How Wide Has the Window Opened?
Alliance for Health Reform and Robert Wood Johnson Foundation
December 11, 2008

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ED HOWARD, J.D.: I want to welcome you. My name is Ed Howard. I'm with the Alliance for Health Reform and on behalf of Senator Jay Rockefeller and Senator Susan Collins and our board of directors, thanks for coming to this briefing that will try to give you some insight into the prospects next year for major legislation to reform our healthcare system.

There seems to be, I think, a general agreement that there are major shortcomings in the healthcare system, unsustainable cost increases, uneven quality, more than 45 million people who are uninsured, and tens of millions more who are underinsured but the question is can Congress and our incoming President agree on a plan to fix any of these problems.

We know there's a preoccupation right now with stimulating our lagging economy but there's also been an uncommon amount of attention to gearing up for health system change. President-elect Obama had a reform plan. Leaders in Congress from both parties particularly in the Senate, have signaled their intention to take up healthcare legislation early on.

There's a healthcare zealot, you may have heard this morning, poised to take over as Secretary of Health and Human Services and Head of the White House Health Reform Office. So it is prudent, I think, and timely to bring together as we have

some of the most knowledgeable people around to offer their insight into what's going on and what they are trying to accomplish and what they think might happen.

Our partner today is the Robert Wood Johnson Foundation, America's largest philanthropy devoted to health and healthcare. They've supported research and analysis in all of the important areas that health policy encompasses, access, cost and quality, and most notably coverage, they are the sponsors that cover the uninsured many of you may know.

We're very pleased to have with us today Dr. Risa Lavizzo-Mourey who's the President and CEO of Robert Wood Johnson. She's a geriatrician by profession, which is always a comfort for an older person and she came to RWJ in 2001 to run the healthcare side of the foundation. So today's subject is something she knows and cares a great deal about and we're very happy to have her with us today. Risa?

RISA LAVIZZO-MOUREY: Ed, thank you very much. It has been a real pleasure to be a longtime supporter of the Alliance and it's my real pleasure to be here today and be able to take a few moments to set the stage.

I think it's without doubt that healthcare is as much an economic issue as it is a social issue. We certainly can't fix the economy without fixing healthcare. As Ed has already mentioned, we spend an enormously amount, over two trillion dollars, on healthcare. That's nearly 17-percent of our economy

and almost $8,000 per person per year. Still, we have 15-percent of Americans uninsured, 46 million people. That is more than is the population of 24 states and the District of Columbia.

As a physician, I can tell you the human toll is awful. The IOM has reported that three people die per hour because they were uninsured and unable to get the healthcare they need. Economically, of course, we know it has a tremendous toll. The Kaiser Commission's recent study that shows that for every one-percent increase in unemployment, 1.1 million people become uninsured.

Since our unemployment rate has doubled, that means that we have maybe more than three million people who are potentially uninsured. Now we've heard a lot about the importance of this problem in Detroit and on Wall Street but I hope we won't forget about the importance of it to small businesses.

If you think about the amount their insurance premiums have increased over the last eight years, 129-percent, and that means that over half of our smallest businesses are not able to offer any benefits at all. Yet we all know that businesses feel it's important to have a healthy workforce in order to be competitive.

So coverage is the gateway to reform and at the foundation when we talk about coverage, we're talking about

affordable coverage that’s open and fair for everyone where the care is appropriate and high quality and cost effective and where the coverage is continuous and portable.

Now certainly individuals should contribute to the cost of their care but they shouldn’t have to choose between healthcare and the other necessities of life. We believe that the oversight and management and financing is an important shared responsibility between government, the private sector, and individuals.

Covering the uninsured alone will not solve the ailing healthcare system. We believe strongly and we urge our leaders to look at a wider prescription that will address the full continuum of interconnected factors that determine both health and healthcare.

So in the upcoming debate, my hope is that our decision makers will keep common ground in mind and will think of that common ground as having an overarching tent that has six poles. Coverage is certainly the first one but it has five others as well.

Improving the quality and value and the equality of care, it’s not good medical care, not good fiscal policy, not good public policy to increase coverage without guaranteeing that that quality of care is going to be safe, fair, and provided by professionals in institutions that are publicly accountable for both the performance and the cost.

The third pole rather is to focus on prevention. We spend 95-percent of our healthcare dollar on people who are sick and barely two-percent on preventing them from getting sick in the first place. Clearly rebalancing that equation is essential.

The third is to bring down spending. We have to ask not only what we spend but not only what we spend things on but how much it costs and then how to increase the value. In the short term, I think that means focusing on not just the reimbursement of individual services and procedures but thinking about how to provide value added coordination and other kinds of services. Longer term, it means reducing the demand.

We have to help people live healthier lives and might start with reversing the epidemic of obesity. Reforming public health is a central pole covering this tent. Public health has been underresourced for years and yet it is our first line of defense against disaster and disease.

Finally, I think we have to face up to the social determinants of health, improving those nonclinical services and forces that affect health for all Americans. Things like housing, education, transportation, and how we structure our workplace, this may be our biggest challenge of all but one that we certainly cannot omit.

I believe that the window of opportunity for healthcare reform is wide open as it’s ever been and that we can reform

the healthcare system. We can do it and we can do it well if we are able to sustain a nonpartisan will to act and if we cultivate and informed public that encourage us all to collaborate in an all-inclusive way so that we can move towards action.

In our field, as philanthropists, it's not our job to tell lawmakers what to do. We do try to encourage people to the common ground. So with that, let's begin the discussion.

ED HOWARD, J.D.: Terrific. Thanks very much Risa. Let me just do a couple of logistical duties. All of the written materials that are given to you will be available after the briefing on our website, allhealth.org. In a few days, there will be a transcript if you're not on an immediate deadline so you can quote exactly the exact words that you'll hear over the next few moments.

I want to make sure that you know that Bill Irwin, our communications director, who did most of the heavy lifting putting this together, is available for any assistance you might need and Bill will kill me if I do not mention that there is a flyer out on the registration desk. If you didn't see it, you might want to pick it up.

If you're not already involved in it, we have a Find an Expert service that's aimed directly at you as reporters. You get exclusive access to a list of folks who have volunteered to be sources for health policy stories. You can sort by

geography, by language capability, by availability of B roll, all sorts of good things. If you're interested, it's actually, they always say it's easy to register, just go online but it is easy to register. So take advantage of it if you haven't done it already.

We have a very impressive lineup of speakers today to help us grapple with these questions. I'll introduce them very briefly altogether upfront so as not to slow the continuity of the conversation. They will make some brief introductory remarks and then we'll open it to your questions.

You'll notice, by the way, that all of the Congressional staff panelists that we have today come from Senate offices. Now that's just frankly a function of who's been doing the most tangible work so far to sort out the issues and identify what the both parties can agree on and where they might disagree. We may very well find that a similar program with your House colleagues might be appropriate some time in the near future. We'll keep you posted.

In fact, with support from the Robert Wood Johnson Foundation, we at the Alliance have been holding some small seminars almost every week since Labor Day with the senior staff on both sides, both parties trying to help them get up to speed on various reform issues.

So without taking out any more overhead time, let me get to our very distinguished panel. There is a good deal of biographical information in your packets.

First, we're going to shift around a little bit to accommodate some speakers' schedules. So first we're going to hear from Jocelyn Moore who handles health policy issues for Senator Jay Rockefeller, who is the Honorary Chairman for the Alliance for Health Reform and probably more important in this context, the Chairman of the HELP Subcommittee at the Senate Finance Committee. Before joining Senator Rockefeller, Jocelyn handled health issues for Senator Bob Graham of Florida.

Then we'll hear from Mark Hayes, who's the Republican Health Policy Advisor for the Finance Committee. He's worked for several other Republican Senators for the HELP Committee. So he can probably single-handedly smooth over any jurisdictional problems that might arise in the Senate. He's both a pharmacist and an attorney. So he can give you a headache and he can take it away [laughter].

John McDonough will be next. He's the Health Reform Leader on Senator Ted Kennedy's staff at the Health Education, Labor, and Pension HELP Committee. John came direct from Massachusetts to the Committee where he's been a legislator, an advocate, an academic. He knows much about the Massachusetts reform plan as anybody around, a real contributor.

Then it'll be Chip Chuck Clapton who's the Health Policy Director for Republican members on the HELP Committee, which makes Mike Enzi of Wyoming his boss. He held similar positions for Republicans on the House Ways and Means Committee and the Energy and Commerce Committee for then speaker Dennis Hastert. So I guess we designate Chuck as the primary House spokesman today.

Then batting clean up or whatever number five would be is Julie Rovner, the Health Policy Correspondent for NPR and a contributing editor of National Journal's Congress Daily. Those of you who don't know it, the third edition of her book, which we just happen to have a copy of, Healthcare Politics and Policy A to Z, was just released in September by CQ Press. If you haven't discovered it, that book is a great resource. At least we find it so.

We're happy to have all of you and we'd like to hear briefly from each of you in the order that I just introduced you, to set the scene for further discussion. Jocelyn, thanks for being with us.

JOCELYN MOORE: Thank you Ed for that wonderful introduction and I'd like to thank the Alliance for Health Reform as well as the Robert Wood Johnson Health Policy Foundation for the invitation to be here this morning.

I also want to commend you on your impeccable timing of having President-elect Obama essentially be our lead-in for

this very discussion. I think that's quite exciting but in all seriousness, I also think that the nomination of Senator Daschle sends a very clear signal of President-elect Obama's unyielding commitment to healthcare reform. So we are very excited about that.

I was speaking a little bit with John from Kaiser and he likened it to a starting gun going off. Certainly we have all heard that starting gun and we are ready to move forward with comprehensive health reform.

For Senator Rockefeller's part, I can say that he stands ready to work with President-elect Obama, Senator Daschle, leadership in Congress, and all of the members who are represented here to ensure that we actually do achieve the goal of comprehensive reform.

So how wide is the window open on reform? I think my boss would certainly agree with Risa in saying that the window is open extremely wide and all options are on the table. In keeping with Ed's timetable, I will keep my remarks very brief but I do want to say a few things about what's going on in Congress at this moment.

Our current healthcare system, as each of you know, simply does not work and it is time for major overhaul. The problems that we tried to tackle during the '93 and '94 debate have grown exponentially worse in the years since that debate. The threat of another 15 years of costly inefficient and very

limited healthcare system ahs brought the business, labor, and advocacy communities together in a way that we have not seen previously.

The current economic crisis is also a crisis of healthcare. Stabilizing our healthcare system is a critical component of putting our economy back on track. it is why we cannot afford to let the window on reform close even a little bit.

There is an undeniable link between healthcare and our economy. Healthcare has become the economic engine of the 21st century and it is a way to quickly infuse the job market and make sure that we are putting people back to work.

A federal investment and comprehensive healthcare reform now can go a long way towards stabilizing our economy. We must increase coverage and affordability, improve quality, and eliminate unnecessary healthcare spending.

While each of these goals must be undertaken in earnest, the foundation of comprehensive reform is coverage for the 46 million Americans, including nine million children and two million veterans, who remain uninsured.

Universal coverage is the key to true cost containment and efficiency. Coverage for everyone eliminates cost shifting. It means that we can do more effective prevention. It also means that we can do broad based insurance market reform.

Our bosses have come together in a commitment to work with President-elect Obama and the leadership in Congress in order to move the ball forward on comprehensive health reform. I don't think anyone here on this panel will tell you that this process will be easy.

Of course the details do matter but the important point is that we are starting and our bosses are willing to consistently get in a room together and try, which I think speaks volumes about the prospects for comprehensive reform happening.

My boss plans to be the workhorse that he was during the 1993 and '94 debate. He will be a consensus builder like he was during Congress' CHIP reauthorization discussions. He will work in earnest to bring about comprehensive healthcare reform. Thank you.

ED HOWARD, J.D.: Good. Thank you Jocelyn. Mark, how about that for an offer?

MARK HAYES: I think that's a great offer. Thank you very much for the opportunity to be here. I think we have a great opportunity this year to get healthcare reform done if everyone is willing to work together on it. Everyone seems to be willing to work together on it. So that means it's all very busy right now, which is all a good thing.

We have some enormous challenges that are ahead of us and they are sobering when you look at them all at once. It is

clear that the cost of not acting also for another 15 years would be a high cost to pay.

Federal health spending growth is unsustainable. The projected growth in spending in Medicare and Medicaid through even just 2018 will double spending on those two programs compared to what they are today.

The Medicare spending as just a percentage of the economy is projected to grow from about three-percent today to ten-percent by 2080 over the long-term. That, in part, is the connection to the economic situation, of course. It’s not just the federal government that is facing an unsustainable situation when it comes to healthcare.

States also face unfunded liabilities when it comes to healthcare costs and of course, most states operate underneath a balanced budget requirement, which requires states on a year-to-year basis to offset increased healthcare costs by reducing spending in other areas such as roads and schools and infrastructure. That’s also critical to our economic wellbeing as well as the future when it comes to education and so many other things.

We also have the fact that healthcare costs are growing faster than not only the economy but people’s wages. That means that people oftentimes have the decision about healthcare versus other necessities taken out of their hands before their

paycheck even gets to them because their paycheck has already increasingly been consumed by rising healthcare costs.

Much of that is obscured by the way our tax system and healthcare coverage delivery system works because it insulates so many of us from the actual true costs of health coverage that we're all paying.

We also have a really complex situation when it comes to just understanding who the uninsured are when we talk about coverage and it's important to realize the challenge that we have here that each of the segments of the uninsured present their own individual challenges for how to address this problem.

About 11 million of the uninsured are eligible for Medicaid or SCHIP but are not enrolled. We need to understand better why that is the case and what is driving that.

Almost ten to 12 million people, depending on who you ask of the uninsured, are not citizens of the United States yet they incur costs in the United States that are passed on to others that are costs incurred in emergency rooms and those costs are accounted for in this system but yet that population will require for its own unique situation as well. About 4.7 million are college and university students.

Some are probably the young and healthy individuals who believe that they're invulnerable and don't need health coverage and in that sense, they're self-insuring. Some of them

though are people that, even at a young age, have a chronic condition and are unable to get coverage in the individual market today.

About nine million have incomes above $75,000 a year. Some of those individuals are going to be people who have been in the workforce for a while and perhaps they have a chronic condition and are unable to access coverage but when it comes to the question of affordability, it may be a question more of whether the individual market is working or not and whether there's coverage available to them at all, not necessarily whether it can be made affordable to them because they have an income certainly above the median income in the country.

That leaves about 13 or 16 million. There's some double counting in all these numbers, which makes it a challenge to sort through. That leaves about 13 to 16 million who, I guess, are best described as the people who have incomes below $75,000 who aren't college university students, are citizens and aren't eligible for Medicaid and SCHIP.

We also have a system though that even when people get care, about half the time patients aren't getting the recommended treatment. That is a startling revelation for all of us who believe we have the best healthcare system in the world. It means that we have some serious things to examine when it comes to how our delivery system actually delivers healthcare.

We have a system in which costs vary considerably across the United States. People living in high spending areas get about 60-percent more in services than those in low spending areas. Then average cost ranges from $5,200 to $14,000 depending on what part of the country you're in even though there's not a difference in the quality or satisfaction and even evidence that the quality is worst in the areas where the spending is higher.

So that's just a sampling of the challenges that we face but I'll reiterate what I said at the beginning that I think the opportunity is there where people are all willing to work together and we are looking forward to working on this on a bipartisan basis and getting it done. Thank you.

ED HOWARD, J.D.: Thank you Mark. Let's turn to the HELP Committee starting with the distinguished Dr. McDonough.

JOHN MCDONOUGH: Thank you. Welcome everybody. Thanks to the Alliance and the Robert Wood Johnson Foundation for hosting this. I'm here on behalf of Senator Edward Kennedy who is committed to achieving comprehensive universal health reform in this coming Congress.

This is a legacy piece for Senator Kennedy. This is his life mission. He has been working on this issue since he entered the United States Senate way back in 1963. I don't think Senator Kennedy has ever been more confident of our

ability to actually deliver on the promise of national health reform than we are right now.

We have an imperative to fundamentally reform our system. We have to provide a system that provides affordable quality coverage for all Americans and that’s not enough. We can’t do that without reforming the delivery system and our public health prevention and wellness systems.

At the same, we have a fundamental obligation to reform those systems and we can’t do that if we don’t address the coverage needs.

Senator Kennedy is being aided in his work at chairing the HELP Committee by a fantastic set of other Democratic members who have all stepped forward to play particular significant roles in this process especially Senators Dodd, Senator McCulsky, Senator Harkins, Senator Clinton.

We very much look forward to pursuing this as a bipartisan effort. We have, starting last spring, been hosting a series of round tables for various stakeholder groups on a bipartisan basis. There have been many efforts, through the finance committee, through the health committee and other ways to address this in a bipartisan way.

We also agree the signs have never been better. There has been fantastic leadership right now already exhibited in the United States Senate particularly Senator Kennedy and Senator Baucus from Senate Finance Committee> His white paper

issued last month really helped to lay down some critically important markers for the coming conversation.

We see a strong rising commitment on the part of the House of Representatives to address this issue. We are thrilled with the leadership exhibited by President-elect Obama and by his Secretary Designate Tom Daschle.

One of the things that strikes us that we can’t help ignoring and that hangs over kind of this whole effort is the legacy of 1993-94 and the failure of the prior reform efforts. Before I came down here, I re-read that fantastic book by a couple of your colleagues, The System by David Broder and Haynes Johnson. It should be essential reading for everybody. I’m not getting royalty fees for that but it’s just kind of essential reading.

I recall back in 1992 back when I was a member of the Massachusetts legislature looking forward to health reform. There was an entire issue of the Journal of the American Medical Association devoted to health reform. There was a lead editorial written by their editor at the time, George Lunberg, and the title of the editorial kind of says it all.

The title said “An aura of inevitability now surrounds national health reform.” The message of the editorial was it’s not a question of if it will happen. It’s only a question of how soon and what the details will look like.

I think because of that, a lot of folks took on that hubris and moving forward into health reform in that prior period and assumed an aura of inevitability. So focused on kind of micro-details of this piece or that piece and really neglected the need to summon the nation's political will to achieve the objective of health reform for everybody.

I think it's fair to say no one is coming into this period assuming an aura of inevitability except perhaps folks who are assuming an aura of inevitability of failure. I haven't been in this town that long, only about six months but I got to tell you, you have a lot of cynics in this town [applause]. I kind of run into them on every street corner and they all give the same message. You're wasting your time, you're wasting time.

I was involved in three major reform episodes in Massachusetts. Each one of them led to a successful enactment and every one of them we had cynics saying you're wasting your time, you're wasting your time.

We don't assume that there's a historical inevitability that this will happen but we assume and we believe very much, all of us, on both sides of the aisle, in the new administration that we are really internalizing and learning important lessons.

You saw one of those lessons today with the appointment of Former Majority Leader Daschle as Secretary Designate and

also as head of the White House Health Policy Office. That reflects a lesson from 93-94 where you had a real critical disjuncture between the folks at Health and Human Services in the Clinton Administration, the Health Reform Administration in the White House.

We know that's not going to happen. We can see many, many other differences and changes from that period to this that give us a lot of confidence that we're learning, we're internalizing those lessons and that we have a really terrific opportunity here.

So we are looking forward to this. We are looking forward very much to pursuing this on a bipartisan basis. We think fundamentally that the American people want is they want to see a bipartisan solution that reflects the concerns of both sides of the aisle. Senator Kennedy has fundamentally committed to doing this in the right way and a smart way and in getting the job done. We're very much looking forward to this process.

ED HOWARD, J.D.: Okay. We turn to Chuck Clapton now.

CHUCK CLAPTON: Thanks Ed and thanks to Bill Irwin, the Alliance and all the staff at RWJ as well. I'm just going to start with a disclaimer if I can. As Ed noted, unlike all of my esteemed Senate colleagues here, I'm just a former simple House staffer who is still trying to find his way in the United States Senate [laughter]. In furtherance of that and in the interest of trying to preserve my own job, if possible, I'd

like to have my remarks speaking solely for myself and not for the Senate HELP Committee or Senator Enzi but happy to work with anyone if I do slip up and say anything actually newsworthy, happy to work with folks afterwards if you want to—for your attribution [misspelled?].

Having said that, I'm going to echo Mark to start off, that I think there is very strong support amongst Republicans who want to do healthcare reform next year. I think everyone recognizes the issues of coverage and cost need to be addressed and really do hope to work with the new administration and majorities in the House and the Senate to do health reform if we can do healthcare reform right.

Having said that, I just want to quickly identify a couple of challenges that I think we're going to have to do deal with and you may want to think about it in terms of moving forward. I know everyone has a very aggressive schedule and you're seeing timelines of having bills ready to go early in the year.

It seems to me, as I look at the calendar, we're going to face a number of different competing priorities, all of which I think are going to have as much or more emphasis as healthcare reform is going to be. It's going to include things like the stimulus. It's going to include potentially some type of financial reform or overhaul, all of the appropriations to bills we didn't do this year, then all of the bills for next

year, tax policy. We're going to need to do an AMT patch. We're going to need to do tax extenders.

As I look at that list, that's in any year a fairly comprehensive and if we were to get all those things done, I would call that a very successful Congressional year. So we're just going to have to deal with the reality of calendar.

Then the second is the overarching issue of the economy that unfortunately predictions now are saying that the deficit could actually exceed a trillion dollars next year, which, certainly in my ten years in Washington, we've never even seen numbers that have looked close to that. That by definition is going to be a constrain on the resources that folks might otherwise want to invest in healthcare reform.

Having said those as the practical challenges, let me just talk briefly about some of the issues that I think we're going to have to address especially if folks truly want to do a bipartisan health reform bill.

First, at least from a Republican perspective, members are committed that they really want to have a market-based delivery system that Senator Baucus and others have talked about. They want to stay away from single payer and have taken that off the table but at the same time, we really have to have an agreement that emphasizes that we want private plans delivering this benefit that my boss and others, I know certainly believe that private plans hold the best opportunity

to drives innovation, to promote value, and also to preserve people's choices.

It will be very interesting as we see this debate progress to see how that relates to the idea of public plan expansions especially this idea of having public plans competing head-to-head with private plans.

As I look at public plans like Medicaid with their ability to impose price controls and to shift costs on to purchasers, I have a difficult time envisioning a system where you could actually have true market-based competition if you're forcing market-based plans to compete with private plans. Inherently it's an uneven playing field.

Mark talked already about the challenge that public plans already face in terms of where Medicare and Medicaid are going. We know that they're unsustainable. Medicare Part A Trust Fund will be insolvent in 2019. We're already hearing from state governors that Medicaid spending is unsustainable. That's part of the reason folks are seeking a bridge aftermath [misspelled?] increase of between $20 and $40 billion.

So I would hope that as we're talking about how to get coverage for the uninsured, we at least take an honest look at where public programs are and the fact that they are already unsustainable. I would argue it doesn't make a great deal of sense to then layer more obligations on those same plans.

One other difficult issue that I think we're going to have to have extensive discussion around is the issue of financing. How are we going to actually pay for healthcare reform? Some folks have suggested that we could let the Bush tax cuts expire. I hate to break it to folks but if you talk to the Congressional Budget Office and the Joint Committee on Tax, that's the baseline already. That doesn't get you another single dollar of savings.

So where else are people going to be able to go to find the revenue that you're going to need. For sake of argument, ballpark it's probably about $100 billion a year to be able to get some form of coverage for the uninsured.

Now my boss and others have talked, in the past, about doing something on a tax treatment of employer-based health insurance. A question I have and I don't know the answer is given how effective some of the campaign rhetoric has been over the past three months, I don't know if there are any elected officials, Democrat or Republican, who frankly want to get near that with a ten-foot pole.

I think everyone agrees or many people, at least on the Republican side, agree it's the right policy. Our current system doesn't make any sense. It provides the greatest rewards to people who need the least amount of assistance actually penalizes those who have the fewest amount of resources but I don't know to what extent people feel that they're going to be

able to go towards that as a financing mechanism. If you don't do that, how we're going to be serious about paying for healthcare reform.

I guess the one other messaging point that people need to talk about. I think both President-elect Obama and Senator Clinton were very effective talking about how healthcare reform was going to mean that people who had coverage weren't going to lose it.

If you look at the recent analysis by the Lewin Group, they calculated that under Senator Obama's plan, up to 48 million Americans could actually lose their existing coverage because the public plan expansions and some of the other things that were going on in the market place.

I think we need to have a frank discussion around those topics of what does it mean because at least based on my experience, most people who have coverage actually like the coverage they have but I'll conclude by echoing the comment I started with.

At the end of the day, we publicly do want to do healthcare reform but we really want to make sure if we're going to do it, we do it right.

ED HOWARD, J.D.: Okay. Julie Rovner.

JULIE ROVNER: Thank you very much. I guess I'm the only non-staffer here. I was asked to be here I think because of my status as someone who actually was here during the last round

of health reform. In fact, I think I'm one of only perhaps three or four people in the room who not only covered the last round of health reform but who covered the life and death of the ill-fated Medicare Catastrophic Coverage Act in 1988. So I come by my cynicism honestly [laughter].

In Massachusetts, you may have a good track record at getting these things through but here in Washington, even when we get them through, sometimes we then take them back. So I think my main role is to give some advice to the journalists here who were not around in 1993 and 1994 as to perhaps some of the best ways to try and get your arms around what is an enormous story and start to pick away at helping your readers, viewers, listeners understand and comprehend and get involved in what's really going to be if things are successful, a restructuring of one-seventh, there is at now one-sixth of the nation's economy.

Of course, I'm tempted to say at the top, buy my book, which probably won't hurt and use the resources provided by the Alliance for Health Reform, which was founded as a result of some of the failures of Congress and of the media I would say in helping the public understand some of these very, very complicated healthcare debates.

My first bit of advice would be to use this interregnum and I understand now it's not much of an interregnum since the Obama administration is encouraging people to get together and

have healthcare discussions and submit their recommendations to the transition team but whatever.

I think we will have something of an interregnum while our esteemed health policy, health staffers get together and try to decide what their members want to do. we can use this interregnum, as the media, to try and have a teachable moment for letting the country know what the baseline is.

I think poll after poll has shown rather conclusively the public doesn’t have a clue how the current healthcare system works. Most people who are in managed care plans don’t know that. They don’t know how their own healthcare plan works. They don’t know how the system works. Most people don’t know that Medicare is a government-run plan.

We really do have an enormous gap in not just health literacy in terms of the medical system but health literacy in terms of the healthcare system at large. I think that it is incumbent upon health reporters to really start to do something about that.

There’s no way that the public can understand the healthcare debate if they don’t know what the baseline is that we’re beginning from.

So I think only after you do that can you start to explain what the options for change are. I think that would be the next likely candidate for perhaps a series of stories in January and February as people are starting to talk about what

kinds of changes that could be made, can talk about single payer would work, how the Massachusetts system works, how a consumer-driven system would work, what kind of options are really on the table.

I would advise and I know this is dangerous inside the Belt Way, don't get too caught up in a horse race, who's up and who's down, which committee chairman is winning, which one is losing, who's getting squeezed out. It's so tempting. It's so easy. The political reporters love to do it because they don't want to get into the substance because they're afraid of the substance because they don't understand the substance.

That's what always happens and those are the stories particularly that end up on cable TV because that's what the TV reporters can do because they don't want to go into substance because it's too confusing but I think we, as health reporters, can do better than that frankly.

On the other hand, while you're busy not getting too caught up in the horse race, don't miss the ideas of winners and losers. Every single change that we make in the health system is going to mean more income for somebody and less income for someone else. Remember we're talking about two trill dollars and everybody who stands to become a loser is probably going to hire a lobbyist.

It's the oldest dictum of Washington reporting, follow the money. so even while you may or may not be worried about

the horse race, you've got to be worried about where the money is going because that's where the resistance is going to come. That's why health reform has always failed in the past. That's why people, I think, forgive us, if not cynical, skeptical about the success of this enterprise. It's always going to be hard. If it wasn't, we would have done it long since.

Although I will say that one of the things that I think is very different from 1993 and 1994 is the attitude of the people going into it. I think I was one of those people who really did have that aura of inevitability. I, after all, was 16 years younger but I think right now the line I've been using is if they could, people would be wearing tee-shirts that say and this is the G-rated version, let's not mess it up this time.

I see that sort of Democrats, Republicans, staffers, their members, members of the incoming Obama administration, there seems to be this sort of unifying message that yes, we know this is hard. Yes, we know that nobody succeeded at it before. Yes, we don't know that there's any guarantee that we're going to succeed this time but darn it we're going to try. I think that's perhaps maybe the way that you go into it and succeed. I don't know. We'll find out.

Back to reporting trends. Don't be afraid to try and break this story down into single serving bites. In fact, I think that's about the only way you're going to get people to

understand it. the more you try to bite off at a time, the less you can actually cover. Don’t be afraid to do a story on the shortage of primary care providers, for instance, or safety net healthcare or how we’re going to fund teaching hospitals.

I know a lot of these things have been done before but it never hurts to do them again as we go into a big debate, they’re all going to be a piece of reform. Always remember the bottom line is how will this affect patients. remember, in the end, that’s what’s going to determine what happens and what doesn’t. With all the money floating around, it’s going to be the effect on people that makes the difference. Thank you.

ED HOWARD, J.D.: Great. Wow, there is a panaplea of opinion and fact and insight for you to build on. It’s now obviously time for you to ask questions. I would ask that you raise your hand and let somebody get to you with a mic. We are being taped for C-SPAN so you can watch yourself at 3:00 tomorrow morning in all likelihood [laughter]. So you want to look good and be heard. So if you would identify yourself, I believe you had your hand up first, in the blue shirt appropriately for C-SPAN.

DREW ARMSTRONG: Hi, Drew Armstrong with CQ. I’m very interested in getting some reaction from the Republican staffers on what their take is on Jean Lambreau that Obama announced today, I guess, to be Deputy Director of the White House Office Health Reform.

MARK HAYES: A Republican standpoint?

DREW ARMSTRONG: Sorry, just that part of it. Would you like to comment first?

MARK HAYES: Well Jean brings an incredible depth and wealth of experience to the job. She's worked in healthcare circles. She's familiar to everybody. She knows the people on both sides of the aisle and I think she'll be able to hit the ground running from day one on what the challenges are.

CHUCK CLAPTON: I just echo that. I think Jean's very well respected. We've known her. She literally helped Senator Daschle write his book on healthcare reform so while we might not agree with everything in there, it certainly actually helps to have a very clear road map of where she's coming from.

She's a former colleague and I think we all like and respect her and she's certainly a known commodity here. I think that will help her do her job effectively.

ED HOWARD, J.D.: Maybe I can just add well one of the things that surprised me was that she collaborated earlier this year on a paper describing alternative financing mechanisms with Joe Antos from American Enterprise Institute. I know it wasn't an easy series of conversations but they did come to an agreement and both of them were talking with a great deal of enthusiasm about the other at the end of the process. Yes?

STEPHEN LANGEL: Stephen Langel with Roll Call Group. I was just wondering if you all could address the upcoming budget

resolution and reconciliation, how you need to prep this bill keeping in mind the fees that the limits that are going to be spending and the economic problems right now facing the country.

JOCELYN MOORE: Well first I'd caution and say there isn't a bill per say at this point. Secondly that conversation will be a conversation that we have with leadership of both the House and the Senate and we'll talk to President-elect Obama and it's a joint conversation. So I don't think those questions can be answered at this time but obviously we all want to move forward with the comprehensive approach.

We're anxiously looking at various ways that we could pay for it as Mark and Chuck have talked about. So I think that's a to-be-continued answer as opposed to a definitive answer at this point but my short response is we're all going to work together with our leadership and certainly with the President-elect and we'll see.

CHUCK CLAPTON: What I would add, at least from a Republican perspective, that if the stated goal is to get a bill that enjoys the support of 70 or 75 or 80 members of the Senate, reconciliation is not a very good way to do that.

In fact, I think if you do reconciliation, it's going to be extremely difficult for most Republicans to support a bill and speaking as, at least one of the staffers who actually worked on reconciliation, I would argue the reconciliation is

not a very good vehicle to do healthcare reform, that it imposes a number of constraints.

All of the provisions in a reconciliation will have to have a budgetary impact by definition. If we're going to do something on coverage, it's going to involve a lot of pieces that, by definition, can be struck from a reconciliation bill under points of order. So I would hope to follow up on Jocelyn's point.

People give some very serious thought to is that an appropriate way because I think, from a process perspective, it probably would work. From a political perspective, I really think it sends the wrong message if the goal is to do a bipartisan reform bill.

MARK HAYES: I'd just like to chime in and echo that. I mean I think if you're not familiar with what the reconciliation process is and how it works, there are a number of good reports that have been written about that. I'd be glad to guide you toward those.

Reconciliation is a process that's designed to truncate debate, limit debate, limit the kinds of amendments that are in order, limit the kinds of things that can be in the bill, and ultimately limit the number of hours that are even allowed for debate for an issue that is as important as healthcare that affects everyone in the country, affects something that's so important to everyone in the country in our healthcare,

limiting the debate and trying to mesh it into a vehicle that wasn't designed for this.

It was designed to reduce federal government spending and not really to be as a vehicle for something as big as healthcare reform. Plus, as Chuck said, if there's broad support for it, there's really no rationale for using reconciliation and its constraints as the vehicle anyway. It's really hopefully, if this all goes about the right way, there'll be broad support for the final product and reconciliation really is not even like discussion.

JOHN MCDONOUGH: My understanding, at this point, there's no decision to use it and no decision not to use it. It is something to stay tuned for.

STEVE LANGELL: A real quick follow-up on that, because of the timing issues involved, in terms of the budget resolution itself, I'm just wondering what steps are being taken to look at reserves set aside in terms of the funding levels for this bill so that once you get to the resolution, you at least have a certain amount of money set aside that's going to be used for healthcare even if the language is ready at that point is where that stands.

JOHN MCDONOUGH: Again, I think it's premature. I think that right now, many, many different options are on the table and there's no indication, at this point, about which way folks will go on that.

ED HOWARD, J.D.: We could go over in the corner and then we'll come back to Jill.

JEFF YOUNG: I'll get where you can actually see me. I'm Jeff Young with the Hill. My question is, I guess for Mark and Chuck. I think for understandable reasons, since Election Day, the focus on this issue has been on what the President-elect's been saying, what Daschle's been saying and of course, the key Democrats on the Hill.

What do you think Republicans can do to kind of see some of the initiative on this rather than be in a position given that you're now the loyal opposition where you're reacting to the things that are coming from senior Democrats?

MARK HAYES: Well I think you're going to see in the coming months, you're going to see a group of very active Republicans on the issue. There will be a task force in the Senate of Republicans that are all going to be working very hard to work together on the issues, work to form consensus on the Republican side. They'll be talking about healthcare reform.

We already have members who are very engaged on the topic who have worked on this in the past, who have been leaders in this area. They'll be putting forward their ideas about how to tackle these problems. They have good ideas that will be put forth. I think that's where we will have a very

genuine and healthy debate about how best to solve these problems.

CHUCK CLAPTON: I guess I would only add that looking at both the affirmative things, the positive messages that we would like to see, private market delivery system but I would also expect that hopefully Republicans will define the things that are of great concern to them as well, some of the things I talked about whether it's process or substance, reconciliation versus public plans and things like that.

ED HOWARD, J.D.: Okay, yes Jill?

JILL WEBSTER: Jill Webster with Managed Healthcare Executive Magazine. Following up on the issues of financing healthcare reform, I've heard a lot of people say that the time is right for healthcare reform because money is on the table with the economic crisis and financial bailouts.

Moving through Congress, there is money around. There may not be a need to meet pay-go requirements or other financing issues that have blocked healthcare reform in the past, I'm wondering what the panel thinks about that.

JOHN MCDONOUGH: I would echo what the President-elect said today that we need to look at this over a longer time horizon than simply a year or two and look at it over a ten-year period and that it may indeed require some upfront investments and that those investments must be selected in a careful way so that those are investments that can give us some

clear return and value moving forward and that the challenges facing the system are not problems of one or two or three years. They are challenges where we need to have a time horizon looking forward in terms of decades.

So I think there's a different way that needs to be done. I don't think that it's fair to say there's money around. Arguably, there's a lot less money around right now than there has been in a very long time but that the necessity to understand the healthcare system problems as being an essential part of our economic crisis require us then to act and to act in ways that are smart over a longer time horizon.

JOCELYN MOORE: I would say ditto. I do want to comment though on the reconciliation point and just say that while reconciliation is certainly an important process question, I don't think that it indicates whether or not healthcare is important. Clearly, all of our bosses have indicated that it is important.

So the decision about whether or not to do it, again, is one we'll make in consultation with the leadership but we think healthcare is important, period. We'll cross that bridge about the process questions when we get to it.

CHUCK CLAPTON: Yes, the only thing, if I could in terms of the cross pressure has taught people to talk about spending $700 billion in the like and what we can just do more. There is a practical consequence as I mentioned earlier.

The deficit next year is going to be close to a trillion dollars. This isn't like stimulus where it's a one-time expense. We're talking about creating a new permanent program, whether it's an entitlement or not. This is permanent spending and to not pay for that will have serious and potentially very adverse consequences on the economy.

DOUG TRAPP: Hi, Doug Trapp, American Medical News. To take Julie's suggestion and focus on one thing, yesterday Senator Baucus suggested using health IT or using the infrastructure spending to basically advance health IT, wondering particularly with Republicans how that strikes you as something as feasible or bearable.

CHUCK CLAPTON: At least at this point, we haven't seen the details of what folks are talking about. So I have to, if I could get back to you once we've seen more of the specifics about what's being contemplated, my boss had a bipartisan health IT bill last year that we did with Senator Kennedy's staff but there are bigger issues that play too and if this is going to go into a stimulus, where folks are going to be in the stimulus, those are decisions above my pay grade.

MARK HAYES: Yes. I think that's right and I mean there's a lot of bipartisan support for getting more health information technology out there and everybody, I think, has a good understanding of how much the system could benefit from having a better sharing of medical information in different

sides of care and for patients to be able to see their own medical records and things like that, that technology promises.

The details here really are really important. Where would their investments be made or would they be well targeted? How would it be tied to other things? I think one of the questions that has to be asked is whether health IT by itself is an answer, whether it's a tool that can work in combination with some other things.

Right now our system does not pay more to providers when they deliver higher quality care. Our payment systems tend to punish providers if they deliver higher quality care. That is just backwards on some many fronts. The incentives are not aligned well in our system because we have silos in our payment system as well.

It's sort of a you get what you pay for kind of thing. Someone put it to me this way and it stuck in my head that if we're not careful in how we think about the incentives and the overall system and how they drive all the crazy things that are happening in our system today, if we add health IT on top of that without addressing these other problems, health IT could just help everyone do the wrong thing faster [laughter].

JOHN MCDONOUGH: At the same time I would say I think it is indisputable with the United States lags most of the developed world in the use of health information technology. So many of the reforms that we think are critical to improve the

value of healthcare for Americans including creating medical homes to revive our primary care system, engaging in robust chronic disease management, really robustly implementing pay-for-performance models, all fundamentally are based upon having a health information technology infrastructure.

Senator Kennedy, Senator Enzi, the HELP Committee, many, many other folks in Congress in a very, very bipartisan basis totally get that this is an essential infrastructure need for the healthcare system.

So we believe there is an appropriate role for HIT in a stimulus package. We hope that we're going to be ale to work that out obviously doing it in a smart way as opposed to a stupid way.

DOUG TRAPP: Do the Republicans agree on that point, the infrastructure issue point [inaudible] Is that still way up in the air?

CHUCK CLAPTON: The question was do we agree with that. I guess my question back is what are we talking about? Is it a five billion dollar bill? Is it a $50 billion bill? It's tough to say. At some level, should there be an investment in health IT? Absolutely. I think everyone agrees in that but as Mark much more articulately described it, there are a number of other issues that people are going to have to deal with.

Another one I would just put out there is privacy and how do we manage the issues around privacy? That frankly has

been one of the biggest hang-ups and one of the biggest reasons we haven't gotten an IT bill done to-date.

SABRINA EATON: Hi. I'm Sabrina Eaton from the Cleveland Plain Dealer. One of the things that Julie mentioned was that there's a lot of stakeholders here, a lot of money at stake with whatever you guys do. What are you hearing from the hospitals, the pharmaceutical companies, the doctors, the individual stakeholders? Are they up for reform of some kind or where do you see the pitfalls in all of this because there just seems like there's a lot of places where things could kind of get off track. Thank you.

JOHN MCDONOUGH: The HELP Committee in particular has been making a special effort again learning from the mistakes of '93-94 to do robust organized outreach to stakeholders and hear from them. So we did about 15 round tables with sets of stakeholders over the summer and into the fall.

We're now hosting a cross-sectoral stakeholder round table where we listen to them go at each other on various hot button issues in the health reform process.

We think it's indisputable that the stakeholder community, from many groups, from the business community, the labor community, the insurer community, the provider community, consumers and patient groups, are deeply interested and deeply supportive of fundamental reform and recognized better than anyone just how badly messed up the system is and the

imperative of correcting the ridiculous incentives in the system and the poor structures.

Now they obviously have many, many different disagreements and that's part of the process of trying to reconcile and bridge those differences but we see a proliferation of unlikely coalitions including the, for example, the Divided We Fail Coalition, bringing together AARP, SCIU, the business round table, and the National Federation of Independent Businesses because they understand that the system is just not working for them.

We had a meeting in the HELP Committee just last Friday with folks from the National Association of Realtors. Realtors, I don't know people know, basically your friendly neighborhood realtors and independent contractor in a firm on his or her own and their survey data shows 28-percent of realtors across the United States right now don't have health insurance. Most of them can't get it.

So this system is just increasingly not working for so many people. So we are seeing so many unusual stakeholders come forward and say we've got to have a fix here. We understand it's not going to be everything we might want if we did it ourselves but the important imperative is moving forward on a reform basis in the system.

JOCELYN MOORE: And I would just add I encourage all of you to look at the type of proposals that the various

stakeholders put out during the ‘93 -94 debate versus the proposals they have now. It’s not just we believe health reform should happen or we support health reform. They’re pretty detailed proposals about how health reform should go forward and the various interest groups are not just working in their own silos. They’re reaching across with strange bedfellows to really build coalitions to get health reform done.

So of course, there’s a lot of money tied up in it and as we go forward and different proposals become clear, as Julie said, there are always winners and losers, the potential there for people to get fractures is always a potential but I think the cost of doing nothing for every single stakeholder group is just too high. We can’t go another 15 years without reform happening.

MARK HAYES: if I could just add really quickly, I think all is accurate [misspelled?], do you know there’s certainly a very engaged group of stakeholders who are both seeing a real need in many of the areas like the realtors as this fall business, as you see how much the system needs to be fixed but I’ve also noticed something else about a lot of the folks who come in with proposals.

While they are very detailed proposals and they are very engaged and they lay out the proposal, which in almost every case can be summarized this way. We’re very for reform

and we want you to reform everything else except our portion of it.

ED HOWARD, J.D.: Yes John?

JOHN FAIRHALL: John Fairhall, Kaiser Health News. Chuck brought up the question early on of public versus private reconciling the notion of market place competition with public plans and then I guess the possible expansion of those. Can you elaborate on that? it would be good to hear from some of the Democratic staffers on that too, whether it's as much of a roadblock or a potential problem as you indicated.

CHUCK CLAPTON: Sure I guess just to give a brief overview. Some have suggested in the rubric of having a market-based delivery system that one of the plans that would be available would be a public plan, whether it's a Medicare or a Medicaid-like plan.

There haven't been a whole lot details but I think that raises concerns in a lot of circles about would this plan have access to government price controls like Medicare or Medicaid? Would it have access to the ability to shift costs on to private health insurance like Medicare and Medicaid? Would it be able to mask some of its true administrative costs through other functions of government like Medicare and Medicaid.

If you do all of those things, I would argue it's very difficult to have a true and fair competition because by definition, private plans can't do all of those things and have

you then set up a system that is going to create very strong incentives to drive the majority of individuals into the public plan potentially all the way to getting to a single payer system.

I'm not saying that's the intent but that certainly is the concern a lot of folks have when they look at this public plan competition.

MARK HAYES: And I just add to that, if you are looking for a source for a very thorough and nonpartisan analysis of this question, John Shields at the Lewin Group ahs looked at this not only as part of the Obama proposal but also just in general as a component of a private market delivery system how, over time, the effect of a government option could have if it is paying providers' rates that are Medicare rates that are less than what the private market can negotiate with those providers that, over time, is just as Chuck said, the government plan then can have lower premiums because they have the advantage of the government setting the prices behind them.

As migration more and more moves into that public program over time, the erosion in the private market means that the rest of the choices aren't available so that people will not be able to keep the options they have today.

ED HOWARD, J.D.: John?

JOHN MCDONOUGH: So this has already emerged early on sort of before the starting pistol is shot off as one of the

radioactive fault lines in the debate. Groups are lining up on one side for it. Groups are lining up against it. I think it's important and helpful to kind of step back and ask the question what is the purpose behind this proposal that's out there to have a public plan option.

The purpose and this is also, I thin, evidence very much in the Lewin analysis of the Obama health plan during the campaign, is that this is one of the most important devices out there potentially that provides some cost accountability and holds down the cost of doing this to the American public.

There may be other ways to try to achieve effectively those ends but it is important that, as we have this conversation, that the accountability in terms of costs, is very much a part of it. That is why I don't think the issue is going to go away.

I think it would be helpful if we can avoid creating this Grand Canyon crevice with folks lobbying bombs at each other across the Grand Canyon on this issue because I think the underlying public issue behind it is very important and needs to be addressed. It may be this way. It may be another way.

JOCELYN MOORE: I think, in terms of the debate as we go forward, we will certainly examine the Massachusetts model, which certainly has a public plan that has been pretty successful, at least from my boss' standpoint. I think the other side of the debate is examining the model that Chuck laid

out, which is very much like the Medicare Advantage model and looking at the pitfalls of that.

So I think we'll have a pretty robust conversation about this very issue and there are pluses and minuses both ways.

ED HOWARD, J.D.: Yes? The gentleman in the back corner had a question.

NOAM LEVEY: Hi, Noam Levey from the L.A. Times. Tom Daschle and Jean Lambreau obviously have a fairly specific prescription that they offer in their book not just form the perspective of the Federal Health Board, which has gotten a lot of attention but also about a public plan, about an individual mandate. To what extent do you think we can expect that the prescription that they have offered will be the administration plan?

JOCELYN MOORE: Well I think President-elect Obama has already laid out his plan for health reform. Certainly going forward, he's going to want to fill in the details but the parameters that he has set up in terms of health reform are they do include a public option. They include universal coverage. They include lots of the things that you talked about.

So again the details may change but that's probably a question better suited for President-elect Obama and Senator Daschle.

ED HOWARD, J.D.: Do you want to speak to him John?

JOHN MCDONOUGH: No. Actually the only thing I would just say is again reflecting on ‘93-94, we are not anticipating a 500-person White House task force coming together to come up with a plan and folks in Congress sit on our hands waiting for it.

We’re already working at this and we’re already collaborating with folks from the Obama transition team. We expect the product that emerges to be a collaborative effort reflecting the concerns and issues members of Congress have and also reflecting very much the desires and aspirations of the President-elect and his new administration.

ED HOWARD, J.D.: Oh, go ahead Julie.

JULIE ROVNER: I also don’t think that David Cutler’s out of the picture even though he wasn’t up on the stage today.

ED HOWARD, J.D.: Let me just ask as a follow-up whether in the sense of the timing you don’t anticipate a 500-person task force. You probably don’t anticipate a 1,300-page bill. Do you anticipate-

CHUCK CLAPTON: No commitments on [inaudible] [laughter].

ED HOWARD, J.D.: At least from the White House, maybe from the HELP Committee, how about the timing? Is there any notion of when you might get something formal from the Obama folks or are you waiting for something formal from the Obama

folks or are you going to start negotiating with each other and with your colleagues across the aisle?

JOCELYN MOORE: I'd just say that we're waiting for President-elect to be President Obama and I think once that has taken place then a lot more formal discussions can happen but certainly all of our bosses are talking about options and those discussions are ongoing but we definitely want to consult with the administration. We have been consulting with the administration and I think that will continue in earnest.

CHUCK CLAPTON: And we are not waiting. The Senate Finance and the HELP Committee started vigorous, active agenda of activities going back to the spring. Senator Baucus hosted a health reform summit way back, I think it was on June 23rd. We are having robust bipartisan meetings.

We had one just a couple of weeks ago. It was reported somewhere. I forget where it was reported but so it's not a secret but 36 people, 36 staffers from the Senate, bipartisan, sitting down together and talking about these issues. there's a lot of activity going on. This is a high priority. This is the right priority for the right folks.

We eagerly anticipate the active deep involvement of the Obama administration but Congress is not going to sit and wait.

ED HOWARD, J.D.: Okay. We've just about come to the end of our allotted time. I know a lot of you had questions you

weren’t able to get to but I know some of you have to leave. Some of our panelists have to leave. So why don’t we end the formal program and if you do have an opportunity to pigeon hole one of these folks on their way out, I think you can get an off-the-record really incisive answer.

Meanwhile, thank you so much for coming. Thanks to the RWJ Foundation for their support and participation in this event. I ask you to join me in thanking our panelists for helping you to fill out that story [applause].

[END RECORDING]