



# RESURGENT REPUBLIC

## MEMORANDUM

**TO:** Interested Parties  
**FROM:** Ed Gillespie and Whit Ayres  
**DATE:** June 22, 2009  
**RE:** Vulnerabilities in Health Care Reform Proposals

President Obama's push for health care reform is in trouble on Capitol Hill, and the latest Resurgent Republic survey indicates why. **As was seen in last month's survey on issues involving enhanced interrogation techniques, on critical aspects of the Democrats' health care proposals, Democratic voters are on one side while Independents side with Republicans on the other.** *This split is especially true of perceptions involving budgetary impact, taxes and the threat to private coverage.*

There are four important takeaways from this survey for those who oppose greater federal control over our nation's health care system in general, and a "public option" in particular:

1. Concern about runaway federal spending and mounting federal debt is the Achilles heel of the Obama health care plan. Its opponents should place these fiscal concerns at the center of their argument.
2. Proponents of the Obama plan can't "get healthy" on the debt side of the argument by offsetting the cost of the plan with higher taxes on existing private health insurance benefits. New taxes on health care benefits runs smack into a principal concern over rising health care costs.
3. There is a significant gap between those who say they prefer a system where most Americans get their health care coverage through private insurance and opposition to a public insurance plan, especially among critical Independent voters. Emphasizing how the public plan option would result in those with private insurance being moved into a government program is fertile ground for opponents.
4. Concerns over diminished quality of care and/or control by government bureaucrats seem to have less impact in the current environment than in 1993, when a major overhaul of our health care system was last debated. Indeed, "government bureaucrats" are scarcely less appealing than "insurance bureaucrats," and arguments over wait time and denial of treatment are much less resonant than cost arguments. Opponents of "ObamaCare" would be wrong to think that the central arguments that defeated "ClintonCare" would prevail again today.

In addition to the above four takeaways, there is a caveat: **Concern about rising health care costs outstrips every other economic concern today. Health care costs rank first on the list of greatest financial concerns (19%), ahead of paying for retirement (16%) or the mortgage (13%), losing a job (12%), education costs (11%) or taxes (8%).**

So while this survey focused on arguments for and against proposals being put forward by President Obama and the majority in Congress, opposition to these reform proposals should not be mistaken for opposition to reform. This survey was conducted in a stark “for or against” format. **Augmenting the “against” arguments with positive alternative proposals focused on controlling rising health care costs would most likely result in greater opposition to the Obama Administration approach.**

We now look at the data underlying the conclusions above.

### *Fiscal Concerns*

Voters overwhelmingly agree (58%) with the statement “reforming health care is important, but it should be done without raising taxes or increasing the deficit,” with 41% in strong agreement. A majority of Republicans (75%) and Independents (62%) are on one side in agreement, while only 38% of Democrats agreed (versus 57% of Democrats who agreed instead that “reforming health care is so important that the government should invest new resources to make sure it is done right”).

The electorate splits evenly on the need to address a health care crisis now by controlling costs, covering the uninsured and improving the quality of care (47% agreeing) versus an “enough is enough” argument against acting now because the federal government has already spent billions to take over banks and auto companies and threatens to bankrupt the country (49% agreeing). But while that split is within the margin of error, Independents side with the “enough is enough” argument by 12 points (52-40).

A similar even split (47-48) occurs when the “address the health care crisis now” argument is pitted against opposition on the basis that “now is not the right time with the country facing the most serious recession in modern times.” But this argument resonates slightly less with Independents than the preceding one, as they agree “now is not the right time” by an eight-point margin (50-42).

## *Taxes*

Raising taxes to ensure everyone has health insurance is a non-starter with voters. By a 13-point margin of 52-39, respondents preferred a health care reform plan that does not provide health insurance to all Americans but keeps taxes at current levels over a reform plan that raises taxes in order to provide health insurance to all Americans. Republicans preferred the plan with taxes at current levels by a whopping 60 percentage points, while Independents were close to the mean with a 16-point preference. However, Democrats favored a plan that raises taxes by a 27-point margin.

Voters reject paying taxes on health care benefits in general (71-22), paying taxes on employer-provided health benefits above \$13,000 (69-25), and eliminating tax deductions for charitable contributions and mortgage interest for people who make over \$250,000 per year (55-38). In every instance, a clear majority of Republicans and Independents were opposed, joined by a majority of Democrats on the first two.

## *Quality of Care*

Arguments that a public plan will expand coverage, control costs and improve quality trump arguments that more government involvement will create long wait times, deny needed treatments and hinder quality by five percentage points (49-44), but again Independents (37-49) are more aligned with Republicans (28-69) than Democrats (74-20).

The prospect that a public plan would lead to health care similar to that in “Europe and Canada, with fewer covered procedures, long wait times for surgery and more government bureaucracy” is less resonant than the prospect that it would “allow citizens to have one more choice for health insurance and will force private plans to stay competitive on costs and services.” Only 43% agreed with the former, while 53% agreed with the latter. Republicans (66-32) and Democrats (20-77) were predictably polarized, while Independents split evenly (47-46).

The public splits evenly when asked whether they agree if “private sector health care leaves too many important decisions in the hands of insurance company bureaucrats instead of doctors and patients” (44% agree) or “government-run health care would leave too many important decisions in the hands of government bureaucrats instead of doctors and patients” (45% agree). But on this contrast, Republicans and Independents are more concerned by decisions in the hands of government bureaucrats than insurance company bureaucrats by margins of 63-31 and 46-36, respectively. Democrats, by contrast, are more concerned by decisions in the hands of insurance company bureaucrats than government bureaucrats by a margin of 59-29.

Independents, however, are closer to Democrats than Republicans in agreeing that “greedy insurance companies and drug companies” charge “way too much for the services they provide,” and “if the government regulated what they could charge, health care costs would be a lot more reasonable.” By an overall margin of 55-39, voters agreed with that statement versus

agreeing with a statement that such “regulation of health care prices will lead to less innovative treatments, lower quality health care and fewer health care providers.” Democrats split 75-21 between the two statements, Independents 51-38 and Republicans 32-63.

### ***Private Versus Public Insurance***

Asked whether they would prefer a system where most Americans get their health care coverage through the federal government or a private insurance company, voters favored a predominantly private insurance system by almost exactly two-to-one, 60-31. The Republican margin was almost exactly 8:1 (87-11), and Independents 2½:1 (61-24). Democrats diverged, favoring a system where most Americans get their coverage through the federal government by 15 points (37-52).

This explains important splits in two subsequent policy-related questions. Forty-seven percent (47%) agreed with the statement “Americans need a public health insurance plan administered by the Federal Government to expand choices and control costs by competing with private insurance companies” versus 45% who agreed with the statement “a government-run health insurance plan will use taxpayer subsidies to undercut private insurance rates, and force private companies out of business, resulting in everyone going into a government-run plan.”

But when you break this essential tie into partisan IDs, a majority of Independents (51%) agree with the undercutting argument, more in line with the vast majority of Republicans (67%) than the mere 23% of Democrats.

While a plurality in the survey (49%) agreed that “to increase the number of people with health insurance coverage, the federal government should require all employers to provide health insurance for their employees, or pay to support a public plan that would cover their employees” versus the 43% who agreed “if the federal government requires all employers to provide health insurance for their employees or pay to support a public plan, employers will likely drop their coverage and shift their employees into a public plan.” That plurality, however, is driven by the overwhelming agreement of Democrats (66-27). Independents (39-50) and Republicans (36-55) were more likely to agree with the private-to-public shift argument.

There is an inconsistent gap between the strong preference for a system where most Americans get their health coverage through private insurance and the pluralities favoring the employer mandate/tax and the public insurance plan. If the public better understood the private-to-public shift that would result from these two policies, support for them would likely drop significantly.

This is especially true when you consider that 68% of respondents have employer-provided or individual health insurance, versus 22% who are in a government program. Of the 68% privately covered, 90% are satisfied with the quality of their care. Yet 46% of the 68% privately insured today agreed with the employer mandate/tax argument, and 44% of them agreed with the public insurance option argument.

Were they to understand the impact both policies could have on their own insurance, that

support would drop. The prominent concern about paying for health care costs cited up front indicates that a greater understanding of how a public option would likely result in higher costs to those with individual or employer-provided coverage would also move voters away from supporting it.

One final note about seniors, who tend to follow any debate about health care closely. They are the age group that is most satisfied with their current health care and most concerned about health care costs. That suggests that proposals to cut \$300 to \$400 billion from Medicare funding will run into a firestorm of criticism from seniors.

**Critics of the public option and employer mandates would do well to hammer away on three vulnerabilities: 1) These proposals will cost too much in higher taxes and federal deficits. 2) These proposals will raise the cost of health care for those with private insurance. 3) These proposals will make it very likely that if you have private insurance, you will end up in a government program.**

Combining these critiques with a positive message focused on addressing cost concerns (i.e., 55% in this survey agreed that “frivolous medical malpractice lawsuits...significantly drive up the cost of health care”) and making health care more affordable could help lead to passage of a bipartisan health care reform bill in this Congress.

### ***Methodology***

This survey consists of 1000 registered voters chosen randomly from throughout the country through random-digit dialing of both landline and cell phones. Calls were conducted June 15-18, 2009. Calling quotas were established by state, urban area, age, race, and gender. The sample is 6 points more Democratic than Republican: 32 percent Republican, 26 percent Independent, and 38 percent Democrat. The margin of error is 3.1 percent.