

# Heritage Lectures

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## Conservative Principles of Health Care Reform: The Road Ahead

*The Honorable Michael B. Enzi*

I want to thank the Heritage Foundation for hosting this event. The topic today is “Conservative Principles of Health Care Reform: The Road Ahead,” but before I discuss the road that hopefully lies ahead, I would like to discuss the road we are on.

Today, our nation’s health care system travels a dead-end road. When I introduced 10 steps to reform our health care system almost two years ago,<sup>1</sup> I noted that because of our health care crisis, literally every American stood a heartbeat away from devastation. The problem has only worsened.

### The Problem

The state of our health care system poses the single greatest long-term domestic threat to America’s stability, and responsibly reforming this system poses the single greatest challenge to our nation’s policymakers in more than a generation. Two years ago, I said that we needed comprehensive health reform. And today, I say it again. I agree with President Obama, millions of Americans, and many lawmakers on both sides of the aisle: The time for reforming our health care system is now.

Our current rate of health care costs is simply unsustainable. Health insurance premiums for the average American family have nearly doubled since 2000. As a nation, our total spending on health care has more than doubled as a share of gross domestic product over the last 30 years. Health care economists agree that, absent reform, this trend will only accelerate over the coming decades.

### Talking Points

- Expanded health insurance coverage should give every American access to affordable, high-quality health insurance. Patient-focused care provides the highest quality and lowest cost.
- Demanding that insurers compete on price and value fosters competition, and better information about quality, price, and coverage in competing plans protects consumers.
- Appropriate government oversight of the marketplace protects individuals against abuses and helps to drive down costs.
- Subsidies to low-income Americans to help them purchase health insurance would provide more choices beyond simply expanding unsustainable entitlements like Medicaid.
- Reform must be fully paid for so that we do not increase our national deficit.
- If we maintain our current course and do nothing new, future entitlement obligations will grow, and people will pay even more while receiving less care.

This paper, in its entirety, can be found at:  
[www.heritage.org/Research/HealthCare/hl1124.cfm](http://www.heritage.org/Research/HealthCare/hl1124.cfm)

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(202) 546-4400 • [heritage.org](http://heritage.org)

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Spiraling costs are also forcing more employers to cut back or drop the health insurance coverage they offer to their employees. The United States currently has the largest percent of its population uninsured of any industrialized nation. And as recent unemployment numbers show a rise to nearly 9 percent, we are sure to face a growing number of uninsured in the coming months.

We are headed down this unsustainable path because most of the incentives built in to the current system are designed to raise costs. Both in the area of health insurance and in medical services, we currently operate under a system that promotes inefficiency, encourages waste, and invites fraud.

If we stay the course and do nothing new with our nation's health care system, we threaten the American Dream. Our future entitlement obligations will grow, people will pay even more money, and they will receive less care. They will have to fill out more forms and wait longer to get the tests and see the doctors they need to see. There will be fewer doctors, nurses, and health care professionals to take care of an increasing number of patients.

We must reform our health care system, and the time to act is now.

So both sides of the aisle agree on the problem. Now, to some people that might not seem like much, but when you consider the other policy issues being discussed like card check, global climate change, and enhanced interrogation techniques, sometimes agreeing on the problem is a bipartisan accomplishment in and of itself. So now let's talk about solutions.

## The Solutions

Let me be clear: I want to support a bipartisan health care reform bill. I also believe that it is possible to get broad bipartisan support behind such a bill. Republicans, Democrats, Independents, higher incomes, lower incomes—it doesn't matter. We all worry about health care, and if we are committed to finding real solutions, then we will find some that we can agree on.

There never has been a bill with as many moving parts that affect as many people. To get a workable solution, it will require the effort of every member of the Senate. If we can't come up with a plan that can garner the support of at least 75 or 80 Senators, this institution will not have the confidence of the American people, and the plan will fail.

I am working hard with the chairmen and ranking members and other key members of the relevant committees to see what we can achieve. I believe that such a bill would have the following elements.

*First*, it would expand health insurance coverage so that every American has access to affordable, high-quality health insurance. Most Republicans and Democrats can agree on basic reforms that will help lower the costs of health insurance and allow patients with pre-existing conditions to be able to buy insurance. There is much data and testimony that tells us that greater affordability and increased access are not mutually exclusive. More than that, the more we learn about the costs driving up our system, the more we recognize that if done correctly, greater access can drive down costs.

*Second*, the bill would use private plans to deliver the benefit. I believe that most Republicans and Democrats can agree that a patient-focused health care system will provide the highest quality and lowest cost when patients are able to choose among competing private plans. When patients can vote with their feet, insurance companies will be forced to deliver better quality care.

We have heard much debate about a public plan option, and we have heard Democrats recently begin to back away from a government-run plan. I believe that many of my colleagues are beginning to see that increasing the size and scope of government's role in health care and further squeezing a private marketplace will drive up costs and drive down quality every single time. As the public, the editorial boards, and reasonable people on both sides of the aisle continue to delve deeper into the practicality of a public option, I believe it will continue to recede further into the background.

1. See "10 Steps to Transform Health Care," office of Senator Mike Enzi, 2007, at [http://www.enzi.senate.gov/public/index.cfm?FuseAction=IssueStatements.View&Issue\\_id=6e29dde5-802a-23ad-479b-c55772dba56f](http://www.enzi.senate.gov/public/index.cfm?FuseAction=IssueStatements.View&Issue_id=6e29dde5-802a-23ad-479b-c55772dba56f) (June 8, 2009). The 10 steps are embodied in S. 1783, introduced by Senator Enzi on July 12, 2007.

*Third*, many Democrats and Republicans can agree to basic reforms that would foster an atmosphere of competition by demanding that insurers compete on price and value rather than providing the ability to pick lower-cost, lower-risk patients.

*Fourth*, a bipartisan bill would protect consumers by providing them with better information about quality, price, and the nature of coverage provided for in competing plans. One of the most common concerns I hear from people as I travel around my state of Wyoming is that they don't know what they are getting for their money until after they've already purchased it. There is no other private marketplace that works like that, and our health care system shouldn't either. Buying a car or a house sight and price unseen does not make any sense, so why should you be expected to pay for your health care that way?

*Fifth*, many Democrats and Republicans support an appropriate level of government oversight of the marketplace to protect individuals against abuses that sometimes occur in today's market. Such a change would also have a great, positive impact on driving down costs.

*Sixth*, a bipartisan health reform bill would provide subsidies to low-income Americans to give them the extra help they need to purchase health insurance. Many working Americans need help to purchase health insurance, and we should give them more choices beyond simply expanding unsustainable entitlement programs like Medicaid. Otherwise, we will continue to face the cost burdens of the uninsured showing up for treatment in the emergency room when it is most risky to their health, most difficult to treat, and most costly to the system.

*Finally*, such a bill must be fully paid for so that we do not increase our national deficit. I have spoken at length in the Senate about America's fiscal situation. It is my belief that our nation's credit card has reached its limit. The federal government debt is now more than \$11 trillion, and our nation's deficit stands at \$1.84 trillion. And the Obama Administration claims to be ushering in an era of responsibility.

We conservatives believe that the Obama budget has ushered in an era of taxing too much, borrowing

too much, and spending too much. The President's budget sets aside \$630 billion over ten years, which, according to the Administration, is "not sufficient to fully fund" health care but is the "first crucial step." For reform to go anywhere, it is imperative that this step be paid for in full.

So far, the Administration has floated the idea of reducing the amount of tax deduction allowable for charitable giving in the top marginal tax rate. This policy has been roundly criticized by Members on both sides of the aisle and by charities across the country as misguided, ill-timed, and simply a non-starter. And others have talked about an idea that must clearly be taken off the table in order to reach a bipartisan agreement on health reform. That is, we will not pay for health reform by enacting an onerous cap-and-tax on energy costs for the American people.

Also troubling in this quest to find a bipartisan way to finance health reform is the refusal from some on the other side to look at reforming the tax exclusion for employer-sponsored health insurance. If we are serious about reforming health care, we will revisit this policy that essentially fell into place during a time of wage controls in America as a way for employers to entice workers without raising wages.

If we are serious about health reform we will leave the tax exclusion on the table. The relevant committees are talking about reforms that will cost well in excess of \$1 trillion.

If we are serious about health care reform, we will get serious about finding bipartisan ways to reduce the spending in this bill, and we will get serious about finding bipartisan ways to raise the necessary revenues to meet that spending.

## Conclusion

Two things should have jumped out at you as I have outlined the challenges facing Congress in reforming our health care system. First, it is possible, and second, it is very difficult. My job as ranking member of the HELP (Health, Education, Labor, and Pensions) Committee and member of the Finance Committee is to work with my colleagues on both sides to ease the difficulties and work as hard as I can to achieve what's possible.

That is why I was so disappointed when reconciliation instructions were included in the budget for health care reform. I believe that if the Democrats choose to misuse reconciliation to attempt to reform health care, we will end up with one of the most devastating pieces of legislation to ever become law. I will work hard to oppose the misuse of the reconciliation process, and I will work hard to prevent a one-party process in which diverse viewpoints are shut out.

I have tried to do that during my time in the Senate. With my 80 percent rule, I focus on the possible and work on principles of common ground. I believe that people can agree on 80 percent of the issues 80 percent of the time, and if they leave out the other 20 percent, they can get a lot accomplished.

This has helped me to get things done in the Senate without compromising my core principles and

without worrying about the credit. This is hard work, and it is not always possible on every issue, but I believe the people of Wyoming sent me here to take on the difficult tasks and to find ways to achieve and to expand what's possible.

Ronald Reagan once said that, "the person who agrees with you 80 percent of the time is a friend and an ally—not a 20 percent traitor." As the process of health care reform continues, I will search out friends and allies. I believe I have them in this room, and I will have them in the halls of Congress as this debate heats up. I am committed to a meaningful process, and I am aware of the challenges that lie on the road ahead.

—*The Honorable Michael B. Enzi represents Wyoming in the U.S. Senate, where he serves as ranking member of the Committee on Health, Education, Labor, and Pensions and as a member of the Committees on Budget, Finance, and Small Business and Entrepreneurship.*