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## **Short Paper #2**

Suzanne Mettler defines the submerged state as the collection of federal incentives and subsidies that people receive but don't tend to recognize as coming from the government (Mettler 804). Many of these submerged state subsidies are major revenue sources for private health insurance companies, which means that healthcare reform requires reform of the submerged state. Differing approaches to the submerged state explain why Barack Obama's healthcare reform passed, while Bill Clinton's plan of similar substance and in a similar political environment did not. Obama expertly navigated healthcare reform by negotiating with interest groups and revealing the submerged state to the public.

Mettler theorizes that interest groups protecting the submerged state are so strong that reformers of the submerged state must "either regroup or defeat the interest groups that have been empowered by existing arrangements" (Mettler 2010, 819). Instead of working to compromise, the Clinton administration responded combatively to opposition from health insurance interest groups like the Health Insurance Association of America (HIAA). In response to the HIAA's abrasive "Harry and Louise" commercials, Bill and Hillary Clinton produced a skit where they assumed the roles of Harry and Louise, funded by the fictional "Coalition to Scare Your Pants Off" (Clinton Library 1994). Clinton's direct opposition to health insurance interests likely contributed to the doom of his reform attempt, as Mettler states that it is "unlikely" to outright defeat submerged state interests. Sixteen years later, the Obama administration followed a

different strategy. After the AHIP (the HIAA's successor) and five other lobbies demonstrated their interest in working with Obama by sending him "a letter... sketching out a plan to control health care costs" (Krugman 2009), he negotiated various deals, including one with PhRMa in which pharmaceutical companies agreed to renounce \$80 billion of the \$100 billion they stood to gain from health care expansion. (Cohn 2010). In keeping these organizations on his side, Obama regrouped the interest groups of the submerged state enough that he could pass legislation weakening it.

Obama's public discourse about health reform enabled the defeat of the submerged state more than Clinton's did because of his effort in revealing the submerged state. Mettler writes that "reformers must reveal to the public how existing policies of the submerged state function and who benefits, what is at stake in reform, who will gain and what the costs will be." According to Mettler, Obama attempted to reveal the submerged state in 38 of his 68 public statements about healthcare. In response to a town-hall question in 2009 about how he would pay for Medicare reforms, he discussed saving money by "eliminating subsidies to insurance companies" (Obama 2009). Obama's clear, concise explanations of the complex entity of the submerged state helped assuage concerns about the cost of healthcare reform. In contrast, Clinton's administration made no attempts to explain how the submerged state led to the crisis of bloated healthcare costs. Although Clinton's messaging around healthcare initially centered around cost-cutting, the administration soon realized that "no one believed that a government health-care plan could ever save money" (Fallows 1995, 30). Rather than attempting to reveal the submerged state, Clinton tried to bury the issue and switched to "selling the plan mainly as a matter of fairness and security" (Fallows). Per Mettler's logic, Clinton's inability to explain the true stakes and costs of reform made him unable to impact the submerged state.

Ultimately, Obama, unlike Clinton, successfully reformed the submerged state due to his overt effort to bargain with its upholders and reveal it to the public.

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