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Top of the Hill

Leaders of the Obama administration and veterans of Congress have driven the reform debate and dominate this year's roster of the 100 Most Powerful People in Healthcare

By Jennifer Lubell
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Washington reigned supreme in this year's voting for the **100 Most Powerful People in Healthcare**.

With healthcare reform holding center stage in our nation's capital—and even across the country—it's not surprising that the top five named to *Modern Healthcare's* eighth annual list all have their offices—and perhaps second homes—in the gray and white buildings that run along Pennsylvania, Constitution and Independence avenues.

And, as the debate rages on over reform, it's clear that the top man in this year's list, President Barack Obama, will face many more hurdles as he works to broker deals with sectors of the healthcare industry to achieve cost savings in his No. 1 domestic priority, while herding a still-divided Congress into approving a bill that he can sign his name to and claim as a victory for his administration.

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In making his predictions on the 100 Most Powerful, "I'll be surprised if President Obama is not at the top of the list," speculated Bill Carpenter, president and CEO of LifePoint Hospitals, Brentwood, Tenn., and chairman-elect of the Federation of American Hospitals. Carpenter, who debuted on the list at No. 27, says Obama's strong leadership position in the national debate about healthcare reform made him deserving of the top billing.

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"I think he's done this in a politically astute way," Carpenter says. "Clearly, the president is pushing hard on his goals to expand access to care, to reform health insurance and to control costs. There's no question that this is his agenda."

Obama—who rose from No. 5 last year when he was a presidential candidate—began earning his stripes as a champion for reform during the campaign and early in his presidency. He signed a \$32.8 billion bill to reauthorize the State Children's Health Insurance Program, and then a sweeping \$787 billion economic stimulus package that will invest billions of dollars to boost health information technology, hospital payments, Medicaid assistance to states and research projects.

And he didn't stop there. In an attempt to achieve what the Clinton administration failed at more than 15 years ago, Obama this past winter released a budget blueprint that sought to reform the way healthcare was delivered and paid for, setting aside more than \$600 billion to establish a new health reserve fund, using cuts from public entitlement programs as a way to pay for this endeavor.

He also sought to raise the visibility of the White House as the reform debate heated up in Congress, holding public town hall meetings across the country, making it clear to lawmakers that he wanted a comprehensive piece of legislation to sign by the fall.

The core of the administration's objectives has been to extend health insurance to the uninsured while striving to lower the cost of healthcare. Expanding healthcare coverage to all will increase America's economic well-being as more Americans become healthier, and have a positive impact on the nation's labor supply, the White House Council of Economic Advisers concluded in a recent report.

But the road to reform, as the new administration has discovered, has not been easy. Obama faces a fragmented Congress, with multiple bills on the table to reconcile, with price tags in the near \$1 trillion range, not to mention a restless American public, whose faith in the Obama administration to revamp the system has foundered recently, according to

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national polls. Naysayers have accused Obama of trying to gut the employer-based private health insurance system, replacing it with a government-run program that would end up rationing care.

Who will pay? And how much?

How to pay for such an overhaul has also been a contentious issue.

Obama has worked to bargain with hospitals and drug manufacturers alike, to pledge and then deliver additional savings over the next 10 years for the greater good of reform. Hospitals are hoping, for example, that the deal they made with the White House to limit Medicare rate cuts in reform legislation to \$155 billion over 10 years will result in longer-term returns by having more people covered by insurance.

These deals, however, are not expected to cover the full cost of reform, and as both chambers of Congress pushed back the date of full passage for a bill until at least September, it's becoming more and more likely that Obama may be losing his grip on some of the promises he made in last year's election.

Obama repeatedly told prospective voters during the presidential campaign that "you will not see any of your taxes increase one single dime." However, in light of the fact that Congress has been rolling out legislation that costs just under the \$1 trillion mark, there may not be any other way to foot the cost of such an overhaul.

As director of the White House's National Economic Council, Larry Summers recently cautioned that Obama's proposed healthcare overhaul "needs funding from somewhere" and that source may very likely be a tax hike, although the White House later retracted this notion. Whether taxes will be raised on corporate America or on individuals to pay for such an expensive overhaul remains to be seen.

In addition, the president has taken a great deal of flak on his reform platforms during this month's town hall meetings on healthcare reform, forcing him to take a less hard-line position on a public health-plan option.

The option is "not the essential element" of an overhaul, HHS Secretary Kathleen Sebelius said recently. She debuted at No. 2 on the list.

If any reform deal is reached, it's going to have to come from both the president and Congress, says Nicholas Wolter, CEO of the Billings (Mont.) Clinic, another first-timer on this year's list, coming in at No. 36.

"President Obama seems to be using his presidential leadership to get movement at this point," Wolter says. "He's already said congressional leadership is going to be critical" in getting a bill to his desk.

Ron Pollack, founder and executive director of advocacy group Families USA, who placed at No. 83 this year, expects that Obama will play a larger role as legislation reaches conference proceedings between the House and Senate, Pollack says. This is the fourth time Pollack has been named to the annual 100 Most Powerful ranking.

"The House version is more of a partisan exercise than in the Senate and will be more liberal, whereas the Senate will be more conservative," Pollack predicts. "Given these significant differences, the president will play an important role in

bridging those differences, to get to 'yes' in both places.”

Pollack says he's very confident Obama will succeed. “We have made truly historic progress in moving reform, and I expect meaningful legislation to be enacted into law this year,” Pollack says.

Other Obama administration officials scored high on the list this year. In an e-mail, HHS Secretary Sebelius reiterated the administration's commitment to enacting health insurance reform this year.

“We have an historic, once-in-a-lifetime opportunity to improve the lives of all Americans, insured and uninsured alike. Reform will improve the quality of care for every American and give us all the peace of mind that comes with knowing you can always find high-quality, affordable health insurance, no matter what. I'm confident that we will achieve this goal,” she wrote.

Nancy-Ann DeParle, director of the White House Office of Health Reform, who ranks No. 3 as another first-timer on the list, has taken a more visible role in the president's town hall meetings, healthcare stakeholder forums and backdoor negotiations on health reform.

DeParle, who also made Modern Healthcare's list of this year's Top 25 Women in Healthcare (April 20, p. 6), has been a staunch advocate for a public option, stating earlier this year that she was optimistic the White House and congressional Democrats could overcome opposition by the GOP and insurers to a proposed new government-run health insurance program.

The public option

Karen Ignagni, president and CEO of America's Health Insurance Plans, who ranks No. 50 this year, down slightly from her No. 44 spot in 2008, has challenged the White House position, saying the public option was a reform “deal-breaker,” and noting the insurance industry has made other concessions to increase industry competition.

Ignagni, undoubtedly one of the most influential healthcare lobbyists in Washington, has made a giant push to defend her industry, arguing that insurance companies should not be portrayed as the villains in the reform debate. Insurers, in the meantime, have made it clear that a government-sponsored plan would be a deal-breaker, not to mention a “death spiral for private insurance and financial catastrophe for many hospitals and doctors,” Ignagni says.

The House bill championed by Rep. Henry Waxman (D-Calif.), chairman of the House Energy and Commerce Committee, does call for a public option, something that Waxman is likely to be fighting for throughout the debate.

After falling off the list for several years, Waxman is back on the list at No. 21, a testament to how important his committee and his negotiating skills have been in shaping healthcare reform in the House. He last appeared on the list in 2006 when he held the No. 77 spot.

Waxman, whose committee was the last of three panels to orchestrate and approve the House health reform bill—America's Affordable Health Choices Act of 2009—found himself in a crossfire between members of his own party, as fiscally conservative and progressive Democrats sought to challenge provisions in the bill and stymie negotiations.

After several weeks of closed-door meetings and playing traffic cop among the various Democratic caucuses on his panel, Waxman finally managed to broker a deal to achieve additional cost savings in the bill, which was approved by a very narrow margin in the Energy and Commerce Committee.

Senate brokers

Whether the controversial provision remains in any reform package lawmakers deliver to Obama may be influenced in part by the two lawmakers who run the Senate Finance Committee: Sens. Max Baucus (D-Mont.), the panel's chairman, and Chuck Grassley (R-Iowa), its ranking member. Both soared up the list to rank No. 4 and No. 5, respectively, after ranking No. 28 and No. 29, respectively, last year.

All eyes on Capitol Hill and in the healthcare industry have been focusing on Baucus, and what he will ultimately roll out as the committee's healthcare reform blueprint. Unlike his counterparts in the House and on the Senate Health, Education, Labor and Pensions Committee, Baucus has held off on releasing an actual bill in an effort to achieve some type of bipartisan agreement that has a chance of getting to the president's desk this year. "Reforming our broken healthcare system is not only a moral imperative, it is an economic necessity," Baucus says in an e-mail. "We are committed to meaningful healthcare reform that reduces skyrocketing costs and ensures quality, affordable coverage for every American. This is our No. 1 priority, and we are dedicated to getting it done—done right and done this year."

Recently, he set a Sept. 15 deadline to get his committee to agree on a reform proposal that aims to cover at least 95% of all Americans, and will hopefully cost under \$900 billion over the next decade. A number of provisions in the forthcoming bill are expected to drive down healthcare costs, such as moving providers away from fee-for-service to "bundled" payments, establishing a system of value-based purchasing and creating so-called accountable-care organizations, a model that lets hospitals and physicians share joint responsibility for the quality and cost of care delivered to patients. Baucus, who's now in his sixth term, "is probably going to be the most influential member in the Congress in ultimate resolution of healthcare reform," Pollack says, adding that both Baucus and Grassley deserve credit for taking such careful negotiations in an effort to write a bipartisan bill.

"Grassley is under tremendous pressure right now. He's got members and leaders in his caucus telling him to stop negotiating and join in opposition to health reform," Pollack says. At the same time, the package being crafted in the Finance Committee is more conservative than what the Democrats would like to see, "and so he is experiencing difficult criticisms to his left and his right, and it takes a rather brave and caring person to continue a process with that kind of static."

Baucus is facing the same challenges. "The easy thing would be to just go with the majority in his caucus," Pollack says.

However, one of the mistakes former President Bill Clinton has admitted to, in negotiating his own healthcare reform bill nearly two decades ago, is that "he felt he had an opportunity to reach an agreement with Republicans, which would have yielded a different bill than he wanted. But it would have made progress on health reform. Baucus has learned from these mistakes and is facing the criticism on left and right to try to reach an accommodation," Pollack adds. "I give him credit for his persistence in doing so."

In crafting this package, Baucus made a bold decision not to include a public plan option—a move that's bound to rankle his Democratic counterparts in the House and in the Senate, as Massachusetts Democratic Sen. Edward Kennedy's bill includes such an option. Instead, the Finance Committee has leaned toward the much talked about “cooperative” type marketplace for health plans, where groups of individuals, regions and even states can team together to better negotiate rates with private health plans.

Minding the budget

One of the more notable first-timers on the list is Peter Orszag, director of the White House Office of Management and Budget, who debuts at No. 9. The former director of the nonpartisan Congressional Budget Office has made his stamp on the direction healthcare reform should take. In particular, he has advocated for an independent review council to advise the president on Medicare reimbursement decisions, despite the CBO's recent calculations that such a council would deliver only modest savings over the next decade.

The point of the proposal was never to generate savings over the next decade, Orszag insisted recently on his blog. “Instead, the goal is to provide a mechanism for improving quality of care for beneficiaries and reducing costs over the long term. In other words, in the terminology of our belt-and-suspenders approach to a fiscally responsible health reform, the (Medicare council) is a game-changer, not a scoreable offset.”

George Halvorson, chairman and CEO of Kaiser Permanente based in Oakland, Calif., who leaped from No. 78 in 2008 to No. 12 this year, is hoping that Congress will include more provisions on prevention in the final reform package.

“Much of the legislation is built around financial issues, not on better care,” says Halvorson, an outspoken critic of the current healthcare delivery system and author of the book *Health Care Will Not Reform Itself*, which was released in June.

Halvorson believes that universal coverage could be achieved “by requiring everyone to buy coverage, every carrier to sell coverage,” and by allowing low-income families to get their premiums subsidized. “This way, people don't wait until they're pregnant or have cancer before they join the risk pool.”

As for Obama's tack on reform, “he hasn't come back with a final plan yet. It's still a work in progress,” Halvorson says, adding that Obama has taken the position of having Congress do the first cut on the plan before he steps in. “Once he has all of the pieces on table, he'll sit down and figure out how this whole thing fits together and that has yet to happen.”

Like Halvorson, Steve Burd, president and CEO of Safeway stores based in Pleasanton, Calif., who ranks No. 17 as a first-timer on the list, believes that making Americans healthier is the key to lowering healthcare costs.

Dismayed by annual double-digit increases in its healthcare bill, which had amounted to \$1 billion annually, Safeway, a self-insured employer, in 2005 “decided to design a plan where personal responsibility was the core,” says Burd, an early supporter of healthcare reform who has been CEO since 1993. Safeway is one of the largest supermarket chains with more than 1,700 stores in the U.S. and Canada, some 190,000 employees and more than \$44 billion in revenue in 2008, according to the company.

Using automobile insurance as the inspiration, Safeway built upon a provision in the Health Insurance Portability and

Accountability Act of 1996 that permits employers to differentiate premiums based on behaviors.

"There's a piece of this called Healthy Measures, which measures cholesterol, blood pressure, tobacco use and body mass index," Burd says. Employees pay a higher premium based on whether they smoke, have a high BMI or blood pressure count, although Safeway offers smoking-cessation and other prevention programs to encourage better health.

As a reward for quitting smoking, Safeway "will write a check for any elevated premiums they've experienced," Burd says. Similar deals exist for lowering BMI numbers and cholesterol levels, he says.

Considering that a smoker easily costs an employer \$1,400 a year in annual medical expenses, based on Safeway's estimates, "If you can give them free cessation training, it can save you money on annual healthcare costs" just by eliminating these types of healthcare risk factors, Burd says.

So far, it has paid off: "Over the last four years, we've held our healthcare costs flat. During that same time period, costs have increased by 38% for the rest of the country," Burd says.

Burd, chairman of a coalition of large employers that endorses a mix of market-based reforms and universal coverage to improve healthcare, says his plan to bend the cost curve has already made an impact on Capitol Hill. As an example, there's a provision in the Senate HELP Committee bill "to allow employers more flexibility to do wellness programs and differentiate premiums," he says.

Meanwhile, John Tooker, executive vice president and CEO of the American College of Physicians, has his own wish list for reforming the healthcare system: improving the way primary care is structured and how it's reimbursed for the services it provides. Tooker is another first-timer on this year's list, coming in at No. 86.

"For example, there is currently no reimbursement for care coordination of chronically ill patients or preventive services in primary care, and we've been advocating for that to be included" in reform legislation, Tooker says.

Tooker attributed his selection to the growing recognition of the importance of primary care, and the role that the ACP has played in healthcare access, delivery, workforce and payment reform.

"The ACP, American Academy of Family Physicians, American Academy of Pediatrics and the American Osteopathic Association have worked together and with other key stakeholders over the past year to boost primary care," Tooker says. The group, which represents internists and subspecialties of internal medicine, has taken an active role in promoting health IT, comparative-effectiveness research and the development of patient-centered medical homes.

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