REMARKS OF SENATOR BOB DOLE

SEDGWICK COUNTY MEDICAL SOCIETY
REGAL INN
WICHITA, KANSAS
WEDNESDAY, FEBRUARY 13, 1974

IT IS A PLEASURE TO BE HERE WITH THE PHYSICIANS AND DENTISTS OF SEDGWICK COUNTY THIS EVENING.

AS A MEMBER OF THE SENATE FINANCE COMMITTEE, I ALWAYS APPRECIATE AN OPPORTUNITY TO TALK WITH INDIVIDIALS OR GROUPS WHO ARE CONCERNED WITH THE COMMITTEE'S WORK, AND THIS GROUP IS NO EXCEPTION, FOR AS PROFESSIONALS WHO ARE THE FOUNDATION OF THE VERY DIVERSE AND COMPLEX FIELD WE KNOW AS HEALTH CARE, YOU ARE DIRECTLY CONCERNED WITH SOME OF THE MOST IMPORTANT LEGISLATION ON THE HORIZON IN WASHINGTON.

AREA OF MAJOR CONCERN

LET ME SAY, AT THE OUTSET, THAT WE IN AMERICAN TODAY ARE FORTUNATE IN HAVING THE MOST ADVANCED, SKILLFUL AND COMPETENT HEALTH CARE SYSTEM AND PERSONNEL IN THE WORLD. I DO NOT BELIEVE ANY OTHER COUNTRY EVEN REMOTELY APPROACHES OUR MEDICAL SYSTEM ON THESE POINTS, AND ON THE DEVOTION OR SELFLESS CONCERN OF THE INDIVIDUALS WHO PROVIDE THAT CARE.

UNFORTUNATELY, IT IS ALSO TRUE THAT ALL AMERICANS DO NOT FULLY BENEFIT FROM THIS GREAT NATIONAL ASSET. AND THIS FACT IS NOT HARD TO UNDERSTAND WHEN AN AVERAGE DAY IN THE HOSPITAL COSTS UPWARD OF $110; WHEN THE AVERAGE COST OF DELIVERING AND CARING FOR A NEW BABY APPROACHES $1,000; AND WHEN THE COST OF CARE SURROUNDING A MAJOR TERMINAL ILLNESS LIKE CANCER EXCEEDS $20,000.

THESE FACTS ARE OF GREAT CONCERN TO MILLIONS OF AMERICANS IN AND OUT OF THE HEALTH CARE FIELDS, AND THE RISING AWARENESS OF THEM HAS LED TO A BROAD EFFORT BY MANY INDIVIDUALS AND GROUPS TO COME UP WITH ANSWERS AND SOLUTIONS.

MANY OF THESE EFFORTS HAVE RESULTED IN LEGISLATIVE PROPOSALS BEING PUT BEFORE THE CONGRESS, AND THIS YEAR THE SENATE FINANCE COMMITTEE WILL TURN ITS ATTENTION TO THEM.

IN ACCORD WITH MY PRIORITY REQUEST UPON JOINING THE FINANCE COMMITTEE LAST YEAR, I WAS NAMED TO THE HEALTH SUBCOMMITTEE AND, CONSEQUENTLY, WILL BE INVOLVED, FROM THE BEGINNING, AS THE COMMITTEE STARTS ITS HEARINGS AND DELIBERATIONS ON HEALTH INSURANCE PROPOSALS.

VARIOUS HEALTH PROPOSALS

THESE PROPOSALS INCLUDE THE BILL INTRODUCED BY SENATOR KENNEDY, WITH THE SUPPORT OF ORGANIZED LABOR; THE BILL SUPPORTED BY THE AMERICAN MEDICAL ASSOCIATION; THE BILL INTRODUCED WITH THE SUPPORT OF THE PRIVATE HEALTH INSURANCE INDUSTRY; AND, LAST WEEK, THE PRESIDENT'S COMPREHENSIVE HEALTH INSURANCE PLAN WAS SUBMITTED TO THE CONGRESS. IN ADDITION, IN OCTOBER, 1973, THE CHAIRMAN OF THE COMMITTEE, SENATOR RUSSELL LONG, INTRODUCED HIS CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM PROPOSAL WHICH I, ALONG WITH 21 OTHER SENATORS, INCLUDING EIGHT MEMBERS OF THE FINANCE COMMITTEE, JOINED IN SPONSORING.

OUTLOOK FOR NATIONAL HEALTH INSURANCE

ALL OF THE BILLS WHICH HAVE BEEN INTRODUCED OR WILL BE INTRODUCED IN THE NEAR FUTURE WILL BE GIVEN FULL CONSIDERATION BY THE FINANCE COMMITTEE. HOWEVER, FOR THOSE OF YOU WHO WOULD LIKE A GUESS TODAY AS TO THE DIRECTION CONGRESS WILL MOVE IN THE HEALTH INSURANCE AREA, I BELIEVE WE CAN IDENTIFY SOME BROAD LINES OF DEVELOPMENT.

AS A GENERAL PROPOSITION, THERE ARE TWO EXTREME COURSES THAT COULD BE FOLLOWED. THE CONGRESS COULD EITHER NATIONALIZE THE ENTIRE HEALTH BUSINESS, AS THE KENNEDY PROPOSAL WOULD DO, OR IT COULD DO NOTHING AND LEAVE THINGS AS THEY ARE TODAY.

WELL, I BELIEVE IT IS A FAIRLY SAFE PREDICTION THAT CONGRESS WILL DO NEITHER. THERE IS ENOUGH COMMON SENSE AND REASON LEFT IN THE HOUSE AND SENATE TO SEE THAT DOING AWAY WITH THE ENTIRE PRIVATE HEALTH SECTOR IS NOT THE WAY TO SOLVE OUR PROBLEMS, BUT THERE IS ALSO RECOGNITION THAT THERE ARE PROBLEMS AND SHORTCOMINGS IN OUR PRESENT SYSTEM WHICH OUGHT TO BE REMEDIED. SO I THINK THIS LEAVES US WITH THE

OUTLOOK THAT CONGRESS WILL PICK A MIDDLE GROUND FOR TAKING POSITIVE ACTION TO BUILD ON THE GOOD POINTS OF TODAY'S SYSTEM, WHILE SEEKING TO DEVISE SOLUTIONS FOR SOME OF ITS MOST SERIOUS DEFECTS. AND I BELIEVE THIS YEAR WILL SEE MAJOR PROGRESS TOWARD THE ENACTMENT OF MAJOR HEALTH CARE LEGISLATION. IN FACT, WE MAY NOW BE ON THE EDGE OF A REAL "YEAR OF HEALTH" IN CONGRESS.

AND WITH THESE POINTS IN MIND, I BELIEVE IT WOULD BE FAIR TO SAY THAT -- ASIDE FROM THE KENNEDY BILL -- THE VAST MAJORITY OF THE DIFFERENT PROPOSALS BEING TALKED ABOUT TODAY ARE RECONCILABLE. THEY DIFFER IN MANY IMPORTANT RESPECTS, BUT BY AND LARGE, THEY ARE CAPABLE OF BEING COMPROMISED INTO AN EFFECTIVE AND RESPONSIBLE APPROACH TO MEETING THE HEALTH CARE NEEDS OF THE AMERICAN PEOPLE.

I DO NOT WANT TO GO INTO A DETAILED POINT-BY-POINT COMPARISON OF THE VARIOUS BILLS WITH YOU TODAY, BUT I WOULD LIKE TO TOUCH BRIEFLY ON TWO PLANS WHICH MAY BE OF SPECIAL INTEREST TO THIS GROUP, BECAUSE THEY APPEAR TO EMBODY MANY FEATURES THAT MAY REPRESENT SOMETHING APPROACHING A CONSENSUS ON NATIONAL HEALTH CARE.

FIRST, IS S. 2513, THE CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM BILL, WHICH I JOINED IN INTRODUCING WITH CHAIRMAN LONG. THE SECOND IS THE ADMINISTRATION'S COMPREHENSIVE HEALTH INSURANCE PLAN, "CHIP" AS IT IS BECOMING KNOWN.

CATASTROPHIC PROTECTION

BASICALLY, THE CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM BILL CONTAINS THREE PARTS. THE FIRST PART ESTABLISHES A CATASTROPHIC HEALTH INSURANCE PROGRAM WHICH WOULD COVER NEARLY ALL AMERICANS. THIS PROGRAM WOULD PAY FOR MEDICAL EXPENSES AFTER A FAMILY HAD INCURRED $2,000 IN MEDICAL EXPENSES AND WOULD PAY FOR HOSPITAL EXPENSES AFTER AN INDIVIDUAL HAD BEEN HOSPITALIZED FOR 60 DAYS. THIS PROGRAM WOULD BE ADMINISTERED, ALONG WITH MEDICARE, BY THE SOCIAL SECURITY ADMINISTRATION, AND WOULD COST $3.6 BILLION, FINANCED BY A PAYROLL TAX ON EMPLOYERS AND EMPLOYEES.

THE SECOND PART OF THE BILL WOULD ESTABLISH A NEW FEDERAL MEDICAL ASSISTANCE PROGRAM REPLACING THE CURRENT FEDERAL-STATE MEDICAID PROGRAM, IN ORDER TO PROVIDE MORE UNIFORM BENEFITS, NATIONWIDE, AND TO REDUCE THE DRAIN ON STATE FINANCES.

THESE BENEFITS WOULD MESH WITH THOSE PROVIDED UNDER THE CATASTROPHIC PROGRAM. THIS NEW MEDICAL ASSISTANCE PROGRAM WOULD COST $5.3 BILLION AND WOULD BE FINANCED THROUGH GENERAL REVENUES.

THE THIRD PART OF THE BILL ESTABLISHES A VOLUNTARY CERTIFICATION PROGRAM FOR PRIVATE BASIC HEALTH INSURANCE POLICIES. THIS PORTION OF THE BILL MAKES IT CLEAR THAT, WHILE THE FEDERAL GOVERNMENT WOULD PLAY A ROLE IN PROTECTING AGAINST THE COST OF CATASTROPHIC ILLNESSES AND IN FINANCING THE COSTS OF BASIC HEALTH INSURANCE FOR THE POOR, THE AVERAGE AMERICAN CITIZEN WOULD BE EXPECTED TO OBTAIN HIS BASIC HEALTH INSURANCE THROUGH THE PRIVATE HEALTH INSURANCE INDUSTRY. THE PROVISIONS IN THIS PART OF THE BILL WOULD

ASSIST THE AVERAGE CITIZEN IN OBTAINING GOOD PRIVATE HEALTH PROTECTION BY GIVING HIM INFORMATION ON STANDARDS OF COVERAGE AND ADEQUACY OF BENEFITS FOR EACH PLAN, WHICH WOULD PLACE HIM IN A BETTER POSITION TO JUDGE THE DIFFERENT PLANS AND MAKE WISE CHOICES AMONG THEM.

SINCE THE LONG CATASTROPHIC BILL HAS BEEN ON THE RECORD FOR SEVERAL MONTHS, WITH PLENTY OF OPPORTUNITY TO EXAMINE IT, I WILL NOT DESCRIBE IT FURTHER. BUT SINCE THE ADMINISTRATION'S MAJOR NEW PROPOSAL WAS JUST REVEALED A WEEK AGO, PERHAPS A REVIEW OF ITS MAJOR FEATURES WILL BE OF INTEREST TO YOU.

ADMINISTRATION HEALTH INSURANCE PROPOSAL

IN COMPARISON TO THE CATASTROPHIC BILL I JUST MENTIONED, THE ADMINISTRATION'S "CHIP" WILL TAKE A SOMEWHAT BROADER APPROACH TO THE INSURANCE QUESTION. BUT IT, TOO, WILL MAINTAIN RELIANCE ON THE PRIVATE SECTOR -- IN TERMS OF BOTH INSURORS AND THE PROVIDERS OF HEALTH CARE AND SERVICES.

TWO INSURANCE PLANS

VERY BASICALLY, THE PROPOSAL WOULD ESTABLISH TWO INSURANCE PLANS, BOTH HAVING THE SAME BENEFITS.

UNDER THE EMPLOYEE PLAN, ALL EMPLOYERS WOULD BE REQUIRED TO OFFER A BASIC INSURANCE OR HMO PACKAGE TO EACH FULL-TIME EMPLOYEE UNDER AGE 65. WHEN IN FULL OPERATION, THE PLAN'S PREMIUMS WOULD BE PAID 75 PERCENT BY THE EMPLOYER AND 25 PERCENT BY THE EMPLOYEE. SELF-EMPLOYED INDIVIDUALS WOULD ALSO COME UNDER THIS PLAN. AND SPECIAL PROVISIONS ARE TO BE INCLUDED TO ASSIST SMALL EMPLOYERS IN HANDLING THE ADDED BURDENS OF THESE LARGER EMPLOYER CONTRIBUTIONS.

THE SECOND, OR ASSISTED HEALTH INSURANCE PLAN, WOULD COVER LOW-INCOME AND HIGH RISK INDIVIDUALS. UNDER IT, STATES WOULD CONTACT WITH INTERMEDIARIES TO OFFER THE BASIC COVERAGE PLAN TO ALL RESIDENTS EXCEPT THOSE WITH FAMILY INCOMES ABOVE $7,500 AND WHO HAVE THE OPTION OF OBTAINING AN EMPLOYER PLAN.

AS I INDICATED EARLIER, THE BENEFITS UNDER THE EP AND THE GP WOULD BE EQUAL AND COULD BE OBTAINED THROUGH TRADITIONAL INSURANCE COVERAGE OR HMO MEMBERSHIP.

TWO GOALS

THE BENEFITS PACKAGE HAS BEEN TAILORED WITH TWO PRIME GOALS IN MIND. [AND I BELIEVE ANY RESPONSIBLE PLAN MUST GIVE THEM TOP PRIORITY. IT IS DIRECTED TOWARD THE GOAL OF PROVIDING UNIFORM, HIGH QUALITY, EQUAL HEALTH CARE FOR EVERY CITIZEN IN EVERY PART OF THE COUNTRY.] AND IT IS ALSO AIMED AT BRINGING THE COST OF THIS CARE INTO MANAGEABLE BOUNDS FOR THE PRIVATE CITIZEN AND GOVERNMENT ALIKE. IT DOES THIS THROUGH REDUCING THE BUILT-IN INCENTIVES FOR COSTLY HOSPITALIZATION, AND BY FOCUSING ON THE LESS COSTLY LATERNATIVE OF OUTPATIENT AND PREVENTATIVE SERVCES.

BASIC BENEFITS

THE SPECIFIC REQUIRED BENEFITS INCLUDE INPATIENT HOSPITAL SERVICES. THEY ALSO INCLUDE PHYSICIAN SERVICES, BOTH FOR ACUTE CARE, IN AND OUT OF HOSPITALS, AND COVER PREVENTATIVE SERVICES -- ESPECIALLY FOR CHILDREN -- INCLUDING:

-- MATERNITY CARE

-- WELL-CHILD CARE UP TO 6 YEARS OF AGE

-- REGULAR DENTAL CARE, EYE EXAMINIATIONS, DEVELOPMENTAL VISION CARE AND EAR EXAMINATIONS FOR CHILDREN UP TO AGE 13

THE PLAN INCLUDES A COMPREHENSIVE MENTAL ILLNESS FEATURE WHICH -- IN ADDITION TO FULL AND PARTIAL HOSPITALIZATION COVERAGE WITH OUTPATIENT COVERAGE -- WOULD PROVIDE UNLIMITED BENEFITS FOR THE SERVICES OF COMMUNITY MENTAL HEALTH TREATMENT CENTERS.

ALSO PROVIDED WOULD BE BENEFITS FOR HOME HEALTH SERVICES; POST-HOSPITAL EXTENDED CARE FACILITY SERVICES; BLOOD AND BLOOD PRODUCTS; MEDICAL DEVICES, PRESCRIPTION DRUGS, LABORATORY TESTS AND X-RAYS.

CATASTROPHIC ILLNESS PROTECTION

PROTECTION FROM FINANCIAL RUIN DUE TO CATASTROPHIC ILLNESS IS ALSO A BASIC COMPONENT OF "CHIP." THE PLAN WOULD HAVE A $150 DEDUCTIBLE PER PERSON WITH A MAXIMUM OF THREE DEDUCTIBLES PER FAMILY AND A SEPARATE $50 DEDUCTIBLE PER PERSON FOR OUTPATIENT DRUGS. AFTER SATISFYING THE DEDUCTIBLE, A CO-INSURANCE FEATURE OF 25 PERCENT WOULD COME INTO EFFECT UP TO A MAXIMUM COST-SHARING LIABILITY OF $1500 IN ANY EAR. BUT ABOVE THIS FIGURE, CATASTROPHIC COVERAGE WOULD BE TOTAL AND COMPLETE FOR THE ENTIRE FAMILY, WITH NO YEARLY OR LIFETIME LIMITATION ON BENEFITS, AND WITH NO EXCLUSIONS BASED ON THE NATURE OF THE ILLNESS.

COST OF "CHIP"

AT THE PRESENT TIME, IT IS ESTIMATED THAT INDIVIDUAL PREMIUMS FOR THE EMPLOYEE PLAN WOULD PROBABLY BE BELOW TODAY'S AVERAGE AND SOMEWHERE IN THE RANGE OF $150 ANNUALLY FOR FAMILY COVERAGE. ON THE OTHER HAND, EMPLOYER CONTRIBUTIONS, EXPECTED TO BE AROUND $450, WOULD BE SOMEWHAT HIGHER THAN TODAY'S AVERAGE.

IF IN FULL OPERATION IN 2 TO 3 YEARS, THE ADDED FEDERAL COST FOR BOTH PARTS OF "CHIP" IS ESTIMATED TO BE ABOUT $6 BILLION -- OR POSSIBLY LESS, DEPENDING ON HOW QUICKLY THE COST-SAVING FEATURES BEGIN TO TAKE HOLD. THIS WILL COME OUT OF GENERAL REVENUES AND BE INCLUDED IN THE BUDGET WITHOUT REQUIRING ADDITIONAL TAXES.

OTHER FEDERAL PROGRAMS

THE PLAN WOULD BE TIED INTO AND WORK IN CONJUNCTION WITH THE EXISTING MEDICARE AND MEDICAID PROGRAMS.

MEDICARE FOR THE AGED WOULD REMAIN SUBSTANTIALLY AS IT IS TODAY, ADMINISTERED BY SOCIAL SECURITY, BUT ITS BENEFITS WOULD BE IMPROVED AND BROUGHT INTO CONFORMITY WITH THE BASIC PLAN. MEDICARE FOR THE DISABLED WOULD BE REPLACED BY "CHIPS" ASSISTED PLAN COVERAGE WHICH WOULD PROVIDE BETTER PROTECTION FOR THOSE WITH LOW INCOMES AND HIGH MEDICAL COSTS, THROUGH THE PLAN'S CATASTROPHIC FEATURES. MEDICARE SERVICE REIMBURSEMENT IN EACH STATE WOULD BE THE SAME AS FOR OTHER "CHIP" SERVICES.

MEDICAID WOULD BE TERMINATED EXCEPT FOR SPECIFIC SERVICES NOT COVERED BY THE BASIC PLAN. EXAMPLES OF THESE INCLUDE:

-- SERVICES IN A SKILLED NURSING FACILITY OR INTERMEDIATE CARE FACILITY
-- MENTAL INSTITUTION CARE FOR THOSE UNDER 21 OR OVER 65
-- EARLY AND PERIODIC SCREENING
-- SERVICES SUCH AS EYEGLASSES AND DENTAL CARE FOR CHILDREN IN THE 13-21 AGE BRACKET.

A SEPARATE BUT SIMILAR FEDERAL PROGRAM WOULD INSURE ELIGIBLE INDIANS WITH THE INDIAN HEALTH SERVICE PROVIDING THE HEALTH CARE, AND THE VETERANS ADMINISTRATION WOULD CONTINUE TO OPERATE ITS SEPARATE SYSTEM WITH REIMBURSEMENT PROVIDED TO IT FOR NON-WAR RELATED HEALTH SERVICES.

HEALTHCARD IDENTIFICATION AND REIMBURSEMENT

EACH INSURED PARTICIPANT WOULD RECEIVE AN IDENTIFICATION CARD WHICH WOULD SERVE AS PROOF OF COVERAGE AND BE ACCEPTED BY ALL PROVIDERS OF SERVICES. THE PROVIDERS WOULD BILL THE INSURANCE CARRIERS AND BE REIMBURSED IN ACCORDANCE WITH STATE-DETERMINED RATES FOR ALL COVERED SERVICES AND THE TYPE OF PARTICIPATION UNDERTAKEN BY EACH PROVIDER.

THE ENTIRE SYSTEM WOULD BE UNDER STATE CONTROL AND SUPERVISION TO THE MAXIMUM POSSIBLE EXTENT. STATES WOULD REGULATE AND SUPERVISE THE CARRIERS AND PROVIDERS, SET REIMBURSEMENT RATES AND PERFORM OTHER TRADITIONAL FUNCTIONS.

THE FEDERAL GOVERNMENT'S ROLE WOULD BE CONFINED PRIMARILY TO GENERAL OVERSIGHT, SETTING AND ENFORCING STANDARDS OF ELIGIBILITY FOR EMPLOYERS, MEDICAL PROVIDERS AND BENEFICIARIES, AND MONITORING STATE OPERATION OF ASSISTED PLANS.

THIS, THEN, IS A THUMBNAIL SKETCH OF THE NEWEST NATIONAL HEALTH INSURANCE PROPOSAL. PERHAPS THIS DISCUSSION WILL GIVE YOU SOME IDEA OF ITS BASIC OUTLINES AND ITS POSITION IN THE SPECTRUM OF PLANS TO BE CONSIDERED BY THOSE OF US ON THE FINANCE COMMITTEE THIS YEAR.

I BELIEVE THE ADMINISTRATION'S PLAN IS CONSTRUCTIVE AND WORTHY OF SERIOUS CONSIDERATION. IT RAISES A NUMBER OF QUESTIONS ABOUT EXPANDING THE ROLE OF PSRO's, ITS DEDUCTIBLE AND CO-INSURANCE PROVISIONS, THE ESTABLISHMENT OF STATE FEE SCHEDULES, POSSIBLE EXTENSION OF COVERAGE TO CUSTODIAL CARE AND OTHER SERVICES, AND MEANS OF FINANCING THE SYSTEM. BUT THESE ARE APPROPRIATE QUESTIONS FOR THE ENTIRE FIELD, AND THEY SHOULD BE DEALT WITH IF WE ARE TO EXPLORE EVERY REASONABLE AVENUE IN THE COURSE OF SHAPING THIS VITALLY IMPORTANT LEGISLATION.

OPEN MIND ON PROPOSALS

AS IMPORTANT COMPONENTS OF AMERICA'S HEALTH CARE SYSTEM AND AS PHYSICIANS AND DENTISTS WHO WOULD BE DIRECTLY AFFECTED BY ITS OPERATION, I WOULD BE MOST INTERESTED TO HEAR YOUR REACTION AND COMMENTS ON EITHER OF THE PLANS I HAVE MENTIONED, OR ANY OTHER ASPECT OF THE HEALTH CARE FIELD.

AT THIS POINT IN THE LEGISLATIVE PROCESS -- AND THROUGHOUT IT, I HOPE -- I HAVE AN OPEN MIND ABOUT ALL PROPOSALS AND WILL APPRECIATE ANY COMMENTS OR SUGGESTIONS THAT ARE OFFERED.

WE HAVE A MOST IMPORTANT JOB TO DO IN THE COMING MONTHS, AND THOUGHT EXCHANGE OF IDEAS WITH INDIVIDUALS LIKE YOU, AND GROUPS LIKE YOURS, I HOPE WE CAN APPROACH IT IN A RESPONSIBLE, CONSTRUCTIVE MANNER WHICH WILL ENABLE US TO DO THE BEST POSSIBLE JOB FOR THE AMERICAN PEOPLE.

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