REMARKS OF SENATOR BOB DOLE

HILLSBOROUGH COUNTY MEDICAL SOCIETY

MERRIMACK, NEW HAMPSHIRE

TUESDAY, OCTOBER 23, 1979

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. Finally, any attempt by government to mandate either cost containment or comprehensive national health insurance runs the risk of damaging the unique character and rich diversity of American hospitals and health professionals.

This evening, I'd like for a few minutes to consider two issues of special significance to each of you. To spell out my position on each, and seek your support for alternatives to plans put forward by the Carter Administration and Senator Kennedy. I speak, of course, of cost containment and national health insurance.

The Carter Administration has once more submitted a cost containment proposal, which though an improvement over last years' bill, still contains what I believe to be an arbitrary and unreasonable approach.

Their proposal is no mere reimbursement reform bill. It is a price control system, in which only one sector of the economy is controlled, and in which the Secretary is given far too much discretion.

The mandatory controls in the program would not necessarily be limited to inefficient hospitals, and might well wind up punishing all.

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 to hold down the growth in physician fees. These efforts are certainly complicated by the current rate of inflation.

But the battle continues - both House Committees have favorably reported out a cost containment bill based upon the Administration's mandatory proposal. They would establish mandatory controls on hospital revenues in the event that voluntary efforts fail.

On the other hand, the Senate Finance Committee, where I sit as Senior Republican, has adopted my motion to prevent such a plan from being enacted. Instead, we favor the approach jointly introduced by myself and Senator Herman Talmadge, which supports voluntary cost containment and encourages efficiency by comparing like institutions and basing rates upon that comparison. Our bill contains many other Medicare/Medicaid provisions, many of which would also encourage greater choice in the location of health delivery - for instance, in one's home or in an out-patient surgery center.

The Administration has made this fight the centerpiece of their anti-inflation battle. To me, it seems a dubious and misleading approach to cutting the price spiral, but that doesn't prevent the White House from pulling out all the stops to see it enacted.

All of which leads me to urge each one of you to redouble your efforts, not only at voluntary cost containment, but at getting your message of concern and financial discipline across - to the public and the Congress. Anything less will only encourage those who are determined to put your industry within a regulatory straitjacket.

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There's too much regulation in the American economy as it is. That's why I've introduced a regulatory reform bill to require a cost-benefits analysis of any new rule before it can be put into effect. That's why I've suggested we recreate the old Hoover Commissions of the 40's and the 50's to find alternatives to the expensive, counter-productive tangle of bureaucratic rules and regulations.

Regulation can itself be regulated. And the next administration should make such reform a major priority.

THE OUTLOOK FOR HEALTH INSURANCE

Now let me move on to another issue of pressing importance - the fight over national health insurance.

For my own part, I anticipate no final action this year. But I do see a growing need for Americans to have access to a program of catastrophic insurance. This is, I think, far more in tune with your thinking than either proposal put forward by President Carter or Senator Kennedy.

The Carter Administration says it will approach the national health issue incrementally. But if you know anything about Washington, D.C., you know that "incremental" has a way of turning almost overnight into a full-scale federal takeover. The Carter plan has been to seek coverage for catastrophic cases, plus full coverage for pregnant women and children.

Then there is Senator Kennedy, whose impending campaign has already confirmed those who believe that nostalgia isn't what it used to be. His is the comprehensive cradle-to-grave approach. With national and regional controls on spending. And very likely a rationing of health care by government.

Senator Kennedy and his allies insisted then, and still do, that the incremental approach is unacceptable. They would rather have no catastrophic insurance coverage than permit enactment of legislation which does not provide for further broad expansion of coverage in years to come.

This isn't surprising. The fact is, a catastrophic health insurance program might solve so much of the real problem as to eliminate the appeal of their expensive and bureaucratic program. So they want enactment of a "package" deal now which will automatically expand health care bureaucracy and controls in years to come, whether or not the intervening experience indicates this to be necessary, desirable or affordable.

Fortunately, the rest of the Congress is much more cautious. On March 26, 1979, I introduced S. 748, the Catastrophic Health Insurance and Medicare Amendments of 1979. The bill contains three key parts.

First, it would expand the range of benefits for those now covered by Medicare and provide them with broader coverage.

Second, the large majority of those employed will be assured of the availability of adequate private insurance protection against catastrophic costs.

And third, those who are part of the residual marketplace and not already covered, may choose to have the federal government serve as a facilitator and in some instances, a financial backup in contracting with the private insurance companies for catastrophic coverage.

Unlike some of my colleagues, I do not believe that we should force individuals to participate in a plan. Rather, 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 of 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 1981 or 1982 or in the future.

Senator Kennedy's health insurance plan creates another new, highly complex federal and state bureaucracy - one that is needless for the industry today. His legislation gives the illusion of maintaining the private insurance industry - but in reality guts their current responsibilities, making them mere intermediaries. It seems to be addressed largely to potential constituencies within the Democratic Party.

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COOPERATION AND CONSENSUS

And what about the medical profession itself?

In shaping a position generally against more government medicine and the type of grand design envisioned by Senator Kennedy and others, it is imperative that physicians demonstrate an understanding and acceptance of the fact that something may happen on this issue before the next election . . . whether we like it or not.

In that regard, I find it very gratifying that many medical groups have embraced the concept of limited catastrophic health insurance and improvements in Medicare as a way of addressing the unmet needs of our present system.

I and my staff have been working closely with physicians on this in anticipation of Senate Finance Committee action in the next few weeks.

We have discussed a variety of changes that might be necessary in order for medicine to be able to support some combination of the proposals sponsored by Senator Long and myself, and quite frankly, I am optimistic that such a possibility is within reach. One key point that I would like to just mention to you in New Hampshire in particular, however, is the absolute necessity of administering any catastrophic protection plan through the private sector rather than big government to the maximum extent possible.

Now I understand and appreciate the reluctance of many doctors to accept the idea of any so-called "employer mandate". But let's face it: You can't have it both ways in wanting a private sector approach without federal involvement on the one hand, but no requirements on employees on the other.

In order to be realistic, that is, you are going to have to deal with the fact that if the employers don't do it, then the federal government may step in. So I would just solicit your recognition and indulgence on that and hope that the final product we come up with in the Senate is something with which you can identify as consistent with your own initiatives.

Let me close by saying again how I welcome your input, both individually and collectively, as this nation designs a health care system that preserves both private incentive and public compassion. I hope in the minutes to follow that we can discuss this issue, and some of the other ideas I have to return our economy to its original foundations - profit and incentive. To me, those are not words to be avoided in polite conversation. And they must once again become the hallmark of a free enterprise system that is truly free.

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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. THIS EVENING, I'D LIKE FOR A FEW MINUTES TO CONSIDER TWO ISSUES OF SPECIAL SIGNIFICANCE TO EACH OF YOU, TO SPELL OUT MY POSITION ON EACH, AND SEEK YOUR SUPPORT FOR ALTERNATIVES TO PLANS PUT FORWARD BY THE CARTER ADMINISTRATION AND SENATOR KENNEDY. I SPEAK, OF COURSE, OF COST CONTAINMENT AND NATIONAL HEALTH INSURANCE.

MOREOVER, SUPPLY AND DEMAND CAN HARDLY APPLY TO THE SAVING OF HUMAN LIVES. FINALLY, ANY ATTEMPT BY GOVERNMENT TO MANDATE EITHER COST CONTAINMENT OR NATIONAL HEALTH INSURANCE RUNS THE RISK OF DAMAGING THE UNIQUE CHARACTER AND RICH DIVERSITY OF AMERICAN HOSPITALS AND HEALTH PROFESSIONALS.

THE CARTER ADMINISTRATION HAS ONCE MORE SUBMITTED A COST CONTAINMENT PROPOSAL, WHICH THOUGH AN IMPROVEMENT OVER LAST YEARS' BILL, STILL CONTAINS WHAT I BELIEVE TO BE AN ARBITRARY, AND UNREASONABLE APPROACH.

THEIR PROPOSAL IS NO MERE REIMBURSEMENT REFORM BILL. IT IS A PRICE CONTROL SYSTEM, IN WHICH ONLY ONE SECTOR OF THE ECONOMY IS CONTROLLED, AND IN WHICH THE SECRETARY IS GIVEN FAR TOO MUCH DISCRETION.

THE MANDATORY CONTROLS IN THE PROGRAM WOULD NOT NECESSARILY BE LIMITED TO INEFFICIENT HOSPITALS, AND MIGHT WELL WIND UP PUNISHING ALL.

I AM FAR MORE ATTUNED TO VOLUNTARY RESTRAINT. I NOTE THE SUCCESSES OF THE AMERICAN HOSPITAL ASSOCIATION IN MEETING COST CONTROL TARGETS OF 13 PERCENT, AS WELL AS YOUR OWN EFFORT TO REDUCE THE GROWTH IN PHYSICIAN FEES.

THE BATTLE CONTINUES - BOTH HOUSE COMMITTEES HAVE FAVORABLY REPORTED OUT A COST CONTAINMENT BILL BASED UPON THE ADMINISTRATION'S MANDATORY PROPOSAL. THEY WOULD ESTABLISH MANDATORY CONTROLS ON HOSPITAL REVENUES IN THE EVENT THAT VOLUNTARY EFFORTS FAIL.

ON THE OTHER HAND, THE SENATE FINANCE COMMITTEE, WHERE I SIT AS SENIOR REPUBLICAN, HAS ADOPTED MY MOTION TO PREVENT SUCH A PLAN FROM BEING ENACTED. INSTEAD, WE FAVOR THE APPROACH JOINTLY INTRODUCED BY MYSELF AND SENATOR HERMAN TALMADGE, WHICH SUPPORTS VOLUNTARY COST CONTAINMENT AND ENOURAGES EFFICIENCY BY COMPARING LIKE INSTITUTIONS AND BASING RATES UPON THAT COMPARISON. WE WOULD ALSO ENCOURAGE GREATER CHOICE IN HEALTH DELIVERY - FOR INSTANCE, IN HOME HEALTH CARE OR OUT-PATIENT SURGERY.

THE ADMINISTRATION HAS MADE THIS FIGHT THE CENTERPIECE OF THEIR ANTI-INFLATION BATTLE. TO ME, IT SEEMS A DUBIOUS AND MISLEADING APPROACH TO CUTTING THE PRICE SPIRAL, BUT THAT DOESN'T PREVENT THE WHITE HOUSE FROM PULLING OUT ALL THE STOPS TO SEE IT ENACTED. THE HOUSE SEEMS LIKELY TO GO ALONG.

THE SENATE IS HARDER TO PREDICT. I EXPECT THAT EFFORTS MAY BE MADE TO ADD A MANDATORY COST CONTROL PROGRAM TO THE BILL SENATOR TALMADGE AND I HAVE INTRODUCED, AND THE VOTE COULD BE CLOSE.

ALL OF WHICH LEADS ME TO URGE EACH ONE OF YOU TO REDOUBLE YOUR EFFORTS, NOT ONLY AT VOLUNTARY COST CONTAINMENT, BUT AT GETTING YOUR MESSAGE OF CONCERN AND FINANCIAL DISCIPLINE ACROSS - TO THE PUBLIC AND THE CONGRESS. ANYTHING LESS WILL ONLY ENCOURAGE THOSE WHO ARE DETERMINED TO PUT YOUR INDUSTRY WITHIN A REGULATORY STRAITJACKET.

THE OUTLOOK FOR HEALTH INSURANCE

NOW LET ME MOVE ON TO ANOTHER ISSUE OF PRESSING IMPORTANCE - THE FIGHT OVER NATIONAL HEALTH INSURANCE.

UP TO NOW, PASSAGE OF A HEALTH INSURANCE BILL HAS BEEN FRUSTRATED BY A LACK OF CONGRESSIONAL CONSENSUS AND A LACK OF PUBLIC SUPPORT BEHIND ANY ONE HEALTH INSURANCE PROPOSAL.

THIS YEAR, HOWEVER, A BI-PARTISAN CONSENSUS APPEARS TO BE DEVELOPING IN CONGRESS FOR PASSAGE OF A CATASTROPHIC HEALTH INSURANCE MEASURE. FOR MY OWN PART, I ANTICIPATE NO FINAL ACTION THIS YEAR. BUT I DO SEE A GROWING NEED FOR AMERICANS TO HAVE ACCESS TO A PROGRAM OF CATASTROPHIC INSURANCE. THIS IS, I THINK, FAR MORE IN TUNE WITH YOUR THINKING THAT EITHER PROPOSAL PUT FORWARD BY PRESIDENT CARTER OR SENATOR KENNEDY.

THE CARTER ADMINISTRATION SAYS IT WILL APPROACH THE NATIONAL HEALTH ISSUE INCREMENTALLY. BUT IF YOU KNOW ANYTHING ABOUT WASHINGTON, D.C., YOU KNOW THAT "INCREMENTAL" HAS A WAY OF TURNING ALMOST OVERNIGHT INTO A FULL-SCALE FEDERAL TAKEOVER. THE CARTER PLAN HAS BEEN TO SEEK COVERAGE FOR CATASTROPHIC CASES, PLUS FULL COVERAGE FOR PREGNANT WOMEN AND CHILDREN.

THEN THERE IS SENATOR KENNEDY, WHOSE IMPENDING CAMPAIGN HAS ALREADY CONFIRMED THOSE WHO BELIEVE THAT NOSTALGIA ISN'T WHAT IT USED TO BE. HIS IS THE COMPREHENSIVE CRADLE-TO-GRAVE APPROACH. WITH NATIONAL AND REGIONAL CONTROLS ON SPENDING, AND VERY LIKELY A RATIONING OF HEALTH CARE BY GOVERNMENT.

SENATOR KENNEDY AND HIS ALLIES INSISTED THEN, AND STILL DO, THAT THE INCREMENTAL APPROACH IS UNACCEPTABLE. THEY WOULD RATHER HAVE NO CATASTROPHIC INSURANCE COVERAGE THAN PERMIT ENACTMENT OF LEGISLATION WHICH DOES NOT PROVIDE FOR FURTHER BROAD EXPANSION OF COVERAGE IN YEARS TO COME.

THIS ISN'T SURPRISING. THE FACT IS, A CATASTROPHIC HEALTH INSURANCE PROGRAM MIGHT SOLVE SO MUCH OF THE REAL PROBLEM AS TO ELIMINATE THE APPEAL OF THEIR EXPENSIVE AND BUREAUCRATIC PROGRAM. SO THEY WANT ENACTMENT OF A "PACKAGE" DEAL NOW WHICH WILL AUTOMATICALLY EXPAND HEALTH CARE BUREAUCRACY AND EXPENDITURES IN YEARS TO COME, WHETHER OR NOT THE INTERVENING EXPERIENCE INDICATES THIS TO BE NECESSARY, DESIRABLE OR AFFORDABLE.

FORTUNATELY, THE REST OF THE CONGRESS IS MUCH MORE COST-CONSCIOUS. I, TOO, BELIEVE THAT THE TIME HAS COME FOR US TO FIND A SOLUTION TO HEALTH INSURANCE PROBLEMS WHICH FILLS THE GAPS RATHER THAN RECREATES THE SYSTEM. ON MARCH 26, 1979, I INTRODUCED S. 748, THE CATASTROPHIC HEALTH INSURANCE AND MEDICARE AMENDMENTS OF 1979. THE BILL CONTAINS THREE KEY PARTS.

FIRST, IT WOULD EXPAND THE RANGE OF BENEFITS FOR THOSE NOW COVERED BY MEDICARE AND PROVIDE THEM WITH BROADER COVERAGE.

SECOND, THE LARGE MAJORITY OF THOSE EMPLOYED WILL BE ASSURED OF THE AVAILABILITY OF ADEQUATE PRIVATE INSURANCE PROTECTION AGAINST CATASTROPHIC COSTS.

AND THIRD, THOSE WHO ARE PART OF THE RESIDUAL MARKETPLACE AND NOT ALREADY COVERED, MAY CHOOSE TO HAVE THE FEDERAL GOVERNMENT SERVE AS A FACILITATOR AND IN SOME INSTANCES A FINANCIAL BACKUP IN CONTRACTING WITH THE PRIVATE INSURANCE COMPANIES FOR CATASTROPHIC COVERAGE.

UNLIKE SOME OF MY COLLEAGUES, I DO NOT BELIEVE THAT WE SHOULD FORCE INDIVIDUALS TO PARTICIPATE IN A PLAN. RATHER, 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 1981 OR 1982 OR IN THE FUTURE.

SENATOR KENNEDY'S HEALTH INSURANCE PLAN CREATES ANOTHER NEW, HIGHLY COMPLEX FEDERAL AND STATE BUREAUCRACY - ONE THAT IS NEEDLESS FOR THE INDUSTRY TODAY. HIS LEGISLATION GIVES THE ILLUSION OF MAINTAINING THE PRIVATE INSURANCE INDUSTRY - BUT IN REALITY GUTS THEIR CURRENT RESPONSIBILITIES, MAKING THEM MERE INTERMEDIARIES. IT SEEMS TO BE ADDRESSED LARGELY TO POTENTIAL CONSTITUENCIES WITHIN THE DEMOCRATIC PARTY.

COOPERATION AND CONSENSUS

THE PROSPECTS FOR PASSAGE OF A CATASTROPHIC BILL HAVE NEVER BEEN BETTER. EVEN ORGANIZED LABOR, WHOSE TOP LEADERS HAVE CONSISTENTLY OPPOSED A CATASTROPHIC HEALTH INSURANCE PROPOSAL ON THE GROUNDS THAT IT WOULD REDUCE SUPPORT FOR A COMPREHENSIVE NATIONAL HEALTH INSURANCE BILL, IS DIVIDED IN ITS OPPOSITION. I HAVE FOUND, IN TALKING TO UNION GROUPS, STRONG RANK AND FILE SUPPORT FOR OUR CATASTROPHIC HEALTH INSURANCE PROPOSAL. THERE IS A SIMPLE EXPLANATION FOR THIS. MANY UNION MEMBERS HAVE EXCELLENT PRIVATE HEALTH INSURANCE NOW. THEY ARE NOT ENTHUSIASTIC ABOUT THE INCREASES IN TAXES NECESSARY TO DO EVERYTHING FOR EVERYONE.

AND WHAT ABOUT THE MEDICAL PROFESSION ITSELF?

IN SHAPING A POSITION GENERALLY AGAINST MORE GOVERNMENT MEDICINE AND THE TYPE OF GRAND DESIGN ENVISIONED BY SENATOR KENNEDY AND OTHERS, IT IS IMPERATIVE THAT PHYSICIANS DEMONSTRATE AN UNDERSTANDING AND ACCEPTANCE OF THE FACT THAT SOMETHING MAY HAPPEN ON THIS ISSUE BEFORE THE NEXT ELECTION... WHETHER WE LIKE IT OR NOT.

IN THAT REGARD, I FIND IT VERY GRATIFYING THAT MANY MEDICAL GROUPS HAVE EMBRACED THE CONCEPT OF LIMITED CATASTROPHIC HEALTH INSURANCE AS A WAY OF ADDRESSING THE UNMET NEEDS OF OUR PRESENT SYSTEM.

I AND MY STAFF HAVE BEEN WORKING VERY CLOSELY WITH PHYSICIANS ON THIS IN ANTICIPATION OF SENATE FINANCE COMMITTEE ACTION IN THE NEXT FEW WEEKS.

WE HAVE DISCUSSED A VARIETY OF CHANGES THAT MIGHT BE NECESSARY IN ORDER FOR MEDICINE TO BE ABLE TO SUPPORT SOME COMBINATION OF THE PROPOSALS SPONSORED BY SENATOR LONG AND MYSELF, AND QUITE FRANKLY, I AM OPTIMISTIC THAT SUCH A POSSIBILITY IS WITHIN REACH. ONE KEY POINT THAT I WOULD LIKE TO JUST MENTION TO YOU IN NEW HAMPSHIRE IN PARTICULAR, HOWEVER, IS THE ABSOLUTE NECESSITY OF ADMINISTERING ANY CATASTROPHIC PROTECTION PLAN THROUGH ESTABLISHED EMPLOYER UNITS.

NOW I UNDERSTAND AND APPRECIATE THE RELUCTANCE OF MANY DOCTORS TO ACCEPT THE IDEA OF ANY SO-CALLED "EMPLOYER MANDATE". BUT LET'S FACE IT: YOU CAN'T HAVE IT BOTH WAYS IN WANTING A PRIVATE SECTOR APPROACH WITHOUT FEDERAL INVOLVEMENT ON THE ONE HAND, BUT NO REQUIREMENTS ON EMPLOYERS ON THE OTHER.