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NEWS

U. S. SENATOR FOR KANSAS

FROM:

SENATE REPUBLICAN LEADER

FOR IMMEDIATE RELEASE
JUNE 6, 1991

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HEALTH CARE

DEMS' DUKAKIS-MODEL MANDATES PICK POCKETS OF SMALL BUSINESSES; GOP READY TO JOIN DEBATE TO HOLD DOWN COSTS, BOOST ACCESS TO CARE

YESTERDAY THE MAJORITY LEADER JOINED BY FOUR OF HIS COLLEAGUES ANNOUNCED THEIR SOLUTIONS TO CERTAIN ASPECTS OF THE HEALTH CARE CRISIS CONFRONTING THIS NATION. THEY ARE TO BE COMMENDED FOR HELPING TO BEGIN AND SHAPE THE LONG OVERDUE DEBATE ON ACCESS TO HEALTH CARE.

FRANKLY, THERE IS LITTLE DISAGREEMENT OVER THE EXISTENCE OF SERIOUS PROBLEMS. PEOPLE ARE UNDOUBTEDLY FALLING THROUGH THE CRACKS -- IN FACT, WHOLE REGIONS, PARTICULARLY RURAL AREAS, ARE FALLING THROUGH THE CRACKS. CHILDREN AS A GROUP ARE WOEFULLY UNDERSERVED. COSTS ARE TOO HIGH AND GETTING HIGHER AND THE QUALITY AND APPROPRIATENESS OF SOME CARE IS CERTAINLY IN QUESTION. ALL OF THESE THINGS LEAD TO THE INEVITABLE CONCLUSION THAT THE STATUS QUO CANNOT SURVIVE. OUR DISAGREEMENT COMES OVER HOW BEST TO PROCEED.

IN THE COMING WEEKS AND MONTHS MANY PROPOSALS WILL BE DISCUSSED. AND IN FACT, THERE IS MUCH IN THE DEMOCRAT'S PROPOSAL WORTH DISCUSSING -- THERE ARE OTHER IDEAS, HOWEVER, WHICH CLEARLY TAKE US IN THE WRONG DIRECTION.

PAY OR PLAY

AS A NUMBER OF MY COLLEAGUES HAVE ALREADY POINTED OUT, THE CENTRAL FOCUS I BELIEVE OF THE PROPOSAL ARE THE SO-CALLED PAY OR PLAY REQUIREMENTS. I, FOR ONE, SEE NO REASON TO LOOK TO THE STATE OF MASSACHUSETTS FOR SOLUTIONS TO OUR PROBLEMS. YET, WHAT THE DEMOCRATS HAVE PROPOSED IS LARGELY THE OLD DUKAKIS PLAN.

NOW THAT THE FEDERAL GOVERNMENT IS RUNNING IN THE RED, AND STATE GOVERNMENTS ARE FACED WITH BUDGET DEFICITS THAT RISE EACH YEAR, THE DEMOCRATS ARE LOOKING FOR A NEW POCKET TO PICK, AND SMALL BUSINESS WILL FILL THAT ROLE.

THE PROPOSED MANDATE ON EMPLOYERS IS, IN EFFECT, A HEAVY TAX ON JOBS. AS WITH ANY TAX, THE MORE GOVERNMENT TAXES SOMETHING, THE MORE IT DISCOURAGES IT. TAXING EMPLOYMENT MEANS FEWER JOBS.

THE PROPOSAL PRETENDS THAT IT IS EMPLOYERS WHO WOULD BEAR THE COST OF THE NEW MANDATES, BUT THE COSTS REALLY FALL ON THE WORKERS, PARTICULARLY LOW-WAGE WORKERS, THE VERY WORKER WHO IS MOST LIKELY TO LACK HEALTH INSURANCE. FOR THESE WORKERS, THE COSTS WILL COME IN THE FORM OF REDUCED EMPLOYMENT, SLOWER RATES OF EMPLOYMENT GROWTH, AND CUTBACKS IN OTHER FRINGE BENEFITS.

BY IMPOSING MANDATES ON BUSINESS, THE RESULT IS A GROWING WEB OF GOVERNMENT REGULATIONS, RESTRICTIONS AND PRICE FIXING THAT DISTORT THE SYSTEM AND THAT ARE CONTRARY TO THE FUNDAMENTALS OF A MARKET ECONOMY.

WE'VE ALREADY SEEN THE EFFECTS OF SUCH A STRATEGY ON OTHER AREAS WHEN GOVERNMENT REGULATION OF THESE INDUSTRIES HAS RESULTED IN TIME-CONSUMING AND COST-CONSUMING EFFORTS IN CONGRESS, WHEN DEREGULATING YEARS LATER IS NECESSARY TO HAND THE RESOURCES AND DECISION-MAKING POWER BACK TO THE CONSUMERS AND PROVIDERS.

FOLLOWING REGULATORY LOGIC TO ITS NATURAL CONCLUSION, A FULLY NATIONALIZED SYSTEM WILL BE CREATED BY PROPOSING A UNIVERSAL SYSTEM OF MANDATORY INSURANCE, WITH GOVERNMENT SPECIFIED BENEFITS AND PRICES. THE PROPOSAL EFFECTIVELY HAS CALLED FOR A NATIONAL SYSTEM PAID FOR BY THE EMPLOYERS. OF COURSE, MANY AMERICAN COMPANIES MAY QUICKLY GROW FRUSTRATED AND SIMPLY SHED THE BURDEN BY PRESSING THE GOVERNMENT TO TAKE OVER COMPLETELY.

(MORE)

A GOVERNMENT MONOPOLY WOULD ACHIEVE SOME SAVINGS INITIALLY, BUT OVER TIME IT WOULD BECOME AS UNRESPONSIVE, INEFFICIENT AND INEFFECTIVE AS ANY OTHER MONOPOLY.

IF WE LOOK TO CANADA, WE CAN ASSUME THE INEVITABLE RESULT WOULD BE EXPLICIT RATIONING AND WAITING LISTS AS A RESPONSE TO THE DISPARITY BETWEEN UNRESTRAINED DEMAND AND FINITE RESOURCES. IN CANADA, PATIENTS CAN EXPECT TO WAIT FOUR TO SEVEN MONTHS FOR HEART SURGERY, TWO TO FIVE MONTHS FOR DISC SURGERY, AND TWO TO SEVEN MONTHS FOR CATARACT REMOVAL.

COST IMPLICATIONS

AND, OF COURSE, THE ANTICIPATED COST OF THIS NEW FEDERALIZED SYSTEM IS COMPLETELY UNKNOWN. WHAT THE ULTIMATE INCREASE IN THE PAYROLL TAX WOULD BE OR THE INCREASE IN COSTS TO THE STATES FROM THE NEW MANDATES ARE YET UNKNOWN.

WHAT WE DO KNOW IS HOW POOR OUR HISTORY IS IN PROJECTING THE COSTS OF NEW PROGRAMS. IN FACT, MEDICARE AND MEDICAID ARE EXCELLENT EXAMPLES. WE HAVE NO REASON TO BE ANY MORE TRUSTING NOW. WHAT WE MAY FIND, IS THAT WE PROMISE FAR MORE THAN WE CAN EVER PROVIDE. THE FAILURE OF THE DEMOCRATS TO PROPOSE ANY SPECIFIC FINANCING MECHANISM FURTHER COMPLICATES THIS ISSUE.

POSITIVE ASPECTS OF PLAN

ON THE POSITIVE SIDE, I WOULD COMPLIMENT THE DISTINGUISHED MAJORITY LEADER AND HIS COLLEAGUES FOR INCLUDING A NUMBER OF INITIATIVES WHICH MIRROR PROPOSALS MADE BY A NUMBER OF REPUBLICANS. SENATORS DURENBERGER, CHAFEE AND McCAIN HAVE PROPOSED SMALL MARKET INSURANCE REFORM, IN THE HOPES OF MAKING COVERAGE MORE AFFORDABLE TO SMALL BUSINESS. SENATORS HATCH, DOMENICI, DANFORTH, McCONNELL AND McCAIN HAVE ALSO PROPOSED WIDE RANGING MALPRACTICE REFORM -- NOT SIMPLY GRANTS TO STATES FOR MORE EXPERIMENTATION.

THE PRE-EMPTION OF STATE MANDATED BENEFIT LAWS AND THE REMOVAL OF BARRIERS TO MANAGED CARE INITIATIVES ARE ALSO PROPOSALS REPUBLICANS HAVE CHAMPIONED.

THERE ARE OTHER AREAS WHERE I BELIEVE WE CAN REACH CONSENSUS. THE CHALLENGE TO ALL OF US IS TO DEVELOP A FAIR AND EQUITABLE HEALTH CARE STRATEGY THAT WILL ADDRESS THE HEALTH CARE NEEDS OF ALL AMERICANS FROM BOTH THE ACCESSIBILITY AND COST PERSPECTIVES. TO ACHIEVE THIS WE MUST RESTRUCTURE AND BUILD ON OUR PRESENT SYSTEM TO BOTH HOLD DOWN SKYROCKETING COSTS AND EXPAND ACCESS TO HEALTH CARE SERVICES.

I BELIEVE THE FOLLOWING ARE THE ELEMENTS OF HOW TO MEET THE CHALLENGE:

- EVALUATE OUR CURRENT HEALTH INSURANCE SYSTEM.
- EXAMINE HEALTH INSURANCE PRACTICES AND FEDERAL TAX POLICIES TO ENSURE THAT SMALL EMPLOYERS AND INDIVIDUALS ARE TREATED FAIRLY IN COMPARISON TO LARGE EMPLOYERS AND THEIR EMPLOYEES.
- ENSURE THAT INNOVATIVE AND CREATIVE ALTERNATIVES TO TRADITIONAL HEALTH INSURANCE PLANS ARE GIVEN A FAIR OPPORTUNITY TO EVOLVE.
- PLACE A GREATER EMPHASIS ON PREVENTION.
- EXAMINE THE ROLE OF THE INDIVIDUAL.
- IF A GOOD AND AFFORDABLE HEALTH INSURANCE PLAN IS AVAILABLE, DOES ONE HAVE A RESPONSIBILITY TO PURCHASE IT?
- HOW CAN WE ENCOURAGE AND REWARD "GOOD" HEALTH CARE BEHAVIOR.
- REFORM MEDICAL LIABILITY LAWS THAT HAVE AN IMPACT ON HOW CARE IS PROVIDED AND ON THE RISING COST OF HEALTH CARE.
- MAINTAIN AND CONTINUE TO IMPROVE THE QUALITY OF CARE PROVIDED.
- DEVELOP BETTER AND MORE RESPONSIVE METHODS OF PROVIDING HEALTH CARE (E.G., EMERGENCY ROOMS VS. HEALTH CENTERS OR OTHER PRIMARY CARE PROVIDERS).
- MAINTAIN CRITICAL ELEMENT OF CHOICE.

CONCLUSION

WE OWE IT TO OUR COLLEAGUES TO JOIN WITH THEM IN DEBATING THESE VERY SERIOUS ISSUES. I THINK WE CAN, WORKING TOGETHER, PUT TOGETHER A STRATEGY THAT WE CAN AFFORD AND THAT WILL ACHIEVE OUR GOAL OF IMPROVING ACCESS TO CARE FOR ALL OUR CITIZENS.

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