

REMARKS OF SENATOR BOB DOLE

KANSAS ASSOCIATION FOR MENTAL HEALTH
HIGHLAND MANOR HOTEL
GREAT BEND, KANSAS
SATURDAY, MARCH 15, 1974

IT IS A PLEASURE TO BE HERE WITH THE BOARD OF THE KAMH, MENTAL HEALTH LEADERS FROM THROUGHOUT KANSAS, AND YOUR OTHER GUESTS.

AS A MEMBER OF THE SENATE FINANCE COMMITTEE, I ALWAYS APPRECIATE AN OPPORTUNITY TO TALK WITH INDIVIDUALS OR GROUPS WHO ARE CONCERNED WITH THE COMMITTEE'S WORK, AND THIS GROUP IS NO EXCEPTION, FOR AS PROFESSIONALS AND CONCERNED CITIZENS DEEPLY INVOLVED IN ONE OF THE MOST IMPORTANT ASPECTS OF HEALTH CARE YOU ARE CONCERNED WITH SOME OF THE MOST IMPORTANT LEGISLATION ON THE HORIZON IN WASHINGTON.

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AREA OF MAJOR CONCERN

LET ME SAY, AT THE OUTSET, THAT WE IN AMERICA 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. AND KANSAS IS ESPECIALLY PROUD OF ITS LEADING ROLE IN THE DEVELOPMENT OF MENTAL HEALTH CARE TECHNIQUES, TRAINING AND FACILITIES.

UNFORTUNATELY, IT IS ALSO TRUE THAT ALL AMERICANS DO NOT FULLY BENEFIT FROM OUR GREAT NATIONAL HEALTH CARE 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.

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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 IT IS HOPED THAT 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.

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OUTLOOK FOR NATIONAL HEALTH INSURANCE

AS A GENERAL PROPOSITION, THERE ARE TWO EXTREME COURSES THAT COULD BE FOLLOWED AS WE LOOK AT THE RANGE OF HEALTH INSURANCE PROPOSALS. THE CONGRESS COULD EITHER NATIONALIZE THE ENTIRE HEALTH BUSINESS 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.

A MODERATE APPROACH

SO I THINK THIS LEAVES US WITH THE OUTLOOK THAT CONGRESS WILL PICK

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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 NATIONALIZED MEDICINE 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.

SINCE MOST OF THE HEALTH INSURANCE PROPOSALS HAVE BEEN BEFORE THE CONGRESS FOR SOME TIME, I DO NOT WANT TO GO INTO AN EXHAUSTIVE COMPARISON OF THEM AT THIS TIME.

THIS GROUP, HOWEVER, MIGHT BE INTERESTED IN A CLOSER LOOK AT THE MOST RECENT PROPOSAL, BECAUSE IT IS NEW AND BECAUSE IT PLACES SPECIAL EMPHASIS ON MENTAL HEALTH CARE AND FACILITIES. THIS IS THE ADMINISTRATION'S COMPREHENSIVE HEALTH INSURANCE PLAN.

ADMINISTRATION HEALTH INSURANCE PROPOSAL

"CHIP" AS IT IS BEING CALLED, TAKES BROAD APPROACH TO THE JOB OF SECURING ADEQUATE HEALTH CARE FOR EVERY CITIZEN, REGARDLESS OF INCOME. BUT IT MAINTAINS RELIANCE ON THE PRIVATE SECTOR -- IN TERMS OF BOTH INSURERS 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.

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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.

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AS I INDICATED EARLIER, THE BENEFITS UNDER THE EMPLOYEE PLAN AND THE ASSISTED PLAN 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 INCENTIVES FOR EXPENSIVE HOSPITALIZATION, AND BY FOCUSING ON THE LESS COSTLY ALTERNATIVE OF OUTPATIENT AND PREVENTATIVE SERVICES.

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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 EXAMINATIONS, DEVELOPMENTAL VISION CARE AND EAR EXAMINATIONS FOR CHILDREN UP TO AGE 13.

EMPHASIS ON MENTAL HEALTH

THE PLAN INCLUDES A COMPREHENSIVE MENTAL ILLNESS FEATURE WHICH ALSO COVERS TREATMENT FOR ALCOHOLISM AND DRUG ABUSE.

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MENTAL ILLNESS AND THE RELATED PROBLEMS OF ALCOHOLISM AND DRUG ABUSE ARE MATTERS OF GREAT IMPORTANCE TO OUR SOCIETY TODAY. FORTUNATELY, THEY ARE ACHIEVING RECOGNITION AS PROBLEMS WHICH MUST BE TREATED AND CURED -- RATHER THAN AS SHAMEFUL STIGMAS TO BE HIDDEN AWAY AND PERSECUTED. THIS DEVELOPING ATTITUDE POINTS TO THE REQUIREMENT FOR SHAPING NATIONAL HEALTH INSURANCE LEGISLATION TO MAKE TREATMENT FOR MENTAL DISORDERS, ALCOHOLISM AND DRUG ABUSE AS READILY AVAILABLE, AS EFFECTIVE AND SUBJECT TO COST CONTROL AS ANY OTHER FORM OF HEALTH CARE.

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IT PROVIDES COVERAGE FOR 30 DAYS OF FULL HOSPITALIZATION IN EITHER GENERAL HOSPITALS OR MENTAL HOSPITALS. IT PROVIDES FOR 60 DAYS OF PARTIAL HOSPITALIZATION IN GENERAL AND MENTAL HOSPITALS AND IN COMPREHENSIVE COMMUNITY CARE CENTERS.

IN ADDITION IN THE AREA OF AMBULATORY CARE IT AUTHORIZES THE DOLLAR EQUIVALENT OF 15 VISITS TO A PRIVATE PSYCHOTHERAPIST AND TREATMENT IN COMMUNITY MENTAL HEALTH CENTERS EQUIVALENT IN DOLLARS TO 30 VISITS TO A PRIVATE PSYCHIATRIST.

IN ITS DRAFTING STAGE SOME CONSIDERATION WAS GIVEN TO THE ELIMINATION OF ALL LIMITS ON THE SERVICES OF COMPREHENSIVE COMMUNITY CARE CENTERS. BUT IN AN EFFORT TO PROVIDE MAJOR EMPHASIS IN THIS PROGRAM ON ACUTE, RATHER THAN LONG-TERM, MENTAL HEALTH CARE, IT WAS DECIDED TO ESTABLISH THE FINAL BILL'S BROAD LIMITS.

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SINCE THESE FACILITIES PRESENTLY RECEIVE ONLY ABOUT 15 PERCENT OF THEIR REVENUES FROM THIRD-PARTY INSURANCE, THEIR ELIGIBILITY FOR REIMBURSEMENT UNDER CHIP SHOULD PROVIDE A SIGNIFICANT STIMULUS TO THEIR CONTINUED DEVELOPMENT -- WITHOUT THE NEED FOR DIRECT FEDERAL FUNDING. IN ADDITION THE NATIONAL INSTITUTE OF MENTAL HEALTH INDICATES THAT THESE LIMITATIONS ON CCCC BENEFITS WILL PROVIDE COMPLETE COVERAGE FOR MORE THAN 90 PERCENT OF ALL THE PATIENTS UTILIZING THESE FACILITIES.

WITH THE GROWING RECOGNITION OF THE NEED TO DEAL WITH MENTAL ILLNESS AND THE RELATED PROBLEMS OF ALCOHOLISM AND DRUG ABUSE ON THE BROADEST POSSIBLE BASIS, I FEEL THESE COMMUNITY INSTITUTIONS OFFER AN IMPORTANT POSSIBILITY FOR EFFECTIVELY DEALING WITH THESE PROBLEMS. THE KANSAS EXPERIENCE WITH THEM, TO DATE, HAS CERTAINLY BEEN IMPRESSIVE.

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SO I BELIEVE THIS PORTION OF THE PLAN PROVIDES A VALUABLE STARTING POINT FOR APPROACHING A VERY CRITICAL AND PRESSING ASPECT OF HEALTH CARE IN AMERICA TODAY.

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 YEAR. BUT ABOVE THIS FIGURES, 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.

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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.

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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.

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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.

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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 ~~PSRO~~ ^{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.

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OPEN MIND ON PROPOSALS

AS IMPORTANT COMPONENTS OF AMERICA'S HEALTH CARE SYSTEM AND AS LEADERS IN THE MENTAL HEALTH FIELD WHO WOULD BE DIRECTLY AFFECTED BY ITS OPERATION, I WOULD BE MOST INTERESTED TO HEAR YOUR REACTION AND COMMENTS ON THIS PROPSOAL, OR ANY OTHER ASPECT OF HEALTH CARE.

AS 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 THOUGH 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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