

The Selling of Obamacare: The Role of the Healthcare Trade Associations

By Elias Crim

Summary: In this second installment of our three-part series on how nonprofits helped pass the Obama healthcare legislation, contributor Elias Crim looks at the Catholic Health Association and the American Medical Association. Their ill-judged support provided moral and medical arguments for fundamental changes to American health insurance that may prove costly to taxpayers and consumers alike. (This is the second article in a three-part series on Obamacare. The first installment appeared in the May 2010 edition of Labor Watch.)

How Congress passed the 2,700 page Patient Protection and Affordable Care Act—informally known as Obamacare—is a tangled tale. The healthcare bill, which passed the House on March 21, was achieved through an unholy alliance of media misinformation and the pursuit of institutional self-interest. There’s even some inside baseball relating to Catholic theology. Talk about watching the sausage being made!

This article looks at the ways two leading healthcare organizations evaluated the Obama legislation and what motivated their decisions to support it. In backing the Democratic bill, the Catholic Health Association and the American Medical Association capitalized on the strength of their reputations and weakness of the public’s knowledge. They made unique contributions to a contentious debate. As moral and medical advocates, they confused the public about what the legislation



Selling out: Sister Carol Keehan, shown above with Vice President Joe Biden, violated her church’s teachings on abortion by embracing Obamacare.

accomplished and allowed uneasy politicians to support a bill despite their misgivings.

The Catholic Health Association

The May 2010 issue of CRC’s *Labor Watch* described the role labor unions played in securing passage of Obamacare. The unions provided tangible resources—money and personnel—to lay the groundwork for Obamacare’s passage. But there was another group that gave the bill an invaluable last-minute push over the goal line. The Catholic Health Association (CHA) and its ally, the Leadership Conference of Catholic Women

Religious, could not match the unions’ financial power or organizational clout. They could not punish members of Congress who did not follow their lead. Nor did they have the legislative expertise to show politicians

July 2010

CONTENTS

The Selling of Obamacare

Page 1

Briefly Noted

Page 6

Organization Trends

how to open or close loopholes to their own advantage.

What CHA offered was moral cover, the camouflage of religious backing. With CHA's support, nervous politicians could vote for a morally-suspect healthcare bill by telling their constituents that Catholic nuns said it was okay to do so.

The 624 Catholic hospitals in the U.S. comprise about 12% of the nation's hospitals. This makes facilities underwritten in some degree by the Catholic Church the largest non-profit provider of healthcare services in the country. Many Catholic hospitals are in inner cities and serve poor minority populations. Like their for-profit counterparts, many are in perilous financial condition. For instance, no less than seven Catholic hospitals in New York City have closed since 2005. The most recent was St. Vincent's in Greenwich Village in Manhattan, founded in 1849. NBC New York reported it closed for good on April 30 and was the last Catholic-affiliated hospital in New York City.

As Catholic ministries, these hospitals have

Editor: Matthew Vadum

Publisher: Terrence Scanlon

Organization Trends

is published by Capital Research Center, a non-partisan education and research organization, classified by the IRS as a 501(c)(3) public charity.

Address:
1513 16th Street, N.W.
Washington, DC 20036-1480

Phone: (202) 483-6900
Long-Distance: (800) 459-3950

E-mail Address:
mvadum@capitalresearch.org

Web Site:
<http://www.capitalresearch.org>

Organization Trends welcomes letters to the editor.

Reprints are available for \$2.50 prepaid to Capital Research Center.

typically operated as non-profit entities. (One possible exception is the Boston-based Caritas Christi hospital group. It is currently in negotiations to convert to for-profit status under possible new owners, the Cerberus Capital Group, the private equity firm that owned Chrysler until March 2009.)

The Catholic Health Association is the trade association that represents most Catholic hospitals as well as Catholic long-term care and hospice facilities and HMOs. Founded in 1915, CHA is a voluntary association whose CEO is Sister Carol Keehan, a member of the Daughters of Charity and an experienced hospital administrator. CHA has no jurisdiction over the operation of individual Catholic hospitals and healthcare facilities. Instead, it exists to offer guidance to its members as well as to act as a national lobby and advocacy group for their interests. According to its 2008 IRS Form 990, CHA had \$16.5 million in annual revenues and spent \$821,634 directly on legislative and grassroots "lobbying." According to the same document, it spent \$4 million annually on "advocacy"—a less stringent and unregulated concept—"to shape the impact of federal legislation," among other goals.

The CHA has had a history of close partnership in coordinating its advocacy activities with the U.S. Conference of Catholic Bishops (USCCB) and Catholic Charities USA—until this year. For instance, in September 2008, Sister Carol cosigned a letter with the head of Catholic Charities USA and Bishop William F. Murphy, chairman of USCCB's Committee on Domestic Justice and Human Development. The letter urged Congress to pass a stimulus plan. CHA was also involved in joint efforts with the bishops' controversial advocacy organization, the Catholic Campaign for Human Development (CCHD), on welfare-to-work projects. There is a long list of collaborative efforts between CHA and the USCCB on the USCCB website. (CCHD was profiled in the September 2009 *Foundation Watch*.)

But the harmony was thrown off in December 2008 when the CHA issued a statement that celebrated the Obama administration's nomination of an abortion rights supporter, former Senate Majority Leader Tom Daschle (D-S.D.), to be Secretary of Health and Human Services. CHA's open support for Daschle was a portent of things to come.

A skeptical observer might wonder: What does the "C" in the CHA name signify? The group's website is a bit vague. "A Passionate Voice for Compassionate Care" is CHA's tagline, but there's no mention that religious faith might be the source of that passion. A website visitor might also expect to find a link to the Catholic bishops at USCCB. None is evident.

Last November the U.S. Conference of Catholic Bishops issued a set of "Ethical and Religious Directives" (ERDs) indicating that abortion, sterilization, artificial birth control, euthanasia, and assisted suicide violate the moral teachings of the Catholic Church. Those directives might offer guidance to Catholic hospitals. But, again, the website of the CHA does not offer a downloadable copy of the bishops' directives, only a suggestion to visit the USCCB website to obtain one.

CHA Misleads the Public About Catholic Moral Teaching

The fact is, most Catholic hospitals are no longer run by Catholics, despite the occasional presence of a bishop or nun on a board of directors. Neither administrators nor most of the staff at Catholic hospitals need to be Catholic. Even though Catholic hospitals may have names steeped in piety—Mary Immaculate Hospital or St. John's Hospital—their operations are not. The ethical mission statement for a Catholic hospital is often little more than a formal statement of principles rather than firm guidelines governing the hospital's standard operating procedures.

While Catholic bishops do not endorse political candidates they do comment on important legislation, and those comments

have grown increasingly explicit in recent years. With a large staff that handles day-to-day activities at USCCB headquarters, the bishops' name is increasingly used in lobbying for legislation. For many years the USCCB has wanted healthcare reform, and in principle it favors universal coverage. However, the bishops have always warned their secular allies that any provisions that violate Catholic moral norms would render the legislation unsupportable.

That impression changed last March when Sister Carol delivered CHA's 11th-hour endorsement of President Obama's healthcare bill. Her seal of approval appeared to give the legislation a Catholic blessing. It even earned Sister Carol one of the 21 pens the president used to sign the bill into law. President Obama also praised Keehan by name last month, hailing "the extraordinary leadership she's shown in advancing our national discussion." (National Catholic Reporter, June 14, 2010)

But it also plainly and publicly contradicted the position of U.S. Catholic bishops. The bishops pointed out that the bill's final version was unacceptable to Catholics and others who follow the natural law. By providing taxpayer funding of abortion, they said the bill did not protect individual conscience and violated religious liberty.

Who to believe? Which group—the CHA or the USCCB—represents authentic Catholic teaching? Sister Carol seemed to be challenging the authority of the bishops at a time when they were struggling to clean their own house over the scandal of clerical abuse. A recent Zogby poll indicates that only 45% of U.S. Catholics now approve of the job the U.S. bishops are doing, compared with a 62% approval rating just two years ago. As a result, openly challenging the Church's hierarchy has become more acceptable to the average Catholic, including Catholic politicians.

"Listen to the nuns," wrote Washington Post columnist E.J. Dionne in March just before

the final vote. The endorsement of Obamacare by Catholics like Dionne and Sister Carol provided cover for politicians who were not eager to argue about the morality of their votes. For instance, Rep. Earl Pomeroy, a North Dakota Democrat (and Presbyterian), cited the encouragement of "Catholic nuns" to defend his vote for Obamacare. Such an explanation, lamented Samuel Aquila, the Catholic bishop of Fargo, represented a confused understanding of Catholic moral teaching. At worst, said the bishop, the justification showed some Catholics were "more faithful to their political parties and ideological beliefs than to the teachings of Jesus Christ and his Church." (Catholic News Agency, April 1, 2010)

E. J. Dionne, who is also a senior fellow at the liberal Brookings Institution, further added to the confusion about the church's teachings by citing the support for Obamacare from the Leadership Conference of Women Religious, a group that knew better than to actually poll its 59,000 members before it issued a letter signed by only 55 women who publicly endorsed the healthcare bill.

Dionne should know better than to use the term "nun" as a blanket reference for "women religious," a phrase describing Catholic women whose vows are different from those of nuns and whose vocation is primarily social work. Many women religious belong to the self-described "progressive" wing of the Catholic Church, are over age 60, and belong to religious orders that are dying out because they have failed to provide young women with authentic spiritual challenges. (As one dismayed Catholic blogger remarked, "They've given up everything but their sensible shoes.")

Sister Carol

Like E.J. Dionne, Sister Carol Keehan is a Catholic who has won secular praise by redefining the meaning of "Catholic." As a member of the religious order Daughters of Charity, she has spent her entire life in healthcare administration and social ser-

vice and could be a role model for much of what Catholic women's education aims to produce. Under her leadership, the CHA has become perhaps the nation's most politically influential health association. This influence is further reflected in Sister Carol's eye-popping annual salary, which in 2008 was \$954,793 on CHA revenues of \$16.5 million. This is double the average salary for CEOs of nonprofit hospitals. (Another difference between women religious and nuns is that women religious do not take a vow of poverty.)

CHA exerted political influence by the way it was able to undermine the Catholic Church's opposition to the Democrats' bill. The CHA endorsement created the impression of internal division within the Church, which confused, perhaps deliberately, those who might otherwise have assumed that there was a bedrock Catholic commitment to protect human life.

The perception that there was a difference of opinion among Catholics led a cardinal and two bishops to issue a statement on May 21 rebuking the CHA. Speaking for the U.S. Conference of Catholic Bishops, Cardinal Daniel DiNardo (Galveston-Houston), Bishop William Murphy (Rockville Centre, N.Y.) and Bishop John Wester (Salt Lake City) held CHA responsible for sowing "confusion" and opening a "wound to Catholic unity." Bishop Robert Morlino (Madison, Wis.) was even more pungent. As he expressed it, "The Lord Jesus Christ, unworthy though the bishops are, called the bishops to lead the people in faith; He did not call anybody in the Catholic Health Association." (Nor did He call House Speaker Pelosi, the bishop added.)

Major Catholic organizations agreed with the bishops and expressed dismay at the Obama healthcare bill. The Council of Major Superiors of Women Religious has 10,000 members who believe the bill plainly violates Catholic teachings. The Catholic Medical Association, the largest association of Catholic physicians in North America, called Obamacare

Organization Trends

“a substantially flawed and unacceptable piece of legislation.” It further added that the CHA’s actions in publicly opposing and undermining the bishops’ leadership were “imprudent and uncharitable.”

Sister Carol counters that the CHA’s disagreement with the bishops is merely legal and procedural: the bishops see loopholes that allow taxpayer-funded abortions while the CHA’s lawyers do not. As she put it on March 15, “We are especially called to share our expertise in the healthcare marketplace to help people understand this bill.” Apparently she thinks these issues are just too complex for the bishops to understand.

But what are we to make of Planned Parenthood and NARAL, which were quick to highlight CHA’s endorsement as proof that “Catholics agree” that the Obama bill prohibits federal abortion funding? We are left to wonder about the CHA’s tactics and intentions.

Nowhere in the CHA’s endorsement of Obamacare is there any acknowledgment of the bishops’ concerns. Such indifference led Bishop Thomas Tobin of Providence, R.I. to pull two Rhode Island Catholic hospitals out of the CHA. It may be expected that other bishops will react similarly.

Unintended Consequences?

Instead of representing Catholic values to non-Catholic healthcare policymakers, the CHA’s endorsement urges disaffected and dissident Catholics to accept a secular and statist approach to healthcare. Why? One reason may be that CHA members hope to reap big financial benefits.

Of course, almost nothing is known about how Obamacare will work, or whether it will work. For example, the bill could allow Catholic hospital networks to leverage their numbers to negotiate lower costs and reduce their operating deficits. But it just as easily could lead to reduced Medicare and Medicaid reimbursements, which will cause

stand-alone inner-city hospitals to lose even more money.

“ObamaCare will cut over \$36 billion in Medicare and Medicaid funding that goes to hospitals which disproportionately serve the poor,” argues Rep. Chris Smith (R-N.J.). Smith notes that there could be additional cuts of \$39.7 billion to Medicare reimbursements for home health services, “which are often run by hospitals.”

A leading pro-life House member, Smith also contends that the bill’s conscience provisions are inadequate. “As now signed into law, the bill only prevents discrimination by a ‘qualified health plan’ on the exchange against providers within the plan,” he has said. “The law does nothing to stop discrimination by other entities created or funded by this act, like a federal or state governmental entity. That’s a pretty big loophole in conscience protections.”

The upshot is that President Obama’s executive order banning federal funding of abortion may have little effect if hospital administrators at Catholic facilities decide that making abortion referrals is a safer bet than risking legal action or threats to their tax exempt status. At the same time these administrators may try to point to the executive order to highlight their institution’s Catholic identity and thereby retain the loyalty of some of their more religious paying “customers.”

Bishop Thomas Paprocki of Springfield, Ill., who is Chancellor of the Archdiocese of Chicago, proposes another potential consequence: “It could mean discontinuing obstetrics in our hospitals, and we may need to consider taking the drastic step of closing our Catholic hospitals entirely. It would not be sufficient to withdraw our sponsorship or to sell them [the hospitals] to someone who would perform abortions. That would be a morally unacceptable cooperation in evil.”

American Medical Association

Founded in 1847, the American Medical Association is better known than the Catholic

Health Association and it has far more money. In 2008, the AMA reported \$227 million in revenue and assets of \$391 million. The AMA also has a reputation for opposing government-run healthcare. In 1948, it aggressively resisted President Harry Truman’s attempt to create a national health plan, and it led the fight against “socialized medicine” in the early 1960s. AMA opposition to government controls has often been effective—it joined with other interest groups to foil HillaryCare in 1993—although its great failure occurred in 1965 when President Lyndon Johnson pushed Congress to enact Medicare.

In the early 1970s, the AMA represented 75% of the nation’s doctors. But it started losing members as it began taking positions on a wide array of social and political issues, advocating more government intervention in medical matters for the sake of public health, and foisting its policies on its state chapters and rank-and-file members. (See CRC’s report on the AMA in the November 2001 *Organization Trends*.)

As a consequence, the AMA now represents a mere 25% of the nation’s 900,000 physicians, according to *Business Week* (June 17, 2009). Many doctors now prefer to join a specialty organization instead, one that represents their location, ethnicity or practice. Groups such as Sermo, an online physicians network with 112,000 members; the National Medical Association, a group for African-American physicians; and the American Academy of Family Physicians, serve a variety of social and professional needs.

The AMA endorsed Obamacare in mid-2009, well before the shape of the legislation was at all clear. That led seven state affiliates—including New Jersey, Texas and Georgia—to break with the AMA parent body. They denounced the bill, rejecting the AMA’s argument that a healthcare bill was necessary because “the status quo is simply not acceptable.” Other state associations such as Arkansas Medical Society voiced deep skepticism of the AMA endorsement.

Follow the Money

Why did the AMA rush to support Obamacare? In truth, we don't know for sure. In his June 15, 2009 address to the AMA, President Obama appealed to the idealism and professionalism of doctors. But the legislation changes the way high-income doctors are paid. So, as always, let's start with the money.

The AMA wants to protect a trademark monopoly that the federal government created for it—a medical coding system called CPT, or current procedural terminology. Every hospital and healthcare professional uses CPT when it bills for services. The AMA assigns CPT codes for each medical and surgical procedure and diagnostic service that a healthcare professional can provide, and insurance companies pay the AMA a fee to use the CPT codes in reimbursing healthcare providers. This monopoly generates income of \$70 million to \$100 million annually for the AMA.

The federal government's Center for Medicare and Medicaid Services uses a different coding system (called HCPCS). Given the sheer volume of procedures handled by these two government programs, it's obvious that the revenue the AMA could garner if all Medicare/Medicaid procedures converted to CPT codes is enormous. Was there a deal between the AMA and its friends on Capitol Hill to place Medicare and Medicaid in the CPT system? Was there a threat to revoke the CPT code monopoly if the AMA refused to endorse healthcare reform?

Tort reform is another issue of deep concern for medical professionals. The AMA always cites excessive medical malpractice litigation as a reason for runaway healthcare costs, and one would expect it to oppose any healthcare bill that did not reform the tort system. Yet Obamacare largely omits tort reform from the healthcare bill. Why didn't top AMA executives insist on tort reform as the price for their support?

A third concern is the Medicare program's reimbursement of physicians. Starting in 1999 Medicare established a formula which determined that physician reimbursements were excessive and it calculated that they should be cut by 21% to keep the Medicare system sustainable. Doctors protested. There were threats that doctors would reduce their Medicare patient load if their reimbursements were reduced. Fearful of senior citizen retribution, Congress has voted every year to delay implementation of the reimbursement cut, but it never overturns the ruling. One would expect the AMA to demand a permanent revocation of the pay cut as the price for its support of Obamacare.

Surveys of doctors show little support for the AMA position. (See <http://www.medpagetoday.com/Washington-Watch/Reform/20585>.)

Perhaps the AMA leadership had mixed feelings about endorsing the Obamacare bill, and perhaps it will soon develop a severe case of buyer's remorse. But by siding with President Obama and congressional Democrats against the united opposition of congressional Republicans, the AMA put its prestige and influence on the line. It has taken its stand.

Doctors' groups opposed to Obamacare can be expected to draw attention to the AMA position. The Association of American Physicians and Surgeons (AAPS), is the antithesis of what the AMA has become. AAPS was founded to resist government regulation of medical practice, and on March 26 it filed suit in the U.S. district court in the District of Columbia to overturn Obamacare.

"If the PPACA (i.e., Obamacare) goes unchallenged, then it spells the end of freedom in medicine as we know it," said Jane Orient, M.D., executive director of AAPS. "Courts should not allow this massive intrusion into the practice of medicine and the rights of patients. There will be a dire shortage of

physicians if the PPACA becomes effective and is not overturned by the courts."

AAPS claims the law is unconstitutional because it requires individuals to pay healthcare premiums to private insurance companies. The group says the new law violates the Fifth and Tenth amendments, the Commerce Clause, and Congress' authority to tax and spend.

The battle over healthcare reform is by no means over. Obamacare is spawning new grassroots efforts—think tea parties for doctors—such as Physicians Against Obamacare and Docs4PatientCare. Perhaps one day they will replace once respected healthcare nonprofits that have squandered their reputations.

Elias Crim is a publishing consultant based in Valparaiso, Ind.

OT

Please consider contributing early in this calendar year to the Capital Research Center.

We need your help in the current difficult economic climate to continue our important research.

Your contribution to advance our watchdog work is deeply appreciated.

Many thanks.

Terrence Scanlon
President

Briefly Noted

ACORN employees told FBI investigators that ACORN “works” for the Democratic Party and deliberately promotes election fraud. Documents obtained by **Judicial Watch** of a federal probe into the 2006 election show that Missouri canvassers from ACORN’s voter registration subsidiary, **Project Vote**, told the FBI that ACORN headquarters is “wkg [working] for the Democratic Party,” and that fraudulent voter registrations were used by ACORN “[t]o cause confusion on election day to keep polls open longer,” “[t]o allow people who can’t vote to vote,” and “[t]o allow [voters] to vote multiple times.” Eight Project Vote employees from St. Louis later pleaded guilty to voter registration fraud. Project Vote continues to operate despite the reported dissolution of the national structure of ACORN.

As **Capital Research Center** reported months ago, ACORN isn’t going away – it’s merely changing form. *Seeds of Change*, a new book sympathetic to ACORN by radical activist **John Atlas**, admits that ACORN affiliates are changing their names to get ready for their eventual restoration. The new spinoff groups “will retain ACORN’s commitment to building national power and are beginning discussions” about re-federating as a national organization after this year’s elections. So far ACORN has re-branded in 13 states plus the District of Columbia. **ACORN Housing**, which is the ACORN network’s primary vehicle for getting its hands on federal tax dollars, has renamed itself **Affordable Housing Centers of America**.

Leftists say a bad economy creates new opportunities. “The banking crisis is the next big thing,” says **George Goehl**, executive director of the Chicago-based group **National People’s Action**. NPA and the **Service Employees International Union** have been using angry mobs to invade banks and terrorize bank executives in their homes. The “banking crisis” is “a once-in-a-lifetime opportunity as progressives to engage millions of Americans in a big conversation around serious economic restructuring,” Goehl said in June at the leftist “America’s Future Now” conference in the nation’s capital.

Former **Students for a Democratic Society** activist **Heather Booth**, now executive director of **Americans for Financial Reform**, said an economy-killing “financial speculation tax” was needed to curb the incentive for people to, well, participate in capitalism. “A big battle still needs to be waged to curb the incentive for speculation and to get our money back to fund jobs and health care, climate and more,” she told a leftist confab sponsored by the **Campaign for America’s Future**. “This fight against Wall Street is part of an even larger fight over who matters in the society, over our values and our priorities.”

Ilyse Hogue, **MoveOn**’s director of political advocacy and communications, said her group will distance itself from President **Obama** in the lead-up to this November’s elections. Progressives need to focus on “disrupting the existing conversation,” Hogue said. “We need to make this election a referendum on corporate control, not on tea party politics and not on Obama overreach.”

A new book explains Democrats’ long-term strategy for winning and maintaining power. It’s called *The Blueprint: How the Democrats Won Colorado (and Why Republicans EVERYWHERE Should Care)*, by journalist **Adam Schrager** and former Colorado state Rep. **Rob Witwer**. Drawing in part on the work of Capital Research Center, the book explores in depth the efforts of the **Democracy Alliance**, a donors’ consortium made up of left-wing billionaires such as **George Soros** and **Progressive Insurance** magnate **Peter B. Lewis**. The mission of the low-profile Democracy Alliance is to build a lasting political infrastructure of think tanks, activist groups, leadership schools, and media outlets to help the left gain and keep power.