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America's Health Care at Risk: Finding a Cure
America's Health Care at Risk
September 18, 2008

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JOHN IGLEHART: Well, I was struck by the areas of agreement from the two sides of Obama and McCain, and I also was struck by the comments of Chris Jennings who was really— I mean, he was Hillary Clinton's chief health policy aide for many years in the '90s and was obviously deep into the reform effort. But when Chris says we're going to have an American approach to reform, it's going to be public, and it's going to be private, and it's going to be messy, he didn't say that, but I did, I think that means they've come a ways in terms of recognizing that ideology won't get us where we need to go.

Anyway, my next duty is to introduce Florida's other senator, Republican Mel Martinez, who came to this country from Cuba at the age of 15 and has served as Secretary of Housing and Urban Development under President George W. Bush, and together with Senator Nelson, he focuses on many key health issues as a member of the Senate Special Committee on Aging. While he couldn't be with us in person today, he has taped a brief video message to address these critical issues and we'll hear from him now.

SEN. MEL MARTINEZ [R-FLA.]: Thank you for having me today. I'd like to welcome you to Orlando, and I thank you for coming together to address the very important issue of health care. Most Americans agree that solving the health care crisis is a national imperative, and among our highest priority is

finding an answer for the 47 million who do not have health insurance. I believe that part of the answer includes making health insurance more affordable. Whether you receive your health insurance through your employer, or you have to go into the market and buy it on your own, you ought to receive the very same tax treatment.

Tax equity can be structured in a way that actually gives those living just above poverty the buying power they need to purchase coverage. Washington also needs to work closely with the governors of our states to ensure there's a vibrant and competitive health insurance market, a broader range of private coverage options, and a fair tax code, would create the right incentives for individuals to purchase their own coverage.

It would also give employers more flexibility in funding coverage for their employees, offer insurers the ability to design innovative products, and encourage states to reform their health insurance markets in a direction that reflects the unique circumstances of individual states.

But in addition to making our health system more affordable and more accessible, we must also work to make it more responsive to provider's needs. Right now, doctors across the nation are treating Medicare patients at a loss because of the payment system that often doesn't cover the basic cost of patient care. Washington needs to reach consensus on a new

payment system because patching the broken system from year to year is a disservice to all involved.

Another concern impacting health care for many elderly is Medicare fraud. This is a problem that costs taxpayers an estimated \$60 billion a year. Medicare fraud diverts much needed resources that are supposed to finance health care for 43 million American seniors and the disabled.

It harms Medicare recipients, small businesses trying to serve patients, as well as every single taxpayer. We need to toughen the penalties and give CMS and HHS the tools they need to stop fraud at the front end, rather than having the Justice Department get involved at the back end after the fraud has occurred. Returning these billions of dollars to Medicare will help them remain focused on the primary goal of helping American seniors receive quality health care.

I appreciate your commitment to come together and address this national challenge. I look forward to hearing from you on how we can best approach this very technical and complicated issue. Thank you, and I wish you a successful and productive conference.

JOHN IGLEHART: Our next two panelists have been given the key task of defining for us the common ground that can serve as a basis for bipartisan reform. Tom Daschle served for 26 years in the Congress including 10 years as Senate Democratic majority leader, and for a time I think minority

leader as well. Among other activities, he is the cofounder of the Bipartisan Policy Center, and since leaving Congress, has authored a book on his plan for reform entitled *Critical: What we can do about the Health Care Crisis*. Welcome, senator.

[Applause].

And our other speaker is Tommy Thompson, who served as governor of the great state of Wisconsin, my home state, for four terms, and as secretary of health and human services. At both his law firm, Akin Gump, and as a senior advice for the Deloitte Center for Health Solutions, he has focused on health information technology, promoting healthier lifestyles, and strengthening Medicare and Medicaid.

And he also has been a leader, a prominent voice in what I think will emerge in the next administration regardless of who is elected president, what Governor Thompson calls "medical diplomacy," and I'm sure during the course of his remarks, or in the Q & A period, he'd be pleased to elaborate on just what he means about that. So with that, I'll turn it over to Jim Barnes who will moderate this session. Jim?

[Applause].

JIM BARNES: Thank you, John. We've heard some points of bipartisan agreement today and both of these two gentlemen that I'm privileged to share the stage with, I think, can tell us a lot about what can practically be achieved and what makes good policy sense, rather than have them debate respective

Republican and Democratic health care plans, I thought that that's what might make the most sense in terms of wrapping up the day. So, Governor Thompson, what are some of the areas where you see there's real bipartisan consensus and agreement?

FORMER GOV. TOMMY THOMPSON (R-WIS.): Well, thank you very much, Jim, and thank all of you for being here. You're here at a subject that is near and dear to my heart and that is also Majority Leader Tom Daschle, and if all Republicans and Democrats got as long as well as Tom Daschle and Tommy Thompson, we wouldn't have this conference, we would have solved the problem a couple of years ago, so let me start with that phrase.

First off, I believe very strongly that 2009 is going to be the biggest transformational year any of us in this room or anybody across America has ever seen for health care. Why do I say that? All the stars are coming together to make 2009 the most important year for the transformation of health care. First off, Medicare is going broke. 2012 Medicare doesn't any longer have any excess money to go into the Treasury.

There will be less money in the Medicare fund in order to pay the bills. That requires an immediate fix. We wrote into the Medicare Modernization Act that we passed when I was secretary, that president of the United States had a number of days, 90 days, in which he had to put in a fix it bill after the state of the union. So the president of the United States,

whoever he is, is going to have to make sure that he puts together a proposal to fix Medicare, early in the session of 2009. That's number one.

Number two, SCHIP goals is the fix it SCHIP program terminates on March 31st, 2009. You either have to have a continuing resolution or a fix it bill on SCHIP. So those are two big things that require immediate action for the 2009 session. Then you look at two areas that there's bipartisan agreement, two areas that there are two major platforms that take up 75-percent of the cost of health care. The first one is chronic illnesses.

If you look at both the Democratic platform and the Republican platform, you will find that there is a bipartisan support developing, not the issue, the issue is there, that's got bipartisan support, maybe how it affects is it isn't, but disease management under that platform, you have disease management and you have wellness.

That takes up 75-percent because all you doctors know that's where the major costs of health care, 75-percent. So there's bipartisan support. There's very, very many individuals in Congress that's working on this, and across America, there's several coalitions, including Majority Leader Daschle that's looking at some kind of fix it bill as far as wellness and prevention.

The second platform that is going to be taken up immediately, and also came close to having bipartisan support and was almost ready to be passed this year as well as last year with Republicans and Democrats, and that's IT, and under that rubric, under that platform, is e-prescribing and electronic medical records.

So when you put all this together, you can see that 2009 is going to be the year of transformation of health care in America, and you can see the rallying around, and you will see bipartisan support for wellness and prevention, as well as IT, and that is going to be the basis, I think, for a bipartisan bill in Congress at the beginning of the session, or early on in this 2009 session.

JIM BARNES: Senator Daschle, how do you see it?

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Well, Jim, I think Tommy has really put his finger on a lot of the key pieces of this and I agree with him. I think that the two of us could probably resolve a lot of this working together. I have such admiration for him, and those of you who have known his work know the reasons why, but I would not disagree at all with what he has said so far.

What I would hope we could do, in addition to what he has suggested, is that agree that universal coverage is something that ought to be a goal that Republicans and Democrats can support. That finding a way to cover all

Americans is something whose time has come. I hope we could agree on that.

I hope we could agree on a framework within which we do that. Whether or not it's pooling and taking into account the pooling risks that have to be addressed as we consider that part of the population, but that too, that framework within which we reach universal coverage is something that I hope we can find some common ground.

I also hope that we could even come to the conclusion as to what the problems are, and attempt to address the problems based on some of the ideas that Tommy has already suggested. We have serious cost problems that have to be addressed. What are the ways that we can do so successfully, what are the common ground solutions to addressing cost?

I think that wellness is part of it. I think that the way we deal with chronic care management has to be part of it. Having a medical home is part of it. I hope we could agree on payment reform as part of it. That needs to be on the table, and I think there is some common ground solutions to those approaches that need to be considered.

The second is access, and I've already talked about that. Can we find a way to encourage, and ultimately perhaps even mandate, that everybody be part of the system? And then third is quality. We have serious quality issues that have to

be addressed. Can we agree, for example, on best practices in improving quality?

I would think we could if we presented it right. Could we agree that more transparency is required? We have the least transparent of all the sectors in our economy in health care today and that has to be addressed. So, transparency, best practices, improvements in quality, along with costs and access, are all opportunities for common ground, but I think you start where Tommy described.

JIM BARNES: Senator Daschle raised the M word, mandates. Are there mandates, governor -

FORMER GOV. TOMMY THOMPSON (R-WIS.): I didn't hear him say that.

JIM BARNES: I think point two, there was -

FORMER GOV. TOMMY THOMPSON (R-WIS.): Well, he said- no, he said universal coverage. Is that what you're talking about?

JIM BARNES: Well, I thought I heard him use the word mandate.

FORMER GOV. TOMMY THOMPSON (R-WIS.): I don't hear very well, so- [laughter]. [Interposing] whatever you want to call it.

JIM BARNES: In any event, I mean, do you think that there are any mandates that Republicans could agree with?

FORMER GOV. TOMMY THOMPSON (R-WIS.): Well, absolutely. I mean, you're going to— you may have to disguise the word [laughter], but let's be honest, I think the Democratic Party and Senator Obama is Democrat heavy. I call that the fact that there's going to be overly reliance on the government mandates. I call the Republican, Republican light.

You can't have a government fixture affixed to the health care system completely, and you can't have the free enterprise system do it. There's going to have to be a— and as soon as the election's over, you're going to see, whoever's elected, that's where Tom and I would differ as to who that person's going to be.

But you're going to see a convergence, and you're going to see, you're going to have some mandates, you're going to have to have some government involvement to fix this problem, and you're going to have to have the free enterprise system, and that's where it's going to go.

We could argue until the cows come home until the election day that there'll be no mandates out of the Republican side and that there will be ubiquitous coverage on the Democratic side, but the truth of the matter is you're going to have to. If you're going to get this thing solved, and I'm for solving it, you're going to have to have some give and take and you're going to have to have a convergence of the two and you're going to have to have some mandates and some government

involvement in order to fix it. It just will not happen without it.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Maybe the term of choice ought to be individual responsibility. But in some way, there has to be, if health care is in some form a right, whether it's a moral or a legal right, it also has to come with some responsibility, and we all have to live up to that responsibility, and that's really— I agree with Tommy, I don't know that there's any specific way with which to delineate just how that's going to happen, but if we're serious about trying to achieve this, having everything on the table at least as discussable items seems to me to be the best way to find out where the common ground lies.

JIM BARNES: Senator Daschle, there an awful lot of doctors in the house here, and as you can imagine, a big issue of concern to them is medical liability and malpractice issues. Earlier today we heard from Dr. Irwin Redlener who spoke on behalf of the Obama campaign, and I think I heard him talk about the option of some out of court arbitration options to deal with medical malpractice, liability issues. I mean, is there some place, this has been an issue that has really divided Democrats and Republicans. Is there some area of common ground here that we can find here?

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Well, first I should probably emphasize, Jim, that I'm speaking

today at this venue totally on my own. I'm not speaking for Senator Obama or the campaign, and I want to make that abundantly clear.

Having said that, I think that it's very important for us to take chapters out of what we know works. If we look at the FAA, the Federal Aviation Administration, and how it is that we have such a great safety record in aviation, in large measure it's because we use best practices and we have complete transparency. I mean, if a plane crashes today, within months, we know exactly what happened and why. Unfortunately, because 98,000 people die of medical mistakes, we have absolutely no appreciation of why and how it is we need to solve it.

So I think we need to employ best practices and a lot more transparency, and I would say that if doctors would subscribe to best practices, and we have that transparency, the next step is to give them safe harbor. The next step is to give them the immunity from lawsuits so that they can cooperate and be part of the system to improve the safety record, rather than to do what is happening now; to keep it all so opaque and so unclear as to how we fix the problems that we know exist.

So I would support that. I would support a health court where we resolve these matters, and a creation of a compensation fund to deal with those who are ultimately unfortunately victims of whatever circumstances develop, but that safe harbor would be key in creating the kind of best

practices transparent approach to good health that we've needed in our system for a long time.

FORMER GOV. TOMMY THOMPSON (R-WIS.): I would like to— now this is getting bad. We agree on everything, but the truth of the matter is, he's right. We do need some kind of health court or arbitration. Doctors ask me all the time, why can't we get a cap on it? I support a cap. I got a cap on when I was governor of the state of Wisconsin and a cap does work, but I tell doctors, I say until you're willing to play the game like trial lawyers, you're going to continue to lose.

What do I mean by that? Well, the doctors come to Washington one day of the year with their white smocks on and the congressmen and the senators bring them into their office and pat them on the head, give them coffee and cookies and say what a great job you're doing, you go back to Omaha and practice medicine.

Trial lawyer picks you up at the airport when you come in to the airport, they take you— they drive you home, take out your garbage, date your daughter and son [laughter] and knock on the doors and get you elected. Now who in the hell are you going to vote for when the bill comes down the pike?

So it's obvious that doctors have got to learn how to play the game, and you haven't played the game, and so if you're ever going to get involved to get caps, you're going to

have to play the game better, and trial lawyers are able to do that much more effectively.

But saying all that, caps do work, you can win on caps, but it's going to be very difficult to pass in the Congress. Therefore you have to go and say what is doable? Well, arbitration is doable and arbitration, coupled with transparency and quality, are winners. All three of them are winners, and you should be able to put together a bipartisan package that will get that through.

JIM BARNES: Governor, just staying with you for a minute. You mentioned your experience in Wisconsin. Are there things that can inform Washington; examples of things that have been happening out in states that you believe can help bring our consensus ideas for –

FORMER GOV. TOMMY THOMPSON (R-WIS.): Oh sure. I mean, I'm a big believe in the laboratories of states coming in with things, but mainly in the line of Medicaid. We all have to come to a conclusion, and nobody in this room, or anybody up here can really get away from the fact that the big 800 pound gorilla, the failure of health care in America, is the way Medicare is structured.

Medicare is a cornerstone of our health care system. It's big, it's bureaucratic, and it's expensive, and the truth of the matter is, most of the decisions that come out of CMS go

into insurance companies' decisions on payments and also go so far as quality is concerned.

So if we're going to fix the health care system, we have to address Medicare and we cannot afford individual states coming in because this is a federal program. You're going to have to address Medicare, and that is going to be the big 800 pound gorilla that Congress is going to have to address, you're going to have to address, we're going to have to address, if we're going to really cure and solve the health care crisis in America.

Now on Medicaid, there's some really nifty things going on. Florida's got a nifty program in which it's allowing a voucher program for individuals on Medicaid to buy insurance. Rhode Island has just come in with a program in which they're going to cap the Medicaid things. There's going to be many different ideas. Massachusetts has got a program of guaranteed access and covers everybody.

It's an expensive program, but it's at least an attempt to address the program. All of these can come to some type of fruition in Washington, but on Medicare, it's got to be a federal fix because it's so imminent and it is so ubiquitous and it's so absolutely necessary to absolutely control costs and fix the health care system in America.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Jim, could I just -

JIM BARNES: Yes, sir.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.): —
answer that too a little bit. I agree completely with what Tommy says, but I'd say the reverse is true too. He said you can't fix the system unless you fix Medicare and Medicaid, I don't think you can fix Medicare and Medicaid unless you fix the system. I think they are interrelated and it's impossible.

The Medicare and Medicaid systems are by far the largest components of our health care system, but they're just components, and they can be fixed and they have to be fixed, especially with the urgency that Tommy suggests, but I think unless we fix the larger system, we can't fix them with any degree of satisfaction, and so I think that realization has to be part of our mindset as we go into this.

I would also say that in addition to the things he said with regard to states, that the Massachusetts experiment seems to be working, and one of the pieces of that that is especially appealing to me is the so-called connector, the concept of a health board. A recognition that we've got to move out of the daily effort Congress makes with increasing lack of success and confidence about managing our health care system.

We can't continue to assume that Congress has the capacity to manage, because it isn't working, and it's only going to get worse. And unless we delegate that responsibility in an effective way to a Federal Reserve like system or a

connector system, we're never going to get the framework right, and if we don't get the framework right, my sense is we'll never get the policy right, and certainly the implementation of the policy.

And so, getting the architecture right is so critical, and it seems to me we don't put the emphasis on that because it's not as palpable, we haven't had as much familiarity with it, but it has to be done. Framework and architecture is as important as policy itself, and I can't emphasize that point enough.

JIM BARNES: As Tom Daschle wrote in his book, *Critical: What we can do about the Health Care Crisis*. There's still a copy in the Borders of the Orlando Airport if any of you want to run out and get it. [Laughter].

"Professional expertise and trustworthiness, these are qualities that Congress lacks when it comes to health care." That is a pretty tough indictment from somebody who served there for decades such as yourself. I mean, when I read that, I began to wonder, well, why would should we expect Congress to get anything right on health care if it lacks those basic qualities?

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):
Well, I think it's important for Congress to do what it can do right, and I think that is setting out policy goals and the overall framework within which we look at any issue. But just

as we've seen, dramatically, without monetary crisis right now, can you imagine if it were up to Congress to manage what was going on for these last several days? We aren't equipped to do that.

That isn't what Congress does, and I don't think it's any more appropriate to assume that Congress has the ability to manage this \$2 trillion plus economic sector, any better than it would our monetary system, or anything else for that matter; aviation. We really have, in part because of the complexity, in part because of the tremendous political pressures; we saw that just recently with physician payment compensation, the legislative effort to try to address that.

We've seen it with any one of a number of things. The pressures and the extraordinary complexity alone and requiring almost day to day attention, is just not something Congress has the capacity to do. And as one who served there for 26 years, I can tell you it's getting worse, not better. So it really is important for us to figure out that framework and to find somebody who can do that and build the confidence level a lot higher than it is right now.

JIM BARNES: The last time Washington attempted to do a major health care reform, obviously 1993, 1994, with the Clinton health care effort. I'm wondering, I'd like to hear from both of you, just what you think has changed since then in

terms of both opportunities and obstacles for reform? Either one of you want to governor?

FORMER GOV. TOMMY THOMPSON (R-WIS.): 9/11, AIG, Fannie Mae, Freddie Mac, the demise of Merrill Lynch, the fact that General Motors used to be a Fortune 5 company in the world is now a Fortune 500 barely. It's market cap is as low as it was in 1954. \$5.5 billion of General Motors goes for the purchase of health care, more than what they purchase for steel. Health care is going up at 8.5 to 9.5-percent a year. It's \$2.4 trillion, 16-percent of the gross national product. In five years it'll be \$4.6 trillion, 21-percent of the gross national product.

It's impossible for America's economy to contend and to build and to compete if we allow it to get to \$4.6 trillion and 21-percent of the gross national product. The fact that SCHIP expires on March 31st, the fact that Medicare, right now our gross national product in America is \$13 trillion, the unfunded liability of Medicare over the next 75 years is \$68 trillion. Incomprehensible, impossible to maintain, and you look at that and you say, why not?

That's why 2009 is the year, and all the stars are pointed in that direction, and 2009— and that's the big difference that it was when Hillary Clinton and President Clinton tried to pass health care reform.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.): I agree with absolutely every word, I would just put it in a slightly different context. You look at cost; we started at \$3,400 and we took it up the last time. We're at \$8,000 now; we're going to go to \$15,000 if we do nothing within a decade. So, the cost situation has gotten far worse. We spent more on health care than the entire gross domestic product of the country of Italy today.

Business spends more on health care than the entire health care budget in the country of Germany today. So costs are going through the roof. They're astronomical, and they're only going to get worse. Access; we're now at 45 to 47 million uninsured, but that's just the tip of the iceberg. Of those who are insured, somewhere around 40 to 45-percent aren't getting the care they need even though they're insured, and we have a primary care shortage in this country.

You can go on and on. We have about 60-percent of the people in this country that have absolutely no access to mental health care, so there are a lot of health care issues that are exacerbated and then some, over the course of the last 15 years and then finally, quality.

Outcomes are going down. It's getting worse, not better. We're now- if you believe the World Health Organization, and some don't, but if you do, we're 37th, right

below Costa Rica and right above Slovenia in terms of overall outcomes, and that ought to embarrass us all.

FORMER GOV. TOMMY THOMPSON (R-WIS.): And the final thing is, is that Starbucks spends more on health care than coffee. Right there it tells you the whole story. [Laughter].

JIM BARNES: It seems to me what you were saying is the problem's gotten so bad we just have to deal with, but -

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):
Not only that, Jim, but the important point is not that it's gotten so bad, but some people still assume that the safe position is still to do nothing. I think that is by far the riskiest position. To do absolutely nothing is by far a doom and gloom approach that is going to catch up with us just as Wall Street is dealing with the problems today.

FORMER GOV. TOMMY THOMPSON (R-WIS.): And you just take a look at- just put it in your own mind, Medicare in 2012 no longer has any excess money coming in. You've seen the turmoil that you doctors have gone through when they were talking about cutting your payments by 4.5-percent.

2012, ladies and gentlemen, is only three years away. That is going to be peanuts if we do not fix Medicare immediately. Medicare has the ability of collapsing the system; the total system. And if you believe like I do, that the health care system in America is worth saving, we got to do

it and we got to do it now, and we got to do the things that both the Majority Leader Tom Daschle and I are talking about.

JIM BARNES: Well, how do we do it? What do you think is the best way? I mean, is a comprehensive reform model the best way to go, or is the best way to go; we're going to have to do SCHIP, let's get SCHIP done. Let's get legislation on things that we know we can agree with like medical technology, like maybe transparency, some of these other, wellness, prevention. Is an incremental approach the best way, or does it have to be, by necessity, a big reform?

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Well, all these components are so interrelated. You can't just isolate them out. I would like to think that enactment has to be comprehensive, but implementation has to be incremental. That is, I don't think you can enact and implement everything immediately. It has to be a step by step approach.

We're changing a significant portion of the economy, but we have to do it in a rational thoughtful way, but I think the enactment of that framework has to be the basis upon which you began the implementation, so I would say they're not mutually exclusive, but certainly you've got to understand the extraordinary— you can't deal with cost containment without dealing with access.

You can't deal with access and cost containment without affecting quality. They all have to be part of the solution,

or isolating these things will only exacerbate other problems that would have unintended consequences, were we to try to bring them out.

FORMER GOV. TOMMY THOMPSON (R-WIS.): I agree pretty much with what Tom says. We're going to differ on this point, and that's— the point is on Medicare. The overall needs of the health care system needs a global approach, just as Tom has pointed out, and I totally agree with him. The problem is, if we go at piece meal, it's going to give Congress to have an escape, to postpone it. We'll pass an IT bill and then we'll say well, we'll get the quality next session. We did our health care. This is what we did on Medicare modernization.

I can tell you a story about how when I left the White House and tried to get the president to go on health care. It was my friend Karl Rove who said, "We did Medicare last year, we're not going to do health care, we're going to do social security." That's the thinking that once you do something, we can postpone it, it's not going to get any worse. It is so bad, we have to holistically take a look at it.

My only difference with Tom is on Medicare. I don't believe Congress has got the capabilities of dealing with Medicare. As I pointed out, Medicare is a huge problem. It's going broke in the year 2012, and you're going to have some tremendously tough decisions, and I can't imagine either a

Democrat or Republican saying well, we're going to means test Medicare.

We're going to have to— it's going to have to be on the table. You're going to have to increase the ages. It's going to have to be on the table at least as it relates to social security. We increase the ages for social security, you're going to have to do that.

On benefits, we're not going to be able to have every new technology, every new drug, compensated at 100-percent in Medicare, because it's so broke and the costs are so much. And therefore, I think the only way to fix Medicare is to have an equal number of Republicans, an equal number of Democrats, like a base closing commission to sit down, make these tough decisions, and allow Congress to vote it up or down, one vote without amending it.

I really think that's the only way in the cards, because I can't imagine a Democrat or Republican going back to their district and saying hey, I voted for means testing. Oh, I voted to increase the age. Or oh, I voted to reduce benefits. That's not in a politicians armoire to do that. That's why I think you have to have an independent commission in order to fix Medicare.

JIM BARNES: Well, if we have a big comprehensive approach, if that's what's required, do you see then that the parties themselves have really, I mean, you two maybe could

hammer it out and get something done, but there's a lot of other people who are going to have to agree on this, a lot of other Republicans, a lot of other Democrats.

FORMER GOV. TOMMY THOMPSON (R-WIS.): Why? [Laughter].

JIM BARNES: It strikes me that if you're going to be able to achieve that, then you have to assume that the philosophical differences between the two parties have narrowed enough to get comprehensive reform. It doesn't seem to me that you can have a big comprehensive package or tell me how you could have a big comprehensive package, if there's still a real philosophical divide between the two parties on this issue?

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Well, I don't think you can, obviously, but I'm hoping, and betting, that with leadership as we know it could be, that you could really bring sides together. I mean that this is only going to happen if one of two things happen; first, if there's a crisis of the magnitude we're seeing today on Wall Street where everybody is just driven in a crisis driven environment to say oh my God, we've got to fix this now.

Short of that, it's going to take leadership. It's only crisis or leadership that drive public policy decisions of the magnitude we're talking about, but we've seen leadership effectively in the past bring people together, and that's in part I hope what this conference is about and other efforts that are under way. It's what Tommy talks about on the road,

and we've had other venues where we've attempted to suggest ways with which the two sides can come together.

I'm working with former majority leaders on both sides at the BPC to do that. So there are a lot of efforts under way, outside and inside government, to see what ways there may be to build that coalition and that common ground that avoids the challenge that you rightfully point out. I think it can be done with leadership.

JIM BARNES: Do you believe that when we talk about a bipartisan solution, that we're talking about a solution that is broadly bipartisan, or are we talking about a solution that gets you just to 16 votes in the United States?

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.): It should be our goal to look for broad bipartisan solutions. It should be our goal to do that, and the things that you've heard us talk about today, I think are at least candidates for that possibility. Now, there's a difference between consensus and unanimity.

We will never be unanimous, but I would hope we would be unanimous about one thing, and that is we can't allow, whether you're on the right or the left to make the perfect the enemy of the good. I think we lost in part in the mid '90s because there were those who did that, who felt that the perfect was the ultimate goal and we couldn't come off of it. I'm not holding fingers, I'm not holding anybody personally

accountable, but we can't allow the perfect to be the enemy of the good here, or we're not going to get it done.

FORMER GOV. TOMMY THOMPSON (R-WIS.): And we have to get it done. I mean, it's an immediate, it's an emergency. Congress does the best work when they got their back against the wall, when there's an emergency, and it's an emergency. And you don't have to go too far. You got the National Association of Manufacturers at the end of the day, got up here and said they've changed their position. Didn't they? They said that they believe there has to be some sort of managed coverage.

JIM BARNES: I believe we had both Governor Engler and Andy Stern say we could go with an individual mandate.

FORMER GOV. TOMMY THOMPSON (R-WIS.): You got labor unions that are united about— the number one issue for labor unions is to fix the health care system because they're sick and tired of giving away in negotiations, more co-pays on health care. They want to get back to arguing about money.

I mean, salaries and wages, not give backs. So you got labor unions, you got big business, you got small business. Merchants on Main Street, U.S.A, that can't cover their employees and one of the biggest fixed cost for their small business to stay in business is getting health coverage for themselves and their family. You got farmers all over America.

When I'm telling you, it's ubiquitous from small to large, that people are concerned about health care coverage in America. And as I indicated using the automotive sector, we're non competitive internationally, and we're going to get less competitive in the future. It really goes to the basic economic capitalist system we have if we're going to compete internationally if we're going to pay 21-percent of our gross national product on health care, and China's paying 2.5-percent. We're going to lose out, ladies and gentlemen. We're not going to sell.

And every country is spending a lot less than we are in the United States. That's why it is crucial for us to fix this problem. It requires Democrats and Republicans together to put aside their partisan differences and say on this subject, we need to come together and we need to do it for the good of our country. And there's so many things out there, I really think that 2009 is going to be the best year that Congress has ever seen. I only wish that Tom Daschle was still in the majority leader, I would even vote for him. [Laughter].

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

You heard it here.

JIM BARNES: Well, with that, I'd like to get some views or questions that any of you all have. If we could wait for— I think there's a microphone coming around. Right, yes, sir?

BRYAN PARSLEY: Hi. I'm Bryan Parsley [misspelled?] from Houston, orthopedic surgeon. Question still, I couldn't agree with you gentlemen any more than you have already said, but the point still is, is with all the economic crises that you both brought up in your conversations, I think moves health care down to a much lower tier on the system.

So when are they ever going to get to it? You talked, Mr. Thompson, you talked about the fact that we're in a crisis mode, but we haven't heard that consistently throughout the day today, or we haven't heard that consistency throughout the press.

We heard it from you, and I think you framed it very, very well, but the fact of the matter is, is we have economic issues that are critical in our environment today that weren't even there a year ago, so where do we fall?

FORMER GOV. TOMMY THOMPSON (R-WIS.): The difference, sir, is this; Speaker Pelosi has indicated to people on Capitol Hill that we're not going to take up an information technology bill on health care this session, but it's going to be one of the first bills next session. As I indicated in my opening remarks, the president is under federal law, under the Medical Monitorization Act, has got to put a fix it bill in front of Congress on Medicare.

SCHIP, March 31st, is the end of SCHIP. Congress cannot allow SCHIP to stop. Now, they could pass a simple

resolution, but all the things are starting to come together for action, and Henry Waxman wants to do something, John Dingell wants to do something on health care. There are very powerful chairman in their committees in the House.

You heard Senator Wyden. He's got bipartisan support with Senator Bennett; they're going to put the Healthy American Act. I don't particularly subscribe to that, but it certainly is a base by which to build from.

All I'm telling you, all the stars are pointed up, and 2009, pointed in the right direction, the right time, for health care to be front and center.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

The only thing, and I agree, it won't surprise you I guess that I agree with everything said on that, but I would just add that I think this is more than a health issue now. We used to look at it as a health issue. Now it is a huge economic issue. This is a huge part of whether or not we're going to survive economically in this country, and it's a huge competitiveness issue. It's how we're going to be positioned as we look to our challenges around the world.

This is no longer just a health issue, and I think it's very important for those of us who really want to see this happen, to understand the intricate relationship between the economics and the international competitiveness aspects of this

and say, don't think of this any longer as a health issue alone, because it is now.

JIM BARNES: Right. Gentlemen, over here on our left.

WAYNE STRAUSS: Hi. My name's Wayne Strauss [misspelled?], I'm a family physician in upstate rural New York where we have some of the freshest produce and the poorest people in New York State. I actually agree with a lot of what you said, although I think the timeframe, as much as you think it's going to happen this year, I agree with you.

I think Congress does its only work maybe when its back's against the wall, and I think we're still getting its attention, and my guess is when we get to 100 million uninsured, there will suddenly be enough of a cry that somebody will take notice.

The question I have totally- well, bit of a different topic. I'm hearing some wonderful things like medical homes and preventative health care and things like that. All of that's going to require a number of primary care doctors, people like me. We don't have enough of them right now.

I haven't heard much of how we're going to do anything about that. I think if we're still just hoping that people are going to come from the hinterlands and become primary care doctors, without giving them the incentive or the pay that they deserve, we're going to be giving people the money, the

insurance, but we won't have a marketplace for them to spend it in.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Well, I think, you put your finger on the word, and it is incentive. I mean, we see a precipitous decline in the number of students who are learning to be good primary care physicians, and that in part is a status issue. We've got to create a new status for primary care providers, number one.

I think we have to create a lot of new incentives for doctors who ought to stay in primary care and family medicine, number two. Third, I think we've got to recreate our incentives within the insurance so that people feel they can go without having 100-percent of their costs be out of pocket.

I think we can create a system of incentives that can really make a big difference, but in addition to that, and I don't expect you necessarily to agree with this, I also think we got to give more roles to other providers, nurse practitioners, physician's assistants, other who can fill that gap until we can do a better job of recruiting the physicians we needed in the first place.

FORMER GOV. TOMMY THOMPSON (R-WIS.): Doctor, first, let me thank you for your job. Both Tom and I, rural areas, rural New York, we're in the same ballpark, and I thank you for what you're doing. I disagree with you by saying that it's not— you disagreed with me that it's not going to take place, I

disagree with you. You say it's got to wait until we get to 100 million, well, if you add the underinsured, we're at 72 million.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Exactly.

FORMER GOV. TOMMY THOMPSON (R-WIS.): So, it's a crisis, and it's going to happen, and you and I can argue that until the cows come home.

Let me address family practice, because that's one of my passions. I was— when I was in a legislature back in 1967 I passed a First Family Practice Act in the state of Wisconsin. I think we're one of the first medical schools who set up a department of family practice. The reason I did that is to get family docs into rural Wisconsin, so I'm very much in favor of you.

The problem we have with family docs is, is that when you go to medical school, you come out of medical school, if you're going to be a GP or an internist, you're going to have \$198,000 in loans, and you're going to start out making \$125,000. Does that make any sense at all? Now, if you're smart, and you're supposed to have straight As to get into medical school, except for handwriting [laughter] you're not going to go into that.

You go into medical school with the idea you want to become a family doc, or an internist, but you get there, you

look at the economics, you get out of it. What we have to do is we have to change the reimbursement formula. We have to get into wellness and prevention, and this is a big thing that a lot of companies are starting to get involved in.

I'm associated with one right in the back of the room, U.S. Preventive Medicine that is doing this. You're going to have— if Tom Daschle can get a plug from you for his book, I can put in a plug of mine.

JIM BARNES: Certainly. [Laughs].

FORMER GOV. TOMMY THOMPSON (R-WIS.): All right. But, what you're going to have to do, you've got to change the reimbursement formula. We got to put some real strong emphasis on wellness and prevention. We're going to have to change the reimbursement formula so you can spend some time with your clients, with your patients. You have an average right now of nine minutes. How in the hell can you diagnose me in nine minutes? You can't.

And you're going to have to be able to have some kind of reimbursement for you. Those are the reasons, and those are the kinds of quality things that we as policy makers have got to build into the system so that we can get you, nurse practitioners, nurses, to go to medical school and go to nursing school and be able to handle the needs.

Gerontology's another one, huge shortage, and we got to address this as a country, and the way to do that is through

money. Money cures a lot of problems, and one of the things is to take care of some of your loans. If you're going to go into family practice, maybe instead of giving you \$200,000 in loans at the end of the year, if you become a family doc, we pay some of those off over a period of years? [Applause].

JIM BARNES: I think we got a question over here to the right.

LINDA BARRY: Hi. My name is Linda Barry [misspelled?], I'm not an orthopedic surgeon or a generalist, I'm a neurosurgeon— I am a good old general surgeon, and I also have a specialty in liver surgery. I'm in San Francisco, not that far out of my training, so I've been in private, I've been in managed care, I've been in the county sector, and we've heard about all of the role that we have to do.

You have the politicians, we have the practitioners, we have insurance, but what about the patients? I've seen those who are almost too educated. I have a young woman; she's never had a breast exam more or less a sonogram. She wants an MRI. She doesn't feel that cost.

I say no, she goes to another doctor who orders the MRI. Then I have the one who's poor. They are trying to make ends meet, and so when we talk about opening the insurance to people so that they can buy it, what is the incentive for that person to buy it if they feel okay and they're not sick?

The way we meet patients is when they're ill. That's our first encounter. Even to get a health exam, when's the last time someone had a physical? We used to call it annual physicals. That's a cost that people are not willing to pay, and I am so passionate about medicine and so passionate about taking care of patients, but when I'm more invested in their care than they are, I think when we talk about controlling costs, we have to have— how do we get those people involved because they stir part of it. And we do this defensive medicine; we don't want to be sued. I haven't been sued yet, but I understand everyone's fear because I come from a family of lawyers so— [laughter].

So my question is, this whole question is, this whole dialogue does not include the people who we are treating, and I think that's why it's not part of the huge dialogue in the agenda. When we talk about it, the economy's number one because there are 401(k)s and now a 201(k).

So [laughter], I ask you, let's incorporate those people in a dialogue because I think they help— there is a very intimate relationship between a doctor and patient, but the patient— truly, we talk about them as consumers, but they're not. They don't feel the burden of the cost, and they will go out and insure their car, but not their house.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.): I guess I disagree with you a little bit. Let me start where I

agree and then I'll move to where I disagree. I certainly believe that we have to involve the patient. This has to be, I mean, what is our goal? It seems to me, we ought to create a health care system based on value to the patient and value means better access, better quality at less cost, and that to me is our challenge here. It's how do we create that value for the patient?

But I would disagree with regard to at least part of what you said involving that patient because I know of a lot of people who have had to declare bankruptcy because health costs are so high, who can't get health care because they can't afford the insurance that would access the system, that are forced into an emergency room and are humiliated in the process.

I mean, there are a lot of people who pay a pretty high price and are very cognizant of our system and the fact that it doesn't work very well today. And so, I think that that being understood, I think there are still ways to make it more rational for the patient, as well as for the provider, and that is to make sure we all understand whose responsibility it is and what those are delineated.

And that's why I feel we've got to put more emphasis on individual responsibility and describe what that means. There are carrots and sticks to achieve individual responsibility,

but that has to be part of the mix if we're going to get to the proper description of what real value is.

FORMER GOV. TOMMY THOMPSON (R-WIS.): It's really getting bad when Tom and I team up together and disagree with a questioner, [laughter], but I disagree with you too because the whole day has been around patients. Patients may not have been the one that has been spoken about; but wellness, prevention, adherence to drugs, trying to have individual responsibility, trying to get reimbursement [inaudible], more time to spend with the patient, all of these things really are directly patient centric.

We have to have the patient's involved in order to solve the program and the problem, but it really are the individuals in this room that have a stake in it that really are going to help drive the system. You're not going to get patients to march on Washington really to fix the health care system right now, but this kind of a group will, and hopefully we'll contact their congressman and their United States senator.

So I really think at the heart of all that we've been talking about today, the patient is front and center. We want you doctors to have the ability and the opportunity to spend time with your patient, take care of the patient, we want you doctors in order to try and instruct and educate patients in order to take care of themselves better. We want you to

instruct about wellness and prevention, all of these things. We may not be mentioning patients directly, but indirectly, we are really got patients front and center.

LINDA BARRY: [Inaudible] I know you have patients front and center; I just wanted the speakers to know that what we're doing here.

FORMER GOV. TOMMY THOMPSON (R-WIS.): No.

LINDA BARRY: Hear what I'm saying? Okay? Because I know. I've taken care of the patient who has no insurance -

FORMER GOV. TOMMY THOMPSON (R-WIS.): And I thank you for it.

LINDA BARRY: - gets in a car accident, and then they are bankrupt -

FORMER GOV. TOMMY THOMPSON (R-WIS.): Yes.

LINDA BARRY:- because they did not think this would happen. So, what I'm saying is, I know we have patients in our foremost, I mean, we wouldn't be here, but what I'm saying, I don't think what our agenda here is in the media's eye. It's like the bottom line in *The New York Times*, and it just doesn't- this whole concept, I think we feel it more because we live it day to day, and I just feel like I went on CNN yesterday, and this whole conference wasn't even mentioned.

And so, that's what I'm saying. I feel like what we do, and the urgency of now, is not getting translated. I

agree, I'm not against that, I just wanted just to kind of put that forth.

FORMER GOV. TOMMY THOMPSON (R-WIS.): Thank you.

JIM BARNES: Okay. Let's get the gentleman right here.

MALE SPEAKER: I've heard today we've managed to pull off the nifty trick of spending twice as much as any other country in the world to get a health care system that's marginally better than Slovenia. The question for both of you is how did that happen? Are we just that much stupider than the rest of the world, or is there something special about the American political system, the American culture, that's led to this extraordinarily expensive system?

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Well, I mean, you could talk about how we got here for the rest of the evening. I think that the problem is, if I could go back to my admonition about framework, we just need a better governance framework for our health care system. Most every other country that has addressed these issues, not to anyone's satisfaction within the countries that they serve, but have found ways to address framework, and I think that is so important for us. We know what has to be done.

We just need now the architecture, the infrastructure, to create that framework that allows us to address the fact that we pay more than anybody else, and we're not getting the

outcomes that we should be, given all that we're putting into our health care system today.

That can happen, and all the things that we've talked about this last hour, are pieces for making that work better than it works today.

FORMER GOV. TOMMY THOMPSON (R-WIS.): Sir, I just came back from France where I spoke last week with 26 other health ministers from all over the European community. Every one of the health ministers was asking what about America? And it was amazing to me that every health care system in Europe at least, has got some severe problems. Germany, France, England, Spain, nobody's happy with their health care system. And so what I'm here to tell you is that we just can't say well, let's adopt the European system and that'll make us better, it's not going to.

The second thing is, I happen to think the health care system in America is pretty damn good. I think you doctors do a wonderful job. You know, you make mistakes, but who doesn't? But there's some ways that we can fix it.

E-prescribing; there's no reason why we shouldn't behaving doctors e-prescribe. Only eight-percent of the scripts are e-prescribed, 92-percent are still in handwriting, and I don't know about you, but doctor's handwritings has not improved very much in the last 50 years, and one out of five

scripts are rejected at the pharmacist, or it's got to be corrected, huge costs.

I mean, there's money in the system that we can fix, IT, having an electronic medical record. If you had a stroke here today, and we cartage you out here and your wife or your girlfriend or whoever was not with you and you want down the hospital— I don't know where you're from, went down to the local hospital, how long would the emergency room doc take to find out what was wrong with you? And the hours at least— he or she doesn't want you to do any harm to you, but the truth of the matter is, we should have an electronic medical record.

You can go to any place in the country, and you run out of money, what do you do? You go down to the ATM machine, I did that in St. Petersburg, and I still bank in Elroy, Wisconsin, population 1,500, so small you call somebody, get a wrong number, and still talk for a half an hour, but I got my money and my records. What I'm telling you is, is technology's there, technology can fix a lot, we can save some money, we can improve the system. We've got to do it and we've got to do it now.

JIM BARNES: On that upbeat note I'm afraid the organizers are going to have a stroke [laughter], if I don't adhere to some of our timelines. So, I'd like for us to give a nice applause to these two. [Applause]. Real pros when it comes to health care.

FORMER SENATE MAJORITY LEADER TOM DASCHLE (D-S.D.):

Thank you.

FORMER GOV. TOMMY THOMPSON (R-WIS.): Always lovely.

MALE SPEAKER: Thank you. Thank you very much, governor. Thank you very much, senator. Well, John Iglehart has had to catch a plane, so I'm not able to thank him for the moderating that he's done, but would you thank Jim Barnes?

[Applause]

Our goal was to have a conference that was balanced and which all the sides were treated with respect and in which we were looking for common ground, while respecting differences. I think John and Jim did a spectacular job in leading that. Don't you agree? [Applause].

Now, Paul and I couldn't have been more delighted with how things have gone, and everyone who has been working on this. I want to recognize one or two people. The Manhattan Institute gave us a tremendous amount of help. The pollster today was a Clinton pollster. As you may know, the Manhattan Institute is more a free market think-tank, but it was through their good offices that he came to us, as well as Reggie Herzlinger and David Gratzer, so thank you very much. If the Manhattan Institute people are still here, thank you.

[Applause].

We've had tremendous help from quite a few people, but I wanted to recognize in particular with the White House

Writers Group in the back in the corner; Helen Beckner who has been the overall organizer of this conference. [Applause]. And if Lauren Slepim [misspelled?], she may not be, but she's Helen's assistant and she did a spectacular job. They were quite a team.

We couldn't have had better partners than Paul and the *West Wing* writers. The White House Writers Group— got to know them when they were formed actually when one of their founders came and asked advice on how to set up a firm like ours, and we gave them quite a lot of advice, and I think we were more than paid back by the cooperation and all of the terrific work that Paul did. We wouldn't have had all sorts of speakers without his efforts and that of his colleagues, including of course Senator Obama's representative, and I just want to thank Paul so much. [Applause].

Well, that wraps it up. And if you've not already done so, please be sure to hand in both your participation survey form, your conference evaluation form, so we can include you in the input as we move forward. We appreciate all you've done in coming here, and we will be taking all that has been said and contributed here, and synthesizing it in the next few weeks and months in preparation for when Congress and the new administration take up these issues next year.

So, make sure we have your e-mail address and we will distribute the results once we've compiled them. If you don't

mind, if you don't have an e-mail, please go to the registration desk and they'll take, if we don't have it, they'll take your e-mail there.

Now, thank you so much. We set out to, as I said, have a balanced civil constructive discussion, and every person who's been here, every panelist and speaker, has appeared in that spirit. You've been terrific, I think we've really made some progress today. I've been surprised at the areas of agreement or potential agreement. You'll see that reflected in what we do from here out.

Thank you so much, and one last thing before I say goodbye; you may not realize it today, but look around the room at how many people— as many people as are in this room, we have been told as of four o'clock, that have watched this, have been watching this on the Internet. So, this has been quite a large gathering, thank you so much, good night. [Applause].

PAUL: And I just want to add my thanks to everyone. I really want to say thanks to our sponsors for making all of this possible, and thank you for making time to be here and for the passion that you bring to this every single day. We're encouraged by the last 24 hours, and I hope we can count on you maybe to join us again if we do more of these in this future, which this certainly encouraged us to do.

And we may have found a new speechwriter over here, 401, 201(k), that's pretty good. [laughter] I think I might

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have to- but thank you all, and have a safe trip home. Thanks.

[Applause].

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