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## Taking Control of the Health Care Debate: Avoiding the Mistakes of the 1990s

*The Honorable John Shadegg, Robert E. Moffit, Ph.D.,  
Grace-Marie Turner, and Michael G. Franc*

**Abstract:** *The reason that America needs health care reform, and the reason that the cost of health care is going up dramatically faster than we can afford and faster than everything else in the economy, is that government has broken the system. The health care system we have today is a product of policy decisions that were made in the 1990s, but it is also true that the debate on those decisions was decisive in 1994 in effecting a political revolution. Today, with enactment of the Obama health care plan, conservatives once again have such an opportunity, but merely replicating the posture of the 1990s is not enough. They have to pursue an aggressive, consequential health care reform proposal that will positively affect the lives of millions of Americans. It is equally important that Members of Congress, who represent the American people, do their will and fix this program and at the same time preserve individual freedom and personal choice.*

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**MICHAEL G. FRANC:** Because of all this discussion about procedure and deeming and reconciliation and what's allowable and not allowable and the Byrd Rule, we've lost sight of what the current debate is really about: our health care system, which I think everyone across the ideological and political spectrum agrees is in major need of overhaul and reform to put it on the right track. So as we get to the end stages of this debate, we wanted to have a forum to remind people of the vision of what a health care system would look like if it were to adhere to the kind of principles that are advocated by The Heritage Foundation, the Galen Institute, and other right-of-center policy orga-

### Talking Points

- America has already decided as a society that nobody should go without care. The fight is about whether we are going to care for everybody by giving them individual choice or put them into a government-run program or, worse still, issue a mandate that says, "If you don't buy insurance, we're going to fine you."
- What would conservatives actually do? We are, to a large extent, where we are today because of a failure of both political imagination and political will.
- We have to begin a new approach. The American people want a step-by-step approach, they want to be engaged in the conversation, they want incremental reform, but not incremental reform that turns a bigger and bigger share of our health sector over to the federal government.

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nizations, not to mention a large number of lawmakers on Capitol Hill in both the House and the Senate.

We're going to start with one of the most articulate and visionary members of the House on health care issues, Congressman John Shadegg of Arizona, who's going to lay out a vision, a set of principles and ideas of what such a system would look like and why it would be superior to what we have today, or superior to what kinds of things are on the table right now. Then a couple of real experts will talk about some of the lessons of previous battles with reform, what we should learn from those as we go forward in the days ahead.

Let me first introduce John Shadegg. John Shadegg was elected to Congress in that very famous election of 1994. He immediately became a leader in that freshman class, which I think to this day is one of the more exciting freshman classes we've ever seen in this town. He went on to be chairman of the Republican Study Committee, a founder and chairman, for a couple of years; he was the head of the House Republican Policy Committee in 2005 and 2006; he has served on the House Energy and Commerce Committee for a number of terms. Unfortunately, this will be his last term because he's announced his retirement.

Over those years, he also developed an interest and expertise in health care policy at a lot of different levels. He has introduced the Patients' Health Care Reform Act and the Health Care Choice Act, which contain a number of the kinds of ideas and reforms he'll talk about today. One of the things he's really well known for is the idea of letting people buy health insurance across state lines and create a sense of competition.

It's not every Member that comes to Washington and leaves with an idea firmly planted that has become an integral part of a major national debate. That's a very big accomplishment, and he deserves a lot of credit for that.

I hope this is not the last time he speaks here as a sitting Member of Congress, but it may be one of the last times. Please give a really warm round of applause to Congressman John Shadegg.

—Michael G. Franc is Vice President for Government Relations at The Heritage Foundation.

**THE HONORABLE JOHN SHADEGG:** As you commented about across-state-line purchases and all of the notoriety it's getting right now across the nation, even on the Left, I note even the President says he favors it. Of course, what he favors—and it's kind of a stunning comment on where we are in terms of understanding the American system of government—is allowing states to enter into compacts to allow other states' insurance to be sold in their state.

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***America was founded on the notion that it is the individual that is unique, that it is the individual that is sovereign, that it is individual choice that produces the greatest good for the greatest number of people.***

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I've tried to communicate to the President that he may not know it, or he may not like it, but that's already the law. The state of Arizona has every right to enter into a compact with the state of California to allow the sale of California-approved insurance policies in Arizona—a fact apparently lost on the President. There are other things in the health care debate that are lost on the President, and I'll touch upon those as I go through my remarks.

First, let me thank The Heritage Foundation for all it has done for freedom in this country, for all it has done for free-market health care reform, for what it is doing to be on the cutting edge of trying to preserve what is essential and unique about this country.

### Throwing Freedom Overboard

It is not surprising—it is indeed exactly as you would expect—that the U.S. may be the last nation to throw freedom overboard and adopt a centralized system for the delivery of health care services, because we were founded on the notion that it is the individual that is unique, that it is the individual that is sovereign, that it is individual choice that produces the greatest good for the greatest number of people: not collective decisions, not ideas and commands from the government down to people, but rather ideas and notions left in the minds of a free people to do what they believe is right for them-

selves, which will cumulatively benefit the society as a whole. So it's not surprising that we have resisted what the progressives and the Left want to do for so long.

As you know, conservatives, people who believe in freedom, people who trust individuals to run their own lives and not to give the power to run our lives to some central government, defeated the idea of socialized government health care or centralized and centrally planned government health care some years ago: We defeated HillaryCare. That effort was done by the leaders of an era now gone. They said that HillaryCare was not what's right for America. For example, Senator Gramm said that over his cold, dead political body would this country embrace a centralized, essentially socialized form of medicine.

And then we dropped the ball. We failed as a party to take the ideas of freedom, the ideas of individual choice, and carry them into the debate over health care reform and effectuate them. I brought a lot of those ideas with me in 1994, and when I was elected in 1995, I began pushing health care reform. I think since my election to Congress I've written more health care reform proposals than any sitting Member of Congress in that period of time, all of them driven by free-market principles. But, sadly, I didn't push hard enough, and we as a party didn't push hard enough.

Republicans, conservatives, have for the last decade and a half thought health care reform is in fact a job for the Democrats. We don't really know how to fix health care, because health care in our minds, or in the minds of the American people, has been allowed to be set in the context of "We have to give more away. We have to do more for people."

And you know what? We *can* give more away; we can do more for people by fixing the fact that government broke the health care system.

### **A System Broken by Government**

I would suggest to you that the reason we need health care reform in America, the reason that the President is right that the cost of health care is going up dramatically faster than we can afford and faster than everything else in the economy, is because government broke the system.

Seven years ago, I had heart bypass surgery. At about the same time, so did my brother, and just before Thanksgiving my brother passed away of a sudden heart attack. I called my cardiologist and told him that story because I thought he ought to know about my family history, and he began a discussion with me about what tests I had had recently.

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#### ***The reason we need health care reform in America is because government broke the system.***

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He said, "Well, I think maybe you ought to come in and have a couple more tests, and here are the ones I think you ought to have." I said okay, and he set up an appointment. I went in a couple days later. I had the tests, and as I was walking out of the tests, it suddenly dawned on me yet one more time how we've gotten health care wrong in America.

When he said, "John, I think you need a couple more tests," I didn't say, "Well, Doc, which tests do you really think I need? What will they cost? If I paid a little bit more, would you get a lot more information? If I paid a little bit less, would you get essentially the exact same information that you need?"

As a matter of fact, in that first conversation, the word "cost" never came up. We didn't discuss it. When I walked in for the test and chatted with the intake person at his office, I didn't say to her, "What test am I getting, and what will it cost?" I didn't say to him, "Are you doing this test because of defensive medicine because you're afraid you're going to be sued?" I could've said, "I'll sign a form waiving this test that you really don't think is necessary but you are doing for reasons of defensive medicine because you're worried that you're going to be sued." Cost was never a factor.

When I walked out of his office, I was actually going to go give a speech on health care reform, and it suddenly dawned on me that I hadn't even asked. That's the system we have created in America, and it is the system that America's health insurance companies have responded to. It's a system which motivates Americans not to pay any attention to the cost of their health care, and if they don't pay any attention to the cost of their health care, then they don't pay any attention to their health.

## Health Insurance and the Tax Code

How is that structured? Oddly enough, you will discover that it's structured on the tax code and on state law. Here's what the tax code says, and I think this is a moral outrage, but it is what we have as law in America today. The tax code says that if your health insurance is purchased by your employer, it is completely tax-free. That is to say, he doesn't pay taxes on the money he spends for your health care, and you don't pay taxes on the benefit or the value of the health care you get. Well, if it's completely tax-free and if your employer pays it, you tend to think, "It's not my problem."

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On the individual side, if you went out and bought a health care plan on your own because you don't get employer-based health care, guess what? You have to buy that plan with after-tax dollars. That means it costs at least 30 percent more, maybe as much as 50 percent more. Suddenly you're paying attention. But if you have to buy on the individual market, that means you have to buy under state law, and under state law there's almost no competition in the individual market in your state. So you are divorced from those decisions.

A few years back, right after I got here, Trent Lott invited me to his office. I went over to ask him a favor. He turned down the favor in a nanosecond and said, "John, I understand you know a lot about health care. Let's talk about health care." I said, "Sure." He said, "You know, I went home this weekend and said to a member of my family, 'Let's go do such and such this weekend,' and the individual said 'No, I can't,' and I said 'Why?'"

The individual said, "I have to go to the doctor," and Senator Lott said, "Gosh, why do you have to go to the doctor?" and the individual said, "I have a cold." Senator Lott said, "I can barely tell that you have a cold, but why are you going to the doctor for a cold?" and the individual said, "because it's already paid for and it's free."

That's the incentive we have created in America by saying under the tax code that if you get your health care paid for by a third party, your employer, and it's tax-free, you have the notion that it's already paid for and it's free. But it's not already paid for, and it's not free.

By taking that choice away from you, the choice to pick a plan of your own, we aren't just giving you the impression that it's already paid for and free; we're telling you that you're not responsible for your own health. If you think about that, what that means is you're not responsible for controlling your weight, your blood pressure, your cholesterol, or any of the factors that we now know play such a huge role in the health of individuals.

Our critics on the other side say the answer is to give you free health care and—for example, in this legislation that we're considering this week—that the key to health care control is to have the government run the health care system. They say the government won't ration care, but when the government runs the system, it will be very efficient, and it will run much better than the current private-sector system does.

I think that makes no sense. I know of nothing that the government does that actually runs more efficiently and less expensively than what we do ourselves.

## Patient Choice and Individualized Health Care

So what are the answers to health care in America? First of all, I pointed out that Republicans dropped the ball in the past. When HillaryCare was defeated, Republicans made a tragic mistake for which the nation may pay deeply, and that was they didn't begin to apply the concepts of patient choice, the concept of individualized health care, where you are engaged in the process like you are in every other part of our economy and begin to apply those concepts to health care.

Today, more than any time in my lifetime, Republicans begin—and they've been forced to begin—to understand the two competing philosophies as applied to health care. The Left says, let the government provide it. The government will create a program. The government will write what has to

be in every single policy—what must be covered, what can't be covered, what they can charge, what they can't charge, how they can advertise—and they say that will solve the problem.

I would suggest that if it does solve the problem of cost, it will do so only by rationing care, because everywhere else in the world where they have adopted a government-run or centralized-planning health care system, the only way they've controlled costs is through rationing care.

What could Republicans advocate? Republicans could advocate choice. Republicans could say, "Let's think about this." The cost of health care is going up radically quicker than every other service in our society. You might say to yourself, "Why?" I would suggest to you that health care is the only place in

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the American society where choice doesn't apply, where there is essentially no market, where you and I as consumers cannot by individual choices and decisions choose a more efficient, less expensive plan or a better plan by our own choice.

If you go out today to buy a car, your employer doesn't buy the car; you buy the car. If you can't afford a Lexus but you can afford a Yugo, you go out and buy the Yugo. You make the choice. If you go out today and buy a home, you make the choice. If you go out today to buy auto insurance, your employer doesn't pay your auto insurance; you make the choice. In health insurance, because the tax code says that health insurance provided to you by your employer is tax-free, if you don't like the plan your employer provides you, what choice do you have?

How many of you would be really happy if your employer said, "I'm going to start picking out your suits or your dresses. I don't really think you know how to do that, so I'm going to start buying those for you." Do you think your employer would do a good job of picking out your suits or your dresses—a better job than you would?

The point is, the only place in the American marketplace where you don't make the choice is health care. Automobiles, you make the choice; appliances, you make the choice; auto insurance, you make the choice; homeowner's insurance, you make the choice. Pick some other area where your employer decides and makes the choice for you. The answer is, there's only one, and that's health insurance. Your employer picks it, and you're stuck with it.

I would suggest that if you think about the problem the President has outlined—health care costs are going up dramatically faster than all other costs in society—might that be related to the fact that some third party picks it for you and they don't pick what you want? If they don't pick what you want and it mistreats you, what do you do?

I work for the federal government. I have a plan I get through the federal government; I actually get a couple of choices. Most people in America get one plan if they get any plan at all, and when they get that one plan from their employer, if that plan mistreats them, can they fire it? Can they get rid of it? They can't. They might go to the human resources manager at their employer and say, "The health insurance plan we bought wouldn't let me go see the doctor I wanted to see," or "I went and saw the doctor and they wouldn't let me in," or "They made me wait for hours," or "They wouldn't give me the test I wanted." What choice do we have at that point? The answer is, we have none.

Think about it for a minute: If your auto insurance company treated you that way, what would you do? You'd fire them.

Let me carry this notion of choice one step further. Think for a moment: If you can't choose your health insurance plan but you can choose your auto insurance plan, if you can't fire your health insurance plan but you can fire your auto insurance plan, who's in control? And if costs begin to go out of control in the health insurance plan, what can you do about it? The answer is, you can do nothing about it. If your health insurance company tells your employer they're going to raise the cost, your employer says, "Well, we'll have to bury some of that in your paycheck."

If you get a notice from your auto insurance company that the cost of your auto insurance policy is going up, flick on the TV. You know what you'll see? You'll see ads from Progressive and Allstate and Geico and Farmer's and State Farm and Mutual of Omaha and on and on and on, and every single ad will say, "If you buy our auto insurance policy, we'll give you better service at lower cost." As a matter of fact, there's one out there that plays the song that we heard when we were kids growing up that says, "Breaking up is hard to do." Allstate says breaking up is hard to do. If you hire Allstate, we'll fire your current auto insurance company.

Tell me the last time you saw a health insurance company do that, tell you, "We'll sell you better health insurance that will give you better service at a lower cost." The answer is, you've never seen that ad, and you've never seen that ad because there is no competition. If there is no competition in one sector of our economy, health insurance, how surprising is it that costs there are going up dramatically faster than in everywhere else in our entire society where there is competition? I would suggest it's not very surprising.

### What We Can Do

Let me conclude with what we could do. Republicans could advocate, first and foremost, that we fix the tax code so that it quits discriminating against the little guy. Right now, if you work for a big employer, you work for Intel or you work for Motorola or you work for General Motors or you work for one of the big guys, you're really lucky: You get tax-free health care. But if you're a poor working stiff that works for Mary's Bakery or for Joe's lawn service, the tax code says, "You lose. We think you ought to be insured, but if you go buy insurance you've got to buy it with after-tax dollars, making it at least a third more expensive."

It's immoral to tell those who work for the smallest employers, probably make the least amount of money, probably have the hardest time getting by in the current economy, "We think you ought to be insured. We don't think you ought to show up at the emergency room for free, but we're going to charge you at least a third more to buy your health insurance because you've got to buy it

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after you pay income taxes while your neighbor who works for Intel gets it tax-free." So first, equalize the tax code.

Second, the biggest problem in the individual market in keeping prices down is the fact that there's almost no competition. Right now in all 50 states, there are somewhere between five and maybe, in the biggest states, 15 or 20 insurance companies offering plans in the individual market. We could fix that simply by allowing across-state-line purchases so that the number of policies you had to choose from wasn't five or eight, but the number of policies you had to choose from if you lived in Pennsylvania was 30 or 50 or 100 or 250. That's the second biggest reform we could adopt as Republicans that would bring down costs immediately.

There was a study done by two professors at the University of Minnesota that said that if we just made that one reform, 12 million additional Americans would be able to afford insurance. Those are the kinds of reforms that are market-oriented that the American people deserve and that we owe them, and they're things that the government screwed up in the current marketplace.

A lot of people say health insurance is too expensive because too few people buy it. Really? A bottle of water is pretty expensive, and everybody buys it. How is it that health insurance is too expensive because too few people buy it? Let me suggest that this stands the proposition on its head: In reality, health insurance is so expensive that too few people buy it. It's not that it is expensive because too few people buy it; because it's expensive, too few people buy it.

In the one state where we've tried this—in Massachusetts, where we've enacted an individual mandate compelling every single person in that state to buy health insurance—what happened to the cost of health insurance? It went up. People talk about

mandates. The Left is enamored of mandates. The Left is always enamored with telling us what we have to do with our lives. I don't think mandates work. I think they're antithetical to everything in America.

Let me just dispel one myth. There's this myth that says, "but Congressman, we have mandatory auto insurance." Yes, we do.

Number one, it is not in fact mandatory; you choose it. We don't say you must buy auto insurance; we say you must buy auto insurance if you choose to drive on our roads. You can make the choice not to drive on our roads. It's one of the few places in American law where we still talk about the difference between a privilege and a right. Driving on our roads we still deem to be a privilege, and we say if you want to exercise that privilege, you have to buy auto insurance.

Second, we don't compel you to buy auto insurance to protect yourself; we compel you to buy auto insurance to protect somebody else.

### **The Truth About Mandatory Insurance**

But let's talk about how well it works. There are 48 states that have mandatory auto insurance. There are two states that don't. In the two states that don't have mandatory auto insurance, there is a smaller percentage of uninsured motorists than in the 48 states where it's compelled. The more interesting thing is that in 22 of the 48 states where they mandate you buy auto insurance, they know that you won't comply with the law, so they mandate that you buy uninsured motorist coverage. The reality is that Americans don't take well to mandates.

I've written a bill—and so, by the way, have other Republican Members of Congress—that insures every single American—not just the rich, not just the poor, but even the people who are homeless and don't show up—by automatically enrolling them. It would insure every single American, unlike a bill that has a mandate in it, and there isn't a single mandate in it. What it says is, we've decided to provide a certain level of insurance. You can buy it, and if you're wealthy enough to buy it with your own money, fine, you take a tax credit. If you can't afford to buy it, we'll give you a refundable tax credit. And if you fail to sign up for the refundable

tax credit, we'll set aside that amount of money for your health care.

Let's say you're a single mother of two moving from Idaho to Phoenix on the day the letter arrives that says, "You're entitled to a refundable tax credit to go buy health insurance," and you fail to sign up. We enroll your name in a database. We set aside the money we have for you because we know who you

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***The fight is not about whether we're going to care for everybody; the fight is, are we going to care for everybody by giving them individual choice and making them, at least in part, responsible for their own health and their own health care?***

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are, and we know what your Social Security number was. You show up a week later or a year later and have a broken leg at a provider's office, they look you up and say, "You didn't sign up, but we set aside the money to insure you." By setting aside that money, you're now covered, and you can pick a plan of your choice.

I would suggest to you that America has already embraced universal coverage. We've already decided as a society that nobody should go without care. The fight is not about whether we're going to care for everybody; the fight is, are we going to care for everybody by giving them individual choice and making them, at least in part, responsible for their own health and their own health care? Or are we going to put them into a government-run program—or, worse still, issue a mandate in which we say to them, "If you don't buy insurance, we're going to fine you"? Which at one point in time, the President said in his campaign was "an un-American and unworkable idea."

**MICHAEL G. FRANC:** Now we're going to go to our two experts. No one person can know everything about health care, but I think it's safe to say that between our next two speakers, what Bob doesn't know, Grace-Marie does, and vice versa.

Bob Moffit worked at the Office of Personnel Management, where he obtained a very close and detailed understanding of the federal employee health care system that Congressman Shadegg

referred to in his remarks and that has helped inform those of us at Heritage about a model that might actually be the basis for a fundamental overhaul of our health care system.

Grace-Marie Turner, who's the President of the Galen Institute, will go second. You may have seen her op-ed in *The Wall Street Journal* within the last four or five days. Her appearances on media are too many to mention, but basically every cable network, all the major evening news programs. She's renowned in free-market health care policy circles for not only her knowledge, but her ability to say things so clearly and nicely.

**ROBERT E. MOFFIT:** Congressman Shadegg's presentation, I think, has to be repeated in many forums because the question is: What would conservatives actually do? We are, to a large extent, where we are today because of a failure of both political imagination and political will.

Let me explain exactly what I mean. The debate we're having today is, in broad outline, almost identical to the debate we had in 1994. If you look at the substance of the Obama health plan, it is a replication. There are certain details that are different, and the presentation is very different, but in terms of the policy agenda, the thing that's striking about the current debate is the similarity of the policy proposals themselves.

For example, both the Obama plan and the Clinton plan called for federal control of health care benefits. In the case of the Clinton plan, it wasn't transferred over to future decision-making as it is in the Obama case to the Secretary of Health and Human Services; but in the Clinton plan, it was actually 56 pages of legislative text detailing exactly what the medical treatments and procedures would be that every American must have. It was a remarkable thing, the mandates for both individuals and employers.

Again, in the Obama plan, we find the concept of using Medicare as a funding mechanism to expand the health care agenda of the President. In the case of Clinton, there were Medicare cuts that would expand the Clinton plan; the same thing is true in the case of Obama.

Then there's federal control over the health insurance markets. In the case of Clinton, he would set

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up something called regional alliances that would basically be regulatory agencies, geographically based cartels in effect, all around the country; in the case of the Obama plan, we're talking about state-based health insurance exchanges that are designed by the federal government. And, of course, the financing to a large extent was very much the same: middle-class taxes.

I think Pat Caddell said it very well just recently: Why did, in the court of public opinion, the Obama plan and the Clinton plan fail? Because regardless of the political decisions that take place in Washington, the truth is that the Administration has lost the battle over health care in the court of public opinion. That is not debatable. There's not one major poll that shows any support whatsoever for what is going on here on Capitol Hill.

### **The Gap Between Rhetoric and Reality**

A major reason is a gap between the rhetoric and the reality. If you listen to President Clinton back in 1993—and I know that Grace-Marie and I were glued to the television set—President Clinton on September 22, 1993, gave one of the greatest speeches he ever gave to the Congress of the United States. It was a stirring address. Basically, he said that our health care system is broken—that was the phrase he used. It is governed by reams of paperwork, it is run by bureaucracy, we have too much bureaucracy in the system, and we have to promote consumer choice and competition in the health care system.

Within one month, President Clinton sent a bill to Capitol Hill which was 1,342 pages long and basically outlined the most ambitious system of central planning I had ever laid eyes on, and probably the most ambitious system of central planning west of the Soviet Bloc. You've never seen anything quite like this. In fact, one of the President's former intellectual gurus, Paul Ellwood, wrote an article



which said in effect, yes, we want health care reform, but we don't want a system of Soviet central planning.

There was a gap between the rhetoric and reality of what in fact President Clinton, like President Obama today, was proposing. In the case of Obama, what he has been saying is really quite remarkable. Over and over again, the President says that if you like your plan, you can keep it. The health reform is going to bend the cost curve downward. Medicare cuts will not affect benefits. There will be no middle-class tax increases. What he is proposing is not a federal takeover of health care.

There are 117 or 159, depending upon how you count them, federal boards, agencies, councils, commissions, and task forces in the Senate bill. What we do know is that none of the President's claims is remotely true. Not one independent analyst would justify any of these bold pronouncements about health care reform, the rhetoric between what the President is saying and the reality of the legislation.

The gaps in financing were the same. President Clinton told the American people that his health care plan pays for itself, but in February of 1994, the Congressional Budget Office, then under Robert Reischauer, released its initial report on the Clinton plan and said it would add \$74 billion to the deficit. We are going to have the CBO say something about the deficit today, but you can be certain that if you look at the fine print, a lot of very clear qualifications will be made to the CBO report. The question of the Medicare payment for doctors, the question of how the benefits and payouts are timed in the first 10 years, all of these things—watch very, very closely.

### **A Public Relations Disaster...**

In any event—people forget this—the town hall meetings in the spring of 1994 were a public relations disaster for the Clinton Administration, just as the town hall meetings in August of 2009 were a public relations disaster. And then what happened is, the Clinton plan collapsed on the Senate floor when the Senate majority leader George Mitchell pulled the bill after Senator Patrick Moynihan gave a great speech in which he told the Senate, “Please

stop this madness.” I remember it very well. In his inimitable fashion, he said, “Gentlemen, you simply do not know what you are doing, so please stop it,” and they pulled the bill.

What Congressman Shadegg is saying to you is a warning. The fact is that that debate was decisive in 1994 in effecting a political revolution.

President Clinton's pollster at that time, Stan Greenberg, told the President, and it was reported in the press, that the reason why you had this revolutionary takeover of the House of Representatives, one of the major reasons, was the identification of the congressional majority Democrats at that time with the Clinton health care plan. It's not because they didn't vote for it; it's because they actually were identified with it. That's the truth, regardless of what people are saying now in this desperate attempt to rewrite the history that I and Grace-Marie and many others lived through.

### **...but a Policy Victory**

Here's the point, though: The political victory that the Republicans won in 1994 did not translate into a policy victory on health policy, even though the majority of the American people at that golden moment trusted the new Republican majority with health care more than the Democrats. That's a historic change.

They blew it, and what the President did at that time, President Clinton, was take a step-by-step, incremental approach to take elements of his health care agenda and pass it discretely in different vehicles of legislation, which has given us the health care system that we have today to a large extent.

When you look back at the Clinton plan, you are not looking at a policy defeat; you're looking at one of the cleverest, most impressive policy victories that I have witnessed where whole elements of the 1,342-page bill were enacted word for word by a congressional Republican majority that ran against it. Let's go through some of the items.

The Health Insurance Portability and Accountability Act had a provision in it called “administrative simplification”—something it was not. It was a set of regulatory controls over doctors and hospitals. So when you hear the doctors complain about all the

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***It's important that the Members of Congress who are elected, who represent the American people, do their will and fix this program and at the same time preserve individual freedom and personal choice.***

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paperwork under HIPAA, that was the Clinton plan. The Kennedy–Kassebaum bill was a bipartisan bill.

I remember very well the Clinton Administration officials saying okay, we can't have universal coverage, but what we can do is create a new program for the kids. It started off as Kid Care. It became the State Children's Health Insurance Program. SCHIP had originally a modest budget, extremely well-crafted for the purpose of selling it. This was not a major entitlement. Now you see what has happened: SCHIP has in effect become a middle-class entitlement and has been massively expanded under Obama.

### **Assault on the Doctor–Patient Relationship**

Then, of course, you had the greatest single assault on the doctor–patient relationship in my lifetime. It was the Balanced Budget Act of 1997, Section 4507, which said in effect that private contracting between doctors and patients was virtually prohibited. I remember the law very well because both Grace-Marie and I were involved in the analysis of the original Clinton plan, and the way it worked was this: The doctor could enter into a private contract with a patient if—and only if—the doctor gave up payment for all other Medicare patients for a period of two years and submitted an affidavit to the Secretary of Health and Human Services.

This was an outrage. It was passed as part of the Balanced Budget Act. Basically, that was a major, major change historically in American medicine.

A very odd thing happened then. You had the American Civil Liberties Union, the local chapter, joining with a conservative seniors group trying to fight against this as a violation of individual liberty. The case never went anywhere, but the truth is that Americans had lost a big chunk of their personal liberty.

My point to you is that the health care system we have today is a product of a lot of policy decisions

that were made in the 1990s. If, God willing, the American people are to preserve their freedom, we have an opportunity. We blew it once; we cannot do that again.

Conservatives really are on the right side of this issue according to the polls, according to what Americans want in health care, and it's important that the Members of Congress who are elected, who represent the American people, do their will and fix this program and at the same time preserve individual freedom and personal choice.

**GRACE-MARIE TURNER:** We are allies in battle. Thank you, Heritage, not only for hosting this conference, but also for your incredible contributions to educating the debate over health reform over the years.

Congressman Shadegg, you are truly a visionary leader, and one way or the other, we need to make sure you stay engaged in the battle for free-market health reform. Your colleagues look up to you for your leadership and your understanding of the details of this issue. I hope you will continue to be engaged in new ways after you retire from Congress this year.

### **The Key Battle: Collectivism vs. Individualism**

The key battle is always between collectivism and individualism in health care. The American people are on our side, as Bob said. We've won the battle of public opinion. They do not want the government to take over our health system. What's broken down this time is representative democracy—a breakdown that didn't happen in 1993 and '94 when Members actually listened to their constituents and pulled the Health Security Act from the floor when they saw widespread public opposition to their bill.

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***The key battle is always between collectivism and individualism in health care.***

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The thing that is even more impressive is how many more vehicles we've had to get information to the American people this time. In the last major health reform debate, we were sending out dispatches one fax at a time. We didn't even have broadcast fax capability

in '93-'94. Heritage was printing papers, mailing them out to supporters, and hand-delivering them to Capitol Hill. There were a few radio talk shows and some cable news with CNN. If you didn't get an op-ed in one of the major newspapers, you had a really hard time reaching the American people with information.

It took an additional year for the American people to find out what really was in President Clinton's Health Security Act. Even then, only a very few people had actually read the bill.

This time, by last August, people showed up at town hall meetings around the country with the bill, or parts of it, in their hands that they'd printed out on their home computers, citing chapter and verse and often knowing more about the legislation than the Member of Congress who was holding the town hall meeting. People figured out that this bill moves this country in the wrong direction, and they didn't want it. And they don't want it today.

I'm reminded of a statement by Senator Jay Rockefeller (D-WV) in 1994 who was quoted in one of the West Virginia papers, saying, "We're going to pass health reform whether the American people like it or not." Well, they didn't do it then, but they may do it now, whether the American people like it or not.

I commend to you a piece by Fred Barnes in today's *Wall Street Journal* where he said it is going to tear the country apart if they pass this legislation because it goes against the fabric of our country.

One of the reasons that I think Republicans didn't take an aggressive stance in moving forward with health reform after the 1994 failure of Clinton-care was because they believe in markets, they believe in individual freedom, and maybe they believed that the health sector would fix itself. But it's not going to do that, because there are fundamental structural problems that need to be fixed that are getting worse every year that we don't address them.

### Time for a New Approach

We've got to begin a new approach. We don't need any 2,000-page bills; the American people don't want that. They want a step-by-step approach,

they want to be engaged in the conversation, and they want incremental reform. They don't want legislation that turns a bigger and bigger share of our health sector over to the federal government.

Congressman Shadegg talked about first steps. Equalizing the tax treatment of health insurance is absolutely essential. That is a freedom issue. You should be free to purchase the health insurance that you want with the same tax advantage, whether you buy your health insurance at work or on your own.

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***Equalizing the tax treatment of health insurance is absolutely essential. You should be free to purchase the health insurance that you want with the same tax advantage, whether you buy your health insurance at work or on your own.***

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The market will respond to individuals spending their own money to purchase their own health insurance, but they do need a bigger market to purchase health insurance. Allowing them to purchase health insurance across state lines would create more competition and give people new ways to pool together, including through professional associations, to allow them to get group rates not necessarily tied to an employer.

I would add to that we need reform that would give states the incentives and resources to set up effective safety net programs to help people with pre-existing conditions to get coverage. This is a job for the states, not the federal government. There are some good state models out there. Idaho is showing the way, for example, as are Utah and Indiana in creating mechanisms at the state level to help people who otherwise would have a hard time getting health insurance to purchase coverage. That is a state responsibility. The federal government could provide additional money for state-run high-risk pools. The federal government can't do this as carefully or effectively as the states can.

Finally, I want to underscore Congressman Shadegg's point that we can get to universal coverage through a free-market mechanism. If you take all the money that we're providing for the tax exclusion for employment-based health insurance and provide tax credits directly to people, then every-

body can be insured with the money that's in the system right now. Congressman Paul Ryan (R-WI) and others have shown the way with the Road Map for America.

### The Battle Is Not Over

The American people are with us. This battle is not over. They are more informed and more educated over health reform than I've ever seen. A friend of mine said her 85-year-old mother called her up and said, "Please explain the reconciliation process to me." Absolutely extraordinary.

There is a 16-second video that I saw on YouTube last night. Americans for Prosperity put people with sandwich boards on the four corners of an intersection outside the district offices of a Tucson Democratic Member of Congress, Gabrielle Giffords, and asked drivers to honk if they wanted Representative Giffords to vote against health reform. It was unbelievable; the sound was deafening as people laid on their horns the whole way through the intersection.

The American people are speaking in every way they possibly can that they don't want this. We will figure out a way to move forward. It's going to be a step-by-step, incremental approach. The American people are with us. Whatever Congress does, we won with our ideas of freedom, the founding ideas of this country. And with John Shadegg's leadership, we will continue forward.

### Questions & Answers

**QUESTION:** I wonder, Congressman, to what extent you think Republicans learned the lessons from '95 and have a plan for going forward. And to the same point, Ms. Turner mentioned Paul Ryan showing the way; can we pick more of your thoughts on the way that he's shown?

**REPRESENTATIVE SHADEGG:** I think there's no question that Republicans have learned the lesson. The reality is, this debate has forced Republicans to begin to understand the free-market alternatives. The notion of, for example, equalizing the tax code is now embraced in legislation that I have, Paul Ryan has, Tom Coburn (R-OK) has, Tom Price (R-GA) has; it is the first building block in every one of those proposals.

When we pushed interstate purchase through the Commerce Committee when Republicans were still in the majority, the hearing lasted from 9:30 or 10:00 in the morning until 9:30 or 10:00 at night. Democrats offered amendments from early in the morning until we broke for dinner. Every amendment said, "Well, you would at least mandate this, wouldn't you? Or you would at least mandate this, wouldn't you?" That bill, by the way, had a federal floor for solvency and a federal floor for appeals that said if you were denied care you had the right to have your denial reviewed by three doctors. It had certain minimum standards in it, but it did not have a series of benefit mandates mandating coverage for all these different things.

I defended the bill by saying, "Look, people will buy the most expensive policy or the most comprehensive policy they can afford." The interesting thing about the debate was that from when the hearing began at 10:00 in the morning until the 5:00 break, every single amendment that was offered by the Democrats I defended alone; no other Republican spoke. We defeated every single amendment. From 6:00 when we returned from the dinner break until 10:00, I didn't have to speak once on a single Democrat amendment because my colleagues had gotten it. They said, "Oh, yeah, we get that. You can let people make a choice."

Speaker Denny Hastert (R-IL) summed it up by saying there are 1,800 benefit mandates, and in point of fact, some of them are truly bizarre if you look across the country. He asked, "Why should we say to people that if you live in a given state and you need a car to get back and forth from work, we're terribly sorry; we know you can only afford a Yugo, but the minimum we will allow you to buy is a Mercedes"? I think Republicans get these concepts.

I didn't mention this in my remarks, but probably one of the most difficult issues here is the issue of pre-existing conditions. I have an older sister who is a breast cancer survivor. I bet you there aren't 10 percent of Members of Congress, much less 10 percent of the public, who understand we actually already solved this problem, but Republicans didn't go far enough. In 2006, we passed legislation that authorized money for every state to create a state-

based high-risk pool. It gave them money to create the pool and money to operate the pool.

Here's how a state-based high-risk pool operates, and Grace-Marie talked about it. Everyone who lives in a state, and you actually could do it at the federal level, who is denied coverage because they have a pre-existing condition, who is told we won't cover you at all, or told we'll cover you but not for your pre-existing condition, or is told we'll cover you but only if you'll pay five times the premium of a healthy person—every single person that's in that position has a legal right to be insured by the high-risk pool. They cannot be charged more than, we'll say, 10 or 20 percent above the cost that would be charged to a healthy person.

Now, obviously, the expenses of that pool are going to exceed the premiums paid by the people in the pool because it's a pool of the sickest in that particular area. The way a high-risk pool works, however, is that the extra cost of covering the care of those people that have pre-existing conditions or even chronic conditions like, for example, diabetes but can't afford the care is spread either among everybody in the state who is currently buying health insurance—you simply say to all the insurance companies, "We're going to charge you a certain fee to help subsidize this pool"—or among the taxpayers.

Why are we willing to do that? We're all willing to do that to pay the cost of those who are sick because there's not a one of us, not me and not you, who knows that tomorrow we won't be in that category, we won't have a pre-existing condition or a chronic illness. Republicans have embraced that concept, and we passed it in 2006. It passed the House by a voice vote, and it passed the Senate by unanimous consent.

Where Republicans didn't go far enough is they didn't make it mandatory, so only 33 or 34 states have created high-risk pools, and some of them are not running them very well. We could pass that bill today with a requirement that the states either must create a pool, or, if they don't create a pool, then the people that live in that state are entitled to join the federal pool, and overnight solve the problem of pre-existing conditions.

I think Republicans have begun to understand there are free-market solutions. Those are the things laid out in Paul's plan. By the way, Paul and I differ on one issue. Paul says we should do away with the current deduction that businesses have for providing health insurance and then give people a credit. I say we should make it voluntary. You should be able to choose your employer's plan or choose not to take your employer's plan, and if you don't take your employer's plan, then you can still buy your health insurance tax-free.

That's the only difference between his approach and my approach. Mine leaves you the choice to take or keep your employer's plan, and his would do away with those employer plans and give you a tax credit instead. But Republicans have embraced market health care ideas and I think are ready to move forward. And I think, regardless of whether this bill passes, because it's got lots of problems, I think Republicans will in fact move forward.

**GRACE-MARIE TURNER:** Just quickly, I think that what Paul Ryan's plan does is to create a vision for where we could go with health reform. It may not pass in one bill, but it really shows where we could go. I see Dr. Bob Hertzka. Dr. Hertzka was President of the California Medical Association, and I'm really pleased for his continuing leadership to put patients at the center of our health care system.

**DR. ROBERT HERTZKA:** I'm an old guy. I did live TV responses in San Diego on September 22, 1993, and I got my facts.

Since you called on me, my only comment is, having spent two four-day periods on Capitol Hill in the last three weeks, we need Congressman Shadegg or perhaps some others. There isn't as much unity in the Republican Caucus as I would like to see. You don't get elected on your knowledge of health care. The way so many fill this office is because they're good on terrorism or lowering taxes.

So we need folks like the panelists here and those of you who know Members of Congress to really get them on the same page, because I sense that if we're successful this week, and I still hope that we are, that people will just breathe a sigh of relief and move on to the issues they're comfortable with. What you're doing here, I think, is really critical.

**QUESTION:** I'm very interested in this debate because we have our own problems with the National Health Service in the U.K. My question is a very simple one.

We've seen that you're looking at deeming that the Senate bill has been passed, and in my copy of the United States Constitution, which I happen to have with me, I can't find any procedure for passing a bill by deeming it to have been passed when it is blindingly clear to those who are putting the bill forward that they can't get a majority for it. Can I be reassured that if this bill is passed by this deeming device, which seems to me to be unconstitutional, the Republicans will see to it that the Supreme Court has its attention drawn to this and the bill will be struck down as unconstitutional?

**REPRESENTATIVE SHADEGG:** Unfortunately, I think there is a clause in the Constitution which allows this to happen. It's the clause that allows the House and Senate to write their own rules of procedure, and the Supreme Court says that each house may adopt its own procedure and its own rules. What will happen here is that the rule will say that if this rule passes, then the bill is deemed to have passed. What that will mean is that the vote for the rule will in fact be a vote on the substance of the Senate bill.

Politicians may go home and say, "Oh no, I didn't vote for the Senate bill; I just voted for the rule," but that's simply deceit.

Is this trickery? Yes. Is it deceitful? Yes. Is it an admission by the majority that they are embarrassed of or ashamed by the sneaky, deceitful, corruptive provisions that are in the Senate bill? For example, the Senate bill says that if you have Medicare Advantage and live in Florida, you get to keep it, but if you have Medicare Advantage and you live in Arizona, you don't; it has the Connecticut \$100,000 million per hospital; and on and on and on. There are some 11 or 12, I think, indefensible special provisions in the bill.

But that's why House Democrats don't want to vote for it. Interestingly, the President said, "Oh, we'll take all that garbage out." Then AP this week-end ran a story saying maybe not.

There will be a legal challenge, but I think what the Court will say is that whether the politicians said they didn't vote for the substance or not, when they voted for the rule which said voting for this rule shall constitute passage of the Senate bill, they in fact were voting for the substance of the Senate bill.

When you stack all the trickery, start with reconciliation, then go to the Slaughter solution, and add each of these up, I think people are going to say that's just shameful conduct. I actually think that the story today by Fred Barnes is right. I think this is going to rip our nation apart because people are that angry about it. How that will take place, I don't know.

But what I believe the Court will say on the constitutional challenge is that each house of the Congress is entitled to write its own rules, they wrote a rule, the rule said voting for the rule constituted the passage of the Senate bill, and that that satisfies the constitutional requirement that each bill shall pass the House and the Senate before it's presented to the President. The political consequences will be significant, not the legal consequences.

**QUESTION:** The procedure for passing a bill is explicitly stated in the Constitution, and as far as I remember, the House and Senate are not allowed to write rules that overturn specific provisions of the Constitution.

**REPRESENTATIVE SHADEGG:** It says that they shall vote by yea or nay for the bill. The argument could be made to the Court that the yeas and nays for the rule were not the yeas and nays for the bill. That would be the argument, but the response would be, of course, that those were the votes for the bill, because the rule said passage of the rule is passage of the bill. I think the English language is sufficiently vague. I hope I'm wrong.

**GRACE-MARIE TURNER:** But there will be constitutional challenges. There already are several groups that have said that they're going to be filing lawsuits.

**ROBERT E. MOFFIT:** I would just add that I think the logic of deeming will escape ordinary Americans. Not to bring up an unpleasant memory, but in 1765, your colleagues passed something called the Stamp Act, and at that time, there was a fellow in Boston who was a real rabble rouser, got

the colonials all upset about this whole question of taxation without representation.

Your colleagues, and later Lord North, made the argument that there is such a thing as virtual representation, which is kind of the British equivalent of deeming representation. It just didn't go down. It's as hard to sell that argument now as it was in 1765.

**QUESTION:** I had a question for the Congressman, two parts. What do you see happening over the course of the next two whole days, and if it does pass, what course do you see the Republicans taking to reverse or to fix the problems that are created by this bill?

**REPRESENTATIVE SHADEGG:** Yesterday, I had a vigorous debate on MSNBC over whether it was appropriate for me to say that Nancy Pelosi was breaking arms, since there were no reports of actual broken arms, and whether it was appropriate for Republicans to run an ad that called the bill corrupt. We then got into a very intense debate in which I defended both of those propositions.

I think, in fact, Speaker Pelosi is breaking arms and will continue to break arms, and she has, along with the President, massive power to do that, and she's going to continue to do that. I think you read *National Review Online* last Friday where Bart Stupak (D-MI) said his colleagues "just want this over."

So I think the process of the overbearing of the individual will of members of the majority will continue. I hope that it's unsuccessful. I don't know whether it will be successful or not; there are conflicting reports. I think the fate of the bill is still in the hands of the American people. Remember the example that Grace-Marie Turner gave about people going by Gabby Giffords' office honking horns, saying "Don't do this." I think Grace-Marie Turner's comment about the breakdown of the representative democracy in this country is a valid one. It is clear that a very significant majority of the people in this country do not want this bill to pass.

There's this political illusion that's been created that the majority party will suffer more if they don't pass it than if they do. I don't know if that's true, but it's not at all consistent with their duty. Their duty is to do what they believe is right. I have to believe that they don't need the Speaker beating them up to

know what they believe is right, and I don't believe they have to get on an airplane and fly to Ohio to be told what is right. I believe they're supposed to know in their gut and in their mind. If they do their duty, I think there's still a possibility that it is defeated.

As to what Republicans do once it passes, I think you have to look at the structure of the bill. One of the things that's stunning about the bill is that the taxation to support the bill begins a full three—arguably, in some instances, four—years before the bill's scheduled implementation. I think that's a huge loophole—or a huge window of opportunity might be a better phrase—for Republicans to say, "Why are we taxing ourselves now for benefits you can claim we're going to get later?" The point that I think is most telling on that is, do the American people really trust the politicians to collect those taxes now and hold them? Will there really be a lockbox? Come on. These are politicians. They're going to spend that money instantaneously.

So I think there are many opportunities for Republicans to go after this if in fact the Speaker and the President are successful in getting the votes.

**QUESTION:** The seniors in this country have been focused on the cost of Medicare. My question is: If this bill is passed as it sits now, when will those cuts begin? What will be the impact on them? What's the timing on when they will begin to see these cuts to Medicare?

**REPRESENTATIVE SHADEGG:** I believe, but I'm not certain, the cuts to Medicare Advantage begin almost instantaneously. Democrats have hated Medicare Advantage from the beginning. They don't like the fact that it gives people some degree of choice and some degree of control. They hate profit and they hate capitalism. I would say capitalism and the profit motive have saved more lives in the course of human history than any other single force, and yet the Left despises both.

We all know the story of the legislation that the Congress passed that resulted in the citizens revolting and rocking Dan Rostenkowski's car on the streets of Chicago and the Congress repealing that legislation immediately. These Medicare cuts will actually knock people off a program they're familiar with.

One of the issues here is when do people sense what this bill is doing to them? If you've got Medicare Advantage today and you get a notice tomorrow that Medicare Advantage is gone and you have to go pick a new plan, you're going to hear about it very quickly.

**MICHAEL G. FRANC:** One of the things you get in that too, Congressman, probably is that as pressure builds on something like Medicare Advantage, the temptation will be just to keep Medicare Advantage as it is, so all this purported offset savings that they were showing up in the CBO score will go away, and then something else will come along that will be a tough moment, and they'll rescind that as well. What we tend to see over time is that the initial scores, the pluses and the minuses, start giving way to expedient political decisions in the years thereafter, so you end up with this bill costing a lot more net than anyone ever thought it would.

**REPRESENTATIVE SHADEGG:** I agree with that with regard to most of the changes to Medicare. But Medicare Advantage is a program that the Left despises, and I think that's a different subset.

**QUESTION:** The 21 percent for the doctors' pay that they're talking about right now, has anybody projected that out from the year 2011 to 2020 and seen the impact of that still being counted on and what the averages of that for those out years are? It seems to me that now we're into trillions of dollars.

**REPRESENTATIVE SHADEGG:** The 21 percent, the "doc fix," is not in this bill. It's been cut out. It's going to be scored today. I think they've already leaked the numbers at something below \$1 trillion.

The only way it can be scored today at something below \$1 trillion is to leave out the doc fix, so they're just pretending that's not happening. It's a charade. Clearly, it will have to happen, and have to happen very soon, or you'll see doctors jettisoning the Medicare program by the millions across the country, hundreds of thousands. But they just pretend it isn't happening because they took it out of the bill.

**ROBERT E. MOFFIT:** That was the assumption, however, for the CBO determination when they did their original evaluation of the cost of the

Senate bill. That was one of the assumptions, that current law with regard to Medicare payment updates would be retained, which is, as you know, absurd. It's never happened.

**QUESTION:** Just like in Medicare Advantage, it'll happen on every one of the top choices.

**REPRESENTATIVE SHADEGG:** Which is why I think any politician that tells you he's waiting on the edge of his chair for the score is playing a mind game with you. Unless you're an idiot, you know those scores are bogus. Every American knows they're bogus.

With all due apologies to CBO, they follow the rules they're given. If you're given the rule that says Congress is going to cut doctor reimbursement every year for the next 20 when in fact Congress has never cut doctor reimbursement, but you have to follow rules, then you put out a number. But only an idiot believes that number is a valid number.

**GRACE-MARIE TURNER:** And not only are the cuts not realistic, but there is double counting of the savings, plus the fact that, as Congressman Shadegg said, they're going to start collecting taxes right away even though most spending doesn't begin for four years. The \$1 trillion cost is a fictional number, and I think that's really an important point to make today.

**MICHAEL G. FRANC:** While we're talking about CBO's scoring, I just want to pose a question to the panel myself. Bob, when you were going through the comparisons between the Clinton bill and the Obama bill, you mentioned how in the Obama bill the definition of benefits is actually kicked over to HHS and is not specified in the bill, whereas the Clinton health reform plan contained a 56-page section specifying in excruciating detail every benefit that an "approved" health plan must include.

So when CBO is scoring this today, they have to make some assumption about how rich or how feeble the benefit package would actually be, right? Do they assume all 56 pages, for example, of the Clinton plan? Do they make some kind of intermediate guess? And if so, if you dialed up the level of benefits, then obviously the score would skyrocket, or if you dialed it down—it seems like that's a major, major assumption.



**ROBERT E. MOFFIT:** It is a major assumption, and there's a high degree of discretion about how they do that. We have some benchmarks they've used in the past talking about what they want to do. The actuarial equivalents, for example, of the Blue Cross Blue Shield standard option in the Federal Employees Health Benefits Program has been a common benchmark that has been used by Members of Congress with regard to the richness of a benefits package. Well, that's an expensive plan. That's between \$13,000 and \$14,000 a year for family coverage.

You're right. That's why this CBO scoring is going to be subject to a lot of analysis as soon as it comes out, because it's going to be fair to ask that question. The truth is, we don't know what Kathleen Sebelius will actually do and the Benefits Advisory Committee that they're going to use to set the very specific benefits.

This gets almost impossible, because what will be the levels of the co-pays, the deductibles? We know, for example, that Speaker Pelosi said all preventive services will not have co-payments. That's going to mean that preventive services in fact are going to be a pretty expensive proposition. It's going to be very hard for them to model this.

**REPRESENTATIVE SHADEGG:** I just want to reiterate that point: Anybody who thinks you can score a bill which says to the bureaucracy, "You get to write the minimum benefits package, but you're going to write it in the future"—how can you conceivably score that bill? I have sat when we marked up the across-state-line purchase bill. As I said, we went through almost 12 hours of debate on the bill. All 12 hours were dedicated to one side of the committee hearing room saying, "You would mandate this, wouldn't you? You would mandate this?"

You've got to understand: This bill gives the power to set minimum benefits to a yet-to-be-created, yet-to-be-staffed bureaucracy. Every Congressman is going to go to that bureaucracy and say, "You need to mandate this." Every constituency, every little service group in America, is going to go and say, "You have to mandate this, you have to mandate this, you have to mandate this." We didn't create

1,800 benefit mandates in the states across the country by accident. We did that because of course you'd like to give people everything they'd like.

The notion that you can accurately score what's going to happen to the cost of health care—that is, the cost you and I pay as the consumer in premium—when you don't know what's going to be in the benefit mandate is absurd.

The second part of that is, the bill not only says some yet-unnamed entity is going to set the minimum benefits, but also says that the government's going to say how much you can charge. How long is it going to take the government to say we want all these benefits, but we want a price that will actually compensate the insurance company for a third of that, half of that? Look at Medicare. Politicians promise the sun, moon, and stars to America's seniors—"We'll give you everything"—and then they cheat the providers. Maybe they've been doing it since the program was created, but I know they've been doing it for 15 years, because I've watched it.

They tell seniors, "We'll give you this, this, this, and this." Then the providers come along—hospitals, doctors, labs—and say, "Hey, you promised them this, this is what it costs," and the politicians say, "Let's see, do we make the people mad, or do we make the providers mad? That's a math problem. Lots more people than providers, so we cheat the providers."

Now we're going to move that to the entire health care system. This system's going to unravel very quickly.

**ROBERT E. MOFFIT:** On that point, we do precisely that with the largest health care program, which is going to expand dramatically under this bill, which is the Medicaid program.

**REPRESENTATIVE SHADEGG:** And it already reimburses doctors so low that most doctors won't take Medicaid.

**ROBERT E. MOFFIT:** It's 56 cents on the dollar. It's a disaster. If you talk to liberal Members of Congress, they will tell you the Medicaid benefits package is rich; it's terrific. You can have all these benefits; you just can't find anybody to provide them to you.

**MICHAEL G. FRANC:** The young boy that died here with the tooth that got infected because he couldn't find a doctor that would treat him, right here in Prince George's County.

**QUESTION:** The obvious sound bite for the election is "repeal the bill," but can you talk through the challenges of that, given the 60-vote threshold?

**ROBERT E. MOFFIT:** We had an internal conversation about that this morning. That is not exactly what we should say. The American people are against this; it's hard to get them against it any more than they are. The campaign should be, if they're talking about repeal, to repeal and replace. We know overwhelmingly what is driving the debate among ordinary Americans; it is the middle-class anxieties of cost—specifically, that if you are unfortunate enough to lose your health insurance coverage, you will not be able to afford the health care medical bills if you get sick.

The American people are absolutely correct to be concerned about that. The President is absolutely correct when he says that we have health insurance markets that are not competitive. He's absolutely correct. The response to that is robust competition as prescribed by Congressman Shadegg and many of his colleagues.

I think the idea of replicating the kind of conservative Republican posture of the 1990s is politically very unwise. I think we have to explain to the American people that we're going to pursue an aggressive, consequential health care reform proposal, and what I mean by consequential is literally positively affecting the lives, the personal lives, of millions of Americans. If we're not going to do that, we're never going to win this debate.

**GRACE-MARIE TURNER:** But we will do it step-by-step and carefully.

**REPRESENTATIVE SHADEGG:** I think you asked in terms of the 2010 election? The phrase for the 2010 election is not "repeal it"; the phrase for the 2010 election is "throw them out." Political power is a blunt instrument. The American people are not just going to be focused on health care. They are going to be, and already are, angry. They're livid. They're fed up with Washington not paying attention to their lives and their problems, and that's mostly the economy. The economy may get somewhat better by then, but this problem is going to be added on. They're going to say, "I am voting against everybody."

My wife talked to one of her friends maybe three weeks ago, and she said, "I've had it. There's not an incumbent on the ballot that I'm voting for. I'm voting against every single incumbent." And I said, "Did you ask her if I was running for reelection if she meant that?" and Shirley laughed.

I think there is going to be so much pent-up anger it's going to be palpable, and people are going to say, "I don't care." They might throw out Democrats who voted against it; they might throw out Democratic state legislators. They're just angry. They might wind up throwing out Republicans. They're just angry. They've had it with a Congress that's out of touch.

And it's not just this. I think this is turning out to be a huge illustration of representative government not working, but so do earmarks and so does the corruption. They look at all the stories of corruption, politicians who just don't seem to care about the people they're supposed to be representing. The theme is going to be, they're coming after the elected officials.