<sup>76</sup> Heinrich, *Rethinking Health Care*, 20.

<sup>77</sup> Star, "The Democrats' Strategic Challenge," 12.

<sup>78</sup> Heinrich, *Rethinking Health Care*, 50-51.

<sup>79</sup> The Administration: The New Welfare State, *Time*, 16 April 1965, <http://www.time.com/time/printout/> (Accessed 8 August 2010).

expansion. This moral control existed due to Kennedy's death coupled with Johnson's moral crusade encapsulated by the "war on poverty."<sup>80</sup>

#### **1.4. 1970s: Mix Between Expanding and Crumbling of the Welfare State**

In this era a growing belief in "socialized health care" originated among the American population; health care services are a social right that and should be delivered equally, determined by each patient's medical condition. At the same time, society also believed that medical research should serve the public and that "prevention is better than cure." By attacking major social causes, like poverty, ignorance and pollution, it should be possible to improve society's health.<sup>81</sup>

In the 1970s, leaders of the United States were desperate; they failed to cut the costs and they did not advance quality of health care services. They also failed to eliminate bureaucracy that arose after health reforming attempts between 1932 and 1970.<sup>82</sup> In the meanwhile, business professionals adopted many health facilities and they introduced new management strategies. Obviously, private investment capital had replaced public subsidies.<sup>83</sup> New health professions as nurse practitioner or nurse-clinician were created.

The economic circumstances in the field of health care worsened in the 1970s. Physicians were not very keen on testifying against each other, because most doctors were affiliated with the AMA. It was an unfavourable status for the patient. When something went wrong doctors protected one another and the patient incidentally gained victory. However, in the 1970s, and also in the 1980s, the number of charges for malpractice increased and physicians felt obliged to

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<sup>80</sup> O'Connor, *A Political History of the American Welfare System*, 86.

<sup>81</sup> Betty Leyerle, *The Private Regulation of American Health Care* (New York: M.E. Sharp, Inc.), 14-16.

<sup>82</sup> Leyerle, *The Private Regulation of American Health Care*, 8.

<sup>83</sup> Heinrich, *Rethinking Health Care*, 6.



appeal to “defensive medicine” in order to protect them. Doctors ordered many diagnostic tests and referrals to specialists to protect themselves against possible suits for neglecting a possible condition. Defensive medicine added approximately ten percent to the costs of services performed by individual doctors.<sup>84</sup> This was yet another contribution to the increasing health care costs.

Unlike President Johnson, his successor, President Richard Nixon distrusted and disliked the federal bureaucracy and wanted to hand greater discretion to the states.<sup>85</sup> However, the Nixon administration did not cut in welfare spending and the Nixon presidency saw substantial increases in government spending on public assistance. Nixon was not interested in starting a national health insurance program. The administration wanted some kind of plan to control health care costs. Nixon wanted to encourage competition in the health care market in order to control costs. The Nixon administration’s key proposal was to provide federal funds for the development of Health Maintenance Organizations (HMO’s); in 1973 the Health Maintenance Act was passed.<sup>86</sup>

In 1972 the government helped to set up HMOs that received fixed annual payments to cover all health care needs of their members instead of paying fees for each service performed.<sup>87</sup> These HMOs created a competitive marketplace where medical needs were ensured at the least cost possible compatible with sufficient quality. This was called utilization management. Examples of measures taken in managing utilization were avoiding unnecessary surgery,

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<sup>84</sup> Heinrich, *Rethinking Health Care*, 49-50.

<sup>85</sup> O’Connor, *A Political History of the American Welfare System*, 135.

<sup>86</sup> Kant Patel and Mark Rushefsky, *Health Care Politics And Policy in America* (New York: M.E. Sharpe, 2006), 48.

<sup>87</sup> Heinrich, *Rethinking Health Care*, 6.

unnecessary hospitalization and excessive hospitalization.<sup>88</sup> In 1974 employers entered the health insurance arena with the passage of the Employee Retirement Income Security Act (ERISA).

ERISA is a federal law written to protect employee plans and allowing employers to be self-insured or to perform as their own health insurance messenger. ERISA turned out to be helpful for employers. In the first place ERISA was useful, because it allowed employers to reduce health advantages without warning their employees, and in the second place employers were not legally obligated to provide health benefits to their workers. Employees were less satisfied; they were prohibited from suing self-insured employers for malpractice.<sup>89</sup> The provision of health benefits depended on a company's philosophy and not on their employee's needs.

Presidents Gerald Ford and Jimmy Carter were both supporters of a comprehensive national health insurance program. The Ford administration even proposed a national health insurance plan to Congress in 1974. However, by 1976 the administration had withdrawn the plan on grounds that it would be inflationary. President Carter also did not manage to ensure a national health insurance program; President Carter was hampered by budget constraints and was less anxious to push for a national health insurance program.<sup>90</sup>

## **1.5. Conclusion**

The complexity of the U.S. health care system can be traced back to the 1930s. During Roosevelt's presidency, the American perspective concerning social welfare changed. The Great Depression caused economic misery and compelled the Roosevelt administration to provide financial assistance and social services: the beginning of U.S. government interference with the health care system.

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<sup>88</sup> F.J. Volpe, "Utilization management key to HMO success," *Physician Exec* 13, 3 (1987): 7-9.

<sup>89</sup> Sowada, *A Call to Be Whole*, 6.

<sup>90</sup> Patel and Rushefsky, *Health Care Politics And Policy in America*, 51.

In the 1940s and 1950s, State aid was supported by business industry. However, business could not solve the continuous rising health care costs and the increasing number of uninsured, so the Truman administration felt they had to. President Truman developed a plan for universal national insurance. Truman's original legislation did not succeed, partly because of Republican political opposition; the Republican opposition made accusations that Truman's proposals were elements of a large socialist scheme. However, Truman did expand the Social Security program.

The 1960s represented a revival of social reform. In the sixties, a new wave of Social Security existed. Welfare rolls doubled and government aids granted by States arose. Unlike some of his predecessors, President Johnson became a successful promoter of social welfare policy. Johnson managed to reform the American social system, because he was supported by public opinion, moral control over Congress and the crisis caused by the Civil Rights protests. This crisis meant that the Americans were sympathetic to reform. The health care system took advantage of the welfare explosion too. In 1965 government interference expanded by the implementation of Medicare and Medicaid. At the same time, with the increase of chronic disease, the government expenditures rose extremely through Medicare and Medicaid programs, which were not prepared for the consequences of chronic illnesses.

Despite the poor economic conditions in the 1970s, the belief in social health care among the American population grew in this era. Social causes, like poverty, ignorance and pollution were attacked to improve society's health. However, the government still suffered financial losses and health care costs continued to rise.

In the 1970s, the first cracks in the expansion of the welfare state were visible. The Nixon administration did not cut in welfare spending. However, Nixon was also not interested in starting a national health insurance program, as pursued by Truman and Johnson in the 1950s and 1960s. During Nixon's presidency the Health Maintenance Act was passed. With this act the government helped to set up HMOs in order to create a competitive marketplace.

In summary, it can be concluded that from the 1930s through the 1970s, the United States social welfare system experienced a period of expansion of the welfare state beginning with the introduction of social health insurance in the 1930s. This was the first time the government introduced a means to partially recover part of its medical cost from the citizens. After the success of Blue Cross and Blue Shield in the 1930s, continued growth in the market occurred. The market for health insurance exploded in size in the 1940s and 1950s. The supply of health insurance further increased once commercial insurance companies entered the market for health coverage. By the 1960s, the system of private health insurance in the United States was well established.

## Chapter 2: Welfare State in the Neoconservative Era: Reagan to Bush Jr.

At the end of the 1970s, it became obvious that the expansion of the welfare state slowed down. The 1980s, 1990s and the beginning of the twenty-first century showed a new working method; it showed a new approach towards the welfare state and health care. In this so-called neoconservative era Presidents Reagan, Bush Sr., Clinton, and Bush Jr. started contesting the welfare state. The Reagan administration set in motion the conservative push for radical welfare reforms, which undoubtedly put the liberal system on notice.<sup>91</sup> The Reagan administration cut food stamps, housing assistance, special nutrition programs and other welfare measures.<sup>92</sup> Health care savings belonged to Reagan's policy as well. Key element of Reagan's liberal health policy was cost control. President H.W. Bush continued this tendency towards welfare and health care policy.

In the 1990s, Clinton came to represent the problems within the American health care system.<sup>93</sup> At the beginning of 1992 Americans wanted reform; support for national health insurance reached a forty-year high of 66 percent in 1992. In May 1993 nine in ten Americans said there was a crisis in health care in the United States. This illustrates Americans' strong desire for and support of major health care reform at the beginning of the 1990s.<sup>94</sup> Therefore, President Clinton developed a plan to reform the American health care system. The Clinton plan provided for universal coverage, insurance, and administrative reforms. Nevertheless, the plan

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<sup>91</sup> O'Connor, *A Political History of the American Welfare System*, 188.

<sup>92</sup> O'Connor, *A Political History of the American Welfare System*, 107.

<sup>93</sup> Dixon, *The State of Social Welfare*, 196.

<sup>94</sup> Robert J. Blendon, Mollyann Brodie, and John Benson, "What Happened To Americans' Support For The Clinton Health Plan?" *Health Affairs*, 2 (1995), <http://www.content.healthaffairs.org/cgi/reprint/14/2/7.pdf> (Accessed 5 August 2010).

did not adopt a single-payer system, where taxes finance health care spending.<sup>95</sup> The early reaction to the plan was positive, initially, the public supported the proposal. Despite the complexity of the plan, and the additional layers of bureaucracy and government regulation, the Clinton administration never saw the plan as written in stone. The administration knew the plan would be modified in Congress.<sup>96</sup> In consequence President Clinton did not succeed to reform the American health care system and his successor President George W. Bush also did not succeed. During the administration of Bush Jr. health care spending increased as a result of which at the end of Bush's presidency the public considered it necessary to reform the health care system.

This second chapter consists of four paragraphs that will discuss significant matters concerning the American welfare state with special focus on health care reform from Reagan's presidency up to Bush Jr. Each paragraph discusses the contribution of the concerning administration's policy influencing the welfare state and the changes or continuities within the American health care system. It also discusses public opinion.

Main questions of this chapter are: how did the Presidents Reagan, Bush Sr., Clinton and Bush Jr. perceive the U.S. welfare state and how was this expressed in relation to their health care policies? What is the difference between this era and the era criticized in the first chapter?

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<sup>95</sup> Heinrich, *Rethinking Health Care*, 3.

<sup>96</sup> Patel and Rushefsky, *Health Care Politics And Policy in America*, 386.

## 2.1. Reagan's Politics

By the 1980s leading neoconservatives became vocal Republican supporters. By the 1990s their support for the Republican Party became almost universal.<sup>97</sup> President Ronald Reagan was a neoconservative politician who supported a minimalist welfare state. Neoconservatives, like President Reagan, were trying to repeal the 1960s, not the New Deal.<sup>98</sup> The Health care industry became element of this broader pattern. Whereas the main health policy concerns in the 1960s and 1970s had been quality of care, access to health care services, and controlled growth of services, the principal theme of the 1980s became cost control.<sup>99</sup> However, the Reagan “counterrevolution” in social policy did not result in major fiscal savings of government social spending.<sup>100</sup>

The number of uninsured Americans expanded in the 1980s. One major factor in the increase was the growth in unemployment at that time. The number of uninsured has not been returning to lower levels as unemployment rates have improved. According to Jennie Jacobs Kronenfeld the explanation for this is “the shift in types of employment, such as movement away from manufacturing jobs that typically provided comprehensive health insurance benefits to service jobs that often provide no health insurance or limited types of coverage.”<sup>101</sup>

Another problem in the eighties was the increase of implementation costs. The implementation of health care services increased substantially after Medicare and Medicaid

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<sup>97</sup> O'Connor, *A Political History of the American Welfare System*, 101.

<sup>98</sup> O'Connor, *A Political History of the American Welfare System*), 99-100.

<sup>99</sup> Heinrich, *Rethinking Health Care*, 89.

<sup>100</sup> Dixon, *The State of Social Welfare*, 204.

<sup>101</sup> Kronenfeld, *The Changing Federal Role in U.S. Health Care Policy*, 14.

programs gave access to millions of Americans who had never had it before.<sup>102</sup> However, eventually the economic situation did not improve. By the mid-1980s it was becoming clear that the Medicare program was unable to meet the health expenses of beneficiaries. In addition, the Medicare program did not provide coverage for certain basic services such as outpatient prescription drugs, and most of the cost of nursing home care. The Reagan administration tried to address these problems with the Medicare Catastrophic Coverage Act of 1988. Among others, the act provided coverage of outpatient prescription drugs, and increased the number of days coverage for skilled nursing facility, home health care, and hospice coverage. The Medicare Catastrophic Coverage Act was very unpopular; the act increased monthly premiums for Medicare and increased the tax liability of higher-income beneficiaries.<sup>103</sup>

President Ronald Reagan did not believe that social programs were the solution to health care problems of the 1980s. Reagan attacked social programs of the 1960s and 1970s and was supported in his efforts by business elites who had financed his campaign. In 1981, Congress approved reduction of U.S. 70 billion dollar in cash and food assistance, healthcare and low-cost housing programs.<sup>104</sup> By the late 1980s, President Reagan and his administration had succeeded in obtaining widespread political and popular support for cutting welfare programs.<sup>105</sup> However, because the Democrats controlled the House of Representatives throughout Reagan's eight-year presidency, the Reagan administration was unable to cut the welfare system to the degree they wanted; although they slowed welfare spending growth through their budgetary policy.<sup>106</sup>

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<sup>102</sup> Leyerle, *The Private Regulation of American Health Care*, 20.

<sup>103</sup> Patel and Rushefsky, *Health Care Politics And Policy in America*, 51.

<sup>104</sup> Dixon, *The State of Social Welfare*, 202.

<sup>105</sup> Dixon, *The State of Social Welfare*, 204.

<sup>106</sup> O'Connor, *A Political History of the American Welfare System*, 188.



## 2.2. Bush Sr.

American welfare politics had moved significantly to the right during the Reagan years.

President George H.W. Bush continued this tendency towards welfare and health care.<sup>107</sup> The George H.W. Bush administration focused on cost containment. Congress repealed the Medicare Catastrophic Act due to significant protests against the act.<sup>108</sup> The considerable health care cost control measures implemented by the George H.W. Bush administration, primarily affecting the poor, intended to reduce the burden of medical malpractice costs and the addition of Medicare prescription drug coverage for older Americans.<sup>109</sup> However, despite all the efforts to reduce health care expenditures, health care spending increased from \$251.1 billion in 1980 to 696.6 billion by 1990.<sup>110</sup>

Health care reform emerged on the national policy agenda with the approaching presidential elections in November of 1992. President George H.W. Bush announced new health initiatives. He suggested a series of reforms, including tax credits. This health reform initiatives was in response to the coming presidential election and the promise of Bill Clinton, Arkansas governor and democratic candidate. Clinton offered a plan for comprehensive reform and endorsed managed care at the centerpiece of his health care plans. President George H.W. Bush also adopted managed care in its health care reform plans. Clinton won the presidency.<sup>111</sup>

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<sup>107</sup> O'Connor, *A Political History of the American Welfare System*, 2.

<sup>108</sup> Patel and Rushefsky, *Health Care Politics And Policy in America*, 51.

<sup>109</sup> Gunnar Almgren, *Health Care Politics, Policy, and Services. A Social Justice Analysis* (New York: Springer Publishing Company, 2007), 294.

<sup>110</sup> Patel and Rushefsky, *Health Care Politics And Policy in America*, 51.

<sup>111</sup> Patel and Rushefsky, *Health Care Politics And Policy in America*, 51-53.

## 2.3. Clinton Proposals

### 2.3.1. *The Clinton Health Care Plan*

Between 1970 and 1993 medical care simultaneously innovated and developed to a more advanced system. American health care shifted from a private system focused on physicians' perspectives to a system independent from government control whereby physicians lost their important position. Health care became "health care industry." Yet by 1993 the American health care crisis had not ended, instead it had grown far deeper and more complex.<sup>112</sup>

In 1993, American health care was the leading force for the rest of the world in terms of medical research and high-technology medical services. However, American medicine also faced many problems when Bill Clinton became President of the United States in this year. Clinton hoped to reform the health care scheme with the help of managed competition in order to make health care services more affordable and available. Managed competition provided the base for the proposals made by President Clinton's Health Insurance Reform Task Force.<sup>113</sup>

What is this managed competition? Charles D. Reuter referred managed care to business strategies to contain escalating health care costs. Nevertheless, there are more definitions: the first one is from Alain C. Enthoven: "Managed care is utilization review...selecting suppliers for a price."<sup>114</sup> Author of *Managed Care and the Evolving Role of the Clinical Social Worker in Mental Health* J.A. Cohen said "managed care has influenced issues such as private practice, mode of treatment, the use of outcome measurement and management, and the importance of case management."<sup>115</sup> David M. Horn, columnist of *Broker World* provided another description:

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<sup>112</sup> Heinrich, *Rethinking Health Care*, 1-4.

<sup>113</sup> Heinrich, *Rethinking Health Care*, 1-4.

<sup>114</sup> Leyerle, *Private Regulation of American Health Care*, 5.

<sup>115</sup> Jeffrey A. Cohen, "Managed Care and the Evolving Role of the Clinical Social Worker in Mental Health" *Social Work* 48, 1 (2003): 34-43.

“managed competition is simply controlling health care delivery systems through financial incentives, with the objective again of containing costs.”<sup>116</sup>

According to Max Heinrich managed care is “a government-imposed rule for market competition in health care that guaranteed that providers gave services to everyone and would define the price limits within which competition could be waged for the health-care dollar.”

Maria R. Traska, a health care journalist, described managed care as a “range of products through which premium price is a trade-off for the control of freedom given enrollees.”<sup>117</sup>

Canada Research Chair in Health Law and Policy Colleen M. Flood, summarized President Clinton’s proposals for managed competition as follows: “universal access achieved largely by employer mandates; the creation of sponsors to consolidate market power on the demand side and to reduce information asymmetry problems; the stimulation of price competition between private insurance plans and the growth of managed care; global budgets to control overall expenditures; regulation to ensure quality; shifting resources from the training of specialists to the training of generalists; reforming medical malpractice law and anti-trust law.”<sup>118</sup>

### **2.3.2. Clintons’ Failure**

For the third time since World War II, a U.S. President was unable to persuade Congress to enact his proposed national health care reform plan. At the start of Clinton’s presidency nearly 71 percent of Americans said they supported the Clinton health plan. This included a majority of Democrats, adults of all age groups and educated levels, and middle-income Americans. The Republicans and population who earned more than \$50,000 per year were the only two groups that did not offer majority support in the early stage of Clinton’s reform propels. However, by

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<sup>116</sup> Leyerle, *Private Regulation of American Health Care*, 5.

<sup>117</sup> Leyerle, *Private Regulation of American Health Care*, 5.

<sup>118</sup> Coleen M Flood, *International Health Care Reform: A Legal, Economic, and Political Analysis*, (London: Routledge, 2000), 50.

April 1994 President Clinton had lost majority support among most of the groups that had supported the plan in 1993.

The decline in support for the Clinton Plan was mainly due to the loss of substantial support among the elderly and Democrats. Americans were worried that a bill would hurt the quality and cost of their health care and the proposal cost too much.<sup>119</sup> At the same time, Clinton's reform proposal flopped because it added more government legislation than was acceptable to the American public.<sup>120</sup> Americans were not ready for managed competition and more government intervention in its health care system. Naturally Americans tend to be individualistic, suspicious of government regulation and they share the belief that competitive markets are more efficient than any planning models.

Another reason for Clinton's (and others) health reform failure is the relatively balanced political influence of the Republican and the Democratic Party. The Clinton administration planned to give the states a greater role in promoting programs that would encourage employment and self-sufficiency. In addition, the Republicans proposed that responsibility for social assistance be returned to the states.<sup>121</sup>

The Republicans also strove for a health care industry optimized through a competitive market place with minimal regulation and maximal individual responsibility. The Democratic Party, in contrast, competed for a public obligation and individual right and favors national health insurance, with a significant role of the government in financing and regulating health care. Through the equal balance of political influence it is very difficult to change the U.S. health care system.<sup>122</sup> A final reason why it is so difficult to carry reforms through is the value of the

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<sup>119</sup> Blendon, Brodie, and Benson, "What Happened To Americans' Support For The Clinton Health Plan?"

<sup>120</sup> Heinrich, *Rethinking Health Care*, 5.

<sup>121</sup> Dixon, *The State of Social Welfare*, 206.

<sup>122</sup> Mechanic, *The Truth About Health Care*, 22.

health industry itself. This industry is, like all other industries, determined by money. “The purpose of the game is not health, but economic growth,”<sup>123</sup> as Sowada said.

The Clinton administration rejected welfare liberalism and the Great society legacy in favour of so-called Third Way welfare policies, which tries to reconcile right-wing and left-wing policies by pleading a synthesis of right-wing economic and left-wing social policies.<sup>124</sup> Despite the failure of Clinton’s healthcare reform proposals, legislation was enacted in 1998 to extend health care to the children of low-income working families’ through the creation of the State Child Health Care Program.<sup>125</sup>

## **2.4. Bush Jr.**

Several important shifts in welfare policy occurred under the Bush administration. After President Bush took office, the welfare system shifted from a system that predominantly delivered assistance through welfare checks to a system that provides most assistance through social service programs supporting work activity.<sup>126</sup> The Bush Jr. administration, like his father’s administration, had a conservative perspective on social welfare policy. The administration was less inclined to support widespread entitlement programs which provide for the welfare of people otherwise readily able to care for themselves. The conservative Bush Jr. administration believed that the most effective way to provide assistance was at the level of the individual states, in conjunction with private, for-profit, market-driven non-governmental organizations.

Conservatives, like George W. Bush, believed that self-help, family-provided assistance, help provided by local churches, temples or by one’s town, city or state, should be the first-

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<sup>123</sup> Sowada, *A Call to Be Whole*, 13.

<sup>124</sup> O’Connor, *A Political History of the American Welfare System*, 185.

<sup>125</sup> Dixon, *The State of Social Welfare*, 206.

<sup>126</sup> Scott W. Allard, “The Changing Face of Welfare during the Bush Administration,” *Publius: The Journal of Federalism* 37, 3 (2007): 304

choice service providers with federal services being the option of last resort. However, conservatives do support the provision of social welfare services to the most vulnerable members of American society. That is why under conservative administrations of Presidents Reagan, George H.W. Bush and George W. Bush, the federal budgets for health and human services consistently increased.<sup>127</sup>

Since George W. Bush took office, the number of Americans without health insurance climbed by four million to nearly 44 million. President Bush's health care agenda included tax credits for individuals who purchase insurance, and the formation of new, largely unregulated purchasing pools for small businesses called association health plans. Bush's health care proposals, principally for his second term, were exaggerated, incomplete, or contrary to widely accepted analysis.<sup>128</sup>

Bush's variety of new proposals included refundable health care tax credits to cover millions of uninsured Americans. However, the President's new proposals are wide ranging, they also include: the promotion of the enacted Health Savings Accounts, an expansion of traditional public programs and Medicaid to cover uninsured children, an expansion of federally funded community health centers and clinics and major changes to the health insurance markets through the establishment of broader association health plans, state-based health insurance pools, and interstate competition among health insurance plans.<sup>129</sup> The Bush health care policy proposals for making coverage more affordable entailed a limited expansion of government health care

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<sup>127</sup> A Conservative Perspective on Social Welfare Policy, 2 December 2005, <http://www.intellectualconservative.com/article4778.html> (Accessed 27 July 2010).

<sup>128</sup> Ceci Connolly, "Bush Health Care Plan Seems to Fall Short," *The Washington Post*, 22 August 2004, <http://www.washingtonpost.com/> (Accessed 8 August 2010).

<sup>129</sup> An Examination of the Bush Health Care Agenda, 12 October 2004, <http://www.heritage.org/Research/Reports/> (Accessed 1 August 2010).

programs. These proposals were designed to reinforce the private sector's capacity to expand health care coverage and improve the delivery of medical services to Americans.<sup>130</sup>

Some of these proposals were actually signed into law, like a Health Savings Account, a tax-advantaged medical savings account available to taxpayers in the United States. Health Savings Accounts (HSAs) were created by the Medicare bill signed by President Bush on December 8, 2003 and were designed to help individuals save for future qualified medical and retiree health expenses on a tax-free basis.<sup>131</sup>

In 2003, George Bush junior signed into law the Medicare Modernization Act. This law created a universal entitlement of unknown cost for prescription drug coverage within Medicare. With the enactment of the Medicare Modernization Act of 2003, President Bush presided over the largest entitlement expansion since the Great Society. The law added complex drug benefits to the Medicare program and helped low-income seniors to secure access to coverage. Nevertheless, because the drug benefit is an open-ended entitlement, not simply targeted to poor seniors without coverage, the Medicare Modernization Act worsened Medicare's financial problems.

Bush Jr. wanted to improve the existing health system. However, he did not strive for universal coverage.<sup>132</sup> Total enrolment in Medicaid and the Children's Health Insurance Program did rise during Bush's tenure. However, part of the reason more people were covered was

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<sup>130</sup> An Examination of the Bush Health Care Agenda, October 2004, <http://www.heritage.org/Research/Reports/> (Accessed 1 August 2010).

<sup>131</sup> Health Saving Accounts (HAS's), 27 May 2009, <http://www.ustreas.gov/offices/public-affairs/hsa/> (Accessed 27 July 2010).

<sup>132</sup> An Examination of the Bush Health Care Agenda, October 2004, <http://www.heritage.org/Research/Reports/> (Accessed 1 August 2010).

because the economy got so bad that there were more low-income people under Bush than previously, so they became eligible for public programs.<sup>133</sup>

## **2.5. Conclusion**

Compared with the period covered in the previous chapter, the 1980s, 1990s and the beginning of the twentieth century were characterized by conservative presidents (with the exception of President Clinton). In this era, the number of Americans without health insurance raised substantially, health care costs increased enormously and social welfare policy no longer expanded. A conservative policy regarding welfare and healthcare came in its place. In the 1970s and 1980s social causes, like poverty, ignorance and pollution were attacked to improve society's health. However, the government still suffered financial losses and health care costs continued to rise. President Ronald Reagan did not believe that social programs were the solution to the health care problems of the 1980s.

Reagan was a supporter of a minimalistic welfare state. Therefore, the Reagan administration altered a new course; cost control replaced the social welfare programs of the 1960s. However, because the Democrats controlled the House of Representatives throughout Reagan's presidency, the Reagan "counter revolution" in social policy did not result in major fiscal savings of government social spending. American welfare politics had moved considerably to the right during the Reagan and Bush (Sr.) years.

In the 1990s, President Bill Clinton tried to restructure the system by managed competition, but due to business interests, too much government interference and the balanced political influence of the Republican and Democratic Party, the United States was not ready for these reforms yet. The Clinton administration failed in its effort due to the opposition by important segments of the media, the timing of the proposal, the strong opposition of interest groups, and the nature of public opinion. Americans were not ready for managed competition and

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<sup>133</sup> Connolly, "Bush Health Care Plan Seems to Fall Short,"



more government intervention in its health care system. President Bush Jr. also failed to reduce the problems within the health care system. Indeed, the health care problems exacerbated during the Bush administration.

## Chapter 3: A New Democratic Age

More than one out of six American citizens in 2009 did not have health insurance at all and those who did have insurance were most likely underinsured.<sup>134</sup> For this reason, providing universal health insurance by means of health care reforms, became one of President Obama's major objectives during his election campaign and afterwards.

This chapter focuses on discussing America's new health care law, the current health care system which President Obama is trying to change, and how the public is responding to these reform proposals. "Public opinion played a prominent role during the recent health care reform debate. Critics of reform pointed to poll results as evidence that a majority of Americans opposed sweeping changes. Supporters cited poles that people favoured many specific aspects of the legislation,"<sup>135</sup> Mollyann Brodie, Vice President, Public Opinion and Survey Research at Kaiser Family Foundation, wrote in an article in the June issue of *Health Affairs*.

Public opinion polls are useful to examine and understand why Americans support or oppose health care reform.<sup>136</sup> There was majority support for reforming the health care system. However, there were fluctuating judgments on various aspects of the legislation in response to known dynamics, such as an initial clamor for change that subsides when individuals recognize the costs and trade-offs that might be involved.<sup>137</sup> From a wider analysis of polling data it is possible to discuss the reasons why the Obama administration lost the support of a broad range of Americans.

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<sup>134</sup> About One in Six U.S. Adults Are Without Health Insurance, 22 July 2009, <http://www.gallup.com/poll/> (Accessed 5 March 2010).

<sup>135</sup> Mollyann Brodie, Drew Altman, Claudia Deane et al., "Liking The Pieces, Not The Package: Contradictions In Public Opinion During Health Reform," *Health Affairs*, 6 (2010), <http://www.content.healthaffairs.org/full/29/6/1125> (Accessed 25 July 2010).

<sup>136</sup> "What Happened To Americans' Support For The Clinton Health Plan?"

<sup>137</sup> "Liking The Pieces, Not The Package."

Discussion on America's new health care law is the central theme of this last chapter. Therefore, it is important to answer the following questions: What are the complications of the United States health care system and in what way is the current government trying to fix these problems? Who are the proponents and opponents of health reform, and why do they oppose or support the new law? The public played an important role throughout the recent debate on health reform, how has this role since the presidential election changed? What is the current state of the public debate?

### **3.1. The Problematic Issue of U.S. Health Care System**

#### ***3.1.1. The American Health Care Dilemma at a Glance***

During the past fifteen years there was no progression in the field of health care; on the contrary, the situation deteriorated. The list of problems is enormous. Americans pay more for health care than any other country in the world; nevertheless, its citizens are not as healthy as those in other industrialized countries are. The poor are denied expensive care because they cannot pay for it, while this care actually might save them and enhance their lives.<sup>138</sup> It is striking that foreign wealthy sick people travel to the U.S. for high-technology care, while many Americans residents are not able to afford the care they needed.

The United States were facing enormous problems. On one hand, there was the rise of medical costs and on the other hand the decline of Americans protected by health insurance. Millions of Americans are underinsured; those who do have health care coverage are also not assured of the best health care, because they are sometimes denied access to care due to previous or existing conditions.<sup>139</sup> Another major problem is the rise of chronic diseases caused by bad habits like tobacco and alcohol. Heart disease, stroke and cancer are examples of these diseases. Health care is approximately 15 percent of gross national product and more than half of all payments come from large state programs such as Medicare and Medicaid. These programs were designed for acute care and not for chronic sicknesses.<sup>140</sup>

There are also difficulties seen with children's health care; high infant mortality rates, an increasing proportion of teenage pregnancies and a higher percentage of surviving babies having serious health problems.<sup>141</sup> And finally, there are complications with oversupply of medical

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<sup>138</sup> Leyerle, *The Private Regulation of American Health Care*, 3.

<sup>139</sup> Heinrich, *Rethinking Health Care*, 1-2.

<sup>140</sup> Sowada, *A Call to Be Whole*, 8.

<sup>141</sup> Heinrich, *Rethinking Health Care*, 8.

specialists, defensive medicine, limitations in coverage, and government reform that shifted costs more.

In 2008, a total of 46.3 million Americans were uninsured, which means that 15.4 percent of the population did not have health insurance in 2008 (figure 3.1.)<sup>142</sup>

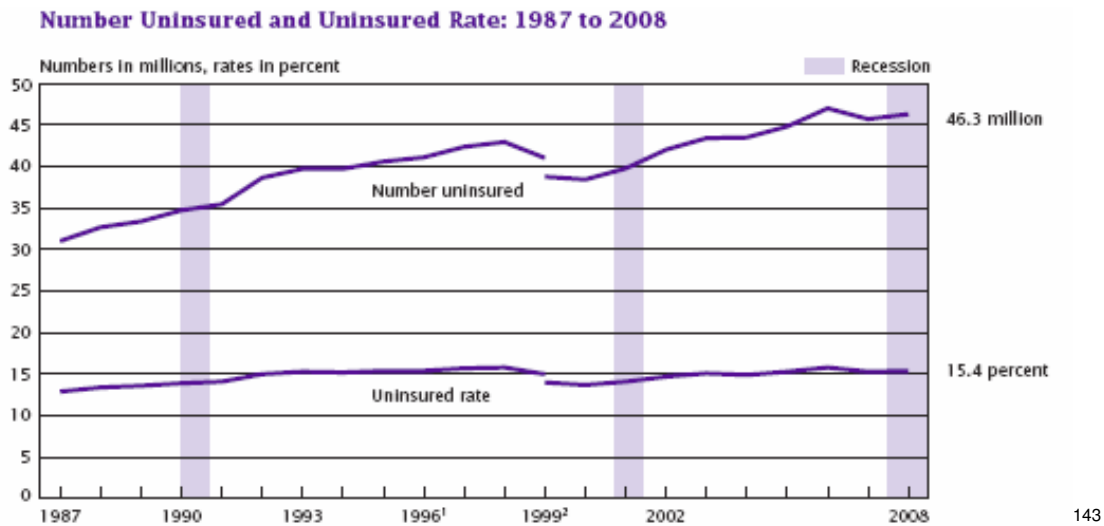


Figure 3.1: Number Uninsured and Uninsured Rate: 1987 to 2008

### 3.1.2. American Health Care Costs

The United States spent approximately 2.2 trillion dollars on health care in 2007 and these costs are rapidly growing. If this growth persists, the Congressional Budget Office calculated that “by 2025 one out of every four dollars in our national economy will be tied up in the health system” and therefore limiting other investments and priorities needed for economic growth.<sup>144</sup> A dollar spent on health care cannot be spent on such other things as education, housing, or consumer goods. Because it is reckless to waste money in the face of so many strong consumer desires and

<sup>142</sup> DeNavas-Walt et al. “Income, Poverty, and Health Insurance Coverage,” 32-66.

<sup>143</sup> DeNavas-Walt et al. “Income, Poverty, and Health Insurance Coverage,” 29.

<sup>144</sup> Joint Session Speech: Stability & Security For All Americans.

societal needs, cost control continues to be a major issue in the American political and public debate.<sup>145</sup>

Many Americans who are willing and able to pay health insurance are still denied insurance due to previous illnesses or other conditions that make insurance companies decide an insurance policy is too risky or too expensive to cover. There are not only problems with the uninsured, but also with Americans who indeed pay their premiums. These people are often victimized by their insurance company, which dropped their coverage when they get sick or won't pay the full cost of care.<sup>146</sup>

The government now pays for almost half of U.S. health care spending.<sup>147</sup> With recent government deficits, the future of social programs is precarious. The U.S. government is paying an enormous amount on government health care programs like Medicare and Medicaid. In addition, Medicare also faces the prospect of more recipients and fewer contributors as the baby boom generation retires.<sup>148</sup> The authorities are paying more than half times more per person on health care than any other country, but the American citizens are still not "healthier." For this reason, insurance premiums increased and have gone up three times faster than wages. And therefore many employers forced their employees to pay more for insurance or drop their coverage entirely.<sup>149</sup>

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<sup>145</sup> Ronald Andersen, Thomas H. Rice, and Gerard F. Kominski, *Changing the U.S health care system*. (San Francisco: Jossey-Bass, 2007), 131.

<sup>146</sup> Remarks by the President to a Joint Session of Congress on Health Care, 9 September 2009, <http://www.whitehouse.gov/> (Accessed 12 January 2010).

<sup>147</sup> Andersen, Rice and Kominski, *Changing the U.S health care system*, 131.

<sup>148</sup> Andersen, Rice and Kominski, *Changing the U.S health care system*, 132.

<sup>149</sup> Remarks by the President to a Joint Session of Congress on Health Care, 9 September 2009, <http://www.whitehouse.gov/> (Accessed 12 January 2010).

### 3.2. Alternative Solutions

The American health system care is facing many problems and reforms are inevitable. HMOs and managed care offered some advantages in terms of lower cost, less bureaucracy and more preventive medicine, but also disadvantages such as less choice and flexibility.<sup>150</sup> Public debate also offered a couple of solutions to the problems in health care delivery. Many conservatives advocated canceling government regulation and government subsidies for health care. This will stimulate greater competition through which prices might drop and the public might be better served. Liberals believe that government regulation will provide an answer to health care issues. Others witnessed the solution of health care problems in a single-payer plan, where taxes finance health care spending.<sup>151</sup>

Another solution for the growing health care problems is provided by some individual States, like Wisconsin, Vermont and California, which are trying to make health care more accessible and affordable for average Americans.<sup>152</sup> Of all the state reforms, Massachusetts provided a perfect concept of an attempt to administer an individual mandate in the context of comprehensive health financing reform in 2006.<sup>153</sup> The Massachusetts' reform made obtaining a health policy more accessible by restructuring individual and small group market for health insurance and creating provision of subsidies for coverage to families with incomes up to 300 percent of the poverty level. Although, in the coming years Massachusetts must be focused on

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<sup>150</sup> Mechanic, *The Truth About Health Care*, 8.

<sup>151</sup> Heinrich, *Rethinking Health Care*, 3.

<sup>152</sup> Mary Ann Chirba-Martin and Andres Torres, "Universal Health Care in Massachusetts: Setting the Standard for National Reform," *Fordham Urban Law Journal*, 3 (2008), <http://law2.fordham.edu/publications/articles/400flspub13418.pdf> (Accessed 2 January 2010).

<sup>153</sup> Administering Health Insurance Mandates, January 2009, [http://www.nasi.org/usr\\_doc/Administering\\_Health\\_Insurance\\_Mandates.pdf](http://www.nasi.org/usr_doc/Administering_Health_Insurance_Mandates.pdf) (Accessed 12 January 2010).

developing public awareness about the law's prosperities and requirements in order to succeed completely.<sup>154</sup>

### **3.3. Health Care Reform: Obama and the Public**

#### **3.3.1. Obama's Law**

Obama spoke to Congress the often quoted words: "I am not the first President to take up this cause, but I am determined to be the last." Obama expressed self-confidence with these words; he believed that he is the one who is able to reform American health care by reducing its enormous costs and establishing universal coverage. But is he? Many Americans have doubts about Obama's proposals. There is a widely public debate about the health care theme and the Republican (Obama's political opponents) support remains low.<sup>155</sup> Before discussing this public debate and the opponents in the field of the current health care proposals, at first an overview of Obama's health reform plans.

Obama's health plan consists of three basic goals. The first one is to provide more security and stability to those who have health insurance and to provide insurance to those who do not. The second objective is to slow the growth of health care costs in overall. The last goal is difficult to define as such; because Obama has only just asked the American population to take their responsibility and make the reformations succeed.<sup>156</sup>

If Obama had the opportunity to implement his health care reform ideas, rejecting coverage would also be against the law in the United States. Adjacent to it, insurance companies are prohibited to drop coverage when their clients get sick or when these clients need health insurance the most. These measures make the American health insurance world more accessible

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<sup>154</sup> Chirba-Martin, "Universal Health Care in Massachusetts."

<sup>155</sup> Majority of Americans Still Not Backing Healthcare Bill, 16 December 2009, <http://www.gallup.com/poll/124715/> (Accessed 6 March 2010).

<sup>156</sup> John P. Burke, "The Obama Presidential Transition: An Early Assessment," *Presidential Studies Quarterly*, Volume: 39, 2009, 574.



for the American people. President Obama also intended to make the American health care system more affordable. He wanted to achieve this by placing a limit on the amount of out-of-pocket expenses. In doing so illness will not bankrupt American people that fall ill. “Insurance companies will also be required to cover, with no extra charge, routine check-ups and preventive care, like mammograms and colonoscopies.”<sup>157</sup> Obama told Congress on September 9, 2009. This preventive care is important in the fight against chronic diseases, like heart disease, cancer, stroke and diabetes, which accounted for about 70 percent of all U.S. deaths. By bringing down the number of people with chronic disease, Americans will be less troubled to control costs.<sup>158</sup>

Obama further wanted to create a new insurance exchange, allowing individuals and small businesses to shop for health insurance at competitive prices. This insurance “marketplace” will provide competition for insurance companies to gather new customers. Individuals and small-businesses who still cannot afford these insurance are provided with tax credits to the basis of their need. These measures should appeal to the whole population, but some people, especially the young and healthy, would still like to take risks to go without coverage. That is why Obama’s plan also introduced a basic health insurance that individuals will be required to carry.<sup>159</sup>

Obama will pay most of his plan by finding savings within the existing health care system. The protection of Medicare for seniors is also important for improving the health care system with the goal that these savings do not entirely come from government programs such as Medicare. These protections should improve quality, coordinate care and reduce program costs. The next step in the President’s plan is to create an independent commission of doctors and

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<sup>157</sup> Remarks by the President to a Joint Session of Congress on Health Care, 9 September 2009, <http://www.whitehouse.gov/> (Accessed 12 January 2010).

<sup>158</sup> U.S. Preventive Medicine: National Policy Advisor, 26 February 2010, <http://www.uspreventivemedicine.com/> (Accessed 28 February 2010).

<sup>159</sup> Remarks by the President to a Joint Session of Congress on Health Care, 9 September 2009, <http://www.whitehouse.gov/> (Accessed 12 January 2010).

medical experts to identify waste, fraud and abuse in the health care system. This commission will make recommendations to Congress each year to promote greater efficiency and higher quality in Medicare. Other measures of Obama's health care reform proposal are: requiring large businesses to cover their employees and requiring individuals who can afford it to buy insurance so everyone shares in the responsibility of reform and instructing the Secretary of Health.<sup>160</sup>

### **3.3.2. Public Opinion**

Previous sections have made clear that the U.S. health care system at the time of the arrival of President Obama had to contend with huge problems. Obama has faced enormous pressure to extend health insurance coverage and fix the country's health care system. Not only the president, but also the American public considered it necessary to reform the health care system. In the past year perceptions and interpretations of public opinion varied considerably.

A study by the Pew Research Center's Project for Excellence in Journalism about President Barack Obama's infatuation showed that Obama enjoyed substantially positive media coverage. President Obama's personal popularity by the media helped the president to emphasize his policy goals and to reach the public more easily than former presidents like George Bush and Bill Clinton.<sup>161</sup> Eventually Obama's strategy appeared successful: on 23 March 2010, Obama signed his landmark health care overhaul -the most expansive social legislation enacted in decades- into law.<sup>162</sup> With the passage of the legislation, Obama achieved the signature domestic goal of his presidency, and the most sweeping piece of social legislation since the 1960s Great

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<sup>160</sup> Joint Session Speech: Stability & Security For All Americans.

<sup>161</sup> Robert J. Samuelson, "The Obama Infatuation," Op-Ed Columnist, *The Washington Post*, 1 June 2009, <http://www.washingtonpost.com/> (Accessed 21 December 2009).

<sup>162</sup> Sheryl Gay Stolberg and Robert Pear, "Obama Signs Health Care Overhaul Bill, With a Flourish," *New York Times*, 23 March 2010, <http://www.nytimes.com/> (Accessed 20 July 2009).

Society initiatives.<sup>163</sup> It was heavy going, but the Obama administration succeeded. Definitely, in addition to political opposition Obama also dealt with the American public and their opinion(s).

Public opinion was a major aspect of the administrations' political strategy for health reform. For example because people were concerned about their own health insurance costs, the administration changed terminology – from “health care reform” to “health insurance reform”. But also the question of forced change became a focal point of intense debate, given that people are comfortable with their current health care arrangements and do not want to be forced to change.”<sup>164</sup> In this way public opinion played a major role in the debate.

The Kaiser Family Foundation published public opinion on health care reform. “The Foundation runs the largest public opinion research program in health care. It undertakes original research on the public attitudes towards health and social policy issues...The Foundation examines Americans' knowledge and beliefs on major issues and challenges in order to amplify public's voice in national debates.”<sup>165</sup> This Kaiser Health Tracking poll provides in-depth information on key health policy issues, such as tracking public experiences in the health care system, the reaction on health care reform proposals and the reasons why Americans favor or oppose taking on health care reform.<sup>166</sup> The same goes for polls like Gallup Poll and other polls from the recent federal health care reform debate.

Perceptions and interpretations of public opinion varied widely and played an important role throughout the recent debate on health reform. According to Mollyann Brodie, there are nine attributes of public opinion on health reform. Successively the following nine: competing issues,

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<sup>163</sup> Karin Tumulty, “Making History: House Passes Health Care Reform,” *Time*, 23 March 2010, <http://www.time.com/time/politics/article/> (Accessed 20 July 2010).

<sup>164</sup> Brodie, Altman, Deane et al, “Liking The Pieces, Not The Package”

<sup>165</sup> About the public opinion and Survey Research Program, 2010, <http://www.kff.org/about/publicopinion.cfm> (Accessed 23 July 2010).

<sup>166</sup> Kaiser Health Tracking Poll, 2010, <http://www.kff.org/kaiserpolls/trackingpoll.cfm> (Accessed 23 July 2010).

distrust of government, partisan contradictions, persistent support for health reform, views on reform components, views on people's own coverage, looking at personal impact, lack of awareness on issues and dislike for personal sacrifice.

The poll of November 2009 shows that most Americans still want their leaders to take on health care reform. "The poll asked supporters and opponents of reform to give their reasons in their own words and then tallied the results. When asked to explain their support for reform in their own words, backers were most likely to express concerns about access, followed by concerns about the cost of health care and a belief that we need to fix the health care system. Opponents also cited costs, fearing that they would go up as a result of reform, the belief that other national priorities were more important, and concerns about the government becoming too involved in health care, among other reasons for their opposition."<sup>167</sup>

Kaiser's January Health Tracking poll finds the American public divided between support and opposition to the health care proposals being discussed in Congress.<sup>168</sup> For the first time in a year the proportion of Americans who think they would be worse off if health care reform passes was as large as the proportion who think they would be better off. A Gallup-Poll of February 2010 showing the American approval of Obama's handling of health care reform is down to an all-time low. A mere 36 percent of the American population believes the president is doing a good job on the issue.<sup>169</sup> The Poll on March 2010 showed that a majority of Americans believed the legislation will increase the budget deficit.

These polls show the oscillation between the number of supporters and opponents of the health reform proposals. Critics and proponents of polls use them in different ways; critics

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<sup>167</sup> Kaiser Health Tracking Poll, November 2010, <http://www.kff.org/kaiserpolls/upload/8020.pdf> (Accessed 23 July 2010).

<sup>168</sup> Kaiser Health Tracking Poll, January 2010, <http://www.kff.org/kaiserpolls/upload/8042-F.pdf> (Accessed 23 July 2010).

<sup>169</sup> Gallup Poll: Health-Care Reform Now America's most Divise Issue, 9 February 2010, <http://www. Newsweek.com/blogs/the-gaggle/2010/02/09/gallup-poll/> (Accessed 27 July 2010).

pointed to polls showing the public divided and proponents draw attention to polls by noting that many of the legislation's major elements were quite popular.<sup>170</sup>

From a public opinion perspective, the recent debate of health reform was much like the debate of 1993-1994. Then, too, most Americans said they wanted reform. According to Maryann Brodie they seem to judge it based on personal impact, and were distrustful of government. During both debates there was no public consensus on a way forward and great skepticism on reform's attitude to express its promises without increasing federal deficit.<sup>171</sup>

### ***3.3.3 Supporters, Opponents and Public Debate***

Initially, many Americans supported health care reform as envisioned by the President. Support was above fifty percent in September and early October 2009.<sup>172</sup> However, the American public's confidence in several of the political players has slipped to the point where about half of the Americans has confidence in Obama's recommendations, and half does not.<sup>173</sup> Through health care reform Congress worked on "struggles to gain public backing." Several polls showed that about fifty percent of all Americans "favour shelving the current plan and beginning to work on a new plan."<sup>174</sup>

The Obama administration gave instruction to publish a couple of reports about the health care reforms Barack Obama proposed. One of these reports is about the economic effects of health care reform on small businesses and their employees. Within the current system, small

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<sup>170</sup> Brodie, Altman, Deane et al., "Liking The Pieces, Not The Package"

<sup>171</sup> Brodie, Altman, Deane et al., "Liking The Pieces, Not The Package"

<sup>172</sup> Majority of Americans Still Not Backing Health care Bill, 16 December 2009, <http://www.gallup.com/poll/124715/> (Accessed 6 March 2010).

<sup>173</sup> Obama Remains More Trust Than Congress on Health Care, 5 March 2010, <http://www.gallup.com/poll/126338/Obama-Retains-Trust-Congress-Healthcare.aspx> (Accessed 6 March 2010).

<sup>174</sup> The State of the Union Speech and Public Opinion, 29 January 2010, <http://www.gallup.com/poll/125438/state-union-speech-public-opinion.aspx> (Accessed 6 March 2010).

businesses pay up to 18 percent more per worker than large firms for the same health insurance policy and because of these high health care costs, small businesses are often unable to give health insurance to their employees. This report concludes that the proposed reforms could help small businesses providing health insurance for their employees with the help of a small business tax credit that Obama introduced. Because the Obama administration itself has been commissioned, it is not surprising that these reports support Obama's health care renewals.<sup>175</sup>

A group of employers and payers also shared Obama's vision about changing the health care system from a legacy of treatment to a culture of prevention. For example Tommy Thompson, former secretary of the U.S. Department of Health and Human Services who argued that "the prevention plan could be the biggest innovation in health care over the last thirty years."

These supporters of preventive medicine started collaborating with U.S. Preventive Medicine. They are working together to control costs by referring to underlying factors that contribute to employee population health. U.S. Preventive Medicine is also developing prevention methods such as early detection and services that improve health outcomes while reducing health care costs. They hope to stand strong together by providing consumers the tools to achieve a healthier life.<sup>176</sup>

Not everybody shared Obama's view on how to change the American health care scheme to preventive care. "Somebody makes money taking care of a person once they're diabetic," says Shannon Brownlee, author of the book *Overtreated*. "They don't make money preventing the diabetes in the first place" adds Ezra Klein, the author of *Wealth-Care Reform: Fixing Our Health-Care System Will Make Us More Economically Secure. It Won't Make Us Much Healthier*. Health reform as presented by Obama is not more than a noble proposition, which is

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<sup>175</sup> The Economic Effects of Health Care Reform on Small Businesses and Their employees, 25 July 2009, [http://www.whitehouse.gov/assets/documents/CEA\\_Health\\_Care\\_Report.pdf](http://www.whitehouse.gov/assets/documents/CEA_Health_Care_Report.pdf) (Accessed 28 December 2009).

<sup>176</sup> U.S. Preventive Medicine: National Policy Advisor.

not feasible because it only pays for health care instead of improving the health of the population, Klein argued. “Our health is not determined by what happens inside a hospital ward or a doctor’s office, it is determined by where people live, learn, work and play.”<sup>177</sup> Op-Ed contributor John Mackey, the CEO of Whole Foods, agrees with this statement and suggested that “Americans should be responsible for their own health by making healthy lifestyle choices,” like a proper diet, exercise, no smoking, and minimizing alcohol consumption.<sup>178</sup>

### **3.3.4 Partisan Contradictions**

Americans’ views on health reform are, and have been for many years, sharply divided by party identification. In June 2008 Democrats said the main goal of health reform should be expanding coverage (71 percent), while most Republicans prioritized affordability (64 percent). A poll that was taken right before the legislation passed demonstrated 75 percent of Democrats supporting the bill, and 80 percent of Republicans opposing it.<sup>179</sup> Great discrepancy between the two parties is typical of the health debate. Eventually the Democrats passed the bill without a single Republican vote.<sup>180</sup> These partisan contradictions will be further examined in the following subparagraph.

The actual resistance against health care reform proposed by the Obama administration is coming from the Republican opposition. The views of Republicans and Democrats usually follow those of their parties’ political leaders. According to a Gallup poll in December 2009,

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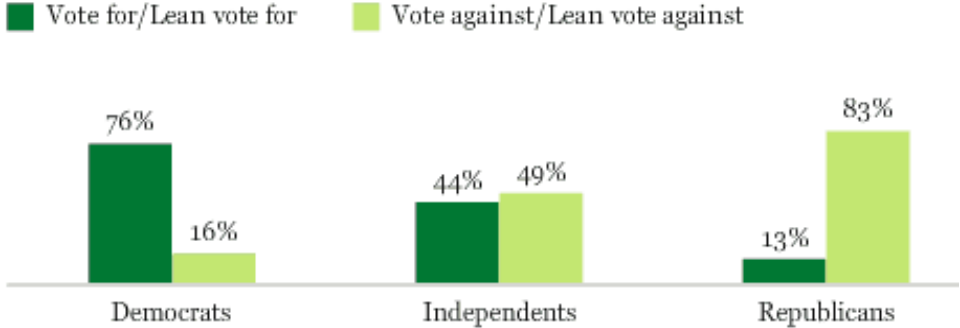
<sup>177</sup> Ezra Klein, “Wealth-Care Reform: Fixing Our Health-Care System Will Make Us More Economically Secure. It Won’t Make Us Much Healthier,” *The American Prospect*, 18 June 2009, 40.

<sup>178</sup> Armstrong Williams, “Liberal Intolerance Chills Health Care Discourse,” *The Washington Times*, 26 August 2009, <http://www.washingtontimes.com/> (Accessed 24 January 2010).

<sup>179</sup> Brodie, Altman, Deane et al., “Liking The Pieces, Not The Package.”

<sup>180</sup> Tumulty, “Making History: House Passes Health Care Reform.”

Republicans oppose the health care legislation efforts by 83 percent to 13 percent (figure 3.2).<sup>181</sup>



USA Today/Gallup, Dec. 11-13, 2009

GALLUP

182

Figure 3.2: Combined Support for/Opposition to Healthcare Legislation by Political Party

"We know it's going to have half a trillion dollars in Medicare cuts. We know it is going to raise taxes on individuals and business. So how ever these other issues are resolved, the core of the bill is a trillion dollar government attempt to take over one-sixth of the economy, which slashes Medicare by half a trillion dollars, and raises taxes on most Americans," said The Senate Republican leader Kay Bailey in September 2009. This quote comprises Republican resistance against Democratic health care reforms as proposed by Obama. The Republicans fear a government takeover of the nation's health care system.<sup>183</sup>

Therefore, the opposition proposed an alternative solution, like encouraging the use of tax-advantaged medical savings accounts and increasing payments to doctors who treat Medicaid

<sup>181</sup> Majority of Americans Still Not Backing Healthcare Bill, 16 December 2009, <http://www.gallup.com/poll/124715/> (Accessed 6 March 2010).

<sup>182</sup> Majority of Americans Still Not Backing Healthcare Bill.

<sup>183</sup> GOP Solutions for America: Offering Smart Solutions, 11 April 2009, <http://www.gop.gov/solutions/healthcare> (Accessed 6 March 2010).



patients.<sup>184</sup> But also lowering health care premiums, establishing Universal Access Programs to guarantee access to affordable health care for those with pre-existing conditions, encouraging Small Business Health Plans, and innovative State plans, allowing Americans to buy insurance across State lines, and allowing dependants to remain on their parents policies.<sup>185</sup>

In line with this Republican opposition, lays the public's desire to slow down the Democrats' health care reform. Only a minority of 32 percent of Americans say President Obama is right to make health care reform a top priority of his current politics. In contrast, 46 percent believes other problems should be addressed first.<sup>186</sup> Most Americans, by nature, do not believe in a great deal of government regulation. In consequence, when a government or president tries to achieve a new arrangement that tends to lead to more government control then it is expected that people will respond by opposing these ideas/reforms. This also applies to the health-reform proposals of the Obama administration.<sup>187</sup> Americans who object passing health care legislation are most likely to object because of costs and too much government involvement.<sup>188</sup>

There are many critics, especially from the Republican side, on the proposed protection of single-payer systems like Medicare and the purchase of millions of dollars by savings out of these programs. Many liberals, such as the influential health-care expert Jacob Hacker, predict that this new government program will gradually take over the insurance market resulting in an

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<sup>184</sup> David M. Herszenhorn and Robert Pear, "Obama Offers to Use Some G.O.P. Health Proposals," *New York Times*, 2 March 2010, <http://www.nytimes.com/> (Accessed 6 March 2010).

<sup>185</sup> GOP Solutions for America: Offering Smart Solutions.

<sup>186</sup> In U.S., Majority Favors Suspending Work on Healthcare Bill, 22 January 2010, <http://www.gallup.com/poll/125327/majority-favors-suspending-work-healthcare-bill.aspx> (Accessed 6 March 2010).

<sup>187</sup> Ramesh Ponnuru, "Obama's False Witness: In Accusing the Right of Lying about Health Care, the Left Shows Its Disregard for the Truth," *National Review*, 21 September 2009), <http://nrd.nationalreview.com/article/> (Accessed 11 January 2010).

<sup>188</sup> The State of the Union Speech and Public Opinion.

insurance industry that would be a creation of the government. John Cornyn, a Republican opponent of Obama's announced health reforms, suggested that Democrats' legislation would result in a "government takeover of our health-care system."<sup>189</sup> The fear of this "takeover" lies in the single-payer national health insurance. Under the single-payer plan all Americans would be covered for medically necessary services for life, and patients would have a choice of doctors and hospitals. This is exactly what Obama suggested with his health care reform.<sup>190</sup>

Many Americans are blinded by Obama's sparkling personality as Ramesh Ponnuru, an Indian American columnist of *National Review Magazine* stated. "Americans have increasing doubts about President Obama's agenda but generally like him as a person. They consider him honest and trustworthy, and give him the benefit of the doubt," Ponnuru said. Another often expressed critique of the health-reform plans is about the financial costs of the program. Most health-care economists believe that employer-provided health coverage comes out of wages rather than profits. Christian Romer, Professor of Economics and asked by Obama to run the Council of Economic Advisers, supported this view by describing competitiveness as something cheap which financially cannot be realized.<sup>191</sup>

### **3.4. Conclusion**

Because the United States have the most costly health care system in the world and health care costs are still rising, Republicans, Democrats and more than half of the American public believe that health care reform is necessary. The decline of Americans with health insurance, the number of Americans with underinsurance, and the rise of chronic diseases are critical as well. Universal

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<sup>189</sup> Ponnuru, "Obama's False Witness," 23.

<sup>190</sup> Critical condition: Single-payer plan gains steam as cure for health care system, 18 March 2007, [http://www.pnhp.org/news/2007/march/critical\\_condition\\_.php](http://www.pnhp.org/news/2007/march/critical_condition_.php) (Accessed 28 December 2009).

<sup>191</sup> Ponnuru, "Obama's False Witness," 22.

coverage is a goal that has eluded Presidents going at least as far back as Teddy Roosevelt, and Obama's bill comes as close to that target as anyone has.

President Obama, supported by his Democratic grass roots, offered a solution in the form of health care proposals aspired to affordable universal health care for every single American. By paying most of his proposals with finding savings within the existing health care system, Obama hoped to slow the growth of health care costs overall and improve quality and coordinate care for the American citizens.

Public opinion was a major aspect of the administrations' political strategy for health reform. For example because people were concerned about their own health insurance costs and worries, the administration changed terminology – from “health care reform” to “health insurance reform”. But also the question of forced change became a focal point of intense debate, given that people are comfortable with their current health care arrangements and do not want to be forced to change.

Initially, the American public encouraged Obama's health reform plans. Nevertheless, in course of time public support declined to half of the Americans who had confidence in Obama's recommendations. In spite of the public, the Democratic Party could also count on fierce resistance of the Republican Party. Their main case against Democratic health care reforms is the fear of too much government involvement in the nations' health care system. The Republican opposition also had problems with the rising taxes which are according to the Republicans consistent with the proposed reforms. To overcome these problems the Republican Party offered their own solutions, like lowering health care premiums and establishing Universal Access Programs. The contradiction between the political parties, the division between House, Congress, and Senate, and the public debate hindered a rapid signing of the Affordable Care Act.

## Conclusion

Health care was an important political issue in 2010. Many American citizens were underinsured and approximately 46 million Americans had no health insurance. The United States federal government paid large sums of money on the expensive health care system and health care costs are still rapidly growing. It is predicted that national health care spending will be a quarter of the nation's total economy by 2025 if the government will not interfere.

On March 23, 2010 Obama signed the most expansive social legislation enacted in decades into law. Obama is not the first president trying to review American health care. The United States welfare system has changed completely in the last century. The Social Security Act (1935) was the beginning of a new era where the federal government started to interfere with the welfare state. During Roosevelt's presidency the American welfare state was established, after which Roosevelt's successors shaped the welfare state. This development ended with the presidency of Ronald Reagan. However, it revived once again during the Obama administration.

In *The State of Social Welfare: the Twentieth Century in Cross-National Review*, John Dixon examined the global rise and fall of the welfare state in the twentieth century. As a result of the two world wars and the Great Depression of the 1930s, the American society acknowledged the need for some type of state welfare system to provide a safety net for their citizens. Thus the birth of the welfare state came into existence.

This thesis discusses the question of how the government's policy with respect to healthcare in the United States has developed since the inception of the welfare state under FDR. To what extent have healthcare debates reflected differing views on the welfare state itself?

To grasp the American health care debate, it is relevant to define health and health care. Barbara J. Sowada, Michael L. Dolfman, and David Mechanic examined the concepts of health care. The importance of clarifying health care is highlighted when one considers that millions of Americans are underinsured and more than 46 million Americans have no health insurance whatsoever. In

framing the discussion regarding the government's policy with respect to health care, it is important to define health care within the context of community life. While there is no universally accepted definition of health care, most people who define health would agree that a definition of health care should be applicable to everyone. The definition must be representing to the fully well, and at the same time to those who are unwell; health can be applied to an individual, a community or a nation.

Furthermore it makes a difference whether health is defined by epidemiologists, politicians, philosophers, individuals or communities and there are differences between the concept of health care at the beginning of the twentieth century and the concept of health in this moment.

The American health care system is a major pillar of the U.S. social welfare state. The welfare state changed since the 1930s. At the beginning of the Roosevelt's presidency, individualism was preferred over government intervention. Nevertheless, the Great Depression of the 1930s led to change; government intervention in social welfare increased. The expansion of government intervention in social welfare has contributed significantly to the improvements in living conditions that most ordinary people now enjoy. Debates on the role of government in social welfare have focused on the social services, government intervention in education, health and economic development. Inclusion of health insurance was one of the aspects of social welfare since FDR.

The American health care issues are often subject of academic work. Many authors describe the health care problems, among others Jenny Jacobs Kronenfeld, David Mechanic, Barbara J. Sowada and Marie Gottschalk. The escalating problems with the health care system are well explained in Kronenfelds work *The Changing Federal Role in U.S. Health Care Policy*. It highlights the key features of the American health care system. Kronenfeld emphasizes that health care in the United States at the end of the twentieth century occupied a completely different place in the economy, in the public consciousness, and its impact on the government, than it did at the beginning of the century. Unlike the early twentieth century, citizens now regard

health care as essential to the quality of their lives and health care issues touched a national debate over the role that the government can play in providing a medical safety net, within constricting budgetary restraints.

The health care debate started with Roosevelt's presidency and is not over yet. The Roosevelt administration started federal responsibility for the American health care system. In the 1940s and 1950s, government intervention in the health care system continued with the Taft-Hartley Act of 1947 and the Fair Deal at the end of the 1940s. Both were initiated by president Truman. Truman attempted to achieve universal comprehensive national insurance. Eventually, Truman did not succeed in obtaining national insurance. This was due to the Republican control of Congress and the paranoid reaction of the Republican opposition. However, these years were marked by opposition from business, the AMA and the Republicans who saw nothing in universal, comprehensive national insurance.

The 1960s represented a shift in social welfare policy mentality. Between 1960 and 1967 welfare rolls doubled. Like President Roosevelt, Johnson became a successful promoter of social welfare agendas and policies. Thanks to moral control over Congress and the Civil Rights protests, President Johnson did manage to implement radical changes within the health system.

The 1960s saw a revival of social security. The government started in 1965 with the implementation of Medicare and Medicaid. These social insurance programs helped to improve health care for the elderly and the needy. But they also marked the development of the growth of governmental health care expenses. In the 1970s a growing belief in social health care originated among American citizens; health care services were now seen as a social right that should be delivered equally. Renewed medical resources, caused by technological developments, were introduced into the health care system in the 1970s. Presidents Ford and Carter were both supporters of a comprehensive national health insurance program. However, due to inflation and budget constraints, they failed to introduce a national health insurance program.

At the same time the number of chronically ill increased and economic circumstances worsened as a result of the rising costs of government assistance programs, like Medicare and Medicaid. In the 1980s health care costs continued to rise. Simultaneously, the number of uninsured Americans extremely expanded, the principal reason was the growth in unemployment at that time. Kronenfeld explained this in her above mentioned work. President Ronald Reagan saw no solution in social programs and the Reagan administration attacked the social programs of the 1960s and 1970s.

Cost control instead of quality of care and access to health care services was the principal theme of the Reagan era. However, Reagan did not succeed in major fiscal savings of government social spending and health care costs remained sky-high. In the 1990s, President Bill Clinton tried to tackle these costs by restructuring the American health care system through managed competition, which is a combination of controlling the escalating health care costs by government-rules that stimulate market competition, as well as the control of quality of the distributed care.” Due to various reasons, like the natural distrust of Americans on government regulation, the United States was not ready for these reforms yet.

Another reason for Clinton’s (and others) health reform failure is the relatively balanced political influence of the Republican and the Democratic Party. The two political parties differ substantially from view when it comes to health care. American citizens naturally distrust government regulation; however, Republicans highlight this distrust and the Republican Party stresses individual responsibility of the American citizen. As a result, the Republican Party is striving for a health care industry optimized through a competitive market place with minimal regulation in contrast with the Democratic Party that competed for public obligation, individual right and national health insurance with a major role of government regulation. Through the equal balance of political influence it has become very difficult to change the U.S. health care system in the past eighty years.

In the course of time health care debate and welfare provision in the United States has changed. The contradiction between the political parties, the division between House, Congress, and Senate, and the public debate hindered a rapid solution of the American health care issues. Public opinion played a distinguished role in (recent) health reform process. Public opinion on health care politics changed over the years and can completely change from month to month. Therefore, public opinion is very interesting for politicians to monitor. In the discussed works of Molyann Brodie these contractions in public opinion during health reform are highlighted. Political strategy constantly revolved around public opinion. For example, the administration changed terminology to connect better with public's concerns about their own health insurance costs and worries.

The American health care system was influenced by many aspects since President Franklin Delano Roosevelt opposed inclusion of health insurance. The health care debate in the United States was for example dominated by the rising health care costs of the American health care system that started in the 1930s with the introduction of government interference in the health care branch. Furthermore, many Americans were not capable to pay their health insurance. This resulted in a great amount of American citizens that did not have any form of health insurance at all or were underinsured. This large group of American citizens that misses health insurance stability has become a significant topic of (public) debate.

Presidents Roosevelt and Johnson (and Obama) became successful promoters of social welfare agendas and policies. However, they remain exceptions. These presidents were helped by either a certain level of crisis, such as the Great Depression or the Civil Rights protests, or a certain moral hold over Congress (Johnson, Obama). In most administrations since Johnson's, Congress had been more powerful than the president at directing the development of social policy.



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