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THE WALL STREET JOURNAL.

WSJ.com

JULY 23, 2009

Obama Backs Health Surtax

Proposal Targets Millionaire Families to Help Fund Overhaul of Medical Care

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WASHINGTON -- President Barack Obama, looking to pay for his ambitious health-care plan and shore up public support, endorsed a surtax on families earning \$1 million a year for the first time Wednesday.

"To me, that meets my principle" that the cost of overhauling health care is "not being shouldered by families who are already having a tough time," he said at a prime-time White House news conference.

At a critical moment in his presidency, Mr. Obama is hoping to regain momentum on his domestic agenda by seizing control of the health-care debate. How effectively the president delivered the message in his late-Wednesday news conference -- and the impact on public opinion and a skittish Congress -- will have major implications for the rest of his year, and perhaps for his full term.

He also pressed his case for giving independent experts greater power over Medicare cost-cutting. He is pushing the idea partly to satisfy conservative House Democrats worried that the health legislation doesn't do enough to control health-care spending. But the president's strong endorsement sets up a showdown with some senior Democrats on Capitol Hill who expressed opposition to the idea earlier Wednesday.

In the news conference, his fourth in prime time from the White House, Mr. Obama also called for financial regulatory reform and said the arrest of a black Harvard professor trying to get into his own house showed that racial bias "still haunts us" as a nation.

The surtax on millionaire families is one of the ideas being considered in the House for paying for the health-care bill, which will cost about \$1 trillion over a decade. As it is, the legislation calls for a surtax on families earning \$350,000 and up, but House leaders have already signaled they planned to roll that back.

It's one of many tough issues Congress is trying to resolve as it works through the details of health-care legislation. Already, difficulty figuring out how to pay for the bill pushed Senate leaders to say Wednesday that they will not be ready to consider the matter on the Senate floor until September -- a setback for Mr. Obama, who had hoped for action before lawmakers departed on their August break.

Mr. Obama worked to paint the health-care status quo as the least acceptable option. But he acknowledged the skepticism that many Americans feel about the overhaul effort, which Republicans are calling a risky and expensive scheme.

"They feel anxious, partly because we've just become so cynical about what government can accomplish," the president said. "People's attitudes are, you know, 'Even though I don't like this devil, at least I know it. And I like that more than the devil I don't know.'"

On health care, the president disputed the idea that Americans will have to make painful sacrifices to bring down costs. He said people will simply have to forgo tests that are wasteful or treatments that are more expensive than alternatives that are just as good.

He also labeled the overall effort "health-insurance reform," rather than the more commonly used phrase "health-care reform," in an apparent effort to suggest he is overhauling health insurance, which has negative connotations for many Americans, as opposed to health care.

The president appeared at times defensive and at times combative. He insisted he had the moral high ground against Republican opponents who he said were using the debate to waylay his presidency.

"This isn't about me," he said. "I have great health insurance, and so does every member of Congress. This debate is about the letters I read when I sit in the Oval Office every day, and the stories I hear at town-hall meetings...This debate is not a game for these Americans, and they cannot afford to wait for reform any longer."

The debate roiling his health-care agenda is almost as intense within his own party as it is between Republicans and Democrats. The proposal to give independent experts greater power over Medicare policy is controversial largely because it would take power away from Congress.

As it is, similar recommendations don't take effect unless Congress acts affirmatively to adopt them. In practice, many ideas are never acted upon. The new proposal would allow recommendations to take effect unless Congress acted to stop them.

In a meeting at the White House this week, centrist Democrats struck a tentative deal with top Obama aides and House Energy and Commerce Chairman Henry Waxman (D., Calif.) to add the proposal to health legislation pending in the House.

But on Wednesday, top members of the House Ways and Means Committee objected to the idea, warning it would shift too much power away from lawmakers and give the White House big sway over decisions reserved under the Constitution for Congress.

"You're outsourcing congressional responsibility," said Rep. Richard Neal (D., Mass.). Rep. Pete Stark (D., Calif.) called the idea "unworkable" and "stupid at best," and raised doubts about whether the measure would achieve significant savings.

Ways and Means Committee Chairman Rep. Charles Rangel (D., N.Y.) is working to bridge differences on the issue, a spokesman said. And House Speaker Nancy Pelosi (D., Calif.) suggested the proposal can be structured in a way that "respects the prerogatives" of Congress.

The divisions dramatize the difficulties the White House and Democratic congressional leaders are having in building a majority for the legislation. Ms. Pelosi said she intends to bring the legislation before the House next week. But some have questioned whether the House will act in the coming weeks if the Senate isn't doing the same.

"I have no question we have the votes on the floor of the House to pass this legislation," Ms. Pelosi said.

In the Senate, Finance Chairman Max Baucus (D., Mont.), who is leading bipartisan discussions, insisted a deal can be reached soon. "We'll get there," he said. The chairman's attempt suffered a blow Wednesday when a key senator bowed out of negotiations. Sen. Orrin Hatch (R., Utah) said it was "best of me to stand aside." He cited, among other things, concerns with a planned expansion of Medicaid, the federal-state health program for the poor.

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