

ADDRESS TO
OPTICIANS' ASSOCIATION OF AMERICA
WEDNESDAY, JUNE 8, 1977
WASHINGTON HILTON HOTEL

I AM HAPPY TO WELCOME THE OPTICIANS TO THE NATION'S CAPITAL. THE NEW ADMINISTRATION IS PURSUING AN ANNOUNCED POLICY OF STYLE OVER SUBSTANCE, AND THE SERVICES OF A TOP-FLIGHT OPTICAL SPECIALIST ARE SOMETIMES NECESSARY TO FOLLOW WHAT'S GOING ON AROUND THE WHITE HOUSE. WITH THE COMING OF SUMMER, CONGRESS IS BEGINNING TO COME TO GRIPS WITH SOME OF THE KEY LEGISLATIVE ISSUES THAT WE FACE IN THIS SESSION. ONE OF THEM IS THE COST OF HEALTH CARE.

AS YOU KNOW, PRESIDENT CARTER IS PROPOSING A PLAN THAT WOULD LIMIT COST INCREASES FOR MOST HOSPITALS TO NO MORE THAN 9 PER CENT IN THE NEXT FISCAL YEAR. THE COST OF HOSPITAL CARE HAS BEEN GOING UP AT A RATE OF ABOUT 15 PER CENT A YEAR--A RATE THAT CANNOT BE ALLOWED TO CONTINUE IF WE ARE TO RESIST THE DEVASTATING PLAGUE OF INFLATION. INFLATION STRIKES ALL ECONOMIC GROUPS DISCRIMINATELY, BUT IT IS THE LOWER MIDDLE INCOME FAMILIES WHO SUFFER THE MOST FROM SPIRALLING PRICES.

NEVERTHELESS, I DON'T THINK IT IS EITHER REALISTIC OR FAIR TO EXPECT OUR HEALTH CARE INSTITUTIONS TO BEAR THIS BURDEN BY THEMSELVES. SOMETHING MUST BE DONE TO REIN IN THE TREMENDOUS OUTLAYS FOR MEDICAID AND MEDICARE. PROJECTED COSTS OF THESE TWO PROGRAMS IN THE NEW FISCAL YEAR ARE AN ASTOUNDING \$47.5 BILLION. BUT WHAT SENSE DOES IT MAKE TO TELL THE HOSPITALS: "LOOK, WE WON'T RAISE YOUR REIMBURSEMENT RATES BY MORE THAN 9 PER CENT THIS YEAR, EVEN THOUGH THERE IS NOTHING YOU CAN DO ABOUT THE HIGHER COSTS OF PERSONNEL AND SUPPLIES AND LIABILITY INSURANCE AND LOTS OF OTHER THINGS THAT YOU HAVE TO BUY."

THE GROWING COST OF COMPLYING WITH FEDERAL, STATE AND LOCAL GOVERNMENT REGULATIONS IS NO SMALL CONTRIBUTING FACTOR IN THIS EITHER.

CONTRARY TO WHAT SOME PEOPLE THINK, A MASSIVE DOSE OF FEDERAL CONTROL WON'T CURE THE DISEASE.

SOME TIME AGO, THE PRESIDENT'S COUNCIL ON WAGE AND PRICE STABILITY OBSERVED THAT THE "UBIQUITOUS AND OFTEN CONFLICTING MORASS OF REGULATIONS IMPOSED BY WASHINGTON, INSTEAD OF BEING PART OF THE SOLUTION, IS PART OF THE PROBLEM OF RISING HEALTH-CARE COSTS."

ARBITRARY DECREES WON'T WORK

SOARING COSTS WON'T BE BROUGHT UNDER CONTROL BY ARBITRARY DECREE--NO MATTER WHETHER THAT DECREE IS HANDED DOWN BY THE GOVERNMENT OR SOMEONE ELSE.

THIS IS A PROBLEM OF NATIONAL CONCERN THAT CAN BEST BE DEALT WITH BY A PARTNERSHIP OF GOVERNMENT AND THE PRIVATE HEALTH-CARE SYSTEM WORKING TOGETHER.

BEYOND ANY QUESTION, THERE IS A NATIONAL CONSENSUS THAT SOMETHING MUST BE DONE.

FRAUD AND OTHER ABUSES IN MEDICAID ADD TO THE MEDICAL COSTS OF EVERY AMERICAN--NOT JUST THOSE WHO ARE PARTICIPATING IN THE PROGRAM.

THIS WEEK THE HEALTH SUBCOMMITTEE OF THE SENATE FINANCE COMMITTEE HAS BEEN HOLDING HEARINGS ON THE PROBLEM. SENATOR TALMADGE OF GEORGIA IS THE CHAIRMAN OF THAT SUBCOMMITTEE, AND I AM THE RANKING REPUBLICAN MEMBER. THE CHAIRMAN INTRODUCED AN ALTERNATIVE APPROACH TO THE COST CONTAINMENT PROBLEM, WHICH I COSPONSORED.

THE REIMBURSEMENT SYSTEM UNDER OUR BILL WOULD BE PROSPECTIVE. NO LONGER WOULD HOSPITALS HAVE TO WAIT UNTIL AFTER THE COSTS WERE INCURRED TO GET THEIR MONEY. WE PROVIDE INCENTIVES IN OUR BILL FOR THE HOSPITALS TO KEEP THE REIMBURSEMENT RATES WITHIN SPECIFIED TARGET LIMITS. FOR EXAMPLE, AN INSTITUTION THAT HELD ITS COSTS UNDER THE TARGET WOULD BE ELIGIBLE FOR A 5 PER CENT BONUS. THOSE THAT EXCEED THE TARGET BY OVER 20 PER CENT WOULD SHOULDER THE EXTRA EXPENSE THEMSELVES.

COST CONTROL INCENTIVES

WE ALSO WOULD PROVIDE INCENTIVES FOR THE ESTABLISHMENT OF MEDICAL PRACTICES IN RURAL AND OTHER COMMUNITIES WHERE FEES ARE RELATIVELY LOW AND THERE IS A NEED FOR MORE DOCTORS. THIS WE WOULD DO BY INCREASING THE COMPARATIVE REIMBURSEMENT LEVELS IN SUCH CASES.

NEITHER OF US SUGGESTS THAT THE TALMADGE-DOLE BILL CONTAINS ALL THE ANSWERS. IT DOES NOT. THERE ARE REFINEMENTS TO BE MADE IN THE CONTENTS OF THAT MEASURE. BUT IT IS A GOOD STARTING POINT FOR BRINGING HEALTH-CARE COSTS UNDER CONTROL--WITHOUT SETTING UP FEDERAL PRICE CONTROL CZARS. I DON'T WANT THAT AND MOST OF THE AMERICAN PEOPLE DON'T EITHER.

THERE IS AN UNFORTUNATE TENDENCY IN THIS COUNTRY TO LOOK FIRST TO MORE GOVERNMENT REGULATION WHENEVER THERE IS A TOUGH PROBLEM.

WE LIVE IN AN ERA OF EXPANDING FEDERAL INTERVENTION IN THE ECONOMIC AFFAIRS OF OUR NATION.

NO MATTER HOW ILLOGICAL, THE FIRST RESPONSE TO A DIFFICULTY IS LIKELY TO BE MORE FEDERAL REGULATION.

THE NATURE OF GOVERNMENT REGULATION ITSELF HAS CHANGED OVER THE YEARS. IT STARTED AS AN ANSWER TO MONOPOLY. BUT NOW IT TENDS TO PROMOTE MONOPOLY, RAISE PRICES, AND DISCOURAGE INNOVATION.

I DON'T HAVE TO TELL YOU THAT. MOST OF YOU ARE SMALL BUSINESSMEN WHO COMPETE NOT ONLY AMONG YOURSELVES BUT WITH THE OTHER OPTICAL SPECIALISTS WHO DISPENSE EYEGLASSES. SOME OF THE REGULATORY EFFORTS MAKE SENSE BECAUSE THEY ENCOURAGE RATHER THAN IMPEDE COMPETITION. I AM THINKING OF THE ATTEMPT BY THE FEDERAL TRADE COMMISSION TO ELIMINATE UNNECESSARY RESTRICTIONS IN EYEGLASS ADVERTISING--OR WHAT THE FOOD AND DRUG ADMINISTRATION HAS BEEN DOING TO ESTABLISH REASONABLE PERFORMANCE STANDARDS FOR THE PRODUCTS YOU SELL.

VITAL ROLE FOR SMALL BUSINESS

I AM CONVINCED, AS I THINK MOST OF YOU ARE, THAT COMPETITION AND THE SMALL BUSINESSMAN MUST CONTINUE TO PLAY A VITAL ROLE IN THE DELIVERY OF HEALTH CARE TO THE AMERICAN PEOPLE.

ALL TOO OFTEN, GOVERNMENT REGULATION AT BOTH THE FEDERAL AND STATE LEVELS INTERFERES WITH SMALL BUSINESSMEN EITHER BY DIRECTLY LIMITING THEIR ABILITY TO COMPETE IN THE MARKETPLACE OR BY SETTING UP ADMINISTRATIVE REQUIREMENTS THAT RESULT IN HIGHER COSTS WITHOUT IMPROVING PRODUCTIVITY.

WALTER LIPPMAN SAID OVER 30 YEARS AGO THAT WE ARE SUFFERING FROM "THE DISEASE OF AN OVER-GOVERNED SOCIETY." THE GOVERNMENT IS LITERALLY EXPLODING WITH REGULATIONS. IN 1975 ALONE, IT IS ESTIMATED THAT OVER 10,000 NEW RULES AND REGULATIONS WERE PROPOSED, FILLING OVER 60,000 PAGES IN THE CODE OF FEDERAL REGULATIONS.

COMMON-SENSE IS FREQUENTLY THE VICTIM WHEN THE REGULATORS GO TO WORK. THEY ARE SO DEDICATED TO THEIR MISSION THAT THEY BECOME BOGGED DOWN IN TRIVIA, LACKING THE BREADTH OF VISION THAT IS SO DESPERATELY NEEDED TODAY. OSHA--THE OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION-- ISSUES RULES ORDERING BACK-UP ALARMS ON CONSTRUCTION TRUCKS AND ANOTHER SET OF RULES REQUIRING NOISE-PROTECTING EARGUARDS SO THE WORKERS CAN'T HEAR THE ALARMS.

REGULATION IS BOTH EXPENSIVE AND BURDENSOME. IT HAS BEEN ESTIMATED, FOR INSTANCE, THAT A SMALL FAMILY STORE GROSSING SOME \$30,000 A YEAR MUST NOW FILL OUT, ON THE AVERAGE, SOME 52 TAX RETURNS A YEAR. THE STEEL INDUSTRY MUST COMPLY WITH 5,600 REGULATIONS FROM 27 DIFFERENT AGENCIES--4,000 OF THESE REGULATIONS FROM OSHA. AND GENERAL MOTORS REPORTS THAT JUST TO CERTIFY ITS CARS ONE YEAR WITH THE FEDERAL GOVERNMENT, IT HAD TO SUBMIT FORMS THAT WOULD REACH 12 STORIES HIGH.

REGULATORY BACKLASH

AT LONG LAST, THERE ARE SOME SIGNS OF A REGULATORY BACKLASH. THE MESSAGE IS GETTING THROUGH TO THE AMERICAN PEOPLE THAT ALL THIS SENSELESS RED TAPE IS COSTING THEM MONEY AS WELL AS PATIENCE. IN SOME CASES, THE REGULATED INDUSTRIES ARE QUITE COMFORTABLE WITH THE EXISTING SYSTEM. REFORM WON'T COME EASILY.

SOMETIMES THE MOST IMPORTANT ACHIEVEMENT IS TO HEAD OFF THE CREATION OF YET ANOTHER LAYER OF BUREAUCRATIC REGULATION.

IN THE LAST CONGRESS, AFTER CAREFUL CONSIDERATION, I SUPPORTED THE UNSUCCESSFUL EFFORT TO CREATE A NEW AGENCY FOR CONSUMER ADVOCACY, I DO NOT REGRET MY SUPPORT.

BUT IN THIS CONGRESS I WILL NOT SUPPORT SUCH LEGISLATION.

IT IS AN IDEA WHOSE TIME HAS COME AND GONE. MANY OF THE LEADING SPOKESMEN FOR THE CONSUMER ORGANIZATIONS HAVE BEEN BROUGHT INTO THE GOVERNMENT IN THE MEANTIME. THE GOVERNMENT AND ITS AGENCIES ARE MORE RESPONSIVE NOW TO THE INTERESTS OF CONSUMERS. MOST AGENCIES HAVE AN OFFICE OF CONSUMER AFFAIRS HEADED BY A CONSUMER ACTIVIST. SOME OF THESE OFFICES EXIST SOLELY FOR THE PROTECTION OF CONSUMER INTERESTS, IN ADDITION, CONGRESSIONAL STAFFS SPEND MORE TIME HELPING TO PROVIDE CONSUMER-CONSTITUENTS ACCESS TO FEDERAL AGENCIES.

THE INTERESTS OF CONSUMERS ARE SUFFICIENTLY REPRESENTED NOW, I CONTEND, THAT ANOTHER FEDERAL BUREAUCRACY IS NOT NEEDED. A YEAR AGO, THE PRESIDENT WAS CAMPAIGNING AGAINST THE EVILS OF A GOVERNMENT GROWN TOO BIG AND TOO DIFFUSE. LAST WEEK HE ATTACKED WHAT HE CALLED THE "LOBBYISTS FROM SELFISH, SELF-INTEREST GROUPS" WHO HE SAID HAVE "COME OUT OF THE WOODWORK" TO BRING PRESSURE ON CONGRESS AGAINST THE CONSUMER PROTECTION AGENCY BILL. IT IS ILLOGICAL FOR THE PRESIDENT TO BE CALLING FOR THE CREATION OF YET ANOTHER FEDERAL AGENCY AT THE SAME TIME HE IS STRESSING THE NEED FOR REORGANIZATION OF THE EXECUTIVE BRANCH INTO A MORE EFFICIENT FRAMEWORK THAT WOULD REDUCE AND NOT INCREASE THE NUMBER OF AGENCIES.

NATURAL PROGRESS OF THINGS

IN HIS INAUGURAL ADDRESS, THOMAS JEFFERSON SPOKE OF HIS DESIRE FOR "A WISE AND FRUGAL GOVERNMENT, WHICH SHALL RESTRAIN MEN FROM INJURING ONE ANOTHER, WHICH SHALL LEAVE THEM OTHERWISE FREE TO REGULATE THEIR OWN PURSUITS OF INDUSTRY AND IMPROVEMENT."

"THE NATURAL PROGRESS OF THINGS," JEFFERSON THOUGHT WITH CONSIDERABLE WISDOM, "IS FOR LIBERTY TO YIELD AND GOVERNMENT TO GAIN GROUND."

LIFE IS MORE COMPLICATED NOW THAN WHEN JEFFERSON LIVED. HE COULD NEVER HAVE IMAGINED WHAT A RADIOLOGY MACHINE WOULD COST TODAY. BUT THE NATURAL PROGRESS OF THINGS IS THE SAME: LIBERTY YIELDS GROUND WHEN THE GOVERNMENT GAINS.

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THERE IS NO MORE URGENT ISSUE BEFORE CONGRESS AND THE AMERICAN PEOPLE THAN HOW WE CAN BEST MAINTAIN OUR HIGH STANDARDS OF HEALTH CARE AT PRICES ALL OUR PEOPLE CAN AFFORD. YOUR BUSINESSES ARE AN ILLUSTRATION OF HOW A COMPETITIVE DELIVERY SYSTEM CAN OPERATE EFFICIENTLY WITH A MINIMUM OF GOVERNMENT REGULATION. I HOPE THAT WHATEVER SOLUTIONS ARE DEvised DO TAKE NOTE OF THE CONTRIBUTION THAT CAN BE MADE BY THE PRIVATE SECTOR, OPERATING IN A FREE MARKETPLACE, BUT IN TRUE PARTNERSHIP WITH THE GOVERNMENT, TO THE BETTERMENT OF ALL THE AMERICAN PEOPLE.