

REMARKS OF SENATOR BOB DOLE¹³
KANSAS ASSOCIATION OF LIFE UNDERWRITERS¹⁹
STATE CONVENTION⁸
HILTON INN⁵
SALINA, KANSAS⁷
MAY 10, 1974⁶

I APPRECIATED THE INVITATION TO BE HERE WITH THE KANSAS LIFE UNDERWRITERS ASSOCIATION TONIGHT. I HAD THE PLEASURE OF SPEAKING TO THE NATIONAL ASSOCIATION'S CONVENTION IN 1971, AND I HAVE MET WITH THIS GROUP ON OTHER OCCASIONS.

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.

OF COURSE, YOU ARE NOT DIRECTLY INVOLVED WITH THE TRADE REFORM ACT OR SOME OF THE OTHER BILLS WITHIN THE COMMITTEE'S JURISDICTION, AND THE LIFE INSURANCE INDUSTRY IS, FORTUNATELY, NOT UNDER DIRECT FEDERAL REGULATION.

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PENSION REFORM LEGISLATION 13

BUT YOU DO HAVE A DIRECT CONCERN WITH THE WORK WE HAVE DONE
IN THE PENSION REFORM AREA.

AND IN THIS REGARD YOU MIGHT BE INTERESTED TO KNOW THAT THE
HOUSE-SENATE CONFERENCE ON THIS LEGISLATION IS SCHEDULED TO BEGIN
THIS COMING TUESDAY. X YOUR SPECIAL INTEREST LIES IN THE PROVISIONS
FOR FUNDING INDIVIDUAL RETIREMENT ACCOUNTS. X BOTH BILLS ALLOW
PERSONS WHO ARE NOT OTHERWISE PARTICIPATING IN A CORPORATE OR SELF-
EMPLOYED PLAN TO ESTABLISH THESE ACCOUNTS FOR THEMSELVES.

BUT THE SENATE PROVISIONS--WHICH I SUPPORTED--PERMIT THE USE OF
LIFE INSURANCE CONTRACTS AS A FUNDING MEDIUM FOR THESE ACCOUNTS, WHILE
THE HOUSE BILL DOES NOT.

*Write your comments
ask him to compare*

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I BELIEVE THAT THE USE OF LIFE INSURANCE CONTRACTS FOR THESE INDIVIDUAL ACCOUNTS IS HIGHLY APPROPRIATE--AND ONLY A MATTER OF EQUALITY WITH THEIR AVAILABILITY FOR QUALIFIED CORPORATE PLANS. AND IN ADDITION, I BELIEVE THE AVAILABILITY OF LIFE INSURANCE CONTRACT FOR FUNDING WILL SERVE AS AN IMPORTANT STIMULUS TO THE UTILIZATION OF THESE ACCOUNTS FOR MILLIONS OF AMERICANS WHO PRESENTLY DO NOT HAVE ACCESS TO THIS FORM OF RETIREMENT SECURITY.

11 I WOULD CAUTION, HOWEVER, THAT THERE IS PRESENTLY TREASURY DEPARTMENT OPPOSITION TO THE SENATE PROVISION, AND A LONG AND DIFFICULT CONFERENCE IS LIKELY. I AM NOT A MEMBER OF THE CONFERENCE COMMITTEE. HOWEVER, I WILL BE CONFERRING WITH MY FINANCE COMMITTEE COLLEAGUES WHO ARE, AND I WILL CONTINUE TO SUPPORT OUR SENATE PROVISION PERMITTING THE USE OF LIFE INSURANCE CONTRACT IN THIS AREA.

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NATIONAL HEALTH INSURANCE

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ALSO THROUGH YOUR INDIVIDUAL INSURANCE BUSINESSES AND THROUGH YOUR ASSOCIATION, FOR MANY YEARS YOU HAVE BEEN IN THE BUSINESS OF PROVIDING HEALTH INSURANCE COVERAGE TO THE PUBLIC. AND NATIONAL HEALTH INSURANCE LEGISLATION IS ONE OF THE MOST IMPORTANT ITEMS ON THE HORIZON IN THE FINANCE COMMITTEE AND IN WASHINGTON TODAY.

IN ADDITION AS ACTIVE CITIZENS WHO ARE INVOLVED IN MANY ASPECTS OF THE LIFE IN YOUR HOME COMMUNITIES, YOU ARE VERY MUCH AWARE OF HOW OUR HEALTH SYSTEM WORKS AND WHAT IT MEANS TO THE PEOPLE OF OUR COUNTRY.

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AREA OF MAJOR CONCERN ¹⁰

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.

UNFORTUNATELY, IT IS ALSO TRUE THAT THERE ARE PROBLEMS WHICH EXISTS. AND ALL AMERICANS DO NOT FULLY BENEFIT FROM OUR GREAT NATIONAL HEALTH CARE ASSETS. THESE FACTS ARE NOT HARD TO UNDERSTAND WHEN WE SEE THAT AN AVERAGE DAY IN THE HOSPITAL COSTS UPWARDS 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,

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EXCEEDS \$20,000. AND EVEN MORE REGRETTABLY, MANY AMERICANS DO NOT HAVE ADEQUATE -- OR EVEN PARTIAL -- PROTECTION AGAINST THESE COSTS.

MANY PROPOSALS ¹

MILLIONS OF AMERICANS IN AND OUT OF THE HEALTH CARE FIELDS ARE CONCERNED ABOUT HEALTH PROBLEMS IN OUR COUNTRY. AND THIS RISING AWARENESS HAS LED TO BROAD EFFORTS BY MANY INDIVIDUALS AND GROUPS TO COME UP WITH ANSWERS AND SOLUTIONS FOR THESE PROBLEMS.

MANY OF THESE EFFORTS HAVE RESULTED IN LEGISLATIVE PROPOSALS WITHIN THE JURISDICTION OF THE SENATE FINANCE COMMITTEE. SO, CONSEQUENTLY, I HAVE BEEN INVOLVED, FROM THE BEGINNING, AS THE COMMITTEE DISCUSSES HEALTH CARE AND AS IT APPROACHES THE WORK OF CONSIDERING HEALTH INSURANCE LEGISLATION IN THIS CONGRESS.

MODERATE APPROACH 8

I HAVE SAID THAT, FACED WITH THE TWO EXTREME COURSES OF DOING NOTHING OR NATIONALIZING THE ENTIRE HEALTH BUSINESS, 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. I BELIEVE THIS PREDICTION MAY COME TRUE.

MOMENTUM BUILDING 8

BEGINNING LAST YEAR WITH THE INTRODUCTION OF THE CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE REFORM BILL, WHICH I CO-SPONSORED, REAL LEGISLATIVE MOMENTUM WAS ESTABLISHED. IT GAINED FURTHER IMPETUS THIS YEAR WHEN THE ADMINISTRATION PUT FORWARD ITS OWN REVISED AND EXPANDED COMPREHENSIVE HEALTH INSURANCE PLAN.

THESE TWO BILLS AND THE RESPONSE THEY RECEIVED SUGGESTED THE OUTLINES OF A CONSENSUS OF SORTS ON NATIONAL HEALTH INSURANCE. THEY WERE GENERALLY COMPATIBLE WITH MOST OF THE OTHER INSURANCE PLANS AND OFFERED PLENTY OF ROOM FOR COMPROMISE WITH EVERY OTHER PLAN--EXCEPT THE MEANY-KENNEDY BILL.

THIS APPEARED TO BE THE MAJOR OBSTACLE TO REAL PROGRESS THIS YEAR AS REPORTS CIRCULATED THAT LABOR WANTED TO BACK OFF ON HEALTH INSURANCE AND WAIT FOR A VETO-PROOF CONGRESS TO PASS ITS CRADLE-TO-GRAVE PROPOSAL WITHOUT MAJOR CHANGE.

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BUT LAST MONTH, SENATOR KENNEDY, IN CONJUNCTION WITH CHAIRMAN WILBUR MILLS OF THE HOUSE WAYS AND MEANS COMMITTEE, UNVEILED A NEW HEALTH INSURANCE BILL. ITS EFFECT WAS TO PUT HEALTH INSURANCE ON THE FRONT BURNER IN THE LEGISLATIVE KITCHEN AGAIN.

THE CATASTROPHIC BILL, THE ADMINISTRATION PLAN, THE KENNEDY-MILLS PROPOSAL AND MOST OF THE OTHERS ARE ~~ALL IN~~ THE SAME BALLPARK. AND THIS FACT MEANS THAT WE ARE MORE AND MORE LIKELY TO SEE A NATIONAL HEALTH INSURANCE LAW ENACTED THIS YEAR.

HEARINGS BEGIN 7

PERHAPS THE BEST INDICATION OF THIS POSSIBILITY WAS THE START, LAST MONTH, OF WAYS AND MEANS COMMITTEE HEARINGS. AND TO EXPEDITE CONSIDERATION IN THE SENATE, THE FINANCE COMMITTEE WILL TAKE THE UNUSUAL STEP OF HOLDING ITS HEARINGS PRIOR TO PASSAGE OF THE HOUSE BILL. THESE HEARINGS WILL BEGIN ON MAY 21. PROVIDED THERE ARE NO UNEXPECTED DELAYS, THERE SHOULD BE AMPLE TIME TO OBTAIN SENATE APPROVAL AND GAIN CONFERENCE COMMITTEE AGREEMENT BEFORE CONGRESS ADJOURNS.

I DO NOT WANT TO BE OVERLY OPTIMISTIC, BUT I BELIEVE THIS OUTLOOK IS REALISTIC. AND WITH THE GOOD WILL OF ALL SIDES AND A GREAT DEAL OF HARD WORK, WE CAN REALIZE MANY OF THE MOST IMPORTANT HEALTH CARE GOALS OF AMERICA.

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BASIC STANDARDS 1

I BELIEVE WE SHOULD JUDGE ANY NATIONAL HEALTH INSURANCE PLAN ON THESE BASIC CRITERIA:

FIRST, IT MUST BE DIRECTED TOWARD PROVIDING UNIFORM, HIGH QUALITY, EQUAL HEALTH CARE FOR EVERY CITIZEN IN EVERY PART OF THE COUNTRY--REGARDLESS OF ECONOMIC CIRCUMSTANCE. AND SECOND, IT ALSO MUST BE AIMED AT BRINGING THE COST OF THIS CARE INTO MANAGEABLE BOUNDS FOR THE PRIVATE CITIZEN AND GOVERNMENT ALIKE--THROUGH REDUCING THE INCENTIVES FOR EXPENSIVE HOSPITALIZATION, AND BY FOCUSING ON THE LESS COSTLY ALTERNATIVES OF OUTPATIENT CARE AND PREVENTATIVE SERVICES.

WITH THESE POINTS IN MIND, THIS GROUP MIGHT BE INTERESTED IN A BRIEF LOOK AT SOME OF THE MAJOR SIMILARITIES AND DIFFERENCES BETWEEN THE COMPREHENSIVE HEALTH INSURANCE PLAN, THE KENNEDY-MILLS BILL, AND THE CATASTROPHIC HEALTH INSURANCE BILL.

SUBSTANTIAL SIMILARITIES 1

I WOULD SAY THAT THE THREE PLANS HAVE A NUMBER OF SUBSTANTIAL SIMILARITIES. THE COSTS AND BASIC BENEFITS STANDARDS UNDER THE THREE PROPOSALS ARE MUCH ALIKE, THEIR LEVELS OF CATASTROPHIC COSTS PROTECTION LIE WITHIN A REASONABLE RANGE OF ALTERNATIVES, AND THE TIE-IN TO MEDICARE AND OTHER FEDERAL PROGRAMS WOULD BE APPROXIMATELY THE SAME UNDER EACH. THESE ARE HIGHLY IMPORTANT AREAS OF AGREEMENT, AND THEY ARE A BASIC REASON FOR MY GROWING OPTIMISM ABOUT THE PASSAGE OF A HEALTH INSURANCE BILL THIS YEAR.

BUT THE DIFFERENCES SHOULD NOT BE GLOSSED OVER OR IGNORED. THERE ARE SOME MAJOR CONFLICTS TO BE SETTLED. AND THE WAYS IN WHICH THEY ARE RESOLVED WILL SPELL THE DIFFERENCE BETWEEN MAJOR PROGRESS TOWARD MEETING OUR PROBLEMS AND POSSIBLE DISASTER FOR THE MEDICAL PROFESSION AND THE QUALITY OF HEALTH CARE IN AMERICA.

FOUR MAJOR DIFFERENCES 11

I SEE FOUR MAJOR POINTS CONCERNING THE BASIC INSURANCE PLANS OF THE THREE PROPOSALS WHICH DESERVE SPECIAL MENTION. FIRST IS THE QUESTION OF ADMINISTRATION. IS NATIONAL HEALTH INSURANCE TO BE A FORM OF PRIVATE INSURANCE OR A GOVERNMENT PROGRAM?

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UNDER THE ADMINISTRATION AND THE CATASTROPHIC BILLS, PRIVATE INSURANCE COMPANIES WOULD CONTINUE TO PROVIDE THE BASIC EMPLOYEE PROTECTION, PAY OUT THE BENEFITS AND OPERATE MUCH AS THEY ARE DOING NOW, THE ADMINISTRATION PLAN WOULD PROVIDE BOTH THE LOW INCOME COVERAGE AND CATASTROPHIC PROTECTION THROUGH PRIVATE INSURANCE COMPANIES, DIRECTLY OR AS INTERMEDIARIES; ALTHOUGH, THE CATASTROPHIC BILL DIFFERS IN THAT IT WOULD PLACE ITS MAJOR MEDICAL PROGRAM UNDER SOCIAL SECURITY. THE KENNEDY-MILLS BILL, HOWEVER, WOULD PLACE EVERY ASPECT OF NATIONAL HEALTH INSURANCE COVERAGE WITHIN AN INDEPENDENT NEW SOCIAL SECURITY ADMINISTRATION AND PAY BENEFITS OUT OF A NATIONAL TRUST FUND ACCOUNT.

SECOND, THERE IS THE QUESTION OF WHETHER THE BASIC COVERAGE SHOULD BE MANDATORY OR VOLUNTARY. KENNEDY-MILLS WOULD REQUIRE EVERY EMPLOYEE TO PARTICIPATE IN THE PROGRAM, WHILE THE ADMINISTRATION AND CATASTROPHIC PLANS WOULD PROVIDE THE OPPORTUNITY FOR EACH INDIVIDUAL TO ELECT COVERAGE OR NOT.

THIRD, AS FAR AS THE AVAILABILITY OF THE TWO VOLUNTARY PLANS IS CONCERNED, THE ADMINISTRATION BILL REQUIRES THAT EVERY EMPLOYER OFFER THE PLAN AND PAY AT LEAST THREE-FOURTHS OF THE PREMIUMS, WHEREAS THE CATASTROPHIC BILL LEAVES THE ENTIRE QUESTION UP TO AGREEMENT BETWEEN EMPLOYERS AND THEIR EMPLOYEES.

AND FOURTH THERE IS THE QUESTION OF THE FINANCING MECHANISM TO BE USED. AS A GOVERNMENT PROGRAM, KENNEDY-MILLS WOULD USE THE PAYROLL TAX FOR THE WHOLE PROGRAM, COLLECTING ONE PERCENT ON THE FIRST \$20,000 OF EACH EMPLOYEE'S WAGES AND THREE PERCENT FROM EMPLOYERS, PLUS AN ADDITIONAL 2-1/2 PERCENT ON UNEARNED INCOME UP TO THE \$20,000 CEILING.

THE CATASTROPHIC PLAN AND THE ADMINISTRATION'S PROGRAM WOULD BOTH RELY ON THE PAYMENT OF PREMIUMS FOR THE BASIC EMPLOYEE COVERAGE AND ON GENERAL REVENUES TO FINANCE THEIR LOW-INCOME PROTECTION. THE CATASTROPHIC BILL, HOWEVER, WOULD UTILIZE THE SOCIAL SECURITY TAX TO SUPPORT ITS SEPARATE MAJOR MEDICAL PLAN.

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BASES FOR CHOICE §


ON BALANCE, I BELIEVE THE CATASTROPHIC AND ADMINISTRATION BILLS ARE SUPERIOR TO THE KENNEDY-MILLS ALTERNATIVES ON THESE POINTS. GIVEN OUR EXPERIENCE WITH THE FEDERAL ADMINISTRATION OF MEDICARE, SSI, AND THE HEALTH PROVISIONS OF H.R. 1, I BELIEVE THERE ARE STRONG GROUNDS FOR QUESTIONING THE WISDOM OF PLACING AN ADDITIONAL MULTI-BILLION ADMINISTRATIVE RESPONSIBILITY ON THE FEDERAL HEALTH BUREAUCRACY, AND HANGING A GREATER LOAD ON THE PAYROLL TAX BURDEN OF THE AVERAGE WAGE EARNER.

I ALSO WONDER WHETHER SOME MEASURE OF LATTITUDE FOR INDIVIDUAL CHOICE IN SEEKING THIS COVERAGE WOULD NOT BE APPROPRIATE -- JUST IN CASE SOMEONE MIGHT DECIDE THAT HE DID NOT WANT OR NEED IT. AND AS A

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MATTER OF BASIC PRINCIPLE, I DO NOT SEE WHY THE PRIVATE INSURANCE INDUSTRY SHOULD BE VIRTUALLY ABOLISHED IN FAVOR OF A BIGGER BUREAUCRACY AND THEREBY POSSIBLY SET A PRECEDENT FOR POSSIBLE FEDERAL INTERVENTION OR INTRUSION INTO OTHER ASPECTS OF INSURANCE.

BETWEEN THE ADMINISTRATION AND CATASTROPHIC PLANS, I WONDER IF IT WOULD NOT BE MORE APPROPRIATE TO LEAVE THE QUESTION OF AVAILABILITY AND PREMIUM SHARING TO BE SETTLED IN THE BARGAINING PROCESS BETWEEN EMPLOYERS AND EMPLOYEES. IT SEEMS TO HAVE PROVEN ITSELF AS AN EFFECTIVE MECHANISM FOR DECIDING THESE MATTERS IN THE PAST, AND IT MIGHT BE WELL TO CONTINUE IT AS WE MOVE INTO NATIONAL HEALTH INSURANCE AS WELL. AND I HAVE RESERVATIONS ABOUT PLACING AN ADDITIONAL DRAIN ON THE AVERAGE WORKING MAN THROUGH ANOTHER PAYROLL



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TAX INCREASE -- EVEN IF TO FINANCE ONLY THE CATASTROPHIC PORTION
OF THE NATIONAL HEALTH INSURANCE SYSTEM.

CONSTRUCTIVE PROPOSALS (1)

THIS, THEN, IS A THUMBNAIL COMPARISON OF THREE OF THE MAJOR
NATIONAL HEALTH INSURANCE PROPOSALS. PERHAPS THIS DISCUSSION WILL
GIVE YOU SOME IDEA OF THEIR BASIC OUTLINES AND SOME OF THE LINES OF
DISCUSSION AND DEBATE WHICH WILL EMERGE AS WE MOVE FORWARD.

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EACH IS CONSTRUCTIVE AND WORTHY OF SERIOUS CONSIDERATION. THERE
ARE OTHER MAJOR PROPOSALS ALSO BEFORE OUR COMMITTEE, INCLUDING THE
McINTYRE-BURLESON BILL, WHICH HAS THE SUPPORT OF YOUR NATIONAL
ASSOCIATION. THEY ALL RAISE A NUMBER OF QUESTIONS ABOUT EXPANDING
THE ROLE OF PSRO'S, COINSURANCE PROVISIONS, THE ESTABLISHMENT OF

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STATE FEE SCHEDULES AND THE BEST MEANS OF FINANCING THE SYSTEM. BUT THESE ARE APPROPRIATE QUESTIONS WHICH SHOULD BE ASKED IN ANY EVENT, AND THEY SHOULD BE CONFRONTED IF WE ARE TO EXPLORE EVERY REASONABLE AVENUE IN THE COURSE OF SHAPING THIS VITALLY IMPORTANT LEGISLATION.

OPEN MIND ON PROPOSALS *il*

AS INSURANCE PROFESSIONALS WHO WOULD BE DIRECTLY AFFECTED BY ANY LEGISLATIVE DECISIONS WE REACH, I WOULD BE MOST INTERESTED TO HEAR YOUR REACTION AND COMMENTS ON THESE PROPOSALS, OR ANY OTHER ASPECT OF HEALTH CARE.

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.

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WE HAVE A MOST IMPORTANT JOB TO DO IN THE COMING MONTHS, AND
THROUGH EXCHANGE OF IDEAS WITH INDIVIDUALS LIKE YOU, AND GROUPS
LIKE THIS, 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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