Spring 2021

Speak Softly and Carry a Big Checkbook: How the Special Relationship Between the Healthcare Industry and the United States Government has Prevented the Passage of Universal Healthcare Legislation

Jacob Davenport Phillips  
*Bard College, jp1277@bard.edu*

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How the Special Relationship Between the Healthcare Industry and the United States Government has Prevented the Passage of Universal Healthcare Legislation

Senior Project Submitted to
The Division of Social Studies
of Bard College
by
Jacob Phillips

Annandale-on-Hudson, New York
May 2021
Dedication

For Cody

For my best friend, who was always there for me and inspired me to be the best man I could be.

I miss you bud, I could never have done any of this without you.
Acknowledgements

I want to thank my parents for their never ending support and dedication to making sure that I always know how loved I am and how proud they are of me;

My brother, for pushing me to be the role model that he deserves, and for always making sure that my head is on straight;

To the family that feel like friends and the friends that have become my family, each of you have played an incredible role in my life and continuously make me feel lucky for knowing you;

And finally to the professors, coaches, and mentors that have made my college experience what it was, I am so incredibly grateful to have learned so much about the world we live in and the lives we live from you, there is no where else that I would rather have spent the last four years of my academic career because of you.

To Jennifer, Andrew, and Luke Phillips;

To Gary, Emily, and Ally Carra, and Denise Phillips;

To Scamper, Bumblebee, Ziva, and Bomani;

To Mimi, Poppie, and all the Mansfield’s and Anderson’s;

To Grandma, Grandpa, and all the Phillips’s and Little’s;

To my teammates, roommates, housemates, and all the friends that I’ve made along the way;

To Professors Omar Encarnacion, Sanjib Baruah, Jeannette Estruth, and Thurman Barker;

To Coaches Brian Praetorius, Dieter Truesdell, Nico Brands, and Eddie Desidario;

And to Ellen Eagen;

Thank you.
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Introduction

The United States has always seen itself as a leader on the global stage when it comes to social policy, a self adorned reputation that doesn’t quite paint the entire picture. While the United States was a trailblazer in establishing a large scale functioning democracy, creating a template for other nations that has shaped governmental structures around the world since its inception, that sort of progressive thinking never truly translated to the nation’s social policies in the same way as it did for other developing democracies in Europe and beyond. The early American system of voting in which only white male property owners and taxpayers possessed the right to vote was not any different from the basic structure of the British parliamentary election system, and it took nearly an entire century for that voting qualification to be removed throughout the Union. America prides itself on the founding principles of the Bill of Rights and the freedoms that it grants to its citizens, but it was not until the mid-twentieth century that those rights were extended to all Americans, regardless of race, color, religion, sex, or national origin. Whether it be women's suffrage, worker protection laws, LGBT rights, immigration policy, or any other number of socially progressive policies, the United States always seems to lag behind the rest of the world when it comes to implementing inclusive, positive change on these issues.

The nation is no different when it comes to the adoption of a universal healthcare system. Since the early 1900s publicly funded health insurance has been at the forefront of debate when it comes to how to address the healthcare needs of a growing population, and yet after over a century of trying the United States is seemingly no closer to adopting a universal healthcare system under President Biden than it was back when Theodore Roosevelt added the idea to his
party platform. Looking back at the past hundred years of legislative failures, a pattern begins to emerge that points to several specific reasons as to why the United States has yet to implement a universal healthcare system. This is too large of an issue to point fingers at a single direct causational reason, but I believe that some factors have had more of an impact throughout the years, and continue to shape the state of the discussions surrounding universal healthcare today. The decentralized, liberally democratic roots of the United States government have allowed private business and industry to garner power that exceeds governmental control, as well as sow seeds of division that stratify the American people on the basis of race, social class, political affiliation, or even something as simple as geographic location. Because of this, attempts to implement sweeping social reform such as universal healthcare are seen through these lenses either as attempts to violate the core values of the nation or as infeasible longshots that have no chance of ever succeeding.

This project will address the question of why the United States does not have a universal healthcare system, and will argue that the most convincing argument revolves around the interconnectedness of private business and government in America, specifically within the healthcare sector. These factors create barriers that have made it impossible for legislation aimed at implementing universal healthcare to succeed at the national level, and have played pivotal roles in actively sabotaging efforts in the past.

In order to defend that position, I am first going to establish the necessary context for my arguments. This includes a general description of what universal healthcare is and how it would
look in the United States. From there, I will lay out the points of view of both proponents and opponents of a universal healthcare system, and to finish off the first section I will provide a historical timeline of past efforts to successfully legislate and implement universal healthcare in America, including a synopsis of how the country developed the corporate welfare system that the modern American healthcare system is built around. I believe that the historical and political context of this issue is essential for both writer and reader to understand before one can go about answering the question of why such a policy has never been implemented.

From this foundation I will go about addressing the question with the answer that I have proposed in my thesis by analyzing the incredibly close relationship between private industries and the American government, a unique trait that separates the United States from their European democratic counterparts. The medical lobby, which includes sectors such as pharmaceuticals, health insurance groups, and hospitals, consistently ranks as one of the highest spending lobbies. Most recently in 2019, almost $600 billion was spent by various healthcare lobbies on national politics alone (Evers-Hilstrom 2020). This money can take the form of campaign donations or advertising campaigns, depending on the preferences of the organization. Political clout and the ability to influence public opinion are essential for any campaign to affect the legislative process, and the healthcare lobby has been successful at throwing money towards potentially problematic situations and saving their own bottom line. The level of influence that the healthcare industry is able to wield over the American government and the legislative process is undoubtedly one of the major barriers standing in the way of universal healthcare, and it is important to understand the many ways that this issue manifests itself.
This issue is inherently political in nature, as there have been multiple times in the past century where American public opinion has strongly supported universal policies yet a universal healthcare bill has never reached the desk of the President. Politicians in Congress have always controlled the fate of any major legislation in this country; that’s simply due to how the American government is structured. These politicians represent their constituents, whether that be the rural farmer in Wyoming or the Uber driver in New York City. These citizens have different needs, different ideals and values, and their politicians are elected to represent them at the national level. At the same time, the campaigns of these politicians are bankrolled by private interests and lobbies, investing millions of dollars in the political futures of candidates that they expect to represent what they want from a politician. These factors are not unique to this issue, as many policy initiatives have failed throughout the years due to a lack of widespread support or hostile lobbying campaigns. However, it is irrefutable that they have played a massive role in ensuring that the United States government has not developed a universal healthcare system.
Part I:
The What
Sections 1.1-1.3
1.1 What is Universal Healthcare?

To understand why the United States does not utilize a universal healthcare system, it is essential to understand what such a system consists of. At its most basic level, a universal healthcare system is a national program that removes financial barriers to good, quality healthcare for all individuals with access to said program through citizenship or some other entitling status (Bloom 2018). This extends from individual care to the broad infrastructure necessary for a modern healthcare system to function, such as the construction of hospitals and rehabilitation facilities. Such a program makes public health the responsibility of the state to a greater extent than in a system where private insurance is allowed to dominate the market, as it gives elected officials a mandate of ensuring that the people that they represent are receiving the necessary medical care and attention.

In a universal system, healthcare providers bill all services to the public plan instead of the individual. The plan is financially backed by the federal government and funded by taxes, so as a taxpayer in a country with this sort of system it is that public buy-in that ensures access to care. Rather than individuals or private insurers taking on the burden of payment, the process is streamlined to a point there is no cost to the person seeking care at the time of treatment and the provider doesn’t have to worry about not receiving payment. In these systems, a healthcare provider acts more so as a private contractor rather than a government employee, as they are granted autonomy to determine what care must be given and conduct the necessary treatment separate from governmental interference or influence while still collecting a publicly funded
paycheck. This concept of what a single payer system is built around is at the center of the American political debate surrounding universal healthcare.
1.2 What are the arguments?

To say that the implementation of universal healthcare in the United States is a contentious issue would be selling it incredibly short. Proponents and opponents defend and attack the concept vehemently, each managing to find economists that argue it has the potential to either save or destroy everything from the American healthcare system and national economy to the moral fabric of society. American politics are no stranger to sensationalism, but the polarity on this issue is striking.

Proponents Point of View

Supporters of universal healthcare maintain that the financialization of the healthcare system here in America is broken, devoid of both morals and safety nets while insurers push for wider profit margins. Taking up a massive 17.9% of the entire country’s GDP, spending on private insurance alone exceeds a trillion dollars (CMS, 2017, Pg 1). Many leading Democrats in Congress see this as a major ethical issue that needs to be addressed by the country’s legislative bodies. Vermont Senator Bernie Sanders has already introduced a bill, the Medicare for All Act of 2019, to the Senate, a piece of legislation that has already accumulated 14 cosigns (Sanders, 2019). This Act is designed at putting the healthcare system in the United States on par with the universal systems of countries like Canada and Germany, where every American would not only be eligible for health insurance, but would have all healthcare costs subsidized by the government. This type of system would supposedly cut down on the bureaucratic elements of how providers like hospitals process claims and bill their customers.
With a system in which these providers are paid directly by the government, they no longer need to devote time to dealing with individual payments and can instead focus on simply providing the best care possible (Himmelstein & Woolhandler, 2019). This streamlined process would not only theoretically increase the quality of care, but would cut down administrative costs immensely as well. Sanders cites estimates that would place these savings at around $500 billion a year, as the Medicare services that are in place today report administrative costs lower than a sixth of what private insurers run.

Additionally, it does not currently suit insurance companies to fight for lower drug prices from manufacturers. How much they pay for insulin doesn’t really matter to them, seeing as all they have to do to offset that cost is raise premiums. In a single payer system, the government can negotiate directly with manufacturers to ensure that their expenditures stay as low as possible, keeping taxes down and improving their public image. Because while elected officials are held to the standards of the electorate, insurers face the scrutiny of investors. And it’s safe to say that investors in a company have different expectations for what they want from the healthcare industry than taxpayers do from a government.

But it's not unreasonable to think that decreased drug prices are the only potential positive outcome of the government pushing to lower healthcare costs. Everything from the price of an X-Ray to a yearly physical would be open to an audit from the government as it became more directly involved in the process. Small businesses and other employers who offered healthcare packages to employees would see a massive financial burden lifted from their shoulders without
the need to contribute to covering premiums anymore, leaving more financial flexibility to expand and develop their businesses. Workers would no longer feel tied to jobs that could be stunting their career advancement simply because their present employer offers decent health insurance, stimulating economic growth.

All of these economic advantages are major talking points for Sanders and other like-minded politicians on healthcare, but at the root of their campaign lies the moral and ethical argument that healthcare is a human right that all members of a society should have access to. It has long been the position of many leading nations that combating barriers to healthcare is one of the greatest issues that must be taken on by the global community, and yet the United States lags behind. The World Health Organization Director-General Dr. Tedros Adhanom Ghebreyesus reiterated on Human Rights Day in 2017 the promise that was made in the Organization’s founding constitution;

“The enjoyment of the highest attainable standard of health is one of the fundamental rights of every human being without distinction of race, religion, political belief, economic or social condition” (WHO 1946).

Ghebreyesus emphasized the importance of remembering those words when implementing healthcare policy, as it is only through working together that nations and their people can ensure equitable and fair access to the care and treatment that should be every person’s right; not as a citizen of a country, but as a human being.
Opposition Point of View

The argument against universal healthcare implementation is structured in a similar manner, utilizing both economic and moral arguments. Opponents bemoan the financial and bureaucratic burden that a single payer system would put not only on the government but on the people as well. It is a clear fact that the United States does not currently possess the infrastructure necessary to support a full scale immersion into a universal system, a product of the capitalist healthcare system the country has utilized since the early 20th century. While hospitals in high income areas that receive a multitude of private donations in addition to public subsidies have thrived in recent years, the facilities that service lower income areas and large metropolitan areas have suffered (King 2018) As the median age of healthcare facilities and their equipment nationwide has grown older over the past 20 years, experts argue that numbers like these emphasize how out of date many essential services may become in the near future. The strain that a universal system would place on these overburdened and underdeveloped facilities necessitates a large scale overhaul of the nation’s healthcare infrastructure before a universal system can be put in place. This rejuvenation effort would not be cheap, and would be included on the government tab that conservative estimates predict would fall between $32 and $44 trillion by the end of the first decade.

In order to pay off that massive bill, universal healthcare plans rely on tax increases on everything from income to retail sales. Senator Sanders’ previously mentioned plan proposes implementing a base 7.5% payroll tax and 4% income tax on all Americans to start off with, figures that Sanders and his economists argue would take the place of what Americans already
pay for personal healthcare as well as what employers spend on company plans (Sanders). However, if the plan trends more towards the $44 trillion end of the cost spectrum, the United States government could accrue deficits that exceed $2 trillion a year as the added tax revenue from Sanders’ plan would not cover nearly all healthcare related government expenses at that point. And as optimistic as proponents of a universal system are, there is simply no way to accurately gauge where on that cost spectrum the United States would fall.

A capitalist country as large, populous, and diverse as the United States has never tried to implement universal healthcare, because to be fair there aren’t many other countries as large, populous, or racially, ethnically, and socio-economically diverse as this one. Part of the reason why the country is so divided on this issue is that it is difficult to find consensus on almost any political debate across all fifty states and 330 million individual Americans. This heterogeneity also means that the various healthcare needs of Americans are vastly different. A financial advisor in New York City requires different care than a farmer in Iowa, and the options that they have available to them are starkly uneven as well. While the financial advisor may be able to travel anywhere from a few blocks to a borough away to see the necessary specialist for their condition, the farmer may have to travel all the way to Chicago or Indianapolis to receive the necessary care. One of the benefits of private insurance plans is that they are customizable, to some extent. Americans have long feared that a universal system would prevent them from seeing ‘their’ doctor, and that wait times to receive necessary care would grow exponentially if the country adopted universal healthcare. It is inevitable that by removing the barrier of cost and access to healthcare more people will attempt to receive care, making it harder to see a doctor or
undergo a necessary procedure in a timely manner. While these wait time issues may be compounded early on in the transition as the necessary infrastructure building and renovating is undertaken, luckily this is a problem that will likely abate over time. What is a lot harder to rectify is the public perception of universal healthcare that a large percentage of the population has, that it is another bureaucratic nightmare that will end up snarled in paperwork and inefficiency.

Many opponents of a publicly controlled healthcare system point to the mismanagement of other government agencies that have similarly benevolent aims. The Office of Veteran Affairs has long been hounded by allegations of mismanagement of funds, as well as having the reputation among veterans as being either unable or unwilling to fulfill its promise to care for the country’s veterans when they return home from combat. In 2019, a whistleblower account exposed over $223 million in improper payments and wasteful spending on the part of agency leadership. Even within Medicare and Medicaid, the current public healthcare programs, fraud such as upcoding runs rampant to the tune of over $60 billion every year. Upcoding is when the insurance companies taking part in the Medicare Advantage program write up minor issues like a sore knee or a headache as much more serious, expensive health problems such as crippling tendonitis or concussions in order to claim that they need to raise premiums to cover treatment costs. So the government gives them more money to cover costs that they believe are being incurred, while the insurance companies are just pocketing the excess. It’s a practice learned from healthcare providers. Insurance companies would receive bills that outlined a much more intensive service than was actually given, as hospitals strove to make higher profits (Torrey,
2019). And while the insurance companies lobbied federal agencies to routinely audit hospitals and healthcare providers to ensure that they were not inflating their prices, the insurers turned around and did the exact same thing once they realized it was a system that they could exploit. The Centers for Medicare and Medicaid Services have adapted to the practice and have shown a willingness to step in and crack down, but it still costs the taxpayers billions. At this point in 2020 a little over 24 million Americans participate in the Medicare Advantage program, so imagine that level of fraud scaled up to the entire 330 million national population (Freed 2021). It is administrative crises such as these that result in an American populace where only 20% of Americans trust their government, and less than half approve of federal efforts to ensure that the country receives the healthcare they need (Pew 2020). Without widespread public buy-in, any effort to pass universal healthcare related legislation will likely have the same fate as previous attempts.
1.3 A brief history of universal healthcare policies in the United States

The past century has been an era of social, political, and technological innovation in the United States, as the budding nation sought to establish itself as the global superpower it exists as today. Remarkable steps forward were made in the 20th century, whether that be social justice platforms such as the fight to ensure women’s suffrage in the earliest part of the century or the civil rights movement of the 50s and 60s, or in efforts to unionize major industries and secure workers rights. The United States overtook the United Kingdom as the global economic powerhouse, and also established itself as a dominant military force after the World Wars. And yet, the nation lagged behind its counterparts in Europe and beyond in establishing a healthcare system that would give all Americans access to the quality healthcare that they deserve. How can a country be a member of the G20, a group of the most powerful members of the United Nations, and yet ignore the UN’s commitment to implementing universal programs around the world?

The beginning of the modern struggle for universal healthcare in the United States can be found in President Theodore Roosevelt’s America, where his Progressive Party put a publicly funded health insurance plan on their platform in 1912 (Hoffman 2003). However, public opinion swung in the opposite direction at the onset of World War 1, as President Wilson’s state department circulated material decrying such measures as “Bismarck’s German socialist insurance” (Palmer 1999). The Red Scare that followed the war only further discouraged talk of
socialized medicine as it was tossed in with other ‘communist’ programs, and it was only until
the 30s amidst Roosevelt’s New Deal program that the issue would be pursued further. As the
New Deal sought to rejuvenate an economically shattered nation, numerous federally funded
programs were created in order to address various elements of the Great Depression that
Americans faced, reaching from labor laws such as the Wagner Act to the creation of social
security.

However, one dream of the era’s progressives that was never realized was a universal
healthcare system, as business leaders fought tooth and nail to protect the corporate welfare
system that they had created in the 20s and early 30s that tied workers to their jobs, lest they face
losing the benefits that they relied upon. The modern American healthcare system finds its roots
here in the 1930s when the FDR administration was overhauling innumerous aspects of how the
federal government protected its citizens, specifically workers. Employers were scared of the
potential effect that these programs could have on their ability to increase profits, but the
Roosevelt administration was adept at coordinating public support and steamrolling legislative
and judicial opposition to his plans.

Corporate America was, and still is, so opposed to a strong welfare state because they
want to offer those services as perks instead of increasing wages. This allows them to give the
semblance of caring for workers while really only offering what progressives argue should be the
bare minimum for a developed society, making benefits such as healthcare something to work for
and be lucky to have, rather than be guaranteed as human rights simply for being an American.
In Jennifer Klein’s *For All These Rights*, she describes how business leaders in 1945 embraced that perspective:

> In an official policy statement, the Chamber of Commerce urged employers to move as quickly as possible to install “voluntary” health coverages and thereby gain the moral high ground on the security issue. (Klein 2010)

Employers worked with early insurance companies to form the group based plans that can still be seen today in the United States, a system that benefits both employer and insurer. And as history has shown, the American government consistently has endorsed this relationship between the healthcare sector and the rest of corporate America. Allowing employers to provide health insurance to employees both encourages working age Americans to seek out and hold onto steady employment opportunities, as well as taking some burden off of the taxpayers and reducing federal spending. However, this system discourages workers from leaving jobs that they may find unsatisfactory or unfulfilling out of fear of losing their insurance benefits, trapping them and limiting the potential for professional growth and development. In a system that makes sure that both employer and insurer get paid, it is the American worker who loses out the most when health insurance is left to those out to turn a profit to manage.

Private businesses were not the only organizations involved in the legal battles that ultimately doomed Truman’s plan for universal healthcare, a failure that he later called his “greatest regret;” the American Medical Association was in on the effort as well (Palmer 2000). The organization devoted over $1.5 million on lobbying efforts to oppose Truman’s plan, which at the time was the most expensive lobbying effort in history (Starr 1982). Doctors and hospital administrators were wary of public insurance, as they were afraid that such a plan would restrict
their autonomy. And so, the powerful lobby withheld their support for any plan that included any sort of universal component, halting any momentum that such an initiative could have capitalized on after the New Deal reforms.

The next movement on the issue was in the 1950s under President Lyndon B. Johnson, as he was able to sign both Medicare and Medicaid into existence as part of his Great Society initiative. While more liberal members of Johnson’s Democratic party pushed for universal healthcare to be a part of this initiative, Republican opposition was too strong and progressives had to settle for the guarantees for the elderly and underprivileged that Medicare and Medicaid would offer. President Nixon strengthened these programs with his Comprehensive Health Insurance Plan which had the stated mission of improving the healthcare experience for both doctor and patient, but in the end it was very much not a universal plan despite Nixon’s words;

“Without adequate health care, no one can make full use of his or her talents and opportunities. It is thus just as important that economic, racial and social barriers not stand in the way of good health care as it is to eliminate those barriers to a good education and a good job” (Nixon 1974).

Following President Johnson’s initiative, healthcare reform became an essential element of any campaign for public office. Everyone from presidential candidates to state congressmen had plans that they maintained would best serve their constituents, and the battle lines between the Democratic and Republican parties were drawn and firmly established by the time that Arkansas Governor Bill Clinton put his hat in the ring for the presidency. Both Governor Clinton and his wife Hillary, an accomplished stateswoman in her own right, had grand ideas for a healthcare platform that would be the first major national push for universal healthcare related
reforms since Truman, and his inauguration in 1993 set the stage for a major battle both in Congress and amongst the American populace.

President Clinton ran for office on a promise to fulfill the growing desire of the American people for a healthcare system that would meet their needs while not increasing their taxes. This was a proposal fraught with uncertainty as the two mainstream schools of thought around this time were either based on a single payer system a la Canada’s structure that progressives argued for, or market based reforms to a free and competitive market favored by conservatives. There was a third option, a pay for play scheme where employers could either offer health insurance to their workers or pay an opt out fee to contribute to the federal coffers, but this idea was reconfigured as Clinton feared alienating business owners and Republicans who decried this move as placing an undue burden on the private sector. Instead, Clinton decided to forge his own path with the help of advisors such as Paul Starr and John Garamendi, and by using the ideas of economist Alain Enthoven the president-to-be and his team came up with the idea of competition within a budget, a compromise that they believed could satisfy the nation’s need for affordable healthcare for every American while still mitigating fears of exorbitant costs for private interest groups (Starr 1993).

After showing initial promise with public support for universal healthcare at the highest it had ever been and sweeping Democratic Congressional victories across the country, the bill quickly began losing speed once it was introduced to Congress in 1993. The development of the plan was shrouded in secrecy from the start, as the President had formed a task force headed by
First Lady Hillary Clinton to draft the legislation in private, away from the eyes of both congressional leaders and the American public at large. Conservatives were able to portray this sort of backroom dealing as a big government plot to seize more power, and many progressives refused to rally behind a plan that did not do enough in their eyes to deliver on Clinton’s promise. The American people lost their faith in the plan, whether that be from the lobbying efforts of universal healthcare’s longtime foe the American Medical Association or just the widespread belief that the government is incapable of fixing issues such as the health insurance crisis without utilizing overly complicated or invasive policies (Skocpol 1996). And so the dream of public healthcare died on the Senate floor, only for debate to begin anew after the election of the next Democratic president.

Democrats in Congress and across the country sat with their failure through the remainder of Clinton’s tenure, dealing with the backlash that accompanies coming across as an overreaching bureaucracy to an American populace that elected Republican majorities in both the House and the Senate for the final six years of the Clinton presidency. The dream of major healthcare reform before the new millennium was dead, and with the turn of the century came eight years of George W. Bush. Under Bush Medicare was expanded to decrease prescription drug prices for seniors, but besides that there was no progress on the front of expanding access to health insurance for poorer Americans. In fact, Bush was widely panned by Democrats and Republicans alike in 2007 for vetoing State Children's Health Insurance Program legislation aimed at expanding access to Medicaid for children whose parents made too much to qualify, yet not enough to pay for private insurance (Abramowitz 2007). Bush’s unpopular hardline stance
when it came to limiting federal spending on health insurance stood in stark contrast to the
direction that the country would take in 2008, when the election of Barack Obama would put the
country on a path towards the largest shift in healthcare policy since Johnson’s Great Society.

The circumstances that it took to pass the Patient Protection and Affordable Care Act, or
Obamacare as it has been referred to colloquially since, were nothing short of miraculous for
President Obama and Democratic leaders such as Nancy Pelosi. The bill is highlighted by an
individual mandate to obtain health insurance, as well as provisions aimed at increasing access to
Medicaid for all people and families who made more money than would have previously
qualified them for government assistance but would still be unable to afford private insurance.
The idea of an individual mandate was floated in the early 1990s by the conservative Heritage
Foundation as a solution to the health insurance crisis, and had been the center of the Senate
Republicans’ alternative to Clinton’s employer mandate back in 1993 (Roy 2012). And yet when
the bill that would become Obamacare was voted on in the Senate, every single Republican voted
to hold the individual mandate as unconstitutional. The flip was staggering; a plan that had the
endorsement of not just many Senate Republicans but the Republican nominee for president, Mitt
Romney, was now having its constitutional grounds disputed by the same people that had
introduced the so-called Wyden-Bennett plan in a show of bipartisan support in 2006 (Klein
2012). But in 2009, Democrats did not have to worry about Republican opposition to the plan, as
they held a filibuster proof sixty to forty seat lead in the Senate as well as a sizable majority in
the House. The Act passed the Senate along party lines, and it scraped past the House with a
seven vote margin, with nearly forty Democrats from swing districts voting against a plan that
was unpopular with their constituents (Goodman 2014). A 1% margin was all it took for
President Obama to sign the Affordable Care Act into law in March of 2010, and progressives
were given the closest thing to a win on the universal healthcare front as they had had since the
Great Society.

Following the passage of Obamacare in 2010 the number of uninsured Americans
decreased every year until 2016, when a historic low of only 10% of the population was
uninsured, or 26.7 million people (KFF 2020). That was a decrease of over twenty million from
2010, an astounding figure and an accomplishment that the Obama administration could hang
their hats on as they left office in 2016. And yet, there are still over twenty-five million people in
the United States who are uninsured, and that number rose every year under the Trump
administration as efforts to strip away the ACA’s power by Republicans in Washington took away
much of the Act’s regulatory teeth. Despite Democrats’ best efforts, the dream of solving the
health insurance crisis in America is still unfulfilled, and advocates for a universal healthcare
system are still left wanting. So why is it that time after time, president after president, and
congress after congress, the United States is still seemingly unable or unwilling to embrace a
future that involves universal healthcare?
Part II:
The Why
Sections 2.1-2.2
2.1 Why does the United States not have universal healthcare?

In the United States, private industries and wealthy elites have a closer relationship with the government and the politicians it consists of than they would in most of its western contemporaries. It’s not hard to see where this began, as the nation traces its roots back to a group of founding fathers who consisted of members from the wealthiest elite class that the thirteen colonies had to offer. These men set a powerful precedent as to who in the nation would have a voice in how it was to be governed, both in the electorate as well as the elected. Today, the whisper of money exchanging hands often speaks louder than the cries of the less fortunate in the halls of Congress, and nowhere is that more apparent than when it comes to debates over universal healthcare. This chapter will show how this special relationship has played a massive role in preventing the passage of universal healthcare legislation through the effect that lobbying efforts have on the legislative process.

There is a lot of money wrapped up in the healthcare industry, to say the least. Americans in 2018 spent more than three trillion dollars on healthcare, a massive eighteen percent of the nation’s GDP (Stasha 2021). According to the National Association of Insurance Commissioners, this resulted in over twenty-six billion dollars worth of revenue for health insurance entities alone, as well as an increase of almost five billion from private investment in the industry. Healthcare is a business in the United States, and like a business it is at its core designed to do whatever it takes to turn a profit. When an industry this flush with cash is
confronted with a potential obstacle in the way of continued growth, it will protect itself by any
means necessary. As it pertains to healthcare legislation, as previously discussed those means
take many forms. The most prevalent of these tactics is the funding of friendly lobbying
organizations, many of which have the explicit goal of fighting universal healthcare legislation.¹

¹ All campaign finance data in this section comes from opensecrets.org and its Center for Responsible
Politics. The various source materials from the site are listed in the works cited.
2.2 Lobbying

At its most basic level, lobbying is any act in which a person, organization, or interest group tries to exert whatever influence they legally can on an elected official or government agency. This can take many forms, from a simple persuasive conversation between a constituent and their local lawmaker to a massive campaign donation made by a corporation with an end goal of securing political promises. The latter of those two examples is far more indicative of what lobbying has become in the United States, where the factory owner is able to use their considerable economic clout to make their voice count more to their congressperson than that of the steelworker. All men may be created equal in the eyes of the American government, but equality and equity are two very different things when it comes to whose voice is represented in the legislative process.

Lobbying and healthcare legislation mirror each other in a very tangible way; with more inclusive and progressive policy proposals comes more money infused into the Congressional sphere by private interest groups trying to protect the bottom lines of the insurance companies and hospitals that stand to lose revenue. The first ever lobbying campaign to exceed a million dollars was an American Medical Association campaign to fight President Truman’s Fair Deal proposal that all Americans should have access to government sponsored healthcare in 1949, making it the most expensive lobbying effort in American history at the time (Starr 1982). This total was exceeded the next year by the AMA’s $2.25 million “national educational campaign” spending total alone, let alone the untold millions spent elsewhere. The steady diet of anti-universal health care advertisements and campaign donations that the AMA and other
similar groups fed to the American public encouraged the portrayal of such a plan as a step towards communism, playing to the fears of an America that was beginning to settle into the Cold War and preventing Truman’s plan from ever developing enough traction to get off the ground.

The spending bonanza surrounding Truman’s plan was the first of many times that the threat of progressive healthcare legislation kickstarted a massive response from groups like the American Medical Association and the insurance industry. The high water mark of this spending came in 2010 when the details of the Affordable Care Act were being hashed out in Congress. Year in and year out, the healthcare sector consistently spends more money than any other sector on federal lobbying, so it is no surprise that the biggest piece of healthcare legislation in almost two decades drove that number through the roof. There was a $97 million increase in federal lobbying spending from 2009 to 2010, from $827 million to $924 million, with the healthcare sector’s total lobbying spending increasing by over $61 million alone from $488 million to $549 million. These are already gargantuan numbers, but an eleven percent increase in spending is an absolutely ridiculous amount when one compares that surge against the relatively steady spending that had occurred over the previous decade, and the ensuing half decade. All of this money was apparently spent in vain when the ACA was signed into law, despite late pushes by Republican Representatives to obtain key concessions from the Democratic supermajority that ultimately fell on deaf ears. However, that black and white viewpoint of the situation ignores key context that helps paint a slightly different picture.
While a member of the Illinois State Senate in 2003, a younger Barack Obama endorsed a single payer universal healthcare system, claiming that the only thing standing in between the country and that goal was achieving a majority in both Houses of Congress as well as turning the White House Blue (Sirota 2009). However, by 2006 it became apparent that his public stance on the matter was beginning to change, saying that he supported a “debate” on the matter of universal healthcare. And once in office, he took the idea “off the table” entirely, claiming that it was politically impossible to pass any sort of legislation with the goal of implementing a universal program. So how did the small time state politician with the big dream of providing government sponsored healthcare to every American end up abandoning that ideal in support of making reforms within an employer based system that he had once decried as unfair (AP 2009)? $16 million in campaign donations from the healthcare sector can have a way of swaying political opinions, and that’s exactly what then-Senator Obama received during his 2008 campaign in which he made healthcare reform a top priority. However, the man who once supported the adoption of a revolutionary single payer system now wanted to change the system using the existing framework of an employer based system, with a complementary rather than competitive government option. The soon to be president had sold out his beliefs in exchange for the type of monetary support that it takes to win the presidency, and so the progressive reformist’s desire for change was tempered by millions of the healthcare sector’s dollars.

While President Obama proceeded to spend the rest of his tenure in office fighting a Congress with an increasingly Republican majority and its attempts to repeal the legislation that became known as Obamacare, the health sector’s spending on lobbying remained fairly constant
throughout those six years as industry leaders more or less accepted the fact that the plan did not pose too much of a threat to their business. This changed come 2016 and beyond, as the Democratic party’s younger base began trending farther to the left in terms of the healthcare policies that they support, and in turn what politicians they want to see in office. Bernie Sanders, a self-proclaimed democratic socialist, became the face of this progressive movement in the party as well as a legitimate contender for the Democratic presidential nomination in both 2016 and 2020. This fact greatly concerned industry leaders due to his expressed desire to implement a “Medicare for All" policy in the United States, a plan that as previously discussed could essentially put the health insurance industry out of business as well as constricting the cash flow for hospitals and doctors. So in 2016 and 2020, as in 2008, the health sector poured money into the campaigns of moderate Democrats that they believed would maintain the status quo set following the passage of Obamacare. In 2016 Hillary Clinton’s campaign received over $23 million from groups such as the AMA and hedge funds with large stakes in the insurance industry, as compared to Sanders’ $5 million, of which a majority came from nurses’ unions and private practices. The numbers in 2020 were even more staggering, as Joe Biden’s contributions from the health sector exceeded $60 million while Sanders’ doubled to around $10 million, a factor that could be attributed to Sanders’ hot start in the early stages of the Democratic primary. A legitimately competitive campaign that was in large part based on a promise to ensure Medicare for All posed a serious threat to the healthcare industry, and their lobbies responded accordingly with a tried and true tactic that has yet to fail: pouring money into opposition campaigns. Just to cover their bases, President Trump’s campaign also received nearly $80 million in donations from healthcare lobbying organizations in 2020, just in case Biden did end...
up calling for more radical reforms than they could stomach. But in the end, now-President Biden backed plans to rebuild the ACA after the Trump years of deconstruction and strengthen the market based system currently in place that will further entrench the nation into a program that relies upon employer based coverage for most Americans, while access to a fully government-funded plan is restricted to only the poorest or most vulnerable Americans.

The impact of lobbying on public health was put into an incredibly harsh spotlight during the coronavirus pandemic, as the nation proved how woefully unequipped it was to handle a large-scale public health emergency. As the virus swept the nation, hospitals ran out of the equipment necessary to care for a suffering nation, essential equipment like ventilators quickly became sparse, and there weren’t even enough beds in intensive care units to take care of everyone that needed medical attention. Hospital workers and public health officials made desperate pleas to national, state, and local governments but were told that there just wasn’t anything that could be done. The funding wasn’t there, as it hadn’t been for years. According to Kat DeBurgh, the executive director of the Health Officers Association of California, the people that work in the interest of public health just don’t have the “lobbying muscle” that private healthcare organizations like health insurance companies wield. When DeBurgh’s organization’s political donations don’t even reach five figures, how are they supposed to compete with the multi million dollar contributions of the lobbies that represent the hospitals and doctors of California, both of which are key elements in the healthcare system’s money making machine (Hart 2020)? The short answer is, they can’t. While lobbyist groups like the California Hospital and California Medical Associations’ money can’t write the laws, it does put them in the room
with the people who do, and that access paid off in a major way when it came to how coronavirus relief packages were structured. While public health officials were told that their request for $150 million would be rejected, a request that they claimed would meet only the bare minimum of what they required to build up the necessary resources, $8.6 billion was made available to California hospitals (CHA 2021). This so-called solution, in the eyes of public health experts, treated only the symptoms of the pandemic rather than fight the source of the crisis. To them, it was just further proof that the government would look out for those that helped fill coffers and line pockets rather than those that, with the right resources, could have helped minimize the dangers of the pandemic. While this example may not explicitly involve universal health insurance, its representation of lobbying as a powerful force that not even a global pandemic could stand in the way of illustrates the quid pro quo that comes with a sizable donation to the right politician.

Lobbyist groups do not stop their spending at the polling station, as campaign donations are not the only way that they can exert their considerable economic influence over American politics. As discussed earlier, the American Medical Association’s “national education campaign” was only the beginning of the healthcare industry’s use of advertisements to sway public opinion to their side. Back in the 1940s, this took the form of daily newspaper and radio advertisements across the country when every major newspaper from Sacramento to New York ran massive print ads and national radio broadcasts decried the Truman administration’s efforts as assaults against the American principles of free enterprise and liberty (Starr 1982). Economist Paul Starr points out that while other social welfare programs faced little to no opposition in the
United States and other western countries, “only in America was growing anticommunism channeled into opposition to health insurance” due to the extreme scale of the campaign engineered by health insurance lobbies against Truman’s proposals (Starr 298).

Another key example of advertising’s effect on healthcare legislation came into play during the debate surrounding President Clinton’s healthcare plan in the 1990s. Like in Truman’s America, polling showed that there was wide scale support for a universal healthcare system across most demographics. However, as soon as Clinton’s plan was revealed the rollout of anti-universal healthcare propaganda and advertising began, the most famous of these being the ‘Harry and Louise’ television ad campaign that cost the Health Insurance Association of America $17 million to run over the course of two years (Bunis 2000). Harry and Louise became the faces for the anti-Clinton plan movement, as the actors’ concern about the bureaucracy and headache that government would bring to both the insurance industry and the Average Joe were able to sway the opinions of millions of American voters who all of a sudden began to fear a program that had been extremely popular only a couple of months earlier, when anywhere from sixty to seventy-two percent of Americans in 1990 supported expanding Medicare access to all citizens (Skocpol 1996). More than $100 million was spent by the HIAA alone from 1993 to 1994 in various capacities, and by the time the dust had settled following the 1994 elections the bill was a sitting duck for the new Republican majorities in both Houses of Congress to shoot down.

Lobbying does not only give the wealthy access to the ears of politicians but to the homes and minds of all Americans, and from that vantage point it is incredibly easy to spread any message
they so choose, including that the United States should not ever embrace a universal healthcare system.
Conclusion

Progressives have been attempting to legislate universal healthcare in the United States for a century, and yet it appears that the country is no closer to such a system than it was in the 1950s. While important reforms have expanded access to healthcare for the most vulnerable of Americans, still over twenty million people in the country are uninsured. Despite a 2020 Pew Research poll showing that a majority of Americans believe that it is the federal government’s job to provide healthcare to all Americans, even the more progressive Democratic Party continues to embrace the mantra that single payer healthcare is a political impossibility while Republicans say that the issue is a nonstarter due to the cost. Cost may be a valid concern, but in the United States, Congresspeople are elected to represent the voices of their constituents and to fight for what the American people believe must be done. So why have the voices of the masses been ignored for so long, when there have been numerous times in the past century where a clear majority of people support the implementation of universal healthcare? The answer lies at the heart of what drives American capitalism: wealth and greed.

The multi-trillion dollar leviathan that is the American healthcare system is built on a profit motive, where the patient receiving medical care in an emergency room is just a very small piece in a massive structure designed to generate revenue for those at the top. Universal healthcare would likely ring a death knell for the health insurance industry, as there is very little chance that private insurers would be able to compete with a government plan while still being profitable. Companies and businesses with many employees would fight such a plan as well, as the group plans they can offer employees provide incentives to stay with the company for
sufficient periods of time so the company can remain stable. So like any business in a capitalist society, industry leaders will do whatever they can to protect what makes them money using the tools at their disposal. Which, in this case is using the hundreds of millions in expendable cash that these businesses and their corresponding lobbying organizations have on hand to try and stop universal healthcare from ever becoming a reality.

This money has been used in a myriad of ways to ensure that universal healthcare legislation has never been passed in the United States, the most prevalent being through direct donations to politicians and lawmakers as well as sweeping propaganda campaigns aimed at influencing public opinion. The sheer volume of money that it has taken to block this legislation is shocking, and yet with each passing year the amount of money that is poured into the political sphere by these organizations increases by astronomical amounts. The health sector spends by far the most money out of any other major contributing industry, and their fight against potentially unfriendly legislation is what has catapulted lobby spending past its own records time and time again. This project has provided numerous examples where money from the healthcare industry has not only prevented important legislation from succeeding but had a direct, negative impact on American lives. Within the boundaries of the American capitalist society, the people with the most money are able to exert more influence on governmental bodies than is fair, and they find ways to legally make their voices and votes count more than someone lower on the socioeconomic ladder. ‘We the People’ have not had a say in how our healthcare system is structured for far too long; that privilege is reserved for those with the financial resources to
ensure that their interests are looked after by the people in positions of legislative power. But will the past century of healthcare legislation define where the country will go from here?

After completing this project I asked myself whether or not universal healthcare will ever be a feasible reality in the United States, or if the obstacles that I laid out in this project will forever be in the way of progressive healthcare reform. Through my research, I have come to believe that unless the nation and its government undergoes a significant cultural and regulatory shift, money speaks too loudly in the halls of Congress for universal healthcare to ever receive the sort of debate and consideration that it would take for such legislation to pass. Private businesses and industries simply have too much economic power and political clout to ever be fully removed from the legislative process, and nowhere is this more apparent than when one examines the relationship between the healthcare industry and the American government.
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