

# House Energy & Commerce Committee

*Joe Barton*  
Ranking Member

*Republicans*



## **DAILY NEWS SUMMARY**

**Thursday, August 13, 2009**

Joe Barton

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Posted on Wed, Aug. 12, 2009

## **College Football: 'Give us playoffs or else,' says Rep. Barton**

***The Associated Press***

*last updated: August 12, 2009 10:34:44 PM*

WASHINGTON — Rep. [Joe Barton](#), R-Texas, issued a warning to college football officials Wednesday, saying that unless they take action toward creating a true playoff system, Congress will move on his legislation to force such a reorganization.

But in the three months since he introduced his bill, Barton's legislation has languished. So it seems unlikely Congress will actually act. It's not hard to figure out why.

The college bowl system features a championship game between the two top teams in the BCS standings, based on two polls and six computer rankings. After the title game, eight other schools fill Orange, Sugar, Fiesta and Rose bowls.

Six conferences get automatic bids — ACC, Big East, Big 12, Big Ten, Pac-10 and SEC. Those conferences get far more money than conferences without automatic bids.

"There are just too many senators and congressmen who represent districts where major BCS schools have a very dominant influence," said Gary Roberts, dean of the Indiana University School of Law, and a sports law expert.

"So you're not going to get any senators from Louisiana or Alabama or Florida or Georgia or Tennessee or Ohio — those are all states with major state universities that are major BCS powerhouses."

Barton's bill has only four co-sponsors and there's no companion bill in the Senate. California Republican Gary Miller has three co-sponsors for his bill to deny federal funds to schools in Division I unless a playoff system is installed.

- **USC QB HURT** — Southern California quarterback Aaron Corp has a small crack in his bruised left knee and will be out about two weeks. An MRI revealed the crack on the left fibula. The redshirt sophomore was rolled onto by a lineman during Monday's practice.
- **FRESHMAN CLEARED** — Michigan coach Rich Rodriguez says cornerback J.T. Turner has been academically cleared to play.

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## Efforts to reform BCS face tall order in Congress

Aug. 12, 2009

**CBSsports.com wire reports**

WASHINGTON -- Rep. Joe Barton had a plane to catch, but he wanted to give college football officials a warning before leaving the highly publicized hearing.

Peering down from the podium, the Republican said in his Texas twang that unless the officials took action toward a playoff system in two months, Congress would likely move on his legislation aimed at forcing their hand.

More than three months have passed, and Barton's bill hasn't moved. Such is the way with college football and Congress.

For years, lawmakers have railed against the Bowl Championship Series, calling it an unfair way to select a national champion. A lot of righteous thundering, however, has not yielded anything on the legislative front.

President Barack Obama joined the fray last year, saying shortly after his election that there should be a playoff system.

"I'm going to throw my weight around a little bit," he said. "I think it's the right thing to do."

But now that he's in office, the recession, two wars and health care reform have taken him away from football, at least so far.

It seems unlikely Congress will take the initiative. To figure out why, just look at a map of the United States.

The current college bowl system features a championship game between the two top teams in the BCS standings, based on two polls and six computer rankings. After the title game, eight other schools fill in the remaining slots for Orange, Sugar, Fiesta and Rose bowls.

Under the BCS, six conferences get automatic bids - the ACC, Big East, Big 12, Big Ten, Pac-10 and SEC, in states from Massachusetts to Florida to California to Washington to Illinois. Those conference receive far more money than the conferences that don't get automatic bids.

"There are just too many senators and congressmen who represent districts where major BCS schools have a very dominant influence," said Gary Roberts, dean of the Indiana University School of Law-Indianapolis and an expert on sports law.

"So you're not going to get any senators from Louisiana or Alabama or Florida or Georgia or Tennessee or Ohio - those are all states with major state universities that are major BCS powerhouses."

There's been no bill introduced in the Senate this year to revamp the BCS, although GOP Sen. Orrin Hatch of Utah said he's looking into it. Mountain West Conference champion Utah was bypassed for last season's national championship despite going undefeated.

Barton, the top Republican on the House Energy and Commerce Committee, is one of several House members who has authored legislation aimed at forcing a playoff. His bill, which has four co-sponsors, would ban the promotion of a postseason NCAA Division I football game as a national championship unless it's the outcome of a playoff.

California Republican Gary Miller has three co-sponsors for his bill that would deny federal funds to schools in the Division I Football Bowl Subdivision unless the championship resulted from a playoff system. And Neil Abercrombie, a Democrat from Hawaii, has a nonbinding resolution calling for a playoff system and for a Justice Department investigation. He's got five co-sponsors.

Roberts says it's not enough.

"Sure, you've got Orrin Hatch from Utah who's unhappy," he said. "There are a handful of congressmen and senators from districts or states that feel like the BCS disadvantages them and their constituents, but they're a small minority of the overall Congress."

If there's a silent majority of lawmakers on the other side, "it's only silent as long as the issue is just a bunch of noise," Roberts said. "If a bill actually got some traction, you can bet that (Texas coach) Mack Brown would call the Texas senators, and [Alabama coach] Nick Saban would call the Alabama senators. There's no traction in Congress for doing anything about the BCS."

Democratic Sen. Chuck Schumer, for example, told the Associated Press that while he supports a playoff system, "the one caveat is I have [a New York school] Syracuse, which benefits from the funding situation because the Big East gets in. You'd have to preserve that."

Barton insisted in a telephone interview that there's a good chance his bill will pass the House this year.

"The key is finding a place on the agenda" in a year crowded with high-profile issues, he said. "We'll keep plugging away."

Hatch, who held a hearing in the Senate Judiciary Committee's subcommittee on antitrust, competition policy and consumer rights last month, has focused more on getting the Justice Department to investigate the BCS for antitrust violations. He told the AP he's working on letters to both the department and Obama making that case.

"Like I've said in the past, I'm not real anxious to get the government involved in regulating college football, but those who have the power to fix the system should do so - and they should do so voluntarily," Hatch said. "The BCS people don't appear too willing to consider any alternatives."

He said the Justice Department should look into the matter and report back to Congress either way -- even if it determines there is no antitrust violation.

"I think this is a big enough issue," Hatch said. "People try to pass this off as some itty-bitty issue. Hey, it involves hundreds of millions of dollars, it involves unfairness, mistreatment."

The Justice Department declined to say whether it would investigate the BCS.

Stephen Ross, director of the Penn State Institute for Sports Law, Policy and Research, and a former lawyer for the Justice Department's antitrust division, said the department will likely look into Hatch's request -- but more as a senatorial courtesy than anything else.

He said the department generally takes the position that its resources be devoted on actions that can't be brought by a private party, and would be unlikely to launch a full-blown investigation into the BCS. Someone other than the department could bring a lawsuit challenging the BCS.

Congress has given the issue a high-profile look this year with a pair of media-generating hearings, but it also held them in the past -- including a couple in 2003 that didn't lead to any legislative remedy.

That year, the House and Senate Judiciary Committees both held hearings -- the latter one requested by Delaware Sen. Joe Biden, now vice president.

"What about the teams that aren't in these conferences and the fans that aren't in these conferences?" he asked at the time. "It looks un-American. It really does. It looks not fair. It looks like a rigged deal."

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Thursday, Aug 13, 2009  
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## Meetings by telephone may replace legislators' town halls

By ALEX BRANCH  
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Some North Texans looking to voice their opinions on healthcare legislation may find themselves speaking into the telephone rather than face to face with their elected officials at town hall meetings.

Amid reports of shouting and angry words at town halls nationwide, some organizations and legislators are scheduling telephone conferences, or "tele-town halls," in which people dial in to share their views.

Texas AARP announced this week that it canceled three town hall meetings in North Texas and replaced them with tele-town halls after shouting audience members disrupted a meeting last week at a Lake Highlands recreation center in Dallas.

AARP has held town hall meetings on subjects ranging from privatizing Social Security to prescription drugs but has never encountered such heated disruptions, spokesman Rafael Ayuso said.

"We'd never seen anything like it," he said. "And we've been doing this for years and are used to handling disruptions. It was hard to listen to anyone trying to speak."

Organizers hope to finalize the dates of the telephone conferences soon, he said. Besides allowing people to talk without being drowned out by other audience members, the telephone conferences let organizers reach several thousand people instead of the several hundred who go to meetings.

"Last night, we had 7,400 callers participate in the tele-town-hall format in Minnesota," Ayuso said.

Some area U.S. legislators have also held or plan to hold tele-town halls. Chet Edwards, a Waco Democrat whose district includes Johnson and Hood counties, will hold one this month.

Rep. Eddie Bernice Johnson, D-Dallas, held one in July. But she will also appear with Rep. Pete Sessions, R-Dallas, at a healthcare dialogue meeting Monday at Southern Methodist University.

The debate over town hall meetings has grown contentious. Republicans accuse Democrats of dodging constituents, and Democrats accuse Republicans of organizing disruptions.

Johnson said in a statement that more than 1,900 people participated in her tele-town hall.

"I hold regular telephone town halls because I believe they are the best way for me to reach the largest number of people in the 30th District," she said.

Some Republicans are also holding tele-town halls. Rep. Kay Granger, R-Fort Worth, has scheduled one for 6:40 tonight in an effort to reach the most people, according to her office. Automated phone calls will go out to her constituents with instructions on how to join.

Republicans who have already scheduled town hall meetings plan to proceed with them, according to their offices. Rep. [Joe Barton](#), R-Arlington, has a series of town halls scheduled this month.

"I can tell you there have been no thoughts of canceling the events," said Sean Brown, press secretary for Barton.

Some legislators are preparing for larger crowds. A town hall meeting on Monday for Sessions has been moved from Irving City Hall to Ranchview High School in Irving to accommodate more people, spokeswoman Emily Davis said.

Henry Waxman

**The New York Times**

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August 13, 2009

## Obama Injects Himself Into Health Talks, Despite Risks

By [DAVID D. KIRKPATRICK](#)

WASHINGTON — In pursuing his proposed overhaul of the health care system, [President Obama](#) has consistently presented himself as aloof from the legislative fray, merely offering broad principles. Prominent among them is the creation of a strong, government-run insurance plan to compete with private insurers and press for lower costs.

Behind the scenes, however, Mr. Obama and his advisers have been quite active, sometimes negotiating deals with a degree of cold-eyed political realism potentially at odds with the president's rhetoric.

Last month, for example, hospital officials were poised to appear at the White House to announce a deal limiting their industry's share of the costs of the overhaul proposal when a wave of jitters swept through the group. Senator [Max Baucus](#), the Finance Committee chairman and a party to the deal, had abruptly pulled out of the event. Was he backing away from his end of the deal?

Not to worry, Jim Messina, deputy White House chief of staff, told the lobbyists, according to White House officials and lobbyists briefed on the call. The White House was standing behind the deal, Mr. Messina said, capping the industry's costs at a maximum of \$155 billion over 10 years in trade for its political support.

Some Democrats and industry lobbyists now argue that, in negotiating deals through Mr. Baucus's panel with powerful health care interests, the White House was tacitly signaling as early as last spring that it might end up accepting something more modest than the government insurer the president has said he prefers.

The Finance Committee, for example, appears to be coalescing around the idea of nonprofit insurance cooperatives instead of a government-run plan. It is a proposal the health care industry prefers, but many liberal Democrats oppose, in both cases because cooperatives are likely to have less leverage over health care prices.

[Rahm Emanuel](#), the White House chief of staff, disputed that the administration had elevated the work of the Senate finance panel above the four other committees that have all approved strong government insurers.

"They are an important committee," Mr. Emanuel said. "They have a bipartisan process. The president would like that to work, just as he is proud that the other committees have done their work. They don't get an exalted status over everybody else."

But he also acknowledged the political realities that have made the Finance Committee's still-unfinished cooperative plan a center of attention. "We have heard from both chambers that the House sees a public plan as essential for the final product, and the Senate believes it cannot pass it as constructed and a co-op is what they can do," he said. "We are cognizant of that fact."

Asked whether the president would accept the weaker co-op, Mr. Emanuel declined to comment. "I am not going to fast-forward the process," he said.

Industry lobbyists and moderate Democrats in both chambers, though, argue that the White House's actions behind the scenes show a recognition that the finance panel's anticipated compromise is the most likely template for any

final legislation.

"The House has largely been a sideshow," said Representative Jim Cooper of Tennessee, a member of the so-called Blue Dog caucus of conservative Democrats. "The Senate Finance Committee is where it really matters. That's the bottleneck."

Members and staff of the four other committees say the White House has largely stayed on the sidelines. "They have been — what is a good way to put it? — available for consultation," Mr. Cooper said.

Mr. Obama and his top aides have immersed themselves in the Senate Finance Committee process. The president talks to Mr. Baucus several times a week, people briefed on their conversations say. Mr. Obama has also held a few calls with the panel's ranking Republican, Senator [Charles E. Grassley](#) of Iowa.

In addition, Mr. Obama invited both senators to a private lunch at the White House early in the summer and met with six panel members for another White House session last week. White House advisers have held long evening and weekend meetings with Finance Committee staff members.

[Nancy-Ann DeParle](#), charged with leading the White House health effort, has a standing biweekly meeting with Mr. Baucus, while [Peter R. Orszag](#), the White House budget director, has spent so much time in the senator's office that he helps himself to the Coke Zeros tucked away in Mr. Baucus's personal refrigerator.

Lobbyists for the drug and hospital industries say that, as early as June, White House officials directed them to work out cost-saving deals with Mr. Baucus's committee. Drug industry lobbyists said they negotiated a deal to contribute \$80 billion over 10 years toward the cost of an overhaul with Mr. Baucus, under White House supervision, before taking it to the president for final approval. House lawmakers have said they were caught by surprise when it was announced.

Hospital industry lobbyists, speaking on the condition of anonymity for fear of alienating the White House, say they negotiated their \$155 billion in concessions with Mr. Baucus and the administration in tandem. House staff members were present, including for at least one White House meeting, but their role was peripheral, the lobbyists said.

Several hospital lobbyists involved in the White House deals said it was understood as a condition of their support that the final legislation would not include a government-run health plan paying [Medicare](#) rates — generally 80 percent of private sector rates — or controlled by the secretary of health and human services.

"We have an agreement with the White House that I'm very confident will be seen all the way through conference," a lobbyist, Chip Kahn, director of the Federation of American Hospitals, told a Capitol Hill newsletter.

Mr. Emanuel and liberal Democrats argued that the White House had worked more closely with the Senate Finance Committee because it was stepping in to break up legislative logjams. In the same way, they said, Mr. Obama and Mr. Emanuel had personally interceded to resolve a last-minute revolt by conservative House Democrats that threatened to derail a bill in the energy and commerce panel in July.

Representative [Henry A. Waxman](#), the California Democrat who is chairman of the [Energy and Commerce Committee](#), said Mr. Obama had assured House members that he did not intend to let the Senate Finance Committee determine the final bill.

"This is going to be a genuine conference with give and take," Mr. Waxman said. He added: "The president has said he wants a public option to keep everybody honest. He hasn't said he wants a co-op as a public option."

Still, industry lobbyists say they are not worried. "We trust the White House," Mr. Kahn said. "We are confident that the Senate Finance Committee will produce a bill we fully can endorse."

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**THE WALL STREET JOURNAL**  
WSJ.com

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## Health-Care Proposals Redefine Who Is Poor



**Peter A. Brown**, assistant director of the Quinnipiac University Polling Institute, is a former White House correspondent with two decades of experience covering Washington government and politics. [Click here](#) for Mr. Brown's full bio.

Critics of President Barack Obama's efforts to overhaul the nation's health care system have focused on the big numbers – covering 45 million to 50 million more people at a cost of trillions of dollars. But a look at the small picture might raise even more questions for fiscal conservatives.

Most versions of the proposed overhaul floating around Capitol Hill, including the one endorsed by Mr. Obama, define “low-income” people who would be eligible for government subsidies to buy health insurance as including those with incomes almost twice the median household income.

Under the proposal, slightly more than one in five of the nation's households — through the redistribution of income in taxes they pay — could be subsidizing the health insurance of the other four in five families, even though many of those who would receive government largess have incomes well above the national average.

The government, under Mr. Obama's overhaul, would help buy health insurance for families of four that earn up to \$88,000 a year.

To put this in perspective, the median household income in the U.S. — the point at which half the households make more and half earn less — is roughly \$50,000.

### Helping a Large Group

Historically, government subsidies have been used to help a relatively small group of people at the bottom of the income scale.

But 80% of the population is hardly a small group.

Now, of course, the \$50,000 median income figure is a national average.

The median in New Jersey is roughly \$65,000, and in Mississippi it is less than \$37,000. It is a safe bet that the disparity is even greater between urban areas like New York City and San Francisco and smaller communities such as North Platte, Neb., and Slidell, La.

In an effort to make sure no one feels left out by the government, the folks inside the Beltway would make families eligible for a government subsidy if their income is up to four times the poverty level for their household.

For a family of four, that would mean help for those with incomes below \$88,000. For individuals it would mean those who earn less than \$43,000.

There is one plan before a Senate committee that would limit eligibility for subsidies to those making just three times the poverty level, or about \$66,000 for a family of four. But that, too, would make well over half the population eligible for subsidies.

### Helping High-Cost, Urban Areas

Supporters of the four-times-poverty-level threshold argue that the seemingly high income cutoffs are necessary so that those

who live in high-cost areas won't be hurt.

It's worth noting that the movers and shakers who are making these decisions for the most part come from high-cost urban area. Not surprisingly, that is their frame of reference.

President Obama is from Chicago, House Speaker Nancy Pelosi represents San Francisco and the chairman of the key House committee handling the bill, Rep. [Henry Waxman](#), is from Los Angeles. One Senate version comes from a panel headed by Sen. Ted Kennedy, who comes from Boston, although Max Baucus, the chairman of the key Senate Finance Committee, the one with the \$66,000 threshold, is from low-cost Montana.

Of course, some cynics will say that this is just politics as usual: politicians trying to buy off the middle-class to support the overhaul. And, they might well be able to do it. A Quinnipiac University national poll released earlier this month found six in 10 voters thought subsidizing families of four earning \$88,000 and individuals making \$43,000 was just fine.

Once they subsidized by the government, cynics argue, human nature would lead most people to fight any effort to take that money away.

### **Redefining Who Is Rich, Too**

In other words, health care could become another middle-class entitlement like Social Security, which has politically proven almost impossible to cut even as the trust fund that pays out the money to seniors faces long-term solvency issues.

The redefinition of being poor enough to qualify for government help isn't the only way the folks in D.C. are changing the nomenclature. Mr. Obama has decided that only those who make \$250,000 – the top 2% — are “rich” and should have their taxes raised.

Under that view, the middle class goes up to \$249,999.

But the [family in Dayton, Ohio, or Davenport, Iowa, that makes \\$249,000 is considered very wealthy by their neighbors. The Census Bureau](#) says the middle 60% of the population — traditionally and statistically the middle class — tops out at about \$92,000.

These are numbers worth keeping in mind as the debate over how and if to change the health care system comes to a boil. The big picture is obviously what is on peoples' minds. But, the phantom may be in the figures.

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August 13, 2009

## When Liberal Leaders Confront a Centrist Nation

By [Michael Barone](#)

There are more conservatives than Republicans and more Democrats than liberals. That's one of the asymmetries between the parties that helps to explain the particular political spot we're in. The numbers are fairly clear. In the 2008 exit poll, 34 percent of voters described themselves as conservatives and 32 percent as Republicans; 39 percent described themselves as Democrats but only 22 percent as liberals.

It's been this way for a long time. The premise of John Kenneth Galbraith's "The Liberal Hour," published in 1960, was that conservative politicians wanted to identify themselves as liberals, as supporting Franklin Roosevelt's New Deal, when it came time for elections.

But as in his description of the economy in "The New Industrial State," Galbraith was telling us how things had been, not how they would soon be. By the late 1960s, with riots blazing in big cities and rebellions roaring on university campuses, the balance shifted away from liberals and toward conservatives.

The result is that the two parties have offsetting political advantages. Democrats tend to win on party identification. Republicans tend to win on ideology. Democrats don't have to appeal to as many independents as Republicans do. Republicans don't have to appeal to as many moderates as Democrats do.

But the Democrats have a problem here. The party's leadership currently tilts heavily to the liberal side. Barack Obama is from the university community of Hyde Park in Chicago. Speaker Nancy Pelosi is from San Francisco, and important House committee chairmen are from similar "gentry urban" locales -- [Henry Waxman](#) from the West Side of Los Angeles, Charles Rangel from a district that includes not only Harlem but much of the Upper West Side of Manhattan, Barney Frank from Newton, Mass., next door to Boston.

Of the 21 top leadership members and chairmen, five come from districts carried by John McCain, but the average vote in the other 16 districts was 71 percent to 27 percent for Obama.

All these Democratic leaders understand that their home turf tilts far left of the rest of the nation. But

a politician's political base is ultimately his or her reality principle. Moreover, most of these leaders -- though Obama obfuscated this in his campaign -- have strong, long-held convictions that are well on the left of the American political spectrum.

These are the people -- the House leaders more than Obama, surprisingly -- who have shaped the Democrats' stimulus package, cap-and-trade legislation and health-care bills. The rules of the House allow a skillful leader like Pelosi to jam legislation through on the floor, although she's had more trouble than expected on health care. But their policies have been meeting resistance from the three-quarters of Americans who don't describe themselves as liberals.

Republican leaders tend to come from mostly suburban districts closer to the national political average. Of the 19 lawmakers who are in the GOP's House leadership or who are ranking committee members, four come from districts carried by Obama. The average vote in the other 15 districts was a less-than-landslide 57 percent to 41 percent for McCain. Only three of those districts voted more than 60 percent for McCain.

In these circumstances, the Republicans have been winning the battle for public opinion and, more importantly, for public enthusiasm -- in sharp contrast to 2008. Democrats complain that Republicans have no alternatives on health care or other issues. Actually some of them do, but no one is paying any more attention to them than people did to Democratic proposals four years ago, when Republicans held the White House and congressional majorities.

The exit poll showed that though the Republican label had lost support since 2004, conservatives did not lose their edge over liberals. The health-care debate has shown that the economic distress caused by the financial crisis and recession has not, at least so far, moved significant numbers of Americans to change their views on the proper balance between markets and government.

"I don't want the folks who created the mess to do a lot of talking," Barack Obama said on a campaign stop in Virginia on Aug. 6. "I want them just to get out of the way so we can clean up the mess."

When a politician tries to stop debate, it's a sign he's losing the argument. Obama seems to have let the House Democrats overplay their hand. He ignored the fact that in our system neither party ever has all the advantages.

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## Patient safety must be a priority in biologics drug debate

Posted by [kheyboer](#) August 12, 2009 11:24AM



Jennifer Hulshizer/FOR THE STAR-LEDGER Participants in the Great Strides cystic fibrosis fundraiser walk around the lake in Verona Lake Park.

Congress has proposed new legislation that will create an approval pathway for "biosimilars"-- highly complex drugs which are derived from living organisms rather than chemical compounds.

This is an issue especially important to the 30,000 patients afflicted with Cystic Fibrosis, the most common genetic disease within the Caucasian population in the United States.

At the crux of the argument is how opening a regulatory pathway for biosimilars can be accomplished while maintaining patient safety, and without destroying the incentives necessary to attract investment into the next generation of breakthroughs.

We feel strongly that patient safety must be THE top priority when creating legislation that impacts millions of patients.

Some people may be under the false impression that biosimilars are identical to the original biologic product - much like generic drugs. Not so. Biologics are complex. It is important for policymakers, as well as patients, to understand that although biosimilars attempt to replicate an original biologic drug, exact replication is impossible. Without proper testing of biosimilars, we will be putting at risk the very patients we are trying to help. Without proper incentives for the companies who research and develop these biosimilar products, there will be no new cures.

Take, for example, the biologic Pulmozyme. Pulmozyme was the first new therapeutic drug for the management of Cystic Fibrosis in over 30 years. This biotech medication involves the use of Chinese hamster ovary cells and may help delay CF progression by improving lung function and reducing the risk for respiratory tract infections.

This treatment, considered state of the art in 1994, has increased life expectancy of patients with CF from 28 years to 37.4 years in this short time. Without incentives for companies like those who make Pulmozyme, this medication would not be available.

Rep. [Henry Waxman](#) (D-CA) and Sen. **Charles Schumer** (D-NY) have introduced legislation that focuses on lowering costs of biologic drugs, which is important. However, their legislation will have unintended consequences to patient safety and the development of future treatments and cures for the world's most dreaded diseases.

As one can imagine, creating these drugs is enormously expensive. It costs between \$250 to \$450 million to construct a biologic manufacturing facility, and another \$1.2 billion to bring a biologic drug to market. That is why some of these drugs cost tens of thousands a year.

Because of the nature of biologics and the intricately detailed processes of manufacturing a biologic, products resulting from different processes will not be identical. There is currently no consensus within the scientific community on how to determine as to whether or should such "similar" products be used interchangeably.

If biosimilar substitution of an original biologic medicine is allowed, physicians and their patients would not know whether their patients were receiving the specific prescribed biologic treatment or a "similar" product that could have different and potentially negative effects on the patient.

Substituting a follow-on biologic without physician approval would create concerns about the potential for immunogenicity and serious adverse events among patients, as well as the potential for over-treatment or under-treatment.

Any legislation creating a regulatory approval pathway for follow-on biologics should ensure patient safety and should maintain incentives for future innovation.

Since 2008, more than 300 biologics have been approved by the FDA and more than 600 biologic medicines have been in development to combat more than 100 diseases - including more than 250 for cancer. Many New Jersey firms are researching and developing these biologic products, which have shown unprecedented promise in combating diseases like Alzheimer's, multiple sclerosis, and rheumatoid arthritis.

Creating an abbreviated pathway for these medications is not the answer to our health problems.

We hope that Congress ultimately decides the right course of action by adopting legislation that puts patient safety concerns on equal footing with everyone's desire to see new medicines introduced.

*Lisa Yourman is a member of [Action CF](#), a Cystic Fibrosis advocacy group. She lives in Fair Lawn.*

Categories: [Policy Watch](#)

## Comments

August 12, 2009

## Left Wants to Keep Spotlight on Coal Group's Forged Letters

By ALEX KAPLUN of [Greenwire](#)

The link between the coal industry's most influential Washington advocacy group and forged letters sent to members of Congress may be more than a temporary embarrassment for the industry if environmentalists and their allies have anything to do with it.

Left-leaning groups are hoping the scandal will fuel a fall push for getting climate-change legislation passed in the Senate.

The letter, they say, bolsters one of their favorite talking points on energy: that opposition to climate legislation comes primarily from a few corporate interests that have little support from the general public.

"I think it's going to have a pretty big impact," said Josh Donner of the Sierra Club. "I think it shows that opponents of this clean energy legislation will do or say literally anything, even if it means fraud, to try to kill this plan."

At issue are a dozen forged letters sent to three Democratic lawmakers urging them to vote against the comprehensive House energy and climate bill. The letters were tailored to appear as if they came from advocacy organizations in the lawmakers' districts, but they were traced to a lobbying firm, Bonner & Associates.

That firm was working on behalf of the American Coalition for Clean Coal Electricity (ACCCE), which represents major utilities and coal interests.

ACCCE has said the letters were sent by a lone Bonner employee who has since been fired and that the group knew nothing about the letters until after they had been sent. And while ACCCE officials say they are taking steps to address the issue, they do not see it affecting the overall climate debate.

"The reality is this a very political debate, and every time there's an issue like this, people will want to lose it to score political points," ACCCE spokesman Joe Lucas said.

The Sierra Club has perhaps been the leading group in trying to keep the letters issue alive, running ads in Washington publications and asking the Justice Department to investigate. But the Sierra Club is not alone in the effort. A number of popular left-wing blogs have repeatedly posted on the issue, and it has been discussed several times on MSNBC's *Rachel Maddow Show*.

Also, Rep. [Ed Markey](#) of Massachusetts, chairman of the Select Committee on Energy Independence and Global Warming and a co-author of the climate bill with fellow Democrat [Henry Waxman](#) of California, appears intent on pursuing an investigation into the forged letters.

Markey has sent letters to both ACCCE and Bonner & Associates asking a series of questions about not only the forged letters but about the full extent of the groups' "grass roots" lobbying operations. The lawmaker has asked for a response from the two organizations by this week.

Environmentalists say they expect more revelations of what they see as "dirty" industry tactics, whether related to ACCCE or other critics of the climate bill. "It's difficult to imagine that across the whole range of these groups that are involved in these kinds of tactics that there wouldn't more things like this to come," Donner said.

Already, some on the left have used the forged letters to dredge up past accusations against Bonner and other groups involved in energy lobbying of questionable tactics used in previous outreach campaigns.

But Lucas said such efforts are unlikely to resonate beyond a sliver of activists already lined up against the group, arguing that left-leaning groups are trying to distract the public from the actual climate debate.

"If one want to, one could choose any grass roots-advocacy program out there, and if you don't agree with them on an issue, you could find fault with something that they do," Lucas said. "The people who care most about this, it is the environmental special interest groups who are wanting to make an issue of this at this point in time ... because they want to avoid the discussion of what we're talking about in this debate."

'Grass roots' campaigns proliferate

One thing is certain: The scandal has not tamped down grass roots-lobbying operations.

Groups on both sides of the energy debate are using the August recess to try to build public support for their view. Just days after ACCCE revealed its link to the letters, the group launched a new project, "America's Power Army," which the group says will use more than 200,000 volunteers to visit town hall meetings and various other events with members of Congress.

"Are we going to continue to do this? Yes we are," Lucas said. "We are going to continue in grass-roots advocacy because this is an important issue and timing is off the essence."

A leading advocacy group for the oil industry will launch its own grass-roots campaign this week, and environmentalists likewise intend to use August to reach out to voters and lawmakers (*see related story*).

The letters controversy, however, has taken place in an environment where grass-roots tactics as a whole have become a subject of major controversy, though it has little to do with the issue of climate change.

The rallies and town halls that in the past have received little media or public attention are now in the spotlight as several have been characterized by loud confrontations between attendants and members of Congress.

A handful of conservative-advocacy groups have urged their supporters to attend town halls and have provided talking points on speaking to lawmakers. That has created a push back from Democrats who argue that the furor at many town halls is part of an orchestrated campaign decided specifically to defeat the White House's agenda on health care, climate and other issues.

Donner of the Sierra Club said controversies around the town halls have helped make a case that similar tactics were used in the climate debate.

"We've seen all the activity around these town halls," Donner said. "That same level of vitriol and activity happened over e-mail and the phone after the energy bill vote."

If nothing else, some environmentalists say, the controversy certainly creates the perception that critics of the legislation have little merit behind their arguments.

"No one thing ultimately decides this issue, but this can only hurt opponents of action in the Senate because it makes it appear that they're desperate," said Frank O'Donnell of Clean Air Watch. "You have to wonder, if their argument is so sound, why such deception?"

That line of thinking goes to the heart of what environmentalist see as another potential fallout from the forged letters -- a public questioning of the foundation of industry arguments.

Dueling economic reports

The climate debate has featured dueling reports on the predicted economic and environmental impacts of cap-and-trade legislation. Politicians and advocacy groups pounce on reports that line up with their positions and try to shoot down those that run contrary.

But O'Donnell of Clean Air Watch said, in light of the controversy, the public and some on-the-fence lawmakers are likely to take a more skeptical view of any such analysis from industry groups and their supporters. And he said he expects the issue to be raised in the congressional debate as lawmakers spar over the anticipated consequences of the legislation.

"I would not be surprised if when it comes to debate that this is going to be brought forward because a lot of this is going to be about credibility -- whose numbers do you believe and whose projections do you believe," he said. "I certainly think it could taint some of the other corporate arguments on this issue."

Critics of cap-and-trade legislation, however, dismiss such arguments, claiming that environmentalists themselves use misleading and inaccurate data to make their case with seemingly little fear of political repercussions.

"I don't think the greens have a materially better case than before now that the other guy has been caught dipping his toe in a pool of misleading claims or tactics, which they're up to their neck in," said Chris Horner of the Competitive Enterprise Institute.

And Horner dismissed the idea that the controversy will affect votes on Capitol Hill. He said, "I see very few members open to substantive persuasion, with the fence-sitters making wholly political calculations: How does this impact my numbers at home and whatever future plans I might be considering?"

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Thursday, August 13, 2009 |

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# Boucher: Coal profits supersede environmental concerns

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By [DEBRA MCCOWN](#)

Reporter / Bristol Herald Courier

Published: August 13, 2009

BRISTOL, Va. – In a speech to the Eastern Coal Council Wednesday, U.S. Rep. [Rick Boucher](#) vowed to fight for industry on two controversial

environmental measures.

Boucher, D-9th, said he will work to reinstate issuance of Nationwide 21 permits, which allowed a more streamlined permitting process for

surface mining, and will continue to work toward a greenhouse gas bill more favorable to the coal industry and coal-fired utilities.

He said it would be “a horror to our Appalachian regional economy” if the Nationwide 21 permits – which allow for the dumping of mine waste

into streams – are not restored.

“This campaign against surface mining is new, it is led by the more extreme environmental organizations, they clearly have targeted the

Appalachian states, and unfortunately, the administration has responded to that to some extent, I think, inappropriately and ... wrongly, and

we’re going to do something about it,” Boucher said during the quarterly meeting of the coal council

at the Holiday Inn at Exit 7.

“I am determined to pursue this and make sure that our surface-mining operations can continue in a way that is profitable for the companies

and beneficial for our regional economy.”

Boucher also detailed why he has actively supported the cap-and-trade bill being crafted in Congress to regulate greenhouse gas emissions.

He said a 2007 U.S. Supreme Court ruling effectively ended the climate change debate and Congress does not have the political will to

override the ruling – meaning regulation in some form is inevitable. His role, therefore, has been to engage in the process in hopes of

creating a more industry-friendly bill, he said.

“The easy political vote for me would have been to simply vote no,” Boucher said. “I would be a hero at home if I had just simply voted no,

and I was aware of that, but that would’ve been probably the most irresponsible thing I could’ve done; that would not serve your interests

well. This bill was going to pass whether I was part of the process or not.”

Boucher said he has used his seniority and experience in Congress to “effectively rewrite the bill” to provide free allowances of emission

credits to electric utilities, allow utilities to offset emissions rather than reduce them, reduce emission reduction targets and add

funding for carbon capture and storage technologies.

He said the House version of the bill is only a starting point in a process that could go into next year and even past next year’s

congressional election, and he plans to stay part of it.

“At the end of this process we’re going to develop a bill with which the coal industry is comfortable,” Boucher said. “We’re going to do it

to your satisfaction.”

Ultimately, the congressman said, the bill “will open the door to coal’s golden age” with the electrification of transportation – a move he

said will shift America away from dependence on foreign oil in favor of domestically produced coal. Representatives of utilities Dominion and American Electric Power, both of which burn coal to generate electricity, also spoke at the

meeting, explaining their reasons for supporting the cap-and-trade bill.

Bob Blue, of Dominion, said Boucher has done “a masterful job” of improving the bill.

“Make no mistake, if Congressman Boucher had not been in that position, a bill much less friendly to coal and to the American consumer would

have passed in the house in June,” Blue said.

He added that the power company supports cap-and-trade regulation because it would mean much-needed certainty in U.S. energy policy and

avoidance of “potentially Draconian” regulation by the Environmental Protection Agency.

He said the free allowances, carbon offsets and money for carbon capture and storage were critical, but he’s hopeful the final bill will

include a more gradual phase-out of allowances and lower emission reduction targets.

Tony Kavanaugh, of AEP, talked about another environmental debate that Boucher was in the thick of years ago – a debate on acid rain that

culminated in the creation of the 1990 Clean Air Act.

At that time, too, Boucher championed cap-and-trade as a market-based mechanism to address an environmental issue – and, then, as now, sat

across the fence from [Henry Waxman](#) of California, who sought stricter controls.

Major environmental legislation is again on the horizon, Kavanaugh said, but Waxman needs Boucher’s bloc of votes to get it through

Congress.

“There is a reason why he was able to turn around a number of skeptical CEOs of utility companies,” Kavanaugh said. “The chairman of

Dominion, the chairman of AEP have know him for a long, long time, have dealt with him a long, long time. ... Convincing the utility industry

to get behind it, he proved that he could deliver and did deliver for us.”

Responding to questions, Boucher also addressed another hot topic in Congress: health care. He criticized a health care reform policy

championed by the White House that he said has so far been rushed and ill-considered.

“We need to take our time and get it right,” he said, pointing to a five-week process that brought a health care bill to the House floor

despite 100 pending amendments. “If the president really cared about health care, that should’ve come first, not greenhouse gases.”

He said the wrong public health plan could jeopardize the financial viability of hospitals, which depend on private insurance companies for

their bread and butter as they take a loss treating Medicaid patients.

A good health care bill might, for example, create a cooperative owned by policyholders to compete with private insurance companies rather

than institute a government-run insurance policy, he said, adding that any good health care bill must be bipartisan.

“The American public doesn’t understand what we’re doing; people are worried about it,” Boucher

said of pending health care legislation.

“We should not have moved the bill out of the committee until our principles were clear, they were understood by the public and we were in a

position to get reasoned responses from the public,” he said. “I voted no for that reason; we just need to take more time.”

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## Reader Reactions

Posted by ( Radio Bill ) on August 13, 2009 at 5:31 am

Mr Boucher has his campaign hat on! A no vote along with the other no votes from coal states would have sent a strong message that even with the bill passing the senate would have had to take a strong look at those coal states votes before passing their version. And using the EPA as an excuse is just an excuse. Whereas boucher and Congress should work towards working to reign in the EPA vs. being afraid of what they will do as that department has a history of the misuse of their power, ask the farmers in California with 500,000 acres of fertile farmland turning to drought over water that has been shut off to their irrigation fields because of a minnow fish! Fix problems first before they cause more problems and then your voice would more credible.

And be it may that he voted no on the health bill it sure was convenient to have the president follow up with a visit to the area.

We look forward to his town meeting of the 20th of this month to answer more pointed questions.

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# Committee

# The Washington Post

## A Price to Pay for the Town Hall Rage

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By David S. Broder  
Thursday, August 13, 2009

Watching the muscular tactics being used in congressional town meetings by some opponents of health-care reform, I keep thinking somebody should remind the Republican leaders who are reveling in the scenes about Bruce Alger.

Alger was the first Republican congressman elected from Texas in the modern era, winning a Dallas district in 1954. In 1960, just a few days before the presidential election, he was part of a crowd of several hundred people who surrounded Lyndon B. Johnson, the Democratic vice presidential nominee, and his wife, Lady Bird, when they arrived for a luncheon at the Adolphus Hotel in Dallas.

Many of the demonstrators carried signs labeling the Texas senator a "Judas." Alger's placard read: "LBJ Sold Out to Yankee Socialists."

As I later wrote, the Johnsons "were engulfed by the crowd, and for more than half an hour, were reviled and jostled as they slowly made their way across the lobby. Johnson refused offers of police assistance, telling an aide that 'if the time has come that I can't walk with my lady across the lobby of the Adolphus Hotel, then I want to know it.' "

The backlash was instant and powerful. As conservative columnists Rowland Evans and Robert Novak later wrote in their book about Johnson, the scene in the Adolphus "outraged thousands of Texans and Southerners. Sen. Richard Russell of Georgia, who had not campaigned for his party's national ticket since 1944, telephoned Johnson that evening to offer his services." The Johnson biographers concluded that while no one could prove the case, it is "a credible hypothesis" that the Adolphus incident swung Texas and perhaps other closely contested Southern states to the Democrats.

In 1964, when Johnson headed the Democratic ticket, he got even: His coattails swept Alger out of office.

I was reminded of this saga by what happened to Rep. [John Dingell](#) of Michigan, the venerable Democrat who was shouted down last week by protesters at a health-care town meeting in Romulus, Mich. Dingell, 83, has represented the area for 53 years, surviving all the political tides and a Republican effort to redistrict him out of office.

Nonetheless, he was called a "fraud" by a woman who said the plan he supported in committee would empty her wallet, and he was booed and denounced by hundreds of others who filled the meeting hall.

Dingell said he hadn't faced as angry a crowd since he voted for the Civil Rights Act of 1964, but said, "I'm a tough old bastard" and won't waver.

Scenes like the one in Romulus have filled cable TV news as Democrats across the country have been meeting their constituents during this August congressional recess. The cameras were watching as Sens. Arlen Specter and Claire McCaskill were harangued on Tuesday.

What doesn't make the news is what the reaction is among the larger population of voters whose views will ultimately influence the fate of health-care legislation.

I haven't seen any polls taken since the demonstrations began, but an editorial in Tuesday's Detroit Free Press said "the disrespect Dingell was shown in a state where he has made such a profound contribution was unforgivable."

There have been many such editorials. And at least some Republicans are beginning to notice. Sarah Palin, who earlier had called the plans Obama is supporting "downright evil," said in a Facebook post that "we must stick to a discussion of the issues and not get sidetracked by tactics that can be accused of leading to intimidation or harassment."

But not all the GOP leaders have gotten the message. Democratic Rep. Debbie Wasserman Schultz, who represents a heavily Jewish district in Florida, phoned me to complain that top House Republicans have not publicly repudiated Rush Limbaugh for his statements likening Obama's health policies to those of the Nazis.

Much improvement is needed in the health-care bills, but I think these angry opponents are playing with fire.

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## LEADING THE NEWS

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### Former exec: Insurers fomenting town hall chaos

By Mike Soraghan

Posted: 08/12/09 05:12 PM [ET]

A former health insurance executive says the disruptions taking place at lawmakers' town halls around the country are the result of stealth efforts by health insurance companies.

Wendell Potter, a former CIGNA vice president, detailed what he said were past covert efforts by the industry. Though he said he does not have specifics for what is occurring now, because he's been out of the business for a year, it follows the same pattern.

"The industry is up to the same dirty tricks this year," Potter said at a Capitol news conference after meeting with House Rules Committee Chairwoman Louise Slaughter (D-N.Y.), an avid supporter of the Democrats' plans for a healthcare overhaul.

"When you hear someone complaining about traveling down a 'slippery slope to socialism,' some insurance flack, like I used to be, wrote that," Potter added.

Potter said during his 20 years in the insurance business, the industry would funnel money to large public firms who would create front groups and find friendly voices in conservative media.

In particular, he cited front groups created to fight "Patients' Bill of Rights" legislation in the 1990s, as well as a campaign to discredit the Michael Moore film "Sicko," which harshly criticized the industry.

Slaughter joined in the attack, saying "the notion that this is going to be something devilish comes from the people who would lose money on it."

A health insurance trade group, America's Health Insurance Plans (AHIP), sent a letter to congressional leaders earlier this week stating support for "bipartisan health reform" and denying any role in fomenting disruptions at meetings.

"There is no truth to the allegation that AHIP's employee grassroots program is responsible for disruptive and inappropriate tactics at health care town hall meetings," wrote the group's president, Karen Ignagni. "We are urging our member plans to participate in town hall meetings to provide members of Congress with real-world examples of how they are helping to expand access, reduce costs and improve quality."

The town hall meetings of Democratic lawmakers during their August recess have been marked by shouting and heckling from vocal opponents of President Barack Obama's healthcare plan and from opponents of the protesters. There have been several instances of fisticuffs and some reports of guns being brought to events, usually legally.

House Speaker Nancy Pelosi (D-Calif.) has dubbed insurance companies "villains" and encouraged her members to focus on the companies' business practices, such as denying coverage for "pre-existing conditions."

The insurance industry has not launched open attacks on the overhaul plan, as it did against President Bill Clinton's plan in the 1990s. But it has lobbied to change specific provisions.

Also at the news conference, Slaughter said she did not expect to allow a floor vote on an amendment offered by anti-abortion Reps. [Bart Stupak](#) (D-Mich.) and [Joe Pitts](#) (R-Pa.). The amendment would prevent the legislation from imposing requirements for coverage of abortion, except when a woman's life is in danger or her pregnancy resulted from rape or incest. It failed on a second vote in the Energy and Commerce Committee after passing the first time.

Slaughter's committee decides what amendments will be given a vote on the floor. She said that there was no need for such legislation, since the [Energy and Commerce Committee](#) passed a "conscience clause" that allows healthcare providers to decline to provide services on moral grounds.

"We do not want to take that on in the healthcare bill,"

Slaughter said.

That could present problems for the bill. In the past, Stupak has threatened that anti-abortion Democrats might join with Republicans on procedural votes to block the bill if their amendments aren't considered.

A spokeswoman for Stupak said the congressman will continue to seek a floor vote for his amendment, though she wouldn't say if he would seek to block a vote.

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## Deal, Gingrey answer questions from concerned citizens at forum

Before she was chosen as one of the few people who asked a question at Wednesday's discussion of the federal health care reform bill, Peggy Hoynes of Dählonega scrawled two statements on the notepad the Greater Hall Chamber of Commerce provided to her.

When she was called upon by chamber President Kit Dunlap, Hoynes had to choose one.

Aloud, Hoynes expressed concern to the two Republican congressmen before her that elderly adults would not be treated equally under the proposed legislation. However, her other written statement, left unspoken with the verb underlined, may have more aptly described her fear.

"It is a violation of the U.S. Constitution to murder U.S. citizens," she wrote.

Hoynes was one of approximately 500 mostly silver-haired adults who gathered in the Gainesville Civic Center's ballroom Wednesday morning to hear what two of the state's Republican congressmen, [Nathan Deal](#) and [Phil Gingrey](#), had to say about President Barack Obama's proposed health care overhaul.

Crowd members came to the event prepared to ask questions, and some took their seats half an hour before the 8 a.m. event to write out questions for the congressmen on notepads the chamber provided. The few that were chosen to ask their questions aloud focused on how the bill would affect Medicare, small businesses and health services and why citizens could not vote on the bill in a referendum.

Deal told the crowd that although the bill passed through the U.S. House of Representatives' Health Subcommittee, it is not yet ready for a full House vote.

"The product is not finished yet," Deal said.

Deal, the ranking Republican of the Subcommittee on Health within the House Committee on Energy and Commerce, voted against the bill when it came before the subcommittee on July 31. On Wednesday, Deal said he expects the subcommittee will consider additional amendments instead of sending it straight to the House floor for a vote when legislators reconvene in September. "It is passed out of the three committees of jurisdiction, and as a result of that, theoretically, could be sent to the floor of the House in September," Deal said. "I don't think it will be that direct. I think it will go back to our committee for further deliberations."

While many in the crowd fervently took notes, Deal and Gingrey individually gave presentations on how they perceive the proposed health care overhaul will affect the country. The event, sponsored by the Greater Hall Chamber of Commerce, came on the heels of several reportedly disruptive town hall meetings held by Democratic congressmen across the country.

Democrats' meetings have been meant to shore up support for the planned health care overhaul, but Deal and Gingrey spent their time in Gainesville on Wednesday listing reasons why they are wary of the bill.

"The devil clearly is in the details," Gingrey said.

With the proposed legislation sitting on the podium in front of him, Deal said the bill would eventually bankrupt private insurance companies, and puts the country in the "posture of having a \$17 trillion deficit." Gingrey said the bill would result in 4.7 million lost jobs and stagnate job growth.

"It's just too darn costly," Gingrey said.

Aside from a few rounds of applause and a couple of cheers from the crowd, Wednesday morning's event was fairly innocuous.

Gainesville officials were prepared, however, if the outcome had been otherwise. In the wake of a number of reported town hall meetings across the nation in which disruptive crowds have shouted down speakers, six Gainesville police officers were present, some of them wearing protective gear outside their uniforms, along the walls in the Gainesville Civic Center ballroom.

Although there were no significant disruptions, Gingrey said he understood why people have acted angrily at other discussions on the bill.

"You're watching these town hall meetings, and people are very concerned, they're asking some tough questions," Gingrey said. "In some cases, unfortunately, they're being unfairly characterized as a right-wing extremist or mob mentality... they just need to get tough and realize that people are ... not public orators ... and when you get upset and you feel like you're not getting your questions answered, and some politician is being evasive, you do get mad and you do feel like screaming and yelling. And that's what happened, and you know what? That's the American way. Thank God we have that kind of a system in our country."

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REVIEW & OUTLOOK | AUGUST 13, 2009

## Billy and the Beanstalk

*Big Pharma's lobbyist has sold his CEOs on a political fantasy.*

As a political strategist, Big Pharma lobbyist Billy Tauzin is starting to look less like Dr. Faustus and more like Jack, trading away his industry for magic beans.

Last week Mr. Tauzin ostentatiously blabbed to the media that his industry's deal to help fund ObamaCare with \$80 billion in prescription-drug discounts was really protection money. In particular, he bragged that he had secured promises from the White House that President Obama would fend off Congressional Democrats who want to "negotiate" drug prices, which in practice means price controls.

For days, the White House continued to confirm Mr. Tauzin's understanding: "We feel like \$80 billion is an appropriate amount," Obama spokesman Robert Gibbs said as late as Friday afternoon. Then that evening, to placate House liberals, the Administration went into full-steam reverse: It claimed that price controls really aren't part of its pharma deal, after all.

You'd think that might cause some concern in the K Street corridor that Mr. Tauzin inhabits. Nope. In spite of the double-cross, the drug makers say they are still planning to spend some \$150 million through autumn on a TV-ad drive supporting ObamaCare. That's more than John McCain spent on advertising in his entire campaign. And this new cash comes on top of the bundle Big Pharma has already spent with liberal pressure groups such as Families USA—on ads produced by White House consigliere David Axelrod's former media firm AKPD.

It's one thing to accept the Capitol Hill advice that if you're not at the table, you're on the menu. But these politicians don't even have the decency to stay bought. Democrats obviously aren't going to submit to White House discipline—nor is it apparent that the White House is willing to exercise it in the first place. The Administration backtracked after liberals went berserk, and the same Congressional crew will have a far easier time steamrolling industry once government is paying for most of U.S. health care. Already 2009 is shaping up as a mere health prelude, not a conclusion.

The drug maker CEOs seem to believe that ObamaCare will pad their profits, at least in the short run. According to a new analysis in the journal *Nature*, the internal rate of return on drug industry research and development is now about 7.5%—and has fallen below assumed rates of capitalization between 8.5% and 11%. In other words, the industry estimates that it costs more to develop a drug than the actual returns from bringing one to market.

Generous subsidies for middle-class health spending would result in more drug business by volume, not to mention some new customers from mandated coverage. At the same time, nearly half of pharma's \$80 billion White House deal comes from a half-price discount offered to seniors who purchase drugs in Medicare's "doughnut hole"—that is, they pay out of pocket when total drug costs are between \$2,700 and \$4,350. After that, taxpayers are on the hook for 95%. But under the pharma deal, the full price—not the 50% reduction—will count toward the upper spending limit. So more beneficiaries will spend beyond that limit, and pharma will get paid more by Medicare.

But if this is the best that pharma can boast of getting from Washington, then it must figure its future is pretty bleak.

Not only can Congress change the terms of this deal at any moment, but when spending on ObamaCare runs off the rails, where does Pfizer CEO Jeff Kindler think Congress will go for the money?

Under more stringent price controls the pharmaceutical industry will come to resemble Europe's, where the companies that have not fled to the U.S. or merged have stagnated or collapsed. Which is another way of saying that these allegedly hard-headed businessmen also believe in magic beanstalks.

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AUGUST 13, 2009

## Medicare For All Isn't The Answer

By [ALAN B. MILLER](#)

With Congress now in recess, the debate over health-care reform has moved to each member's home district. The American people have rightly been asking elected officials many probing questions. While few Americans deny we need health-insurance reform (too many people lack adequate coverage), most believe we receive the best quality health care in the world and do not want to see it compromised.

Several advocacy groups and members of Congress want a single-payer insurance system, modeled after Medicare, to cover all Americans. They say Medicare works to provide health care to seniors, so government should extend the program to Americans of all ages. Others want to create a government-run plan, sometimes called a "public option," which they say would compete with private insurance but would only be two steps away from a single-payer system.

There are more than 1,300 insurance companies competing for business without unneeded competition from a federal government plan. Backed by tax dollars, a government-run option could offer artificially low rates without regard to profitability, or even meeting operating expenses. That would push businesses to move employees to the public-option plan, ultimately putting private insurers out of business and leaving only a single-payer system run by the government.

A single-payer system may appear attractive to some. But as someone with more than 30 years of experience running a leading hospital company with international operations, I have firsthand knowledge of the hidden costs.

Medicare reimbursements to hospitals fail to cover the actual cost of providing services. The Medicare Payment Advisory Commission (MedPAC), an independent congressional advisory agency, says hospitals received only 94.1 cents for every dollar they spent treating Medicare patients in 2007. MedPAC projects that number to decline to 93.1 cents per dollar spent in 2009, for an operating shortfall of 7%. Medicare works because hospitals subsidize the care they provide with revenue received from patients who have commercial insurance. Without that revenue, hospitals could not afford to care for those covered by Medicare. In effect, everyone with insurance is subsidizing the Medicare shortfall, which is growing larger every year.

If hospitals had to rely solely on Medicare reimbursements for operating revenue, as would occur under a single-payer system, many hospitals would be forced to eliminate services, cut investments in advanced medical technology, reduce the number of nurses and other employees, and provide less care for the patients they serve. And with the government in control, Americans eventually will see rationing, the denial of high-priced drugs and sophisticated procedures, and long waits for care.

My company's experience with health care in the United Kingdom illustrates the point. In the 1980s, we opened The London Independent Hospital to serve the private medical market in the U.K. The hospital had not been open long when representatives of a 1,000-bed government-run hospital located a short distance away approached us to borrow high-tech equipment and instruments. Because people were ill and needed procedures the government hospital could not provide, we provided that hospital with the help it needed. But that experience convinced me that under a single-payer system hospitals do not receive the money required to purchase advanced technology or provide quality care.

Advocates of a single-payer system say that hospitals would survive if they learned to operate more efficiently. While we are always looking for ways to improve efficiency, the economic conditions of the past few years have already forced most institutions to reduce expenses and increase efficiency as much as possible.

The reality is that Americans have come to expect the best health care in the world, and to provide that, hospitals must continue to invest in advanced medical technology, salaries for well-trained nurses and technicians, and state-of-the-art facilities. If hospitals were required to operate solely on revenue from a single-payer system, they could no longer afford to provide the care that Americans deserve.

Single-payer systems have proven to be wholly inadequate in Canada and the U.K. Most people in America are satisfied with the care they receive, so it is important that we take the time to fix only the parts of our system that need repair. Let's not destroy a system that works well for most Americans. Let's judiciously change only the areas in need.

—Mr. Miller is chairman and CEO of Universal Health Services Inc.

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# The Washington Post

## Health-Reform Rhetoric Gets Personal for Britons

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By Karla Adam  
Special to The Washington Post  
Thursday, August 13, 2009

LONDON, Aug. 12 -- Sen. Edward M. Kennedy would be refused treatment for his brain tumor in England -- at least according to one of the allegations lobbed at [Britain's](#) state-funded health-care service recently by critics of President Obama's proposed health-care reforms. Such claims have irked British health officials, who say they are misleading, exaggerated and sometimes just plain wrong.

Complaining about Britain's National Health Service (NHS) is a popular pastime here. The waiting times for specialist treatment are too long, Britons say, or the risk of picking up an infection in an unclean hospital ward is too high. At the same time, they consider such griping their particular preserve. Indeed, it has been said that the National Health Service is the nearest thing the British have to a religion, which helps explain why outsiders pointing out flaws in the system is bound to ruffle feathers, especially if some of their assertions are far-fetched.

Hamish Meldrum, the chairman of the British Medical Association, said in a statement Wednesday that he has been dismayed by the "jaw-droppingly untruthful attacks" by some American critics.

One of the most surprising of these was the rumor -- given an airing by Senate Finance Committee Chairman Charles E. Grassley (R-Iowa) -- that Kennedy, 77, would not receive treatment for his brain tumor if he were in England because he is too old.

"That's just wrong," a British Health Department spokesman said. "The NHS in England provides health services on the basis of clinical need, irrespective of age or ability to pay."

Zack Cooper, a researcher in health policy at the London School of Economics, agreed that the Kennedy claim was "nonsense," but said that "both countries have a tendency to look at worst aspects of each other." The fault-finding was a "two-way street," he said, and not always relevant.

Comparing the failings of the U.S. and British systems is like "comparing apples to oranges," Cooper said. "Very few people in the U.S. are vying for a national health-care service like they have here. Americans want to run the private system better. The problems in each are different."

But people compare them, anyway. In one recent U.S. advertising campaign, backed by the Club for

Growth, a Washington-based fiscally conservative group, the number \$22,750 flashes on the screen underneath two photos -- one of Big Ben and another of a woman lying in a hospital bed.

The voiceover says: "In England, government health officials decided that's how much six months of life is worth. Under their socialized system, if a medical treatment costs more, you're out of luck. That's wrong for America."

Those comments are "untrue or misinformed," said Andrew Dillon, chief executive of Britain's National Institute for Health and Clinical Excellence, often called NICE, in a statement. NICE assesses the benefits of drugs and other treatments in relation to their costs, generally recommending a ratio of up to £30,000 or \$49,605 per drug or treatment for every extra year of quality life anticipated. (Patients who have the money can buy more expensive drugs privately.)

"We don't put a limit on the amount the NHS can spend on an individual patient," Dillon said.

In an example of the National Health Service providing ammunition for Obama's critics, a video by Conservatives for Patients' Rights, a U.S. pressure group, features case studies of people who live in countries with publicly funded health care.

Kate Spall, a British woman featured in the video whose mother died of cancer after her treatment was delayed, said in an interview that she was "surprised to see my comments used for a political campaign."

She then added: "I still absolutely agree with a universal health-care system, yet as cancer patients, you want to be in America. I guess the devil is in the details."

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# The Washington Post

## Progress Over Perfection

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By Paul Begala  
Thursday, August 13, 2009

I am a proud progressive Democrat, someone who believes affordable, quality health care is an economic necessity and a moral imperative. As a longtime Democratic political strategist, I am skeptical, at best, of the Washington elite's worship of bipartisanship -- as if the truth always lies halfway between Rush Limbaugh and Michael Moore.

And yet I think my fellow progressives ought to give Max Baucus and other members of the Senate Finance Committee a little breathing room as they labor to produce a health-care bill that can garner enough votes to pass the Senate.

Progressive politics is, in my view, a movement, not a monument. We cannot achieve perfection in this life, and if that is our goal we will always be frustrated. The right has far more modest goals: At every turn, its members seek to advance their power and protect privilege. I've never seen the Republican right oppose a tax cut for the rich because it wasn't generous enough; I've never seen them oppose a set of loopholes for corporate lobbyists because one industry or another wasn't included. The left, on the other hand, too often prefers a glorious defeat to an incremental victory.

Our history teaches us otherwise. No self-respecting liberal today would support Franklin Roosevelt's original Social Security Act. It excluded agricultural workers -- a huge part of the economy in 1935, and one in which Latinos have traditionally worked. It excluded domestic workers, which included countless African Americans and immigrants. It did not cover the self-employed, or state and local government employees, or railroad employees, or federal employees or employees of nonprofits. It didn't even cover the clergy. FDR's Social Security Act did not have benefits for dependents or survivors. It did not have a cost-of-living increase. If you became disabled and couldn't work, you got nothing from Social Security.

If that version of Social Security were introduced today, progressives like me would call it cramped, parsimonious, mean-spirited and even racist. Perhaps it was all those things. But it was also a start. And for 74 years we have built on that start. We added more people to the winner's circle: farmworkers and domestic workers and government workers. We extended benefits to the children of working men and women who died. We granted benefits to the disabled. We mandated annual cost-of-living adjustments. And today Social Security is the bedrock of our progressive vision of the common good.

Health care may follow that same trajectory. It would be a bitter disappointment if health reform did not include a public option. A public plan that keeps the insurance companies honest is, I believe, the

right policy and the right politics. I believe subsidies should extend to as many Americans as need help and that the hard-earned health benefits of middle-class Americans should not be taxed. I believe insurer abuses like the preexisting-condition rule should be outlawed. The question is not whether I or other progressives will support a health-reform bill that includes everything we want but, rather, whether we will support a bill that doesn't.

Baucus and the others working on health care have earned the right to take their best shot, and we progressives should hold them to a high standard. I carry a heavy burden of regret from my role in setting the bar too high the last time we tried fundamental health reform. I was one of the people who advised President Bill Clinton to wave his pen at Congress in 1994 and declare: "If you send me legislation that does not guarantee every American private health insurance that can never be taken away, you will force me to take this pen, veto the legislation, and we'll come right back here and start all over again." I helped set the bar at 100 percent -- "guarantee every American" -- and after our failure it's taken us 15 years to start all over again.

So I am trying to find the right blend of principle and pragmatism -- ever mindful that, aside from race, health care is the most difficult domestic issue of the past century. FDR couldn't pass it. Nor could Truman, nor Nixon nor Carter nor Clinton. Lesser presidents like George W. Bush didn't even try.

The Founders gave us a standard: "a more perfect Union." It's an odd phrase; we don't generally speak of something becoming "more perfect." I believe it means that we have a duty, every generation, to make progress. For a dozen generations we have done that, in our imperfect way. Let's hope those writing the new health-reform bill can give us something that represents historic progress -- and that those of us most passionately committed to fundamental reform can celebrate progress, not lament a lack of perfection.

*The writer, a Democratic strategist and political analyst, was a political consultant to President Bill Clinton during the 1993-94 health-reform effort and later served as counselor to the president. He is an affiliated professor of public policy at Georgetown University. He has advised the Service Employees International Union, which supports President Obama's health-reform efforts. The views expressed here are his own.*

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**The New York Times**

August 13, 2009

EDITORIAL

## Health Reform and Small Business

The impact on small businesses has become a flashpoint in the increasingly raucous debate over health care reform. Trade associations are charging that the pending bills — which would require all businesses to provide coverage to their employees or pay a penalty — would place a huge financial burden on their members. Republican leaders are doing their best to inflame the fears and opposition of small business owners.

These proprietors would be wise to ignore the rhetoric and take a closer look. A vast majority of small businesses and their workers are likely to benefit greatly. They should be supporting, not opposing, reform.

It is a little recognized fact that some 70 percent of uninsured Americans come from families with one or two full-time workers. Most of those workers are employed by small businesses that don't offer them health benefits or offer coverage that they can't afford.

Small businesses would reap substantial benefits if their employees were insured. Their work forces would likely become healthier, and they would have an easier time attracting or holding talented employees. Even more striking, with health care reform, small firms could buy insurance at substantially lower rates. Lobbyists issue dire warnings that small businesses won't have the money to pay for coverage or to pay the penalties and will have to eliminate a huge number of jobs: more than one million under an early House bill, according to the National Federation of Independent Business.

Such fears are grossly overblown.

A vast majority of the nation's small employers — those who have 25 or fewer workers in the Senate health bill or annual payrolls of \$500,000 or less in the House version — would likely be exempted from the mandate.

An analysis by Jonathan Gruber, a respected health economist at the Massachusetts Institute of Technology, concluded that those small businesses that are not exempt would see little impact on employment or profits, although employers would reduce wages to compensate for providing added benefits. The nonpartisan Congressional Budget Office, the chief arbiter of the impact of legislation, has come to similar conclusions.

What's been most lost in the furor is how much most small businesses would benefit from provisions that should make insurance more affordable — for businesses that already provide coverage and for those that have been deterred from providing coverage by cost.

Small businesses that currently offer coverage often pay significantly more per worker than larger employers do for the same coverage. Under all of the current bills, the smallest employers would gain quick

access to new insurance exchanges — where plans would compete for their business with rates comparable to those enjoyed by large employers. (In subsequent years, slightly bigger firms and possibly even medium-size firms would likely gain access to the exchanges as well.)

And many small businesses with low-wage workers would be eligible for substantial tax credits to subsidize their coverage.

Still, not all small firms would benefit. One government estimate suggests that 39,000 firms (out of a total of six million small and large employers in the country) would have to start providing benefits or pay a penalty, and another 240,000 that do provide benefits would have to increase their subsidy levels. The penalties for not offering coverage could be relatively small (\$750 per worker after exempting the first 25 workers under the Senate bill) or quite substantial (reaching an estimated \$2,800 per worker for some firms under the House bill).

There is no question that the cost of coverage — which currently averages about \$5,000 per individual or \$13,000 per family — or paying fines could take a substantial bite out of the profits of some firms, forcing them to accept lower earnings, reduce wages, shed some jobs or raise prices.

Trade groups say the main reason small firms don't provide coverage is that they can't afford to, and they complain that there is little in the reform bills that would reduce medical costs any time soon. But in making that argument, they conflate two issues. It is true that deep-seated reform of the health care delivery system will take years to reduce medical costs. But the cost of health insurance for small businesses could drop quickly once the exchanges are open.

While some small percentage of companies will suffer, there are good reasons for requiring as many companies as possible to “play” — by offering coverage — or “pay” by paying a penalty. The most important is that the penalties would help deter employers from dropping their own coverage. The number of companies offering health insurance to their workers has been declining steadily, mostly among small firms, and it is important not to accelerate that erosion.

The play-or-pay provisions could also raise significant money to help cover the uninsured. The penalties alone could raise \$52 billion over a decade under the Senate health committee bill and probably much more under the House bill. We see no easy way to ease the pain of the minority of firms that will face very substantial new costs. We'd be inclined to suggest hardship exemptions were it not for the likelihood that creative accountants might make every firm look like a hardship case.

A bipartisan group within the Senate Finance Committee is considering dropping the employer mandate and substituting a requirement that employers pay only for those workers who end up with government-subsidized coverage. That seems a poor approach because it could deter employers from hiring low-income workers that could saddle them with high subsidy costs.

It makes good sense to us to require small businesses to contribute to solving a problem that mostly affects their own workers. There also seems little doubt that the small business community would be one of the biggest winners from health care reform.



August 13, 2009

OP-ED COLUMNIST

## Gunning for Health Care

By [GAIL COLLINS](#)

Thanks to the health care protests over the past week, the nation seems to have come to a fragile consensus on a few critical issues. For instance, government-run death panels — not good. And, Nazis — nobody likes them.

Interestingly, we do not have any agreement at all on the question of whether it is a good plan to bring a gun to a gathering of angry and overwrought people. To be honest, I thought we might be able to nail this one down.

But no.

“The question is, why don’t people bear arms these days,” said William Kostric, when asked why he came to welcome President Obama to Portsmouth, N.H., on Tuesday with a protest sign and a loaded handgun strapped to his thigh. This turned out to be completely legal under New Hampshire law.

Meanwhile, over in Arizona, a protester who showed up to meet the local congresswoman at a supermarket was removed by police when the pistol he had holstered under his armpit fell, bouncing on the floor and alarming the nonprotesting attendees. This, too, turned out to be legal, although the dropping part is not recommended.

Also escorted away but not arrested: an armed man at a loud and rancorous town meeting hosted by Representative Steve Cohen of Memphis. Both the armpit guy and the Memphis guy had the required permit to carry a concealed weapon. Kostric did not even have to have a permit since his gun was not concealed, which in New Hampshire makes it completely O.K. This is under the theory that as long as you know that the strange-looking guy waving the big protest sign is packing heat, you can take steps to protect yourself, perhaps such as purchasing a bulletproof vest from a nearby street vendor.

(Actually arrested: Richard Terry Young, 62, in Portsmouth. While Young’s loaded gun was in his parked car, not on his person, the fact that he did not have a license and that police discovered him lurking inside the high school where the president was scheduled to appear later in the day apparently tipped the scales.)

We are getting yet another series of reminders of the vast gun gap in this country. There is the part that thinks a room full of red-faced men and women screaming at one another is the worst place in the world to bring a firearm. And then there is the part that holds it is exactly the place where you need it most.

“A firearm is a defensive tool,” said Kostric, in an interview with Chris Matthews on MSNBC. He was wearing a yellow T-shirt, and he told Matthews that if everybody in the crowd waiting for Obama to arrive

had been armed, things would have been much safer. Beyond an air of mild surprise, he seemed like your average hard-core Ron Paul voter — male, smug and obsessed with the money supply. (“Where did we go wrong? I’d start with the Federal Reserve Bank.”)

The health care protest phenomenon hasn’t been particularly uplifting, unless your idea of decorum is World Extreme Cagefighting. But it has provided a very, very rare opportunity for members of Congress to look semiheroic. Even Senator Arlen Specter of Pennsylvania seemed sympathetic when he was trying to appear to be listening thoughtfully while a constituent told him that God was going to send him to hell.

Representative Gabrielle Giffords, an Arizona Democrat, was not actually holding a town hall when her gun incident occurred. She was conducting a “Congress on Your Corner” at the Douglas Safeway — a simple event where people line up to get help with things like Social Security or documentation. But the health care protests have spread way beyond actual meetings about health care, and a handful of irritated conservatives have been following Giffords around almost everywhere. “When you represent a district — the home of the O.K. Corral and Tombstone, the town too tough to die, nothing’s a surprise,” she told a reporter later, showing a commendable ability to respond to any crisis by throwing in a plug for local tourist attractions.

Rudy Ruiz, the father of one of Giffords’s college interns, saw the gun hit the floor. “It was an older gentleman, 65 or so. Basically, he was one of the ones holding up a banner saying ‘Don’t Tread on Me,’ ” said Ruiz. “He bent over, and it fell out of the holster is what it did. It bounced. That concerned me. I just thought what would happen if it had gone off? Could my daughter have gotten hurt?”

His daughter, a college senior, is hoping to pursue a political career after graduation.

“Are you sure you want to get involved in this stuff?” Ruiz asked her on the way home.

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August 13, 2009

## For Lawmakers, Health-Plan Anger Keeps Coming

By [DAVID STOUT](#)

WASHINGTON — Lawmakers ran into fresh anger and skepticism on Wednesday as they fielded questions from constituents worried about changes in the health care system, and about a lot of other things having to do with government.

The queries hurled at legislators from the Atlantic Seaboard to the nation's midsection reflected deep-seated fears, a general suspicion of government and, in some cases, a lack of knowledge on the part of the questioners.

"Why does the government want to rush into this bill when many don't want it?" Senator Ben Cardin, Democrat of Maryland, was asked at a "town meeting" in Hagerstown. "Why are you rushing this?"

Calmly, the senator replied in a snippet shown on CNN, "We've got to take as much time as we need to get it right." And he added, "The status quo is unacceptable."

The senator was too polite (or intent on survival) to correct his questioner by pointing out that there is not one bill yet, but rather several proposals working their way through five committees in both houses of Congress, and that to talk of "the government" as a single entity makes no sense, at least in this context, because of the divisions between Republicans and Democrats, House and Senate, Capitol Hill and the White House.

Mr. Cardin had to raise his voice slightly to speak over shouts from the audience. "I'm not going to vote for any bill that adds to the national debt," he said at one point.

As for any implication that there is a "rush" to enact health-care legislation, [President Obama](#) may have been responsible for that, at least in part, by calling for final action before the House and Senate adjourned for August. And fixing health care, whose costs have been soaring, has been talked about for years, most notably in the failed attempt to enact sweeping changes early in the administration of President [Bill Clinton](#).

Many hundreds of miles away on Wednesday, in Iowa, Senator [Charles E. Grassley](#), perhaps the state's most popular Republican, found it necessary to tell an audience at the Winterset Public Library that he is against any plan that "determines when you're going to pull the plug on grandma," against any plan that would provide government-funded care to people in the country illegally, and against end-of-life counseling when death is near.

Mr. Grassley was apparently reacting to groundless assertions that health-care legislation would call for "death panels" to determine who lives and dies (the [AARP](#), the lobby for older Americans, calls such charges "lies"), and provide health coverage to illegal immigrants when none of the major proposals before Congress would do so.

"What we stand for is that the government is not going to take over our health-care system," Mr. Grassley said, to cheers and applause. "What we stand for is to make sure that no bureaucrat gets between the doctor and the patient."

Were he more professorial and condescending, Mr. Grassley might have pointed out that government already has a fairly big role in health care, as in [Medicare](#), [Medicaid](#) and, to an extent, [Social Security](#).

But the senator did not. In 2004, he proudly said that his constituents “don’t feel like Washington has gone to my head,” according to The Almanac of American Politics. He surely understands that older people, who worry almost reflexively about any hints at changes in Medicare or Social Security, vote in big numbers — whatever their gaps in knowledge and information — and that their ranks are growing.

Senator [Arlen Specter](#), the Republican-turned-Democrat from Pennsylvania, endured another day of hostile, sometimes fact-defying questions at a town meeting in State College, Pa., The Associated Press reported.

“What’s up with all this?” one questioner said. “This is socialism.” Cheered on by some in the audience, the questioner persisted. “What about the money and speed of all this? If this is for the people, what’s the big hurry?”

The senator replied, “We’re slowing down. We’re taking our time to do it right.” (Mr. Specter could have pointed out that, whatever its virtues, the Senate is not designed for speed.)

Senator Claire McCaskill, a Democrat from Missouri, got an earful on Tuesday, being greeted by jeers at a health care session in her home state. “I don’t understand this rudeness,” she said at one point. “I honestly don’t get it.”

By Wednesday morning, Ms. McCaskill apparently did. “These people are frustrated, and they don’t trust government,” she said in an interview on MSNBC.

At the White House, President Obama’s chief spokesman, [Robert Gibbs](#), was asked again on Wednesday if, perhaps, the administration had not done a good enough job explaining and selling the proposed health care overhaul. Mr. Gibbs suggested that the media bore some of the blame, for doing too many “X said this, Y said this” stories, without rooting out, and pointing out, unambiguous falsehoods.

But Jessica Yellin, CNN’s national political correspondent, commenting on Senator Cardin’s town meeting in Hagerstown, Md., pointed out what news people already know: when journalists cite outright misstatements by public officials, the American people “don’t seem to trust us.”

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August 13, 2009

OP-ED CONTRIBUTORS

## 10 Steps to Better Health Care

By Atul Gawande, Donald Berwick, Elliott Fisher and Mark McClellan

WE have reached a sobering point in our national health-reform debate. Americans have recognized that our health system is bankrupting us and that we have dealt with this by letting the system price more and more people out of health care. So we are trying to decide if we are willing to change — willing to ensure that everyone can have coverage. That means banishing the phrase “pre-existing condition.” It also means finding ways to pay for coverage for those who can’t afford it without help.

Both of these steps stir heated argument, not to mention lobbyists’ hearts. But what creates the deepest unease is considering what we will have to do about the system’s exploding costs if pushing more people out is no longer an option. We have really discussed only two options: raising taxes or rationing care. The public is understandably alarmed.

There is a far more desirable alternative: to change how care is delivered so that it is both less expensive and more effective. But there is widespread skepticism about whether that is possible.

Yes, many European health systems have done it, but we are not Europe. And evidence that places like the Mayo Clinic in Minnesota or the Cleveland Clinic are doing it is likewise dismissed because their unique structures (for example, their physicians work on salary rather than being paid for each service) make them seem as far from Middle America as Sweden is.

Yet in studying communities all over America, not just a few unusual corners, we have found evidence that more effective, lower-cost care is possible.

To find models of success, we searched among our country’s 306 Hospital Referral Regions, as defined by the Dartmouth Atlas of Health Care, for “positive outliers.” Our criteria were simple: find regions with per capita Medicare costs that are low or markedly declining in rank and where federal measures of quality are above average. In the end, 74 regions passed our test.

So we invited physicians, hospital executives and local leaders from 10 of these regions to a meeting in Washington so they could explain how they do what they do. They came from towns big and small, urban and rural, North and South, East and West. Here’s the list: Asheville, N.C.; Cedar Rapids, Iowa; Everett, Wash.; La Crosse, Wis.; Portland, Me.; Richmond, Va.; Sacramento; Sayre, Pa.; Temple, Tex.; and Tallahassee, Fla., which, despite not ranking above the 50th percentile in terms of quality, has made such great recent strides in both costs and quality that we thought it had something to teach us.

If the rest of America could achieve the performances of regions like these, our health care cost crisis would

be over. Their quality scores are well above average. Yet they spend more than \$1,500 (16 percent) less per Medicare patient than the national average and have a slower real annual growth rate (3 percent versus 3.5 percent nationwide).

Caveat: Because we relied on Medicare data for our selections, it is possible that some of these regions are not so low-cost from the viewpoint of non-Medicare patients. But overall data strongly suggest that most of these regions are providing excellent care for all patients while being far more successful than others at not overusing or misusing health care resources.

So how do they do that? Some have followed the Mayo model, with salaried doctors employed by a unified local system focused on quality of care: these include Temple, where the Scott and White clinic dominates the market, and Sayre, where the Guthrie Clinic does. Other regions, including Richmond and Everett, look more like most American communities, with several medical groups whose physicians are paid on a traditional fee-for-service basis. But they, too, have found ways to protect patients against the damaging incentives of a system that encourages fragmentation of care and the pursuit of revenues over patient needs.

The physicians and hospital leaders from Cedar Rapids told us how they have adopted electronic systems to improve communication among physicians and quality of care. Last year, they decided to investigate the overuse of CAT scans. They examined the data and found that in just one year 52,000 scans were done in a community of 300,000 people. A large portion of them were almost certainly unnecessary, not to mention possibly harmful, as CAT scans have about 1,000 times as much radiation exposure as a chest X-ray.

"I was embarrassed for us," said Jim Levett, a cardiac surgeon and the head of a large physician group. More important, the area's doctors and clinics are turning that embarrassment into change by seeking out solutions to reduce the expense and harm of unnecessary scans.

That number of scans in Cedar Rapids may seem shocking, but there is nothing surprising about it. Nationwide, we do 62 million CAT scans a year for 300 million people. So Cedar Rapids's rate was actually better than average. But all medicine is local. And until a community confronts what goes on in its own population — to the point of actually seeking the data and engaging those who can solve the problem — nothing will change.

The team from Portland told us of a collaboration of doctors, state officials, insurers and community leaders to improve care. For more than four years, physicians have been tracking some 60 measures of quality, like medication error rates for their patients, and meeting voluntary cost-reduction goals.

Asheville, after gaining state support to avoid antitrust concerns, merged two underutilized hospitals. In Sacramento, a decade of fierce competition among four rival health systems brought about elimination of unneeded beds, adoption of new electronic systems for patient data and a race to raise quality. Sacramento also went from being one of America's high-cost areas for health care to being among the low-cost elite.

In their own ways, each of these successful communities tells the same simple story: better, safer, lower-cost care is within reach. Many high-cost regions are just a few hours' drive from a lower-cost, higher-quality region. And in the more efficient areas, neither the physicians nor the citizens reported feeling that care is "rationed." Indeed, it's rational.

Many in Congress and the Obama administration seem to recognize this. The various reform bills making their way through the process have included provisions to protect successful medical communities by incorporating payment approaches that reward those that slow spending growth while improving patient outcomes. This is the right direction for reform.

There is a lot of troubling rhetoric being thrown around in the health care debate. But we don't need to be trapped between charges that reforms will ration care and doing nothing about costs and coverage. We must instead look at the communities that are already redesigning American health care for the better, and pursue ways for the nation to follow their lead.

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# The Washington Post

## Buyers of Long-Term Care Insurance Riled by Premium Increase

By Joe Davidson  
Thursday, August 13, 2009

It's enough to take the "J" out of joy.

That leaves oy, as in "oy vey," which expresses the exasperation and dismay retired and active federal employees, including Donna and Chester Joy, felt when they learned their long-term care premiums are increasing significantly.

Like many others, when the Joys signed up for the [Federal Long Term Care Insurance Program](#) in 2003, they had the clear impression their premiums would not rise. But recently, the Office of Personnel Management announced fees for about 150,000 members of the plan will jump between 5 and 25 percent.

The Joys, who are being hit with the full bump, are livid.

"That just wasn't the deal we signed," Chester said by phone as they drove across Tampa Bay to visit Donna's parents. "I think we're being grossly cheated."

Both 62 years old, they balance their anger with facts and figures. In a series of letters to Del. Eleanor Holmes Norton (D-D.C.), the Southwest D.C. residents detail why they feel like marks in a scam. They said they've paid many thousands into the program over 6 1/2 years and now face a steep increase in monthly premiums.

Page 21 of their benefits booklet, issued by the John Hancock and MetLife insurance companies, says: "We may only increase your premium if you are among a group of enrollees whose premium is determined to be inadequate. While the Group Policy is in effect, OPM must approve the change."

Donna told Norton "there needs to be disclosure of this 'inadequate' calculation. Otherwise, how can current and potential policy holders have any hope of understanding the range of future premium payments that they are committing themselves to paying during retirement when they are living on a fixed income?"

Norton said she asked the House subcommittee on the federal workforce, Postal Service, and the District of Columbia to look into the issue.

Laura J. Lawrence, chief of the OPM group that deals with long-term care insurance, said when the premiums were set "there were certain assumptions used," such as the return on the program's

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investment and the number of enrollees who remain insured, "and those assumptions are no longer sufficient."

More than an assumption, the Joys felt they had a promise that under the automatic compound inflation option they selected, premiums would not increase. The OPM says it is explaining options, including maintaining the current premium but with decreased benefits, in letters to customers.

A May 1 news release from the OPM buries the lead by putting information about the increase halfway into the document. Two paragraphs later, the release makes it sound as if policyholders should be happy they didn't get pumped for more money earlier: "This increase will be the first since the Program began seven years ago and is consistent with increases in other public sector long term care insurance programs since 2002."

But people like the Joys didn't expect any increase, ever.

And the OPM didn't either.

"We did not expect a future premium increase when the program began so we did not emphasize that possibility in the educational materials," the agency acknowledged in [a document](#) given to employee organization representatives. The document also says the long-term care customers "mistakenly believe we guaranteed rates under the first contract and we are breaking our promises to them."

It was a mistake that was easy to make, given what the customers were told.

"I certainly understand why people are upset," said Lawrence, noting that the program's discussion of "level premiums" was misunderstood.

"But, of course, the other side of it is when you purchase something that you expect to have for a long, long time . . . that you would make sure that you read everything about it." The information about rate increases "wasn't hidden," she added, "but it wasn't on the front page."

OPM Director John Berry has described the program as "an important benefit that helps enrollees pay for long-term care costs that are not covered by health insurance, which can be emotionally and financially devastating for their entire family."

But it's not really a benefit in the general sense of the term, because the government pays none of the premium. And the emotional and financial problems he described now stem from the cost of the insurance, rather than long-term care.

"We feel like victims of a fraud," the Joys said. "It is inconceivable to us that any initial good-faith professional rate setting by a major national insurance firm could contain a long-term actuarial miscalculation requiring such radical premium adjustment in such a short period of time.

"Failure to recognize such a gross miscalculation would require similarly inconceivable OPM incompetence."

Contact Joe Davidson at [federaldiary@washpost.com](mailto:federaldiary@washpost.com)



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August 13, 2009

## Bound by Blood, Torn by Policy and Angrier by the Minute

By [JIM RUTENBERG](#)

WASHINGTON — As a senior official at the [Democratic National Committee](#), Brad Woodhouse is on the front lines when it comes to selling the Obama administration's health care plan, leading the charge against the "mob mentality" of its critics and the "out-and-out lies that the other side is telling."

Dallas Woodhouse is the North Carolina state director for the conservative organization [Americans for Prosperity](#) and, as such, is a point man for the attack on the plan, helping to organize groups protesting at forums hosted by lawmakers and warning with passion, if not [evidence](#), that "politicians want to control who lives and who dies."

They are brothers.

How's that going?

Not so great, judging by [a joint appearance they made Monday on CNN](#), Brad Woodhouse from his hometown, Washington, Dallas Woodhouse from his, Raleigh.

"You cannot have an honest debate with folks like my brother on this issue," Brad, 41, told the CNN morning host [John Roberts](#).

Dallas, 36, responded: "It's simple that the president is losing this debate. You know he's losing this debate when people like my brother and the White House start attacking hard-working, tax-paying citizens as mobsters."

As anyone who has seen video of [a Congressional town-hall-type meeting](#) on the subject knows, [President Obama](#)'s proposed overhaul of the nation's health care system is stirring passions on both sides of the political divide to a degree matching that of last year's presidential campaign.

But the Woodhouse brothers' opposing roles at the highest levels of the fight make theirs one of the most unusual intrafamily rivalries in American politics, the likes of which have not been seen since [Mary Matalin](#) and [James Carville emerged on the national political stage](#) nearly two decades ago as high-profile spokesmen for their parties.

Ms. Matalin, a Republican, and her husband, Mr. Carville, a Democrat, have had their act out on the road for years, and at this point there is almost a detached professionalism to their frequently lighthearted jousting.

The Woodhouse brothers, on the other hand, are brand new to the cable news shout-fest circuit, and their

sparring is rawer and more passionate. At times it is so personal that, says their mother, Joyce L. Woodhouse, she can barely stand to watch.

"I'm always nervous, and I tell them to be nice to each other," Mrs. Woodhouse said in a telephone interview. "And they're not always nice."

Even she is amazed at the altogether politically opposite trajectories of their careers. "I rocked them in the same rocker," she marveled.

Brad Woodhouse, who grew up with his brother in Raleigh, abandoned an early career in hotel management after [Bill Clinton](#)'s 1992 presidential campaign awakened his political passions. He went on to work his way slowly up the party ranks, moving from local Congressional campaigns to a job in the office of Gov. James B. Hunt Jr. He arrived in Washington to work for a North Carolina congressman, Bob Etheridge.

After other stints working for the Democratic Senatorial Campaign Committee and for a group fighting President [George W. Bush](#)'s proposed [Social Security](#) overhaul, he became the [Democratic Party](#)'s communications director this year.

Mr. Woodhouse does not dispute his brother's characterization that "when he went to Washington, he went more left," though he married a Republican strategist, Jessica Carter.

Dallas Woodhouse went to work as a local television journalist in North Carolina after college, reporting for the [NBC](#) affiliate in Raleigh. He left the business, he says, after coverage of government waste reminded him of his more conservative views.

After working on a local political campaign, he joined the North Carolina chapter of Americans for Prosperity, a fiscally hawkish group with a libertarian streak, and went on to become North Carolina state director.

By all accounts, the brothers were close, once going on regular ski trips together and sharing a home in Raleigh before Brad moved to Washington.

Dallas said in an interview that tensions between the two rose to a significant level during the 2008 presidential campaign, when Brad helped lead attacks on [Sarah Palin](#) that Dallas regarded as unfair. "He is a professional reputation destroyer," Dallas said.

But their first direct political engagement did not take place until this year, when they found themselves on opposite sides of a fight over legislation to help unions organize. Dallas's group held protests against it, and a labor-backed group that Brad was then representing, Americans United for Change, supported it.

"He rounded up the union goons and sent them to one of my events," Dallas said. "I called him and said something to him. It probably had some four-letter words in it."

Brad said that he might have sent some protesters to his brother's event but that they were not as disruptive as those at the recent forums on health care, many of them urged to attend by Dallas's group.

The health care debate has brought their biggest clash yet. Brad said he called his brother recently to warn

him to tone down some of his claims during a bus tour he was planning, including the false but explosive accusation that Mr. Obama's plan would force doctors to decide that some elderly people were too expensive to keep alive.

"I said, 'If you're going to go out and do this bus tour, I hope you will keep this within some bounds of reason,'" Brad recalled. "He was polite, he got off the phone, and then he got on a bus and he went to events and started talking about politicians' wanting to decide who lives and who dies."

Where Dallas accuses Brad of "twisting and spinning," Brad accuses Dallas of trafficking in "lies, innuendo and conspiracy theories."

In spite of it all, the brothers say, they still see each other frequently and talk on the phone regularly, though at family gatherings these days "they raise their voices and get loud," said their mother, speaking a few hours after their heated CNN appearance.

"I'd like for them to tone it down a little bit," Mrs. Woodhouse said, "and I talk to them about it."

She added that she did not pick sides. "One is just a little too far to the left for me," she said, "and one's a little too far to the right. But they really believe what they preach, and I admire them for fighting for what they believe in."

"They really love each other," she said, "and would do anything for each other."

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# The Washington Post

## At Town Hall, A Turning Point?

Specter's Performance May Be Factor, For Good or Ill, in His Reelection Bid

By Chris Cillizza  
Washington Post Staff Writer  
Thursday, August 13, 2009

The back-and-forth between Democratic [Sen. Arlen Specter](#) and several attendees of a town hall meeting in Lebanon, Pa., this week may become the lasting political symbol of the summer of 2009: a politician and his constituents standing inches away from one another, angrily debating the merits (or lack thereof) of President Obama's health-care reform plan.

The [exchange between Specter and one man](#) -- broadcast throughout the day on cable television -- culminated with the senator asking whether the man would like to leave the meeting and the man responding, to applause from some in the crowd: "One day God's going to stand before you, and he's going to judge you and the rest of your damned cronies up on the Hill."

Close observers of Pennsylvania politics agreed that the showdown Tuesday in Lebanon marked a possible turning point in what has been a rocky period for Specter, who switched from the Republican Party to the Democrats this spring in advance of his bid for a sixth term in 2010.

But whether the town hall was a positive development for Specter or a sign of the electoral trouble he faces both in a primary against [Rep. Joe Sestak](#) (D) and in a potential general election fight against former congressman Pat Toomey (R) is a matter of significant debate.

Saul Shorr, a Philadelphia-based Democratic media consultant, said the town hall confrontation worked to Specter's advantage, affording him the opportunity to defend the president's plan in a high-profile public setting. "The town halls are the best thing that has happened to him," Shorr said. "It makes him a Democrat."

Specter's campaign manager, Chris Nicholas, echoed that sentiment, noting that in the wake of the Lebanon event the senator has received "loads of positive feedback from Democratic leaders for the way [he] has conducted himself." Nicholas added that Specter was greeted with a standing ovation in a meeting with Perry County Democratic officials on Wednesday, many of whom referenced his performance in Lebanon as a rallying point.

One senior Republican consultant who has worked extensively in the state disagreed. Calling the intensity of emotion against Specter "jaw-dropping," the source, who spoke candidly on the condition of anonymity, predicted that the confluence of anger regarding the health-care bill, irritation about Specter's party switch and the senator's "smarter than you" attitude will lead to "either a Sestak primary win or a Toomey general election victory."

National Republican Senatorial Committee spokeswoman Amber Wilkerson said, "There is a palpable

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unrest nationwide surrounding the Democrats' plans to impose a government takeover of Americans' health-care plans, and Senator Specter witnessed his constituents' concerns first hand in Lebanon this week."

Specter, for his part, has refused to back down from the aggressive stance he adopted during the town hall, telling CBS's "Early Show" on Wednesday that the loud voices of dissent at the meetings are not representative of the attitude of the country as a whole.

For Specter, the intense national spotlight over health care is nothing new. His party switch in April stunned the political world, and his acknowledgment that the decision was motivated in large part by the belief that he could not beat Toomey in a Republican primary was equally astonishing for its realpolitik frankness.

While Specter has been bolstered by endorsements from Obama as well as from leading Pennsylvania officials, including Gov. Edward G. Rendell and Sen. Robert P. Casey Jr., there remains considerable skepticism toward him among rank-and-file Democrats -- particularly union members who are still smarting over Specter's opposition to the Employee Free Choice Act this year when he was still a Republican.

Polling shows that while Specter has a healthy lead over Sestak at the moment, the incumbent's support is somewhat shaky. A mid-July Quinnipiac University poll showed Specter leading Sestak 55 percent to 23 percent, but more voters (49 percent) said the incumbent did not deserve another term than said he should be reelected (40 percent).

Sestak is seeking to capitalize on the distrust toward Specter among Democratic loyalists, making the case that the incumbent's party switch was about politics, not principles. The central question in the primary, Sestak said in a recent interview, is: "What kind of leadership do you want for the future?"

One Democratic consultant not affiliated with either candidate said Sestak's silence regarding Specter's raucous town hall could undermine that argument.

"I think Sestak could've shown he is putting party ahead of politics by somehow coming to Specter's defense," said the source, who has worked extensively in the state. "It seemed like a good opportunity to reinforce the Sestak message that he's for party and principle ahead of personal gain."

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August 13, 2009

# Thousands Line Up for Promise of Free Health Care

By [JENNIFER STEINHAUER](#)

INGLEWOOD, Calif. — They came for new teeth mostly, but also for [blood pressure](#) checks, [mammograms](#), immunizations and [acupuncture](#) for pain. Neighboring South Los Angeles is a place where health care is scarce, and so when it was offered nearby, word got around.

For the second day in a row, thousands of people lined up on Wednesday — starting after midnight and snaking into the early hours — for free dental, medical and vision services, courtesy of a nonprofit group that more typically provides mobile health care for the rural poor.

Like a giant MASH unit, the floor of the Forum, the arena where Madonna once played four sold-out shows, housed aisle upon aisle of dental chairs, where drilling, cleaning and extracting took place in the open. A few cushions were duct-taped to a folding table in a coat closet, an examining room where Dr. Eugene Taw, a volunteer, saw patients.

When [Remote Area Medical](#), the Tennessee-based organization running the event, decided to try its hand at large urban medical services, its principals thought Los Angeles would be a good place to start. But they were far from prepared for the outpouring of need. Set up for eight days of care, the group was already overwhelmed on the first day after allowing 1,500 people through the door, nearly 500 of whom had still not been served by day's end and had to return in the wee hours Wednesday morning.

The enormous response to the free care was a stark corollary to the hundreds of Americans who have filled town-hall-style meetings throughout the country, angrily expressing their fear of the Obama administration's proposed changes to the nation's health care system. The bleachers of patients also reflected the state's high unemployment, recent reduction in its [Medicaid](#) services for the poor and high deductibles and co-payments that have come to define many employer-sponsored insurance programs.

Many of those here said they lacked insurance, but many others said they had coverage but not enough to meet all their needs — or that they could afford. Some said they were well aware of the larger national health care debate, and were eager for changes.

"I am on point with the news," said Elizabeth Harraway, 50, who is unemployed and came for [dental care](#). "I think the president's ideas are awesome, and I believe opening up health care is going to work."

Stan Brock, Remote Area Medical's founder and among the many khaki-wearing volunteers in the arena, said his organization's intent was not to become part of the health care debate, but to do what it had done for nearly 25 years: offer charity to people in need. Still, the group attracted attention last month when [President Obama visited](#) Bristol, Va., just days after it held a health care event in nearby Wise, Va.

"My position on the Obama plan is that I am delighted to see so much focus on the health care issue," Mr. Brock said. "There is incredible focus on what we do, but that is not my doing."

In the past, Remote Area Medical has also provided services in mid-sized American cities, including [New Orleans](#)

after [Hurricane Katrina](#), but had never tried an operation in such a large metropolitan area. Mr. Brock said the considerable logistics were made possible with the help of Don Manelli, a film producer, but he said he was disappointed in the dearth of volunteers among local providers — specifically dentists and optometrists — which made it hard to provide services for all comers.

Ana Maria Garcia, who works for Orange County, has [health insurance](#) that covers her husband and 3 ½-year-old daughter, but her dental deductibles are too high for them all to get care, she said.

Ms. Garcia's husband, Jorge, who was laid off from his custodial job last October, arrived from their home — a 90-minute drive away — at 4 p.m. on Tuesday to get the family's spot in line.

But the Garcias' number never came up, so they slept in their car for a few hours and lined up again early Wednesday morning, awaiting a chance to get root canals and cleanings that Ms. Garcia figured were worth thousands of dollars. They made a friend in the bleachers outside, who gave the family some coffee and hot biscuits for breakfast.

"Regardless if you are employed or not," Ms. Garcia said, "everything in California is expensive, and so I can empathize with everyone here. Looking at this crowd, I think this is what people fear health care is going to be with reform. But to me it also shows the need."

Last month, the state dropped its [dental](#) and vision coverage for MediCal enrollees, and has since capped enrollment in the state's health insurance program for children of the working poor. Thousands of people across the state lost their coverage in the middle of complex, multimonth procedures and have found themselves at a loss.

Sammie Edwards, a retired welder, was in the middle of getting dentures made when his care ran out, he said. A friend at a food bank clued him into the free clinic. "A lot of older people are caught in the midst of this," Mr. Edwards said.

Begun in 1985 as a mobile health clinic serving undeveloped countries and later rural America, Remote Area Medical provides various medical services through units to people who are largely unable to gain access to health care. Officials from the organization said they believed that this week's event in Los Angeles constituted the largest free health care event in the country, with the arena and all supplies and services provided free to the group. Other expenses were covered by the group's fund-raising.

On Tuesday, volunteers provided 1,448 services to about 600 patients, including 95 tooth extractions, 470 fillings, 140 pairs of [eyeglasses](#), 96 Pap smears and 93 tuberculosis tests, the organizers said. Hundreds of volunteer doctors, dentists, optometrists, nurses and others are expected to serve 8,000 patients by the end of the eight days.

For those willing to endure the long waits, the arena was like a magical medical kingdom, where everything was possible once a person got through the door. Mike Bettis, who runs security for a nightclub in Hollywood, and his fiancée, Lourie Alexander, who cleans homes, said they usually went on [Craigslist](#), exchanging a home cleaning for a dermatology appointment.

By Wednesday, the couple had gotten between them dentures (him); a [breast exam](#), [Pap smear](#) and general physical (her); and acupuncture (both).

"What I liked about it was that everyone was so sweet," Ms. Alexander said. "You know when you haven't seen a doctor in so many years you have a lot of questions."

## HEALTH

## Life Insurers Target Long-Term Assistance

Wednesday, Aug. 12, 2009  
by Anna Edney

An effort to create a national long-term care insurance program is coming under fire from the life insurance industry, which is alarmed that the idea has made its way into two versions of healthcare overhaul legislation.

First introduced by Senate Health, Education, Labor and Pensions Chairman **Edward Kennedy**, the Community Living Assistance Services and Supports plan, creates a federal insurance program providing a cash benefit to help enrollees to purchase assistance, such as adult day care or home modifications, that would help them stay in their homes if they become unable to perform typical daily tasks.

Medicare does not provide such coverage, and only lower-income individuals have access to such coverage under Medicaid. That leaves middle-income Americans struggling to pay for private long-term care insurance, and some get rid of assets to fit into the Medicaid population.

Crafters of the legislation say the wider risk pool that the voluntary program will establish will make long-term care insurance more affordable.

The head of the American Council of Life Insurers, former GOP Gov. Frank Keating of Oklahoma, says the national program will quickly become insolvent. He equated the program to "attempting to send a letter with a 17-cent stamp."

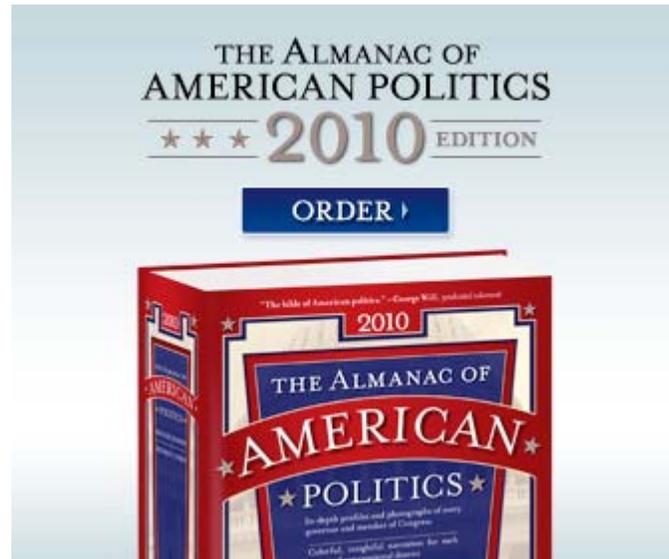
ACLI wrote HHS Secretary Sebelius with its concerns recently and plans to continue a letter-writing campaign and outreach through media to raise the issue.

Keating pointed to a July report from the American Academy of Actuaries that estimates the program would be insolvent as early as 2021 and the latest by 2032. Keating argues the HELP provision, which was later added to a version adopted by the House Energy and Commerce Committee, relies too heavily on younger people taking part in the program.

"It assumes young people will pay \$110 a month on a voluntary basis for a product you don't access for 40 years," Keating said. "Young people will say, 'Why should I do this? I should just put money in a savings account.'"

Monthly premiums under the measure start at \$65. HHS is directed to increase premiums to keep the program actuarially sound over 75 years. The \$110 a month Keating cited is an American Academy of Actuaries estimate on the average monthly premium necessary to sustain an average \$50 a day minimum benefit. CBO says the program will remain solvent through 2050 if the premium is raised to \$85 a month and benefits are capped at \$50 a day.

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John Rother, executive vice president for policy for AARP, said predicting behavior is tough, but when a benefit is automatically offered with an option to decline, "people end up taking it." AARP helped Kennedy's staff craft the provision to solve what the organization believes is the main problem with private long-term care insurance: Premiums rise with age and often force seniors to drop the coverage they paid into for decades.

The life insurance industry also worries that the public program could entice people away from their private long-term care policies, much like private health insurers and business groups fear the public health insurance option.

The federal long-term care insurance program is particularly inadequate to cover nursing home care, Keating said. "The average nursing home benefit is \$150, \$200 a day," compared to the \$50 minimum benefit, Keating said.

But Rother said the program is not meant to cover institutional care.

"What it's really designed to do is to help people stay independent in their own homes by providing enough help for in-home assistance or adult day care or things like that," Rother said. "It's completely unfair to say the benefit is inadequate, because it's not designed to be for nursing home care or anything like that."

While many people already believe Medicare will cover their nursing home needs, Keating said the provision will increase confusion and lead people to not properly assess their long-term care needs.

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## HEALTH

## Critics: Co-ops Are Disguised Public Plan

Wednesday, Aug. 12, 2009  
by Carrie Dann

Opponents of healthcare reform are aiming to kill a delicately negotiated compromise on a nonprofit insurance plan before its final version is released after the recess.

Some conservative groups are instructing their members that nonprofit healthcare co-ops, first proposed by Senate Budget Chairman **Kent Conrad**, are synonymous with the government-administered public option opposed by Republicans.

Conrad is among the "Gang of Six" healthcare negotiators on the Finance Committee, which has yet to release its draft.

Organizations such as FreedomWorks, which is encouraging its members to participate in town hall meetings, has distributed talking points describing the co-op concept as a rebranding of Democratic aspirations to create a single-payer healthcare system.

"Some are now referring to a "Co-Op" plan to continue hiding the actual details of this big government legislation," said a planning document distributed to FreedomWorks activists.

In addition, a loose-knit group of conservative leaders circulated a memo last week describing the co-op proposal as "a stalking horse" for government-run healthcare insurance.

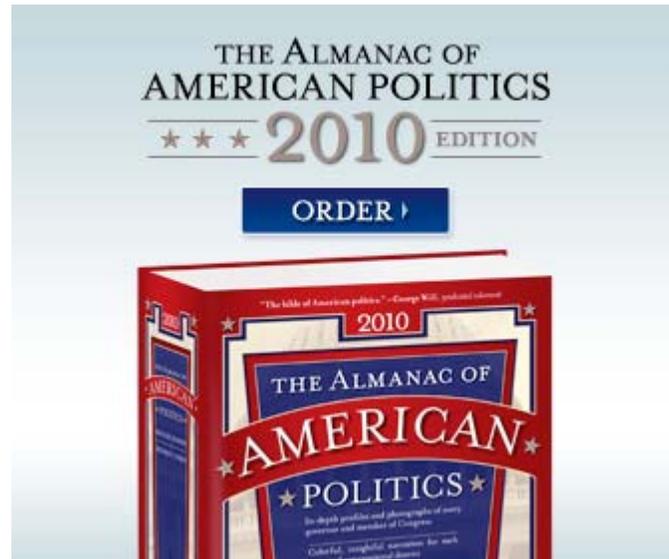
Former Rep. David McIntosh, R-Ind., co-founder of the Federalist Society and one of the Republican activist leaders who signed the memo, said that Republicans are prepared to oppose any proposal that could be perceived as a step toward a public option. If the Finance draft has a strong co-op provision, "conservatives will say that will lead to government-run health care, and we will oppose it," said McIntosh.

Conrad has sought to underscore key differences between the public option, favored by House Democrats, and the co-ops, which he argues will cut costs to consumers by operating as not-for-profit organizations.

Under his plan, co-ops would receive federal seed money in the form of grants or loans, but the money would be limited and the co-ops would be required to become self-sustaining. They would be administered by an elected board.

The idea is under fire from both sides of the aisle. Senate Finance Health Subcommittee Chairman **John (Jay) Rockefeller**, D-W.Va., a champion of the public plan, has challenged the effectiveness of independently operated cooperatives. Business groups such as the National Federation of

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Independent Business and the U.S. Chamber of Commerce oppose the public option in the House version but have yet to weigh in on the co-op proposal, citing the lack of details.

The Chamber, which today launched a multimillion-dollar ad campaign to oppose Obama's plan, last week urged the Finance Committee to complete bipartisan negotiations.

Several business lobbyists said the proposal could offer an acceptable compromise if the co-ops are subject to the same regulatory hurdles as private insurers and do not enjoy preferential treatment from federal decision-makers.

But many conservatives remain wary that Democrats will mold any compromise to tilt the playing field in favor of the co-ops, driving private insurers out of the market and rendering the remaining nonprofit healthcare networks unwieldy and inefficient.

A spokeswoman for Americans for Prosperity, another group dispatching activists to town hall meetings, said her group sees the co-op proposal, the public option and various mandate proposals as different names for the same thing: an increased government role in how healthcare decisions are made.

FreedomWorks policy director Max Pappas said that Conrad's co-op idea would create a system akin to the government-chartered mortgage giants that imploded. "This has the potential to do to health care what Fannie Mae and Freddie Mac did to housing," he said.

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# ROLL CALL

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## House Rules Chairwoman Takes Aim at Health Insurers

Aug. 12, 2009, 4:08 p.m.

By *Steven T. Dennis*

*Roll Call Staff*

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House Rules Chairwoman Louise Slaughter (D-N.Y.) and a former health insurance company executive launched fresh attacks Wednesday on insurance companies, arguing that they are fomenting opposition to health care reform.

Slaughter appeared at the Capitol with Wendell Potter, a former CIGNA vice president, who said his industry had repeatedly set up front groups to defeat past health care reform efforts and spent millions of dollars on covert public relations operations.

"I know from years as an industry PR executive how effective insurers can be using scare tactics to turn public opinion against any reforms that affect profitability," Potter said. "The industry is up to the same dirty tricks."

The press conference comes as the Democrats have shifted their message to target insurers. Democrats, led by the White House, have started talking about "health insurance reform" rather than health care reform and accused insurance companies of standing in the way of an overhaul.

Potter said there was an indirect link between insurance company tactics — which he said included promoting terms like "government takeover of health care" and demonizing plans in other countries — and the disruptions that are taking place at town-hall meetings.

Potter said that insurance companies already ration health care and that it should be called "Wall Street-run health care."

Those plans are not run "by people we can hold accountable on Election Day, but by insurance company accountants and underwriters and executives held accountable by a group of wealthy investors and hedge fund managers who care far more about earnings per share than your health," he said.

The industry would either like to kill reform or shape it to its own liking by preventing the creation of a competing public insurance option that could crimp its profits, Potter said.

A plan that does not include such an option "might as well be called the Insurance Industry Profit Protection Act," he said.

Slaughter also took aim at what she considered the ignorance displayed by some opponents of the bill.

"It is embarrassing to me as an American that people would even begin to believe that their government would be putting people to death ... that people would literally buy that," Slaughter said. "Or, as I heard the other day, that they might have forced sex-change operations. I thought, why in the world would Americans believe this?"

Slaughter also said the chaos that has taken place at town halls "is not new." Slaughter said she faced similar disruptions during the 1993 health care debate, pointing to a town hall that she held then in Rochester, N.Y., that "really turned into chaos when the John Birch Society really forced us to close it down." Slaughter said she is

doing telephone town halls this time around and sending a mailer to her constituents outlining the bill.

Slaughter also vowed an end to middle-of-the-night bills after the cap-and-trade energy bill passed just hours after the final legislation was filed and said the health bill will be public longer.

“You’re not going to see ... a bill in the middle of the night, ever again,” she said.

Slaughter also said the bill would include a conscience clause that would allow people not to be involved with abortions if they choose not to and would continue to prohibit federal funding for abortions.

And she predicted that the Democratic Party’s progressives and conservatives would be able to overcome their differences on the makeup of a public option.

“I’ve never seen a major bill go through that didn’t have this sort of thing,” she said.

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# ROLL CALL

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## **Gibbs: Obama Misspoke in Saying AARP Backs Health Care Bill**

Aug. 12, 2009, 1:53 p.m.

*By Keith Koffler*

*Roll Call Staff*

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The White House acknowledged Wednesday that President Barack Obama misspoke Tuesday when he said AARP had endorsed health care reform legislation.

Obama, who made the comment at a town-hall meeting in Portsmouth, N.H., meant to say that AARP was generally supportive of “comprehensive reform” and backs a deal between drugmakers and the Senate Finance Committee for the industry to provide \$80 billion to fund legislation and drug purchases under Medicare, according to White House Press Secretary Robert Gibbs.

Obama was responding to a question about supplemental Medicare insurance that many seniors purchase to fill gaps in drug coverage. The president used the question to address charges that health care overhaul legislation he backs would harm Medicare.

“First of all, another myth that we’ve been hearing about is this notion that somehow we’re going to be cutting your Medicare benefits,” Obama said. “We are not. AARP would not be endorsing a bill if it was undermining Medicare, OK?”

The comment provoked a rapid response from AARP Chief Operating Officer Tom Nelson.

“While the President was correct that AARP will not endorse a health care reform bill that would reduce Medicare benefits, indications that we have endorsed any of the major health care reform bills currently under consideration in Congress are inaccurate,” Nelson said in a written statement.

“AARP supports specific measures that would help older Americans and their families — including bipartisan proposals to create a new follow-up care benefit in Medicare that would help prevent hospital re-admissions, as well as to address the Medicare prescription drug coverage gap known as the ‘doughnut hole,’” he said. “We also support the need for lawmakers and the Administration to act this year to fix what doesn’t work in the health care system.”

Meanwhile, Gibbs said Finance Chairman Max Baucus (D-Mont.) will be present at a town-hall meeting Obama plans to hold Friday in the Bozeman, Mont., area, but he said Baucus will not participate in the event. Baucus is spearheading talks among a bipartisan group of Finance Senators trying to negotiate a health care deal.

The president has been pressing Baucus to try to wrap up his panel’s discussions on health care legislation as soon as possible.

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# Energy/Environment



## LEADING THE NEWS

### Climate bill could cost 2 million jobs

By Jim Snyder

Posted: 08/12/09 04:30 PM [ET]

Add another climate bill cost estimate to the growing pile.

The National Association of Manufacturers (NAM) and the American Council for Capital Formation (ACCF) released a study Wednesday that found under a high-cost scenario the House global warming bill could reduce economic growth by 2.4 percent and cost 2 million jobs by 2030.

A graphic for "THE HILL NEWS ALERTS". At the top, "THE HILL" is written in large blue letters with a small image of the U.S. Capitol dome between the words. Below this, "THE HILL NEWS ALERTS" is written in red. To the right, text says "Get the latest news from The Hill direct to your inbox, RSS reader and mobile devices." At the bottom left is a blue button with "SIGN UP »" in white. At the bottom right are two stylized animal icons: a red elephant with three white stars and a blue donkey with three white stars.

Environmentalists were quick to criticize the study for underselling the development of climate-friendly sources of power and not releasing other assumptions NAM and ACCF fed into the computer model to get their economic forecast, which takes more of a glass-half-empty view than recent governmental reports.

But the business groups' figures will likely provide opponents of capping carbon more ammunition and could add to the angst of senators from industrial states. One key finding is that the climate bill will hurt the manufacturing sector particularly hard. As much as 66 percent of the total job loss from the climate bill could come from manufacturers, the report notes.

And though the impact of the bill will grow over time, the economy will start feeling the effects of the carbon cap almost immediately.

"Industrial production begins to decline immediately in 2012, relative to the baseline," the report notes.

Tony Kreindler, a spokesman for the Environmental Defense Fund, which supports the climate bill, said the business study is overly pessimistic about the development of nuclear power plants and makes other assumptions that raise the costs of a climate cap. For example, the NAM-ACCF study assumes a relatively small amount of international offsets would be available to businesses to help them meet carbon caps.

Even so, Kreindler criticized the study for its lack of details about exactly what assumptions went into the model.

The report's executive summary, the only version released publicly, does provide some details about what assumption the study makes, relating to the development of wind and other renewable sources of power and the availability of offsets to help businesses meet their emissions reductions. Modelers also assumed that only 10 to 25 nuclear plants would be built in the next two decades.

The Energy Information Administration, however, assumed 95 plants would be built by 2030, under one scenario.

Margo Thorning, senior vice president and chief economist at ACCF, called that projection "ridiculous" given the expense of building a nuclear plant and the length of time it takes to get a permit from nuclear regulators to move forward with construction.

She said the assumptions used in the NAM-ACCF study were based on information gathered from business leaders and energy experts.

"We've bent over backward to be generous about how quickly new technology can be put in place" that would help minimize the costs of the climate bill, Thorning said.

The ACCF and NAM study can be found [here](#).

Analyses by the EIA, Environmental Protection Agency and Congressional Budget Office can be found [here](#), [here](#) and [here](#).

-- *This story was updated at 5:23 p.m.*

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## 1. **CLIMATE:** Airlines will be first U.S. industry to confront cap and trade (08/12/2009)

Paul Voosen, E&E reporter

The first U.S. industry to face a cap on its greenhouse gas emissions is not, as may be expected, the coal-burning power utilities. It's not the oil refineries, churning through crude. It's not the automakers, manufacturing again.

It's the airline industry.

Sometime this month, the European Union will release a list of airlines it will regulate under its existing cap-and-trade system for carbon dioxide. Beginning in 2012, all international flights landing in the region must abide by the regulations. And several airlines on that list will have a decidedly New World feel: Delta, United and American.

They are not alone. A preliminary version of the list released earlier this year included more than 700 airlines registered in the United States, out of some 2,800 airlines total. While this number is expected to dwindle -- weaning out small-scale operations -- all large U.S. carriers flying into Europe expect to be on the finalized list.

The move to regulate what is an international business typically governed by treaty has raised hackles from airlines and governments around the world. Many see its position as a violation of national sovereignty -- or simply bad for business.

The European Union is seeking to "substitute its judgment for other parts of the world," said Nancy Young, vice president of environmental affairs at the Air Transport Association, the lobbying group for U.S. airlines.

"I'd say virtually every airline in the world opposes the unilateral European approach -- including the European airlines," Young said. At a certain point, she added, "the Europeans are going to have to decide whether they're playing in the sandbox or not."

E.U. legislators have enthusiastically supported taxing airline emissions, approving the law last year. While planes account for up to 3 percent of the bloc's total CO2 output, without caps these emissions could almost double within a decade, counteracting the European Union's ambitious low-carbon goals, said Philip Good, an environmental policy expert at the European Commission, the executive branch of the European Union.

"Aviation is a part of the economy that traditionally has been outside the scope of climate policies," since it was not included in the Kyoto Protocol, Good said. "Bringing aviation into the [scheme] normalizes the situation."

The airline industry is committed to reducing greenhouse gas emissions, but the E.U. scheme is shortsighted in taking a regional solution to international transport, said Quentin Browell, assistant director of aviation environment at the International Air Transport Association, which represents 230 airlines worldwide.

"What concerns us is there's no coordinated approach," Browell said. "We take responsibility for our emissions. It's perfectly valid for us to pay the cost of those emissions. But we should pay just once."

Of particular concern to U.S. carriers are fears of double taxation, given the provisions in the House's recently passed climate bill that would be tantamount to an indirect tax on aviation. While the bill is focused on stationary emissions, transportation fuel -- including jet fuel -- will be regulated at the point of sale, potentially raising the collective bill of U.S. airlines by \$5 billion, according to Young.

The provisions that increase fuel prices for aviation could be revised in the Senate climate debate. Already, the Air Transport Association managed to insert a provision into the House bill that called for working "with foreign governments towards a global agreement that reconciles foreign carbon emissions reduction programs to minimize duplicative requirements."

European officials argue that fears of double counting are unfounded, as when another nation adopts similar caps, the bloc will take steps to exclude international flights from its system, according to Sophie Knight, spokeswoman for the United Kingdom's Department of Energy and Climate Change.

### The E.U. 'model'

The European Union is "providing a model that the rest of the world could choose to implement," the European Commission's Good added. "Once developed, similar mechanisms could be linked together to give global coverage of aviation emissions."

This model is well under way.

In the next month or two, the European Commission will release the baseline used to cap airline emissions. Based off averages from 2004 to 2006, sources say the commission initially arrived at a figure north of 200 million tons of carbon dioxide. The commission delayed releasing the baseline this month, citing the need for data accuracy.

Beginning in 2012, total aviation emissions will be capped at 97 percent of the baseline, falling to 95 percent in 2013. Eighty-five percent of the CO2 allowances will be freely granted, and the rest will be auctioned. Unlike other parts of the trading scheme, it is not a hard cap, and airlines can buy as many emission credits as they like, if they're willing to pay.

The overall cost to the industry could be €1.1 billion, according to Andreas Arvanitakis, an analyst at the carbon market monitor Point Carbon who recently co-authored a report on the scheme.

In fact, Delta and United will likely face the highest carbon shortfalls of any airline operating in Europe, at 3.5 million tons and 3.3 million tons, respectively, according to Point Carbon's analysis -- higher than British Airways, at 3 million tons.

Unlike utility companies, which have the option of investing in renewable energy, commercial alternatives to oil-based jet fuel are in their infancy. The international standards board for fuels and chemicals last week approved the use of synthetic jet fuel for commercial flights, a move that could pave the way for approval of renewable jet fuels ([E&ENews PM](#), Aug. 6).

Instead, airlines facing carbon shortfalls have several alternatives. They can purchase additional permits from the European market or invest in clean development mechanisms. And there are leaps to be made still in fuel efficiency, with many believing improvements in air traffic control and plane technology each could net more than 10 percent fuel savings.

Airlines themselves, once united in their opposition to CO2 regulations, are beginning to separate somewhat, with several airlines, notably British Airways, aggressively pursuing environmental goals, said Martin Staniland, a professor at the University of Pittsburgh's Graduate School of Public and International Affairs who has extensively studied the sector.

"It's a bit like a marathon," Staniland said. "Some people are taking off to the front."

Partly this is a function of economics: U.S. airlines remain in shaky financial condition, which has allowed their European competitors to purchase newer, more efficient fleets, Staniland said. Neither United, Delta nor American returned inquiries related to the European scheme, but reports indicated they are planning to comply with the European system.

Both regulators and the airlines opposing them are now, like so many others, pinning their hopes on the U.N. climate talks in Copenhagen this December. Britain will press that targets for aviation emissions be a part of any deal struck, Knight said.

Meanwhile, the International Civil Aviation Organization, the U.N. agency that has traditionally overseen global flight, will be defending its turf. The agency has recently released proposals focused on improving fuel efficiency to fight climate change. The regulations are voluntary, however, and do too little, from the European view.

Without a Copenhagen treaty that addresses aviation emissions from a global stance, it is likely that a country -- be it the United States, China, Japan or elsewhere -- will file suit against the E.U. scheme, the Air Transport Association's Young said.

Even with a new U.S. administration that is far more aggressive in its approach to climate change, the aviation regulations remain unappealing simply due to issues of sovereignty.

"What right does the European Union have to charge a U.S. carrier for its emission over U.S. airspace?" said Browell of the International Air Transport Association.

Young argued that if the Europeans have such rights, then, for example, the United States could decide to restrict airlines from countries with poor labor laws. "Where does it stop?" she said.

While legal challenges remain, it is clear that the European Union has spurred a coalescing debate on the shape of a global emissions scheme, Staniland said.

"The E.U. action is quite crucial," he said. "It has provided a model. Whether anyone will adopt that model, I don't know."

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# The Washington Post

## Bottled Water Boom Appears Tapped Out

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Environmental Concerns, Recession Put Crimp in Sales

By Ylan Q. Mui  
Washington Post Staff Writer  
Thursday, August 13, 2009

The recession has finally answered the question that centuries of philosophers could not: The glass is half-empty.

That's because sales of bottled water have fallen for the first time in at least five years, assailed by wrathful environmentalists and budget-conscious consumers, who have discovered that tap water is practically free. Even Nestle, the country's largest seller of bottled water, is beginning to feel a bit parched. On Wednesday, it reported that profits for the first half of the year dropped 2.7 percent, its first decline in six years.

The biggest loser? Water.

"It's an obvious way to cut back," said Joan Holleran, director of research for market research firm Mintel. "People might still be buying bottled water, but you can bet that they're refilling those bottles."

The news delighted environmentalists, who have long berated the industry for wasting natural resources and stuffing landfills with plastic bottles. "I thought we'd never be able to impact sales of bottled water, and all of a sudden it's really gained momentum," said Wenonah Hauter, executive director of advocacy group Food & Water Watch. "I think we're making real progress."

Not so long ago, bottled water was bubbling. It climbed up the ranks of America's favorite beverages in recent years, beating out juice to become the third most popular in 2008, according to Mintel. (Soda is the drink of choice by far, followed by milk.) Sales of bottled water swelled 59 percent to \$5.1 billion between 2003 to 2008, making it one of the fastest growing beverages. About 70 percent of consumers say they drink bottled water.

But the economic downturn is stemming the tide. Nestle sells a variety of brands, such as Poland Spring, Deer Park, S. Pellegrino and Perrier. It was the only sector in Nestle's food and beverage group to post a decline in global sales during the first half of the year, down 2.9 percent because of weakness in the United States and Western Europe. Coca-Cola has also blamed softening demand for weaker U.S. sales of its bottled waters.

According to consulting firm Beverage Marketing Corp., Americans drank 8.7 billion gallons of bottled water last year, compared with 8.8 billion in 2007 -- the first decline this decade. Per capita

consumption dropped from 29 gallons to 28.5. Jeff Cioletti, editor in chief of trade publication Beverage World, said he doesn't believe bottled water will return to galloping growth for a long while.

"There were sort of a lot of headwinds," he said.

Those forces include not only the economic downturn, which is whacking at sales of everything from cars to clothes, but also the massive campaign by environmentalists to get consumers to turn on the tap.

Last spring, Takoma Park became one of the first cities in the Washington region to put a ban on buying bottled water for government offices and events, a green bandwagon that includes places such as San Francisco and Fayetteville, Ark. Local grocer My Organic Market decided last year to stop selling imported bottled water after considering the energy, oil and, well, water that go into selling it.

According to Food & Water Watch, more than 17 million barrels of oil -- enough to fuel 1 million cars for a year-- are needed to produce the plastic water bottles sold in the United States annually. And about 86 percent of the empty bottles get thrown into the trash rather than recycled. Beverage companies have responded through recycling initiatives and purchasing carbon offsets.

Hauter said she has worked on water issues for about a decade but that the movement took off about three years ago. The group fans out to festivals and other public events pouring water for attendees into corn-based, biodegradable cups or metal containers bearing the name of its campaign, "Take Back the Tap."

The containers are also available online for about \$20 each. Sales, she reports, have been strong.

*Staff writer Lori Aratani contributed to this report.*

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