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# Health Deals Could Harbor Hidden Costs

By [DAVID M. HERSZENHORN](#) and [SHERYL GAY STOLBERG](#)

WASHINGTON — The deals, trumpeted loudly by the White House, would each help pay for a sweeping overhaul of the health care system.

First, it was a broad consortium of health industry groups — doctors, [hospitals](#), drug makers and insurers, all promising to slow the growth of medical spending by 1.5 percent. Then, it was the big drug makers, promising savings of \$80 billion over 10 years, by lowering the cost of medicine for the elderly.

On Wednesday, it will be major hospital associations, pledging to save more than \$150 billion over a decade. And a deal with doctors is said to be on tap next.

In each case, the Obama administration hailed the agreements as historic. But what has been little discussed is what the industry groups will be getting in return for their cooperation, whether or not the promised savings ever materialize.

The short-term political benefits are clear. Senior White House officials say the deals are building momentum that will help propel the health care legislation past potential opponents in the private sector and on Capitol Hill.

Rather than running advertisements against the White House, the most influential players in the industry are inside the room negotiating with administration officials and leading lawmakers, like Senator [Max Baucus](#), chairman of the Finance Committee.

“The very groups we have been talking to have been the most vocal opponents of [health care reform](#); they are now becoming the vocal proponents for health care reform,” said [Rahm Emanuel](#), the White House chief of staff.

But some lawmakers said the deals, while seemingly helpful, could raise false expectations by obscuring how much the industry is demanding for its concessions.

“I’m delighted to hear that people are stepping up to help reduce costs,” said Senator [Christopher J. Dodd](#), Democrat of Connecticut, who is leading the Senate health committee, “but I want to know what the ask is, and the ask sometimes can exceed the value of your cost savings.”

Senator [Olympia J. Snowe](#), Republican of Maine, who could provide a critical swing vote, said she had not signed on to any of the White House deals. “It’s one thing for the president to reach that agreement, but it’s another thing for Congress to reach that agreement,” Ms. Snowe said. “We have yet to evaluate what are the specifics and particulars. So it’s uncertain. It could be helpful. I just don’t know.”

As part of their deal with the White House, pharmaceutical companies say they won an agreement from Mr. Baucus to oppose efforts by House Democrats to sharply reduce what the government pays for drugs for some [Medicare](#) recipients previously covered by [Medicaid](#).

The deal with doctors could come at a steep price: a \$250 billion fix to a 12-year-old provision in federal law intended to limit the growth of Medicare reimbursements. The [American Medical Association](#) and other doctors’ groups have sought to change or repeal the provision, and they are likely to try to extract that as their price for boarding the Obama train, people tracking the negotiations said.

Wal-Mart, the nation’s largest private-sector employer, agreed recently to support requiring all big companies to insure their workers. In exchange, Wal-Mart said it wanted a guarantee that the bill would not “create barriers to hiring entry-level employees” — in effect, code words to insist that lawmakers abandon the idea of requiring employers to pay part of the cost for workers covered by Medicaid, the government insurance plan for the poor.

“It’s kind of a give-and-take, quid pro quo kind of environment,” said [Tom Daschle](#), [President Obama](#)’s first choice for health secretary, who remains in touch with the White House on health care issues. “I think that the stakeholders wouldn’t do this if they didn’t think there was something in it for them.”

But, Mr. Daschle said, there is something in it for Congress and the White House, too: By getting on board early, groups like the drug makers and hospitals will be “owners of this process, and as owners they have to continue to defend it and support it.”

Over the past year, Mr. Baucus, Democrat of Montana, has strong-armed industry groups, warning them not to publicly criticize the process if they want to stay in negotiations.

Mr. Baucus, in turn, has said little about his talks with industry players. On Tuesday, he said only that he was “heartened” by how many groups were supporting the health care overhaul.

But Rick Pollack, executive vice president of the American Hospital Association, credited Mr. Baucus and his staff with reaching the agreement.

“Hospitals have been long committed to expanding coverage for the millions of Americans that don’t have [health insurance](#),” Mr. Pollack said. “We see this as a historic opportunity to achieve that objective.”

In the case of hospitals, Mr. Pollack said negotiators had worked hard to come to terms not just on the financial issues but also on broad and complex policy matters intended to improve the health care system.

He said hospitals had agreed to about \$150 billion in savings after securing assurances that lower reimbursements would come after an insurance expansion that would guarantee that more patients pay their bills.

“We do believe in that regard in particular there are safeguards that are part of this proposal,” Mr. Pollack said.

He said Mr. Baucus and White House officials had been responsive to the industry on many points, including plans to bundle payments for certain services and penalize hospitals when patients were readmitted for potentially preventable reasons.

Democrats are trying to keep the cost of the legislation to about \$1 trillion over 10 years. In a sign of a deepening rift among Senate Democrats, the majority leader, [Harry Reid](#) of Nevada, on Tuesday urged Mr. Baucus to drop a plan that would pay for the bill partly by taxing some employer-provided health benefits.

Aides said Mr. Reid, speaking for other Senate Democratic leaders, was concerned that Mr. Baucus had not included any provision for a government-run insurance program to compete with private insurers, which is favored by Mr. Obama and many other Democrats. At a meeting later in the day, aides said, Mr. Baucus pushed back against Mr. Reid, saying his own proposal offered the only clear path to Senate approval.

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