Programme OPERA – ENTRETIENS

Entretien – santé n°10

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Responder: In 1970, I decided that i twas time to make another experience. I got a fellowship grant from the Brookings Foundation that is given to professor in university to work years with the government. The basic rational is you go back to your university and you're do more relevant research because you know what questions the government want to answer. So I did … a nd I was very interested in the Medicare Program for the elderly: how it was affecting the health care costs, how it affected the distribution of health benefit you receive by incomes, by wages. At theend of my fellowship, Brookings offered me a job. So instead returning to my university, I staid in Brookings.

Interviewer: Why did you choose to stay in Brookings?

I worked on a project on National Health Insurance, on which we did a book. Then I did a book on health and poverty : look at Medicare and Medicaid and how they have effects on different groups.

Because you felt closer to the policy process?

Because your research get used. It was a much more exciting environment.

In what way?

There wasn't many people in the field. I was almost one the first person working on health economics and I was the only one in my university. In Washington, I met other people working on the same topic, interested in the same policy. But also, there were opportunity to testify before Congress, serve for Committee, working for influential organizations, like the Institute of Medicine, Research Review Committee. There were just more opportunities. I couldn't teach when I was in Brookings; but I wrote a lot of books, articles, did a lot of policy analysis.

Do you remember how many people worked on health care at Brookings at this time?

I was the only one , but in the city – I really said in Washington – there were a lot of people. I the early year there were many 20 people, on the combination between economics and health policy.

You mean, 20 people in the whole city?

In US!

Who?

Some of them are very famous today:
- Jo (Joseph P.) NewHouse, Harvard University
- Paul Ginsburg
probably the most famous. Also
- Uwe Reinhard, Princeton University
- Frank Sloan, Duke University

When did you specialize in health care?

I did trainig in micro economics and my dissertation was on health care, on non-profit hospital and how they were making decision.

In the seventies, did you feel really close to the policy-making process at Brookings? Because many people say that at this time the organization was very neutral and research-oriented. Would you agree with that?

Brookings is a very respected research organization and is not an advocacy organization, either liberal or conservative. But under Johnson there were Charles …, Alice Rivlin who has been the Research for Planning and Evaluation. So there were leadinf official in Johnson administration who came from Brookings. It was viewed as the « Governement in exile ». Other countries have the shadow cabinet but US doesn't really have an efficient shadow government that consists of the leading figures of the opposition party. So Brookings had excellent researchers but they were identified with the Democratic Party. Then Nixon came from 1968 to 74 and I came to Brookings from 71 to 77. So when I was in Brookings, President Nixon and then President Ford were in the White House; and Brookings was viewed as an alternative view. We published every year a book that Charlie and Alice Rivlin headed up *Setting National Priorities* that was a analysis of the President's Budget. I wrote the health chapter; Henry Aaron wrote the … chapter; Barbara Shaeur wrote the education chapter, I think. So, it was an analytical research center and it was viewed as having more progressive views than Nixon or Ford.

What kind of contact did you have with the political world? Did you work with staffers of the Congress?

It's mostly testify. And I will give you a copy of my long CV. The first time that I testified was for the Join Economic Committee. I was particularly close to the chairman of the W&M Committee, Dan Rostenkowki. I was particularly close to Henry Waxman, who is now chairman of the Energy and Commerce Committee, I was close to Senator Kennedy. And I had some relation with Russel B. Long, who was Chairman of the Finance Senate Committee. So all of those Committees invited me to testify before them. Sometimes, the Budget Senate, sometimes other…

How did you meet them, at the beginning?

The senator Kennedy, I wet him in 1974 at a meeting in Boston, the Massachusetts Health Council. I offered me to work for him. But I turned down and staid at Brookings. I spend a year at Harvard for 70% and I came back to Washington in 1975-1976. He asked me at this point. But I really wanted to stay in academia at this time. And it was really in 1977 to 1981 that I got to know so many members so well, when President Jimmy Carter asked me to come to HHS. I was in charge of health policy, the assistant deputy for Planning and Evaluation Health and my boss was Henry Aaron, who I worked with at Brookings, and he was the assistant secretary of Planning and Evaluation. But I got to know Jimmy Carter because we did a project from 1974 to 77 on Rule Health Care in the South, something about developing health care in the South: how you bring up the rural areas as the urban areas. He was a proeminent person in the taskforce and I got to know him there. The secretary of HHS always told me that the job offer came form him and not from Henry Aaron! During these 4 years and worked for developing and defending all the President's health legislations. : his nation health plan, a proposal to cut down hospital costs, a proposal to expand Medicaid to low income children and pregnant women, a proposal to pay for nurse practitioners in rural health plannings in Medicare and Medicaid program.

So most of the legislation didn't go through. The nurse practitioner proposal got enacted. I was a political appointee, so I left the administration in 1981 when Reagan came in. But even in 1982, I went to Henry Waxman, chairman of the health subcommittee and I said : we really have to do something for the poor children and poor pregnant women. And he said yes! So even when the President Reagan was in the White House, they still managed to pass this. They did it every year and level by level. First the covered children up to the age one, and then up to six and then up to the age 18! And just under the poverty rate level and then 180% of the poverty rate level… The this kind of expansion that we worked on in the eighties.

So you worked very close to the Democratic Senator during the eighties…

You can look at my CV, but – particularly during the Reagan years – I probably testified six to 10 times a year before Committees. And the way the system work for the testimonies - the Democrats were the majority during some years : the majority takes three and the minority takes one.

The people you worked with at the Brookings Institution, did you work with them later in you career?

The book National Health(?) I think I wrote it alone. But then the book on Health in the World(?) I co-wrote it with Cathy Schoen and I wrote with her on all my professional life. When I wrote the chapter in the book, I left Brookings the day after and went to the Carter administration. So Cathy staid in Brookings and finished the book. Then she went to work with me at the administration. Then, eventually, she worked for the Labor Union, the Service Employees at the National Union, which was headed by John Weeneed who now has become head of Health CEOs of American Labor Union. Then, when I came the Commonwealth Fund, I called her to work with her. Another person I met in the administration is Diane Rowland. She was my second deputy. The first deputy was Susan Steuber. During my whole career, I was also very lucky to have a very good operation person, who makes the things going very well, Susan was this person. She did also other very interesting things. She ran the

National Institutes of Health Hospitals, the native Institutes of hospitals. The she was the chief of staff at the Institute of Medecine . After she left, Diane became my deputy. Under Reagan, in 1981, I was a political appointee, I was out, and I joined the John Hopkins. Diane took my job on an acting basis and then joined me at John Hopkins. She and I wrote a couple of books: one on Medicare and Long term care; one on Health care costs containment. And then eventually, she became the executive vice president of the Kaiser Family Foundation and executive president of the Kaiser Commission on Medicaid. I also recruited when I was in the administration Gerard Anderson. He had just got his law degree of the University of Pennsylvania. The he came to John Hopkins as an assistant professor and then full professor. He became an expert of the OCDE databases, and wrote many articles from this subject. He is an expert on Technology Health Clinic.

At the end of the eighties, did you work in the Pepper Commission? Or where you involved to some extend in it?

You know the main thing I did at the end of the eighties was in 1986 in the Physicians Payment Review Commission. We were charged with the new way of paying doctors. Under the Medicare law, the normal way to pay doctors was said "at reasonable fees"; and we came up with the new system, that is called The Resource Base Relative Value Schedule. That means that the doctors are paid according to how it works, and training, and risks that are involved int the procedures. That what we recommended and the Congress passed the law, and in 1992 the Medicare Program switched to this new Medicare. There were a lot of things that I was pretty instrumental in. The fellow Lee was the chairman and he became the assistant secretary health under President Clinton. He was secretary health assistant under President Johnson. I pushed for: same the fee was it, you couldn't charge whatever you wante to charge on top of the fee, there is something called the "balance limit". You can charge 15% more than the fee but you can't charge anything you would like. For the first time, the government said: "this is the fee and you have to deal with."

So the work on the doctors' payment started in 1986 and the law passed in 1992…?

In the commission, yes. The book I wrote in Bookings was on the issue of hospital payment cost containment. When I was in the Carter administration, I had proposed a hospital price containment. It didn't enacted because of the medical industry but we did it. I asked Gerard Anderson to work on this issue. The medical Industry said: if you are efficient, it is not fair. So Gerard/Jerry Anderson developed the DRG (Diagnosis-related group) system for hospitals. The legislation was developed by Gerard/Jerry Anderson. So when I was at the administration we promised Congress to developed a DRG system. When I left, jerry continue to work on and the law passed in the Congress in 1982. The Jerry came to John Hopkins and we did the book on health care costs containment. We looked at all the different strategies for controlling hospital costs and physician costs. I would say that a lot of this research affected how hospital and physicians would pay. There was a chapter on HMOs and Managed care. But not many gave credit to it. The other thing I did when I was at John Hopkins was to head a Commission on poor elderly living alone and we came up with the idea the Medicare for the elderly wasn't enough for poor elderly and the we had to supplement Medicare for poor elderly, pay their premiums, their drugs. What has just happened in 2003.

How did you frame these ideas for a new system of payment of hospitals and doctors? Did you find inspiration in other research?

I think mainly I started with the analysis of data. And income. She doesn't really answer. The problems she saw at this time: hospitals and doctors charged 3 billion more than Medicare paid. That was not fair for the beneficiaries.

Did you worked with other people on this issue?

At the beginning of my career I was more a solo author. It's more the Brookings model. They have one person on health, one person on housing; and each person wrote a book on each subject. But In John Hopkins, the Medical School works more as a team; the research also is more complicated, it needs more scales, more people. From this point, I always wrote with other people. Mainly with people who worked for me: people that I hired, or students or people of faculty; and there are these people I worked with for a so long time: Cathy Schaoen, Diane Rowland. We couldn't say who wrote a chapter, who got this idea… Sometimes, my name appears first because I wrote the first draft, and sometimes it appears first although I did not! Whenever I feel that people are good enough to work without me, I just say: do it, and I go elsewhere to work on another project. It's difficult because for the last reform, I did a lot by myself; because I can read and write very fast. But it's still in my mind at this point: 75% of the work is done by others and I do 25%! It's just when they are stucked or crashed with something that I do it. Although there is something special for testimony. When I am invited to testimony, I need to write the testimony: it is my thoughts.

How do you explain that you testified so many times in the eighties? Was your work so relevant? And why?

I do think because I am a quality person who explains things simply. There are many people who use data and then write in a way that nobody can understand it. That is partly due to Brookings training and working with Cathy Schoen. And also from my economics training. When we were doing analysis at the Nixon budget, we rewrite and rewrite and rewrite until it's totally clear. I have always known the numbers: How it would cost if you add that? How to get the money, who would benefit, who would loose… But in a clear way. And also, as a woman, to get authority, you need to really know your stuff. You need to be very logic. So I think I was very well prepared each time.

Do you think there is a kind of solidarity between women in the field of health policy analysis? Because I met several women who knew each other very well and worked together…

I think it's true. Many people think that women don't like working for other women. It was not true for me. Even maybe the contrary: that working for men would make me uncomfortable. Every organization that I headed turned female. When I worked in the government, I started with maybe 20 employees and 5 women. I ended with maybe 40 employees and maybe 30 women. At John Hopkins, there were 80% men and then 40%. It's less true at the Commonwealth Fund because there were a female organization before I came. Health is also a field that appeals women, because it touches them.

During your career, did you work with the providers to frame your ideas? To know what were their needs? What was politically possible? For instance when you worked on new payments for hospitals or doctors?

I would say, on the whole, no. And it's maybe a weakness in my career. I remember giving a talk in 1975 on the Johnson and Johnson great society. It was a meeting with Mr Johnson and other experts. David Roger who was the president of the RWJF said that it was important to develop these relations with providers, that it would be important to your success. So in 1975 I was admitted to the Institute of Medecine and got to know a lot of top leading providers, health leaders. But every administration has its own definition of …… enemies (37'04). For instance, the President Obama in the insurance industry and used that to get support. But the Carter administration to call the providers. So Secretary Colosano, gave a major speech to the American Medical association, basically saying: you got to change. Then we proposed the Health costs containment bill, very very early in the administration and the American Medical Association hated it. So certainly I knew some leading providers but it was more confrontational. I would say that the big shift came in 2005 when the Commonwealth Fund set up a Commission on the high costs health system. The strategy was not to say the providers are wrong, they are doing the wrong things but that the best 10% are doing such a fantastic job. There is just a gap between everybody else and the 10%. We did benchmark, national performance: use data. It changed the relationship a lot. Everybody wants to be the best. So when you say: you are the best… I became …. I gave a talk to the National Cancer Coalition and ….. We should have the same kind of care everywhere. How we do to become the top, best performing. There is a power behind these data, these stories of the best practices.

On this project, did you work with the university too?

From 1986 to 1995 I was at the Commission on the Physicians Payment. Again, doctors didn't like the changes and they were opposed. It was hard. But at the Commonwealth Fund there was a long tradition of working with academic teaching hospitals. So we had a task force of health seniors. And partly with my board, when they saw that I wasn't too radical and we worked with the establishment and we had a commission on health for women and that was good – taking care of women was good.

You think that you are easily viewed as too radical?

Trustily, I see myself as centrist to progressive. I don't see myself as liberal because in America, what it means is getting … of insurance companies: it's called the single payer, health government, the same system for everybody would be more equitable and more efficient. And the answer is yes but that's not what we have! And the insurance companies will never go away… And look at what we passed! We never could have been more radical. I am very pragmatist and it even made me angry that the purest wanted the perfect solution for decades, leaving people without coverage.

Have you always thought that it was impossible to get a single payer system?

I wrote in the Journal of the American Medecine Association in 1991 an article about Medicare for all. We had this government program and what the article said was everybody could be – in 1991, because Reagan and Bush had done nothing on health care, many people

thought it was time. I said: if everyone is covered by Medicare unless he's covered by his employer, that means the same standard. It is a kind of "automatic enrollment without ": you are automatically enrolled in the public program unless you decide to enroll in the private sector. I would say, even if most people don't see it, a lot of what is in the book now: because you got these insurance exchanges, and we did not get a public plan that you pushed but there is a new non-profit plan. My guess is that it could lead to the single payer. The reason why the public option was opposed by the insurance industry is that it could lead to the single payer. Because it would be more efficient, and everybody would go to the public plan. But I think even with the new law it could lead to the single payer because of the new non-profit company. When I came to New York, probably in 1994, I went on the board of American Center, until 2003 when the CEO changed. So that was an experience where I was particularly close to a provider and I could understand the way that they think. The non profit are really doing the best they can for their patients. It's very different from the for-profit that only make as much money as possible. They are good guy who believe in high performance, believe in quality, believe in patient centered care, giving patients the right care, the right time, the right way.

I also saw that you worked as an adviser to Donna Shalala during the Clinton attempt of reform. Could you talk a little bit about this experience?

I feel it was relatively short duration. The people who go into a leadership position in a president administration often are at random. I feel that in other countries it's more determant: you have a shadow with a health person and when a party wins you have the cabinet answer for health. In the US, you have not. Hillary Clinton had been on the board of something called the Children's Defense Fund and Donna Shalala who was president of the University of … was also on the board of the Children's Defense Fund. She knew the first lady and they knew her and asked her to run the HHS. She said "yes!" but she didn't know anything about health care. In January she ask me to come to University West Conson and spend couples of days within briefing her to be the secretary of HHS. I also came to a meeting where the health team present its ideas to the new president. It's a small meeting with only 20 people. Clinton was very upset with the team because he said that it cost too much money and that it should cost less. I think that all the presidents say that: the question is how to do something without raising taxes. After that, the president and the First lady asked: why wouldn't you come to work with us? I said: "look, I have just moved to New York, I can't leave my job!". Then, they came to the other room and asked Ira Magaziner if he would head up the health effort. And he was just totally crazy at the so complicated approach to attempt. We run back to a private plan together and Bob Ruben who became secretary of treasury and he was very upset that it was Ira Magaziner who headed up the health effort. [She disagreed with the fact tha it was possible to plan a big health reform without recognizing that it would cost money and need to increase taxes. That what Ira Magaziner said and nobody believed him, nor the government.] Anyway, I came back to New York and said: "it's not my problem: they got a cray guy, it's not my problem". So I went down when Donna Shalala asked me to go down but I was not part of this big task force headed by Ira Magaziner. You have eight step before arriving to the policy makers and maybe at the seventh step, they would say: "no". It was so much complicated that it was ridiculous.

You think that this task force was too complicated and with too much experts…

Yes. They try to separate from politics and they didn't work with Congress. Obama did exactly the reverse. He said, "Congress should just put it together well". [Nera Tandem / Dashle……..]

For the last election, did you help for something?

I was in my place in Florida in December 08 and the election had happened and we don't know what will happen but I need to be free to give 100% of my time to run the health reform. I asked these two guys, number one and number two of the foundation, to spend one year here in Washington. I canceled all the other commitment and I will be here as much as it needs to do. I met my friends in the White House and in the Department and we said: how can we help? And they just have no idea! But Congress asked us to help. In March or February, we put up this major report called The Path to a High Performance and the Ways and Means Committee – and Chair … and Pete Stark, people who I know for a very long time – said, I would be the lead witness for a hearing of maybe 6 hours. You go into the staff office and they will have postits on every page [and Cathy and I we left for a week]. But anyway, every member of Congress asked me for help: how do you get provision for that, how do you do that? Buck the backup at the Commonwealth Fund started in 1998. I said that we really needed to develop relationship with Congress and we put on a retreat for the member of Congress from the key Committee. So, every January, they go to Florida and for 2,5 days we put on the program all the best experts, all the best information. 70 members of Congress for the last 13 years – we had something like 75 members of Congress who asked me, and a lot of groups: the Progressive Caucus, the New Democrats Coalition, the Blue Dogs, and Republican Health Reform Caucus. So across the political spectrum and they all asked me to talk and testify. And all our staff testified before committees: Cathy Schoen, Collins. But mostly, Nancy Pelosi – especially by the fall - asked me to talk to meetings and many things before the Democratic caucus and Democratic leadership for briefing, setting around their breakfast, standing at their table with all the Freshmen Democrates. We began the speaker and Henry Reed in the Senate; partly became this relationship and again it is in part because we had this information that they needed nobody else had. So, we were very involved in legislation.

Before the Summer 2009, did you worked in Bipartisan Commission?

You know, in our retreat in Florida, we always had Republicans and Democrates. Republican were always represented. There were more Democrates, maybe 60%-70%, but there were Republicans. So we had good relationships with Republicans, including some pretty conservative Republicans in the House. There are some physicians in the House who came to the retreat because they are very interested in health care. But also some of the more progressive in the Senate, …., Jim Collins.

I saw that you also published a report with David Cutler. Do you know him very well?

It was a new effort. As I said, I mostly write with people that I work with. But I did co-opted with Cutler this piece on health spending and I talked him that we were putting out a report describing the House and Senate health system reform provisions. So trustily, the story started in September or October, but Pelosi was asking me to do to explain the members of Congress why this bill would save money, and why this was economically sound, and why

Conservative Democrats should vote for, that it was not irresponsible. So we put on a report describing what would passed the House and what would passed the Senate.

You did not know him before?

I knew him before. But I had never authored with him. He said that he was thinking about doing something like that. [He had read our report and was very interested in it. I had said to him: you can use everything you want! For the report, it is one of our young analyst, Christopher.. who did all the data and research. Trustily, Cutler only signed the report! In December, I was not even in Washington for the release; but then Nancy Pelosi asked me to talk about it. And I said to Cutler that we could do the same thing for the Senate. He said, "ok if Christopher do the research! Zero effort on it!".] I also authored something with Don Berwick and Fisher at the New England Journal of Medicine. Physicians could be leaders in health reform[1]. They would have just to give up 1% per year of price increases to cover the uninsured. We called it the … improvement. The final bill have a 1% activity improvement in there but it's why physicians should lead on health reform and things like that. Again I had never written with them and it was the funniest experience because we … on the first draft that we put in. But on Berwick, Fisher and I did, between the time we started and the time it was published, it was six weeks and we went through 35 draft. So we brought some stuff during three weeks and the New England Journal of Medicine accepted it after one day we submitted it. We had a hit, a certain window where a certain Senate committee was considering this bill. The funny thing is that, as we are very busy persons, we wrote during the night and we sent emails to each other during the night. And we did 35 draft for an article of 4 pages (1200 word, it's their format). It turned to be a great article, so a great experience.

Concerning the Foundation, how much money is for the internal research and how much for the external research? How big is your team on health policy analysis?

We give 60% of our spending in grants. We spent about 32 millions $ a year and we give about 60% of that in grants. The administration is about 10% and the rest is for internal research. The staff is much smaller that you would have thought. Here we have four people plus myself. A lot of days, when I am here, Christopher comes down. He is based in New York. All together we have 50 persons and 20 are what would called the program staff, generating the grants and doing the research. We have another edge on communication. They publish, they add, they put things on the web, they talk to reporters, this kind of things. Then, the other people manage the investments and oversee the grants, the checks and the budgets. And the other, I do not know, they take care of the house and of the dining room. It's a very beautiful house in New York, an old House. The real work is about 20 people and four of that are writing. Stuke … who does a lot about Medicare and … about financing. In New York the two key people are Cathy Schoen and Sara Collins. The books are written by me, Cathy, … and Stuke. You can look at our publications on the web. We have a full time statistician in New York and we have a lot of very bright young people. Everybody basically has one person.

[1] E. S. Fisher, D. M. Berwick, K. Davis, Achieving Health Care Reform — How Physicians Can Help, *New England Journal of Medicine*, published online May 20, 2009.

Has this team grown since the eighties?

Yes. In 1992, when I arrived, we were maybe 25.

How do you explain this growth in the organization?

You know, it's kind of working with board to get more fund. It's because I have a research and a public policy background. So I can say to write reports, stand in commissions, we need more staff to help and write things. If we want quality, we need more people. The board in 2000 said that we went too much in the policy side, we worked more on quality, working with providers… So 60% of our work is what is called "private sector action", working with providers, 40% is policy working with government officials. They want to make sure that we do not go too far one way and not go to too much DC offices. But they are so proud of what we have done. We hired one to review our commission, interview people in Congress talking about what we have done, interview the top leaders. Bob Dole was one of our reviewers and Republicans – the board know how smart we are and the huge difference we made. They said: Do you need more people? We receive a lot of energy from our grants. So we will never become a Research Institute.

What is the difference between you and a research institute?

It is the proportion. We fund more people in universities that people at home. We fund the best minds all around the country. The Kaiser Family foundation decided to fund only its staff; they do not fund anybody else.