

Case Memo Analysis for “The Battle Over the Clinton Health Care Proposal” (C15-00-1600.0)

Summary of the Case:

President Bill Clinton stated in his September 24, 1992 speech that he would construct an affordable health care plan for all Americans. His plan to reform health care would fall between the “incremental market-oriented” and “single payer” reforms. The plan would involve intervention by the government, but would not entirely eliminate the role of businesses paying for insurance. Clinton was looking into incorporating the Jackson Hole group “play or pay” plan where employers were mandated to pay for some portion of workers’ health benefits.

On January 25, 1993, Clinton declared that a health care reform plan will be drafted within the first 100 days of his administration and would be led by his wife, Hillary Clinton and Ira Magaziner. With the assistance of many organizations, individuals, policy analysts and political heads, the proposal finally came out in late spring of 1993. On September 22, 1993, Clinton proposed the health care reform plan to the public. The plan included a state-run network of “regional health alliances” that offered a menu of health plans. It mandated employers to pay 80% of the average premium costs for full-time employees and a pro-rated amount for part-time employees. Smaller businesses would be entitled to government subsidies and larger businesses could provide their own insurance, but would still have to pay state taxes. Many individuals supported Clinton’s plan, but many businesses, small health care providers and legislature members opposed it.

Issues and Recommendations:

Is Health Care a Public Good? – Determining whether health insurance should be a public or private good has been an intensely debated question that the federal government has tried to answer for years. One side argues that the government should provide universal health care to all, while others feel that the citizens should have the ability to choose the plan that is best for them and that the government should not be involved (Johnson, 1995). The line separating the role of government’s responsibility has led to the problem of “fuzzy boundaries.” While coordinating efforts to solve the health care problems, the issues of how it will be done and who will perform each role are often debated (Kettl, 2002). There are analytical ways to determine whether a good should be provided by the public or private sector. The first question to ask is whether the good is nonrival (Steinemann, Apgar and Brown, 2005). Is health care service a good that everyone can have without taking it away from others? This question can be difficult to answer as providing this good/service can be very costly for the government, which might affect the feasibility of offering this service to all. What if the amount of revenue does not cover the expenses of the plan? What part of the population will receive services? Will the availability (or lack) of doctors, hospitals, and health services make receiving service difficult for some insurance holders? All these questions relate to the rivalry of the good and should be thoroughly discussed and analyzed.

The second question determines whether the good is nonexclusive (Steinemann, Apgar and Brown, 2005). If the government offers a universal health care plan, will it exclude a part of the population from using it? The good is considered nonexclusive if everyone receives the good regardless if they paid for it (Steinemann, Apgar and Brown, 2005). Clinton’s plan stated that everyone will be able to receive the benefit, but being able to offer it to all might be a different story. Deciding whether health care should be offered by the government or private businesses can be indeterminable since there are pros and cons for each side. Arguing and proving that the good/service is nonexclusive and nonrival is the only way to prove to the public and businesses that health care is truly a public good and should be administered by the government.

Is the Plan Efficient and Effective? – Determining the efficiency and effectiveness of Clinton’s health care plan is another issue addressed by citizens and business owners. Clinton stated that his plan is efficient because it eliminates administrative overhead, but is he accounting for hidden costs? In addition, the Clinton’s health care plan may be efficient in the long run, but what will it be like in the short run and can the citizens wait for the future years’ benefits? One way to determine if Clinton’s health care plan is efficient is by conducting cost-benefit and cost-effectiveness analyses. In a cost-benefit analysis, if the cost of the plan exceeds the benefits, then it will be difficult to argue that the plan is more efficient than the current system (Rossi, Lipsey and Freeman, 2004). Clinton’s administration will need to determine that the cost of the plan is economically efficient for the proposed outcomes. A cost-effectiveness analysis measures efficiency differently. It compares the cost of two plans trying to achieve the same impact or goal (Rossi, Lipsey and Freeman, 2004). For example, the cost to cover uninsured people using the plan vs. the cost of uninsured people using emergency rooms for acute care is a possible cost-effectiveness analysis that can be conducted to see difference between the two scenarios. Cost-benefit and cost-effectiveness analyses are two ways to determine efficiency.

To determine the effectiveness of the plan, evaluating how the plan impacts its target audience should be also be conducted. Osborne and Gaebler (1993) stated that just looking at the number of users is not the only or effective way to determine how a program is doing. Clinton makes a statement that the current health care system is “badly broken, and that it is time to fix it.” The question asked by many people is what part of Clinton’s plan effectively fixes the current system? To answer the question, the plan needs to be measured by the results and outcomes. For example, evaluations of whether the cost of health care drops while more people become insured is one way to determine if the program had a positive impact on decreasing the nation’s health care spending. Other evaluations that look into the overall health of the citizens can give the Clinton administration a better idea if their plan has a positive impact on the overall health of Americans. There are many ways to get evaluative information, such as gathering secondary data, and conducting surveys, interviews and/or focus groups. The method chosen should be determined by the type of information needed to establish effectiveness.

Can the Plan be Implemented? – Once Clinton gains support from the public and businesses, his job is only halfway completed as policy implementation is another hurdle to jump over. To avoid policy implementation failure, Clinton must effectively design the execution of his plan. Although implementation of such a huge plan will involve multiple levels of administration, there are different ways to successfully implement a policy or program. First, Clinton must decide if the implementation will be incremental or nonincremental. Incremental change will ease the new plan into political, social and economic markets, while nonincremental change is implementing an entire program all at once (Patton and Sawicki, 1993). Incremental change would probably work the best as a complete overhaul of the current health care system could lead to many problems occurring all at once. Identifying the involvement of actors and agencies in the implementation is the next step (Patton and Sawicki, 1993). To eliminate confusion and “fuzzy boundaries” problems, the Clinton Administration needs to specify the actors and their roles. Once the roles are determined, the actors must know all the elements of the part(s) they are administering or implementing. They should know who they will be working with (the public or other agencies), how much it will cost, where will the funding will come from, how long it will take and what their specific deadlines are for their goals (Patton and Sawicki, 1993). These are the minimal steps that should be taken to ensure that the plan is implemented without significant problems. However, no amount of planning can prevent problems with implementation. Since the inevitable will happen, the Clinton administration should also have a team of policy analysts of different expertise ready to deal with the problems as they occur. Detailed planning can lead to an effective implementation of Clinton’s health care reform.

Reference List

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