

REMARKS OF SENATOR BOB DOLE  
BEFORE THE AMERICAN MEDICAL ASSOCIATION  
DOWNTOWN CHICAGO MARRIOTT  
CHICAGO, ILLINOIS  
SUNDAY, FEBRUARY 18, 1979

LET ME BEGIN THIS MORNING BY TELLING YOU HOW HONORED I AM BY YOUR INVITATION. I'M REMINDED OF EMERSON'S MAXIM "THE FIRST WEALTH IS HEALTH". IF YOU, LIKE ME, FEEL THAT HEALTH AND THE AMERICAN ECONOMY ARE INSEPARABLE, THEN YOU WILL ALSO AGREE THAT BOTH HAVE COME TO OPERATE WITHIN BOUNDARIES SET BY GOVERNMENT. A GOVERNMENT THAT IS INSENSITIVE TO OR IGNORANT OF THE FINER POINTS OF EITHER CAN DO IRREPARABLE DAMAGE TO BOTH. AND THAT IS ONE REASON I WELCOME A MEETING SUCH AS THIS; AN OPPORTUNITY FOR SOME INTELLECTUAL CROSS-POLLINATION, AS IT WERE, AND THE CHANCE TO SHARE WITH YOU SOME OF MY IDEAS ABOUT THE STATE OF THE ECONOMY AND ITS RELATIONSHIP WITH THE HEALTH PROFESSION.

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SOME PRESCRIPTIONS FOR A SICK ECONOMY

IT IS NO LONGER UNFASHIONABLE FOR POLITICIANS TO VENTURE OUT FROM WASHINGTON AND CRITICIZE THE EXCESSES OF GOVERNMENT. INDEED, IT THREATENS TO BECOME DOWNRIGHT TRENDY. UNFORTUNATELY, WHAT WITH ALL SORTS OF BIG SPENDERS BENDING OVER BACKWARDS TO SOUND LIKE BORN-AGAIN TAX CUTTERS, IT CAN BECOME CONFUSING. PERHAPS YOU SHOULD ASK YOURSELF--WHO IS TALKING ABOUT SPENDING CUTS, AND WHO IS DOING SOMETHING ABOUT THEM? WHO PAYS VERBAL TRIBUTES TO TAX REDUCTION, AND WHO TRIES TO GET THEM ENACTED INTO LAW? MOST IMPORTANT, WHO IS RIDING A POLITICALLY POPULAR ISSUE, AND WHO IS LOOKING AHEAD TO THE PHILOSOPHICAL AND ECONOMIC IMPLICATIONS OF A SEEMINGLY UNLIMITED FEDERAL SPENDING APPARATUS?

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THE HEALTH CARE INDUSTRY KNOWS ALL ABOUT GOVERNMENT EXCESS. SINGLED OUT BY PRESIDENT CARTER IN HIS RECENT STATE OF THE UNION ADDRESS, ATTACKED BY HIM AS A MAJOR CAUSE OF INFLATION, YOU MIGHT BE FORGIVEN A CERTAIN DISTRUST OF ADMINISTRATION POLICY TOWARD THE HEALTH SECTOR. I SHARE YOUR DISTRUST.

MORE SPECIFICALLY, YOUR INDUSTRY HAS COME UNDER THE SAME INCESSANT RUSH TO REGULATE THAT HAS MARKED THE GROWTH OF MODERN GOVERNMENT SINCE THE NEW DEAL. PRIVATE LIVES HAVE A DISTURBING TENDENCY THESE DAYS TO BECOME PUBLIC PROPERTY, AT LEAST SO LONG AS FEDERAL REGULATORS HAVE THEIR WAY.

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AND WE ALL WIND UP PAYING THE BILL. OVER 90 AGENCIES, AND MORE THAN 100,000 GOVERNMENT EMPLOYEES NOW HAVE AS THEIR SOLE FUNCTION TELLING OTHER AMERICANS WHAT GOVERNMENT FORBIDS THEM FROM DOING. THE BILL FOR ALL THIS, ACCORDING TO THE OFFICE OF MANAGEMENT AND BUDGET, EXCEEDS A HUNDRED BILLION DOLLARS--ENOUGH TO BUY A YEAR'S SUPPLY OF GROCERIES FOR EACH AND EVERY FAMILY IN AMERICA.

IT'S ABOUT TIME THAT THE CONGRESS RECOGNIZE ITS RESPONSIBILITY IN THE REGULATORY FIELD. I'VE SUGGESTED A NEW HOOVER COMMISSION, IDEALLY CHAIRED BY MY FORMER RUNNING MATE AND DEAR FRIEND GERALD FORD, TO EXAMINE THE TOP-HEAVY REGULATORY STRUCTURE WITH AN IDEA TOWARD ITS REDUCTION AND POSSIBLE REPLACEMENT. IN YOUR OWN FIELD, I ANTICIPATE THE RELEASE THIS SUMMER OF A CURRENT STUDY OF HOSPITAL REGULATION BY THE GENERAL ACCOUNTING OFFICE, AND I AM HOPEFUL THAT THE HEARINGS WHICH FOLLOW CAN LEAD TO SOME RATIONAL REVISIONS. IT GOES WITHOUT SAYING THAT I WOULD WELCOME SUGGESTIONS AND CONSTRUCTIVE CRITICISMS FROM YOU, THE ACKNOWLEDGED EXPERTS.

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### A VIABLE WAY TO REDUCE GOVERNMENT

THAT GOVERNMENT HAS GROWN LIKE TOPSY IN RECENT YEARS IS BEYOND DISPUTE. A HALF CENTURY AGO, GOVERNMENT AT ALL LEVELS SPENT JUST 11% OF THE GROSS NATIONAL PRODUCT. LAST YEAR, THAT FIGURE STOOD AT 38%. FEDERAL SPENDING ALONE HAS REACHED 22% OF THE GNP, AND WITH IT, A NATIONAL DEBT HAS ACCRUED THAT IS FAST APPROACHING A TRILLION DOLLARS.

BUDGET DEFICITS ARE NOT JUST SOME ABSTRACT OUTRAGE TO BE DENOUNCED OVER RUBBERY CHICKEN AND COLD PEAS. THEY HAVE BECOME A REAL AND PRESENT DANGER TO THE VERY UNDERPINNINGS OF THE AMERICAN ECONOMY. SUCH DEFICITS ARE THE LARGEST SINGLE FACTOR IN RAMPANT INFLATION--INFLATION WHICH, I NEEDN'T REMIND YOU, ROSE LAST MONTH AT AN ANNUAL RATE OF 16%. BY RUNNING PERSISTENT DEFICITS, GOVERNMENT CHEAPENS THE DOLLAR. MORE MONEY CHASES THE SAME NUMBER OF GOODS, AND INFLATION IS AN INEVITABLE RESULT.

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IN ADDITION, GOVERNMENT BORROWING TO COVER DEFICIT SPENDING FORCES AN INCREASE IN THE MONEY SUPPLY, THUS FUELING STILL FURTHER INFLATION. DOLLARS BECOME SCARCER FOR PRIVATE INVESTMENT, THE ECONOMY ASSUMES SLUGGISH PROPORTIONS, AND ALL LARGELY BECAUSE OF GOVERNMENT'S SUPPOSED GOOD INTENTIONS IN ADDRESSING SOCIAL AND OTHER PROBLEMS.

IT IS A PAINFUL CASE OF IRONY, IN WHICH THE ONLY LOGICAL PRESCRIPTION MUST BE AN END TO THE FEDERAL MONEY MACHINE.

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A WORKABLE CONSTITUTIONAL AMENDMENT

THE TIME HAS COME TO ADOPT CONSTITUTIONAL SAFEGUARDS WHICH WOULD PLACE A CAP ON FEDERAL SPENDING. I HAVE INTRODUCED LEGISLATION WHICH WOULD LIMIT SUCH SPENDING TO 18% OF THE GNP, WHILE ALLOWING FOR UNBALANCED BUDGETS IN TIMES OF EMERGENCY OR ECONOMIC STRESS. SUCH DEFICITS COULD OCCUR ONLY WHEN SANCTIONED BY 2/3 OF THE CONGRESS, AND ONLY IN FOUR OUT OF EVERY NINE YEARS.

SUCH A PROPOSAL IS, I AM CONVINCED, A WORKABLE AND REALISTIC WAY TO FINALLY HALT THE RELENTLESS RISE IN GOVERNMENT'S GROWTH. BUT, ALONE, IT IS NOT ENOUGH.

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WE MUST ALSO ADOPT INTO LAW A CEILING ON TAXATION SIMILAR TO THE SPENDING CAP, LINKING THESE TWO CONCEPTS EVEN AS WE ASSURE ADOPTION OF BALANCED BUDGETS. TOGETHER, THESE INTERRELATED POLICIES PROMISE TO RESTORE FINANCIAL SANITY TO THE FEDERAL ESTABLISHMENT. BUT EVEN THEY DO NOT REPRESENT THE SUM TOTAL OF WHAT GOVERNMENT CAN DO TO MITIGATE ITS OWN EXCESSES.

#### REFORMING THE TAX SYSTEM

GOVERNMENT IS ENDLESSLY RESOURCEFUL WHEN IT COMES TO THINKING UP WAYS TO TAX YOUR DOLLARS. IT IS FAR LESS RESOURCEFUL REGARDING TAX RELIEF. FOR INSTANCE, ONE OF THE GREAT SCANDALS AFFECTING THIS NATION'S TAX SYSTEM PERMITS PEOPLE WHOSE INCOME, FUELED BY INFLATION INTO A HIGHER TAX BRACKET, TO BE PENALIZED BY PAYING HIGHER TAXES ON ESSENTIALLY PHONY DOLLARS. THEN, FROM TIME TO TIME, A POLITICALLY AWARE CONGRESS ANNOUNCES WITH SUITABLE FANFARE ITS PLANS TO "CUT" TAXES AND THEREBY REAP THE GRATITUDE OF MIDDLE CLASS AMERICA. THIS IS PRECISELY WHAT HAPPENED LAST FALL, JUST IN TIME FOR ELECTION DAY.

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NOW I LIKE TO VOTE AGAINST TAXES AS MUCH AS ANYONE, BUT I DON'T LIKE THE BASIC DISHONESTY OF THE CURRENT TAX CODE, THAT'S WHY I'M PROPOSING THAT WE ADOPT A NATIONAL SYSTEM OF TAX INDEXING, WHICH WOULD TIE THE WITHHOLDING RATES DIRECTLY TO THE CONSUMER PRICE INDEX. IF YOU WERE PUSHED BY INFLATION INTO A HIGHER BRACKET, YOU WOULDN'T HAVE TO PAY TWICE.

BY THE SAME TOKEN, I AM CONVINCED THAT THE AMERICAN PUBLIC, AND THAT INCLUDES THE MEDICAL PROFESSION, CONTRARY TO WHAT OFFICIAL WASHINGTON MAY SOMETIMES SUGGEST, HAS JUST ABOUT REACHED THE BOTTOM OF THE BARREL WHEN IT COMES TO ASSUMING NEW AND BURDENSOME TAX LEVIES. THIS IS PARTICULARLY TRUE OF THE RECENT SOCIAL SECURITY INCREASES, WHICH REPRESENT ONE MORE ROADBLOCK TO ECONOMIC EXPANSION, ONE MORE REMINDER OF GOVERNMENT'S INSENSITIVITY TO THE PRIVATE SECTOR'S NEEDS.

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I AM INTRODUCING IN THIS SESSION OF CONGRESS LEGISLATION WHICH WOULD ROLL BACK THE TAX RATE TO ITS 1978 LEVEL. EQUALLY IMPORTANT, IT WOULD ROLL BACK THE WAGE BASE ON WHICH TAXES ARE ASSESSED TO THE 1979 LEVEL. THIS MEANS THAT SOCIAL SECURITY TAXES WOULD BE LEVIED ON \$22,900 INSTEAD OF \$25,000. THIS IS NO WASHINGTON SLIGHT OF HAND: BY ADOPTING JUDICIOUS POLICIES WITH REGARD TO EXISTING FUNDS, BY SHIFTING A SMALL PORTION OF THE TAX FROM THE HEALTHY HOSPITAL INSURANCE FUND TO THE LESS HEALTHY OLD AGE, SURVIVORS, AND DISABILITY INSURANCE FUND, WE CAN INSURE THE BASIC VITALITY OF THE NATION'S SOCIAL SECURITY SYSTEM.

IN THE DECADE OF THE EIGHTIES, SUCH A PROPOSAL COULD SAVE OVER \$133 BILLION IN TAXES--WITHOUT FOR A MOMENT POSING ANY THREAT TO THE SOLVENCY OF THE TRUST FUNDS. IT WOULD ATTACK INFLATION AT ITS ROOTS, WHILE PROVIDING AMERICAN WORKERS WITH UP TO \$200 IN SAVINGS IN 1980 ALONE.

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I CANNOT STRESS ENOUGH HOW IMPORTANT IT IS FOR YOU AND YOUR COLLEAGUES TO MAKE KNOWN YOUR SUPPORT FOR AT LEAST THE PRINCIPLES CONTAINED IN THESE PROPOSALS. IN THE LAST ELECTION, YOU SCORED WELL IN A NUMBER OF CONTESTS; WE HAVE, IN LARGE PART BECAUSE OF THOSE EFFORTS, A CONGRESS FAR MORE LIKELY TO REVERSE THE TREND TOWARD BIG SPENDING, ALL KNOWING GOVERNMENT IN AMERICA. BUT A FISCALLY CONSERVATIVE CONGRESS IS JUST AS LIKELY TO APPLY ITS BUDGETARY SLIDERULE TO HEALTH PROGRAMS AS WELL. THIS IS YET ANOTHER REASON WHY WE NEED YOUR GUIDANCE IN FORMULATING A REDUCED FEDERAL PRESENCE AND A RATIONALLY REDUCED BUDGET.

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COST CONTAINMENT: A RIGHT WAY AND A WRONG WAY

NOWHERE DOES GOVERNMENT TREAD ON THINNER ICE THAN IN ATTEMPTING TO REGULATE THE ECONOMY OF HEALTH IN AMERICA. YOUR INDUSTRY IS UNLIKE ANY OTHER; CONVENTIONAL ECONOMIC RULES RARELY APPLY. YOU DISPENSE A PRODUCT USED INFREQUENTLY BY MOST OF US. WHEN WE NEED THAT PRODUCT, HOWEVER, WE NEED IT IMMEDIATELY, AND WE WANT IT TO BE PERFECT.

MOREOVER, SUPPLY AND DEMAND CAN HARDLY APPLY TO THE SAVING OF HUMAN LIVES. GREATER DEMAND ONLY FEEDS UPON ITSELF, AND ANY ATTEMPT BY GOVERNMENT TO MANDATE EITHER COST CONTAINMENT OR NATIONAL HEALTH INSURANCE FLIES IN THE FACE OF THIS UNIQUE CHARACTER AND THE RICH DIVERSITY OF AMERICAN HOSPITALS AND HEALTH PROFESSIONALS.

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THE CARTER ADMINISTRATION IS ONCE AGAIN SUBMITTING A COST CONTAINMENT PROPOSAL WHICH WILL BEAR MORE THAN A PASSING RESEMBLANCE TO LAST YEAR'S 9% CAP REJECTED BY THE CONGRESS AS UNWORKABLE. THE PROBLEMS WITH SUCH AN APPROACH SEEM OBVIOUS TO ME. FOR ONE THING, A CEILING MIGHT BECOME A FLOOR, OR AT THE LEAST POSE DAUNTING PROBLEMS OF ENFORCEMENT. MOREOVER, SUCH A CAP, MANDATORY AND ACROSS THE BOARD, PENALIZES HOSPITALS WITH RECORDS OF COST EFFICIENCY, WHILE REWARDING THEIR LESS ACCOMPLISHED COLLEAGUES.

I AM FAR MORE ATTUNED TO VOLUNTARY RESTRAINT. I NOTE THE SUCCESSES OF THE AMERICAN HOSPITAL ASSOCIATION IN MEETING COST CONTROL TARGETS OF 13%, AS WELL AS YOUR OWN EFFORT, LED BY DR. NESBITT, TO REDUCE THE GROWTH IN PHYSICIAN FEES BY 1%. THESE ARE ENCOURAGING SIGNS TO THOSE OF US WHO PREFER PRIVATE TO PUBLIC MANAGEMENT OF OUR NATION'S HOSPITALS.

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I DON'T HAVE TO REMIND YOU THAT THE PUBLIC AND POLITICIANS ARE WATCHING WHAT YOU DO. IF THEY PERCEIVE ANYTHING LESS THAN A GENUINE DESIRE TO REDUCE THE FINANCIAL PAIN OF GETTING WELL, THEN SUPPORT FOR THE CARTER CAP WILL GROW ACCORDINGLY. THIS, IN SPITE OF THE UNREALISTIC PROMISES BEING MADE IN AN EFFORT TO LINE UP SUPPORT FOR THE PROGRAM. THE PRESIDENT'S BUDGET-MAKERS ASSUME A SAVINGS OF \$1.7 BILLION THROUGH COST CONTROL--2½ TIMES WHAT THEY CLAIMED LAST YEAR, AND ONE MORE IN A SERIES OF DREAMLIKE ASSUMPTIONS WHICH PERVADE THE CARTER WHITE HOUSE.

IF YOU WISH TO AVOID FURTHER REGIMENTATION FROM ABOVE, YOU MUST CONTINUE YOUR EFFORTS TO CONTROL COSTS EVEN WHILE MAINTAINING THE HIGH LEVEL OF HEALTH CARE WE'VE ALL GROWN ACCUSTOMED TO. IF YOU, LIKE ME, BELIEVE IN FREE ENTERPRISE AS MORE THAN A RITUALISTIC SLOGAN, THEN YOU WILL JOIN WITH ME IN SEEKING PRIVATE ALTERNATIVES TO PUBLIC REGULATION. QUALITY HEALTH CARE DEMANDS IT. COMMON SENSE INSISTS UPON IT.

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BY THE SAME TOKEN, ANY HEALTH INSURANCE PROGRAM MUST RECOGNIZE A FINITE BASE OF RESOURCES, AND PROCEED FROM A DESIRE TO PROTECT AMERICANS FROM FINANCIAL BANKRUPTCY DUE TO CATASTROPHIC ILLNESS OR EXPENSES. I WILL SOON SUBMIT FOR CONGRESSIONAL CONSIDERATION MY OWN PLAN, WHICH STRESSES SUCH CATASTROPHIC INSURANCE, ALONG WITH REFORM OF THE EXISTING MEDICARE SYSTEM.

#### MEDICARE REFORM

THE MEDICARE PORTION OF THE PROGRAM IS INTENDED TO PROTECT ITS BENEFICIARIES BY MODIFICATION OF BENEFIT PACKAGE AND COST-SHARING PROVISIONS. CATASTROPHIC PROTECTION WILL BE ACCOMPLISHED BY REMOVING PRESENT LIMITATIONS ON COVERED HOSPITAL CARE, SKILLED NURSING FACILITIES, AND HOME HEALTH SERVICE. TIMING OF THE INTRODUCTION OF BENEFIT IMPROVEMENTS WILL DEPEND UPON COST CONSIDERATIONS AND EXISTING RESOURCES. CURRENT FINANCING MECHANISMS FOR MEDICARE WILL BE USED.

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AFTER THE BENEFICIARY HAS INCURRED \$5,000 OF EXPENSES FOR COVERED PHYSICIAN SERVICES AND OTHER MEDICAL CARE ITEMS AND SERVICES (INCLUDING DRUGS NOT OTHERWISE COVERED UNDER MEDICARE), MEDICARE WILL PAY 100 PERCENT OF THE COST OF ADDITIONAL COVERAGE SERVICES, PLUS THE COST OF CERTAIN OUTPATIENT PRESCRIPTION DRUGS, FREQUENTLY USED IN THE TREATMENT OF LONG-TERM ILLNESS.

THE PRIVATE CATASTROPHIC HEALTH INSURANCE PROGRAM

THE INTENT OF THE PRIVATE CATASTROPHIC HEALTH INSURANCE PROGRAM IS TO ASSURE THAT THE MAJORITY OF THE POPULATION IS PROTECTED THROUGH PRIVATE INSURANCE AGAINST THE COST ASSOCIATED WITH CATASTROPHIC ILLNESS. IN GENERAL, EMPLOYERS WOULD BE REQUIRED TO OFFER THEIR EMPLOYEES GROUPS HEALTH INSURANCE WITH BENEFITS PROTECTING EMPLOYEES AND THEIR FAMILIES AFTER 60 DAYS OF HOSPITALIZATION OR AFTER THE FAMILY UNIT HAS INCURRED \$5,000 WORTH OF EXPENSES FOR CERTAIN COVERED SERVICES.

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THIS PROGRAM INCLUDES PROVISIONS TO PROTECT THE UNEMPLOYED AFTER TERMINATION OF EMPLOYMENT. PREMIUM COSTS MAY BE SHARED BETWEEN THE EMPLOYERS AND EMPLOYEES FOR THIS CATASTROPHIC COVERAGE. EMPLOYERS WHO DO NOT MAKE AVAILABLE CATASTROPHIC HEALTH INSURANCE COVERAGE AS DEFINED BY THIS PROGRAM, TO THEIR EMPLOYEES, WOULD NOT BE PERMITTED TO CLAIM AS A BUSINESS EXPENSE, FOR TAX PURPOSES, THEIR PORTION OF A HEALTH INSURANCE PREMIUM. INDIVIDUALS WOULD NOT BE PERMITTED TO CLAIM, AS A TAX DEDUCTION, AMOUNTS PAID FOR A HEALTH INSURANCE PLAN WHICH DOES NOT INCLUDE THE SPECIFIED CATASTROPHIC BENEFITS. SHOULD EMPLOYERS FACE SUBSTANTIAL INCREASES IN PAYROLL COSTS, DUE TO COMPLIANCE WITH THE PROGRAM, THEY MAY QUALIFY FOR A LIMITED SUBSIDY THROUGH THE TAX SYSTEM.

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THE PUBLIC CATASTROPHIC HEALTH INSURANCE PROGRAM

THE PUBLIC PROGRAM WILL PROVIDE FOR AGREEMENTS WITH PRIVATE INSURANCE COMPANIES FOR THE PROVISION OF CATASTROPHIC COVERAGE FOR THOSE NOT COVERED UNDER A PRIVATE CATASTROPHIC HEALTH INSURANCE PROGRAM, MEDICARE, OR MEDICAID. THE CATASTROPHIC PROGRAM WILL PROTECT INDIVIDUALS AND FAMILIES AFTER 60 DAYS OF HOSPITALIZATION OR AFTER THE FAMILY HAS INCURRED \$5,000 IN EXPENSES FOR CERTAIN COVERED SERVICES. AN ADDITIONAL TEST WILL APPLY UNDER THE PUBLIC PROGRAM TO DETERMINE A CATASTROPHIC EVENT. IF THE FAMILY HAS OUT-OF-POCKET MEDICAL AND HOSPITAL EXPENSES THAT EXCEED 20 PERCENT OF INCOME, BENEFITS WILL BE TRIGGERED IN. THE FEDERAL GOVERNMENT WILL SUBSIDIZE THE PREMIUMS FOR LOW-INCOME FAMILIES WHILE ALL OTHERS MUST PAY THE FULL PREMIUM FOR THIS INSURANCE COVERAGE. THIS PLAN WILL NOT REPLACE THE EXISTING MEDICAID PROGRAM, AND ALLOWS INDIVIDUALS TO CHOOSE WHETHER OR NOT TO PARTICIPATE IN OUR PROGRAM.

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CO-OPERATION AND CONSENSUS

IT GOES WITHOUT SAYING THAT THE PROGRAM I HAVE OUTLINED TO YOU THIS MORNING IS BUT THE FIRST STAGE OF WHAT WILL DOUBTLESSLY BE A PROTRACTED DEBATE OVER NATIONAL HEALTH INSURANCE. I LOOK FORWARD TO WORKING CLOSELY WITH YOUR STAFF IN PERFECTING THE IMPERFECT, AND HONING THE BROAD OUTLINES OF CATASTROPHIC HEALTH INSURANCE INTO A VIABLE ALTERNATIVE TO THE IMPOSSIBLY EXPENSIVE CRADLE TO GRAVE APPROACH FAVORED BY SENATOR KENNEDY, AMONG OTHERS.

HERE, AS ELSEWHERE, WHAT WE DO IS BOUNDED BY THE SHAPE OF THE AMERICAN ECONOMY. IN HEALTH CARE, AS IN ECONOMIC PLANNING, THE GUIDING PRINCIPLES SHOULD BE INDIVIDUAL FREEDOM AND PRACTICAL RESULTS.

A CONSENSUS IS WAITING TO BE FORMED. I ASK YOU TO TAKE THE LEAD IN FORMING THAT CONSENSUS, IN GUARANTEEING THAT WE PRESERVE THE BEST TRADITIONS OF HEALTH CARE IN AMERICA. I PLEDGE MY SUPPORT, AND MY FULLEST CO-OPERATION.

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NATIONAL HEALTH INSURANCE: WHEN AND HOW?

THE IDEA OF NATIONAL HEALTH INSURANCE IS INEXPLICABLY LINKED WITH THE RISE IN HEALTH COSTS. THE COMBINATION OF NEW TECHNOLOGIES, MOUNTING LABOR AND PROFESSIONAL COSTS, AND THE HEIGHTENED EXPECTATIONS OF THE AMERICAN PUBLIC REGARDING THE BENEFITS OF HEALTH CARE HAVE RESULTED IN A NEW CLAMOR FOR SOME FORM OF RELIABLE AND COST-EFFECTIVE ALTERNATIVE TO THE PRESENT PATCHWORK OF PROGRAMS. IT IS A FACT THAT MILLIONS OF AMERICANS NOW HAVE UNMET HEALTH NEEDS. IT IS ALSO A FACT THAT THE EXISTING HEALTH INSURANCE PROGRAMS SOMETIMES SUFFER FROM GAPS IN COVERAGE, GAPS WHICH, IN THE EVENT OF CATASTROPHIC ILLNESS, CAN DESTROY THE FINANCIAL SECURITY OF EVEN UPPER MIDDLE INCOME FAMILIES. DEMOGRAPHICS POINT TOWARD AN AGING SOCIETY WHICH WILL PRESUMABLY REQUIRE EVEN MORE HEALTH CARE THAN IN THE PAST.

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AMIDST ALL THESE AND OTHER SIGNS OF NEED ARE STACKED SOME SOBERING REALITIES. FIRST AND FOREMOST IS THE ABILITY OF THE AMERICAN PEOPLE TO SUPPORT ANY COSTLY NEW SYSTEM OF ANYTHING. DO NOT FORGET THAT BY 1981, THE PERSON EARNING \$30,000 A YEAR WILL FIND HIMSELF PAYING \$165 PER MONTH, AFTER TAXES, TO SUPPORT HIS MEMBERSHIP IN THE SOCIAL SECURITY SYSTEM ALONE. MOREOVER, WE HAVE BEEN WARNED BY MANY EXPERTS OF HEALTH CARE THAT APPEARS TO BE "FREE" IS IN FACT A DANGEROUS PSYCHOLOGICAL SPUR TO FURTHER INFLATION.

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THESE ARE THE CONFLICTING TRUTHS. WE FIND OURSELVES WALKING A TIGHTROPE BETWEEN DEMONSTRATED NEED AND ECONOMIC STRINGENCY. WE ALL KNOW THAT THERE ARE GAPS IN THE SYSTEM, BUT AT A TIME WHEN THE NEED FOR FISCAL CONSTRAINT WEIGHS SO HEAVILY ON OUR MINDS, PROBLEMS THAT NEED TO BE ADDRESSED MUST BE CAREFULLY EXAMINED AND PRIORITIES CAREFULLY SET. I BELIEVE THE MOST GLARING OF CONCERNS IN THE HEALTH CARE SYSTEM IS THE FEAR OF FINANCIAL RUIN DUE TO CATASTROPHIC ILLNESS. THE FEAR OF ECONOMIC DISASTER IS SHARED BY ALL, REGARDLESS OF SOCIO-ECONOMIC LEVEL, RACE, OR AGE. TO CORRECT THIS MAJOR DEFICIENCY IN OUR SYSTEM COULD BE THE GREATEST STEP POSSIBLE TOWARD MEETING THE NEEDS OF THE HEALTH CARE SYSTEM IN THE FACE OF FISCAL CONSTRAINT.

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THERE ARE MANY WAYS IN WHICH TO DEVELOP A CATASTROPHIC HEALTH INSURANCE PLAN. IT COULD ENTAIL ANYTHING FROM SUBSTANTIAL SYSTEM REFORM TO A MORE MODERATE APPROACH DEALING WITH GAPS IN THE PRESENT SYSTEM.

BECAUSE I DO HAVE FAITH IN THE ABILITY OF THE PRIVATE SYSTEM AS IT STANDS TO EVENTUALLY REMEDY MANY OF THE FLAWS THAT EXIST, I HAVE OPTED FOR THE LATTER.

I AM IN THE PROCESS OF PREPARING LEGISLATION WHICH I INTEND TO INTRODUCE IN THE VERY NEAR FUTURE. IT IS MY HOPE THAT I WILL RECEIVE SIGNIFICANT INPUT FROM YOUR ASSOCIATION ALONG WITH OTHER HEALTH CARE ASSOCIATIONS AND GROUPS SO THAT WE CAN WORK TOGETHER TO PRESENT A REASONABLE ALTERNATIVE TO THE CRADLE-TO-GRAVE PROPOSALS MADE BY OTHERS.

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MY PROGRAM WILL PROVIDE A MEANS FOR ALL AMERICANS TO PROTECT THEMSELVES AND THEIR FAMILIES FROM FINANCIAL BANKRUPTCY DUE TO CATASTROPHIC ILLNESS EXPENSES. IT DOES THIS IN THREE PARTS. FIRST, TO PROTECT THOSE ELIGIBLE FOR MEDICARE THROUGH EXPANSION OF THE EXISTING MEDICARE PROGRAM. SECONDLY, TO ASSURE THE AVAILABILITY OF ADEQUATE PRIVATE CATASTROPHIC INSURANCE PROTECTION TO THE LARGE MAJORITY OF THE EMPLOYED AND SELF-EMPLOYED THROUGH THE EMPLOYMENT SYSTEM. THERE WILL BE THE POSSIBILITY OF SOME COST-SHARING ARRANGEMENTS BETWEEN THE EMPLOYER AND THE EMPLOYEE FOR THIS COVERAGE AND, IF AN EMPLOYER EXPERIENCES A FINANCIAL HARDSHIP IN PROVIDING CATASTROPHIC COVERAGE TO EMPLOYEES, WE WILL PROVIDE A LIMITED SUBSIDY. THIRD, MY BILL WILL PROVIDE ACCESS TO PRIVATE CATASTROPHIC INSURANCE FOR THOSE THAT ARE NOT OTHERWISE COVERED BY THE EMPLOYMENT-RELATED PLANS, MEDICARE OR MEDICAID. IF A LOW-INCOME INDIVIDUAL CANNOT AFFORD THE PREMIUM FOR THIS COVERAGE, WE WILL PROVIDE A SUBSIDY.

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UNLIKE SOME OF MY COLLEAGUES, I DO NOT BELIEVE THAT WE SHOULD FORCE INDIVIDUALS TO PARTICIPATE IN A PLAN. I BELIEVE THAT INDIVIDUALS, TO THE EXTENT POSSIBLE, SHOULD BE GIVEN THE OPPORTUNITY TO CHOOSE WHERE AND HOW THEY OBTAIN CATASTROPHIC HEALTH INSURANCE. UNLIKE SOME OF MY COLLEAGUES, I DO NOT BELIEVE THAT THE MEASURE OF CATASTROPHIC SHOULD BE LIMITED TO A FIXED DOLLAR AMOUNT OR NUMBER OF DAYS IN THE HOSPITAL. IN SOME INSTANCES, IT SHOULD ALSO BE DIRECTLY RELATED TO THE PERCENTAGE OF INCOME EXTENDED FOR HEALTH CARE SERVICES. I ALSO, UNLIKE SOME OF MY COLLEAGUES, BELIEVE THAT FIXING A SET DOLLAR AMOUNT IN 1979 TO MEASURE CATASTROPHIC MAY NOT BE TRULY REPRESENTATIVE OF THE SITUATION IN 1980 OR 81 OR 82 OR IN THE FUTURE.

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### CONCLUSION ON

AS I AM SURE YOU ARE AWARE, HEARINGS ON CATASTROPHIC HEALTH INSURANCE ARE SCHEDULED TO BE HELD IN THE SENATE FINANCE COMMITTEE ON MARCH 27 AND 28. YOUR INPUT AND COMMENTS PRIOR TO THAT TIME AND DURING THE CONSIDERATION OF LEGISLATION BY THE COMMITTEE WILL BE ABSOLUTELY VITAL BECAUSE OF YOUR UNIQUE ROLE IN THE HEALTH CARE SYSTEM.

### THE PRIVATE RESPONSIBILITY

IF A SINGLE PRINCIPLE UNITES OUR THINKING, IT IS THIS: SLOGANS, HOWEVER APPEALING POLITICALLY, DO NOT ASSURE ADEQUATE HEALTH COVERAGE. PROMISES ARE CHEAPER THAN PERFORMANCE. IT IS INVITING TO ATTACK VISIBLE SYMBOLS OF INFLATION, AND WHERE THE NATION'S HOSPITALS CONTRIBUTE TO LESS THAN EFFICIENT OR COST-EFFECTIVE SERVICES THEY WILL NOT ESCAPE THE BRUNT OF SUCH ASSAULTS.

THAT IS YOUR SPECIAL BURDEN. IT IS YOUR UNIQUE RESPONSIBILITY. BUT I, FOR ONE, AM ENCOURAGED BY THE SPIRIT OF COOPERATION I'VE WITNESSED WITHIN GROUPS SUCH AS THIS. I SENSE AN AWARENESS OF THE PROBLEM AS MORE THAN BAD PUBLIC RELATIONS. THE PROBLEM IS STARING US IN THE FACE, AND IT WILL NOT GO AWAY.