

REMARKS OF SENATOR BOB DOLE
ARLINGTON COUNTY MEDICAL SOCIETY
JANUARY 23, 1980

THIS EVENING, I'D LIKE FOR A FEW MINUTES TO CONSIDER TWO ISSUES OF SPECIAL SIGNIFICANCE TO EACH OF YOU. TO SPELL OUT MY POSITION ON EACH, AND SEEK YOUR SUPPORT FOR ALTERNATIVES TO PLANS PUT FORWARD BY THE CARTER ADMINISTRATION AND SENATOR KENNEDY. I SPEAK, OF COURSE, OF COST CONTAINMENT AND NATIONAL HEALTH INSURANCE.

YOUR INDUSTRY IS LIKE NO OTHER; CONVENTIONAL ECONOMIC RULES RARELY APPLY. YOU DISPENSE A PRODUCT USED INFREQUENTLY BY MOST OF US. WHEN WE NEED THAT PRODUCT, HOWEVER, WE NEED IT IMMEDIATELY, AND WE WANT IT TO BE PERFECT. SUPPLY AND DEMAND CAN NEVER APPLY TO THE SAVING OF HUMAN LIVES. WE MUST REMEMBER THIS IN DESIGNING ANY FEDERAL PROGRAM TO DEAL WITH PRIVATE MEDICINE.

COST CONTAINMENT - A RIGHT AND A WRONG WAY

THE CARTER ADMINISTRATION SUBMITTED A COST CONTAINMENT PROPOSAL.

THEIR PROPOSAL IS NO MERE REIMBURSEMENT REFORM BILL. IT IS A PRICE CONTROL SYSTEM, IN WHICH ONLY ONE SECTOR OF THE ECONOMY IS CONTROLLED, AND IN WHICH THE SECRETARY OF HEW IS GIVEN FAR TOO MUCH DISCRETION.

THE MANDATORY CONTROLS IN THE PROGRAM WOULD NOT NECESSARILY BE LIMITED TO INEFFICIENT HOSPITALS. IN FACT, THEY MIGHT WIND UP PUNISHING EVERYONE.

I MUCH PREFER VOLUNTARY RESTRAINT. I NOTE THE SECCESSES OF THE AMERICAN HOSPITAL ASSOCIATION IN MEETING COST CONTROL TARGETS, AS WELL AS YOUR OWN EFFORT TO HOLD DOWN THE GROWTH IN PHYSICIAN FEES. SO IT CAME AS GOOD NEWS WHEN THE HOUSE REJECTED THE ADMINISTRATION'S BILL, AND SUPPORTED A VOLUNTARY APPROACH.

SENATOR HERMAN TALMADGE AND I ARE WORKING HARD TO PASS OUR OWN BILL, WHICH SUPPORTS VOLUNTARY COST CONTAINMENT AND ENCOURAGES EFFICIENCY BY COMPARING LIKE INSTITUTIONS AND BASING RATES UPON THAT COMPARISON. OUR BILL CONTAINS A NUMBER OF OTHER MEDICARE/MEDICAID PROVISIONS, MANY OF WHICH WOULD ALSO ENCOURAGE GREATER CHOICE IN THE LOCATION OF HEALTH DELIVERY - FOR INSTANCE, IN ONE'S HOME OR IN AN OUT-PATIENT SURGERY CENTER.

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FOR NOW, THE IMMEDIATE PROSPECTS ARE BRIGHT, BUT THE NATIONAL MOOD IS FICKLE AND THE PRESENT ATTITUDE OF SUSPICION TOWARD GOVERNMENT INTRUSION IN THE PRIVATE SECTOR COULD RAPIDLY CHANGE IF VOTERS PERCEIVE THE MEDICAL PROFESSION TO BE LESS THAN VIGILENT IN THE FIGHT AGAINST INFLATION. SO, I URGE EACH ONE OF YOU TO REDOUBLE YOUR EFFORTS, NOT ONLY AT VOLUNTARY COST CONTAINMENT, BUT AT GETTING YOUR MESSAGE OF CONCERN AND FINANCIAL DISCIPLINE ACROSS--TO THE PUBLIC AND THE CONGRESS. ANYTHING LESS WILL ONLY ENCOURAGE THOSE WHO ARE DETERMINED TO PUT YOUR INDUSTRY WITHIN A REGULATORY STRAIT-JACKET.

THERE'S TOO MUCH REGULATION IN THE AMERICAN ECONOMY AS IT IS. THAT'S WHY I'VE INTRODUCED A REGULATORY REFORM BILL TO REQUIRE A COST-BENEFITS ANALYSIS OF ANY NEW RULE BEFORE IT CAN BE PUT INTO EFFECT. THAT'S WHY I'VE SUGGESTED WE RECREATE THE OLD HOOVER COMMISSIONS OF THE 40'S AND 50'S TO FIND ALTERNATIVES TO THE EXPENSIVE, COUNTERPRODUCTIVE TANGLE OF BUREAUCRATIC RULES AND REGULATIONS.

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I BELIEVE THAT REGULATION ITSELF CAN BE REGULATED. AND THE NEXT ADMINISTRATION SHOULD MAKE SUCH A REFORM A MAJOR PRIORITY.

THE OUTLOOK FOR HEALTH INSURANCE

NOW LET ME MOVE ON TO ANOTHER ISSUE OF PRESSING IMPORTANCE-- THE FIGHT OVER NATIONAL HEALTH INSURANCE.

FOR MY OWN PART, I ANTICIPATE NO FINAL ACTION THIS YEAR. BUT I DO SEE A GROWING NEED FOR AMERICANS TO HAVE ACCESS TO A PROGRAM OF CATASTROPHIC INSURANCE. THIS IS, I THINK, FAR MORE IN TUNE WITH YOUR THINKING THAN EITHER PROPOSAL PUT FORWARD BY PRESIDENT CARTER OR SENATOR KENNEDY.

THE CARTER ADMINISTRATION SAYS IT WILL APPROACH THE NATIONAL HEALTH ISSUE INCREMENTALLY. BUT IF YOU KNOW ANYTHING ABOUT WASHINGTON, D.C., YOU KNOW THAT "INCREMENTAL" HAS A WAY OF TURNING ALMOST OVERNIGHT INTO A FULL-SCALE FEDERAL TAKEOVER. THE CARTER PLAN HAS BEEN TO SEEK COVERAGE FOR CATASTROPHIC CASES, PLUS FULL COVERAGE FOR PREGNANT WOMEN AND CHILDREN.

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THEN THERE IS SENATOR KENNEDY, WHOSE OWN PRESIDENTIAL CAMPAIGN HAS ALREADY CONFIRMED THOSE WHO BELIEVE THAT NOSTALGIA ISN'T WHAT IT USED TO BE. HIS IS THE COMPREHENSIVE CRADLE-TO-GRAVE APPROACH. WITH NATIONAL AND REGIONAL CONTROLS ON SPENDING, AND VERY LIKELY A RATIONING OF HEALTH CARE BY GOVERNMENT.

SENATOR KENNEDY AND HIS ALLIES INSISTED THEN, AND STILL DO, THAT THE INCREMENTAL APPROACH IS UNACCEPTABLE. THEY WOULD RATHER HAVE NO CATASTROPHIC INSURANCE COVERAGE THAN PERMIT ENACTMENT OF LEGISLATION WHICH DOES NOT PROVIDE FOR FURTHER BROAD EXPANSION OF COVERAGE IN YEARS TO COME.

THIS ISN'T SURPRISING. THE FACT IS, A CATASTROPHIC HEALTH INSURANCE PROGRAM MIGHT SOLVE SO MUCH OF THE REAL PROBLEM AS TO ELIMINATE THE APPEAL OF THEIR EXPENSIVE AND BUREAUCRATIC PROGRAM. SO THEY WANT ENACTMENT OF A "PACKAGE" DEAL NOW WHICH WILL AUTOMATICALLY EXPAND HEALTH CARE BUREAUCRACY AND CONTROLS IN YEARS TO COME, WHETHER OR NOT THE INTERVENING EXPERIENCE INDICATES THIS TO BE NECESSARY, DESIRABLE OR AFFORDABLE.

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FORTUNATELY, THE REST OF THE CONGRESS IS MUCH MORE CAUTIOUS. LAST MARCH, I INTRODUCED S. 748, THE CATASTROPHIC HEALTH INSURANCE AND MEDICARE AMENDMENTS OF 1979. THE BILL CONTAINS THREE KEY PARTS.

FIRST, IT WOULD EXPAND THE RANGE OF BENEFITS FOR THOSE NOW COVERED BY MEDICARE AND PROVIDE THEM WITH BROADER COVERAGE.

SECOND, THE LARGE MAJORITY OF THOSE EMPLOYED WILL BE ASSURED OF THE AVAILABILITY OF ADEQUATE PRIVATE INSURANCE PROTECTION AGAINST CATASTROPHIC COSTS.

AND THIRD, THOSE WHO ARE PART OF THE RESIDUAL MARKETPLACE AND NOT ALREADY COVERED, MAY CHOOSE TO HAVE THE FEDERAL GOVERNMENT SERVE AS A FACILITATOR AND IN SOME INSTANCES A FINANCIAL BACKUP IN CONTRACTING WITH THE PRIVATE INSURANCE COMPANIES FOR CATASTROPHIC COVERAGE.

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UNLIKE SOME OF MY COLLEAGUES, I DO NOT BELIEVE THAT WE SHOULD FORCE INDIVIDUALS TO PARTICIPATE IN A PLAN. RATHER, INDIVIDUALS TO THE EXTENT POSSIBLE, SHOULD BE GIVEN THE OPPORTUNITY TO CHOOSE WHERE AND HOW THEY OBTAIN CATASTROPHIC HEALTH INSURANCE.

UNLIKE SOME OF MY COLLEAGUES, I DO NOT BELIEVE THAT THE MEASURE OF CATASTROPHIC SHOULD BE LIMITED TO A FIXED DOLLAR AMOUNT OR NUMBER OF DAYS IN THE HOSPITAL. IN SOME INSTANCES, IT SHOULD ALSO BE DIRECTLY RELATED TO THE PERCENTAGE OF INCOME EXTENDED FOR HEALTH CARE SERVICES.

UNLIKE SOME OF MY COLLEAGUES, I BELIEVE THAT FIXING A SET DOLLAR AMOUNT IN 1980 TO MEASURE CATASTROPHIC MAY NOT BE TRULY REPRESENTATIVE OF THE SITUATION IN 1980 OR 1981 OR 1982 OR IN THE FUTURE.

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THE BILL THAT MERGES FROM FINANCE WILL MOST LIKELY BE A CONSENSUS BUILT ON PROVISIONS CONTAINED IN A NUMBER OF BILLS. I BELIEVE OUR FINAL ANSWERS WILL BE LIMITED - BUT REASONABLE CONSIDERING THE CURRENT STATE OF THE ECONOMY, AND THE ACTUAL NEED WHICH EXISTS.

SENATOR KENNEDY'S HEALTH INSURANCE PLAN CREATES ANOTHER NEW, HIGHLY COMPLEX FEDERAL AND STATE BUREAUCRACY--ONE THAT IS NEEDLESS FOR THE INDUSTRY TODAY. HIS LEGISLATION GIVES THE ILLUSION OF MAINTAINING THE PRIVATE INSURANCE INDUSTRY--BUT IN REALITY GUTS THEIR CURRENT RESPONSIBILITIES, MAKING THEM MERE INTERMEDIARIES. IT SEEMS TO BE ADDRESSED LARGELY TO POTENTIAL CONSTITUENCIES WITHIN THE DEMOCRATIC PARTY.

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COOPERATION AND CONSENSUS

AND WHAT ABOUT THE MEDICAL PROFESSION ITSELF?

IN SHAPING A POSITION GENERALLY AGAINST MORE GOVERNMENT MEDICINE AND THE TYPE OF GRAND DESIGN ENVISIONED BY SENATOR KENNEDY AND OTHERS, IT IS IMPERATIVE THAT PHYSICIANS DEMONSTRATE AN UNDERSTANDING AND ACCEPTANCE OF THE FACT THAT SOMETHING MAY HAPPEN ON THIS ISSUE WHETHER WE LIKE IT OR NOT.

IN THAT REGARD, I FIND IT VERY GRATIFYING THAT MANY MEDICAL GROUPS HAVE EMBRACED THE CONCEPT OF LIMITED CATASTROPHIC HEALTH INSURANCE AND IMPROVEMENTS IN MEDICARE AS A WAY OF ADDRESSING THE UNMET NEEDS OF OUR PRESENT SYSTEM.

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LET ME CLOSE BY SAYING AGAIN HOW I WELCOME YOUR INPUT,
BOTH INDIVIDUALLY AND COLLECTIVELY, AS THIS NATION
DESIGNS A HEALTH CARE SYSTEM THAT PRESERVES BOTH PRIVATE
INCENTIVE AND PUBLIC COMPASSION. I HOPE IN THE MINUTES
TO FOLLOW THAT WE CAN DISCUSS THIS ISSUE, AND SOME OF
THE OTHER IDEAS I HAVE TO RETURN OUR ECONOMY TO ITS
ORIGINAL FOUNDATIONS--PROFIT AND INCENTIVE. TO ME,
THOSE ARE NOT WORDS TO BE AVOIDED IN POLITE CONVERSATION.
AND THEY MUST ONCE AGAIN BECOME THE HALLMARK OF A FREE
ENTERPRISE SYSTEM THAT IS TRULY FREE.